



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

December 21, 2001

In reply refer to: KEC/4

To Those Interested in the COB Energy Facility:

This is to inform you of Bonneville Power Administration's (BPA's) intent to prepare an environmental impact statement on the proposed transmission system interconnection of the COB Energy Facility. The project site is near Bonanza, Klamath County, Oregon. Enclosed is a copy of BPA's official notice.

You may already be aware that Peoples Energy Resources Corporation (Peoples Energy) has submitted a Notice of Intent to apply for an Oregon Energy Facility Site Certificate for the COB Energy Facility. Peoples Energy has also requested that BPA interconnect the proposed facility to BPA's transmission system.

Public meeting: The Oregon Office of Energy (OOE) will manage the Oregon Energy Facility Site Certificate process. As practical, BPA will participate with OOE public involvement opportunities to identify public interests and concerns regarding the COB Energy Facility. Accordingly, BPA will participate in OOE's public meeting scheduled for January 15, 2002, 7:00 pm to 9:00 pm, at Bonanza Public Library, 31703 Highway 70, Bonanza, Oregon. BPA will use comments from this meeting to help determine issues to address in the EIS.

Other ways to comment: You may also write a letter to BPA, Communications – KC-7, P.O. Box 12999, Portland, Oregon 97212; call BPA's toll-free comment line at 800-622-4519, and leave a message; or send an e-mail to comment@bpa.gov. Please comment by February 26, 2002. Release of the draft EIS in late summer 2002 will present another opportunity to comment on BPA's proposed interconnection the COB Energy Facility.

For more information: You may call me toll-free at 1-800-282-3713, directly at 503-230-4749, or send an e-mail to tc McKinney@bpa.gov.

Sincerely,

Thomas C. McKinney
Environmental Project Lead

Enclosure: Notice of Intent to Prepare an EIS

6450-01-U

DEPARTMENT OF ENERGY

Bonneville Power Administration

COB Energy Facility

AGENCY: Bonneville Power Administration (BPA), Department of Energy (DOE).

ACTION: Notice of intent to prepare an Environmental Impact Statement (EIS).

SUMMARY: This notice announces BPA's intention to prepare an EIS, under the National Environmental Policy Act (NEPA), on a proposed electrical interconnection requested by Peoples Energy Resources Corporation (Peoples Energy), to integrate electrical power from the COB Energy Facility into the Federal transmission grid. BPA proposes to execute an agreement with Peoples Energy to provide them with an interconnection.

DATES: Written comments on the NEPA scoping process are due to the address below no later than February 26, 2002. Comments may also be made at an EIS scoping open house meeting to be held on January 15, 2002, at the address below.

ADDRESSES: Send letters with comments and suggestions on the proposed scope of the Draft EIS to Communications, Bonneville Power Administration—KC-7, P.O. Box 12999, Portland, Oregon, 97212. You may also call BPA's toll-free comment line at 1-800-622-4519; name this project, and record your complete name, address, and comments. Comments may also be sent to the BPA Internet address at comment@bpa.gov. To be placed on the project mail list, call 1-800-622-4520.

An open house will be held on January 15, 2002, 7:00 p.m. to 9:00 p.m., at Bonanza Public Library, 31703 Highway 70, Bonanza, Oregon. At this informal scoping

meeting, BPA staff will answer questions and accept oral and written comments, and representatives of BPA and Peoples Energy will be available to discuss the proposed project and topics to be addressed in the EIS. Information on the proposed project will be available for review.

FOR FURTHER INFORMATION CONTACT: Thomas C. McKinney, Bonneville Power Administration—KEC-4, P.O. Box 3621, Portland, Oregon, 97208-3621; toll-free telephone 1-800-282-3713; direct telephone 503-230-4749; or e-mail tcmckinney@bpa.gov. Additional information can be found at BPA's web site: www.bpa.gov.

SUPPLEMENTARY INFORMATION: The EIS will assess the environmental consequences of the agreement which BPA proposes with Peoples Energy, and the consequences of any modifications to the transmission system needed to provide an electrical connection under the terms of the agreement. In addition to these Federal actions, the EIS will consider the environmental consequences of construction and operation of the COB Energy Facility.

The proposed project has several components. In addition to the generating facility itself (described below), other components may include: (1) an electrical connection into the BPA's electrical transmission system, (2) upgrades to existing BPA Substations, (3) a new substation on-site, (4) potential system upgrades to be defined through impact studies of the facility, (5) a natural gas pipeline, and (6) water supply and process water pipelines.

A. Proposed Action. The proposed COB Energy Facility would be a power development project beginning as a simple-cycle generation facility and expanding to a

combined-cycle electric generating facility. Nominal generating capacity is 600 megawatts in the simple-cycle configuration and 1,150 megawatts in the combined-cycle configuration. The facility site would be located approximately 3 miles south of the City of Bonanza, on the east side of West Langell Valley Road No. 520 in Klamath County. The combined-cycle facility would consist of four combustion turbine generators, and each turbine generator would be coupled with a heat-recovery steam generator (HRSG) and two HRSG's will couple with a steam turbine generator.

The proposed COB Energy Facility would be fueled by natural gas from the existing Pacific Gas & Electric Gas Transmission Northwest (PG&E GTN) pipeline and delivered through a new, approximately 4.6-mile natural-gas pipeline. Natural gas would be burned in the combustion turbines. Expanding gases from combustion would turn rotors within the turbines that are connected to electric generators. The hot gases exhausted from the combustion turbines would be used to raise steam in the HRSGs. Steam from the HRSGs would be expanded through a steam turbine that drives its own electric generator. To increase steam-generating capacity, a duct burner system will be included in each HRSG. The duct burner will increase the steam generated in the HRSGs and increase the steam generator's electrical output.

Water would be needed at the facility to generate steam and cool the steam process. Water would be supplied from an existing well, known as the Babson well, located approximately 2.8 miles from the facility. The well would draw water from the deep basalt aquifer, which is isolated from the shallow well aquifer in the area. Process water from the facility would be discharged either for land application through nearby

irrigation district systems, land applied on site for irrigation, or discharged to the Lost River during periods allowed by the Oregon Department of Environmental Quality.

The COB Energy Facility would deliver electric power to the regional power grid through an interconnection to existing electric transmission lines that cross the facility site. The facility would tie into two or three of the existing electric transmission lines, owned by BPA, PacifiCorp, and Portland General Electric. A transmission planning study conducted by the three utilities will determine the optimal interconnection among the transmission lines. The study also will identify any upgrades to the existing lines or the Malin Substation that may be needed.

B. Process to Date. BPA is the lead Federal agency for the project EIS. The State of Oregon Energy Facility Siting Council is currently evaluating the Notice of Intent to Apply for a Site Certificate for the COB Energy Facility. Oregon's site evaluation process, like NEPA, provides opportunity for public participation, and a public meeting will be held by representatives from the Oregon Office of Energy at the January 15 meeting in Bonanza.

C. Alternatives Proposed for Consideration. Alternatives thus far identified for evaluation in the EIS are: (1) the proposed action and (2) no action. Other alternatives may be identified through the scoping process.

D. Public Participation and Identification of Environmental Issues. BPA intends to prepare an EIS addressing both the COB Energy Facility and the associated electric power interconnection facilities. BPA has established a 45-day scoping period during which affected landowners, concerned citizens, special interest groups, local governments, and any other interested parties are invited to comment on the scope of the

proposed EIS. Scoping will help BPA ensure that a full range of issues related to this proposal is addressed in the EIS and also will identify significant or potentially significant impacts that may result from the proposed project. When completed, the Draft EIS will be circulated for review and comment, and BPA will hold a public comment meeting on the Draft EIS. BPA will consider and respond in the Final EIS to comments received on the Draft EIS.

BPA decided to prepare the EIS for the following reasons: (1) the COB Energy Facility would depend on an interconnect to existing electric transmission lines that may include a BPA line, (2) the interconnect could require upgrades to the existing BPA line, (3) the interconnection may include a new substation on the site, (4) the interconnection may require upgrades to the BPA Malin Substation, (5) the interconnect may result in other system impacts identified in the transmission study, and (6) no other Federal or State agency is currently preparing an EIS on the proposed project. Because no other EIS is being prepared, the scope of BPA's EIS will cover both the interconnection elements and the COB Energy Facility itself.

The principal issues identified thus far for consideration in the Draft EIS with respect to the COB Energy Facility are as follows: (1) air and water quality impacts, (2) noise impacts from plant operation, (3) aesthetic impacts, (4) socioeconomic impacts created by an influx of construction workers into a sparsely populated area, (5) impacts on wildlife habitat, and (6) cultural resource impacts. The principal issues identified thus far for consideration in the Draft EIS with respect to the electric power transmission facilities are impacts of electrical interconnection on the grid system.

These issues, together with any additional significant issues identified through the scoping process, will be addressed in the EIS.

Issued in Portland, Oregon, on December 21, 2001

/s/ Stephen J. Wright
Stephen J. Wright
Acting Administrator and
Chief Executive Officer

bcc:
Adm. Chron. File – A-7
Official File – KEC (EQ-14)

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