Public Notice

US Army Corps of Engineers
Sacramento District
1325 J Street
Sacramento, CA 95814-2922

Public Notice Number: SPK-2008-00133
Date: October 13, 2008
Comments Due: November 13, 2008
In reply, please refer to the Public Notice Number

SUBJECT: The U.S. Army Corps of Engineers, Sacramento District, (Corps) is evaluating a permit application to construct the Lake Side Power Plant – Phase 2 project, which would result in permanent impacts to approximately 3.68 acres and temporary impacts to 2.13 acres of waters of the United States, including wetlands, in or adjacent to Lindon Hollow Creek. This notice is to inform interested parties of the proposed activity and to solicit comments. This notice may also be viewed at the Corps web site at http://www.spk.usace.army.mil/regulatory.html.

AUTHORITY: This application is being evaluated under Section 10 of the Rivers and Harbors Act of 1899 for structures or work in or affecting navigable waters of the United States and/or Section 404 of the Clean Water Act for the discharge of dredged or fill material in waters of the United States.

APPLICANT: Summit Vineyard, LLC
15 Panorama Crest Avenue
Las Vegas, Nevada 89135
Attn: Tom Cameron (702) 360-0186

LOCATION: The project site is located near Lindon Hollow Creek, Section 6, Township 6 South, Range 2 East, Salt Lake Base and Meridian, Utah County, Utah, and can be seen on the Pelican Point USGS Topographic Quadrangle.

PROJECT DESCRIPTION: The applicant is proposing to construct a power plant. Based on the available information, the overall project purpose is to build a second natural gas fired power generation plant adjacent to the existing Lake Side power plant. The applicant believes there is a need to generate more power and anticipates the proposed plant would provide PacifiCorp approximately 600 MW of additional power generating capacity to serve the growing load demands along the Wasatch Front. PacifiCorp feels the additional generating capacity is needed to avoid the potential for power shortages that could occur in the 2012 timeframe if additional power is not made available to the Wasatch Front transmission grid. According to the applicant, the existing transmission lines bringing power from outside sources into the Wasatch Front are at their maximum capacity and importing power from outside sources is not feasible until additional transmission line capacity is in service. Therefore, the growing load demand along the Wasatch Front must be serviced by a local power generating source that can be connected to the existing transmission grid. The attached drawings provide additional project details.

ADDITIONAL INFORMATION:

Environmental Setting. There are approximately 8.19 acres of palustrine emergent wetlands and 2,800 linear feet of stream channel within the project area. The site is situated in an industrial landscape. It is located on the northernmost edge of the old Geneva Steel facilities, approximately 3.5 miles west of Orem. There is a large slag fill area immediately south of the project area. The slag forms much of the southern bank of Lindon Hollow Creek. A railroad laydown yard is located on the west side of Proctor Road (250 West), a steel pipe fabrication plant is located along the on the graded slag area, and the Utah County Solid Waste Transfer Station is located immediately northwest of the project area.

The majority of the site is representative of a disturbed salt desert shrub plant community. The western half of the site is a mosaic of non-vegetated, alkali flats, sections of upland vegetation, and wetland dominated by salt grass. The northern portion of the site has remnants of farm fields and irrigation ditches that are now occupied by wetlands. The southeast portion of the site is where the Phase 1 power plant was constructed. Lindon Hollow Creek flows along the southern property boundary and crosses the western portion of the project area in a highly modified and entrenched stream channel.

Alternatives. The applicant has provided information concerning project alternatives. Additional information concerning project alternatives may be available from the applicant or their agent. Other alternatives may develop during the review process for this permit application. All reasonable project alternatives, in particular those which may be less damaging to the aquatic environment, will be considered.

Off-site Alternatives

PacifiCorp issued a Request For Proposals (RFP) from third parties for Base Load supply side resources in early 2007. The RFP called for proposals that would be capable of delivering energy and capacity in or to the PacifiCorp's Network Transmission system in the PacifiCorp's Eastern Control Area that fulfills the requirements of being a Network Resource. A Base Load supply-side resource is defined as any resource with any type of fuel source that provides unit contingent or firm capacity and associated energy that are incremental to the PacifiCorp's existing capacity and energy resources and are available for dispatch or scheduling by June 1, 2012, June 1, 2013 and/or June 1, 2014. The RFP would consider up to 1,700 MW of new cost effective resources capable of commencing operation in the 2012 to 2014 time frame.

PacifiCorp considered bids which included the following forms: (1) Power Purchase Agreement; (2) Tolling Service Agreement (may include gas or coal); (3) Asset Purchase and Sale Agreement (PacifiCorp site and PacifiCorp's specifications); (4) Asset Purchase and Sale Agreement (Bidder site); (5) Engineering, Procurement and Construction Contract; (6) purchase of an existing facility; (7) purchase of a portion of a facility jointly owned or operated by the Company; (8) restructuring of an existing Power Purchase Agreement or Exchange Agreement; (9) IGCC resource proposals (Power Purchase Agreement, Tolling Service Agreement or Asset Purchase and Sale Agreement on Bidder's site); (10) Geothermal and/or Biomass Power Purchase Agreements; or (11) Exceptions which include (a) Load Curtailment or (b) Qualifying Facilities.

As part of the RFP, PacifiCorp offered two Site alternatives as options for the Bidders to consider. The two sites included an expansion of the existing Lake Side Power Plant or an expansion of the existing Currant Creek power plant (both sites would be Phase 2 expansions).

Summit Vineyard, LLC, (Summit) the developer of the 1st phase of the Lake Side Power Plant, proposed to develop and construct a 2nd phase at the Lake Side Power Plant Site. Summit selected the Lake Side Power Plant Site as the preferred location to develop and construct a new generation resource for the following reasons:

- Proximity to existing transmission infrastructure and the ability to deliver energy into the growing load centers
- Proximity to high pressure natural gas on-site without the need for any additional upgrades
- Availability of water supply to supply the new facilities cooling water requirements
- Existing PacifiCorp operations and maintenance staff would require a small incremental contingent of new staff to support the operations of a 2nd unit
- Ability to attract scarce construction craft labor due the central location of the project vs. a remote site
- Receptiveness of the local community to expand the facility and replace some of the industrial tax base lost when Geneva Steel closed
- Proximity to highway and rail to support deliveries of the materials and equipment necessary to construct the Project

Bids from third parties were required to be submitted before the end of June 2007 after which PacifiCorp would commence evaluation of the bids followed by a selection of a short list of bidders to hold detailed discussions/negotiations.

An Independent Evaluator ("IE") was retained by the Utah Public Service Commission and was involved in all aspects of receiving, evaluating, and ranking bids in response to this RFP, while ensuring fairness throughout the RFP process. A second IE was also retained for the Oregon process.

PacifiCorp's initial "Benchmark" projects for this RFP included:

- 600 MW pulverized coal resource at the Hunter Power Plant Site (Utah) in 2012.
- 340 MW pulverized coal resource at the Intermountain Power Plant (IPP) site (Utah) in 2012.
- 750 MW pulverized coal resource at the Jim Bridger Power Plant site (Wyoming) in 2013.
- 250 – 600 MW Integrated Gasification Combined Cycle ("IGCC") resource (Wyoming) in 2014.

PacifiCorp later amended the Benchmark projects, which eliminated the new unit at Hunter (Utah), reduced the Jim Bridger (Wyoming) pulverized coal resource to 500MW and confirmed the size and location of the new IGCC facility at Jim Bridger (Wyoming) with a name plate rating of 527 MWs. IPP (Utah) also remained as an alternative.

Bids were received by PacifiCorp and the initial reviews of the bids were performed.

In October 2007, PacifiCorp filed a motion to amend the Benchmark projects due to several changes in the marketplace. With the legislation passed by the State of California regarding the import of power generated by pulverized coal resources, a significant member of the IPP plant expansion venture had to terminate their participation in the project thereby putting this project alternative in a position of uncertainty. PacifiCorp's other two coal alternatives (pulverized coal & IGCC) at Jim Bridger (Wyoming) faced severe economic challenges due to significant changes in the construction costs of the facilities. PacifiCorp eliminated their Benchmark projects as viable alternatives to serve load growth in the 2012-2013 time frame.

Most of the immediate power need to serve load growth is for the population centers along the Wasatch Front. If additional load service is not in place by 2012, the Wasatch Front will be at risk for rolling brown outs due to power supply shortages. Also during this time period, it was determined that the existing transmission line system was at its load bearing capacity to bring additional power into the Wasatch Front. Until new transmission lines are in place, the additional load service for the Wasatch Front must come from power generated at locations that can tie in to the service grid for the Wasatch Front.

Summit's bid to develop and construct a 600 MW Phase 2 project at the existing Lake Side Power Plant was short listed and in 1st Quarter of 2008, PacifiCorp and Summit entered into detailed bid review and negotiations commenced followed by selection. In August 2008, PacifiCorp selected Summit and an EPC Contractor to develop and construct the Lake Side Power Plant Phase 2 project.

Conclusion to Off-site Alternatives

There are no other existing power plants in the Wasatch Front capable of major expansions or upgrades to produce an additional 600 MW of power. It would be impossible to identify a suitable power plant site, obtain the necessary water sources and water rights, permit, construct and license a new grass-roots power plant within the Wasatch Front service area in time to meet the 2012 in-service date.

As a result of a rigorous bidding process, including identification and evaluation of PacifiCorp's own Benchmark alternatives, PacifiCorp eventually selected Summit and the Lake Side Power Plant Site as the optimum location for adding a new generation resource. The 2nd phase of the Lake Side Power Plant was selected as the most cost effective technology and use of resources, as well as the most timely alternative to meet growing load demand for a 2012 in-service date.

On-site Alternatives

The proposed action is to construct the Lake Side Phase 2 power plant directly north of the existing Lake Side Phase 1 power plant facility. A detailed explanation of why the north-south configuration was selected is provided with the enclosed on-site alternatives analysis prepared by Summit Vineyard.

An east-west configuration would be the only other on-site alterative that could potentially be built. This alternative was quickly dropped from detailed consideration because of numerous fatal flaws that would result in substantially higher costs, logistical problems for integrating the Phase 2 power plant facility with the existing Phase 1 power plant facility, and greater amounts of environmental impacts.

- An east-west configuration of the Phase 2 power plant facility would have the least amount of tie in with the existing Phase 1 power plant infrastructure, and would be more difficult to integrate with common facilities (control room, administration building, parking areas, and site access) and existing duct bank, raw water, de-mineralized water, and fire water supply connections between the existing Phase 1 power plant and the proposed Phase 2 power plant.
- It would require the relocation of the existing Phase 1 high-voltage switch yard and power transmission lines. These relocations are impracticable because it would require the shut-down of the existing Lake Side Phase 1 power plant for an indeterminate period, which is not an option for PacifiCorp.
- The relocations would be excessively cost prohibitive, and would extend the project schedule by 12 to 18 months because the relocations would have to be done prior to the placement of the surcharge material to prep the site for the new Phase 2 power plant construction.

- An alternative site for the wells and pump station would have to be identified.
- An east-west configuration of the Phase 2 power plant facilities would require the relocation of >1,000 linear feet of Lindon Hollow Creek and would likely impact about 2.25 acres of wetlands.
- An east-west configuration of the Phase 2 power plant facility and relocation of Lindon Hollow Creek would result in the substantial filling of designated floodplains.
- There would likely be no opportunity to mitigate wetlands on-site because there would be no stream corridor to work with due to the necessity to relocate Lindon Hollow Creek.

Mitigation. The Corps requires that applicants consider and use all reasonable and practical measures to avoid and minimize impacts to aquatic resources. If the applicant is unable to avoid or minimize all impacts, the Corps may require compensatory mitigation. The applicant has proposed to create an approximately 14.73-acre on-site wetland mitigation area. Components of the conceptual mitigation plan include:

- Restoration and rehabilitation of the temporary Lindon Hollow Creek crossing.
- Preservation and enhancement of 2,800 linear feet of the Lindon Hollow and Cannery Creek stream corridors.
- Preservation and enhancement of 2.19 acres of existing wetlands that would be avoided.
- Restoration and rehabilitation of the 2.10 acres of wetlands that would be temporarily impacted by project construction.
- Creation/restoration of approximately 7.63 acres of new wetlands. This would be at a 2:1 replacement ratio of the 3.68 acres of wetlands that would be permanently filled by project construction.
- The preservation and enhancement of 2.81 acres of upland buffers within the on-site mitigation area.
- Expansion of the existing floodplain along Lindon Hollow Creek and/or minor channel reconstruction to compensate for minor floodplain encroachments that would result from construction of the Phase 2 power plant.

OTHER GOVERNMENTAL AUTHORIZATIONS: Water quality certification or a waiver, as required under Section 401 of the Clean Water Act from the Utah Division of Water Quality is required for this project. The Utah Division of Water Quality intends to issue certification provided that the proposed work will not violate applicable water quality standards. Projects are usually certified where the project may create diffuse sources (non-point sources) of wastes which will occur only during the actual construction activity and where best management practices would be employed to minimize pollution effects. Written comments on water quality certification should be submitted to Ms. Shelly Andrews, Utah Division of Water Quality, 288 North 1460 West, Post Office Box 144870, Salt Lake City, Utah 84114-4870, on or before November 13, 2008**.** The applicant has not indicated they have applied for certification.

HISTORIC PROPERTIES: Based on the available information (including applicant's report entitled An Intensive-level Cultural Resource Inventory of the Lake Side #2 Combined Facility Project in Utah County, Utah), cultural resources not are within the project's area of potential effect.

ENDANGERED SPECIES: The project will not affect any Federally-listed threatened or endangered species or their critical habitat that are protected by the Endangered Species Act.

ESSENTIAL FISH HABITAT: The proposed project will not adversely affect Essential Fish Habitat (EFH) as defined in the Magnuson-Stevens Fishery Conservation and Management Act.

The above determinations are based on information provided by the applicant and our preliminary review.

EVALUATION FACTORS: The decision whether to issue a permit will be based on an evaluation of the probable impacts, including cumulative impacts, of the described activity on the public interest. That decision will reflect the national concern for both protection and utilization of important resources. The benefit, which reasonably may be expected to accrue from the described activity, must be balanced against its reasonably foreseeable detriments. All factors which may be relevant to the described activity will be considered, including the cumulative effects thereof; among those are conservation, economics, aesthetics, general environmental concerns, wetlands, historic properties, fish and wildlife values, flood hazards, floodplain values, land use, navigation, shoreline erosion and accretion, recreation, water supply and conservation, water quality, energy needs, safety, food and fiber production, mineral needs, consideration of property ownership and, in general, the needs and welfare of the people. The activity's impact on the public interest will include application of the Section 404(b)(1) guidelines promulgated by the Administrator, Environmental Protection Agency (40 CFR Part 230).

The Corps is soliciting comments from the public, Federal, State, and local agencies and officials, Indian tribes, and other interested parties in order to consider and evaluate the impacts of this proposed activity. Any comments received will be considered by the Corps to determine whether to issue, modify, condition, or deny a permit for this proposal. To make this decision, comments are used to assess impacts on endangered species, historic properties, water quality, general environmental effects, and other public interest factors listed above. Comments are used in the preparation of an Environmental Assessment and/or an Environmental Impact Statement pursuant to the National Environmental Policy Act. Comments are also used to determine the need for a public hearing and to determine the overall public interest of the proposed activity.

SUBMITTING COMMENTS: Written comments, referencing Public Notice SPK-2008-00133 must be submitted to the office listed below on or before November 13, 2008.

Terry Johnson, Project Manager
US Army Corps of Engineers, Sacramento District
Sacramento Office
1325 J Street, Room 1480
Sacramento, California 95814 2922
Email: terry.l.johnson@usace.army.mil

The Corps is particularly interested in receiving comments related to the proposal's probable impacts on the affected aquatic environment and the secondary and cumulative effects. Anyone may request, in writing, that a public hearing be held to consider this application. Requests shall specifically state, with particularity, the reason(s) for holding a public hearing. If the Corps determines that the information received in response to this notice is inadequate for thorough evaluation, a public hearing may be warranted. If a public hearing is warranted, interested parties will be notified of the time, date, and location. Please note that all comment letters received are subject to release to the public through the Freedom of Information Act. If you have questions or need additional information please contact the applicant or the Corps' project manager Terry Johnson, 801-295-8380 x 15, terry.l.johnson@usace.army.mil.

Attachments: 4 drawings