

Decision 98-11-064 November 19, 1998

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company  
for Authorization to Sell Certain Generating  
Plants and Related Assets Pursuant to Public  
Utilities Code Section 851. (U 39 E)

Application 98-01-008  
(Filed January 15, 1998)

**ORIGINAL**

**INTERIM ORDER CERTIFYING  
ENVIRONMENTAL IMPACT REPORT**

**Summary**

Pacific Gas and Electric Company (PG&E) filed this application on January 15, 1998, originally seeking authority to sell its Hunters Point, Potrero, Pittsburg, and Contra Costa fossil fuel plants, and its Geysers geothermal plants. PG&E filed an amendment to this application on July 17, 1998, withdrawing the Hunters Point plant from the auction through which all of the plants were to be sold. The withdrawal of Hunters Point was contingent on the Commission approving certain ratemaking treatment and other conditions. We approved the Hunters Point arrangement in Decision (D.) 98-10-029. In D.98-07-092, we gave PG&E permission to continue the auction process for its remaining plants, and concluded that it would be inappropriate for PG&E to accept final bids until the specific environmental mitigation measures that may be required are identified.

In this decision, we certify that the Final Environmental Impact Report (EIR) prepared in response to this amended application complies with the California Environmental Quality Act (CEQA). That report includes proposed mitigation measures. When we know the results of the auction, we will be in a position to review various aspects of the proposal, such as whether or not the winning bidders are financially sound and whether the outcome of the auction

raises any overconcentration issue or other market power issue. In addition, we will review and consider the information provided in the Final EIR. Although approval of mitigation measures and a mitigation monitoring program occur at the time of project approval, our certification of the Final EIR will serve to inform bidders of the mitigation options resulting from our environmental analysis.

### **Procedural History**

In D.98-07-092, we provided a summary of events related to the application as a whole. Here, we summarize events related to our review of environmental impacts. The Commission issued a Notice of Preparation on February 13, 1998 announcing that it would be the lead agency for the divestiture project and would prepare an EIR. The Notice of Preparation identified environmental areas to be examined in the EIR and requested agency views on the scope of the EIR.

The Energy Division (with the help of Environmental Science Associates) conducted four public scoping meetings in locations near the facilities to be divested in order to obtain comments from residents and local agencies on the scope of the EIR. These meetings occurred in March 1998. The Energy Division and Environmental Science Associates also met several times with various local agencies as part of its efforts to obtain information on potential impacts of the project.

On August 5, 1998 the Energy Division published the Draft EIR for public review and comment. The Energy Division mailed the Draft EIR to those agencies contacted during the scoping period and provided it to the public at various local libraries and on the Commission's website. The Energy Division also conducted four public information workshops in late August and early September to explain the key findings and conclusions of the Draft EIR and to answer the public's questions on the document. On September 15, 1998 the Commission held a non-evidentiary hearing to receive oral comments on the

Draft EIR. The Draft EIR comment period closed on September 21, 1998. Thirty-five individuals and organizations submitted comments, totaling approximately 600 comments altogether. The Energy Division prepared responses to comments submitted by public agencies and distributed them to the public agencies on November 9, 1998. The staff released the Final EIR on November 16, 1998. The Final EIR includes all of the comments received from interested parties and response to each of the comments.

### **Discussion**

The Final EIR prepared in this matter is a comprehensive document that provides an inventory of the environmental setting in which these generating facilities are operated. In addition, it reflects conservative assumptions designed to ensure that this Commission can anticipate environmental impacts that could result from the transfer of these facilities to entities other than regulated utilities. The staff and consultants have carefully reviewed and responded to each of the approximately 600 comments submitted in response to the Draft EIR. We have examined the resulting documents and find that they comply with the requirements of CEQA. After receiving information from PG&E about the final results of the auction, we will consider that information in light of the analysis in the Final EIR and issue a decision as to whether or not the auction results should be approved.

### **Findings of Fact**

1. The Final EIR reflects the independent judgment of this Commission.
2. The Commission has independently reviewed and analyzed the information contained in the Final EIR.
3. The Final EIR has been completed in compliance with the CEQA.
4. The Final EIR is available to the Commissioners to be reviewed and considered prior to approving the project.

**Conclusion of Law**

The Final EIR complies with the CEQA.

**IT IS ORDERED** that:

1. The Final Environmental Impact Report for Pacific Gas and Electric Company's (PG&E's) proposed divestiture of its Geysers, Pittsburg, Contra Costa, and Potrero generating facilities is hereby certified as being in compliance with the California Environmental Quality Act (Public Resources Code §21100, et seq.).

2. The Energy Division shall deliver the Final Environmental Impact Report to Central Files for inclusion as part of the record in this proceeding.

3. PG&E may now complete the auction process for the sale of these generating plants. After completion of the auction, PG&E shall file in this docket and serve on all parties a report certifying that the prescribed sale process was followed, identifying the winning bidders, demonstrating the financial viability of those bidders, and identifying other power plants owned by the successful bidders in California, if any. PG&E shall include, with its filing, copies of the purchase and sale agreements and any other significant transaction documents.

This order is effective today.

Dated November 19, 1998, at San Francisco, California.

RICHARD A. BILAS  
President  
P. GREGORY CONLON  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners