

May 21, 2008

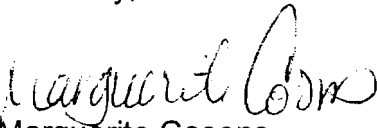
Ms. Angela Hockaday
Dockets Unit
California Energy Commission
1516 9th Street
Sacramento, CA 95814

**SUBJECT: PG&E's PREHEARING CONFERENCE STATEMENT
HUMBOLDT BAY REPOWERING PROJECT
DOCKET NO. (06-AFC-7)**

Dear Ms. Hockaday:

Enclosed for filing with the California Energy Commission are one (1) original and twelve (12) copies of **Pacific Gas & Electric Company's (PG&E) Prehearing Conference Statement**, for the Humboldt Bay Repowering Project (06-AFC-7).

Sincerely,


Marguerite Cosens
Administrative Assistant
GalatiBlek

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STATE OF CALIFORNIA

Energy Resources
Conservation and Development Commission

In the Matter of:

Application for Certification for the
Humboldt Bay Repowering Project

DOCKET NO. 06-AFC-7

**PACIFIC GAS & ELECTRIC
COMPANY'S PREHEARING
CONFERENCE STATEMENT**

Pacific Gas & Electric Company (PG&E) in accordance with 20 CCR § 1718.5 and the Committee Order dated May 2, 2008, hereby files its Prehearing Conference Statement for the Humboldt Bay Repowering Project (HBRP). PG&E is prepared to proceed to evidentiary hearing on all topic areas contained in the Final Staff Assessment (FSA). The attached table (Table 1) presents a summary (by topic area) of:

- Whether or not disputes between the parties concerning the subject area exist including a description of the precise nature of each dispute;
- Identity of witnesses, and
- Time estimate for direct and cross-examination.

Table 1 includes estimates for direct examination of PG&E witnesses based on our belief that most topic areas can be submitted into the evidentiary record on declaration. While Table 1 does assume that most topics can be submitted into the

evidentiary record on declaration, we have not yet reviewed Staff's Prehearing Conference Statements. If Staff requests live testimony on any of these topics, we reserve the right to modify our Prehearing Conference Statement to include additional witnesses and additional time for direct and cross-examination.

Table 2 presents PG&E's proposed Exhibit List.

As the Committee is aware, the HBRP schedule has been significantly impacted and PG&E needs to begin construction as soon as possible to avoid additional unrecoverable schedule impacts due to the onset of the rainy season. For this reason, PG&E has worked diligently to reach agreement in all areas. From PG&E's perspective, the topic areas that require resolution can be categorized as follows:

- Minor modifications to Staff Proposed Conditions of Certification or necessary to accommodate the unique circumstances of the HBRP and its impacted schedule;
- Minor modifications to Staff Proposed Conditions of Certification necessary to clarify terms.;
- Modifications to Staff Proposed Conditions of Certification necessary to ensure compliance with other permit conditions; and
- Deletion or modification of Conditions of Certification necessary because certain restrictions are unnecessary or are clearly within the power, scope and jurisdiction of another agency charged with complying with the California Environmental Quality Act (CEQA).

In order to assist Staff and the Committee in understanding PG&E's position for each topic area we have outlined the reasons the modification is necessary and provided a brief summary of any legal argument supporting the request. Our objective is to provide enough information to describe the nature of the dispute so that the Committee may assist the parties in resolving them. PG&E remains committed and will work diligently to propose and accept reasonable solutions. Staff has noticed a public workshop to discuss the FSA for June 16th, 2008, the day before evidentiary hearings. In order for that workshop to be productive in resolving disputed issues, it would be helpful if the

Committee could provide guidance at the PreHearing Conference scheduled for May 28th, 2008.

FINAL STAFF ASSESSMENT

PG&E has carefully reviewed the FSA and is in general agreement with the majority of its contents. Topic areas where PG&E respectfully requests modifications are presented below. For all topic areas not identified in this PreHearing Conference Statement, PG&E agrees with the conclusions and proposed Conditions of Certification contained in the FSA and therefore proposes to proceed to evidentiary hearing with testimony for those topics provided by declaration.

AIR QUALITY

PG&E and Staff were extremely successful through the Preliminary Staff Assessment (PSA) workshop process in resolving all major disagreements relating to Air Quality. PG&E requests the following minor modifications to the FSA and Proposed Conditions of Certification.

Air Quality Table 19, p. 4.1-28 and Proposed Condition of Condition AQ-SC7

Air Quality Table 19 should be modified as shown below to reflect that the Eel River Sawmills ERC certificate includes 5.4 tons of NOx reductions, which should be included in the mitigation calculation. Additionally, the Eel River Sawmill ERCs should be included in the staff's mitigation calculation at their full value rather than at a value that is discounted for distance under the District's rules.

**AIR QUALITY Table 19
Summary of Mitigation for HBRP Annual Emissions (tpy)**

Emission Reductions	NOx	ROC	PM10/ PM2.5	SOx
Reductions from HBPP Shutdown	892.5	23.4	24.9	3.8
Offsets Provided by HBPP Shutdown	148.9	23.4	24.9	---
Surplus Provided by HBPP Shutdown	743.6	---	---	3.8
Offsets Provided by ERC #07-098-12	5.4	2.4	9.5	---

Emission Mitigation Balance	NOx	ROC	PM10/ PM2.5	SOx
Proposed HBRP Emission Increases	179.3	190.9	119.8	4.3
Balance (Increases Minus Offsets)	25.0	165.1	85.4	4.3
Balance of NOx	25.0	---	---	---
Balance of ROC in NOx-Equivalent (1:1)	165.1	---	---	---
Balance of PM10 in NOx-Equivalent (3.58:1)	305.7	---	---	---
Total Balance	495.8	---	---	4.3
Do Surplus Reductions Mitigate Increases?	Yes	Yes	Yes	Yes

Correspondingly the table identified in Proposed **Condition of Certification AQ-SC7** as follows:

Emission Reduction Certificate Number, Location	NOx (tpy)	ROC (tpy)	PM10 (tpy)	SOx (tpy)
ERC #07-098-12 Eel River Sawmills, Redcrest, CA	5.4	2.4	9.5	0
Proposed Offsets Provided by HBPP Shutdown	148.9	23.4	24.9	0
Surplus Reductions from HBPP Needed to Mitigate HBRP	495.8	0	0	4.3

FSA, Page 4.1-28, Baseline Period for Mitigation and Offsets

CEC staff chose to use the two-year period of 2004-2005 as the baseline period for evaluating emissions reductions from the shutdown of the HBPP, stating:

“Firing of liquid fuels during natural gas curtailments in the HBPP occur as part of normal operation of the existing power plant. Staff is of the belief that because of the requirement to switch fuels in Gas Tariff Rule 14, the operation of HBPP with liquid fuels does constitute normal operation. Staff however excludes from the baseline certain historic emissions from emergency circumstances, such as fuel-oil firing in Humboldt Bay Power Plant Unit 2 (HB2). During August and September 2006 the supply of natural gas was not available due to a rupture in the natural gas pipeline.” [FSA p. 4.1-28]

However, the District staff determined that the two-year period immediately preceding the date the application was complete, October 2004 through September 2006, was “representative of actual operations,” including the burning of fuel oil in HBPP Unit 2 during August and September 2006. [NCUAQMD Engineering Evaluation, 3.31.08, p. 30]

Therefore, the staff’s statement

“The Engineering Evaluation for the FDOC (NCUAQMD 2008b) quantifies the reductions that occur from closure of the existing HBPP without including any periods of “emergency use” such as fuel-oil firing in Humboldt Bay Power Plant Unit 2 (HB2). This is consistent with the definition of Historic Actual Emissions, per NCUAQMD Rule 110, Section 6.2.2 that excludes emissions that are unrepresentative of normal operations.” [FSA p. 4.1-44]

is not accurate, as the District has included the period of fuel-oil firing in HB2 and has determined that these emissions are representative of normal operations. This statement could be corrected as follows:

“The Engineering Evaluation for the FDOC (NCUAQMD 2008b) quantifies the reductions that occur from closure of the existing HBPP ~~without including any to~~ include periods of “~~emergency use~~” such as fuel-oil firing in Humboldt Bay Power Plant Unit 2 (HB2). The District has determined that this is consistent with the definition of Historic Actual Emissions, per NCUAQMD Rule 110, Section 6.2.2 that excludes emissions that are unrepresentative of normal operations.”

FSA, Page 4.1-47

Please correct the typographical error on p. 4.1-47, as follows:

~~If the issues identified above can be satisfactorily resolved, then s~~ Staff proposes the following Conditions of Certification (identified as the AQ-SCx series of conditions) to provide mitigation during the construction phase of the project and to report greenhouse gas (GHG) emissions. [FSA p. 4.1-47]

Proposed Condition of Certification AQ-SC5

Condition AQ-SC5, Diesel Fueled Engine Control, includes the following requirement:

“...In the event a Tier 1 engine is not available for any off-road engine larger than 100 hp, that engine shall be equipped with a catalyzed diesel particulate filter (soot filter) unless certified by engine manufacturers or the on-site AQCM that the use of such devices is not practical for specific engine types. For purposes of

this condition, the use of such devices is “not practical” for the following, as well as other, reasons.

1. There is no available soot filter that has been certified by either the California Air Resources Board or U.S. Environmental Protection Agency for the engine in question...”

CARB’s and US EPA’s programs for reviewing and approving diesel emissions control strategies (DECS) are now referred to as “verification” programs, rather than as “certification” programs. The verification programs include as assessment of emission control effectiveness. ARB’s verification program also assures that verified devices meet warranty requirements. In addition, diesel particulate filters (DPFs) are no longer referred to as “soot filters,” and some DPFs that are verified to reduce NOx emissions are described in the verification documents as being not catalyzed. Therefore, we propose revising the condition as follows:

“...In the event a Tier 1 engine is not available for any off-road engine larger than 100 hp, that engine shall be equipped with a ~~catalyzed~~ diesel particulate filter (~~soot filter~~DPF) unless certified by engine manufacturers or the on-site AQCM that the use of such devices is not practical for specific engine types. For purposes of this condition, the use of such devices is “not practical” for the following, as well as other, reasons.

1. There is no available ~~soot filter~~ DPF that has been verified ~~certified~~ by either the California Air Resources Board or U.S. Environmental Protection Agency for the engine in question...”

BIOLOGICAL RESOURCES

Proposed Condition of Certification BIO-5, Verification

PG&E requested in its comments on the PSA certain modifications to the Verification section language to clarify the timing of submittals to comply with this proposed condition. After discussion with Staff at the PSA Workshop PG&E believed Staff agreed to modify the Proposed Condition to address PG&E's timing concern. PG&E proposes that language below:

Verification: At least 60 days prior to the start of any site (or related facilities) mobilization, the project owner shall provide to the CPM two copies of the proposed WEAP and all supporting written materials and electronic media prepared or reviewed by the Designated Biologist and a resume of the person(s) administering the program. ***At least 10 days prior to site and related facilities mobilization, submit two copies of the CPM-approved materials, if the materials originally submitted to the CPM required modification. The training may be presented in the form of a multi-media presentation in VCR, CD-ROM, or DVD format.***

The project owner shall provide in the Monthly Compliance Report the number of persons who have completed the training in the prior month and a running total of all persons who have completed the training to date. ~~At least 10 days prior to site and related facilities mobilization, submit two copies of the CPM-approved materials.~~

Training acknowledgement forms signed during construction shall be kept on file by the project owner for a period of at least six months after the start of commercial operation.

During project operation, signed statements for operational personnel shall be kept on file for six months following the termination of an individual's employment.

CULTURAL RESOURCES

PG&E disagrees with Staff's analysis and conclusions relating to the significance of the existing Humboldt Bay Power Plant (HBPP) components. However, notwithstanding that technical disagreement, PG&E proposed a Condition of Certification that require that a plan be developed for the collection of historical documents and photographs pertaining to the siting and construction of the HBPP and for the preservation of these

documents, in perpetuity, within an archival records depository qualified to maintain and preserve the documents and to make them available to scholars and the general public for the purposes of historical research. Staff has rejected this compromise concluding instead that it is required under CEQA to evaluate, mitigate, and essentially assert jurisdiction over demolition of structures that will not be demolished in order to accommodate or facilitate construction and operation of the HBRP. For these reasons, Staff included **Proposed Conditions of Certification CUL-10 through Cul-13**. PG&E requests these proposed conditions not be included in the Decision and will present evidence and legal argument why Staff's analysis does not support such mitigation requirements as follows:

- Units 1 and 2 and supporting structures are not historically significant.
- Demolition of Units 1 and 2 are not part of the Project because demolition is not necessary to construction and operate the HBRP. It is true that once the HBRP is constructed and operating, Units 1 and 2 and the Mobile Emergency Power Plants (MEPPS) will no longer be operated. Therefore it is legally appropriate for Staff to analyze as an indirect result of the HBRP, the cessation of operations of Units 1, 2 and the MEPPS.
- Demolition of the 115kV transmission tower was performed for safety related reasons as described in our previous submittals to Staff and the Committee.
- Staff's assertion that because it is foreseeable that Units 1 and 2 will eventually be demolished after the HBRP is constructed and operating does not in and of itself make future demolition activities direct or indirect impacts of the HBRP. As described in detail in the AFC, status reports, and data responses as well as during public workshops, the demolition of Units 1 and 2 must be closely coordinated with the demolition of Unit 3, PG&E's retired nuclear unit, not the construction and operation of the HBRP.
- As described in supplemental filings, the demolition of Units 1 and 2 are subject to environmental review by the California Coastal Commission and the Coastal Act requires that during such environmental review, the historic nature of

structures to be demolished must be reviewed and the State Historic Preservation Officer (SHPO) must be consulted. Where another agency has the jurisdiction, power and responsibility of complying with CEQA, it is not a deferral of analysis or mitigation to rely on that agency's ability to comply with the law.

- As described in supplemental filings, in order to address Staff's initial concern that if Staff does not evaluate the significance and propose mitigation for the demolition of Units 1 and 2 no agency would, PG&E amended its filings with the Nuclear Regulatory Commission (NRC) to ensure that the NRC would consult with the SHPO for the demolition activities for Units 1, and 2 as well as Unit 3.
- Staff's approach that the demolition activities associated with Units 1 and 2 are indirect impacts of the HBRP is inconsistent in that Staff excludes demolition activities associated with Unit 3.
- Staff's characterization that the demolition activities associated with Units 1 and 2 are indirect impacts is inconsistent with its own analysis in other technical areas.

While PG&E is ready to adjudicate the above points, as always we remain open to alternate means of resolution.

HAZARDOUS MATERIALS

Proposed Condition of Certification HAZ-6, Clarification

Proposed Condition of Certification HAZ-6 applies to the delivery of hazardous material to the site. PG&E seeks clarification of whether the condition would apply to all deliveries of hazardous materials regardless of quantity or whether the intent of the condition is for delivery of aqueous ammonia. **LAND USE**

Proposed Condition of Certification LAND-2, Verification

Since this condition is not related to any impact associated with the start of construction, PG&E requests the following modification to the verification language of **Proposed Condition of Certification LAND-2** in order to allow the parties to set up the

appropriate accounts and for the payment to be related to the timing of construction of the Elk River Access Project.

Verification: ~~At least 30 days prior to the~~ ***Within 180 days after the*** start of construction, the project owner shall provide to the CPM a receipt demonstrating the deposit of \$230,000 with the City of Eureka in a dedicated account for the Truesdale Vista Point to Hilfiker Land Trail component of the Elk River Access Project.

WASTE MANAGEMENT

Proposed Condition of Certification WASTE-7

PG&E requests the following modifications to the timing of compliance with soil remediation activities necessary to comply with **Proposed Condition of Certification WASTE-7**. The modifications are necessary in order to allow demolition activities, installation of stormwater management Best Management Practices (BMPs), and construction of the access road to go forward while remediation activities are taking place elsewhere on the project site. PG&E believes that as long as soil remediation activities are completed in the areas required before traditional grading activities can take place in those areas, workers are protected and the hazardous waste laws are complied with.

WASTE-7 ~~Prior to any soil disturbance or the beginning of site mobilization~~ ***grading in areas that require soil remediation*** for the Humboldt Bay Repowering Project, the project owner shall provide to the CPM for review and approval a Remedial Investigation (RI) report or equivalent detailing site characterization and a Remedial Action Plan (RAP) or equivalent detailing site cleanup methods. The RI plan or equivalent shall include an assessment of the containment pond liners and whether they have been compromised. After implementation of the RAP (or equivalent), the project owner shall submit a report describing that the recommendations of the 2007 Preliminary Phase II Environmental Site Assessment have been implemented and shall include confirmatory sampling and analysis results as described in the RAP (or equivalent).

Verification: At least ~~120~~ **30** days prior to any **grading in areas that require soil remediation** ~~soils disturbance or the beginning of site mobilization~~ for the Humboldt Bay Repowering Project, the project owner shall provide the RI report (or equivalent) and the RAP (or equivalent) to the CPM for review and approval. After remedial activities have been completed and ~~at least sixty (60) days~~ prior to any **grading in areas that require remediation** ~~soils disturbance or the beginning of site mobilization~~, the project owner shall submit a **data compilation** report describing that the recommendations of the 2007 Preliminary Phase II Environmental Site Assessment have been implemented and analytical lab reports. A final Remedial Investigation report shall be submitted 60 days after submittal of the data compilation report.

PUBLIC HEALTH

Proposed Condition of Certification PUBLIC HEALTH-1

In response to a request made by the CEC staff during the January 16, 2008 CEC workshop, a supplemental screening health risk assessment was submitted to the CEC on February 5, 2008. As shown in this supplemental screening health risk assessment, the following operations on Diesel fuel are required for commissioning and source testing activities:

- 20 hours per engine for initial commissioning, without abatement devices installed (for a total of 200 engine-hours).
- 45 hours per engine for abatement device tuning and source testing (for a total of 450 engine-hours).

The latter number is derived from the source testing requirements included in the PDOC/PSA. The FDOC and FSA require even more testing, as follows:

- Proposed Condition **AQ-163** requires that each of the 10 engines be initially tested at three loads on Diesel fuel, for a total of 30 sets of tests.
- One of the pollutants required to be tested is PM10; a second (different) pollutant is DPM (Diesel particulate matter). The most accurate PM10 test method currently approved for low concentration measurement is EPA Method 201a/202. The DPM measurement must be made using CARB Method 5. (17 CCR

93115(i)). It is not clear whether these two methods can be conducted simultaneously due to the limited space available on the stack testing platform.

- Three test runs are required for each test condition. For the measurement of low particulate matter concentrations (as are expected in this case) a minimum of four hours of sample collection is typically required when using EPA Methods 201a/202, which require that a sample volume of at least 100 scf be obtained for each test run. Assuming a minimum of 30 minutes of operation to stabilize emissions and flow rates at the start of each test day, one hour to change out test equipment between test runs, and 30 minutes at the end of each test run to demobilize, a total of 10 hours of Diesel operation will be required to complete two test runs. The third test run for each test condition would require five hours (30 minutes plus four hours plus 30 minutes). Thus, each test condition will require 15 hours of Diesel operation for each engine if everything goes according to schedule.
- The 30 sets of tests will require 450 hours of operation on Diesel fuel, assuming that the Method 201a/202 and Method 5 tests can be performed simultaneously. If they cannot be performed simultaneously, up to 900 hours of operation on Diesel fuel will be needed to complete the required testing.
- Proposed Condition **PUBLIC HEALTH-2** requires, in addition to the PM10 and DPM testing required by the District, measurements of acetaldehyde, acrolein, benzene, 1,3-butadiene, ethylbenzene, formaldehyde, propylene, toluene, and xylenes. Furthermore, Proposed Condition **PUBLIC HEALTH-2** requires that measurements of these compounds, as well as of DPM, be taken both upstream and downstream of the oxidation catalyst. These tests must be performed on a minimum of four engines. Although no test methods are specified in the condition, we expect that DPM testing will be performed pursuant to CARB or EPA Method 5; CARB Method 422 would be used for 1,3-butadiene; CARB Method 430 for acetaldehyde and formaldehyde; and EPA Method TO-15 for the remaining compounds. Typically, only two “grab sample” methods, such as

these, can be performed at the same time. The required test run duration is a function of the sampling time, but is typically not less than one hour. Thus, assuming that the District-required PM10 and DPM runs can be performed simultaneously, at least one (and perhaps two) sets of triplicate runs will be required to satisfy the requirements of **PUBLIC HEALTH-2**. Assuming a one hour test run, with 30 minutes before and between each run, a total test series for one engine would require five hours. Thus, a minimum of 20 additional hours of operation on Diesel fuel would be required to test the minimum four engines to satisfy the requirements of **PUBLIC HEALTH-2**. If two test series were required to complete the necessary tests on each engine, and if all ten engines were required to be tested (as the worst case under **PUBLIC HEALTH-2**), then 100 hours of operation on Diesel fuel would be required to comply with **PUBLIC HEALTH-2**.

In total, between 670 and 750 hours of operation on Diesel fuel are required during the first year of operation to enable commissioning of the units on Diesel fuel and complete mandatory testing, assuming that everything goes according to plan. Any operation on Diesel fuel to address emergency conditions and/or natural gas curtailments would be in excess of these amounts.

- The provisions of Condition **PUBLIC HEALTH-1** that exclude testing operations from the 510 hour per year limit during easterly and southeasterly winds are helpful in principle; however, from a practical perspective, they will provide only after-the-fact relief, as source tests need to be scheduled weeks in advance, and wind directions cannot be predicted with a sufficient level of certainty.
- The provisions of Condition **PUBLIC HEALTH-1** that require testing operations to be conducted outside the time period of 7:30 am to 3:30 pm on school days will either require that all testing be performed during night-time hours (when dispersion conditions are typically worst) or on weekends (which would require

extending each test program over weeks or months). There are no health risks associated with DPM that have been identified in either the Applicant's or Staff's analyses which demonstrate the need for such a restriction. Such a restriction improperly implies that operation on diesel fuel within Staff's and the District's permit limits would negatively impact students at the school.

To address the fact that the HBRP could not comply with the conditions as written PG&E requests the following modifications to **PUBLIC HEALTH-2** as follows. The proposed conditions would allow DPM emissions equivalent to 650 hours of Diesel operation during the first year (including commissioning and initial source tests), and 510 hours of Diesel operation per year during subsequent years. These numbers are consistent with the supplemental health risk assessment submitted by the applicant on February 5, 2008, and with the risk assessment prepared by staff and presented in the FSA.

PUBLIC HEALTH-1. The project owner shall not operate the Wartsila engines on diesel fuel for a period exceeding 510 hours per year *such that DPM emissions do not exceed 4846.4 pounds during the first twelve months after initial operation of the first unit, total for all 10 engines; and do not exceed 1983.9 pounds during any subsequent calendar year, averaged over three years, total for all 10 engines.* Once the health risk assessment prepared pursuant to **PUBLIC HEALTH-2** is approved by the CPM, the CPM will notify the project owner of the total number of engine hours *allowable DPM emissions* on diesel fuel the project may operate *emit* annually, as determined by what the health risk assessment shows as the maximum number of hours that achieve a theoretical maximum cancer risk at the point of maximum impact of less than 10 in one million and acute and chronic Hazard Indices of less than 1.0. The 510 total hours of operation *allowable DPM emissions* for all engines using diesel fuel, and any subsequently adjusted number of hours *limit*, shall not *include emissions associated with* time needed for compliance testing required as per condition **AQ-163 and AQ-167** if the testing is conducted when the wind direction is out of the east or south east. Compliance testing required per condition AQ-167 shall also not occur between 7:30

~~am and 3:30 pm on days when the South Bay Elementary School is in session.~~

Verification: The project owner shall provide hourly logs of diesel fuel usage to the CPM in the Annual Compliance Report Summary. The log shall include the unit number, duration, purpose (annual compliance testing, natural gas curtailment or emergency), **and** wind direction, ~~and whether South Bay Elementary School is in session.~~ ***DPM emissions during Diesel Mode operation shall be calculated using valid fuel use records, source test results, and CPM-approved emission factors and methodology. DPM emissions during Diesel Mode operation without abatement of emissions by the oxidation catalyst shall be calculated using an emission rate of 5.56 pounds per engine hour.***

SOIL AND WATER RESOURCES

Proposed Condition of Certification SOIL & WATER-4, Verification

PG&E requests that the timing of the submittal be modified to facilitate construction activities as follows.

Verification: At least 30 days prior to ***placement of engineered fill for building pads*** ~~HBRP site mobilization~~, the project owner shall provide the CPM with a copy of its Flood Plain Development Permit.

TRAFFIC AND TRANSPORTATION

Proposed Condition of Certification TRANS-1, Verification

To facilitate the overall construction schedule, PG&E request that the verification language be modified to expressly authorize PG&E to submit, and the CPM to approve, traffic control plans that may pertain to phases of the construction. For example, since construction of the access road, installation of the BMPs and demolition activities will need to be completed before the EPC contractor mobilizes to the site, PG&E would submit a traffic control plan for those activities followed by a subsequent traffic control plan for the remainder of the project. The following modifications would provide this flexibility. In addition, given the current construction schedule for the HBRP, PG&E

requests that the timing for submittal of the plan be modified from 90 days to 60 days to provide it sufficient time to prepare the plan.

Verification: At least ~~90~~ **60** calendar days prior to the start of construction, ***of any discrete portion of construction activity such as*** ~~n, including any demolition, construction of the access road,~~ grading or site remediation on the power plant site or its associated easement, the project owner shall submit the proposed traffic control and implementation plan to the Coastal Commission, Humboldt County Public Works Department and Caltrans for review and comment and shall provide ~~at least 60 days for these agencies to respond and comment on the plan.~~ Additionally, the project owner shall submit the proposed traffic control and implementation plan to the CPM for review and approval. The project owner shall also provide the CPM with a copy of the transmittal letter to the Coastal Commission, Humboldt County and Caltrans requesting review and comment.

At least 30 calendar days prior to the start of construction, the project owner shall provide copies of any comment letter received from either the Coastal Commission, Humboldt County or Caltrans, along with any changes to the proposed plan to the CPM for review and approval.

The project owner may submit and the CPM may approve a traffic control and implementation plan for discrete portions of construction activities.

VISUAL RESOURCES

Proposed Conditions of Certification VIS-3 through VIS-6

PG&E requests a global change to the verification language in **Proposed Conditions of Certification VIS-3 through VIS-6** in order to ensure that the Coastal Commission and other agencies have a time certain to review and comment on plans submitted to the CPM for approval. The current language “at least 30 days to provide comment” should be replaced with “30 days to provide comment”.

GEOLOGY

Proposed Condition of Certification, GEO-1

PG&E seeks clarification in the condition regarding the term “occupied structures” and therefore proposes the following modification to **Proposed Condition of Certification GEO-1**.

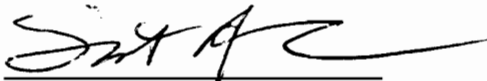
GEO-1 All occupied structures (***Control Room/Office/Workshop Buildings***) shall be designed to withstand a reasonable level of vertical and horizontal fault offset, directly beneath the building.

CONCLUSION

PG&E looks forward to a productive PreHearing Conference and will work diligently to propose and accept reasonable solutions.

Dated: May 21, 2008

Respectfully Submitted,



Scott A. Galati
Counsel to PG&E

TABLE 1**Humboldt Bay Repowering Project (06-AFC-7)
Proposed Witness List**

TOPIC AREA	DISPUTES BETWEEN PARTIES	WITNESS	TESTIMONY SUMMARY	DIRECT TESTIMONY ESTIMATE	CROSS-EXAM ESTIMATE
PROJECT DESCRIPTION AND COMPLIANCE	None	Greg Lamberg	Brief Project Description to provide background and context for the project and other site activities	15 minutes	None
AIR QUALITY	Minor Condition Modifications	Jerry Salamy, CH2M Hill Gary Rubenstein, Sierra Research	Minor modifications to proposed conditions, may be by declaration	10 minutes	5 minutes to determine whether Staff agrees with Condition Modifications
ALTERNATIVES	None	Susan Strachan, Strachan Consulting Doug Davy, CH2M Hill	Declaration	5 minutes	None
BIOLOGICAL RESOURCES	Minor Condition Modifications	Debra Crowe, CH2M Hill Susan Strachan, Strachan Consulting	Declaration	10 minutes	5 minutes to determine whether Staff agrees with Condition Modifications
CULTURAL RESOURCES	Dispute over Project Direct and Indirect Impacts as applied to demolition of Units 1 and 2 demolition	Doug Davy, CH2M Hill Jessica Feldman, CH2M Hill	As outlined in PreHearing Conference Statement	1 hour	1 hour
FACILITY DESIGN, EFFICIENCY AND RELIABILITY	None	Ken Horn	Declaration	5 minutes	None

GEOLOGY AND PALEONTOLOGY	Minor Condition Modifications	Ken Horn	Declaration	5 minutes	5 minutes to determine whether Staff agrees with Condition Modifications
HAZARDOUS MATERIALS	Minor Condition Modifications	Sarah Madams, CH2M Hill	Declaration	5 minutes	5 minutes to determine whether Staff agrees with Condition Modifications
LAND USE	Minor Condition Modifications	Susan Strachan, Strachan Consulting	Declaration	5 minutes	5 minutes to determine whether Staff agrees with Condition Modifications
NOISE AND VIBRATION	None	Mark Bastasch	Declaration	5 minutes	None
PUBLIC HEALTH	Dispute over need for testing restriction when school is in session and request greater averaging time for diesel annual operating limit	Jerry Salamy, CH2M Hill Gary Rubenstein, Sierra Reserach	As outlined in PreHearing Conference Statement	30 minutes	10 minutes
SOCIOECONOMICS	None	Fatuma Yusuf, CH2M Hill	Declaration	5 minutes	None
TRAFFIC AND TRANSPORTATION	Minor Condition Modifications	Loren Bloomberg, CH2M Hill	Declaration	5 minutes	5 minutes to determine whether Staff agrees with Condition Modifications
TRANSMISSION LINE SAFETY AND NUISANCE	None	Doug Davy	Declaration	5 minutes	None
TRANSMISSION SYSTEM ENGINEERING	None	Robert Jenkins	Declaration	5 minutes	None
WASTE MANAGEMENT	Minor Condition Modifications	Susan Strachan, Strachan Consulting	Declaration	5 minutes	5 minutes to determine whether Staff agrees with Condition Modifications

SOIL AND WATER RESOURCES	Minor Condition Modifications	Doug Davy, CH2M Hill	Declaration	5 minutes	5 minutes to determine whether Staff agrees with Condition Modifications
WORKER SAFETY AND FIRE PROTECTION	Minor Condition Modifications	Doug Davy, CH2M Hill	Declaration	5 minutes	5 minutes to determine whether Staff agrees with Condition Modifications
VISUAL RESOURCES	Minor Condition Modifications	Doug Davy	Declaration	5 minutes	5 minutes to determine whether Staff agrees with Condition Modifications

**Table 2
Pacific Gas and Electric (PG&E)
Humboldt Bay Repowering Project
(06-AFC-7)
Proposed Exhibit List**

- Exhibit 1 **Humboldt Bay Repowering Project AFC (06-AFC-7) 09/29/06**
- Exhibit 2 **Application for Determination of Compliance (06-AFC-7) 09/29/06**
- Exhibit 3 **Request by North Coast Unified Air Quality Management District fulfilled by Sierra Research (06-AFC-7) 10/13/06**
- Exhibit 4 **Data Adequacy Supplement (06-AFC-7) 11/01/06**
- Exhibit 5 **Large Maps – Electrical System One Line Diagrams (06-AFC-7) 02/23/06**
- Exhibit 6 **Letter Regarding Humboldt Bay Repower Project – Enlarged AFC Electrical One - Line Diagram and Copies of Transmission Electronic Files (06-AFC-7) 11/06/06**
- Exhibit 7 **Cumulative Impacts Analysis (06-AFC-7) 11/09/06**
- Exhibit 8 **Cumulative Impacts Analysis Letter to Nancy Matthews (06-AFC-7) 12/15/06**
- Exhibit 9 **Web Team, Nancy Matthews Responses to Air Resources Board Questions (06-AFC-7) 01/11/07**
- Exhibit 10 **Data Responses to Data Requests 1 through 57 (06-AFC-7) 01/12/07**
- Exhibit 11 **Drainage, Erosion, and Sediment Control Plan (06-AFC-7) 01/12/07**
- Exhibit 12 **Responses to Questions from Simona Altman by Nancy Matthews (06-AFC-7) 01/17/07**
- Exhibit 13 **Sierra Research’s Responses to Emission Calculations from Nancy Matthews (06-AFC-7) 01/18/07**
- Exhibit 14 **Transmittal of Electronic Copy of Draft Wetland Delineation Report (06-AFC-7) 01/19/07**

- Exhibit 15 **Additional Responses to Questions from Simona Altman of the Air Resources Board, by Nancy Matthews of Sierra Research (06-AFC-7) 02/02/07**
- Exhibit 16 **Submittal of Pacific Gas and Electric Responses to Staff Data Requests 58 through 78 and Workshop Query 1 through 22 (06-AFC-7) 01/23/07**
- Exhibit 17 **Response to Air Quality Workshop Query #1 (06-AFC-7) 03/02/07**
- Exhibit 18 **Five (5) Year Study of Property Taxes for Humboldt (06-AFC-7) 03/06/07**
- Exhibit 19 **Wartsila Emission Factor Guarantees for the Humboldt Bay Repowering Project (06-AFC-7) 03/14/07**
- Exhibit 20 **CH2M Hill Responses to Data Requests 79 through 85 and Workshop Queries (06-AFC-7) 03/16/07**
- Exhibit 21 **Pacific Gas and Electric Responses to Workshop Queries 8 and 23 through 27 (06-AFC-7) 03/23/07**
- Exhibit 22 **Pacific Gas and Electric Responses to Workshop Queries 3, 11, 14, and 15 and Data Requests 11, 55, 82 and 83 (06-AFC-7) 03/30/07**
- Exhibit 23 **Pacific Gas and Electric Revisions to the Air Quality Analysis Baseline Period and Emission Reduction Credits (06-AFC-7) 04/04/07**
- Exhibit 24 **Wartsila Memo Confirming the Emission Values Contained in the AFC (06-AFC-7) 04/11/07**
- Exhibit 25 **Redwood Coast Energy Authority Support Letter for the Humboldt Bay Repowering Project (06-AFC-7) 04/11/07**
- Exhibit 26 **Letter Report on Air Quality Modeling Methodology for the Humboldt Bay Repowering Project, Prepared by D. Bruce Turner, Trinity Consultants (06-AFC-7) 04/18/07**
- Exhibit 27 **Humboldt Bay Repowering Project Preliminary Phase II ESA Report (06-AFC-7) 04/23/07**
- Exhibit 28 **Humboldt Bay Power Plant Activities (06-AFC-7) 05/04/07**

- Exhibit 29 **Revised Humboldt Bay Power Plant Activities (06-AFC-7)**
05/04/07
- Exhibit 30 **U.S. Army Corps of Engineers Wetland Delineation Verification
Letter and Map Dated April 23, 2007 (06-AFC-7) 05/29/07**
- Exhibit 31 **Buhne Point Wetlands Preserve Mitigation and Monitoring
Plan; and Coastal Access Enhancement Proposal (06-AFC-7)**
07/06/07
- Exhibit 32 **Letter in Response to July 5, 2007 letter to Greg Lamberg/
Pacific Gas and Electric Regarding Revised Modeling Protocol
Submitted June 13, 2007 (06-AFC-7) 07/17/08**
- Exhibit 33 **Modeling Protocol, Revised July 17, 2007 (06-AFC-7) 07/17/08**
- Exhibit 34 **CDP Application # E-07-005 for Proposed Offices and Parking
at Humboldt (06-AFC-7) 08/17/07**
- Exhibit 35 **Memo Regarding PM Control Efficiency of Diesel Oxidation
Catalysts (06-AFC-7) 08/30/07**
- Exhibit 36 **Revised Air Quality Analysis Section 8.1A through 8.1G
(06-AFC-7) 09/12/07**
- Exhibit 37 **Revised Air Quality Analysis for the Humboldt Bay
Repowering Project (06-AFC-7) 09/12/07**
- Exhibit 38 **North Coast Unified Air Quality Management District
Questions Regarding the Humboldt Bay Repowering Project
(06-AFC-7) 09/24/07**
- Exhibit 39 **Supplement to Address Revised Air Quality Modeling and
Increased Stack Height (06-AFC-7) 09/28/07**
- Exhibit 40 **Preliminary Determination of Compliance Permit to Construct
Evaluation (06-AFC-7) 10/15/07**
- Exhibit 41 **Letter from Coastal Commission Regarding Review of Projects
Subject to the Application for Certification (06-AFC-7) 10/16/07**
- Exhibit 42 **Preliminary Determination of Compliance (06-AFC-7) 10/22/07**
- Exhibit 43 **Applicant's Responses to CEC Staff Data Requests 86 through
105 (06-AFC-7) 10/31/07**

- Exhibit 44 **Responses to CEC Staff Requests 86 through 105 (06-AFC-7)**
11/01/07
- Exhibit 45 **Applicant's Response to CEC Staff Data Request 100**
(06-AFC-7) 11/02/07
- Exhibit 46 **Applicant's Responses to CEC Staff Data Requests 104 and**
105 (06-AFC-7) 11/06/07
- Exhibit 47 **Supplemental Screening Health Risk Assessment (06-AFC-7)**
11/09/07
- Exhibit 48 **Letter Regarding CDP #E07-005 for the SDPP (06-AFC-7)**
11/15/07
- Exhibit 49 **Applicant's Responses to CEC Staff Data Request 103**
(06-AFC-7) 11/16/07
- Exhibit 50 **Revised Visual Simulations (06-AFC-7) 11/19/07**
- Exhibit 51 **Pacific Gas and Electric Comments on the Humboldt Bay**
Repowering Project Preliminary Determination of Compliance
(06-AFC-7) 11/20/07
- Exhibit 52 **Pacific Gas and Electric Pipeline Removal Project (06-AFC-7)**
12/04/07
- Exhibit 53 **Pacific Gas and Electric Company's Supplemental Comments**
on the Preliminary Staff Assessment (06-AFC-7) 01/02/08
- Exhibit 54 **Amendment to Facility License (Amendment No. 23, License**
No. DPR-7) (06-AFC-7) 01/16/08
- Exhibit 55 **Pacific Gas and Electric Company's Supplemental Screening**
Health Risk Assessment (06-AFC-7) 02/06/08
- Exhibit 56 **Modeling Files- Supplemental Screening Health Risk**
Assessment (06-AFC-7) 02/08/08
- Exhibit 57 **Revised Modeling for Increments Analysis; CD Containing**
CTSCREEN- Related Modeling Files (06-AFC-7) 02/14/08
- Exhibit 58 **Applicant's Responses to CEC Staff Workshop Queries 16 and**
17 (06-AFC-7) 02/21/08

- Exhibit 59 **Post-Shutdown Decommissioning Activities Report, Humboldt Bay Power Plant Unit 3 (06-AFC-7) 04/02/08**
- Exhibit 60 **City of Eureka's Support for Pacific Gas and Electric Company's Contribution to a Public Use (06-AFC-7) 04/07/08**
- Exhibit 61 **Final Determination of Compliance Engineering Evaluation1Package (06-AFC-7) 04/11/08**
- Exhibit 62 **Title V Federal Operating Permit North Coast Unified Air Quality Management District Permit to Operate and Final Determination of Compliance (06-AFC-7) 04/14/08**
- Exhibit 63 **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-7) 04/17/08**

**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

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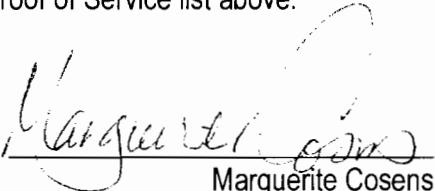
Declaration of Service

I, Marquerite Cosens, declare that on May 21, 2008, I deposited the required copies of the attached **PACIFIC GAS & ELECTRIC COMPANY'S PREHEARING CONFERENCE STATEMENT** in the United States mail at Sacramento, CA with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above. I declare under penalty of perjury that the foregoing is true and correct.

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.


Marguerite Cosens