CHAPTER III

WRITTEN COMMENTS AND RESPONSES

This chapter reproduces the comment letters received regarding the October 13, 1998 Mitigated Negative Declaration and Initial Study. Each comment letter is succeeded by responses. The responses emphasize issues related to the adequacy of the Mitigated Negative Declaration and Initial Study in identifying and analyzing the possible environmental impacts of the project and possible approaches for avoiding or mitigating these impacts.

Some comments include issues that are not related to the adequacy or contents of the Mitigated Negative Declaration and Initial Study. Detailed responses have not been prepared for these comments, but they are acknowledged in this document. Because all of the comments received regarding the Mitigated Negative Declaration and Initial Study are reproduced herein, they are part of the Final Mitigated Negative Declaration and Initial Study for this project. As such, these comments will be considered by project decision-makers as they decide whether to approve the proposed project.

Each agency or business that commented has been assigned a letter (e.g., "A"), and each comment has been assigned a number. Therefore, a unique descriptor, consisting of a double letter and number, applies to each comment and response. For example, "response A1" refers to the response to the first comment from commenter A. These descriptors appear on each letter to indicate what text is considered part of each comment.

In responding to some of the comment letters, it was necessary to make revisions to the text of the Mitigated Negative Declaration and Initial Study. In these instances, the page number where the text is revised has been provided. Additions to the Mitigated Negative Declaration and Initial Study text are shown in underline, while deletions to the text are noted by strike-through lines.

November 5, 1998

Mr. Andrew Barnsdale
Project Manager
c/o Environmental Science Associates
225 Bush Street, Suite 1700
San Francisco, CA 94104

Re: MITIGATED NEGATIVE DECLARATION AND INITIAL STUDY -- SAN DIEGO GAS & ELECTRIC COMPANY APPLICATION NO. 97-12-039 FOR AUTHORITY TO SELL ELECTRICAL GENERATION FACILITIES AND POWER CONTRACTS

Dear Mr. Barnsdale:

SDG&E makes the following comments pertaining to the Commission's draft Mitigated Negative Declaration and Initial Study ("Negative Declaration") dated October 13, 1998. Each comment refers to the relevant page, paragraph, and line of the Negative Declaration. In addition, for ease in associating the comments with the Negative Declaration, each comment refers to an identifier code marked in the enclosed copy of the Negative Declaration at the relevant provision, clause, or word.

The comments set forth below do not in any way significantly affect any substantive premise, fact, or circumstance upon which the Commission's environmental analysis under the California Environmental Quality Act ("CEQA") was based. The comments are all minor in scope and if implemented will neither result in a new substantial adverse environmental impact nor substantially increase the severity of any potential environmental impact identified in the Negative Declaration.

[Begin A1]
1. Mitigated Negative Declaration, page 3, paragraph 4.5.b.1, Indentifier Code A: The relevant mitigation measures prohibit economic consumption of non-gaseous fuel after January 1, 2001 at the Encina and South Bay power plants. SDG&E seeks a minor modification to the mitigation measures to enable the owner or operator of those plants to also operate the boilers with non-gaseous fuel after January 1, 2001 for purposes of operational tests, such as testing the functioning of selective catalytic reduction units ("SCR") or other pollution control methodologies, particulate emissions compliance, and operational and reliability compliance with the terms of the ISO "must run" contract(s) as the same are associated with potential (i.e., force majeure) non-gaseous fuel use and use capability. SDG&E requests that the fourth line of each mitigation measure under this paragraph be modified to read as follows: "...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."
[End A1]

[Begin A2]
2. Mitigated Negative Declaration, page 3, paragraph 4.7.a.1, Identifier Code B: The reference to NPDES permits in this paragraph should be deleted. An NPDES permit is a transferable permit.
[End A2]

[Begin A3]
3. Mitigated Negative Declaration, page 4, paragraph 4.7.a.2, Identifier Code C: The reference to NCCP permits should be deleted. NCCP permits are not assignable.
[End A3]

[Begin A4]

4. Mitigated Negative Declaration, page 4, paragraph 4.7.a.3, Identifier Code D: The portion of the cooling water dike falling within the Chula Vista Wildlife Reserve is administered by the San Diego Unified Port District ("Port District"). Consequently, the most appropriate agency to enter the formal agreement pertaining to access is the Port District.

[End A4]

[Begin A5]

5. Mitigated Negative Declaration, page 5, paragraph 4.13.b.1 (Timing), Identifier Code E: The word "at" in the third line of the mitigation measure Timing section should be deleted.

[End A5]

[Begin A6]

6. Initial Study, page 1-4, third full paragraph, line 4, Identifier Code F: Enova Corporation and Pacific Enterprises announced a "plan of merger" rather than "an agreement to combine their companies". Under the plan of merger, Enova Corporation and Pacific Enterprises are separate wholly-owned subsidiaries of a newly formed parent corporation, namely, Sempra Energy.

[End A6]

[Begin A7]

7. Initial Study, page 1-4, third full paragraph, lines 11 and 12, Identifier Code G: SoCalGas and SDG&E are wholly-owned subsidiaries of Pacific Enterprises and Enova Corporation, respectively, rather than Sempra Energy. Also, see Comment 6.

[End A7]

[Begin A8]

8. Initial Study, pages 2-1, first full paragraph, lines 6 and 7, Identifier Code H: Lines 6 and should be modified to read as follows, "...which transports power from the San Onofre Nuclear Generating Station [SONGS] and other sources in California and the northwest,..."

[End A8]

[Begin A9]

9. Initial Study, page 2-1, third paragraph, line 4, Identifier Code I: The word "on" should be deleted and replaced with "connected to".

[End A9]

[Begin A10]

10. Initial Study, page 2-2, third full paragraph, lines 1 and 2, Identifier Code J: See Comment No. 7. The first two lines should be modified to read, "As described in Section 1, Introduction, a series of events (namely implementation of the plan of merger which created Sempra Energy as the new corporate parent of Enova Corporation and Pacific Enterprises)..." Neither Enova Corporation nor Pacific Enterprises merged "into" Sempra Energy.

[End A10]

[Begin A11]

11. Initial Study, page 2-3, second paragraph, lines 4 and 5, Identifier Code K: These lines should be modified to read as follows, "The new owner would be required to take an assignment of SDG&E's 'must-run' contracts with the ISO...."

[End A11]

[Begin A12]

12. Initial Study, page 2-3, first paragraph, last two lines, Identifier Code L: The transaction does not involve a "Bidding Contract," though it is true the Commission must approve the auction process. Otherwise, the Commission will also approve the terms of the Asset Sale

Agreements, the Operation and Maintenance Agreements, and the Facilities Services Agreements.

[End A12]

[Begin A13]

13. Initial Study, page 2-6, second paragraph, lines 4 and 5, Identifier Code M: The sentence beginning in line 4 should be modified to read 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..."

[End A13]

[Begin A14]

14. Initial Study, page 2-7, first partial paragraph, lines 4 and 5, Identifier N: These lines should be modified to read 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."

[End A14]

[Begin A15]

15. Initial Study, page 2-7, first full paragraph, lines 6 through 8, Identifier O: Lines 6, 7 and 8 should be modified to read as follows, "SDG&E will receive and consider proposed contract changes from second round bidders prior to the receipt of final bids from the second round bidders. SDG&E will, in 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, SDG&E will submit the final executed contract to the Commission for approval.

[End A15]

[Begin A16]

16. Initial Study, page 2-7, subparagraph 8 of the second full paragraph, Line 2, Identifier Code P: Authorization to obtain recovery of its estimated future generation-related environmental clean-up costs will be sought under Application No. 97-12-039 as a part of SDG&E's compliance filing, rather than in a subsequent application.

[End A16]

[Begin A17]

17. Initial Study, page 2-8, subparagraph 4 of the second full paragraph, line 2, Identifier Code Q: The word "of" should be deleted after the phrase "would be assigned."

[End A17]

[Begin A18]

18. Initial Study, page 2-9, first full paragraph, line 6, Identifier Code R: After the parenthetical, the next phrase should read, "...but to eliminate any other deed restrictions..."

[End A18]

[Begin A19]

19. Initial Study, page 2-9, third full paragraph, lines 7 through 10, Identifier Code S: These lines should be modified to read 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.

[End A19]

[Begin A20]

20. Initial Study, page 2-10, lines 1 through 3, Identifier Code T: The following phrase should be added to the end of the first full sentence, "...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.
[End A20]

[Begin A21]
21. Initial Study, page 2-11, Table 2.1, for Encina and South Bay CT1, Identifier Code U: The capacity factors of "2.0" for the Encina and South Bay CT1 in Table 2.1 should be changed to approximately 0.2% for the Encina and South Bay CT1s.
[End A21]

[Begin A22]
22. Initial Study, page 2-12, first full paragraph, lines 4 and 5, Identifier Code V: The parenthetical should reflect that PSEG recently purchased the unit from a Bank of America affiliate, rather than from B of A itself.
[End A22]

[Begin A23]
23. Initial Study, page 2-12, third full paragraph, lines 3 and 4, Identifier Code W: These lines should be modified to read as follows, "SDG&E would retain the switchyard facilities and equipment and would reserve from the real property transfer an easement over such property providing SDG&E with rights of access for maintenance, repair, upgrade, and use of such facilities and equipment and other areas used for transmission and distribution purposes."
[End A23]

[Begin A24]
24. Initial Study, page 2-13, Table 2.3, line 8, Identifier Code X: The arrow indicating the Encina Power Plant on Table 2.3 points to the north shore of the inner lagoon, rather than the principal assets of the power plant. For clarity, either the arrow should be redirected to the principal assets or the legend should be changed to "Encina Power Plant Property."
[End A24]

[Begin A25]
25. Initial Study, page 2-16, first full paragraph, lines 1 and 4, Identifier Code Y: Please add the word "approximately" before the phrases "116-acre site." in line 1 and "16-acre transmission corridor" in line 4.
[End A25]

[Begin A26]
26. Initial Study, page 2-20, third full paragraph, lines 7 through 10, Identifier Code Z: Displacement oil is no longer used to fill the pipeline between residual fuel oil shipments to the power plant. Between shipments, the pipeline is now filled with nitrogen gas.
[End A26]

[Begin A27]
27. Initial Study, page 2-26, Figure 2.12, Identifier Code AA: The Division Street CT is located on property owned by SDG&E. The "blue" line marks the "Boundary of the SDG&E site" where the CT is located rather than the "Boundary of the combustion turbine site" as now described on Figure 2.12. The Naval Station CT is located on property owned by the Navy. The new owner of the Division Street CT will acquire a license (rather than a lease) from SDG&E providing access to the CT site. The new owner of the Naval Station CT will acquire access rights pursuant to SDG&E's access agreement with the Navy.
[End A27]

[Begin A28]
28. Initial Study, page 2-28, Figure 2.14, Identifier Code BB: The "blue" line marks the "Boundary of the SDG&E site" where the CT is located rather than the "Boundary of the

combustion turbine site" as now described on Figure 2.14. The correct boundaries of the site to be licensed to the new owner for operation of the CT are reflected in Attachment A. The new owner will acquire access to the site through a license (rather than a lease) from SDG&E.
[End A28]

[Begin A29]
29. Initial Study, page 2-31, Figure 2.16, Identifier Code CC: The "blue" line marks the "Boundary of the SDG&E site" where the CTs are located rather than the "Boundary of the combustion turbine site" as now described on Figure 2.16. The new owner will acquire access to the Kearny CTs through a license (rather than a lease) from SDG&E.
[End A29]

[Begin A30]
30. Initial Study, page 2-33, Figure 2.18, Identifier Code DD: The "blue" line marks the "Boundary of the SDG&E site" where the CTs are located, rather than the "Boundary of the combustion turbine site" as now described on Figure 2.18. The correct boundaries of the site to be licensed to the new owner for operation of the CTs are reflected in Attachment B. The new owner will acquire access to the site through a license (rather than a lease) from SDG&E.
[End A30]

[Begin A31]
31. Initial Study, page 2-35, Figure 2.20, Identifier Code EE: The new owner will acquire access to the site pursuant to SDG&E's access agreement with the Navy.
[End A31]

[Begin A32]
32. Initial Study, page 2-36, first partial paragraph, lines 5 and 6, Identifier Code FF: The sentence reading, "SDG&E leases one additional above-ground tank at the site to Energy Factors, Inc." is inaccurate and should be deleted.
[End A32]

[Begin A33]
33. Initial Study, page 2-38, Figure 2.22, Identifier Code GG: See Comment No. 31.
[End A33]

[Begin A34]
34. Initial Study, page 2-36, second full paragraph, lines 7 through 9, Identifier Code HH: Lines 7 and 12 should be modified to read as follows, "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. Unit 1 has not yet been decommissioned.
[End A34]

[Begin A35]
35. Initial Study, page 2-36, last partial paragraph, last line, Identifier Code II: The following sentence should be added to the last line, "Moreover, SDG&E and Edison are tenant-in-common with respect to Unit 1.
[End A35]

[Begin A36]
36. Initial Study, page 2-36, second full paragraph, lines 3 and 4, Identifier Code JJ: The sentence beginning on line 3 should be modified to read as follows, "SONGS has two active generating units (Units 2 and 3) and one retired generating unit (Unit 1). 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.
[End A36]

[Begin A37]
37. Initial Study, page 2-39, Table 2.3, Identifier Code KK: Table 2.3 should reflect the ownership shares of Unit 1 and the Unit 1 area in which SDG&E holds a 20% interest and in which Edison holds an 80% interest.
[End A37]

[Begin A38]
38. Initial Study, page 2-39, last partial paragraph, line 2, Identifier Code LL: This line should be modified to read, "...refusal to purchase SDG&E's ownership interest in the SONGS Units 2 and 3 facilities and Edison has a contractual right of first refusal to pruchase SDG&E's ownership interest in Unit 1."
[End A38]

[Begin A39]
39. Initial Study, page 3-6, first partial paragraph, lines 4, 5, and 6, Identifier Code MM: The phrase "...such as the Regional Water Quality Control Board for an NPDES permit" should be deleted. NPDES permits are automatically transferable (40 CFR § 122.61(b)). In the 6th line, the word "that" should be "than".
[End A39]

[Begin A40]
40. Initial Study, page 3-7, second full paragraph, line 3, Identifier Code NN: After "Pacific Gas and Electric Company" the parenthetical "(PG&E)" should be added.
[End A40]

[Begin A41]
41. Initial Study, page 4.1-3, third full paragraph, lines 5 through 12, Identifier Code OO: These lines should be modified to read as follows, "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 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. The approximately 200 acres of wetlands at the east end of the inner basin are attractive to hikers and bird watchers. Also included at the project site is a roughly 20-acre section of beach west of Carlsbad Boulevard."
[End A41]

[Begin A42]
42. Initial Study, page 4.1-2, last partial paragraph, line 2, Identifier Code PP: Cannon Park is "leased" to the City of Carlsbad. It was not "given" to the City of Carlsbad.
[End A42]

[Begin A43]
43. Initial Study, page 4.1-4, second full paragraph, line 1, Identifier Code QQ: The word "approximately" should be inserted before the phrase "116-acre site."
[End A43]

[Begin A44]
44. Initial Study, page 4.1-6, first full paragraph, lines 9 through 11, Identifier Code RR: The contract between the Navy and SDG&E, relative to use of the land, has been extended for 30 months.
[End A44]

[Begin A45]
45. Initial Study, page 4.1-7, second full paragraph, lines 15 and 16, Identifier Code SS: The sentence reading, "It does not appear that the existing use conforms with this zoning

designation" should be deleted and replaced with, "Acquaculture 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 use."
[End A45]

[Begin A46]
46. Initial Study, page 4.1-7, last partial paragraph, last line, Identifier Code TT: In the phrase, "Although that it does not appear that the lack of an ...," the first "that" should be deleted as unnecessary.
[End A46]

[Begin A47]
47. Initial Study, page 3-10, Table 3.1, Identifier Code UU: All of the steam boilers are capable of burning natural gas and oil. All of the CTs, except Division and North Island are capable of burning natural gas and diesel. Division and North Island are only capable of burning diesel.
[End A47]

[Begin A48]
48. Initial Study, page 4.1-24, fourth full paragraph, line 4, Identifier Code VV: The sentence beginning on line 3 should be modified to read as follows, "The new owner of the CT will be entitled to access to and the continued use of the site in accordance with SDG&E's access agreement with the Navy."
[End A48]

[Begin A49]
49. Initial Study, page 4.1-25, third full paragraph, lines 4 and 5, Identifier Code WW: See Comment 48.
[End A49]

[Begin A50]
50. Initial Study, page 4.1-26, second full paragraph, lines 3 and 4, Identifier Code XX: See Comment 48.
[End A50]

[Begin A51]
51. Initial Study, page 4.1-28, first full paragraph, line 2, Identifier Code YY: The word "on" should be deleted.
[End A51]

[Begin A52]
52. Initial Study, page 4.4-5, second full paragraph, lines 9 through 11, Identifier Code ZZ: In addition to permits issued by the California Coastal Commission and the U.S. Army Corps of Engineers, SDG&E holds permits or other entitlements from other State agencies, such as the Regional Water Quality Control Board, the State Lands Commission and State Parks, for its dredging activities.
[End A52]

[Begin A53]
53. Initial Study, page 4.4-7, first full paragraph, line 4, Identifier Code AAA: After the words "Regional Board" insert the words "Basin Plan" and delete the words "Water Quality Control Plan."
[End A53]

[Begin A54]
54. Initial Study, page 4.4-7, last paragraph, lines 4 and 5, Identifier Code BBB: Metal cleaning waste discharges are intermittent having a frequency associated with boiler cleanings. They

are not daily. A boiler may only be cleaned once a year. Low volume wastes are typically about 100,000 gallons per day, but can be substantially higher on some days involving infrequent operations generating high volumes of low volume wastes, such as boiler blowdowns, condensor cleanings, and especially fuel line/tank hydrotesting. The permit allows up to about 1 million gallons of low volume and metal cleaning waste per day, presuming all operations generating low volume waste may occur on a single day. However, as of December 1997, all low volume and metal wastes generated at South Bay are discharged to sewer.

[End A54]

[Begin A55]

55. Initial Study, page 4.4-10, second full paragraph, lines 4 through 7, Identifier Code CCC: The cooling water pumps are not variable speed. They each have a rated capacity but are either on or off. Each unit is equipped with two cooling water pumps. Cooling water volumes and discharge temperature (depending on generating load) can be adjusted by turning these pumps on or off. The foregoing language should be used in place of the language in lines 4 through 7.

[End A55]

[Begin A56]

56. Initial Study, page 4.4-10, third full paragraph, line 11 through 19, Identifier Code DDD: The allowable concentration of residual chlorine established in the "final limits" (effective December 1999) in Regional Board Order 96-05 as issued November 1996, represented a substantial reduction from the residual chlorine limit in prior permits. The more stringent limit was due to the Regional Board's use of the California Ocean Plan as the basis for the limit. SDG&E appealed the chlorine residual limit, along with other provisions of Order 96-05, to the State Water Resources Control Board (SWRCB) and ultimately to the San Diego County Superior Court. Resolutions of all appealed issues before the SWRCB and before the Superior Court were reached among SDG&E, the Regional Board, and other interested parties and have been implemented through two addendums (amendments) to Order 96-05 adopted by the Regional Board in February and October 1998.

[End A56]

[Begin A57]

57. Initial Study, page 4.4-11, first partial paragraph, line 1, Identifier Code EEE: The treated wastewaters, after testing and verification, are discharged to the sewer and are no longer authorized under the plant's NPDES permit.

[End A57]

[Begin A58]

58. Initial Study, page 4.4-13, first full paragraph, lines 4 and 5, Identifier Code FFF: The sentence beginning with "The beneficial use" should be deleted and replaced with, "The beneficial uses for the receiving water are identified in the Regional Board's Basin Plan.

[End A58]

[Begin A59]

59. Initial Study, page 4.4-13, second full paragraph, lines 2 and 3, Identifier Code GGG: See Comment 57.

[End A59]

[Begin A60]

60. Initial Study, page 4.4-15, second full paragraph, line 4, Identifier Code HHH: Please delete the words "the predominant" from line 4. Natural thermal loading, especially in the shallow back-bay environments of San Diego Bay are a major source of thermal loading.

[End A60]

[Begin A61]
61. Initial Study, page 4.4-15, third full paragraph, line 7, Identifier Code III: Metal cleaning and low volume wastes are regulated at Encina by the NPDES permit and at South Bay by the sewer permit.
[End A61]

[Begin A62]
62. Initial Study, page 4.4-15, fourth full paragraph, lines 2 through 13, Identifier Code JJJ: See Comment 55.
[End A62]

[Begin A63]
63. Initial Study, page 3-5, fifth full paragraph, lines 4 through 8, Identifier Code KKK: The SDAPCD has not announced any intention to modify Rule 69. Rule 69, as written, will require each unit transferred by SDG&E to a new owner (in which SDG&E does not hold a controlling interest) to achieve prescribed NOx emission rate limits, rather than the system-wide NOx emission cap that currently applies to SDG&E owned units.
[End A63]

[Begin A64]
64. Initial Study, pages 3-7 last line and 3-8 first line, Identifier Code LLL: Rule 69.3 limits the emissions of NOx from the CTs. Rules 68 and 69 limit NOx emissions from the power plant boilers, not the CTs.
[End A64]

[Begin A65]
65. Initial Study, page 4.5-13, Table 4.5-3, Identifier Code MMM: In footnotes "a" and "b", delete the word "state" in the second line of each.
[End A65]

[Begin A66]
66. Initial Study, page 4.5-16, first full paragraph, line 1, Identifier Code NNN: In the first line, the word "Benzene" should be deleted and replaced with the word "Toluene."
[End A65]

[Begin A67]
67. Initial Study, page 4.5-17, second full paragraph, lines 4 and 5, Identifier Code OOO: The Encina power plant does not have a gasoline dispensing facility. One does exist on adjacent SDG&E land occupied by SDG&E's North Coast Construction and Operation Center. Hence, the fourth sentence of this paragraph should be deleted.
[End A67]

[Begin A68]
68. Initial Study, page 4.5-17, fifth full paragraph, line 4, Identifier Code PPP: At the end of the paragraph add, "...and no NOVs are outstanding."
[End A68]

[Begin A69]
69. Initial Study, page 4.5-19, first partial paragraph, line 5, Identifier Code QQQ: In the fifth line, the word "fuel" should be "flue" and "NOx emissions boiler" should read "boiler Nox emissions."
[End A69]

[Begin A70]
70. Initial Study, page 4.5-21, first full paragraph, line 6, Identifier Code RRR: See Comment 67.
[End A70]

[Begin A71]
71. Initial Study, page 4.5-22, fifth full paragraph, line 4, Identifier Code SSS: See Comment 68.
[End A71]

[Begin A72]
72. Initial Study, page 4.5-26, first partial paragraph, line 2, Identifier Code TTT: With electric restructuring and ISO dispatching, the CTs are operating more often. See Combustion Turbines, on pages 2-20 and 2-23.
[End A72]

[Begin A73]
73. Initial Study, page 4.5-26, fourth full paragraph, lines 8 and 9, Identifier Code UUU: See Comment 72.
[End A73]

[Begin A74]
74. Initial Study, page 4.5-28, second full paragraph, line 1, Identifier Code VVV: The word "has" should be deleted and replaced with "was."
[End A74]

[Begin A75]
75. Initial Study, page 4.5-32 and 4.5-33, Tables 4.5.11 and 4.5.12, Identifier Code WWW: Footnote (d) should reflect that in addition to force majeure, oil may be burned for operational, regulatory compliance and reliability tests. See Comment 1.
[End A75]

[Begin A76]
76. Initial Study, pages 4.5-36, third paragraph, and 4.5-37, Table 4.5.14, Identifier Code XXX: SDG&E's 2100 ton NOx emissions cap does not apply to the CTs. Table 4.5.14 combines the NOx emissions from South Bay, Encina, and the CTs together (see third, fourth and fifth paragraphs on page 4.5-36) for purposes of estimating NOx emissions for the 1999, A-Max, and 2005 scenarios. It would be inappropriate to use Table 4.5.14 estimated emissions to predict SDG&E's compliance with Rule 69. The CTs should be excluded from any such Rule 69 analysis.
[End A76]

[Begin A77]
77. Initial Study, page 4.5-38, Identifier Code YYY: See Comment 76.
[End A77]

[Begin A78]
78. Initial Study, page 4.5-42, second full paragraph, lines 3 and 4, Identifier Code ZZZ: With regard to the "gasoline dispensing facility" please see Comment 67.
[End A78]

[Begin A79]
79. Initial Study, page 4.5-46, first full paragraph, Mitigation Measures 4.5.b.1, Identifier Code AAAA: See Comment 1.
[End A79]

[Begin A80]
80. Initial Study, page 4.5-47, fourth full paragraph, line 4, Identifier Code BBBB: See Comment 1.
[End A80]

[Begin A81]
81. Initial Study, page 4.7-6, first full paragraph, line 12, Identifier Code CCCC: The phrase "and under the same regulations as" should be deleted from line 12 as the thermal discharge requirements for Unit 5 (even other than the requested exceptions) are not the same as for Units 1, 2, 3 and 4.
[End A81]

[Begin A82]
82. Initial Study, page 4.7-6, last partial paragraph, line 1, Identifier Code DDDD: Please insert the word "approximately" before "4 million cubic yards."
[End A82]

[Begin A83]
83. Initial Study, page 4.7-10, fifth full paragraph, line 3 through 5, Identifier Code EEEE: See Comment 26.
[End A83]

[Begin A84]
84. Initial Study, page 4.7-11, third full paragraph, Identifier Code FFFF: Please delete this paragraph and replace it with the following, "Since then, SDG&E sought renewal of its NPDES permit. The Regional Board issued such renewal as Order 96-05 in November 1996, which was amended in February and October 1998. Order 96-05 requires SDG&E to conduct further limited thermal effects studies, which are being conducted.
[End A84]

[Begin A85]
85. Initial Study, page 4.7-14, last partial paragraph, line 4, Identifier Code GGGG: The last line should be modified to read "SDG&E will apply to transfer NPDES to the new owners." NPDES permits are transferable.
[End A85]

[Begin A86]
86. Initial Study, page 4.7-16, Mitigation Measure 4.7.a.1, Identifier Code HHHH: Please delete "NPDES" permits from this measure as they are transferable.
[End A86]

[Begin A87]
87. Initial Study, page 4.7-16, Mitigation Measure 4.7.a.2, Identifier Code IIII: Please delete NCCPs from this measure as they are not assignable.
[End A87]

[Begin A88]
88. Initial Study, page 4.7-16, Mitigation Measure 4.7.a.4, Identifier Code JJJJ: Delete the entire last line on page 4.7-16 as duplicative of line 1 on page 4.7-17.
[End A88]

[Begin A89]
89. Initial Study, page 4.7-13, second full paragraph, Identifier Code KKKK: The vernal pool communities are not affected by operation of the Miramar CT. The least terns at NTC are not located on the CT site and are not affected by operation of the NTC CT.
[End A89]

[Begin A90]
90. Initial Study, page 4.9-3, third full paragraph, line 7, Identifier Code LLLL: The EPA Identification number for Encina is CAT0006189000, not CAT000619056.
[End A90]

[Begin A91]
91. Initial Study, page 4.9-7, third full paragraph, lines 6 through 12, Identifier Code MMMM: "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." The foregoing should be inserted in place of lines 6 and 7. The balance of the paragraph should be deleted. Whether SDG&E or the Port District will undertake any further assessment or any required remediation will depend upon whether the Port District exercises certain options in its agreement with SDG&E.
[End A91]

[Begin A92]
92. Initial Study, page 4.9-7, fourth full paragraph, line 5, Identifier NNNN: The Division CT is fueled only by diesel.
[End A92]

[Begin A93]
93. Initial Study, page 4.9-11, first full paragraph, lines 4 through 9, Identifier Code OOOO: Arsenic was determined to be at background (i.e., naturally occurring) levels for soils and groundwater.
[End A93]

[Begin A94]
94. Initial Study, page 4.9-12, third full paragraph, lines 6 and 7, Identifier Code PPPP: During periods of non-use the pipeline is now filled with nitrogen rather than diesel.
[End A94]

[Begin A95]
95. Initial Study, page 4.9-19, third full paragraph, line 1 through 4, Identifier Code QQQQ: SDG&E's obligations are limited to remediating Existing Soils Contamination at the fossil-fuel generating facilities, 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 or a substantially similar use. SDG&E'S obligations in this regard arise upon closing of the sale of each such generating asset.
[End A95]

[Begin A96]
96. Initial Study, page 4.12-13, second and fourth full paragraphs, lines 6 for each, Identifier Code RRRR: Applicable sewer and stormwater NPDES permits will be "transferred or reissued, as appropriate."
[End A96]

[Begin A97]
97. Initial Study, page 4.16-13, first full paragraph, line 9, Identifier Code SSSS: After "more information" in line 9, please insert the words "on which."
[End A97]

[Begin A98]
98. Initial Study, page 4.16-15, fifth full paragraph, lines 4 and 5, Identifier Code TTTT: The sentence beginning on line 4 should be modified to read as follows, "Additionally, permits from the U.S. Army Corps of Engineers and streambed alteration agreements with California Department of Fish and Game will be required for any streambed or wetland alterations."
[End A98]

[Begin A99]
99. Initial Study, page 2-12, second full paragraph, lines 1 through 4, Identifier Code UUUU: Approximately 380 acres are being sold with SDG&E retaining approximately 294 acres of the land comprising and surrounding Encina. These lands are depicted on Figures 2.3.
[End A99]

[Begin A100]
100. Initial Study, page 4.16-9, first full paragraph, lines 10 through 13, Identifier Code VVVV: This sentence should be modified to read as follows, "In the event that the Port District purchases the South Bay plant, the Port District may enter into an agreement with an experienced operating entity to operate the South Bay Power Plant after the two year Operation and Maintenance agreement with SDG&E expires."
[End A100]

If you have any questions, please call me at (619) 699-5106.

Sincerely,

James R. Dodson
Attorney

JRD/emh

Note: Included with this comment were two pages of Exhibit C – Gas Turbine. Since these cannot be reasonably duplicated here on this web page they are not available electronically. Should the viewer require a copy of these, please contact Webmaster for a printed copy.

A. SEMPRA ENERGY

A1 The requested modification to the mitigation measure is appropriate, therefore Mitigation Measure 4.5.b.1 on page 4.5-46 of the Initial Study and page 3 of the MND are 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 <u>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</u>.**

- **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 <u>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</u>.**

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.

A2 The commenter is correct. Page 3 of the MND, last paragraph, 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.

A3 In contrast to the commenter's statement that NCCPs are not assignable, Section 22 of Subregional NCCP Implementing Agreement entered into by USFWS, CDFG, and SDE&G states that: "Subject to the written approval of USFWS and CDFG, SDG&E may assign its rights, interests and/or obligations under this Agreement, the Subregional Plan and any unused Mitigation Credits to any subsidiary, affiliated or successor entities [...] provided that the assignee assumes in writing those obligations of SDG&E under the Subregional Plan and this Agreement that pertain to the rights and interests assigned." (SDG&E, 1995b)

A4 Comment noted.

A5 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.

A6 The second sentence of the third full paragraph on page 1-4 of the Initial Study 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~~.

A7 The fifth sentence of the third full paragraph on page 1-4 of the Initial Study 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.

A8 The third sentence of the first paragraph on page 2-1 of the Initial Study 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.

A9 The last sentence of the third paragraph on page 2-1 of the Initial Study 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]

A10 The first sentence of the third full paragraph on page 2-2 of the Initial Study 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.

A11 The last sentence of the second paragraph on page 2-3 of the Initial Study 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.

A12 The last sentence of the first paragraph on page 2-3 of the Initial Study 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.

A13 The third sentence of the second paragraph on page 2-6 of the Initial Study 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.

A14 The last sentence of the first partial paragraph on page 2-7 of the Initial Study 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~~.

A15 The first full paragraph on page 2-7 of the Initial Study 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 contract~~s~~ to the CPUC for approval.

A16 Subparagraph 8 on page 2-7 of the Initial Study 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.~~

A17 The second sentence of subparagraph 4 of the second full paragraph on page 2-8 of the Initial Study 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.

A18 The second sentence of the first full paragraph on page 2-9 of the Initial Study 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.

A19 The third sentence of the last paragraph on page 2-9 of the Initial Study 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.

A20 The first full sentence on Page 2-10 of the Initial Study 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.

A21 The commenter is correct. Accordingly, Table 2.1 on page 2-11 of the Initial Study is hereby revised (see following page).

A22 Please refer to Response H1 for changes proposed to the project description text and figures for the Encina Power Plant.

A23 Please refer to Response H1 for changes proposed to the project description text and figures for the Encina Power Plant.

A24 Please refer to Response H1 for changes proposed to the project description text and figures for the Encina Power Plant.

A25 The first two sentences of the first full paragraph on page 2-16 of the Initial Study 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.

A26 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...

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	0.2~~2.0~~
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	0.2~~2.0~~

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.

A27 Comment noted. It is understood that the new owner of the Division Street CT will acquire a license, rather than a lease, from SDG&E for obtaining access to the CT facilities.

A28 Figure 2.14 on page 2-28 of the Initial Study 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.~~

A29 Comment noted. See response to Comment A27.

A30 Figure 2.18 on page 2-33 of the Initial Study 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.~~

A31 To reflect the additional information provided by the commenter, the following sentence is added after the last sentence of the second full paragraph on page 2-29 of the Initial Study:

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

A32 The fifth complete sentence on page 2-36 of the Initial Study, shown below, is hereby deleted.

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

A33 See response to Comment A31.

Revised Figure 2.14

Click on box to display Figure 2.14

Revised Figure 2.18

Click on box to display Figure 2.18

A34 To reflect the additional information provided by the commenter here and in Comment A36, and by the author of Comments B3, B4 and B5, the second full paragraph on page 2-36 of the Initial Study 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.

In addition, the second complete sentence on page 2-39 of the Initial Study 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.

A35 To reflect the additional information provided by the commenter, the following sentence is added after the second sentence of the partial paragraph at the bottom of page 2-36 of the Initial Study:

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

A36 See response to Comment A34.

A37 To reflect the additional information provided by the commenter, Table 2.3 on page 2-39 of the Initial Study 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
Unit 1	20.00	80.00	0.00	0.00
Unit 1 Area	20.00	80.00	0.00	0.00

A38 The first sentence of the last paragraph on page 2-39 of the Initial Study 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.

A39 The commenter is correct. 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.

A40 The second sentence of the second full paragraph on page 3-7 of the Initial Study 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.

A41 The third full paragraph on page 4.1-3 of the Initial Study is hereby amended as follows:

> The project site includes generation facilities (five steam turbines and a combustion turbine), fuel tanks, a switchyard,[1] 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

[1] 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.

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.

A42 The first sentence of the last partial paragraph on page 4.1-3 of the Initial Study 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).

The following reference is hereby added to the References for Section 4.1 of the Initial Study:

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

A43 The first sentence of the second full paragraph on page 4.1-4 of the Initial Study 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.

A44 The seventh sentence of the first full paragraph on page 4.1-6 of the Initial Study 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~~.

A45 Please refer to Response H1 for text changes proposed to the impacts discussion of Section 4.1, Land Use of the Mitigated Negative Declaration and Initial Study.

Please refer to the response to Comment H1 for changes proposed to the project description text and figures for the Encina Power Plant.

A46 The fourth sentence of the last partial paragraph on page 4.1-7 of the Initial Study, which extends onto page 4.1-10, is hereby revised as follows:

> Although ~~that~~ it does not appear that the lack of an…

A47 Table 3.1 on page 3-10 of the Initial Study 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 CTs 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.

A48 The third sentence of the fourth full paragraph on page 4.1-24 of the Initial Study 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~~.

A49 The third sentence of the third full paragraph on page 4.1-25 of the Initial Study 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~~.

A50 The third sentence of the second full paragraph on page 4.1-26 of the Initial Study 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~~.

A51 The first sentence of the first full paragraph on page 4.1-28 of the Initial Study 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.

A52 The commenter is correct. 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.

A53 The title of the referenced document is Water Quality Control Plan: San Diego Basin. For clarity, 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").

A54 To clarify the issue, the last paragraph on page 4.4-7 of the Initial Study is hereby 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 discharge~~s~~ 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.

Additionally, the last paragraph on page 4.4-10 and the first two paragraphs on page 4.4-11 of the Initial Study 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 (SDG&E, 1998).

A55 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).

The following addition is made to the References on page 4.4-18 of the Initial Study:

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

A56 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). [new paragraph break inserted]

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.

The following addition is 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.

A57 See response to Comment A54.

A58 The official name of the document is "Water Quality Control Plan: San Diego Basin." To clarify the names of the basin and ocean plans, page 4.4-7 of the Initial Study has been revised (see response to Comment A53). Beneficial uses are provided in both the Basin Plan and the Ocean Plan.

A59 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).

A60 It is agreed that natural conditions in the back bay contribute to increased bay temperatures, however, the plant is by far the largest discharger of thermal wastes in the area. To clarify the issue, 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.

A61 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.

A62 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.

A63 The commenter is correct. The third sentence of the fifth full paragraph on page 3-5 of the Initial Study 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.

Also related to this same issue, the last sentence beginning on page 3-5 of the Initial Study is revised as follows:

A new air emissions permit and different SDAPCD Rule 69 requirements ~~rule change~~s 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.

A64 The commenter is correct. The last sentence beginning on page 3-7 of the Initial Study 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.~~

A65 The commenter is correct. Footnotes "a" and "b" of Table 4.5.3 on page 4.5-13 of the Initial Study 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.

A66 The commenter is correct. The second sentence of the first paragraph on page 4.5-16 of the Initial Study is revised as follows:

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

A67 In response to this comment, the fourth sentence of the second paragraph on page 4.5-17 of the Initial Study is deleted as follows:

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

A68 In response to this comment, the last sentence of the fifth full paragraph on page 4.5-17 of the Initial Study 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.

A69 The commenter is correct. The second full sentence in the first partial paragraph on page 4.5-19 of the Initial Study is revised as follows:

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

A70 Based on this comment, the first full paragraph on page 4.5-21 of the Initial Study 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.

A71 In response to this comment, the last sentence of the fifth full paragraph on page 4.5-22 of the Initial Study 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.

A72 In response to this comment, the first full sentence of the first partial paragraph on page 4.5-26 of the Initial Study 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~~.

A73 In response to this comment, the fourth full paragraph on page 4.5-26 of the Initial Study 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.

A74 The commenter is correct. The first sentence of the second full paragraph on page 4.5-28 of the Initial Study 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.

A75 To be consistent with the modifications to the mitigation measures agreed to by SDG&E, footnote "d" in Tables 4.5.11 and 4.5.12 on pages 4.5-32 and 4.5-33 of the Initial Study 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.

A76 It is acknowledged that the emissions estimates shown in Table 4.5.14 (page 4.5.37 of the Initial Study) include the combustion turbines and that, therefore, the estimates in the table can not be used directly to assess compliance with SDAPCD Rule 69 since Rule 69 relates only to the boilers. However, the NO_x emissions estimates from the combustion turbines range from 5 tons per year under the 1999 baseline to 10 tons per year under the 1999 Analytical Maximum case, and given their modest contributions to overall power plant NO_x emissions estimates of 1,091 and 5,364 tons per year, respectively, their inclusion does not substantially undermine the basis of the impact discussion.

A77 By 2005, the estimated contributions of the combustion turbines to overall power plant NO_x emissions estimates would increase to approximately 68 tons per year (under Variant 2) to approximately 95 tons per year under (Variant 1). However, the increased use of the combustion turbines, and corresponding increase in NO_x emissions, was not foreseen in SDAPCD's *1998 Regional Air Quality Strategy* and is therefore appropriately included in the overall impact discussion related to regional emissions forecasts and assumptions even if the associated emissions do not relate directly to SDAPCD Rule 69.

A78 In response to this comment, the discussion on health risks associated with the Encina Power Plant beginning on page 4.5-42 of the Initial Study 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 s~~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.

A79 See response to Comment A1.

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

Plant	Existing Conditions[a] Cancer Risks[d] (in a million)	Existing Conditions[a] Hazard Index[c] Chronic	Existing Conditions[a] Hazard Index[c] Acute[e]	1999 Baseline (low priced oil)[b] Cancer Risks (in a million)	1999 Baseline (low priced oil)[b] Hazard Index[c] Chronic	1999 Baseline (low priced oil)[b] Hazard Index[c] Acute[e]	1999 A-Max (low priced oil)[b] Cancer Risks[d] (in a million)	1999 A-Max (low priced oil)[b] Hazard Index[c] chronic	1999 A-Max (low priced oil)[b] Hazard Index[c] acute[e]	1999 (Mitigated)[b] Cancer Risks[d] (in a million)	1999 (Mitigated)[b] Hazard Index[c] chronic	1999 (Mitigated)[b] 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	0.00091 ~~4~~	3.95E-5	NA	0.00013 ~~3~~	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] Cancer Risks[d] (in a million)	Variant 1 Hazard Index[c] Chronic	Variant 1 Hazard Index[c] Acute[e]	Variant 2 (South Bay Retired)[b] Cancer Risks (in a million)	Variant 2 Hazard Index[c] Chronic	Variant 2 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

A80 In response to modifications in the related mitigation measure, the second sentence of the fourth full paragraph on page 4.5-47 of the Initial Study 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.

A81 The last sentence of the first paragraph on page 4.7-6 of the Initial Study 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.

A82 The first sentence of the last partial paragraph on page 4.7-6 of the Initial Study 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).

A83 The fifth full paragraph on page 4.7-10 of the Initial Study 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.

A84 The third full paragraph on page 4.7-11 of the Initial Study 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.

A85 The last paragraph on page 4.7-14 of the Initial Study 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.

A86 The requested modification was made in the response to Comment A2.

A87 Please see response to Comment A3.

A88 Mitigation Measure 4.7.a.4 on page 4.7-16 of the Initial Study 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.**

A89 The second full paragraph on page 4.7-13 of the Initial Study 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.

A90 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.~~

A91 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 stanndards contamination levels associated with SDG&E's operation of the facilities.

A92 The second sentence of the last paragraph on page 4.9-7 of the Initial Study is hereby revised as follows:

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

A93 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.

A94 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.

A95 The comment clarifies SDG&E's contractual obligations with the purchasers. The third paragraph on page 4.9-19 of the Initial Study has been 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.

SDG&E would also be responsible for remediating any pre-existing condition judged by a public agency to be a threat to worker safety or to public health.

A96 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.

A97 The fourth sentence of the first full paragraph on page 4.16-13 of the Initial Study 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.

A98 The fifth paragraph on page 4.16-15 of the Initial Study 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.

A99 This comment was superceded by a subsequent comment letter (Letter "H," dated November 12, 1998) from SDG&E. Please see the response to Comment H1.

A100 The fifth sentence of the last paragraph on page 4.16-9 of the Initial Study 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.

November 12, 1998

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c/o Environmental Science Associates
225 Bush Street, Suite 1700
San Francisco, CA 94104

Re: Mitigated Negative Declaration And Initial Study Of The California Public Utilities Commission On San Diego Gas & Electric Company's Application No. 97-12-030 – Proposal For Divestiture

Dear Mr. Barnsdale:

[Begin B1]
Southern California Edison Company (SCE) is operating agent of San Onofre Nuclear Generating Station Unit Nos. 1, 2, and 3 (SONGS). SCE is 80% owner of SONG 1 and 75.05% owner of SONGS 2&3. As such, SCE has an interest in assuring that the description of San Diego Gas & Electric Company's (SDG&E) 20% share of SONGS in the Mitigated Negative Declaration is accurate.
[End B1]

[Begin B2]
At page 2-39 of the Mitigated Negative Declaration, it states that SCE "is solely responsible for operating and maintaining the SONGS facility, for conducting required capital improvements, arranging for nuclear fuel, and refueling of the units" At p. 2-43 of the Mitigated Negative Declaration, it states that "SDG&E does not now manage or control the operations of SONGS . . ." These descriptions are not entirely accurate. the duties and responsibilities of SCE, as operating agent, and the other co-owners, including SDG&E, are set forth in the SONGS Ownership Agreement, dated October 5, 1967, San Onofre Units 2&3 Participation Agreement, dated November 1, 1997, and the Second Amended San Onofre Operating Agreement, dated February 26, 1987 (SONGS Agreements). SDG&E, as a co-owner, has certain responsibilities related to operating and maintaining the SONGS facility as described in the SONGS Agreements.
[End B2]

[Begin B3]
SCE also notes that on pages 2-36 and 2-39 the Mitigated Negative Declaration refers to the net generating capacity of SONGS 2&3, combined, by unit, and by SDG&E's share. In each place, the Mitigated Negative Declaration does not state that the amount of capacity noted is the rated capacity. Specifically, on page 2-39, the Mitigated Negative Declaration states: "SDG&E's share of SONGS' maximum output is a total of 214 MW from Unit 2 and 216 MW from Unit 3, or a combined output of 430 MW." In fact, these amounts are SDG&E's share of SONG'S rated output. The maximum output of SONGS on any given day varies due to ambient temperature and other operating conditions and can exceed or be lower than the rated output.
[End B3]

[Begin B4]

The Mitigated Negative Declaration at page 2-36 states: "Unit 1 had a net generating capacity of 436 MW and has since been decommissioned." In fact, Unit 1 has not yet been decommissioned, but has been permanently shutdown. SCE and SDG&E are currently planning to submit a request in December of this year to commence decommissioning of SONGS 1.

[End B4]

[Begin B5]

Finally, the Mitigated Negative Declaration states, on page 2-36: "Units 2&3 were constructed in 1983 and 1984, respectively." In fact, Units 2&3 were constructed over a much longer period than just the years 1983 and 1984. However, Units 2&3 were placed in commercial operation in 1983 and 1984, respectively.

[End B5]

SCE respectfully submits these comments on the Mitigated Negative Declaration. Any questions with regard to these comments may be directed to me at (626) 302-1337.

Very truly yours,

/s/

Carol A. Schmid-Frazee

B. SOUTHERN CALIFORNIA EDISON

B1 Comment noted.

B2 To reflect the additional information provided by the commenter, the first paragraph on page 2-3 of the Initial Study is hereby revised 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.) …

The first full paragraph on page 2-39 of the Initial Study 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.

The sentence that starts on the bottom of page 2-42 and finishes on the top of page 2-43 of the Initial Study is hereby revised 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.

In addition, the second sentence of the second full paragraph on page 2-43 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.

B3 See response to Comment A34.

B4 See response to Comment A34.

B5 See response to Comment A34.

November 12, 1998

Mr. Andrew Barnsdale, Project Manager
c/o Environmental Science Associates
225 Bush Street, Ste. 1700
San Francisco, CA 94104

SUBJECT: SDG&E DIVESTITURE MITIGATED ND COMMENTS

Dear Mr. Barnsdale:

The San Diego Unified Port District acknowledges receipt of the Notice of Publication for the California Public Utilities Commission's (CPUC) *Mitigated Negative Declaration and Initial Study for San Diego Gas & Electric Company's Application No. 97-12-039 Proposal for Divestiture.*

[Begin C1]
While the Port District may consider the CPUC's Mitigated Negative Declaration before reaching a final decision on its proposed acquisition of the South Bay Power Plant and related facilities, the Port District's proposed purchase and continued operation of the existing facilities until they can be closed and decommissioned is eligible for a Class 1 categorical exemption pursuant to CEQA Guidelines Section 15301(b).
[End C1]

The following are more specific comments related to the content of the Mitigated Negative Declaration.

[Begin C2]
Page 4.1-10, 4.1-24
The discussion regarding pertinent planning documents for the South Bay Power Plant neglects to discuss the importance of the Port's jurisdictional influence on the power plant and its surrounding area. The Port's jurisdictional boundary includes land and water area located west of the historic mean high tide line. Within the Chula Vista Bayfront – Planning District 7, there is a small parcel of upland leased to the power plant which is designated "Marine Related Industrial." In addition, the power plant leases water area from the Port for purposes of the of the cool water intake and warm water outfall channels. The SDG&E dike which is used to separate these channels and provides access to the Chula Vista Wildlife Reserve, is also leased from the Port for power plant operations. The Chula Vista Wildlife Reserve, dike, and surrounding water area are designated as "Conservation" areas with the intent to preserve, maintain and enhance natural habitat areas so that biological productivity will be sustained. The new owner of the power plant would be required to enter into lease agreement for the upland, water, and dike area.
[End C2]

[Begin C3]
Page 4.1-30
The San Diego Unified Port District Master Plan was last updated March 1998.
[End C3]

[Begin C4]
Page 4.7-11
As mentioned earlier, the Port has jurisdictional authority over the adjacent water area and the Chula Vista Wildlife Reserve. Agreements to control and limit access to the Chula Vista Wildlife Reserve must be made with the Port.
[End C4]

[Begin C5]
Page 4.7-12
Please refer to the Chula Vista Wildlife Island as the Chula Vista Wildlife Reserve.
[End C5]

If you have any questions regarding the comments provided, please feel free to contact me at (619) 686-6471.

Sincerely,

/s/

MELISSA A. MAILANDER
Environmental Review Coordinator

cc: Dan Wilkens
Tom Morgan
David Chapman

C. PORT OF SAN DIEGO

C1 Comment noted.

C2 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.

On page 4.1-29 of the Initial Study, the following is added to the list of References:

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

C3 Comment noted.

C4 Please see response to Comment A4.

C5 The term "Chula Vista Wildlife Island" is hereby revised to "Chula Vista Wildlife Reserve" throughout the Mitigated Negative Declaration and Initial Study.

November 11, 1998

Mr. Andrew Barnsdale, Project Manager
c/o Environmental Science Associates
225 Bush Street, Suite 1700
San Francisco, CA 94104

Subject: Initial Study and Mitigated Negative Declaration for San Diego Gas & Electric Divestiture

Dear Mr. Barnsdale:

Thank you for the opportunity to review the above noted document. Our comments are limited to the divestiture of the South Bay Power Plant, including the transmission corridor, and the decommissioned liquid Natural Gas Storage Facility located in the City of Chula Vista.

Population projections for the City of Chula Vista should be revised to reflect current regional and local data listed below:

[Begin D1]
Page 4.2.2 Population Figures. The San Diego Association of Governments (SANDAG), Series 8 Regional Growth Forecast (Attachment A) population projection for 2105 is 239, 114. The housing stock is projected to increase to 82,221 units in 2015. The vacancy factor is currently 4.06 and population per household as of 1998 is 2.975 (Attachment B).

An updated regional growth forecast (SANDBAG Series 9 Regional Growth Forecast) is pending approval and should be available in January 1999.
[End D1]

If you have any questions please feel free to contact me at (619) 691-5257.

Sincerely,

/s/

Edalia Olivo-Gomez
Associate Planner

cc: Duane E. Bazzel, Principal Planner
Doug Reid, Environmental Review Coordinator
Joseph Monaco, Environmental Project Manager

D. CITY OF CHULA VISTA

D1 Though these suggested revisions would not change any conclusions in the Initial Study, for clarification the first full paragraph on page 4.2-2 of the Initial Study 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, May 1998). 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~~ has remained ~~unchanged~~ relatively constant since 1990. Population per household in Chula Vista as of ~~1997~~ 1998 was ~~2.92~~ 2.975.

The following reference is added on page 4.2-4 of the Initial Study:

> SANDAG, *Series 8 Regional Growth Forecast*, http://www.sandag.cog.ca.us/ftp/html/ projects/ris/rgf/is8.html, May 1995.

November 12, 1998

Mr. Andrew Barnsdale, Project Manager
c/o Environmental Science Associates
225 Bush Street, Suite 1700
San Francisco, CA 94104

Dear Mr. Barnsdale:

SUBJECT: Letter of Comment on the California Public Utilities Commission (CPUC) Draft Mitigated Negative Declaration (DMND) for San Diego Gas & Electric's (SDG&E's) Proposed Divestiture of Generating Facilities (LDR No. 98-15).

Thank you for the opportunity to comment on the California Public Utilities Commission (CPUC) Initial Study and Draft Mitigated Negative Declaration (DMND) for San Diego Gas & Electric (SDG&E's) Proposed Divestiture of Generating Facilities (LDR No. 98-15).

The City of San Diego has reviewed the DMND and offers the following comments:

[Begin E1]
1. The Hazards discussion (Section 4.9 of the Initial Study) should indicate whether the Phase I and Phase II Environmental Site Assessment reports are considered to be adequate by the reviewing agencies (San Diego Department of Environmental Health, Hazardous Materials Management Division and Regional Water Quality Control Board). Any remediation actions recommended by these reports should be presented to new or prospective owners so the measures can be included as project features in development plants for the sites proposed for divestiture.
[End E1]

[Begin E2]
2. New of prospective owners of property proposed for divestiture within the City of San Diego should be advised to submit projects to the City so that any land use proposals can be reviewed for consistency with relevant community plans. Additionally, the projects should be presented to community planning groups responsible for providing input for the particular area(s) under their jurisdiction.
[End E2]

Otherwise, the City of San Diego concurs with the conclusions and recommended Mitigation Monitoring and Reporting Program of the DMND. If there are any questions, please contact me at (619) 236-6301.

Sincerely,

/s/

JEANNE KROSCH
Senior Planner

JA:dmn

cc: Coleen Frost, Community and Economic Development
EAS File

E. CITY OF SAN DIEGO

E1 The Phase I and Phase II Environmental Site Assessments are documents prepared by SDG&E in the interest of full disclosure to prospective buyers. They were not prepared for any public agency, and are not subject to "review for adequacy" by any agency. However, the documents have been made available to the public and are available for inspection by the San Diego Department of Environmental Health and the Regional Water Quality Control Board.

The entire contents of the Site Assessments, including proposed remediation measures, have been presented to prospective buyers so that the measures can be included as project features in any development plans for the divested sites.

E2 This comment is now part of the Initial Study, which parties interested in bidding for SDG&E's generating assets will have the benefit of reviewing and so will be advised of the commenter's interest.

November 12, 1998

Andrew Barnsdale
Project Manager
c/o Environmental Science Associates
225 Bush Street
Suite 1700
San Francisco, CA 94104

Re: Aggregate NOx Limits Following SDG&E's Divestiture of the Encina and South Bay Power Plant under Proposed Mitigation Measures Found in the Initial Study for San Diego Gas & Electric Company's Application No. 97-12-039.

Dear Mr. Barnsdale:

[Begin F1]
San Diego Gas & Electric ("SDG&E") has proposed placing the Encina and South Bay Power Plants under an annual aggregate NOx emissions limit of 2100 tons to avoid potentially higher NOx production by the plants after SDG&E's proposed divestiture. According to proposed Mitigation Measure 4.5.a.1, the 2100 ton annual aggregate NOx limit would be apportioned 1100 tons to the Encina Power Plant and 1000 tons to the South Bay Power Plant either by an amended SDCAPCD Rule 69 or a SDCAPCD operating permit.

We are concerned with the fairness of this allocation. We are not convinced that the Initial Study for SDG&E's Application No. 97-12-039 contains technically and equitably justifiable explanations as to how the 2100 tons of NOx emissions limits was apportioned between the two plants.
[End F1]

[Begin F2]
We believe that the 2100 tons of NOx emissions limits should be apportioned according to the plants' design capacity. If done in this manner, the Encina Power Plant would have an annual aggregate NOx emission limit of 887.2 tons under the proposed 2100 ton annual aggregate limit for the period up to January 2001.
[End F2]

[Begin F3]
Furthermore, Unit 5 of the Encina Power Plant, unlike the other generating units in the Encina and South Bay Power Plants, is independently owned by the PSEG Resources, Inc. ("Resources") and is currently leased to SDG&E. Since this unit is owned by Resources and could be sold in a separate transaction (than the one currently being contemplated by SDG&E) to an entity that may not be the purchaser of the other units of the Encina Power Plant, we believe that any future aggregate NOx emission limits with respect to this unit (and to each other unit comprising the Encina Power Plant) should be allocated on the basis of the design capacity of each such unit. If done in this manner, Unit 5 would be apportioned 414.7 tons of SDG&E's NOx emissions limits annually for the period up to January 2001 under the proposed 2100 annual

aggregate limit, which, in our view, would be a fair allocation of SDG&E aggregate annual NOx emission limits between the Encina and South Bay Power Plants and for each unit thereof. [End F3]

Thank you for your attention to this matter. We will be supplementing our comments to you respecting the above as circumstances warrant.

Very truly yours,

Sanjoy K. Bose
Counsel for PSEG Resources, Inc.

F. PSEG RESOURCES, INC.

F1 The Initial Study's allocation of 2,100 tons of NO_x per year between Encina and South Bay Power Plants was based on a five-step process. First, a percentage split between the two plants was derived from "total installed capacity," which is essentially the same as "design capacity." Second, a percentage split was derived assuming a 100% capacity factor with NO_x reduction equipment in operation. In this case, the applicable NO_x reduction equipment included the equipment installed in 1997 as well as additional equipment that had been tentatively scheduled for installation by SDG&E in 2000. Third, the percentage splits developed using the two methods was averaged. Fourth, since the second method produced different percentage splits for 1999 and 2000, the percentage splits for 1999 and 2000 were also averaged. Finally, the resulting percentage splits were applied to the emissions cap of 2,100 tons per year and the resulting annual emissions were rounded to the nearest hundred tons.

From a regional air quality perspective, which is appropriate given the nature of ozone, the impact would be reduced to less than significant regardless of the particular allocation of NO_x emissions between the two plants so long as the combined total for the two plants would not exceed 2,100 tons per year in 1999 and 2000.

F2 Each of the plants' design capacity was one of the factors used to develop the NO_x allocations set forth in the Initial Study. While the commenter would have preferred the use of the plants' design capacities as the sole factor in determining the allocations, from the environmental perspective, the plant-specific allocation is not relevant. So long as the two plants together emit no more than 2,100 tons per year of NO_x during 1999 and 2000, the associated impact would be reduced to less than significant. The specific plant allocations were developed in consultation with SDG&E under CEQA Guidelines Sections 15070(b) and 15063(g), and they reflect an approach agreed upon by SDG&E to modify its project to avoid the significant effect identified during the process of preparing the Initial Study.

F3 Mitigation measure 4.5.a.1 would most likely be implemented by adding the applicable provisions as an additional condition of the SDAPCD permit for each of the boilers at the Encina and South Bay Power Plants. In other words, each boiler would operate subject to a plant-wide annual emissions limit during 1999 and 2000. Development of boiler-unit-specific NO_x allocations would not be necessary to avoid the potential significant effect of the project, which is adequately addressed by limiting the overall NO_x emissions from both the Encina and South Bay boilers to 2,100 tons per year or less in 1999 and 2000. In addition, allocation on a unit-specific basis may inhibit the flexibility of plant operations needed to meet demand while achieving environmental (e.g., annual emissions limits) and reliability (as required under the must-run contracts) standards.

It is also noted that a sale of units to different buyers would be extremely difficult because of the large number of common facilities (e.g., cooling water) and services (e.g., operation and maintenance) supporting all units and that, in any event, SDG&E has indicated that it

would not sell its interest in Encina Unit 5 separately from the other boiler units in the auction proceedings. For these reasons, development of a boiler-unit-specific allocation, such as that proposed by the commenter, is more properly a subject of contractual negotiations rather than environmental review.

November 12, 1998

Andrew Barnsdale, Project Manager
c/o Environmental Science Associates
225 Bush Street, Suite 1700
San Francisco, CA 94104

COMMENTS TO INITIAL STUDY – SDG&E DIVESTITURE OF ASSETS
SENT BY FASCIMILE TO (415) 896-0332

The City of Carlsbad has completed its review of the Initial Study for the SDG&E mandated divestiture of assets which includes the Encina Power Plant adjacent to Agua Hedionda Lagoon. The Initial Study has a public review period that started on October 13, 1998, and ends on November 12, 1998. The following represents the City of Carlsbad's comments based on the review of the Initial Study document.

Overall Project Description Comment

[Begin G1]
The Agua Hedionda Lagoon Local Coastal Program (LCP) covers the area around Agua Hedionda including the SDG&E properties. The LCP for Agua Hedionda requires certain environmental conditions (such as the provision of public access and environmental buffers) to be in place. The current configuration of lot lines on SDG&E property needs revision to accommodate the divestiture. Subdivision of the property in a certain manner may prevent those environmental conditions from being in place and in turn may prevent the implementation of LCP mandated amenities and features. A complete project description of the Encina Power Plant divestiture would include the need to create legal parcels and corresponding lot line adjustments/ subdivision of land. SDG&E has no right to sell the land in its existing configuration and any sale without creation of legal lots would be in violation of law. Such a lot line adjustment/ subdivision would be processed by the City and raises the following concerns: (1) existing inconsistencies on the SDG&E properties between zoning and General Plan designations; the significance of the inconsistencies are increased given the fact that the SDG&E Power Plant has not processed a Precise Development Plan as currently required by the zoning ordinance; (2) environmental review would need to be performed on the proposed lot split/lot line adjustments; and, (3) an assessment of land use compatibility. Given the fact that the initial study does not identify and address the required legal lots needed to effectuate the divestiture of Encina and the associated environmental impacts of said subdivision, the City believes that the project description and environmental analysis is deficient.
[End G1]

Biological Resources

[Begin G2]
1. The requirement for a "written commitment" that the new property owner will adhere to non-transferable, interim resource agency permits and conditions (Mitigation Measure 4.7.a.1) should be augmented with written confirmation by affected resource agencies that existing

enforcement and permit violation processes are adequate to allow such interim permits to remain valid.

[End G2]

Cultural Resources

[Begin G3]

1. The City has Cultural Resource Guidelines (dated December 1990) which should be referenced for compliance by the Mitigated Negative Declaration. The Guidelines provide the local procedures for investigating and recovering cultural resource sites.

[End G3]

[Begin G4]

2. The City feels that an initial archeology survey for all SDG&E properties should have been incorporated into the Initial Study. That way the mitigation measures proposed would have the benefit of knowing the required level of site recovery/assessment that is needed to avoid significant impacts. Furthermore, the City feels that the proposed mitigation measures for Cultural Resource impacts are inadequate without a baseline archaeological survey being completed. The Initial Study also states that other archaeological sites may exist and be uncovered during grading work with an archaeologist/grading monitor being involved. The full scope of on-site archaeological/cultural resources needs to be known before a mitigation program can be prepared in the context of a Mitigated Negative Declaration.

[End G4]

[Begin G5]

3. A specific mitigation measure should be the requirement for a City issued grading permit for any earth-moving, grading, soil remediation work, etc. Such a grading permit would then be subject to local level environmental review.

[End G5]

Air Quality

1. The City believes that several assumptions used in the "2005 Cumulative Analytical Maximum Scenarios" (the 2005 scenarios) are inaccurate and unrealistic.

[Begin G6]

a) Both Variants 1 and 2 assume an increase in the power importation capacity of the San Diego Area of 400 MW above the 1999 importation capacity. It seems very likely that a project of this magnitude can be permitted and constructed by 2005.
   i) The Mitigated Negative Declaration should provide details explaining how such a project can be completed within this time period.
   ii) Both Variants 1 and 2 should be re-calculated without assuming any increase in transmission capacity. It is our belief that the net impact of removing the increased transmission capacity would be to increase the air emission in both Variants.

[End G6]

b) Variants 1 and 2 assume that one or both of the Encina or the South Bay plants will be retrofitted with SCR technology. The City questions whether this assumption is realistic.

[Begin G7]

It is our understanding that it will cost approximately $40M and $50M to retrofit South Bay and Encina plants respectively with SCR. Under Variant 2, it does not seem realistic

to assume that a new owner would 1) pay a large sum of money to purchase the South Bay facility, 2) spend an additional $40M to retrofit the facility with SCR by 2001, 3) spend hundreds of millions of dollars more to build a new facility, and then 4) shut down the South Bay facility in 2005.

[End G7]

[Begin G8]

Furthermore, it does not seem economically realistic to assume that anyone can satisfy Rule 69 as it currently exists and also replace an existing facility with a new facility. It is not practical to assume that anyone would spend $40M in 2000 and then stop operating a facility in 2005. In order for anyone to shut down either of the two facilities and replace them with a new facility, it seems that Rule 69 will need to be amended to allow a new owner to operate the current facilities without spending any money while a new plant is constructed. If the Mitigated Negative Declaration is going to assume that Encina and/or South Bay are operated until a replacement plant becomes operational, then it must also address the issue of whether Rule 69 would need to be changed.

[End G8]

[Begin G9]

2. Rule 69 requires the current owners of the Encina and South Bay plants to cap their cumulative emissions to 2100 tons/year after January 1, 1997, to 800 tons/year after January 1, 2001, and to 650 tons/year after January 1, 2005. The Mitigated Negative Declaration should calculate baseline and analytical maximum scenarios for all three years (not just 1999 and 2005) and should assess whether the increase in emissions warrant a finding of significant environmental impact for all three years.

[End G9]

3. Variant 2 of the Mitigated Negative Declaration projects 988 tons of NOx per year, a 338 ton per year increase above the 650 NOx ton/year baseline that is required in Rule 69. Page 4.5-38 then states that the 2005 cumulative impact is not considered significant for three reasons. The City disagrees with all three reasons and believes that the increase in emissions is significant.

[Begin G10]

a) The first reason given in the Mitigated Negative Declaration relies on "potential inconsistencies with emissions forecasts" and then states that the 338 NOx tons of excess emissions is an order to magnitude less than the projected 1999 baseline of 3,264 NOx tons. The City believes it is inappropriate, when making a determination of significance, to compare the 2005 excess emissions to the 1999 projected baseline. The correct comparison would be to recognize that the 988 tons of NOx emissions under Variant 2 exceed the 650 NOx ton baseline by 52%.

[End G10]

[Begin G11]

b) The second reason relies on the possibility that the actual number may be lower based on the technology requirements of LAER. The EPA LAER levels which have recently been changed should already be reflected in the modeling. If they are not, then the scenarios should be recalculated. Furthermore, relying on possible future technology changes should not be relied upon to justify a 52% increase in emissions.

[End G11]

[Begin G12]

c) The third reason states that SDAPCD could implement more stringent controls in the future. Significance should be determined based on current regulatory requirements. While more stringent controls are possible, this does not justify finding that a 52% increase in emissions should not be considered significant.

[End G12]

[Begin G13]

4. It is our understanding that one of the criteria that is used to determine whether or not a project is deemed to have a significant environmental impact is whether or not the project produces emission levels that are inconsistent with regional air quality plans. Rule 69 caps power plant emissions in San Diego to 650 tons on NOx per year, and the City assumes that this level is included in the SDAPCD's regional plan. The City believes that Variant 2, which shows an increase of NOx emissions by 52%, is inconsistent with the regional air quality plan, and therefore the Variant should be deemed to have a significant impact.

[End G13]

Quality of Environment

[Begin G14]

1. A suggested mitigation measure for Quality of the Environment would be required City consultation/partnership for seasonal dredged sand placement efforts.

[End G14]

If you have any questions regarding the City's comment to the Initial Study, please contact Eric Munoz, Senior Planner at (760) 438-1161, extension 4441 or me at (760) 438-1161, extension 4430.

Sincerely,

MICHAEL J. HOLZMILLER
Planning Director

c: Ray Patchett, City Manager
Marty Orenyak, Community Development Director
Jan Mobaldi, Assistant City Attorney
Don Rideout, Principal Planner
Eric Munoz, Senior Planner

G. CITY OF CARLSBAD

G1 SDG&E (now Sempra Energy) has proposed changes to the project description for the divestiture of the Encina Power Plant. These changes are described in Letter H and response to Comment H1. The newly proposed project description would allow sale of the Encina Power Plant to proceed without any lot line adjustment process with the City of Carlsbad. While this revision eliminates the need for approval from the City of Carlsbad for the lot line process prior to the sale of the power plant, it does not avoid the disclosure or mitigation of any environmental impacts related to divestiture of the plant. This revision would not result in any adverse environmental impacts as the new owner and SDG&E would continue to use the subject properties in the same manner as they would have with the pre-sale processing of the lot line adjustments that were described in the Initial Study. With the possible exception of the reconfiguration of existing fencing within the existing SDG&E properties, no physical changes to the environment are anticipated to result from the sale of the power plant. Refer to response to Comment H1 for additional information regarding the City's role in any subsequent lot line adjustment process.

There is no indication that the sale of the Encina Power Plant and the associated lot line adjustments will have an impact on the Agua Hedionda Local Coastal Program (LCP). The City of Carlsbad has not been granted authority from the State of California to implement the Agua Hedionda LCP. In May of 1982 the City of Carlsbad adopted the Agua Hedionda Land Use Plan, which includes the SDG&E property. Despite the lack of any updates (the Coastal Act requires an evaluation of the plan for effectiveness and the impact of changing conditions, at least every five years) or concurrence from the Coastal Commission, the 1982 adoption of the Land Use Plan was the first step towards the adoption of an LCP for the Agua Hedionda segment. The Agua Hedionda Land Use Plan states that "the Land Use Plan, together with the Implementation Program, will comprise a complete Local Coastal Program." The City of Carlsbad's 1996 Local Coastal Program indicates that the Agua Hedionda Lagoon area represents an area of "deferred certification," an indication that no Implementation Program for a Local Coastal Program covering the SDG&E properties has been adopted by the City of Carlsbad or the California Coastal Commission. The California Coastal Commission, therefore, retains Coastal Development Permit authority for the San Diego Gas & Electric properties. There is no evidence that the sale of the Encina Power Plant will preclude the adoption or implementation of the Agua Hedionda LCP. SDG&E has indicated an intent to continue the processing of lot line adjustments with the City of Carlsbad subsequent to the sale of the Encina Power Plant.]

G2 It is not possible for either the CPUC or SDG&E to require the affected resource agencies to provide such a written confirmation. However, since Mitigation Measure 4.7.a.1 will require the new owners affirmatively agree to abide by the existing permits and to submit to the jurisdiction of the permitting agencies, there should be nothing to prevent such agencies from using their enforcement powers. Furthermore, such an interim period (before the non-transferable permits are reissued) should not be of long duration.

G3 The following reference is added at the beginning of the list of cultural resources references on page 4.14-8 of the Initial Study:

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

See also response to Comment G4.

G4 The City of Carlsbad's *Cultural Resource Guidelines* describe that "the key elements of archaeological/historical studies needed for CEQA compliance include field surveys and literature reviews (record searches, historical documents, etc.) to identify the presence of, or potential for, cultural resources within a project under discretionary review…" Based on a review of the *National Register of Historic Places* and *California Historic Landmarks*, and a records search by the South Coast Information Center (SCIC), the Initial Study (page 4.14-2) identifies known archaeological resources at the Encina Power Plant and associated Agua Hedionda Lagoon properties. Though no formal field surveys were conducted at the power plant site, the Initial Study further acknowledges the potential presence of additional undiscovered archaeological resources at the site and the potential to disturb such resources during any project construction actitivies. In recognizing the sensitivity of these cultural resources, the Initial Study identifies two mitigation measures (pages 4.14-6 and 4.14-7) for all soil remediation or minor construction activities (e.g., relocating fences to separate divested properties from retained properties) related to the proposed divestiture. In summary, these measures require that a qualified archaeologist be on-site during all earthmoving activities and that all information related to known archaeological resources be forwarded to the new owner. These measures would sufficiently mitigate any potential impacts to known or unknown archaeological resources. Furthermore, it should be noted that the overall amount of earthmoving activities is expected to be minimal and that the location of such activities on the project site is unknown. Based on the anticipated level of construction in conjunction with the proposed mitigation measures, an extensive archaeological field survey of the entire 671-acre site, as suggested by the commenter, is not warranted.

G5 To the extent that earthmoving and soil remediation activities would trigger local permitting requirements, including grading permits, SDG&E or the new owner would complete and file all appropriate application materials. If applicable, permitting agencies would, at that time, have the opportunity to include their own conditions of approval. Regardless of local permitting, the proposed mitigation measures identified in the MND and the Initial Study would sufficiently mitigate any potential impacts to known or unknown archaeological resources at the Encina Power Plant site.

G6 The commenter objects to the assumption regarding increased import through increased transmission capacity under both 2005 analytical scenarios on the grounds that it is unrealistic. The second paragraph on page 3-13 of the Initial Study states the full assumption:

> Projected transmission upgrades are assumed to increase the power importation capacity to the San Diego area so that the total importation capacity would be 2,850 MW (an increase of 400 MW above the 1999 importation capacity).

The projects that would, in the aggregate, increase import capacity by 480 MW are expected to be installed by the end of 2002. Only one discretionary permit will be required for these various projects, and that one permit lies within the jurisdiction of the California Public Utilities Commission.

G7 The commenter objects to Variant 2 as implausible on economic grounds. Variant 2 is based upon the assumption that the Port of San Diego purchases the South Bay Power Plant. It is the stated purpose of the Port to buy the South Bay plant in order to replace the existing facility with a new plant, probably at Otay Mesa. The Port has put forward several reasons for this projected course of action. One is that the Port wishes to utilize the land for other waterfront-related uses, which include commercial development. To be able to use the property most effectively, the Port would need to remove the existing power plant and related facilities. It is entirely plausible that the value of such uses would exceed the cost of both the purchase of the South Bay plant and the installation of the SCRs.

In order to defray the costs of acquiring and operating the South Bay plant, the Port has been allocated 14 million dollars by the California Legislature towards the purchase and environmental clean-up of the power plant. In addition, the Port would contract with a power generation firm to operate the plant, and that firm would pay the Port a fee to operate the facility. Finally, the South Bay Power Plant is considered a must run facility and, as such, will have a contract with the ISO which will guarantee that the plant will have an income stream.

The second reason that the Port has provided for purchasing the plant is to enable the aging plant and equipment, which it believes produces substantial water and air related pollution, to be closed and a new, more efficient and less polluting power plant be built to replace the South Bay plant. The Port has stated that it wishes to remove the South Bay Power Plant as soon as a feasible replacement can be built. In this regard, the Port is currently negotiating with several power generation firms in order to select a partner that would operate the South Bay plant for the Port until the plant can be replaced. The Port has also stated that such a partner would, as a part of such agreement, site and build a new plant to replace South Bay. It is the Port's contention that it has an obligation to lower air pollution in the San Diego area if possible. The purchase and decommissioning of the South Bay Power Plant and its replacement by a new and less polluting plant would accomplish this goal. The Port of San Diego has stated its intention to meet the requirements of the air district, which include retrofitting the facility with SCRs.

It should also be emphasized that the requirements of the air district's Rule 69 and Mitigation Measure 4.5.a.1 are publicly available and are known to both the Port of San Diego and other bidders for both plants. Thus, as a part of the auction process, the bidders will take into account the various costs associated with pollution control equipment, the

NO_x caps, must run agreements with the ISO and other factors in determining the market value of both the Encina and the South Bay plants. This process has occurred in the previous divestiture auctions, and most of the power plants have sold for amounts above their book values. It is very likely that the bidders for the South Bay and Encina plants will consider all of the costs associated with the purchase and submit an offer to purchase that factors in such costs.

It is not currently foreseeable that a new owner of either fossil-fueled plant would not comply with Rule 69 and Mitigation Measure 4.5.a.1, or that they would seek to have such requirements revised. If, however, as the commenter posits, the Port of San Diego or another owner would have to apply to the local air district to modify Rule 69 in order to not place SCR equipment on the units required at the South Bay plant, the Port has not stated its intention to do so. The local air district has stated its intention to require compliance with Rule 69 and the applicable air permits. Any application to change Rule 69 would be subject to a public process, and may require environmental review of the proposed rule change. However, based upon the publicly stated intentions of the Port of San Diego to comply with existing rules and the air district's intentions to enforce existing NO_x limits and future NO_x tonnage reductions related to the generation of power at the Encina and South Bay Power Plants, there is no reason to assume that a change in Rule 69 would occur either as a result of divestiture or the ownership of the South Bay plant by the Port.

G8 Please see response to Comment G7.

G9 The commenter requests power plant baseline and analytical maximum emissions estimates for the three threshold years under SDAPCD Rule 69, i.e., 1997, 2001, and 2005, not just 1999 and 2005. With respect to 1997, there is no point in developing hypothetical emissions estimates for a year that has already passed.

With respect to 2001, emissions estimates have been made in response to this comment by combining the annual capacity factors shown in the Initial Study for the 1999 Analytical Maximum with the emissions factors shown for the 2005 scenarios. Use of Year 2005 emissions factors is appropriate since, under SDAPCD Rule 69, the new owners would be required to operate the plants in compliance with boiler-specific standards as described in the fourth full paragraph on page 4.5-11 of the Initial Study by 2001 and since these standards would be the same in 2005 as in 2001. For this hypothetical 2001 scenario, emissions estimates also reflect low use of fuel oil consistent with Mitigation Measure 4.5.b.1, which would take effect beginning in that year. Unlike the 2005 cumulative scenarios analyzed in the Initial Study, the Year 2001 emissions scenario reflects no increase in transmission capacity to San Diego County.

The resulting emissions would be approximately 784 tons per year of NO_x for the boilers at the Encina and South Bay power plants. This estimate would be less than the annual limit of 800 tons per year that would apply to SDG&E in that year if it were to keep the plants. Therefore, no significant effect on NO_x emissions would occur in 2001.

Year 2005 cumulative power plant emissions estimates are provided in the Initial Study, which concludes that such emissions would not be significant for the reasons listed on page 4.5-38.

G10 The emissions estimate cited by the commenter as a 1999 "baseline" value (i.e., 3,264 tons) is not a baseline value but is an estimate of the "excess" emissions over that assumed for power plants in that year in the *1998 Regional Air Quality Strategy*. The discussion in the fourth paragraph on page 4.5-38 of the Initial Study compares the "excess" emissions in 1999 with the "excess" emissions estimated in 2005 (388 tons) under Variant 2 and points out that the latter would be an order of magnitude less than the former.

Also, it is noted that the list of reasons provided in the Initial Study as to why the cumulative impact in 2005 under Variant 2 would not be significant is not exhaustive. For instance, the cumulative effect would also be less than significant because NO_x emissions in 2005 under Variant 2 (i.e., 988 tons per year) would be less than the 1999 baseline case (1,091 tons in Table 4.5.14). Specifically, power plant NO_x emissions under Variant 2 in 2005, even assuming Analytical Maximum conditions (i.e., relatively low price for natural gas), would decrease approximately 9% relative to baseline conditions (i.e., no low price for natural gas) in 1999.

The comparison of 2005 conditions with 1999 is appropriate. The recently revised CEQA Guidelines Section 15126.2 indicates that the lead agency should normally limit its examination to changes in the existing physical conditions in the affected area as they exist at the time the notice of preparation is published, or where no notice of preparation is published, at the time environmental analysis is commenced. However, since 1999 will be the first full year under the restructured electricity market in California, it represents a better "existing" case than 1998 (the year environmental analysis commenced) from which to evaluate potential project effects.

G11 NO_x emissions estimates for a future power plant at Otay Mesa were based on the same SDAPCD Rule 69 standard that applies to existing units operated by entities other than SDG&E, i.e., 0.15 pounds per megawatt-hour, calendar-day average, when burning natural gas. This emission rate reflects the maximum effectiveness of in-duct selective catalytic reduction (SCR) equipment given the concomitant requirement set forth in SDAPCD Rule 69(d)(8) to minimize ammonia emissions. It is presumed that this technology represents the minimum level of NO_x control that would be required of the new power plant if it were to be built under existing regulations.

Existing regulations provide specific guidance as to what technology or emission limit constitutes "Lowest Achievable Emission Rate" (LAER) and "Best Available Control Technology" (BACT) for any given source. However, such guidance is not fixed and is subject to change over time in the wake of technological innovations and improved methods. Changes in what constitutes LAER or BACT for a given source result inevitably in more restrictive standards and lower emissions. The new power plant would be subject to LAER or BACT standards as they exist at the time an application is submitted to the

SDAPCD for a permit, and such standards may be more restrictive than under existing regulations, with the possibility that NO_x emissions would be lower than presented in the Initial Study.

In addition, it is noted that a new electricity generating facility would require project-specific environmental review, including approval of new air quality permits by SDAPCD and approval of a certification to construct from the California Energy Commission (CEC), as well as local building permits. During such review, cumulative impacts would be re-considered in light of the more highly-defined, specific power plant project then subject to review and approval.

G12 In the sixth paragraph on page 4.5-38, the Initial Study does not simply state that SDAPCD could implement more stringent controls in the future, but rather, the Initial Study acknowledges a review process that is mandated by the California Clean Air Act for updating and refining the regional air quality plan (in this case, known as the Regional Air Quality Strategy). This plan review process is a current regulatory requirement and, thus, is properly taken into consideration in evaluating the potential for significant long-term air quality impacts, particularly due to changes in emissions from stationary sources (like power plants) that operate within the direct control of SDAPCD. Stationary sources like power plants are subject to a much greater level of control by SDAPCD than are mobile sources, which are generated largely by land use development projects over which SDAPCD has no authority. The triennial plan review process provides a mechanism whereby, through revisions to the SDAPCD's Regional Air Quality Strategy, SDAPCD rules can be amended or new rules added to address actual conditions and probable pollutant trends rather than the hypothetical worst-case scenarios used for CEQA analysis. The process of review and revision of the Regional Air Quality Strategy lends support to the conclusion that the cumulative changes in power plant emissions would not be significant.

Also, the "52% increase in emissions" cited by the commenter needs to be put into its proper context. The aggregate power plant NO_x emissions estimate for Variant 2 under Analytical Maximum operating conditions in 2005 would be 52% above the emissions estimate assumed for power plants in that year in the current version of the Regional Air Quality Strategy. This does not mean that power plant NO_x emissions would be 52% greater in 2005 than under existing conditions or under 1999 baseline conditions. Table 4.5.14 indicates that NO_x emissions would be less in 2005 under Variant 2 than under both existing conditions and 1999 baseline conditions. Specifically, power plant NO_x emissions under Variant 2 in 2005, even assuming Analytical Maximum conditions (i.e., relatively low price for natural gas), would decrease approximately 9% relative to baseline conditions (i.e., no low price for natural gas) in 1999.

G13 The fifth paragraph on page 4.5-36 of the Initial Study indicates that consistency with emissions forecasts in the regional air quality plan was used as the basis for identifying a significant effect and as the basis for development of a mitigation measure that would

reduce the impact to less than significant. This same issue is included in the evaluation of cumulative impacts in 2005 (see paragraph 4 on page 4.5-38).

With respect to the reference to "an increase in NO_x emissions by 52%," it is noted that the Initial Study does not indicate that power plant NO_x emissions under Variant 2 would increase 52% relative to existing or 1999 baseline conditions. Table 4.5.14 of the Initial Study indicates that power plant NO_x emissions in 2005 under Variant 2 would be less than both existing and 1999 baseline conditions. The "increase of NO_x emissions by 52%" refers to an estimate of NO_x emissions (988 tons per year) under Variant 2 that assumes Analytical Maximum operating conditions and that would be 52% higher than the emissions rate (650 tons per year) assumed for the purposes of the regional air quality plan in that year and for that one source category, power plant boilers (including new and replacement units).

For perspective, it is noted that this "52% increase" corresponds to an amount equivalent to approximately 0.53% of Basin-wide NO_x emissions in 2005. A recent EIR on a power plant divestiture project used a one-percent threshold to identify emissions projections that were seriously enough out-of-sync with those used in a regional air quality plan to warrant a determination of significant effect (Environmental Science Associates, 1998). If one were to use that criterion to evaluate cumulative power plant emissions in San Diego County, the 2005 cumulative emissions estimates under Variant 2 would not result in a significant effect because the extent to which they would exceed the emissions assumed in the plan (i.e., 0.53%) would be less than one-percent of the Basin-wide inventory.

References:

Environmental Science Associates, Pacific Gas and Electric Company's Application for Authorization to Sell Certain Generating Plants and Related Assets, Application No. 98-01-008, Draft Environmental Impact Report, prepared for the California Public Utilities Commission, August 1998.

G14 The commenter apparently is referring to the *Environmental Quality* section of Chapter 4.16, Mandatory Findings of Significance, of the Initial Study. The Initial Study concluded that the project would not result in a significant impact as related to dredging of the Agua Hedionda Lagoon or the subsequent placement of the dredged sand. The commenter did not identify an impact that the suggested mitigation measure would address. The City of Encina is currently in a dispute with SDG&E over the placement of sand removed from the lagoon, with the City wanting the utility to place more sand on beaches to the north of the lagoon mouth, and the utility wanting to place more sand to the south of the mouth because, it asserts, sand placed to the north has a tendency to re-enter the lagoon. The new owner of the Encina plant is free to propose a new dredged sand disposal plan, and the City of Encina is free to contact the new owner and attempt to negotiate a mutually agreeable dredged sand disposal plan.

November 12, 1998

BY FACSIMILE AND FEDERAL EXPRESS

Mr. Andrew Barnsdale
Project Manager
c/o Environmental Science Associates
225 Bush Street, Suite 1700
San Francisco, CA 94104

Re: MITIGATED NEGATIVE DECLARATION AND INITIAL STUDY -- SAN DIEGO GAS & ELECTRIC COMPANY, APPLICATION NO. 97-12-039 FOR AUTHORITY TO SELL ELECTRICAL GENERATION FACILITIES AND POWER CONTRACTS

Dear Mr. Barnsdale:

On December 19, 1997, San Diego Gas & Electric Company ("SDG&E") filed its Application and Proponents Environmental Assessment for its proposed sale of electrical generating facilities and power purchase contracts. On October 13, 1998, the Commission published its draft Mitigated Negative Declaration and Initial Study ("Negative Declaration") pertaining to SDG&E's Application.

[Begin H1]
Among the electrical generating assets SDG&E proposes to sell as a part of its Application is the Encina power plant located at 4600 Carlsbad Boulevard in the City of Carlsbad. As described in Section 2.3.3, *Description of the Assets to be Sold*, and Figure 2.3 of the Negative Declaration, the Encina power plant is located on approximately 671 acres owned by SDG&E ("SDG&E Land"). The portion of the SDG&E Land consisting of the lands used for electrical generation purposes and the three basins of the Agua Hedonda Lagoon, comprising approximately 386 acres, is proposed for sale as part of the Encina power plant ("Encina Land"). The Encina Land is depicted on Figure 2.4 of the Negative Declaration.

The separation of the Encina Land proposed for sale from the SDG&E Land to be retained by SDG&E, as shown on Figure 2.4, anticipated certain boundary or lot line adjustments ("lot line adjustments") affecting eleven existing parcels. The existing eleven parcels comprising the SDG&E Lands (the 671 acres) are described in Exhibit "A" enclosed herewith. The proposed lot line adjustments would not change the number of parcels but would affect their configuration. The eleven parcels as they would appear after the proposed lot line adjustments are depicted on Exhibit "B" enclosed herewith. The sale of the Encina power plant as now described in the Negative Declaration would involve the sale of Parcel Nos. 2, 3, 4 and 9 to the buyer. SDG&E would retain ownership of the remaining parcels. The necessary lot line adjustments have not yet been obtained and will not likely be obtained prior to the expeditious sale of the Encina power plant as presently described.

It is in the public interest for SDG&E to proceed with its auction of the Encina power plant as expeditiously as possible. Therefore, SDG&E will proceed with the auction of the Encina power

plant in a form which does not require the lot line adjustments, but which in substance and effect is substantially the same as that described in the Application.

The necessary adjustments to the project description are minor and really quite simple. In short, SDG&E will convey to the buyer fee title in and to all of the SDG&E Lands west of Highway 5, except for one small parcel to the north of the plant (parcel 1) which has never been proposed to be transferred, and reserve to itself an exclusive easement for SDG&E's continued use and occupancy of the lands in which SDG&E would have retained ownership under the original real estate conveyance scheme as now described in Section 2.3.3 and Figure 2.4 of the Negative Declaration ("SDG&E Easement Lands"). SDG&E's use of such lands will remain unchanged. SDG&E will also reserve to itself the right to purchase the SDG&E Easement Lands when the necessary lot line adjustments have been implemented. Upon obtaining the lot line adjustments, which SDG&E will pursue, SDG&E will repurchase the SDG&E Easement Lands for a nominal cost. In addition, SDG&E will retain the fee title to all of the SDG&E Land east of Highway 5, and will grant to the buyer an easement to use, dredge, and otherwise maintain the inner basin of Agua Hedonda Lagoon for purposes of electric generation at the Encina Power Plant. SDG&E will grant to the buyer the right to purchase, at nominal cost, the inner basin upon obtaining the lot line adjustments described above. The adjusted format for conveyance of the relevant real property interests associated with the Encina power plant are generally shown on Exhibit "C" enclosed herewith. A more precise and detailed description of the adjusted real property conveyance format will be provided in SDG&E's compliance filing to be made under the Application.

Though the ownership of the land underlying SDG&E's North Coast Construction and Operation Center, SDG&E's land south of the tank farm, and Cannon Park will be conveyed to the buyer under this adjusted format, and although the inner basin of Agua Hedonda Lagoon will continue to be owned by SDG&E, the buyer and SDG&E will occupy and use the same lands and in the same manner as each would have occupied and used such lands as now described in the Negative Declaration. When the lot line adjustments are made, SDG&E and the buyer will exercise their purchase options, following which SDG&E and the buyer will in fact hold the precise real property interests originally contemplated in the Negative Declaration.

SDG&E requests that the Commission modify Section 2.3.3, Project Description, and Section 4.1, Land Use and Planning of the Negative Declaration as necessary to incorporate the adjusted real property conveyance format for the proposed sale of the Encina real property described above. The adjusted format will neither result in a new substantial adverse environmental impact nor substantially increase the severity of any potential environmental impact identified in the Negative Declaration. The modifications requested will not in any way significantly affect any premise, fact, or circumstance upon which the Commission's environmental analysis under the California Environmental Quality Act ("CEQA") is based. Therefore, SDG&E's comments herein and the requested chances to the Negative Declaration are properly considered minor.

Finally, the Negative Declaration imposes various mitigation measures upon SDG&E pertaining to the real property to be sold as a part of the Encina power plant. Indeed, the Negative Declaration requires SDG&E to implement mitigation measures to protect Biological Resources described in Section 4.7, and Cultural Resources described in Section 4.13, specifically Mitigation Measure Nos. 4.7.a.1 through 4.7.a.4, 4.13.6.1, and 4.13.b.2. For purposes of the sale of the Encina power plant, SDG&E requests that the foregoing mitigation measures be modified

to be applicable to all parcels or easement areas being conveyed or granted as a part of the adjusted real property conveyance format.
[End H1]

If you have any questions or comments, please call.

Sincerely,

James R. Dodson
Attorney

JRD/dtm

Note: Included with this comment were three pages of Exhibits A, B, and C. Since these cannot be reasonably duplicated here on this web page they are not available electronically. Should the viewer require a copy of these, please contact Webmaster for a printed copy.

H. SEMPRA ENERGY

H1 The project description for the divestiture of the Encina Power Plant presented in the Initial Study (see pages 2-10 to 2-16 of the Initial Study) identified the sale of SDG&E lands used for electrical generation purposes as well as the three basins of the Agua Hedionda Lagoon, accounting for a total of approximately 386 acres. As a related action, SDG&E proposed to reparcelize 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, and would relocate existing property lines. Although the lot line adjustment process would not change the number of lots within the property, it would reconfigure seven of the eleven existing lots that comprise the property (collapsing specific lots, and allowing for a corresponding increase in the size of the other lots within the property).

Under those proposed actions for the Encina Power Plant, the Mitigated Negative Declaration and Initial Study was prepared and circulated for public review during the period of October 13 and November 12, 1998. In its comments on the Initial Study, SDG&E (now Sempra Energy) proposed changes to the project description for the divestiture of the Encina Power Plant. [Sempra Energy's November 12th letter to the CPUC requesting the proposed changes to the project description for the Encina Power Plant is included in this Response to Comments document as Comment Letter H. It should be noted that in a telephone conversation on November 18th, James Dodson, attorney for Sempra Energy, Inc., noted errors in its comment letter related to which portions of the SDG&E property would be sold, retained and/or require easements (Dodson, 1998). The discussion in this response of Sempra Energy's proposed changes, as well as the revised and/or new text and figures to the Initial Study that follow, reflects Sempra Energy's November 18th corrected changes.]

The revision noted in the comment would allow sale of the Encina Power Plant to proceed prior to completion of the lot line adjustment process with the City of Carlsbad. SDG&E would convey to the buyer title in and to all of the SDG&E lands west of Interstate 5, except for two small parcels to the north of the plant. SDG&E would reserve to itself an exclusive easement for SDG&E's continued use and occupancy of the lands in which SDG&E would have retained ownership under the original project description (described in Section 2.3.3 and Figure 2.4 of the Initial Study). SDG&E's use of these lands for transmission and distribution purposes would remain unchanged. 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 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 fee title to all of the SDG&E land east of Interstate 5, and would grant to the buyer an easement to use, dredge, and otherwise maintain the inner and outer basins of the Agua Hedionda Lagoon 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 upon obtaining the required lot line adjustments. Since the lot line

adjustments would occur subsequent to the sale of the plant and are not a prerequisite for transfer of the Encina plant, they would not be considered part of the project. In any event, however, the Initial Study did not find that such lot line adjustments would generate any potential significant environmental impacts. This, from the standpoint of environmental impacts, SDG&E's revised property transfer is neutral.

Under the revised plan, SDG&E and the buyer would occupy and use the same lands and in the same manner as each would have occupied and used such lands described in the originally proposed project description for the Encina Power Plant. The proposed Encina Power Plant project description changes are incorporated into the Initial Study on the basis that they would not result in any new substantial adverse environmental impact, nor substantially increase the severity of any potential environmental impact identified in the MND.

At such time as any lot line adjustments are proposed, the City of Carlsbad would apply its land use regulations and determine the proposals' consistency with the Carlsbad General Plan, zoning, and local environmental plans, including the Agua Hedionda Local Coastal Program, and would conduct further environmental review as appropriate.

Reference

Dodson, James, Sempra Energy, Inc., telephone conversation, November 18, 1998.

The description of the Encina Power Plant, beginning under the heading "*Encina Power Plant*" on page 2-10 and continuing on pages 2-12 through 2-16 of the Initial Study, is hereby replaced with the following revised project description (given the amount of text that required revision for this project description change, the project description is wholly replaced and not shown with deleted text strikethroughs or underlined new 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.[2]

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

[2] PSEG recently purchased the unit from a Bank of America affiliate.

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.

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

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 <u>the majority of</u> the dry land, and OS (Open Space), covering the Agua Hedionda Lagoon <u>and Cannon Park</u>. 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 4.1-10 of the Initial Study (second full paragraph) is hereby revised:

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 reparcelize 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~~ If SDG&E seeks lot line adjustments to allow property transfers that would eliminate the need for easements between SDG&E and the new owner, SDG&E would apply to 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). At such time as any lot line adjustments are proposed, the City of Carlsbad would apply its land use regulations and determine the proposal's consistency with the Carlsbad General Plan, zoning, and local environmental plans, including the Agua Hedionda Local Coastal Program, and would conduct further environmental review as appropriate.

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.

Insert Figure 2.3

Click on box to display Figure 2.3

Insert Figure 2.3a

Click on box to display Figure 2.3a

Insert Figure 2.4

Click on box to display Figure 2.4

Insert Figure 2.5

Click on box to display Figure 2.5

November 12, 1998

Andrew Barnsdale
California Public Utilities Commission
225 Bush Street
#1700
San Francisco, CA 94104

Subject: SDG&E Application No. 97-12-039
SCH#: 98101034

Dear Andrew Barnsdale:

[Begin I1]
The State Clearinghouse submitted the above named environmental document to selected state agencies for review. The review period is closed and none of the state agencies have comments. This letter acknowledges that you have complied with the State Clearinghouse review requirements for draft environmental documents, pursuant to the California Environmental Quality Act.
[End I1]

Please call the State Clearinghouse at (916) 445-0613 if you have any questions regarding the environmental review process. When contracting the Clearinghouse in this matter, please use the eight-digit State Clearinghouse number so that we may respond promptly.

Sincerely,

/s/

Antero A. Rivasplata
Chief, State Clearinghouse

Note: Included with this comment was the Notice of Completion and Environmental Document Transmittal Form. Since this cannot be reasonably duplicated here on this web page they are not available electronically. Should the viewer require a copy of these, please contact Webmaster for a printed copy.

I. STATE CLEARINGHOUSE

I1 Comment noted. The Governor's Office of Planning and Research acknowledges that the California Public Utilities Commission has complied with the State Clearinghouse review requirements for draft environmental documents, pursuant to CEQA (SCH# 98101034).