

**SMUD**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
The Power To Do More.<sup>SM</sup>

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*P.O. Box 15830, Sacramento, CA 95852-1830; 1-888-742-SMUD (7683)*

AGM/ES 02-066  
November 15, 2002

The Honorable Robert Pernel  
The Honorable Arthur Rosenfeld  
California Energy Commission  
1516 Ninth Street  
Sacramento, CA 95814

**Re: SMUD's Status Report #4 on Cosumnes Power Plant (01-AFC-19)**

Dear Commissioners:

The Sacramento Municipal Utility District (SMUD) is pleased to submit the attached Status Report on the Cosumnes Power Plant (CPP) Project. Since the Committee hearing in May, SMUD has now completed all but one of the milestones identified by the CEC staff at the May 2002 Committee hearing that are required for release of the Final Staff Assessment (FSA). We anticipate that the final milestone will be completed this month and the FSA will be released shortly thereafter. As a result, we request that the Committee schedule a prehearing conference during December.

Following the Committee Hearing on May 14, 2002, SMUD amended the AFC to propose zero-liquid discharge (ZLD) for both phases of the project, thereby reducing the amount of fresh water needed for cooling by 33 percent from 8,000 to 5,339 AFY. Average water consumption for the first phase will now be only 2,650 AFY. SMUD also made a commitment to study recycled water options and/or offsets for Phase 2. SMUD discussed this proposal in workshops to reach further resolution on plant cooling water, and is pleased that the PSA tentatively approved SMUD's cooling water proposal. To keep the project on schedule for completion in 2005, SMUD has already ordered and started manufacture of most of the major plant components, including the combustion and steam turbines, the heat recovery steam generator and the ZLD equipment.

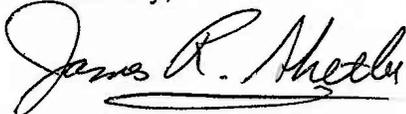
SMUD achieved perhaps the most important milestone to date when the Sacramento Metropolitan Air Quality Management District (SMAQMD) released a favorable Final Determination of Compliance (FDOC) on October 21, 2002, after receiving concurrence from the California Air Resources Board (CARB) and the U.S. Environmental Protection Agency (EPA). In September, the Sacramento County Board of Supervisors came out in support of the CPP Project, including SMUD's plan to use Folsom South Canal water with the ZLD mitigation.

Following release of the PSA, SMUD participated in numerous workshops with CEC staff, intervenors, the general public, Native American representatives, and several state and federal agencies. We have been able to provide all outstanding information and resolve virtually all remaining issues, particularly in the areas of cultural resources, hazardous materials, noise, soil and water resources, and transmission system engineering. In the area biological resources, after months of further analysis, site visits, and discussions with CEC staff, the U.S. Fish and Wildlife Service (USFWS), the Army Corps of Engineers and others, SMUD agreed to alter the alignment along Franklin Boulevard to avoid impacts to the Laguna Stone Lake Wetland Preserve and to alter the configuration of the powerplant laydown area to avoid vernal pools and ephemeral wetland features. At this stage, SMUD anticipates that the federal agencies involved will deem SMUD's revised biological assessment as complete by the end of November.

This week marks the one-year milestone since the CPP AFC was determined to be data adequate. SMUD looks forward to release of the FSA as soon as a biological assessment is accepted as complete by the USFWS and NMFS, as this is the only remaining item left to be completed from the list submitted by CEC Staff at the May 2002 Committee hearing. SMUD assures the committee that it has undertaken all creative efforts to make progress on federal agency reviews, and it appreciates the involvement of CEC staff to prompt agency action. Our proposed schedule for completion of the licensing process is provided as Attachment A to the Status Report. We request that the Committee schedule a prehearing conference in December so that evidentiary hearings can take place in January and a final decision issued by April 2, 2003.

Thank you for your attention to this matter.

Sincerely,



James R. Shetler  
Assistant General Manager  
Energy Supply

Attachment

cc: Service List for CEC Docket No. 01-AFC-19

**APPLICANT'S STATUS REPORT 4**  
**SMUD COSUMNES POWER PLANT PROJECT (CEC DOCKET NO. 01-AFC-19)**

**WORKSHOPS**

Since SMUD's last status report on July 11, 2002, a series of public workshops centering around the Preliminary Staff Assessment were held on August 26 and 28 and September 5 and 6, 2002. While all areas of the PSA received opportunity for discussion, the most significant discussion and progress was made in the areas of biological resources, cultural resources, hazardous materials, noise, soil and water resources, and transmission system engineering. Input was received from intervenors, the general public, Native American representatives, and several state and federal agencies. SMUD has subsequently delivered seven data response sets plus one AFC supplement to address workshop topics and requests.

**LOCAL AGENCY ACTIONS**

On September 25, 2002, the Sacramento County Board of Supervisors approved a resolution determining that: (1) the proposed Cosumnes Power Plant (CPP) and Facilities are consistent with County General Plan Map and Policies, (2) the proposed CPP is consistent with the Zoning Code, and (3) the County supports the proposed use of surface water for the CPP as consistent with the provisions of the Water Forum Agreement. County staff based this recommendation upon reviewing submittals by SMUD and the CEC staff's Preliminary Staff Assessment (PSA).

**PROJECT DESCRIPTION**

SMUD has proposed to use zero-liquid discharge (ZLD) technology for both phases of the project, thereby reducing the amount of fresh water needed for cooling. The reduction from 8,000 AFY (as originally proposed) to 5,339 AFY represents a 33% decrease in water consumption. Average water consumption for the first phase is 2,650 AFY. SMUD has also committed in writing to do a thorough study of reclaimed water and/or reclaimed water offset for Phase 2 of the project. SMUD discussed this in workshops to reach further resolution on plant cooling water, and is pleased that the PSA indicates use of surface water from Folsom-South Canal. As of this date, SMUD has not received any change in information from CEC staff and has specified equipment details based upon information provided in the PSA and workshop discussions. This equipment has been ordered and is currently being manufactured in order to meet CPP's target online date in 2005.

**AIR QUALITY**

The Sacramento Metropolitan Air Quality Management District (SMAQMD) issued a Final Determination of Compliance (FDOC) to the CEC on October 21, 2002. The FDOC is a result of rigorous development, analysis, modeling and mitigation to assure regulatory compliance with SMAQMD, California Air Resources Board (CARB), and U.S. Environmental Protection Agency (USEPA) rules and regulations. The FDOC addresses comments received from the USEPA on the Preliminary Determination of Compliance (PDOC). SMUD is unaware

of any other written agency or public comments on the PDOC, other than its own. A revised analysis of air quality impacts during project construction was submitted to the CEC on October 29, 2002. With this recent submittal, and with the significant FDOC project milestone complete, SMUD assumes no further information is needed to develop the air quality FSA section.

## **BIOLOGICAL RESOURCES**

Since delivery of the Biological Resources Assessment (BRA) on June 10, 2002, SMUD has worked diligently with the federal lead agency, U.S. Army Corps of Engineers (USACOE), the U.S. Fish and Wildlife Service (USFWS), National Marine Fisheries Service (NMFS), the California Department of Fish and Game (CDFG) and CEC biology staff. This resulted in a Revised Biological Resources Assessment (RBRA) submitted to the CEC on August 17, 2002. SMUD and the USFWS met on September 19, 2002, in which USFWS expressed concern with the pipeline alignment located at the edge of the Laguna Stone Lake Wetland Preserve. SMUD agreed to alter the alignment along Franklin Boulevard to avoid impacts to the preserve, and also altered the configuration of the project laydown area to avoid vernal pools and ephemeral wetland features. The re-alignment addresses most of the USFWS comments issued in its September 12, 2002 letter. AFC Supplement D was submitted November 1, 2002, to assess the potential impacts introduced by these changes.

Wetland delineations for the pipeline were submitted to the USACOE on May 15, 2002, the electronic ARCVIEW files June 3, 2002, delineation for the project site August 7, 2002, revised Franklin Road Alignment October 25, 2002, and revised laydown area delineation October 25, 2002. The October 25, 2002, submittals were revised to accommodate USFWS opinion. ACOE met with SMUD to verify the wetland delineations on November 15, 2002.

SMUD received comments on the RBRA from NMFS on September 10, 2002. SMUD also met with USFWS on October 15, 2002, and in the field on November 6, 2002, to assess giant garter snake habitat. SMUD met with NMFS on November 14, 2002, and identified the final facts required to complete informal consultation.

SMUD received a draft 1601 Streambed Alteration Agreement (SAA) permit from the CDFG for three stream crossings on July 19, 2002. The CDFG asked SMUD to apply for a 1601 SAA for 37 ephemeral stream crossings, although construction at these crossings is planned when the features are dry. SMUD applied and received the draft 1601 SAA on October 12, 2002. SMUD has signed the draft 1601 SAA documents and sent them back to the CDFG for countersignature.

The CDFG 2081 Incidental Take Permit is a formalization of information already supplied in the BRA and RBRA on which CDFG commented. It is applied for upon acceptance of the BA by USFWS and NMFS, and is an easily completed permit consistent with the BA that should not pose a delay to the FSA.

## **CULTURAL RESOURCES**

Subsurface remote sensing was performed for an additional nine areas along the gas pipeline route in August and September 2002. Draft reports were prepared, and SMUD has invited Native Americans to participate in reviewing the results. Copies will be filed with the CEC next week, once the final reports are received. SMUD investigated reports of two additional cultural resource sites, including CA-SAC-02, and delivered this information to the CEC. CEC staff asked SMUD to prepare a summary of results of all the efforts, and also asked for preparation of a Treatment Plan for any cultural resources encountered during construction. SMUD continues to work on these items, which will be useful for construction, but are not required for the FSA.

## **NOISE**

SMUD is nearing completion of an agreement with the nearest landowner to relocate the trailer in order to eliminate the noise impact at the nearest receptor. Although SMUD does not anticipate exercising the authority of eminent domain in this case, the fact that this impact will ultimately be addressed allows CEC staff to move forward to complete its analysis for the FSA.

## **TRANSMISSION SYSTEM ENGINEERING**

SMUD submitted an additional 500 kV line outage study on September 25, 2002, and an updated transmission system impact sensitivity study on November 4, 2002 to address PSA Workshop requests. Delivery of these studies completes the information requested by CEC staff to fully develop the FSA section.

## **WATER & SOIL RESOURCES**

SMUD is encouraged that CEC staff has considered water diversion from Folsom-South Canal to be suitable for CPP. As indicated above, SMUD has proposed to use ZLD for both phases of the project, thereby reducing the amount of fresh water needed for cooling by 33 percent from 8,000 to 5,339 AFY. Average water consumption for the first phase will now be only 2,650 AFY. SMUD has reaffirmed its commitment to study recycled water options and/or offsets for Phase 2.

SMUD submitted updated Clay Creek Watershed and encroachment analyses on October 28, 2002, to address CEC staff's PSA Workshop questions. SMUD feels it has addressed all data requests and open workshop issues regarding water and soil resources.

## **SCHEDULE**

On November 14, 2002, the licensing process reached the one-year mark since the CPP AFC was determined to be data adequate. SMUD looks forward to release of the FSA as soon as a biological assessment is accepted as complete by the USFWS and NMFS, as this is the only remaining item left to be completed from the list submitted by CEC Staff at the May 2002 Committee hearing. SMUD assures the committee that it has undertaken all creative efforts to

make progress on federal agency reviews, and it appreciates the involvement of CEC staff to prompt agency action. Our proposed schedule for completion of the licensing process is provided as Attachment A.

### **PUBLIC OUTREACH**

SMUD continues to perform community outreach and listen to ideas from the general public for the power plant and pipeline. At the request of area residents, SMUD held an informal meeting in Winters, California on October 22, 2002, to discuss the Phase 2 compressor station at the existing pipeline inter-tie to PG&E lines 400 and 401. SMUD sent letters on November 6, 2002, to property owners within 500 feet of the pipeline realignment along Franklin Boulevard. SMUD is preparing to send a newsletter update in late November to residents and property owners in the vicinity of CPP and the natural gas pipeline route. SMUD attended the September 12, 2002 Franklin/Laguna and Southeast Area Community Planning Advisory Council meetings to inform them of progress with the pipeline and plant design and licensing.

**ATTACHMENT A  
SMUD'S PROPOSED SCHEDULE**

<b>Item</b>	<b>Activity</b>	<b>Day</b>	<b>Calendar Day</b>	<b>Done</b>
	SMUD files Application for Certification (AFC)	-62	9/13/01	✓
	Exec. Director's data adequacy recommendation	-5	11/9/01	✓
	Comm. Data Adequacy Decision at Bus. Meeting	0	11/14/01	✓
	CEC Staff files Data Requests (round 1)	26	12/10/01	✓
	CEC Staff files Issues Identification Report	28	12/12/01	✓
	CEC Informational Hearing & Site Visit	35	12/19/01	✓
	CEC Staff files Data Request (round 2)	51	1/4/02	✓
	SMUD files Data Response Set 1A	56	1/9/02	✓
	SMUD files Data Response Set 1B	65	1/18/02	✓
	CEC Data Response and Issue Resolution Workshop (round 1)	70	1/23-24/02	✓
	SMUD files revised System Impact Study	72	1/25/02	✓
	SMUD files Data Response Set 1C	82	2/4/02	✓
	SMUD files Data Response Set 2A	82	2/4/02	✓
	SMUD files Data Response Set 1D	93	2/15/02	✓
	SMUD files Data Response Set 2B	97	2/19/02	✓
	SMUD files Data Response Set 1E (Power Plant Cooling Analysis)	114	3/8/02	✓
	SMUD files Data Response Set 1F	117	3/11/02	✓
	SMUD files AFC Supplement A	121	3/15/02	✓
	SMUD files Data Response Set 1G	124	3/18/02	✓
	SMUD files Data Response Set 2C	124	3/18/02	✓
	SMUD files Data Response Set 1H	133	3/27/02	✓
	CEC Staff files Data Request (round 3)	142	4/5/02	✓
	CEC Staff files Status Report #1	147	4/10/02	✓
	CEC Staff files Data Requests (round 4)	147	4/10/02	✓
	SMUD files AFC Supplement B	152	4/15/02	✓
	SMUD files Data Response Set 3A	152	4/15/02	✓
	SMUD files Status Report #1	159	4/22/02	✓
	SMUD files Data Response Set 1I	173	5/6/02	✓
	SMUD files Data Response Set 2D	173	5/6/02	✓
	SMUD files Data Response Set 3B	173	5/6/02	✓
	SMUD files Data Response Set 4A	177	5/10/02	✓
	SMUD files Comments in Response to the Committee's Notice of Hearing on Project Status	177	5/10/02	✓
	CEC Committee Hearing on Project Status	181	5/14/02	✓
	CEC Workshop on Waste Management	182	5/15/02	✓
	SMUD files Data Response Set 1J	187	5/20/02	✓
	SMUD files Data Response Set 3C	187	5/20/02	✓
	SMUD files Data Response Set 3D	205	6/07/02	✓
	SMUD files Data Response Set 1K	205	06/07/02	✓
	SMUD files Informal Data Response Set 2	228	6/30/02	✓

<b>Item</b>	<b>Activity</b>	<b>Day</b>	<b>Calendar Day</b>	<b>Done</b>
	SMUD files Response to Peasha Set 1	228	6/30/02	✓
	SMUD files Data Response Set 3E	229	7/1/02	✓
	CEC Staff files Status Report #2	237	7/9/02	✓
	SMUD files Status Report #3	238	7/10/02	✓
	SMUD files AFC Supplement C	238	7/10/02	✓
	SMUD files Data Response Set 1L	244	07/16/02	✓
	SMUD files Informal Data Response Set 3	246	7/18/02	✓
	SMUD files Data Response Set 1M	246	7/18/02	✓
	SMUD files Response to Peasha Set 2	254	7/26/02	✓
	CEC files Preliminary Staff Assessment (PSA), Part 1	264	8/7/02	✓
	SMUD files Data Response Set 3G	276	8/17/02	✓
	Sacramento AQMD Approval of Interdistrict ERC Transfer	281	8/22/02	✓
	Prelim. Air DOC issued	287	8/27/02	✓
	SMUD files Data Response Set 3H	289	8/29/02	✓
	SMUD files Informal Data Response Set 4	291	9/1/02	✓
	Preliminary Staff Assessment Workshops	296	Aug. & Sept. 2002	✓
	SMUD PSA Comments Set 1	296	9/6/02	✓
	CEC files PSA Part 2 (Water and Visual)	301	9/11/02	✓
	SMUD PSA Comments Set 2	303	9/13/02	✓
	SMUD files Data Response Set 3I and Informal Data Set 5	307	9/17/02	✓
	Sacramento County Board of Supervisors Hearing Approving Plant as consistent with General Plan, etc.	315	9/25/02	✓
	SMUD files Data Response Set 4B	315	9/25/02	✓
	Preliminary Determination of Compliance (PDOC)	317	9/27/02	✓
	SMUD PSA Comments Set 3 (Revised)	329	10/09/02	✓
	SMUD files Data Response Set 1O	324	10/04/02	✓
	SMUD PSA Comments Set 4	335	10/15/02	✓
	Final Determination of Compliance (FDOC) issued	341	10/21/02	✓
	SMUD files Data Response Set 3J	348	10/28/02	✓
	SMUD files Informal Data Response Set 6	348	10/28/02	✓
	SMUD files Informal Data Response Set 7	349	10/29/02	✓
	SMUD files AFC Supplement D	352	11/01/02	✓
	SMUD files Informal Data Response Set 8	355	11/04/02	✓
	Final Staff Assessment (FSA) filed	378	11/27/02	
	Prehearing Conference		December 2002	
	Evidentiary Hearings		January 2003	
	Presiding Member's Proposed Decision		February 2003	
	Business Meeting to Consider Final Decision	504	4/2/03	

STATE OF CALIFORNIA

Energy Resources Conservation  
and Development Commission

In the Matter of: ) Docket No. 01-AFC-19  
Application for Certification for the )  
SMUD COSUMNES POWER PLANT ) PROOF OF SERVICE  
) (Revised 10/22/02)  
\_\_\_\_\_ )  
- )

I, Anar Bhimani, declare that on November 15, 2002, I deposited copies of the attached SMUD's Status Report #4 on Cosumnes Power Plant, in the United States mail at Sacramento, CA with first class postage thereon fully prepaid and addressed to the following:

DOCKET UNIT

Send the original signed document plus the required 12 copies to the address below:

CALIFORNIA ENERGY COMMISSION  
DOCKET UNIT, MS-4  
Attn: Docket No. 01-AFC-19  
1516 Ninth Street  
Sacramento, CA 95814-5512

\* \* \* \*

In addition to the documents sent to the Commission Docket Unit, also send individual copies of any documents to:

APPLICANT

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I declare under penalty of perjury that the foregoing is true and  
correct

  
\_\_\_\_\_  
Anar Bhimani