

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 San Francisco Electric ) 04-AFC-01  
Reliability Project )  
\_\_\_\_\_ )

POTRERO HILL NEIGHBORHOOD HOUSE  
953 DE HARO STREET  
SAN FRANCISCO, CALIFORNIA

TUESDAY, JUNE 15, 2004

3:12 p.m.

Reported by:  
Alan Meade  
Contract No. 170-01-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

James D. Boyd, Presiding Member

John L. Geesman, Associate Member

HEARING OFFICER AND ADVISERS PRESENT

Stanley Valkosky, Hearing Officer

Michael Smith

STAFF and CONSULTANTS PRESENT

Bill Pfanner, Project Manager

William W. Westerfield, III, Staff Counsel

PUBLIC ADVISER

Margret Kim

Mike Monasmith

APPLICANT

Julie L. Labonte, Project Manager

Jim Marks, Coordinator of Citizen Involvement  
Communications

San Francisco Public Utilities Commission

Jesse Blout, Director

Mayor's Office of Economic Development

Jerry Blumenfeld, Director

Anne Eng, Environmental Justice Program Manager  
Department of the Environment

Jeanne M. Sole, Deputy City Attorney

Theresa Mueller, Deputy City Attorney

Richard J. Lee, Senior Industrial Hygienist  
Bureau of Environmental Health Management

Department of Public Health

Ralph Hollenbacher, Project Engineer

Russell Stepp, Project Engineer

Ina Shlez, Department of the Environment  
City and County of San Francisco

APPLICANT

Steven A. DeYoung, Principal  
DeYoung Environmental Consulting

John L. Carrier, Program Manager  
CH2M HILL

Gary Rubenstein  
Sierra Research

PROSPECTIVE INTERVENORS

Joe Boss  
Potrero Boosters Neighborhood Association

Stephen Moss  
San Francisco Community Power Cooperative

ALSO PRESENT

Darryl Waller, Community Outreach Coordinator  
Bay Area Air Quality Management District

Barbara George  
Women's Energy Matters

Mishwa Lee

John Carney

Karen Pierce

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

3:12 p.m.

1  
2  
3           PRESIDING MEMBER BOYD: Good afternoon,  
4 ladies and gentlemen, welcome. I'm Commissioner  
5 Jim Boyd, the Presiding Member of the Siting  
6 Committee for the San Francisco Electric  
7 Reliability Project. I'm joined two stations down  
8 by Commissioner John Geesman, who's the Associate  
9 Member of this Committee. In between us is Mr.  
10 Stan Valkosky, our Hearing Officer who is going to  
11 conduct most, or take care of most of the  
12 proceedings for us. So he will be in charge of  
13 the agenda for most of the day.

14           I want to thank all of you for coming;  
15 welcome you to this informational hearing, and  
16 first, I'm sure, in a series of hearings on this  
17 proposal. And Commissioner Geesman and I look  
18 forward to hearing from everybody and their points  
19 of view, and their concerns, and the facts about  
20 this particular siting case.

21           And I think with that -- not quite sure  
22 where we're getting the feedback from -- with  
23 that, I'm going to turn the rest of the meeting  
24 over to Mr. Valkosky.

25           HEARING OFFICER VALKOSKY: Thank you,

1 Commissioner Boyd. I'd first like to have the  
2 parties introduce themselves. We'll begin with  
3 the applicant.

4 MS. LABONTE: My name is Julie Labonte;  
5 I'm the Project Manager for the SFERP. I'm with  
6 the San Francisco Public Utilities Commission,  
7 which is one of the several departments involved  
8 in this project.

9 MR. MARKS: I'm Jim Marks; I'm with the  
10 San Francisco Public Utilities Commission,  
11 Communications Division. And I'm in charge of  
12 public outreach and involvement for this project.

13 MS. ENG: Anne Eng, Environmental  
14 Justice Program Manager, San Francisco Department  
15 of the Environment.

16 MS. SOLE: Jeanne Sole with the City  
17 Attorney's Office.

18 MR. LEE: Richard Lee with San Francisco  
19 Health Department.

20 MR. DeYOUNG: Steve DeYoung; I'm an  
21 independent environmental consultant working with  
22 the City.

23 MR. CARRIER: John Carrier; I'm with  
24 CH2M HILL, environmental consultant to the City.

25 MR. BLOUT: I'm Jesse Blout, Director of

1 the Mayor's Office of Economic Development, --  
2 overall coordinating (inaudible).

3 HEARING OFFICER VALKOSKY: Okay, thank  
4 you. Staff.

5 MR. PFANNER: Bill Pfanner, Project  
6 Manager for the Energy Commission.

7 MR. WESTERFIELD: Bill Westerfield, also  
8 with the Energy Commission, with the Chief  
9 Counsel's Office.

10 HEARING OFFICER VALKOSKY: Are any of  
11 the intervenors present? So far we have Mirant,  
12 Potrero Boosters and GreenAction. I'm sorry, sir,  
13 could you identify yourself?

14 MR. BOSS: Joe Boss, Potrero Boosters.

15 HEARING OFFICER VALKOSKY: Okay, Joe  
16 Boss, Potrero Boosters.

17 Any other intervenors?

18 MR. MOSS: I'm Stephen Moss for the San  
19 Francisco Community Power Cooperative. We also  
20 filed to intervene.

21 HEARING OFFICER VALKOSKY: I'm sorry,  
22 that was the San Francisco Community --

23 MR. MOSS: Power Cooperative.

24 HEARING OFFICER VALKOSKY: -- Power  
25 Cooperative. The Committee has not yet received

1 your petition. Okay. I will note for the record  
2 that Mr. Robert Sarvey has also filed. Does  
3 applicant have any objection to granting that  
4 petition to intervene?

5 MS. LABONTE: No.

6 HEARING OFFICER VALKOSKY: Okay,  
7 prospectively does applicant have any objection to  
8 granting the San Francisco Power Cooperative  
9 petition to intervene?

10 MS. LABONTE: No.

11 HEARING OFFICER VALKOSKY: Okay. You  
12 can anticipate orders granting those petitions to  
13 be issued shortly.

14 Are there any other agencies that play a  
15 large role in this process, such as the Air  
16 District or anyone else of that nature here  
17 present?

18 MR. WALLER: The Air District is  
19 present.

20 HEARING OFFICER VALKOSKY: The Air  
21 District is present. Could you identify yourself,  
22 sir.

23 MR. WALLER: Darryl Waller, the  
24 Community Outreach Coordinator for the Air  
25 District.

1 HEARING OFFICER VALKOSKY: That was  
2 Gerick Waller --

3 MR. WALLER: Darryl Waller.

4 HEARING OFFICER VALKOSKY: -- Darryl  
5 Waller --

6 MR. WALLER: Right.

7 HEARING OFFICER VALKOSKY: -- with the  
8 Air District, for the record he has identified  
9 himself as being present.

10 Okay, anyone else? Okay, thank you.

11 Today's informational hearing is the  
12 first public event conducted by the Committee as  
13 part of the Energy Commission's licensing  
14 proceedings on the San Francisco Electric  
15 Reliability Project.

16 Notice of today's hearing was sent to  
17 all parties, adjoining landowners, interested  
18 governmental agencies and other individuals on May  
19 10th of this year. In addition, notice was  
20 published in the local newspapers.

21 Documents pertinent to today's hearing  
22 include the staff issues identification report  
23 filed on June 4th; the applicant's proposed  
24 schedule filed on June 9th.

25 The purposes of today's hearing are to

1 provide a public forum to discuss the proposed  
2 project; to describe the Commission's review  
3 process; and to identify the opportunities for  
4 public participation in this process.

5 A visit to the project site has been  
6 held immediately preceding the beginning of this  
7 hearing.

8 Today's events are the first in a series  
9 of formal hearings which will extend over  
10 approximately the next year. The Commissioners  
11 conducting this proceeding will eventually issue a  
12 proposed decision containing their recommendations  
13 on the proposed power plant. It is important to  
14 note that these recommendations must, by law, be  
15 based solely on the evidence contained in the  
16 public record.

17 During the course of today's proceeding  
18 we will follow the following agenda. First,  
19 Commission Staff will provide an overview of the  
20 Commission's licensing process and staff's role in  
21 reviewing the proposed generation project.

22 Next, Margret Kim, the Commission's  
23 Public Adviser, will briefly explain how to obtain  
24 information about and participate in the  
25 certification process.

1           The applicant will describe the proposed  
2 project and explain its plans for developing the  
3 project site.

4           Upon completion of these presentations  
5 other parties, interested agencies and members of  
6 the public may ask questions or offer comments.n

7           After we've completed that informational  
8 portion we'll turn to a discussion, a brief  
9 discussion of scheduling and other matters as  
10 addressed in the issues identification report, and  
11 the proposed schedule submitted by applicant.

12           While the Public Adviser and the  
13 Commission Staff will go into greater detail  
14 later, I'd like to tell you what you can expect  
15 from the Commission's process. We are embarking  
16 on a functionally equivalent California  
17 Environmental Quality Act review process.

18           Basically this means two things. One,  
19 our process must, by law, address the substantive  
20 requirements and policies of the California  
21 Environmental Quality Act, CEQA. Two, we provide  
22 a process which provides a more comprehensive  
23 opportunity for public review, comment and  
24 participation than does the traditional CEQA  
25 environmental impact report process.

1           In an EIR process the public review and  
2           comment portion may be conducted entirely by  
3           written comment. Conversely, in our process every  
4           meeting, workshop, hearing or other event  
5           sponsored by the Commission must be noticed and  
6           open to the public, and must allow the public to  
7           comment and participate.

8           Interested members of the public and  
9           concerned governmental agencies will definitely  
10          have ample opportunity to make their points of  
11          view known and to comment upon the proposed  
12          project. These rights, however, also mean that,  
13          as Ms. Kim will explain, you will necessarily  
14          assume the burden that accompanies this  
15          participation.

16          Finally, you can expect that all  
17          decisions made in this case, including whatever  
18          the final recommendations are, will be made solely  
19          on the basis of the public record. To insure that  
20          this happens, and to preserve the integrity of the  
21          Commission's process, the Commission regulations  
22          and the California Administrative Procedures Act  
23          expressly prohibit off-the-record contacts  
24          concerning substantive matters between the  
25          participants in this proceeding and the

1 Commissioners, their Advisors and the Hearing  
2 Officer. This is known as the ex parte rule.

3 This means that all contacts between a  
4 party to this proceeding and Commissioners Boyd  
5 and Geesman and their staffs concerning a  
6 substantive matter must occur in the context of a  
7 public discussion, such as will occur today, or in  
8 the form of a written communication available to  
9 all parties.

10 The purpose of this rule is to provide  
11 full disclosure to all participants of any and all  
12 information which may be used as a basis for the  
13 future decision.

14 We're now going to begin the  
15 presentations. In the interest of time I'd  
16 appreciate it if members of the public would hold  
17 their questions and comments until the end of the  
18 presentations.

19 The order we'll follow is staff's  
20 presentation, Public Adviser's presentation,  
21 applicant's presentation, any presentations by the  
22 intervenors and we'll then go with questions and  
23 comments.

24 Before, though, however I am informed  
25 that we have a representative of the Mayor's

1 Office that has a time constraint. So, after  
2 having set out the order, we're going to violate  
3 that order and go right to the Mayor's  
4 representative.

5 PRESIDING MEMBER BOYD: Excuse me, Mr.  
6 Valkosky, point of privilege here. I neglected --  
7 you reminded me with your ex parte contact  
8 comments, I neglected to introduce my Adviser,  
9 Mike Smith here. So you can't talk to him,  
10 either.

11 (Laughter.)

12 HEARING OFFICER VALKOSKY: If you could  
13 identify yourself for the record and spell your  
14 last name, please.

15 MR. BLOUT: Jesse Blout, Blout. I am  
16 the Director of the Mayor's Office of Economic  
17 Development. And I apologize for violating the  
18 order of the proceedings. I have to go off to  
19 another public meeting. I will be back, but I  
20 wanted to take the opportunity to make a few  
21 remarks on behalf of the Mayor and thank you,  
22 first of all, for being here today. We appreciate  
23 the opportunity --

24 HEARING OFFICER VALKOSKY: I'm sorry,  
25 sir.

1 MR. BLOUT: Can't hear?

2 (Pause.)

3 MR. BLOUT: Do I need to go through the  
4 whole thing again?

5 HEARING OFFICER VALKOSKY: I don't think  
6 so.

7 MR. BLOUT: Good. Thank you for coming  
8 today, and I appreciate your remarks. And this is  
9 very much the beginning of a process that we hope  
10 will be thorough and filled with extensive  
11 community feedback.

12 The Mayor, when taking office just four  
13 or five months ago, recognized the importance of  
14 this project for San Francisco, for the Potrero  
15 Hill community, for the southeast sector in  
16 general. And asked that our office get directly  
17 involved in helping to insure that this project is  
18 pursued in the most professional and comprehensive  
19 manner possible with as much community feedback  
20 and input as possible. And we are proceeding with  
21 that directive.

22 This is just one part of our community  
23 outreach process in collaboration with the CEC.  
24 We'll also be doing our own separate community  
25 outreach process. And so, certainly over the next

1 weeks and months we look forward to a lot of  
2 dialogue on this project. And we look forward to  
3 hopefully pursuing a strategy here that will lead  
4 to -- that will realize some of the goals of the  
5 electricity resource plan, not to be confused with  
6 the Electric Reliability Project.

7           And the electricity resource plan, as  
8 many in the audience know, is a plan that was  
9 approved by Mayor Willie Brown and the board of  
10 supervisors at the end of 2002 which calls for  
11 sort of a comprehensive look at the City's energy  
12 resources going forward; and with the eye of  
13 ultimately coming up with enough combination of  
14 renewables, efficiency measures, along with  
15 limited new generation of the type that is  
16 hopefully less polluting than current inCity  
17 generation. With the idea of actually shutting  
18 down some of the older, if not all of the older,  
19 generating units currently located in San  
20 Francisco.

21           And so from the Mayor's perspective we  
22 are very much interested in seeing this process  
23 through, not only in this project, but all the  
24 plans and proposals that are embodied in the  
25 electricity resource plan.

1           And with that I won't go further. I do  
2 have to get to a public hearing but I will be back  
3 for the proceedings within probably an hour and a  
4 half or so, and look forward to hearing the public  
5 comment.

6           Thank you very much.

7           HEARING OFFICER VALKOSKY: Sir,  
8 Commissioner Geesman has a comment.

9           MR. BLOUT: Thought I could get away  
10 easy.

11           PRESIDING MEMBER GEESMAN: At the very  
12 beginning of this process I wanted to make as  
13 clear as I possibly can, as one of the two  
14 Commissioners sitting on this case, the role that  
15 I expect the City to play in that.

16           And that is as a vigorous sponsor of the  
17 project. I view our review function as one of  
18 applying the laws, ordinances, regulations and  
19 standards that currently exist to this project;  
20 and then a slightly broader environmental review  
21 required by CEQA.

22           But I don't see our role as branching  
23 beyond that. We have a lot of different views on  
24 energy policy that we've articulated in our  
25 Integrated Energy Policy Report last fall. I'm

1 proud to say that many of them are in complete  
2 conformity with the policy that the City  
3 historically has advocated.

4 And I salute the City for the leadership  
5 role that it has played in pursuing energy  
6 efficiency and renewable sources of energy to meet  
7 our supply needs.

8 But I don't want to leave anything  
9 unclear as it relates to broader policy questions.  
10 Those are between the City and its citizens. So  
11 that as members of the community express their  
12 views to us, to the extent that I think they go  
13 beyond the relatively narrow legal questions that  
14 we're called upon to resolve, you should let the  
15 Mayor know it's my intent to suggest that people  
16 take those questions up with their elected  
17 officials.

18 MR. BLOUT: Absolutely; I appreciate  
19 that clarification. Your charge is certainly  
20 narrowed prescribed in that sense. And there are,  
21 obviously, within this project, as well as the  
22 overarching plan that was passed by the board of  
23 supervisors at the end of 2002, policy decisions  
24 that go beyond the particular scope of this  
25 process.

1           There are certainly -- and I alluded to  
2           the community process that's going in parallel to  
3           this process, which is our own process. And  
4           certainly a lot of those questions will be vetted  
5           and dealt with in that context, as well.

6           And so, you know, I appreciate you  
7           clarifying for the record your role, and certainly  
8           know that the Mayor, and the community know that  
9           the Mayor is very interested in hearing the views  
10          from the community, from interested parties, from  
11          the intervenors on this project; and also from the  
12          other aspects of the project.

13          But I understand clearly that you have a  
14          relatively narrow charge here today. So, thank  
15          you for clarifying that. I'm sorry I was anxious  
16          to run out. I'm already late for my other public  
17          meeting. Are there any other questions today?

18          PRESIDING MEMBER BOYD: Just quickly to  
19          say that for your benefit, you probably know this,  
20          but more for the benefit of the audience, the  
21          Commission is reasonably up to speed on your  
22          electricity resource plan. Certainly Commissioner  
23          Geesman and I are, because we sit together on  
24          other committees.

25          Just yesterday Mr. Smeloff of the City

1 was in Sacramento before a hearing of a different  
2 committee that Commissioner Geesman chairs; and  
3 heard more about your plan. We've heard about it  
4 in the past. So I just want to indicate that  
5 we're very familiar with it and we understand how  
6 that relates to the project we're hearing today.

7 MR. BLOUT: Thank you.

8 HEARING OFFICER VALKOSKY: Thank you,  
9 sir. Okay, now if I could turn to staff for their  
10 presentation on the process and their role on the  
11 process. Mr. Pfanner.

12 MR. PFANNER: Thank you very much. My  
13 name is Bill Pfanner and I'm the Project Manager  
14 for the California Energy Commission.

15 In looking out in the audience I see  
16 there are a lot of faces of people that know as  
17 much, if not more, about the CEC's process than I  
18 do. And I also see some new faces who may not  
19 quite be familiar. So I'll try to give a  
20 broadbrush overview of the CEC's process, focusing  
21 on those points where citizens have an opportunity  
22 for input and to obtain more knowledge of the  
23 process.

24 First slide, please. The Energy  
25 Commission is the permitting authority of the

1 State of California and we regulate thermal power  
2 plants of 50 megawatts or greater and related  
3 facilities.

4 So, in a project such as the San  
5 Francisco Electric Reliability Project we're not  
6 just permitting the facility, itself, but any  
7 transmission lines, the water supply lines,  
8 natural gas lines, waste disposal facilities and  
9 any kind of access roads that would be associated  
10 with the project.

11 And the Energy Commission is the lead  
12 agency under the California Environmental Quality  
13 Act. So, the document we prepare is a CEQA  
14 equivalent document.

15 Next slide, please. We follow a three-  
16 step process, the first being the data adequacy;  
17 the second being the staff discovery analysis; and  
18 the third is the evidentiary hearings.

19 The data adequacy process we have  
20 completed, and that is where our technical staff  
21 reviews the application under our codes and  
22 regulations to insure that there's a minimum  
23 required information acceptable for us to permit  
24 the process. And we have deemed the application  
25 to be adequate for processing.

1           We are now in the staff discovery and  
2 analysis phase. And we have prepared a data  
3 request to the applicant of some approximately 100  
4 data requests that we have available at the table  
5 if you're curious to see what they are. And the  
6 applicant has 30 days to respond to that and to  
7 give the staff the detailed information that staff  
8 needs in order to do a thorough analysis.

9           We will be conducting workshops on this  
10 information and then staff will prepare its staff  
11 assessment.

12           The evidentiary hearing process, the  
13 third in the three-step process, involves the  
14 Committee holding its evidentiary hearings;  
15 Committee procedures to prepare the PMPD; and the  
16 actual Committee, full Commission making a  
17 determination on the project.

18           Next slide, please. The information  
19 requirements is step one. The energy facility  
20 siting regulation, Title 20, California Code of  
21 Regulations, section 1704, appendix B. The  
22 Executive Director's data adequacy recommendation  
23 is made in 30 days, and the data adequacy  
24 determination by the Commission is in 45 days.  
25 And that process has been completed.

1           Step two, determination that the project  
2           complies with laws, ordinances, regulations and  
3           standards, LORS, which is a term you'll hear  
4           through the Energy Commission's process. We  
5           conduct engineering and environmental analysis to  
6           identify issues, evaluate alternatives, identify  
7           mitigation measures and recommend conditions of  
8           certification.

9           We facilitate the public and agency  
10          participation; and the staff produces a  
11          preliminary staff assessment and a final staff  
12          assessment. Two other terms you will hear us  
13          referring to is a PSA and an FSA. And then we  
14          make the recommendation to the Committee.

15          Next slide, please. Under our  
16          environmental analysis we have a detail of staff  
17          of technical individuals that review the following  
18          topics: air quality, alternative sites,  
19          alternative technologies, biological resources,  
20          cultural resources, hazardous material management,  
21          land use, public health, socioeconomics, soils,  
22          traffic and transportation, transmission line  
23          safety and nuisance, visual resources, waste  
24          management, water resources, worker safety and  
25          fire protection.

1           And then under our engineering team we  
2 look at the efficiency of the project, facility  
3 design, geology, noise and vibration, reliability  
4 of the project, transmission system engineering  
5 and local system effects such as reliability,  
6 benefits, impacts of the project and coordination  
7 with the Cal-ISO.

8           Local, state and federal coordination is  
9 all part of the process. The CEC Staff will  
10 coordinate with the local, state and federal  
11 agencies. For example, on the local level we will  
12 be working with the City and County of San  
13 Francisco, the Bay Area Air Quality Management  
14 District, San Francisco Regional Water Quality  
15 Control Board, and, if necessary, BCDC.

16           State level such agencies as the  
17 Regional Water Quality Control Board, Air  
18 Resources Board, Cal-ISO. And at the federal  
19 level, U.S. Environmental Protection Agency.

20           And we have already sent out notice to a  
21 wide list of local, state and federal agencies  
22 making them aware of the project and asking for  
23 their response to staff on their input into the  
24 process.

25           This graphic shows how the staff

1 discovery and analysis process functions, with the  
2 CEC Staff preparing the staff assessment testimony  
3 being the hub of this process. And our  
4 interacting with the spokes of the public and  
5 intervenors, who have a link through the Public  
6 Adviser's Office -- and Margret Kim will be making  
7 a presentation later -- there's the applicant and  
8 there's the local, state and federal agencies. So  
9 all critical components feed into the staff's  
10 assessment and testimony.

11 Step three, the evidentiary hearing and  
12 decision. The Committee receives the testimony  
13 from the parties and the Committee issues the  
14 Presiding Member's Proposed Decision. And that's  
15 the PMPD. And it contains findings related to  
16 environmental impacts, public health, engineering  
17 and the project's compliance with LORS. It  
18 recommends conditions of certification; it  
19 recommends whether or not to approve the project.

20 And the full Commission makes the  
21 decision. The CEC monitors compliance with all  
22 conditions of certification for the life of the  
23 project. And that includes facility closure.

24 And here is a graphic showing the  
25 evidentiary hearing and decision process, with the

1 Committee and the proposed decision of the full  
2 Commission being the hub, the central factor here  
3 and making the final decision. And then the  
4 spokes, staff being one, the intervenors being  
5 another, public comments, the applicant and the  
6 agencies all feeding into the full Commission in  
7 their making the decision in the evidentiary  
8 hearing and decision process.

9           So, a bit about the public process. We  
10 have a very open public process with workshops and  
11 hearings that are noticed 10 to 14 days in  
12 advance. We have compiled mailing lists. In this  
13 project we have mailing lists not only of the  
14 property owners, but of all residents within a  
15 mile of the project and all businesses within a  
16 mile of the project. So we've gone as far as we  
17 can to try to get the word out to the community  
18 through our mailing lists of the project.

19           Documents are available for public  
20 review. They are at the San Francisco public  
21 libraries and Civic Center, Potrero and Bayview.  
22 And they're also at the state libraries in  
23 Sacramento, Los Angeles, San Francisco, San Diego,  
24 Fresno and Eureka. There's information also in  
25 the Energy Commission library in Sacramento; and

1 at our website, which is shown above. And at the  
2 dockets unit in Sacramento, which I can also  
3 provide your with information on how to obtain  
4 information through dockets.

5 So the ways that you may wish to  
6 participate. You can submit written comments or  
7 statements to the Commission. You can provide  
8 oral comments at public meetings. You can become  
9 a formal intervenor through contacting the Public  
10 Adviser's Office. And you can provide written  
11 comments directly to the Energy Commission through  
12 the preliminary staff assessment or the final  
13 staff assessment.

14 Contacts. Three levels of contact shown  
15 for you at the Energy Commission. Again, I'm Bill  
16 Pfanner and I'll gladly give you my card at the  
17 meeting's end. You can contact me directly; or  
18 you can contact the Hearing Officer, either  
19 Stanley Valkosky or Gary Fay, or through Margret  
20 Kim at the Public Adviser's Office.

21 And that concludes that part of the  
22 presentation.

23 HEARING OFFICER VALKOSKY: Thank you,  
24 Mr. Pfanner. Ms. Kim.

25 MS. KIM: Good afternoon; my name is

1 Margret Kim and, as introduced, I am the Energy  
2 Commission's Public Adviser. I am here with Mr.  
3 Mike Monasmith, our Associate Public Adviser.

4 I brought with me three handouts. And,  
5 Mike, you have the handouts over there. One on  
6 acronyms and definitions; one on Q&A, basically  
7 the process; and the third is when and how to get  
8 information on the project, and how to contact us.

9 I'm going to be very brief since Bill  
10 did such a wonderful and thorough job in  
11 explaining the process. But what I'm about to  
12 tell you is probably one of the most important  
13 things for you to remember. A couple of things.

14 One is what I do, and second, how you  
15 can participate. But before I begin I'd like to  
16 see a show of hands, how many of you have already  
17 participated in the Energy power plant siting  
18 process before? Thank you.

19 Back to what I do. I'm an attorney  
20 appointed by the Governor to advise both the  
21 Energy Commission, as well as the public, on the  
22 public participation process. Which means my job  
23 is basically to make sure that the members of the  
24 public are given opportunity to meaningfully  
25 participate.

1           The definition of public is rather  
2 broad. It not only includes individuals, but it  
3 can include organizations, other agencies.  
4 Therefore, I cannot represent you as your  
5 attorney, and I can't make any comments on any  
6 substantive issues. However, I can render  
7 independent advice and advocate points of process  
8 procedure. Which means I will be here to guide  
9 you through the legal process.

10           And I would be happy to set up a  
11 workshop, a legal workshop if that's what you  
12 would like.

13           You may be wondering, why do we want  
14 such input from the public; why do they even have  
15 a Public Adviser. You not only have a right to  
16 participate, but the Commission will just simply  
17 make better decisions because they will be better  
18 informed through you.

19           You may also be asking, well, would it  
20 make any difference. Can we possibly influence  
21 the decision. The answer is yes, you can.

22           So how can you participate. There are  
23 two ways for you to participate. One is by  
24 providing public comment; second is by intervening  
25 and becoming a party.

1           Let me briefly explain. When you just  
2 provide public comment, which we encourage you to  
3 do so, you can do this throughout the process. We  
4 obviously would want you to participate early on.  
5 What happens is your public comment will be  
6 docketed, and it will be made part of the  
7 administrative record. And if you show up at the  
8 hearing what will happen is if it's accepted by  
9 the Hearing Officer, it will be made part of the  
10 hearing record. Whatever you provided through the  
11 public comment can support or explain the  
12 decision.

13           Now, moving on to being an intervenor.  
14 Obviously you're a party, so that comes with  
15 rights and obligations. You have the right to  
16 offer testimony and exhibits under oath. And you  
17 have the right to file motions, briefs. And the  
18 evidence that you provide will provide the  
19 decision, itself, when the Commission makes, must  
20 be based on a party's evidence. So the evidence  
21 you provide can be that evidence.

22           Of course, it also comes with  
23 obligations and duties. You have to respond to  
24 any data requests, providing information. You may  
25 be subject to cross-examination. And you will

1 have to comply with filing and service, which  
2 means that you have to provide copies to all the  
3 parties whenever you make any filing.

4 If you feel that you qualify for  
5 financial hardship, however, you can petition and  
6 they will make the decision for you.

7 So, how can you intervene, if you so  
8 choose. I brought with me a sample form, a  
9 petition for intervention. So please feel free to  
10 approach me and I can share that with you; or call  
11 me; or email me.

12 And that basically concludes my  
13 presentation. I wanted to remind you, there's a  
14 blue card that Mike Monasmith has out there, and  
15 we would want you to please complete the blue  
16 cards if you have any public comments to make this  
17 afternoon.

18 Thank you.

19 HEARING OFFICER VALKOSKY: Thank you,  
20 Ms. Kim. Just for a point of clarification for  
21 the record, Ms. Kim, --

22 MS. KIM: Yes.

23 HEARING OFFICER VALKOSKY: Did your  
24 office undertake any supplemental noticing or  
25 public outreach procedures?

1 MS. KIM: Oh, yes, we did.

2 HEARING OFFICER VALKOSKY: Could you  
3 just summarize those very briefly for the record,  
4 please.

5 MS. KIM: I will do that. I'll have to  
6 go and read off the status report. I knew you  
7 were going to ask me that.

8 Do you want me to just read it off?

9 HEARING OFFICER VALKOSKY: Yeah, just  
10 summarize it briefly.

11 MS. KIM: Well, we basically  
12 participated in pre-informational hearing meeting;  
13 also, that would be with CBE and GreenAction, as  
14 well as two neighborhood associations. We had  
15 11,000 flyer inserts to be circulated by The San  
16 Francisco Examiner, to be published on June 8th,  
17 and again on June 12th. And we had mass email  
18 with informational hearing and site visit flyers  
19 to five organizations in the sector, as well as to  
20 The Independent.

21 HEARING OFFICER VALKOSKY: Okay. Thank  
22 you very much.

23 MS. KIM: Actually we filed this with  
24 dockets, so if anyone wanted to know exactly what  
25 sort of outreach we did undertake, they can take a

1 look at those.

2 HEARING OFFICER VALKOSKY: Great, thank  
3 you. Are there any questions for Mr. Pfanner or  
4 Ms. Kim before we proceed with the applicant's  
5 presentation?

6 Seeing no questions, Ms. Labonte, Mr.  
7 Marks.

8 MS. LABONTE: Good afternoon, everyone.  
9 Can everyone hear me okay? Yeah. My name is  
10 Julie Labonte. As I mentioned earlier, I'm with  
11 the San Francisco Public Utilities Commission. I  
12 assumed project management responsibilities for  
13 the San Francisco Electric Reliability Project.  
14 And I'll refer to the project as the SFERP from  
15 this point on, a little shorter.

16 I would like to begin by assuring  
17 Commissioner Boyd and Commissioner Geesman, as  
18 well as the CEC Staff, that the City team assigned  
19 to this project is looking forward and very much  
20 committed to working with you closely in the  
21 coming year as a part of the siting and licensing  
22 process for the SFERP.

23 The objectives of today's presentation  
24 by the City are to, one, present the team that the  
25 City has assembled for this project. Two, provide

1 the CEC and members of the community with a brief  
2 summary of the project need and objectives.

3 Three, update everyone on the current status of  
4 the project. And finally, to describe the City's  
5 plan for public outreach and stakeholder  
6 participation.

7 This slide shows some of the key  
8 department and offices that, as well as  
9 consultant, that will be involved in the SFERP.  
10 Jesse Blout, who spoke earlier, provides the high  
11 level project oversight and policy guidance, as  
12 well as assuming a leadership role in the  
13 negotiation of project transactions and financing.

14 Greg Asay, who is one of the two aides  
15 for Supervisor Sophie Maxwell, assists the team  
16 with policy decision and outreach to the district  
17 and community, which includes both the Bayview/  
18 Hunter's Point and Potrero neighborhoods.  
19 Unfortunately Greg couldn't be here today because  
20 we have a board of supervisors meeting this  
21 afternoon.

22 The PUC is the lead on the technical  
23 aspects of the project. And SFPUC Staff assisting  
24 me include Ralph Hollenbacher and Russell Stepp,  
25 who are both engineers. Why don't you both stand

1 up. As well as Jim Marks, who is in charge of  
2 project communication.

3 The Department of the Environment is the  
4 lead on the development of a mitigation program  
5 and community benefit package. Anne Eng to my  
6 right here oversee that effort with the assistance  
7 of Ina Shlez.

8 The Department of Public Health provides  
9 the required expertise in the evaluation of  
10 mitigation measures, as well as potential project  
11 impacts. Richard Lee from the Department of  
12 Public Health bring that expertise to the project.

13 Theresa Mueller and Jeanne Sole are the  
14 lead city attorneys involved in the project. They  
15 oversee all legal matters associated with the  
16 SFERP. Jeanne is right here and Theresa is in the  
17 back there.

18 Key consultant assisting us with the  
19 project include John Carrier in the CH2M HILL  
20 team. John is back here. Their focus is the  
21 environmental review process.

22 Steve Brock and the PD Power team  
23 provides engineering services. Is Steve in  
24 attendance today? No. And finally we have Steve  
25 DeYoung behind me who will be assisting us with

1 the CEC siting process. And, of course, we have  
2 our air quality expert in attendance, Gary  
3 Rubenstein.

4 The San Francisco electric resource plan  
5 that Jesse referred to, again, was approved in  
6 December of 2002 by the Mayor and the board of  
7 supervisor, and it outlined a strategy to close  
8 down the Hunter's Point Power Plant and old  
9 unreliable and polluting inCity generation.

10 It also set the City on a sustainable  
11 course that reduces reliance on fossil fuel,  
12 maintains reliability and improves air quality.  
13 The strategy outlined in the plan involves the  
14 development of new operationally flexible, natural  
15 gas fired generation resources in combination with  
16 the development of several other energy resources.

17 It is critical to recognize that the  
18 SFERP is only one element of a long-term,  
19 incremental, multifaceted approach that will  
20 assure reliable, affordable, sustainable and clean  
21 sources of electricity for current and future  
22 generations in San Francisco.

23 To successfully attain this goal the  
24 City must develop a comprehensive portfolio of  
25 resources; and the City is currently pursuing a

1 number of initiatives and program under each of  
2 the resource categories listed on the slide.

3 The SFERP will definitely reduce  
4 reliance on old polluting power plants in the  
5 Bayview/Hunter's Point and Potrero neighborhoods,  
6 and will compliment the City's effort to develop  
7 renewable energy resources, such as solar and  
8 tidal power, energy efficiency and conservation  
9 programs, as well as small-scale distributed  
10 generation.

11 So, in summary, again, the specific  
12 objectives of this projects are to first close  
13 older, more polluting, inCity generation. And  
14 two, maintain the City's overall electrical  
15 reliability. The incremental approach I referred  
16 to in the previous slide calls for the shutdown of  
17 the Hunter's Point Power Plant first. If the City  
18 is successful at shutting down San Francisco's  
19 oldest fossil fuel plant, we will focus on closing  
20 units at the Potrero Power Plant, with an emphasis  
21 given first to the shutdown of Potrero Unit 3.

22 To justify the need of the SFERP one  
23 must first answer the question why is inCity  
24 generation needed. As you know, the City is  
25 served by a combination of power imported over the

1 high voltage transmission system and by power  
2 produced directly here in the City by generation  
3 units.

4           Constraint and shortfalls exist with  
5 both inCity generation and the transmission  
6 system. Cal-ISO has indicated that both  
7 transmission and generation resources are  
8 necessary to insure electrical reliability in San  
9 Francisco. That is even if the City is able to  
10 secure additional transmission capabilities, some  
11 inCity generation will be required to insure  
12 reliability.

13           The number of constraints associated  
14 with the transmission system that supplies  
15 electricity to the Peninsula and San Francisco  
16 significantly impact the City's electrical  
17 reliability. And these constraints range all the  
18 way from restriction on the import capability into  
19 the Greater Bay Area, to capacity limitation on  
20 the 115 kV system in San Francisco.

21           Therefore, new generation is needed to  
22 reduce reliance on the existing, unreliable and  
23 old, polluting inCity generating units, which, by  
24 the way, are between 28 and 46 years old.

25           A recent study conducted by the City

1 compared their relative reliability of inCity  
2 generation units with other units within the Cal-  
3 ISO system. And that study showed that current  
4 inCity generating units are nearly three times  
5 more likely to be unavailable than average.

6 The siting of the SFERP has been a  
7 phased process. The first phase of the siting  
8 process, which was conducted in the last year,  
9 consisted of a thorough analysis of multiple site  
10 alternatives. Based on the information provided  
11 by Cal-ISO in April of 2003, which indicated that  
12 four combustion turbines had to be directly  
13 connected to the City's 115 kV transmission  
14 network, and that is in the City, north of the  
15 Martin substation.

16 The screening of potential sites focused  
17 on areas in the vicinity of the four existing 115  
18 kV substations that are located in the City.

19 A number of evaluation criteria were  
20 used to assess multiple sites, and I'll go over  
21 these criteria as part of the next slide. The  
22 first phase of the siting process resulted in the  
23 selection of the Potrero Power Plant as the  
24 preferred location for the siting of three CTs.

25 The Potrero site offers a number of

1 advantages associated with the land purchase  
2 agreement that the City's currently negotiating  
3 with Mirant. Namely, siting three CTs at the  
4 Potrero site would make the construction of a  
5 plant the size of Potrero 7 unfeasible at the  
6 current site.

7 The option agreements that we are  
8 negotiating requires that one, Mirant relinquishes  
9 its interconnection queue position upon CEC  
10 certification; and two, that Mirant permanently  
11 shut down Potrero Units 4, 5 and 6 as soon as the  
12 units are no longer needed to sustain electric  
13 reliability.

14 The second phase of the siting process,  
15 which was just initiated in April or late March,  
16 will be led, of course, by the CEC, the agency  
17 that oversees the licensing of new generation in  
18 the state. The CEC siting process will provide an  
19 indepth review of the environmental impacts of the  
20 project, mitigation options and alternatives to  
21 the projects as proposed by the City.

22 This slide lists the main selection  
23 criteria used in the first phase of the siting  
24 process. Again, to meet the project objectives of  
25 closing the Hunter's Point Power Plant, while

1 maintaining reliability, studies conducted by Cal-  
2 ISO indicated that some of the new generation had  
3 to be directly connected to the PG&E 115 kV  
4 electrical system north of the Martin substation.

5 Environmental justice was taken into  
6 account in the decision not to consider sites in  
7 the vicinity of the substation located in the  
8 Bayview/Hunter's Point neighborhood. It is  
9 important to note that the City recognizes that  
10 siting the new facility in the Potrero  
11 neighborhood, which is also located in the  
12 southeast sector of San Francisco, does involve  
13 some environmental justice issues.

14 The City is committed to address these  
15 issue through a meaningful mitigation program and  
16 community benefit package which will be discussed  
17 later in the presentation.

18 Of course, proximity to the electrical,  
19 natural gas and water supply infrastructure had to  
20 be considered to control project costs. And it  
21 should be noted at this point that following a  
22 settlement agreement with the Williams Energy  
23 Company for price gouging and market manipulation  
24 the City and the state entered into an  
25 implementation agreement and a power purchase

1 agreement, which sets forth terms for the  
2 reimbursement of reasonable development,  
3 construction and operation costs for this project.

4 And it should be noted that to insure  
5 reimbursement of these costs and minimize  
6 financial risk, the City, it is important that the  
7 state consider costs to be reasonable. Thus the  
8 need to carefully control project costs on this  
9 specific project.

10 The final criteria considered involved  
11 consistency with zoning requirements and existing  
12 landuse, as well as the availability of  
13 sufficient land area.

14 Now, these various criteria here led to  
15 the small number of sites options outlined in the  
16 AFC submitted to the CEC earlier this year.

17 This figure shows how some of the  
18 critical criteria that I just mentioned were used  
19 to narrow down potential sites for the SFERP. The  
20 City areas zoned as industrial are shown in green  
21 here, the shaded green area. The yellow dots show  
22 the location of the four existing 115 kV  
23 substation that are within City limits. And  
24 there's a red line there that shows the main  
25 natural gas transmission line.

1           Starting on the north side of the City  
2           the problem with the Larkin substation is the lack  
3           of land zoned as industrial in the vicinity of  
4           that substation. The problem with the Mission  
5           substation is the availability -- again, the  
6           issues with the Mission substation is the  
7           availability of sufficiently large land parcel  
8           greater distance to the natural gas transmission  
9           line, and confined space in a highly developed  
10          commercial area.

11          As I mentioned earlier, areas around the  
12          Hunter's Point substation were eliminated from the  
13          analysis due to environmental justice issues. We  
14          basically did not want to add to the large amount  
15          of industrial activities in the Bayview/Hunter's  
16          Point.

17          This left us with area surrounding the  
18          Potrero substation. The area, which is zoned as  
19          industrial, includes available parcel of  
20          sufficiently large size. It is in close proximity  
21          to the 115 kV electrical system, reliable natural  
22          gas infrastructure and water supply facilities.

23          This slide highlights the status of  
24          ongoing efforts and upcoming milestones associated  
25          with the SFERP licensing process. As mentioned

1 earlier, an AFC was filed with the CEC in mid  
2 March. The CEC found the application to be data  
3 adequate on April 21st, which officially initiated  
4 the one-year CEC licensing process.

5 It should be noted that the City will  
6 need to obtain an authority to construct permit  
7 from the Bay Area Air Quality Management District  
8 before it can initiate any construction  
9 activities. And this permit will be issued  
10 following the District's final determination of  
11 compliance and the CEC's final approval of the  
12 AFC.

13 The City's current project schedule  
14 calls for construction of the project beginning  
15 the second quarter of 2005. And the facility to  
16 be operational in the second quarter of 2006. It  
17 should be noted here that the second quarter of  
18 2005 marks the beginning of the engineering,  
19 procurement and construction work which involves  
20 the purchase of long lead time equipment. Actual  
21 construction activities are not anticipated until  
22 2005. And, again, this schedule is based on a  
23 one-year CEC process assumption. And it's a best  
24 case scenario schedule at this point.

25 The SFERP briefly consists, of course,

1 of the development, construction and operation of  
2 a 145 megawatt power plant. This slide shows some  
3 of the key components of the new generation  
4 facilities proposed by the City. The new  
5 generating facilities will include three natural  
6 gas fired General Electric LM6000 combustion  
7 turbine generators and the best available  
8 pollution control equipment and technologies.  
9 Each of the three generating units has a nominal  
10 capacity of 48 megawatts.

11 The SFERP will be interconnected with  
12 PG&E's existing 115 kV Potrero substation, which  
13 is just located adjacent to the power plant site.  
14 Natural gas for the SFERP will be delivered  
15 through a new pipeline that's approximately 250  
16 feet long that will connect to PG&E's San  
17 Francisco load center.

18 The SFERP will use recycled water to  
19 satisfy demands for process and cooling purposes,  
20 equipment wash and nonpotable water use such as  
21 toilet flushing. The recycled water will be  
22 produced onsite using a compact tertiary  
23 wastewater treatment facility. Untreated water  
24 collected directly from the City's combined sewer  
25 system will be pumped to the project site via a

1 one-mile-long pipeline.

2           The SFERP will offer increased  
3 operational flexibility and improved system  
4 reliability and better overall efficiency through  
5 three small units that have rapid startup  
6 capability. These units can be started up in  
7 approximately ten minutes, in comparison to 24  
8 hours for units such as the Potrero 3 and Hunter's  
9 Point 4. The SFERP can therefore respond quickly  
10 to electrical system load needs.

11           The new units will be much more reliable  
12 than the existing inCity generating units, which  
13 as mentioned earlier, are nearly three times more  
14 likely to be unavailable than average.

15           The new facility will employ the best  
16 available pollution control technologies designed  
17 to meet all the latest and more stringent  
18 standards required by the state and the Bay Area  
19 Air Quality Management District.

20           Specifically these control will include  
21 water injection for the combustion turbines;  
22 selective catalytic reduction system to control  
23 oxides of nitrogen emissions; and an oxidation  
24 catalyst system to control carbon monoxide and  
25 precursor organic compounds, that is POC

1 emissions.

2 The use of recycled water for the SFERP  
3 will minimize fresh water use and make use of  
4 combined wastewater flow that would otherwise have  
5 to be treated at the southeast water pollution  
6 control plant.

7 At this point I'd like to turn the  
8 microphone to Anne Eng from the Department of the  
9 Environment. And she will cover environmental  
10 justice issue, as well as mitigation.

11 MS. ENG: Thank you, Julie. Before I  
12 start my discussion on environmental justice I  
13 would like to invite my Director up to make a few  
14 comments, Jerry Blumenfeld, Director of the  
15 Department of the Environment.

16 MR. BLUMENFELD: I don't need to say  
17 anything (inaudible).

18 Hi, Commissioners. Thank you for  
19 coming, especially to this neighborhood house  
20 which has a long history of community involvement.  
21 We coauthored the electricity resource plan. And  
22 our main goal is to close down Hunter's Point  
23 Power Plant. That's why we all came around the  
24 table and said how are we actually going to  
25 achieve this with Cal-ISO.

1           So, our goal is to work with the  
2           community on a daily basis to determine -- there  
3           are a lot of tradeoffs. The community isn't  
4           necessarily thrilled about having fossil fuel  
5           generation in their community; but, at the same  
6           time, the community understands the ultimate need  
7           to close down Hunter's Point Power Plant as soon  
8           as possible.

9           So there are a lot of existing tensions.  
10          This isn't going to be the easiest project in the  
11          world, but we're going to work our hardest to make  
12          sure that the needs of the community are met head-  
13          on. And that by having an open and collaborative  
14          process I think we can engender the trust that in  
15          some communities, and even this one, has been  
16          missing between government and the communities.

17          So we're really here to work hard to  
18          make that bridge. And obviously, as you stated at  
19          the beginning, Commissioner Geesman, that isn't  
20          your responsibility. That will clearly be ours.

21          So, from an environmental justice  
22          perspective, reliability is the term that Cal-ISO  
23          points to as the thing that needs to be met.  
24          Reliability obviously has a lot of implications  
25          when it comes to the community.

1           So we want to work our hardest to make  
2           sure that the community gets the benefits  
3           directly. So we want to mitigate locally all the  
4           issues in terms of the particular matter, the NOx  
5           and the other criteria pollutants that exist.

6           We also want to do our best to monitor  
7           so that we understand the baseline that exists  
8           here, and to examine how, going forward, we can  
9           show the community that we've actually made a real  
10          and tangible difference on the ground.

11          So, just from a large macro perspective,  
12          we're working, in the last 16 months, we have a  
13          project that successfully got 6 megawatts of peak  
14          demand reduction. By this December we'll have a  
15          project that will get an additional 16 megawatts  
16          of peak demand reduction. We have a \$100 million  
17          solar bond initiative to put solar panels, as we  
18          have right out here on the Headstart program. We  
19          work with this community center so that the  
20          Headstart program gets no power from the grid, and  
21          all the power needs come from solar.

22          So, we really see this as part of a  
23          bigger package that we want the community to work  
24          hand-in-hand to kind of realize our energy destiny  
25          together. So, we really appreciate you coming

1 here. We really appreciate the advisers' input in  
2 terms of this is a very complicated legal process  
3 for most people. Most people don't want to come  
4 out for days on end. But the opportunity is  
5 what's important.

6 So we really want to work out,  
7 especially through this process, how we can engage  
8 the community in the ways that they see fit, as  
9 opposed to just what the process traditionally has  
10 done before.

11 So with that, Anne can talk through the  
12 specifics of what we want to do in terms of  
13 environmental justice and mitigation measures.  
14 Thank you for your time.

15 HEARING OFFICER VALKOSKY: Thank you.

16 MS. ENG: Thank you, Jerry. I'd like to  
17 start by just briefly talk about a little bit of  
18 history, just a brief summary here.

19 Environmental justice issues were raised  
20 in several energy proceedings in San Francisco  
21 spanning the last decade. In the mid 1990s AES  
22 proposed to build a 240 megawatt facility in this  
23 neighborhood. PG&E went through its divestiture  
24 proceedings before the California PUC in the late  
25 1990s.

1           At the turn of the century Mirant, as  
2     you know, went through a proceeding with its Unit  
3     7. And throughout those proceedings environmental  
4     justice issues were raised. Community residents  
5     were very vocal, and I think the CEC and the staff  
6     have learned quite a lot about environmental  
7     justice issues. We all have gained a better  
8     understanding of environmental justice issues.

9           City leaders, City policymakers, City  
10    staff are dedicated to promoting environmental  
11    justice. This project should result in a net  
12    benefit. I consider myself an environmental  
13    justice activist. I would not be sitting here and  
14    being a vigorous sponsor of this project unless I  
15    believe that we can actually get to a better place  
16    with this project.

17           And so let me just jump to more recent  
18    developments that the City has to demonstrate its  
19    commitment to environmental justice.

20           In May 2001 the San Francisco Board of  
21    Supervisors adopted a local ordinance, number 124-  
22    01, establishing a City policy for development of  
23    electricity generation facilities in the  
24    southeast. In that ordinance the board of  
25    supervisors found that southeast San Francisco has

1 a disproportionate number of industrial polluting  
2 facilities, including the City's major energy  
3 facilities.

4 This neighborhood also has a relatively  
5 high rate of childhood asthma and other serious  
6 respiratory diseases. And that this community  
7 where the majority of residents are people of  
8 color, are entitled to environmental justice.

9 The SFERP project team is committed to  
10 meeting the objectives of that ordinance; also  
11 known as the Maxwell ordinance. It basically is  
12 designed to minimize adverse impacts on the  
13 community.

14 The project here will support the  
15 objectives of that local ordinance by reducing NOx  
16 emissions in the City; facilitating the closure of  
17 the Hunter's Point Power Plant; supporting closure  
18 of the Potrero Power Plant Units. And as Julie  
19 mentioned earlier, we are negotiating with Mirant;  
20 we are working towards shutdown of the three  
21 diesel peakers currently owned and operated by  
22 Mirant. And we are also focusing on Unit 3.

23 The City is committed to minimize, as I  
24 said, any potential project impacts. And we will  
25 do this by a variety of measures. We will

1 incorporate design features to minimize adverse  
2 impacts. This will include use of best available  
3 control technologies. We will obtain local  
4 emission offsets, to the extent feasible, for NOx  
5 and POCs, precursors organic carbons.

6 We will develop a meaningful PM  
7 mitigation program and community benefits package.  
8 And I'll give you more details on that shortly.

9 And we will undertake local air quality  
10 monitoring in southeast San Francisco. Yesterday  
11 our agency, San Francisco Department of the  
12 Environment, working with California Air Resources  
13 Board and BAAQMD, Bay Area Air Quality Management  
14 District, launched a new air quality monitoring  
15 project in the Bayview area. It's called Bay  
16 Camp. We are working also with a community group,  
17 LEDGE, for environmental justice on that project.

18 So data started being downloaded  
19 yesterday from that monitoring station. It's the  
20 official launch date. And we'll have more  
21 publicity on that later. And I have sampling  
22 information, sampling plan information that we  
23 will be submitting to the CEC on that project.

24 We will continue to look at how we can  
25 expand monitoring in the southeast area and work

1 with Sierra Research on that project.

2 In terms of community input for the  
3 mitigation measures and the community benefits  
4 package, we will help facilitate community  
5 involvement by holding public workshops. We will  
6 organize, as you see, several meetings with key  
7 stakeholders. There's, as you know, many  
8 nonprofit groups in San Francisco, particularly in  
9 the southeast area. And we will basically go out  
10 and meet with PAC groups, RAV groups. I know they  
11 have all these acronyms, but basically several  
12 dozen groups that are established. And reach out  
13 to senior groups and mothers groups. A wide  
14 variety.

15 We will launch this project shortly. We  
16 have some dates set up for the public outreach and  
17 workshops. We will also coordinate our work with  
18 other City agencies. And this work will involve  
19 coordination, for example, with the Department of  
20 Public Health. And I'd like to introduce Richard  
21 Lee from the Department of Public Health, who  
22 would like to share a few words on his  
23 involvement.

24 MR. LEE: Good afternoon. I'm Richard  
25 Lee with the San Francisco Health Department. And

1 as we did for the San Francisco Energy Company and  
2 the Mirant Power Plant, we're going to comment on  
3 all the issues that could affect public health in  
4 the neighborhoods in San Francisco.

5 We have reviewed several of the topics  
6 already for the AFC, including air quality, public  
7 health, haz materials, hazardous wastes and noise.  
8 And we look forward to working with the CEC Staff  
9 on these issues.

10 We've had a lot of experience working  
11 with CEC Staff, Tuan Ngo, Dr. Greenberg and Mike  
12 Ringer. And I know they're really open in terms  
13 of our ideas of how to improve air quality and  
14 public health. We did it before. Things never  
15 progressed to the point where the project ever  
16 happened, but we had some ideas for how we could  
17 improve air quality and public health.

18 We're also going to provide comments to  
19 you on the community benefits package. And I'd  
20 just like to say now is that we're open to  
21 anything that would improve the general overall  
22 public health of the community.

23 I'd like to discuss, there's one project  
24 that we're involved with now. And this is a  
25 contract we have with housing contractors in San

1 Francisco to actually improve people who have  
2 asthma, to try to reduce asthma in their homes.

3 One of the things we do is we're trying  
4 to reduce sources inside the home. We're trying  
5 to remove carpets where it might exacerbate the  
6 current asthma they have, and getting rid of it.  
7 And hopefully that will reduce their problems.

8 So, we're looking at those types of  
9 programs that might be able to help public health  
10 of San Francisco.

11 Right now I'd like to introduce Jim  
12 Marks, who is going to finish up.

13 MR. MARKS: Thank you, Richard. My part  
14 of this presentation will be brief. I just want  
15 to outline a couple of the steps that we are  
16 taking in terms of implementing public outreach  
17 and involvement in this project.

18 Our first project mitigation workshop is  
19 scheduled for Tuesday, July 13th at 6:00 p.m.  
20 It's going to take place right here in this room,  
21 Potrero Hill Neighborhood House. Now, this  
22 workshop is intended to be what I would call a  
23 "roll up your sleeves" workshop where people get  
24 together in small groups to discuss and develop  
25 their ideas about potential elements of a

1 mitigation program and a community benefits  
2 package.

3 Now, some members of the public have  
4 already commented that to the fact they do not  
5 want to simply reinvent the wheel. There has  
6 already been significant input on that. And  
7 certainly we will be providing all that we have  
8 heard in the past on this subject so the people  
9 already have something to start from.

10 There are flyers announcing this  
11 workshop out on the sign-in table, so you can get  
12 those flyers out there.

13 Also I'd like to note that Gary  
14 Rubenstein, who was introduced by Julie awhile  
15 ago, he's the air quality expert from Sierra  
16 Research. He will be providing a presentation on  
17 air quality monitoring at the June 24th power  
18 plant task force meeting which will be held at  
19 4:00 p.m. at City Hall, Room 408.

20 So how do you get involved. Well, we  
21 are encouraging members of the community to  
22 actively participate in both the California Energy  
23 Commission's siting process, as well as the City's  
24 public involvement process. And I know you've  
25 received this information before, but I'll repeat

1 it.

2 The CEC siting process involves public  
3 workshops and formal hearings. And to find out  
4 how to be involved in that, again the CEC's Office  
5 of the Public Adviser. And you have the phone  
6 number and the email address that you can use to  
7 be in touch with the Public Adviser.

8 For the program, the public outreach and  
9 involvement program that the City of San Francisco  
10 is pursuing, we are going to focus on the  
11 development of the mitigation program and  
12 community benefits package. And the person  
13 responsible for carrying out that program is  
14 myself, Jim Marks. My phone number is here, 554-  
15 3237. You also see my email address,  
16 jmarks@sflower.org. And, in fact, when I get to  
17 the last slide here, then I come up in really big  
18 print. So I figure I have this big target painted  
19 on me, and you can go ahead and start shooting.

20 So, with that I'd like to bring this  
21 presentation to a close. And I don't know if you  
22 have anything else to add, Julie?

23 MS. LABONTE: No.

24 MR. MARKS: Okay.

25 MR. STEPP: I have something to add.

1 That's my telephone number.

2 (Laughter.)

3 MR. MARKS: No, you're 3267, aren't you?

4 MR. STEPP: 3267.

5 MR. MARKS: Yeah, this is 37.

6 MR. STEPP: Close enough.

7 (Laughter.)

8 MR. MARKS: So if you want to get

9 Russell, you can do that, too.

10 HEARING OFFICER VALKOSKY: Mr. Marks,  
11 how do you publicize the City workshops?

12 MR. MARKS: We are going to publicize  
13 them through first of all direct mail, involving  
14 both carrier route drops, as well as a list that's  
15 been compiled, for instance, from San Francisco  
16 Environment from previous activities that were  
17 carried out in relation to power projects, such as  
18 the Mirant 7 project.

19 We are also going to be placing both ads  
20 and background stories in neighborhood newspapers  
21 as well as other publications in the City in order  
22 to make sure not only that the affected area, that  
23 is the southeast, is well aware of this process,  
24 but also, in fact, that other persons in San  
25 Francisco are aware of it, since, in fact, this

1 project actually affects the interests and well  
2 being of the entire population of the City.

3 HEARING OFFICER VALKOSKY: I take it  
4 those ads will have the correct phone number?

5 MR. MARKS: I believe so, yes.

6 HEARING OFFICER VALKOSKY: Okay.

7 (Laughter.)

8 MR. MARKS: That is the correct phone  
9 number.

10 HEARING OFFICER VALKOSKY: Okay, right.

11 MR. MARKS: That's my number.

12 HEARING OFFICER VALKOSKY: Yeah, okay.

13 Ms. Labonte, what stage of negotiation with Mirant  
14 are you at?

15 MS. LABONTE: I couldn't speak to that,  
16 but I would prefer relaying this to our attorney,  
17 who's actually involved with the negotiations.

18 HEARING OFFICER VALKOSKY: Certainly.  
19 Identify yourself and spell your last name,  
20 please.

21 MS. SOLE: This is Jeanne Sole from  
22 the --

23 PRESIDING MEMBER BOYD: You have to come  
24 to the table.

25 MS. SOLE: Jeanne Sole from the City

1 Attorney's Office. The City concluded a term  
2 sheet which set out the key business terms with  
3 Mirant. I believe that was on April 30th, it's  
4 dated.

5 And we're in the process of finalizing  
6 the details of an option agreement. We have  
7 gotten very close. There's the added complication  
8 with Mirant that they're in bankruptcy, and so we  
9 need to have an agreement that will be approved by  
10 the Bankruptcy Court. We've gotten some late-  
11 breaking input from the bankruptcy creditors that  
12 we are addressing at this time.

13 And our hope continues to be to conclude  
14 an agreement within the next week or two. That  
15 agreement will have to be approved by the San  
16 Francisco Public Utilities Commission and the  
17 Mirant Bankruptcy Court.

18 So we're trying to address the issue as  
19 quickly as we can, given the constraints that we  
20 also have to deal with the Bankruptcy Court.

21 HEARING OFFICER VALKOSKY: Okay, so  
22 realistically we're looking at, again ballparking  
23 it, two or three months out, something like that?

24 MS. SOLE: We're hoping to conclude the  
25 key terms of the agreement sooner than that, but

1 in terms of the approval of the Bankruptcy Court  
2 that might be a couple of months out.

3 HEARING OFFICER VALKOSKY: Okay. Thank  
4 you. Ms. Labonte, you mentioned that you're  
5 negotiating with Mirant about shutting down Units  
6 4, 5 and 6. Could you explain a little bit more  
7 of that?

8 MS. LABONTE: That is actually one of  
9 the key terms in the terms sheet that was signed  
10 by both Mirant and the City. And Jeanne could  
11 give more details on that as far as exactly how  
12 it's-- are you interested in the details?

13 HEARING OFFICER VALKOSKY: No, I'm more  
14 interested in who makes the decision on whether  
15 it's okay to shut down those units.

16 MS. SOLE: That would be Cal-ISO.

17 HEARING OFFICER VALKOSKY: And take them  
18 offline.

19 MS. LABONTE: Yeah, the idea is we all  
20 understand that these units are subject to an RMR  
21 contract, and so we're stating that when the ISO  
22 makes the determination that the units can be  
23 released from their RMR contracts, then Mirant  
24 would agree to shut them down.

25 HEARING OFFICER VALKOSKY: Okay, thank

1 you. Are there any questions from the audience  
2 for representatives of the City?

3 Okay.

4 MS. GEORGE: I have --

5 HEARING OFFICER VALKOSKY: I'm sorry,  
6 please approach the microphone. And if you could  
7 identify yourself for the record and spell your  
8 last name, please.

9 MS. GEORGE: My name is Barbara George,  
10 and it's spelled just like the man's name George.  
11 And I'm with Women's Energy Matters. And my  
12 question is for the City agencies and also for Mr.  
13 Pfanner.

14 I spoke to each of them, I spoke to SF  
15 Commission on the Environment Policy Committee; I  
16 spoke to or sent a email to Mr. Smeloff who is not  
17 here today. I don't know if he's still part of  
18 this or not. And I also spoke to Mr. Pfanner at  
19 length about this.

20 I asked whether the lists, the sign-up  
21 lists from the meetings that were held last year  
22 were notified about the CEC process. And what I  
23 found was that they were not. And instead they  
24 used an ancient list from the very beginning of  
25 the Mirant process. And so we have people on

1       there whose addresses are long dead. I mean the  
2       addresses are dead, not the people.

3               But that the actual lists of the sign-  
4       ups at the meetings last year, and there were six  
5       hearings that were held by the SFPUC in the City.  
6       They were well attended. And people who were at  
7       those meetings were not on the list.

8               And that is a concern that I expressed  
9       to all three of the parties, the SFPUC, SFE and  
10      Mr. Pfanner. And I have not received any more  
11      information about what happened to my request.

12              Because my request was somebody should  
13      find those lists --

14              HEARING OFFICER VALKOSKY: Right.

15              MS. GEORGE: -- and use them. And this  
16      was many months ago. And I have seen absolutely  
17      no progress on that. I did get the list, which  
18      was sent out, and that's how I know how old it  
19      was.

20              HEARING OFFICER VALKOSKY: Mr. Marks,  
21      can you respond? Or Ms. Labonte?

22              MS. LABONTE: That concern was never  
23      related to me directly, but I certainly take it  
24      now. And we'll make sure we follow up on it.

25              I did provide the CEC with a list, two

1 lists. There was one list that was provided to me  
2 by the Office of Supervisor Maxwell, which  
3 includes a number of active community  
4 organizations in District 10. I wanted to make  
5 sure that we were going to reach out to these  
6 various groups.

7 And the other list was a list that was  
8 provided to me by the PUC that was compiled based  
9 on past outreach efforts on power projects. If  
10 you review that list and feel like -- if you  
11 review the overall list and feel that we did not  
12 have everybody on there I can go back and make  
13 sure. I will check with Jim Marks here, that, you  
14 know, our internal database of stakeholders is  
15 complete and reflects all participants in previous  
16 outreach efforts.

17 I mean, believe me, you know, my intent  
18 is to include as many people as possible. And I  
19 appreciate that you were diligent enough to really  
20 check it out and find out that, you know, in fact,  
21 it's not as complete as it should be. And --

22 MS. GEORGE: Well, I'm concerned that  
23 your department and SFE and Bill Pfanner, all of  
24 whom I notified, all of whom I requested to  
25 correct this problem, did not respond. The list

1 of the people who attended the peaker meetings was  
2 not used. Those names are not in your list. And  
3 I want to know why.

4 MS. LABONTE: Well, --

5 MS. GEORGE: I mean I don't understand  
6 it. There were meetings that were held. People  
7 spent their days going to these meetings, and they  
8 were just ignored when it came around to this  
9 project. We're not talking about the Mirant  
10 project. We're talking about this --

11 MS. LABONTE: No, I understand --

12 MS. GEORGE: -- project. Doesn't that  
13 seem like it should be used?

14 MS. LABONTE: No, I mean it makes a lot  
15 of sense that if we initiated some outreach  
16 effort, you know, in the past year on this  
17 project, that we would keep the same people  
18 informed. I couldn't agree with you more.

19 MS. GEORGE: Well, I believe it's  
20 illegal for you not to inform people who have  
21 expressed interest. That's a civil rights  
22 violation to have people who have been to  
23 meetings, who have signed up on lists, for them to  
24 be ignored is a violation of civil rights laws.  
25 They are not being allowed to participate.

1           So, that's my first legal problem with  
2 your proceeding here.

3           HEARING OFFICER VALKOSKY: Well, I think  
4 the response was, if I can paraphrase you, Ms.  
5 Labonte, is that you will, in fact, verify your  
6 lists for those individuals.

7           MS. GEORGE: I'd like to know when. As  
8 I said, this is months ago. This is at least --

9           HEARING OFFICER VALKOSKY: Okay.

10          MS. GEORGE: -- two months ago that I  
11 went through this process. I don't know where  
12 those lists are. Ms. Eng was at the meeting where  
13 I brought it up initially, the policy meeting --

14          HEARING OFFICER VALKOSKY: Okay, we --

15          MS. ENG: And I tried --

16          MS. GEORGE: -- and there was no action  
17 taken. I think this is an out --

18          HEARING OFFICER VALKOSKY: Okay, ma'am,  
19 we understand the question. If you could just  
20 give us an indication of when the lists would be  
21 updated, a general indication.

22          MS. LABONTE: Jim is informing me here  
23 that within a week he should be able to update  
24 that list. And that updated list will be provided  
25 to the CEC.

1 HEARING OFFICER VALKOSKY: Fine, thank  
2 you.

3 MS. ENG: Make sure we get her address.  
4 Is it your Sacramento address we should put on the  
5 list, Barbara?

6 HEARING OFFICER VALKOSKY: Why don't you  
7 do this off the record, Ms. Eng.

8 Are there any other --

9 MS. GEORGE: -- San Francisco now, and  
10 you have my current address.

11 HEARING OFFICER VALKOSKY: Are there any  
12 other public comments? Ma'am. Again, identify  
13 yourself and spell your last name, please.

14 MS. LEE: My name's Mishwa Lee, L-e-e.  
15 Yes, it's M-i-s-h-w-a, and my last name's Lee,  
16 L-e-e. And I'm a resident, and I also work in the  
17 94124 area code, Bayview/Hunter's Point.

18 And I have a question for Commissioner  
19 Geesman. I understood you to say that you were a  
20 vigorous proponent of this project when you were  
21 speaking to the --

22 PRESIDING MEMBER GEESMAN: No.

23 MS. LEE: Did I misunderstand you?

24 PRESIDING MEMBER GEESMAN: No, I said I  
25 expect the Mayor's Office to be a vigorous sponsor

1 of the project.

2 MS. LEE: Okay, then I misunderstood  
3 you, because it sounded to me like you were saying  
4 that you were a vigorous proponent, and I was  
5 concerned about that because I thought that the  
6 purpose of this hearing was to gather input from  
7 the public and --

8 PRESIDING MEMBER GEESMAN: That --

9 MS. LEE: -- so it felt to me like your  
10 mind was already made up on this project. Okay.

11 PRESIDING MEMBER GEESMAN: You won't  
12 hear my opinion for another nine or ten months.

13 MS. LEE: Okay, good. I'm glad that I  
14 clarified that. I was very concerned that I was  
15 here for no purpose.

16 HEARING OFFICER VALKOSKY: Additional  
17 comments, Ms. George?

18 MS. GEORGE: Yes, I had a totally  
19 different question. My other question has to do  
20 with the alternative locations that were studied.  
21 I'd like to know why the airport location was not  
22 studied.

23 I'd also like to know why there was  
24 never any effort to look at locations that were  
25 not in southeast San Francisco. The entire

1 southeast San Francisco has very high rates of  
2 asthma, cancer and other diseases. And I was told  
3 that there was not the gas infrastructure, for  
4 instance, to out to the Marina or the Presidio.  
5 But, the gas infrastructure could be built. And a  
6 place where there's plenty of infrastructure is  
7 the airport.

8           And there is a project already there.  
9 There was another project approved for that site,  
10 which I believe would indicate that this would be  
11 much easier to site there.

12           And for some reason there hasn't been a  
13 proposal to site anything at the airport. And I'd  
14 like to know why.

15           MS. LABONTE: We actually did look at  
16 the airport and are actually proposing to site one  
17 of the three CTs at the airport. The issue why --  
18 my presentation went over the various criteria  
19 that were used to narrow down the list of options.

20           The issue with siting more units at the  
21 airport is, again, the primary objective of this  
22 project is to close down the Hunter's Point Power  
23 Plant. And based on the information provided by  
24 Cal-ISO to this date it has been indicated that we  
25 need the generation north of the Martin

1       substation.

2                 We have letters from Cal-ISO that  
3       currently show that three -- letters and testimony  
4       that shows that three CTs north of the Martin  
5       substation would be sufficient to close Hunter's  
6       Point Power Plant. But we do not have any type of  
7       assurances that it could be done with less  
8       generation in the City.

9                 As far as extending infrastructure to  
10       locate the facility out, you know, away from the  
11       existing substation or natural gas, again I  
12       explained there are some financial constraints  
13       associated with our agreements with the state.  
14       The only way the City will be reimbursed for its  
15       development, construction and operation costs is  
16       if the state finds these costs to be reasonable.

17                And the City, including the board of  
18       supervisors, undertook this project with the  
19       understanding that the financial risk to the City  
20       should be minimized.

21                So, again, financial constraints and  
22       objectives for electrical reliability and the  
23       closure of old generating facilities is what  
24       narrowed down the choices, unfortunately, to the  
25       southeast sector of the City.

1 HEARING OFFICER VALKOSKY: Thank you.

2 Sir.

3 MR. MOSS: Yeah, actually I'm Stephen  
4 Moss, I'm with the San Francisco Community Power  
5 Cooperative. I just had a followup question to  
6 that.

7 Because, Julie, you brought up this  
8 financial analysis. I just wanted a piece of  
9 information. We have a memo that the City wrote  
10 in January of 2004 indicating its risk analysis  
11 for the site at 4th and Jesse, and comparing it to  
12 the Potrero site.

13 And we've been examining that analysis  
14 and it's kind of interesting to us. I'm just  
15 wondering, was that the only analysis conducted  
16 based upon -- comparison of risk analysis of the  
17 potential sites at 5th and Jesse and at the  
18 Potrero site, one.

19 And two, was there any economic cost  
20 effectiveness analysis done between those two  
21 sites? Because the risk analysis did not  
22 represent a cost effectiveness analysis. It was  
23 simply a what's the least risk for the City.

24 MS. LABONTE: I saw some communication  
25 about this for the first time this morning, and I

1 have to admit that I'm not in the position right  
2 now to tell you if the decision. You know, my  
3 understanding is the issues with the NRG site was  
4 that only one turbine could be sited at this very  
5 confined site, and that, two, it was significantly  
6 more costly.

7 But I will follow up on that specific  
8 question. I'm not sure if anybody, you know, if  
9 Russell or Ralph would be in a position -- I think  
10 what we should do at this point is review the memo  
11 and get back to you specifically on that.

12 HEARING OFFICER VALKOSKY: Okay, I  
13 assume you'll get back to Mr. Moss within the next  
14 week or so.

15 MS. LABONTE: Okay.

16 HEARING OFFICER VALKOSKY: Okay. Sir.

17 MR. CARNEY: Okay, my name is John  
18 Carney and I live on Potrero Hill here.

19 HEARING OFFICER VALKOSKY: Could you  
20 spell your last name, sir?

21 MR. CARNEY: C-a-r-n-e-y. I was at a  
22 meeting a year ago when they talked about the  
23 Jesse site. And I don't know why you people don't  
24 know why you dropped it because it was announced  
25 in the newspaper two weeks ago that you were

1 dropping the site.

2 I think you guys are just playing games  
3 on us. And you've been doing this for years. And  
4 I think you've got a serious problem. Your staff  
5 doesn't have any credibility with the neighbors.  
6 And I think you've got a real serious problem.

7 You know you do have a big substation  
8 down in Embarcadero Center. Why couldn't you put  
9 down the generating plants down there; and it's  
10 actually state land right next door to it. I  
11 don't think you looked at all the sites.

12 HEARING OFFICER VALKOSKY: Do you have  
13 any comment or not?

14 MS. LABONTE: I don't have any  
15 additional comments.

16 MR. CARNEY: I mean it's been a big run-  
17 around, you know, we've had these hearings and  
18 you're going through exactly the same thing. And  
19 everybody is sort of putting their head in the  
20 dirt and saying, oh, we didn't do it.

21 The only way I knew about this meeting  
22 was because I was on the power plant. Your lists  
23 are not up to date.

24 HEARING OFFICER VALKOSKY: Understand  
25 your perspective, sir. Anything else for

1 applicant? Nothing. Ms. George.

2 MS. GEORGE: There are a number of  
3 things that are changing rapidly in the  
4 transmission picture. And one of the things that  
5 we learned just a couple weeks ago that PG&E and  
6 the ISO Staff have an agreement in writing -- I  
7 have a copy of it -- that the operations  
8 requirement for inCity generation is reduced from  
9 400 megawatts to 200 megawatts.

10 And the reason for that is that they  
11 used to need Hunter's Point Power Plant to be  
12 available when they did this rather rare project,  
13 which was washing salt water off the insulators at  
14 the substation in San Mateo.

15 And that, as far -- I mean Manjo Young  
16 at PG&E said this is ridiculous to have to keep  
17 the power plant available for this one thing,  
18 which appears to be the thing that they, you know,  
19 really need it for. And they said that they can  
20 just replace that with materials that don't need  
21 washing, which they have done.

22 And so there is an agreement now that  
23 there is no need for 200 megawatts of generation  
24 in San Francisco -- no need for 400; they've  
25 reduced it by 200. That's one issue.

1           The other issue has to do with the big  
2           transmission proceedings, the Jefferson-Martin  
3           transmission proceeding, which I'm sure you've  
4           heard about. My organization, Women's Energy  
5           Matters, is an intervenor in that proceeding, and  
6           have followed it very closely.

7           One of the odd things about Jefferson-  
8           Martin is that the ISO studies that were done to  
9           support the project all came out saying, guess  
10          what, it's going to cause congestion and reduce  
11          the power available to the City unless certain  
12          other transmission upgrades are done. It reduces  
13          power and ISO states that in the Jefferson-Martin  
14          documents that it will reduce power by minus-25,  
15          minus-70 megawatts.

16          And the City actually has a document,  
17          which ISO participated in, which says that it's  
18          going to cause congestion up to 350 megawatts of  
19          congestion in San Francisco.

20          Now, this won't be fixed by other  
21          transmission upgrades immediately. It wouldn't be  
22          fixed until 2008 by upgrades that PG&E originally  
23          proposed for 2011; now they've moved that back to  
24          2008.

25          But I have a question. If there's such

1 a shortage of power in San Francisco, it seems  
2 very odd that people are not concerned that the  
3 Jefferson-Martin line reduces the power. You'd  
4 think that that would be a big issue to make sure  
5 those other upgrades are done ASAP. But there's a  
6 strange lack of interest in that problem, which I  
7 found very puzzling, very confusing.

8 It's obviously confusing to say you're  
9 going to build a gigantic transmission line and  
10 then it's going to reduce power. That's sort of  
11 counterintuitive. So a lot of people just, you  
12 know, can't even digest this information.

13 There is another piece of information  
14 about the transmission system that we uncovered  
15 while we were studying the Jefferson-Martin  
16 project. Actually we originally discovered it as  
17 part of the energy efficiency work that we've been  
18 doing. And I'll get into that later.

19 But, the transmission system in San  
20 Francisco consists of two different systems. One  
21 is the 115 kV older system. And then on top of  
22 that there is a 230 kV, two transmission lines  
23 that go from Martin right down to the downtown  
24 Embarcadero substation. They carry 900 megawatts.  
25 The entire City's use is only 900 megawatts.

1           So the downtown area, approximately 225  
2 megawatts, is served by these large transmission  
3 lines. And the 115 kV network serves everything  
4 else.

5           So you have to divide the power needs in  
6 San Francisco over those two systems. And you get  
7 a completely different picture about the  
8 reliability issues.

9           Now, I'm not saying there isn't a  
10 question of a constraint below San Francisco,  
11 between San Mateo and Martin. It certainly  
12 doesn't exist right now. There's plenty of  
13 capacity for now.

14           There's a question which has been  
15 addressed in the Jefferson-Martin proceeding about  
16 how much, going forward, how soon you start to run  
17 into a problem there.

18           But there's a timing question about  
19 transmission -- there's two transmission projects  
20 that are competing right now. I'm sure you've  
21 heard of the Babcock and Brown project, which  
22 wants to go across the BART tunnel. And is a  
23 merchant project; therefore doesn't have to go  
24 through the CPUC. Therefore it might beat the  
25 Jefferson-Martin line if it's approved. And that

1 would carry a lot more power than Jefferson-Martin  
2 line. It would carry something like 700 megawatts  
3 versus supposedly eventually in 2011, if  
4 everything is fixed, then Jefferson-Martin is  
5 supposed to bring in 350 megawatts.

6 So there's those two things that are  
7 competing with this project. So, the question we  
8 have is which one -- do we really need all of  
9 them. Why aren't we considering what is the need  
10 and how it's going to be filled and when is it  
11 actually needed. And as far as WEM is concerned,  
12 the energy efficiency option is the one that has  
13 never been considered.

14 And I had a question for you, Mr.  
15 Geesman. You mentioned earlier that you want to  
16 make a narrow definition of what is considered  
17 from the CEC's point of view, and it's the legal  
18 issues. And so, I want to know, is the IEPR and  
19 the energy action plan prioritizing of energy  
20 efficiency. Is that a legal issue? Are those  
21 legal documents or are those just policy matters?

22 PRESIDING MEMBER GEESMAN: I would  
23 expect that this Committee would follow the  
24 policies that the Integrated Energy Policy Report  
25 laid out.

1 MS. GEORGE: All right, well, in that  
2 case, energy efficiency would beat all of these  
3 projects both in price and in the delivery of  
4 megawatts if anything is actually needed.

5 And I also want to point out, Hunter's  
6 Point is closed today. It's broken. It was  
7 closed six months last year. It was broken. It  
8 is not needed, really is not needed. And WEM is  
9 part of a lawsuit, civil rights lawsuit, at the  
10 FERC that names the City and the ISO, PG&E on  
11 environmental justice grounds for not having  
12 closed the power plant already.

13 It's obviously very handy when PG&E or  
14 the City or Mirant or anybody wants to propose a  
15 new project for San Francisco, they always talk  
16 about the poor people in Bayview/Hunter's Point,  
17 you need to close that power plant. Isn't it  
18 amazing that it never closes down.

19 HEARING OFFICER VALKOSKY: Any further  
20 comments on applicant's presentations?

21 Okay, with that we'll move to the next  
22 part of the proceeding, which involves the issues  
23 identification report and the proposed schedule.

24 I think the documents fairly well speak  
25 for themselves. I would just like staff to

1 quickly summarize what it sees as the major issues  
2 for concern and offer any comments it may have  
3 upon the applicant's proposed schedule.

4 MR. PFANNER: Very good. Okay, staff  
5 has prepared an issues identification report. I  
6 do have a copy here for the front desk, if anyone  
7 wants a copy. And there are copies at the desk on  
8 the outside.

9 The purpose of the issues identification  
10 report is for staff to give a current view of the  
11 project as we understand it, after having reviewed  
12 the AFC, after having listened to some community  
13 outreach and tried to give an idea of what the  
14 issues are.

15 The purpose is to inform participants of  
16 potential issues. It provides an early focus and  
17 allows for resolution of issues. And the criteria  
18 that we use for the issues identification report  
19 is looking at impacts that may be difficult to  
20 mitigate, any noncompliance problems with the  
21 LORS, potentially contentious issues, impacts that  
22 could result in schedule difficulties, and  
23 concerns to the community.

24 We have conducted an informal exchange  
25 last week, meeting with community groups. Let's

1 go to the next slide. We met with CBE,  
2 GreenAction, the Potrero Boosters Neighborhood  
3 Association, the Dogpatch Neighborhood  
4 Association. We have a scheduled meeting with the  
5 Bayview/Hunter's Point Neighborhood Association  
6 next week. And we're open to small information  
7 exchanges with any groups that would like to  
8 express their concerns and help us to focus our  
9 document.

10 And in our meeting with the community  
11 groups we've identified in air quality concerns  
12 that there are local -- where the location of  
13 monitoring stations would be located for air  
14 quality analysis. Cumulative impacts to air  
15 quality with and without the Hunter's Point  
16 project. Concerns of wanting local mitigation  
17 measures and air quality mitigated at 120 percent  
18 ratio. And the issue of SCONOx versus SCR in  
19 terms of the ammonia use and the impacts on air  
20 quality. The applicant has proposed SCR; we're  
21 looking at the options of SCONOx and how that  
22 might be used to mitigate impacts.

23 Under health issues the community as  
24 discussed asthma, breast cancer rates, senior  
25 citizen mortality rates, child hospitalization

1 rates. They're concerned about the cumulative  
2 impact and the disproportionate impact on the  
3 community. And the health vulnerabilities to the  
4 community from past exposures to toxins.

5 Cultural resources. Concerns about the  
6 preservation of the historic structures in the  
7 community. Land use, conflicts between new  
8 residential and industrial uses, and increased  
9 traffic noise and PM10 impacts.

10 Safety issues regarding the storage and  
11 transporting of ammonia. Water resources,  
12 existing subsistence fishing in the area, and any  
13 potential discharges to the Bay and what impacts  
14 that may have.

15 Next slide. Concerns of the need for  
16 the project. What's the City's energy plan. What  
17 are the local benefits of this. And looking at  
18 project alternatives. They are concerned, as  
19 we've heard discussed here today. Looking at  
20 location, other parts of the City where it might  
21 be located. Where is the fourth combustion  
22 turbine going to be located and how will that  
23 impact this project.

24 Alternative technologies, how will that  
25 be considered. The precautionary principle of if

1 we are not certain what the impact is that the err  
2 should be on the side of caution and there should  
3 not be further environmental degradation. The  
4 closure of Hunter's Point; and the closure of  
5 Potrero Unit 3.

6 Now, those issues were -- we met last  
7 week and before we had met with the community the  
8 issues identification report was prepared and that  
9 had to be ten days minimum publication before  
10 this. So, most of the issues that the community  
11 addressed are also inside our staff issues  
12 identification report. And I'll try to just not  
13 read this, but just go over the issues so that  
14 people will know the kinds of issues that we're  
15 looking at.

16 Under air quality we are looking at the  
17 monitoring of air quality and, again, the  
18 community has expressed concern of dispatch hours  
19 and appropriate locations. And we will be working  
20 with the community and the Bay Area Air Quality  
21 Management District to develop air quality  
22 monitoring strategy that will most accurately  
23 reflect the existing air quality setting and the  
24 potential for air quality impacts resulting from  
25 the project.

1 Cumulative impacts. The community's  
2 concerned about the project. Staff will address  
3 this concern by preparing cumulative air quality  
4 impact, addressing existing air quality setting  
5 plus increased impact to air from associated --  
6 that would be associated with the project. Plus  
7 the impacts of Hunter's Point and the impact if  
8 the Hunter's Point project is not closed.

9 And staff has identified a concern with  
10 construction PM10 and PM2.5 modeling results.  
11 That is the particulate matter. And air quality  
12 modeling predicts that there are potential impacts  
13 that would be greatest along the fenceline of the  
14 facility. And since the public has access up to  
15 the property line, additional mitigation measures  
16 beyond those proposed in the AFC may be required.  
17 Those are construction impacts.

18 Public health. We've identified air  
19 quality impacts from the generation of the power  
20 plant. Staff assessment will assess potential  
21 public health concerns including identification of  
22 any studies conducted on public health impacts in  
23 the region. Those will be studies regarding  
24 asthma, leukemia, breast cancer and identify  
25 existing patterns and help to identify potential

1 impacts on public health.

2 Concerns have been expressed by members  
3 of the community that potential air quality  
4 impacts could exacerbate the known health  
5 problems, including asthma rates in children, and  
6 specific mitigation measures have been requested  
7 by the community to address impacts to air quality  
8 with a program that is implemented locally. So  
9 they don't want to see our mitigation measures  
10 that are going to benefit some other community;  
11 they want to insure that they are local in nature.

12 Hazardous materials. The transport of  
13 hazardous materials is a concern. Specifically  
14 impact from the transport of aqueous ammonia. And  
15 staff will assess potential impacts and explore  
16 measures to mitigate any significant or adverse  
17 impacts.

18 And concern about the use of treated  
19 wastewater. There's going to be a wastewater  
20 treatment facility onsite, and treated wastewater  
21 will be used for cooling. And concern has been  
22 raised, will that cause any local public health  
23 impacts. Staff will address the potential impact  
24 as well as analyze whether there would be any  
25 secondary impacts to the community directly

1 adjacent to the project or any near the southeast  
2 wastewater treatment plant facility.

3 Under the topic of land use, conflicts  
4 may arise between new housing proposed in the  
5 community. We have the draft central waterfront  
6 neighborhood plan, the Dogpatch community plan,  
7 Potrero neighborhood plan and the expansion of  
8 long established industrial uses such as the power  
9 plant.

10 So current and draft land use plans  
11 encourage new residential development, as well as  
12 other industrial uses. Staff will need to analyze  
13 conflicts between existing residential and  
14 industrial and new residential proposed in the  
15 area, and industrial facilities.

16 For noise the project would increase  
17 potentially noise levels in the project area. And  
18 staff will evaluate existing and proposed land  
19 uses; determine if there are potentially  
20 significant impacts to any sensitive receptors.

21 Next slide, cultural resources. There  
22 are two structures on the site that are eligible  
23 for California Register of Historic Resources.  
24 And staff will have to evaluate potential impact  
25 associated with the project and see if there are

1 any mitigation measures that would be feasible.

2 Environmental justice. Staff has  
3 determined that a minority population within six  
4 miles of the proposed project site is greater than  
5 50 percent. And therefore staff will consider  
6 environmental justice in the staff assessment.

7 The Energy Commission's functionally equivalent  
8 CEQA process for power plant siting includes  
9 extensive public outreach, opportunities for  
10 public participation and a thorough analysis of  
11 direct, indirect and cumulative impacts and  
12 identification of appropriate local mitigations in  
13 each of the technical areas.

14 Project need. As was expressed by the  
15 meeting with the community, whether the project is  
16 really needed in San Francisco. Staff will  
17 complete a transmission engineering analysis of  
18 the site to determine the local transmission  
19 system effects of placing the power plant at the  
20 Potrero site. And this will be coordinated with  
21 the Cal-ISO.

22 The closure of Hunter's Point is project  
23 objective. And although it's unlikely that the  
24 Commission could condition the approval of the  
25 SFERP on the closure of Hunter's Point, staff will

1 coordinate with Cal-ISO and PG&E for its thorough  
2 understanding of what generation units and/or  
3 infrastructure improvements must be available  
4 before Hunter's Point could be closed.

5 And then under alternatives, staff will  
6 assess proposed project impacts; determine if  
7 their significance; and identify any ways of  
8 avoiding or mitigating significant impacts. Staff  
9 will analyze a reasonable range of alternative  
10 sites and technologies that are capable of meeting  
11 most of the basic objectives of the project, and  
12 would reduce or avoid any significant adverse  
13 impacts.

14 We expect to review a range of site  
15 alternatives such as the San Francisco Airport  
16 site; transmission system expansions as an  
17 alternative; alternative technologies; the Mirant  
18 Potrero Unit 7 project in lieu of the proposed  
19 project; and a no-project alternative.

20 So we are looking at an analysis and  
21 coordination of the merits of the alternatives.  
22 And if an alternative site is found that is  
23 preferable to the proposed project site for lack  
24 of impacts, it's important to note that the Energy  
25 Commission lacks the authority to require the

1 project to be built at the alternative site.

2 Feasible alternatives, however, could be  
3 an important factor in the Commission's decision  
4 on whether or reject or approve the proposed  
5 project.

6 HEARING OFFICER VALKOSKY: Mr. Pfanner,  
7 you have your heading project need. Since we  
8 don't do need in the classic sense anymore, I take  
9 it that's really a transmission system evaluation?

10 MR. PFANNER: That's correct.

11 HEARING OFFICER VALKOSKY: Okay.

12 MR. PFANNER: It would be under the  
13 heading of the transmission system engineering.

14 HEARING OFFICER VALKOSKY: All right,  
15 thank you for that clarification. Does applicant  
16 have any response to Mr. Pfanner's recitation of  
17 potential issues?

18 MS. LABONTE: I think Mr. Pfanner  
19 presented a fairly extensive and broad range of  
20 issues that we understand we need to deal with.

21 HEARING OFFICER VALKOSKY: Okay, thank  
22 you. Mr. --

23 MR. CARNEY: When will the report be  
24 available --

25 HEARING OFFICER VALKOSKY: I'm sorry,

1 Mr. Carney, we can't -- the reporter can't hear  
2 you unless you're at the microphone.

3 MR. CARNEY: John Carney again. I have  
4 really two questions. When will this report be  
5 available to the public? And will it be sent to  
6 all the people who are here?

7 MR. PFANNER: Are you asking about the  
8 preliminary staff assessment?

9 MR. CARNEY: No, I want the final  
10 report, whatever you're going to put together,  
11 which was supposed to have been in this package.

12 MR. PFANNER: Okay, if we look at the  
13 schedule, we're looking at getting a preliminary  
14 staff assessment out in September. Just in  
15 looking at the schedule here we're at the point  
16 right now of the Committee Informational Hearing  
17 and Site Visit, which is the fifth item down on  
18 the line.

19 We will be holding in July data response  
20 issue resolution workshops. And the agencies  
21 would be getting all their information to us. And  
22 we would be looking at the preliminary staff  
23 assessment in September.

24 The next step beyond that is that the  
25 staff would conduct workshops on the PSA and we

1 would have our final staff assessment November 19,  
2 2004.

3 MR. CARNEY: When will a copy -- maybe  
4 it's not your final draft, of this report be  
5 available?

6 MR. PFANNER: When you say report, are  
7 you asking the --

8 MR. CARNEY: What you're going to do and  
9 all this work that you have lined up for yourself.

10 MR. PFANNER: The preliminary staff  
11 assessment we're looking at September; and the  
12 final staff assessment we're looking at November.

13 MR. CARNEY: Now, are you willing to  
14 send this to everybody who is here?

15 HEARING OFFICER VALKOSKY: Sir,  
16 typically those are sent to those that have  
17 formally intervened in the process and are a  
18 party. If you would like a copy that can be  
19 arranged through Ms. Kim or a commitment from Mr.  
20 Pfanner, so that when it is available it will be  
21 sent to you.

22 MR. CARNEY: Okay, thank you.

23 HEARING OFFICER VALKOSKY: Okay. Ms.  
24 George.

25 MS. GEORGE: Hi. Mr. Pfanner. Do you

1 remember the conversation we had on the phone?

2 HEARING OFFICER VALKOSKY: Ma'am, could  
3 you speak up. I don't think anyone can hear you.

4 MS. GEORGE: I said -- I guess there's  
5 this other -- I don't know what the problem is.

6 Mr. Pfanner, you remember our  
7 conversation, right?

8 MR. PFANNER: Yes, I do.

9 MS. GEORGE: Okay. And I noted that you  
10 came into town last week or whenever it was, a  
11 couple weeks ago. And I did hear about your  
12 visit. But I didn't hear from you.

13 And I notice on your list up there that  
14 you had CBE, GreenAction, didn't catch all of the  
15 other names. Are you aware that those  
16 organizations are funded by the San Francisco  
17 Department of the Environment?

18 MR. PFANNER: No, I'm not.

19 MS. GEORGE: I think it's significant  
20 that the organizations that you contacted were  
21 strictly people who have a constraint on them as  
22 far as their participation in this proceeding,  
23 which is they need to stay on good terms with the  
24 Department of the Environment.

25 MR. PFANNER: Well, I wasn't aware of that.

1 MS. GEORGE: Okay. And I think I gave  
2 you my phone number. And, gee, you never called  
3 me. Just makes me feel bad.

4 MR. PFANNER: Well, as I said earlier,  
5 we're happy to meet with anyone that would like to  
6 meet with us.

7 MS. GEORGE: Okay, well, I just am  
8 surprised I'm not on your list after the  
9 conversation that we had, which was all about  
10 being on lists.

11 And I also work with the Community First  
12 Coalition in Bayview/Hunter's Point. I live in  
13 San Francisco now for everybody's information. I  
14 no longer live in Sacramento. I was just too busy  
15 working on issues in this community.

16 But I also work on the energy efficiency  
17 proceeding at the CPUC, as I believe I told you.  
18 And I notice when you told the list of the  
19 alternatives that you were looking at, that energy  
20 efficiency did not come up. And I find that very  
21 unsettling. And I certainly would have discussed  
22 that with you if we had met.

23 And I want to know if that is, in fact,  
24 one of your alternatives or if it's not.

25 MR. PFANNER: I would be happy to sit

1 down and talk to you about this. I can't comment  
2 right now exactly what every alternative is going  
3 to be. We do have a wide variety of alternatives  
4 that will be considered; and we will happily  
5 discuss it with you.

6 MS. GEORGE: Okay, well, I don't know  
7 whether you're all aware that the energy  
8 efficiency world is changing dramatically. There  
9 is a proceeding that's been going on for three  
10 years and it's looking at new administrative  
11 structures for energy efficiency in California.

12 And one of the things that WEM has been  
13 exposing is the problems with past administration  
14 of energy efficiency which does not guarantee  
15 energy efficiency for the money that's spent.  
16 However, the program that we're proposing would  
17 not pay out unless the energy savings are actually  
18 achieved. And that they are proven based on the  
19 best information about what the savings actually  
20 are.

21 And I want to point out that there was a  
22 comment earlier by Mr. Blumenfeld about the City's  
23 project with the Department of the Environment,  
24 this very department that funds these other  
25 people, is also part of a pilot program of

1 partnership between PG&E and the City of San  
2 Francisco, the Department of the Environment.

3 PG&E is in charge of this program. And  
4 this was the program that was supposed to get 16  
5 megawatts of energy efficiency. We have the top  
6 residential energy efficiency contractor in the  
7 country working as WEM's technical expert on this  
8 question.

9 And he has entered into testimony the  
10 myth of utility cost effectiveness. And he has  
11 also entered in the analysis of several, actually,  
12 of the San Francisco peak energy pilot programs,  
13 which showed very clearly that the project is,  
14 about half of it is phantom savings and other  
15 parts of it will only last for a year.

16 So essentially they are not reliable.  
17 And one of the things that I think ISO is  
18 concerned about is getting reliable electricity.  
19 And this is why my organization is struggling to  
20 make energy efficiency as clearly reliable as the  
21 power that comes out of a power plant.

22 And we believe that it's necessary to  
23 get these programs away from the utilities, who  
24 have a huge conflict of interest with energy  
25 efficiency, in order to do that.

1           However, I would note that there is a  
2           huge new budget for energy efficiency that the  
3           procurement budget of the utilities, which is  
4           added on top of the public goods charge money.  
5           And they have the option of using that money  
6           wherever they want. And PG&E could spend that  
7           money right here in San Francisco, \$75 million.  
8           They get 75, even PG&E could get 75 megawatts of  
9           power reduction. They could get 150 if they did a  
10          decent job.

11           But basically that money, that's one  
12          year's allocation. So we could be getting huge  
13          amounts of energy efficiency. And I point that  
14          out because in the Jefferson-Martin proceeding,  
15          for instance, the Aspen contractor/consultant on  
16          the EIR just said, oh, gee, you know, you can't  
17          get much out of energy efficiency, a little solar  
18          here and there, I mean let's not even count that.  
19          Let's not even bother.

20           But this City has a program with  
21          community choice and the solar bond measures to  
22          get even more energy efficiency and renewable  
23          energy. We're looking at a 350 megawatt program  
24          over the next five years for energy efficiency and  
25          renewable energy.

1           And I find it just really upsetting that  
2           the peaker opportunity, it's called, came along.  
3           Here are these free gas-fired power plants. Let's  
4           take a look at those. And let's not even bother -  
5           -

6           HEARING OFFICER VALKOSKY: Ma'am, you'll  
7           see the results of the staff analysis, and you'll  
8           see applicant's direct evidence in future  
9           proceedings. I'm not sure that this is the time  
10          to make your case on efficiency --

11          MS. GEORGE: Well, I just want to get  
12          some information in the beginning of the process  
13          so that it's looked at. Because I know once the  
14          staff has done their work they don't want to go  
15          back and do it over again.

16          HEARING OFFICER VALKOSKY: Okay, and --

17          MS. GEORGE: I'm putting it out there  
18          for them to do it first, to take a look at these  
19          issues before they take a look at other issues,  
20          which is what is supposed to be happening,  
21          according to the energy action plan, the IEPR. Is  
22          that they're supposed to look at energy efficiency  
23          opportunities first.

24          And I -- you know, there's been a lot of  
25          power plant siting cases and transmission siting

1 cases, and I go in and I say what about energy  
2 efficiency. And they say, oh, we're not going to  
3 talk about that here, you go someplace else and  
4 talk about that.

5 And that's what I'm saying. There was a  
6 big article in the -- well, there was two  
7 articles; The New York Times and The Wall Street  
8 Journal yesterday both had articles. One was  
9 about the oil reserves, which weren't real. And  
10 the other one was about the problem with natural  
11 gas.

12 So, we're getting ourselves more deeper  
13 and deeper into bed with natural gas. We are  
14 setting ourselves up for a tremendous problem in  
15 the future.

16 So when you're looking at the financial  
17 viability of this project, I think you have to  
18 take that into account first of all. And, you  
19 know, as I said before, and as everybody says  
20 except nobody acts on it, energy efficiency is the  
21 cheapest, quickest power supplies available. So  
22 why aren't we looking at them?

23 MS. PIERCE: Good afternoon. Karen  
24 Pierce, P-i-e-r-c-e. And I want to commend the  
25 staff on that last report. It seems really clear

1 that the staff learned a lot through the Mirant  
2 process. And we learned a lot, too, from the  
3 community side.

4 But I think that you've done a fairly  
5 good job of identifying the issues that will be  
6 coming up through this process, and I commend you  
7 for that.

8 I also want to take a second to just  
9 respond to something that Ms. George said, and it  
10 keeps coming up, and this issue about the  
11 organizations that have been funded by the  
12 Department of the Environment. And it really is a  
13 nonissue. It's bringing up something that if you  
14 have the full facts you'll realize is not an  
15 issue.

16 The state required PG&E to pay \$13  
17 million in mitigation money a number of years ago  
18 in order to move forward on closing the Hunter's  
19 Point Power Plant. That funding went through the  
20 state and came to the City.

21 Community residents didn't have any say  
22 in where that money was going to be housed. We  
23 did have a lot of say in shaking that money loose  
24 from the City. And requiring them to put it into  
25 programs that would be run by community agencies

1 and community residents, rather than the City  
2 using that money and deciding for themselves how  
3 that \$13 million would be used to further the  
4 mitigation that the state recognized was necessary  
5 for all of the previous years that the Hunter's  
6 Point Power Plant had been running.

7 The City put that money in the SFE, the  
8 San Francisco Environment, over the objection of  
9 many of us. However, they made a stipulation that  
10 the funding had to be used for programs that would  
11 lead to the closure of the Hunter's Point  
12 Shipyard.

13 I wear many hats and you'll see me up  
14 here a number of times. And I will be introducing  
15 myself in different capacities, depending on who I  
16 am representing at that time. Right now I'm  
17 representing three organizations from  
18 Bayview/Hunter's Point. One of those is a  
19 recipient of one of those grants that was referred  
20 to.

21 We received \$1.3 million from the  
22 Department of the Environment to do a solar panel  
23 project. We trained ten young people from  
24 Bayview/Hunter's Point, all of whom have a long  
25 history of difficulty with employment. We got

1 seven of them into unions.

2 I laughed a little bit earlier because  
3 channel 7 is running a story on our program this  
4 afternoon. We have completed installing solar  
5 panels on ten homes in Bayview/Hunter's Point,  
6 free of charge to the residents who own those  
7 homes. Most of the people who will receive these  
8 are people who lived in Bayview/Hunter's Point for  
9 30-plus years. And, in fact, the first people who  
10 got it have lived in Bayview/Hunter's Point for  
11 50-plus years.

12 When we complete our project we will  
13 have placed solar panels on 40 residences, two  
14 churches and a senior citizens apartment complex.  
15 So far the households that are up and running are  
16 able to generate more than 50 percent of their  
17 electricity needs with our panels.

18 So, the fact that the City got the money  
19 and ran it through one of their departments should  
20 not be the issue. The issue should be what are we  
21 doing with that. And that leads me, again, to  
22 some comments Ms. George made, because I agree  
23 with her that another issue is, in fact,  
24 conservation; reduction of our reliance on power  
25 generation, especially inCity power generation.

1       Whether it's in this City and in my neighborhood  
2       or in some other city.

3               Power plants should not be placed in  
4       residential areas. And I think you can all agree  
5       with that. That makes common sense. And that's  
6       the reason why there's this long list of  
7       considerations that we will continue to bring up  
8       throughout this process.

9               The organizations that I represent are  
10       not convinced that we need these three peakers for  
11       reliability. And we need the City to really  
12       convince us of that before we can stand up and say  
13       that we support this.

14              I appreciate your listening to me.  
15       Sorry for that long explanation, but I think it's  
16       really important that you know that that funding  
17       went to some programs that really are working  
18       toward the closure of Hunter's Point Shipyard.  
19       And I appreciate and hope that you will do  
20       everything you can to help us shut that down and  
21       get the shutdown of the Potrero old plants on the  
22       same track. Thank you.

23              HEARING OFFICER VALKOSKY: Thank you,  
24       Ms. Pierce. Mr. Boss.

25              MR. BOSS: My name is Joe Boss,

1 B-o-s-s. I did want to make a comment. Not  
2 everyone gets money from CEC or PG&E or the City  
3 or the department, this, that or the other thing.

4 You know, I spend hundreds of hours  
5 literally working on power issues, as an  
6 intervenor in the Mirant case, and in this case as  
7 an intervenor on this project.

8 There is a passion to get things right.  
9 And I think that that's why we're here. And I  
10 have to commend that little community meeting that  
11 I did attend, and I'm glad that I was on that  
12 list, identifying the key issues. And there are  
13 thousands of other little issues that we're going  
14 to have to discuss.

15 But I think that this process is  
16 starting out so much better than any of the other  
17 processes I have been involved in. And I just  
18 wanted to comment that I think the staff's doing a  
19 great job. Thank you.

20 HEARING OFFICER VALKOSKY: Thank you,  
21 Mr. Boss. Your comments are appreciated.

22 Anything else?

23 Okay, just as we get close to the end,  
24 Mr. Pfanner, if you could, on your proposed  
25 schedule, focus on items 6 through 9. Are the

1 dates for the data responses and the workshops set  
2 in stone, or are those merely --

3 MR. PFANNER: Not set in stone.

4 HEARING OFFICER VALKOSKY: -- close to  
5 the -- okay. And, next, is your actual concern  
6 the actual date that the PDOC, for example, comes  
7 out. Or is it the fact that staff typically  
8 requires 30 days after a PDOC to do a PSA?

9 MR. PFANNER: Well, as we know, we try  
10 to do a schedule that is responsive and efficient.  
11 And that there are many factors that are out of  
12 our hands in terms of preparing of a preliminary  
13 staff assessment, the final staff assessment and  
14 the ultimate approval of the project.

15 We have put down here as a date, looking  
16 at getting the comments back from the Bay Area Air  
17 Quality Management District for the PDOC of August  
18 19th. We know that is very optimistic. But that  
19 is in the schedule that we need to comply with the  
20 one-year project.

21 We will do everything we can to get the  
22 Bay Area Air Quality District to comply with that.  
23 But we can't force them to comply with that. So  
24 this is a best case scenario that we prepared.

25 HEARING OFFICER VALKOSKY: Right. So

1 basically it would be safe to say that the PSA  
2 would be out 30 days after the PDOC is issued, is  
3 that correct?

4 MR. PFANNER: Correct.

5 HEARING OFFICER VALKOSKY: Okay, thank  
6 you.

7 Ms. Labonte, I notice in the applicant's  
8 proposed schedule you indicate that the PDOC, or  
9 your schedule would have the PDOC out about a  
10 month in advance of the date staff views as  
11 already an optimistic schedule. Do you have any  
12 indication as to whether the District has  
13 committed to this, or --

14 MR. RUBENSTEIN: Mr. Valkosky, Gary  
15 Rubenstein with Sierra Research.

16 No, we don't have a commitment from the  
17 District. From the District's perspective, we  
18 believe that this is a fairly simple project. The  
19 issues that have been raised today regarding air  
20 quality are not related to the District's  
21 determinations, but to mitigation and community  
22 issues.

23 Ninety days for a project of this  
24 simplicity for the District is something that I  
25 think is not unreasonable.

1 I do agree with your statement earlier,  
2 though, that the key precept here is that the PSA  
3 would come out 30 days after the preliminary  
4 determination of compliance is issued.

5 We certainly intend to work with the Bay  
6 Area District to try to meet that mid July date  
7 that we have in our schedule.

8 HEARING OFFICER VALKOSKY: Okay, but  
9 again, there is no commitment, so that's your  
10 intention -- intended date?

11 MR. RUBENSTEIN: That's correct.

12 HEARING OFFICER VALKOSKY: Okay, thank  
13 you. Ms. Labonte, does applicant have anything to  
14 add on scheduling matters?

15 MS. LABONTE: I personally don't. Let's  
16 see if someone else on my team does.

17 MS. SOLE: I think, Your Honor, that we  
18 would like to have a schedule that is prompt, but  
19 we also understand the need to fully flesh out the  
20 issues. When we prepared our schedule we tried to  
21 eliminate additional time where we didn't think it  
22 would intervene with that objective of thoroughly  
23 fleshing out the issues.

24 And, again, with regards to the PDOC, we  
25 thought, well, you know, let's push for the best.

1 And then if that's not possible, we understand  
2 that there's some slippage. But to put in  
3 additional time just because there could be  
4 additional slippage to begin with, you know, would  
5 definitely result in delays.

6 HEARING OFFICER VALKOSKY: Okay, thank  
7 you. Does applicant have anything to add in terms  
8 of closing? In terms of closing, anything else  
9 you'd like to say?

10 MS. LABONTE: No. I guess I'd like to  
11 reiterate the fact that the City team is looking  
12 forward to working with all of you very closely in  
13 trying to resolve and work out, work through the  
14 various issues associated with this project.

15 HEARING OFFICER VALKOSKY: Thank you.  
16 Does staff have any closing comments?

17 MR. PFANNER: (Negative head nod.)

18 HEARING OFFICER VALKOSKY: Now, do any  
19 of the intervenors have anything to add to this  
20 proceeding? Is there any member of the public who  
21 wishes to comment further?

22 Seeing no responses, okay.

23 Well, I thank you all for your  
24 attendance and participation. And with that,  
25 we're adjourned. The Committee will issue a

1 scheduling order by the end of the month.

2 (Whereupon, at 5:27 p.m., the hearing  
3 was adjourned.)

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## CERTIFICATE OF REPORTER

I, ALAN MEADE, 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  
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