



United States Department of the Interior
U.S. GEOLOGICAL SURVEY



Pacific Southwest Area Regional Executive
3020 State University Drive East
Modoc Hall, Suite 3005
Sacramento, California 95819-2632
Office 916-278-9551, Fax 916-278-9546

DOCKET 80-AFC-1C
DATE <u> MAY 24 2010 </u>
RECD. <u> MAY 28 2010 </u>

May 24, 2010

Mary Dyas
Compliance Project Manager
Siting, Transmission and Environmental Protection (STEP) Division
California Energy Commission
1516 Ninth Street, MS-2000
Sacramento, CA 95814

Dear Ms. Dyas,

Thank you for contacting the United States Geological Survey (USGS) regarding the attached Memorandum of Understanding (MOU) dated February 3, 1981, between the California Energy Commission (CEC) and USGS, concerning postlicensing duties and responsibilities of the SMUDGE #1 Geothermal Project (Sonoma Geothermal Project).

The USGS no longer oversees or manages federal land or resources, including the Sonoma Geothermal Project that is the subject of this MOU. Consequently, we request that the MOU between our two organizations be terminated effective June 1, 2010.

In addition, we request that the CEC Joint Compliance Monitoring Report for the Sonoma Geothermal Project be amended to remove the USGS as the primary compliance monitoring agency.

Respectfully,

Michael V. Shulters
Regional Executive, Pacific Southwest Area
United States Geological Survey

Cc:

Richard Ferrero
Suzette Kimball
Linda Gundersen
Brenda Pierce

Attachment:

SMUDGEO-1 MOU dtd 3Feb81.pdf

LETTER OF UNDERSTANDING BETWEEN CEC AND USGS
WITH RESPECT TO POST-LICENSING DUTIES
AND RESPONSIBILITIES FOR THE SMUDGE NO. 1 GEOTHERMAL PROJECT

I. INTRODUCTION

Pursuant to the Memorandum of Understanding dated February 27, 1980, the California Energy Commission (CEC), United States Geological Survey (USGS), and Bureau of Land Management (BLM) undertook a cooperative effort to compile the environmental documentation necessary to comply with the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA) and to issue necessary permits and licenses for Sacramento Municipal Utility District's (SMUD) proposed Geothermal Project No. 1.

The purpose of this agreement is to set forth the duties and responsibilities of the CEC and the USGS following the issuance of licenses and approvals for the SMUDGE No. 1 Geothermal Project. This agreement also includes provisions for post-certification supervision of the project to ensure that the project is constructed and operated pursuant to the terms and conditions of certification and licenses, and is in compliance with applicable laws, standards, and ordinances. These provisions are attached to this agreement as Appendix A (Compliance Monitoring Report).

II. GENERAL PROVISIONS

A. The CEC recognizes that the proposed project is located on federally-owned lands and will utilize geothermal resources owned by the United States and managed by the USGS pursuant to the Geothermal Steam Act of 1970 (P.L. 91-581). Accordingly, the CEC acknowledges that the ultimate decision-making authority for all issues pertaining to the design, construction, and operation of the proposed facility which may arise pursuant to the implementation and execution of this agreement resides with the BLM and the USGS.

B. The USGS recognizes that the proposed project is located within the territorial confines of the State of California. Accordingly, USGS agrees to consider the interests of the State in making post-certification decisions pursuant to this agreement, and shall give great weight to the comments and recommendations of the CEC with respect to such decisions.

C. The USGS and the CEC agree that the Northern Sonoma County Air Pollution Control District shall have all of the rights, duties, and responsibilities specified in the "Approved ARB-CEC Joint Policy Statement of Compliance with Air Quality Laws by New Power Plants" executed by the CEC and the California Air Resources Board on January 23, 1979, to the extent the Statement is consistent with applicable Federal laws. A copy of the agreement is attached hereto as Appendix B.

D. The USGS shall ensure compliance with applicable local standards in conducting its post-certification duties and responsibilities in all technical areas in which the CEC is secondarily involved.

E. The CEC may recommend the use of state or local agencies in performing one or more monitoring functions as outlined in Appendix A. If the USGS does not utilize such an agency as recommended, it shall provide for such monitoring functions.

F. The USGS and the CEC agree that the terms of this agreement supersede any differing or inconsistent terms which may appear in Appendix A and that the provisions of Appendix A shall be implemented consistently with the terms of this agreement.

G. Decisions of the Deputy Conservation Manager (DCM) for Geothermal may be appealed under the provisions of 30 CFR Part 290.

H. The USGS agrees to maintain possession of all proprietary information which may be submitted by the Applicant pursuant to the provisions

of Appendix A. The CEC may review such proprietary information at the offices of the USGS.

III. PRIMARY CEC INVOLVEMENT

Subsequent to CEC certification of the SMUDGEO No. 1 Geothermal Project, the Commission shall have primary involvement in the review of final seismic design criteria, structural design criteria for critical structures and equipment, design criteria of air pollution control equipment, and in the evaluation and selection of mitigation measures for significant

c. SMUD will implement a monitoring program to assess the controlled burn program (Mitigation and Monitoring Plan, December 1, 1980; Finding 16f).

2.09. SMUD will implement a drift monitoring program which will include (Finding 16a):

a. Spring and fall monitoring of vegetation during the first three years of power plant operation (AFC response, June 3, 1980; Mitigation and Monitoring, December 1, 1980).

b. Annual infra-red color photography (AFC response, June 3, 1980).

c. Monitoring of the mixed evergreen forest northeast of the power plant site (Mitigation and Monitoring Plan, December 1, 1980).

2.10. SMUD will revegetate the cut and fill slopes at the power plant site and along the main access road (Workshop, September 30, 1980, Mitigation and Monitoring Plan, December 1, 1980; AFC response, June 3, 1980). Revegetation efforts will be completed on disturbed areas before November of those years in which revegetation is performed (Finding 9d).

2.11. SMUD will monitor the use of the purple martin nesting area near the power plant to determine if there are effects from cooling tower drift (Mitigation and Monitoring Plan, December 1, 1980; Finding 16a). If adverse impacts occur, the USGS will consult with CEC, CDFG, BLM, and SMUD to develop and implement mitigation (Memo, October 24, 1980; SMUD, December 1, 1980; Finding 14).

2.12. Usage of surface water for a construction water source will be monitored by a qualified biologist employed by SMUD to avoid adverse biological impacts. Sources of surface water being used for construction purposes and the name of the qualified biologist will be submitted to the USGS prior to with-

As used in this Agreement, critical structures include the turbine generator building and turbine generator pedestal. Essential equipment includes: the turbine generator, surface condensor, gas removal equipment, overhead bridge crane, main transformers, H₂S abatement facility, circulating water pumps, switchyard equipment, and the cooling tower system.

3. The USGS shall not approve mitigation measures for significant adverse geologic conditions until it has solicited the advice and recommendations of the CEC.

As used in this agreement, a significant adverse geologic condition is a condition which requires an alteration in structural design concept or the preparation of new design calculations.

IV. SECONDARY CEC INVOLVEMENT

A. The CEC shall be secondarily involved in the execution and evaluation of all mitigation measures specified in the Final Joint Environmental Study. The Commission's secondary involvement shall be carried out as follows:

1. All required Plans of Operation, Applications for Permits, reports, designs, and similar documents shall be submitted by the Applicant to the USGS. The USGS shall immediately forward copies of such documents to the CEC so that the CEC can review the documents and make any recommendations within the time frame established by the DCM, Geothermal, USGS.
2. The CEC may submit advice and recommendations for consideration by USGS.

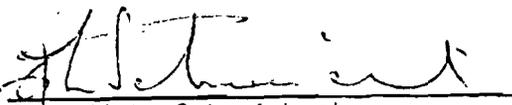
B. With respect to the mitigation measures specified in the Final JES; and unless the subject matter is covered in Appendix A:

1. The USGS in accordance with 30 CFR 270.34-1 shall require the Applicant to prepare for USGS approval a detailed Plan of Utilization describing the manner in which each mitigation measure will be implemented;
2. The USGS shall require the Applicant to submit Annual Reports of Compliance under 30 CFR 270.76;
3. The USGS Construction Permit shall include provisions for CEC inspection of the site and related facilities.

Dated: 03 FEB 1981


William F. Isherwood
Acting Deputy Conservation Manager,
Geothermal
United States Geological Survey

Dated: 8/2/81


Russell L. Schweickart
Chairman
California Energy Commission