

STATUS CONFERENCE
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Application for Certification) Docket No.
Beacon Solar Energy Project by) 08-AFC-2
Beacon Solar, LLC)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

TUESDAY, DECEMBER 1, 2009

10:08 A.M.

Reported by: Peter Petty, CER**D-493
Transcribed by: Margo D. Hewitt, CET**00480
Contract No. 170-08-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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Jeffrey Byron, Associate Member

HEARING OFFICER, ADVISORS and STAFF PRESENT

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Kristy Chew, Advisor

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Frank Chetalo
FPL Energy

Michael Flack
AECOM

APPLICANT

Jared L. Foster
Dan Sampson
Worley Parsons

INTERVENOR

Tanya Gulesserian, Attorney
Adams Broadwell Joseph and Cardozo
representing California Unions for Reliable Energy

David Marcus, Consultant for CURE

ALSO PRESENT

Chuck Curtis
State Water Resources Control Board
California Environmental Protection Agency

Dennis LaMoreaux
Rosamond Community Services District

Tom Weil, City Manager
Michael J. Bevins, Public Works Director
City of California City

I N D E X

	Page
Proceedings	1
Opening Remarks	1
Presiding Member Douglas	1
Introductions	1
Background and Overview	5
Hearing Officer Celli	5
Discussion: Water Plan, Schedule	7
Applicant	7
Water	8
Schedule	47
CEC Staff	49
Water	49
Schedule	51
California Unions for Reliable Energy	55
State Water Resources Control Board Lahontan Region	67
City of California City	74
City of Rosamond	97
Schedule	103
Committee Comments/Questions	119
Public Comment (None)	122

I N D E X

	Page
Closing Remarks	124
Presiding Member Douglas	124
Adjournment	124
Reporter/Transcriber Certificates	125

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1 P R O C E E D I N G S

2 10:08 a.m.

3 PRESIDING MEMBER DOUGLAS: Good morning,
4 everybody. Welcome to the Energy Commission
5 status conference on the proposed Beacon Solar
6 Energy Project.

7 My name's Karen Douglas; I'm the
8 Presiding Member of the Siting Committee. To my
9 immediate left is Hearing Officer Ken Celli. And
10 to his left is Commissioner Jeff Byron, Associate
11 Member of this Committee.

12 To Commissioner Byron's left is his
13 Advisor, Kristy Chew. And to my right is my
14 Advisor, Galen Lemei.

15 At this point we'll take introductions
16 from the parties.

17 HEARING OFFICER CELLI: Starting with
18 the applicant, please.

19 MS. LUCKHARDT: As we all look around,
20 looking for where to start.

21 Good morning, my name is Jane Luckhardt
22 from Downey Brand. And I'd like to start by
23 introducing the folks who are here from Nextera,
24 some of whom you've had a chance to meet.

25 We have T.J. Tuscai, who is the Senior

1 Vice President of Business Management. We have
2 Matt Handel, who is the Vice President for Solar
3 Development. We have Cindy Tindell, who is the
4 Vice President of Business Management for the
5 Western Region.

6 We have also in the audience Diane
7 Fellman, who is the Director of Regulatory Affairs
8 for the Western Region.

9 And then sitting to my right is Scott
10 Busa, who is the Director of Business Development.
11 Sitting behind me is Kenny Stein, who's the
12 Environmental Manager for this project. And also
13 Frank Chetalo, who is the Project Manager for
14 Business Development.

15 Also sitting at the table, to Scott's
16 right, is Mike Flack from AECOM. He's been the
17 water expert for the Beacon Project. And then
18 behind me as well are two folks from Worley
19 Parsons. We have Jared Foster and Dan Sampson.

20 And then also from my office I have
21 Sophia Rowlands here this morning.

22 HEARING OFFICER CELLI: Thank you. And
23 staff.

24 MR. BABULA: Yeah, hi. I'm Jared
25 Babula, Staff Counsel. And sitting next to me is

1 Eric Solorio, the Project Manager. And if other
2 staff end up speaking they can introduce
3 themselves when they come up. Thanks.

4 HEARING OFFICER CELLI: Thank you. And
5 CURE.

6 MS. GULESSERIAN: Good morning. Tanya
7 Gulesserian on behalf of CURE. To my right we
8 have David Marcus, who is a consultant for CURE.

9 HEARING OFFICER CELLI: Are there any
10 elected officials who came today who would like to
11 speak? Seeing none, any governmental agencies who
12 are present? Anyone representing any governmental
13 agency? Please.

14 MR. CURTIS: Chuck Curtis, Lahontan
15 Regional Water Board.

16 HEARING OFFICER CELLI: We need you to
17 come on the mic. Everyone, we are on the record,
18 and everything we're saying is going to be
19 recorded. So we need everybody who wants to
20 address the Committee to come up to the podium,
21 speak clearly into the microphone so that it gets
22 into the record. I'm sorry, go ahead.

23 MR. CURTIS: My name is Chuck Curtis
24 with the Lahontan Regional Water Quality Control
25 Board.

1 HEARING OFFICER CELLI: Thank you for
2 coming.

3 MR. LaMOREAUX: Dennis LaMoreaux with
4 Rosamond Community Services District.

5 HEARING OFFICER CELLI: Thank you for
6 coming.

7 MR. BEVINS: Mike Bevins with the City
8 of California City.

9 MR. WEIL: And Tom Weil, City Manager
10 for the City of California City.

11 HEARING OFFICER CELLI: Thank you. We
12 also have the Public Adviser here. If you
13 wouldn't mind, Loreen, standing up, and Jim, so
14 that if there are any members of the public who
15 would like to comment, and there will be an
16 opportunity to comment at the end of today's
17 status conference, we would like you to speak with
18 Jim or Loreen so that we know that you're here and
19 that you intend to speak, so that we can call on
20 you when we get to the public comment period,
21 okay? Thank you.

22 Yes, we do. We are on WebEx today,
23 which means that people can get in on a computer;
24 they can watch any PowerPoints; and they can
25 participate in any documents. Plus they can

1 telephone in. You can see on the overheads there
2 who's on the line.

3 Are any of the people on the line --
4 Rosemary, I don't know if you have them muted, but
5 are -- well, you don't necessarily have to. The
6 question is are any of them from governmental
7 agencies that wanted to introduce themselves.

8 Let's un-mute them for the moment. And let
9 me know when you have un-muted the WebEx. They
10 are now un-muted.

11 Is there anyone on the telephone who is
12 with a governmental agency? Okay, hearing none,
13 then we can go back to the mute mode and we'll
14 proceed.

15 The Commission scheduled today's status
16 conference on the proposed Beacon Solar Energy
17 Project in the notice dated November 19, 2009. On
18 November 17th the applicant, Beacon Solar, LLC,
19 filed a motion requesting the Committee to vacate
20 the previously ordered prehearing conference and
21 evidentiary hearing and the filing dates for
22 rebuttal testimony and prehearing conference
23 statements.

24 Further, Beacon Solar requested the
25 Committee to conduct a status conference in place

1 of the prehearing conference that had been
2 previously scheduled for today's date, December 1,
3 2009.

4 On November 18, 2009, the Committee
5 granted the motion and ordered the status
6 conference to take place today. The Committee
7 further ordered the parties to come to the status
8 conference prepared to discuss and propose a
9 revised schedule. We have received a schedule
10 from Beacon.

11 As to the purpose of today's conference,
12 the status conference was calendared at the
13 request of Beacon Solar to discuss a refined water
14 plan with the Committee, Commission Staff,
15 California Unions for Reliable Energy, which goes
16 by the mnemonic CURE, and the public.

17 At the status conference parties will
18 inform and advise the Committee on producing a new
19 scheduling order that accurately reflects the
20 project's current status.

21 As to the procedure, we will give the
22 parties an opportunity to summarize their view of
23 the case status and their comments regarding
24 scheduling. The parties should also comment on
25 any other legal or procedural matters that may

1 affect the timing.

2 The applicant will go first, followed by
3 staff, and then CURE. After this discussion the
4 Committee has some questions and comments on the
5 FSA that we'd like to share with the parties.

6 And after these discussions we will
7 provide an opportunity for the general public to
8 make comments.

9 So, with that, let's first hear from
10 applicant, Beacon, please.

11 MS. LUCKHARDT: And we have a PowerPoint
12 presentation that we'll use. So, if we can get
13 that set up.

14 HEARING OFFICER CELLI: Is that on WebEx
15 now? Can we --

16 MS. LUCKHARDT: It should be loaded on
17 such that it can be.

18 HEARING OFFICER CELLI: There you go.

19 MS. LUCKHARDT: Yeah.

20 MR. BUSA: And as far as advancing to
21 the next slide, should we just ask for that to
22 occur? Will you be able to do that?

23 (Pause.)

24 MR. BUSA: Actually, we can start there.

25 MS. LUCKHARDT: Yeah, that's fine.

1 Okay.

2 MR. BUSA: Again, good morning. My name
3 is Scott Busa. I'm a Director of Business
4 Development with Nextera Energy Resources. And
5 I've been with the project, the Beacon project,
6 for over a year now.

7 The purpose of today's meeting is to
8 review some proposed water plans that we have
9 adopted which basically flow out of the final
10 staff assessment. And we wanted to discuss those
11 with the Commission and postpone the hearings for
12 the time being until we could work out some
13 details in those plans that we felt was necessary
14 to make the project viable if we were to adopt one
15 of these alternative water plans.

16 So we have a short PowerPoint
17 presentation this morning. We're going to go
18 through exactly what it is that we're proposing;
19 some details on that. And then we'll get into the
20 schedule that you asked about.

21 If you'd go to the next slide. Kind of
22 the purpose of what we're doing here is to refine
23 the water plans that have been analyzed in the
24 final staff assessment already, and adjust those
25 so that we can make those workable, usable water

1 plans.

2 There were a couple things in the final
3 staff assessment that really weren't addressed,
4 were kind of left open. And we feel that's very
5 necessary to address those ahead of time, ahead of
6 the hearing so we don't spend a lot of time at the
7 hearings either, you know, debating certain water
8 plans or getting into other areas that may no
9 longer be necessary once we adopt one of these
10 water plans.

11 One of the areas that we think that
12 needs to be addressed is we do still propose to
13 use onsite groundwater for noncooling water
14 purposes. We also want to discuss an orderly
15 approach and the timing of implementing, in
16 particular the recycled water plans, and some of
17 the necessary or unnecessary potentially
18 infrastructure that are in the current proposals.

19 And as I mentioned before, too, we want
20 to focus our hearing time when we get there to
21 this wet cooling solution that we believe should
22 be agreeable between both us and staff.

23 If you'd go to the next slide. A couple
24 of the other more detailed issues that we wanted
25 to address that we felt really weren't addressed

1 in the final staff assessment.

2 The first one being the annual water
3 use. There's a lot of talk of averages in the
4 final staff assessment, and we want to make sure
5 that everybody understands our need for, and we
6 have certain ability to go to peak high demand
7 days; that the averages should not be caps in any
8 water plan.

9 For construction purposes, for process
10 water and potable water, all noncooling
11 applications, we need to have those incorporated
12 into the water plan that we adopt.

13 The issue that if we do adopt a offsite
14 water plan, recycled water plan or other, that we
15 need to have the ability for an emergency water
16 supply, which would be using our groundwater we
17 proposed. This, we believe, is important, not
18 only for the project viability, but financeability
19 of the project, that there is some backup water
20 supply in case there's an upset or a problem at a
21 recycled water treatment plant.

22 We would also again like to discuss with
23 staff the idea of a phased-in approach. In
24 particular this is important to our option of
25 recycled water for California City, who needs to

1 complete a number of infrastructure improvements,
2 including over 2000 sewer hookups in order to
3 supply the project water from California City.

4 Also on the Rosamond option, there is a
5 large surface impoundment that was included in the
6 Rosamond option that was put in basically to meet
7 the Beacon water supply's peak demand days. And
8 we are proposing that be deleted from that
9 alternative. And that in its place we would
10 actually use some groundwater to meet our own peak
11 demand days. We'll go into some details on why
12 that is.

13 And the other thing that we'd like to
14 actually not be addressed in any documents going
15 forward is in the final staff assessment there was
16 some question on what Beacon could do with its
17 groundwater outside of power plant uses. And we
18 don't believe that the proceedings should either
19 authorize or restrict Beacon from using water
20 which may be allowed under other circumstances
21 that has nothing to do with power plants, or power
22 plant use.

23 Those are the points that we're really
24 hoping that we can work through in the next few
25 weeks and few months, so that we could focus the

1 hearing time on a workable plan for Beacon.

2 And, again, in summary, if you'll move
3 to the next slide, it is we're proposing to keep
4 open three of the options that have been analyzed
5 by staff in the final staff assessment, the
6 California City tertiary treated water option, the
7 City of Rosamond's tertiary treated water option,
8 and the potential for using water from the Koehn
9 Lake area, which is a poor quality groundwater
10 option.

11 And I'm going to let Mike Flack from
12 AECOM go into some little bit more details on each
13 of those.

14 MR. FLACK: Thank you, Scott. Again, my
15 name is Mike Flack; I was the water resources lead
16 for the Beacon Solar Project, and the gentleman
17 who is in charge of directing groundwater
18 modeling, which you'll see here in a minute.

19 What I'm going to do for these next
20 three options is go through the water supply
21 options in a little bit more detail. Discuss
22 their challenges or the things that we need to
23 look at in each one of the options.

24 And then what we did is we took the
25 calibrated numerical model that we developed for

1 the project and that staff reviewed and worked
2 with us on, and what we did is we took each of the
3 options and we used the calibrated numerical model
4 to try to get an assessment of the impacts for
5 each one of the options.

6 I think you're going to see,
7 particularly for the first two options, that the
8 impacts are substantially less, which is really to
9 say that the water usage is dramatically lower
10 than what it was proposed originally. So I think
11 that's something to see.

12 Next slide, please. Scott mentioned
13 that the water requirements for the project. What
14 it is, it's 12,082 acrefeet. That's a total,
15 that's an annualized average -- I'm sorry, 1282
16 feet, thank you. 1282 acrefeet.

17 What that is, it's an annualized value;
18 it's a total that takes in the highs and the lows
19 during the year.

20 The California City option would require
21 the city to provide tertiary water to the project.
22 It would be phased in over a period of five year.
23 And --

24 HEARING OFFICER CELLI: Can I just ask a
25 question?

1 MR. FLACK: Yes, I'm sorry, Ken.

2 HEARING OFFICER CELLI: So essentially
3 you're carving out cooling uses only. Because I
4 remember seeing in the AFC there was something
5 like 1600 acrefeet per year number --

6 MR. FLACK: That's correct. This number
7 is strictly the cooling number. It does not
8 include the mirror washing and process waters, nor
9 does it include an emergency supply, which ends up
10 being about 200 acrefeet per year.

11 HEARING OFFICER CELLI: Okay.

12 MS. LUCKHARDT: Yeah, the reason that
13 the number has gone down from the originally
14 proposed 1600 acrefeet per year is because of the
15 addition of a partial ZLD system.

16 MR. FLACK: Right.

17 MS. LUCKHARDT: And so what that does is
18 that increases the cycles of concentration through
19 the cooling tower and reduces the overall water
20 use for the project.

21 And that's something that staff had
22 recommended that Beacon evaluated and agreed to,
23 and is now a part of the project. And has been
24 analyzed in the FSA.

25 And so that helped to bring the number

1 down, although all of the modeling analysis that
2 has been done has been based on the 1600 acrefeet
3 number. And the number that you have here, the
4 1200 acrefeet is an average, realizing that there
5 are going to be some fluctuations from year to
6 year. And so this is an average, not an absolute.

7 HEARING OFFICER CELLI: But for our
8 purposes, just shorthand, we're looking at 300
9 acrefeet a year of noncooling uses?

10 MR. FLACK: Two hundred.

11 MS. LUCKHARDT: Two hundred.

12 HEARING OFFICER CELLI: Two hundred,
13 okay. Go ahead, I'm sorry.

14 MR. FLACK: That's fine. That's quite
15 all right. Really the proposal here is to phase
16 in the city tertiary treated water over a five-
17 year period at 300 acrefeet increments.

18 So what we would do is start with
19 groundwater, and then incrementally reduce that
20 groundwater use over five years at 300 acrefeet
21 per year bites, to get down to zero at the end of
22 five years. And at that point the only supply
23 would be from groundwater. From a groundwater
24 resource perspective it would be just for process,
25 mirror washing, emergency supplies, that would be

1 the 200 acrefeet.

2 MR. BUSA: And just to clarify
3 something, too. I wanted to make sure the
4 Commissioners understood that we would actually
5 have the infrastructure in at the beginning of
6 operation, and supply 300 acrefoot for the first
7 year. So there wouldn't be any delay, at least
8 starting the use of tertiary treated water from
9 the beginning of the commercial operations date
10 onward.

11 So it's 300 acrefeet in the first year
12 beginning from day one.

13 MR. FLACK: Okay, next slide, please.

14 ASSOCIATE MEMBER BYRON: If I may,
15 unless you're going to get back to this later on,
16 why not all immediately? What's the reason for
17 the phase in?

18 MR. BUSA: And, again, I'll let
19 essentially the California City folks speak to
20 that, too, --

21 ASSOCIATE MEMBER BYRON: All right, so
22 we'll get to that later?

23 MR. BUSA: Well, I think it's important.
24 It's an important question. The pressure on both
25 us and the city to make all the infrastructure

1 improvements, you know, in an extremely short
2 period of time, we don't believe is feasible or
3 even fair to the citizens of California City.

4 For example, tearing up a number of the
5 streets in town all at once. I believe California
6 City has provided some maps that they'll go over
7 with you in a few minutes, which talks about
8 phasing in the options and affecting only certain
9 parts of the city over periods of time.

10 So, it's really just a common sense
11 approach. I mean if you ask the question is
12 absolutely could you get it done from day one on,
13 if everybody bent over backwards and there wasn't
14 a lot of public, you know, interest in not having
15 the project happen, it probably could happen that
16 fast.

17 But it's really just a more common sense
18 approach, we believe, without any impacts to the
19 groundwater basin.

20 ASSOCIATE MEMBER BYRON: Well, and, Mr.
21 Busa, really what my question has to do with, I'm
22 not a water expert, you have to source this water
23 is what you're saying? It's going to take time to
24 basically find the sources for the tertiary
25 treated water?

1 MR. BUSA: Well, it's actually going to
2 take time to hook up the houses. The houses are
3 already there, for the most part. I don't believe
4 we're counting on any growth or anything like
5 that.

6 But it's just a matter of they're on
7 septic systems right now, so there's a number of,
8 you know, both building a pipeline and the pumping
9 facilities to get the water to our project. And
10 then hooking up all the inputs to the tertiary
11 treated water system from California City, it is
12 going to make sense to take some time to do that.

13 PRESIDING MEMBER DOUGLAS: Follow-on
14 question. Why restrict the recycled water use to
15 the cooling water? Why not also use recycled
16 water for the other water needs?

17 MR. BUSA: We believe that the
18 Commission's policy and the direction the
19 Commission was taking was they were concerned with
20 cooling water and using recycled water for cooling
21 water. And so we're attempting to be compliant
22 with the policy.

23 You know, the final staff assessment was
24 pretty clear that there really aren't any impacts
25 to using the groundwater, itself. Or if there

1 are, they can be monitored or watched for. But
2 because there really is no impacts from using
3 groundwater, no CEQA issues from doing that, it
4 was really a matter of policy compliance.

5 And so we restructured our programs to
6 be compliant with Commission policy, we believe.

7 MS. LUCKHARDT: I would just like to add
8 just a few points. When you're talking about
9 using recycled water there's certain uses that are
10 very difficult to have recycled water.

11 One is potable water uses for hand-
12 washing, drinking water and staff onsite. Those
13 are very difficult to transfer.

14 And mirror washing is something that we
15 have heard from Lahontan on, where they did not
16 want recycled water use because there is some
17 drip-off onto the ground.

18 And so there are some uses where it is
19 harder to apply a recycled water use. So
20 regardless of what system or approach is used at
21 this facility, there will probably always be a
22 certain amount of groundwater that is required to
23 be used for the facility.

24 MR. FLACK: Okay, going forward. What
25 this slide shows is the results of the numerical

1 simulation using the calibrated groundwater model.

2 What we did with the model is -- this is
3 a snapshot at the end of the ramp-down period.

4 What it reflects is we put into the model at the
5 start the construction water supply use. And what
6 we did with that is we took the FSA estimate, the
7 high end, 8086 acrefeet, and we put it in for a
8 period of five months. And then we ran, starting
9 out at the cooling water requirement of 1282
10 acrefeet and ramped it down to zero at the end of
11 five years.

12 So what you're seeing in this particular
13 figure is the results of that simulation. And
14 what it shows in the terms of the contours, it
15 shows a five-foot and a ten-foot contour. And
16 really what that represents is the potential, you
17 know, effect of the project pumping.

18 The pumping well, you can see, is in a
19 star; it's right near the ten. That's the well we
20 use to pump groundwater during that time. And
21 what it shows is -- what it would be really is the
22 amount of water that would affect or potentially
23 affect a drawdown.

24 But I think what's really important to
25 emphasize here is we believe that this groundwater

1 basin is recovering. There is some discussion,
2 you know, that some of the recovery is due to
3 groundwater movement within the basin.

4 But I think if you look at the water
5 balance that was concluded within the FSA and our
6 own work, there is more recharge than there is
7 discharge in this groundwater basin.

8 And the current proposal, particularly
9 for California City, at the end of the five-year
10 period, we're really only going to be using 200
11 acrefeet per year.

12 So that water balance is going to really
13 not be substantially impacted by the project. So
14 we would expect, you know, continued recovery of
15 the groundwater basin.

16 And what these contours show at the end
17 of five years is the differential on that recovery
18 imposed by the project pumping.

19 So we think water levels are going to
20 continue to recover, but at a rate slower within
21 those contours. And it would be affected by five
22 or ten feet.

23 Let me go to the figure. The lines
24 going down the figure, those dotted lines -- well,
25 let me back up for a second.

1 Up in the northeast corner is Koehn
2 Lake. The lines coming down the figure are the
3 faults. The topmost is the top portion of the
4 Garlock Fault. The middle figure or middle line
5 is the Cantil Fault. And then the lower line is
6 the Randsburg-Mojave Fault.

7 The colors are the various wells that
8 we've been able to identify via field walks and
9 surveys. The red wells represent single family
10 homes. The yellow wells represent Honda; those
11 are the industrial wells used by Honda. And the
12 test track's pretty obvious on the figure.

13 The green wells are wells that were
14 formerly agricultural wells. We're not quite sure
15 what the status is because we haven't been able to
16 inspect the wells.

17 The blue wells essentially are the site
18 wells that are on the Beacon property that were
19 formerly used for agriculture.

20 So you can see on the figure that at the
21 end of five years there's really only two wells
22 northwest of the site that would be affected by --
23 potentially affected by ten feet or more of
24 drawdown.

25 And that was the number that was used in

1 the soil and water condition 1 as kind of a
2 trigger for potential consideration of mitigation.

3 So really what this figure is showing is
4 that at the end of five years there really is
5 significantly, you know, there isn't that many
6 wells that could potentially be affected.

7 Questions? I know numerical modeling
8 and groundwater modeling, in general, is a bit of
9 an abstract science for people. So, if there's
10 any questions on that I'd be more than happy to
11 entertain them.

12 HEARING OFFICER CELLI: Commissioners,
13 questions?

14 ASSOCIATE MEMBER BYRON: Just want to
15 make sure I've got it. Looks like there's two
16 wells affected on drawdown as a result of using
17 200 acrefeet per year, is that correct?

18 MR. FLACK: No. What this is, is at the
19 end of the ramp-down period. What you're seeing
20 here is the --

21 ASSOCIATE MEMBER BYRON: At the end of
22 the ramp-down period.

23 MR. FLACK: Right, this is basically --

24 ASSOCIATE MEMBER BYRON: When you get to
25 200 acrefeet per year.

1 MR. FLACK: Bingo. This starts at, you
2 know, right now we would be ending, so we'd be
3 using no groundwater for cooling at this point,
4 and we'd be starting just on process water for
5 groundwater. So this is essentially the impacts
6 associated with that ramp-down.

7 ASSOCIATE MEMBER BYRON: Thank you.

8 MR. FLACK: Okay.

9 MR. BUSA: And this is basically the
10 worst period of time for withdrawal that we're
11 looking at right here.

12 MR. FLACK: Correct. This would be
13 basically the worst case scenario, at least for
14 this particular option or alternative.

15 Next slide, please.

16 So what I did, again, with the numerical
17 model is I took it to the next step for the
18 California City option. I took it out to the
19 project life of 30 years and I ran essentially the
20 process, only the 200 acrefeet per year only from
21 basically year five to year 30.

22 What you're looking at here is
23 essentially a snapshot at year 30 and the
24 potential impacts to the project for using 200
25 acrefeet per year.

1 You can see that realistically there
2 isn't anything that's really impacted to ten feet
3 or more. We've got a little bit of a cone of
4 depression around the pumping well, which isn't
5 much. And then there's a two-foot contour that's
6 out there. So that's really what we're seeing,
7 which it really is no significant impact at the
8 end of 30 years, using that minimal amount of
9 groundwater.

10 HEARING OFFICER CELLI: So that five
11 represents five feet of drawdown --

12 MR. FLACK: What's important to
13 understand --

14 HEARING OFFICER CELLI: -- at the well?

15 MR. FLACK: -- it's a bit of a tricky
16 concept, Kenneth. What it is, is this groundwater
17 basin's recovering. Water levels are going up.
18 Some of it's due to groundwater movement within
19 the basin. Some of it's due to groundwater coming
20 in as recharge. But water levels are recovering.

21 What the model's really trying to tell
22 you at this point is, we believe the water levels
23 will continue to recover because we're not taking
24 out that much water. We're taking out 200
25 acrefeet per year.

1 What it's showing is that's the
2 differential of, if you will, of how much less the
3 water level would recover at the end of 30 years
4 because of the project pumping.

5 HEARING OFFICER CELLI: So, am I reading
6 this map correctly if I go, okay, right at the
7 source it's going down five feet. Farther out, up
8 there to the northeast, it goes up to two feet.

9 MR. FLACK: What it is, is it would --
10 the water level would be coming up, okay, at a
11 certain rate at the end of 30 years without the
12 project. Think of it that way. The water's going
13 to come up at a certain rate, without the project,
14 for 30 years.

15 With the project we're saying that it's
16 two feet less than what it would be if the project
17 wasn't there.

18 HEARING OFFICER CELLI: Okay, so the map
19 before where it showed ten feet --

20 MR. FLACK: Yeah, that's a little bit
21 more complicated because it doesn't go out the
22 full 30 years. But essentially it's the same
23 concept. It would be ten feet less over that
24 time, if you will, because water levels are
25 recovering over five years. We're saying it would

1 be ten feet less.

2 So it's essentially a moving water
3 level. The water levels are coming up over time
4 in the groundwater basin. The project doesn't
5 stop that. What it does is it affects the rate of
6 recovery at the end of, in this case, 30 years.
7 There's a little bit less water that would have
8 recovered at a certain location, as opposed to
9 without the project.

10 So, I see foreheads being rubbed. This
11 is not a good sign --

12 (Laughter.)

13 MR. FLACK: -- for somebody trying to
14 explain groundwater modeling.

15 ASSOCIATE MEMBER BYRON: No, I'm sorry.
16 Fatigue is not the problem for you, it's for me.
17 I'm fine in understanding it.

18 MR. FLACK: Okay, I'm just not --

19 HEARING OFFICER CELLI: But I would like
20 to hear --

21 MR. STEIN: So essentially if the
22 groundwater levels --

23 MS. LUCKHARDT: Get a mic, Kenny.

24 MR. STEIN: Sorry.

25 HEARING OFFICER CELLI: Would you take

1 the podium, Mr. Stein, and introduce yourself for
2 the record.

3 MR. STEIN: Kenny Stein, Environmental
4 Manager with --

5 THE REPORTER: Would you turn the
6 microphone on, please, sir.

7 MR. STEIN: Kenny Stein, Environmental
8 Manager with Beacon. If the groundwater levels
9 are here right now, and they're recovering over
10 time on their own, so that at some point over time
11 when full recovery will get over here, with our
12 project they'll still continue to recover. But
13 instead of getting up to here at the end, they
14 might be -- what these lines are saying is that
15 they'll be two feet or five feet or ten feet less.

16 So they're still going to continue to
17 move up, but at the end of the day what those
18 contours are telling you is how many feet less
19 they would have recovered at the end, versus if
20 the project wasn't there.

21 So it's not that they're going down by
22 five feet or ten feet. They're just, at the end
23 of the day, five or ten feet less than they would
24 be without the project.

25 HEARING OFFICER CELLI: But in five

1 years it's ten feet, and in 30 years it's two
2 feet, because there's an increased use in the
3 first five years?

4 MR. STEIN: That's right.

5 MR. FLACK: Correct. There's more use
6 from construction to the initial ramp-down, and
7 then that tails off. Think of it as a kind of a
8 logarithmic curve.

9 HEARING OFFICER CELLI: Thank you.

10 MR. BUSA: And just for the
11 Commissioners' information, too, just to give you
12 a little bit of history of the Fremont Valley.

13 This was a valley that was heavily put
14 in alfalfa growing from the 1950s to the 1980s.
15 And there was a tremendous demand on groundwater
16 during that period of time. I believe the number
17 was something like 60,000 acrefoot a year was
18 being pumped from the groundwater basin in the
19 Fremont Valley for alfalfa production.

20 In the mid-1980s basically the farming
21 in the valley has subsided to almost nothing at
22 all. So that's allowed the groundwater to be in
23 recovery in this basin for the last 25 years or
24 so. And so that's why you're seeing this natural
25 recovery there now; it really comes from the

1 cessation of the agricultural production in the
2 valley.

3 HEARING OFFICER CELLI: And do we have a
4 number for how quickly that's coming? What the
5 speed of that increase is in terms of the feet?

6 MR. FLACK: It varies in the basin.
7 Basically wells in the area of the Beacon property
8 and a little bit to the east, they recovered about
9 five feet per year.

10 Okay, then outward from there they go
11 down to a couple feet per year, to zero. There
12 are some portions within the basin northeast of
13 Koehn Lake where they're actually in decline. So
14 on the other side of Koehn Lake there's a little
15 bit of a decline going on.

16 So, --

17 HEARING OFFICER CELLI: Thank you.

18 MR. FLACK: Okay. Next slide, please.

19 Okay, the Rosamond option. What I wanted to
20 highlight with the Rosamond option is really when
21 I mentioned earlier the total amount of water
22 that's required for cooling, it represents an
23 average and doesn't really reflect peaks and
24 valleys.

25 What happens with the Rosamond option is

1 during the summertime we need about 1.9 million
2 gallons per day. The Rosamond option has a limit
3 at 1.3. So there's a situation here where we
4 can't meet summer peak requirements, or the
5 Rosamond option won't meet summer peak
6 requirements.

7 So, that shortfall ends up being pretty
8 much April through August, and it's about 179
9 acrefeet, and we're proposing that that would be
10 provided by groundwater during that shortfall
11 period.

12 There was some thought about putting a
13 large surface impoundment or some type of storage
14 facility on the project site. This would be a
15 very very large facility, many many many acres,
16 which would present significant environmental --
17 have significant environmental considerations.
18 But we actually went through the evaporation
19 ponds, and frankly it would be much bigger than
20 the evaporation ponds.

21 So that would add to the environmental
22 impacts of the project; plus it would also be
23 significantly costly.

24 So, again, Rosamond can provide the
25 water, but it's short on the summer peak, April

1 through August.

2 Any questions on that option?

3 Okay, so it's the same situation -- next
4 slide, please. What I did with this particular
5 simulation is, is I took it from the construction
6 water supply. Again, we used 8086 acrefeet; ran
7 it for five months. That was essentially the
8 high-end water use from the FSA.

9 And then we took the periodic additional
10 Rosamond water to the project and really ran out
11 for 30 years. So what you're seeing with this
12 simulation is a snapshot for the Rosamond water
13 use at the end of 30 years.

14 So, again, back to that model that says
15 that the groundwater basin is recovering. The
16 line that's shown on this particular model run is
17 there's a five-foot contour. That represents the
18 area that would recover less at the end of 30
19 years.

20 Again, there's only two wells within
21 that zone that would be affected by the Rosamond
22 option and potentially have less recovery. Well,
23 two wells outside of the project, correct.
24 They're right across highway 14.

25 Any questions?

1 HEARING OFFICER CELLI: Not yet.

2 MR. FLACK: Koehn Lake. I'm going to
3 leave this up for just a second because it's
4 important to show the Koehn Lake option.

5 The poor water quality located around
6 Koehn Lake is really located on the north side of
7 the lake, possibly the northwest side of the lake,
8 off that little knob on the upper right-hand
9 corner of the photo.

10 Also on the north side, the Garlock
11 Fault. That's where we believe that there's
12 potential for poor water quality. So just to get
13 everybody oriented when we're talking about the
14 Koehn Lake option.

15 Next slide, please. There have been
16 pumping in that area. There's both agriculture
17 and industrial pumping in that area. There isn't
18 a lot of information in terms of the well
19 completion or the information associated with the
20 depth or where the wells are completed.

21 We do have limited information that
22 there's potentially enough in terms of water
23 supply up there. But there would need to be some
24 additional investigation to prove out that supply.

25 There hasn't been a lot of work on

1 hydrogeology to understand the nature of the
2 aquifer in that area. So, staff concluded in the
3 FSA that there would need to be additional
4 investigation. And that is correct from my point
5 of view.

6 What's key of this option is that we
7 would use the Koehn Lake water for the cooling
8 water option, much like the other two. The
9 difference, though, realistically is water in this
10 area would basically be pumped for the full amount
11 of 1282 acrefeet per year. So it wouldn't come up
12 from a tertiary source. This would be a poor
13 water quality source.

14 So what you would probably see -- and we
15 didn't model it because we don't have enough
16 information in that area -- but what you would see
17 is a larger cone of depression because you're
18 going to be pumping much more water than you would
19 from the other two options over the course of the
20 project. But you'd see a larger cone of
21 depression up in the area of the Garlock Fault.

22 One thing that is important to note that
23 we have seen is the Garlock up there does tend to
24 act as a groundwater barrier. So there is some
25 possibility if you pumped on the north side of the

1 Garlock Fault that you wouldn't necessarily
2 influence wells to the south. But that would
3 remain to be demonstrated.

4 Questions on the Koehn Lake option?

5 HEARING OFFICER CELLI: I just wanted to
6 ask Ms. Gulesserian, if you wouldn't mind turning
7 off your mic until it's time to talk, because
8 we're picking up your side conversation.

9 MS. GULESSERIAN: Excuse me.

10 HEARING OFFICER CELLI: Thank you. Go
11 ahead.

12 MR. FLACK: Next slide, please. So for
13 all three options we're proposing to follow the
14 soil and water one, mitigation and monitoring plan
15 that was proposed in the FSA, with some
16 modifications, based on these changes in water
17 use.

18 We would propose that the wells that
19 would be monitored would be essentially selected
20 using the calibrated numerical model. We would
21 look to the California City option to monitor
22 during construction at the end of the ramp-down
23 period. But as shown by the modeling that's been
24 done thus far, beyond that there really isn't much
25 impact associated with that to a value of ten feet

1 or more. So we would want to shut down that
2 monitoring program at the end of the ramp-down
3 period.

4 For the Rosamond option we propose
5 something very similar. But at the end of the
6 five-year period we would propose to evaluate the
7 water levels, because there is a little bit more
8 water use. And if you remember that particular
9 figure, there was a five-foot contour, you know,
10 that was more or less, could affect those two
11 wells across the site to the northwest.

12 So we would propose to look at that at
13 the end of five years, and then determine whether
14 or not those wells are being impacted. And
15 address the monitoring accordingly, going forward.

16 MR. BUSA: Again, I just wanted to
17 summarize that before we moved on to -- an
18 important point is staff proposed both a
19 monitoring and a mitigation plan in the FSA. We
20 fully understand the mitigation requirements if
21 someone's well went down a certain amount of feet,
22 we'd have to dig the well deeper or pay for
23 electrical pumping, something like that. So we're
24 in agreement with the mitigation as proposed by
25 staff.

1 Really what we're looking for is just a
2 more realistic monitoring program that's predicted
3 by the models that Mike's discussing.

4 MR. FLACK: So essentially the
5 monitoring would reflect the significantly reduced
6 water use.

7 Next slide, please. We've also proposed
8 to add a Tamarisk mitigation program in
9 coordination with stakeholders and BLM. There is
10 some definite local interest in removal of
11 Tamarisk out there.

12 We would want to look at funding the
13 initial eradication commensurate with groundwater
14 use, and then look at an annual maintenance
15 depending on how many Tamarisk were removed.

16 It really is an option that would be
17 coincident with any particular groundwater option,
18 whether it would be Koehn Lake or Rosamond or
19 California City. And it's been supported both by
20 Kern County and the local folks.

21 HEARING OFFICER CELLI: And the --

22 MR. FLACK: I'm sorry, Tamarisk is an
23 invasive species. It's a tree that -- well, sort
24 of, I guess, -- that draws a tremendous amount of
25 water from the ground, upwards of 200 gallons per

1 year. So it's a very water-hungry plant.

2 And removing it would essentially
3 remove, if you will, -- it allows for more
4 recharge if you think about it, because the
5 Tamarisk essentially is -- it's what's called
6 transpiration.

7 It takes the water through the roots and
8 transpires it through the leaves. So it takes
9 water out of the groundwater basin. By removing
10 that particular tree, water is then allowed to
11 infiltrate and recharge the groundwater basin.

12 So it ends up being a help, if you will,
13 to the recharge program.

14 HEARING OFFICER CELLI: I imagine you'll
15 have metrics on that, how many trees will equal --

16 MR. FLACK: That would -- absolutely.

17 MR. BUSA: Well, let me comment a little
18 bit on that, and that's one of the reasons it's
19 kind of been left open to this point, too.

20 Again, we're trying not to match number
21 for number or gallon for gallon because it's
22 almost impossible to do that without an extensive
23 survey of the county beyond the BLM lands.

24 So we're trying not to make this a let's
25 count the gallons and the trees. We really would

1 like to come up with an amount of money that's
2 reasonable, in particular to Kern County.

3 This is a particular issue with Kern
4 County. I believe they recently commented to the
5 Commissioners on their desire to have the Tamarisk
6 removal included. I believe California City is
7 also interested in Tamarisk removal, and maybe
8 they can mention something when they get a chance
9 to speak, too.

10 But, you know, it's just something we
11 want to do and not likely a couple hundred
12 thousand dollars, you know, to start with to
13 supplement BLM programs, or other programs that
14 are already out there for Tamarisk removal.

15 And so we do want it to be significant,
16 but we really don't want it to be a numbers game,
17 because it's going to be very hard to quantify
18 especially without a lot of upfront surveys and
19 searching basin-wide for what Tamarisk are
20 actually out there.

21 HEARING OFFICER CELLI: Thank you.

22 MR. FLACK: Any questions? Okay, I'm
23 going to turn it over to Jane. Next slide,
24 please.

25 MS. LUCKHARDT: Okay, and then what I'm

1 going to do is talk a little bit about the
2 stipulation. And you have a draft of it up there.
3 We also provided a draft late yesterday to staff
4 counsel and to CURE. So they haven't had a lot of
5 time to look at it.

6 But basically when Beacon started
7 looking at, okay, we'd like to shift our primary
8 cooling water use from groundwater to something
9 else, to one of these other options, they were
10 looking at kind of what is bounded by staff's
11 analysis. And bounded by the other analyses in
12 this case.

13 This project was data adequate in May of
14 '08, and so there's been a lot of work done. A
15 lot of work done by CURE; they've reviewed a lot
16 of stuff that's done; they've had experts look at
17 it.

18 By staff in developing alternatives,
19 developing the Rosamond alternative, the
20 California City alternative and other options.

21 And a lot of work by Beacon in doing
22 groundwater modeling and supporting the Koehn Lake
23 investigation. And just a lot of analysis has
24 been done.

25 So, we looked within the bounds of the

1 environmental analysis that's already been done.
2 The 100 percent groundwater use that was initially
3 proposed and analyzed by staff in the FSA, the
4 Rosamond option, the California City option. And
5 yet try to structure a workable cooling water
6 solution for the project.

7 And that's how these three options have
8 come up and why they have emergency water
9 associated with them and process water, and
10 different pieces, is trying to structure it within
11 the environmental analysis that's already been
12 done, within that box.

13 And then my work then, or as it shifted,
14 it's how do we present this then to this group, to
15 you, to the other parties to evaluate. And we
16 wanted to present it in such a way that the
17 parties would understand that the project was
18 taking this seriously. That they are shifting
19 cooling water supply.

20 There was some skepticism, we felt, on,
21 well, maybe the project's just trying to hide the
22 ball and keep using their groundwater and they
23 don't really want to go to these cooling water
24 options.

25 So we put it in the form of a

1 stipulation. And we're hoping that, in working
2 with at least staff, we might be able to reach
3 agreement. Potentially with CURE, we're not sure.
4 They just received it, like I said. So we don't
5 have any feedback from them yet.

6 But we put it in the form of a
7 stipulation to really kind of set in stone that,
8 yes, the project is serious about using these
9 alternative water supply.

10 And then also explain the other uses of
11 water. What will be supplied by recycled water or
12 Koehn Lake water. And what things are not. And
13 put some numbers associated with that. And so
14 then folks could also get an understanding of the
15 various quantities of the different amounts.

16 Mike has talked about the base use, the
17 200 acrefeet per year. That number includes an
18 emergency supply. And that is in case the
19 treatment plant -- if a treatment plant is
20 supplying the water, if the treatment plant had
21 trouble with quality or went out for some reason,
22 or there was a problem with the pipeline, one of
23 the things that the project really wants to be,
24 as, you know, a solar-thermal project, is very
25 reliable.

1 And this gives them that backup supply
2 so that if the treatment plant goes down for a day
3 or so, they can keep running the solar-thermal
4 plant.

5 You know, you hear a lot of talk about
6 oh, the problems with intermittent renewables.
7 And the goal here is to not be as intermittent,
8 and to be more predictable.

9 HEARING OFFICER CELLI: Excuse me, Ms.
10 Luckhardt, I'm just going to interrupt because I
11 wanted to ask that Mr. Curtis from Lahontan and
12 the people from Rosamond and California City a
13 question that later, when you address the
14 Committee, we would like to know is how often does
15 the tertiary treated water system go down, as just
16 described by Ms. Luckhardt.

17 Did I word that unartfully, I don't
18 know. But, essentially what I'm trying to do is
19 say we're interested in knowing how reliable is
20 your water. How often does it break down?

21 MS. LUCKHARDT: And our assumption is
22 that it's very reliable. But we asked the
23 engineers, and yeah, there have been -- I've been
24 on four or five phone calls with the engineers
25 trying to come up with numbers just to say, you

1 know, let's put something in it, and not just call
2 it emergency without a number behind it. So that
3 at least folks would understand it's not like 200,
4 300, 500, 600, 700 acrefeet, and starting to inch
5 up into larger numbers that we thought might be
6 more of a concern.

7 But we're not anticipating major
8 problems with that. It's just to have the ability
9 to keep running should a problem occur.

10 And then in looking at building
11 stipulation, you know, like I said before, within
12 that box, the staff -- the FSA found, with the
13 mitigation proposed, with the monitoring program,
14 the mitigation from the nearby wells, that there
15 weren't significant adverse impacts associated
16 with the 100 percent groundwater use that was
17 proposed for the project.

18 So we're not talking about, when we are
19 shifting cooling water sources, addressing a
20 significant adverse environmental impact. We are
21 addressing a staff-identified conflict with the
22 IEPR policy, the 2003 IEPR policy that this
23 Commission adopted. And addressing that specific
24 concern that was identified by staff.

25 And we believe that any of these three

1 alternative cooling water sources will meet and
2 satisfy that IEPR policy, which is finding a
3 cooling water source that is not a potable water
4 source. And having that truly be the primary
5 cooling water source for the project.

6 And so when we shift to that another
7 goal of this whole process is to reduce and
8 streamline the hearing process and the other
9 alternatives that have to be evaluated.

10 And it is our belief that now that we've
11 satisfied the IEPR policy we don't need to get
12 into discussions during the hearing about dry
13 cooling or the PV alternative, where there are
14 significant differences of opinion.

15 I think in the stipulation it says
16 something to the effect of the parties agree to
17 disagree on the application or the suitability of
18 dry cooling or PV for this facility.

19 And that, you know, is one of our goals,
20 is not to extend and make this process tougher and
21 more difficult. It's to reduce the number of
22 hearings that we have to deal with; reduce the
23 time and effort on certain issues.

24 And so part of the goal here is to not
25 only propose something that we believe that it is

1 our hope that staff will agree meets the 2003 IEPR
2 policy; but also then removes the need to go over
3 some other contentious issues that would take a
4 considerable amount of hearing time. So those are
5 -- that's the other item that's included in the
6 stipulation.

7 And then finally, changing the slide, --
8 and I can answer any questions on that if
9 anybody's got individual questions.

10 We tried to put together a more
11 realistic timeframe to complete the proceeding.
12 You know, usually we put together timeframes that
13 are super-aggressive. And I think the Hearing
14 Office has great entertainment value with that.

15 This time we actually tried to produce
16 something that we thought was reasonable, and
17 would allow time for the other parties to evaluate
18 and provide any comments they have if they are
19 interested in participating in a stipulation.

20 And also allow us to hopefully discuss
21 and resolve some outstanding issues on conditions
22 of certification. We've got some miscellaneous
23 conditions of certification that we've sent to
24 staff. We have comments on cultural resources.
25 We've commented on biological resources. And CURE

1 has commented, as well.

2 And we've got some additional comments
3 on soil and water, including a revision of soil
4 and water-1, which is the condition that talks
5 about monitoring nearby groundwater wells with the
6 reduced water use that we would like staff to
7 evaluate and give us some feedback on.

8 And we'd like time to have a
9 teleconference kind of workshop or WebEx
10 conference workshop to address those issues during
11 this time. And hopefully move some of those
12 issues into at least an agreement with staff and
13 applicant, potentially an agreement on some issues
14 with CURE. And so that when we go forward to the
15 hearing we're not addressing some of these smaller
16 issues that really should be addressed between the
17 parties.

18 And that's what we have, so we can
19 answer any questions or comments you all have, or
20 take comments from the other parties at this time.

21 HEARING OFFICER CELLI: Thank you. We'd
22 like to hear from the other parties. I'm going to
23 have to take a little time to stew on all of this
24 before we can really get into it. So, let's just
25 hear from the other parties, and then we can roll

1 up our sleeves and deal with the schedule and so
2 forth.

3 Is Mr. Solorio, necessary, do you need
4 him?

5 MR. BABULA: No, we can go. Actually,
6 I'd like to suggest, --

7 HEARING OFFICER CELLI: Staff, please.

8 MR. BABULA: -- since we're sitting here
9 talking about California City and Rosamond, since
10 they're here this might be a good time to allow
11 them to come up and just discuss their programs
12 now.

13 HEARING OFFICER CELLI: Before we do,
14 I'm really interested -- and we do want to hear
15 from them, but what I'd like to hear from staff
16 right now is staff's position on everything we've
17 just heard from the applicant with regard to the
18 changes in the water stipulation, stipulating out
19 certain issues that were raised in the FSA. You
20 know, the dry cooling, PV option, et cetera.
21 What's staff's position?

22 MR. BABULA: Well, first, I do like to
23 acknowledge the effort the applicant has made in
24 reviewing the FSA and the information that we put
25 forth. Staff put a lot of work into developing

1 alternatives, much more than normal because we
2 felt that there was information there and that we
3 were going to go get it. Especially the Rosamond
4 option.

5 And so I think that the applicant has
6 done a good job to look at the information and
7 meet with the different water folks and come up
8 with now their new proposal. So I think that's
9 good. And that was the way we laid it out in the
10 FSA, is we felt that there were these other
11 options, the Rosamond, Cal City, dry cooling, PV.
12 They've now selected one and so they're going to
13 look within that range of using a different water
14 source.

15 HEARING OFFICER CELLI: And may I ask,
16 who's the water specialist for staff on this one.

17 MR. BABULA: Well, we had a team.

18 HEARING OFFICER CELLI: Okay, so --

19 MR. BABULA: We had Casey and Vince
20 Geronimo and John Fio, there was a number of
21 different water folks. And then Paul Marshall.

22 HEARING OFFICER CELLI: And they've had
23 a chance to take a look at all of the applicant's
24 proposed changes right now.

25 MR. BABULA: Well, no, they haven't, on

1 the stipulation yet. That just came in. So
2 obviously we're not -- today isn't the day to say,
3 okay, I'll sign off on the stipulation. We need
4 to look at it.

5 In principle, I think most of what
6 they're saying looks good. There may need to be
7 some tweaks. We have some questions. I'd like to
8 hear a little bit more about, for example, from
9 Cal City on the timing, the phasing. Five years,
10 one year, two years, three years, maybe there's
11 something that could happen a little quicker.
12 That's one area.

13 I'd also like to hear a little bit more
14 about the impoundment, and exactly how big it
15 needs to be. I'm not clear on size for storage.
16 So things like that.

17 But the general concepts in the
18 stipulation I think we can work with. I didn't
19 see anything that was like a big red flag.

20 And the schedule looks fine, too. I
21 think moving it to March, the evidentiary hearing,
22 should be enough time to get everything worked
23 out.

24 And one of the questions, one of the
25 issues we want to look at is the FSA, what needs

1 to be done with the FSA.

2 I believe that the most developed option
3 in the FSA was Rosamond. I think it had the most
4 information. We had looked at the proposed
5 pipeline that staff looked at, the route. We
6 carefully planned it so that it was the most
7 effective route. And it's the shortest distance;
8 it minimizes biological impacts because it uses
9 roadways and shoulders of existing roads.

10 We did a biological survey. There may
11 need to be a little bit more work, but I think
12 everything could be -- if they were to go with
13 that option, the FSA included enough information
14 that a package of mitigation could be proposed.
15 And if any other detail needed to come in, it
16 could be done post-certification in compliance,
17 because it would just be fine-tuning what is
18 already existing mitigation program.

19 So I believe with that the FSA wouldn't
20 need a whole lot of changes, or supplemental
21 amendment, things like that.

22 HEARING OFFICER CELLI: Would not need?

23 MR. BABULA: Wouldn't need it, no. Cal
24 City not as developed, but I still think a lot of
25 the information was there. That would need a

1 little bit more info. But --

2 MR. BUSA: If I could just make one
3 comment on that, Jared. There's a large
4 duplicative piece that's common to Rosamond and
5 California City for the pipeline option. So
6 really only the --

7 MR. BABULA: That's true, 17 mile --
8 (Parties speaking simultaneously.)

9 MR. BUSA: -- two or three mile --

10 MR. BABULA: Yeah, 17 miles --

11 MR. BUSA: -- that actually goes into
12 the City of California City may be the only thing.

13 MR. BABULA: Right.

14 MR. BUSA: And I don't even think that
15 was reviewed in the FSA, so --

16 MR. BABULA: Yeah.

17 MR. BUSA: -- the big piece of it is
18 overlapping --

19 MR. BABULA: Right, that's true. In
20 both cases there was initially the project was
21 going to have a 17-mile gasline. So that gasline
22 had already been part of the AFC.

23 Then we just used that same line when
24 they went to propane, we used the same line for
25 what would be a Rosamond waterline or Cal City.

1 So that part was already analyzed.

2 The Koehn Lake one, we did do work. We
3 did have some out there. But it was -- that area
4 needed, we concluded in the FSA, needed more
5 information. To pin down two issues with the
6 Koehn Lake would be are you able to get access to
7 wells with the appropriate TDS. And would there
8 be enough water. And then would the TDS maintain
9 at that higher level, or would it start to
10 improve.

11 There is some information that depending
12 on where your well field is, the TDS are actually
13 getting better, lower, and the water be a better
14 quality as you went out. So we don't want to end
15 up in year eight of the project and suddenly it's
16 pumping TDS water at 550 or 580, something like
17 that.

18 But in principle, this is definitely a
19 stipulation we could work with. And going forward
20 at the evidentiary hearing, I understand their
21 position. They don't agree with our conclusions
22 regarding dry cooling and PV.

23 And then the question is do we need to
24 litigate that in the sense that they did select a
25 choice that staff agreed with, which was using an

1 alternative water source. And I feel that
2 information's out there in the FSA for the public,
3 but moving forward there's no need to suddenly
4 say, well, no, now you picked the wrong thing, but
5 we think this other option's even better. When
6 the impacts, as they pointed out, the groundwater
7 impacts, there weren't really any significant
8 impacts.

9 It's a little unclear, so we have soil
10 condition-1, which would be a conservative
11 approach to insure that if there was some impact
12 to the wells, if they were using all the
13 groundwater, soil and 1 would mitigate the
14 impacts. And then the Tamarisk removal would
15 provide additional benefit.

16 Now that they're pulling back and using
17 a lot less groundwater, what the exact number
18 would kind of -- is still up in the air a little
19 bit. That the mitigation program that was
20 presented, soil and water-1, and what modification
21 they're going to propose should be applicable (sic)
22 and applicable and it'll work.

23 And going to recycled water option is
24 one of the options that we, in the FSA, said was a
25 superior option. And they went with it.

1 So I think we can move forward now and
2 then focus on getting that program, getting sort
3 of what are they going to pick. Get the details
4 and go from there.

5 HEARING OFFICER CELLI: Thank you. You
6 know what I'd like to do is just let's address
7 what they're talking about in terms of the
8 substance. And then we'll talk schedule next,
9 because I just want to hear from the parties about
10 how you feel about what's being proposed. So,
11 anything further on that from staff?

12 MR. BABULA: Nothing further right now,
13 no.

14 HEARING OFFICER CELLI: Let's hear now
15 from CURE, please.

16 MS. GULESSERIAN: Good morning. I'm
17 going to start out with a little bit of optimism.
18 I was hoping that we were going to come today and
19 hear a proposal to not use groundwater for this
20 power plant, with a proposal for finishing the
21 environmental analysis of whatever alternative was
22 going to be selected at the level of detail that
23 would be required before the Commission has
24 hearings on the project.

25 Instead -- I don't know if that was

1 optimistic. Instead we received the stipulation
2 yesterday afternoon. It's ridiculous and a bit
3 insulting. It's a proposal to use groundwater for
4 the power plant with an empty promise to use some
5 recycled water if it becomes available.

6 But there aren't any agencies that would
7 be signatories to the stipulation. There's no
8 commitment to enter into a contract for a
9 particular price, a feasible price. And there's
10 no consequences for the agencies not building the
11 project, or for a breach of the stipulation.

12 It just appeared when I review it that
13 it was a sham, and an effort to not file rebuttal
14 testimony on what everybody has been working on,
15 which is the testimony that was filed on the FSA,
16 which involved dry cooling as a real and feasible
17 alternative that would reduce the environmental
18 impacts of this project more than any other
19 alternative, and more than the project, itself.

20 Rebuttal testimony has not been filed by
21 Beacon on that issue. Nor was the feasibility
22 issue addressed in any other form.

23 So, for example, the stipulation says
24 throughout, and we've heard today, we're going to
25 agree to disagree on the dry cooling assumptions.

1 Well, we have never heard about how they disagree
2 with the assumptions.

3 The assumptions that were used for the
4 analysis are Beacon's own assumptions. And we
5 submitted testimony on that analysis, based on
6 their assumptions. So we have not yet heard how
7 Beacon disagrees with the analysis. And we
8 couldn't agree to disagree until we hear what the
9 explanation is.

10 HEARING OFFICER CELLI: Just so we're
11 all clear, --

12 MS. GULESSERIAN: Yes.

13 HEARING OFFICER CELLI: -- where we are
14 in the process is we've received testimony from
15 the applicant, we've received staff's FSA, we've
16 received CURE's testimony, we have not received
17 any rebuttal testimony from anybody. And we
18 haven't received, obviously, prehearing conference
19 statements.

20 So, at this point we haven't heard from
21 the parties. We don't really have a sense of
22 exactly what we're going to have to drill down
23 into.

24 But, that's, right now, the frieze that
25 we're in, in terms of the process is somewhere

1 between the last of people's direct testimony and
2 rebuttal testimony. So, that's where we stand.

3 MS. GULESSERIAN: Yes. Another point I
4 wanted to bring up is, I think I mentioned this
5 beginning, is that we disagree with the premise of
6 the discussion, that the FSA adequately analyzes
7 an alternative at the impact level that's
8 necessary for us to have hearings on the project.

9 There is not analysis of the California
10 City alternative, and there's some analysis of the
11 Rosamond alternative, although the biological
12 impact analysis appears preliminary, at best.

13 And so when an alternative, you know, is
14 chosen that's what we're expecting to have an
15 alternative chosen and some more analysis of what
16 the impacts would be. So we can really drill down
17 what we're faced with as far as weighing the
18 impacts of the water, the alternatives, the
19 biological resource impacts for the different
20 alternatives for this project. And that hasn't,
21 in our opinion, been done yet.

22 I just want to make a couple of -- if I
23 can, I have Dave Marcus here to help me -- a
24 couple of immediate thoughts on what we've heard
25 this morning.

1 One of them is that the proposals to use
2 groundwater still for the project, from what we've
3 pulled out it appears that there is still 21
4 percent of the project's water use is going to be
5 used, for construction is going to be used by
6 groundwater -- or groundwater is going to provide
7 21 percent of the water use.

8 Then there's 16 percent of groundwater
9 being used for process, which I don't know how
10 that's defined. And for washing.

11 Then we saw in the slide show a peak
12 water use. They're proposing to leave peak water
13 use out of it, which is another 179 acrefeet per
14 year.

15 You know, adding those up -- I mean I
16 have at least 37 percent of the project's water
17 use is still going to be coming from groundwater
18 for the project.

19 HEARING OFFICER CELLI: Okay. Just to
20 be clear, you said 21 percent was groundwater with
21 construction, 20 percent for washing and process
22 water.

23 MR. MARCUS: Those are the percentage
24 compared to what they're proposing to use for
25 cooling water. The construction water consumption

1 would be equal to 21 percent of the cooling water
2 consumption. The process water consumption will
3 be equal to 16 percent of the cooling water
4 consumption if cooling water is the number of 1282
5 acrefeet per year that they gave in the handout
6 today.

7 HEARING OFFICER CELLI: Okay, thank you.

8 MR. BUSA: Can I just make a comment,
9 too, so that everyone's clear. Even if we were to
10 dry cool all the numbers that you just heard would
11 still be necessary and would come from a
12 groundwater source theoretically.

13 So, the --

14 HEARING OFFICER CELLI: And we're
15 talking about if you were to go with dry cooling
16 you'd still have to wash the mirrors, you'd still
17 have to have potable water --

18 MR. BUSA: Construct the project, do
19 potable water, have process water, all of those
20 things. So, --

21 HEARING OFFICER CELLI: But as to those
22 sources of water there's no change. We're still
23 proposing all of that is going to be groundwater,
24 correct?

25 MR. BUSA: That's correct, there's no

1 change to that.

2 HEARING OFFICER CELLI: So, in that
3 regard, CURE is accurate?

4 MR. BUSA: I'm not sure about the
5 percentages, but --

6 HEARING OFFICER CELLI: Okay. Thank
7 you. I'm sorry, go ahead, please.

8 MS. GULESSERIAN: Okay, my next comment
9 was that -- excuse me -- on the slides we have --
10 our comment would be that we need to -- that staff
11 would need to look at the worst case impacts on
12 the groundwater basin.

13 And the maps that have been shown show
14 that there is going to be a five-foot gain in
15 project pumping influence at the end of 30 years.

16 But we heard that the rate of recovery
17 for the groundwater basin is five feet per year.
18 So over 25 years that would be 125 feet. If it's
19 five feet per year, as the rate of recovery,
20 there'd be 125 feet increase in the basin.

21 But this figure is only showing a five-
22 foot gain in the groundwater basin. So it appears
23 that there is a 120-foot drop still in the
24 groundwater basin due to the Beacon project.

25 HEARING OFFICER CELLI: Ms. Gulesserian,

1 do you mind if -- I see that applicant wants to
2 address that.

3 MS. GULESSERIAN: Sure, sure. Any
4 clarification.

5 MR. FLACK: No, that's not correct. The
6 groundwater basin is recovering, the groundwater
7 levels are increasing over time. And that's due
8 to the fact that the recharge of the groundwater
9 basin is a lot more than the discharge from the
10 groundwater basin.

11 The project is proposing to take out, as
12 it stands right now it's proposed to take out less
13 water than it was previously. So water levels are
14 going to continue to increase over time, based on
15 the historic recharge to this groundwater basin.

16 What's going to happen is the project is
17 going to pull water from that recharge and it's
18 going to be less of a recovery than it would
19 otherwise, without the project.

20 MR. MARCUS: So, for clarification then,
21 are you saying that compared to --

22 HEARING OFFICER CELLI: Excuse me, we'll
23 need you to just identify yourself for the record
24 so the court reporter knows who's speaking.

25 MR. MARCUS: I'm sorry. I'm David

1 Marcus; I'm the consultant to -- or one of the
2 consultants to CURE.

3 So maybe I wasn't reading this
4 correctly. What you're saying -- what you said in
5 words earlier was that the basin, absent this
6 project, is recharging at about a level that's
7 causing groundwater levels to rise about five feet
8 per year.

9 MR. FLACK: What I said is parts of the
10 basin are recovering about five feet per year.
11 Other parts of the basin are less than that. As
12 you go away from the project area to the east and
13 to the north it's less than that. It's two feet,
14 three feet, one foot. If you go to the northeast
15 side of the Koehn Lake area, groundwater levels
16 are actually in decline. So on the north side,
17 east side of Koehn Lake they're actually going
18 down a little bit.

19 So there's variable recovery rates in
20 the groundwater basin.

21 MR. MARCUS: But near the project it's
22 around five feet per year.

23 MR. FLACK: Near the project, for the
24 last years it's been five feet or so per year.

25 MR. MARCUS: So, what this is saying

1 here is that over 30 years, absent the project, at
2 current rates, ground level would rise about --
3 groundwater level would rise about 150 feet, minus
4 five feet due to the project. So it would end up
5 rising 145 feet instead of 150?

6 MR. FLACK: That's correct, that's the
7 difference.

8 HEARING OFFICER CELLI: Very clear,
9 thank you for clarifying that.

10 MR. BABULA: One other thing I'd like to
11 note -- this is Jared Babula -- staff did analyze
12 the worst case scenario, because staff looked at
13 the original applicant's project, which was all
14 groundwater. So, in a sense that has been done in
15 the FSA.

16 HEARING OFFICER CELLI: Thank you. Now,
17 CURE still has the floor, so -- CURE's comments on
18 the proposal.

19 MS. GULESSERIAN: Okay, just a few other
20 comments. Just minor technical point, as we're
21 trying to crunch these numbers here.

22 The 200, there'd be 200 gallons for
23 every Tamarisk tree that is removed. That would
24 require removal of 1000 trees to save one acrefoot
25 per year. That is a lot of trees.

1 And we do -- I just want to clarify that
2 CURE does want to count how many trees are
3 removed, how many gallons are being saved. That
4 level of accuracy is what we have been commenting
5 on and looking for in the FSA. So we disagree
6 with the approach of generalizing potential
7 impacts.

8 And then I think in clarifying what
9 alternative is going to be proposed by Beacon,
10 there's a discussion about the emergency supply
11 and not having an impoundment, but it's our
12 understanding that the FSA looked at a tank for
13 emergency supply. And so the project wouldn't
14 need to use groundwater if it's going to be using
15 recycled water, to bring that water into the tank.
16 And then continue to use recycled water for the
17 emergency supply.

18 Do you have any more technical comments?
19 No. Right. We're seeing that there are two weeks
20 to make technical comments on whatever ultimate
21 proposal there is. I don't know if this is it.
22 But that seems like enough time to make --

23 HEARING OFFICER CELLI: Two weeks does
24 seem like enough time to you?

25 MS. GULESSERIAN: Well, I mean if this

1 is what we have today, we can make these comments.
2 If there's going to be more of a proposal, we have
3 to see what the actual proposal is.

4 HEARING OFFICER CELLI: Okay, but I
5 think it's safe to say that as it stands right
6 now, CURE wouldn't be a willing signatory to the
7 stipulation?

8 MS. GULESSERIAN: We are willing to
9 participate in the process as long as there's no
10 requirement that sign an ultimate stipulation.
11 There are a lot of terms that we do not agree with
12 in the current stipulation.

13 And one of them is certainly that we do
14 not agree to take dry cooling off the table, when
15 that is the easiest and most feasible alternative
16 for this project.

17 HEARING OFFICER CELLI: Um-hum. So, are
18 you optimistic that perhaps after two weeks the
19 parties can get together and actually come up with
20 something that would be acceptable?

21 MS. GULESSERIAN: I don't think the
22 schedule extends for two weeks. I think there was
23 some initial comments, in a few weeks. It looks
24 like there's a schedule for some back-and-forth
25 through the end of January.

1 HEARING OFFICER CELLI: Yes.

2 MS. GULESSERIAN: Which we would be
3 willing to participate in those discussions.

4 HEARING OFFICER CELLI: Okay, well, --

5 MS. GULESSERIAN: Thank you.

6 HEARING OFFICER CELLI: Thank you.

7 Before we talk about the scheduling of this, I
8 think we should hear from Rosamond and California
9 City and Lahontan on their views of what Beacon is
10 proposing, and how that will affect groundwater.

11 So, with that, let's first hear from
12 Lahontan, if we could, Mr. Curtis.

13 MR. CURTIS: Thank you, Chuck Curtis
14 with the Lahontan Regional Water Board.

15 In general the Water Board is very
16 supportive of using recycled water from whatever
17 source for uses such as power plant cooling. We
18 support recycled water use.

19 Currently California City uses recycled
20 water for golf course irrigation. The Water Board
21 is definitely supportive of sewerage the entire
22 community there. It's only partially sewerage.
23 We're very supportive of sewerage that entire
24 community because we believe that the septic
25 systems do pose a threat to water quality from

1 their discharge of nutrients, in particular, to
2 groundwater.

3 So we are in favor of sewerage that
4 community, and using that water for other
5 beneficial uses through reclamation.

6 Currently the City of Rosamond's
7 facility does not have recycled water capabilities
8 currently. But that certainly can be built and
9 permitted.

10 For either of these options there's
11 permitting from the Water Board that, I believe,
12 would be required unless the use was only for this
13 power plant cooling use. And I'll let the lawyers
14 figure that out, but it may be that the Energy
15 Commission could permit that recycled water use
16 specifically for the cooling plant.

17 But if there are more than one use, then
18 permitting of that would go through the Water
19 Board. And that 's a normal process. We'll be
20 permitting another facility next week for recycled
21 water use.

22 Regarding Koehn Lake water use, again it
23 sounds like there's a lot of information that we
24 don't really know on what potential impacts the
25 use of that water might have. There just isn't, I

1 think, enough information to know.

2 Mr. Celli asked a question about
3 reliability of the source of this water. And
4 wastewater treatment plants, they have to run all
5 the time because the sewage keeps coming down the
6 pipe. So they're a very reliable source of
7 reclaimed water. At least that's my feeling.

8 Any other specific questions?

9 HEARING OFFICER CELLI: Yes,
10 Commissioner.

11 ASSOCIATE MEMBER BYRON: Mr. Curtis,
12 thank you for being here. Do you support the
13 assumptions that the applicants used in their
14 analysis? For instance, the ones that come to
15 mind, if I have the numbers correct here, the 300
16 acrefeet per year buildup that they've assumed in
17 the --

18 MR. CURTIS: Since I've just learned
19 about that today I really don't have a technical
20 response to that. I know that it is going to take
21 some time to, for example, sewer the complete
22 California City community. And there may be some
23 benefits in phasing that in, as opposed to trying
24 to do that project all at once.

25 But as far as the capacity that that

1 will bring, I don't know. I just don't have the
2 numbers available to know that, by sewerage the
3 entire community. I assume that they have done
4 that analysis, that it will provide enough water
5 to meet the project's needs, in addition to the
6 current uses that California City is using for
7 that recycled water.

8 ASSOCIATE MEMBER BYRON: Not being a
9 water expert, you've taught me a new word today.
10 I didn't know sewerage was a verb. So sewerage,
11 has your Board adopted a plan to do that for the
12 city?

13 MR. CURTIS: No. Currently the Water
14 Board has a permit for California City for the
15 current sewerage area, you know, for their
16 wastewater treatment plant, and the discharge of
17 that treated effluent.

18 The community that is currently on
19 septic, it was allowed to build without a sewer
20 system because the density of the houses is small.
21 They're spread out.

22 And so that's why -- the entire
23 community is not sewerage because much of the
24 community has a low density of population of
25 houses.

1 So the cost to sewer that is high,
2 relative to each specific household. And the
3 impacts from the septic are more diffuse because
4 there's less density.

5 But we are concerned about groundwater
6 impacts from septage (sic) and we are very
7 encouraged that California City might work towards
8 sewering the entire community, perhaps, you know,
9 as a result of this project.

10 ASSOCIATE MEMBER BYRON: Thank you.

11 HEARING OFFICER CELLI: I have a
12 question, something that applicant mentioned was
13 that Lahontan had a problem with the use of
14 recycled water for cleaning the mirrors.

15 And my recollection, and I remember this
16 from another case where tertiary treated water, I
17 believe you can dump 50,000 gallons into, you
18 know, public waterways without even having to
19 report it. And that it can be used for growing
20 crops.

21 So if that's the case, I wonder why
22 recycled water couldn't be used for cleaning the
23 mirrors.

24 MR. CURTIS: It certainly could be, as
25 well as for construction dust control and other

1 uses. We permit other recycled water producers to
2 allow uses such as construction dust control and
3 similar compaction and that sort of thing.

4 There would be an ongoing discharge, you
5 know, with this nutrient-laden water. Because
6 although it is treated such that it is
7 disinfected, it still contains a lot of nutrients.
8 And the continued discharge of this through mirror
9 washing, you know, would have an input ultimately,
10 you know, of those nutrients to groundwater.

11 So, although that's something that, you
12 know, we haven't analyzed in depth, if they have
13 another source, that's fine. But I can tell you
14 that it could be, the Water Board, I believe, --
15 you know, I don't speak for the Water Board, I'm a
16 staffer, just like your staff. But I believe that
17 our Water Board, if we had an application, a
18 permit application, that we likely would permit
19 such a use.

20 HEARING OFFICER CELLI: Thank you.

21 MR. FLACK: May I clarify that point on
22 water use or recycled water use? Originally what
23 it was, was in our report of waste discharge
24 application we had proposed to use the evaporation
25 pond water. It's not the tertiary treated water,

1 but the evaporation pond water, for dust control.

2 And that wasn't allowed.

3 So, we took that out of our revised
4 report of waste discharge. And that we wouldn't
5 use the evaporation pond. This would be the water
6 that would come out of the cooling tower blowdown
7 to the evaporation pond. So we were thinking we
8 could use that for dust control, and that was not
9 allowed.

10 MR. CURTIS: Well, the concern is, from
11 the evaporation water, is very high concentrations
12 of salts. You know, you're concentrating those
13 salts and then applying them to the ground
14 surface. And what's the fate of those salts, and
15 you know, their impact, not only on groundwater,
16 but surface water runoff. What's the fate of that
17 and its potential impact on wildlife, as well as
18 groundwater and surface water.

19 HEARING OFFICER CELLI: Well, thank you
20 very much. Thank you for being here.

21 California City, I guess we should hear
22 from next.

23 (Pause.)

24 HEARING OFFICER CELLI: While we're
25 waiting, Mr. Babula, is Mr. Solorio going to be

1 coming back? Because I would like him to be here
2 when we talk about scheduling.

3 MR. BABULA: Well, the note I got is, "I
4 feel ill. If I don't come back, bring my books."
5 So that might be a no.

6 (Laughter.)

7 HEARING OFFICER CELLI: I hope I wasn't
8 a part of that.

9 MR. BABULA: Hopefully he won't read the
10 record.

11 MR. BEVINS: My name is Mike Bevins; I'm
12 the Public Works Director for the City of
13 California City. What's being passed out to you
14 now is a map of California City.

15 I'd like to take just a minute to kind
16 of introduce our city, because our city is
17 exceptionally different than any other city in
18 California.

19 We are the third largest geographic city
20 in California. We're 203.4 square miles. Only
21 San Diego and Los Angeles are bigger than we are.
22 And the reason that's important is that we are a
23 subdivided city created in the '60s and '70s.
24 Almost all of California subdivision law is an
25 effort to prevent another California City.

1 And so a lot of things you see on this
2 map, and some of the things that you'll see in
3 this project, directly relate to the structure of
4 our city.

5 Currently California City has 23,000
6 unbuilt lots that are residentially zoned that are
7 one acre or less. The majority of those lots are
8 6000 square feet.

9 So when Lahontan says that we have a
10 little problem, we actually have a large problem
11 in California City with septic tanks. Our city
12 was allowed to be built on septic tanks, and you
13 will find no other city, to my knowledge, in the
14 world, that has the kind of density of septic
15 tanks that California City has.

16 If you look at the map that's been given
17 to you, the grey areas are actual homes. They are
18 currently connected -- the vast majority of them
19 are currently connected to septic tanks.

20 If you notice the places where you see
21 the little green lines and the red lines and the
22 purple lines, and there's not a lot of them, that
23 is our current sewer system. And the reason --
24 you'll see that they're mostly in the north of the
25 big blue line, where it says California City

1 Boulevard.

2 Our system, currently, basically is
3 north of California City Boulevard. And it
4 impacts only 1400 homes. Currently I have 2754
5 nonsewer-connected homes that are on septic tanks
6 right now.

7 So our contamination to the aquifer is
8 significant. It's not a little arrangement. Most
9 times you see septic tanks you have -- when he
10 said we're not very dense, we have a density
11 limit. And the majority of what's called first
12 community, which you are seeing here, this is
13 about 15 percent of my total city square mileage,
14 but it encompasses about 95 percent of the
15 population of my city. Okay.

16 In first community we are at a situation
17 where we are approaching a moratorium level based
18 on groundwater saturation from the use of too many
19 septic tanks per acre, per zone.

20 I have approximately 50-some-odd zones
21 insite first community, which were contractually
22 set up with Lahontan under agreement in 1988,
23 which was modified in 2007, to correspond to
24 subdivision tracts inside my city. So, for us,
25 it's a significant problem.

1 We've been working since 2007 in an
2 effort to create independent sewer districts
3 inside this zone to be able to piece together a
4 transition from septic tanks over. That is a very
5 expensive process to do. And it's not one -- Kern
6 County, as a whole, is not a city with a large
7 median income. And it's a very difficult -- and
8 due to proposition 218 it's a very stressful, I
9 guess is the word I want to use, process involved
10 because people have to accept that kind of
11 expense.

12 This project for our city is
13 tremendously beneficial. What we've asked our
14 engineers to do in response to this project is
15 prepare the map that you have in front of you.
16 And essentially it's a dot-to-dot connection. We
17 had all the dots, which was all the existing
18 houses.

19 All we had to do was draw in the lines
20 in the shortest possible path to be able to
21 connect the dots together and bring these people
22 from septic tank away from groundwater
23 contamination into a community sewer system.

24 You'll look at it and the map shows you
25 different zone areas. When Mr. Busa mentioned the

1 fact that phasing this project in over a period of
2 time would be a benefit to the community, I think
3 if you look at the map you get a sense for just
4 how many streets are going to be impacted in our
5 primary residential community.

6 This is not a minor impact for our city.
7 It's a major transition for us. And the
8 opportunity to take an environmentally negative
9 situation and turn it into a very environmentally
10 positive situation.

11 The phasing in for us is -- one of the
12 original requirements was bringing this in in a
13 very short period of time. And we looked at how
14 short a period of time this could be. The shorter
15 the period of time the more painful this is, just
16 to the citizens of the community.

17 If you'll just look at any of those
18 phases. For example, phase one where you see
19 basically no large transmission lines but you see
20 only small neighborhood lines. And if you could
21 imagine the difficulty of those people in getting
22 in and out of their homes.

23 If we can do it in a way that takes out
24 one block or two blocks at a time, we wind up with
25 a much smoother process.

1 However, our council is committed to
2 this process. While it will be inconvenient for
3 our citizens, our citizens would also like to
4 participate in this process because we don't want
5 to be in the situation of having our community
6 closed to future growth and development.

7 With 23,000 unbuilt lots, obviously
8 there's a lot of room to grow. We have 15,000 --
9 14,000 people, excuse me, in the City of
10 California City. And with 23,000 unbuilt lots we
11 have a lot of room to grow. And, in fact, we were
12 one of California's fastest growing cities in the
13 last boom, the last high boom period, because
14 we're one of the few places where you can actually
15 afford to buy a lot and build a house.

16 Houses for sale at the peak of the boom
17 were selling for \$160,000. I don't know that you
18 could find one in Sacramento or in the surrounding
19 area, much less in L.A. or Los Angeles County
20 that's going to go for that kind of price. So the
21 proposal here is for us, on an environmental
22 level, very very important.

23 We also have, and it does not show on
24 our map, a 2500-bed private prison in California
25 City. We are the only private prison in

1 California. There are 2250, I believe it is,
2 federal prisoners currently housed in that
3 facility. And they provide wonderful amounts of
4 sewer discharge into our system.

5 HEARING OFFICER CELLI: They're on a
6 sewer system?

7 MR. BEVINS: They are on the sewer
8 system, yes. Yes. That's one of the reasons that
9 we have such a large flow rate, and one of the
10 reasons that we're able to handle, relative to
11 other areas, we're able to handle the peak issues.
12 Is because we have this inherent base.

13 There's a couple of other issues that
14 were brought up. When our city was first
15 developed the original developers really wanted to
16 convince people that the desert was a very green
17 and growy place. And so they planted trees that
18 would just grow really wonderful in the desert.
19 The Tamarisk tree was their tree of choice.

20 (Laughter.)

21 MR. BEVINS: So when he says that we're
22 supportive of removing Tamarisk trees, that's a
23 complete understatement. Just inside my part of
24 the Fremont Basin we can pull out a significant
25 number of Tamarisk trees and be quite happy with

1 that project.

2 It, for us, represents an environmental
3 nightmare. It's very difficult for us to be able
4 to just walk in and yank out a tree, because
5 people say, oh, you're killing a tree. But if you
6 actually come to the desert, take a look at what
7 they are, they're an overgrown bush. And they're
8 a water hog.

9 There are other trees that draw less
10 water. The Tamarisk just loves the desert. It
11 seems to be able to suck water from wherever it
12 winds up seeding.

13 One of the other questions that came up,
14 and this generally is the functioning of emergency
15 water. Can we go back to any one of the last
16 pictures of the area?

17 (Pause.)

18 MR. BEVINS: Anyone that shows -- well,
19 I just need to see some of the faults in the area.

20 MR. SPEAKER: That's right there. It's
21 hard to see because --

22 MR. BEVINS: They're on there? Okay.
23 If you look at the faults in the area, our area is
24 an earthquake nightmare. Our wastewater treatment
25 plant would produce water consistently as Mr.

1 Curtis from Lahontan has pointed out.

2 But when you're talking about our main
3 pipeline from our wastewater treatment plant
4 follows this path along Mendiburu Road, along the
5 north side, you can see where that -- there's a
6 red line that runs across kind of three-quarters
7 of the way up on the map.

8 Our wastewater treatment plant is over
9 there where it says S-19 over on the right-hand
10 side. And coming out of that plant is a main
11 sewer line that runs along Mendiburu Road over to
12 Neuralia, which is about a third of the way over
13 on the left.

14 Neuralia is the path road for the
15 recycled waterline up to the Beacon project,
16 either for us or for Rosamond. That path is an
17 already-existing road. The pipeline would be
18 built on the shoulder.

19 Mendiburu is where we put our current
20 sewer line. And so the environmental impact is
21 simply to lay this line within the zone already
22 defined within the Mendiburu sewer line
23 environmental arrangement.

24 All the rest of the environmental issues
25 through our city are simply impacting already-

1 existing roadlines. And our environmental people
2 have told us that the process will be very very
3 nonpainful because we're staying in existing
4 roadways as we expand out and cut in. So that on
5 a whole this project, for us, is exceptionally
6 environmentally positive.

7 Lahontan -- not Lahontan, but the Water
8 Quality Control Board, has recently required that
9 every water basin inside the state identify salt
10 and -- produce a salt and nitrate plan. And in
11 many basins that's not a problem because salts and
12 nitrates, which go hand-in-hand with recycled
13 water, the more you recycle it the more you add to
14 that salt and nitrate issue from human use of the
15 water.

16 In most basins those constituents, I
17 guess is the proper word -- we don't want to call
18 them contaminants, do we? I think constituents is
19 the right word -- flow out of the basin.

20 In the case of the Fremont Basin there
21 is no natural salt exit. For us, recycled water
22 and continued use of recycled, pump it out and
23 recycle it again, will continue to add to the salt
24 concentration of our basin.

25 So while we've been doing recycled water

1 since 1994, we've realized under this new plan
2 that we need to find a salt exit for our basin.
3 The Beacon project provides a first class salt
4 exit for our basin.

5 We don't have a natural one. This is an
6 artificial one, which basically we could never
7 afford to put in if we continued and expanded our
8 recycled water.

9 So, -- make sure I've touched all the
10 questions that you've had. The plan we've put
11 together and have submitted to Beacon is a very
12 straightforward plan.

13 The main pipelines, just to review with
14 you, are going to stay in already-existing
15 roadways or in places where we already have, the
16 environmental work is already done.

17 The construction connection time is
18 endorsed by our city. And something that our
19 citizens are very much looking forward to. Now,
20 when we actually get to individual citizens'
21 streets I can guarantee you they will have cause
22 to rethink their particular decision for a short
23 period of time, but we do have the capacity to do
24 it.

25 And our plan functions very nicely with

1 a five-year phase in. It actually is -- the only
2 word I can think of is a real godsend to our
3 community, which faces some very very unaffordable
4 and very painful options should this not happen.

5 Lastly, I would also like to make one
6 other comment. Our plan does not require
7 purchasing of groundwater from Beacon. But I will
8 also tell you that our basin has a capacity of --
9 I don't remember what your number is, but our
10 estimate is of about 16,000 acrefeet of annual
11 recharge.

12 If our city continues to grow, and it
13 will -- we are the only incorporated city in the
14 basin -- if our city continues to grow, we will,
15 at some point, be needing additional water beyond
16 that which our current wellfields produce. We
17 will be looking to purchase water from wherever we
18 can. And we would hope that you would not
19 restrict our ability in the future to deal with
20 water purchases from whatever source are
21 available.

22 That's something that will happen
23 regardless of whether or not this plant is built
24 in whatever format it happens. We will be seeking
25 water from a broad variety of sources.

1 Do you have any questions? Is there
2 anything that I've left untouched?

3 ASSOCIATE MEMBER BYRON: I found that to
4 be very helpful. I thank you very much for coming
5 today.

6 HEARING OFFICER CELLI: Thank you very
7 much, Mr. Bevins.

8 MR. BABULA: I just have one quick
9 question.

10 HEARING OFFICER CELLI: Staff.

11 MR. BABULA: On the phase in, then, I
12 notice on this map so your plan would be then to
13 just go with phase one -- the timing --

14 MR. BEVINS: Yeah, that's kind of the
15 rotation we were looking at.

16 MR. BABULA: What would be -- if you
17 went with the phase three first, because that
18 seems to be a larger quantity of water available,
19 it seems to be a bigger -- would there be an
20 advantage to try to --

21 MR. BEVINS: What we were looking at
22 doing with this, the biggest --

23 MR. BABULA: Try to get more water
24 upfront --

25 MR. BEVINS: -- the biggest challenge in

1 this particular project is going to be aligning up
2 the design with the construction. So we're
3 planning this project to be a design/build
4 concept.

5 In the first year we also were going to
6 be increasing our wastewater treatment plant
7 capacity. We're upgrading it. And so in the
8 first year while we're going through the
9 application process of upgrading the plant and
10 changing the point of diversion for our
11 wastewater, and including in, basically dealing
12 with our Lahontan issues.

13 That first one would require the least
14 amount of engineering in the first year. And then
15 the other -- what has to happen is all that, the
16 design/build concept you'd -- yeah, you'd wind up
17 designing all the main trunklines through. And we
18 kind of just extended it out.

19 Now, what undoubtedly would happen is
20 that in the first phase the main trunklines would
21 be designed. So exactly how that would be phased
22 in, that would certainly be open to negotiation.
23 I mean that's one where we could figure out what
24 would work the best.

25 And those lines, by the way, aren't rock

1 solid. They were actually created awhile back,
2 and I took a pencil and kind of went down and said
3 this is where we think it will go. And we did not
4 actually count out the homes to make sure we have
5 the 300 acrefeet per year.

6 MR. BABULA: Okay.

7 MR. BUSA: But, Mike, you currently
8 today have 300 acrefoot available, so --

9 MR. BEVINS: Oh, yeah, yeah. We could
10 do 300 acrefeet, yeah. Yes. We can do that right
11 now.

12 HEARING OFFICER CELLI: Three hundred
13 acrefeet is available right now.

14 MR. BEVINS: Yes, it is.

15 HEARING OFFICER CELLI: So, the phasing
16 doesn't -- right now at least 300 acrefeet is
17 already going into your --

18 MR. BEVINS: Yes. Into our lake.

19 HEARING OFFICER CELLI: Okay. So this
20 phasing has nothing to do with Beacon's phasing?

21 MR. BEVINS: Right.

22 HEARING OFFICER CELLI: Okay.

23 MR. BEVINS: Well, I won't say it
24 doesn't have anything to do. We tried to break it
25 up engineering-wise to see how we could, with the

1 contractor in mind, how we could easiest to bring
2 something online. But, no, we do have the
3 capacity right now to bring that on.

4 HEARING OFFICER CELLI: Very clear. Any
5 questions from CURE?

6 MS. GULESSERIAN: Yes, I have a
7 clarification or question. When is your year one?
8 Is it, you know, next year, or is it three years
9 from now? When does the five year begin?

10 MR. BEVINS: That kind of depends on the
11 applicant, I think. For us, we don't have a fixed
12 year one. What we are going to start doing, and
13 what we have planned to do is start moving forward
14 with our application process to Lahontan
15 immediately. And so we would be starting year one
16 for us immediately.

17 Once we get to the point where you've
18 all decided that we're worth the time and energy
19 to, you know, more forward with this option. So
20 we can start year one whenever is appropriate. By
21 the process.

22 In other words, if you delay --

23 MS. GULESSERIAN: And so how --

24 MR. BEVINS: -- it for two years, that's
25 not a problem.

1 MS. GULESSERIAN: -- and when do you
2 anticipate? I mean, if you submitted your
3 application to Lahontan, when would you anticipate
4 getting a permit so that we can --

5 MR. BEVINS: Lahontan right now, in
6 speaking with our office of Lahontan -- Lahontan,
7 I don't know if you're aware, is quite a large
8 district. And the Victorville Office has asked us
9 to hold off our application process until May,
10 simply because of the state funding budget issues
11 that the office has. They're as hard hit
12 financially as every other governmental entity in
13 the state, and they've asked us to hold off.

14 The expectation for us is we would have
15 the permitting completed by November of '10.
16 However, as soon as the request was made to begin,
17 at any point we could actually start because we do
18 have current treatment plant capacity.

19 And the process for operating without
20 our current capacity, as long as we stay inside the
21 current capacity which phase one would allow us to
22 do, we could begin construction of that within 90
23 days, as far as beginning goes.

24 There's two parts to the process. One
25 is expanding plant capacity; the other part is

1 change in point of use or, you know, the change in
2 use. We can add the change in use before we
3 actually do the change in use. They will allow us
4 to do that, which was not only surprising to me,
5 but very pleasantly surprising to me.

6 So we can begin that process quite
7 quickly, and actually use it under our current
8 capacity. So we could be ready to deliver water
9 actually as early as November -- excuse me,
10 September of '10.

11 So the timeclock could start quite soon,
12 or it can be delayed. It doesn't have to be. I
13 mean it's -- we have some flexibility in this,
14 which is quite, for us, positive.

15 MS. GULESSERIAN: So, do --

16 HEARING OFFICER CELLI: So -- I'm sorry,
17 go ahead.

18 MS. GULESSERIAN: Just to clarify then.
19 So for phase one of this plan you could begin
20 construction and have 300 acrefeet of water to
21 deliver to the Beacon Project by September 2010?

22 MR. BUSA: -- pipeline to --

23 MS. LUCKHARDT: Yeah, we need to have a
24 pipeline --

25 MR. BEVINS: The pipeline is going to be

1 the problem because --

2 (Parties speaking simultaneously.)

3 MS. LUCKHARDT: -- to the project which
4 we can't build --

5 MR. BEVINS: -- yeah, because you're
6 talking -- I'm looking back at our engineer to
7 remember if that's it.

8 MS. LUCKHARDT: Yeah.

9 MR. BEVINS: There's a parallel
10 construction project that happens from the
11 pipeline from the wastewater treatment plant of
12 Neuralia, and then up Neuralia nine miles, is it,
13 Scott?

14 MR. BUSA: Yeah, nine or ten.

15 MR. BEVINS: Yeah, nine or ten miles up.
16 That project would have to be running
17 simultaneously. And that one could take a little
18 longer, a little less longer, but the bottomline
19 is that they basically run about the same time.

20 MS. GULESSERIAN: Do you know whether
21 you would be building that pipeline, or whether
22 Beacon would be building the pipeline to the
23 Beacon site?

24 MR. BEVINS: We haven't discussed that
25 one yet. It could be either way. We don't have

1 any particular problem with being the contractor
2 on the -- the lead on that at all. That would be
3 a positive for us.

4 MS. GULESSERIAN: Okay. Yeah, so we're
5 just trying to see if we can get some facts while
6 you're here.

7 MR. BEVINS: That's not a problem.

8 MS. GULESSERIAN: And then I guess the
9 question was when would the next phases occur. It
10 sounds like you would submit your application
11 concurrently with -- you could be --

12 MR. BEVINS: That's right.

13 MS. GULESSERIAN: -- constructing phase
14 one --

15 MR. BEVINS: That's correct.

16 MS. GULESSERIAN: -- and then by maybe
17 permitting completed by November 2010. So when
18 would construction of -- would construction of
19 phase two then begin --

20 MR. BEVINS: As soon as the final
21 permitting has happened for --

22 MS. GULESSERIAN: Um-hum.

23 MR. BEVINS: -- the upgrade of the
24 capacity of the treatment plant. Currently the
25 treatment plant's at 1.8 mgd. And we would be

1 looking to bring the plant to approximately 3.0
2 mgd.

3 Now, for us that sounds like a big deal.
4 But a lot of the pieces of the plant -- our plant
5 was built to be expanded. And so we would be --
6 as soon as we had the permitting in place, we
7 would begin the actual work on the plant.

8 We can begin the design on the plant
9 much before that. But it's -- because we have to
10 have that plant design in place before we apply
11 for the application. So once we have that in
12 place, we'll go.

13 We have actually a proposed schedule.
14 It's a little misleading from one regard. Because
15 what it is, it's a absolute minimum, if-you-put-a-
16 gun-to-my-head schedule. Okay?

17 Which isn't at all what the applicant's
18 proposing. They're looking at a very reasonable
19 schedule, which is what the map represents. But I
20 do have a crushed-it-down, sun-and-the-moon-and-
21 the-stars-aligned- together and everything-work-
22 perfectly schedule if you'd like to see that.
23 Which gives you some of the how we could overlap
24 certain things.

25 I don't know if the Commission would

1 like to see that schedule.

2 MS. GULESSERIAN: I would like to see
3 it. I mean, I want to know what is feasible --

4 MR. BEVINS: What is possible.

5 MS. GULESSERIAN: -- what is possible.
6 And you know, it speaks to whether water could be
7 available for construction of the project. Or
8 whether we need to, you know, talk about really
9 relying on groundwater during project
10 construction.

11 I mean that's a large portion of the
12 groundwater that's being proposed to be used. And
13 if it is feasible to get water to the project site
14 sooner, then that feasibility would be something
15 that would be helpful to know.

16 MR. BEVINS: Actually, that wouldn't
17 happen.

18 HEARING OFFICER CELLI: You know,
19 actually -- and that might be a good discussion in
20 a workshop, I think. I don't know that a status
21 conference is the best place to accomplish that.

22 I would say though, that as far as your
23 client is concerned, it sounds like there's a lot
24 of work for pipefitters.

25 MR. BEVINS: Well, there's -- yeah. And

1 one of the things that you have to bear in mind
2 is, is that water would only be available onsite
3 for site construction once the line was completed.

4 And we expect that line is not going to
5 be a done-next-week project. Even if you look at
6 this list you'll see it has its own time schedule
7 just for the line.

8 So it wouldn't even be possible for them
9 to use it for, I wouldn't think for most of the
10 construction period, if not all the construction
11 period.

12 I don't know what their construction
13 period is, I don't know what their timeframe is,
14 but no, I wouldn't think it would be used for
15 construction water.

16 HEARING OFFICER CELLI: Thank you.
17 Anything further from any of the parties? Thank
18 you, Mr. Bevins.

19 MR. BEVINS: Thank you.

20 HEARING OFFICER CELLI: It was very very
21 helpful to hear from you.

22 Lastly we have the City of Rosamond
23 who's present. Let's hear from the City of
24 Rosamond about this.

25 And then we'll talk about the project

1 schedule. And then we will have public comment.

2 MR. LaMOREAUX: Thank you. I'm Dennis
3 LaMoreaux, the Assistant General Manager and
4 District Engineer for Rosamond Community Services
5 District. It's not an incorporated area at this
6 point.

7 I have distributed kind of a one-page
8 summary of the highlights of our proposal to
9 provide water.

10 MR. BABULA: Do you have that one, Ken?
11 That's what you sent me back --

12 HEARING OFFICER CELLI: No. Oh, I see.
13 Okay. Please go ahead.

14 MR. LaMOREAUX: Early on, after your
15 staff approached us, we looked at several
16 different alignments. And then with some input
17 from California City, we did pick an alignment
18 that went through California City versus one that
19 might have been about five miles shorter,
20 paralleling a state road or railroad because of
21 potential benefits to both agencies.

22 And just going down through some of
23 these, it's pretty straightforward as has been
24 summarized before. Rosamond has the flow
25 available but not the treatment facilities at this

1 point in time. And then we would have to move it
2 approximately the 40-mile pipeline to the site.

3 What we have done is by the end of this
4 month we'll have completed mgd activated sludge
5 tertiary treatment plant. We have a proposal in
6 hand for a design/build contract for a 2 mgd plant
7 expansion, which we would be ready to go with if
8 we were to have an agreement with Beacon to
9 provide the rest of the tertiary treatment that we
10 would need.

11 The good thing about that proposal is
12 it's what's called a deep lagoon treatment system.
13 Very little mechanics, energy usage; very
14 reliable.

15 And as far as another point that's been
16 brought up, a long pipeline with earthquake
17 faults. That can be planned for. In a prior life
18 I was a general manager of a water district in
19 Palmdale on both sides of the San Andreas Fault.
20 And if you look at that water district today
21 you'll see that there's a huge inventory of pipe
22 there based on analysis of potential breaks due to
23 faults. That's the kind of thing that you can
24 plan for and deal with in a pretty straightforward
25 way.

1 HEARING OFFICER CELLI: And that went to
2 the question of the interruptibility of the
3 service that we'd asked earlier. So, there are
4 ways, there's work-arounds for that, you're
5 saying?

6 MR. LaMOREAUX: Yeah, you can prepare
7 yourself to some extent for that. At least to
8 have the materials available that you think you
9 might need. You know, there's still going to be
10 down times, but you can minimize the down times.

11 One piece of news I heard just today is
12 the peak storage that the applicant has
13 anticipated. In our analysis we thought it would
14 be up to three times as much storage would be
15 needed onsite for the peak flow.

16 With what they've said today, it would
17 cut in a third what we thought the cost would be
18 for that onsite impoundment. And the size of that
19 would be roughly 600 by 600 feet on the bottom,
20 two-to-one slopes, 25 foot deep. Lined and
21 covered with plastic, or some sort of plastic
22 commercially available.

23 I've kind of wound it around here, but
24 I'd be happy to answer any questions you have
25 about our proposal.

1 HEARING OFFICER CELLI: Thank you.

2 Chairman Douglas? Commissioner Byron?

3 ASSOCIATE MEMBER BYRON: Again, thank
4 you for being here. It's very helpful to have
5 this information.

6 HEARING OFFICER CELLI: And you said
7 that this month you are finishing your tertiary
8 treatment plant?

9 MR. LaMOREAUX: Yeah, as Mr. Bevins
10 stated, we've also had the same request from
11 Lahontan about permitting. So we're not going to
12 actually start that plant up until probably
13 sometime next summer, because of the delay in
14 being able to get the permits for it. But it's
15 ready to be started.

16 HEARING OFFICER CELLI: Thank you.
17 Parties, any questions? Seeing none, --

18 MR. BUSA: Actually just a quick one.

19 HEARING OFFICER CELLI: Oh, --

20 MR. BUSA: You mentioned capacity of 2
21 million gallons per day. Do you actually
22 anticipate a through-put of that?

23 MR. LaMOREAUX: No. That would -- half
24 of that would go towards meeting the Beacon needs;
25 and the other half would be funded by Rosamond for

1 future growth in the community.

2 MR. BUSA: So the availability to Beacon
3 would be 1 million gallons per day?

4 MR. LaMOREAUX: Of the new expansion,
5 plus the half-million-gallon tertiary plant that's
6 just completed.

7 MR. BUSA: For 1.5 million.

8 MR. LaMOREAUX: The 1.5. And we would
9 have the option of running those in different
10 combinations which would further increase
11 reliability.

12 HEARING OFFICER CELLI: Thank you, Mr.
13 LaMoreaux.

14 MR. BABULA: I have a quick question.
15 What was the original size of the impoundment then
16 that you had in mind?

17 MR. LaMOREAUX: We were looking at three
18 ponds of the size I just mentioned. Each of them
19 would have a rough surface area of about 12 acres.

20 MR. BABULA: Okay. So it might be
21 actually smaller basin?

22 MR. LaMOREAUX: It would be, yeah, a
23 third smaller -- or two-thirds smaller based on
24 the numbers I've heard today.

25 MR. BUSA: Yeah, I guess we need to get

1 together because we're kind of going circular
2 here. We're going circular, making a circular
3 argument. Because we actually used their numbers
4 to calculate the pond size, so we kind of need to
5 talk about that. I don't know if we agree with
6 that or not.

7 MR. BABULA: Right. I mean that would
8 be something to look at. The staff's just kind of
9 interested in getting this out. Things like this
10 are good so that we can figure out where there
11 might be some questions still that we could do
12 further --

13 MR. LaMOREAUX: Certainly.

14 MR. BABULA: -- research.

15 HEARING OFFICER CELLI: Well, thank you
16 very much for being here, Mr. LaMoreaux. We
17 appreciate it.

18 MS. GULESSERIAN: May I ask one quick
19 question.

20 HEARING OFFICER CELLI: Oh, I'm sorry,
21 go ahead.

22 MS. GULESSERIAN: I'm sorry. Once you
23 have a -- if you have a signed agreement how long
24 would construction of the expansion take?

25 MR. LaMOREAUX: Based on the

1 design/build proposal it's a two-year project.

2 MS. GULESSERIAN: Thank you.

3 HEARING OFFICER CELLI: Thank you, sir.
4 Thank you for coming.

5 At this time it sounds like the parties
6 have a lot of work to do in terms of getting
7 accurate numbers and doing appropriate analysis of
8 these changes.

9 So, turning to the schedule. And I'm
10 sorry that Mr. Solorio couldn't make it because
11 this is --

12 ASSOCIATE MEMBER BYRON: I'm sure Mr.
13 Babula can speak for him.

14 HEARING OFFICER CELLI: This is the
15 important part for us. These dates are proposed
16 by the applicant. So I assume that there's, even
17 after this discussion, Ms. Luckhardt, there's no
18 changes that you foresee in these dates or
19 changes. You're suggesting this timeline is okay,
20 as is?

21 MS. LUCKHARDT: This is our proposal.
22 We're definitely willing to hear, you know,
23 comments and thoughts from the other parties. But
24 we thought we should at least put something out
25 that we thought was reasonable.

1 HEARING OFFICER CELLI: Thank you.
2 Staff, you know, we have the FSA already. So at
3 this point this is really -- we're just down to
4 whatever analysis is going to be required for
5 these changes, I imagine.

6 MR. BABULA: Right. I mean overall the
7 two issues we were most concerned about, I mean
8 obviously trying to get them off groundwater for
9 cooling, so moving in the right direction there.

10 The other thing is -- I know there's
11 concern like oh, it's a stipulation, but it'll end
12 up being a condition of certification. I mean
13 it's not going to be, oh, here's a stip and
14 they'll go do it. I mean we will get those things
15 in conditions of certification to comport with
16 what information, what --if there's mitigation,
17 all that stuff. So we're going to do our regular
18 analysis. So things will end up there.

19 The main thing was is we want real water
20 use and not a project where it's very open-ended.
21 The phasing in, like the five-year phase-in maybe
22 three years can work, maybe five years. As long
23 as it's solid; there's numbers, there's stuff we
24 can put in there, the real metrics, the real
25 verifications.

1 And as long as we get enough information
2 where we feel comfortable that that can be done.
3 And that it's not one of those things where, hey,
4 by year 30 we're on 100 percent recycled water,
5 and then we're going to shut down.

6 So, that's what we're going to look for.
7 And I don't know if Paul Marshall -- I think he's
8 here. Do you want to have any comment because
9 this is water?

10 MR. MARSHALL: Yeah, thanks for --

11 MR. BABULA: Just like to have him
12 comment since this --

13 MR. MARSHALL: -- curious about how the
14 schedule was going to affect us --

15 MR. BABULA: Right, --

16 HEARING OFFICER CELLI: Please come to
17 the podium and state your name, please.

18 MR. MARSHALL: Paul Marshall with the
19 California Energy Commission Staff working on the
20 water resource issues with Casey Weaver, who's
21 also here in support of our -- yeah, and we
22 actually haven't had time to digest the schedule.
23 So I just wanted to see, you know, where you were
24 going with it and what the expectation might be.

25 And without having time to digest it,

1 come in somewhat hedged in terms of the time we
2 would like to have to review their proposal.

3 I think we're, you know, we're obviously
4 -- we're in agreement with Jared that, you know,
5 these alternatives that they're looking at and the
6 way they're stipulating to them are really
7 encouraging for staff in the water resources unit.

8 We worked hard to get them to move in
9 this direction and so this is really positive
10 movement for us.

11 HEARING OFFICER CELLI: The question --

12 MR. MARSHALL: We are going to have a --

13 HEARING OFFICER CELLI: Go ahead.

14 MR. MARSHALL: We're really concerned
15 about having enough time to adequately evaluate
16 the technical merits of these proposals, and
17 making sure that we agree with their numbers.

18 For example, when we look at the
19 modeling that you looked at and the
20 characterization of the potential impacts, we've
21 had a lot of back-and-forth with the applicant
22 about the adequacy of their modeling.

23 And so we want to make sure that we
24 agree with the way they characterize the site, and
25 that these numbers are consistent with what we

1 believe are appropriate. So, you know, we need a
2 little bit of time to digest that.

3 And then, you know, getting into the
4 alternatives and thinking about what's possible.
5 And, you know, whether or not the recycled water
6 use volumes they're talking about are reasonable,
7 or something we can get online faster or
8 differently so that we minimize impacts. That's
9 something we'd like to think about, as well.

10 HEARING OFFICER CELLI: There's a
11 workshop on the week of January 4th proposed. I
12 mean, who knows whether you'd be able to pull that
13 together, but let's just assume that's where those
14 discussions would take place. Is that reasonable
15 under your work pressures?

16 MR. MARSHALL: We're talking about five
17 weeks from now?

18 HEARING OFFICER CELLI: Yeah. And also,
19 I'm reading that, you know, everything is couched
20 in terms of the stipulation in this schedule.
21 Really I imagine it's just stipulated changes to
22 the FSA, stipulated conditions, et cetera.

23 MR. BABULA: Right, I mean --

24 MS. LUCKHARDT: Yeah, --

25 MR. BABULA: -- the closer it is to the

1 FSA, obviously they say, well, we're going to go
2 through Rosamond, but we're going to do this line
3 and it's going to wrap around the Air Force Base,
4 that could change things.

5 If they stick to the FSA, then we did
6 look at a lot of that and so it would be, it kind
7 of slides a bit. The closer it is to the
8 information we have put forth in the
9 FSA the better.

10 HEARING OFFICER CELLI: Yeah, we are
11 limited. We're just limited really to this
12 question of the changes proposed by the applicant
13 at this time. And what they're asking is that you
14 come in with your changes by the week of January
15 25th signed, sealed and delivered. Do I have that
16 correct? That's the right date for that?

17 MS. LUCKHARDT: Well, yeah, that's what
18 we had proposed. And a lot of that depends,
19 frankly, on our ability to reach some resolution,
20 at least with staff, on how we're going to deal
21 with the dry cooling options. Because that is a
22 huge -- that's a big piece of work if we're going
23 to go forward and litigate that.

24 So, I think, as we're looking at the
25 schedule, one of our assumptions is that that's

1 one issue that we don't have to deal with.

2 HEARING OFFICER CELLI: Um-hum. But
3 that doesn't really affect staff's workload.

4 MS. LUCKHARDT: Well, staff --

5 HEARING OFFICER CELLI: In other words,
6 staff put forward an alternative. That's a done
7 thing. There's no more additional work on that.

8 MS. LUCKHARDT: Well, excepting that the
9 response to that will be substantial. If we need
10 to litigate that issue, it will be a substantial
11 response on Beacon's side.

12 HEARING OFFICER CELLI: Okay. All
13 right. Understood.

14 MR. MARSHALL: Well, given that, is
15 there an opportunity for us to have internal
16 discussion and talk about where staff's position
17 is on that issue? And come up with a plan of
18 action?

19 HEARING OFFICER CELLI: That's what your
20 workshop would be, you know. You'll talk about
21 those things in your workshop. Staff Counsel will
22 hunker down with the client and make whatever --

23 MR. BABULA: Well, I think you're
24 talking about the details of the water plan. And
25 you were talking about dry cooling --

1 HEARING OFFICER CELLI: Well, I'm also
2 talking about your --

3 MR. MARSHALL: The alternative for dry
4 cooling --

5 MR. BABULA: Yeah, --

6 MR. MARSHALL: -- and whether or not --

7 HEARING OFFICER CELLI: -- your
8 position; what's staff's position going to be on
9 with regard to these alternatives.

10 MR. BABULA: Well, we've -- they've
11 selected the waterline. And so what I would like
12 to do is focus on just -- I mean ideally it would
13 be nice if they could tell us which of the
14 waterlines so we could focus it in.

15 But right now we're left in this in-
16 between, which is fine. We want to give them
17 flexibility to utilize and come up with the best
18 program. And we've got -- from what we said in
19 the FSA they know what we've looked at and what
20 we're interested in.

21 So, within the recycle water options we
22 can move forward and not address the stipulation
23 as indicated. We've already put forth our
24 evidence on dry cooling. But now they've made a
25 selection, so let's focus the evidentiary hearing

1 on looking at whether it's Rosamond or Cal City;
2 and developing the details of their water use
3 plan.

4 I don't know if that's the answer.

5 MR. BUSA: Just to be clear, we're
6 proposing going with multiple options throughout
7 the --

8 MR. BABULA: Right.

9 MR. BUSA: -- proceedings and getting
10 allowed to do any one of those. So, I mean there
11 are reasons that, for example, on the Rosamond
12 proposal there's a possibility that part of this
13 pipeline would be built to Edwards Air Force Base.
14 And sort of depending on how that played out, that
15 might make Rosamond a better option than
16 California City.

17 There's multiple reasons why we'd like
18 to keep both options open at this point in time,
19 including --

20 HEARING OFFICER CELLI: What I'm trying
21 to do here in terms of the scheduling is that we,
22 at least with regard to Beacon, we've been in this
23 hurry-up-and-wait scenario where we came in and we
24 held a gun to Eric Knight's head and said, give us
25 a date. He gave us a date. Everybody came

1 through on the date.

2 Now we're here again. And I just -- you
3 don't have to hear about the kind of pressures
4 that the Energy Commission is under right now.
5 We're backlogged, and we need to be realistic
6 about what's achievable with the schedule.

7 And so if we're going to put out a
8 scheduling order that says January 25, 2010,
9 everybody's back ready to go, we have essentially
10 the equivalent of an FSA or a final, let's say,
11 supplemental FSA, because of all the stipulations.

12 MR. BUSA: And again, if there needs to
13 be a little more time put into the schedule I
14 think we would support that. Again, we're looking
15 to have a decision in hand and still qualify for
16 ARRA funding. So we have a little bit of
17 flexibility there.

18 So if this is too tight I would say
19 we're willing to go a little longer.

20 HEARING OFFICER CELLI: I appreciate
21 that. That's why I'm looking to staff to kind of
22 set that up for us, and tell us, is this
23 reasonable.

24 MR. BABULA: I mean I could propose just
25 allowing us to -- I'd kind of like to talk to Eric

1 since he's the master of the schedule in his mind.
2 We could kind of say basically this looks pretty
3 good. And let us talk to Eric and staff, water
4 staff. And then we'll just say yes, that'll work,
5 or come up with a proposal by a couple days. Is
6 that sounds --

7 HEARING OFFICER CELLI: What I'd like to
8 see is a stipulated schedule with all of the
9 parties. If you submit to the Committee, via the
10 Hearing Adviser, a stipulated, a signed
11 stipulation by the parties by -- which really
12 covers the entire schedule, then we can -- would
13 go with that. Is that acceptable to all the
14 parties?

15 MR. BABULA: That'll work.

16 HEARING OFFICER CELLI: Ms. Gulesserian?

17 MS. GULESSERIAN: Sure, we can work on
18 that.

19 HEARING OFFICER CELLI: Okay.

20 MS. LUCKHARDT: Provided we can all
21 agree.

22 (Laughter.)

23 HEARING OFFICER CELLI: Well, you're
24 going to have to. I think that if the parties
25 would work together it might speed things up a

1 bit. And so we're hopeful that your workshops
2 will be productive.

3 With that, is there anything else on
4 scheduling? Because we're really submitting it to
5 the parties to come up with the scheduling for us.
6 And hopefully, today is Tuesday, can we get one by
7 Friday, a stipulated schedule?

8 MR. BABULA: By Friday, yeah, that's --
9 we can do that.

10 MS. LUCKHARDT: Yeah, we just need to
11 hear back. We've put something forward, so we
12 need to hear back.

13 HEARING OFFICER CELLI: Let's make it
14 Monday, since Friday is a furlough Friday. So
15 we'll make it a week from today, Monday. That
16 would be what, the 8th? 7th? Whatever.

17 MS. LUCKHARDT: Yeah, I mean that works
18 for us.

19 MR. BABULA: Yeah.

20 MS. LUCKHARDT: We have something on the
21 table that people can react to, so --

22 HEARING OFFICER CELLI: With that, then
23 if there's nothing further from the parties, what
24 I'd like to do is open it up to public comment.
25 Anything from the applicant?

1 MS. LUCKHARDT: You know, at some point,
2 the only thing that I hesitate on is I think at
3 some point we may want an order from the Committee
4 on dry cooling. As to whether that gets carried
5 forward or not.

6 And I understand that the other parties
7 are just reacting to this at this time. But I
8 would anticipate that we will be asking for some
9 sort of hearing order from the Committee on that
10 so we can get some direction.

11 HEARING OFFICER CELLI: Okay. At this
12 time we haven't taken in an iota of evidence
13 and --

14 MS. LUCKHARDT: That's correct. But it
15 is a -- we believe that it's a question of law
16 that can be decided without a large amount of fact
17 or testimony from the parties.

18 You know, obviously the other parties
19 may think otherwise, but it makes a huge
20 difference on the amount of preparation that's
21 done for hearings.

22 And so I'm just -- I'm telling you that
23 we will probably be asking for that.

24 HEARING OFFICER CELLI: Okay. We
25 appreciate the heads-up on that. The Committee

1 will respond to whatever motions are brought.

2 MS. LUCKHARDT: Yeah.

3 HEARING OFFICER CELLI: We're here to
4 help.

5 MS. LUCKHARDT: And we appreciate that.

6 HEARING OFFICER CELLI: Thank you.

7 Anything further from staff?

8 MR. BABULA: I understand where they're
9 coming from on that, and we'll just -- if they
10 file the order then we'll respond when we get it
11 and go from there.

12 I think moving forward, though, I'm in
13 agreement that we put out -- again, we put out
14 alternatives and they selected one. And now we're
15 going to focus on -- the evidentiary hearing
16 should focus on not only cleaning up some of the
17 -- I mean most of the suggestions that they've
18 sent to us, like changes to our conditions of
19 certification staff's reviewing.

20 A number of them we've accepted. Some
21 of them are just like clerical or mistakes or
22 something, or changes in language that we agreed
23 with. So a lot of that will be cleared up. And
24 then we can just focus on the water.

25 Now, I don't know how you address if a

1 person from the public comes up and starts to
2 comment on dry cooling. How that would -- but as
3 for litigating our view on dry cooling versus
4 theirs, I don't see a need for that. That could
5 be a time-consuming exercise.

6 HEARING OFFICER CELLI: You know,
7 Rosemary, if you wouldn't mind, I need a little
8 help up here. Actually, okay, I've figured it
9 out. No, I didn't figure it out. Come -- we're
10 working with this WebEx and I need to get back on
11 the desktop, if I can.

12 (Pause.)

13 HEARING OFFICER CELLI: Here we go; I'm
14 good now, thank you.

15 So, staff, the fact that you mentioned
16 the interlineation, perhaps red type on an FSA, so
17 we can actually see the changes, would be most
18 helpful.

19 MR. BABULA: Right. Actually I was
20 preparing that in the prehearing conference
21 statement. I was -- because I noticed your
22 question 8 would be any changes to COCs. So what
23 I was doing was collecting those changes in red.
24 And then I had a declaration by the appropriate
25 staff person, if they weren't going to be

1 appearing, to say yes, I agree with these changes.

2 So I was in the process of doing that
3 when this happened. So that's kind of what I
4 planned to do.

5 HEARING OFFICER CELLI: Thank you.

6 That's hugely helpful --

7 MR. BABULA: Right.

8 HEARING OFFICER CELLI: -- to us, and so
9 we appreciate that.

10 And then, CURE, anything further?

11 MS. GULESSERIAN: Well, I just feel the
12 need to comment that at this point we believe that
13 the dry cooling issue will need to be litigated.
14 And we've submitted testimony on that issue and
15 still believe that it's a feasible alternative
16 that reduces the environmental impacts of the
17 project, and more than the other alternatives.
18 Just for clarification.

19 HEARING OFFICER CELLI: Thank you for
20 that.

21 MS. GULESSERIAN: Thank you.

22 HEARING OFFICER CELLI: With that, I'm
23 about -- before we go to public comment, the
24 Committee had a few questions. Really, this is
25 directed to staff based upon -- they're really

1 comments on the FSA.

2 And if you wouldn't mind just taking a
3 minute, taking a note that under the biology
4 section, page 4.2-2 there is a statement that says
5 that the rerouted wash has not been finalized, and
6 several significant issues remain unresolved.

7 When we read something like that in the
8 testimony, and flipping through the FSA for where
9 is the resolution for this sort of thing. So I
10 wanted to bring that to your attention so that if
11 there's a resolution it can be put into the FSA.

12 Also, 4.2-73 talks about the --
13 management monitoring plan, but says that we'll be
14 able to produce final plan prior to the
15 publication of the FSA. This is the FSA, so I
16 just wanted to bring that to your attention that
17 in the FSA it says when we produce the FSA we'll
18 have this. So, that is at 4.2-73.

19 MR. BABULA: Okay. What was that first
20 page?

21 HEARING OFFICER CELLI: The first one
22 was 4.2-2. The second is at 4.2-73.

23 The hazardous materials, 4.4-18, and
24 this is an important point, more than I actually
25 thought. Talks about the project owner -- this is

1 a condition -- shall place an adequate number of
2 isolation valves on the heat transfer fluid pipe
3 loops so as to be able to isolate a solar panel
4 loop in the event of a leak.

5 I read in CURE's testimony that at SEGS
6 there was a 30,000 gallon leak in 2008. What we
7 wanted to know, and you don't have to answer now,
8 but what we're interested in is some specificity
9 as to what's an adequate number of isolation
10 valves to prevent that kind of a leak. That was
11 at 4.4-18.

12 4.9-64 there was some mention of
13 unresolved water issues having to do with the
14 rights, the groundwater rights.

15 At visual -- we're concerned about the
16 visual 4.12-33, visual-6 requires paying for
17 landscaping at Kern County Parks. And I'm not
18 sure that mitigates visual impacts, because I
19 don't know that there's any nexus pursuant to
20 Nolan and Dolan.

21 And so I just am raising that. It's a
22 comment. Do what you want with that. Visual
23 4.12-33, yeah, clearly there's no mitigation for
24 the hiking trails. This was visual.

25 Table 2 in facility design at page 5.1-

1 8. There's a table 2 that lists all of the
2 constituent parts of the facility design. I
3 believe that'll have to be changed to reflect
4 any -- the Rosamond option or the California --

5 MR. BABULA: That's actually -- there
6 was a couple of changes that the applicant
7 suggested on that already that's being changed on
8 table 2.

9 HEARING OFFICER CELLI: Okay. And at
10 5.1-19, there's a list in facility design of
11 county codes that will be relied on. And one of
12 them says San Luis Obispo County. But this occurs
13 in Kern County. I don't know if that was a typo
14 or if that's supposed to be that way.

15 MR. BABULA: Probably a typo.

16 HEARING OFFICER CELLI: Then waste 4.13-
17 5, there was a reference to natural gas rather
18 than propane. My understanding is there was a
19 switch over to propane.

20 MR. BABULA: That probably be corrected.

21 HEARING OFFICER CELLI: Reliability 5.4-
22 4, there was reference to an unreliable water
23 source will need to be revised. Well, I guess
24 that'll be cleared up.

25 And then I take it there was a motion

1 that was granted by CURE for access to
2 confidential documents. We understand that CURE
3 received those documents.

4 We're hoping that the change in the
5 water would probably negate the need for us to
6 have in camera hearings. We really don't need to
7 deal with that now, but I'm just really thinking
8 out loud with that.

9 And finally we're at the point where we
10 need to take public comment. And I think what we
11 should do, first of all, is there anyone -- a
12 member of the public who is present here in the
13 room today who would like to address the
14 Committee?

15 Seeing none, the record should reflect
16 that there's about maybe 15, 20 people here who
17 all seem to be affiliated with one party or
18 another.

19 We will go then to the telephones, and
20 let me look at the WebEx list. We have -- do we
21 know who call-in-user 3 is? Okay. It's hard to
22 say who -- let me call the people whose
23 identifications we have. And then we'll call the
24 other call-in-people.

25 So, Cathy Campbell is no longer on the

1 line. Is everybody un-muted?

2 Duane McCloud. Duane McCloud, are you
3 on the line?

4 MR. McCLOUD: Yes, I'm on the line.

5 HEARING OFFICER CELLI: Okay. Did you
6 wish to make a comment?

7 MR. McCLOUD: No, I'm actually a Nextera
8 employee.

9 HEARING OFFICER CELLI: Thank you.

10 Matt Garlinghouse.

11 MR. GARLINGHOUSE: Yes, I'm here.

12 HEARING OFFICER CELLI: Would you care
13 to make a comment, sir?

14 MR. GARLINGHOUSE: No, thank you.

15 HEARING OFFICER CELLI: Thank you. Paul
16 Whitworth is no longer on the line. We have Sara
17 Head. Sara Head, are you on the line?

18 MS. LUCKHARDT: She's with AECOM. She's
19 a consultant to Nextera.

20 HEARING OFFICER CELLI: Okay. And then
21 lastly we have Colin User-3. I'm sorry, someone
22 has called in only and is not using the WebEx on
23 the computer. Did you wish to make a comment?

24 Is there anyone else on the line whose
25 name we did not call that would like to make a

1 comment?

2 Hearing none, then I would hand it back
3 to Chairman Douglas to adjourn.

4 PRESIDING MEMBER DOUGLAS: I'd like to
5 thank all of the parties and everybody who
6 participated in today's status conference. I
7 found this to be very helpful. I believe
8 Commissioner Byron did, as well.

9 And so we appreciate your work in
10 getting us to this point. And we look forward to
11 the next steps in this case.

12 And with that, we're adjourned. Thank
13 you.

14 HEARING OFFICER CELLI: Thank you.

15 (Whereupon, at 12:31 p.m., the
16 conference was adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Status Conference; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of December, 2009.

PETER PETTY

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I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.

December 6, 2009

Margo D. Hewitt,

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