

## CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET  
SACRAMENTO, CA 95814-5512**DOCKET**  
**06-AFC-7**

May 16, 2008

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TO: AGENCY DISTRIBUTION LIST

**REQUEST FOR AGENCY COMMENTS ON THE FINAL STAFF ASSESSMENT FOR  
THE HUMBOLDT BAY REPOWERING PROJECT (06-AFC-7)**

The enclosed Final Staff Assessment (FSA) contains the California Energy Commission staff's engineering and environmental evaluation of Pacific Gas and Electric Company's (PG&E's) proposed Humboldt Bay Repowering Project (HBRP) Application for Certification (06-AFC-7). The FSA was published on May 15, 2008. Energy Commission staff concludes that with the applicant's proposed mitigation measures and the staff's proposed conditions of certification, the HBRP would not cause a significant adverse environmental or public health impact and would conform with all applicable laws, ordinances, regulations, and standards (LORS) including the California Coastal Act.

In its evaluation of Cultural Resources, staff believes the project as proposed would cause a significant indirect impact on a significant historical resource, the Humboldt Bay Power Plant Historic District (HBPPHD). Although Unit 3 is part of the overall HBPPHD, staff has not identified any indirect impact to Unit 3 and its associated structures. PG&E has already determined Unit 3 to be historically significant; staff agrees that as a single unit, it is not affected by the HBRP. Staff considers the overall HBPPHD consisting of the existing operating Units 1 and 2, Unit 3 which is being decommissioned, and associated facilities of the HBPP to be historically significant as it is the first and only combined conventional and nuclear power plant in California. However, staff believes that the indirect impact on the HBPPHD would be fully mitigated with implementation of staff's proposed mitigation measures and conditions of certification that would require PG&E, before demolishing Units 1 and 2 and appurtenant structures, to perform a historical recordation of the existing HBPP, and to maintain these records in perpetuity.

Because of Public Health concerns identified by staff regarding the potential cancer risk associated with diesel use by the project as originally proposed, the applicant proposed several project modifications that reduced the health risks to below levels of significance. These modifications included raising the exhaust stack heights from 75 to 100 feet to improve air dispersion characteristics and reducing the hours of operation when using only diesel fuel from 1,000 to 510 hours per year combined for all engines. The applicant also found that its assumptions regarding operation in diesel mode for performing annual emission testing could be less than originally proposed and reduced the testing requirements. In addition, the applicant provided evidence that diesel particulate matter - the major contributor to health risks - would be reduced 30% by the proposed oxidation catalyst treatment of exhaust from the engines. Staff has proposed conditions of certification that would establish an initial operational limitation of 510 hours on diesel fuel, would require PG&E to conduct emission source testing following commercial operation, and to update its Health Risk Assessment based on the project-specific emission data. The results of the Health Risk Assessment could alter the

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permitted hours of diesel operation either upward or downward subject to the project not exceeding the threshold of significance for causing a significant human health hazard resulting from either an acute (short-term) or chronic (long-term) non-cancer health impacts or cancer risk.

Staff is proposing that PG&E fund the construction of a public use area in the form of the Truesdale Point to Hilfiker Lane Trail element of the Elk River Access Project. The new 2,265 foot long waterfront trail would follow along the Humboldt Bay shoreline in the city of Eureka and would link public access from two primary parking locations at Truesdale Point and Hilfiker Lane, as well as contribute to larger plans for development of the California Coastal Trail.

The FSA contains the Energy Commission staff's environmental and engineering evaluation of the HBRP and will serve as staff's testimony during evidentiary hearings. The Energy Commission Committee assigned to the HBRP proceedings will consider and weigh the testimony, comments, or recommendations of all interested parties, including Energy Commission staff, the applicant, intervenors, public, and other local, state, and federal agencies, before issuing the Presiding Member's Proposed Decision (PMPD) for consideration by the full Energy Commission. The public, intervenors, and local, state and federal agencies are encouraged to participate in these hearings.

We request that you review the enclosed FSA for the areas in which your agency would normally be responsible but for the Energy Commission's permitting authority. Please provide any written comments to John Kessler, Siting Project Manager by Tuesday, May 27, 2008. You may also present your comments at the Evidentiary Hearing scheduled for June 17, 2008 at the Wharfinger Building in Eureka as announced in a separate notice. Energy Commission staff will consider comments received and may prepare supplemental testimony or errata as appropriate.

If you desire information on technical or project schedule issues, or how to participate in the Energy Commission's review of the project, your questions should be directed to John Kessler at (916) 654-4679 or at [jkessler@energy.state.ca.us](mailto:jkessler@energy.state.ca.us). The status of the project, an electronic copy of the AFC, copies of notices, and other relevant documents are also available on the Energy Commission's web site at <http://www.energy.ca.gov/sitingcases/humboldt>.

Sincerely,

Original Signed in Dockets  
Eileen Allen  
Siting and Compliance Office Manager

Enclosure