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STAFF REPORT: REGULAR CALENDAR

APPLICATION FILE NO.: **E-07-013**

APPLICANT: **Pacific Gas and Electric Company**

PROJECT LOCATION: Between the Humboldt Bay Power Plant in King Salmon and Olson's Wharf in Fields Landing, in the County of Humboldt.

PROJECT DESCRIPTION: Removal of a shut-in and abandoned fuel oil pipeline in and near Humboldt Bay.

EXHIBIT 1: Area Map with Project Location

EXHIBIT 2: Project Site Map

SUBSTANTIVE FILE DOCUMENTS:

- PG&E's CDP Application, December 2007.
- *Fuel Oil Pipeline Removal Work Plan* – TRC Consultants, February 2008.
- *Cultural Resources Inventory and National Register of Historic Places Evaluation for the Humboldt Bay Power Plant Fuel Line Removal Project* – PAR Environmental Services, March 2008.
- *Initial Study* – Winzler & Kelly, May 2008.
- *Conceptual Habitat Mitigation, Restoration, and Monitoring Plan for the PG&E Humboldt Bay Pipeline Removal Project, King Salmon, California* prepared by Stillwater Sciences for PG&E.
- *Mitigated Negative Declaration* – Humboldt Bay Harbor, Recreation, and Conservation District, June 2008.

SUMMARY

These Recommended Findings address the proposed removal of a pipeline that was used to transport fuel oil between Olson's Wharf in Field's Landing in Humboldt Bay to the Pacific Gas & Electric (PG&E) power plant about a mile away in King Salmon. The pipeline has not been used since 1991.

The proposed project includes potential impacts to marine life, water quality, wetlands, and scenic resources. The pipeline removal will disturb a strip of salt marsh wetlands adjacent to Humboldt Bay and areas of eelgrass within the Bay. PG&E has included with the project measures to avoid or reduce impacts, and has proposed to mitigate in part by removing a service road in the salt marsh adjacent to the pipeline and restoring the area, which will provide about 0.36 acres of restored wetlands and will rejoin two areas of the marsh that have been separated by the road. Staff proposes a number of Special Conditions that will ensure the project further avoids and otherwise mitigates for potential impacts.

Staff has determined that the proposal, as conditioned, will comply with Coastal Act sections 30230 and 30231 (marine biological resources and water quality), 30232 (spill prevention and response), 30233 (wetland protection and dredging in coastal waters), and 30251 (scenic resources). Staff therefore recommends that the Commission **approve** the proposed project, as conditioned.

1.0 MOTION AND RESOLUTION

Staff recommends approval of the permit application, subject to Standard and Special Conditions.

Motion:

> *I move that the Commission approve Coastal Development Permit E-07-013 subject to the conditions specified below.*

Staff recommends a **YES** vote. Passage of this motion will result in approval of the permit as conditioned and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of Commissioners present.

Resolution:

> *The Commission hereby approves a Coastal Development Permit for the proposed development and adopts the findings set forth below on grounds that the development as conditioned will be in conformity with the policies of Chapter 3 of the Coastal Act. Approval of the permit complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the development on the environment, or 2) there are no further feasible mitigation measures or alternatives that would substantially lessen any significant adverse impacts of the development on the environment.*

2.0 STANDARD CONDITIONS

1. **Notice of Receipt and Acknowledgment.** The permit is not valid and development shall not commence until a copy of the permit, signed by the applicant or authorized agent, acknowledging receipt of the permit and acceptance of the terms and conditions, is returned to the Commission office.

2. **Expiration.** If development has not commenced, the permit will expire two years from the date on which the Commission voted on the application. Development shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.

3. **Interpretation.** Any questions of intent of interpretation of any condition will be resolved by the Executive Director or the Commission.

4. **Assignment.** The permit may be assigned to any qualified person, provided assignee files with the Commission an affidavit accepting all terms and conditions of the permit.

5. **Terms and Conditions Run with the Land.** These terms and conditions shall be perpetual, and it is the intention of the Commission and the permittee to bind all future owners and possessors of the subject property to the terms and conditions.

3.0 SPECIAL CONDITIONS

1. **Other Permits and Approvals:** ***Prior to starting pipeline removal***, the Permittee shall provide to the Executive Director copies of the following permits and approvals:

   - Section 10/404 permit from the U.S. Corps of Engineers.
   - Section 7 conformity with the National Marine Fisheries Service and U.S. Fish & Wildlife Service.
   - Notification to the U.S. Coast Guard.
   - Section 401 Water Quality Certification from the North Coast Regional Water Quality Control Board.
   - Streambed Alteration Agreement from the California Department of Fish & Game.
   - Development permit from the Humboldt Bay Harbor, Recreation and Conservation District.

2. **General Construction-Related Requirements:**

   A) All materials and debris originating from the project shall be stored and/or contained in a manner to preclude their uncontrolled entry and dispersion to the waters of Humboldt Bay or nearby wetlands. Any debris resulting from construction activities that inadvertently enters the Bay or wetlands shall be removed immediately.

   B) All debris shall be removed from the project site no less than 5 days after project completion.

C) The permittee shall install and maintain silt screens, straw bales, coir-rolls, coffer damming, and/or silt curtains appropriate for use in wetland and intertidal settings to prevent water quality impacts throughout project activities. The permittee shall have available on site additional siltation barrier materials to be deployed as needed for reinforcing sediment containment structures should unseasonable rainfall occur.

3. Notification: At least one week before starting onsite project activities, the permittee shall submit written notice to the San Francisco office of the California Coastal Commission of scheduled start dates for the pipeline removal.

4. Eelgrass Protection: The permittee shall provide the following:

A) ***Prior to issuance of the coastal development permit***, the permittee shall submit for Executive Director review and approval an eelgrass protection plan that includes:

- Results of a pre-project eelgrass survey completed during the growing season (i.e., between May and August) prior to pipeline removal. The survey will identify areas of eelgrass within 100' on either side of the pipeline route, and will include estimates of eelgrass density and extent of vegetated cover. Density is defined as the average number of turions per unit area. The extent of vegetated cover is defined as that area where eelgrass is present and where gaps in coverage are less than one meter between individual turion clusters. The plan shall also identify survey and statistical methods to be used, which shall provide at least 90% power to detect a 10% difference in density with alpha = 0.10.

- Measures that will be implemented to avoid and minimize to the extent feasible impacts to areas of eelgrass within the work corridor, including delineating areas in which equipment and personnel will not be used, deploying mats or other materials to reduce mudflat compaction, identifying specific barge mooring locations outside of eelgrass areas, avoiding grounding the barge or other floating equipment, and avoiding dragging anchors, cables, or other items through eelgrass areas.

B) ***During pipeline removal***, the permittee shall implement the plan as approved by the Executive Director. Any proposed changes to the approved plan shall be reported to the Executive Director for additional review and approval. No changes to the approved plan shall occur without a Commission amendment to this coastal development permit unless the Executive Director determines that no amendment is required.

C) ***Following pipeline removal***, the permittee shall conduct a survey during the next growing season and in the same month as the pre-removal survey. This survey is to compare the pre- and post-removal eelgrass density and cover throughout the work corridor and identify all areas where post-removal density is less than 85% of pre-removal density or where the extent of vegetated cover is less after removal than before. The survey shall use the same sampling and statistical methods used in the approved pre-removal survey.

If there are areas where densities are less than 85% of pre-removal levels, or where there is a loss of extent of vegetated cover, the permittee shall submit an application for a coastal development permit amendment proposing mitigation for these impacts. The proposed mitigation shall provide no less than 3:1 areal mitigation, shall identify the proposed eelgrass mitigation areas, and shall include monitoring for at least five years after planting and contingency plans to ensure mitigation success. It shall also ensure that final monitoring for success will take place no sooner than three years after the end of all remediation, or at the end of five years after planting, whichever is later. The permittee shall submit a final monitoring report for the review and approval of the Executive Director at the end of the monitoring period. If the report indicates that the project has been unsuccessful, in whole or in part, the permittee shall within 90 days of submittal submit a revised or supplemental restoration program to compensate for those portions of the program that did not meet the success criteria. The revised program shall be processed as an amendment to the original permit unless the Executive Director determines that no amendment is required.

5. **Wetland Restoration:** ***Prior to issuance of the coastal development permit***, the permittee shall submit, for the review and approval of the Executive Director, a final restoration plan for all wetland areas disturbed during pipeline removal and during removal of the service road. The plan shall include the following:

   - A site plan, including a plant list, which together show the type, size, number, source, and location of all plant materials that will be retained or planted in the disturbed and restored areas. The plan shall ensure that the entire disturbed areas are replanted with regionally appropriate native vegetation. The vegetation to be replanted shall be of local genetic stock, if available. No plant species listed as problematic and/or invasive by the California Native Plant Society, the California invasive Plant Council, or as may be identified from time to time by the State of California, shall be installed or allowed to naturalize or persist on the site. No plant species listed as a "noxious weed" by the governments of the State of California or the United States shall be used within the property. Rodenticides containing any anticoagulant compounds, including, but not limited to, Bromadiolone or Diphacinone, shall not be used.

   - Specified goals of the plan and performance criteria to evaluate the success of the restoration. Vegetation in the restored sites shall achieve a standard for success of at least 80 percent survival of plantings or at least 80 percent ground cover for broadcast seeding after a period of 3 years. The plan shall include success criteria to insure that there is appropriate biodiversity and that the key species that characterize the habitat type are present in appropriate abundance. There shall be no invasive species present and no more than 10% absolute cover of exotic species within the restored areas during the monitoring period.

   - A maintenance plan (e.g., weeding, replacement planting) and monitoring plan to ensure that the specified goals and performance criteria have been satisfied. The revegetation area shall be monitored annually for a minimum of five years following completion of the project. The plan shall identify photo-points that will be used to monitor the success of the revegetation efforts. The plan will also provide for submittal of annual monitoring

reports to Commission staff by November 1 of each year of the monitoring period. It shall also include provisions for remedial actions if the final monitoring report indicates that site revegetation has been unsuccessful, in part or in whole. If remedial actions are found to be necessary, the applicant shall submit for the review and approval of the Executive Director a revised revegetation plan to implement the remedial actions to achieve the specified performance standards. The revised plan shall require an amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

The permittee shall implement the approved final plan. Any proposed changes to the approved final plan shall be reported to the Executive Director. No changes to the approved final plan shall occur without a Commission amendment to this coastal development permit unless the Executive Director determines that no amendment is required.

6. **Spill Prevention and Response:** During all project-related activities, the permittee shall implement the measures in its *Fuel Oil Pipeline Removal Work Plan* (TRC, February 2008), including the asbestos removal measures and Appendix B – *Fuel Oil Pipeline Spill Contingency and Response Plan* to prevent and respond to any spills or releases of fuel or hazardous substances into the environment. Additionally, the permittee shall fuel equipment other than vessels on paved areas at least 100 feet from wetlands or from the Mean High High Water line of the bay.

4.0 FINDINGS AND DECLARATIONS[1]

4.1 PROJECT DESCRIPTION

The proposed project involves removing a pipeline that PG&E used to transport fuel oil between Olson's Wharf in Fields Landing and the Humboldt Bay Power Plant in King Salmon (see Exhibit 1 – Area Map and Project Location). PG&E installed the pipeline in 1955 during power plant construction, and it was used to deliver fuel oil to the power plant until 1991. In 1992, PG&E removed residual oil from the pipeline and displaced it with water. The pipeline has been in caretaker status since that time.

PG&E is proposing to remove the pipeline as part of its decommissioning and replacement of the existing power plant and to reduce possible liabilities, at the request of potentially affected adjacent landowners. Some areas of the pipeline are exposed at low tide and could present a navigation hazard. Portions of the pipeline are coated with an "asphalt mastic" and include an outer wrap containing asbestos.[2]

The pipeline to be removed is about 3,405 feet long and passes through developed areas as well as areas of marshland, sloughs, and Humboldt Bay. PG&E has identified the following sections (see Exhibit 2 – Project Site Map):

Olson's Wharf:	About 200 feet long, plus risers.
Shipping Channel:	About 580 feet long, and from 0 to 20 feet below the floor of the bay.
Tidal mudflats:	About 1250 feet long, and generally resting on or near the mudflat surface.
Buhne Slough and levee:	About 70 feet long, extending over the Slough. The section of pipeline through the levee will be abandoned in place.
Salt marsh area:	About 770 feet long, varying from at or just below grade.
King Salmon Bridge:	About 245 feet long, and attached to the bridge. The section under the road will be abandoned in place.
King Salmon Avenue to PG&E security fence:	About 335 feet long, varying from three to five feet below grade under an area of lawn and the PG&E entrance road. The section under the road will be abandoned in place.

[1] The project is more fully described in the documents listed in the Substantive File Documents.

[2] The outer wrap of the pipeline contains about 3% asbestos.

The terrestrial portions of the pipeline route pass through a mix of upland and wetland habitats and on or near roads and other infrastructure. The route within Humboldt Bay passes through an intertidal area in which parts of the pipeline are exposed at low tide, and which includes areas of eelgrass.

Project Activities: The project will include the following main steps:

- **Staging and Preparation:** PG&E will use three staging areas during the project – at Olson's Wharf, at the south end of the King Salmon Avenue Bridge, and along the south side of King Salmon Avenue to the north of the bridge. Prior to pipeline removal, PG&E will conduct an eelgrass survey to determine the extent and density of eelgrass beds near the pipeline route.

- **Pipeline Draining:** Workers will drain the pipeline of residual fluids. As noted previously, PG&E removed fuel oil from the pipeline in 1992 and replace it with water; however, the pipeline may still contain some residual oil. PG&E will pump the approximately 30,000 gallons of liquid within the pipeline to holding tanks, where it will be tested and then processed through the power plant's water treatment system.

- **Pipeline Removal:** Workers will cut the land-based sections of the pipeline into segments averaging about 15 to 18 feet long and will remove these pipeline sections using conventional equipment – e.g., backhoe, hand tools, etc. Any topsoil or overburden removed will be placed on thick plastic sheeting and tested for presence of asbestos and total petroleum hydrocarbons. After testing, clean material will be returned to the trench, and any contaminated material will be disposed of pursuant to applicable hazardous material regulations. Workers and equipment will access the site along King Salmon Avenue or along the service road adjacent to the pipeline between King Salmon Avenue and the Bay. Several short sections of pipeline – including sections within the power plant fenceline, under the power plant access road and King Salmon Avenue, and within the Buhne Slough levee – will be cleaned, filled with a concrete slurry, capped, and abandoned in place.

  In the bay, workers will during low tides cut the pipeline into segments up to several hundred feet long, cap the ends, and cable or float the segments during high tide onto a work barge. PG&E expects to conduct all work within 50 feet of the pipeline. It will install silt curtains during in-bay work to minimize transport of sediments.

- **Site Restoration:** After pipeline removal, PG&E will conduct site restoration, which will include removing the service road from the wetland areas and replanting that area with native wetland species, and replanting eelgrass in intertidal areas where it may have been adversely affected by project activities.

- **Final Report:** PG&E will submit a final report to the Executive Director describing the project activities and the effectiveness of mitigation measures.

The pipeline removal is expected to take up to about ten weeks. PG&E will conduct removal during the late summer and early fall months to avoid the breeding and nesting seasons of local wildlife and to avoid the heaviest winter rainy season.

4.2 COASTAL COMMISSION JURISDICTION AND STANDARD OF REVIEW

The entire project site is within the Commission's retained jurisdiction; therefore, the standard of review is Chapter 3 of the Coastal Act.

The proposed project is also subject to the following approvals or permits:

- Section 404 permit from the U.S. Army Corps of Engineers.
- Section 7 conformity with the National Marine Fisheries Service and U.S. Fish & Wildlife Service.
- Notification to the U.S. Coast Guard.
- Section 401 Water Quality Certification from the North Coast Regional Water Quality Control Board.
- Streambed Alteration Agreement from the California Department of Fish & Game.
- Development permit from the Humboldt Bay Harbor, Recreation and Conservation District.

Special Condition 1 would require PG&E to submit the necessary permits to the Executive Director before starting pipeline removal.

Work involving removal, handling, and disposal of asbestos will be subject to requirements of state and federal air quality and health and safety regulations.[3]

The Harbor District also served as the CEQA lead agency. On June 27, 2008, the District certified a Mitigated Negative Determination for the project.

[3] See PG&E's February 2008 *Fuel Oil Pipeline Work Plan*, pages 7-10 for a list of applicable regulations and practices.

4.3 CONFORMITY TO APPLICABLE COASTAL ACT POLICIES

4.3.1 Marine Biology and Water Quality

Coastal Act Section 30230 states:

> *Marine resources shall be maintained, enhanced, and, where feasible, restored. Special protection shall be given to areas and species of special biological or economic significance. Uses of the marine environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine organisms adequate for long-term commercial, recreational, scientific, and educational purposes.*

Coastal Act Section 30231 states:

> *The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of ground water supplies and substantial interference with surface water flow, encouraging waste water reclamation, maintaining natural vegetation buffer areas, that protect riparian habitats, and minimizing alteration of natural streams.*

The pipeline route extends along nearly 1,800 linear feet of the bottom of Humboldt Bay and about 800 linear feet of associated salt marsh wetlands. Some portions of the pipeline are resting on the Bay floor and other portions are buried in the Bay muds. The pipeline route within the Bay is exposed at low tide.

Both the Bay and its associated wetlands support a wide variety of wildlife in a mix of habitats. At least five endangered, threatened, or special concern aquatic species occur in Humboldt Bay and its associated sloughs – the tidewater goby (*Eucyclogobius newberryi*), coast cutthroat trout (*Oncorhynchus clarki*), coho salmon (*Oncorhynchus kisutch*), coast steelhead (*Oncorhynchus mykiss*), and chinook salmon (*Oncorhynchus tshawytscha*). However, the proposed project is not expected to cause adverse effects to these species because the Bay and slough habitat in the immediate project area is dominated by silt and mud, which does not provide high quality habitat for these species. Additionally, the project will occur outside of critical spawning or migration times, which will further reduce the already low potential for impacts to these species. Buhne Slough provides transitional habitat for salmonids as they move from freshwater to saltwater; however, the project has a low potential to adversely affect the Slough since the pipeline in that area is suspended over, rather than in, the waterbody. In an April 1, 2008 letter to PG&E, NOAA Fisheries concluded that the project was not likely to adversely affect listed salmonid species and was not likely to adversely affect Essential Fish Habitat.

Wetlands in the project area provide known or potential habitat for numerous other species, including a variety of bird life – e.g., grebes, herons, and other shorebirds, raptors, etc. – as well as small mammals and amphibians. In a March 20, 2008 letter to PG&E, the U.S. Fish and Wildlife Service concluded that the project would have "no effect" or "may affect, but is not likely to adversely affect" a number of animal and plant species that may use the area, including the bald eagle (*Haliaeetus leucocephalus*), brown pelican (*Pelecanus occidentalis*), marbled murrelet *(Brachyramphus marmoratus*), Western yellow-billed cuckoo (*Coccyzus americanus*), Western snowy plover (*Charadrius alexandrinus nivosus*), tidewater goby (*Eucycloglobius newberryi*), beach layia (*Layia carnosa*), and western lily (*Lilium occidentale*).

To avoid and reduce the project's potential impacts to these areas, PG&E will remove the pipeline in late summer and early fall, outside of the breeding and nesting season. The project will also incorporate a number of mitigation measures, described below. Additionally, **Special Condition 2** would require PG&E to implement a number of construction-related measures meant to reduce siltation, ensure appropriate handling and removal of project-related debris, and other similar measures. **Special Condition 3** would require PG&E to provide Commission staff with notice of the start of pipeline removal activities.

Effects on Eelgrass: One of the project's unavoidable impacts is its adverse effects on eelgrass. The pipeline route within Humboldt Bay crosses intertidal mudflats with areas of common eelgrass (*Zostera marina*), an important species that supports numerous organisms in the Bay. The mudflats range from areas that are completely open and unvegetated to areas with a relatively dense cover of eelgrass. As noted above, PG&E expects to conduct pipeline removal and ground disturbing activities in a corridor extending no more than 50 feet from the pipeline. However, to provide a conservative estimate of potential eelgrass impacts, PG&E has calculated a maximum impact area of 100 feet on each side of the pipeline for a total of about 7.36 acres of mudflats within which eelgrass could be present.

The project includes the following measures to mitigate for potential eelgrass impacts:

- PG&E will conduct a survey within the potential disturbance corridor and at a nearby unaffected control site during the eelgrass growing season (between May and August) immediately before scheduled pipeline removal to determine the density and approximate distribution of eelgrass within the likely disturbance zone.
- Before removing the pipeline, PG&E will collect eelgrass from the areas to be disturbed during removal and will store the eelgrass plugs for replanting after removal is completed.
- During pipeline removal, PG&E will reduce impacts by doing pipeline cutting and asbestos abatement during low tides and removing the pipeline sections during high tides to avoid dragging them along the mudflats. PG&E will use a floating excavator and will install silt curtains to minimize siltation.
- During the growing season after pipeline removal, PG&E will conduct a survey to determine the extent of eelgrass damaged or otherwise adversely affected.

- After correcting for natural changes based on observations at the control site, if there are areas where eelgrass density is less than 85% of pre-removal density or where there is a decrease in the extent of eelgrass cover, PG&E will replant these areas and monitor them for five years to determine whether they meet the following performance standards:

	Percent Cover:*	**Vigor:****	**Percent Cover Free of Invasives:**
Year 1	25%	80% at Category 4	80%
Year 2:	50%	80% at Category 4	80%
Year 3-5:	75%		

* Within the planted area.
** Vigor is based on a four-category system using best professional judgment to gauge apparent plant health. Category 4 is based on at least 81% of foliage appearing healthy.

The Commission is ensuring through **Special Condition 4**[4] that PG&E implement the measures above, with some modifications. The modifications would require PG&E to submit an application to amend its coastal development permit to mitigate at a 3:1 ratio those areas in which post-removal eelgrass density is less than 85% of pre-removal density or where there is a loss of eelgrass cover. The modifications would also require a specific level of sampling and statistical rigor to ensure any impacts are accurately identified.

Effects on Water Quality – Dredging: PG&E estimates that removing the sections of pipeline buried in the Bay floor will require excavating about 3,100 cubic yards of sediments. The sediments are predominantly mud and very fine material. In April 2008, PG&E conducted sediment sampling along the pipeline route due to concerns about potential sediment contaminants near the pipeline. PG&E collected five borings – three along the route and two to provide reference samples – and tested the sediments for a number of potential contaminants, including total petroleum hydrocarbons, volatile organic compounds, metals, dioxins, and furans. Most of the test results showed low or "non-detect" concentrations. For dioxins and furans, the results showed higher levels at the reference sites than along the pipeline route, though all were under the threshold value established by the National Oceanic and Atmospheric Administration (NOAA).

Project-related work is not expected to cause more than temporary water quality impacts. To ensure the project does not mobilize potentially harmful levels of contaminants, PG&E will conduct ongoing testing during pipeline removal. Testing is meant to detect potential contaminants, including the potential presence of the asphalt and asbestos that are part of the pipeline. PG&E will continually monitor for potential petroleum products in and near the pipeline. PG&E has provided in its *Fuel Oil Pipeline Removal Work Plan* a number of measures to detect these materials and if detected, to handle them and remove them from the site. PG&E will also deploy silt curtains to minimize sedimentation (see also Section 4.3.3 of these Findings).

[4] This Special Condition is similar to the Commission's requirement in CDP 1-08-017, approved July 2008 for the Wiyot Tribe's Indian Island Restoration Project in Humboldt Bay.

Effects on Wetlands: The pipeline removal will unavoidably result in some impacts to wetlands. The pipeline passes through areas of northern salt marsh, which consists largely of herbaceous salt-tolerant native species, including pickleweed (*Salicornia virginica*), seaside arrow grass (*Triglochin maritima*), inland saltgrass (*Distichilis spicata*), and others, as well as some non-native species such as denseflower cordgrass (*Spartina densiflora*). Disturbance due to pipeline and vegetation removal is expected to be between about 0.09 acres (800 linear feet by five feet wide) and 0.18 acres (800 linear feet by 10 feet wide).

PG&E will reduce some of the potential wetland impacts by using an existing, slightly elevated, dirt service road adjacent to the pipeline to conduct removal activities. Although some areas of the road are also considered wetlands due to the presence of hydrophytic vegetation on portions of the road surface, PG&E's use of the road will result in fewer impacts than conducting removal from the lower elevation and fully vegetated wetland areas. Additionally, PG&E plans as part of the project to remove the road and restore the area to salt marsh. Following pipeline removal, PG&E will remove the road surface to match the surrounding elevation and will replant the area with native species obtained from a local native plant nursery.[5] Road removal will be done before the first winter rains and will include erosion control measures as well as ongoing monitoring to ensure planting success. Removing the road will remove about 0.36 acres of fill (i.e., an area about 800 feet long by 20 feet wide) from the wetlands and will also re-connect two currently separate areas of the salt marsh. PG&E will also replant areas directly disturbed during pipeline removal. The restoration of between 0.09 and 0.18 acres along the pipeline and 0.36 acres of the roadbed would provide a total restoration ratio of between about 3:1 and 4.5:1.

Special Condition 5 would require PG&E to conduct the wetland restoration efforts in a manner that will ensure impacts are minimized and that will provide a high likelihood of mitigation success. It would require PG&E to submit a restoration plan that provides additional details about its proposed restoration measures, including specific planting plans, monitoring requirements, contingency measures, and other similar elements.

Conclusion: As proposed and conditioned, the Commission finds that the project will adequately protect marine resources and water quality. For the reasons above, the Commission therefore finds that the project is consistent with Sections 30230 and 30231 of the Coastal Act.

4.3.2 Wetland Protection and Dredging

Coastal Act Section 30233, which includes policies related to both wetland protection and dredging, states, in relevant part:

> *(a) The diking, filling, or dredging of open coastal waters, wetlands, estuaries, and lakes shall be permitted in accordance with other applicable provisions of this division, where there is no feasible less environmentally damaging alternative, and where feasible mitigation measures have been provided to minimize adverse environmental effects, and shall be limited to the following:*

[5] The planting list is contained in June 2008 "*Conceptual Habitat Mitigation, Restoration, and Monitoring Plan for the PG&E Humboldt Bay Pipeline Removal Project, King Salmon, California*" prepared by Stillwater Sciences for PG&E.

(1) New or expanded port, energy, and coastal-dependent industrial facilities, including commercial fishing facilities.
(2) Maintaining existing, or restoring previously dredged, depths in existing navigational channels, turning basins, vessel berthing and mooring areas, and boat launching ramps.
(3) In open coastal waters, other than wetlands, including streams, estuaries, and lakes, new or expanded boating facilities and the placement of structural pilings for public recreational piers that provide public access and recreational opportunities.
(4) Incidental public service purposes, including, but not limited to, burying cables and pipes or inspection of piers and maintenance of existing intake and outfall lines.
(5) Mineral extraction, including sand for restoring beaches, except in environmentally sensitive areas.
(6) Restoration purposes.
(7) Nature study, aquaculture, or similar resource-dependent activities.

(b) Dredging and spoils disposal shall be planned and carried out to avoid significant disruption to marine and wildlife habitats and water circulation. Dredge spoils suitable for beach replenishment should be transported for these purposes to appropriate beaches or into suitable longshore current systems.

(c) In addition to the other provisions of this section, diking, filling, or dredging in existing estuaries and wetlands shall maintain or enhance the functional capacity of the wetland or estuary…

Section 30233 includes provisions related to both wetland protection and dredging activities. Both types of activities are subject to a three-part test contained in Section 30233(a), which is applied below. These Findings next address the conformity of the project's dredging activities to Section 30233(b), followed by an evaluation of both types of activities for conformity to Section 30233(c).

Conformity to Section 30233(a): This section imposes a three-part test on the project's proposed activities affecting wetlands and dredged areas: (1) the development must fall within one of seven allowable categories of use; (2) there must be no feasible less environmentally damaging alternative to such development; and, (3) the development must be mitigated to the maximum extent feasible. As shown below, the project would be consistent with the requirements of this three-part test:

1) **Allowable use:** The project is part of the ongoing energy facility development at PG&E's Humboldt Bay Power Plant. PG&E has proposed replacing the existing plant with a new facility (currently under review pursuant to the California Energy Commission's Application For Certification No. 06-AFC-7). As part of this replacement, PG&E plans to decommission the existing plant and associated infrastructure, including this pipeline, over the next several years. The Commission therefore finds the proposed project is part of energy facility development and therefore meets the first test of Section 30233(a).

2) **No feasible less environmentally damaging alternative:** The main alternative to removal would be to keep the pipeline in place; however, this would not meet the project goal of removing potential liability associated with the pipeline and removing potentially harmful materials from the Bay and associated wetlands. Although the removal activities will result

in some adverse impacts, these are expected to be temporary, and will be mitigated as described elsewhere in these Findings and through the Commission's **Special Conditions**. Therefore, the Commission finds there are no feasible, less environmentally damaging alternatives to the project and that it meets the second test of Section 30233(a).

3) **Mitigated to the maximum extent feasible:** As noted elsewhere in these Findings (see, for example, Section 4.3.1 – Marine Resources and Water Quality, and Section 4.3.3 – Spill Prevention and Response), PG&E has included in the project a number of mitigation measures to avoid or reduce potential impacts to wetlands and to Humboldt Bay's water quality and marine life. The Commission has additionally imposed a number of Special Conditions that will result in further reduction of potential impacts. With these measures and Special Conditions, the Commission finds that the project will be mitigated to the maximum extent feasible and that it therefore conforms to the third test of Section 30233(a).

Conformity to Section 30233(b): Section 30233(b) requires that dredging and disposal activities avoid significant disruption to habitat or water circulation, and that dredged spoils that may be suitable for beach nourishment be used for that purpose. With the mitigation measures noted above, the proposed activities are expected to cause only minimal disruption to habitat or water circulation. Further, the Bay floor in this area is largely mud or very fine material and is not suitable for beach nourishment. Therefore, the Commission finds the proposed activities are consistent with Section 30233(b).

Conformity to Section 30233(c): Section 30233(c) requires that these proposed wetland disturbing and dredging activities maintain or enhance the functional capacity of the affected areas. The project's effects are expected to be only temporary, and with the above-referenced mitigation measures, including wetland and eelgrass restoration, along with the removal of potentially hazardous materials, the proposed project is expected to maintain and possibly enhance the functional capacity of the affected areas. The Commission therefore finds the proposed activities are consistent with Section 30233(c).

Conclusion: As described above and as conditioned, the Commission finds the project consistent with applicable policies of Coastal Act Section 30233.

4.3.3 Spill Prevention and Response

Coastal Act Section 30232 states:

> *Protection against the spillage of crude oil, gas, petroleum products, or hazardous substances shall be provided in relation to any development or transportation of such materials. Effective containment and cleanup facilities and procedures shall be provided for accidental spills that do occur.*

The proposed project includes a risk of oil spills in or adjacent to coastal waters due to its use of vessels and engines in and near coastal waters. It also includes the risk of releasing asphalt and asbestos during pipeline cutting and removal. Coastal Act Section 30232 requires an applicant to protect against these risks, to undertake measures to prevent spills and releases, and to provide effective cleanup measures should a spill or release occur.

Oil Spill Prevention and Response: Overall, the potential for oil or fuel spills during the project is considered relatively low, due in part to the short duration of the project work, and due in part to PG&E's proposed mitigation measures. PG&E submitted with its application a *Spill Response and Contingency Plan* that includes a number of measures to reduce the potential for spills and to provide appropriate response for spills that may occur. PG&E's measures include:

- During work in terrestrial and wetland areas, PG&E will maintain a spill response mobile unit at the project site during pipeline removal. For work on the Bay, PG&E will maintain a similar vessel-based response unit.

- Before starting pipeline removal, PG&E will use a vacuum truck to pump the liquid within the pipeline to holding tanks where it will be tested for the presence of petroleum. This liquid removal will occur in two stages – one at the north end of the pipeline, where the liquid will be pumped to holding tanks located within the power plant grounds, and the other at Olson's Wharf, where the liquid will be pumped into a tank and then moved to the power plant. In both cases, the liquid will be treated using the power plant's oil/water separator.

- The Plan includes notification and emergency response requirements that PG&E will implement in the event of a spill. It also identifies the most environmentally sensitive areas near the project site that would receive priority responses and protection if needed.

Special Condition 6 would require PG&E to implement the Plan and would additionally ensure that any vehicle fueling and fuel storage be done away from wetlands and coastal waters.

Preventing Release of Hazardous Substances: The project entails removing a pipeline coated with asphalt and wrapped with asbestos. PG&E has included with the project several measures meant to avoid or reduce the potential for uncontrolled release of these substances into the environment. The primary risks from asbestos are to human health through breathing in airborne asbestos fibers or by drinking water that contains asbestos. PG&E will adhere to all state and federal regulations to abate potential asbestos exposure, which will also eliminate or reduce the release of both asbestos and asphalt to the marine environment. All cutting operations will be done within abatement structures or "glove bags" meant to completely contain the material. Where possible, the pipeline will be cut where there is no wrapping (e.g., at pipe joints). For disposal, all pipeline insulation material and associated debris will be double-wrapped within approved packaging and placed in required disposal containers. Workers will use necessary protective clothing and filters, and PG&E will monitor by collecting air samples near the work areas.

Conclusion: With these measures, the Commission finds that the project will provide adequate protection against spills and hazardous substances and will ensure necessary containment should a spill occur. For the reasons above, the Commission therefore finds that the project is consistent with Section 30232 of the Coastal Act.

4.3.4 Scenic and Visual Qualities

Coastal Act Section 30251 states:

> *The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural land forms, to be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded area.*

Activities associated with the proposed project will cause minor and temporary visual effects due to the use of vessels and motorized equipment during the anticipated ten weeks of work. The project activities will occur in areas visible from publicly-accessible areas along the shoreline. For work in the water, however, the vessels would be similar to those that use nearby waters and are not likely to result in a significant change to existing conditions. The work in the uplands and wetlands will take place for the most part along a little-used service road on or near the pipeline corridor. Any adverse visual impacts that may occur will be temporary in nature and are not expected to last past the duration of the pipeline removal activities.

Because the project's visual effects would be temporary and relatively minor in relation to other nearby uses, the proposed project is not expected to result in significant adverse impacts to coastal views.

Conclusion: For the reasons above, and as conditioned, the Commission finds that the proposed development will not adversely affect views to and along the scenic coastal area where it is located and that it is consistent with Section 30251 of the Coastal Act.

5.0 CALIFORNIA ENVIRONMENTAL QUALITY ACT

Section 13096 of the Commission's administrative regulations requires Commission approval of CDP applications to be supported by a finding showing the application, as modified by any conditions of approval, to be consistent with any applicable requirements of the California Environmental Quality Act (CEQA). Section 21080.5(d)(2)(A) of the CEQA prohibits approval of a proposed development if there are feasible alternatives or feasible mitigation measures available that would substantially lessen any significant impacts that the activity may have on the environment. Mitigation measures that will minimize or avoid all significant adverse environmental impacts have been required. As conditioned, there are no feasible alternatives or feasible mitigation measures available, beyond those required, which would substantially lessen any significant adverse impact that the activity would have on the environment. Therefore, the Commission finds that the proposed project, as conditioned to mitigate the identified impacts, can be found consistent with the requirements of the Coastal Act and to conform to CEQA.

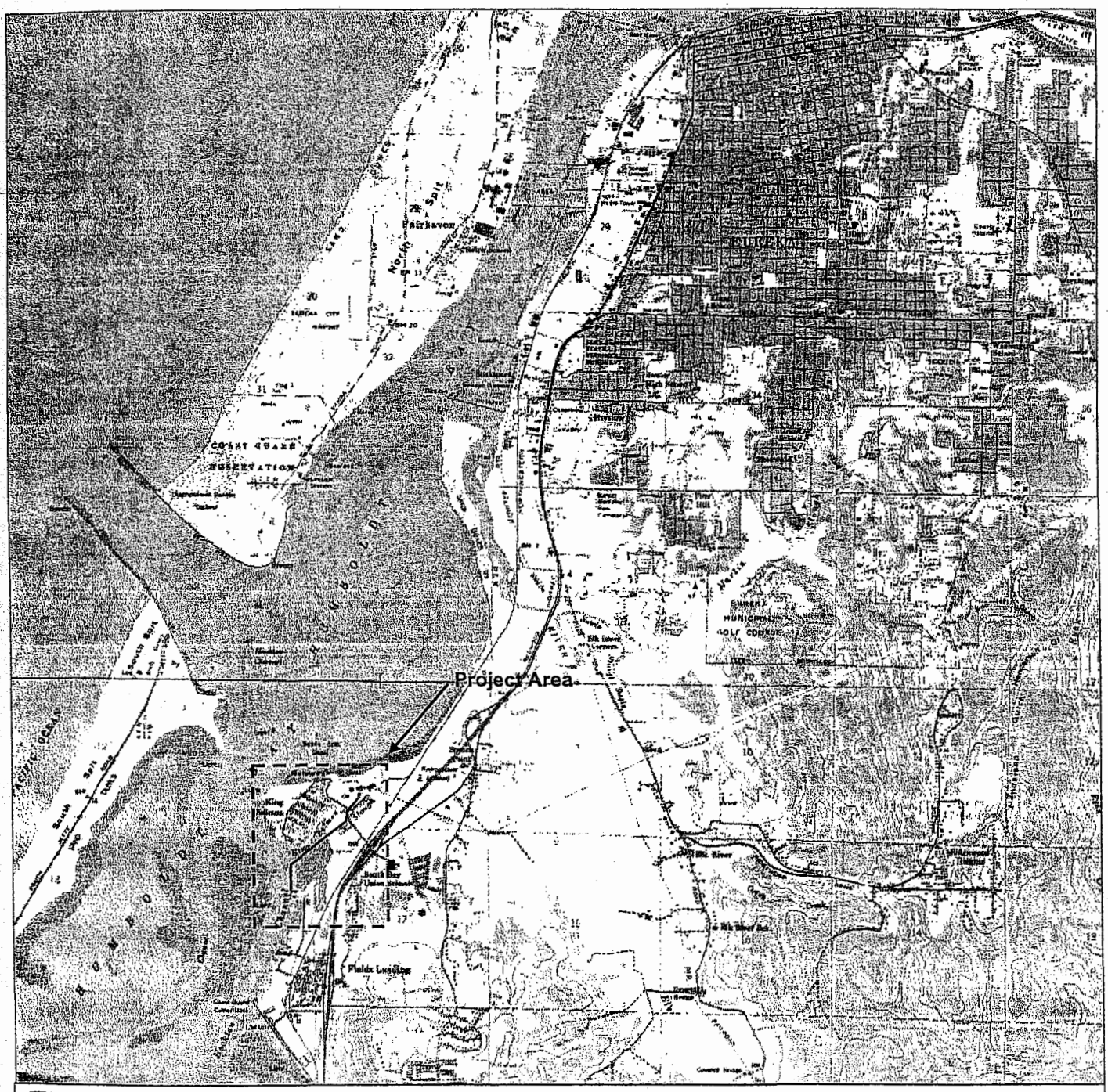

Figure 1: Humboldt Bay Power Plant Fuel Oil Pipeline Removal
Project Location Map

EXHIBIT NO. 1
APPLICATION NO.
PACIFIC GAS &
ELECTRIC CO.

EXHIBIT NO. 2
APPLICATION NO.
PACIFIC GAS &
ELECTRIC CO.

N

APPROXIMATE SCALE (FEET)

0 500 1,000

SOURCES:

Aerial photo: Maptech, June 2005.

Pipeline Location: Pacific Gas and Electric Company, Fuel Oil Supply Pipeline, Drawings 417020 and 417021, Humboldt Bay Steam Plant, Unit No. 1, Revised March 1956.

AERIAL VIEW OF SITE

Humboldt Bay Power Plant
Humboldt, California

TRC

FIGURE 2