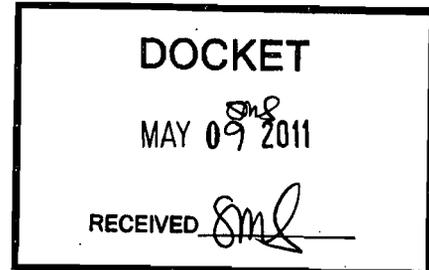




R. Rex Parris Mayor
Ronald D. Smith Vice Mayor
Sherry Marquez Council Member
Ken Mann Council Member
Marvin E. Crist Council Member
Mark V. Bozigian City Manager

May 2, 2011

Lisa DeCarlo, Senior Staff Counsel
California Energy Commission
1516 Ninth Street, MS-14
Sacramento, California 95817



Subject: Request for Suspension of Hearings on the Palmdale Hybrid Power Plant, Docket No. 08-AFC-9

Dear Ms. DeCarlo,

As you are aware, the City of Lancaster has expressed concerns to the California Energy Commission throughout the review process for the Palmdale Hybrid Power Plant (Docket No. 08-AFC-9). While Lancaster would be the recipient of virtually all air quality deterioration and other detrimental impacts of this project, the City has nevertheless worked within the CEC process, and that of the Antelope Valley Air Quality Management District (AVAQMD), to attempt to address these concerns. However, within the last three months, new concerns have been brought to light by the AVAQMD and the City that have clearly not been substantively addressed by the applicant and significantly threaten the region's backbone industry: aerospace.

Changes by the federal Environmental Protection Agency (EPA) in the National Ambient Air Quality Standards (NAAQS), combined with significant emissions to be produced by the proposed power plant, are creating a condition that threatens employment at U.S. Air Force Plant 42, home of over 7,000 jobs and major aerospace firms Boeing, Lockheed Martin, and Northrop Grumman. Specifically, the changes deal with new Final Rules published by the EPA regarding *Prevention of Significant Deterioration (PSD) for Particulate Matter Less Than 2.5 Micrometers (PM 2.5)* and *Primary National Ambient Air Quality Standards for Nitrogen Dioxide (NO₂)*. This issue is explained in greater detail in the attached letter sent by Lancaster Mayor R. Rex Parris to the Air Force and each of the three aerospace firms.

The City of Lancaster respectfully requests that the CEC, AVAQMD, and EPA permit processes for the Palmdale Power Plant be temporarily suspended to allow time to adequately address the referenced air quality concerns. We have requested that this be done by the local AVAQMD through an independent, third-party expert.

Lisa DeCarlo, Senior Staff Counsel - California Energy Commission

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May 2, 2011

We sincerely appreciate your favorable consideration of this request and important issue. The City of Lancaster is prepared to provide any assistance or support required. At your convenience, please feel free to contact me at (661) 723-6133.

Sincerely,



Mark V. Bozigian, City Manager
City of Lancaster

Cc: Mayor R. Rex Parris and City Council Members
Jason Caudle, Deputy City Manager
Robert Neal, Public Works Director
David McEwen, City Attorney



R. Rex Parris Mayor
Ronald D. Smith Vice Mayor
Sherry Marquez Council Member
Ken Mann Council Member
Marvin E. Crist Council Member
Mark V. Bozigian City Manager

April 21, 2011

Lt. Col Ron Cleave
c/o Dianna Condon, Executive Officer
ASC DET 1
USAF Plant 42
Palmdale, California 93550

As you are aware, the Antelope Valley Air Quality Management District (AVAQMD), which is comprised of representatives from the cities of Lancaster and Palmdale as well as Los Angeles County, has been evaluating the proposed Palmdale Power Plant in an effort to identify impacts which might threaten air quality, public health, and future economic development opportunities in the Antelope Valley and at Air Force Plant 42. The power plant, which would generate approximately 92% of its power from gas-fired turbines, would by far be the largest stationary source of pollution in the Antelope Valley. By comparison, Lockheed Martin produces only about one third of the emissions of the proposed power plant yet employs 3,100 people, compared to an estimated 35 people that the power plant would employ.

Directly stated, if the proposed Palmdale Power Plant is approved and built, it will limit and threaten the mission of Air Force Plant 42, Lockheed Martin, Northrop Grumman, and Boeing by severely curtailing future expansion options. In October, 2010, the Federal Environmental Protection Agency (EPA) published its Final Rule on *Prevention of Significant Deterioration (PSD) for Particulate Matter Less Than 2.5 Micrometers (PM 2.5) – Increments, Significant Impact Levels (SILs) and Significant Monitoring Concentration (SMC)*. A copy of the Final Rule is included with this correspondence along with a brief presentation from AVAQMD. The national standard for PM 2.5 is 35 micrograms per cubic meter (ug/m³). Air quality modeling conducted for the City of Palmdale for the power plant application shows the background ambient air quality in the Air District as 19 ug/m³. The amount of PM 2.5 that would be produced by the proposed power plant would be 12.6 ug/m³, well over the EPA standard of 9 ug/m³ and fully 79% of the remaining and federally allowable PM 2.5 capacity for all of Plant 42. The additional air pollutants that will be produced by the power plant will leave the Air Force and aerospace firms of Plant 42 with little if any opportunity for additional expansion, and virtually caps any future economic development activity in the area of Plant 42.

In February of 2010, the EPA also published its Final Rule on *Primary National Ambient Air Quality Standards for Nitrogen Dioxide (NO₂)*. While this rule has not yet been addressed by the AVAQMD or in the power plant application as to impacts on the future of Plant 42, we believe it presents similar impacts and concerns as those of the PSD Rule. The national 1-Hour standard for NO₂ is 200 ug/m³. Current ambient air quality in the defined area of Plant 42 is 128 ug/m³.

Lt. Col. Ron Cleave

April 21, 2011

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The 1-Hour impact of the proposed power plant has not been identified, but needs to be, so as to assess impacts to the future of Plant 42 similar to the identified potential PM 2.5 impacts.

At the April 19th Antelope Valley Air Quality Management District (AVAQMD) meeting, Council Members and AVAQMD Board Members Sherry Marquez and Marvin Crist, and I expressed concern over the fact that the use of the PM 2.5 air credits will impact the future mission of Plant 42. During the Board discussion with AVAQMD staff and Palmdale's Mayor, it was clear that the impact of the power plant and EPA PSD Rule on future projects and programs that would be located at Plant 42 had not been evaluated as part of the Palmdale Power Plant permitting process and had not been discussed with either the Air Force or Plant 42 aerospace companies. In essence, the California Energy Commission (CEC) and the AVAQMD Board are being asked to make a determination on the power plant and required pollution credit transfers without even a cursory analysis of the impacts on the mission at Plant 42, let alone the comprehensive study this problem demands.

When I took office I was keenly aware of the importance of Plant 42. In fact, I am in the position I am today partly as a result of the companies at Plant 42 and their support of my family. I have made it my goal to protect and expand the mission of Plant 42 and see it as my duty to defend it from any impact that may limit its job-creating potential. Because of that, I am writing you to ask for your support and participation in our effort to identify how this proposed power plant will impact the future expansion and operation of Plant 42. Specifically, we have requested that the AVAQMD Board and both City Councils ask that the current CEC approval process for the power plant, and future required AVAQMD actions, be suspended until the Air Force, Lockheed Martin, Northrop Grumman, and Boeing can evaluate the impacts on their future plans and operations. We have also requested that the AVAQMD conduct an independent analysis of this issue.

At this point no agency has adequately analyzed or determined the impact the proposed Palmdale Power Plant and new EPA Rules would have on the mission or future expansion of Plant 42. I believe it is the absolute duty of elected officials from both Lancaster and Palmdale to assure that the decisions we make in regards to the power plant do not impact the mission of Plant 42. I respectfully believe that it is your organization's duty as well. It would be inaccurate to say that, if not addressed, the power plant would have "unintended consequences." The consequences are not "unintended;" they are predictable. I want to be clear that this air quality issue, if not properly addressed, could have long lasting, predictable, and severe consequences, including potential aerospace job losses that we will have to live with, and be responsible for, for generations to come.

In any decision there are trade-offs which need to be anticipated, and accepted. However, in this case I am not willing to "trade-off" future job opportunities at Plant 42 because we were unwilling to ask the difficult questions, and do the difficult work. I am not willing to "trade-off" thousands of aerospace jobs, and our tradition as aerospace valley, for 35 power plant operators. I am not willing to "trade off" our unlimited potential in alternative energy for essentially a fossil-fuel power plant that is yet without a buyer, developer, a funding source, or even an expressed benefit to AV businesses and residents.

Lt. Col. Ron Cleave
April 21, 2011
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While we might have different views on the proposed Palmdale Power Plant, I believe we all share a similar belief that we must protect and support our rich aerospace tradition and jobs at Plant 42. I would ask that you support our requests to undertake an analysis of the air quality impacts of the power plant and potential impacts on the mission and future of Plant 42. Please contact myself, Councilwoman Sherry Marquez, Councilman Marvin Crist, or City Manager Mark Bozigian to discuss this matter further. Any of us can be reached at (661) 723-6133. I look forward to speaking with each of you.

Sincerely,



R. Rex Parris
Mayor

Attachments:

Federal EPA PSD Final Rule
Federal EPA NO₂ Rule
AVAQMD PM 2.5 Presentation

cc: Lancaster City Council Members
Mark V. Bozigian, City Manager
Jason Caudle, Deputy City Manager
David McEwen, City Attorney



BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
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1516 NINTH STREET, SACRAMENTO, CA 95814
1-800-822-6228 – WWW.ENERGY.CA.GOV

APPLICATION FOR CERTIFICATION
For the *PALMDALE HYBRID*
POWER PROJECT

Docket No. 08-AFC-9

PROOF OF SERVICE

(Revised 3/22/2011)

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DECLARATION OF SERVICE

I, **Rhea Moyer**, declare that on, **May 9, 2011**, I served and filed copies of the attached **Request for Suspension of Hearings on the Palmdale Hybrid Power Plant, Docket No. 08-AFC-9** dated **May 9, 2011**. The original document, filed with the Docket Unit, is accompanied by a copy of the most recent Proof of Service list, located on the web page for this project at: [<http://www.energy.ca.gov/sitingcases/palmdale/index.html>]. The document has been sent to both the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit, in the following manner:

(Check all that Apply)

For service to all other parties:

sent electronically to all email addresses on the Proof of Service list;

by personal delivery;

by delivering on this date, for mailing with the United States Postal Service with first-class postage thereon fully prepaid, to the name and address of the person served, for mailing that same day in the ordinary course of business; that the envelope was sealed and placed for collection and mailing on that date to those addresses **NOT** marked "email preferred."

AND

For filing with the Energy Commission:

sending an original paper copy and one electronic copy, mailed and emailed respectively, to the address below (preferred method);

OR

depositing in the mail an original and 12 paper copies, as follows:

CALIFORNIA ENERGY COMMISSION

Attn: Docket No. 08-AFC-9

1516 Ninth Street, MS-4

Sacramento, CA 95814-5512

docket@energy.state.ca.us

I declare under penalty of perjury that the foregoing is true and correct, that I am employed in the county where this mailing occurred, and that I am over the age of 18 years and not a party to the proceeding.

/s/ Rhea Moyer
Rhea Moyer