

September 25, 1997

Bruce Kaneshiro, Project Manager
Environmental Science Associates
225 Bush Street, Suite 1700
San Francisco, California 94101
By Facsimile: (415) 896-0332

Regarding: Mitigated Negative Declaration/Power Plant Divestitures

Dear Mr. Kaneshiro:

[\[Begin CCC-1\]](#)

As a responsible agency under the California Environmental Quality act, we write to express our disappointment that an Environmental Impact Report is not being prepared for this project. We have commented previously that we do not believe an adequate project description has yet been prepared and that there appear to be potentially significant environmental impacts associated with the proposed divestitures that cannot be mitigated to less than significant levels.

[\[End CCC-1\]](#)

[\[Begin CCC-2\]](#)

To date, we find no evidence that the implications for eventual abandonment of these plants has been addressed. The cessation of CPUC-regulation of the abandonment process raises questions of eventual financial responsibility and the imposition of adequate cleanup standards. The divestiture implies that the useful lives of these plants will be extended beyond the horizon that would likely have been considered (or possibly allowed) under present ownership and, unfortunately, we find that the Mitigated Negative Declaration begs to question of the implications of delayed remediation of highly contaminated power plant sites.

[\[End CCC-2\]](#)

[\[Begin CCC-3\]](#)

Similarly, we believe the air quality impacts of prolonged use of aging plants qualify as Class 1 impacts under CEQA. Therefore, the baseline comparison should weigh the air emissions produced by continued use of these plants after the expiration of their planned useful lives, against the elimination of these emissions that would otherwise occur. We believe or previously submitted comments about retrofitting plants as a condition of sale, and particularly the question of whether the existing stacks could be removed and replaced by other pollution control technology, has not been evaluated. We are concerned that these issues, and other raised in our July 15, 1997 letter, will not be addressed in the Mitigated Negative Declaration.

[\[End CCC-3\]](#)

Please feel free to contact me at (415) 904-5247 if you have questions about this letter.

Sincerely,

Melanie Hale
Coastal Program Analyst

CCC - CALIFORNIA COASTAL COMMISSION

CCC-1.

The Initial Study systematically analyzed potential impacts from the proposed divestiture of each power plant on the environment. The project description includes all reasonably foreseeable actions attributed to divestiture. Actions associated with the restructuring of the electric industry in the state were not considered because, as noted on page 3.1 of the Initial Study, actions taken by the California Legislature rendered an EIR on restructuring unnecessary. The language on page 3.1 of the Initial Study was derived from CPUC Decision No. 96-12-075, which stated, “In this order we halt preparation of the Environmental Impact Report (EIR) studying our preferred policy for electric restructuring. We find that Assembly Bill (AB) 1890 (Stats. 1996, ch. 854.) resolves to move from traditional electric utility regulation to a more competitive scheme, and outlines a new competitive market structure. The EIR's purpose was to study the environmental effects of moving to the market structure outlined in the preferred policy so we could consider those effects in a final decision. However, we now have no discretion to make a decision on moving to a competitive market or to frame the basic structure of that market. In such a situation an EIR is neither appropriate nor necessary...We also will continue to consider CEQA issues in individual electric restructuring proceedings, if appropriate.”

The Initial Study used the environmental checklist provided in Appendix I of the *CEQA Guidelines*. All reasonably foreseeable effects of the divestiture were analyzed and, where environmental effects were found to be potentially significant, mitigation measures were incorporated. No significant impacts were identified that could not be mitigated to a less-than-significant level.

CCC-2.

The divestiture project has necessitated the identification of site contamination as part of due diligence and, as noted on pages 4.9.10, the Initial Study determined that, “...Environmental Site Investigations have been conducted for each plant site. These reports document known site conditions, and would be provided to prospective new owners as part of the due diligence process and to appropriate regulatory agencies as part of the remediation process.” On the same page, the Initial Study continues, “under terms of the Purchase and Sale Agreement, PG&E has agreed to be responsible for any legally required remediation of existing contaminated soil and ground water at the divested plants and therefore will be responsible for remediation activities that are part of the ownership transition.” The Initial Study clearly indicates both that PG&E will be responsible for existing contamination at each power plant site and that the proposed remediation is ongoing, not being “delayed,” as is implied by the commentor. Finally, on the same page, the Initial Study concludes, “To the extent that the transfer of ownership and associated due

diligence will identify site contamination and lead to its remediation, a beneficial impact on the environment might result.”

Public Utilities Code Section 377 removes much of the CPUC’s regulatory authority over utility generation plants after these plants are market valued—an event mandated by AB 1890 even if divestiture does not occur. While it is true that local agencies would become the “lead agencies” for CEQA review of most future site improvements, most of the “permitting activities related to site planning, site improvements, building construction, and hazardous materials handling” are already handled by other agencies at the local level. The CPUC is not currently involved with such permitting activities. Thus, divestiture would not have a significant impact on the economics of local permitting agencies.

CCC-3.

As discussed in response to SLOCDPB-11, divestiture does not affect the decision whether or when to close power plants. Market forces will determine the viability of each of the power plants.

The commentor states that its previous comment on the possibility of existing stacks being replaced by other unspecified technology, was not evaluated. The comments provided in the commentor's July 15, 1997 letter was concerned with the issue that there would be an impact to coastal viewsheds by these stacks as a result of the project. These concerns were considered and evaluated in the Initial Study as part of the aesthetics analysis discussed in Section 4.13. As discussed on pages 4.13.4 and 4.13.5, no future modifications of the power plants are reasonably foreseeable as a result of the project. Since the stacks are already in existence, and expected to remain with or without divestiture, visual impacts were found to be less than significant, and therefore, no mitigation is required.

As a point of information, we know of no such technology to replace one of the primary functions of power plant stacks, which is emission of exhaust gases above the atmospheric building wake immediately downwind of the power plant buildings.