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May 3, 2007

James W. Reede, Jr., Ed.D.
Energy Facility Siting Project Manager
California Energy Commission
1516 - 9th Street
Sacramento, CA 95814

RE: Panoche Substation Expansion

Dear Dr. Reede:

PG&E has recently completed an Interconnection Facilities Re-Study Plan for the Panoche Energy Center Project, and has also reviewed its substation equipment needs at PG&E's Panoche Substation. As a result, PG&E wishes to update the information previously provided to the CEC concerning substation modifications.

The existing description of the 230kV substation expansion (Section 3.6.1 of the AFC) indicates that PG&E will expand the existing substation by acquiring an adjacent parcel approximately 320 feet by 150 feet in size on the south side of the substation near the existing 230 kV bus. PG&E's current plans are to acquire a larger parcel, approximately 320 feet by 300 feet, in the same area on the south side of the substation. The expansion area (both under the former and current plans) is currently used for orchards.

PG&E plans to relocate the existing Gates-Panoche 230kV Lines # 1 and # 2 to the two new bays constructed in the expanded area of the substation. Panoche Energy Center will be interconnected to a location vacated by the relocation of these two lines. Enclosed is an aerial photo showing the current and new substation layouts.

Environmental impacts associated with the new substation expansion have been assessed, and no significant impacts are anticipated. The original biological and cultural resources surveys and record searches conducted during the preparation of the AFC covered the new substation expansion area. Section 5.6, Biological Resources, of the AFC assessed potential impacts to biological resources within a 1-mile radius of the power plant site. This area includes the new substation expansion. Impacts to biological resources are anticipated to be less than significant.

Section 5.7, Cultural Resources, of the AFC assessed potential impacts to cultural resources. Field surveys and records searches for cultural resources within and adjacent to the substation expansion area, including the new expanded area, were conducted. No previously recorded cultural resources are located in or adjacent to the area and no new resources were detected during the intensive pedestrian survey.

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Santa Ana, California 92705
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As stated in the AFC (Section 5.9.1.2), PG&E would have to apply for a lot line adjustment with Fresno County to accommodate the footprint of the originally proposed 320 feet x 150 feet expansion of the Panoche substation. PG&E will need to revise their lot line adjustment application to accommodate the further expansion of the substation for 320 feet x 300 feet.

The parcel the power plant and Panoche substation is located on is under Williamson Act (see AFC Section 5.9.1.3.2). While the Williamson Act requires cancellation for any development not agriculturally based, the Williamson Act allows electric power generation as a compatible use, as is stated in Williamson Act Section 51238.

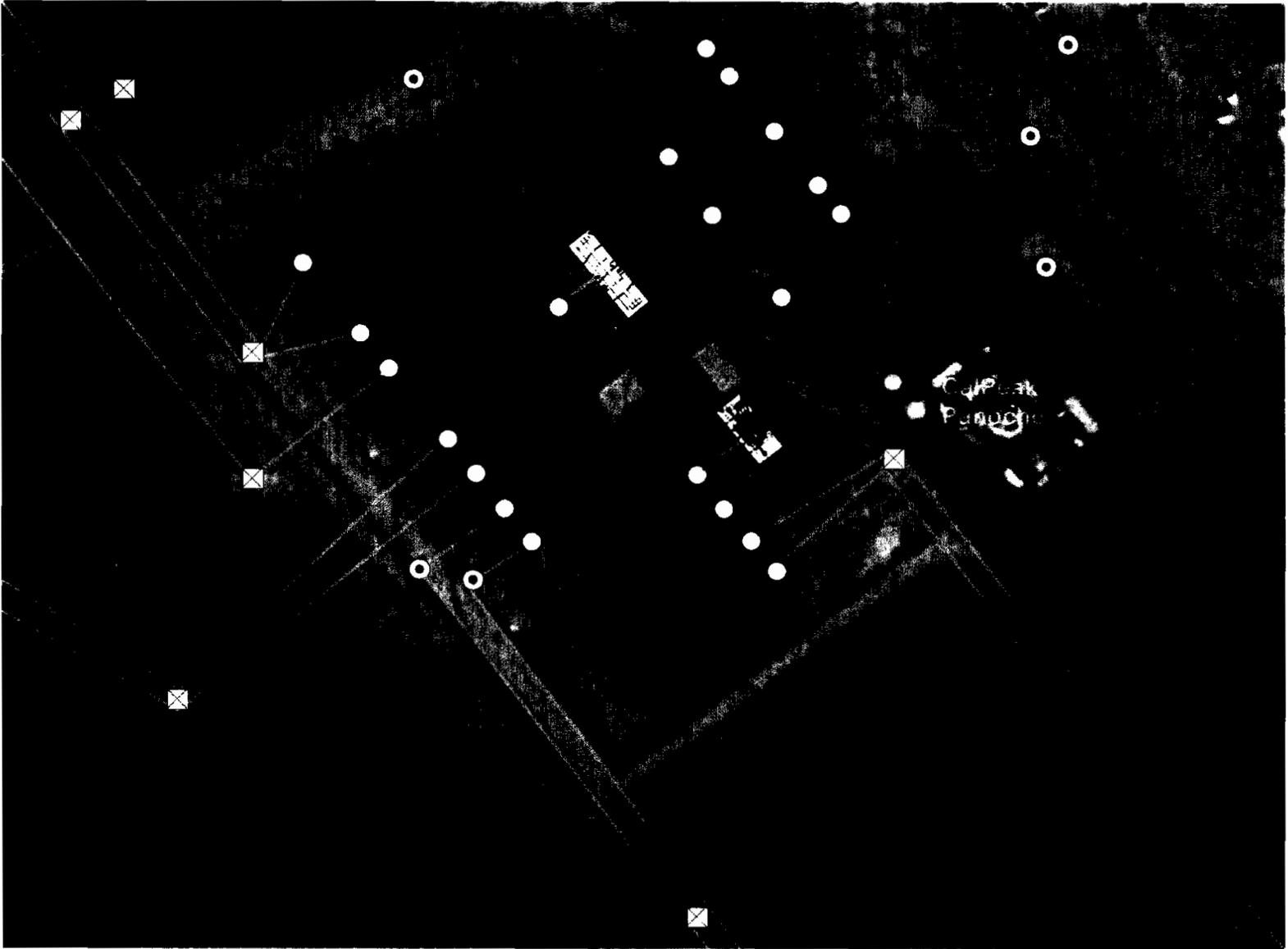
It is our understanding that the expansion of the PG&E substation will not require additional environmental analyses. If you have any questions or require additional information, please do not hesitate to call me at 714-648-2759.

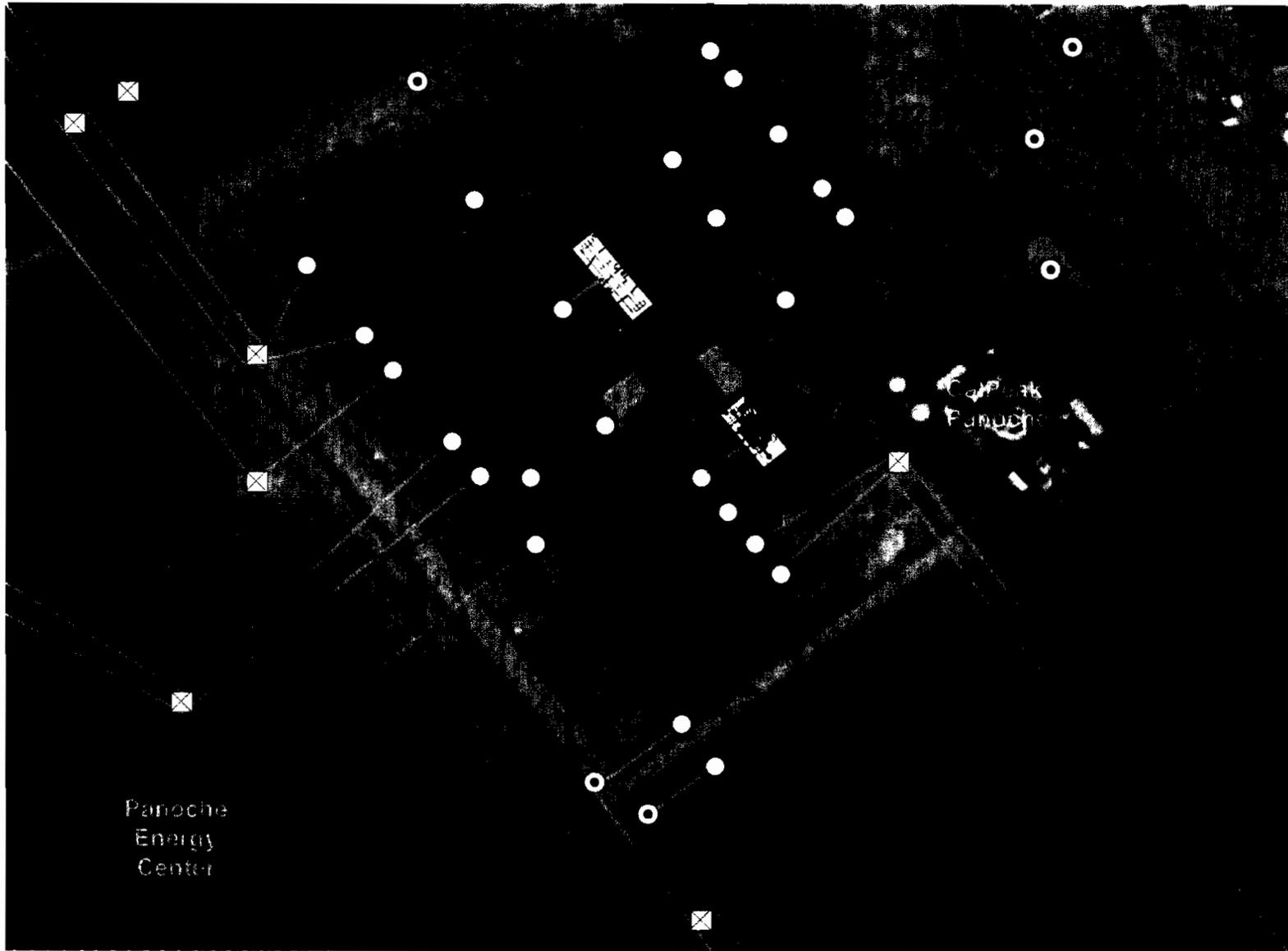
Sincerely,

A handwritten signature in black ink, appearing to read 'M Fitzgerald', with a long horizontal stroke extending to the right.

Margaret M. Fitzgerald
Program Manager

Enclosure







May 7, 2007

James W. Reede, Jr., Ed.D.
Energy Facility Siting Project Manager
California Energy Commission
1516 - 9th Street
Sacramento, CA 95814

**Re: Copies of *Panoche Substation Expansion Letter and Updates to Underground Injection Control Permit Application Letter*
*Panoche Energy Center, LLC***

Dear Dr. Reede:

Per your request, enclosed are 13 hard copies and 1 electronic copy (on CD) of the *Panoche Substation Expansion* letter dated May 3, 2007. Also enclosed are 13 hard copies and 1 electronic copy (on CD) of the *Updates to Underground Injection Control Permit Application* letter dated May 3, 2007. The original of the *Panoche Substation Expansion* letter and a copy of the *Updates to Underground Injection Control Permit Application* were sent to you on May 3, 2007.

If you have any questions or require additional information, please do not hesitate to call me at 714-648-2759.

Sincerely,

A handwritten signature in black ink, appearing to read "M Fitzgerald", with a long horizontal flourish extending to the right.

Margaret M. Fitzgerald
Program Manager