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File No. 037484-0006

**LATHAM & WATKINS** LLP

October 10, 2007

VIA FEDEX

CALIFORNIA ENERGY COMMISSION  
Attn: Docket No. 06-AFC-4  
1516 Ninth Street, MS-4  
Sacramento, California 95814-5512

<b>DOCKET</b> <b>06-AFC-4</b>	
DATE	OCT 10 2007
RECD.	OCT 10 2007

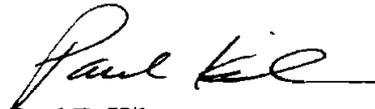
Re: Vernon Power Plant Project; Docket No. 06-AFC-4

Dear Sir/Madam:

Pursuant to California Code of Regulations, title 20, sections 1209, 1209.5, and 1210, enclosed herewith for filing please find Applicant's Status Report #8.

Please note that the enclosed submittal was filed today via electronic mail to your attention and to all parties on the CEC's current electronic proof of service list.

Very truly yours,



Paul E. Kihm  
Senior Paralegal

Enclosure

cc: CEC 06-AFC-4 Proof of Service List (w/ encl.)  
Michael J. Carroll, Esq. (w/ encl.)

STATE OF CALIFORNIA  
ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of: ) Docket No. 06-AFC-4  
)  
Application for Certification, )  
for the VERNON POWER PLANT PROJECT ) APPLICANT'S STATUS REPORT #8  
by The City of Vernon )  
)  
)  
)  
)  
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South Coast Air Quality Management District Rule 1309.1 – Priority Reserve

On August 3, 2007, the Governing Board of the South Coast Air Quality Management District (“SCAQMD”) adopted amendments to SCAQMD Rule 1309.1 – Priority Reserve. The amended rule imposes additional requirements on facilities seeking to obtain emission offsets from the Priority Reserve. Applicant believes that it will be able to comply with these additional requirements without significant modifications to the proposed project. Notably, the amended rule does not impose a limit on the size of the project, as had been proposed in earlier SCAQMD staff proposals. Attached is a recent response to an information request from the SCAQMD regarding compliance with Rule 1309.1. Applicant understands that SCAQMD is currently preparing the Preliminary Determination of Compliance (“PDOC”) for the project, although Applicant does not have a clear understanding of when the SCAQMD expects to release the PDOC.

Offset Acquisition

As reported in the previous status report, the Applicant has purchased 100,000 pounds of NOx RECLAIM Trading Credits (perpetuity credits) for the project. Applicant has not purchased any addition emission offsets since that time.

Revised Site Configuration

At the May 14, 2007 Issue Resolution Workshop, the California Energy Commission (“CEC”) staff and an adjacent property owner, Rite-Way Meats, expressed concerns about potential impacts associated with the location of the project’s cooling towers. Applicant’s analysis indicated that these concerns were unfounded. However, in an effort to resolve outstanding issues associated with the project and to move it forward in the licensing effort, the Applicant has reconfigured the project to relocate the cooling towers to the south end of the site.

On October 2, 2007, Applicant filed a supplement to the Application for Certification, which included a revised project description reflecting the change in configuration, and an analysis of any changes in project impacts that are expected to result.

Discussions with Adjacent Property Owner

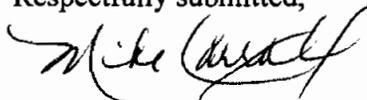
On July 31, 2007, Applicant met with representatives of Rite-Way Meat Packers, Inc., a food processing facility located adjacent to the Project site, regarding its concerns about the possibility for airborne pathogens from the Project to be drawn into the ventilation system of the adjacent facility. Although Applicant does not believe that these concerns are substantiated, Applicant presented the revised general arrangement for the Project which locates the cooling towers further away from the Rite-Way Meat Packers facility. Rite-Way Meat Packers requested that Applicant conduct additional analysis of the potential for the Project to affect its operations, and that work is underway.

Outstanding Discovery Requests

Applicant intends to provide responses to Waste Management Data Requests 60, 62b, 64, 65, and 67 and to Transmission System Engineering Data Requests 70 and 73. However, Applicant must receive a copy of the Feasibility Study/Remedial Action Plan (FS/RAP) from the property owner's consultant (i.e., Geomatrix) before it is able to respond to the outstanding Waste Management requests. In addition, Applicant must receive responses to letters sent to the Los Angeles Department of Water and Power and the California Independent System Operator, respectively, to be able to provide responses to Data Requests 70 and 73. Applicant continues to follow up with these entities to ascertain that it has the information needed to properly respond to outstanding data requests.

DATED: October 10, 2007

Respectfully submitted,



Michael J. Carroll  
of LATHAM & WATKINS  
Counsel to Applicant

**STATE OF CALIFORNIA  
ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION**

In the Matter of:	)	Docket No. 06-AFC-4
	)	
Application for Certification, for the VERNON POWER PLANT PROJECT by the City of Vernon	)	<b>ELECTRONIC PROOF OF SERVICE LIST</b>
	)	(Revised August 22, 2007]
_____	)	

Transmission via electronic mail and by depositing one original signed document with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the following:

DOCKET UNIT

**CALIFORNIA ENERGY COMMISSION**

Attn: DOCKET NO. 06-AFC-4  
1516 Ninth Street, MS-4  
Sacramento, California 95814-5512  
[docket@energy.state.ca.us](mailto:docket@energy.state.ca.us)

Transmission via electronic mail addressed to the following:

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VERNON POWER PLANT PROJECT  
CEC Docket No. 06-AFC-4

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VERNON POWER PLANT PROJECT  
CEC Docket No. 06-AFC-4

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VERNON POWER PLANT PROJECT  
CEC Docket No. 06-AFC-4

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VERNON POWER PLANT PROJECT  
CEC Docket No. 06-AFC-4

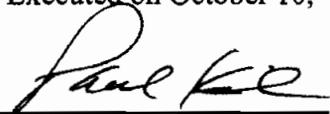
**DECLARATION OF SERVICE**

I, Paul Kihm, declare that on October 10, 2007, I deposited the required original signed copy of the attached:

**APPLICANT'S STATUS REPORT #8**

with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the California Energy Commission. I further declare that transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service List above.

I declare under penalty of perjury that the foregoing is true and correct. Executed on October 10, 2007, at Costa Mesa, California.

  
\_\_\_\_\_  
Paul Kihm