

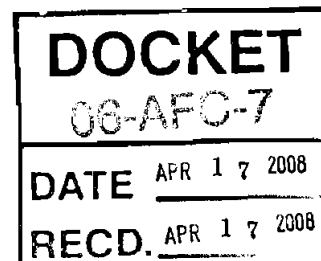


CH2MHILL

CH2M HILL
2485 Natomas Park Drive
Suite 600
Sacramento, Ca 95833
Tel 916-920-0300
Fax 916-920-8463

April 17, 2008

Mr. John Kessler
Project Manager
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814



**Re: Applicant's Supplemental Information in Responses to Workshop Queries
Historical Resources Evaluation of the Humboldt Bay Power Plant Units 1 and 2
Humboldt Bay Repowering Project (06-AFC-07)**

Dear Mr. Kessler:

Attached are an original and 12 copies of Pacific Gas and Electric Company's (PG&E's) supplemental information in response to California Energy Commission Staff Workshop Queries for the Application for Certification for the Humboldt Bay Repowering Project (06-AFC-07). This information has to do with the historical resources evaluation under the California Environmental Quality Act of the Humboldt Bay Power Plant Units 1 and 2.

If you have any questions about this matter, please contact me at (916) 286-0278 or Susan Strachan at (530) 757-7038.

Sincerely,

Douglas M. Davy, Ph.D.
AFC Project Manager

Attachment

cc: G. Lamberg
S. Strachan
S. Galati

Humboldt Bay Repowering Project

Supplemental Filing in Response to CEC Staff Workshop Queries

Cultural Resources

Historical Resources Evaluation of Humboldt Bay Power Plant Units 1 and 2 under the California Environmental Quality Act

On February 21, 2008, PG&E filed information with the CEC on the Nuclear Regulatory Commission's (NRC) license termination process for the Humboldt Bay Power Plant Unit 3 and how that process affects Units 1 and 2. This submittal provided documentation on how the NRC's consultation with the California Office of Historic Preservation (the State Historic Preservation Office [SHPO] in California) will be triggered by PG&E's submittal of both the License Termination Plan (LTP) and the Post Shutdown Decommissioning Activity Report (PSDAR), as federal undertakings under Section 106 of the National Historic Preservation Act.

It is a concern of the CEC Staff, however, that the effects of the demolition of Humboldt Bay Power Plant Units 1 and 2 be taken into consideration under CEQA through the Humboldt Bay Repowering Project (HBRP) certification process. PG&E disagrees with Staff's conclusion, as the HBRP does not include the demolition of Units 1 and 2 nor is the demolition of Units 1 and 2 required to construct or operate the HBRP. Additionally, Staff believes that these units may be historically significant as part of a district of related properties including Unit 3, the currently inoperable nuclear unit. If Units 1 and 2 are significant properties under the National Historic Preservation Act (NHPA) or California Environmental Quality Act (CEQA) and are demolished, then demolition would be a significant adverse effect without mitigation measures being implemented to reduce the effect to a level below significance. PG&E believes that Units 1 and 2 are not significant properties, however, for the reasons described in previous submittals to the CEC.

While Staff and PG&E disagree on the historical significance of Units 1 and 2 and whether CEQA analysis of demolition of Units 1 and 2 is required during evaluation of the HBRP, it is clear that the demolition of Units 1 and 2 will come under CEQA review as a direct potential impact when PG&E obtains authorizations to begin the demolition of these structures. Specifically, PG&E must obtain a Coastal Development Permit (CDP) from the California Coastal Commission (CCC) to demolish Units 1 and 2.¹ The CCC's permitting process, like the CEC's, is a Certified State Regulatory Program.² This means that it is exempt from the "requirements of preparing EIRs, Negative Declarations, and Initial Studies" as long as the agency's legislative authorization and regulatory program meet certain criteria in the CEQA statute (Section 21080.5 of the Public Resources Code) that include (among other requirements):

¹ Section 30106 of the California Coastal Act includes demolition as a development activity for which a Coastal Development Permit is required.

² Title 14, California Code of Regulations, Chapter 3. Guidelines for the Implementation of the California Environmental Quality Act, Article 17, Exemption for Certified State Regulatory Programs, Sections 15250-15253.

- Protection of the environment is among its principal purposes
- The administering agency is granted authority to adopt rules and regulations for the protection of the environment.

In other words, the CCC's legislative authorization and its implementing regulations establish a permitting program that is the functional equivalent of CEQA in the same way that the Warren-Alquist Act and the CEC's regulations establish a CEQA-equivalent program for certification of thermal power plants. Neither the CEC nor the CCC is required to issue a document titled EIR, Negative Declaration, or Initial Study.³

Based on conversations with CCC staff, the CCC will evaluate historical resources if they are aware of the potential significance of the resources. PG&E include an analysis of the historical significance of Units 1 and 2 in its CDP application to the CCC for the demolition of Units 1 and 2. In reviewing PG&E's application for a CDP for the demolition of Units 1 and 2, the CCC will then be required to conduct a full evaluation of the historical significance of Units 1 and 2 and, if so, the potential effects of the demolition on their potential public-interest value as historic properties. In addition, the California Coastal Act specifically includes a provision to ensure that impacts to cultural resources are sufficiently mitigated. Section 30244 states:

Where development would adversely impact archaeological or paleontological resources as identified by the State Historic Preservation Officer, reasonable mitigation measures shall be required (California Public Resources Code Section 30244).

The demolition of Units 1 and 2 will not be possible without first obtaining a CDP from the CCC. The CCC's CEQA review as part of the CDP process will include an evaluation of historic resources, including Units 1 and 2. Given this, the CDP process is the appropriate venue for considering potential impacts to these structures under CEQA, rather than the CEC licensing process for the HBRP. In addition, and unrelated to the federal action by the NRC, the CCC will consult with SHPO during the CEQA review of the Units 1 and 2 CDP.

³ The CEC may prepare an Initial Study or EIR to demonstrate that certain small power plants are exempt from their certification process.

**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE
STATE OF CALIFORNIA**

**APPLICATION FOR CERTIFICATION FOR THE
HUMBOLDT BAY REPOWERING PROJECT
BY PACIFIC GAS AND ELECTRIC COMPANY**

**Docket No. 06-AFC-7
PROOF OF SERVICE
(Revised 3/21/2008)**

INSTRUCTIONS: All parties shall 1) send an original signed document plus 12 copies OR 2) mail one original signed copy AND e-mail the document to the web address below, AND 3) all parties shall also send a printed OR electronic copy of the documents that shall include a proof of service declaration to each of the individuals on the proof of service:

**CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 06-AFC-07
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512
docket@energy.state.ca.us**

APPLICANT

Jon Maring
PGE
245 Market Street
San Francisco, CA 94105
J8m4@pge.com

Susan Strachan
Environmental Manager
Strachan Consulting
P.O. Box 1049
Davis, CA 95617
strachan@dcn.org

APPLICANT'S CONSULTANTS

Gregory Lamberg
Project Manager,
Radback Energy
P.O. Box 1690
Danville, CA 94526
Greg.Lamberg@Radback.com

Douglas M. Davy, Ph.D.
CH2M HILL Project Manager
2485 Natomas Park Drive, Suite 600
Sacramento, CA 95833
ddavy@ch2m.com

COUNSEL FOR APPLICANT

Scott Galati, Project Attorney
GALATI & BLEK, LLP
555 Capitol Mall, Suite 600
Sacramento, CA 95814
sgalati@gb-llp.com

INTERESTED AGENCIES

Tom Luster
California Coastal Commission
45 Fremont, Suite 2000
San Francisco, CA 94105-2219
tluster@coastal.ca.gov

Paul Didsayabutra
Ca. Independent System Operator
151 Blue Ravine Road
Folsom, CA 95630
PDidsayabutra@caiso.com

Electricity Oversight Board
770 L Street, Suite 1250
Sacramento, CA 95814
esaltmarsh@eob.ca.gov

INTERVENORS

ENERGY COMMISSION

JEFFREY D. BYRON
Commissioner and Presiding Member
jbyron@energy.state.ca.us

KAREN DOUGLAS
Commissioner and Associate Member
kldougl@energy.state.ca.us

Gary Fay
Hearing Officer
<mailto:mread@energy.state.ca.us>
sgfay@energy.state.ca.us

John Kessler
Project Manager
jkessler@energy.state.ca.us

Lisa DeCarlo
Staff Counsel
ldecarlo@energy.state.ca.us

Mike Monasmith
Public Adviser's Office
pao@energy.state.ca.us

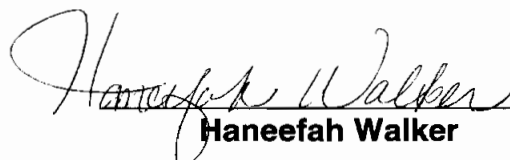
DECLARATION OF SERVICE

I, Haneefah Walker, declare that on April 16, 2008, I deposited copies of the attached Supplemental Information in Responses to Workshop Queries Historical Resources Evaluation of the Humboldt Bay Power Plant Units 1 and 2 and new Proof of Service list in the United States mail at Sacramento, California with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

I declare under penalty of perjury that the foregoing is true and correct.


Haneefah Walker