

**LATHAM & WATKINS** LLP

February 1, 2007

650 Town Center Drive, 20th Floor  
Costa Mesa, California 92626-1925  
Tel: (714) 540-1235 Fax: (714) 755-8290  
www.lw.com

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File No. 037484-0006

VIA FEDEX

CALIFORNIA ENERGY COMMISSION  
Attn: Docket No. 06-AFC-4  
1516 Ninth Street, MS-4  
Sacramento, California 95814-5512

Re: Vernon Power Plant Project: Docket No. 06-AFC-4

Dear Sir/Madam:

Pursuant to California Code of Regulations, title 20, sections 1209, 1209.5, and 1210, enclosed herewith for filing please find a copy of Applicant's Status Report #2.

Please note that the enclosed submittal was filed today via electronic mail to your attention and to all parties on the CEC's current electronic proof of service list.

Very truly yours,



Paul E. Kihm  
Senior Paralegal

Enclosure

cc: CEC 06-AFC-4 Proof of Service List (w/ encl.)  
Michael J. Carroll, Esq. (w/ encl.)

STATE OF CALIFORNIA  
ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:	)	Docket No. 06-AFC-4
	)	
Application for Certification, for the VERNON POWER PLANT PROJECT by The City of Vernon	)	APPLICANT'S STATUS REPORT #2
	)	
	)	
	)	

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This Status Report #2 is submitted pursuant to the Committee Scheduling Order dated November 13, 2006.

Discovery Status

Applicant submitted Data Response Set 1C on January 24, 2007.

Air Quality

On January 11, 2007, the South Coast Air Quality Management District ("SCAQMD") held a public meeting in Huntington Park, adjacent to the City of Vernon, to discuss the proposed additional amendments to Rule 1309.1 – Priority Reserve. The substance of the proposed amendments was discussed in the Applicant's Status Report #1 (dated January 9, 2007). Amendments to Rule 1309.1 would affect the proposed Vernon Power Plant. The SCAQMD has not yet finalized the rule and is expected to set a public meeting for March 2, 2007, to consider adoption of proposed amendments to the rule.

In Applicant's Data Response Set 1A (dated November 27, 2006) the Applicant stated that it did not at that time have the requested information for the last 7 lbs/day of VOC emission reduction credits ("ERCs") acquired from the open market. The requested information has since been obtained and is as follows:

Specific Location Information for VOC ERCs Procured for the Vernon Power Plant (Data Provided by the SCAQMD)

Revised Certificate Number	ERC Quantity (lbs/day)	Original Source of ERC	Zone
AQ006118	3	Dresher Inc. Harris Hub Div. (Facility ID 83602) located at 4900 Valley Blvd., Los Angeles, CA 90032	Coastal
AQ006303	4	Scope Products, Inc. (Facility ID 020203) located at 9112 Graham Ave., Los Angeles, CA 90002	Coastal

With regard to the air quality issues discussed in the California Energy Commission's ("CEC") Status Report #1 (dated January 18, 2007):

- Applicant is continuing to investigate the PM<sub>2.5</sub> emission mitigation strategy; however, at this time Applicant cannot provide a date when any additional mitigation proposals will be submitted to the CEC.
- Regarding a local mitigation strategy for criteria pollutants and air toxics, the Applicant is actively working with the SCAQMD on this issue; however, at this time Applicant cannot provide a date when any local mitigation strategies will be provided to the CEC.
- Regarding the air quality cumulative impact assessment, the Applicant is awaiting data from the SCAQMD needed to perform the analysis. Information was requested from the SCAQMD through a Freedom of Information Act request. The Applicant anticipates being able to provide the requested analysis to the CEC in February 2007.
- The Applicant understands that the SCAQMD is currently working on the Preliminary Determination of Compliance ("PDOC") for the proposed Vernon Power Plant. The Applicant expects the SCAQMD will complete the PDOC in February (original anticipated date was mid-January 2007). The Applicant does not believe that the SCAQMD's delay in issuing the PDOC is attributable to the proposed amendments to Rule 1309.1 – Priority Reserve, as the SCAQMD staff have issued PDOCs for other projects notwithstanding the pending proposed amendments.

### Hazardous Materials

The Applicant has received a copy of the Phase II Environmental Site Assessment prepared by Geomatrix for the Pechiney Cast Plate Facility (the site of the proposed Vernon Power Plant). Copies of the Phase II Environmental Site Assessment (and supporting documents) will be provided to the CEC under separate cover on Friday, February 2, 2007. These documents include:

- Phase II Environmental Site Assessment Report (dated March 9, 2006)
- Stoddard Solvent Impacted Soils Investigation (dated May 25, 2006)
- Polychlorinated Biphenyls (PCB) Notification Plan (dated September 27, 2006)
- Supplemental Phase II Environmental Site Assessment Report (dated December 19, 2006)

### Public Health

Related to the issue of local public health studies discussed in the CEC's Status Report #1, the Applicant is working to identify any additional public health studies affecting the cities of Maywood and Huntington Park that were not already provided in Appendix 8.6B of the Application for Certification ("AFC"). If additional public health studies are identified, the Applicant will provide such studies to the CEC in February 2007.

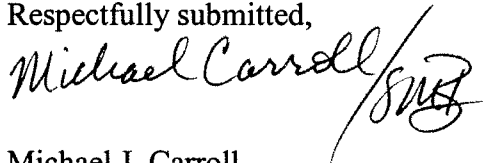
Project Facilities

CEC staff have discussed the possibility of selecting one transmission line route for the proposed Vernon Power Plant from the two possible routes discussed in the AFC. The Applicant respectfully requests that staff continue to analyze both options presented in the AFC. The Applicant is continuing to analyze the options in conjunction with Southern California Edison to determine if one option is superior to the other; however, to date, no superior option has been identified by Southern California Edison or the Applicant.

With regard to the cooling towers at the proposed Vernon Power Plant, CEC staff have suggested the Applicant relocate the proposed cooling towers to the southern end of the site. The Applicant is not proposing to relocate the towers from the location described in the AFC.

DATED: February 1, 2007

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael Carroll" with a stylized flourish or initials at the end.

Michael J. Carroll  
of LATHAM & WATKINS  
Counsel to Applicant