

September 20, 1998

Mr. Bruce Kaneshiro  
CPUC EIR Project Manager  
C/O Environmental Science Associates  
225 Brush Street, Suite 1700  
San Francisco, CA 94104-4207

Re: Draft Environmental Report, CPUC Application #98-01-008  
Geysers Geothermal Power Plant & Other Divestitures

Dear Mr. Kaneshiro,

Thank you for having the workshop at the Little Red School House in Cobb. As you heard at that meeting most are unaware of the legal process and are unlikely to follow up in writing to restate their concerns. Therefore, for the record, I feel that it was inappropriate that people could not submit verbal comments but instead would be required to attend a hearing in San Francisco in order to do so. The purpose of this letter is to formally put on the record several of my concerns and try to repeat some of those concerns that were expressed during that workshop.

[Begin J1]

First and most importantly, our Air Pollution Control Officer stated several times that you are going forward with a sale of "green" power without an assessment of policy or the implications. While you did remark that there was a one and one-half cent per kilowatt advantage given to green power and renewables during ESA/CPUC staff's presentation to the Board of Supervisors, our APCO has continued to contend that those moneys are not available in the Geysers and are available only for new power.[End J1] [Begin J2]Some question exists as to the possibility of that even AB 1890 will not apply once the plants are sold. Please resolve this issue. Also, please identify any incentives or advantage given to green power by state policy, likely to be incorporated into the CPUC's consideration or other state agencies, as this is an important issue to our community at large and to our state and nation. We desire this policy issue to at least be discussed and considered within the divestiture and sale of this first green power by what used to be a monopoly utility. Clearly, the CPUC can condition the sale and policy options may be available.[End J2]

[Begin J3]

Second, the issue of the tax base changing and the manner in which you looked at the economy and the effects upon jobs, etc., was pointed out to be somewhat poorly supported, particularly the conclusion that 1-2% was insignificant causes great concern.[End J3] [Begin J4]The comparison to the work force in Sonoma County versus that of Lake County was another major concern and should be corrected. The local agencies that might be heavily affected by any decision of sale that would result in lesser tax revenue includes the school district, the local fire district, as well as the county.[End J4] [Begin J5]We are concerned that if this impact is significant that there be fair consideration of mitigation and compensation. [End J5] [Begin J6] It is my concern that you try to quantify any such impacts realizing you will not know the selling price of the facilities, but

that you have an obligation to suggest mitigation should the selling price be substantially lower than the present tax base yield value. We realize the reevaluation is likely in two years, but still two years for preparation is significant. Mitigation could perhaps include a payment from Pacific Gas and Electric as part of any sale that would compensate the fire districts, school districts, etc., and cushion the effect. Again, as far as the job market issue, we understand your approach but ask for a consideration of the effect upon Lake County where a majority of workers reside versus that of Sonoma County. [End J6]

[Begin J7]

You heard several comments regarding the sale of the facility and the continuation of programs that are not necessarily regulatory but that have served the community such as the use of mercury scrubbers not being required, but being in place, participating in GAMP, and participating in the seismic studies associated with earthquakes. Instead of suggesting no mitigation, we would suggest a reasonable mitigation of the condition of the sale to require the owner to continue these programs until they are determined to be resolved or unnecessary after discussions with the public and effected agencies. I would also like to reiterate how the Geysers power plants are interrelated with many aspects of our community function and more than just power plants. The classic is the disposal technique we use for our sewer plants, and the other hydro-curtailment resulting in the need for waterlogged wells to be cleared and that resulting in the noise complaints that you heard during the workshop. [End J7] [Begin J8] This is not a simple system, and it is more than just power plants. The Geysers have been largely developed with a realization that green power was good for the state, the county and the country. Such realization should continue through this sale and future operations of these plants. Any step that the CPUC could take in assuring that should be in the final EIR. Mitigation might include: the ISO having "a set a side" to enable them to sell sustaining amounts of power during hydro-curtailments; the state having a distribution added value charge that would compensate in a more general manner for green power such as the Geysers; a green power portfolio requirement for sellers; and/or a method of charging the real cost of nuclear and fossil fueled power. Seeking any needed mitigation early seems especially important given that California and PG&E have a significant installed green power component as part of our present power generation and distribution. [End J8]

[Begin J9]

I would reference you to the Board's letter of May 13, 1998, bringing up many of these issues and ask specifically that you consider mitigation for the six items identified therein, and the need for mitigation should the conclusion of "no significant impact" prove not to be the case. [End J9]

[Begin J10]

Again, I understand that you can take a simple approach but want to reemphasize that: 1) this green power sale is the first of this type in California for a utility, it is of a precedent setting nature, and the manner in which the sale is completed may be a direction without adequate policy considerations; [End J10] [Begin J11] and 2) while CPUC/ESA did a commendable job of trying to address hydro curtailment induced stacking emissions, the seriousness of hydro-curtailment and that it is incompatible with the wise operation of the Geysers steam fields and causes a variety of physical and fiscal problems seems to have been largely missed. [End J11]

[Begin J12]

Finally, the overall profitability of green power in the future and now, cannot be ignored. When you have a company such as PG&E that has the vast majority of the customers, it is incumbent on us all to ensure the transition to market is rational and does not unfairly disadvantage indigenous green power which is small and may have special but reasonable needs to assure continued success.

[End J12]

Sincerely,

Ed Robey  
County of Lake  
Supervisor District 1

## J. LAKE COUNTY BOARD OF SUPERVISORS (Ed Robey)

- J1 Please see responses to Comments H14 and H15 above.
- J2 Please see responses to Comments H14 and H15 above.
- J3 Please see response to I3.
- J4 Please see to response to Comment H26.
- J5 Please see responses to Comments I3 and K2.
- J6 Please see response to Comment I3. The market valuation of the Geysers without divestiture could have occurred at any time after January 1, 1998. Therefore, even though divestiture may accelerate reassessment, quantifying how much sooner this may have occurred would be purely speculative.
- J7 Please see response to Comment H11. The issue of potential curtailment of generation at the Geysers during periods of high hydropower availability is unrelated to the proposed divestiture of the power plants, but is addressed in the response to Comment H6. Please see the response to Comment H54 concerning noise issues. Regarding wastewater disposal, the steam field operators have contracts to accept effluent for injection into the steam fields, and these contracts will not be altered by divestiture.
- J8 Please see response to Comment H14 above. The policy recommendations offered by the commenter would far exceed the authority of the CPUC. The Independent System Operator (ISO) is an independent state corporation regulated by FERC. The ISO is governed by an independent Oversight Board that periodically reviews ISO policies and makes recommendations for improvements, but major changes to ISO policies would require action by the FERC or by the Legislature or Congress. However, the commenter's suggestion for a distribution added value charge that would compensate in a more general manner for green power such as the Geysers is already in effect, as detailed in the response to Comment H15 above. As to the commenter's other suggestions, previous attempts by the CEC and the CPUC to quantify the real costs (i.e., the cost of environmental damage, or "externalities") of nuclear and fossil-fueled generation foundered because industry players could not reach consensus. As well, consensus could not be reached during the state's previous attempt to mandate a set-aside for renewable energy, requiring service providers to maintain a portfolio of renewable energy resources. With the enactment of AB1890, and the CPUC's preferred policy decision, consumers now have the power to determine the future makeup of the generating mix in California.
- J9 The following responses correspond to numbered items listed in the May 13, 1998, letter from Louise Talley, Chairman of the Lake County Board of Supervisors, to the CPUC.
- (1) Regarding hydro curtailment, please see response to Comment H6.

- (2) Regarding noise mitigation, as stated in Section 4.10 of the DEIR (page 4.10-14), operational noise levels at the Geysers units are not expected to change, or to exceed land use standards as a result of operation by a new owner and no operational noise impacts are expected to occur as a result of operation by a new owner. Section 4.10 also states (page 4.10-15) that steam stacking can result in brief yet substantial noise events. However, a pipe manifold system installed in the mid-1980s (described on page 4.5-47 of the DEIR) has significantly reduced stacking events. The project would not affect operation of the manifold system, so the system's benefits with respect to noise mitigation would continue. Also see response to Comment H54.
  - (3) Regarding mercury scrubbers, please see response to Comment H11, fourth paragraph.
  - (4) Regarding GAMP participation, please see response to Comment H11, second paragraph.
  - (5) Regarding sumpless drilling, neither PG&E nor the new power plant owners would have any drilling operations at the Geysers; any drilling in the area would be conducted by the steam field operators, whose operations are not part of the proposed project.
  - (6) Regarding preventive maintenance, as noted in Attachment C of the DEIR (page C-29), a non-utility plant owner would have a greater incentive than a utility (such as PG&E) to invest in plant maintenance, in order to maintain a high level of availability. Also see responses to Comments H23 and H64.
- J10 Please see responses to Comments H7, H13, H14, H15, and H46 above. The commenter is correct in that PG&E's sale of the Geysers generating units would be the first sale of a "green power" generating asset by a utility in California. However, the issues associated with the sale of the Geysers Power Plant are unique, and the CPUC will make its final decision based on the merits of this EIR, and the evidence and comments submitted in the divestiture proceeding. Any decision made in the case would likely not be precedent-setting merely because no other similar utility-owned green power generating asset exists in California (CEC, *California Power Plant Data Information*, June 1998).
- J11 Please see responses to Comments H4, H5, and H7. The issue of economic curtailment at the Geysers is one that arises from restructuring and contract disputes among the current stakeholders, and not from divestiture in any way.
- J12 Please see responses to Comments H7, H13, H14, H15, H46, and J8 above.