URS

DOCKET
09-AFC-1
DATE FEB 25 2010
RECD. FEB 25 2010

February 25, 2010

Dockets Unit
California Energy Commission
1516 Ninth Street, MS 4
Sacramento, CA 95814-5512

Re: Watson Cogeneration Steam and Electric Reliability Project
Application for Certification 09-AFC-1

On behalf of Watson Cogeneration Company, the applicant for the above-referenced Watson Cogeneration Steam and Electric Reliability Project, we are pleased to submit the following:

- Responses to Questions from the January 20, 2010 Issues Resolution Workshop.

This document is being submitted to the CEC for docketing.

Sincerely,
URS Corporation

Cindy Kyle-Fischer
Project Manager

Enclosure

cc: Proof of Service List

URS Corporation
8181 East Tufts Avenue
Denver, CO 80237
Tel: 303.694.2770
Fax: 303.694.3946

RESPONSES TO QUESTIONS FROM THE JANUARY 20, 2010 ISSUES RESOLUTION WORKSHOP

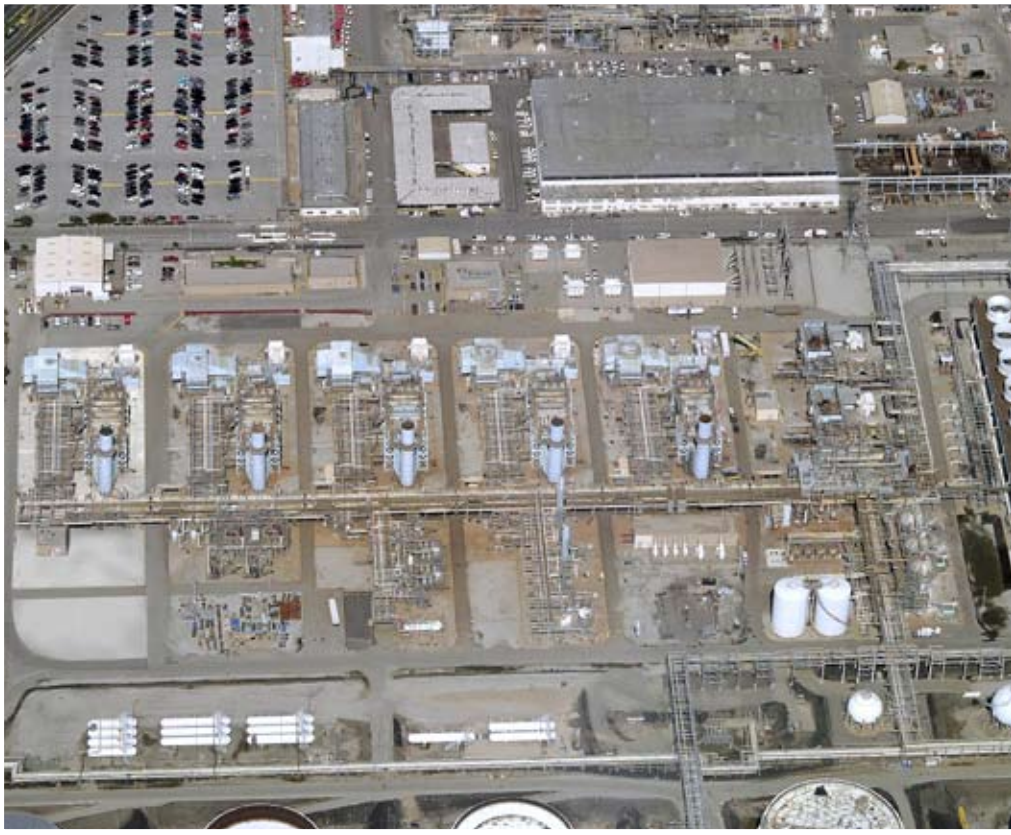
for Watson Cogeneration Steam and Electric Reliability Project

Submitted to:
California Energy Commission
1516 9th Street , MS 15
Sacramento, CA 95814-5504

Submitted by:
Watson Cogeneration Company
22850 South Wilmington Avenue
Carson, CA 90745

With support from:
URS Corporation
8181 East Tufts Avenue
Denver, CO 80237

February 2010



Responses to Questions from the January 20, 2010 Issues Resolution Workshop

Soil and Water Resources 1

Figure

AFC Figure 5.5-1 Water Balance Flow Diagram

Appendices

Appendix A Will Serve Letter

List of Acronyms and Abbreviations Used in Responses

Applicant	Watson Cogeneration Company
CEC	California Energy Commission
CPM	Compliance Project Manager
CTG	combustion turbine generators
HRSG	Heat recovery steam generator
RO	reverse osmosis

SOIL AND WATER RESOURCES

Technical Area: Soil and Water Resources

Author: Mark Lindley, P.E.

DATA REQUEST

1. ***Please provide a revised Will Serve letter from the BP Refinery to document that they have the capacity to accommodate the stormwater quantities presented in the Applicant's January 2010 response to Data Request 46.***

RESPONSE

The revised Will Serve letter is provided in Appendix A.

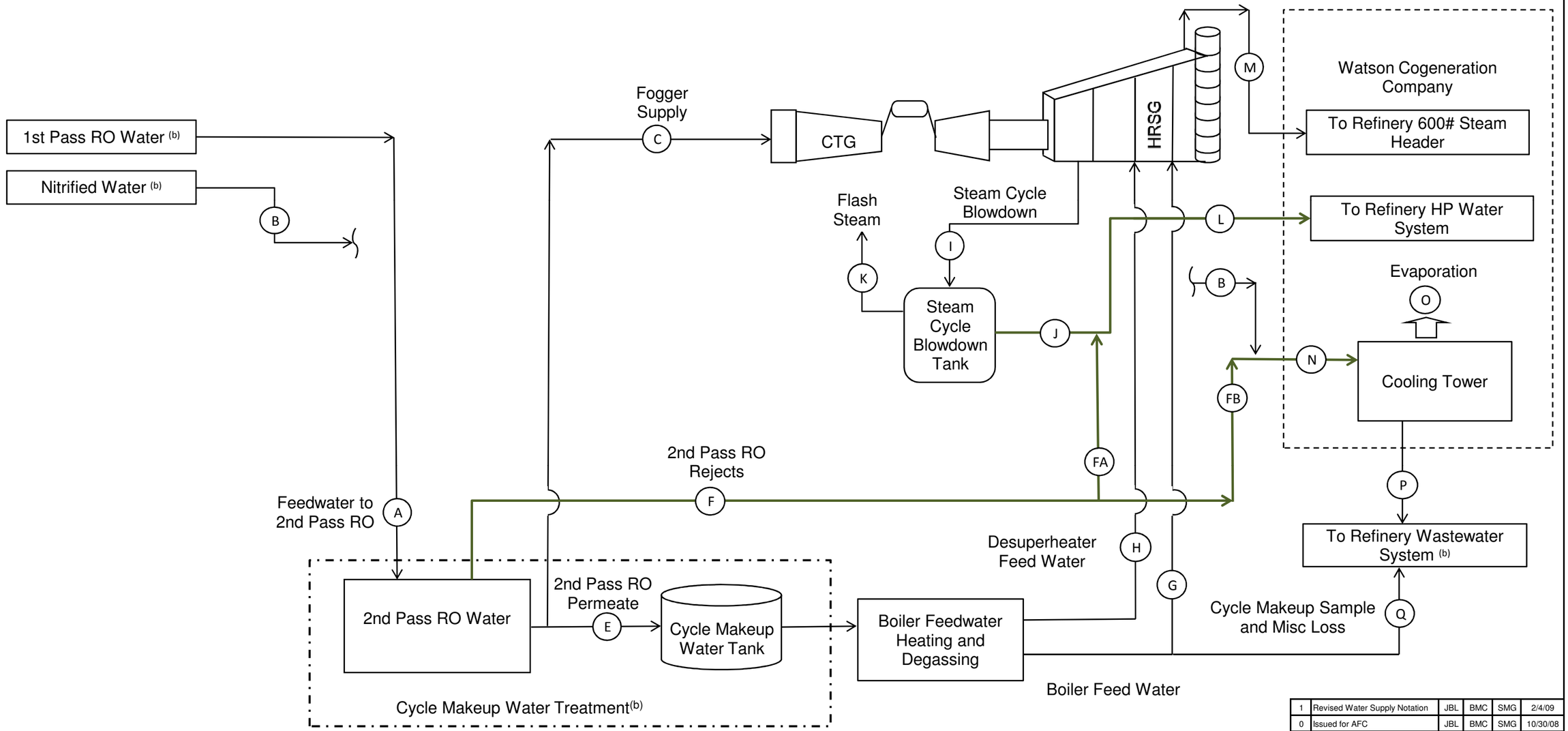
DATA REQUEST

2. ***Please propose a Condition of Certification to monitor the water exiting the Project and to provide a minimum percentage of water to the BP Refinery based on the total water coming into the Project***

RESPONSE

Watson proposes the following language for the requested condition of certification: Prior to commercial operation, the Project owner shall install and maintain metering devices as part of the Project water supply and distribution system, to monitor and record in gallons per month the total volumes of water supplied to the Project via lines C, E, and F of the attached AFC Figure 5.5-1, Water Balance Flow Diagram, and the volumes of water supplied by the Fifth Train to Watson Cogeneration Company's steam header via line M and high-pressure water system via line L. The metering devices shall be operational for the life of the Project. On an annual basis, no less than 82 percent of the total volume of water supplied to the Fifth Train shall be delivered to the Watson Cogeneration Company's steam header and/or high-pressure water system.

Verification: At least 30 days prior to commercial operation of the Project, the Project owner shall submit documentation to the California Energy Commission (CEC) Compliance Project Manager (CPM) that metering devices for the Project have been installed on lines C, E, F, L, and M and are operational. The Project owner shall prepare an annual water usage summary giving the monthly total and annual total of water delivered to the Fifth Train via lines C, E, F, and from the Fifth Train to the Watson Cogeneration Company's steam header and/or high-pressure water system. The summary shall also state the annual percentage of the volume of water supplied to the Fifth Train that is delivered to the Watson Cogeneration Company's steam header and/or high-pressure water system. The percentage shall be computed as (L+M)/(C+E+F). The annual summary shall be included in the Annual Compliance Report.



Notes:
a. Bold green flow lines indicate waste water reuse
b. Utilities services provided by Refinery; not part of the 5th Train Project.

Rev	DESCRIPTION	Dwn	Chk	App	Date
1	Revised Water Supply Notation	JBL	BMC	SMG	2/4/09
0	Issued for AFC	JBL	BMC	SMG	10/30/08

Watson Cogeneration Steam and Electric Reliability Project

Kiewit
8455 Lenexa Drive
Lenexa, Kansas 66214

WATER BALANCE FLOW DIAGRAM
FIGURE 5.5-1

	by	date	DRAWING NUMBER
Drawn	JAR	8/22/08	2007-047-WB-001-01
Checked	BMC	8/22/08	
Approved	SMG	8/22/08	

Appendix A
Will Serve Letter

BP West Coast Products LLC
Carson Refinery
2350 E. 223rd Street
Mailing Address: Box 6210
Carson, California 90749-6210

Stephen R. Cornell
Vice President

February 22, 2010

Mr. Thomas Lu
Executive Director
Watson Cogeneration Company
22850 S. Wilmington Ave
Carson, CA 90749

Re: Water Supply and Wastewater Disposal for Watson Cogeneration Company

Dear Mr. Lu:

BP West Coast Products LLC (Refinery) provides water supply and manages process wastewater for the Watson Cogeneration Company (WCC). WCC, which is co-located on the Refinery site, produces electricity and steam for Refinery operations. This letter is provided to notify WCC that the Refinery is developing a project to supply reclaimed water for industrial process use and to confirm that the water and wastewater needs resulting from the proposed expansion of WCC will be accommodated by the Refinery.

The current process water supply consists of municipal water supply provided to the Refinery by the California Water Services Company augmented by groundwater provided by well number 13. The Refinery has entered into negotiations with the West Basin Municipal Water District to obtain reclaimed water for process water supply. The Refinery has entered into negotiations with the West Basin Municipal Water District (West Basin) to obtain reclaimed water for process water supply. The source of this reclaimed water supply is municipal wastewater that would otherwise be discharged by the Hyperion Wastewater Treatment Plant, owned by the City of Los Angeles, to the Pacific Ocean.

The reclaimed water will be provided by West Basin in two forms. For those processes requiring a higher quality supply, reclaimed water produced by reverse osmosis will be provided. A nitrified reclaimed water supply will also be provided for industrial purposes. The Refinery and the West Basin Municipal Water District have executed the attached memorandum of understanding to document our agreement to proceed on this project. Sufficient supply will be obtained to meet the current and anticipated future needs of WCC with the completion of the proposed fifth train project. The Refinery expects to complete this project prior to the completion of the proposed fifth train project.

The Refinery manages all of the process wastewater and stormwater runoff from the existing WCC facility. Process wastewater is managed thru the industrial wastewater (oily water) system that discharges to the Los Angeles County Sanitation District facilities. Stormwater runoff is managed by the Refinery's clean water system that may discharge to the Dominguez Channel. The Refinery understands that WCC proposes to direct all stormwater from the proposed fifth train project to the Refinery's existing oily water system. In addition, consistent with current practice on Trains 1-4, all process wastewater from the proposed fifth train will also flow to the Refinery's existing oily water system. We have evaluated the requirements of the proposed project as summarized in the table below and are confident that the Refinery can accept these waste streams and continue to meet the discharge limitations specified in the Refinery's Industrial Wastewater Discharge Permit.

Predevelopment and Post-Development Storm Water Projections

	Area (ac)	Runoff Coefficient	10-year Discharge (cfs)	100-year Discharge (cfs)	10-Year Volume (cf)	100-Year Volume (cf)
Predevelopment to Storm Water System	21.72	98 (Trains 1-4) 95 (Fifth Train)	68.59	105.75	319,647	500,065
Predevelopment to Oily Water System	0	-	0	0	0	0
Post-Development to Storm Water System	19.91	98	64.47	99.17	299,511	467,139
Post-Development to Oily Water System	1.81	98	5.92	9.106	27,502	42,893

Source: Kiewit Power Engineers, Co., 2009.
Notes:
ac = acre
cfs = cubic feet per second
cf = cubic feet

In summary, the Refinery is willing and able to serve WCC's current and future water supply and wastewater management requirements.

Sincerely,

Steve R. Cornell
Vice President
BP West Coast Products LLC

Attachments: BP Refinery/West Basin Municipal Water District MOU

West Basin Municipal Water District
17140 S. Avalon Blvd. • Suite 210 • Carson, CA 90746-1296
Telephone 310-217-2411 • fax 310-217-2414

CONTRACT
DOCUMENT TRANSMITTAL

DATE: February 9, 2009

TO: Ed Palant
BP West Coast Products LLC
1801 E. Sepulveda Boulevard
Carson, CA 90749

SUBJECT: Agreement No. W1957 – Amendment No. 1

Enclosed is a fully executed original of the subject Agreement.

(X) For your files

( ) Per our discussion

Thank you.

Regards,

By _____
David L. Shull, Contracts Administrator

AMENDMENT NO. 1
to
AGREEMENT NO. W1957
between
WEST BASIN MUNICIPAL WATER DISTRICT
and
BP WEST COAST PRODUCTS LLC
regarding
POSSIBLE DEVELOPMENT OF RECYCLED WATER SERVICE
TO THE BP CARSON REFINERY

As of December 31, 2008, the West Basin Municipal Water District, herein "DISTRICT", and BP West Coast Products LLC, herein "CUSTOMER", agree as follows:

SECTION 1 - PURPOSE

The DISTRICT entered into Agreement W1957 dated June 30, 2008, hereinafter called "Original Agreement". The parties desire to modify the Original Agreement to reflect an extension of term.

SECTION 2 - AMENDED TERM

Section 5, part 3) of the Original Agreement shall be replaced in its entirety with the following:

"...or 3) December 31, 2009."

SECTION 3 - OTHER

Except as provided herein, the Original Agreement is affirmed.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed the date first above written.

APPROVED:

By:_____
Richard Nagel, General Manager

SRP By:_____
DOUGLAS A. HARRIS — VICE PRESIDENT

JW:ds Q:\..\AGR.fy08-09\W1957A1

West Basin Municipal Water District
17140 S. Avalon Blvd. • Suite 210 • Carson, CA 90746-1296
Telephone 310-217-2411 • fax 310-217-2414

CONTRACT
DOCUMENT TRANSMITTAL

DATE: August 13, 2008

TO: Ed Palant
BP West Coast Products LLC
1801 E. Sepulveda Boulevard
Carson, CA 90749

SUBJECT: **Agreement No. W1957**

Enclosed is a fully executed original of the subject Agreement.

(X) For your files

( ) Per our discussion

Thank you.

Regards,

By _____
David L. Shull, Contracts Administrator

AGREEMENT NO. W1957
between
BP West Coast Products LLC and
WEST BASIN MUNICIPAL WATER DISTRICT
regarding the
POSSIBLE DEVELOPMENT OF RECYCLED WATER SERVICE
TO THE BP CARSON REFINERY

As of June 30, 2008, BP West Coast Products LLC (herein "CUSTOMER"), and West Basin Municipal Water District (herein "DISTRICT") hereby agree as follows:

1. PURPOSE

CUSTOMER desires to increase its use of recycled water thereby reducing its use of fresh water.

DISTRICT has a recycled water program in which recycled water is produced and distributed to retail agencies for resale to recycled water customers for a variety of approved uses including industrial applications as make-up water. DISTRICT has been asked by CUSTOMER to prepare for possibly serving recycled water to the CUSTOMER's Carson Refinery in quantities and qualities to meet the various needs of the refinery (herein "Proposed Project").

CUSTOMER has not yet decided whether or not to progress the Proposed Project to completion, but CUSTOMER and DISTRICT have agreed that DISTRICT may begin preliminary engineering analysis activities in connection with the Proposed Project subject to CUSTOMER's option upon notice to DISTRICT to terminate immediately this Agreement and the Proposed Project at any time in CUSTOMER's sole unfettered discretion. However,. CUSTOMER and DISTRICT have agreed that internal costs directly incurred and documented by DISTRICT for performing after June 30, 2008 preliminary engineering activities in connection with the possible recycled water service relating to the Proposed Project will be reimbursed to DISTRICT by CUSTOMER if or when

CUSTOMER terminates this Agreement and the Proposed Project. Notwithstanding the foregoing, however, CUSTOMER shall not be responsible for any capital construction costs. In addition, under no circumstances shall CUSTOMER be responsible for reimbursing costs in excess of the cumulative total sum of $385,200 unless otherwise approved expressly by CUSTOMER in writing in advance of such excess costs being incurred..

Except as otherwise specifically provided in this Agreement, each of the parties shall be solely responsible for its respective internal costs and expenses in connection with the activities relating to this Agreement. With respect to external costs and expenses in connection with the activities relating to this Agreement, unless DISTRICT and CUSTOMER mutually agree expressly in writing in advance as to the retention or hiring of any consultants or the incurring of any other external costs or expenses in connection with the activities relating to this Agreement, each party shall bear any such costs and expenses for its own account only and the other party shall be released and held harmless from and against all such costs and expenses notwithstanding any term or provision of this Agreement. The foregoing paragraph shall survive any expiration or termination of this Agreement.

2. DISTRICT DUTIES:

DISTRICT, or its agents, shall:

(a) Develop source of supply to meet the CUSTOMER's Carson Refinery demand (estimated to be 5806 acre-feet annually),

(b) Develop pipeline alignment, water flow requirements / hydraulic requirements and associated costs to serve the CUSTOMER's Proposed Project by the projected start up date as determined and identified by CUSTOMER,

(c) Develop water quality standards along with associated capital investment and operational costs to achieve this standard,

(d) Negotiate and execute a separate written agreement to serve the CUSTOMER's Carson Refinery recycled water consistent with the standards above,

(e) Work with the local water purveyor, California Water Service Company (CWSC), to provide CUSTOMER recycled water at a retail rate consistent with the established tariff in force for recycled water at the time of sale,

(f) Subject to the reimbursement right as provided above, afford CUSTOMER an opportunity upon notice to DISTRICT to terminate without penalty or charge this Agreement and the Proposed Project at any time in CUSTOMER's sole unfettered discretion, and

(g) To the fullest extent possible, keep information received or obtained as a result of performing under this Agreement regarding CUSTOMER and CUSTOMER's Carson Refinery confidential except to the extent such information is otherwise publicly available through no fault or act of DISTRICT. The foregoing paragraph shall survive any expiration or termination of this Agreement.

3. CUSTOMER DUTIES:

CUSTOMER or its agents, shall:

(a) Provide timely information to DISTRICT or its designees to facilitate DISTRICT's pursuit of its duties,

(b) If CUSTOMER terminates this Agreement and the Proposed Project, reimburse, as provided above, DISTRICT, for all documented direct internal costs incurred after June 30, 2008 associated with performing preliminary engineering activities in connection with the recycled water service relating to the Proposed Project, not to exceed the cumulative total sum of $385,200.

4. MANAGEMENT COMMITTEE

The parties agree to establish a committee with members from both DISTRICT and CUSTOMER to review DISTRICT's costs and progress on the Proposed Project.

DISTRICT and CUSTOMER understand and acknowledge that except for the specific matters addressed by this Agreement, no contract or agreement

providing for or involving any business arrangement between them regarding recycled water service shall be deemed to exist unless and until a separate definitive written agreement specifically regarding such a transaction has been executed and delivered by the parties hereto. DISTRICT and CUSTOMER also agree that unless and until such a separate definitive written agreement has been executed and delivered, except for the matters specifically referred to in this Agreement, no party shall have any legal obligation of any kind whatsoever with respect to any business arrangement regarding recycled water service by virtue of this Agreement, or the disclosing or receipt of any information. For the purposes of this Agreement, the term "separate definitive written agreement" does not include an executed letter of intent or any other preliminary written agreement, nor does it include any written or verbal acceptance of an offer or bid by any party to any other party.

Without limiting any of the foregoing, It is expressly understood and agreed that CUSTOMER may initiate or continue negotiations or discussions with third parties regarding comparable or alternative projects to the Proposed Project and that CUSTOMER may develop or receive information from third parties that is similar to information received in connection with this Agreement. CUSTOMER reserves all rights freely to discuss with, negotiate with or commit to third parties that might be competing with DISTRICT both generally and regarding the Proposed Project or projects similar to the Proposed Project. The foregoing paragraph shall survive any expiration or termination of this Agreement.

5. TERM

This Agreement commences on June 30, 2008 and terminates immediately upon the earliest of: 1) execution of the separate written agreement to increase the CUSTOMER service from DISTRICT (via CWSC) with annual recycled water demand of approximately 5806 acre-feet; 2) as provided above, termination of this Agreement and the Proposed Project by CUSTOMER. or 3) December 31, 2008.

6. INDEMNIFICATION

(a) CUSTOMER shall hold harmless, defend at its own expense, and indemnify DISTRICT, its officers, employees, and agents against any and all liability, claims, losses, damages, or expenses, including reasonable attorneys' fees, arising from all willful misconduct, negligent acts or negligent omissions to act of CUSTOMER or its officers, agents, or employees in performing under or rendering services under this Agreement; excluding, however, such liability, claims, losses, damages, or expenses arising solely from DISTRICT's negligence or willful misconduct. The foregoing paragraph shall survive any expiration or termination of this Agreement.

(b) DISTRICT shall hold harmless, defend at its own expense, and indemnify CUSTOMER, its officers, employees, and agents against any and all liability, claims, losses, damages, or expenses, including reasonable attorneys' fees, arising from all willful misconduct, negligent acts or negligent omissions to act of DISTRICT or its officers, agents, or employees in performing under or rendering services under this Agreement; excluding, however, such liability, claims, losses, damages, or expenses arising solely from CUSTOMER's negligence or willful misconduct. The foregoing paragraph shall survive any expiration or termination of this Agreement.

7. ATTORNEYS FEES

If any action is instituted to enforce or interpret this Agreement, the prevailing party shall be reimbursed all reasonable attorneys' fees, costs of collection, costs, and expenses incurred in connection with the enforcement effort. The foregoing paragraph shall survive any expiration or termination of this Agreement.

8. APPLICABLE LAW

This Agreement shall be construed in accordance with and governed by the laws of the State of California. To the fullest extent permitted by law,

DISTRICT fully and voluntarily waives any and all rights of constitutional, statutory, common law or sovereign immunity or any other similar or analogous protection in connection with any interpretation or enforcement of this Agreement. The foregoing paragraph shall survive any expiration or termination of this Agreement.

9. INTEGRATION

This Agreement represents the entire understanding of the parties. No prior or contemporaneous oral or written understanding shall be of any force or effect with respect to those particular matters covered by this Agreement. This Agreement may be amended or modified only by way of a separate written instrument duly executed and delivered by the parties hereto.

In witness whereof, the parties hereto have caused this Agreement to be executed and effective as of the date first written above.

APPROVED:

CUSTOMER

By _____

Douglas A. Harris Vice President
Name and Title

APPROVED AS TO FORM:

By _____
Counsel for CUSTOMER

Todd L. Normane, Senior Attorney
Name, Title

APPROVED:

West Basin Municipal
Water District

By _____
Richard Nagel, General Manager

APPROVED AS TO FORM:

By _____
Lemieux and O'Neill
Counsel for District

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

APPLICATION FOR CERTIFICATION
FOR THE *WATSON COGENERATION STEAM AND ELECTRICITY RELIABILITY PROJECT*

Docket No. 09-AFC-1

PROOF OF SERVICE LIST
(Revised 1/27/10)

APPLICANT

Ross Metersky
BP Products North America, Inc.
700 Louisiana Street, 12th Floor
Houston, Texas 77002
ross.metersky@bp.com

APPLICANT'S CONSULTANTS

URS Corporation
Cynthia H. Kyle-Fischer
8181 East Tufts Avenue
Denver, Colorado 80237
cindy_kyle-fischer@urscorp.com

COUNSEL FOR APPLICANT

Chris Ellison
Ellison Schneider and Harris LLP
2600 Capitol Avenue, Suite 400
Sacramento, CA 95816
cte@eslawfirm.com

INTERESTED AGENCIES

California ISO
e-recipient@caiso.com

INTERVENORS

Tanya A. Gulesserin
Marc D. Joseph
Adams Broadwell Joseph & Cardozo
601 Gateway Boulevard,
Suite 1000
South San Francisco, CA 94080
tgulesserian@adamsbroadwell.com

ENERGY COMMISSION

*ROBERT WEISENMILLER
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rweisenm@energy.state.ca.us

*KAREN DOUGLAS
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chammond@energy.state.ca.us

Public Adviser's Office
publicadviser@energy.state.ca.us

*indicates change

DECLARATION OF SERVICE

I, Cindy Kyle-Fischer, declare that on February 25, 2010, I served and filed copies of the attached *Responses to Questions from the January 20, 2010 Issues Resolution Workshop*, dated February 2010. 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: **[www.energy.ca.gov/sitingcases/watson]**.

The documents have 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:

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

_X_ by personal delivery or by depositing in the United States mail at Denver, Colorado with first-class postage thereon fully prepaid and addressed as provided on the Proof of Service list above to those addresses **NOT** marked "email preferred."

AND

FOR FILING WITH THE ENERGY COMMISSION:

_X_ sending 10 original paper copies and one electronic copy, FedExed and emailed respectively, to the address below (***preferred method***);

OR

____depositing in the mail an original and ___ paper copies, as follows:

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 09-AFC-1
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.

Cindy Kyle-Fischer