

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

In the Matter of:                     )  
                                              )  
Application for                         )  
Certification for the                 ) Docket No. 99-AFC-8  
BLYTHE ENERGY PROJECT             )  
(Blythe Energy, LLC)                 )  
\_\_\_\_\_ )

BLYTHE CITY HALL - ADMINISTRATION  
COUNCIL CHAMBERS  
235 N. BROADWAY  
BLYTHE, CALIFORNIA

THURSDAY, MAY 4, 2000

9:13 A.M.

Reported by:  
Valorie Phillips  
Contract No. 170-99-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

William Keese, Presiding Member

STAFF PRESENT

Edward Bouillon, Jr., Hearing Officer

Lisa De Carlo, Staff Counsel

Lance Shaw, Project Manager

REPRESENTING THE APPLICANT

John P. Grattan, Attorney  
Grattan and Galati  
Renaissance Tower  
801 K Street, Penthouse Suite  
Sacramento, CA 95814

Thomas L. Cameron, Project Manager  
Bob Looper, P.E., Project Director  
Blythe Energy  
101 E. Hobsonway, Suite C  
Blythe, CA 92225

ALSO PRESENT

James H. Charters, Planning Manager  
Western Area Power Administration  
Desert Southwest Region  
615 S. 43rd Avenue  
P.O. Box 6457  
Phoenix, AZ 85005-6457

Nicholas Chevance  
Western Area Power Administration  
Corporate Services Office  
12155 W. Alameda Parkway  
P.O. Box 281213  
Lakewood, CO 80228-8213

Jeffrey Harvey, Ph.D.  
Greystone Environmental Consultants, Inc.  
650 University Avenue, Suite 100  
Sacramento, CA 95825

ALSO PRESENT

Les Nelson, City Manager  
City of Blythe

Robert Crain, Mayor  
City of Blythe  
Chairman, Mojave Desert Air Quality Management  
District

Roy Wilson  
County Board of Supervisors  
Mojave Desert and South Coast Air Quality  
Management Districts

Charles "Butch" Hill  
Assistant City Manager

David Avila, Captain  
Riverside County Fire Department

Quenton Hanson  
Palo Verde Community College

Gretchen Jessup  
Blythe Ambulance Service  
President, Chamber of Commerce

Ivan Murray, Public Information Officer  
Palo Verde Community College District

Charles Van Dyke, President  
Palo Verde Irrigation District Board

Virgil Jones, Board of Directors  
Palo Verde Irrigation District

Christine Herron

Charles Grotre  
Blythe City Council

Noel Muyco  
Sempra Energy

Angie Patel  
Board of Directors, Chamber of Commerce  
Best Western Sahara Motel Owners

Pat Wolfe, Blythe Airport

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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9:13 a.m.

PRESIDING MEMBER KEESE: Good morning.

This is an informational hearing conducted by a Committee of the California Energy Commission on the proposed Blythe Energy Project.

The Energy Commission has assigned a Committee to conduct these proceedings. And before we begin we will introduce ourselves, the Committee Members, and others, to you.

I'm Bill Keese, Chairman of the California Energy Commission. And I will be one of the two Commissioners on this Committee. To my left is my Hearing Officer Ed Bouillon, who will be conducting most of the activity.

Commissioner Robert Laurie, who is the Associate Member on this Committee, could not be here this morning, but will be joining us in the other events in this proceeding.

Blythe Energy filed an application with the Energy Commission to obtain a license to build and operate the Blythe Energy Project, a proposed power plant facility near the City of Blythe.

The purpose of today's hearing is to provide information about the proposed power

1 plant, and to describe the Commission's licensing  
2 process in reviewing the application.

3 Although it will be described in more  
4 detail later, I should mention here that this is a  
5 process that will be jointly conducted with the  
6 Western Area Power Administration, Western, who  
7 sits here to my right. And I'd like the Western  
8 representative to introduce himself and his role  
9 at this time.

10 MR. CHEVANCE: Good morning, my name is  
11 Nick Chevance. I'm the Environmental Project  
12 Manager for Western Area Power Administration.  
13 I'm currently out of Lakewood, Colorado.

14 And to my right is Jim Charters.

15 MR. CHARTERS: I'm the Planning Manager  
16 for Western's Desert Southwest Region. And we're  
17 the people doing the planning for the  
18 interconnection.

19 PRESIDING MEMBER KEESE: Thank you.  
20 Recognizing this is Blythe the jacket's coming off  
21 right away.

22 (Laughter.)

23 PRESIDING MEMBER KEESE: At this time  
24 I'd like the parties to introduce themselves. For  
25 the applicant, Mr. Grattan, who do you have? And

1 we're going to have to use mikes, please. This  
2 mike, I would think we're like you to use this  
3 mike, which is both recording and --

4 MR. GRATTAN: I'm John Grattan, and I'm  
5 counsel to the project. And I would like now to  
6 introduce Bob Looper, who will introduce the  
7 project team. I'm sorry, Tom Cameron is going to  
8 introduce the project team.

9 MR. CAMERON: Good morning, ladies and  
10 gentlemen. My name is Tom Cameron, I'm the  
11 Project Director for Blythe Energy.

12 PRESIDING MEMBER KEESE: You're going to  
13 have to speak to the mike, sorry about that, for  
14 the recording here.

15 MR. CAMERON: Good morning, again. My  
16 name is Tom Cameron, I'm the Project Director for  
17 Blythe Energy. I'll be speaking this morning on  
18 behalf of Blythe Energy and going through the  
19 project, the scope, some of the things that we've  
20 put together here over the last few years.

21 Bob Looper, if you could stand up and be  
22 recognized. Bob Looper will also be presenting  
23 with me. There's a couple of folks that myself  
24 and Bob Looper would like to introduce as we go  
25 along.

1                   Two additional folks for Blythe Energy,  
2                   Bob Muehlenkamp and also Dan Dickinson I'd like to  
3                   recognize. They've been involved in the project  
4                   on behalf of Blythe for some time now.

5                   Before we start I just wanted to say a  
6                   couple things. I wanted to thank the City of  
7                   Blythe for hosting this meeting. It's been a lot  
8                   of effort that they've put into setting this  
9                   meeting up, and you can see all the presentation  
10                  materials. This is a rather nice facility. I'd  
11                  like to thank them.

12                  I'd also like to make sure that  
13                  everybody has a hand-out. This was at the front  
14                  desk. If you don't have this, pick one up as you  
15                  go out. It explains the project, gives you a few  
16                  diagrams, and also answers some of the questions  
17                  that you might have.

18                  PRESIDING MEMBER KEESE: Thank you.  
19                  Lance Shaw, would you like to introduce your  
20                  staff.

21                  MR. SHAW: Yes, I would. Good morning,  
22                  my name is Lance Shaw. To my right is the counsel  
23                  for the Energy Commission Staff, Lisa DeCarlo.  
24                  I'll ask the rest of the people from the staff of  
25                  the Energy Commission if you would please stand.

1 And you will know who we are. Please.

2 A bunch of us. I can introduce as you  
3 stand, if you'd like. Bob Anderson, you may sit.  
4 Linda Bond is a consultant working with us on  
5 water. Bob is paleo and geo. Rich Sapuda, water.  
6 Gabe Beheimer -- Bemeier -- Beheimer, I was right  
7 the first time -- Gabe, okay; air. You may sit.

8 Terry Wallace is a consultant, worked  
9 with us on safety. Steve Munro is a compliance  
10 project manager. Laiping Ng, transmission  
11 systems. Pat Owen, project secretary. Roger  
12 Johnson is in charge of siting; he's the siting  
13 program manager, my manager.

14 Bob Therkelsen to the back runs a  
15 division of environmental and project management.  
16 Kathy Matthews is cultural. I think I got  
17 everyone.

18 PRESIDING MEMBER KEESE: Thank you. Do  
19 we have any intervenors or potential intervenors?  
20 Seeing none.

21 From the agencies. The City of Blythe.  
22 Please. A transcript works wonders.

23 MR. NELSON: Members of the Commission,  
24 Western Power, audience, my name is Les Nelson,  
25 City Manager for Blythe. Pleasure to have you

1 here this morning.

2 PRESIDING MEMBER KEESE: Do you have  
3 anybody else from the City of Blythe that will  
4 be --

5 MR. NELSON: Everybody affiliated with  
6 the City of Blythe, if you'd stand up, please.  
7 Lord.

8 (Laughter.)

9 MR. NELSON: Rob Holt, City Engineer;  
10 Jennifer Wellman, Planner; Butch Hall -- you can  
11 sit down -- Butch Hall, Assistant City Manager;  
12 Curtis Cricillias, Fire Chief/Chairman of the  
13 Planning Commission; Randy Weiss, Planning  
14 Commission; Jack Nelson, Building Official; David  
15 is brand new, I'm not sure, David, your last name?

16 MR. EVANS: Evans.

17 MR. NELSON: Planning Department. Chuck  
18 Grotre, City Council Member.

19 PRESIDING MEMBER KEESE: Thank you very  
20 much.

21 Do we have anybody here from the  
22 Riverside County Air Quality Management District?  
23 Department of Fish --

24 MR. NELSON: Mr. Chair, I should also  
25 say that the Mayor will be here. His name is

1 Robert Crain. And in addition to the hat of  
2 mayor, Mr. Crain is the Chairman of the Mojave  
3 Desert AQMD.

4 PRESIDING MEMBER KEESE: We will make  
5 arrangements to introduce him when you let me know  
6 he has --

7 MR. NELSON: I will do that.

8 PRESIDING MEMBER KEESE: Thank you. The  
9 Department of Fish and Game.

10 Local fire protection district, other  
11 than what we heard.

12 CAPT. AVILA: Mr. Chair, good morning.  
13 David Avila with Riverside County Fire Department,  
14 Fire Marshal's Office. And if everyone will stand  
15 who represents the fire department? Oh, that's  
16 me.

17 (Laughter.)

18 CAPT. AVILA: That's all I have to say,  
19 thank you.

20 PRESIDING MEMBER KEESE: Thank you very  
21 much. The Independent System Operator, the Cal-  
22 ISO.

23 Do we have any other agencies for whom  
24 somebody wants to appear in a representational  
25 capacity?

1                   Recognizing that this is a rather open  
2                   proceeding, we will allow members of the public to  
3                   comment at the end of our proceeding. But at this  
4                   time if there are any members of the public who  
5                   would like to identify themselves, they're  
6                   welcome.

7                   I'm going to start with a list of four  
8                   who have submitted their names. Quenton Hanson,  
9                   would you like to just come to the mike, please,  
10                  and identify yourself for the record. And the  
11                  testimony will be later.

12                  MR. HANSON: I have nothing to testify  
13                  to other than my name is Quenton Hanson from Palo  
14                  Verde Community College, Small Business Economic  
15                  Development Center.

16                  On behalf of the businesses and town  
17                  I've heard nothing but positive comments in  
18                  support of this project.

19                  PRESIDING MEMBER KEESE: Thank you.

20                  MR. HANSON: Thank you.

21                  PRESIDING MEMBER KEESE: Gretchen  
22                  Jessup.

23                  MS. JESSUP: Good morning, my name is  
24                  Gretchen Jessup, owner of Blythe Ambulance Service  
25                  and President, Chamber of Commerce.

1                   PRESIDING MEMBER KEESE: Thank you.

2           Ivan Murray.

3                   MR. MURRAY: Good morning. I'm Ivan  
4           Murray. I'm the Public Information Officer for  
5           the Palo Verde Community College District. And I  
6           have a few comments later on.

7                   PRESIDING MEMBER KEESE: Thank you.

8           Charles Van Dyke.

9                   MR. VAN DYKE: Charles Van Dyke,  
10          President of the Irrigation District Board of Palo  
11          Verde Irrigation District. And we also have  
12          Virgil Jones, a member of the Board of Directors,  
13          Irrigation District.

14                  PRESIDING MEMBER KEESE: Thank you.

15          Christine Herron.

16                  MS. HERRON: Hi, I'm Christine Herron  
17          and I'm just a property owner, and trying to find  
18          out what this is all about.

19                  PRESIDING MEMBER KEESE: Welcome. And

20          Chuck Grotre.

21                  MR. GROTRE: Chuck Grotre, Blythe City  
22          Council; also small businessperson here to comment  
23          on the proposed project.

24                  PRESIDING MEMBER KEESE: Thank you. At

25          this time is there anybody else from the public

1 who wishes to identify themselves. Again,  
2 understanding you don't have to identify yourself  
3 to be able to speak later. You're welcome to  
4 speak later.

5 Thank you.

6 Noel Muyco.

7 MR. MUYCO: Noel Muyco representing  
8 Sempra Energy. I'm here to comment on the  
9 project.

10 PRESIDING MEMBER KEESE: Thank you. At  
11 this time I'd like to also introduce Roberta  
12 Mendonca, our Public Adviser. I'm just  
13 introducing Roberta Mendonca. She comes later.

14 And, as I started, later in the hearing  
15 she will explain how the public can obtain  
16 information about the project and how to  
17 participate or offer comments during this review  
18 process. She'll also tell you how to intervene as  
19 a formal party, should you wish to present  
20 evidence or cross-examine witnesses.

21 We have scheduled a site visit to  
22 observe the location where the project will be  
23 built. Once we adjourn this hearing we will meet  
24 outside at the buses for a tour of the site.

25 Transportation will be provided for all

1 those interested in viewing the site. We will  
2 depart at approximately 11:00 a.m., and return  
3 approximately noon.

4 There are a few logistical steps that we  
5 need to take right now, and I will be handling the  
6 next part of the program over to Mr. Bouillon.  
7 So, Mr. Bouillon, would you like to start with our  
8 logistical.

9 HEARING OFFICER BOUILLON: Yes. First  
10 of all, on behalf of the Energy Commission I'd  
11 also like to thank the City of Blythe for hosting  
12 this meeting. And the Assistant City Manager has  
13 asked me to inquire about how many people are  
14 going on the bus trip and various factors about  
15 lunch. And I'd ask him to come forward and --  
16 Butch, would you come forward and you can ask your  
17 own questions.

18 MR. HILL: Thank you, sir. Good morning  
19 and welcome to Blythe. I do need to get a hand  
20 count, at least, for the bus tour at 11:00. If  
21 you'll hold your hands up.

22 We're about two buses short.

23 (Laughter.)

24 MR. HILL: Keep your hands up, please.

25 This is a stick-up.

1           PRESIDING MEMBER KEESE: Why don't we  
2 find out if there's anybody not going on the bus.

3           MR. HILL: That might be easier, then I  
4 can count all. An excellent idea, Mr. Chair. All  
5 those not going on the bus tour raise their hands.

6           We have 16 that are not going that are  
7 in the room presently. Lock the doors.

8           (Laughter.)

9           MR. HILL: -- you will speak to the  
10 availability of taking your own vehicles following  
11 the bus.

12          PRESIDING MEMBER KEESE: Due to the  
13 limited number of buses, I think certainly some of  
14 us have cars. What's your bus count?

15          MR. HILL: We have a charter bus with 48  
16 seats -- 47. We have two standby buses. Also, do  
17 we have any handicap needs for the tour? I see  
18 none, thank you.

19          MR. SHAW: Butch, I have another  
20 comment. We have about five people who are  
21 looking around at the airport and such who will  
22 want to go on that site visit.

23          MR. HILL: Okay, thank you. We'll get  
24 an exact count, but I know we have it covered.

25          Also, for lunch we have a Cobb salad and

1 we have scheduled 50 plates. I need to know if  
2 there's somebody who is not attending for lunch,  
3 again a show of hand, not attending for lunch.

4 Thank you, again. Again, our restroom  
5 facilities are out this door to the left in the  
6 hallway there.

7 And lunch will be served in the  
8 multipurpose room where we had the breakfast this  
9 morning. Thank you, sir.

10 PRESIDING MEMBER KEESE: Thank you. Mr.  
11 Bouillon.

12 HEARING OFFICER BOUILLON: Thank you.  
13 As Butch said, once we adjourn this hearing, which  
14 should be at about 11:00, we'll meet outside at  
15 the buses and tour the site, and return here  
16 around noon for the hosted lunch by the City of  
17 Blythe.

18 To give you some background on this  
19 case, Blythe Energy filed its application for  
20 certification, or what we call an AFC, and you'll  
21 hear that word thrown around a lot, for the Blythe  
22 Energy Project in December of last year.

23 The project is a 520 megawatt facility  
24 that will be built on a site about five miles west  
25 of here.

1           The purpose of today's hearing is to  
2           provide information about the proposed power  
3           plant, and to describe our licensing process along  
4           with the review process that must be undertaken  
5           under federal rules by the Western folks.

6           A notice of this hearing was mailed by  
7           the Energy Commission on April 20, 1999, to all  
8           parties, and I believe the meeting was also  
9           noticed by Western Power people.

10          In addition, we mailed notices out to  
11          adjoining landowners, interested governmental  
12          agencies and other individuals. And I believe the  
13          notice was also published in the local newspaper.

14          Today's hearing is only the first in a  
15          series of formal Committee events that will extend  
16          over the next 12 months approximately. The  
17          Commissioners conducting this proceeding will  
18          eventually issue a proposed decision containing  
19          recommendations on the proposed project. Those  
20          recommendations then would be reviewed by all  
21          interested parties who will be afforded the  
22          opportunity to submit comments on that proposed  
23          decision. And that proposed decision would then  
24          be reviewed by the Energy Commission as a whole.

25          It is important to emphasize that the

1 Committee's proposed decision must, by law, be  
2 based only on information that is contained in the  
3 public record of this case.

4 To insure that that happens, and to  
5 preserve the integrity of the Commission's  
6 licensing process, the Committee's regulations and  
7 the California Administrative Procedure Act  
8 expressly prohibit private contacts between the  
9 parties and the Committee Members. That means, in  
10 this case, Commissioner Keese, who's the Chairman  
11 of the Energy Commission, and Commissioner Laurie,  
12 the Associate Member of this Committee.

13 This prohibition against off-the-record  
14 communications between the parties and the  
15 Committee is known as the ex parte rule. Which  
16 are lawyer words meaning you can't do anything all  
17 by yourself.

18 This means that all contacts between the  
19 parties and the Committee regarding a substantive  
20 matter must occur in the context of a public  
21 discussion such as today's event. Or in the form  
22 of a written communication that is distributed to  
23 all of the parties.

24 The purpose of this ex parte rule is to  
25 provide full disclosure to all participants of any

1 information that may be used as a basis for the  
2 future decision on this project.

3 Additional opportunities for the parties  
4 and governmental agencies to discuss substantive  
5 issues with the public will occur in public  
6 workshops to be held by the Commission Staff,  
7 which is an independent party to these  
8 proceedings. They don't function as an arm of the  
9 Commission, but rather as an independent party in  
10 these proceedings. Those workshops will be held  
11 at various locations in and around Blythe.

12 Information regarding other  
13 communications between the parties and  
14 governmental agencies is contained in written  
15 reports or letters that summarize such  
16 communications.

17 These written reports and letters are  
18 distributed to the parties and are made available  
19 to the public. Information regarding hearing  
20 dates and other events in this proceedings, as  
21 well as many of the documents, are available on  
22 the Commission's website. And if you need to know  
23 how to access that, you can get that information  
24 from the Public Adviser.

25 PRESIDING MEMBER KEESE: The application

1 for certification, or AFC process, is a public  
2 proceeding in which members of the public and  
3 interested organizations are encouraged to  
4 actively participate and express their views on  
5 the matters relevant to the project.

6 The Committee is interested in hearing  
7 from the community on every aspect of this  
8 project. And I'm glad to see that we have some  
9 members of the community here.

10 The members of the public are also  
11 eligible to intervene in the proceeding. And if  
12 there are potential intervenors, we encourage you  
13 to file petitions to intervene soon, to allow for  
14 full participation.

15 At this time I'm going to ask Roberta  
16 Mendonca, our Public Adviser, to explain the  
17 intervention process and to also provide an update  
18 on her efforts to contact local residents and  
19 other interested groups and organizations  
20 regarding this proceeding.

21 Ms. Mendonca.

22 MS. MENDONCA: Good morning. My name is  
23 Roberta Mendonca and as you've heard the word come  
24 up several times already, the Energy Commission is  
25 definitely dedicated to public participation. We

1 are one of the very few state agencies in the  
2 state that has a person like myself called the  
3 public adviser, specifically appointed for the  
4 sole purpose of helping you understand the process  
5 that's about to be undertaken, as the Energy  
6 Commissioners go into almost a year-long process  
7 of considering an application for certification.

8           So when they tell you that public  
9 participation is important, they're not just using  
10 the words. It is, in fact, an important element  
11 to arriving at the best possible decision on  
12 what's before them.

13           The role of the Public Adviser, with  
14 that background, generally I don't sit up in the  
15 front of the room, because I am not a decision-  
16 maker, I'm not a member of the Commission in that  
17 capacity, and I'm also not a part of the staff  
18 that you've heard will be doing an independent  
19 analysis. I'm not an analyst.

20           I am strictly here to be a guide through  
21 the process. And for that reason, the Public  
22 Adviser is neutral. I am happy to help you if you  
23 want to do cartwheels and can hardly wait for this  
24 project to be here, or I'm here to help you if you  
25 have concerns and you want to have those concerns

1 addressed before the process is concluded.

2           So, let me, before I go on too much  
3 further, say that for many of you this is a new  
4 experience. You've not been through this before.  
5 And you share that with my new Associate, Wanda  
6 Yepez, who's at the back of the room. Wanda is  
7 brand new on the job, and she is the Associate  
8 Public Adviser. So you may contact the Public  
9 Adviser's Office asking either for myself or for  
10 Wanda.

11           So, Wanda.

12           And, again, backing up the commitment to  
13 public participation I do have an 800 number. My  
14 number is 800 822-6228. And I'm also available on  
15 the email.

16           You're going to have an opportunity this  
17 morning before we're done to get an idea of really  
18 the weight of the decision that's before the  
19 Commission. And just to kind of help you  
20 graphically understand that process, in the back  
21 corner of the room I brought some documents.

22           Back there is a copy of the application  
23 for certification, which is what the applicant has  
24 submitted on this project. It is in two three-  
25 ring binders, and I think, if you stacked them up,

1 it would be more than eight inches high. It's a  
2 technical project.

3 The Energy Commission documents that are  
4 available for you to take a look at and go hands-  
5 on if you like, include the documents that the  
6 staff and the Commissioners will be producing as  
7 they go through that process.

8 To make it simply you might want to walk  
9 away with the blue sheet, which is a graphic  
10 explanation of the year-long process and the  
11 various steps.

12 And also because you will be hearing a  
13 lot of information this morning, there is a one-  
14 page summary of the project that the Public  
15 Adviser puts out; has my phone number and my email  
16 address on it.

17 So, back to what Commissioner Keese  
18 asked me to explain. Public comment is always  
19 welcome at any public meeting of the Energy  
20 Commission. And as members of the public your  
21 opinions, your attitudes, your thoughts, your  
22 concerns are a welcome part of our process.

23 Sometimes people wish to have an active  
24 role in our formal hearings. We call those  
25 hearings evidentiary hearings. If you wish to be

1 participating in the way of offering evidence at  
2 those hearings, or if you wish to cross-examine  
3 the expert witnesses at those hearings, you need  
4 to file a petition to intervene.

5           And I have brought materials with me to  
6 explain that process. The Public Adviser has a  
7 guide which is a step-by-step walk-through of our  
8 process. Actually the petition to intervene is  
9 not a difficult process, but you do need to  
10 understand, if that's your desire, there are  
11 responsibilities.

12           And the responsibilities include being  
13 responsible as a party in the case. You must be  
14 prepared to serve documents and respond to all the  
15 documents requesting information from you, as well  
16 as being able to ask your questions.

17           I believe I've covered everything that I  
18 intended to cover. I am available after this  
19 meeting -- oh, one other comment.

20           Usually we have a sign-in sheet and an  
21 ability to indicate if you want to get on our  
22 mailings. So be kind of interesting, how many of  
23 you are already receiving mailings from the Energy  
24 Commission announcing our meetings?

25           Okay, for those of you that signed in,

1 I'm going to take that mailing list and add it to  
2 the Energy Commission's mailing list. So if you  
3 don't want to get our mailings in the future you  
4 might tell me before we get on the bus, or  
5 whatever. Otherwise we're going to use that sign-  
6 in sheet as a way to get you on our mail list.

7 Staff will also go over some ways for  
8 you to have information. The application for  
9 certification is available in your local library.  
10 And again, the Public Adviser is there to help you  
11 with the process.

12 Thank you.

13 HEARING OFFICER BOUILLON: Thank you,  
14 Roberta. During the course of this proceeding  
15 we're going to ask the parties to make their  
16 presentations in the following order. First,  
17 Blythe Energy will describe the proposed project  
18 and explain its plans for developing the project  
19 site.

20 Next we're going to ask the Commission  
21 Staff to provide an overview of the Commission's  
22 licensing process and the staff's own role in  
23 reviewing the proposed Blythe Energy Project.

24 We will then hear comments from Western  
25 about their role and their processes.

1           Upon completion of these presentations  
2           the intervenors, other interested agencies and  
3           members of the public may offer comments and ask  
4           questions. And specifically we hope that by that  
5           time Mayor Crain will be here and able to offer  
6           his comments.

7           Following the public comment we will  
8           discuss scheduling and other matters addressed in  
9           the staff's issue identification report, which I  
10          believe has been distributed to all the parties.  
11          And there probably are some copies available.

12          This will be a somewhat informal  
13          process, and we will provide time at the end of  
14          each presentation for the parties or members of  
15          the public to ask questions.

16          Before we begin, are there any questions  
17          about the agenda, itself? Hearing none, Mr.  
18          Cameron, you may begin your presentation.

19          Excuse me, Mr. Cameron, right before you  
20          begin I've been handed another card, Angie Patel  
21          has asked to -- has submitted one of these blue  
22          cards. Ms. Patel, would you like to come forward  
23          and say something? I guess she stepped out again.  
24          We'll get to her at the end.

25          MR. CAMERON: I wonder before we start

1 if we could get somebody who knows how to turn the  
2 lights down to maybe dim them a little bit.

3 MS. PATEL: Oh, hi, I'm Angie Patel. I  
4 represent Blythe Chamber of Commerce, I'm Board  
5 Director, and I represent Tourism Committee, so I  
6 was interested in this project and how it goes on.  
7 And I'm all for it. And I represent motel owners  
8 from Best Western Sahara. Thank you.

9 HEARING OFFICER BOUILLON: Thank you.

10 MR. CAMERON: If any of you can't see  
11 the wall, if you want you can stand along this  
12 side if that's comfortable for you. Otherwise,  
13 we'll just --

14 As the Commission has indicated, today  
15 begins the public process portion of the project  
16 development that we're here to talk about. It's a  
17 formal process, as they've said.

18 I'd like to just indicate that for  
19 Blythe Energy this process began almost two years  
20 ago. For the last two years we've been working  
21 with the local city folks, the landowners, several  
22 consultants, Western to develop this project and  
23 really bring a vision into play.

24 What we'd like to share with you over  
25 the next half hour is what this vision is so that

1       you have a good concept.

2               Bob's going to talk a little bit about  
3       the initial history of the project. Bob has been  
4       involved for the last two years on this project.

5               MR. LOOPER: First of all, it appears  
6       we're the only party remiss in introducing our  
7       full project team. So, although it wasn't proper  
8       order, I think what we ought to do is have the  
9       full project team that we have here, Blythe Energy  
10      folks. And I know Tom introduced the folks from  
11      Wisvest, but I'd like our project team to stand up  
12      and acknowledge them. So, everybody in the room  
13      that's part of our project team, and for those of  
14      you who don't know John, you ought to stand up,  
15      too, just so that they know you're there.

16              Stay standing for a minute, and we'll  
17      just run around very quickly. Jeff Harvey is  
18      Project Manager for Greystone. They've been  
19      heading up all the environmental effort. And he's  
20      got members of his team here, Leon and Sally, out  
21      in the hall is Kayne, Joel. This is all -- Mike  
22      on the cultural resources -- this is all the  
23      Greystone environmental team. Why don't you guys  
24      sit down for a moment.

25              And they're all here, and other folks

1 here because of our workshop this afternoon. You  
2 introduced Rob before, and Rob also, we've been  
3 using Rob Holt and Holt Engineering to do all of  
4 our local engineering. And he's going to help us  
5 identify out on our field tour today what all  
6 those stakes are waving around the project site.

7 In the back we have Kirk Ketcherside and  
8 Bob Mooney from IGI Resources. They've been  
9 handling gas, electricity transmission issues for  
10 us. And they'll be also -- and all these folks  
11 will be on the tour.

12 And then Dan was standing up momentarily  
13 in the back from Wisvest, so, sorry that I'm a  
14 little out of order, but that is the Blythe Energy  
15 Project team.

16 I'm going to tell you a little bit about  
17 the history of how we got started in this project.  
18 And some of the events that took place for us.  
19 About two years ago we took a look at the Blythe  
20 area for locating this project. And we've really  
21 been in contact with the city in our own public  
22 outreach program. Some informal and some formal  
23 in terms of public meetings and presentations.

24 Over the last year and a half in the  
25 City of Blythe, my company, Summit Energy Group,

1 was the original applicant in going after and  
2 actually developing this project. We developed  
3 some 3000 megawatts of gas-fired power projects  
4 across the country.

5 About January of this year Wisconsin  
6 Energy and their subsidiary, Wisvest, which you'll  
7 hear more about from Tom, has purchased the  
8 project. They are the deep pocket -- I hate to  
9 use that term, but in fact they are, behind what  
10 builds one of these projects. As you know they  
11 are very costly, very expensive. It takes a  
12 substantial entity like that to build the project.  
13 And they've been involved since January as 100  
14 percent owners of this project. And that happened  
15 in January.

16 We actually, back in November of '98,  
17 for those of the Commissioners who remember that,  
18 did our NOI, filing notice of intent. That's how  
19 long this project goes back in terms of when we  
20 started really the first process with the  
21 Commission.

22 And then some other key things you  
23 should know about is our first contact with PVID.  
24 Charles, his group and the board, for the water  
25 issues. And Western Area Power Administration,

1 they became involved when we filed our request for  
2 interconnection back in October of '98.

3 And that's kind of a history of how we  
4 got to this point here, ultimately filing this  
5 AFC, application for certification, this large  
6 document which now is in front of us all, and  
7 beginning this formal process.

8 MR. CAMERON: I wanted to talk a little  
9 bit about Wisconsin Energy. A lot of you have  
10 heard about Blythe Energy, but Blythe Energy  
11 actually is a wholly owned subsidiary of Wisconsin  
12 Energy.

13 Wisconsin Energy is an entity that is  
14 made up of regulated subsidiaries, much like a  
15 utility, Southern California Edison, for example.  
16 We also have a regulated gas utility.

17 Other businesses we have are more on the  
18 unregulated side. Wisvest, who is the sponsor of  
19 Blythe Energy, is the unregulated subsidiary of  
20 Wisconsin Energy.

21 We are developing the project. We are  
22 allowed, by regulations, to go out and develop  
23 projects throughout this country. Much because of  
24 the deregulation of the electrical market.

25 Wisconsin Energy has been in business

1 for almost 100 years. We have over 93 generating  
2 units. These are of many types of fuel, coal,  
3 oil, gas. This plant we're talking about building  
4 here is a gas-fired, natural gas-fired power  
5 plant.

6 Wisconsin Energy also has received  
7 several awards for its performance. We have very  
8 high availability in our generating assets. And  
9 we've also received several environmental awards.  
10 Because of the way that we operate the plants,  
11 we're always in environmental compliance.

12 Why Blythe, and for this project. For  
13 some of you, you've heard this before. For some  
14 of you this may be new. And I'd be remiss not to  
15 point out the city's newly acquired -- do I have  
16 to do an on-switch here, Jeff? There we go.

17 Our newly addressed aerial map of the  
18 entire city, showing the City of Blythe, the  
19 airport location. And you'll see these points on  
20 our tour today. And then the little area right  
21 there is the proposed site of the Blythe Energy  
22 Project.

23 So, when you get an opportunity, if you  
24 haven't already gone up close and taken a look,  
25 you will be able to see where the project's at,

1 and this is kind of going to be our bus tour route  
2 today. Going all the way over to the river  
3 crossing, over in through here where our proposed  
4 pipeline, and then all the way up to the project.  
5 So we've got quite a tour lined up for you today.

6 But, why Blythe? Pretty simple. It's  
7 on a major interstate natural gas transmission  
8 route. It's at a siting, for those people who  
9 have been out there, the Blythe substation, which  
10 is a Western Area Power Administration-owned  
11 substation out there. It has 561 kV transmission  
12 lines that interconnect at the Blythe substation.

13 We have access to water. As you know,  
14 we're right on I-10, so we have good highway  
15 access. There is rail access into the city which  
16 is important to us to bring our heavy equipment  
17 in. We perceived that this could be a good  
18 economic value to the overall community, which is  
19 where we started this process. And we believe  
20 that we can successfully complete the process.

21 This is not a simple undertaking. And  
22 you have to believe that you have done enough  
23 preparation and planning that you can ultimately  
24 succeed in permitting this project.

25 And so all of these were reasons why we

1       sited here. Site specifically, the site is a 76-  
2       acre project site, for those of you who don't  
3       know. It's right in the middle or actually in the  
4       corner of the Sun World property. Sun World owns  
5       about 4000 acres out there.

6                It's adjacent to the lemon grove which  
7       actually houses the Blythe substation. The Blythe  
8       substation being there. And on the map, in  
9       through here, you can see the little carve-out  
10      there where the Blythe substation is and the Sun  
11      World lemon groves around those.

12               The actual 76 acres is right here, that  
13      is the project site. We have two gas alternative  
14      interconnections that we've proposed. We will be  
15      constructing a new substation, ourselves, adjacent  
16      to the project, that will interconnect over to the  
17      Blythe substation here. And we're proposing to  
18      put some wells down for our water supply.

19               MR. CAMERON: These next few slides that  
20      I'm going to go through are really an overview of  
21      the project, itself, the power plant.

22               As I said before, the technology for  
23      this power plant is naturally gas fired, gas  
24      turbines. A gas turbine is much like what you'd  
25      find on an aircraft. It's just a lot bigger, has

1 a lot more generating capacity. We put a  
2 generator on the back of this turbine and we make  
3 power with it.

4 The technology that we're using is state  
5 of the art. It's the latest and greatest  
6 technology. There are only three major suppliers  
7 of gas turbines left in this country, Siemens  
8 Westinghouse, who we're using, General Electric,  
9 and ABB. The other ones have just not survived in  
10 this market.

11 The turbines that we're using are, as I  
12 said, Siemens Westinghouse. There's several  
13 different versions of Siemens Westinghouse  
14 turbines. What we have selected, what we call the  
15 V843A gas turbine.

16 And we have since revised our  
17 application, revised the information that we  
18 submitted earlier in December to reflect this  
19 turbine, so that we've made the decisions.

20 These machines are highly efficient.  
21 They're used in a combined cycle mode, and I'll  
22 explain that a little bit later. They are very  
23 environmentally friendly. The emissions that are  
24 coming out of the stacks of this power plant is so  
25 much less than existing generating units that you

1 might find in other parts of the country.

2           Because of the Blythe area, we've had to  
3 do some, I guess, creative things with this power  
4 plant design. It's very hot out here, as most of  
5 you know. And in the peak summer month when it's  
6 100 degrees, 110 degrees, we want to be able to  
7 maximize the generating capacity of this unit.

8           So we've added some features like inlet  
9 chilling. We will actually cool the inlet air  
10 going into the gas turbine which helps the  
11 performance of the unit.

12           We're also adding a feature called duct  
13 firing just to add a little more capacity to the  
14 unit. It's just burning some more gas.

15           We've also designed this plant to be a  
16 zero discharge facility. We don't have the luxury  
17 of interconnects with the city for water and  
18 sewer, so we're keeping everything self-contained  
19 within the site.

20           Just a quick overview of the process  
21 here, for those of you that can see this. There's  
22 really three elements of this power plant. As I  
23 said before, we have two gas turbines. Each one  
24 of these gas turbines are capable of generating  
25 about 180 megawatts of electricity.

1                   We take the exhaust heat from the gas  
2                   turbines, which is about 1000 degrees, and through  
3                   duct work we direct this exhaust energy into a  
4                   boiler. And it's really a large heat exchanger.

5                   And by taking the difference in the  
6                   temperature of water which circulates through this  
7                   boiler, and the exhaust energy from the gas  
8                   turbine, we're able to extract heat and make steam  
9                   with this heat. And the temperature that is going  
10                  up the stack has been reduced from about 1000  
11                  degrees down to something that's very close to 200  
12                  degrees. That's how we make this plant efficient.  
13                  We're taking all of the energy out of the gas  
14                  turbine.

15                  The steam here actually gets routed to a  
16                  steam turbine. We use this energy to create  
17                  another 180 megawatts, thus giving the whole  
18                  combined output of the plant of about 520  
19                  megawatts.

20                  We're using groundwater to cool the  
21                  steam, convert it back to water so we can go  
22                  through the cycle. We're also using water to  
23                  cool our inlet chilling system so that we can, in  
24                  the hot summer months, cool the air to the gas  
25                  turbine. And I'm an engineer so you'll have to

1 forgive me, but it's hard sometimes to explain  
2 things in simple terms.

3 Our site is about 76 acres, and for  
4 orientation purposes, north would be over on this  
5 end here. Highway 10 would be down in the  
6 southern part. We have about 76 acres, as I said.

7 This area here is for evaporation ponds.  
8 Our wastewater will go into these ponds. The  
9 ponds are lined. Everything will be self-  
10 contained so that there's no discharge off the  
11 site.

12 We have the power island equipment here,  
13 which I've explained, gas turbine and steam  
14 turbines. And we have a switchyard here that will  
15 provide for an interconnect with Western's system.

16 A few additional details about the  
17 plant. We have a gas turbine train here. Gas  
18 turbine and heat recovery steam generator. We  
19 have another one here, so each of these is about  
20 180 megawatts.

21 We have a steam turbine generator over  
22 here, which converts the steam to electricity.  
23 Another 180 megawatts.

24 And we have a few peripheral buildings  
25 and structures. An admin building where we will

1 have our 20 on-site staff to operate this plant.

2 We have a few water tanks here for raw water  
3 storage and demin water storage.

4 We have a cooling tower here which will  
5 cool our steam from our steam turbine. And also a  
6 cooling tower here which will serve our inlet  
7 chilling system.

8 And then over in the northeast part of  
9 the property, the switchyard interconnect.

10 This is just a 3-D model of what this  
11 plant would look like. Obviously it's not going  
12 to be purple or blue. It's going to be more of a  
13 tan color so it blends in with the natural  
14 background.

15 We have a steam turbine and gas turbine  
16 hall here. This houses the equipment that  
17 generates the electricity. Our boilers are here.  
18 We call them heat recovery steam generators.

19 Over on this wall over here there is a  
20 rendition here, for those of you that can see  
21 that. Also here. This is a fly-over that was  
22 taken of the site. The plane was about 500 feet  
23 off the surface, so it gives you kind of an aerial  
24 perspective of what the plant looks like.

25 In the background we have the power

1 plant; we have the evaporation ponds. You won't  
2 see this from the ground level. Ground level is  
3 going to look more like what you see in your  
4 handouts. There is a picture looking at it from  
5 highway 10. You won't see the evaporation ponds  
6 because they're bermed.

7           You'll see some of the tall structures  
8 that are in the power plant, the stacks, a little  
9 bit, and the HRSGs.

10           Bob talked a little bit about the land  
11 use. We have been working with the city, and the  
12 city is interested in annexing this property, the  
13 76 acres into the city, along with other  
14 properties. That process is ongoing. In April it  
15 was unanimously approved by the city.

16           That plant is now in front of LAFCO, and  
17 has been in front of the -- the County of  
18 Riverside is also for it. And sometime, most  
19 likely the end of July, maybe early August, we  
20 expect that this annexation process will be  
21 approved, and the land will become part of the  
22 city.

23           These next few slides we're going to  
24 talk about some of the issues that have  
25 traditionally been major issues for power plant

1       siting around the country. Because of how we've  
2       structured this project, because of where we're  
3       locating it, because of some of the design  
4       features we don't see these as big issues, as you  
5       might find with other projects.

6                 Our air quality, we are currently in a  
7       federal unclassified area for the major  
8       pollutants. Most of California, for those of you  
9       that know, is a federal nonattainment area for  
10      ozone precursors and PM10 particulate. The  
11      federal EPA does not classify this area as such.

12                Under state law, however, we are  
13      nonattainment. So we are doing the right things.  
14      We are putting in the best technology that we can  
15      to control the pollutants from this machine.

16                Our NOx levels will be designed to be  
17      2.5 ppm or less. Our CO levels will be less than  
18      5 ppm. VOCs, volatile organic compounds, less  
19      than 2.6 ppm. These are really state of the art  
20      numbers for the industry.

21                We're doing this by using emissions  
22      controls that are inherent to the gas turbine  
23      technology. We're also using selective catalytic  
24      reduction, which will reduce the NOx coming from  
25      the gas turbines before it goes into the

1 atmosphere.

2           One important thing that I think the  
3 Commission and the staff would be interested in is  
4 that we have secured our emissions credits. What  
5 that means is we are securing offsets for what  
6 we're putting into the air here. We're actually  
7 trying to reduce the total emissions for the  
8 state.

9           MR. LOOPER: It would be tough for me  
10 with the audience, with Charles and all you  
11 knowledgeable people about water to tell you the  
12 history of water in Blythe. You know it much  
13 better than I do. But obviously water is an  
14 important part of the development of this entire  
15 valley. And we're very conscious of water use in  
16 this project.

17           The project proposes to use groundwater  
18 up on the mesa. This groundwater is, in fact,  
19 brackish water. Brackish being defined 1000 or  
20 greater mg/liter total dissolved solids.

21           I think it's an important distinction  
22 for this project, it's important relative to state  
23 water policy, it's important relative to how this  
24 project fits in relative to agricultural  
25 development here. We wanted to be the least

1 intrusive that we could in the valley.

2           You know there has been some historical  
3 agricultural development up on the mesa. You can  
4 see the old circles that were there. I was told  
5 that you're growing asparagus. What else is  
6 growing out there, Charles? There was -- alfalfa  
7 was growing out through there. Very difficult  
8 because of the water quality up on the mesa,  
9 economically did not survive.

10           Sun World is irrigating up in through  
11 here, but for those of you that know, they  
12 actually blend that water. They actually have an  
13 agreement with PVID and they pump the water up  
14 from the canal up onto the mesa. They blend that  
15 water because of the poor groundwater quality in  
16 the basin.

17           So the first thing that everybody knows,  
18 that this is not fresh water. This is brackish  
19 water. It's very difficult water quality.

20           The next thing that you need to know is  
21 that we have spent quite a bit of time working  
22 with PVID and the Bureau in developing a water  
23 conservation plan that mitigates for the taking of  
24 water. And that includes looking at all the  
25 design features of the plant so that we can

1 minimize.

2 For those who remember a year and a half  
3 ago, the early slides came in at 5000 acrefeet of  
4 water use. That's if you remember. That was a  
5 big issue for the city. And we said, this is what  
6 we think we're going to consume.

7 We now, through some advanced  
8 technologies that we've invested in the plant,  
9 have gotten that consumption down to 3000  
10 acrefeet. So we've done our part, we believe, in  
11 reducing our overall water consumption. We're re-  
12 using that water over and over again. And worked  
13 successfully with PVID and the Bureau in  
14 developing our water conservation plan.

15 The next issue that I think is in  
16 everybody's mind is transmission. Transmission is  
17 important to us. Why did we select Blythe? Why  
18 is this project here? And why do we think this is  
19 a good spot to put a power plant? And part of it  
20 is transmission.

21 This is a unique area right here because  
22 this substation is interconnected with several  
23 different parties. For those of you who have  
24 heard the term, the California ISO. That's the  
25 California entity that was set up to regulate

1 transmission in predominately the State of  
2 California.

3 But some of you may know that Imperial  
4 Irrigation District is not a member of the  
5 California ISO. And in fact, there is another  
6 organization that's being formed called Desert  
7 Star. And Desert Star takes into players from  
8 like Arizona and maybe IID, and maybe the Western  
9 Area Power Administration. And that's a whole  
10 other entity.

11 And this plant would be basically at a  
12 mini-hub interconnected with several markets. The  
13 California market, the Desert Star area market,  
14 and several liquid electric markets including Palo  
15 Verde, Mead and other places in the system.

16 So electrically it made a lot of sense  
17 for us to put this plant here so that we could  
18 reach substantial electrical markets. And for our  
19 economic survival that's what motivates us for  
20 putting the project here.

21 There are 560 kV lines that come into  
22 this project. We are going to be constructing a  
23 brand new 230 to 161 kV substation immediately  
24 adjacent to the project that's going to allow us  
25 to interconnect with the system. And generally

1 the project improves overall system reliability  
2 because there really is not a whole lot of  
3 generation source south of Parker, what we call  
4 south of Parker system.

5 And by putting this added generation in  
6 through here, there are some benefits to the  
7 system. And ultimately we hope there's some  
8 benefits that accrue to the Blythe area.

9 The benefits that we hope ultimately  
10 accrue to Blythe, talking about the electricity,  
11 just having the access to -- we are basically a  
12 wholesaler of electricity, selling it to a variety  
13 of entities that we hope are going to be helping  
14 the overall power cost in California come down.

15 By building the latest state-of-the-art  
16 technology power plant at a very cost effective  
17 basis, we believe we're going to provide a very  
18 cheap energy commodity available to those  
19 wholesalers, so that the overall price of power  
20 can come down in the region.

21 We think that's going to allow the  
22 Blythe area to become very effective in attracting  
23 industries here, and in nurturing economic growth  
24 and helping your power rates down the road.

25 We think that it's clean industrial

1 development. It's certainly compatible with the  
2 overall vision out at the airport to expand  
3 industrial development. And the Blythe project  
4 could serve as an anchor tenant for that.

5 There's certainly going to be additional  
6 tax base that's brought into the City of Blythe  
7 and Riverside County area on this project.

8 And we hope that there's some long-term  
9 economic value to businesses and the general area.  
10 This is no a short-term proposition. This is not  
11 a five- or ten-year economic venture. We expect  
12 this power plant to be around a long time.

13 MR. NELSON: By prearrangement, I did  
14 indicate to the Chair that when the Mayor got here  
15 I would let him know. So, if I may introduce, we  
16 have with us Mayor Robert Crain, Mayor for the  
17 City of Blythe. Also Chairman of the Mojave  
18 Desert AQMD.

19 And also joining us is County Supervisor  
20 Roy Wilson. Supervisor Wilson also has a spot on  
21 the Mojave Desert AQMD, as well as the South Coast  
22 AQMD.

23 PRESIDING MEMBER KEESE: Welcome. Are  
24 you -- one more slide? Why don't we let -- thank  
25 you.

1                   MR. CAMERON: As a summary, for the last  
2                   30 minutes you've heard Bob and I talk about this  
3                   power plant. We think this project has been well  
4                   planned.

5                   For the last two years we've been  
6                   working with the city, with members of the  
7                   community, with all of our consultants, with  
8                   Western. We think we have all of the issues  
9                   worked out. We don't think that there are any  
10                  unsolvable issues environmentally or any other  
11                  such.

12                  As Bob has indicated, we're improving  
13                  the electrical reliability of the system. We  
14                  think, in the end, that the CEC process for  
15                  approving this plant can be very expedient, and we  
16                  look forward to working with them to solve any  
17                  issues they might have.

18                  Thank you.

19                  PRESIDING MEMBER KEESE: Thank you. We  
20                  have an order, as Mr. Bouillon has indicated, of  
21                  presentations. We've heard the presentation by  
22                  the applicant, then we're going to move to staff.

23                  Mayor, this time would be a very  
24                  appropriate time, if you have a few comments to  
25                  make.

1                   MAYOR CRAIN: Of course, I'd be the one  
2 to break the microphone.

3                   (Laughter.)

4                   PRESIDING MEMBER KEESE: I must say,  
5 this is a very nice facility. It suits this  
6 hearing very well. Having participated in a  
7 number of these, I appreciate the facility.

8                   MAYOR CRAIN: Thank you. We're glad  
9 you're able to enjoy it and be with us here today  
10 for this occasion.

11                   For your record, my name is Robert  
12 Crain. I'm the Mayor of the City of Blythe. And  
13 I would like to make a few comments on behalf of  
14 the city at this time.

15                   We have followed the development of  
16 Blythe Energy Project since its beginning about  
17 two years ago. At that time we wanted to fully  
18 understand the project and to know the people  
19 which we would be dealing with.

20                   For the City of Blythe, Les Nelson, who  
21 is our City Manager, and Councilman Chuck Grotre  
22 has been following the issue for us. We've looked  
23 at the prospectus of land use. We've taken into  
24 consideration water and other related  
25 environmental issues.

1                   We're now very familiar with the  
2 project. We've worked with representatives of  
3 Blythe Energy. And we believe that they will be  
4 good neighbors and an asset to the community.

5                   As part of our review we visited  
6 facilities in Missouri which use similar  
7 technology. We presented the results of their  
8 tour to the city council.

9                   We've discussed pertinent issues with  
10 Riverside County, LAFCO, PVID and other  
11 stakeholders, all with favorable results.

12                   Blythe Energy representative addressed  
13 most of the community's groups, with three public  
14 information hearings conducted by the city.

15                   The widespread support for the project  
16 throughout these efforts are confident of the  
17 overall support of Blythe of the project.

18                   The City of Blythe has implemented many  
19 successful programs to stimulate economic growth,  
20 and I'm sure that we will have many more to  
21 follow.

22                   In April of this year the planning  
23 commission, in conjunction with the city council,  
24 held a joint meeting and unanimously annexed the  
25 land west of the city to accommodate industrial

1 development, consistent with the City of Blythe's  
2 general plan.

3           Upon completion of our ongoing  
4 environmental review under CEQA, and a favorable  
5 by LAFCO, the Blythe Energy Project can be  
6 incorporated into the City of Blythe.

7           We firmly believe Blythe Energy is  
8 consistent with our plans for economic growth and  
9 will benefit the City of Blythe and the Palo Verde  
10 Valley. We know that you do have a lot on your  
11 plates. I read earlier this morning that you have  
12 12 such projects, expecting three more very  
13 shortly. So I know how busy you're going to be  
14 and how full your plate will be.

15           We also understand that the siting of a  
16 power plant is a very serious undertaking. The  
17 community of Blythe supports this project, and we  
18 hope that you will do everything within your power  
19 to move this project through the permitting  
20 process in the shortest timetable.

21           Again, sir, I thank you for allowing me  
22 the time and opportunity to address you this  
23 morning. And welcome to the gem of the desert.

24           (Laughter.)

25           PRESIDING MEMBER KEESE: Thank you,

1 Mayor, and we appreciate your joining us, making  
2 you statement. Thank you.

3 Supervisor Wilson, I mentioned that our  
4 schedule, we've heard from the applicant, we're  
5 going to hear from staff and then others. You're  
6 welcome -- we'd be happy to offer you a chance to  
7 make a statement now or later, or both?

8 MR. WILSON: Just I'll be very brief,  
9 let you know that Riverside County is supportive  
10 of the City of Blythe in its efforts in working on  
11 the feasibility of this project. There is concern  
12 in the community about the air quality impacts,  
13 and I know you folks will look at that very  
14 carefully. And I'm sure that the best available  
15 control technologies will be used to make sure  
16 that the quality of this community will be  
17 maintained, while enhancing the economic  
18 development, if this project does go forward.

19 So, we're here to answer any questions  
20 and to lend our support.

21 PRESIDING MEMBER KEESE: Thank you,  
22 thank you very much. Mr. Bouillon.

23 ADMINISTRATIVE LAW JUDGE BOLOGNA: Yes,  
24 we'll proceed with the planned presentations. Mr.  
25 Shaw, are you prepared?

1 MR. SHAW: Yes, thank you.

2 Good morning, my name is Lance Shaw, and  
3 I speak for the Staff of the Energy Commission.

4 What I'd like to do is talk about the  
5 process that the Energy Commission carries  
6 forward, and if you don't mind I'll use a picture  
7 on the wall that's been referred to. I'm going to  
8 sort of outline it, what goes on, and a little bit  
9 to the left of that would be what's happened  
10 before. Other people have mentioned it. What  
11 happens afterward. But most of it will be focused  
12 on about the next several months, totaling about a  
13 year from the time of data adequacy. So that's  
14 where this is headed. It's about 20, 25 minutes.

15 This is the Blythe Energy Project. And  
16 again I speak for the staff, the people who you  
17 saw standing, an independent staff who will be  
18 looking at all of these impacts and working with  
19 various agencies.

20 It was in 1999 that it was filed,  
21 December 9. And it was the eighth application for  
22 certification we received. So those are  
23 significant numbers, 99-AFC-8.

24 I am in the Energy Facility Siting and  
25 Environmental Protection Division.

1           The purpose of siting is to insure a  
2           reliable supply of electrical energy, and that  
3           it's maintained to protect the public health and  
4           safety and promoting the general welfare.

5           There are copies of this, and many of  
6           you probably already have that.

7           As has been stated before, there are  
8           five members of the California Energy Commission,  
9           two are assigned to each siting case.  
10          Commissioner Keese and Commissioner Laurie, who is  
11          absent today. Ed Bouillon is the Hearing Officer.  
12          His name is there.

13          And as part of the picture or puzzle, if  
14          you will, there's some pieces that still aren't  
15          identified and will be addressed as we go forward.  
16          Dan Dickinson, who you met a bit earlier, is my  
17          contact representing the applicant.

18          We involve local, state, federal  
19          agencies. And you've met Nick Chevance and other  
20          people here from Western Area Power  
21          Administration.

22          I speak for the Energy Commission Staff,  
23          and as a project manager. Roberta Mendonca, Ed  
24          Bouillon and Commissioner Keese have mentioned  
25          intervenors. There's a role for intervenors that

1 has not been filled in yet. And you, the public,  
2 we want to make sure the issues that you have are  
3 addressed in this process. And Roberta Mendonca,  
4 again, the Public Adviser.

5 Our siting process. The Energy  
6 Commission's jurisdiction has to do with power  
7 plants, thermal power plants that are 50 megawatts  
8 and above. You may have a figure for that, but  
9 I'll give you one.

10 If you look in your house you probably  
11 have about 1000 watts going, or one kilowatt. A  
12 megawatt is 1000 of those, so that's about 50,000  
13 households, just to give you a frame of reference.

14 This plant being proposed is an order of  
15 magnitude higher, about ten times higher. So  
16 about 500,000 people. But that's our  
17 jurisdiction, and we look at what we refer to as  
18 linears. So when we get into our jargon, don't  
19 forget to translate.

20 A linear is the facilities going in and  
21 out. Roads that get you there. Transmission  
22 systems that get you in and out, if they need to  
23 be upgraded. The water supply, where it comes  
24 from and where it goes. So those are the linears.

25 We coordinate with federal, state and

1 local agencies. And it is equivalent to a -- you  
2 heard the term CEQA before, California  
3 Environmental Quality Act. So there's a full  
4 review of the environmental impacts. There will  
5 be public workshops and hearings, not all in  
6 Blythe. There may be some in other locations.  
7 But today there's a workshop that's taking place  
8 at about 1:00, after this. And you're in a  
9 hearing right now.

10 There will be documents, reports, all of  
11 which are in the public domain. We will tell you  
12 how to have access to them.

13 We also understand that not everybody  
14 can come to these because you have jobs. So,  
15 we'll tell you how you can keep track of this, and  
16 how to reach us. And several people have already  
17 mentioned that.

18 Again, workshops, hearings, as Mr.  
19 Bouillon said, notices, a minimum of ten days,  
20 those are calendar days, in advance, so you'll  
21 know where they are. Roberta and others have  
22 mentioned the mailing list. You can be noticed on  
23 our mailing list. And where you can obtain copies  
24 of the AFC. The library in Blythe has a copy, and  
25 there have been several supplements. We send

1 copies to all those. In Parker, I sent a copy,  
2 Parker, Arizona, which is the county seat of La  
3 Paz County, other side of the river. Riverside  
4 Main Library has copies, as well as the Energy  
5 Commission in Sacramento, and a number of other  
6 locations in the state.

7 This case can be followed on the  
8 worldwide web, [www.energy.ca.gov/siting](http://www.energy.ca.gov/siting)  
9 cases/blythe. So you can keep track of what's  
10 going on. Slash, slash, okay.

11 Calendar timeframe. Bob Looper and Tom  
12 Cameron mentioned the time that happened before.  
13 We would call that the left side of the puzzle.

14 Prefiling. We encourage applicants to  
15 call on the Energy Commission to find out how to  
16 file. It's a -- a lot of money is on the table  
17 and it's an involved process. Again, all the  
18 documents are available from other cases, as well.  
19 So the time of prefiling at the top, we don't have  
20 a number on that. It started about two years ago.

21 Then once the application is filed, the  
22 thick binders in the back, we begin to review to  
23 see if it has covered a sufficient amount of  
24 information to go forward. And that's called data  
25 adequacy. So once it's filed we have 45 days,

1 that's why that's minus, to render -- to submit to  
2 the Commission whether or not our judgment says  
3 it's data adequate. It attained data adequacy on  
4 3/22 this year, 2000.

5           And so we're now in a discovery phase.  
6 It was data adequate, yet we have additional  
7 questions, as the gentleman mentioned, about air.  
8 We will ask questions about air, about water, and  
9 so on. And that's in data requests, where we're  
10 asking for information. So that's in the  
11 discovery phase.

12           Information hearing, you're here. Site  
13 visit, you will be there. Data requests, this  
14 afternoon we're scoping out the project.

15           Then about 120 days or so from today  
16 start analysis. There will be more workshops.  
17 Later we will present what's called a preliminary  
18 staff assessment. We call that a PSA. That will  
19 be made available. You can comment. There will  
20 be workshops on the PSA. Then a final staff  
21 assessment, or an FSA.

22           There will be Committee hearings where  
23 we take testimony. Roberta mentioned that. If  
24 you are an intervenor you'd be willing to give  
25 testimony. And evidence will be heard.

1           A decision will come forth, a draft  
2 proposed decision. Hearings on the decision. And  
3 then the Committee's recommendation on the plant.  
4 That is certification and conditions under  
5 certification, if it's certified.

6           And so beyond that is the length of the  
7 plant. That could be 30, 40 years. Our process  
8 covers any changes that the applicant wants to  
9 make. Has to come through a compliance project  
10 manager. And that comes to the Committee. If  
11 there are changes requested from the conditions of  
12 certification, as well as plant closure. All of  
13 that is covered in the process.

14           This is going kind of fast, and I'll  
15 certainly take questions if you have any.

16           There will be workshops, as I said, data  
17 request. We will go over questions. We're asking  
18 the applicant very specific questions. Tell us  
19 exactly how you will do. And the purpose of that  
20 is to make sure the question is understood, not to  
21 get the answer. The answer is in a data response  
22 that may or may not be workshopped. It depends on  
23 whether the need is there.

24           I told you about preliminary staff  
25 assessment. There will be Committee hearings, and

1 such. The public is always welcome. You are in  
2 that box, and it has not been filled out. So,  
3 public is quite welcome in this process.

4 We want to make sure that if the plant  
5 is certified that it is consistent with the laws,  
6 ordinances, regulations and standards. We  
7 sometimes refer to those as LORS. Federal, state,  
8 local.

9 The environmental assessment, again, is  
10 equivalent to CEQA. It identifies environmental  
11 consequences; evaluates alternatives; identifies  
12 mitigated measures, how can you lessen the impact  
13 or attenuate the impact, for the engineers; and  
14 recommends conditions of certification.

15 Again, public participation. In this  
16 case it impacts two states, and that's why Arizona  
17 is mentioned. We don't have jurisdiction, but we  
18 want to make sure that we do not usurp the  
19 sovereignty of the State of Arizona.

20 Again, City of Blythe and Ehrenberg.  
21 And it mentions many departments. And  
22 Commissioner Keese asked earlier, are there  
23 members from Departments of Fish and Game, Air  
24 Resources, et cetera, federal, Western Power, Fish  
25 and Wildlife Services, and such.

1           Ways you may participate. Roberta asked  
2           earlier, please be sure to sign up so we know that  
3           you want to be noticed as things happen. You can  
4           provide verbal comments. You've been asked  
5           several times, and will be asked before this  
6           meeting adjourns, whether or not you have  
7           comments.

8           And you may become a formal intervenor.  
9           And Roberta Mendonca will show you how to go about  
10          that.

11          Contacts. How you can reach us. My  
12          name, as the siting project manager. I answer my  
13          own phone. And how you may reach me on the web.

14          Ed Bouillon, Roberta, Dan Dickinson, all  
15          of us are there. And, again, this is on handouts,  
16          which many of you already have.

17          These are issues which we've identified  
18          and now I'll read from the bottom. The main thing  
19          is might they have an impact on the schedule.  
20          Might they be potentially contentious. Might they  
21          not comply with local laws, ordinances,  
22          regulations and standards. Or will there be  
23          impacts that are difficult to mitigate.

24          Those are the issues. We've identified  
25          three, which I'll mention in a minute, and they

1 are to inform you. It's an early focus, and that  
2 does not mean the door is shut on issues. There  
3 may be others. This is what we've seen to this  
4 point.

5 Our staff has identified as issues, air  
6 quality. And that is do you have a way to  
7 mitigate the emissions. Thermal power plants, as  
8 well as anything you have that burns, has residual  
9 effects. And PM10, you're probably familiar with  
10 a meter stick, it's a yardstick that's 10 percent  
11 longer. I guess it's on steroids. And if you  
12 slice and dice that down to 1 millionth, you would  
13 have a micron. And so that is particles that are  
14 10 microns in diameter or greater. That's about  
15 what talcum powder is. Or if you're in the rock  
16 business, which I have been, those are fines,  
17 okay, or less. And how will you offset PM10s.

18 Transmission systems engineering. As  
19 Bob Looper and Tom Cameron mentioned, there are  
20 five lines that come into the substation just west  
21 of here. And they're 161 kV, to be upgraded to  
22 230 kV. Anything that is involved in, quote, "the  
23 footprint of the plant" is our concern. We want  
24 to make sure it's mitigated.

25 Water resources. Do you need permits

1 from Bureau of Reclamation. Some concerns about  
2 water.

3 Those are the three issues we've  
4 identified, again, air, transmission system and  
5 water.

6 You probably wonder why this is here.  
7 Again, it's an attempt to show the transmission  
8 system upgrade planned by Western from 161 kV to  
9 230. Some lines will be removed. Some lines will  
10 be coming in. That's part of the transmission  
11 thing.

12 I'm winding down. Again, just to give  
13 you a feel for the schedule and how we get that  
14 year. That application was deemed data adequate  
15 on the 22nd of March. Staff filed its data  
16 requests a day late, 5/2. I didn't change the  
17 slide. We're having the informational hearing  
18 today. We'll have the site visit today. We'll  
19 have the data request workshop number one today.

20 The Air Pollution Control District, we  
21 believe, will have its preliminary determination  
22 of compliance around July 21st. This is not a  
23 schedule in granite.

24 Preliminary staff assessment or PSA  
25 about September, mid. Workshops on the PSA will

1 be after that. Then there will be a final staff  
2 assessment, as you can see.

3 And then down near the end the Presiding  
4 Member's Proposed Decision, Executive Director  
5 files a notice of decision. That will be about  
6 the end of March.

7 This is my last slide. As a summary,  
8 staff provides periodic status reports, to let you  
9 know what's going on, to the Committee. And those  
10 are available for you. To address the issues and  
11 new issues that may have been identified, not just  
12 the three, but more.

13 And then the next step, the workshop  
14 this afternoon, the issues that have been  
15 identified, air, transmission and water. And we  
16 have data requests, specific questions of the  
17 applicant. And we also have hard copy of those on  
18 air questions, questions about biology, questions  
19 about cultural, facility design, geological,  
20 hazardous materials -- I know there are nouns on  
21 the end of these but I'm going to just short-  
22 circuit -- land use, noise, public health, safety,  
23 plant reliability, traffic and transportation,  
24 transmission system engineering, visual impact,  
25 waste management, water, soil and worker safety.

1                   That's all I have. I'll answer  
2                   questions if you have them when the appropriate  
3                   time is.

4                   Thank you.

5                   HEARING OFFICER BOUILLON: Mr. Chevance,  
6                   are you ready, presentation for Western.

7                   MR. CHEVANCE: Again, I'm Nick Chevance,  
8                   the Environmental Project Manager for Western Area  
9                   Power. Mr. Charters is going to give us an  
10                  overview of what Western is, and how we're  
11                  involved in this process.

12                  But I'd like to beg your indulgence for  
13                  a second. There are actually four people out in  
14                  the audience that have not been introduced so far,  
15                  and realize I should really introduce everyone.  
16                  So, if the people from Western could stand so that  
17                  I can just give you a brief introduction.

18                  The gentleman in the blue shirt is  
19                  George Perkins, an environmental specialist from  
20                  our Desert Southwest office. Behind him is Milt  
21                  Percival, who works for Mr. Charters. Young lady  
22                  in the yellow sweater is Kathy Cunningham, who is  
23                  an assistant to myself and the rest of us out of  
24                  our Lakewood office. And Mary Barger, who is  
25                  Western's historic preservation officer.

1                   Thank you. I don't think there's anyone  
2 left.

3                   I'd also like to thank the city, Mr.  
4 Mayor, for these fine facilities. And I never  
5 thought that I would come to Blythe and be cold.

6                   (Laughter.)

7                   MR. CHEVANCE: But I do appreciate it,  
8 gentlemen, for turning down the air conditioning.  
9 It was fine when I got in here this morning, and  
10 now I wish I had that jacket.

11                   Jim.

12                   MR. CHARTERS: For the record I'm James  
13 Charters. I'm the Planning Manager for Western's  
14 Desert Southwest Region.

15                   And Mr. Percival is the brains of our  
16 group, so if we have a technical question we'll  
17 get Milt Percival to talk to you.

18                   Western Area Power Administration is  
19 kind of a different organization, and so we  
20 thought we'd give you an overview of what it is.  
21 We are part of the Department of Energy, created  
22 in 1977 under the Carter Administration, out of  
23 the Bureau of Reclamation.

24                   We take the energy from the  
25 hydroelectric plants and deliver it to various

1 preference customers. And we'll look at that in a  
2 second.

3 We are hydro power and high voltage  
4 transmission lines. We, Western-wide, have 17,000  
5 miles of transmission lines of 115 kV and above.  
6 That's pretty good sized thing. You only make one  
7 mistake when you touch that guy. And it's  
8 wholesale power.

9 To give you an idea of the geographic,  
10 WAPA is this thing here. Being of Italian  
11 ancestry I don't like to use the term WAPA.  
12 So, --

13 (Laughter.)

14 MR. CHARTERS: -- if you call us Western  
15 I'd appreciate that. Only older people know that.  
16 I've said that to some younger folks and they  
17 didn't know what I was talking about. And I think  
18 that's great. We've changed, haven't we?

19 We sell our power to towns, cities,  
20 municipalities, rural electric cooperatives.  
21 Arizona Electric Power Co-op is one of ours,  
22 irrigation drainage districts.

23 We don't have them up here, but one of  
24 them is Imperial Irrigation District's one of our  
25 major customers. We sell our transmission, the

1 excess transmission to what we use for delivering  
2 our hydro power we sell on a first-come/first-  
3 serve basis to anybody that comes down the pike.  
4 And we have actually a lot of customers.

5           What we don't do is we don't do  
6 distribution and we don't do, in this case, we  
7 don't do the generation. Our generation is sold,  
8 is gone. We sold it out in 1984, 87 process.  
9 It's an open public process that comes up in, I  
10 think, was 2006, or something like that.

11           Milt and I don't get much sleep. We've  
12 been working on these kinds of projects. We have  
13 four that we're showing here. There's actually  
14 six going on right now.

15           Griffith Energy is in the Kingman area.  
16 South Point is north of here at just about  
17 Needles. It's actually north and a little bit  
18 west, just on the other side of the Topock Marsh,  
19 for those of you from the local area, know where  
20 that's at.

21           Blythe Energy, we're talking about. Big  
22 Sandy is in the Big Sandy Wash about Wikieup,  
23 those of you from the local area, know where  
24 Wikieup is at.

25           Western follows the mandates of the

1 Federal Energy Regulatory Commission. We are not  
2 FERC-jurisdictional, but the boss says we will, so  
3 we do. And we also, as such, have a formal  
4 request for interconnection from Blythe Energy,  
5 which we are processing in a FERC open access  
6 tariff manner. And, as such, we have delivered  
7 back the impact study of this project. And we've  
8 been working with them and the Commission to  
9 provide data that the Commission is requiring.

10 We will be going through another piece  
11 of that study called the peer review process,  
12 where we get together with our neighboring  
13 utilities and under the auspices of the Western  
14 System Coordinating Council process, to review all  
15 of the data, as well, on the impacts on the  
16 transmission systems and the ratings east of the  
17 river, west of the river, and all of this sort of  
18 thing that goes on with making sure that you have  
19 a reliability source.

20 Western's interest in this also extends  
21 to the fact that we have our customer IID, and our  
22 customer Southern California Edison, and we're  
23 concerned about the people of the City of Blythe,  
24 and the fact that we have three lines going in  
25 here means that somebody back along the way was

1 concerned that you'd have high power quality in  
2 this area.

3 I don't know what we can do about the  
4 distribution, but -- actually nothing.

5 (Laughter.)

6 MR. CHARTERS: But from a transmission  
7 point of view we're interested in making sure that  
8 the power quality stays very high. And I'm sure  
9 that the Blythe Energy Project, with a generator  
10 on your doorstep, will give you a much better  
11 voltage support.

12 So, if you have any questions of  
13 technical nature, ask Milt. Milt, raise your  
14 hand. Thank you.

15 MR. CHEVANCE: Thanks, Jim. Just to  
16 define my purpose here is that one of the -- when  
17 someone comes to Western requesting an  
18 interconnection, we have a handbook for that  
19 interconnection.

20 One of those requirements is that the  
21 necessary environmental studies need to be done.  
22 The National Environmental Policy Act, or also  
23 known as NEPA, was passed in 1969, and it defines  
24 a process for planning federal projects.

25 It does not mandate an outcome, which is

1 different from CEQA, in that CEQA requires that  
2 there be no significant environmental impacts  
3 without other steps be taken.

4           However, the NEPA process, the decision-  
5 maker for the federal government only needs to be  
6 aware of environmental impacts. I've  
7 characterized this to others that it doesn't keep  
8 you from making a dumb decision, but it does keep  
9 you from making an uninformed decision.

10           So if you wish to go ahead with  
11 something, at least you knew the consequences  
12 ahead of time.

13           However, in this particular case we're  
14 going to join our process with the CEC's process.  
15 Normally this type of project, upgrades to our  
16 system involving the addition of new generation in  
17 excess of 50 megawatts, would require normally an  
18 environmental impact statement.

19           Western worked with the CEC on a  
20 previous project and we hit a few bumps in the  
21 road. We have gone back to our regulations and  
22 found that there is a variance. And we've decided  
23 to apply that variance, because it matches the  
24 process that the CEC has already established. And  
25 it also keeps the amount of confusion on the part

1 of the public to a minimum.

2 So, essentially our environmental  
3 assessment process will mirror that of the CEC's  
4 process. When you see those workshops announced,  
5 Western will be there to take comment. When the  
6 staff files the preliminary staff assessment, that  
7 will serve as Western's draft environmental  
8 assessment. You will also have an opportunity to  
9 comment on that.

10 And when the staff files it's final  
11 staff assessment, that will serve as Western's  
12 final environmental assessment.

13 Now, essentially the environmental  
14 assessment then leads the decision-maker to issue  
15 either one of three decisions. The first decision  
16 is if there are no significant impacts identified  
17 during the analysis process, Western will issue a  
18 FONSI, a finding of no significant impact. Then  
19 the application process will then continue.

20 Should environmental impacts be  
21 identified that may seem to be significant,  
22 Western can then consider whether or not the  
23 mitigation proposed for the project would reduce  
24 that impact to less than significant. Then we  
25 have something that's sort of a hybrid in the

1 business called a mitigated FONSI. In other  
2 words, it is a finding of no significant impact  
3 provided that the conditions of mitigation are  
4 followed through.

5 Finally, if we do find significant  
6 impacts that cannot be mitigated beyond the level  
7 of significance, we are then required to go into  
8 an environmental impact statement. At that point  
9 we would not begin the process again, but the  
10 process for Western would become much more  
11 intense.

12 We are following the regulations of the  
13 Department of Energy. We are following the  
14 regulations of the President's Council on  
15 Environmental Quality to insure that the public is  
16 fully protected; they have their interests  
17 protected.

18 If you have any comments for any of us,  
19 please come to Western. Any comments that come to  
20 Western will be shared with the CEC, and the  
21 reverse is true, I'm sure.

22 I don't know that I have anything else  
23 to say other than the fact that the public  
24 participation process is extremely important for  
25 Western. The amount of public involvement in this

1 process will probably be greater than normally  
2 seen in most federal projects. And to that we're  
3 very much grateful, because we do want to hear  
4 from the public.

5 If anyone has any questions for us, I'll  
6 be glad to entertain that. See none.

7 PRESIDING MEMBER KEESE: Thank you. And  
8 I'll just say, on behalf of the Commission, we're  
9 pleased to work this collaborative effort.

10 I was involved in the Southern Power  
11 Project where we got started with the initial  
12 attempt to work together. And eventually it  
13 worked out. I hope this one sets a precedent for  
14 the future, too.

15 At this time I'm going to ask. I did  
16 notice there was somebody from the Imperial  
17 Irrigation District here. Would anybody care to  
18 make a statement at this time on behalf of  
19 Imperial Irrigation, or shall we hold off on that?

20 IMPERIAL IRRIGATION DISTRICT  
21 REPRESENTATIVE: I don't think so, thank you.

22 PRESIDING MEMBER KEESE: Thank you. We  
23 have no intervenors? Any agencies care to make a  
24 statement at this time?

25 Members of the public, and would you

1 just start with those who identified themselves at  
2 the front end. If you would like to make a  
3 statement.

4 I do have a series of questions that  
5 have been submitted in writing. And you're  
6 welcome -- what I'm going to do first is ask those  
7 who would like to ask their question from the  
8 microphone, if they'd like to make their comment  
9 and ask their question. If not, I will read in  
10 the questions that have been submitted.

11 And identify yourself for the record as  
12 you come forward.

13 CAPT. AVILA: Mr. Chair, Members of the  
14 Commission, and audience, I'm Capt. David Avila  
15 with Riverside County Fire Department, Fire  
16 Marshal's Office, Planning Protection.

17 On behalf of Chief Larry Benson, I thank  
18 you for giving me this opportunity to comment and  
19 discuss some of the concerns I have right now.

20 I think this project is real good. I  
21 think it's going to be good for the community and  
22 for the county, as a whole. And the fire  
23 department, also, with the County of Riverside.  
24 We support this project and hope it comes to  
25 fruition.

1           However, I do have a couple of questions  
2           for the project proponents, the applicant,  
3           regarding fire department and emergency protection  
4           issues.

5           The applicant has stated that he has  
6           worked with the city and has pretty much ironed  
7           out all the issues that they had there. However,  
8           when I read the text of the supplements, they  
9           refer to the county fire department as being the  
10          primary provider of fire and emergency services.

11          And in the discussion the applicant has  
12          suggested that the City of Blythe is going to  
13          annex this. And there's some inconsistencies  
14          here, and I'd like to know, you know, who actually  
15          will be the final provider for these services.

16          In addition, the applicant had indicated  
17          that the Blythe Energy Project will bring in  
18          industry to the Blythe Airport. Currently, right  
19          now there are inadequate water for fire protection  
20          at the airport. According to the California Fire  
21          Code, a minimum fire flow, and this is just  
22          informational, is 1500 gpm. And right now the  
23          infrastructure supports a little more than half of  
24          that.

25          So, a water source needs to be

1 identified to bring in the needed fire flows. And  
2 if we're talking, these are the minimum.  
3 Sometimes, depending on the size of the structure,  
4 the use, the hazard class, it could generate, you  
5 know, even twice the required fire flow.

6 And the project proponent had indicated  
7 that they're going to use well water which, in  
8 their terms, is low quality brackish. Which is  
9 not suitable for fire protection, as per the Water  
10 Quality Board of California. Now, we can use  
11 other than potable water, however this doesn't  
12 qualify.

13 So these are my questions for the  
14 applicant and for the Commission. And if they can  
15 address that, and if you have any questions I'll  
16 be glad to answer them.

17 PRESIDING MEMBER KEESE: Thank you.  
18 Having made the statement, this will be a subject  
19 that will be taken up at the workshop this  
20 afternoon.

21 Would the applicant like to make any  
22 particular comment at this time?

23 MR. CAMERON: Not at this time. We will  
24 address this at the workshop.

25 PRESIDING MEMBER KEESE: Thank you.

1                   CAPT. AVILA: Thank you.

2                   PRESIDING MEMBER KEESE: It will be  
3 addressed in the workshop this afternoon.

4                   Any other party?

5                   MR. WOLFE: Right here.

6                   PRESIDING MEMBER KEESE: Thank you, come  
7 forward.

8                   MR. WOLFE: My name is Pat Wolfe. I'm a  
9 local resident here in the Valley. I also run the  
10 Blythe Airport. I've got a small statement and  
11 I've got a couple of questions.

12                   By being a pilot and living here in the  
13 Valley, we have an inversion layer that sets on  
14 this Valley quite often. This is the reason the  
15 weather goes around us so much.

16                   This has two effects. It's like a  
17 fence. One that keeps things out also keeps  
18 things in. I'm worried about the pollution aspect  
19 of the exhaust.

20                   The question is, do we have a monitoring  
21 system in the Valley now to monitor our air  
22 quality. And if we do, at what altitude is it  
23 taken? If we don't have one now are they going to  
24 put one in, and is it going to be continued to be  
25 monitored after the plant goes in? So we can have

1 a before-and-after effect of our air quality.

2 And you'll take it up at the workshop  
3 this afternoon or can you comment on it now?

4 PRESIDING MEMBER KEESE: Are you going  
5 to be at the workshop this afternoon?

6 MR. WOLFE: Sure, I'll be there.

7 PRESIDING MEMBER KEESE: Okay, is there  
8 anybody here who'd like to give an answer to that?  
9 This certainly is taken up by the air district --  
10 why doesn't the applicant give just a brief  
11 comment. Would you mind giving a one-minute  
12 response to that?

13 MR. CAMERON: Sure. If I understand  
14 your question right you're concerned about the air  
15 pollution and how it may stay in this area because  
16 of the atmospheric --

17 MR. WOLFE: Yes, and do we have a  
18 monitoring system in place now to check it so we  
19 know before-and-after effects of this? We can't  
20 put one in after it goes in because we don't know  
21 what the air quality was to start with, unless we  
22 have a system in place now.

23 MR. CAMERON: Um-hum.

24 MR. WOLFE: I know Indio does have a  
25 system of air quality checks. It goes up every

1 single day at 5000 feet.

2 PRESIDING MEMBER KEESE: You know, since  
3 we're being recorded here, either it's going to be  
4 up here or --

5 MR. WOLFE: Okay.

6 PRESIDING MEMBER KEESE: Why don't we  
7 hear the answer.

8 MR. CAMERON: I can't speak to whether  
9 there's existing recording here. I don't know if  
10 you can, Jeff, or one of your consultants?

11 I think we need to ask our team some  
12 questions. We are having monitoring of the plant  
13 emissions. One of the things that is required by  
14 the CEC and the EPA is that we monitor the  
15 emissions from the plant. That's done on a  
16 continuous basis. Those are recorded, they're  
17 submitted as reports to the agencies periodically.  
18 So that we will do.

19 MR. HARVEY: I'm Jeff Harvey from  
20 Greystone Environmental Consultants, environmental  
21 permitting for the project.

22 Just as a short answer for the question.  
23 We are working very closely with the Mojave Desert  
24 Air Quality Management District, and with the EPA  
25 on formal air permitting for the project in which

1 all these issues are considered.

2           There is a major modeling for the  
3 project, all of the existing data for the area is  
4 taken into account, and then the emissions from  
5 the project, how the emissions will be dispersed,  
6 given all of the meteorological conditions here in  
7 the local environment.

8           And then we are required to mitigate for  
9 whatever those effects are. And that's what we  
10 are developing with plant design features, and  
11 with the emission reduction credits which have  
12 been attained.

13           So, the answer to your question is yes,  
14 those things have been considered. No, there's  
15 not the kind of local monitoring that you've  
16 described. And, yes, there is a whole process  
17 that the project has to go through for permitting  
18 on air quality issues to insure the protection of  
19 air quality in this region, as the plant goes  
20 forward.

21           MR. WOLFE: Thank you.

22           PRESIDING MEMBER KEESE: Thank you.

23           MR. NELSON: Mr. Chairman, would it be  
24 helpful for me to just briefly address the first  
25 question on the fire issues?

1                   PRESIDING MEMBER KEESE: It would be  
2 fine.

3                   MR. NELSON: Fire protection was, as I  
4 understand, the first question. And the City of  
5 Blythe and the County of Riverside have fire  
6 service agreements in all newly annexed areas,  
7 which means that fire protection would be provided  
8 jointly by both the county and the city.

9                   And in terms of the fire flows, we are  
10 also concerned with that. And in the conditions  
11 of approval we'll probably be looking for the  
12 extension of infrastructure to the site,  
13 specifically to address the fire flow condition.

14                  PRESIDING MEMBER KEESE: Thank you. I  
15 have a series of -- do we have anybody else? I  
16 have a series of questions I want to read which I  
17 believe are appropriate for the workshop this  
18 afternoon.

19                  How does Blythe Energy intend to meet  
20 its air quality offset requirements?

21                  An interdistrict trade is being proposed  
22 for this project, what is the proposed effect and  
23 how will this affect air quality?

24                  In the interest of obtaining offsets we  
25 encourage the project to seek out local sources to

1 supply potential offsets before any other options  
2 are considered.

3 Those are the series of questions. I  
4 believe they're appropriate for the workshop.

5 Mr. Bouillon.

6 HEARING OFFICER BOUILLON: Yes, I have a  
7 question submitted by a member of the audience  
8 that I think is appropriate for response here. I  
9 think it's easily explainable.

10 One member of the public noted that the  
11 project involves two gas-fired turbines, each at  
12 180 megawatts, and a steam recovery turbine that  
13 -- or a steam turbine at 180 megawatts. They added  
14 it up and got 540, and you guys talk about 520.

15 So, for the benefit of everyone, I'd  
16 like the applicant to explain that.

17 MR. CAMERON: The new math. What I  
18 spoke about was actually gross generation. Net  
19 generation, which takes out the plant auxiliary  
20 load, which services a lot of the pumps and motors  
21 that go along with the power plant, would bring  
22 that down to 520.

23 Also one thing you should note is that  
24 power plant output changes with ambient  
25 temperature. The lower the ambient temperature

1 the more the gas turbines are able to produce.  
2 It's just a matter of the size of the air  
3 molecules and the mass that they take up.

4 That's why we're adding in the chilling.  
5 We can keep the inlet air at a constant low  
6 temperature and maximize the output of the plant.

7 So, 520 is kind of a general number for  
8 the output of the plant.

9 PRESIDING MEMBER KEESE: Okay, we have  
10 about ten minutes more that we don't have to use  
11 up. However, as a number of the members of the  
12 public introduced themselves at the front end, I  
13 know that they intended to say statements that I  
14 see on their cards of support for this project.

15 If they feel like saying anything at  
16 this time, that would be appropriate, any of those  
17 members of the public who identified themselves.

18 MR. VAN DYKE: For the record my name's  
19 Charles Van Dyke. I'm the President of the Board  
20 of Directors, Palo Verde Irrigation District.

21 I just wanted to say that Blythe Energy  
22 has worked with the Palo Verde Irrigation District  
23 for about two years now, from the beginning of the  
24 project.

25 Palo Verde Irrigation District has water

1 rights that they share with the other five  
2 agencies in California. Actually we have a first  
3 priority for 104,500 acres. And then we also  
4 share a third priority with Imperial Irrigation  
5 District and Coachella Valley Irrigation District.

6 The Blythe Energy Project is within that  
7 third priority, which is for 60,000 acres.

8 I want to say that we also share  
9 conservation as the other five agencies in  
10 California do. And so we've worked with Blythe  
11 Energy Project to make a conservation program that  
12 would not impact agriculture in any way.

13 I think everything else was covered by  
14 Bob Looper.

15 PRESIDING MEMBER KEESE: Thank you.

16 MR. MURRAY: For the record, once again,  
17 I'm Ivan Murray from the Palo Verde Community  
18 College District.

19 Just wanted, on behalf of our district,  
20 since our president/superintendent is out of town,  
21 the president of our board of trustees asked me to  
22 lend the support of the district to this project.

23 Our district, for those of you who are  
24 unfamiliar with it, extends from the Imperial  
25 County line to the south. With our recent

1 annexations we go clear north, take in Needles and  
2 go to the San Bernardino County, and north to the  
3 Nevada line.

4 We're now under construction with a new  
5 campus just to the north of where this proposed  
6 plant would go, roughly 200 acres, which we  
7 anticipate will be completed a year from this  
8 August.

9 We think that this plant will provide  
10 not only educational opportunities for the  
11 students at the college, but economic development  
12 for the whole area. And we are in support of it.

13 Thank you.

14 PRESIDING MEMBER KEESE: Thank you very  
15 much.

16 MS. JESSUP: Hi, once again, I'm  
17 Gretchen Jessup. I'm the new President of the  
18 Chamber of Commerce, the Blythe area Chamber of  
19 Commerce.

20 From the Chamber's perspective we've  
21 been aware of the Blythe Energy Project for about  
22 two years. The city has hosted face-to-face  
23 meetings with representatives from Blythe Energy.  
24 And I'm of the opinion the community has a  
25 reasonable understanding of the project.

1                   We know it will operate on natural gas,  
2                   and we understand it will provide reliable and  
3                   affordable power.

4                   As long as the power plant is  
5                   environmentally safe and clean, and I understand  
6                   that's what this process is all about, then the  
7                   Blythe Chamber of Commerce favors siting the 520  
8                   megawatt plant in our community. It will  
9                   stimulate the economy, create jobs and make  
10                  affordable power available for industry.

11                  The Chamber of Commerce supports the  
12                  Blythe Energy Project.

13                  Thank you.

14                  PRESIDING MEMBER KEESE: Thank you, Ms.  
15                  Jessup.

16                  MR. MUYCO: For the record my name is  
17                  Noel Muyco, representing Sempra Energy. I have a  
18                  question, just asking for clarification of a  
19                  statement the project team made earlier regarding  
20                  banked emission credits.

21                  Who are they with, and how much have you  
22                  banked and secured?

23                  MR. LOOPER: This is something we're  
24                  going to go over in detail in the workshop. But  
25                  we've banked credits in the amount of what our

1 expected emissions were, and South Coast credits.  
2 And we have an offset package plan in place that  
3 we'll be talking about.

4 MR. MUYCO: Would that document be  
5 available for --

6 MR. LOOPER: Yeah, it will be, and at  
7 the workshop we'll talk in greater detail about  
8 the whole offset plan and where that's headed.

9 MR. MUYCO: Thank you.

10 PRESIDING MEMBER KEESE: Yes, let me  
11 just ask the applicant. You had asked for  
12 confidentiality because of the business  
13 relationships in your offset package at the front  
14 end, and we have granted you a limited  
15 confidentiality till a certain point.

16 Are you going to maintain that  
17 confidentiality, or are you going to disclose  
18 today, or what is your plan?

19 MR. GRATTAN: John Grattan, counsel to  
20 the project. We're going to maintain that  
21 confidentiality until the offset credits are  
22 actually secured and in the possession of the  
23 applicant.

24 PRESIDING MEMBER KEESE: Thank you. I  
25 thought that would be a good point to clarify

1 here. We granted limited confidentiality until  
2 the point at which the air district, I believe,  
3 issues its permit.

4 MR. GRATTAN: That's correct.

5 PRESIDING MEMBER KEESE: At which time  
6 the confidentiality will cease, and there will be  
7 disclosure of where the offsets are.

8 MR. GRATTAN: We anticipate that we'll  
9 be able to disclose in advance of the preliminary  
10 determination of compliance.

11 PRESIDING MEMBER KEESE: Thank you.

12 HEARING OFFICER BOUILLON: Mr. Grattan,  
13 before you sit down would you please explain to  
14 the audience the need for -- what the need is for  
15 that confidentiality, so it doesn't appear that  
16 we're doing things in secret for no reason.

17 MR. GRATTAN: Yes, thank you, thank you.  
18 The reason for maintaining confidentiality till  
19 the offset credits are actually secured is the  
20 impact on the market for offset credits, impact  
21 on, well, let's say, advantage, perhaps giving  
22 advantage to competitors. It affects the price,  
23 basically.

24 PRESIDING MEMBER KEESE: Thank you very  
25 much.

1                   We have one more task before us, and we  
2 might just make our timeframe. Mr. Bouillon,  
3 would you like to cover issue identification.

4                   HEARING OFFICER BOUILLON: Yes, the  
5 final topic on our agenda is the issue  
6 identification report and proposed schedule,  
7 submitted both by the applicant and by the staff.

8                   Mr. Shaw, as part of his presentation,  
9 covered both of those issues in a bit of detail.  
10 The applicant has submitted a written proposed  
11 schedule also.

12                   At this time I'd like to ask the  
13 applicant if they have any response to any of the  
14 issues raised by the staff, any differences with  
15 them at this point. And if they have any comments  
16 about the schedule that staff has presented.

17                   MR. CAMERON: We have one issue we'd  
18 like to talk about, and that is the schedule for  
19 receiving approval to construct this project.

20                   Staff has presented a schedule which  
21 reflects approximately a one-year process from the  
22 time that data adequacy was determined.

23                   What we're showing here, and what we  
24 have submitted formally on May 1st, is a schedule  
25 which is, we think, realistically aggressive. The

1 reason it's aggressive is because we, as the  
2 applicant, have taken it upon ourselves to respond  
3 to our issues, and to respond to our data requests  
4 in a very timely manner.

5           And I'll use an example that happened  
6 yesterday. Yesterday morning we received about  
7 130 questions from the staff. We actually had our  
8 team assembled, waiting for the questions. We sat  
9 down and we went through all of the questions. We  
10 formulated our responses, and we're prepared to  
11 talk about them today. So that within about two  
12 to two and a half weeks we can submit these  
13 responses.

14           So we're going to work aggressively to  
15 minimize the timeframe between the point where  
16 information is requested from us, and the time  
17 that we respond to you. We think we can take  
18 roughly five to six weeks out of the process.

19           That gets us to the last point where  
20 testimony is filed. From then on that process is  
21 pretty much a -- it's a regulated process with not  
22 a lot of float in it, I guess I would say.

23           So we recognize that the staff has 12 or  
24 so applications in front of them. We recognize  
25 that the staff is short of people. The whole

1 industry is short of people.

2 But we also recognize that this is not  
3 the first application that has gone through.  
4 These are not issues that they've never seen  
5 before. There are, I think, five projects that  
6 are now approved recently.

7 PRESIDING MEMBER KEESE: I think  
8 we're --

9 MR. CAMERON: The fifth one's coming  
10 maybe today?

11 PRESIDING MEMBER KEESE: -- four, I  
12 think we're four right today.

13 MR. CAMERON: Okay.

14 HEARING OFFICER BOUILLON: Did we do the  
15 fifth? We did one yesterday, High Desert, yeah.  
16 Four or five.

17 PRESIDING MEMBER KEESE: High Desert was  
18 approved yesterday, yes.

19 MR. CAMERON: But we think that a lot of  
20 lessons and process-related issues have been  
21 addressed in these five previous applications.  
22 And we think that will only help the process for  
23 the additional ones that are going through now.

24 And as we've said this morning, with  
25 what we think we have for issues, the public

1 support that we have for this project, we think  
2 that it should be a fairly easy and  
3 straightforward process. And we would appreciate  
4 your support.

5 Thank you.

6 PRESIDING MEMBER KEESE: Thank you.

7 HEARING OFFICER BOUILLON: Thank you.

8 Mr. Shaw, do you have any response to --

9 MR. SHAW: None.

10 HEARING OFFICER BOUILLON: All right.

11 For members of the audience, and for the parties,  
12 I would indicate that the Committee must issue a  
13 scheduling order by regulation by May 19th. And  
14 we will do that.

15 We will take all that we've heard here  
16 today and consider it, and come forth with a  
17 scheduling order which will be mailed out to all  
18 of the parties, and will be on our web site no  
19 later than May 19th.

20 I believe we have -- does anybody in the  
21 audience have any comments on the contested issues  
22 or on the scheduling, as that's been discussed  
23 here today?

24 All right, hearing none, I believe we're  
25 ready to adjourn.

1                   PRESIDING MEMBER KEESE: Thank you.

2                   I'll just make a comment that it's wonderful to be  
3                   in Blythe. Some of us, I'm sure all of you  
4                   appreciate it, I happen to live in the mountains.  
5                   And we take -- the snow is still on the ground.  
6                   We take off our jackets when it gets up to 40.

7                   (Laughter.)

8                   PRESIDING MEMBER KEESE: So, you're  
9                   welcome to keep this room as cold as you want  
10                  anytime you want.

11                  Thank you, everybody. We look forward  
12                  to joining you on the bus tour.

13                  MR. LOOPER: We wanted, before you go,  
14                  just to explain to everybody the bus tour, so --

15                  PRESIDING MEMBER KEESE: Okay, and then  
16                  I'll let Western --

17                  (Off-the-record discussion, site visit  
18                  tour and route.)

19                  PRESIDING MEMBER KEESE: Thank you. We  
20                  will adjourn. And I thank the Mayor and  
21                  Supervisor, Mr. Nelson.

22                  The workshop will start after lunch,  
23                  which might be a little before 2:00. So when  
24                  lunch is over the workshop will start. Thank you.

25                  (Whereupon, at 11:04 a.m., the  
                  informational hearing was concluded.)

## CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of May, 2000.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345