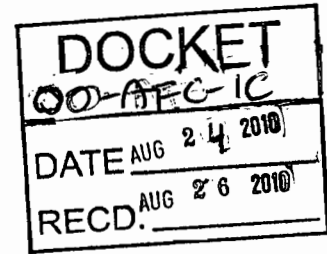




**Pacific Gas and
Electric Company®**

Mailing Address:
Pacific Gas & Electric Company
Gateway Generating Station
3225 Wilbur Ave.
Antioch, CA 94509
(925) 522-7801

August 24, 2010



Bay Area Air Quality Management District
Office of the District Counsel
Brian C. Bunger, ESQ., District Counsel
939 Ellis Street
San Francisco, CA 94109

Subject: PG&E Gateway Generating Station (Plant # 18143)
Diesel Fire-pump Engine Settlement Agreement, NOV 49323
Calculation of Excess Emission

Dear Mr. Bunger:

In response to your letter of August 20, 2010, I have attached a revised calculation of excess emission and corresponding stipulated penalty as requested. This revised calculation has been reviewed and concurred to be correct by the Brian Lusher of BAAQMD Engineering Division. (See attached e-mail of August 23, 2010 from Mr. Lusher.)

A new check in the revised amount of \$ 2,502.00, payable to "Bay Area Air Quality Management District" as payment in full of the stipulated civil monetary penalty under the Settlement Agreement, is being processed and will be sent to you at the earliest possible time.

If you have any questions regarding this submittal, please feel free to call me or Angel Espiritu at (925) 522-7838.

Sincerely,

Ronald A. Gawer
Senior Plant Manager

Attachments: a/s

cc: Brian Bateman, BAAQMD
Alexander Crockett, BAAQMD
Brian Lusher, BAAQMD
David Kraska, PG&E
Angel Espiritu, PG&E
Judi Mosley, PG&E
Jack W. Caswell, CEC Compliance Project Manager

PG&E Gateway Generating Station
 PG&E-- BAAQMD Settlement Agreement NOV 49323
Written Report _Revised 08/23/2010
(After Removal of Existing Emergency Diesel Fire-pump Engine)

1. Relevant Status of Deadlines or Milestones

Deadline/Milestone	Compliance	
	yes/no	date
PG&E submitted Monthly Progress Report for July 2010 BAAQMD (copy to CEC)	Yes	08/06/2010
PG&E discontinued use of existing emergency engine and begun installation of CARB-Certified Tier 3 replacement engine	Yes	07/21/2010
PG&E completed installation of replacement engine	Yes	07/29/2010
PG&E started commissioning of the replacement engine	Yes	07/30/2010
PG&E completed commissioning and testing and requested Fire Marshall approval	Yes	08/03/2010
Completed Fire Marshall acceptance testing	Yes	08/06/2010

If any deadlines or milestones were not complied with, explain:

n/a

2. Hours of Operation of Emergency Firepump Engine

Total number of hours of operation since installation:	40.9
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3. Excess Emissions from Emergency Firepump Engine (see attached for calculation)

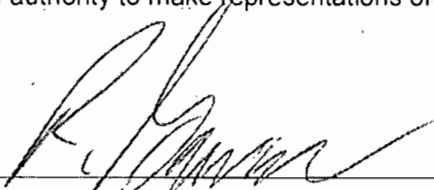
Total quantity of excess emissions since installation (lb):	
NOx+HC	49.68
PM	0.36
Total	50.04

4. Stipulated Civil Monetary Penalty per Paragraph 9 of Settlement Agreement

Stipulated Civil Monetary Penalty per Ton of Excess Emission = \$100,000	
Total Stipulated Civil Monetary Penalty (Prorated per pound of excess emission)	\$2,502

Certification

I certify, based upon knowledge and belief formed after reasonable inquiry, that the information contained in this report is true and correct to the best of my knowledge. I further certify that I have the knowledge and authority to make representations on behalf of PG&E regarding matters covered in this report.



 Ronald A. Gawer, Sr Plant Manager

 8/24/10
 Date

**Calculation of Excess Emissions from PG&E Gateway Generating Station Emergency Firepump Engine
Last Month Engine was Operated: July-10**

	HC+NOx	CO	PM
	Emission Rate, g/bhp-hr		
GGs installed engine	4.65	0.32	0.12
Tier 3 Replacement Engine	2.714	0.84	0.103
	Emission Rate, lb/hr		
GGs installed engine	3.08	0.21	0.08
Tier 3 Replacement Engine	1.86	0.58	0.07
Excess emissions	1.2146	n/a	0.0087
	Monthly Excess Emissions, lb		
GGs installed engine	3.1	n/a	0.0794
Tier 3 Replacement Engine	1.9	n/a	0.0706
Excess emissions	1.2	n/a	0.0087
	Cumulative Total Excess Emissions, lb		
GGs installed engine	125.8	n/a	3.2
Tier 3 Replacement Engine	76.1	n/a	2.9
Excess emissions	49.68	n/a	0.36

Operating hours for Emergency Firepump Engine

Operations in	Hours	Cumulative Hours
Prior to execution of Settlement Agreement	21.1	21.1
October-09	1.3	22.4
November-09	1.6	24
December-09	3	27
January-10	2	29
February-10	2	31
March-10	2.5	33.5
April-10	1.9	35.4
May-10	2	37.4
June-10	2.5	39.9
July-10	1	40.9

Espiritu, Angel B

From: Brian Lusher [blusher@baaqmd.gov]
Sent: Monday, August 23, 2010 4:47 PM
To: Gawer, Ron
Cc: Espiritu, Angel B
Subject: RE: Gateway Firepump Engine excess emissions calculation

Ron,

I have reviewed your spreadsheet and the information appears to be calculated correctly.

At 40.9 hours the excess emissions would be 50.04 lb for the entire period. $50.04 \text{ lb}/2000 = 0.02502$ tons per year, for a penalty of \$2502.

Regards,

Brian K Lusher
Senior Air Quality Engineer
Bay Area Air Quality Management District
(415) 749-4623, Fax (415) 749-5030

-----Original Message-----

From: Gawer, Ron [mailto:R3GK@pge.com]
Sent: Monday, August 23, 2010 3:23 PM
To: Brian Lusher
Cc: Espiritu, Angel B
Subject: Gateway Firepump Engine excess emissions calculation

Hi Brian,

Thanks for calling me back today. Per our conversation, I'm including a few attachments for your review and reference. Note that we revised our calculation using the CARB certificated emissions for our actual engine on both the new and old engines as requested per Mr. Bunger's letter that I received today.

Please refer to the attached spreadsheet with emissions calculations we're using and let me know if you agree or have further question. I'd like your concurrence as soon as possible so that I may issue a new letter and check to the District as soon as possible.

Thanks for you review,

Ron

Ronald A. Gawer
Senior Plant Manager
Power Generation
Pacific Gas & Electric Company

Gateway Generating Station
3225 Wilbur Avenue
Antioch, CA 94509
925.522.7805: Office
925.234.3041: Mobile

Attached are the revised emission calculation and revised written report (with certification) based on the difference between Tier 2 and Tier 3 Replacement engines specification. Below is the summary of relevant numbers:

Excess Emission (in pounds)
NOx + HC = 49.68
PM = 0.36
Total = 50.04

Stipulated Penalty (\$50/pound) = \$ 2,502