Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company, a California corporation, for a Permit to Construct the Potrero to Hunters Point 115 kV Cable Project Pursuant to General Order 131-D.	Application 03-12-039 (Filed December 30, 2003)

OPINION GRANTING APPLICATION

This decision approves the application of Pacific Gas and Electric Company (PG&E) for a permit to construct a 115 kilovolt (kV) electric transmission line and associated substation modifications in the City and County of San Francisco (San Francisco). The line will run underground from the Hunters Point Power Plant (HPPP) to the Potrero Power Plant (PPP) switchyards.

The proposed project is designated to improve reliability and better serve San Francisco's electric load. In addition, the project provides one of the components needed to speed closure of the HPPP. Moreover, we find that any potentially significant environmental impacts of the project can be eliminated or mitigated to less than significant levels with implementation of the Mitigation and Monitoring Plan approved as part of this decision. Thus, we approve

PG&E's application, subject to the environmental mitigation requirements set forth in the Commission's Final Mitigated Negative Declaration (FMND).[1]

Project Description

PG&E seeks a permit to construct (PTC)[2] additional transmission capacity in the southeast area of San Francisco. The proposed underground transmission line will run between the HPPP and PPP switchyards for approximately 2.5 miles.

With its application, PG&E filed a Proponent's Environmental Assessment (PEA), as required by Commission rule. PG&E's application and PEA proposed installation of a single-circuit, 115kV solid dielectric underground power line, as well as above-ground termination and transition structures, breakers, transformers and bus connections at both HPPP and PPP switchyards. The project will not expand either switchyard beyond its existing footprint.

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[1] These required mitigation measures appear as Appendix A to this decision. Maps of the project route appear as Appendix B.

[2] The Commission's General Order (GO) 131-D requires utilities to seek a PTC if the project is designed to operate between 50 kV and 200 kV. Although a PTC does not require the application to include a detailed analysis of need, costs or benefits, the PEA must contain enough information so that the Commission can independently evaluate the project need and benefits in order to accurately consider them in light of the potential environmental impacts. The Commission normally limits its review of a project for which the utility seeks a PTC to environmental impacts of the project. Although we are within our authority to review other aspects of a project for which a utility seeks a permit to construct, the circumstances in this case do not suggest a more intensive review is necessary. We are convinced by PG&E's application that the project is required to improve reliability and better serve load in the San Francisco area.

According to PG&E, the proposed project will provide necessary upgrades to the electric transmission system serving San Francisco in order to improve electric reliability, better serve load and provide one component needed to meet the goal of closing HPPP pursuant to an agreement PG&E has negotiated with San Francisco.[3] PG&E states in its PEA that the project is needed because electric demand in San Francisco continues to grow. It states that to meet this growing demand and ensure system reliability, substantial additions to PG&E's electric transmission systems – including this project – will be required. According to PG&E's transmission planners, a new 115kV underground cable from HPPP to PPP is the most feasible and cost-effective means of improving reliability and better serving load.

PG&E notes that the California Independent System Operator (CAISO) approved the project in December 2000. In addition, PG&E cites (and the FMND describes[4]) work of the San Francisco Stakeholders Study Group, a broad-based, multidisciplinary study group led by the CAISO,[5] which studied electric reliability in the San Francisco area for the period 2004-09. The study concluded that substantial additions to PG&E's electric transmission system would be required to meet growth and reliability concerns. Two key components to meet demand would be the Jefferson-Martin transmission line, already approved by

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[3] As described in the application, in 1998, San Francisco and PG&E entered into an agreement to close HPPP as soon as it was no longer needed to sustain electric reliability in San Francisco and the surrounding areas and the CAISO authorized the HPPP's closure.

[4] FMND, page 1-3.

[5] Members include CAISO, San Francisco, PG&E, the Commission's Office of Ratepayer Advocates, the City of Palo Alto, and the Southeast Alliance for Environmental Justice.

this Commission,[6] and network reinforcement including construction of the project at issue here.

Procedural Matters

San Francisco initially protested the application, seeking adoption of an alternate underwater route across San Francisco's Islais Creek. (The adopted route runs below city streets.) San Francisco withdrew that protest on July 22, 2004, stating that it supported the project "because it has been identified by the [CAISO] as a necessary component to the transmission infrastructure for San Francisco and essential to the closure of the Hunters Point power plant." San Francisco noted that its protest was based on its concern that the proposed route would take longer to construct than the Islais Creek underwater route. San Francisco opted to withdraw its protest in reliance "on PG&E's assurances that it will complete the … [proposed route of the] project by the end of 2005."

Californians for Renewable Energy and the CAISO were permitted to intervene in the proceeding by Administrative Law Judge (ALJ) Ruling dated August 12, 2004. Neither participated in the proceeding after filing their initial motions to intervene.

Environmental Matters

PG&E's PEA contains a detailed description of the proposed project, and concludes that the project will not have a significant effect on the environment. The Commission conducted an independent review of the potential environmental impacts of the project pursuant to the California Environmental

[6] Decision 04-08-046.

Quality Act (CEQA).[7] On August 31, 2004, it released an Initial Study of the project for public review and comment. The Initial Study identified the potential effects on the environment from the construction and operation of the proposed project in order to evaluate the environmental significance of these effects. The Initial Study was based on information presented in PG&E's PEA, site inspection by the Commission's environmental team, and independent environmental analysis by the Commission's environmental consultants.

On October 15, 2004, the Commission published a Draft Mitigated Negative Declaration (DMND).[8]

The DMND found that there could be temporary and permanent environmental impacts in the following areas, but concluded that all such impacts could be mitigated so that the impact on the environment would be less than significant. In response to a comment letter from Catherine Doyle, the DMND proposed changing the route to lessen adverse impacts from construction for residents on Minnesota Street.[9] PG&E accepted this mitigation. The route we approve in this decision includes a change in the route from Minnesota to Tennessee Street.

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[7] Public Resources Code § 21000 et seq., California Code of Regulations, Title 14 (CEQA Guidelines, §§ 15002 & 15063.

[8] Under CEQA, an agency shall prepare an MND when the Initial Study shows that there is no substantial evidence that the project may have a significant effect on the environment, or the Initial Study identifies potentially significant effects but the project as agreed to by the applicant prior to public review has been revised to avoid significant effects or the effects have been mitigated to a less than significant level. CEQA Guideline § 15070.

[9] All property owners on the new Tennessee Street route were given special notice of the proposed change-in-route mitigation, and no party objected.

- Air quality – the DMND found there would be a temporary impact due to construction activity.
- Cultural resources – the DMND found that project construction could result in disturbance of unknown cultural resources.
- Geology, soils and seismicity – the DMND found that the proposed project could sustain structural damage, cause erosion or suffer earthquake damage.
- Hazards and hazardous materials – the DMND found that excavation for the project could expose hazardous materials.
- Hydrology – the DMND found that the proposed project could result in adverse impacts to groundwater quality.
- Noise – the DMND found that project construction would intermittently and temporarily generate noise levels above existing ambient levels in the project vicinity.
- Population and housing – the DMND found that project construction could temporarily result in the displacement of homeless people.
- Public services - the DMND found that project construction would result in the temporary closure of some parks, and that the proposed facilities could be subject to vandalism and/or terrorism.
- Transportation and traffic – the DMND found that project construction would result in temporary disruption of traffic flows and an increase in traffic congestion.
- Mandatory findings of significance – the DMND found that the project had impacts that were individually limited but cumulatively considerable.

After release of the DMND, the Commission took comments for a period of 30 days. Two parties submitted comments: PG&E and John Carney.[10] Neither comment alters the conclusion in the DMND that all potentially significant environmental impacts can be mitigated to a less than significant level with appropriate mitigation measures.[11]

Therefore, on November 19, 2004, the Commission issued its FMND, containing responses to all comments received on the DMND. We admit the FMND into evidence in the record of this proceeding as Exhibit 1 as of November 19, 2004 for the Commission to consider in determining whether to approve the project.

PG&E has agreed to implementation of all recommended mitigation measures including the recommended mitigation measures that will move the project from one block of Minnesota Street to one block of Tennessee Street.

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[10] Both of the comment letters and the Commission's response are contained in the FMND, which is available on the Commission's web site

[11] PG&E suggested changes to the DMND and the proposed mitigation measures to clarify how PG&E intended to meet the requirements of CEQA. Carney's letter questioned whether the proposed project was the best way to meet San Francisco's power needs given other pending or proposed projects. The Commission believes that PG&E's application and PEA adequately address the purpose of and need for the project given the requirements for issuing a PTC. Carney complained that the proposed project, along with other pending upgrades, required PG&E to dig up streets more than once. PG&E provided information stating that although its plans were preliminary, only a short section of Evans Avenue would be impacted by both the HPPP project and another transmission upgrade. Carney's letter pointed out one error with the EMF calculations in the DMND, which is resolved in the FMND. Carney's letter also faulted PG&E for not providing information about the location of other utility infrastructure. PG&E does not release information about the precise location of utility infrastructure for security reasons.

Implementation of this mitigation measure will lessen adverse impacts on residents.

A Mitigation Implementation and Monitoring Plan has been prepared to ensure that the mitigation measures are property implemented. The Monitoring Plan describes specific actions required to implement each mitigation measure, including information on the timing of implementation and monitoring requirements.

Consistent with CEQA's requirements, we find that the Initial Study, the DMND and the FMND together provide a detailed and competent informational document and reflect the independent judgment and analysis of the Commission. In addition, we find that the project, with implementation of the Mitigation and Monitoring Plan, will not have a significant effect on the environment. Accordingly, we adopt the FMND including the Mitigation and Monitoring Plan prepared for this project.

4. Conclusion

Based on the analysis of the Initial Study, the DMND and the FMND and the mitigation measures identified therein and incorporated into the project, the Commission finds that the project will not have a significant effect on the environment and should be approved.

5. Comments on Draft Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code, the otherwise applicable 30-day period for public review and comment is being waived.

6. Assignment of Proceeding

Geoffrey F. Brown is the Assigned Commissioner and Sarah R. Thomas is the assigned ALJ in this proceeding.

7. Categorization and Need for Hearings

This matter was preliminarily categorized as ratesetting and there is no need to alter this categorization. While the Commission initially categorized this application as a proceeding requiring hearings, the lack of objection to the project or significant environmental impact rendered hearings unnecessary, so none were held.

Findings of Fact

1. The project will serve San Francisco.
2. The project is necessary to meet growth and reliability needs in the San Francisco area.
3. The FMND identified no significant environmental effects of the project that could not be avoided or reduced to less than significant levels by mitigation measures or changes to the project that have been accepted by PG&E.
4. The Commission has considered the FMND in determining to approve the project.
5. With implementation of the mitigation measures included in the FMND, the project will not have a significant effect on the environment.
6. Evidentiary hearings are not required.

Conclusions of Law

1. The FMND has been processed and completed in compliance with the requirements of CEQA.
2. The project should be approved, subject to the Mitigation and Monitoring Plan included in the FMND.

3. Because of the need for timely action, today's decision should be made effective immediately.

O R D E R

IT IS ORDERED that:

1. The Final Mitigated Negative Declaration (FMND) is identified as Exhibit 1 and is received into evidence on November 19, 2004.

2. The FMND related to the application in this proceeding is adopted pursuant to the requirements of the California Environmental Quality Act.

3. The mitigation, monitoring, and reporting program included in the FMND is adopted.

4. Pacific Gas and Electric Company (PG&E) is authorized to construct the power lines and associated substation modifications identified on PG&E's Proponent's Environmental Assessment as the "Potrero to Hunters Point 115kV Project," as modified in the FMND, subject to the mitigation measures described in the FMND to avoid or mitigate the reasonably foreseeable adverse environmental affects of the project.

5. The Executive Director shall supervise and oversee construction of the project insofar as it relates to monitoring and enforcement of the mitigation conditions described in the FMND. The Executive Director may delegate his duties to one or more Commission staff members or outside staff. The Executive Director is authorized to employ staff independent of the Commission staff to carry out such functions, including, without limitation, the on-site environmental inspection, environmental monitoring, and environmental mitigation supervision of the construction of the project. Such staff may be individually qualified professional environmental monitors or may be employed by one or more firms or organizations. In monitoring the implementation of the

environmental mitigation measures described in the FMND, the Executive Director shall attribute the acts and omissions of PG&E's employees, contractors, subcontractors, or other agents to PG&E.

6. PG&E shall comply with all orders and directives of the Executive Director concerning implementation of the environmental mitigation measures described in the FMND.

7. The Executive Director shall not authorize PG&E to commence actual construction until PG&E has entered into a cost reimbursement agreement with the Commission for the recovery of the costs of the mitigation monitoring program described in the FMND, including, but not limited to, special studies, outside staff, or Commission staff costs directly attributable to mitigation monitoring. The Executive Director is authorized to enter into an agreement with PG&E that provides for such reimbursement on terms and conditions consistent with this decision in a form satisfactory to the Executive Director. The terms and conditions of such agreement shall be deemed conditions of approval of the application to the same extent as if they were set forth in full in this decision.

8. The Energy Division shall supervise and oversee the construction of the project insofar as it relates to monitoring and enforcement of the mitigation measures described in the FMND. The Energy Division may designate outside staff to perform on-site monitoring tasks. The Commission project manager (Energy Division, Environmental Projects Unit) shall have the authority to issue a Stop Work Order on the entire project, or portions thereof, for the purpose of ensuring compliance with the mitigation measures described in the FMND. Construction may not resume without a Notice to Proceed issued by the Environmental Projects Unit of the Energy Division.

9. PG&E's right to construct the project as set forth in this decision shall be subject to all other necessary state and local permitting processes and approvals.

10. PG&E shall file a written notice with the Commission, served on all parties to this proceeding, of its agreement, executed by an officer of PG&E duly authorized, as evidenced by a resolution of its board of directors duly authenticated by a secretary or assistant secretary of PG&E, to acknowledge PG&E's acceptance of the conditions set forth in this order. Failure to file such notice within 75 days of the effective date of this decision shall result in the lapse of the authority granted by this decision.

11. The Executive Director shall file a Notice of Determination for the project as required by the CEQA and the regulations promulgated pursuant thereto.

12. This is a final determination that evidentiary hearings are not required.

13. Application 03-12-039 is closed.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX A

(NOT AVAILABLE)

Thomas Appendix A Agenda Dec

Thomas Appendix B Agenda Dec