San Francisco
Water Power Sewer
Operator of the Hetch Hetchy Regional Water System

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November 24, 2014

Ms. Sarah B. Jones, Environmental Review Officer
Environmental Planning Division
San Francisco Planning Department
1650 Mission Street, Fourth Floor
San Francisco, CA 94103

RE: 2015A Power Enterprise Bond Sale
CEQA Statutory Exemption Request

Dear Sarah,

The San Francisco Public Utilities Commission (SFPUC) requests review of a project that is one of several projects for which the SFPUC is proposing to approve the sale of revenue bonds (Series 2015A) to finance planning, design and construction under the California Environmental Quality Act (CEQA). The project consists of planning and feasibility studies for seven activities described below:

- The SFPUC requests Environmental Planning Division (EP) concurrence that the proposed planning and feasibility studies to be funded from the proceeds of the bond sale would be statutorily exempt from environmental review under CEQA Guidelines Section 15262 (Feasibility and Planning Studies). The studies involve possible future actions at these SFPUC power facilities:
    - Powerhouse Holm Unit 2 Improvements
    - Oil Containment Upgrade at Holm & Kirkwood Powerhouses
    - Moccasin Generator Step Up (GSU) Transformers & Oil Containment
    - Kirkwood Powerhouse Refurbishment & Two Turbin Shutoff Valves (TSOV) Replacement
    - Moccasin Switchyard Upgrade
    - Regulatory Compliance for Transmission Lines-; Repair and replacement of equipment and facilities at various locations
    - Switchyard/Substations Rehabilitation (Warnerville sw ph 1)

- In addition to the planning and feasibility studies to be funded with the bond proceeds, the SFPUC also proposes to use the revenue bonds to fund three other projects at SFPUC power facilities. For these projects, SFPUC has received categorical exemption concurrence previously from EP. These are:

    - Moccasin Generator Rewind ; Case Number: 2014.1184E, under CEQA Guidelines Section 15301(Existing Facilities), issued August 4, 2014
    - Transmission Lines/Distribution System Moccasin to Warnerville (Don Pedro Crossing) ; Case Number 2014-002073 ENV, Section 15302 (Replacement or Reconstruction), issued August 24, 2014
    - Powerhouse SCADA Upgrade; Section 15301 (Existing Facilities); Section 15301(Existing Facilities)

BACKGROUND

The SFPUC Power Enterprise proposes sale of revenue bonds in 2015 to initiate planning and design of the following activities to address identified operational and safety issues including replacement of equipment that has exceeded the industry standard operational life of that equipment.

DESCRIPTIONS OF PROPOSED PLANNING AND FEASIBILITY STUDIES

The activities described below will involve planning and feasibility analysis of "in-kind" repair or replacement of facilities or equipment:

<u>Powerhouse Holm Unit 2</u>

The Dion R. Holm Powerhouse (37°53'47.73"N 119°58'06.84"W) was built in 1960 and generates electricity with water that is released from Lake Lloyd. Holm Powerhouse is located at the downstream end of Cherry Power Tunnel in Tuolumne County. Planning and feasibility studies will be conducted regarding possible upgrade of the 13.8kV switchgear, installation of a main breaker, replacement of the power distribution panels, motor control centers, and modification of the main control system to incorporate individual systems into one programmable logic controller (PLC) on Unit 2. Feasibility analysis will

also include a PLC for the balance of plant station auxiliaries at the powerhouse.

Oil Containments Upgrade Holm & Kirkwood Powerhouses

Robert C. Kirkwood Powerhouse (on Intake Powerhouse Road near Cherry Lake Road, 37°44'27.96"N 119°57'11.99"W), completed in 1967 (a third generator unit added in 1987) generates electricity with water that is released from Hetch Hetchy Reservoir. Kirkwood Powerhouse is located at the downstream end of Canyon Tunnel in Tuolumne County. Both Holm and Kirkwood powerhouses have oil-filled transformers which lack adequate oil containment and treatment systems. Condition assessment technical memoranda were prepared for both Powerhouses by Black & Veatch dated January 7, 2010 (Holm Powerhouse) and January 5, 2010 (Kirkwood Powerhouse). It identified the need to upgrade the oil containment and treatment systems to comply with current regulatory standards, and planning and design studies will focus on these identified needs.

Moccasin Generator Step Up (GSU) Transformers & Oil Containment

Moccasin Powerhouse was built in 1969 and is located in the town of Moccasin at the intersection of State Route 49 and State Route 120 in Tuolumne Count. Planning and feasibility studies will encompass the following: a protection coordination study to verify whether existing equipment can accommodate the new fault of the generator and new transformers; and study of replacement of existing GSU transformers; and enhancement of the secondary oil containment system for each transformer.

Kirkwood Powerhouse Refurbishment

Planning and feasibility studies will focus on design plans for removal and replacement of units, switchgear, and breakers; replacement of power distribution panels and motor control centers; installation of discharge analysis instrumentation and other upgrades and equipment installations.

Moccasin Switchyard Upgrade

Planning and feasibility studies will focus on design plans for: renewal and replacement of switchyard equipment including replacement of circuit breakers and paper-oil-condenser bushings; installation of free-standing surge arresters;

and evaluation of existing structures such as towers, and post insulator supports.

Regulatory Compliance for Transmission Lines

The SFPUC Power Enterprise has identified the need to address operational and safety conditions requiring repair or replacement of equipment and facilities at a number of locations to comply with code requirements specified in the National Electrical Safety Code (NESC), California Public Utilities Commission (CPUC) General Order 95 (Rules for Overhead Electric Line Construction), and federal and State Occupational Safety and Health Administration (OSHA) standards. Studies will identify specific facility upgrades that are necessary to meet these regulatory requirements.

Switchyard/Substations Rehabilitation (Warnerville Switchyard Phase 1)

The Warnerville Substation is located on Warnerville Road (37°44'27.96"W 120°48'06.86"W) southeast of the city of Oakdale in Stanislaus County. A condition assessment technical memorandum of the Power Delivery Facilities, including the Warnerville Substation, dated December 31, 2009 was prepared for the SFPUC by consultants Black & Veatch. Planning and feasibility studies will focus on design plans for major renewal and replacement of substation components associated with Bank 2 and Bank 3, such as replacement of circuit breakers; upgrades to the control room; replacement of electrical equipment; and replacement of disconnect switches.

CEQA COMPLIANCE RECOMMENDATION

The SFPUC recommends that the proposed 2015A Power Enterprise Bond Sale be classified as statutorily exempt under CEQA, Guidelines Section 15262, (**Feasibility and Planning Studies**). The activities will involve various studies and assessment of facilities and will involve no physical changes to the environment.

If you have any questions regarding the proposed Projects, please contact me at 415-554-3232.

Sincerely,

Irina P. Torrey, AICP, Bureau Manager
Bureau of Environmental Management

Cc: Margaret Hannaford, Manager, Hetch Hetchy Water & Power Division
Jimmy Leong, Principal Engineer, Project Management Bureau
Tracy Cael, Director, Hetchy System Improvement Program
Richard M. Morales, Debt Manager, SFPUC
Cheryl Sperry, Principal Administrative Analyst, HHWP
Barry Pearl, AICP, MPA, Senior Environmental Project Manager

References: Final Historic Resource Evaluation Report for the Moccasin Facilities Upgrade Project (Planning Department Case Number 2011.0835E) prepared by VerPlanck Historic Preservation Consulting dated August 23, 2012 (on file at the Environmental Planning Division)

Black & Veatch, Power Delivery Facilities Condition Assessment technical memorandum dated December 31, 2009 (available upon request)

Black & Veatch, Kirkwood Powerhouse Condition assessment technical memorandum dated January 5, 2010 (available upon request)

Black & Veatch, Holm Powerhouse Condition assessment technical memorandum dated January 7, 2010 (available upon request)

Black & Veatch, Transmission Line Clearance Mitigation Mitigation Plan, Final Draft, dated May 27, 2014 (available upon request)

Saylor Consulting, Rough Order Magnitude (R.O.M) Estimate Warnerville/ Moccasin Substations, Moccasin Transformer & Oil Containment Upgrade dated July 31, 2013 (available upon request)