State Of California

The Resources Agency of California

Memorandum

Date: October 16, 2007
Telephone: (916) 653-1245

To: Jeffrey F. Byron, Presiding Member
James D. Boyd, Associate Member
Paul Kramer, Hearing Officer

DOCKET
06-AFC-5
DATE OCT 16 2007
RECD. OCT 16 2007

From: California Energy Commission – James W. Reede, Jr., Ed.D
1516 Ninth Street
Sacramento, CA 95814-5512
Project Manager

Subject. **PANOCHE ENERGY CENTER PROJECT (06-AFC-5) SUPPLEMENTAL TESTIMONY**

Pursuant to a request by the Hearing Officer and Committee, the following is staff's Hazardous Materials Handling supplemental testimony for the proposed Panoche Energy Center (PEC) project.

Panoche Proof of Service List
Mail List: 7207, 7208, 7209

PROOF OF SERVICE (REVISED 7/12/07) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 10/16/07
TP

HAZARDOUS MATERIALS HANDLING

Supplemental Testimony
Of
Rick Tyler

At the October 10, 2007, Evidentiary Hearing for the Panoche Energy Center (PEC), the "Applicant," Panoche Energy Center, LLC, proposed use of a pipeline route which staff understood was no longer part of the project description in the AFC. The applicant also proposed for the first time, during the evidentiary hearing proceedings, that the proposed ownership of the pipeline would be changed from PG&E to PEC and that the metering station would no longer be on the project site, as previously analyzed by staff in the FSA, but would instead be located at the point of connection at the PG&E Gas Trunk Line #2. Staff did not address ownership in the Final Staff Assessment (FSA) as the proposed PG&E ownership had already been clearly established in the evidentiary record up to that point in time. Staff has not performed an analysis of the relocation of the metering station.

In light of the discussion at the Evidentiary Hearing, Condition of Certification **HAZ-10,** is necessary in order to preclude the use of pipeline routes that were not proposed in the AFC for the project and not analyzed by staff, and to ensure that the pipeline will be designed, constructed, maintained, and operated in a manner that protects public health and safety, and complies with all applicable LORS. The AFC stated that PG&E would own the proposed 2,400 foot pipeline from the main PG&E gas transmission line to the project site. Staff relied on the existence of an extensive regulatory program and knowledge of PG&E's policies, expertise, capability, and experience, to ensure compliance with the applicable regulations and provide a high level of pipeline integrity. At no time prior to the October 10, 2007, Evidentiary Hearing did the applicant propose to construct, own, or operate the proposed pipeline.

Ownership of a major natural gas pipeline requires a high level of expertise in design, construction, oversight/testing, maintenance, repair, and control of activity within the pipeline right-of-way. If the applicant had proposed to construct, own and operate the pipeline in the AFC, staff would have required a detailed plan that addressed all of the factors described above. Staff would also require an extensive analysis of any new right-of-way and possible metering station relocation. Staff would need to review a plan and the methods that would be utilized to ensure pipeline safety and compliance with applicable regulations over the life of the project. In the absence of such analysis, staff cannot recommend approval of the project unless PG&E constructs, owns, operates, and maintains the new pipeline. Staff recommends **HAZ-10** which specifies PG&E's role for the pipeline, as it was described in the AFC.

HAZ-10 The project owner shall enter into one or more agreements with Pacific Gas and Electric Company (PG&E) requiring PG&E to utilize one of the two rights-of-way (or routes) along Panoche Road, as identified in the AFC, for the construction of a pipeline to supply natural gas from PG&E's main line to a metering station at the facility. The project owner shall ensure that the agreement specifies that the pipeline and metering station will be designed, constructed, owned, operated, and maintained by PG&E in accordance with Title 49, Code of Federal Regulations, Part 192. The agreement shall also include all applicable orders of the California Public Utilities Commission governing the design, construction, operation, and maintenance of natural gas pipelines and metering stations, and all applicable conditions of certification related to the construction of linear facilities.

Verification At least 30 days prior to the start of construction of the natural gas pipeline, the project owner shall provide to the CPM a copy of the fully executed agreement(s) between the project owner and PG&E as described above.

BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE STATE OF CALIFORNIA

APPLICATION FOR CERTIFICATION FOR THE PANOCHE ENERGY CENTER	**Docket No. 06-AFC-5** **PROOF OF SERVICE** **(Revised 7/12/07)**

INSTRUCTIONS: All parties shall 1) send an original signed document plus 12 copies OR 2) mail one original signed copy AND e-mail the document to the web address below, AND 3) all parties shall also send a printed OR electronic copy of the documents that shall include a proof of service declaration to each of the individuals on the proof of service:

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DECLARATION OF SERVICE

I, Terry Piotrowski, declare that on October 16, 2007, I deposited copies of the attached Supplemental Testimony in the United States mail at Sacramento, CA with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

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.

Terry Piotrowski

** Indicates change*