PUBLIC SITE VISIT AND COMMITTEE CONFERENCE

BEFORE THE

ENERGY RESOURCES CONSERVATION AND DEVELOPMENT

COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the: )
) )
Power Plant Amendment ) 79-AFC-4C

BOTTLE ROCK GEOTHERMAL POWER PLANT
MULTIPURPOSE ROOM
7385 HIGH VALLEY ROAD
COBB, CALIFORNIA

FRIDAY, MAY 31, 2013
5:00 p.m.

Reported by:
Ramona Cota
Contract No. 170-09-002
COMMITTEE MEMBERS PRESENT

Karen Douglas, Presiding Member
Janea Scott, Associate Member

HEARING OFFICER, ADVISORS PRESENT

Paul Kramer, Hearing Officer
Jim Bartridge, Advisor to Commissioner Scott
Galen Lemei, Advisor to Commissioner Douglas
Jennifer Nelson, Advisor to Commissioner Douglas

CEC STAFF PRESENT

Kevin W. Bell, Staff Counsel
Camille Remy-Obad, Compliance Project Manager
Roger Johnson, Siting Manager
RESPONDENT/PROJECT OWNER

Brian Harms
Samantha Huggins
Bottle Rock Power, LLC

Kristen T. Castaños, Esq.
Stoel Rives LLP

PROJECT LANDOWNER

Robert Francisco (via WebEx)
V.V. & J. Coleman LLC

Mark Peterson
Eileen Diepenbrock
Diepenbrock Elkin LLP

COMPLAINANT (in related case 12-CAI-04)

David Coleman

Donald B. Mooney
Law Offices of Donald B. Mooney

INTERESTED AGENCIES

Doug Gearhart
Lake County Air Quality Management District

ALSO PRESENT

Linda Fung

Hamilton Hess
Friends of Cobb Mountain

Kelly Fletcher

Ronald Fidge

Joan Moss

Randall Fung

Sharon Matzinger
# INDEX

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Call to Order</td>
</tr>
<tr>
<td>Site Visit</td>
</tr>
<tr>
<td>Committee Conference</td>
</tr>
<tr>
<td>a. Presentation about the proposed amendment by the Project Owner and Commission Staff</td>
</tr>
<tr>
<td>b. Discussion of Schedule and other matters related to the proposed amendments</td>
</tr>
<tr>
<td>c. Consider pending motions (if any)</td>
</tr>
<tr>
<td>Public Comment</td>
</tr>
<tr>
<td>Donald Coleman</td>
</tr>
<tr>
<td>Linda Fung</td>
</tr>
<tr>
<td>Hamilton Hess</td>
</tr>
<tr>
<td>Kelly Fletcher</td>
</tr>
<tr>
<td>Ronald Fidge</td>
</tr>
<tr>
<td>Joan Moss</td>
</tr>
<tr>
<td>Randall Fung</td>
</tr>
<tr>
<td>Sharon Matzinger</td>
</tr>
<tr>
<td>Ronald Fidge</td>
</tr>
<tr>
<td>Responses to Public Comment</td>
</tr>
<tr>
<td>Applicant</td>
</tr>
<tr>
<td>CEC Staff</td>
</tr>
<tr>
<td>Lake County Air Quality Management District</td>
</tr>
<tr>
<td>Closed Session</td>
</tr>
<tr>
<td>Adjourn</td>
</tr>
</tbody>
</table>

Certificate of Reporter | 71 |

Legend:

OTR = Off the Record
PRESIDING MEMBER DOUGLAS: Again, thanks everyone for being here, welcome to the site visit and informational hearing. We just had the site visit so we are on to the informational hearing portion of today’s events.

I'll start by introducing the Committee. My name is Karen Douglas, I am the Presiding Member of this committee that has been appointed by the full Energy Commission to oversee the amendment filed by Bottle Rock. To my immediate left is Paul Kramer; he is the Hearing Officer assigned to this case. To his left is Janea Scott; Commissioner Scott is the Associate Member on this Committee. To her left is her advisor, Jim Bartridge. To my right are my advisors, Galen Lemei and Jennifer Nelson.

So with that let me ask Bottle Rock if you could introduce yourselves.

MR. HARMS: Brian Harms, General Manager of Bottle Rock.

PRESIDING MEMBER DOUGLAS: If you could speak towards us just because of the reporters.

HEARING OFFICER KRAMER: We have microphones here and right there for the reporter.

MR. HARMS: I'm Brian Harms, I'm the General Manager for Bottle Rock.
PRESIDING MEMBER DOUGLAS: Thank you.

MS. CASTAÑOS: I'm Kristen Castaños, I am counsel for Bottle Rock.

PRESIDING MEMBER DOUGLAS: All right, thank you.

Staff?

MR. BELL: I'm Kevin Bell, Senior Staff Counsel with the California Energy Commission. With me here today is the Siting Director Roger Johnson and Compliance Program Manager Camille Remy-Obad.

PRESIDING MEMBER DOUGLAS: Thank you, Mr. Bell. Can we have the complainant in the related complaint case, Mr. Coleman and Mr. Mooney, introduce yourselves for the record.

MR. COLEMAN: David Coleman.

MR. MOONEY: And Donald Mooney representing David Coleman in the complaint matter.

PRESIDING MEMBER DOUGLAS: Thank you.

MR. MOONEY: And in this matter as well.

PRESIDING MEMBER DOUGLAS: Great. Is there anyone here from the Department of Water Resources?

(No response.)

PRESIDING MEMBER DOUGLAS: Is there anyone here from Department of Conservation, DOGR?

(No response.)

PRESIDING MEMBER DOUGLAS: We had earlier a
representative from DOGR but I think he mentioned he wasn't able to stay.

MEMBER OF THE AUDIENCE: He had a 6:30 graduation to go to.

PRESIDING MEMBER DOUGLAS: A 6:30 graduation, that's understandable.

Is there anyone here from Lake County?

(Show of hands.)

PRESIDING MEMBER DOUGLAS: Could you introduce yourselves.

(Several people spoke at once.)

PRESIDING MEMBER DOUGLAS: All right, the record will reflect we have a number of residents of Lake County here.

Is there anyone here representing Lake County?

MR. GEARHART: (Raised hand.)

PRESIDING MEMBER DOUGLAS: Would you introduce yourself for the record.

MR. GEARHART: Doug Gearhart with the Lake County Air Quality Management District.

PRESIDING MEMBER DOUGLAS: Great, thank you. Anyone else here from any public agencies, local, state or federal?

(No response.)

PRESIDING MEMBER DOUGLAS: All right then, very
good. I'll turn this over to the Hearing Officer.

HEARING OFFICER KRAMER: We have one more group, the Project Landowner V.V. and J. Coleman LLC. Anyone here?

MR. PETERSON: Mark Peterson. And with me, Eileen Diepenbrock, counsel for V.V. & J. Coleman LLC.

HEARING OFFICER KRAMER: Okay. Mr. Gearhart, could you spell your name for me.


HEARING OFFICER KRAMER: Thank you. First some housekeeping items.

But first we will reiterate the purpose of this Committee Conference is to provide an opportunity for members of the public to obtain information, to offer comments and earlier to view the project site.

Bottle Rock Power is going to explain its Petition to Amend and then the Energy Commission staff is going to explain the amendment process and their role in reviewing the amendment.

After that anyone can present oral comments during the public comment portion of our agenda. And to help us organize that -- we've mentioned it a couple of times and I'll mention it one more, we'd like you to fill out a blue card like this. Mr. Bell, sitting up to our left now, he is both acting as the attorney for the staff, but because our public adviser couldn't be here today he is also serving in
that role. So he'll collect the cards and give them to us.

For those on the phone -- and there are none so I
won't lecture them.

One of the matters to be discussed now is the
process for this amendment. Our Commission regulations are
pretty much silent on exactly what process has to be
followed. If you looked at an application for a new power
plant there's a lot of details specified in our regulations;
but for amendments, not so much. All they really require is
that staff analyze the petition to amend and then present a
recommendation to the full Energy Commission, which is five
commissioners. We have two of the five here with us acting
as a Committee. But because of the likely public interest
in this amendment the Commission appointed this Committee to
conduct meetings to consider all the public input and
concerns and then make its own recommendation to the full
Commission.

We are not sure at this point. We could go so far
as to have formal evidentiary hearings or maybe something
short of that, just a meeting where we listen to everyone,
let people ask questions of each other, present us their
issues and concerns and documents that they think we need to
look at and then issue a proposed decision after that. So
that's one of the things we would like the parties to
address tonight or this evening, if they have any particular
preferences as far as the level and the complexity of the process. What we won't be doing, however, is dispensing with the portion where the staff analyzes the petition and files an initial report, that is going to get the ball going -- rolling, rather.

The other thing we need to do is establish a schedule for processing the petition. The staff and the project owner have filed in their written comments proposed schedules. They differ a little bit so we've -- I have a couple of extra copies of a handout where I have simply charted the proposals of both the staff and the applicant and if somebody wants a copy of that I can share the few extras I have. But that may be the key decision we need to make tonight is what is the schedule going to be so that you have a rough idea of what is going to follow after what and roughly when we hope that this proceeding will conclude.

I have already mentioned that we have handouts at the back of the room, the various filings of the parties staff and the parties in the last couple of weeks in response to the notice of this event.

All of this is being recorded in audio form and then it will be transcribed into a written transcript. So when you speak the first time please give us your name and then spell it so our court reporter will make sure it's properly spelled in the transcript.
Then as we proceed if you haven't spoken for
awhile when you first speak again please just say your name.
In the past we have had some trouble with the transcripts
not noticing that a new person is speaking so it will help
make sure we attribute the words to you and, say, not to
your mortal enemy, first instance, in the transcript.

And let's also try to talk one at a time, not talk
over each other, because we are not all separately mic'ed.
And if we are all yelling the transcript is probably just
going to say, paren, yelling, which isn't very helpful.

(Laughter.)

HEARING OFFICER KRAMER: Finally, as a matter of
procedure, we have two -- there's two active Commission
proceedings relating to this power plant. One is the
complaint that Mr. Coleman filed last year and that -- in
that case the Committee made a decision and it's been
appealed by Bottle Rock to the full Commission but it's on
hold at this point. Further action in that case is awaiting
the outcome of this amendment proceeding.

So when the parties are filing documents please
file them in the compliance proceeding, that's the 79-AFC-4C
as in Charlie proceeding and not in the complaint
proceeding. You don't have to file it in both places, one
is enough. The compliance proceeding is the one that we
want you to file them in.
Okay, we have already had the site visit. So let's begin the part where I quit speaking and that first involves a presentation about the amendment from Bottle Rock.

MR. HARMS: Again, I'll try to position myself so that I can both reach the microphones and be polite. Brian Harms again, General Manager of Bottle Rock.

HEARING OFFICER KRAMER: Would it be more convenient if you could see the whole room maybe, if you could stand where Mr. Bell is?

PRESIDING MEMBER DOUGLAS: That would be better.

MR. HARMS: Good afternoon, Commissioners and staff as well as everyone from the public. Thanks for coming this afternoon. I hope you -- those of you who were on the tour got a chance to see Bottle Rock and maybe learn a little bit about our operation.

To get to the point, because everyone's time is valuable, I want to briefly discuss how Bottle Rock got to this situation that we're in that we're trying to solve. And I am going to have my legal counsel discuss the actual petition in terms of point by point and how we are attempting to address the Energy Commission's needs as well as the business needs of Bottle Rock.

Bottle Rock had a Purchase and Sale Agreement with the Department of Water Resources. For maybe those in the
public that aren't aware, that was a piece of state
property, this was owned by the state of California. It was
sold to a private entity, then at that time it was called
Bottle Rock corporation. It is not the entity today. I was
not there then. But that transaction went through the
Energy Commission and there was an ownership change
approved. There were, however, stipulations in that
Purchase and Sale Agreement requiring a certain level of
bonds be in place to handle the eventual decommissioning of
the plant.

However, the reasons the bonds -- again, the DWR
-- which is unfortunate they are not here, but the reasons
those bond were in place, from their standpoint in dealing
with both the landowner and the DWR, was to address that
concern. The landowner at that time would not provide for
the DWR or for the state if California the unconditional
release of liability.

So it was a problem for the state of California
because they still maintained some level of obligation
regarding potential liability that could exist with Bottle
Rock. So the landowner wouldn't provide that, we had bond
obligations. The state of California needed a release of
liability, the landowner had particular interests regarding
some changes to the lease, Bottle Rock needed to have some
changes to the Purchase and Sale Agreement
So it was not just a $5 million bond that was really the business issue at stake. We approached the state of California, that was our perspective in dealing with the Department of Water Resources, because the $5 million was somewhat arbitrary. It was a number that wasn't really based on anything and there were provisions in the Purchase and Sale Agreement whereby Bottle Rock would be required to increase that amount to the decommissioning estimate by an independent engineer and add 25 percent to that number.

Now depending on whose number was being used it was substantially more than $5 million. Bottle Rock is a small business, we're generating 10 megawatts, we have 24 employees here. We don't have provisions to do that.

Well why is a bond a problem, those who think that it's simply insurance. A small business like mine has to back that with collateral, which means cash. So we had to solve that problem. The state needed their problem solved regarding liability, the landowner had a problem with conditions in the lease. So we worked together for close to I think a year and a half to attempt to find a solution and we did, in our mind anyway.

The solution that we found was that the landowner, who is represented here today, would provide an unconditional release of liability to the state of California, in exchange for that Bottle Rock would provide
changes to the lease that were acceptable to the landowner. The landowner would then -- because they were giving the unconditional release of liability to the state of California, the Department of Water Resources agreed to modify the Purchase and Sale Agreement in accordance with the procedures that were specified in the Purchase and Sale Agreement.

So what we found, in our mind, was a solution to a problem, we weren't trying to make one. We approached the state, we believed we were working directly with the state of California, our agreement was approved and signed off by the Department of General Services in August of 2012.

Now where -- there is a recognition on our part that the Energy Commission has a different opinion of whether they should have approved that ahead of time and we recognize that and that's why we're here, that's why we are petitioning to amend our -- essentially our license to address that concern that the Energy Commission has.

But basically what Bottle Rock did was not attempt to find an underhanded way or some way of getting away with something, it was a solution that was mutually beneficial to the state of California, to the landowner and to Bottle Rock as a business. It was -- in every sense to those three parties it looked like a win-win situation. We took what was a liability for the state of California, turned it into
an operating renewable energy asset that pays taxes, employs people, provides economic activity in this community, and all we had to find was a solution to a business problem.

Having obligations that are somewhat undefined, whether the number is $5 or $20 million, you could throw these numbers around. Having a potential obligation over a business like that, like Bottle Rock, a small business, is a financial black cloud. It prevents equity, prevents debt -- any financing to allow the business to expand.

We have checked the box on a number of things that Bottle Rock needed. We needed to solve this issue with the Department of Water Resources. We needed to permit our expansion. We needed to get an extension on the existing use permit. We had to get a new power purchase agreement that made financial sense. That power purchase agreement had a number of things that were necessary for the business.

We had large accrued penalties with PG&E, which have now been forgiven. We had to have a revenue stream that made more sense for a small business. We fixed all those things. This was just one of the things that we had to fix so that we could get the financing to expand the business.

And so now, while we recognize there is a difference of opinion of how this Energy Commission should have been involved in that process, that's how we got to the point of petitioning to amend our license. Again, I'll be
-- I'm available to answer questions but at this point perhaps I'll have my legal counsel actually present the petition to amend.


So as Brian described, the genesis for this petition really was the Commission's decision on our complaint or the Committee's decision on the complaint related to the elimination of the $5 million bond. And we -- you know, first I just want to express that we really appreciate that the Committee gave us the opportunity to submit this petition and stay the implementation of that bond requirement while we get through this process.

We view our petition as being fairly straightforward. We thought that in addressing the financial assurance for decommissioning this was also an opportunity for our license to be updated with modern closure and decommissioning conditions.

So what we proposed, what we are proposing in our petition is the elimination of three conditions that speak to closure and decommissioning obligations and replacing those three conditions with the Commission's current standard condition related to developing a closure plan. We, for the most part, verbatim copied that language from modern licenses related to planned closure. And our
understanding of including that planned closure condition, it's our Compliance-1, is that it would replace the prior decommissioning conditions that related to developing a biological resources element in our closure plan, submitting restoration plans and a reclamation plan. It was our intent, at least, that our Compliance-1 plant closure would be the modern version of those old conditions. And we proposed that our planned closure plan would be submitted one year prior to planned closure, which is consistent with the existing conditions of the license.

We understand from staff's issues report that there are some questions about whether our planned closure provisions failed to capture the biological resources element or how hazardous wastes are going to be dealt with. And again we took the modern conditions. It was our understanding that those -- that all of the environmental issues are captured in the current modern conditions, but we are certainly open to tweaking and modifying that standard condition as appropriate for this project to capture any specific resources that the Committee or the Commission feels need to be captured in our planned closure plan.

The other three -- we are also proposing to add three additional conditions which we don't currently have in our license. Two of them are contingency planning conditions, one for a temporary closure contingency plan and
one for a permanent closure contingency plan. And again, we
took the language from existing modern licenses and
essentially verbatim copied that into our petition as
proposed conditions. There are slight tweaks based on the
fact that those conditions usually -- currently what we have
seen are triggered from operations because they are usually
part of a new project and they are triggered by operations.
And obviously we are currently operating so we tried to
just modify the time lines for when those plans would be
submitted to staff for approval to reflect the fact that we
are currently an operating plant.

The fourth condition that we are proposing to add
would essentially address the bonding requirement, the
decommissioning bonding requirement that was in the -- in
the ownership transfer approval. And what we are proposing
there is that we would submit to staff for analysis and
review a preliminary scoping decommissioning plan. So we
are trying to take into account the fact that this is a
plant that is intended to be operated for 30 years. Our
closure plan would not be developed until a year prior to
closure. But we understand that in order to develop an
appropriate cost estimate for closure and an appropriate
financing mechanism for closure we need to develop a
preliminary scope of decommissioning so that we can have an
adequate estimate of that.
So our proposal in our petition is that we would submit such a preliminary decommissioning scoping plan to staff for review and approval. And once that has been approved then based on the estimates in that we would establish a financing plan to fund that decommissioning plan, that preliminary scope. And that that preliminary scope would be periodically reviewed. And if circumstances changed, which we anticipate they would over the life of the project, that it would be updated and the financing plan would also be updated to reflect current conditions.

It is -- so this is a condition that we created from whole cloth because the licenses for existing power plants that we have reviewed do not include requirements or financing decommissioning. We have only seen one; there is only one that we are aware of that includes a financing plan for decommissioning. But we recognize that there was -- that there was this $5 million bond and we are trying to create a similar condition to address the concerns about decommissioning financing for this facility.

Our petition does not propose any changes with the potential to impact the environment, we are not proposing any modifications to the design operations, we are not making any suggestions or requesting any actions that would result in a physical change in the environment. And it is for that reason that we feel and we stated in our response
papers to staff's issues list that we feel that staff's identification of issues exceeds the scope of our petition. We will certainly review and respond to data requests but we are concerned that the scope of issues identified in the staff's issues report appears to be focused on a physical environmental change that is not being proposed by this petition.

While we submitted an engineer's estimate with our petition, we did that because it was required by the Order on the complaint and not because it has any relevance to the conditions that we are proposing in our petition. Essentially the way our petition envisions this process is that a more detailed, specific estimate of decommissioning costs would be developed through the mechanism that we have set forth in our Compliance-4 proposed condition.

So we feel that data requests that relate to the engineer's estimate are actually not relevant to our petition. and it is for that reason that we feel that the time frame for this process could be expedited and also that the issues could be narrowed. And I think that the landowner agrees with us in terms of expediting the process for resolving.

This petition clearly having this obligation or this uncertainty hang out for an extended period of time makes it difficult for Bottle Rock to proceed with its
expansion project and that really is the goal of the entire operation. So I am happy to answer any questions and thank you very much for being here and for your time this evening. Yes?

HEARING OFFICER KRAMER: One question. When I was talking to Mr. McKinsey, your colleague, about the details of setting up this meeting, dates and room and the like, he mentioned that at some point after the initial approval of the project there was a document that purported to be a complete compilation of the conditions applied to the project. And that it was -- he wasn't sure if it ever formally adopted by the Commission. But what I am wondering is if you think there would be some value as a part of this process to just -- to reaffirm the complete set of what the conditions are that apply as of now to the project.

MS. CASTAÑOS: Yes, we think that there would be tremendous value in capturing all of the conditions that apply to this project in one document. I think it would be very useful not only for the project but also for the public and the Commission going forward. Clearly there was some misunderstanding about -- at least about the $5 million bond obligation and whether it was a condition of operation. And we certainly would support an outcome, a petition outcome that would reflect all those conditions in one place.

HEARING OFFICER KRAMER: Okay.
MS. CASTAÑOS: I don't believe that such a document has ever been submitted to the Commission. Bottle Rock has its own compilation of the conditions for its operational purposes and it, you know, maintains all of those in one place. But I don't believe that there is a single document that captures all of the conditions.

HEARING OFFICER KRAMER: I think he thought there was so could you look into that, and if you find such a thing just docket it and share it with everyone.

MS. CASTAÑOS: Okay.

HEARING OFFICER KRAMER: So we can take a look.

MS. CASTAÑOS: Yes.

HEARING OFFICER KRAMER: Secondly, your proposed condition on the financial assurances basically postpones the determination of what the appropriate amount, ultimate amount is and then also how it would be funded. But if the Committee and the Commission wanted to accelerate that and come to a number, so to speak, as a part of this process rather than the process after this process, how do you think that would affect the schedule?

MS. CASTAÑOS: Well I would hope that we could do that still on an expedited schedule. I think that that -- we have set out in our petition a plan that within 90 days of approval of the petition we would be able to submit our preliminary scoping decommissioning plan. I think the
question is how long it would take, you know. We didn't --
I don't know how long it would take staff to evaluate that
and determine whether that scope was adequate and whether
the estimate associated with that scope was adequate.

In our minds this is really the kind of thing that
is appropriate for staff to be determining, similar to, you
know, preparing a closure plan and looking at evaluating a
closure plan. That this is not something we felt needed to
take up the Committee's time or the Commissioners' time and
that was why we had proposed this approach. This is -- this
is the kind of thing that in current licenses and in the
current conditions related to closure planning and
contingency planning, these are the types of activities that
are, you know, the plans that are submitted to staff for
review and approval.

HEARING OFFICER KRAMER: Any other questions?
PRESIDING MEMBER DOUGLAS: No.
HEARING OFFICER KRAMER: Thank you.
MS. CASTAÑOS: Thank you.
HEARING OFFICER KRAMER: We have one person on the
phone now. Do you wish to identify yourself.
MR. FRANCISCO: I'm Robert Francisco.
HEARING OFFICER KRAMER: I am just barely hearing
your voice, I can't make it out.
MR. FRANCISCO: (Inaudible) Robert (inaudible).
HEARING OFFICER KRAMER: I think I heard DOGR.

MR. FRANCISCO: No, Robert Francisco.

MS. CASTAÑOS: Robert Francisco.

HEARING OFFICER KRAMER: Robert Francisco, okay, thank you. Are you going to want to speak later?

MR. FRANCISCO: No!

(Laughter.)

HEARING OFFICER KRAMER: Good, okay. That was actually clearer, thank you.

So if we get noise from your phone I will just mute you. I don't have to worry too much about cutting you off because you don't want to say anything, correct?

MR. FRANCISCO: That is correct.

HEARING OFFICER KRAMER: Okay, thank you.

So now we will go to the --

MR. FIDGE: Is the public allowed to ask questions?

HEARING OFFICER KRAMER: You can ask them as part of your public comment and if we can get a quick answer from the applicant or staff we'll try to get it answered for you today. Some of the things you may ask may be so complicated or they don't know the answer right now. They'll have to take that down and then address it in their report or at some later time. But we'll see what your question might be.

But we don't want to get into a dialogue during these
initial presentations between you and the presenters. We'll first go through them. So the next up is the staff.

MR. BELL: I'll try to be brief. Those who know me know that's difficult.

The California Energy Commission has exclusive licensing jurisdiction over all thermal power plants of 50 megawatts or greater, including geothermal plants. The geothermal plant we don't license every aspect of the facility but for the main energy-producing part of the facility, we do license that. And our licensing jurisdiction extends over the life of the plant and that is not subject to a difference of opinion.

One of the issues that we have had here from the beginning of this complaint proceeding revolves around that purchase and sale agreement that the Commission approved of as a part of our jurisdiction back in, I believe that was 2001. Yes.

The Commission was not obligated to approve that Purchase and Sale Agreement. As a part of the Commission's approval they required a couple of different things be adhered to in that Purchase and Sale Agreement. The only thing that is relevant to this proceeding right here is the requirement that Bottle Rock maintain a $5 million bond.

Now we have already had our complaint proceeding and the Committee assigned to that has already determined
that the complaint should be sustained, that Bottle Rock was required to maintain that bond.

    Mr. Harms was right when he addressed you earlier when he said that there was a provision within that Purchase and Sale Agreement itself that would allow for Bottle Rock to adjust the amount of that bond. But to adjust the amount of that bond it had to be supported by an engineering estimate to show what the decommissioning costs would be and Bottle Rock failed to get that decommissioning estimate back at that time.

    Earlier you also heard that the engineering estimate actually is required and that staff is spending maybe too much time focusing on the engineering estimate. But that engineering estimate is still required. It was required by the Committee as a part of this petition to amend.

    Now, the staff has been struggling with the petition to amend, at least with respect to the amount of that bond. The Committee could short circuit this and just require that the original bond that the Committee ordered be held be reinstated for $5 million. If the Committee were to do that then it would be -- we could just go back and look at the recommended changes to those conditions and make those changes and update those conditions on the part of this process.
However, we would like to give Bottle Rock the opportunity to justify changes to the amount of the bond. And there are some things that we would like to see out of the decommissioning estimate where Bottle Rock is going to get data requests from staff with respect to some of that information. The staff just needs more information to ensure that public health and safety and the environment are going to be protected once the facility is decommissioned.

Now, anytime that somebody wants to make a change to one of the facilities that we've licensed, changes that will affect the design performance or operation of the facility or changing the conditions that apply to that facility, whether it be one of the original conditions of certification which deal with protection of the environment or compliance with local LORS, or a condition on the facility itself that results from something such as this Purchase and Sale Agreement that the Commission approved of, this process we are going through right now, the amendment process, is going to give staff an opportunity to look at all of the requested changes by Bottle Rock and ensure that they comply with LORS. Sorry, laws, ordinances, regulations and standards. And ensure that the public health and safety is going to be protected and ensure that the eventual environmental impacts are mitigated, that is, reduced to less-than significant. In laymen's terms, we want to make
sure that the site is eventually cleaned up when that time comes and that's what staff is -- that's going to be the focus of staff's evaluation.

HEARING OFFICER KRAMER: Well let me ask you the same question that I asked Ms. Castaños. Which is, if we were trying to come to a number of a reasonable estimate of the decommissioning costs would that affect the schedule, from staff's perspective?

MR. BELL: That depends on the information that is provided by Bottle Rock with respect to decommissioning. We don't -- we don't have the in-house expertise to go through all those different areas to come up with an estimate for a dollar amount it would take to decommission.

I know that back at the time that the original Purchase and Sale Agreement was approved by the Commission and ownership transferred from DWR to Bottle Rock Corporation, at that time staff was advocating a $10 million bond, Bottle Rock was asking for zero and the Commission at that time set it at $5 million.

Since that time, I am informed and believe that DWR came up with an amount of close to $20 million based on their own estimates. I don't have that documentation in front of me but I can tell you that that was a number that DWR had proposed I believe back in 2009. So it could affect the schedule but it depends on what information we get back.
from Bottle Rock.

HEARING OFFICER KRAMER: Is it fair to say, though, that trying to get a better understanding of what that number should be is something that you are already planning to do during your analysis?

MR. BELL: Yes.

HEARING OFFICER KRAMER: Okay, so it might not affect it that much.

MR. BELL: It may not.

HEARING OFFICER KRAMER: The other suggestion that Bottle Rock made was that the staff workshop, once your initial report comes out, be skipped. Do you want to respond specifically to that proposal?

MR. BELL: I think that's a valid suggestion, however, I do -- you know I like workshops; we get a lot resolved at workshops. It could be that everything is resolved and we may not need a workshop set. I would prefer, on behalf of staff, to leave the workshop date on our schedule but with the option of canceling it if there is nothing else that we need to work out.

HEARING OFFICER KRAMER: Okay, thank you. Any questions for Mr. Bell?

Okay. Item B was discussion of the schedule and other matters related to the proposed amendments. Does other staff or the applicant or project owner have anything
else to say on those points? I think we have pretty much covered it.

MS. CASTAÑOS: We do not.

HEARING OFFICER KRAMER: Okay, thank you. We have no pending motions.

Do any of the parties, the other parties, wish to speak at this point before we go into the formal public comment? Mr. Mooney?

MR. MOONEY: Sure. I guess one of the things I'd like to do with -- I'm here representing Mr. Coleman. I am also here representing Friends of Cobb Mountain but Mr. Coleman is still a party to the Complaint. And one of the things that I would be hopeful that would be --

PRESIDING MEMBER DOUGLAS: Can you speak up a little, please.

MR. MOONEY: Sure. One of the things that I'd be hopeful for today is that if the Committee could formally identify Mr. Coleman as an intervenor in this matter as opposed to us needing to file a petition to intervene. As I indicated in our response that I filed, we will be filing a motion to intervene on behalf of Friends of Cobb Mountain. And depending on what the Committee does here today we will also file on behalf of -- I will also file on behalf of Mr. Coleman. But it would be my preference, especially since this petition is an outgrowth of the complaint, that
Mr. Coleman be identified as an intervenor pursuant -- I think it's Code Section 1207.

HEARING OFFICER KRAMER: Right. Well what I did when I created the proof of service for this case was I basically moved over all the parties from the complaint. It was my intention to avoid having to make them petition to be intervenors again.

MR. MOONEY: Okay.

HEARING OFFICER KRAMER: Now the Friends of Cobb Mountain, of course they were not parties in the first, in the complaint case. Is it fair to say that their interests would be the same as Mr. Coleman's?

MR. MOONEY: Their interests are similar if not identical.

HEARING OFFICER KRAMER: Okay. So I might suggest to you that --

MR. MOONEY: And also in representing both of them they pretty much need to be similar.

(Laughter.)

HEARING OFFICER KRAMER: Yeah. So there may not be -- it may simply be a formality to even do that because I don't see any reason why they won't get an adequate voice through Mr. Coleman's participation but if you want to petition, that's fine. If none of the parties are -- if neither the staff nor Bottle Rock objects I think we could
probably do that here today.

MR. BELL: No objection on behalf of staff.

MS. CASTAÑOS: No objection on behalf of Bottle Rock.

HEARING OFFICER KRAMER: Okay, so we'll add Friends of Cobb Mountain.

Mr. Mooney, if that means adding an individual representative of the Friends to list as well as you send me their address.

MR. MOONEY: Okay, we will do that.

HEARING OFFICER KRAMER: And I presume they will accept e-mail service only of all the documents?

MR. MOONEY: Yes.

HEARING OFFICER KRAMER: Since we've gotten away from paper. Okay. Well then they are granted intervenor status. Let me say, though, that depending on the process we choose, intervenor status may not have a lot of meaning. If it is all going to be an informal discussion, basically, then it's not going to convey a great amount of rights. There won't be cross-examination as such, we will just be sharing questions.

If you remember the original hearing, while we didn't have much evidence but we probably would have had informal -- we talked about an informal type of hearing where everybody sits down on a particular topic around a
table and they all talk, one at a time of course. And, you know, we are not into cross-examination. There are no Matlock moments, a-ha, it's just a discussion among people. We find it works a lot more effectively and efficiently.

MR. MOONEY: Well I did have one of those in a Water Board hearing, a Matlock moment.

(Laughter.)

HEARING OFFICER KRAMER: All right, good for you, and I hope you sold the film rights.

So carry on with the rest of your presentation.

MR. MOONEY: And the rest is -- we don't have a lot to add. We agree with the proposed schedule set forth by the staff. My clients would like to see there be a -- my clients would like to see that there be a bond, something to ensure that there will be adequate financing at the time of closure.

With regards to some of the questions that were asked about a staff workshop, I think a staff workshop would be good because I think it would be good for the public participation in that as well to get a good understanding. My participation in these types of workshops, I think everybody comes away with a better understanding of what is being proposed and what is being -- and what is possible and what the Commission may or may not do. I think it will help facilitate the process. So other than that I don't really
have much else to say.

HEARING OFFICER KRAMER: Thank you. The Coleman Trust LLC, the landowner, any comments?

MR. PETERSON: Yes. Mark Peterson for V.V. and J. Coleman LLC. And we just want to reinforce what we said in our submitted letter, that we would like to have this resolved more quickly than -- as possible while understanding and appreciating staff's comments and staff's position to protect the public health and safety and make sure the site is cleaned up. We definitely have an interest in that as well.

We do hope that we can get this resolved as quickly as possible so that everybody can get back to doing what they do best, making power, doing something else. So if we could do that, that would be -- that would be great and we'd really appreciate it. But we do certainly want to take what time is needed to make sure that the public health and safety is protected and that the adequate financial assurances are made to make sure that the site is cleaned up at the end of the day. Because this is definitely -- although it's now an LLC it is still a family property and the family is still interested in making sure that their ancestral home is well protected. So thank you very much.

HEARING OFFICER KRAMER: And so Bottle Rock is leasing from the LLC; is that correct?
MR. PETERSON: That's correct.

HEARING OFFICER KRAMER: The ground?

MR. PETERSON: Well yeah, the ground.

PRESIDING MEMBER DOUGLAS: Thank you.

HEARING OFFICER KRAMER: The other people on the proof of service list were agencies, they weren't really parties. But as an agency to agency courtesy we'll ask Mr. Gearhart of Lake County, did you have any comments you wanted to make?

MR. GEARHART: Not at this time but I'm available if you have questions.

HEARING OFFICER KRAMER: Okay. Okay, that brings us to the public comment portion. Mr. Harms, you've said your peace, I presume?

MR. HARMS: Yes, sir.

HEARING OFFICER KRAMER: The same for you, Ms. Castaños?

MS. CASTAÑOS: Yes.

HEARING OFFICER KRAMER: And Mr. Mooney, you didn't want to speak under public comment?

MR. MOONEY: Nothing else to add.

HEARING OFFICER KRAMER: Mr. Coleman.

MR. COLEMAN: I'd like to comment on --

HEARING OFFICER KRAMER: Could you come up here, though, so we make sure we get you.
MR. COLEMAN: The term "small business" keeps being mentioned by Mr. Harms and essentially this is an LLC out of Delaware with no discernible assets. It's owned by two large equity companies and I think that should be brought up. And I am concerned that as an LLC out of Delaware, I mean, I don't think that they have the assets to decommission this.

My family has been leased out to geothermal for almost 30 years now. And Calpine tells us, be prepared, the time is coming when we are going to be going out of business. I mean, the steam is going -- because there's less steam than there was in the past. So I would mention that. Thank you.

HEARING OFFICER KRAMER: Thank you. Linda Fung.

MS. FUNG: My name is Linda Fung and I am a resident. I'm the third house in up on the hill with the donkeys, my husband and I.

I guess what my main comment is is about the time element, which David Coleman just brought up. We all hear about how the steam is running out, the steam is running out. I asked somebody once from Calpine, he was a major person there, why Calpine didn't buy that property. He said, because the steam is going, there's not going to be much steam. Even though they have this expansion idea and this property for expansion, if you ask most people in
geothermal in this county they say no, that wouldn't be a very good way to invest your money, on that, on that area. That is the side of that mountain that has the least steam.

So a few weeks ago, about three weeks ago, we kept hearing this roaring noise and the smell was awful and we called up Air Quality and said what's going on up at Bottle Rock? And they said, the wells are down, Coleman -- West Coleman has four wells. Two of them -- three of them are going to be bleeding. One is an open well and it'll be venting out into the atmosphere. And we were kind of concerned because we'd never seen this happen before except during the extreme when they do a cleaning.

This went on for seven, eight days. And we called Air Quality over and over and we said, what's going on? We're having all this sulfur, sulfur dioxide and it's really bad and this can't be right. We keep hearing this well or something that's making a loud roar. So we were told that there was a work plan made out by Air Quality and they were saying this was fine to do this.

And I spoke to people from Calpine and they said, we would never be able to do that. You can't do that, you can't just have the well vent up into the atmosphere. If we did do it it would only be for four hours or something like that, not ten days.

So then I talked to other people and I said, well
what happens -- why did this happen? Because the well is corroding, it's getting old. And in order to get the steam going again they have to open everything up. So you had five wells open. One was bleeding into the rock, whatever, muffler, and the other was going straight into the atmosphere, you could see the line up in the sky. And I said, well are you going to have to -- would you have to do this again if your wells started to fail again and he said, yes we would.

So I'm looking at a company that is just barely making it with their steam. I mean, we've been at this for a good five years with this, with this company so we know a lot of detail. We know a lot of things, you know, that most people don't. We know that our health is at hazard -- it's a hazard to our health to have all this sulfur to the people of Cobb Mountain. We have people on bikes coming up on weekends, it's a part of the economy, and we also feel very sick and headachy when we have too much sulfur. And we know that things are starting to slow down, you know, and they're having to vent the wells.

So I'm dreading the next time one of the wells fails because we might have to go through another several days of pure venting into the atmosphere, which I've heard is terribly illegal.

Let's see. I think that part of "protect the
public health and safety" that you have been bringing up
definitely has to be addressed with this time line for this
company because they are doing a lot of air pollution. And
thank you very much.

HEARING OFFICER KRAMER: Thank you. Next is
Hamilton Hess.

MR. FIDGE: Do you have a microphone for Hamilton.
HEARING OFFICER KRAMER: You can put a chair right
up here.

MR. HESS: My name is Hamilton Hess; I am Chairman
of Friends of Cobb Mountain, a local environmental
organization which has been in existence and active since
1970.

A lot of the work that we have done has been with
respect to geothermal operations, both within Lake County
and within Sonoma County, because of the tremendous noise
that we used to get from Sonoma County and hydrogen sulfide
we are still getting from Sonoma County as well as from
Bottle Rock. So we've had our, we've had our environmental
issues that have been very lively and have caused much
discussion and activity in relation to county ordinances and
county use permits.

We do look forward to the day when the Bottle Rock
plant will be closed. Look forward in the sense of wishing
them well but avoiding the problems that can arise from
abandonment.

We have followed the -- basically followed the studies and documents that are current with regard to the costs of abandonment and the restoration of the natural environment. And it does certainly seem the case that a $5 million and a $12 million insurance policy would only begin to cover the cost of abandonment.

So we are very much concerned that through these proceedings the realistic establishment of a cost and assignment of parties that would pay those costs, DWR or the Energy Commission or Bottle Rock Power.

So that's who we are and what we stand for and we will be involved in these proceedings as they go forward.

Thank you.

HEARING OFFICER KRAMER: Thank you. Kelly Fletcher.

MR. FLETCHER: Kelly Fletcher, I live right down the road. I moved out of my house because of the stink smell, the rotten egg smell, the H\textsubscript{2}S, I guess. I live kind of in a valley down there where it's kind of spills -- right over here it kind of spills over the hill and goes right down to my house first and so I get the brunt of it.

I've tried for years to try to get a sniffer on the property line here so, you know, we could monitor what the levels go to. I think it took about five years to get
it. We finally got it the other day and now you can watch
the monitor on there where it goes -- periodically it goes
up to state -- I believe it goes over state standards once
in a while since the put the monitor in. Doug, do you know?

MR. GEARHART: No, it's not.

MR. FLETCHER: Well up two ticks then, 30 -- 30
marts per billion, which is what the meter says.

And the Lake County doctor of Lake County says
anything above 4 parts per billion creates -- can create
nausea, headaches and runny noses, which is what we've got
at night when the levels go real high. But usually it goes
high at night for some reason, it goes right down to our
house.

So we moved out of our house and my boys' runny
noses and stuff cleared up and so we don't live there
anymore. It's nice having the monitor there now because we
can see that in the past Air Quality has always said, well,
it's the same as what it is at the gate, which is the
official sniffer for Lake -- I'm not sure how that works but
the one at the gate down there is like the official one,
which is like a low line, it's always around 2 to 4, 2, you
know, parts per billion. But the one here in back of my
house here is, you know, goes to -- like last night it was
to 12 or 13 last night. So it goes considerably higher at
our gate.
So it's been a real nuisance. They haven't been very good neighbors to our family. You know, I try to keep the dust down in front of the house. I've been trying for weeks just to get them to wash all the dirt off that they put there for last winter. So if you guys would come out here more often I would get it washed. The road looks beautiful today but yesterday it was totally different.

So anyway, I would -- I would say if -- they advertise for investors that they have a 55 megawatt plant here and I think that's why DWR probably stopped it because it wasn't putting out enough to be profitable. So if they are going to have this big plant going I think you should put in a $5 million bond or whatever it has to be, $20 million, whatever it has to be, to clean it up because this is our backyard.

And previously they have already caused numerous problems in the county with dumping their toxic stuff in the dirt and then giving it to, you know, plants that sell topsoil for growth gardens and stuff. So it's worth looking into to keep it so they really have to clean it up because they have been able to get away with -- well, I would like to move into my house and stay there. But the levels go high and I don't get no phone call saying, it's bad tonight. I wake up with headaches and I just have to leave the house.

I probably have a whole lot more I could tell you
about it but as far as you're concerned on that I think they should have a big bond to do cleanup and make it right.

Thank you.

HEARING OFFICER KRAMER: Thank you. Ronald Fidge, is it?

MR. FIDGE: I guess you've heard the term -- by the way, Ronald Ridge, I'm a resident. I live on the land that overlooks all this facility, Bottle Rock Power. Been here since they first started it. Took a vacation for about four years and then came back.

One of the reasons I left is because earthquakes from drilling would cause me to be erect at nighttime when I was supposed to be sleeping and my hair is standing on end. Horrific earthquakes while they were developing this field. And that was back in the days of McCoy when they were drilling.

Very similar to Kelly Fletcher, I have a lot to say but I don't want to beat your eardrums to death.

When DWR controlled this plant the PR was pretty good. I've got to say, the PR was pretty good. When Ron Suess, if I pronounced his name correctly, took over, at least his PR was good. The way he operated the plant left a lot to be desired and we later discovered a lot of things he was doing was not environmentally friendly.

This current situation, this current manager of
this plant, he is not my friend. Mr. Brian Harms has tried
to stop me from using my easement and caused me eight months
of litigation. Finally it got dismissed by the DA when I
turned it over to an attorney. I was my own attorney during
that litigation.

Like I say, my home overlooks this whole field and
this power plant.

The question I have on the blue sheet there is
that if Brian Harms decides to go home, who is going to
clean this thing up? Because he is really not going to be
able to afford a $5 million bond. And if it's more like
what estimates are it's going to be more like $20 million.
I have been told that this place will become vacated. So I
hope you can work something out where the taxpayer doesn't
have to end up cleaning this mess up.

The wells are failing, the liners in the wells are
just a matter of time, an earthquake could close them, start
closing them down. They need big finances to keep this
thing going and it's on the brink. I think it's closer to
the brink than a lot of us know of not being able to
operate. I have many other concerns but that's --

If Bottle Rock is given the opportunity to
continue I hope the manager of this plant, Mr. Brian Harms
-- by the way, he still owes me a cup of coffee. When he
first showed up I bought him a cup of coffee, we sat down
and talked. I told him, you have to get in with the people of High Valley because we have been rubbed the wrong way. Exactly the opposite happened and he still owes me a cup of coffee. Thank you.

HEARING OFFICER KRAMER: So are you inviting him to have coffee or?

(Laughter.)

MR. FIDGE: I have no comment.

HEARING OFFICER KRAMER: Joan Moss. Is it Moss?

MS. MOSS: M-O-S-S.

HEARING OFFICER KRAMER: M-O-S-S, thank you.

MS. MOSS: I am a resident and a concerned citizen. I would like to ask the Commission if this has been a successful investment? Is this power plant operating at a loss or is it operating -- I know -- I understand that it has not been up to 55 megawatts of power.

I would like to express concern about the health and the safety now, not when it closes, because we don't know when it's going to close. And I appreciate you mentioning the public health and safety.

I would like to mention Lake County as lead agency. The Lake County Supervisors and the Planning Commission have consistently voted for development and consistently forced the Friends of Cobb to file litigation to get their wants and needs and complaints known. I think
it's a conflict of interest for the Planning Department to be also the lead agency because the Planning Department is supposed to represent the people.

I would like to know if this is another gamble; if the expansion is guaranteed to have steam. Does anybody know that? I doubt it.

I would also like to know if Mr. Harms and the people at the power plant plan to pipe more treated effluent up? There has been a committee and the supervisors voted to look into it and to discuss it. We have a -- we have a pipeline that brings it up to Middletown but there is also an open avenue that I didn't agree on to look into piping Kelseyville and Finley's treated effluent up. So I'd like to know if Mr. Harms is planning that or if that's in the making because the expansion project then might actually find steam and we'd have more treated effluent going -- coming up through Bottle Rock Road.

I would also like to know if the steam fields are actually a renewable energy resource. I spent a whole day calling the Energy Commission and I finally got a hold of someone who said, well, a renewable resource is a resource that naturally replenishes itself. And this does not happen up here at The Geysers. The steam does not automatically come back, the water doesn't come back. The Energy Commission had to -- had to get the full circle project and
take treated effluent and water out of Clear Lake to even try to have a consistent amount of steam in order to promote -- make electricity. To my opinion it is no longer considered a renewable resource because it doesn't renew naturally. You'll have to talk to one of the people to find that out.

I would like to know -- let's see. It's not fun to get bloody noses from the dust. I don't believe it's normal dust that you get bloody noses from it. Ron Fidge has confirmed that he does get bloody noses from the dust.

Has it been successful? Does it run at 55 megawatts of electricity? It is my understanding that the megawatts very seldom reach 55 megawatts of steam.

I like the sun. I like -- as a source of -- I understand Germany goes totally with the sun. Okay. I don't think -- I just don't like the idea of depleting the earth of its, of its resources to make energy when it's not renewable.

So I think that's about it. Except I'm hoping that the Energy Commission and the Council can look up the history of the complaints and the litigation and I would like the public health and safety protected now, thank you.

HEARING OFFICER KRAMER: One question for you. I couldn't determine from what you said whether you are in favor or not in favor of the recharge of the steam fields
with the effluent.

MS. MOSS: I am not.

HEARING OFFICER KRAMER: Okay, thank you.

MS. MOSS: I think it takes away Clear Lake's water and it goes, you know, I just don't approve of it.

HEARING OFFICER KRAMER: So you'd prefer that that be used to recharge Clear Lake.

MS. MOSS: I'd rather --

HEARING OFFICER KRAMER: Is that what you're saying?

MS. MOSS: I'd rather leave -- I just really question the whole idea of geothermal energy.

HEARING OFFICER KRAMER: Okay.

MS. MOSS: And the fact that it's not really a renewable resource because we have to bring water up to recharge the steam. Thank you.

HEARING OFFICER KRAMER: Thank you.

That was it. Does anyone else wish to make a public comment? Sir?

MR. FUNG: Yeah.

HEARING OFFICER KRAMER: Please spell your name for us. Thank you.

MR. FUNG: My name is Randy Fung, F-U-N-G. And we have lived here since 1991 so we were actually here when the purchase took place between Ron Suess and DWR. And I want
to remind you that the reason why that clause for the bonding, Section 2.5 and 2.4 were placed in there was because Bottle Rock at that time was a very risky operation.

We lived through the closure of DWR in '91 to 2001 when Ron Suess came up and decided to purchase the property. And I remember sitting at a meeting with Mr. Seuss asking him, how are you going to make a go of it if DWR couldn't, and he said, new technology. I said, what's the new technology? He said, oh, new piping, new this and new that.

I think we have to remind ourselves that when Bottle Rock finally opened in 2006 they were producing 14 megawatts. They had to ask for a purchase agreement amendment from PG&E just to open. Now they are producing 10 after investing hundreds of millions of dollars.

The reason why that purchase clause was in there for the bond was because it was a risky business. So we have to really evaluate how risky Bottle Rock is now. And that's why people are talking about the fact that we don't think the steam is there in the expansion field. And if they started -- opened with 14 megawatts and now they are producing 10 after investing hundreds of millions of dollars you have to kind of question the validity of this business as a stable business.

Is what they are proposing in their letter to you that because the county approved them for another 30 years,
oh, they're going to go on for 30 years? The county gets the largest property tax base because of Bottle Rock so that's why the county has approved them for 30 years. It's not because they think that they are some company that's going to last for 30 years.

So I think you really have to look at the financial stability of Bottle Rock. They have no assets. The two mother companies that they state, USRG and Carlyle Riverstone, where are they in investment of the expansion? If you can't even get your mother companies to invest in expansion and they haven't expanded in two years since they got their permit, or three, don't you consider it a risky business? So that's why we need the bond in place.

As neighbors we were happy to find out about the bond. We didn't know there was a bond until basically we went to a meeting with Donna Stone and she sent us the paperwork. When we went through the paperwork we read that there was a purchase -- there was like stipulation for that bond. And we really want that bond in place. We don't want them paying for a little bit at a time. We think that bond is necessary because if they walk they're an LLC. The county is not going to pay for it, we need somebody to clean it up. We live downhill from here. Just filling in the rubble in, not testing it for toxicity, it's going to get into our aquifer. So we really want that bond in place.
Thank you.

HEARING OFFICER KRAMER: Thank you. Ma'am.

MS. MATZINGER: My name is Sharon Matzinger, M-A-T-Z-I-N-G-E-R. And I am not a public speaker and it absolutely terrifies me to stand up here but I feel like I would be remiss if I didn't. I'd like to say a few comments on behalf of my husband's family who purchased the property in 1914. It stretches from currently High Valley Road, across Alder Creek to Bottle Rock Road. It was originally part of 600 acres.

I come from a long line of small business owners and I have nothing against small businesses. I want to seem them flourish and expand, it's not that. And as much as we didn't welcome geothermal into the area we were willing to do our part and have worked really hard trying to communicate with the power plant owners and the powers that be for them to understand that we are greatly impacted by what happens in geothermal.

It has been a really rocky road. Like someone said earlier, they haven't been the greatest neighbors. At times they are able do some things that are really positive and other times in the areas that we feel it really counts, where it hits us right here, is in the environment.

When I was in San Francisco two weeks ago there was a building being demolished and it took up part of a
block, a city block. And I had some time to kill and I was waiting for someone so I said to the people working there, how much do you think that it costs to clean up a site like this. And the guy said, oh, it's $11 million, that's how much they're spending on that. I looked at it and I thought, oh my goodness, this is nothing compared to what's going on up here. And we had toxic waste that was dumped here, we have -- you have all the information about the history.

But I'd just like to say, please think about those who are going to be continuing to own land and those who are going to be inheriting the land. We are part of your concern too, you know, not just the county and not just the power plant owners. We want to hand it over to our children in a condition that it was in when we came, as close as possible. Thank you.

HEARING OFFICER KRAMER: Thank you. Anyone else? Do either staff or the applicant want to respond to any of the questions or comments that were --

MR. FIDGE: I have one more comment.

HEARING OFFICER KRAMER: Okay, please.

MR. FIDGE: I can talk loud so I can stand up right here. Ron Fidge again.

Just as Joan was saying, the effect of taxes affect the supervisor's decisions and a lot of the decisions
being made in the county.

On the Francisco pad there is an injection well
and they brought in a nitrogen-powered tool to open up the
casing of that well and it contaminated my spring. Black
flakes and murky, rusty water showed up. I took samples of
it. And simply said, nobody would do anything about it.

HEARING OFFICER KRAMER: Thank you. I have one
question for Bottle Rock and then we'll ask if either you or
staff want to respond to – or Mr. Gearhart, for instance, on
the air quality issues – any of the comments that were made.

And I just note that in the complaint there were
two issues, one was the bond and the other was the insurance
and in that case you said you had not yet canceled the
insurance. And in your Petition to Amend you don't mention
the insurance so are we to assume then that you continue,
you will be continuing to maintain the insurance that was
required in 2001?

MR. HARMS: Brian Harms, General Manager of Bottle
Rock. We were silent on the subject. First of all, I think
there might be some misunderstanding on people's part about
what that environmental liability insurance does. It's not
a significant issue nor is it a significant help regarding
decommissioning; we thought that was the issue to be
addressed. The policy we have in place was purchased --
it's a five year block. We paid the premium for five years
and I think the date that that expires is approximately 2014. That might not be the correct date but it's still in place. It doesn't address anything to do with decommissioning and so since that is the issue we remained silent on the subject. If that becomes a point that we have to resolve we can resolve that one, it's not a huge issue. But we separated that because environmental liability insurance has nothing to do with the decommissioning, it really doesn't.

MS. CASTAÑOS: Although I would add that the standard conditions, and so Compliance Condition 2 and 3 that we proposed in our petition that address contingency plan, those standard conditions provide for the status of insurance coverage and major equipment warranties and so there -- those conditions contemplate that there will be a consideration, a discussion of appropriate insurance as part of the contingency planning process.

HEARING OFFICER KRAMER: For closure.

MS. CASTAÑOS: For unplanned either short-term or permanent closure.

HEARING OFFICER KRAMER: Okay.

MR. HARMS: There isn't an insurance mechanism on the market to cover a decommissioning. The reason that that wouldn't exist is because any person who owns such a policy would, in fact, make that claim. So that's why, that's why
it doesn't really apply for decommissioning, you have to find another mechanism because there is not a product out there you could purchase that would insure decommissioning.

HEARING OFFICER KRAMER: No, but the reason I'm asking, it's not necessarily related to decommissioning. But I think it would be better to resolve any uncertainty about what the conditions are in this proceeding. And just as the Committee said -- the complaint committee ruled that it's the Commission's position that the bond requirement continues to exist, it said basically the same thing about the insurance. I'd hate to see us have to go through all this again in the next year if you decide to cancel the insurance on what we believe would be the false assumption that you are no longer required to have it.

MR. HARMS: If that can be resolved today I will offer to keep that $10 million liability insurance in place. I'm willing to offer to do that tonight.

HEARING OFFICER KRAMER: Okay. So in other words --

MR. HARMS: I am willing to offer to --

MS. CASTAÑOS: We are not seeking a modification tonight.

MR. HARMS: We are not seeking a modification to do that. We didn't specifically address it although Kristen Castaños did bring it up that we considered that it was part
of something else. If you'd like it to be considered, we will.

HEARING OFFICER KRAMER: I just want to clarify --
MR. HARMS: We can clarify that.

HEARING OFFICER KRAMER: If you wanted to ask that the requirement be removed you're, you know, of course, free to do that. I just want to be clear that absent a discussion of that it's our assumption that the requirement continues.

MR. HARMS: Then we will keep that in place. But I do want to reiterate that that really has nothing to do with decommissioning.

HEARING OFFICER KRAMER: I understand.
MR. HARMS: It has to do with ongoing operations.

HEARING OFFICER KRAMER: Right. But a spill tomorrow, if it's a big one, could be a problem and that's another thing that the Commission would like to see, that there are financial assurances to make sure it can be dealt with properly.

MR. HARMS: Again, as long as it's the recognition that it's not a product we purchased for protections related to decommissioning.

HEARING OFFICER KRAMER: Correct.

PRESIDING MEMBER DOUGLAS: Right.

HEARING OFFICER KRAMER: Okay. Did you want to
respond to any of the other things that were said during the public comment?

MR. HARMS: Not unless the Commissioners --

PRESIDING MEMBER DOUGLAS: No questions.

MR. HARMS: -- or staff have a specific question that they want answered in response but I did not intend to respond directly.

PRESIDING MEMBER DOUGLAS: I don't have any questions.

HEARING OFFICER KRAMER: No? Okay then, thank you.

Staff?

MR. BELL: On the issue of the insurance policy. Staff didn't address that either because of the order, the Committee's order following the complaint proceeding.

Staff had noted that the elimination of Section 2.5 from the Purchase and Sale Agreement which required the maintenance of a $10 environmental impairment insurance policy for the life of the facility, staff recommended that that count, that specific allegation be sustained. The Committee disagreed, noting that the insurance policy was, in fact, still in place through 2014, at least based on the representations from Bottle Rock. Therefore, there was no current violation. But then the intimation is that there could be a future violation if that is canceled. And I read
the order of the Committee to mean that the Committee anticipated that the $10 million environmental impairment insurance policy would remain for the life of the project as originally ordered so we didn't address that either for that reason.

HEARING OFFICER KRAMER: Okay. Well I'm not sure you have to based on the representation.

MR. BELL: No, no.

HEARING OFFICER KRAMER: I just wanted to be clear about that so we don't get any new complaints documents on that one.

MR. BELL: And the only other thing that I'd want to respond to, which I did not cover, which is one of the deficiencies that staff sees in the -- I'll stand up. One of the deficiencies that staff sees in the decommissioning estimate. The decommissioning estimate specifically excludes hazardous materials and hazardous waste cleanup, remediation and removal from the estimate. Now staff doesn't have a number to demonstrate how much that would cost but that is a glaring deficiency from that -- from that decommissioning estimate and some of staff's data requests will be designed to elicit the information on how much those costs would actually be.

HEARING OFFICER KRAMER: Okay.

MR. BELL: Did you have any other questions for
PRESIDING MEMBER DOUGLAS: No.

HEARING OFFICER KRAMER: No, thanks.

MR. BELL: Okay.

HEARING OFFICER KRAMER: Mr. Gearhart, your choice but did you have anything to add?

MR. GEARHART: Doug Gearhart, Lake County Air Quality. Just in terms of the air quality issue. We do have all the data so I'd be happy to forward it to your staff for whoever would like to have copies of the official data record for any monitoring we have performed in recent months or related to recent events.

A couple of weeks ago. the issue a couple of weeks ago was a normal, scheduled outage for the power plant, so that was a scheduled outage. We did require Bottle Rock to send out a public notice to the community that they have on their e-mail notification list so a lot of the community -- most of the did get it. If there's people that didn't get it make sure you give us an updated e-mail with your contact information, we'll make sure it gets forwarded to those appropriate people. Now the issue -- so there was a scheduled outage.

There is no direct venting. The wells that were on larger vents are actually abated. So yes, you do see a significant steam plume but they are chemically abated
before they are released into the atmosphere. So we are reviewing actually all the event logs. We do receive an event plan, we do receive, you know, the follow-up information, so we are going through that and confirming that everything was complied with in terms of the rules and regulations that we have. I'm happy to share all that information with you if you feel so -- that you would like to go through all that paperwork.

And then in terms of the station that's on the fence line down here. Yesterday's number was at 6 parts per billion. That's the official one hour ambient air quality level that was received. Now, the baseline on that instrument is 2 parts per billion, so 2 parts per billion is actually zero. Because we have to raise that to 2 in order for it to chart so we don't -- we're not charting noise going into the negative and disappearing off of -- you know, having negative numbers, because instruments are imperfect. The ambient air quality standard is 30 and at this station down here we have not exceeded that number at the fence line so the operation is still compliant.

We have a monitoring station on the other side of the field, the West Coleman pad, that is currently operating up there. It's been up there for several years. We actually borrowed the instrument or the monitoring station from the Air Resources Board so they are helping us out with
the monitoring, the additional monitoring up here. And that did receive significant spikes but it's 60 feet away from the venting well that was on the larger vent with abatement. But when you're only 60 feet away, a direct line can wipe out our instrument pretty fast. But that's the middle of the steam field and we use that -- that instrument is used primarily to determine which way things are coming from. So are we getting impacts from Bottle Rock or are we getting impacts from Calpine blowing through Bottle Rock into the community? So that gives us a picture of where the hydrogen sulfide is coming from that is coming through and affecting the community.

Now we do understand that hydrogen sulfide stinks and it stinks down to very low levels. But the state of California has determined that 30 parts per billion is a public nuisance, so the standard for hydrogen sulfide is a public nuisance standard, it's not a health-based standard. Which makes it very difficult for us because, you know, anything below that that has health effects without having some sort of doctor's verification and stuff makes it very difficult for us to deal with. We need medical verification of some sort that impacts are related to hydrogen sulfide exposure. That being said, there are not a lot of doctors out there that really know this and there are very few studies of hydrogen sulfide because the nuisance is really
the bigger issue. If you can smell it, it's annoying, and at certain levels it's defined as a nuisance. So that's the quick summary of --

But we do have two additional monitors here plus we have our ambient air quality monitors. The ambient monitors, there used to be quite a few more of them when they were originally set up back in the late '70s, early '80s. I wasn't here at the time so I don't know the exact date. There were a number more of those. The three hydrogen sulfide stations that are left were determined to be representative of all the stations that were spread out through the community so they are representative of the monitoring that was done in the early days. And that's why those stations remain is they captured the representative numbers that were impacting the community from geothermal.

The Air Resources Board and CEC actually has a seat on the steering committee for the Geysers Air Monitoring Program. We haven't seen the CEC at one of these meetings in a long time, one of our quarterly meetings in a long time, but they actually do -- you are a part of the, again, the steering committee for air monitoring from the Geysers resource area.

If you have any questions or if staff has any data requests we're happy to fill those out and get them back to you as soon as possible.
MS. FUNG: I have a question.

HEARING OFFICER KRAMER: Could you come up so you can be heard or transcribed.

MS. FUNG: Linda Fung. And I just want to say that what we experienced we experienced, I don't care how many words you describe it with. We've been here for 23 years. We watched it day after day, we heard it day after day, we smelled it day after day. We were told what it was. And I'm just telling you, I didn't lie when I came up here. I told the panel exactly the truth as I knew it. Thank you.

MR. GEARHART: Just as a quick follow-up. We understand that hydrogen sulfide smells at much lower levels, it's just -- what we have to deal with is the standards that are set and the standard that is set is the public nuisance standard by the state of California.

PRESIDING MEMBER DOUGLAS: So we're getting into a debate and we don't need that.

MS. FUNG: I just want to -- one comment about hydrogen sulfide. The way it affects the body is it replaces the oxygen in your blood and that's the beginning of the kind of effect it has on the human body. So thank you.

PRESIDING MEMBER DOUGLAS: Thank you.

HEARING OFFICER KRAMER: Thank you.

PRESIDING MEMBER DOUGLAS: We like to offer the
opportunity to ask questions.

    MS. FUNG: I know, but you just can't --

    PRESIDING MEMBER DOUGLAS: We don't really need to
hear argument and sometimes there's a fine line. But
anyway, thanks for coming up. And thank you for coming up
as well.

    MR. GEARHART: And if you have any more questions
I'd be happy to answer them.

    PRESIDING MEMBER DOUGLAS: Great, thank you.

    HEARING OFFICER KRAMER: Thank you.

    That ends our public comment period. We are going
to go off the record for a second.

    (Off the record at 6:24 p.m.)

    (On the record at 6:24 p.m.)

    HEARING OFFICER KRAMER: Okay. The next item on
the agenda was a closed session. And what we're going to do
is we are going to postpone that until next week. And we do
that by way of continuing this hearing until next Wednesday,
June 5th. It'll begin at 3:00 p.m. and it will be at the
Energy Commission offices in Hearing Room B.

    And all we will be doing during that meeting,
there will be an additional public comment period because
that's required on any meeting agenda but we don't plan on
asking additional questions of the parties or the staff or
anyone else. So basically the meeting will open up, we'll
take public comment, if there is any, and then the Committee
will go off into a closed session and come back at some
point to report if they made any decisions. It is very
likely that we'll report just that we have made some
decisions and we are going to issue them in the form of a
written order that will come later. So I would encourage
you not to bother to come to this meeting.

(Laughter.)

HEARING OFFICER KRAMER: Especially if you are
travelling any distance because you are going to be really
disappointed. But you're welcome -- we have set up a WebEx
telephone connection. So if you want to keep an eye on us,
the public portion of that, you can call into the WebEx
portion of the meeting. The public portions will also be
transcribed so you will see a transcript on our website
eventually.

PRESIDING MEMBER DOUGLAS: I am going to say that
even more strongly. If you would like to make public
comment at the beginning of that session you are welcome to
do so. We are not going to make any interesting
announcements at the end of that session, we are not going
to. So please don't sit on the phone for a couple of hours
while we deliberate because we are just going to come back
and say, we're done and we'll issue something, and that is
all we're going to say. So I hope that if anyone was
tempted to waste a couple of hours of your life while we did this I hope that we have dissuaded you.

HEARING OFFICER KRAMER: There are thousands of cable channels for that.

(Laughter.)

MS. MOSS: Where will we learn of your decision, where can we find it?

HEARING OFFICER KRAMER: Well, we'll put out a written decision, it will be posted on our website. If you are on -- that's a good point, I should mention that for you. Many of you are probably already on our LISTSERV for the Bottle Rock project. I don't know precisely the name of that one. But if you go on our website you can sign up for electronic mailing lists for various things, some of the planning and other things the Commission does.

But also we have an individual e-mail list for most of the projects, whether they are new applications or they are in compliance. So you go there, sign up, give it your e-mail address. And then when a document comes out and it's posted on the web page for Bottle Rock you will get an e-mail giving you the link of a main page where it's posted and you can go on there and download it. That's a really good way to just keep track of what's going on because it comes to you when it -- there is a little bit of a delay between the release of it and its posting on the website,
maybe as much as a day in some cases, but you'll know pretty soon. And then the parties, of course, we send it out to them directly by e-mail, the people that are on the proof of service list.

MR. MOONEY: Could you clarify for the public that you are not going to do a decision on the Petition to Amend.

PRESIDING MEMBER DOUGLAS: Right.

HEARING OFFICER KRAMER: Yes.

MR. MOONEY: Your decision is going to be with respect to scheduling and --

HEARING OFFICER KRAMER: Process.

MR. MOONEY: -- procedural matters.

HEARING OFFICER KRAMER: Right. And it may be that we suggest some areas that we think need emphasis in the research and the analysis, we'll see. There's going to be a staff report, an analysis at some point, and then after that there may or may not be a workshop, that's one of the questions. But there will be at some point a meeting before this Committee where everybody can comment on what the staff has said and offer their own comments and analysis if they want before the Committee makes a decision. Thanks for that.

PRESIDING MEMBER DOUGLAS: Yes, thank you for that, that's important.

HEARING OFFICER KRAMER: So with that, does any
party have any other business they want to raise today?

    MS. FUNG: Thank you for the meeting.

    HEARING OFFICER KRAMER: You're welcome.

    PRESIDING MEMBER DOUGLAS: Thank you.

    HEARING OFFICER KRAMER: Let me just say that it is very likely that the committee meeting --

    PRESIDING MEMBER DOUGLAS: It'll be here.

    HEARING OFFICER KRAMER: It'll be here? Okay. We'll try to come back here.

    Let me ask, do you folks anticipate that we would get a much larger turnout for that meeting? I ask only because this room is pretty much full.

    MR. HESS: I think that, as you can see, that there's a lot of public turnout because we're not in Sacramento.

    HEARING OFFICER KRAMER: Okay. But do you think more people would --

    MR. HESS: Oh yes, definitely. When the original Petition to Amend happened the room was filled with like probably 50 or 60 people.

    HEARING OFFICER KRAMER: Okay, so we should get a bigger room. The bottom line is we should get a bigger room for that.

    MR. COLEMAN: Yes.

    MR. HESS: Yes. The Little Red School House on
Bottle Rock and that's where we held it before.

        MR. COLEMAN: And it's more convenient for the
        public within that part.

        HEARING OFFICER KRAMER: Okay. If you don't mind
        could somebody send me, e-mail me, my e-mail is on the
        notices and stuff. E-mail me the contact information for
        that.

        MR. HESS: Yes.

        HEARING OFFICER KRAMER: Okay, thank you.

        MR. FIDGE: This June 5th. Hamilton has something
        to say.

        PRESIDING MEMBER DOUGLAS: Go ahead.

        MR. HESS: I was just saying the Cobb public
        school would also be available, I checked on it.

        HEARING OFFICER KRAMER: Okay. But for June 5th
        we are just going to be back at the Commission offices. But
        down the road, yes. Tell me who I should be talking to
        about getting that.

        MR. COLEMAN: We'll send you an e-mail.

        HEARING OFFICER KRAMER: Okay, thank you.

        MR. FIDGE: Are we understanding, when you come
        back from the June 5th meeting then that you will have a
        definite decision or proximity-type of decision?

        HEARING OFFICER KRAMER: No, not that day,
        sometime after that.
MR. FIDGE: Oh.

HEARING OFFICER KRAMER: We'll put it out in writing. So we'll be doing, we're having our meeting in Sacramento on June 5th so watch your e-mail.

MR. FIDGE: But then there is going to be another meeting after that back --

PRESIDING MEMBER DOUGLAS: Yes.

HEARING OFFICER KRAMER: Yes.

MR. FIDGE: In Lake County.

PRESIDING MEMBER DOUGLAS: Yes.

HEARING OFFICER KRAMER: Yes, probably some months down the road.

MR. FIDGE: And what do you hope to accomplish in that meeting? That's what I'm --

HEARING OFFICER KRAMER: Well, to hear -- it will be after the staff issues their analysis. And we'll hear from them, Bottle Rock, all the rest of you and then the Committee will write a recommended decision to go before all five Energy Commissioners.

MR. FIDGE: So this is the final meeting for the public to be involved in.

HEARING OFFICER KRAMER: Unless you want to come to Sacramento because I can pretty much assure you all five Commissioners won't be coming here.

PRESIDING MEMBER DOUGLAS: That's correct. The
Committee will come back here and that will be after there is a more detailed staff analysis and so we'll have the benefit of that for public discussion. The Committee after that workshop here some months down the line will issue essentially a proposed decision. The Committee is two of five Commissioners, five Commissioners ultimately vote on the proposed decision. The business meeting where the Energy Commission adopts a final decision occurs in Sacramento but there is phone access, so even if you can't come to Sacramento you can still access the meeting, you can speak at the meeting as well. So there is an opportunity at the Commission business meeting as well.

Now, we have a Public Adviser. And it sounds to me from -- of course our Public Adviser isn't here today. But it sounds to me like given the questions that you're asking, it would be really helpful for the Public Adviser to spend some time either with people individually or with a group and really walk you through the process so that it's clearer for you. Would that be helpful?

(Yeses.)

MR. COLEMAN: I can give these people the contact number for Blake.

PRESIDING MEMBER DOUGLAS: Okay, great.

MR. FIDGE: The main question I have is the decommissioning status by engineer proposal or whatever. Is
that going to be made available before the next meeting here in Lake County?

PRESIDING MEMBER DOUGLAS: The staff analysis will be available.

MR. BELL: I think the decommissioning study is already online.

HEARING OFFICER KRAMER: Yes. In fact, I printed it today from the web page.

MR. FIDGE: So we'll have a good idea of what it takes to decommission this.

HEARING OFFICER KRAMER: Right. The title of the document on the web may refer to a letter of April 15, I think.

MR. COLEMAN: I'll get it for him.

HEARING OFFICER KRAMER: Okay.

MR. FIDGE: Dave Coleman --

MR. MOONEY: We'll get it to him.

HEARING OFFICER KRAMER: Okay.

MR. FIDGE: Thank you.

HEARING OFFICER KRAMER: Okay. Closing remarks?

PRESIDING MEMBER DOUGLAS: Okay. So thank you all for being here tonight, for your participation and your interest in this. We as a Committee also benefit from hearing from you quite a bit, that's we do come here for informational hearings and for certainly at least one, one
subsequent hearing. So with that we're adjourned for today, thank you.

(Briefly off the record.)

PRESIDING MEMBER DOUGLAS: We are continuing, we are continuing.

HEARING OFFICER KRAMER: To be clear, we are continuing the meeting until Wednesday, June 5 at 3:00 p.m.

PRESIDING MEMBER DOUGLAS: Thank you.

HEARING OFFICER KRAMER: In Sacramento. I will informally send a notice out by e-mail this weekend and we will formally send it out with all the finalities when I get back Monday and my staff sends it out.

So now we are adjourned.

(The Committee Conference adjourned at 6:35 p.m., to be continued on June 5, 2013 at 3:00 p.m.)

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CERTIFICATE OF REPORTER

I, RAMONA COTA, an Electronic Reporter and Transcriber, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Committee Conference; that I thereafter transcribed it.

I further certify that I am not of counsel or attorney for any of the parties to said conference, or in any way interested in the outcome of said conference.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of June, 2013.

 /s/ Ramona Cota

RAMONA COTA, CERT**478