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October 31, 2005

Mr. William Pfanner
Siting Project Manager
California Energy Commission
1516 Ninth Street, MS-15
Sacramento, CA 95814-5504

RE: SFPUC Preliminary Staff Assessment Comments, Set 2
San Francisco Electric Reliability Project (04-AFC-01)

Dear Bill:

On behalf of the City and County of San Francisco, please find attached 12 copies and one original of the Additional Comments and Information of the City and County of San Francisco on the Preliminary Staff Assessment (PSA) dated September 12, 2005. This document updates and supplements Applicant's initial comments based on the results of discussion during the October 18, 2005 PSA Workshop. The City will be submitting additional comments and information as they become available.

Please call me if you have any questions.

Sincerely,

CH2M HILL

John L. Carrier, J.D.
Program Manager

c: Project File
Proof of Service List

San Francisco Electric Reliability Project (SFERP)
(04-AFC-1)

PSA Comments, Set 2

Listed below, for CEC staff's consideration, is Set 2 of City and County of San Francisco's (Applicant or the City) additional comments and information related to the Preliminary Staff Assessment (PSA) for the San Francisco Electric Reliability Project (04-AFC-01).

ENVIRONMENTAL ASSESSMENT

AIR QUALITY

15. Initial Comment: P. 4.1-35, AQ-SC5, c): Condition AQ-SC5c) would require all construction Diesel engines with a rating of 100 hp or more to meet, at a minimum, the Tier 2 California Engine Emissions Standards for Off-Road CI Engines. The City wishes to discuss with the CEC how the objectives of the condition can be met without diminishing the ability of small, local firms, who typically have older fleets of equipment, from participating in the construction of the project.

Update: During the PSA workshop Applicant and Staff discussed options whereby the objectives of the condition can be met without diminishing the ability of small, local firms, who typically have older fleets of equipment, from participating in the construction of the project. Based on the workshop discussion, Applicant proposes the following revised language for AQ-SC5c:

c) Except as provided below, all construction diesel engines, which have a rating of 100 hp or more, shall meet, at a minimum, the Tier 2 California Emission Standards for Off-Road Compression-Ignition Engines as specified in California Code of Regulations, Title 13, section 2423(b)(1) unless certified by the on-site AQCMM that such engine is not available for a particular item of equipment. In the event a Tier 2 engine is not available for any off-road engine larger than 100 hp, that engine shall be equipped with a Tier 1 engine. Construction diesel engines which have a rating of 100 hp or more and which are owned and/or operated by a Disadvantaged Business Enterprise certified by the San Francisco Human Rights Commission shall meet, at a minimum, the Tier 1 California Emission Standards for Off-Road Compression-Ignition Engines as specified in California Code of Regulations, Title 13, section 2423(b)(1) unless certified by the on-site AQCMM that such engine is not available for a particular item of equipment. 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 AQCMM 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" if, among 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; or

(2) The construction equipment is intended to be on-site for ten (10) days or less.

(3) The CPM may grant relief from this requirement if the AQCMM can demonstrate that they have made a good faith effort to comply with this requirement and that compliance is not possible.

San Francisco Electric Reliability Project (SFERP)
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PSA Comments, Set 2

HAZARDOUS MATERIALS

31. Initial Comment: P.4.4-12, Aqueous Ammonia, 4th paragraph, 8th line: The parenthetical reference to the quantity of ammonia contained in the 10,000 gallon tank appears to be in error.

Update: The correct weight of 10,000 gallons of aqueous ammonia @ 29% ammonia is 75,000 pounds.

34. Initial Comment: P. 4.4-26, HAZ-4. Please revise as appropriate per the SFPUC's comment regarding the Title 8, CCR, Section 500 to 515 applicability, above.

Update: Comment withdrawn.

LAND USE

Update: CEC staff requested an update on the status of the Central Waterfront Plan. The Central Waterfront Plan is currently being reviewed pursuant to CEQA, as a component of a broader planning process for the San Francisco eastern neighborhoods. A draft Environmental Impact Report for the San Francisco eastern neighborhoods is currently projected to be issued in early 2006.

SOCIOECONOMICS

42. Initial Comment: See General Comments on Environmental Justice

Update: On August 4, 2005, the City submitted to the California Energy Commission (CEC) a description of a proposed Air Quality Mitigation Plan and Community Benefits Plan for the San Francisco Electric Reliability Project (SFERP). At the October 18, 2005, workshop on the Preliminary Staff Assessment for the SFERP, CEC staff asked for an update on these plans and related outreach.

Since August, the San Francisco Public Utilities Commission (SFPUC) has obtained further feedback on the proposed project and a range of mitigation measures from a focus group effort. In addition, in response to feedback from CEC air staff, the City is investigating alternatives to further mitigate PM2.5 impacts in addition to the measures proposed in the August 4, 2005, filing. More information on these activities is set forth below.

Upfront, the City notes that, since the filing of the Air Quality Mitigation and Community Benefits plans in August, certain community members have reiterated that, irrespective of any air quality or community benefits plans, the most important objective for the SFERP remains the closure of Potrero Unit 3. Closure of the Potrero Power Plant remains a key City objective.

Research of Community Attitudes and Opinions

To complement input received so far from persons active in the SFERP decision process, the SFPUC commissioned a community research program to ensure that conclusions about community concerns and desires rest on as broad a basis as possible.

San Francisco Electric Reliability Project (SFERP)
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To date, the City has commissioned focus groups which consisted of facilitated discussions with residents of the Bayview-Hunter's Point and Potrero Hill-Dogpatch neighborhoods who have not been actively involved in the SFERP siting and approval process to, explore their attitudes and opinions about the project. Focus group discussions took place on Saturday, October 1, 2005 at the offices of Corey, Canapary & Galanis Research, the consultant conducting this research effort on behalf of the SFPUC.

Two separate focus groups were convened, one comprised of residents of Bayview/Hunters Point and one comprised of residents of Potrero Hill. The Bayview/Hunters Point group included 9 participants and the Potrero Hill group included 10. Each group discussion lasted two hours. Participants were apprised of the fact that their comments were being recorded in order to ensure an accurate record of their comments. The consultant sought to ensure that each group included a range of ages, ethnic diversity, representatives of households with children and a geographic spread throughout each neighborhood.

According to the consultants, the following information was obtained from the focus groups. It should be kept in mind that the qualitative inquiry undertaken by the use of focus groups permits directional rather than statistical analysis.

Current Power Plant in Neighborhood

- Most of the participants (17 of 19) were aware of the existing power plants.
- Some have heard something about the closing of the Hunters Point Power Plant. Those aware indicate there has been talk of this closure for a long time. However, very few specifics are known.
- Most did not seem aware of plans to close the Potrero Power plant.

Reaction to Closing Plants

- Respondents in these groups reacted very favorably to closing the old plants.
- Many, particularly in the Bayview/Hunters Point group, see an advantage to replacing these plants with newer technology that would be cleaner burning and better for the environment.
- Asthma is cited by several in the Bayview/Hunters Point group as a reason to close the Hunters Point Power plant. Several attribute to this plant their own, or their family's, asthma problems.
- Both groups, particularly the Potrero Hill group, have questions regarding the closures: how much will they cost (both to neighborhood residents and to the City in general); where will the new units be sited - will they be located throughout the neighborhood; how much less polluting will they be, etc. The Bayview residents, in particular, seem skeptical about the closures.

At the workshop, the City was asked to provide documentation that the vegetated swales can convey the 100-year peak runoff from the SFERP site assuming a fifteen minute storm. The requested information has been prepared and will be submitted to the CEC shortly after it is reviewed by the Port and BCDC. The City has also conferred with the Port and BCDC regarding the proposed outfall for the swale. Documentation on the outfall has been prepared and will also be provided to the CEC after it is reviewed by the Port and BCDC. The City hopes to provide the further swale and outfall information before the end of November.

54. Initial Comment: P. 4.9-24, Potable Water, 1st paragraph: Potable water connection will be to an existing 12-inch main in Cesar Chavez, not an 8-inch line in 25th Street.

Update: See update to Comment 45.

57. Initial Comment: P. 4.9-27, Wastewater Discharge, 4th sentence: The number for the peak discharge rate (610,000 gallons per minute) is incorrect. The correct number is 200 gallons per minute.

Update: At the workshop, staff indicated that the 610,000 gallons per minute figure was taken from the City's response S&W6-7 in response set 6A submitted on July 11, 2005. The City has once again reviewed the PSA and S&W6-7 and considers that the error is in the rate. S&W6-7 indicates that the discharge rate could be as much as 610,000 gallons per **day**. The PSA states that the peak discharge rate is estimated to be as much as 610,000 gallons per **minute**. This should be corrected to "as much as 610,000 gallons per **day**." 610,000 gallons per day translates into something like 400 gallons per minute.

60. Initial Comment: P. 4.9-33, Conclusions, 2nd paragraph and bullets: The second paragraph and the bullets should be deleted for the FSA. As described above, the City does not intend to undertake sampling of groundwater but will provide the lab results from the borings prior to the PSA workshop. Moreover, prior to the PSA workshop, the City will provide a letter from the Port of San Francisco indicating that the SFERP will be covered under the Port's NPDES permit and further information on the vegetated swales. This information should be sufficient to address the CEC's concerns.

Update: See update to Comment 52.

The City is working on extending the deed restrictions and the RMP/SMP that applies to certain portions of the 17 acre Western Pacific site to the proposed SFERP site. The City expects that these activities will be complete before the end of the year and will maintain the CEC appraised of progress.

The City is continuing to work with the CEC to identify and provide the information it requires to finalize its review of Soil and Water. The City will also provide a draft construction SWPPP before the end of the month.

San Francisco Electric Reliability Project (SFERP)
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PSA Comments, Set 2

TRAFFIC AND TRANSPORTATION

Update: At the workshop, a brief update on the Illinois Street Bridge project was requested. The Illinois St. Bridge project is currently under construction. Construction is estimated to be complete by September 2006.

WASTE MANAGEMENT

70. Initial Comment: P. 4.13-14, WASTE-6: On page 4.13-4 of the PSA, the staff states that "For any site proposed for the construction of a power plant in California, the applicant must provide sufficient documentation about the nature of any contamination on the site." The staff then states that they require a Phase I or Phase II site assessment to meet these criteria. The purpose of the Phase I or II is to ensure that construction does not pose an adverse health risk to workers or the public. As requested in WASTE-6, this Phase I would need to cover a distance of more than 3,350 feet, which would affect many different property owners along the route. (We assume, that since no soil would be disturbed during the construction on the pipeline within the collection box that this 850-foot-long segment would be excluded from the Phase I requirement.) The requirement to prepare a complete Phase I covering a distance of more than a half mile, is not necessary. The Applicant proposes to provide a database search that is typically performed as part of a Phase I (i.e., a search of more than 50 federal and state environmental agency records on hazardous materials usage and spills). In addition, the Applicant will provide historic aerial photos, historic topographic maps, and available Sanborn maps covering the pipeline route and the pump station. This data will provide sufficient documentation as to the location of possible contaminated soil that could be encountered during the pipeline construction; thus meeting the staff's objectives.

Update: At the workshop, the CEC agreed to accept a modified Phase I for the wastewater collection, pumping and pipeline locations used to convey wastewater to the site. The modified Phase I will be submitted by the City to the CEC by the end of November.

71. Initial Comment. P. 4.13-14, WASTE-7: Applicant recently performed soil sampling and analysis at the proposed SFERP site. The results of that sampling and analysis exercise have been provided to the CEC under separate cover. Applicant maintains that the sampling results indicate constituents of concern in the soil that are consistent with levels shown in numerous previous sampling activities in and adjacent to the SFERP site. Therefore, Applicant maintains that a revised human health risk assessment is not necessary. Applicant is working with the San Francisco Bay RWQCB to have a deed restriction (consistent with the deed restrictions from the adjacent MUNI site) placed on the SFERP site and to also have the existing RMP/SMP for the MUNI site revised to also cover construction and operations activities at the SFERP site. Moreover, the Applicant will comply with Article 22A of the Public Health Code and will provide a site characterization and remediation plan to the Department of Public Health for review.

Update: See the update to comment 60. The City is continuing to work with the CEC to identify and provide the information it requires to finalize its review of Waste Management.

- The location of the neighborhoods – between Hwy 101 and 280 – is mentioned in both groups as an additional cause of pollution.
- When asked about the impact of the plants on their health, the Bayview/Hunters Point group mentioned additional sources beyond the power plants that impact their neighborhood, including the wastewater treatment plant (particularly the smell) and the Naval shipyard (toxic site, pollution leaking into Bay, contamination of sea life in the Bay).

Mitigation Measures

- Bayview/Hunters Point group was much more insistent on any mitigation measures being focused in their neighborhood. This was less of an issue with the Potrero Hill group.
- The following were the most popular mitigation measures among these focus group residents (based on identifying the top 3 from a list of 8 possible measures):
    - Provide subsidies to community truck owners and operators for diesel engine retrofits/alternative fuels
    - Providing incentives and subsidies for retrofits or replacement of community owned diesel off road construction equipment
    - Improve odor control practices at Southeast Water Treatment Plant
    - High efficiency street cleaning in these neighborhoods to remove certain particulates (PM10 and PM2.5)

Mitigation of PM2.5 impacts:

As described in the August 4, 2005, filing, the City's proposed air quality mitigation plan involves the use of a high-efficiency street cleaner. The City recognized in its filing that direct PM2.5 reductions from the proposed plan are not comparable to the projects maximum particulate emissions. However, the City argued that the plan should be accepted because:

- the PM10 reductions from the City's plan would be 30% higher than the project's maximum emissions;
- actual projected emissions from the project are expected to be well under half the maximum allowed levels; and
- the particulate matter removed by the proposed mitigation plan is more hazardous to human health than the particulate matter emitted by the project, both because of the composition of the particulates and the dispersion potential of the source.

Nonetheless, when CEC air staff communicated to the City a concern regarding the remaining PM2.5 impacts, City staff began to investigate measures to address these impacts.

As set forth in the PSA, two options have been identified to date, an incentive program to replace existing wood stoves and fireplaces with natural gas or propane fueled units, and the acquisition of 45 tons of SOx emission reduction credits (the PSA expresses an interest in the purchase of local SOx credits).

The City is continuing to explore the feasibility of these measures, as well as the potential for increasing the effectiveness of the street cleaning program. With regards to the existing wood stoves and fireplace replacement option, the City is exploring possibilities of participating in an existing program operated by the Bay Area Air Quality Management program. With regards to the purchase of SOx, the City has contacted the owner of the only local SOx ERCs that it has been able to identify and awaits a response on whether the ERCs are available for sale.

SOIL AND WATER RESOURCES

45. Initial Comment: P. 4.9-9, Project Water Supply, 3rd paragraph, 1st sentence: The potable water connection will be to a 12-inch main in Cesar Chavez, not an 8-inch line in 23rd Street.

Update: During the workshop, it was determined that the will serve letter for the project water supply should be updated. An updated will serve letter will be provided shortly.

52. Initial Comment: P. 4.9-21, Storm Water, 2nd and 3rd paragraphs: *Prior to publication of the FSA, staff requests that the applicant provide evidence from the Port of San Francisco and the SFBRWQCB that no peak attenuation of stormwater from the site will be required and that the proposed vegetated swales can convey the 100-year peak runoff from the SFERP site.* Applicant intends to provide such evidence from the Port of San Francisco in the very near future. Applicant maintains that this evidence from the Port should be sufficient for CEC Staff and that additional approval from the San Francisco Bay RWQCB is not necessary. If Staff maintains that RWQCB approval is necessary, Applicant requests that the above language be modified such that the requested information is provided prior to the start of construction rather than prior to publication of the FSA.

Update: Prior to the PSA workshop, in Informal Data Request Set 6D, the City provided to the CEC:

- A letter from the Port of San Francisco stating that the SFERP will be covered under the Port's NPDES permit. The letter indicated that the Port had reviewed the design calculations for storm water treatment swales and found that the swales were designed to convey a 100 year storm of 1.28"/hour;
- Drainage calculations for the Storm Water Collection System;
- A figure identifying drainage and swale design for the Storm Water Collection System;
- A description of the storm water collection system; and
- A report of the results from the soil sampling.

72. Initial Comment: P. 4.13-14, WASTE-8: As noted above in Applicant comments on COC WASTE-7, Applicant recently performed soil sampling and analysis at the proposed SFERP site. Applicant has also noted that we are working with the RWQCB to have the existing RMP/SMP for the MUNI site revised to also cover construction and operations activities at the SFERP site. Because construction activities will be performed consistent with the RMP/SMP, Applicant maintains that Condition of Certification WASTE-8 is redundant and that the Condition should be removed.

Update: See the update to Comment 71.

73. Initial Comment: P. 4.13-15, WASTE-9: The type of cooling towers to be used at the proposed SFERP are small package type cooling towers that do not generate sludge. Therefore, Applicant recommends that WASTE-9 be removed.

Update: Comment withdrawn.

WORKER SAFETY/FIRE PROTECTION

76. Initial Comment: The Applicant has reservations regarding the proposed Conditions of Certification WORKER SAFETY-3 and -4. These reservations relate to concerns about responsibility, liability and the efficacy of the Staff's proposal. At the PSA workshop, the Applicant would like to discuss a possible compromise that will meet the Staff's declared need for having an "extra set of eyes" during construction and commissioning. For example, the Applicant would like to discuss a compromise similar to the WORKER SAFETY-3 condition that was worked out in the Inland Empire Energy Center (IEEC) project (01-AFC-17C). That condition is provided below.

> **WORKER SAFETY-3 The Project Owner shall ensure that a CPM-approved Safety Monitor(s) conducts an onsite safety inspection of the power plant at least once a week during construction of permanent structures and commissioning unless a lesser number of inspections is approved by the CPM. The CPM may also require a similar inspection and report concerning linear facilities.**
>
> > **The Safety Monitor shall keep the Chief Building Official (CBO) fully informed regarding safety-related matters and coordinate with the CBO concerning onsite safety inspections, and the final safety inspection prior to issuance of the Certificate of Occupancy by the CBO. The Safety Monitor will be retained until cessation of construction and commissioning activities, and issuance of the Certificate of Occupancy, unless otherwise approved by the CPM. The Safety Monitor(s) shall also:**
> >
> > - **Correct any construction or commissioning problems that could pose a future danger to life or health, consulting with the CBO as necessary.**
> > - **Have the authority to temporarily stop construction or commissioning activities involving possible safety violations or unsafe conditions that may pose an immediate or future danger to life or health, until the**

problem is resolved to the satisfaction of the Safety Monitor and/or CBO.

- Consult with the CBO to determine when construction may resume unless the problem is corrected immediately, and to the satisfaction of the Safety Monitor and/or CBO.
- Inform the CPM within 24 hours of any temporary halt in construction or commissioning activities.
- Be available to inspect the site whenever necessary in addition to the minimum weekly basis during construction and commissioning as determined in consultation with the CBO and CPM.
- Develop a safety program for the Project that complies with Cal/OSHA & federal regulations related to power plant projects.
- Ensure that all federal and Cal/OSHA requirements are practiced during the construction and installation of all permanent structures (including safety aspects of electrical installations).
- Ensure that all construction and commissioning workers and supervisors receive adequate safety training.
- Conduct safety training (including fall protection, confined spaces, respiratory protection, hazard communication, etc.), or ensure that the Project owner, union hall, and/or contractors conduct adequate safety training.
- Maintain all Material Safety Data Sheets, storage of all hazardous materials and all other required documentation for Cal/OSHA.
- Complete all accident and incident investigations, emergency response reports for injuries and inform the CPM of OSHA Recordable and Lost Time incidents.
- Ensure that all the plans identified in WORKER SAFETY-1 are implemented. The Safety Monitor shall be qualified regarding the following:
- Safety issues related to equipment, pipelines, etc,
- LORS applicable to workplace safety and worker protection
- Workplace hazards typically associated with power production
- Lock out tag out and confined spaces control systems
- Site security practices and issues

Verification: The Project owner shall submit the Safety Monitor(s) resume(s) to the CPM for approval at least 30 days prior to site mobilization. One or more individuals may hold this position.

The Safety Monitor shall submit in the Monthly Compliance Report a monthly safety inspection report to include:

- **Records of all employees trained for that month (all records shall be kept on site for the duration of the Project);**
- **A summary report of safety management actions that occurred during the month;**
- **A report of any continuing or unresolved situations and incidents that may pose danger to life or health;**
- **Reports of OSHA Recordable and Lost Time incidents and injuries that occurred during the month.**

Update: Following the discussion at the workshop, the City has reviewed proposed Conditions of Certification WORKER SAFETY-3 and –4. The City has determined that it can accept these conditions as they appear in the PSA, on pages 4.13-12 and 4.13-13. Thus, the initial comment is withdrawn.