

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



MITIGATED NEGATIVE DECLARATION

PACIFIC GAS & ELECTRIC COMPANY'S APPLICATION NO. 96-11-020 PROPOSAL FOR DIVESTITURE

PROJECT DESCRIPTION

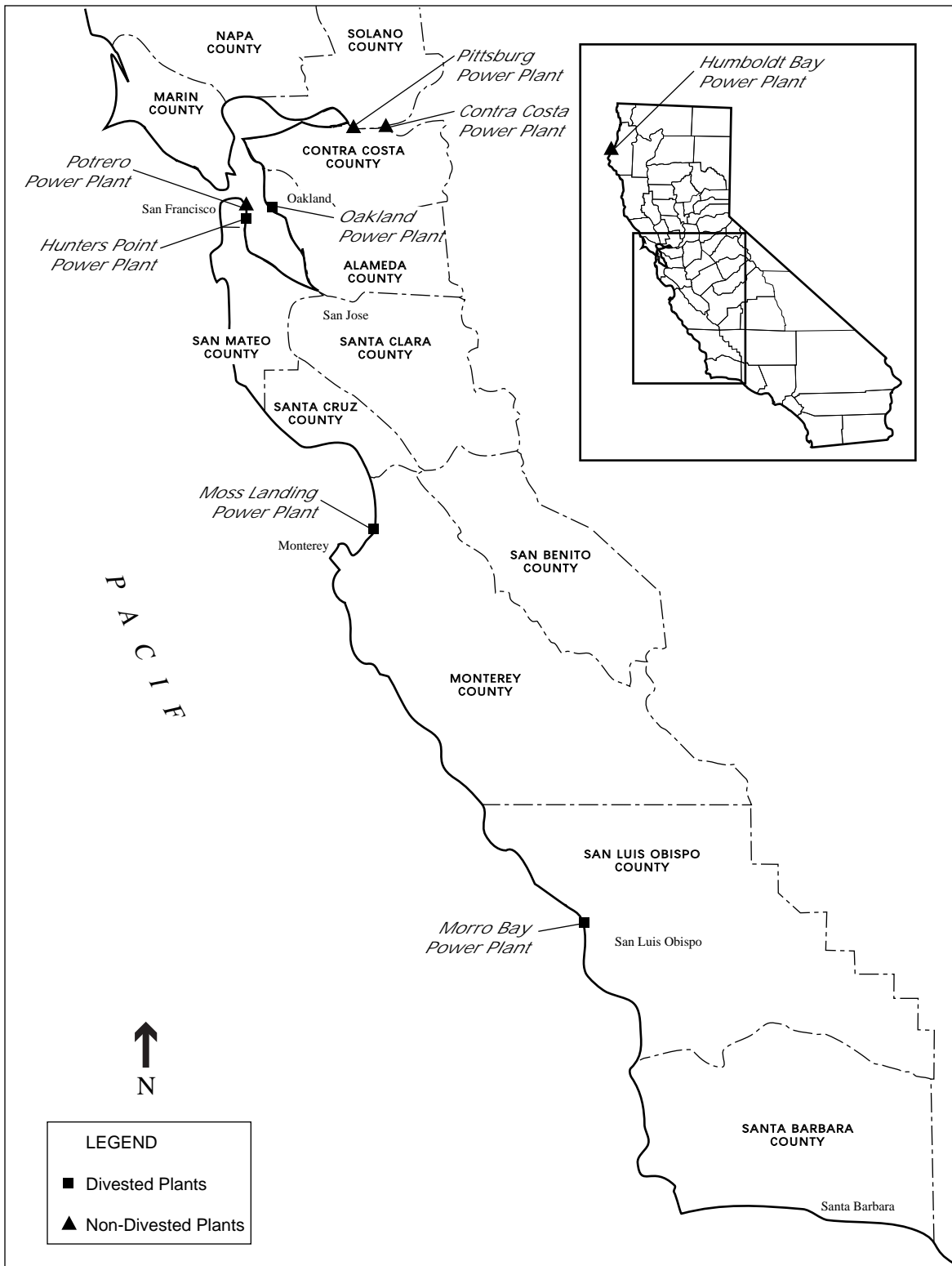
To further competition, the California Public Utilities Commission (CPUC) requested that Pacific Gas and Electric Company (PG&E) voluntarily divest ownership of some of its generating capacity. PG&E's application (Application No. 96-11-020), originally filed in November 1996 (and subsequently amended), responds to the CPUC's request for voluntary divestiture and seeks authority from the CPUC to sell three of its eight fossil-fueled generating facilities through a competitive auction process. The proposed power plant sales are commonly referred to as "divestiture."

The facilities proposed to be divested include the following: Morro Bay Power Plant, Moss Landing Power Plant, and Oakland Power Plant. The locations of these power plants are shown in Figure 1. By selling these three plants, PG&E would divest itself of 2,645 megawatts (MW) of generating capacity, about 42% of the utility's total fossil-fuel generating capacity.

Approval of the specific divestiture plans by the CPUC is required by Public Utilities Code Section 851 prior to the sale of these power plants. It is the responsibility of the CPUC to determine whether the proposed divestiture plans "will be adverse to the public interest."

The sale of these power plants would include transfer of or reissuance of current permits necessary for the operation of each plant (e.g., air and water permits). A more detailed project description is included in the attached Initial Study.

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SOURCE: Environmental Science Associates

Divestiture of Electric Generation Assets / 970110 ■

Figure 2.1
Locations of the Pacific Gas and Electric Company
Power Plants for Divestiture

ENVIRONMENTAL DETERMINATION

An Initial Study (attached) was prepared to assess the potential effects on the environment of the divestiture project, and the respective significance of those effects. Based on the Initial Study, comments on the Initial Study, responses to those comments and other evidence in the record, the proposed divestiture of PG&E's generating assets will have less than significant effects or no impact in the areas of:

- Land Use and Planning
- Population and Housing
- Geological Problems
- Water
- Transportation /Circulation
- Energy and Mineral Resources
- Hazards
- Noise
- Public Services
- Utilities and Service Systems
- Aesthetics
- Recreation
- Cumulative Impacts

The Initial Study indicates that PG&E's proposed divestiture would have potentially significant impacts in the areas of:

- Air Quality
- Biological Resources
- Cultural Resources

Each of the identified impacts can be mitigated to avoid the impact or reduce it to a less than significant level. In addition, a mitigation measure has been included for a less than significant impact in hazards. The mitigation measures, which PG&E has agreed to include in the project, are as follows:

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Air Quality

- 4.5.a.1** If the SLOAPCD has not adopted the planned revisions to Rule 429 prior to sale of the Morro Bay Power Plant, then:

To assure that the NOx emission concentration limits and daily emission caps will apply to a new owner of the Morro Bay Power Plant, regardless of the status of Rule 429 modifications, PG&E will request that the Air District complete modifications to the plant's permits to incorporate emission limits into the permits to operate in substantially the form and stringency described in Draft Rule 429.

PG&E agrees that the transfer of title for Morro Bay Power Plant will not occur until either Rule 429 or the plant's permit to operate has been so modified.

Monitoring Action: PG&E provides the CPUC mitigation monitor with a copy of either the revised Rule 429 or the modified permit to operate.
Responsibility: CPUC
Timing: At least 3 business days prior to the transfer of title

- 4.5.a.2** If the MBUAPCD has not completed the actions necessary to apply the provisions of Rule 431 to a non-utility owner of the Moss Landing Power Plant prior to the transfer of title for the plant:

To assure that the NOx emission concentration limits and daily emission caps will apply to a new owner of the Moss Landing Power Plant regardless of the status of Rule 431 modifications, PG&E will request that the Air District complete modifications to the plant's permits to incorporate emission limits to the permits to operate in substantially the form and stringency described in Rule 431.

PG&E agrees that the transfer of title for Moss Landing Power Plant will not occur until either Rule 431 or the plant's permit to operate has been so modified.

Monitoring Action: PG&E provides the CPUC mitigation monitor with a copy of either the revised Rule 431 or the modified permit to operate.
Responsibility: CPUC
Timing: At least 3 business days prior to the transfer of title.

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Biological Resources

- 4.7.a.1** PG&E shall provide each new owner, for the respective plant, with PG&E jurisdictional wetlands and special status species and habitats informational materials and training documents regarding resources associated with Morro Creek (Morro Bay) and the Moro Cojo and Elkhorn Sloughs (Moss Landing), to assist new owners in knowing the location of jurisdictional wetlands, special status species and habitats, and in meeting their legal obligations regarding endangered, threatened, or rare species or their habitats.

Monitoring Action: PG&E will provide the CPUC mitigation monitor with disclosure form signed by the new owner listing documents received to accomplish this condition.

Responsibility: CPUC

Timing: At least three business days prior to transfer of title of the plant(s)

Hazards

- 4.9.a.1** For the plants subject to this proceeding, PG&E shall provide the new owner, for each respective plant, with all of PG&E's material, non-privileged informational materials and training documents (not including records relating to PG&E personnel) regarding worker health and safety, emergency plans and hazardous materials handling and storage. Although the new owners will be responsible for ensuring that their operations are in compliance with applicable laws, this informational material may assist new owners in understanding worker health and safety issues and procedures and in meeting all safety and legal obligations regarding hazardous materials handling, emergency plans and storage.

Monitoring Action: PG&E will provide the CPUC mitigation monitor with a disclosure form signed by the new owner listing documents to accomplish this condition.

Responsibility: CPUC

Timing: At least 3 business days prior to transfer of title of the plant(s).

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Cultural Resources

- 4.14.b.1** PG&E shall prepare and certify its intent to comply with a program to address potential impacts to archaeological resources from PG&E actions related to the divestiture at the Morro Bay and Moss Landing power plants, such as construction to separate the properties or soil remediation activities. The program shall include provisions in PG&E construction documents and protocols for coordination with appropriate resource agencies. The program shall at a minimum include the following provisions:

A qualified archaeologist shall be consulted prior to implementing construction or soil remediation activities that will involve earthmoving or soil excavation, and the archaeologist shall be available for consultation or evaluation of any cultural resources uncovered by such activities. For any previously undisturbed, known archaeological areas, a qualified archaeologist shall monitor earthmoving and soil excavation activities, consistent with relevant Federal, State, and local guidelines. If an unrecorded resource is discovered, construction or excavation activities shall be temporarily halted or directed to other areas pending the archaeologist's evaluation of its significance. If the resource is significant, data collection, excavation, or other standard archaeological or historical procedures shall be implemented to mitigate impacts pursuant to the archaeologist's direction. If any human remains are encountered, the archaeologist shall contact the appropriate County Coroner immediately and security measures shall be implemented to ensure that burials are not vandalized until the decision of burial deposition has been made pursuant to California law. If human remains are determined to be Native American interments, the Coroner shall contact the Native American Heritage Commission pursuant to Public Resources Code Section 5097.98 and follow the procedures stated herein and other applicable laws. A report by the archaeologist evaluating the find and identifying mitigation actions taken shall be submitted to the CPUC. Where appropriate to protect the location and sensitivity of the cultural resources, the report may be submitted under Public Utilities Code Section 583 or other appropriate confidentiality provisions.

Monitoring Action: CPUC mitigation monitoring approval of PG&E's proposed archaeological mitigation program and any subsequent implementation reports.

Responsibility: CPUC

Timing: Approval by CPUC mitigation monitor of archaeological mitigation program at least 10 business days prior to transfer of ownership of the Morro Bay and Moss Landing plants; review implementation reports upon submittal.

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4.14.b.2 PG&E shall provide the new owner of the Morro Bay and Moss Landing plants with PG&E's archaeological resource information materials and any training documents concerning the new owner's respective plants. This will assist the new owner in knowing the locations of such resources, and in meeting their legal obligations regarding preservation of those resources.

Monitoring Action: PG&E will provide the CPUC mitigation monitor with a disclosure form, for each plant specified, signed by the new owner listing documents received to accomplish this action.

Responsibility: CPUC

Timing: At least 3 business days prior to the transfer of title for each plant.

In light of the analysis in the Initial Study, and the mitigation measures identified therein (and listed above) for inclusion into the project, the CPUC should find that the project will not have a significant effect on the environment.

Douglas M. Long, Manager
Decision-Making Support Branch
Energy Division
California Public Utilities Commission

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