

CALIFORNIA ENERGY COMMISSION

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November 29, 2005

Barbara Hale
Assistant General Manager for Power
San Francisco Public Utilities Commission
1155 Market Street
San Francisco, CA 94103

Dear Ms. Hale:

As you know, the California Energy Commission published its Preliminary Staff Assessment (PSA) for the San Francisco Electric Reliability Project (SFERP) on September 13, 2005. The PSA Workshop was subsequently conducted by staff on October 18, 2005.

At the PSA Workshop the participants identified three areas where additional information is needed for the Energy Commission (staff) to complete the Final Staff Assessment (FSA). This includes:

- the Final Determination of Compliance (FDOC) from the Bay Area Air Quality Management District (BAAQMD);
- a revised project description to address a modified surface drainage plan and associated permits; and
- verification that detailed soil and groundwater samples from the project site will be prepared and appropriate remediation implemented.

On November 10, 2005, staff met with representatives of the City and County of San Francisco (CCSF) to discuss these issues and to resolve all outstanding data needs.

Air Quality: At the PSA Workshop it was determined that the SFERP Air Quality PM2.5 mitigation will be finalized in the compliance phase of the project. The PSA and the FSA will identify the options the City can implement to mitigate the entire PM2.5 contribution. What is still needed to complete the FSA is the Final Determination of Compliance (FDOC) from the Bay Area Air Quality Management District (BAAQMD). It is anticipated this will be made available in late November or early December.

Surface Drainage/BCDC Permit: Staff received an amended project description from the CCSF and is reviewing the revised drainage system for potential environmental impacts and for compliance with all Laws, Ordinances, Regulations, and Standards.

The original AFC and Supplement A proposed directing all surface water drainage from the project to the City's combined surface drainage/municipal sewage treatment system.

The applicant is now proposing to amend the AFC so that the site's surface drainage will filter through a vegetated drainage swale and empty into the San Francisco Bay. This triggers the requirement for review and comment from the Bay Conservation and Development Commission (BCDC) on the suitability of this project at this location. This will not delay the preparation of the FSA.

Soil and Groundwater Contamination: Further soil and groundwater characterization of the proposed four-acre SFERP site will be required. Although it is desirable to receive this information prior to the publication of the FSA, staff acknowledges there is sufficient data on record to conclude that any groundwater or soil contamination found on the site can be mitigated to a less than significant level through appropriate remediation and risk management actions. Therefore, the FSA will amend the Conditions of Certification (COCs) found in the Waste section of the PSA to clarify the soil and groundwater mitigation measures that will need to be completed before site mobilization can begin.

Specifically, in the FSA, COC Waste-7 and Waste-8 will state the following:

WASTE-7 *The project owner shall ensure that the site is properly characterized and remediated. The project owner shall prepare a work plan in outline form detailing the number and location of samples of soil, soil gas, and groundwater to be obtained and analyzed, the analytes (substances that need to be analyzed with respect to soil and groundwater constituents), the method of analysis and the Practical Quantitation Limits (PQLs) to be used. The project owner shall submit this plan for review and comment to the Cal-EPA Department of Toxic Substances Control and to the Compliance Project Manager (CPM) for review and approval. The project owner shall also prepare a remediation plan for review and comment to the Cal-EPA Department of Toxic Substances Control (DTSC) and to the CPM for review and approval. In no event shall any project construction commence that involves either the movement of contaminated soil or construction on contaminated soil until the CPM has determined that all necessary remediation has been accomplished.*

Verification: *At least sixty (60) days prior to the start of site mobilization, the project owner shall provide documentation that the site's soil and groundwater has been characterized. If remediation is needed, then a remediation plan will also be required. The project owner shall provide a copy of all correspondence with DTSC to the CPM within 10 days of receipt. In the event that certain specific site activities need to start prior to full characterization and remediation, the project owner shall make such a request to the CPM for review and approval.*

WASTE-8 *The project owner shall prepare a human health risk assessment work plan in outline form addressing soil and groundwater contamination on the site and submit this work plan to DTSC for review and comment and to the CPM for review and approval. The project owner shall also prepare the human health risk assessment, a revised site-specific Risk Management*

Plan (RMP), and a revised site-specific Site Management Plan (SMP), and submit all three to DTSC for review and comment and to the CPM for review and approval. The project owner shall also enter into an agreement with the San Francisco Bay Regional Water Quality Control Board (SFBRWQCB) to extend the MUNI site deed restriction to the power plant site.

Verification: *At least sixty (60) days prior to the start of site mobilization, the project owner shall provide: (a) a revised human health risk assessment addressing soil and groundwater contamination on the site to DTSC for review and comment and to the CPM for review and approval, (b) a revised site-specific Risk Management Plan (RMP) and a Site Management Plan (SMP) to DTSC for review and comment and to the CPM for review and approval, and (c) documentation that the existing MUNI site deed restriction covers the power plant site.*

Although helpful in evaluating potential contaminants of concern, data obtained from surrounding properties should not be used in the required site characterization effort. As discussed in our meeting of November 10th, prior to the publication of the FSA, a work plan outline will be prepared by the City and County of San Francisco that states that the SFERP will provide what is needed for site characterization and remediation in order to comply with Conditions of Certification Waste-7 & Waste-8. This work plan outline will be provided during the post-certification period.

As discussed in the meeting of November 10th, the following task descriptions should be helpful in focusing the applicant's work plan for complying with **Waste 7 and 8**:

1. Prepare a Sampling and Analyses Plan (SAP) in outline format. The SAP should contain the proposed: number and location of samples and sample media; analytes (i.e., items to be analyzed); and the methods of analyses and Practical Quantitation Limits.
2. The southern quarter of the site and previously identified arsenic and Polycyclic Aromatic Hydrocarbons (PAHs) "hot spots" should be the focus of the SAP; groundwater, soil matrix and soil gas should be assessed at representative locations across the project site.
3. Prepare a human health risk assessment (HRA), using site-specific data only. The HRA should follow Department of Toxic Substances Control (DTSC) 1992 guidance, DTSC Preliminary Endangerment Assessment (PEA) guidance, and more recent Office of Environmental Health Hazard Assessment (OEHHA) guidance. The HRA should address potential contaminants of concern, inclusion/exclusion analysis, a site conceptual model, receptors including off-site sensitive, and on-site trenching via ingestion, inhalation of vapors, and dermal routes of exposure. Other receptors or pathways may be included depending upon the site conceptual model.

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4. Prepare a revised Risk Management Plan (RMP) and a revised Site Management Plan (SMP) for the power plant site. The existing plans for the MUNI site can be used as templates with changes made to reflect the power plant site sampling & analysis and HRA results. The project owner will determine in conjunction with the Commission staff whether some soil removal would be appropriate.

5. Prepare an ecological risk characterization prior to preparing the revised RMP/SMP. This is because ecological risk considerations may dictate soils removal (if any).

FSA Publication

The FSA will be published 30 days after the FDOC is received by the Energy Commission. Staff does not have a date beyond that of late November or early December when it expects this information will be provided. Therefore, the publication of the FSA has not been scheduled at this time but is presumed to be early January 2006.

If you have any questions regarding the project or the project schedule issues, please contact me at (916) 654-4206 or by email at bpfanner@energy.state.ca.us.

Sincerely,



Bill Pfanner
Project Manager

cc: Karen Kubick
Steve De Young
John Carrier