



March 18, 2011

Ms. Ellie Irons
Virginia Department of Environmental Quality
Office of Environmental Impact Review
629 East Main Street, Room 633
Richmond, Virginia 23219

Re: North Anna Power Station Proposed Unit 3:
Supplemental CZMA Federal Consistency Certification

Dear Ms. Irons:

Following are Dominion's additional comments on our September 30, 2010 Supplemental CZMA Federal Consistency Certification. Dominion appreciates the Virginia Department of Environmental Quality's (DEQ's) efforts in processing multiple submittals related to the proposed North Anna Unit 3 project. As you know, this is a complex project requiring numerous permits and approvals from various federal, state, and local agencies. The comments below briefly summarize Dominion's pending state Virginia Water Protection (VWP) permit applications, which in conjunction with the other state and local permits required in connection with Unit 3, will serve to ensure activities associated with construction and operation of Unit 3 are consistent with the Virginia Coastal Zone Management Program's (VCP's) enforceable policies.

Federal Permitting CZMA Nexus

In November 2007, the U.S. Nuclear Regulatory Commission (NRC) issued an Early Site Permit (ESP) for the North Anna site, which determined the site is suitable for construction of new units and authorized certain site preparation and construction activities. As part of the ESP process, Dominion submitted a federal consistency certification to VDEQ on March 21, 2005, certifying that the site preparation and construction activities to be authorized under the ESP would comply with the enforceable policies of, and be conducted in a manner consistent with, the VCP. The Unit 3 project activities addressed in this certification included preparation of the site for construction of the new unit, cooling tower, intake structure and associated infrastructure, as well as wastewater discharges and air emissions.

On November 21, 2006, DEQ issued its concurrence with Dominion's certification for the ESP, conditioned on two items. The first condition requires that Dominion obtain (and adhere to conditions in) any necessary permits and approvals prior to performing activities that implicate the VCP's enforceable policies. The second condition required that Dominion conduct an Instream Flow Incremental Methodology (IFIM) study to evaluate how cooling water withdrawals for operation of Unit 3 could

potentially affect habitat for fish and other aquatic organisms in, as well as recreation on, Lake Anna and the North Anna and Pamunkey Rivers downstream.

Regarding the first condition, the attached table lists the various state and local permits and approvals that Dominion is or anticipates pursuing in connection with the Unit 3 project. Notwithstanding the ESP's authorization for Dominion to conduct certain site preparation and construction activities, some of these activities (including certain "site-separation" work required to separate the existing Units 1 and 2 infrastructure from the areas that will house infrastructure to support Unit 3) will require a Clean Water Act (CWA) section 404 permit from the U.S. Army Corps of Engineers (USACE).

Regarding the second condition, in October 2009 Dominion completed an IFIM study and made certain commitments as a result of that study in consultation with VDEQ, VDGIF and VDCR. These commitments will support future operation of proposed Unit 3. Dominion applied to the NRC for a Combined License (COL) for Unit 3 on November 27, 2007. In February 2010, NRC published a Final Supplemental Environmental Impact Statement (SEIS) addressing construction and operation impacts of the proposed Unit 3. On June 29, 2010, Dominion submitted to NRC a revised COL application that reflected a change in reactor technology to a U.S. Advanced Pressurized Water Reactor (US-APWR). The change in reactor technology does not substantially change the environmental impacts of the proposed project.

Dominion's Supplemental CZMA Federal Consistency Certification submitted September 30, 2010, addresses the activities to be authorized under the USACE section 404 permit and the NRC's COL. Those activities, in addition to activities already contemplated by the ESP, will require attendant state and local permits to construct and operate Unit 3. Dominion's initial CZMA certification for the ESP also identified the need to obtain these various state and local permits. Following is a summary of the three VWP permits that Dominion is currently pursuing and that we will need prior to initiating construction, and ultimately operation, of Unit 3.

VWP Permit for Wetland/Stream Impacts

In July 2010, Dominion submitted a Joint Permit Application (JPA) to VMRC (with copies to USACE and DEQ) for wetland and stream impacts that will result from all aspects of the Unit 3 project: site-separation, site-preparation, and construction. All impacts to wetlands and streams resulting from the proposed Unit 3 project were considered during the ESP proceeding except for those impacts associated with site separation, adjacent property known as the Route 700 parcels, the NAPS-to-Ladysmith Transmission Line, the Mattaponi River large component off-loading area, and the three inch rise in Lake Anna water level. In response to the JPA, Dominion anticipates issuance of a CWA section 404 permit from USACE, a VWP permit (which will also serve as a CWA section 401 Certification) from DEQ for wetland and stream impacts, a habitat (subaqueous) permit from VMRC, and a wetland/stream

permit from the King William County Wetland Board. As part of its review of the JPA, the USACE will determine whether a Rivers and Harbors Act Section 10 permit is required for construction of the Mattaponi River barge off-loading facility and for stream crossing as part of the transmission line activities.

WWP Permit for Construction Water Withdrawal

On September 8, 2010, Dominion submitted an application to DEQ for a minor water withdrawal VWP permit to withdraw water from Lake Anna to be used for dust control, moisture control, cleaning of rock surfaces prior to inspection, irrigation to establish vegetative erosion and sediment control measures, construction equipment cleaning, fire protection, and other reasonable uses to support site separation, site preparation, and construction activities. The total maximum daily withdrawal under this permit would be .75 mgd, which is not expected to have any noticeable effect on lake levels or biota. This water withdrawal from Lake Anna will occur outside of the coastal zone, and because of its relatively small size is expected to have a negligible impact on downstream flows.

WWP Permit for Operational Water Withdrawal

As discussed above, in response to DEQ's November 2006 conditional concurrence with the ESP certification, Dominion conducted an IFIM study to address potential impacts of water consumption by proposed Unit 3 on aquatic resources downstream. As a result of the study and comments received, Dominion committed to the following three actions should Unit 3 become operational: (1) raise normal lake level by three inches, (2) provide recreational flows to the North Anna River during June and July weekends, and (3) provide funds to enhance aquatic habitats in the North Anna and Pamunkey Rivers. The Commonwealth's resource agencies confirmed that the IFIM study satisfies the conditions of the 2006 conditional concurrence.

On December 17, 2010, Dominion submitted a VWP permit application to DEQ seeking approval for a major water withdrawal from Lake Anna for cooling water required for operation of Unit 3. Dominion estimates the long term maximum and average daily consumptive uses of lake water required for operation of Unit 3 are 23.3 mgd and 14.0 mgd, respectively. To offset the impact of the withdrawal on lake level and downstream flow, Dominion proposes to raise the normal full-pool elevation of Lake Anna three inches. This increase in the surface water elevation will result in the inundation and unavoidable, temporary loss of 8.14 acres of wetland function along the shoreline to be replaced by an approximately equivalent increase in new wetlands after the shoreline adjusts to the increased elevation. To meet a "no net loss" of wetland function goal, Dominion will provide mitigation for the inundated wetlands through the purchase of credits from an approved wetland mitigation bank.

Conclusion

Public hearings were recently held to receive comments on the draft VWP permits for the wetland and stream impacts and the minor water withdrawal. Dominion anticipates an additional public hearing will be held in 2011 for the operational water withdrawal and associated three-inch rise in lake level. In accordance with regulatory requirements, prior to submitting its VWP permit application, Dominion held two public informational meetings, one on August 24 and the second on August 26, 2010, to receive public comments concerning the water withdrawal requirements for operation of Unit 3. Dominion has worked diligently for many years to ensure that stakeholders are informed of project activities and the avenues for participation in the various permitting processes.

With regard to the CZMA process, Dominion believes it has addressed the conditions of DEQ's November 2006 initial consistency concurrence, and with its supplemental CZMA certification submittal has demonstrated that Unit 3 will be constructed and operated in a manner consistent with the VCP. Further, any impacts to Virginia's coastal resources would be small and otherwise would be appropriately mitigated through compliance with VWP and other state and local permit conditions.

Again, Dominion appreciates DEQ's efforts in managing the multiple proceedings necessary to conduct a proper comprehensive review of the proposed North Anna Unit 3 project. Should you need any further information related to our CZMA or other submittals, please contact Ken Roller at (804) 273-3494 or kenneth.roller@dom.com.

Sincerely,



Robert M. Bisha
Director, Environmental Business Support

Attachment

cc: Rick Weeks
Chief Deputy Director
Department of Environmental Quality
629 East Main Street
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P.O. Box 1105, Richmond, VA 23218

North Anna Power Station Unit 3 Construction and Operation Phases and Required Environmental Permits					
PHASE	ACTIVITY REQUIRING PERMIT	ANTICIPATED PERMIT/AGENCY	ANTICIPATED DATE		
			Application	Public Comment Period	
All Phases	ESP activities in or affecting coastal zone	Federal Consistency Certification Concurrence/DEQ	September 2010	1st Quarter 2011	
	COL/404 activities in or affecting coastal zone not previously considered for ESP	Supplemental Federal Consistency Certification Concurrence/DEQ	September 2010	1st Quarter 2011	
SITE SEPARATION	Construction in wetlands, streams, and river bottoms	Virginia Water Protection (VWP) Permit/DEQ	July 2010*	1st & 2nd Quarters 2011	
	Water supply well - construction workforce	CWA Section 404 Permit/US Army Corps of Engineers	Permit Issued-November 2010		
	Water supply well- construction workforce	Well Permit/Louisiana County	Permit Issued-September 2010		
	Construction water withdrawal (e.g., dust suppression)	Well Permit/VDH	September 2010	First Quarter 2011	
	Land disturbance	Minor Water Withdrawal VWP Permit/DEQ	September 2010	First Quarter 2011	
SITE PREPARATION & CONSTRUCTION		Construction Storm Water Permits/DCR & Louisiana County	Permit Issued-August 2010		
	Construction in wetlands, streams, and river bottoms	Virginia Water Protection (VWP) Permit/DEQ	July 2010	1st & 2nd Quarters 2011	
		CWA Section 404 Permit/US Army Corps of Engineers			
		Habitat (subaqueous) Permit/VMRC			
		Wetlands Permit/King William County Wetlands Board			
		Initiation of construction of an air emissions source (e.g., cooling tower excavation or emergency generator)	Rivers and Harbors Act Section 10 Permit/VMRC		
		Discharge of sanitary wastewater from construction crew	Minor Source Air Permit (Construct & Operate)/DEQ	TBD	TBD
		Potable water supply well-construction workforce	VPDES Individual Permit/DEQ	TBD	TBD
		Water supply wells - Site Preparation & Construction	Nutrient General Permit/DEQ	TBD	N/A
		Construction water withdrawal (e.g., dust suppression)	Well Permit/Louisiana County	TBD	N/A
	Land disturbance	Well Permit/VDH	TBD	N/A	
COMMERCIAL OPERATION	Wastewater discharges from Unit 3 (e.g., cooling tower blowdown, sanitary wastewater, storm water)	Minor Water Withdrawal VWP Permit/DEQ	September 2010	First Quarter 2011	
	Water withdrawal for Unit 3	Construction Storm Water Permit/DCR & Louisiana County	TBD	N/A	
		VPDES Individual Permit/DEQ	TBD	TBD	
		Nutrient General Permit/DEQ	TBD	N/A	
	Inundation of wetlands due to 3 inch increase in lake level	Major Water Withdrawal VWP Permit/DEQ	December 2010	Expected 2nd or 3rd Quarter 2011	
		CWA Section 404 Permit/US Army Corps of Engineers	July 2010*	1st Quarter 2011	
		Virginia Water Protection (VWP) Permit/DEQ	December 2010	Expected 2nd or 3rd Quarter 2011	

* impacts from all three phases included in single application