

CHAPTER IV

TEXT CHANGES TO THE MITIGATED NEGATIVE DECLARATION/INITIAL STUDY

The following text changes are made to the Mitigated Negative Declaration/Initial Study and incorporated as part of the Mitigated Negative Declaration/Initial Study. These include both text changes made in Section III of this document in response to comments, and staff-initiated text changes and errata. Additions to text in this section are shown as underlined, and deletions to the text are noted by strike-through lines.

The term “Chula Vista Wildlife Island” is hereby revised to “Chula Vista Wildlife Reserve” throughout the Mitigated Negative Declaration and Initial Study.

Page 3 of the Mitigated Negative Declaration, under “Air Quality” is revised as follows:

4.5.b.1: If, prior to the sale of either the Encina or South Bay Power Plants, SDAPCD has not adopted revisions to District Rule 69 that would broaden the current restriction on fuel oil firing, then:

To assure that health risks associated with emissions from the electrical generating steam boiler units as operated by a new owner or owners would not significantly exceed the risks from those units as operated by SDG&E, SDG&E will request that SDAPCD modify the permits to operate the electrical generating steam boiler units at the Encina and South Bay Power Plants to include the following provisions:

- **A person shall not fire an electric power generating steam boiler at the Encina power plant with non-gaseous fuel after January 1, 2001, unless gaseous fuel is not available because of a force majeure natural gas curtailment as defined in Section (c)(8) of District Rule 69 or as necessary to conduct operational, reliability, or regulatory compliance testing relevant to the use of non-gaseous fuel in such boilers because of a force majeure natural gas curtailment. Non-gaseous fuel firing for operational and reliability testing purposes shall not exceed a total of one-hundred sixty (160) hours per boiler in any calendar year.**
- **A person shall not fire an electric power generating steam boiler at the South Bay power plant with non-gaseous fuel after January 1, 2001, unless gaseous fuel is not available because of a force majeure natural gas curtailment as defined in Section (c)(8) of District Rule 69 or as necessary to conduct operational, reliability, or regulatory compliance testing relevant to the use of non-gaseous fuel in such boilers because of a force majeure natural gas curtailment. Non-gaseous fuel firing for operational and reliability testing purposes shall not exceed a total of one-hundred sixty (160) hours per boiler in any calendar year.**

The transfer of title for the Encina and South Bay Power Plants will not occur until the plants’ permits to operate have been modified in the manner described above.

Monitoring Action: SDG&E provides the CPUC mitigation monitor with a copy of the modified permits to operate.

Responsibility: CPUC

Timing: At least 10 business days prior to the transfer of title.

Page 3 of the MND, last paragraph (Mitigation Measure 4.7.a.1), is revised as follows:

Prior to the sale of any SDG&E facility, the new owner(s) will apply to the USFWS, CDFG, the RWQCB, and other agencies for the reissuance of all non-transferable

permits (e.g., FESA Section 10(a), NPDES) that are applicable to that facility, and will agree in writing to the respective regulatory agencies to abide by the provisions and requirements of the current permits in the interim.

To reflect the correct section numbering of the MND, Mitigation Measures 4.13.b.1 and 4.13.b.2 on pages 4 and 5 of the MND, have been changed to Mitigation Measures 4.14.b.1 and 4.14.b.2, respectively.

Page 5 of the MND, the “Timing” paragraph of Mitigation Measure 4.14.b.1, is hereby revised as follows:

Timing: Approval by CPUC monitor of archaeological mitigation program at least 30 business days prior to transfer of ownership of the Encina and South Bay Power Plants, and at the Division Substation and Naval Station CT facilities; review implementation reports upon submittal.

Page 1-4 of the Initial Study, the second sentence of the third full paragraph, is hereby revised as follows:

In October 1996, Enova Corporation, the parent company of SDG&E, and Pacific Enterprises, the parent company of Southern California Gas Company (SoCalGas), jointly announced a plan of merger an agreement to combine their companies.

Page 1-4 of the Initial Study, the fifth sentence of the third full paragraph is hereby revised as follows:

The principal ~~utility~~ subsidiaries of Sempra Energy include Pacific Enterprises and Enova Corporation, which are the parent companies of utility subsidiaries SoCalGas and SDG&E, respectively, which will continue to operate as independent utilities.

Page 2-1 of the Initial Study, the third sentence of the first paragraph is hereby amended as follows:

Electric power needed to meet the demands of SDG&E’s service territory is either (a) imported through SDG&E’s two transmission power links (i.e., the Southwest Power Link, which transports power from Arizona and the southwest, and the South-of-SONGS Path, which transports power from the San Onofre Nuclear Generating Station [SONGS]) and other sources in California and the northwest, or (b) generated at SDG&E’s Encina and South Bay Power Plants.

Page 2-1 of the Initial Study, the last sentence of the third paragraph is hereby amended as follows:

In addition to SDG&E’s power generating assets, qualifying facilities (QFs) ~~on~~ connected to SDG&E’s system add an additional 174 MW of power.²

Page 2-2 of the Initial Study, the first sentence of the third full paragraph is hereby amended as follows:

As described in Section 1, Introduction, a series of events (namely implementation of the plan of merger that created Sempra Energy as the new corporate parent of Enova Corporation and Pacific Enterprises~~the merger of Enova Corporation, the parent company of SDG&E, and Pacific Enterprises into Sempra Energy~~) since the divestiture application was originally filed have resulted in the CPUC ordering the sale of SDG&E's natural gas-fired generation assets.

Page 2-3 of the Initial Study, the first paragraph is hereby amended as follows:

... SDG&E's ownership interest in SONGS and the long-term power supply contracts are intangible assets in that the primary discretionary operational control of these generating assets does not reside with SDG&E and in that SDG&E holds no ownership interest in the QFs or out-of-state utilities that produce electricity under the power supply contracts and only a passive ownership interest in SONGS. (SDG&E and the other SONGS co-owners sit on an owners committee that periodically meets for discussion and review of operational issues, but SDG&E and the Cities of Riverside and Anaheim are not involved in day-to-day decisions concerning SONGS operations.)...

Page 2-3 of the Initial Study, the last sentence of the first paragraph is hereby amended as follows:

The CPUC has discretionary approval authority over the general terms of the Asset Sale Agreement, the Operation and Maintenance (O&M) Agreement, ~~and the Facilities Services Agreement, Bidding Contract~~and the auction process of each proposed sale.

Page 2-3 of the Initial Study, the last sentence of the second paragraph is hereby revised as follows:

The new owner would be required to take an assignment of~~assigned~~ SDG&E's "must-run" contracts with the ISO to ensure the availability of these generating facilities.

Page 2-6 of the Initial Study, the third sentence of the second paragraph is hereby amended as follows:

If the Port District does not elect to purchase the South Bay Power Plant under the terms of its agreement with SDG&E by November 14, 1998~~details of the negotiated sale are not finalized by November 30, 1998, 60 days after the signing of the agreement,~~ then the agreement between SDG&E and the Port District will terminate and SDG&E would recommence the auction of the South Bay Power Plant as originally proposed in its divestiture application.

Page 2-7 of the Initial Study, the last sentence of the first partial paragraph is hereby amended as follows:

SDG&E would provide the buyer with a license to use a portion of these properties in connection with the buyer's ownership and operation of the CTs~~long-term leases and related easements to these properties.~~

Page 2-7 of the Initial Study, the first full paragraph is hereby revised as follows:

Where applicable, SDG&E is proposing a two-step process for its auctions, similar to the processes approved by the CPUC for recent divestiture applications from Edison (Application No. 96-11-046) and PG&E (Application Nos. 96-11-020 and 98-01-008). In the first step, SDG&E requests the CPUC to issue an interim decision approving SDG&E's proposed auction process, proposed contracts, and proposed ratemaking. In the second part of the process, SDG&E would conduct the proposed auctions. SDG&E will receive and consider proposed contract changes from second round bidders prior to receipt of final bids from second round bidders. SDG&E will, at its sole discretion, adopt the final form of the contracts. Final bids will then be received. Upon selection of the winning bidder for each asset, if SDG&E will were to receive satisfactory bids for some or all of its generating assets being divested, it would then negotiate final contracts with the winning bidder(s) and submit the final executed contracts to the CPUC for approval.

Page 2-7 of the Initial Study, subparagraph 8 is hereby revised as follows:

8. Authorization to obtain recovery of its estimated future generation-related environmental clean-up costs as part of SDG&E's compliance filing. in a subsequent application.

Page 2-8 of the Initial Study, the second sentence of subparagraph 4 of the second full paragraph is hereby amended as follows:

Accordingly, the new owner(s) of such facilities would be assigned ~~of~~ SDG&E's "must-run" contract with the ISO to ensure that electric power would be available when needed for reliability, to maintain transmission ratings, and to prevent price manipulation during times when market power exists, for as long as such facilities remain "must-run" facilities.

Page 2-9 of the Initial Study, the second sentence of the first full paragraph is hereby amended as follows:

SDG&E agreed to prohibit the future placement of any gas- or steam-powered turbines, heat recovery steam generators, or electric generators on portions of the South Bay Power Plant located north of Telegraph Creek (see Figure 2.7 later in this section), but to eliminate any other deed restrictions on future land uses at the South Bay Power Plant site.

Page 2-9 of the Initial Study, the third sentence of the last paragraph is hereby amended as follows:

Decommissioning includes the decontamination, demolition, dismantlement and removal of any portions of the plant included among the assets being sold, and remediation of the soil and groundwater below the same as more fully described in the Asset Sales Agreement.

Page 2-10 of the Initial Study, the first full sentence is hereby amended as follows:

The Port District would also be responsible for all existing and future hazardous material contamination and soil and groundwater contamination at the LNG site and the transmission property, except that the Port District may elect to have SDG&E remediate such property to meet industrial standards subject to the terms of the agreement between the Port District and SDG&E.

Page 2-11 of the Initial Study, Table 2.1 is hereby revised (see following page).

Pages 2-10 to 2-16 of the Initial Study, the project description for the Encina Power Plant, is hereby replaced with the following revised text:

Encina Power Plant

The Encina Power Plant, SDG&E's largest fossil-fueled power plant, is located on a 671-acre site at 4600 Carlsbad Boulevard in the City of Carlsbad. Figure 2.3 shows the location of the Encina Power Plant property. The Encina Power Plant, concentrated primarily in the southwest portion of the property, consists of five steam turbines, five boilers, one CT, and associated facilities (e.g., a switchyard where the plant interconnects with the transmission grid, an administration building, and fuel oil storage tanks). SDG&E owns all of the generating equipment at the plant, except Unit 5, which is currently owned by PSEG Resources, Inc., and leased to SDG&E.¹

Agua Hedionda Lagoon, a coastal estuary consisting of three basins, comprises approximately 265 acres of the northern and eastern portions of the SDG&E property. The lagoon is maintained to provide a source of cooling water for the Encina Power Plant. A parcel of land between the middle and outer lagoons is currently leased to the Hubbs-Seaworld Research Institute. Additional land in the east portion of the SDG&E property consists of wetlands, and land used for irrigated farming. SDG&E's North Coast Construction and Operations Center (consisting of a maintenance shop, office, water tanks, and storage and parking areas) and Cannon Park (currently leased to the City by SDG&E) are located in the southwest corner of the SDG&E property.

¹ PSEG recently purchased the unit from a Bank of America affiliate.

TABLE 2.1
DESCRIPTIONS OF SAN DIEGO GAS & ELECTRIC COMPANY POWER PLANTS TO BE DIVESTED

Facility Name	Unit ^a	Design Capacity (MW)	Annual Natural Gas Use (MMcf) ^b	Annual Fuel Oil Use (gallons) ^b	Annual Net Generation (GWh) ^b	Type	Start-up Year	Fuel (Primary, Back-up)	Capacity Factor (%) ^{c,d}
ENCINA POWER PLANT		965 MW							
	1	107 MW	797	0	63	Steam turbine	1954	Natural gas, residual fuel oil	6.7
	2	104 MW	1,069	0	90	Steam turbine	1956	Natural gas, residual fuel oil	9.9
	3	110 MW	1,914	124,110	138	Steam turbine	1958	Natural gas, residual fuel oil	14.3
	4	300 MW	7,046	3,924,340	702	Steam turbine	1973	Natural gas, residual fuel oil	26.7
	5	330 MW	9,607	5,625,214	1,006	Steam turbine	1978	Natural gas, residual fuel oil	34.8
	CT1	14 MW	6.89	3,247	0.25	Combustion turbine	1966	Natural gas, diesel fuel oil	<u>0.22</u> 0
SOUTH BAY POWER PLANT		706 MW							
	1	146 MW	6,133	192,192	608	Steam turbine	1960	Natural gas, residual fuel oil	47.5
	2	150 MW	6,700	321,902	674	Steam turbine	1962	Natural gas, residual fuel oil	51.3
	3	175 MW	6,541	0	638	Steam turbine	1964	Natural gas, residual fuel oil	41.6
	4	222 MW	835	1,080,842	70	Steam turbine	1971	Natural gas, residual fuel oil	3.5
	CT1	13 MW	0.04	20,286	0.18	Combustion turbine	1966	JP-5 jet fuel, natural gas	<u>0.22</u> 0

^a SDG&E owns Units 1 through 4 at the Encina Power Plant. Unit 5 at the plant is owned by PSEG Resources, Inc., but is currently leased back to SDG&E for operation. PSEG Resources, Inc. has agreed to continue the lease-back arrangement with the new owner after divestiture.

^b Averaged over a three-year period (1994-1996). MMcf = millions of cubic feet; GWh = gigawatt-hours.

^c Averaged over a five-year period (1993-1997).

^d Capacity factor is the ratio of energy actually produced by a generating unit to the maximum energy it could possibly produce (that is, its rated generating capacity) in the same time period.

SOURCE: SDG&E, *Application of San Diego Gas and Electric Company (U 902-E) for Authorization to Sell Electric Generation Facilities and Power Contracts (Application No. 97-11-039)*, December 12, 1997; and, SDG&E, *Proponent's Environmental Assessment: San Diego Gas and Electric Company's Proposed Sale of Its Electrical Generation Facilities and Power Contracts*, December 19, 1997.

As shown in Figure 2.3a, the SDG&E property is comprised of 11 parcels (seven parcels west of Interstate 5 and four parcels east of the freeway). Figure 2.4 delineates the

approximate boundaries of the property either being sold or retained. SDG&E proposes to sell five of the seven parcels located west of Interstate 5 (mainly containing the power plant, the middle lagoon, and the majority of the outer lagoon basin). However, SDG&E would reserve an exclusive easement from the buyer for continued SDG&E use and occupancy of land containing the North Coast Construction and Operations Center, as well as a mostly vacant storage area located south of the tank farm. SDG&E's use of these lands would remain unchanged from existing conditions. SDG&E would also reserve to itself the right to purchase the SDG&E easement lands when the necessary lot line adjustments are implemented. Upon obtaining approval of the lot line adjustments, which SDG&E would pursue, SDG&E would repurchase the SDG&E easement lands for a nominal cost.

In addition, SDG&E would retain the switchyard facilities and equipment at the power plant and would reserve from the real property transfer an exclusive easement over such property providing SDG&E with rights of access for maintenance, repairs, upgrades and use of such facilities and equipment and other areas used for transmission and distribution purposes. PSEG Resources, Inc. has agreed to continue the lease-back arrangement for generating Unit 5 with the new owner after the sale. SDG&E's lease of Cannon Park to the City of Carlsbad would be transferred to the new owner as part of the sale.

SDG&E would continue to retain ownership of two small parcels in the northern portion of the property west of Interstate 5 (containing a small portion of the outer lagoon basin, and a parcel containing the Hubbs-Seaworld Research Institute), and the four parcels east of Interstate 5 (containing the inner lagoon basin, wetlands and irrigated farmland). However, SDG&E would grant the buyer an easement to use, dredge, and otherwise maintain the inner and outer lagoon basins for purposes of electric generation at the Encina Power Plant. SDG&E would grant to the buyer the right to purchase, at nominal cost, the inner basin if and when any required lot line adjustments are obtained. Since any such lot line adjustments would occur subsequent to the sale of the plant and are not needed in order for the power plant sale to occur, they are not considered to be part of the project. SDG&E would continue its existing lease to the Hubbs-Seaworld Research Institute for that portion of the SDG&E property being retained.

Figure 2.5 shows the layout of the Encina Power Plant facilities. All of the steam turbine units use natural gas as their primary fuel, but are capable of burning residual fuel oil (i.e., No. 6 fuel oil) when natural gas is unavailable or uneconomic. Residual fuel oil use in the steam turbines is partially controlled by annual emission limits established by the San Diego Air Pollution Control District (SDAPCD). (See Section 4.5, Air Quality, for a discussion of applicable air quality regulations and emission limits.) Combined, the five steam turbines have a generating capacity of roughly 951 MW and are capable of providing about 30 to 40 percent of San Diego County's total energy requirements. The CT has a generating capacity of roughly 14 MW of electricity. The CT is used to facilitate the start-up of the

steam turbine units in the case of a system blackout (“black start” capability) and for peaking purposes. The CT uses natural gas as its primary fuel, but is capable of burning diesel fuel. The total generating capacity of the plant is 965 MW. The general characteristics of the Encina Power Plant units are described in Table 2.1.

The Encina Power Plant also includes a residual fuel oil and petroleum storage facility. The fuel storage area consists of 11 above-ground storage tanks. Seven of the tanks contain back-up residual fuel oil. Of the remaining tanks, one contains displacement oil, while the other three contain diesel fuel for operating the CT. Combined, the 11 tanks have a total storage capacity of 71.6 million gallons. All of these tanks are included in the sale. An offshore marine terminal, consisting of seven buoys and a pipeline to the tank storage area, was developed to receive bulk residual fuel oil and displacement oil via barge or ship at the site. The marine terminal is included in the sale of the plant. Diesel fuel for the CTs is brought to the site via trucks. The residual fuel oil and petroleum storage facility is included in the area being divested. Natural gas is delivered to the site via SDG&E’s natural gas transmission and distribution system.

Other facilities in the area being sold include a guard station, an administration building, a machine shop, various water tanks, a multi-use structure, a shop/office building, and parking facilities.

Land uses surrounding the SDG&E property include residential uses to the north; residential, commercial, and industrial uses to the south; open space to the east; and the Pacific Ocean to the west. Popular recreational and fishing areas are in the immediate vicinity of the plant.

Page 2-16 of the Initial Study, the first two sentences of the first full paragraph are hereby amended as follows:

The South Bay Power Plant is located on a roughly 116-acre site located at 990 Bay Boulevard in the City of Chula Vista. In addition to the South Bay Power Plant site, SDG&E owns a roughly 33-acre site just south of the power plant that includes a now-decommissioned liquid natural gas (LNG) storage facility and a roughly 16-acre transmission corridor that runs north of the power plant and adjacent to a railroad right-of-way.

Page 2-20 of the Initial Study, third full paragraph, starting at the 7th line, is hereby amended as follows:

...of roughly 13.9 million gallons. The displacement oil stored at the refueling facility is was formerly used to fill the pipeline between residual fuel shipments to the power plant. The pipeline now is filled with nitrogen gas between shipments. This procedure is required because...

Page 2-28 of the Initial Study, Figure 2.14 is revised to reflect that the solid blue line marks the “Boundary of the SDG&E El Cajon Substation Site,” and the broken lines marking the location of the CT facilities are revised to reflect the updated locations as shown on SDG&E’s Attachment A to its November 5 comment letter. The notes below the figure are hereby revised as follows:

- _____ Boundary of the SDG&E El Cajon Substation ~~combustion turbine site~~
- Boundary around CT facilities. The new owner of the CT facilities will acquire a license from SDG&E for access to the El Cajon CT facilities. Property to be leased to new owner. Combustion turbines and associated equipment included in the sale are within this area.

Page 2-29 of the Initial Study, the following sentence is added after the last sentence of the second full paragraph:

The new owner would acquire access to the site pursuant to SDG&E’s access agreement with the Navy.

Page 2-33 of the Initial Study, Figure 2.18 is revised to reflect that the solid blue line marks the “Boundary of the SDG&E Miramar Yard Site,” and the broken lines marking the location of the CT facilities are revised to reflect the updated locations as shown on SDG&E’s Attachment B to its November 5 comment letter. The notes below the figure are hereby revised as follows:

- _____ Boundary of the SDG&E Miramar Yard ~~combustion turbine site~~
- Boundary around CT facilities. The new owner of the CT facilities will acquire a license from SDG&E for access to the Miramar Yard CT facilities. Property to be leased to new owner. Combustion turbines and associated equipment included in the sale are within this area.

Page 2-36 of the Initial Study, the fifth complete sentence is hereby deleted:

~~SDG&E leases one additional above-ground tank at the site to Energy Factors, Inc.~~

Page 2-36 of the Initial Study, the second full paragraph is hereby amended as follows:

The San Onofre Nuclear Generating Station (SONGS) is located on a roughly 90-acre site next to San Onofre State Beach on the Camp Pendleton U.S. Marine Corps Base in unincorporated San Diego County, just south of the City of San Clemente. SONGS has two active generating units (Units 2 and 3) and one retired generating unit (Unit 1)., with Units 2 and 3 have a combined net generating capacity of 2,150 MW, enough power to serve the needs of roughly 2.75 million households. Unit 2 has a net capacity of 1,070 MW, while Unit 3 has a net capacity of 1,080 MW. The net generating capacities of Units 2 and 3 reflect the rated outputs of those units. The maximum output from these units, which may be higher or lower than the said net generating capacities, on any given day varies due to ambient temperatures and other operating conditions. Units 2 and 3 were constructed ~~were placed into commercial operation~~ in 1983 and 1984, respectively.

Combined, the two units occupy approximately 53 acres of the site. Unit 1 was constructed in 1967 and retired, after 25 years of service, on November 30, 1992. Unit 1 had a net generating capacity of 436 MW and has since been decommissioned. Edison and SDG&E are currently planning to submit a request in December 1998 to the Nuclear Regulatory Commission to commence the decommissioning of Unit 1. Unit 1 was a Westinghouse pressurized water reactor, while Units 2 and 3 are both Combustion Engineering pressurized water reactors of identical design. Under their current licenses, Units 2 and 3 are authorized to operate through 2013. When the units are eventually decommissioned, the underlying land must be returned to the government in an unrestricted use condition.

Page 2-36 of the Initial Study, the following sentence is added after the second sentence of the partial paragraph at the bottom of the page:

...other common areas. Moreover, SDG&E and Edison are tenants-in-common with respect to Unit 1.

Page 2-39 of the Initial Study, the first full paragraph is hereby amended as follows:

Under the SONGS Agreements, Edison has been designated the Operating Agent. As such, Edison is primarily ~~solely~~ responsible for operating and maintaining the SONGS facility, for conducting required capital improvements, arranging for nuclear fuel, and refueling of the units. Edison's responsibilities also include managing SONGS personnel, personnel training, procurement, quality assurance, ensuring that adequate support resources are available, and settling claims. The specific duties and responsibilities of Edison, as the Operating Agent, and the other co-owners, including SDG&E, are set forth in the SONGS Ownership Agreement, dated October 5, 1967, the San Onofre Units 2 and 3 Participation Agreement, dated November 1, 1997, and the Second Amended San Onofre Operating Agreement, dated February 26, 1987. SDG&E, as a co-owner, has certain responsibilities related to operating and maintaining the SONGS facility as described in the SONGS Agreements.

Page 2-39 of the Initial Study, the second complete sentence is hereby amended as follows:

As shown in Table 2.3, SDG&E's share of SONGS' maximum rated output is a total of 214 MW from Unit 2 and 216 MW from Unit 3, or a combined rated output of 430 MW.

Page 2-39 of the Initial Study, Table 2.3 is hereby modified to include Unit 1 and the Unit 1 Area:

Assets	Ownership Interest (expressed as a percentage of the asset)			
	SDG&E	Edison	City of Anaheim	City of Riverside
<u>Unit 1</u>	<u>20.00</u>	<u>80.00</u>	<u>0.00</u>	<u>0.00</u>
<u>Unit 1 Area</u>	<u>20.00</u>	<u>80.00</u>	<u>0.00</u>	<u>0.00</u>

Page 2-39 of the Initial Study, the first sentence of the last paragraph is hereby amended as follows:

Edison, the City of Riverside, and the City of Anaheim each have contractual rights of first refusal to purchase SDG&E's ownership interest in the SONGS Units 2 and 3 and associated units and facilities, while only Edison has a contractual right of first refusal to purchase SDG&E's ownership interest in Unit 1.

Page 2-42 of the Initial Study, last sentence of the page, is hereby amended as follows:

Again, the sale of the power contracts and the interest in SONGS would not change the underlying operations of the electricity generating facilities involved since they would not be primarily controlled by the new owner

Page 2-43 of the Initial Study, the second sentence of the second full paragraph is hereby amended as follows:

SDG&E does not now manage or control the daily operations of SONGS or of the electricity generating facilities that produce the power covered by the power supply contracts.

Page 3-5 of the Initial Study, the third sentence of the fifth full paragraph is revised as follows:

Under The San Diego Air Pollution Control District (SDAPCD) Rule 69, ~~has stated its intention to modify Rule 69, which currently applies to the SDG&E new owners of the plants at Encina and South Bay would be subject to a boiler-specific, to place the new owners under an average daily nitrogen oxides (NO_x) emissions rate limit, rather than the annual total NO_x emissions cap that now applies to SDG&E.~~

Page 3-5 of the Initial Study, the last sentence is revised as follows:

A new air emissions permit and different SDAPCD Rule 69 requirements ~~rule changes~~ may cause the new owners to make different decisions (e.g., accelerated installation of selected catalytic reduction (SCR) on units, or changes in the decision-making process for selecting the fuel type used at the Encina and South Bay plants) than SDG&E would if the plants continued under SDG&E's ownership.

Page 3-6 of the Initial Study, first paragraph, is revised as follows:

...such as the ~~Regional Water Quality Control Board for an NPDES permit~~ the USFWS for a FESA Section 10(a) permit. The process of re-applying for these permits could also cause the new owners to make different operational and maintenance decisions ~~that~~ than would SDG&E if it continued to own the plants.

Page 3-7 of the Initial Study, the second sentence of the second full paragraph is hereby revised as follows:

However, the general characteristics of the buyers of the plants previously divested by Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (Edison) are known.

Page 3-7 of the Initial Study, the last sentence is revised as follows:

Rule 68 sets minimum NO_x emission rate standards for power plant boilers, and these standards provide a floor from which the provisions of Rule 69 take effect. ~~limits the emissions of NO_x under certain conditions for SDG&E's combustion turbines.~~

Page 3-10 of the Initial Study, Table 3.1 is hereby revised with the insertion of footnote "f" at the bolded word "**Fuel**," which is the third column title in the table:

f The steam boilers at Encina and South Bay are capable of burning natural gas or residual fuel oil as fuel. The Division and North Island CT are capable only of burning diesel fuel. The Otay Mesa CT is not yet constructed. All other CTs on this table are capable of burning either natural gas or diesel as fuel.

Page 4.1-3 of the Initial Study, the third full paragraph is hereby amended as follows:

The project site includes generation facilities (five steam turbines and a combustion turbine), fuel tanks, a switchyard,² a machine shop, and related facilities on approximately 95 acres south of the Agua Hedionda Lagoon. Agua Hedionda Lagoon, which is part of the project site, encompasses approximately 265 acres of water and offers opportunities for a variety of recreational activities. The lagoon consists of three basins known as the outer, middle, and inner basins. A sea bass fish hatchery operated by the Hubbs-Seaworld Research Institute (which leases approximately 10 acres on the north shore) and a mussel farm are located in the outer basin. A YMCA camp is present in the middle basin. The middle basin is open to boating and jet skiing. The Snugg Harbor Marina which rents equipment for jetskiing, sailboarding and waterskiing, is located in the inner basin, which is otherwise generally open to boating and jetskiing. ~~located on the north shore of the middle basin, rents equipment for jetskiing, sailboarding, and waterskiing.~~ The approximately 200 acres of wetlands at the east end of the inner basin are attractive to hikers and bird watchers. Also included in the project site is ~~the 6.6-acre site of the Hubbs-Seaworld Research Institute (which leases the property from SDG&E) on the north shore of the outer basin of the lagoon, and a roughly 20-acre section of beach west of Carlsbad Boulevard.~~

Page 4.1-3 of the Initial Study, the first sentence of the last partial paragraph is hereby revised as follows:

Cannon Park, a small neighborhood park at the corner of Carlsbad Boulevard and Cannon Road, was ~~given~~ leased to the City of Carlsbad by SDG&E in 1963 (Sempra Energy, 1998).

² SDG&E would sell the land on which the switchyard is located, but would retain the equipment that pertains to transmission activities and obtain an easement from the new owner to access the switchyard.

Page 4.1-4 of the Initial Study, the first sentence of the second full paragraph is hereby revised as follows:

The South Bay Power Plant is located on an approximately 116-acre site at 990 Bay Boulevard within the City of Chula Vista.

Page 4.1-6 of the Initial Study, the seventh sentence of the first full paragraph is hereby revised as follows:

SDG&E's contract with the Navy for the use of the land on which these two CTs are located ~~expired on September 28, 1998~~ was recently extended for a term of 30 months and is currently being extended on a month-to-month basis.

Page 4.1-7 of the Initial Study (first full paragraph) is hereby revised:

Figure 4.1.1 shows the City of Carlsbad General Plan (1994) land use designations for the project site and surrounding lands. The land use designations for the project site are U (Public Utilities), covering the majority of the dry land, and OS (Open Space), covering the Agua Hedionda Lagoon and Cannon Park. The Public Utilities designation allows such uses as "the generation of electrical energy, treatment of waste water, public agency maintenance, storage, and operating facilities, and other primary utility functions designed to serve all or a substantial portion of the community" (City of Carlsbad, 1994). The Open Space designation covering the Agua Hedionda Lagoon and Cannon Park serves to preserve natural resources, aesthetics, and recreational resources. The project would not involve new construction, and any projected changes in operation (such as increased generation) would continue to be consistent with General Plan designations.

As shown in Figure 4.1.2, the City of Carlsbad zoning designations for the SDG&E property proposed to be divested are P-U (Public Utility); and OS (Open Space Zone [Water]), ~~and R-A-10 (Residential Agricultural)~~ (City of Carlsbad, 1997). The Public Utility zone covers the majority of the dry land, and the Open Space zone covers the waters of the Agua Hedionda Lagoon, ~~and the Residential Agricultural zone covers a small portion of the dry land between the east and west lagoons~~. The generation and transmission of electrical energy is a permitted land use in the P-U zone; other permitted uses include energy transmission facilities; the processing, use, and storage of natural gas; and the use and storage of fuel oils. The facilities on site will continue to be used for electrical generation and transmission purposes. The Encina Power Plant is, and would continue to be under divestiture, consistent with City of Carlsbad zoning designations. Uses within the areas zoned OS would not be expected to change.

A portion of SDG&E property located between the middle and outer lagoons. The land zoned R-A-10 (Residential Agricultural), is not proposed for sale. This property is currently leased to the Hubbs-Seaworld Research Institute. Aquaculture is permitted under zoning designation R-A-10 with a Conditional Use Permit (CUP) (Carlsbad Municipal Code 21.42.010(1)(L)). The City of Carlsbad has issued a CUP for the Hubbs-Seaworld.

~~SDG&E's lease with Hubbs-Seaworld Research would continue under the project. The existing lease would be transferred to the new owner, and future leases of the site would be subject to negotiation with the new owner. There is no reason to believe that a significant change of land use at this site would result from the project. The R-A-10 is a "Residential Agricultural" zone. It does not appear that the existing use conforms with this zoning designation. However, the sale would not increase or exacerbate that inconsistency.~~

Page 4.1-7 of the Initial Study, the fourth sentence of the last partial paragraph, which extends onto page 4.1-10, is hereby revised as follows:

Although that it does not appear that the lack of an...

Page 4.1-10 of the Initial Study (second full paragraph) is hereby deleted:

As described in detail in the Section 2, Project Description, SDG&E proposes to sell five of the seven parcels located west of Interstate 5. However, SDG&E would reserve an exclusive easement from the buyer for continued SDG&E use and occupancy of land containing the North Coast Construction and Operations Center, as well as a mostly vacant storage area located south of the tank farm. SDG&E would also reserve to itself the right to purchase these SDG&E easement lands at a nominal cost if and when the necessary lot line adjustments are implemented. In addition, SDG&E would grant the buyer an easement to use, dredge, and otherwise maintain the inner and outer lagoon basins located east of Interstate 5 for purposes of electric generation at the Encina Power Plant. SDG&E would grant to the buyer the right to purchase, at nominal cost, the inner basin if and when the required lot line adjustments that accommodate such purchase are approved. Since any such lot line adjustments would occur subsequent to the sale of the plant and are not necessary for the sale to occur, they are not considered to be part of the project.

~~SDG&E proposes to re-parcelize the lands on which the Encina Power Plant is located in order to separate the power generation assets from the power transmission and distribution assets. This action would involve a modification of lot lines through a lot line adjustment process. The lot line adjustment process would relocate existing property lines, but would not create new lots (SDG&E, 1997). SDG&E has stated that the lot line adjustments would conform to all applicable jurisdictional zoning requirements, including development standards for street frontage, minimum lot area, and width (Dodson, 1998).~~

Page 4.1-22 of the Initial Study, the following paragraph is hereby added as the second paragraph under the South Bay Power Plant heading:

The San Diego Unified Port District (Port) maintains jurisdiction of land and water located west of the historic mean high tide line. The South Bay Power Plant is located within the Chula Vista Bayfront - Planning District 7 of the *Port Master Plan*. There is a small upland parcel within the west portion of the South Bay Power Plant leased by the Port to SDG&E which is designated as "Marine Related Industrial." In addition, SDG&E leases water area from the Port for purposes of the cool water intake and warm water outfall

channels. A SDG&E dike, used to separate these channels and provide access to the Chula Vista Wildlife Reserve, is also leased from the Port. The reserve, dike and surrounding water areas are designated in the *Port Master Plan* as “Conservation” areas, with the intent to preserve, maintain and enhance natural habitat areas. As part of the sale of the plant, SDG&E would assign the lease of the upland, water and dike areas to the new owner (unless if the Port were the new owner, in which case the title for the plant property would be merged with the lease holdings) (Dodson, 1998b). Since no changes in land use are expected from the project, the plant would be continue to be consistent with the Port Master Plan.

Page 4.1-24 of the Initial Study, the third sentence of the fourth full paragraph is hereby revised as follows:

The new owner of the CT will be entitled to access to and continued use of the site in accordance with SDG&E’s access agreement with the Navy~~would be required to enter into a lease agreement with the federal government to continue to use the property.~~

Page 4.1-25 of the Initial Study, the third sentence of the third full paragraph is hereby revised as follows:

The new owner of the CT will be entitled to access to and continued use of the site in accordance with SDG&E’s access agreement with the Navy~~would be required to enter into a lease agreement with the federal government to continue to use the property.~~

Page 4.1-26 of the Initial Study, the third sentence of the second full paragraph is hereby revised as follows:

The new owner of the CT will be entitled to access to and continued use of the site in accordance with SDG&E’s access agreement with the~~would be required to enter into a lease agreement with the Navy for the continued use of this site.~~

Page 4.1-28 of the Initial Study, the first sentence of the first full paragraph is hereby revised as follows:

The Encina Power Plant is located in an established community and has been a local feature along ~~on~~ the coast since 1954.

Page 4.1-29 of the Initial Study, the following reference is hereby added to the References for Section 4.1:

Dodson, James, Sempra Energy, Inc., telephone conversation, November 20, 1998b.

Page 4.1-30 of the Initial Study, the following reference is hereby added to the References for Section 4.1:

Sempra Energy, letter from James Dodson to Andrew Barnsdale, California Public Utilities Commission, November 12, 1998.

Page 4.2-2 of the Initial Study, the first full paragraph is hereby revised as follows:

The South Bay Power Plant is located in southwestern San Diego County, in the City of Chula Vista. The population of Chula Vista in 1997 was 156,148, a 16 percent increase from its 1990 population of 135,163 (SANDAG, 1998c). The estimated population in 2015 is ~~173,001~~ 239,144 (SANDAG, Series & Regional Growth Forecast). The housing stock in Chula Vista in 1997 was 55,258 units and is anticipated to increase to ~~61,047~~ 82,221 units in 2015. The vacancy rate currently is in 1997 was 4.1 4.06 percent and had remained unchanged since 1990. Population per household in Chula Vista as of ~~1997-1998~~ was 2.92 2.975.

Page 4.4-5 of the Initial Study, second paragraph, sentence number 8 is hereby revised as follows:

SDG&E has permits from the California Coastal Commission, the RWQCB, the State Lands Commission, the State Department of Parks and Recreation, and the U.S. Army Corps of Engineers for the removal by dredging of specific quantities of sand.

Page 4.4-7 of the Initial Study, first full paragraph, third sentence is revised as follows:

The beneficial uses are identified in the Regional Board's Water Quality Control Plan: San Diego Basin (often referred to as the "Basin Plan") and the state's Water Quality Control Plan: Ocean Waters of California (referred to as the "Ocean Plan").

Page 4.4-7 of the Initial Study, the last paragraph is hereby be revised as follows:

The plant discharges the cooling water through a discharge canal located to the south of the plant. The discharge is regulated by the RWQCB through NPDES Permit No. CA0001368. The NPDES permit establishes the upper thermal limits, which are based on the plant's maximum generation capacity. At full capacity, the plant is permitted to discharges 601 mgd of cooling water and 1 mgd of metal cleaning wastes and low-volume wastes (RWQCB, 1996). However, according to SDG&E, the metal cleaning wastes are related to the boiler cleanings and typically occur only once per year per unit. Low volume wastes are typically discharged at a rate of 100,000 gallons per day but may fluctuate significantly on a day-to-day basis. The metal cleaning wastes and low-volume wastes are from essentially the same plant processes as described above for the Encina Power Plant.

Page 4.4-10 of the Initial Study, second paragraph, is revised as follows:

SDG&E regularly adds chlorine to the cooling water to remove marine biological growth in the plant's condenser tubes and associated pipes. Accumulated growth restricts the flow of cooling water and increases the volume of cooling water needed to maintain constant condenser temperatures. ~~Cooling water volumes can be increased by increasing the speed of variable speed pumps or by adding additional pumps. However, once all the pumps are~~

~~running at full speed, volume can no longer be increased and condenser temperatures will begin to rise, thus significantly reducing the generating efficiency of the plant and eventually damaging equipment. Each unit is equipped with two cooling water pumps. Cooling water volumes and discharge temperatures are adjusted by turning these pumps on or off (Sempra Energy, 1998).~~

Page 4.4-10 of the Initial Study, paragraph 3, is revised as follows:

To reduce biological growth, a sodium hypochlorite solution is injected into the cooling water immediately upstream of the cooling water pumps for each unit. The injection is conducted intermittently throughout the day on each unit that is operating on an as-needed basis. The quantity of sodium hypochlorite use depends on the rate of slime and algae formation. More treatments are needed in the summer than in the winter (RWQCB, 1996). Residual amounts of chlorine are discharged with the cooling water, and the concentration and mass loading are regulated by the plant's NPDES permit. Chlorine decays to non-toxic chloride ions when it reacts with other constituents, such as ammonia and organic compounds. During the chlorine treatment, the cooling water from the unit being treated is blended with the cooling water from the other operating units, resulting in an average four-fold dilution even before discharge to the bay (Lauer, 1996).

The allowable chlorine residual final limit for the cooling water effluent was substantially reduced in the 1996 NPDES permit compared to prior permits due to a decision by the RWQCB to use the California Ocean Plan as the basis for the permit limit. The final limit is scheduled to replace the interim limit on December 15, 1999. However, SDG&E and the RWQCB have revisited the applicability of the stricter limit. SDG&E and the Regional Board staff, with concurrence from the Deputy Attorney General and Counsel of the Regional Board, have reached resolution on the issue. ~~The Regional Board is scheduled to adopt an amended permit with reasonably implementable limits and~~ in October 1998, the RWQCB and public notice of the proposed amendment has been issued Addendum No. 3 to the NPDES Permit (RWQCB, 1998). This Addendum establishes a chlorine effluent limit based on a calculated receiving water limitation determined by a statistical analysis of the discharge and water quality monitoring data.

Page 4.4-10 of the Initial Study, the last paragraph (and the first two paragraphs on page 4.4-11) are revised as follows:

Metal cleaning wastes are generated from chemical cleaning operations within the power plant, including boiler fireside washes, air preheater washes, and boiler waterside acid and chelant cleanings. Wastes are collected in aboveground tanks. The effluent from the impoundments and portions of the low-volume wastes are sent to the chemical treatment facility. ~~The treated wastewaters are collected in tanks for testing and verification of the NPDES permit limits prior to discharge to the intake basin. Sediment that accumulates in the tanks is periodically removed and disposed of as a hazardous waste (Woodward-Clyde, 1988).~~

Low-volume wastes include boiler blowdown and wastes from floor drains, the water softener, and the reverse osmosis brine. The low-volume wastes are conveyed to the on-site treatment plant. The power plant also maintains an Industrial Waste Permit (No. 13-0019) from the Cities of Chula Vista and San Diego, which allows discharges to the sewer system of industrial wastes of up to 100,000 gallons per day meeting certain quality requirements (SDG&E, 1997). Since December 1997, all low volume and metal cleaning wastes are discharged to the municipal sewer system (Sempra Energy, 1998).

Page 4.4-13 of the Initial Study, paragraph 3, is revised as follows:

The discharge specifications of the permit contain numeric effluent limitations for settleable solids, turbidity, pH, and acute toxicity, as well as toxic materials. ~~Limitations are also provided specific to the low-volume wastes and metal cleaning wastes.~~ Limits on many constituents are based on both concentration (e.g., grams/liter) and mass emissions (e.g., lbs/day).

Page 4.4-15 of the Initial Study, paragraph 2 is revised as follows:

Each of the power plants is regulated by the San Diego RWQCB by NPDES permits for both direct discharge to receiving waters and for stormwater runoff. The NPDES permits for each of the plants allow for discharges up to the amount of water required to operate the plant at design capacity. Cooling water discharges from the power plants are the predominant sources of thermal loading to San Diego Bay and to the marine environment in the vicinity of the Encina Power Plant, although natural processes also tend to elevate the temperature of the shallow back bay in the vicinity of the South Bay plant.

Page 4.4-15 of the Initial Study, paragraph 3 is revised as follows:

The production of the low-volume and metal cleaning waste streams occurs as part of scheduled maintenance. For example, each boiler at the Encina plant normally undergoes boiler cleaning once every four years. However, the volume of metal cleaning wastes produced on an annual basis is dependent on plant operations (RWQCB, 1994). With higher production rates, maintenance may be conducted at more frequent intervals. Therefore, the project may result in the increased production of low-volume waste or metal cleaning wastes, ~~but the~~ However, the amount of discharge of these wastes at the Encina plant would continue to be regulated by the NPDES permit limitations, and at the South Bay plant, these wastes are discharged to the sewer.

Page 4.4-15 of the Initial Study, paragraph 4 is revised as follows:

The project could result in additional generation of energy and, therefore, require additional water for cooling. Cooling water, however, is controlled at the plants by the use of ~~variable-speed drive multiple pumps that operate at different levels are turned on or off~~ depending on the level of generation at the plant, ~~or the use of multiple pumps, some of which turn off when not operating at maximum capacity.~~ Therefore, the amount of thermal

discharge from the plants has some relationship to the level of electricity being generated at the plants. If a unit is completely off, some or all of the unit's circulation pumps are typically off, although at times a volume of water that is less than full-operation volume is kept circulating for various process needs. Therefore, additional energy generation would likely require additional time when the pumps are in full operation. The pumps would extract and subsequently discharge additional water. The additional amount of water would not correlate directly with the increase in generation, but, in general, higher generation rates would result in higher volumes of intake water and higher volumes of heated discharge water. However, these discharges would have to comply with the existing NPDES permit conditions for flow quantity, thermal limits, and effluent constituent limits.

Page 4.4-18 of the Initial Study, the following additions are made to the References for Section 4.4:

Regional Water Quality Control Board (RWQCB) San Diego Region, Addendum No. 3 to Board Order 96-05 (NPDES Permit CA0001368), October, 1998.

Sempra Energy, letter from James Dodson to Andrew Barnsdale, California Public Utilities Commission, November 12, 1998.

Page 4.5-13 of the Initial Study, Footnotes "a" and "b" of Table 4.5.3 are revised as follows:

- a This table shows the number of days in which at least one air monitoring station in San Diego Air Basin recorded a violation of the ~~state~~ standard.
- b PM-10 measurements are not taken every day. The table shows the number of days during which PM-10 concentrations exceeded the ~~State~~ standard at one or more of the monitoring stations in the Air Basin and the number of days during the year during which PM-10 measurements were recorded. Since monitoring for PM-2.5 only began in 1998, air basins will not be classified with respect to the new national PM-2.5 standard until 2000 or later.

Page 4.5-16 of the Initial Study, the second sentence of the first paragraph is revised as follows:

Toluene Benzene is a trace contaminant, but it can be detected in stack emissions where natural gas is burned.

Page 4.5-17 of the Initial Study, the fourth sentence of the second paragraph is deleted as follows:

~~The Encina Power Plant also includes a gasoline dispensing facility.~~

Page 4.5-17 of the Initial Study, the last sentence of the fifth full paragraph is revised as follows:

According to SDG&E, most of the NOVs were dismissed by the issuing agency without further action and no NOVs are outstanding.

Page 4.5-19 of the Initial Study, the second full sentence in the first partial paragraph is revised as follows:

In 1997, boilers #4 and #5 were equipped to use flue gas recirculation to further reduce boiler NO_x emissions ~~boiler~~ and meet the aggregate NO_x emissions limit set forth in SDAPCD Rule 69.

Page 4.5-21 of the Initial Study, the first full paragraph is revised as follows:

The results of the 1992 HRA were adjusted to reflect current (1996) emissions estimates to provide a basis for updating the estimated health risks associated with the Encina Power Plant. The current estimated cancer risk for a maximum exposed individual (MEI) at the location of highest impact and caused by existing plant emissions is lower than one in a million (0.09 ~~0.96~~ in a million). The major contributing pollutant (99% ~~91%~~ of the total risk) was from methylene chloride and perchloroethylene from painting and cleaning operations ~~gasoline vapor which is associated with the gasoline dispensing facility~~. Other contributing pollutants were ~~methylene chloride and perchloroethylene from painting and cleaning operations~~; metals from fuel oil combustion by the boilers; and formaldehyde from natural gas combustion by the boilers.

Page 4.5-22 of the Initial Study, the last sentence of the fifth full paragraph is revised as follows:

According to SDG&E, many of these NOVs were dismissed by the issuing agency without further action and no NOVs are outstanding.

Page 4.5-26 of the Initial Study, the first full sentence of the first partial paragraph is revised as follows:

They have historically been used as peaking units and, as such, operated less than 100 hours per year; however, following the commencement of the restructured electricity market in March 1998, the dispatch requirements from the ISO have required that the CTs run at higher levels ~~are peaking units operated generally less than 50 hours per year.~~

Page 4.5-26 of the Initial Study, the fourth full paragraph is revised as follows:

Health risk assessments were performed in 1992 for three CT sites (Naval Station, Naval Training Center, and North Island). For these 1992 assessments, the SCREEN dispersion model was used to estimate ambient concentrations of TACs surrounding the facilities. These concentrations were in turn used to derive a conservative estimate of health risks. The 1992 health risk assessments were based on estimated emissions provided in SDG&E's 1989 AB 2588 Toxic Air Contamination Report. Beginning in 1990, emissions from the combustion turbines declined substantially relative to prior years because the units began to function nearly exclusively as peaking electric power generators. In 1990, the units on average operated 3% of the total hours operated during 1989. Between 1991 and 1997, the use of the units decreased even further, but during 1998, use of the units has increased again to levels similar to those that occurred in 1990. Therefore, the emissions and calculated risks ~~from based on the decreased~~ use of the combustion turbines are currently about less than 3% of the reported risks in the 1992 HRAs. The referenced assessments are

discussed below along with a discussion of sensitive receptors in the vicinities of the CT sites.

Page 4.5-28 of the Initial Study, the first sentence of the second full paragraph on pages 4.5-28 is revised as follows:

The 1992 HRA estimated cancer risk for the MEI, which was ~~has~~ found to be located approximately 400 feet from the CT.

Pages 4.5-32 and 4.5-33 of the Initial Study, the first sentence of the second full paragraph is revised as follows:

The 1992 HRA estimated cancer risk for the MEI, which was ~~has~~ found to be located approximately 400 feet from the CT.

Pages 4.5-32 and 4.5-33 of the Initial Study, Footnote “d” in Tables 4.5.11 and 4.5.12 is revised as follows:

- d The 2005 Cumulative emissions estimates reflect a mitigation measure (also proposed as project mitigation) that would modify the permits for the boilers at the Encina and South Bay power plants to require the exclusive use of natural gas (i.e., would prohibit use of fuel oil) except under conditions of force majeure natural gas curtailment or as necessary to conduct operational, reliability, or regulatory compliance testing relevant to the use of non-gaseous fuel in such boilers because of a force majeure natural gas curtailment. This restriction would become effective on January 1, 2001.

Page 4.5-42 of the Initial Study, the discussion on health risks associated with the Encina Power Plant is revised as follows:

Encina Power Plant

The predicted maximum health risk from emissions of carcinogenic substances under existing conditions was reported earlier in this section. The maximum reported risk under existing conditions (~~0.09~~ ~~0.96~~ in a million) was primarily caused ~~by vapor emissions from the gasoline dispensing facility and~~ by methylene chloride and perchloroethylene emissions from painting and cleaning operations, with only small contributions by metals from the burning of fuel oil and benzene from the burning of natural gas. Health risks associated with non-combustion sources (~~gasoline dispensing and~~ painting and cleaning operations) are assumed to remain the same under divestiture, since these maintenance activities are not expected to change. The risks from these activities under existing conditions are actually lower than those reported in the 1992 HRA, ~~because of the change to reformulated gasoline with lower benzene content and~~ because of the change to nontoxic paints and cleaners. Health risks from the plant under divestiture would therefore change only because of changes in fuel use at the boilers and the combustion turbine.

Since the same fuel types will be burned in 1999 and 2005, the risks from exposure to carcinogenic substances will change in proportion to the amount of annual fuel use changes in future years. Both the 1999 A-Max and 2005 Cumulative A-Max show the potential for

the plant to increase operations. Those levels are quantified in Chapter 3 and Appendix D of this Initial Study. The fuel usage rates and corresponding emissions are scaled in relation to the 1993 HRA emission rates to determine net changes in health risks (IWG Corp., 1992). Table 4.5.16 summarizes the estimated health risks for the two fossil-fueled plants under existing, 1999 Baseline, 1999 A-Max, 1999 A-Max (with mitigation proposed as part of the project), and both Variant 1 and Variant 2 2005 Cumulative A-Max conditions. Under the 1999 Baseline conditions, the estimated maximum carcinogenic risk would remain at 0.09 ~~0.96~~ in a million, because the major risks from non combustion sources will not change and emissions from the boilers and the combustion turbine are extremely small contributors to the total maximum risk. Under divestiture, assuming that the plant operates at its analytical maximum capacity, annual fuel use is expected to increase, thus increasing emissions of carcinogenic substances. However, the estimated cancer risk from additional fuel usage under the 1999 A-Max scenario with low priced secondary fuel oil is expected to increase by only 0.001 in a million over the 1999 Baseline case. This represents less than 1 percent of the total cancer risk. The total cancer risk in 1999 A-Max is therefore estimated to be 0.09 ~~0.96~~ in a million. Gasoline and solvent vapor emissions remain the major contributors to the maximum risk. Since the total estimated cancer risk is well below the significance threshold of 10 in a million, the health risk from exposure to carcinogenic substances under divestiture would be less than significant.

The predicted maximum hazard index for chronic exposure to non-carcinogens is estimated to be approximately 0.003, and the estimated acute hazard index would remain the same as for the 1999 Baseline case (less than 0.1). The incremental increase from additional fuel usage under the 1999 A-Max scenario is estimated to be extremely small (3.95E-5). For chronic and acute exposure to non-carcinogens, the hazard indices would therefore remain well below the significance threshold of 1.0 and would be less than significant.

Page 4.5-46 of the Initial Study, Mitigation Measure 4.5.b.1 is revised as follows:

4.5.b.1: If, prior to the sale of either the Encina or South Bay Power Plants, SDAPCD has not adopted revisions to District Rule 69 that would broaden the current restriction on fuel oil firing, then:

To assure that health risks associated with emissions from the electrical generating steam boiler units as operated by a new owner or owners would not significantly exceed the risks from those units as operated by SDG&E, SDG&E will request that SDAPCD modify the permits to operate the electrical generating steam boiler units at the Encina and South Bay Power Plants to include the following provisions:

- **A person shall not fire an electric power generating steam boiler at the Encina power plant with non-gaseous fuel after January 1, 2001, unless gaseous fuel is not available because of a force majeure natural gas curtailment as defined in Section (c)(8) of District Rule 69 or as necessary to conduct operational, reliability, or regulatory compliance testing relevant to the use of non-gaseous fuel in such boilers because of a force majeure**

TABLE 4.5.16
SUMMARY OF HEALTH RISKS FOR SDG&E POWER PLANTS

Plant	Existing Conditions ^a			1999 Baseline (low priced oil) ^b			1999 A-Max (low priced oil) ^b			1999 (Mitigated) ^b		
	Cancer Risks ^d (in a million)	Hazard Index ^c Chronic	Hazard Index ^c Acute ^e	Cancer Risks (in a million)	Hazard Index ^c Chronic	Hazard Index ^c Acute ^e	Cancer Risks ^d (in a million)	Hazard Index ^c chronic	Hazard Index ^c acute ^e	Cancer Risks ^d (in a million)	Hazard Index ^c chronic	Hazard Index ^c Acute ^e
Encina	0.09-0.96	0.003	0.10	0.09-0.96	0.003	0.10	0.09-0.96	0.003	0.10	0.09-0.96	0.003	0.10
Incremental Increase ^f	NA	NA	NA	NC	NC	NC	0.00094	3.95E-5	NA	0.00013	9.54E-6	NA
South Bay	0.72	0.002	0.20	0.65	0.001	0.20	1.40	0.021	0.20	0.74	0.002	0.20
Incremental Increase ^f	NA	NA	NA	NC	NC	NC	0.76	0.020	NA	0.10	0.001	NA

Plant	2005 Cumulative A-Max					
	Variant 1 (South Bay operational) ^b			Variant 2 (South Bay Retired) ^b		
	Cancer Risks ^d (in a million)	Hazard Index ^c Chronic	Hazard Index ^c Acute ^e	Cancer Risks (in a million)	Hazard Index ^c Chronic	Hazard Index ^c Acute ^e
Encina	0.09-0.96	0.003	0.10	0.09-0.96	0.003	0.10
Incremental Increase ^f	0.0004	1.8E-5	NA	0.0001	2.2E-5	NA
South Bay	0.88	0.006	0.20	NA	NA	NA
Incremental Increase ^f	0.23	0.005	NA	NA	NA	NA

^a Cancer risks and Hazard Indices are based on the results reported in San Diego Gas and Electric Company Air Toxics Hot Spots Risk Assessments (1993), adjusted to current emissions (1996).

^b Risks are adjusted to projected 1999 and 2005 emissions.

^c Hazard index is the ratio of the maximum exposure level and the reference dose of each toxic substance. The reference dose is the level with no observed health effect. A hazard index less than 1.0 indicates no health effect.

^d The significance threshold for incremental cancer risk is 10 in a million.

^e The acute hazard risk index is not expected to change since it is based on a one-hour maximum.

^f The incremental increase is the difference between the 1999 Baseline and the scenario.

SOURCE: Environmental Science Associates

natural gas curtailment. Non-gaseous fuel firing for operational and reliability testing purposes shall not exceed a total of one-hundred sixty (160) hours per boiler in any calendar year.

- **A person shall not fire an electric power generating steam boiler at the South Bay power plant with non-gaseous fuel after January 1, 2001, unless gaseous fuel is not available because of a force majeure natural gas curtailment as defined in Section (c)(8) of District Rule 69 or as necessary to conduct operational, reliability, or regulatory compliance testing relevant to the use of non-gaseous fuel in such boilers because of a force majeure natural gas curtailment. Non-gaseous fuel firing for operational and reliability testing purposes shall not exceed a total of one-hundred sixty (160) hours per boiler in any calendar year.**

The transfer of title for the Encina and South Bay Power Plants will not occur until the plants' permits to operate have been modified in the manner described above.

Monitoring Action: SDG&E provides the CPUC mitigation monitor with a copy of the modified permits to operate.

Responsibility: CPUC

Timing: At least ten business days prior to the transfer of title.

Page 4.5-47 of the Initial Study, the second sentence of the fourth full paragraph is revised as follows:

Furthermore, SDG&E proposes to request that SDAPCD modify their permits to operate to prohibit use of fuel oil for the boilers beginning in 2001 except under certain specified circumstances.

Page 4.7-6 of the Initial Study, the last sentence of the first paragraph is hereby amended as follows:

However, throughout the past two decades of thermal effluent studies and RWQCB reviews, SDG&E has been allowed to operated Unit 5 in conjunction with, ~~and under the same regulations as,~~ Units 1 through 4, and continues to do so at this time.

Page 4.7-6 of the Initial Study, the first sentence of the last partial paragraph is hereby amended as follows:

Initial dredging occurred between 1952–1954, when approximately 4 million cubic yards of sediment were removed to create a water area of over 250 acres with a mean depth of approximately 5 feet below mean lower low water (MLLW) (USFWS, 1976).

Page 4.7-10 of the Initial Study, the fifth full paragraph is hereby amended as follows:

The fuel oil pipeline connecting the 24th Street Terminal with the South Bay Power Plant runs over the 316-acre Sweetwater Marsh National Wildlife Refuge. The marsh area

provides critical habitat for the California least tern, the snowy plover, and the light-footed clapper rail. USFWS personnel have recently noticed that parts of this pipeline appear to be deteriorating and may not have the structural integrity to withstand an earthquake without rupturing (Rundle, 1998). In contrast to the displacement oil that was used in the past to fill the pipeline between oil shipments, nitrogen gas is currently used for this purpose.

Page 4.7-11 of the Initial Study, the third full paragraph is hereby amended as follows:

Since then, SDG&E sought renewal of its NPDES permit. ~~has requested authorization from the Regional Board for a change in operations that would increase the amount of cooling water effluent at the South Bay plant. In response, the~~ The Regional Board issued such a renewal a revised permit, CA0001368, in November 1996 under Order No. 96-05, which was amended in February and October 1998. This Order 96-05 requires SDG&E to conduct further comprehensive limited thermal effluent studies, which are currently being conducted.

Page 4.7-13 of the Initial Study, the second full paragraph is hereby amended as follows:

The 24th Street Terminal and the various CT sites are generally located in highly developed urban areas and contain no sensitive biological resources. The two exceptions to this are the CTs at the Marine Corps (formerly Naval) Air Station Miramar and the former Naval Training Center. The Miramar Air Station property to the south of SDG&E's Miramar facility contains several vernal pools, which are known to contain sensitive species. The site is otherwise highly industrialized. ~~The site of the Naval Training Center contains a nesting colony of endangered California least tern (*Sterna antillarum browni*) in the vicinity of the CT site.~~ Protection of this colony has been addressed during the environmental review process for reuse of the training center. Neither the vernal pools nor the least tern colony are affected by the operation of the Miramar and Naval Training Center CT sites.

Page 4.7-14 of the Initial Study, the last paragraph is hereby amended as follows:

Marine organisms in the vicinity of the power plants are primarily impacted by the intake and discharge of ocean and bay water for the cooling of the Encina and South Bay Power Plants. Existing NPDES permits limit the volume, temperature, and constituent concentrations of the discharge. SDG&E will apply to transfer the NPDES permits to the new owners. ~~As NPDES permits are not directly transferable, new owners will have to apply to the Regional Board for new permits.~~ These new permits may involve no more than a name change (i.e., new owner(s) become permittee), but may also include new conditions.

Page 4.7-16 of the Initial Study, Mitigation Measure 4.7.a.4 is hereby amended as follows:

4.7.a.4: SDG&E shall provide each new owner with all available information on special status species and habitat, as well as training documents regarding biological

resources at the respective facilities. ~~This will assist new owners in knowing the location of special status the respective facilities.~~ This will assist new owners in knowing the location of special status species and habitats, and in meeting their legal obligations regarding endangered, threatened, or rare species or their habitats.

Page 4.9-2 of the Initial Study, paragraph 1 is hereby revised as follows:

The Encina Power Plant is situated between Carlsbad Boulevard and the Pacific Ocean to the west, Interstate 5 to the east, and the Agua Hedionda Lagoon to the north. The Atchison Topeka & Santa Fe (AT&SF) railway line splits the site into west and east parts. The site is comprised of generating units, a switchyard, a CT, fuel oil aboveground storage tanks (ASTs) and associated fuel lines, a wastewater treatment plant (WWTP), an administration area, and ancillary storage and maintenance areas. A marine terminal for fuel oil off-loading is located approximately 3,500 feet offshore from the site, directly opposite the main entrance to the plant, in the Pacific Ocean. ~~SDG&E will retain the switchyard property and facilities as well as a maintenance building and lot located just south of the power plant site; it intends to sell all other property and facilities mentioned above.~~

Page 4.9-3 of the Initial Study, after the second full paragraph, add the following:

The southern end of the plant site is a maintenance yard used for storage and repair of equipment to maintain the northern portion of the SDG&E service area distribution facilities. The materials stored outdoors on a paved surface at this yard include spools of cable, new transformers, old transformers (stored in a hazardous materials containment area prior to disposal), and a variety of vehicles. Buildings house shops for the repair of facilities and offices for maintenance personnel. Hazardous wastes from the maintenance activities are stored in barrels in a contained and covered area.

Page 4.9-3 of the Initial Study, third full paragraph, second to last sentence, is hereby corrected as follows:

The plant is a large-quantity generator of hazardous wastes under Environmental Protection Agency (EPA) ID# CAT0006189000. ~~CAT000619056~~.

Page 4.9-7 of the Initial Study, third full paragraph, starting at the 6th line, is hereby revised as follows:

...extending north of the power plant between J and F Streets. No Environmental Site Assessments to determine the presence or absence of hazardous materials have been conducted for these sites. Phase I and limited Phase II Environmental Site Assessments have been conducted for the LNG site. No hazardous substances were determined to be present on the LNG site. No assessments were conducted for the 16-acre transmission corridor. However, as part of and prior to the divestiture or donation of the South Bay properties, a Phase I and, if necessary, a Phase II Environmental Site Assessment would be conducted. If the assessments reveal that hazardous materials are present on the parcels,

SDG&E would be responsible under its sales agreement for remediating the parcels to industrial standards contamination levels associated with SDG&E's operation of the facilities.

Page 4.9-7 of the Initial Study, the second sentence of the last paragraph is hereby revised as follows:

The CT ~~can operate~~ only on ~~natural gas or diesel~~ fuel oil.

Page 4.9-11 of the Initial Study, first full paragraph, starting at the 4th line, is hereby revised as follows:

...potential environmental concerns during the Phase II Environmental Site Assessment. A BHRA conducted for the CT sites concluded that risks to human health were ~~are~~ acceptable for continued industrial use of the CT sites, with the possible exception of arsenic which was determined to be at naturally occurring background levels in soils and groundwater. ~~(which may occur as a natural background material, or has been transported from an upgradient source, or occurs in groundwater).~~ However, arsenic concentrations in groundwater do not require groundwater remediation at any of the sites.

Page 4.9-12 of the Initial Study, paragraph 4, is hereby revised as follows:

The National City pipeline is a 10-inch-diameter, underground pipeline approximately 4.3 miles in length. It connects the marine terminal tank farm with the South Bay Power Plant tank farms. This unheated pipeline is constructed of steel and has cathodic protection. The No. 6 fuel oil is heated to a temperature of 180 degrees prior to transfer to the South Bay Power Plant to prevent plugging of the pipeline. SDG&E employs electric recirculating heaters at each terminal AST, and a steam boiler that burns either diesel fuel or No. 6 fuel oil, to provide heating. During periods of non-use, the pipeline is filled with nitrogen. While the pipeline is underground for most of its length, it is exposed at the surface at the following three locations: (1) in a storm drain berm within the northeastern portions of the power plant, (2) as part of an aerial crossing of the Sweetwater River, and (3) in the base of the tidal channel in Sweetwater Marsh. For much of its length, the pipeline is centrally located within the footprint of the transmission towers of SDG&E's high-power line system.

The third paragraph on page 4.9-19 of the Initial Study is hereby revised as follows:

Furthermore, under terms of the Purchase and Sale Agreement, SDG&E would be responsible for any legally required remediation of existing contaminated soil and groundwater at the divested plants ~~that is necessitated by on-going operations of existing facilities and, therefore, would be responsible for remediation activities that are part of the ownership transition.~~ as defined in the Asset Sales Agreement, to an industrial level commensurate with the continued use of the property as a fossil fuel steam electric generating facility. SDG&E's obligations in this regard arise upon the closing of the sale

of each such generating assets. Therefore, this impact would be less than significant because of current agreements and the regulatory environment. To the extent that the transfer of ownership and associated due diligence would identify site contamination and lead to its remediation, a beneficial impact on the environment might result.

Page 4.12-13 of the Initial Study, second full paragraph, is hereby revised as follows:

The project could result in increased operations at the plants. The potential increase in operations and employees at the South Bay and Encina plants could incrementally increase the volume of wastewater disposed of in the local sanitary sewer system. The potential increase in wastewater generation would not be expected to require extensions of new sewer infrastructure or alterations to existing sewer lines. All future wastewater disposal would be subject to the applicable city's sewer permit, which would be transferred or reissued, as appropriate, to the subsequent owner. In addition, the potential small wastewater increase would not be expected to significantly decrease the capacity of the applicable city's wastewater treatment facilities.

Page 4.12-13 of the Initial Study, fourth full paragraph, is hereby revised as follows:

The project would have no effect on the volume or frequency of storm water drainage, and therefore would not be expected to require extensions of new storm water drainage infrastructure or alterations to existing drainage systems. All future storm water drainage would be subject to ~~either the applicable city's sewer permit or the National Pollution Discharge Elimination System~~ Stormwater permits issued by the State Water Resources Control Board, ~~either or both of which~~ would be transferred or reissued, as appropriate, to the subsequent owner.

To reflect the correct section numbering of the Initial Study, Mitigation Measures 4.13.b.1 and 4.13.b.2 on pages 4.14-6 and 4.14-7 of the Initial Study, have been changed to Mitigation Measures 4.14.b.1 and 4.14.b.2, respectively.

Page 4.14-8 of the Initial Study, the following addition is made to the References for Section 4.14.

City of Carlsbad, *Cultural Resources Guidelines*, December 1990.

Page 4.16-9 of the Initial Study, the fifth sentence of the last paragraph is hereby revised as follows:

In the event that the Port District purchases the South Bay plant, the Port District ~~may~~ has entered into ~~an agreement with an experienced operating entity Memorandum of Understanding (MOU) with US Generating (a PG&E subsidiary)~~ to operate the South Bay Power Plant after the two year Operation and Management agreement with SDG&E expires.

Page 4.16-13 of the Initial Study, the fourth sentence of the first full paragraph is hereby revised as follows:

Each CEQA document would also need to address cumulative impacts and would have more information on which to base the analysis as details of the projects are developed.

Page 4.16-15 of the Initial Study, the fifth paragraph is hereby amended as follows:

For Variant 2, the construction of the new Otay Mesa plant may have biological impacts, but these impacts would depend on site-specific conditions at the chosen site, which are currently unknown. As previously discussed, permits from the RWQCB would be required for discharges from the plant to protect aquatic species and beneficial uses. Additionally, permits from the Army Corps of Engineers and streambed alteration agreements with CDFG will be required for any wetland or streambed alteration. ~~would be required from the USFWS or the CDFG for any streambed alternatives or to protect sensitive species.~~ There would be no cumulative impacts from decommissioning the South Bay plant, since replacing the plant with a new land use should not affect biological resources.