

INFORMATIONAL HEARING AND SITE VISIT
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Application for Certification) Docket No.
for the Humboldt Bay Repowering) 06-AFC-7
Project by Pacific Gas and)
Electric Company)
_____)

PG&E'S HUMBOLDT BAY POWER PLANT
ASSEMBLY BUILDING
1000 KING SALMON AVENUE
EUREKA, CALIFORNIA 95503

MONDAY, DECEMBER 18, 2006

2:13 p.m.

Reported by:
Peter Petty
Contract No. 170-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

John L. Geesman, Presiding Member

Jeffrey D. Byron, Associate Member

HEARING OFFICER AND ADVISORS

Gary Fay, Hearing Officer

STAFF AND CONSULTANTS PRESENT

John Kessler, Project Manager

Caryn Holmes, Staff Counsel

PUBLIC ADVISER

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Roy Willis
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Douglas M. Davy
CH2M HILL

AGENCIES

Jimmy Smith, Supervisor
County of Humboldt

ALSO PRESENT

James I. Zoellick
Michael L. Winkler
Schatz Energy Research Center
Humboldt State University

Sharolyn Hutton

Denver Nelson

Don Davenport

Michael Welch
Redwood Alliance

Glenn Connovlman

Donald Tuttle

Ben Gill

Mike Manetas

Mariann Hassler
Carpenters Local 751

Sid Berg
Plumbers and Steamfitters Local 290

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P R O C E E D I N G S

2:13 p.m.

MR. LAMBERG: -- infrastructure shifting, any exclusion to that. When we look at our gas infrastructure we understand that we do have some curtailments in the wintertime because of gas supply on the line.

And from the transmission perspective we've got two lines coming in and out of the County. We've got 195 megawatt peak here in Humboldt County. And we can only move about 60 to 70 megawatts in and out. That says we need to generate some megawatts here in Humboldt County.

So we look at that, we have to generate, here in Humboldt County we have to generate line -- and we have to generate environmental -- in an environmentally responsive manner. We have to look towards the future. And the future is renewable energy; the future is wind; the future is wave; the future is solar.

But when we look at these technologies, these technologies are intermittent in nature. We would hate to have an infrastructure system where when the wind picked up our lights went on, and when the wind died our lights went out.

1 So you need a resource that can match
2 with those resources to back them up and to
3 provide reliable energy going forward. And that's
4 what we've dealt with in this facility here,
5 specifically designed to backstop those
6 intermittent technologies in real time.

7 From a gas perspective, we do experience
8 some curtailments here in the wintertime when it
9 gets cold. I think when we were outside walking
10 on the site today you maybe seen some fuel oil
11 trucks driving in and out. We are running a
12 little bit on liquid fuel today with our mobile
13 emergency power plants in the back here, the two
14 jet engines.

15 So we want to retain the ability to run
16 a liquid fuel to keep the lights on when there's
17 not enough gas for us to generate enough
18 electricity to meet the load. And we're doing
19 that by designing this facility to run CARB ultra-
20 low sulfur fuel. This is California Air Resources
21 Board certified, ultra-low sulfur diesel fuel.
22 It's the cleanest liquid fuel out there and what
23 we're looking at for the backup fuel for the
24 facility.

25 I want to go on record and say that it

1 is not PG&E's intent to ever economically dispatch
2 between fuels in this facility. We will only run
3 liquid fuel in the event when there is a gas
4 curtailment.

5 And Mariann Hassler, are you here?

6 MS. HASSLER: Yes.

7 MR. LAMBERG: Thank you. This one's
8 just for you. This project will be built under a
9 project labor agreement. We have had excellent
10 relationships with labor here in Humboldt County.
11 We enjoy excellent relationships with labor in San
12 Francisco and throughout the state. And we've
13 been working very closely with labor in
14 negotiating project labor agreement that makes
15 sense for the project; makes sense for the workers
16 involved; it makes sense for our companies. And
17 happy to report that that dialogue is proceeding
18 very well.

19 MS. HOLMES: Greg, I have a question.

20 MR. LAMBERG: Yes, ma'am.

21 MS. HOLMES: When you say that the
22 project will not be economically dispatched to run
23 on fuel oil, does that mean that you wouldn't use
24 it just because the fuel oil is cheaper? You're
25 only going to use it --

1 MR. LAMBERG: That's correct.

2 MS. HOLMES: Okay, thank you.

3 MR. LAMBERG: Yeah, we are not looking
4 to arbitrage between fuels.

5 MS. HOLMES: Thank you.

6 MR. LAMBERG: If gas is \$10, it's not
7 like we're going to run fuel oil when gas is
8 available. We'll run fuel oil --

9 MS. HOLMES: Thank you.

10 MR. LAMBERG: Okay. Should I proceed?
11 It's gotten very calming up here, so --

12 (Laughter.)

13 MR. LAMBERG: -- I'll have to go a
14 little slower, but please, if you have questions
15 let's do it in real time here.

16 A little bit more on the Wartsila
17 engines. What do these things look like? You
18 know, Wartsila, kind of sounds like a monster.
19 Been studying these things for awhile; we're
20 really excited about them. These things are
21 really efficient. They have a heat rate of 8500
22 Btus per kilowatt hour.

23 The heat rate in our industry is a
24 measure of fuel efficiency. So it's kind of the
25 reverse of miles per gallon. Btus per kilowatt

1 hour, how much fuel do I have to put into the
2 machine to get a kilowatt hour. The less fuel I
3 have to put in, the more efficient it is; the
4 lower the heat rate, the more efficient my units
5 are.

6 This facility right here, 50-year-old,
7 has a heat rate of roughly 14,000, 13,800-
8 something, around there. So I need to put 13,800
9 Btus through that plant to get a kilowatt hour to
10 keep your lights on. This new facility, only have
11 to put 8500 in it. That's a tremendous savings in
12 fuel. We're excited about that.

13 These units are, again, they're 16
14 megawatts apiece; ten of them across that building
15 that we outlined out there. That's a total of
16 about 163 megawatt project. These guys are heavy;
17 they're 360 tons apiece. Be happy to talk to you
18 about how we're going to move them around and get
19 them onsite during construction. We've got Tom
20 Miller and Dale Love who will do that. We've got
21 some really good ideas. And they're 60 foot long
22 by 16.7 foot high by 19.3 foot. So, some pretty
23 large units.

24 Reciprocating engines have some unique
25 characteristics that many of us in the industry,

1 we're used to looking at gas turbines. Some of
2 this is a little bit different than what you're
3 used to with gas turbines. These units can be at
4 full load within ten minutes of startup. And they
5 start ramping to the grid within two minutes.

6 They ramp at about 2 megawatts per minute.

7 I'm speaking to a very select portion of
8 the audience right now, so if you didn't
9 understand all that, don't worry, there's not
10 going to be a quiz.

11 They maintain their efficiency
12 throughout the load range. And I'll show you that
13 graphically, what that means, with regards to
14 these units being able to maintain their
15 efficiency and how efficient, how that lets us run
16 efficient throughout the load range. I've got a
17 graphic on that that I'll share with you.

18 Talked about the closed water cooling
19 system. These use a closed-loop radiator system.
20 Back of the plant, if you look at your drawings,
21 the visualization and stuff like that. Picture an
22 auto right here, kind of laid on its side, with
23 ten V-18 engines. Love to stick one of those in
24 and take it for a ride. But ten V-18 engines with
25 a large radiator, closed-loop system. So we won't

1 be moving water in and out of the facility.

2 In fact, these things, from a makeup
3 perspective, you do have some blowdown and lost
4 water, they use about 1.6 gallons per minute of
5 water in full load. So, we're operating full load
6 in this plant; our makeup water will be about 1.6
7 gallons a minute.

8 Give you a little perspective, 1.6
9 gallons per minute is a single flush of a low-flow
10 toilet. It's not a lot of water.

11 And these don't require a lot of gas.
12 When we were looking at the various technology
13 options for the site, we were looking at some gas
14 turbine options that would have required gas
15 pressures at 600 and 700 pounds, would require
16 significant compression onsite.

17 These Wartsila engines like their gas
18 about 60 to 80 pounds per square inch. Actually
19 we've got much greater pressure than that out in
20 the line right now, so we won't have any residual
21 losses from having to compress gas. It will
22 actually step the gas down a little bit to get it
23 down to 60 to 80 pounds per square inch.

24 Again, the modular approach, with the
25 ten engines it allows some very flat and efficient

1 operation from 10 to 160 megawatts. And I'll show
2 you that shortly. And we talked a little bit
3 about the liquid fuels for emergency use only.

4 HEARING OFFICER FAY: Greg, your
5 qualifier was the time from warm standby, so are
6 these idling most of the time if they're not fully
7 loaded?

8 MR. LAMBERG: No, they're not. That's
9 from -- in a warm standby is within, I believe,
10 eight hours of --

11 HEARING OFFICER FAY: Okay.

12 MR. LAMBERG: So it's kind of almost
13 like a gas turbine combined cycle. It's not
14 sitting there idling, but the unit is warm and
15 there's -- this is over my head, but Dale can talk
16 to you about how you keep those units warm with
17 everything else that's operating there, so they're
18 ready to start up.

19 And we have a pretty good idea of what
20 our operating load looks like in Humboldt County.
21 Everybody wakes up in the morning and turns on the
22 tv, the hairdryers, and we get that spike. And
23 everybody goes to work and it kind of cools off.
24 And everybody gets home and you got a little spike
25 and then it kind of goes off. That's what we saw

1 this morning when we got here.

2 This is the graphic that I was alluding
3 to earlier. The bottom line in red is the way our
4 existing facility works here in Humboldt. So when
5 we get down to the lower load ranges, we're
6 actually -- 30 percent efficiency. Fifty years
7 ago 30 percent efficient was pretty good. In 2006
8 we can do a lot better, and we are going to do a
9 lot better.

10 If you look at the efficiency of these
11 units, floating right around 40 percent. That
12 first engine tails off a little bit. That's at
13 below 50 percent load. That says we have an
14 overall load here about 8 megawatts. That almost
15 never happens. We generate much more than that.
16 But with the multiple units that's how you get
17 that sawtooth from a curve perspective. And shows
18 almost a flat, heat rate flat efficiency over that
19 entire load range as compared to how we operate
20 right now. So much better improvement with
21 regards to the story on efficiency.

22 Let's talk about ozone precursors and
23 particulate precursors. These are particles that
24 go up and help form smog and all the nasties in
25 the air. The line to the left -- is that green?

1 I'm color-blind.

2 MS. STRACHAN: It's green.

3 MR. LAMBERG: I don't know why that's
4 green, because this is not very green. But the
5 green lines, which actually aren't very green,
6 show our existing operations here on this facility
7 right now. So when we look at where we are, and
8 we're in compliance with all law, but again, it's
9 50-year-old technology. When we look at what
10 we're going to do with this new facility,
11 tremendous betterment in air quality here in
12 Humboldt County. And we're very excited to bring
13 that type of benefit to this community where we
14 live and work, as well.

15 This is what the new facility looks
16 like. We've got some pictures and brochures out
17 there. The Wartsila video will actually take you
18 into this plant and show you how it all comes
19 together.

20 But basically you can see we've got a
21 little switchyard out in the front there. The
22 main building with all the units in there. That
23 building protects us from the elements here at
24 Humboldt. Somebody told me it rains up here quite
25 a bit.

1 (Laughter.)

2 MR. LAMBERG: Protects us from the rain;
3 protects us from the marine environment and all
4 that. The tightly grouping of the stacks together
5 from a visual perspective. It's a lot less
6 intrusive than lining up ten different stacks. So
7 it's nicely designed.

8 Behind the stacks is the radiator array
9 I was talking about. It's about 40 fans laying on
10 their side. And we've put some money on those
11 fans to make them glide, okay; there's different
12 layers of fans you can get. You can get the ones
13 that aren't noise-abated; and the ones that are.
14 We got quiet fans here to keep our noise profile
15 down in the community.

16 And then to the right is our liquid fuel
17 oil storage tank so that we can run on liquid
18 fuels in the event of an emergency.

19 Visual simulation, what the new plant's
20 going to look like versus the old plant. As you
21 can see it's a much lower profile design; takes up
22 a lot less of a footprint than the existing
23 facility. And again, we have more visuals out
24 around and happy to talk to anybody, any questions
25 they have.

1 MS. HOLMES: I have a question.

2 MR. LAMBERG: Yes.

3 MS. HOLMES: How much liquid fuel
4 storage capacity do you have, and how long can you
5 run the units on the amount of storage that you'll
6 have?

7 MR. LAMBERG: Our liquid fuel storage
8 tank will be a 685,000-gallon tank. It will
9 provide us with four days of storage based on a
10 load of 100 megawatts.

11 MS. HOLMES: Thank you.

12 MR. LAMBERG: So, it's sized to run 100
13 megawatts for four days.

14 HEARING OFFICER FAY: And is
15 transportation all by truck for the diesel?

16 MR. LAMBERG: Yes, sir. Correct? Truck
17 transportation?

18 UNIDENTIFIED SPEAKER: Yeah.

19 MR. LAMBERG: Let's talk about economic
20 benefits because power plants typically throw a
21 nice shot of adrenalin into a community. And
22 then, you know, things kind of settle down. But
23 over, you know, an 18-month construction period
24 we're going to have about a \$30 million
25 construction payroll. We're going to average

1 about 110 workers onsite per month; we're going to
2 peak at about 250 construction employees.

3 So I'm here to tell you that Gill's is
4 going to be a pretty busy place for lunch --

5 (Laughter.)

6 MR. LAMBERG: \$2.6 million in supplies
7 and purchased locally. \$5.8 million in local
8 sales and use taxes. Again, the 18-month
9 construction force, about two-thirds of the
10 workers are expected to probably be from outside
11 the County. That's not by choice. We are working
12 with Mariann and local labor to get the local
13 complement as high as possible. We want to
14 absolutely maximize the local content on this
15 project.

16 The initial studies we've done suggest
17 that up to that amount of labor may have to come
18 from outside the County just because of the
19 availability of labor. And if that's the case,
20 those people coming in needing housing; they need
21 to buy supplies; buy all those types of things.
22 So that's another economic benefit if they are
23 coming in from outside. I assure you we're doing
24 everything we can locally to keep as much local
25 presence as possible.

1 And then once the plant's up and running
2 the plant generates about \$4.3 million a year in
3 property taxes. So, that's a nice little shot
4 to -- Humboldt County.

5 MR. WELCH: How does that compare to
6 now?

7 MR. LAMBERG: Sorry?

8 MR. WELCH: How does that compare to
9 now?

10 MR. LAMBERG: To now? I don't know what
11 we generate in property taxes right now. I can
12 certainly get you an answer. Right now I don't
13 know. I know we -- I'll get you an answer.

14 MR. WELCH: Uh-oh.

15 (Laughter.)

16 HEARING OFFICER FAY: Just a reminder,
17 please state your name before you ask a question
18 so we can be sure to get it all on the record.
19 And we do have our court reporter with us now, as
20 you've probably seen. So, no fear, all this will
21 be made part of the official record.

22 MR. LAMBERG: Just to show you a quick
23 timeline. The purpose here isn't to talk about
24 schedule; it's to impress upon all of you that
25 this is something that we've been working on for

1 quite awhile here and PG&E.

2 That's 2005 when we issued the long-term
3 RFO to take bids for the actual engineering design
4 and construction of this facility. We started
5 working in conjunction with that to our CPUC
6 filing, to get approvals for this project to begin
7 filing our application.

8 We filed our application with the Energy
9 Commission on September 29th. And I'm here to
10 tell you that's not something you pull of the
11 shelf and file on September 29th. A tremendous
12 amount of work and foresight and thought went into
13 that. That entire document is available on the
14 CEC website on this project's page. I'd encourage
15 anyone who's interested to take a look at it.
16 There's a lot of great information in there.

17 But this is kind of where we are in the
18 process, and you know, where we see the process
19 going. So we're hoping to get through this
20 process in about a year, tack on an 18-month
21 construction cycle. Says in a perfect world we're
22 commercial by September, October of 2009.

23 But again, these are not hard and fast
24 dates. This is just to give everybody an
25 appreciation of what this process looks like; how

1 long it takes; and how much work has already been
2 put into it.

3 Yes, sir?

4 MR. ZOELLICK: My name's Jim Zoellick;
5 I'm from the Schatz Energy Research Center at
6 Humboldt State.

7 MR. LAMBERG: Okay.

8 MR. ZOELLICK: I'm curious, I don't know
9 if this is something you can tell me or not, but
10 did you get much in the way of interest in other
11 responses to your RFO? Because I know that went
12 out not, you know, not just looking to build a new
13 plant here, but basically opening that up to
14 other, you know, independent power producers and
15 so forth.

16 MR. LAMBERG: Correct.

17 MR. ZOELLICK: I'm curious what kind of
18 response you got to that?

19 MR. LAMBERG: Sure, I'd be happy to. We
20 received, I think, just north of 50 bids overall
21 for that long-term RFO. Specific to Humboldt, we
22 received four bids for this facility. Three of
23 those were a gas turbine technology; one that was
24 a reciprocating engine technology.

25 And overall, all said and done, we would

1 like very much to move forward with this project
2 as part of that RFO. And by the way, that entire
3 proceeding with the California Public Utilities
4 Commission was just approved a couple weeks ago,
5 at the very end of November. It's in the appeals
6 process now, so it should be sealed, locked and
7 loaded in the beginning of the year we hope.

8 In addition to Humboldt, we selected a
9 roughly 600 megawatt facility in Colusa that's
10 being developed. Designed and built by a third
11 party that will ultimately sell that facility to
12 PG&E, who will own that facility.

13 And then from the ownership perspective
14 Humboldt and Colusa. And then there were five
15 power purchase agreements we signed with various
16 independents.

17 In addition to our long-term RFO, which
18 primarily seeks baseload generating resources, we
19 are continually out with renewable RPSs --
20 renewable RFOs, seeking renewable resources. And
21 we are in the middle of renewable resource
22 solicitation right now where we are evaluating
23 almost 60 bids to select the renewable resources
24 that a) have the best probability of coming online
25 in a reasonable period of time; b) provide our

1 customers with the best value; and c) from a
2 commercial perspective make sense for the overall
3 system.

4 So we -- I'm here to tell you, we have
5 an absolutely unquenchable appetite for renewable
6 resources right now. We're doing everything we
7 can to select those projects, enable those
8 projects and site them as fast as we can.

9 Overall, quick summary, because we
10 should end the presentation with a summary.
11 Continued reliability for Humboldt County. That's
12 what this is all about. Again, we're limited on
13 transmission. We have gas issues. This project
14 gives us the ability to run liquid fuels during
15 gas curtailments. And it gives us a very
16 reliable, very quick response resource to match up
17 with the loading conditions in Humboldt County,
18 and to match up with future renewables that we see
19 being built in the County.

20 Some tremendous reduction on local air
21 quality impact. Eighty percent fewer ozone
22 precursors, and 30 percent fewer CO2 emissions. I
23 think that's a great story.

24 Elimination of once-through ocean
25 cooling. Again, 55,000 gallons per minute is

1 going through that intake canal right now, out
2 through the plant and out in the Bay. We get done
3 with this facility there'll be some limited
4 cooling for unit 3 operations until that's all
5 squared away. And we're looking at that right
6 now.

7 But basically this facility right here
8 eliminates the need for 45,000 gallons a minute of
9 water, down to 1.6 gallons a minute of water that
10 we will make up from our local well onsite. So we
11 think that's a wonderful environmental story for
12 Humboldt County.

13 And the flexible loading capacity, we
14 talked about that. Again, we have not found a
15 technology that's better suited to back renewable
16 resources on a real-time basis than this Wartsila
17 reciprocating technology.

18 Colorado, a couple years ago, started a
19 program where they started putting a lot of wind
20 in Colorado. They got a lot of good wind
21 resources out there. But like most wind
22 resources, they are an intermittent resource. And
23 they may or may not be coincident with peak load.

24 And at the same time, NEG, which at that
25 time was the unregulated sub of Pacific Gas and

1 Electric Company, built about 120 megawatt
2 reciprocating engine plant with the Wartsila
3 equipment for Colorado Public Utilities.

4 And they found that that resource, with
5 the reciprocating engines, firmed up and
6 backstopped that wind like nothing they'd ever
7 seen. So, this is all about preparing for the
8 future, and preparing to integrate intermittent
9 renewable resources into our system.

10 And then we talked very briefly about
11 the local economic benefits. We're here. My team
12 is here. We want to answer any questions you
13 have. This is a public forum. Get us your
14 questions. If you think of something during this
15 meeting, write it on a little speaker card; stand
16 up; ask it. And we'll do our best to answer it.

17 Yes, ma'am?

18 MS. HOLMES: Caryn Holmes, Staff
19 Counsel. How much of the power here currently is
20 imported versus how much is locally generated?

21 MR. LAMBERG: Our import power here is -
22 - to make up what we're not generating here.
23 Right now our maximum import capacity, if
24 everything's up, is about -- what is it, 37? I
25 was going to say 70 megawatts. Overall 70

1 megawatts. Based on transmission loading, that
2 kind of varies to 50, 60, 70 megawatts. All
3 system go is about 70 megawatts.

4 MS. HOLMES: Okay, thank you.

5 MR. LAMBERG: Any other questions? Yes,
6 sir.

7 SUPERVISOR SMITH: Thank you, Greg.
8 Jimmy Smith. My question for this is related to
9 the consumption, natural gas consumption. So
10 we're getting increase, which I certainly support;
11 having adequate energy supplies here and being
12 self sufficient.

13 But, in the increase, given that we'll
14 have the capability to generate the power that we
15 need, and we are importing, there's a 30 percent
16 reduction because of more efficiency.

17 Is that going to cause a peak demand
18 more natural gas consumption when we roll out all
19 of the self sufficient power needs?

20 MR. LAMBERG: Jimmy, not from what we're
21 seeing. I mean basically what we see is the load
22 here in Humboldt is the load. And to the extent
23 we can meet that load with a more efficient
24 resource, it's less natural gas that's needed.

25 In fact, unfortunately what we've seen

1 over the last five, ten years or so is reductions
2 of load in Humboldt County due to mills shutting
3 down and various industrials leaving.

4 So, you know, the load growth here is
5 very slow, about a percent, 2 percent, half a
6 year. And with the new -- with the efficiency of
7 this facility, compared with -- combined with
8 other renewables we see coming on, we see this as
9 part of the solution to the constrained gas
10 infrastructure as opposed to part of a future
11 problem. Did that answer your question okay?

12 SUPERVISOR SMITH: It did, thank you.

13 MR. LAMBERG: Okay.

14 MR. WINKLER: Can I have -- allowed to
15 ask questions?

16 HEARING OFFICER FAY: Please come up.

17 MR. WINKLER: Or should I wait till
18 later?

19 MR. LAMBERG: Sure.

20 MR. WINKLER: Michael Winkler, Schatz
21 Energy Research Center at Humboldt State
22 University.

23 MR. LAMBERG: Thank you for coming
24 today, Michael.

25 MR. WINKLER: You're welcome, Greg.

1 Some questions that I have, in the studies that
2 they've done in Denmark they have stopped
3 building. All that they build now are
4 cogeneration plants. They don't build any plants
5 without cogeneration, both to reduce air
6 emissions, CO2 especially, and to increase overall
7 efficiency.

8 So the question is is that something
9 that you considered or would consider here so that
10 the waste heat from the power plants could be used
11 for useful purposes such as heating the jail,
12 heating or refrigeration at Humboldt Creamery or
13 other large scale uses to reduce natural gas for
14 other purposes? You know, for heating.

15 MR. LAMBERG: Well, let me answer that
16 question like this. PG&E, as a local utility, we
17 have an obligation to serve. To the extent that
18 cogenerators are built in our service territory,
19 that lessens the need for a facility like this.
20 So if there was a cogenerator built, that would be
21 less power coming out of this facility to meet
22 that load.

23 And I agree with you that onsite
24 cogeneration with heat recovery is a much more
25 efficient way of generating electricity. But from

1 an overall grid perspective, we need energy here
2 in Humboldt at this facility or somewhere where
3 we're going to put a bunch of transmission lines
4 to keep the stability on the system here, keep our
5 voltage where it needs to be, and keep the overall
6 grid stable.

7 We encourage developers; we encourage
8 third parties to consider cogen and move forward
9 in cogen. And the fact of the matter is when you
10 look at the Energy Policy Act of 2004 and what the
11 federal government put out, it actually kind of
12 lessens some of the incentives that were out there
13 for people to do cogeneration.

14 So people typically do what's in their
15 best financial interests with regards to
16 development of those types of projects. And many
17 of those incentives that were there were
18 eliminated with the Energy Policy Act of 2004.

19 MR. WINKLER: But PG&E didn't consider
20 being a cogenerator, themselves?

21 MR. LAMBERG: No, we did not.

22 MR. WINKLER: Another question is that
23 one possibility that's now been allowed under
24 state law is called community choice aggregation.
25 So I was wondering what impact it would have on

1 this plant if, for instance, Humboldt County
2 formed a community choice aggregation group and no
3 longer was using -- and the electricity source was
4 then under control of the CCA rather than under
5 the control of PG&E? And at that point that the
6 CCA would no longer have an obligation to take
7 energy from the power plant. What would happen as
8 far as this power plant if this were no longer
9 tied to the CCA within this area?

10 MR. LAMBERG: Let me answer it in a
11 couple ways. First of all, with regards to some
12 of that question, I would be postulating an
13 answer. There are people at PG&E I could put you
14 in touch with that could much better answer that
15 question with regards to community choice
16 aggregation, how that may or may not work.

17 Overall, from a loading perspective in
18 Humboldt County, there is very limited, again,
19 import and export capacity in the County. The
20 load is the load. And we would need to serve that
21 load.

22 So to the extent there was a community
23 choice aggregation within Humboldt County, the
24 customers billing would look a little different at
25 the end of the day; but where that energy's coming

1 from would probably not change.

2 MR. WINKLER: What I was thinking more
3 of is longer term in which the CCA -- initially
4 the CCA would have to buy from PG&E because
5 there'd be no way of getting the energy into the
6 County otherwise.

7 But in the longer run that the CCA could
8 potentially start replacing what they get from
9 PG&E with equipment that they own, themselves,
10 within the County, which would potentially leave,
11 to some extent, leave this plant high and dry.

12 MR. LAMBERG: That's certainly a risk
13 that runs with doing this. But from an overall
14 needs perspective, the CPUC has looked at this,
15 looked at our overall customer base and what we
16 need to be doing to serve our customers as a
17 regulated entity. And have agreed to move forward
18 with this plan, and have agreed that this is the
19 best plan.

20 We went through a process with the CPUC
21 over the past eight months where we have vetted
22 this in detail.

23 MR. WINKLER: All right. And the third
24 one is on long-term natural gas supply, that
25 natural gas production in North America has been

1 in decline for about four or five years now. And
2 according to a study by the -- commissioned by the
3 Army Corps of Engineers, global production of
4 natural gas will peak and go into decline in about
5 20 to 25 years. And that is sooner than I think
6 the lifetime of this proposed plant.

7 So, what is PG&E's thinking as far as
8 what if natural gas is not available, or it's
9 available at extremely high prices? And kind of
10 just ways that they would have to deal with that,
11 both in the near term and in the longer term?

12 MR. LAMBERG: Okay. Again, we've talked
13 about renewable resources and how we believe there
14 will be more and more renewable resources online.
15 As more renewable resources come online that
16 creates less of a need for natural gas.

17 PG&E, on a national leadership basis,
18 we're doing some very interesting things with the
19 dairy industry in the Central Valley, with regards
20 to taking that gas from digesters, the cow manure,
21 and putting it into our gas pipeline to serve our
22 customers.

23 So we're doing everything we can from a
24 gas perspective to maximize our supply and
25 minimize our use. Certainly a 30 percent increase

1 in efficiency helps address that.

2 And we're looking at an overall
3 portfolio perspective with regards to all
4 different types of resources. I don't think
5 there's one single answer out there from an energy
6 perspective. From a California perspective, our
7 future is dependent upon not just natural gas, or
8 not just wind or not just solar, but all those
9 things, and any other technologies we find that
10 show promise in providing reliable energy to our
11 customers in an environmentally responsible way.

12 MR. WINKLER: Okay, thank you.

13 MR. LAMBERG: Yes, ma'am.

14 MS. HUTTON: I'm Sharolyn Hutton, and
15 I'm ma neighbor. I live on Bell Hill, which is --

16 MR. LAMBERG: Hi, neighbor, --

17 MS. HUTTON: -- just right here.

18 MR. LAMBERG: -- how are you? Merry
19 Christmas.

20 MS. HUTTON: Well, Merry Christmas to
21 you, and happy new year. And we are happy that
22 there's going to be less sound from down here.

23 I have a question that deals with the
24 traffic here during construction.

25 MR. LAMBERG: Sure.

1 MS. HUTTON: According to our guide this
2 morning, you're thinking about putting in an
3 access road over there. Since we use this road
4 coming and going on a daily basis, we're just
5 curious how PG&E intends to make it possible for
6 the people who live here to get in and out
7 conveniently, get to the beach conveniently, that
8 kind of thing.

9 MR. LAMBERG: You are correct; we are
10 going to have an access road. Actually, if I --
11 yeah, we are going to have an access road. The
12 access road is going to be right along here, this
13 area here. And that's to get workers into the
14 plant faster, to avoid any backups on King Salmon,
15 so we got separate access for the new facility and
16 the existing operations. So we can handle more
17 traffic coming into the site and not create a
18 backup on King Salmon. We thought about that, and
19 it's one of the things we're doing.

20 The other thing we're going to be doing
21 is somewhere in here -- I'm putting a -- I've got
22 a little bit on our drawings, but putting a little
23 turnoff in there so if there is a load coming in
24 and perhaps they can't get into the plant, it can
25 get itself off of King Salmon Road to maintain the

1 traffic flow.

2 And the other piece is as part of the
3 CEQA analysis we will do -- nothing's decided yet;
4 this is the beginning of the process -- but as
5 part of the CEQA analysis we have to do a traffic
6 analysis and make sure that we don't have a
7 significant impact on the local traffic area.

8 Our preliminary studies show us that
9 with the creation of that access road so cars can
10 immediately get into the plant or go to the other
11 side of the plant, the existing operations. And
12 with the turnoff, so if there's a large load
13 coming in, we can get it off King Salmon so
14 there's no traffic blocking.

15 MS. HUTTON: What about the quality of
16 the road when you all are done?

17 MR. LAMBERG: The quality of the road
18 when we're all done --

19 MS. HUTTON: You know, the King Salmon.
20 It's been our experience that trucks really mess
21 up the roads. I'm just curious, does PG&E -- are
22 they responsible for the --

23 MR. LAMBERG: I'm going to defer that
24 question.

25 MR. GALATI: I can answer that. The

1 Energy Commission normally requires, as a
2 condition of certification, a photographing of all
3 of the roads and a restoration to their original
4 character. And so they're at least put back to
5 the way they were, and sometimes enhanced.

6 So that would be a standard condition
7 that we get as part of our license.

8 MR. LAMBERG: Others? Yes, sir.

9 MR. NELSON: My name's Denver Nelson. I
10 understand, and I may be wrong about this, that
11 you shut down a nuclear plant because it was on a
12 seismic zone. And also this is a tsunami zone. I
13 wondered why you chose to build your new plant
14 here.

15 MR. LAMBERG: Okay, that's a great
16 question. And as part of the CEQA analysis, part
17 of the CEQA process, we, as the applicant, are, of
18 course, strongly encourage, shall we say. We did
19 an extensive and exhaustive alternate sites
20 analysis throughout Humboldt County to look if
21 there were other sites that perhaps made better
22 sense to locate this facility.

23 And if you look at the electric
24 infrastructure and gas infrastructure here, it's
25 kind of all set up for generation here. We looked

1 at a number of locations that would have required
2 significant gas pipelines to be built; there's
3 significant transmission -- with this type of
4 generation facility located there.

5 So the overall environmental
6 perspective, and all those reasons, everything
7 pointed back to this site.

8 Seismically, I think the whole area is
9 pretty challenging from the seismic perspective.
10 In regards to simply the seismic, we've been on
11 this site for 50 years. We've poked over 300, 400
12 holes in this site. We've got a real good
13 understanding of what's below us and what's around
14 us. We've located this plant in an area that we
15 believe to be pretty good from a seismic
16 perspective.

17 With regards to codes and standards,
18 California building codes give us significant
19 guidance with regards to how to design in a
20 seismic area. We've looked at the ground
21 accelerations and displacements and design for
22 that. And it has shown time and time again that
23 adherence to those codes produce structures that
24 withstand those types of events very well.

25 With regards to the tsunami. This is a

1 relatively new area. The world woke up on
2 December 26, 2004 when Indonesia and Thailand were
3 hit with those tsunamis. And the devastating
4 effects of those events -- a lot of folks who'd
5 never thought about tsunami and knew the word
6 existed, or how to spell it.

7 There's been a lot of reconnaissance
8 work done with the events in Indonesia and
9 Thailand, and the recent events. In fact, PG&E
10 geosciences department has taken a leadership
11 position in studying those events. We've worked
12 closely with Humboldt State University and many
13 others on the academic side to understand what
14 happens with a tsunami with regards to can it hit,
15 how will it hit, what will it look like, and what
16 makes sense; what is the best thing to do so from
17 a responsible design perspective.

18 Having said all that, the absence of any
19 design criteria out there right now with how one
20 designs for a tsunami, what we've learned is this.
21 What we've learned is that buildings and
22 structures that are designed for a good seismic
23 design or structural buildings, behave very well
24 in tsunamis.

25 When we looked at all the devastation in

1 Indonesia and Thailand, the buildings that were
2 designed from a structural perspective and
3 incorporated the latest codes and standards stood
4 up very well. The ones that weren't did not.

5 We've learned a lot about tanks. When
6 tanks are full they tend to stay right where they
7 are during a tsunami. If they're empty they can
8 be three, four miles away.

9 So incorporate those types of things.
10 We have reached out as a team, and I will be able
11 to answer your question a lot better in three or
12 four months; i'm telling you what we're doing
13 right now.

14 We've reached out as a team. We are
15 speaking with various areas of academia. We're
16 studying these issues with regards to what might
17 design criteria look like. We are working with
18 some leading scientists in this area to
19 characterize what type of event we might be
20 looking at here in Humboldt, and have a design for
21 that. And we're pulling all the expertise that we
22 can around the table to make sure we're doing
23 everything we can to put forward a responsible
24 design that should withstand a criteria event in a
25 reasonable fashion.

1 And going beyond that, to get this plant
2 to a period where it can withstand that type of
3 criteria event, our biggest issue in Humboldt
4 County is going to be 101 gas pipelines,
5 electrical infrastructure, and transmission. That
6 is an issue that we are aware of, and we're
7 dealing with it head-on. And we'll have a lot
8 more to report on that. We're going to get into
9 that in the next couple of months in much more
10 detail than we are right now.

11 For right now, I think we're in the
12 process of finding out what we know, finding out
13 what we don't know. As soon as we find out
14 something that we don't know we're going out there
15 and finding out more about it so we know.

16 Yes, sir.

17 MR. ZOELLICK: Thanks. My name's Jim
18 Zoellick; I'm from the Schatz Energy Research
19 Center at Humboldt State. And, thanks, Greg -- is
20 that right?

21 MR. LAMBERG: Yes, sir.

22 MR. ZOELLICK: Great. First of all I
23 wanted to say, you know, the idea of much more
24 efficient generation, cleaner and the flexibility
25 and the ability for this technology to work well

1 with renewables up here, I think is a wonderful
2 thing; and I applaud that.

3 Just had a couple of questions. One
4 about the sizing of the facility, and the other
5 about operation of the facility, or plant
6 operation.

7 In terms of the sizing, I was curious
8 just if you could give us a little more detail. I
9 think you threw out a number of 190 megawatt peak
10 or something. My understanding was that typical
11 peak here was 150 to 160, but maybe there's more
12 extreme conditions.

13 And I know that PLCO, there's a number
14 of biomass cogen facilities in the County that
15 produce actually a substantial portion of our load
16 here. PLCO and Fairhaven being two of them that
17 come in about -- I think PLCO is about 30
18 megawatts and Fairhaven's about 15. So I was
19 curious how that figured into your sizing of this
20 facility.

21 And with regards to operation I was
22 wondering whether you were planning to operate it,
23 you said, I think, basically sort of load
24 following which is, I guess, how this unit here is
25 operated. I know this is old, it's much less

1 efficient, and it's not as clean.

2 So I'm wondering whether you might be
3 considering running the new facility at a higher
4 capacity factor and exporting electricity out of
5 the County, or is it really just being planned to
6 support the load here in Humboldt?

7 MR. LAMBERG: Okay, those were a couple
8 questions. Let me take one at a time, okay.
9 Sizing was optimized based on a number of studies
10 that were done with regards to available
11 transmission import capacity, how much
12 transmission can we get in. And accounting for
13 the existing what we call QFs, qualifying
14 facilities, or renewable resources in the County.

15 We do purchase a little over 40
16 megawatts renewables in the County right now from
17 biomass facilities. Biomass is wonderful; it's a
18 baseload; it's there when you want it there.

19 From the California perspective -- get
20 all straight, is Californians -- our loading order
21 is energy efficiency, renewables and then the
22 fossil resources. So, again, this is the net.
23 This is the net for the act.

24 We anticipate how many more renewables
25 are going to be in the County. And, again, how

1 much we can bring in. We have the ultimate
2 obligation to serve. So the plant is basically
3 sized on our import capacity and renewable power
4 dropping off.

5 The existing QFs, two of those
6 facilities are over 20 years old. So we looked
7 forward and say are they going to be there or are
8 they not. Hopefully they're there. We certainly
9 hope that they will be there.

10 But from a contingency planning
11 perspective, and from a risk management
12 perspective, our planning assumes how much can we
13 import, and we assume that the existing QF
14 capacity is -- that's the first question.

15 Okay. The second question was with
16 regard to how this facility is going to operate,
17 we do not plan on exporting out of Humboldt
18 County. That is certainly not the plan. It may
19 happen once in awhile. Electrons flow where
20 they're going to flow, so I can't sit here and
21 promise you we'll never export out of Humboldt
22 County, because I can't control that. Electrons
23 are going to go where they're going to go. But
24 primarily we import into Humboldt County.

25 And this facility, based on the size, we

1 have overall 135 megawatt facility right here.
2 It's 50 years old; 163 megawatts allows for 125 to
3 '30 years growth from the modeling perspective.
4 And considering other resources -- those types of
5 things.

6 MR. ZOELLICK: If there are more
7 renewable resources brought online, and if the
8 existing biomass facilities stay online, and
9 others also, UltraPower and Blue Lake, which is
10 another 10 or 12 or somewhere in that range, which
11 is offline but could be brought back online, --

12 MR. LAMBERG: And they're working on
13 bringing that back online.

14 MR. ZOELLICK: Right. And I've heard
15 that the Cape Mendocino area, Bear River Ridge,
16 there's talk of, I don't know, 60 megawatts wind
17 or something. Now, obviously there's a lot of
18 fluctuation there, right.

19 I'm curious, this technology obviously
20 you've got ten generators. If, you know, you get
21 somewhere down the line, and I realize you guys
22 got a plan. Like you said, you're planning o
23 serve the load. Certainly, you know, people in
24 Humboldt, we don't want to be left with, you know,
25 no lights because we were counting on some

1 renewables or something else, that, you know, that
2 never came along, or wasn't working quite as
3 planned.

4 But the flip side of that seems to be
5 if -- you're basically increasing the capacity
6 here at this plant. And if there is development
7 of these other resources it could be that you're -
8 - you are running at a very low capacity factor,
9 in which case it seems like you're, you know, in
10 terms of an investment, you've got idle capacity,
11 which wouldn't seem to be in your best interest.

12 And so that's why I could see you would,
13 at some point, be exporting to keep that, you
14 know, keep the capacity factor up somewhat.

15 Or is there the possibility of these
16 things being relocated at some point in the future
17 if it turns out that, you know, you don't need ten
18 up here, you only need eight, or you only need six
19 or something, and you would relocate them or --

20 MR. LAMBERG: Let me share some
21 information with you and hopefully this addresses
22 your questions. I see where you're trying to go
23 and we could talk about this for a long time. In
24 the interest of time and everyone else.

25 This project, as approved by the CPUC,

1 the modeling that was done on it, all the
2 economics were run on capacity factor below 30
3 percent. We don't expect to run this facility a
4 lot. This facility will run when it's needed to
5 run.

6 MR. ZOELLICK: Right.

7 MR. LAMBERG: Okay. We're not playing
8 the market or, my god, 500 bucks, fire up, that's
9 not what this facility's about. This facility is
10 about local area reliability and meeting the needs
11 of what can't be imported and was not (inaudible).

12 Based on those economics and all those
13 models, the cost recovery was approved by the
14 CPUC. Does that help you?

15 MR. ZOELLICK: Yeah, yeah, that's --

16 MR. LAMBERG: Okay. I'd be happy to
17 talk more offline.

18 MR. ZOELLICK: Okay. Thanks.

19 MR. LAMBERG: Other questions or --
20 should we get John Kessler up here? Yes, sir.

21 MR. DAVENPORT: My name is Don
22 Davenport.

23 MR. LAMBERG: Hello, Don.

24 MR. DAVENPORT: How're you doing?

25 MR. LAMBERG: Well, thank you.

1 MR. DAVENPORT: I have some just
2 generic, and probably some statements that go
3 along with it. A simple question is what happens
4 if you don't build it?

5 MR. LAMBERG: What happens if we don't
6 build it? We keep doing what we're doing. And
7 we'll have to invest more money into a 15-year-old
8 facility that has a 13,500 heat rate; we'll keep
9 pulling 55,000 gallons of water through the intake
10 structure, and we'll keep putting, you know, what
11 we're emitting right now. We don't have a choice.

12 We have to serve; we have to generate
13 here; and you know, it's very very interesting
14 because from a CEQA perspective, from this process
15 perspective, one of the things we have to look at,
16 one of the things the Energy Commission has to
17 look at in their studies and their analyses is the
18 no-project alternative.

19 And that's what you're asking about.
20 And I know everything I've been able to learn, and
21 everything I've learned about this project, I
22 don't think the no-project alternative is feasible
23 here. And I think what the focus needs to be is
24 how do we make the new project as good as we
25 possibly can and address all the issues that we

1 possibly can.

2 Because, again, the no-project
3 alternative means more of the same. And from, you
4 know, not that what we're doing is a bad thing,
5 but we can certainly do a lot better.

6 MR. DAVENPORT: And I would agree with
7 that thoroughly. Of course, a little history. I
8 would miss this plant being here. I was raised
9 with it. I was born and raised in this County, so
10 I've been here awhile. I was 45 years in business
11 in this County.

12 One of the things that this County has
13 become, in my opinion, in my years of experience
14 here, at one time we used to be a very aggressive,
15 redneck, strong, let's make it work type of
16 community. In the last number of years we've
17 become a community of what kind of blocks can we
18 put in front of this thing and make everything not
19 work. Let's see how long we can make things go
20 on.

21 And I'm sorry that our County has gone
22 that way. One of the other things that's happened
23 in here is also that we have become a very low
24 income community financially. Our biggest
25 economic today for employers is our government.

1 That obviously tells you we're upside down when
2 our government is our largest employer.

3 A question that comes with that. Who is
4 our major users of utilities today in our
5 community here. Who uses the most utilities at
6 this point, other than the private sector as far
7 as the community goes, as individuals?

8 MR. LAMBERG: Okay, I'm going to defer
9 that question to Robert Cherry, who I see in the
10 back of the room. Robert is actually -- he's with
11 PG&E, and Robert is our Manager of many of the
12 large commercial accounts here in Humboldt County.
13 So who are some of the big users?

14 MR. CHERRY: Sun Valley --

15 HEARING OFFICER FAY: Robert, can you
16 come up so we can get your remarks on the record,
17 please.

18 MR. CHERRY: Largest users are the
19 mills, Sun Valley Farm, Humboldt Creamery -- I
20 can't think of any offhand --

21 MR. DAVENPORT: Well, you've answered
22 it.

23 MR. CHERRY: Mission Linen.

24 MR. DAVENPORT: In my perspective of
25 this thing, like I said, as a lifelong citizen,

1 I'm going to miss that as it's always been a sight
2 for us. I was here when the nuke plant was built,
3 and it's kind of a landmark to me when I come
4 down. I know it's there. And I happen to live on
5 Humboldt Hill, also.

6 I've never found it to be an intrusive
7 sight to the community; it's something I've been
8 used to all my life. Your low profile, of course,
9 is going to be better yet for many of the people
10 in this community.

11 But I think the alternative for not
12 building this creates a greater cost to the
13 community. It seems to me that we are in need of
14 power, regardless if we use it here or we use it
15 elsewhere. So what if we share it with somebody
16 else in the future, if it need be shared.

17 I know that we have also a place in
18 Willow Creek, and I know every year those lines go
19 down several times a year for repairs. And those
20 are your main transmission lines, I believe, over
21 the year, is that not correct? Part of them. Is
22 that not true?

23 MR. LAMBERG: The lines coming in from -
24 -

25 MR. DAVENPORT: From through Willow

1 Creek and over this way from 299. Aren't those
2 some of your --

3 MR. LAMBERG: Yes, sir.

4 MR. DAVENPORT: Yeah, and I know --

5 MR. LAMBERG: Those are the lines we
6 talked about.

7 MR. DAVENPORT: -- in fact, those are
8 going down this month sometime for two or three
9 days. They go down several times a year for
10 repairs and that.

11 So I guess my position for being up here
12 is that it appears to me if we're going to create
13 affordability for this community especially with
14 the low-income basis that we have here today, and
15 try to hold energy as at least expensive as we can
16 hold it for our community today, and as, you know,
17 probably we lose about 75 percent of our children
18 outside this area today to make a living. That's
19 how bad it is here.

20 So we do need to look at the economics
21 of it. From what I've read and what you've said
22 today, it appears to me this becomes economically
23 feasible. It appears to me it benefits the
24 community financially. And I can find no drawback
25 to it.

1 So, as a ex-real estate developer, now
2 retired, I absolutely see nothing wrong with it.
3 And I support your project entirely. Thank you.

4 MR. LAMBERG: Thank you, sir. Thank you
5 very much.

6 HEARING OFFICER FAY: We've been very
7 flexible on this. We've primarily wanted to give
8 you an opportunity to ask your questions of PG&E,
9 because we will have public comment at the end.

10 Are there any other questions of the
11 proposal that PG&E just offered?

12 Okay, what I'd like to do now is go to
13 the staff's presentation. And you'll also be able
14 to ask questions of the staff as to how the
15 process works and what kind of analysis they
16 intend to do. We'd like to handle it the same
17 way. And then, as I say, we will give you a
18 chance for comment at the end.

19 And if I can just take another moment,
20 John, while it's fresh in my mind, don't worry if
21 something occurs to you later. Because, as I
22 said, there will be a workshop later today; there
23 will be other workshops ongoing.

24 Then the staff will produce a
25 preliminary staff analysis of the project on which

1 they will take written comments. And then they'll
2 produce a final staff analysis which will be
3 introduced as their evidence in the hearings.

4 And so if you've missed everything up
5 till that time and something occurs to you, you
6 can come to the hearings, even if you don't
7 intervene in the case. You could stand up after a
8 certain subject occurred, for instance about
9 geology, and listen to the presentation of the
10 evidence and then make a comment at the end of
11 that.

12 So we have lots of opportunities for you
13 to both learn about the project and put your
14 comments on the record so that the Committee can
15 make use of the public input.

16 MR. KESSLER: And building on what Gary
17 said, we want to help you learn a little bit more
18 about the siting process. We want to help you
19 understand what some of the preliminary issues are
20 today, as we see them with the project, as
21 proposed. Tell you where we're going -- help you
22 understand what the proposed schedule is right now
23 to try to move through this within a year's time.

24 You've met the folks shown here on this
25 slide. Overall the siting process is out of the

1 Public Resources Code; it's to insure that a
2 reliable supply of electrical energy is maintained
3 at a level consistent with the need for such
4 energy, for protection of public health and
5 safety, for promotion of the general welfare and
6 for environmental quality protection.

7 The Energy Commission's role is
8 generally to consider power projects that are
9 greater than 50 megawatts of power, and those are
10 primarily thermal projects. But also includes
11 related facilities, transmission lines, water
12 supply, wastewater hookups, the natural gas supply
13 lines and so on, as well as access road.

14 Basically the Energy Commission performs
15 a CEQA-equivalent analysis which we call our staff
16 assessment. And we are the lead CEQA agency.

17 Starting kind of from the big picture
18 and moving into more detail, we can divide the
19 siting process into three phases. The first is
20 considered data adequacy and we've completed that.
21 PG&E filed their application on September 29th.
22 Our staff was reviewing the application; it was
23 two volumes. And we looked that it meets the
24 Commission's regulations with regard to providing
25 us enough information where we can recommend to

1 the Commissioners, including Commissioners Geesman
2 and Byron here today, that we consider the
3 application as complete.

4 And we were able to find the application
5 complete and made that recommendation. And on
6 December 8th, I believe it was, the Commission, at
7 their business meeting, agreed to that.

8 We also have the staff discovery and
9 analysis phase. And that's the phase we're
10 currently in. And that involves several things.
11 Issues identification are what's included in our
12 report today. And one of the handouts we have is
13 the issues identification report. If you don't
14 have them already there's more copies in the back.

15 I also want to mention that you don't
16 need to take careful notes of the slideshow. If
17 there's anything you want to take with you, these
18 handouts are also available in the back.

19 There's also a data request which will
20 be the subject of the third phase of today's
21 events after we get through with this
22 informational hearing.

23 Workshops which Gary alluded to, which
24 we can be talking about the preliminary staff
25 assessment of going through more data requests or

1 issues as they arise, as well as our staff
2 assessments, preliminary and final.

3 Then we go on to the evidentiary hearing
4 and decision phase. And the Committee will hold
5 evidentiary hearings; and those will be held here
6 locally in most cases. The Committee,
7 Commissioner Geesman, will produce, as the
8 Presiding Member, his proposed decision, along
9 with Commissioner Byron.

10 And ultimately, once that decision has
11 been reviewed by the public and agencies and
12 staff, and been commented upon, have a chance to
13 incorporate those, that proposed decision will be
14 taken to the full Commission.

15 The process of looking at our staff
16 assessment really involves you, as the public.
17 Just to give you an idea of how you fit into this.
18 With support from the Public Adviser as you need
19 it, you can intervene; or you can just generally
20 and less formally participate in the process. But
21 we consider your input. We include that as part
22 of our evaluation, our staff assessment.

23 And, of course, the applicant has given
24 us the application with the supplemental
25 information in response to our questions about the

1 project, that help us get an overall assessment
2 and recommendation for the Committee to consider
3 in the form of our staff assessment.

4 We also get a lot of support from local,
5 state and federal agencies through their
6 regulations that we take into account with our
7 conditions that we include in the project, as well
8 as other critical issues that we need to consider.

9 Once it goes to the Committee Proposed
10 Decision phase, it ultimately goes before the full
11 Commission, and a final decision. Again, that
12 same level of interaction is present. So, again,
13 the public support, the public input is really
14 helpful to take into account and be considered, so
15 we understand and the Commission can make the most
16 informed decision.

17 As we look at the details of our
18 analysis of the AFC, one of the first things we'll
19 look at is does the project comply with our laws,
20 ordinances, regulations and standards that we know
21 of. And we call that, as an acronym, LORS; so
22 you'll hear that word throughout the process.

23 We'll also conduct our engineering and
24 environmental analysis. We'll identify issues;
25 we'll take a look at alternatives such as if

1 there's a water supply issue, which there isn't in
2 this case, we look at that.

3 We look at alternatives to the project
4 such as the no-project alternative. We will be
5 looking at that. We'll identify mitigation
6 measures. And we'll also recommend conditions of
7 certification. And those conditions will be
8 something that also apply to both phases of the
9 project, if approved, the construction phase as
10 well as throughout the operation for the life of
11 the project, as well as if it's ultimately
12 decommissioned.

13 We also try to facilitate the public and
14 agency participation. Again, our staff products,
15 as we mentioned, are both the preliminary and the
16 final staff assessment. And we make the
17 recommendations to the Committee.

18 The local, state and federal
19 coordination. We work closely with some of the
20 local agencies. Within the County we will be
21 working with the planning, building, health,
22 public works departments, the sanitation district.

23 We will work with the local North Coast
24 Unified Air Quality Management District. And we
25 have representatives here today. And also the

1 Humboldt Bay Municipal Water District, as
2 examples.

3 From the state we'll be working with the
4 Air Resources Board, who are also present today;
5 the Coastal Commission, the Office of Historic
6 Preservation, Department of Fish and Game, North
7 Coast Regional Water Quality Control Board.

8 And at the federal level, as an example,
9 we'll be working with EPA, Fish and Wildlife
10 Service, as well as the Army Corps of Engineers.

11 So what happens after the final staff
12 assessment is that, as we mentioned, the Committee
13 will issue their proposed decision. And that will
14 contain findings relevant to environmental
15 impacts, public health, engineering, as well as
16 the project's compliance with LORS.

17 And there will be recommendations as to
18 what should be the conditions of certification, as
19 well as whether or not to approve the project all
20 together. The full Commission will make that
21 decision, and the Energy Commission will monitor
22 compliance throughout the life of the project,
23 including facility closure.

24 As far as the public process, as Mike
25 mentioned, our representative of the Public

1 Adviser's Office, is that there'll be workshops
2 and hearings. They're noticed at least ten days
3 in advance.

4 We have mailing lists. If you'd like to
5 be on that, by signing that sign-up sheet that's
6 gone around today, you can be included in the
7 mailing list directly.

8 There's also list servers which I'll
9 show you in more detail in a second how you can
10 receive email messages right off the Commission's
11 web server.

12 There's also documents available for
13 public review. There's a full two-volume sets of
14 the application for certification that the
15 applicant prepared that are available at local
16 libraries. And those include Arcata, Humboldt
17 State University, Eureka, Fortuna, Ferndale, Rio
18 Del, as well as other larger libraries in
19 Sacramento, San Francisco, Fresno, L.A. and San
20 Diego. And the Energy Commission library in
21 Sacramento also maintains that.

22 We have our Commission website, which
23 I'll also show you in a second how to sign up; as
24 well as our dockets unit at the Energy Commission.

25 As far as the list server goes, it's

1 really four quick easy steps. There is
2 information on the previous page how to go to that
3 on the Commission's website. You basically enter
4 email address; you just check the box that says
5 subscribe. Scroll down throughout the list of
6 projects and check Humboldt. And get to the very
7 bottom and there's a button that you press that
8 says send subscription. And you're set; at that
9 point you'll receive email of every notice of
10 document that's posted, and notices of the
11 proceedings related to the project.

12 If you go to the website specific to
13 Humboldt for the project, again that address is on
14 a previous page in the handout, you'll see a few
15 main sections just to help you navigate those,
16 because you can get lost; there's a lot of
17 documents and big files.

18 So some of the things you might be most
19 interested in would be the notices and
20 announcements, as was this workshop, or
21 informational hearing today was noticed. The
22 documents and reports. And that section includes
23 figures and maps. So, Commission's documents.

24 Another category for the applicant's
25 documents, such as their AFC they filed. You can

1 pull up one section at a time, download those,
2 print those on your computer, if you wish.

3 There's another section for other
4 interested agencies documents, as well as the
5 intervenors' and others' documents.

6 As far as participation there's a few
7 guidelines that would help you to get involved, as
8 well as the handouts that Mike talked about that he
9 has for you today. Access to the Public Adviser's
10 Office, there's a guide to public participation in
11 siting cases; an overview of the siting process;
12 the Title 20 California Code of Regulations, as
13 well as acronyms used in the siting cases, such as
14 LORS and others.

15 So ways you may participate, just to hit
16 on this -- yeah, go ahead.

17 MR. ZOELLICK: I'm just curious; do you
18 have -- maybe it's easy to get on there, but is
19 there a URL listing for that, for the website for
20 the Humboldt project? Or is it --

21 MR. KESSLER: Yeah, it's right -- it's
22 the second one up from the bottom.

23 MR. ZOELLICK: Okay, great.

24 MR. KESSLER: Right here.

25 MR. ZOELLICK: Okay, thank you.

1 MR. KESSLER: Okay. Let's get into the
2 issues identification report, which is this
3 document. And the purpose of that is to inform
4 the participants of potential issues; provide also
5 some early focus on potential impacts.

6 The criteria we look at is one of are
7 there any significant impacts that may be
8 difficult to mitigate. Secondly, are there any
9 issues or -- they have noncompliance with the
10 LORS.

11 And thirdly, are there any conflicts
12 between the parties about appropriate timings or
13 conditions of certification for the Commission
14 decision that could lead to a delay.

15 And of all the technical areas we've
16 found at this point in time there's really only
17 two technical issues, and those have to do with
18 air quality. The first is that the USEPA, as of
19 today, has put into effect a new 24-hour average
20 regulation on particulate matter that's less than
21 2.5 microns in diameter. And their previous
22 standard was 65 mcg/cubic meter; it's now 35.

23 We're concerned about, without going
24 into how the project is proposed, that they comply
25 with that.

1 Secondly, we're looking at fuel supply
2 and emission limits. And what this gets to is
3 that, as Greg described, the operation of the
4 engines on diesel fuel that will need to be done
5 in emergencies. And PG&E has done what appears to
6 be their best estimate of what can be reasonably
7 foreseeable emergencies. At this point in time
8 their best estimate is that that won't exceed 800
9 hours per year per unit.

10 What we're concerned about, though, is
11 that there may be other emergencies that aren't
12 foreseeable, that may lead to additional operation
13 time than 800 hours per year. There's the issue
14 of natural gas curtailment during cold weather; a
15 disruption of the natural gas line. There's
16 issues with respect to grid reliability, for
17 limitations of what transmission can be imported
18 in within the service area that could affect the
19 operating hours and the overall fuel supply for
20 the plant, and ultimately the emission limits. So
21 we need to explore that a little bit more.

22 And part of our discussions following
23 this session today, we'll dive into that a little
24 bit to get a little more clarity. And we've done
25 some of that through data requests. Our plan is

1 to, through that process, is to try to better
2 understand what some of the plant vulnerabilities
3 may be; those risk scenarios. And try to better
4 understand how they -- if they are issues, how
5 those can be mitigated.

6 Our proposed schedule right now. The
7 top half that's shaded gray is really through
8 today. Okay, that's kind of past tense. But we
9 started with the application filing -- excuse me,
10 it was November 8th, not December 8th, when the
11 Commission deemed the project application as being
12 adequate.

13 We filed our issues ID report as of
14 November 30th, the day the notice went out for
15 this meeting. We also issued, since then, on
16 December 8th, the data requests, which is the
17 subject of the next session today.

18 And today is the informational hearing
19 and site visit, and follows the data request
20 workshop.

21 Where we go from here. This is our best
22 guess, is that applicant has agreed to provide
23 data responses by January 12th if not before. And
24 if we need to, we'll hold an issues identification
25 workshop somewhere around January 24th. But don't

1 lock that into your calendars right now, because
2 that's a real soft date. That's just kind of a
3 target.

4 We also have a target of receiving some
5 of the local and federal agency determinations by
6 March 8th. And that's approximately one month
7 before we want to file our preliminary staff
8 assessment. And that gives us a chance to review
9 the conditions, such as the North Coast Unified
10 Air Quality Management District will give us that
11 would allow this project to operate and be in
12 compliance with the local air district rules,
13 requirements and limitations. Allow and insure
14 that we build those into our proposed conditions
15 of certification.

16 Then we're looking at probably about a
17 month later, May, holding a workshop on that staff
18 assessment where we have a chance to present any
19 misunderstandings we have about the project. The
20 applicant gives us clarification. That there's
21 things that we need to better understand to shore
22 up our understanding of the project; or with the
23 public input, some concerns that maybe we didn't
24 realize and adequate address. We have the
25 opportunity to capture those through that process.

1 So, again, we encourage you to participate there.

2 And we look at final determinations like
3 as we receive the preliminaries in March, there'll
4 be another round that's final as of May. Those
5 agencies all have their own process internally
6 that they have to go through before they get heard
7 before their boards and finalize.

8 And then ultimately in early June we
9 would file our final staff assessment. This is
10 where we convert to that third and final phase of
11 the process overall. And the Committee basically
12 takes it from there. And we participate in their
13 evidentiary hearings; again, encouraging you to
14 participate, as the public, and help us do that
15 process.

16 And ultimately we're looking at the
17 proposed decision; the hearings on the proposed
18 decision, if necessary. The Committee will refile
19 its proposed decision; revise it as necessary.
20 Then ultimately the Commission decision on the
21 project.

22 Any questions about the schedule? Yes,
23 sir.

24 MR. WELCH: Yeah, how many of the --

25 HEARING OFFICER FAY: Could you come up,

1 please, so we can be sure to get your question.

2 MR. WELCH: Can't hear me on the mike
3 from here?

4 HEARING OFFICER FAY: State your name,
5 if you would.

6 MR. WELCH: Michael Welch with Redwood
7 Alliance. I'm just wondering how many of the
8 hearings will be held here in Humboldt County.

9 PRESIDING MEMBER GEESMAN: I can answer
10 that one. John Geesman, the Presiding Member of
11 the Siting Committee.

12 All the ones that the Committee holds
13 will be right here.

14 MR. KESSLER: So, in order to meet the
15 schedule, it depends on just a few things. One is
16 that we receive a timely response on the data
17 requests, which we're told by PG&E they're on
18 target to do so.

19 The timing of the North Coast Unified
20 Air Quality Management District's determination of
21 compliance with regard to air quality. Any other
22 local, state and federal determinations, as well
23 as any other factors not yet known or identified
24 at this point in time.

25 And to wrap up, just for your reference

1 that you can take home with you, our contacts. So
2 we encourage you to call us if you have questions;
3 let us know how you can get involved in this. And
4 we really appreciate you being here today and
5 please let us know how we can help you out along
6 the way.

7 Thank you.

8 HEARING OFFICER FAY: Thank you, John.

9 Are there any other questions of John about the
10 process or the staff's role in analyzing the
11 project?

12 Okay. Is anybody here from a group or
13 individual who intends to file a petition to
14 intervene, become a party? All right, I just
15 thought we'd give you a chance to say something if
16 you had that in your plan.

17 I'll ask now if anybody else would like
18 to make a public comment about what you've heard
19 today, or about the project, or anything like
20 that. You're certainly not limited to doing it
21 now. There's a lot of other opportunities. But
22 you can take advantage of this one, too. Just
23 please do come up and state your name for us.

24 MR. CONNOVLMAN: My name's Glenn

25 Connovlman. Anyway, I'm kind of curious. You

1 know, you're going to all this trouble to take
2 these big over-sized car engines and hook them up,
3 when we got them carriers and submarines running
4 all over the world on atomic power and it's clean.
5 Don't see them sailors coming back with radiation
6 burns.

7 How come they can't put a plant like
8 that on the beach?

9 PRESIDING MEMBER GEESMAN: Let me take a
10 crack at that.

11 (Laughter.)

12 MR. LAMBERG: Thank you, Commissioner.

13 PRESIDING MEMBER GEESMAN: In 1976 the
14 State Legislature passed three laws that limited
15 the ability of California to license a new nuclear
16 project until the State Energy Commission had made
17 a finding that a permanent means of waste disposal
18 had been commercially certified by the federal
19 government.

20 The Energy Commission looked at that
21 question in 1978; 1979 made the determination that
22 no such permanent means of waste disposal had been
23 established. The Commission looked at this
24 question again in 2005, and concluded that it
25 still could not make a finding that the federal

1 government had certified a permanent means of
2 waste disposal.

3 Because of our inability to make that
4 finding, the state cannot and will not license any
5 new nuclear projects.

6 HEARING OFFICER FAY: Any other
7 questions or comments?

8 MR. TUTTLE: Good afternoon; my name's
9 Don Tuttle. I'm retired from Humboldt County
10 Public Works after 31 years. And now somewhat of
11 a consultant to them.

12 I wanted to compliment the staff, PG&E
13 and all of their staff, and all the consultants on
14 what I thought was a very good job on the
15 application for certification.

16 I've studied this site for close to 30
17 years. They did an excellent job. I read the
18 seismic risk and tsunami risk part very carefully
19 because that was the part I tended to focus on.
20 And I thought Lloyd Cluff of their staff did an
21 excellent job.

22 So I just wanted everybody to know that
23 in my opinion, after all the documents I've looked
24 at for many years that looked at this site, I just
25 think they did a very thorough job. So, most of

1 the CEQA stuff, in my opinion, is done. I don't
2 see a whole lot of additional work in that light,
3 you know, fully describe the project and its
4 potential impacts and risks to generally the
5 public in this area.

6 So I just wanted to say that; thank you
7 for the opportunity.

8 HEARING OFFICER FAY: Thank you for that
9 comment. I'll just add, though, that there's a
10 couple roles here. One is, of course, the
11 applicant has the role of doing a good job in
12 describing their project so that the staff doesn't
13 have to spend a lot of time asking data questions.

14 The other, though, is that the process,
15 itself, is supposed to be informing the public
16 about the project, too. So much of the time will
17 be to explain the project to the public.

18 Yes, sir.

19 MR. GILL: My name is Ben Gill. I have
20 a restaurant here on King Salmon. And we've
21 enjoyed about 15 years of real good association
22 with all the employees at PG&E. And I'm sure glad
23 we're building this plant here. I'll probably
24 enjoy some more employees.

25 (Laughter.)

1 MR. GILL: So, thank you.

2 HEARING OFFICER FAY: Yes, sir.

3 ASSOCIATE MEMBER BYRON: Mr. Gill, I
4 enjoyed a crab omelette over there this morning
5 very much.

6 (Laughter.)

7 MR. MANETAS: Hi; my name's Mike
8 Manetas.

9 MR. GILL: I can't hear well; I can't
10 tell what's going on.

11 MR. MANETAS: I'm retired from teaching
12 environmental engineering at Humboldt State
13 University. I also serve on the Citizens Advisory
14 Committee that PG&E has set up. And I've been
15 following all the action here at the power plant
16 for the last 40 years.

17 I'm really pleased with the design; and
18 I think for two reasons. One is that back in the
19 '80s I chaired the County Energy Advisory
20 Committee that we had. And we identified back
21 then an enormous alternative energy resource,
22 wind, biomass. We looked at that again in '80 and
23 thought we were right. And Mr. Zoellick, over
24 here, and his group up at Humboldt State just a
25 couple years also has identified wind, biomass,

1 solar, ocean.

2 I think that those are just on the verge
3 of coming into being. In the next 10, 20 years
4 we're going to see a lot of those, so I think this
5 plan fits very well with that.

6 One other issue is that we have a
7 nuclear power plant here that's been shut down
8 since 1976. A lot of members of the community
9 would love to see this decommissioned, taken away,
10 hauled away, whatever it is. There are plans in
11 effect to do that. I think building this new
12 facility will allow for not only the
13 decommissioning of that power plant, but also the
14 two fossil units here. We can get all of this
15 cleaned up and make this a nice tidy site.

16 So, again, my compliments to PG&E and to
17 all the staff members for all their hard work.
18 And I feel that many people in the community
19 really support this. So, thank you.

20 PRESIDING MEMBER GEESMAN: Thank you.

21 HEARING OFFICER FAY: Any other
22 comments?

23 MS. HASSLER: Good afternoon. I'm
24 Mariann Hassler with the Carpenters Union Local
25 751 here in Eureka. Also is my representative to

1 the Building and Construction Trades Council for
2 Humboldt and Del Norte.

3 And I've been really pleased to be able
4 to participate in the Citizens Advisory Board that
5 PG&E has here for the last five or six years. I
6 think I've met four times a year with the staff
7 and talking about their plans.

8 And so I've had a real opportunity to
9 watch this process occur from soliciting for basic
10 options to begin with, an on to the selection.
11 And have been really pleased with the information
12 that's been made available to myself, and then
13 through me to the Building Construction Trades
14 Council.

15 PG&E's done a great job at providing
16 public hearings or public opportunities for open
17 house to talk about their plans for this project,
18 the decommissioning and the containers, as well.
19 And it's been really good for me to be able to go
20 back and report to the Building Construction
21 Trades Council how exactly this will impact our
22 community.

23 We're thrilled that PG&E has taken the
24 opportunity to really invest in this energy
25 infrastructure in Humboldt County so that we do

1 have continued reliable power and utilities here.
2 That you're doing it at this time I think is
3 really important. The economic viability of this
4 County, this community is really important. And
5 we look at that investment in this area really as
6 being very important.

7 The number of jobs that will come in
8 this during construction, too, definitely will be
9 a boon to the community.

10 And we just look to working with you in
11 the future and provide the skilled, professional
12 tradespeople here to actually get this project
13 built.

14 And I do thank all of you so much for
15 coming all this way up here. I know we're quite a
16 ways off the beaten path. And there's a large
17 number of you have invested your time and your
18 energy here, and we really do appreciate your
19 making it possible for us to have the information
20 directly from the source, from the people that
21 know. And so that's really -- I think will allay
22 any fears that people have about misinformation.
23 And I just applaud your transparency.

24 Thank you very much.

25 HEARING OFFICER FAY: Thanks for your

1 comment.

2 MR. BERG: Hi. My name is Sid Berg.
3 I'm the representatives for the Plumbers and
4 Steamfitters Union. I'm a lifetime resident of
5 the Humboldt community here, the Humboldt Bay
6 area.

7 I'd like to thank the Energy Commission
8 Committee for coming up here and holding our
9 public hearings so members of our community don't
10 have to travel down to the more centralized
11 location. So the whole community really
12 appreciates your coming up here for these
13 hearings.

14 I'd also like to thank PG&E for their
15 extensive research and planning to come up with a
16 plan like this. Personally I'd rather see the 600
17 megawatt Colusa plant up here for our members. We
18 all know that's not feasible or going to happen.

19 But it appears that a lot of planning
20 has gone into this. And the way these turbines
21 can be downsized, so there's only a few of them
22 running at one time, I think it's just a
23 tremendous idea that you guys have come up with.

24 And you've addressed a lot of the
25 environmental concerns, which are important to our

1 area. And energy efficiency.

2 And I also would like to thank PG&E for
3 reaching out to the local labor organizations. I
4 was right out of high school, I got in the
5 apprenticeship program, and I managed to live here
6 and stay here for the most part. Traveling out
7 when we had to.

8 So many of the other businesses here
9 don't really care about our apprenticeship
10 programs or local hire. But PG&E has stepped up
11 to the plate. They want to see as much use of
12 local labor as they can. That'll enable us to
13 ramp up our training program, which we have here
14 in the area. Hopefully we can start some new
15 apprentices and maybe carry this forward to some
16 of the other businesses and create a livelihood
17 here. Or a beginning, anyway, to afford some of
18 the local people some opportunities we haven't
19 had.

20 And example of, there's a lot of cogens
21 they've built here in the last 20 years. And I
22 can't think of any exceptions, but most of those
23 have gone to merit shop contractors, where you'll
24 see the beaches over there lining up with parking
25 lots, with people living in the back of their

1 trucks.

2 And there was an incident over there
3 when one of the workers came from out of the area,
4 and a little girl got her hair caught on fire in
5 the parking lot, because some woman tried to wash
6 her hair in kerosene to get rid of the lice, you
7 know. It's really sad that some of the other
8 companies don't think much of the labor and
9 working people.

10 Anyway, I think this is a great plan and
11 Local 290 is one-hundred percent behind it, as
12 well as our local members. Thank you.

13 HEARING OFFICER FAY: Thank you.

14 SUPERVISOR SMITH: My name is Jimmy
15 Smith and I'm the First District Supervisor. I
16 represent this area. In fact, I live a short
17 distance from here, myself, on Humboldt Hill.
18 Pine Hills, King Salmon and Fields Landing are all
19 within my district, as well as areas farther to
20 the south.

21 I just had a couple of very brief
22 comments. One, first want to welcome you to
23 Humboldt and thank you all for being here today.
24 It is a real treat to have a hearing in our area
25 and not have to travel. So, it's a commitment by

1 you all, and very much appreciated by the people
2 here in Humboldt.

3 A couple of quick things. I think this
4 is a very beneficial project. It blends well with
5 the community in trying to be self sufficient in
6 our search for energy in the longer term.

7 I'm very happy also that there's been a
8 consistent offer to use more and more renewable
9 energies as they come online; and it's a matter of
10 record. And I think Greg has done an exemplary
11 job of explaining that to everyone, even during
12 the open house and opportunities prior to that.

13 I also just am thrilled that we're going
14 to have an opportunity to lower pollutant levels
15 and noise, which are extremely important to my
16 constituents, particularly in this localized area.

17 Something that I've found to be
18 extraordinary is that even though I don't, I guess
19 I don't have a lot of faith in the system at the
20 upper levels of PG&E, that is not the case with
21 the folks that I've worked with on decommissioning
22 the dry -- storage or other problems that have
23 evolved in the local area.

24 The local folks here, Roy Willis, Greg,
25 the complete staff here at Humboldt Bay and the

1 Humboldt Bay area are folks that I can talk to on
2 a daily basis. And if something arises, they're
3 problem-solvers. And I know that that's a
4 commitment that we have from them, as the local
5 government. And I'm looking forward to working
6 with them on this project. I think it's a good
7 one; it's going to help us a lot, and it's going
8 to help the community.

9 So, thanks again for being here.

10 HEARING OFFICER FAY: Thank you. Any
11 other comments? Okay.

12 Well, I thank you all for coming.
13 Before we adjourn I just want to mention the
14 workshop that's going to begin shortly after we
15 adjourn. It is sponsored by the staff, by the
16 Energy Commission Staff, not by this Committee.
17 And as a result there'll be some changes, as will
18 be the case with all staff workshops.

19 The Committee will not be here. In
20 fact, we're probably going to leave the site. The
21 court reporter will fold up his equipment and will
22 not be recording the workshop. And the reason for
23 that, in both cases, is that we want the workshops
24 to be completely candid.

25 This is an informal give-and-take

1 session where you can ask questions of the
2 applicant and the staff. And you can say what-if,
3 and the applicant can play what-if. And so can
4 the staff. And nobody's locked into anything that
5 they say at these workshops in terms of the
6 decisionmakers. It's not recorded on the record,
7 and the Commissioners are not hearing it.

8 So, that's the reason we do things this
9 way. And it's to help the process be as flexible
10 as possible, and to inform everybody as we lead up
11 to this decisionmaking process. When it gets for
12 real and formal is during the evidentiary
13 hearings. And that's where we do hold people
14 accountable, when they offer sworn testimony and
15 that type of thing.

16 But early on it's very flexible. So we
17 encourage you to stay and listen if you like;
18 participate.

19 Are there any closing comments or
20 questions? Scott.

21 MR. GALATI: Mr. Fay, I would ask you to
22 consider when the Committee comes out with a
23 schedule, if you would also put into that schedule
24 flexibility should the PDOC and FDOC be delayed,
25 that there's an automatic day-for-day extension.

1 You've done that in the past by having that be
2 labeled as, for example, N; and then the PSA due
3 in plus-30.

4 We find that very helpful because if,
5 for some reason, there are delays that are not
6 foreseen, we don't have to come back to the
7 Committee and ask for a new scheduling order.

8 In addition, we'd ask for you to
9 consider status reports after events. Five days
10 after a workshop, or five days after the PDOC. We
11 find that sometimes we write status reports where
12 we don't have much to tell you, but we would like
13 to see status reports linked to events so that we
14 have something that is meaningful.

15 HEARING OFFICER FAY: Okay, good point.
16 When he's talking about a day-for-day slip, the
17 applicant doesn't really have much control over
18 when the Air District, for instance, happens to
19 get its report out. And if we were to put down
20 that we expect it on a certain day and it didn't
21 come on that day, Mr. Galati's suggesting that we
22 just have a day-for-day adjustment so that
23 everybody understands what the schedule would be.

24 What I'd ask is that the applicant
25 provide in writing a reaction to the staff's

1 schedule. And you tell me when you can have that.

2 A week's time, week from today be --

3 MR. GALATI: By the end of the week.

4 HEARING OFFICER FAY: End of the week,
5 okay. So the applicant will file basically its
6 response to the proposed staff schedule, with
7 reference to when they would like to see status
8 reports required, or at least which events would
9 trigger those.

10 And a document like that, as well as all
11 the other things that'll be filed, will be filed
12 with the Commission's docket. Copies will be sent
13 to the Commissioners, the staff, everybody else
14 that intervenes in the case, and I believe will be
15 posted online. So if you choose to follow the
16 case on the internet, you can do so.

17 Any other comments before we close?

18 Yes.

19 MR. WILLIS: Just a quick process
20 comment. Roy Willis, Plant Manager. As you
21 leave, please, your badges are your
22 accountability. Please drop off your badges at
23 the door when you leave the site. And please back
24 out, drive carefully going home.

25 HEARING OFFICER FAY: Thanks very much,

1 Roy.

2 All right. Oh, one more, Greg.

3 MR. LAMBERG: I just wanted to go on
4 record and really thank the Committee and thank
5 staff for coming up here today. I mean we've
6 heard a recurring theme here, but it really means
7 a lot to this community for these proceedings to
8 happen here in this community.

9 So, on behalf of the applicant, PG&E,
10 thank you all for coming today and thank you for
11 taking the time so close to the holidays. And,
12 again, it does mean a lot to all the folks up here
13 at Humboldt to have these sessions be here so that
14 they can participate.

15 HEARING OFFICER FAY: Great. Okay. All
16 right, thanks, everybody. Don't forget, the
17 workshop will follow. And we are adjourned.

18 (Whereupon, at 3:38 p.m., the hearing
19 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 Hearing; 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 28th day of December, 2006.

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