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October 15, 2007

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BY HAND DELIVERY AND ELECTRONIC MAIL

Hearing Officer Paul Kramer
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

**Re: Panoche Energy Center (06-AFC-5)
Clarification of Natural Gas Pipeline Route**

Dear Hearing Officer Kramer:

Panoche Energy Center, LLC ("PEC" or "Applicant") submits this letter as a follow-up to an issue that arose during the October 10, 2007 Evidentiary Hearing ("Hearing") regarding the proposed natural gas pipeline route to the project site. During the Hearing, confusion arose regarding the "alternate" route for, as well as the appropriate ownership of, the natural gas pipeline analyzed during this Application for Certification ("AFC") proceeding.

As originally submitted, the project description contained a primary and an alternate natural gas pipeline route. The primary route was described in the AFC Section 3.7.1 and shown on Figure 3.2-1. The alternate route, originally shown in AFC Figure 3.4-1, was later abandoned in Applicant's response to Data Request 29 (submitted to Staff in January 2007). The primary natural gas pipeline route was, and always has been, along Panoche Road. Within that route, both the south and north side of Panoche Road have been described as being, respectively, the primary and alternate route. PEC would like to clarify to the Committee and to Staff that the natural gas pipeline will follow Panoche Road as described in the AFC, Data Request Response 29, and in the Final Staff Assessment ("FSA").

In addition, it is currently believed that portions of the gas pipeline outside of the project site will be owned and operated by the Applicant. This is different than described in the AFC. In Section 3.9.4 (p. 3-48) of the AFC, ownership of the pipeline was said to lie with PG&E:

A natural gas pipeline from PG&E Gas Line 2 to the project will be owned by PG&E. Operation and maintenance of the natural gas pipeline from the existing fuel gas supply lines will be performed by PG&E in accordance with applicable

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[FERC] and US Dept. of Transportation regulations. The piping system will receive periodic inspections as part of PG&E's pipeline maintenance program.

Unlike the AFC, the FSA does not contain any reference to ownership or control of the natural gas pipeline. Applicant does not believe this is problematic as the only project description characteristic being clarified or modified is the dividing line between those portions of the gas pipeline for which PG&E will be responsible versus those portions for which the Applicant will be responsible.

As indicated at the Hearing, Applicant will accept a condition from Staff that establishes requirements for any portion of the gas pipeline outside of the site property boundaries that the Applicant owns, operates, or maintains. The project has always involved onsite gas pipelines that would be owned and operated by the Applicant.

PEC would like to thank you and the Committee for handling this AFC so efficiently and effectively, as well as extend gratitude to CEC Staff for their prompt work, analysis, and cooperation with Applicant throughout the AFC process.

Very truly yours,

Melissa A. Foster

MAF:kjh

cc: Commissioner Jeffrey D. Byron, California Energy Commission
Commissioner James D. Boyd, California Energy Commission
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