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

In the Matter of:                  )
Canyon Power Plant               ) 07-AFC-9

___________________________________)

ANAHEIM CITY HALL
COUNCIL CHAMBERS, 1ST FLOOR
200 S. ANAHEIM BLVD.
ANAHEIM, CALIFORNIA 92805

TUESDAY, APRIL 15, 2008
5:42 p.m.

Reported by:
Troy Ray
Contract No. 170-01-001

PETERS SHORTHAND REPORTING CORPORATION  (916) 362-2345
COMMITTEE MEMBERS PRESENT

Jeffrey Byron, Presiding Member

HEARING OFFICER AND ADVISORS

Paul A. Kramer, Jr., Hearing Officer
John Wilson, Advisor
Gabriel Taylor, Advisor

STAFF AND CONSULTANTS PRESENT

Che McFarlin, Project Manager
Deborah R. Dyer, Staff Counsel

PUBLIC ADVISER

Nick Bartsch

APPLICANT

Scott A. Galati, Attorney
Galati and Blek, LLP
representing Southern California Public Power Authority

Steve Sciortino, Public Utilities Integrated Resource Manager
Tom Wood, Assistant City Manager
Marcie Edwards, General Manager
Public Utilities Department
Don Calkins
Larry Davis
Peter Wong
J. Borrego
Allison M. Kott
Lawrence Davis, Project Manager
Public Utilities Department
Jan Roosevelt
Public Utilities Department
Maria Ruiz McCann
Public Utilities Department
Suzanne Wilson
Erin D. Wahlen
Office of the City Manager
City of Anaheim
ALSO PRESENT

Bob Hernandez, Mayor Pro Tem
City of Anaheim

Lon Cahill
Advisory Board
Anaheim Public Utilities Board

Mike Mills
Vicky Lee
John Theodore Yee
South Coast Air Quality Management District

Mike Johnson, Representative
Supervisor Bill Campbell's Office

Bruce Cook, Principal Planner
City of Yorba Linda

Todd Ament, President, CEO
Anaheim Chamber of Commerce

Chuck Lozano
Southern California Pipe Trade Local 250

Tang Hussain
Cindy Poire
URS Corporation

Nick Panchev, CEO
Ecosystem Solar Electric Corp.

Carlos Vrquiza
Fiorate Ortallza, CEO

Sylvia Novoa
David Wiseman
GB

Christine Logsdon
RC Graphics and Consulting, Inc.

Walt Breen
Selvey Enterprises
ALSO PRESENT

Rudolfo Linares, Manager
Lemes Enterprises, LLC

Ken Griffithe
Bureau Veritas

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345
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PETERS SHORTHAND REPORTING CORPORATION  (916) 362-2345
P R O C E E D I N G S

5:42 p.m.

PRESIDING MEMBER BYRON: Thank you very much. I'm sorry we're starting a little bit late, but I hope everyone enjoyed a little snack as much as I did.

Allow me to introduce myself; I'm Commissioner Jeff Byron with the California Energy Commission. And I'm the Presiding Member assigned to this application before the Commission. My Associate Member on our two-person Committee, Commissioner Rosenfeld, could not be here today. However, he sent in his stead, all the way to my right, his Senior Advisor, Mr. John Wilson.

To my left is my Advisor, Gabriel Taylor. And this gentleman to my right is our Hearing Officer who will be conducting most of the proceeding this evening, Paul Kramer.

We have a number of announcements to make. This is our first meeting here. We did a site visit earlier to get an opportunity to look at the proposed location of the Canyon Power Project. And we're here this evening to give the public a sense of our process, to hear from the applicant, to hear from the staff who will be
doing an independent assessment of the application.

And as the Hearing Officer will explain, and others, our process will be that the Committee will evaluate everything that we hear and make a decision or a recommendation to the full Energy Commission.

The process will take approximately a year. And I'd like to also before we go ahead and introduce staff and the applicants go ahead and introduce some of their staff, I also understand that we may have some elected officials here and appointed officials.

Mr. Sciortino, would you, by chance, know who they all are so we could ask them to stand and you could introduce them?

MR. SCIORTINO: Well, let me start off with the Assistant City Manager, Tom Wood. And he can introduce the remainder of the group that's here with us.

MR. WOOD: Mayor Pro Tem Bob Hernandez is with us from the City Council. Bob. That's it for elected officials.

PRESIDING MEMBER BYRON: Yes, and we also have a Board Member here from your Advisory
MR. SCIORTINO: We have the Chairman, Mr. Lon Cahill.

PRESIDING MEMBER BYRON: Mr. Cahill, thank you. Thank you, as well, Mr. Hernandez for being here. It means a great deal when we have elected officials attend, as I'm sure it does to your constituency.

And I think it also would be polite of us to acknowledge other agencies that are here, as well. My sense is there's probably some folks from the South Coast Air Quality District. Would you mind standing? And if you could speak loudly we might be able to pick up your name.

MR. MILLS: Mike Mills, South Coast AQMD.

PRESIDING MEMBER BYRON: Thank you, Mike.

MR. MILLS: And we have three of us total.

PRESIDING MEMBER BYRON: Okay, thank you very much.

Are there any other representatives from other state or local agencies here? Yes, sir.

MR. JOHNSON: I'm representing
Supervisor Bill Campbell; he also sits on the AQMD Board, as well.

PRESIDING MEMBER BYRON: A representative from Supervisor Bill Campbell. What's your name?

MR. JOHNSON: Mike Johnson, I'm Board consultant to AQMD, as well.

PRESIDING MEMBER BYRON: Thank you. Any others? Yes, sir.

MR. COOK: Yes, good evening. I'm Bruce Cook with the City of Yorba Linda.

PRESIDING MEMBER BYRON: Thank you for being here. Mr. Cook from Yorba Linda.

Well, having done all that, let's go ahead and ask the applicant if you wouldn't mind introducing staff that's here today. And then we'll turn it over to our staff to introduce themselves.

MR. SCIORTINO: I have with me our General Manager for the Public Utilities Department, Marcie Edwards.

MR. GALATI: Scott Galati.

MR. SCIORTINO: And I'm Steve Sciortino, the Project Manager.

PRESIDING MEMBER BYRON: So, we also...
have members of our staff that are present. Che McFarlin, would you mind introducing yourself and others.

MR. McFARLIN: Yeah, I'm Che McFarlin; I'm the CEC's Project Manager assigned to this case. And with me to my left is Debra Dyer, our Staff Counsel. We have a few other members of our staff here in the audience, as well.

PRESIDING MEMBER BYRON: Well, thank you. Now, I probably have said more than I should, and so I'll be generally pretty quiet here for the remainder of our hearing. And I will turn it over now to our -- I always have trouble with this -- Hearing Officer --

HEARING OFFICER KRAMER: Hearing Officer or Hearing Adviser.

PRESIDING MEMBER BYRON: -- to our Hearing Officer, Mr. Paul Kramer.

HEARING OFFICER KRAMER: Thank you, Commissioner Byron. I think we've covered all the introductions.

One point to make for those of you who are going to be speaking, we are transcribing this hearing today, and it will eventually be available on our Commission website. So, if you want to
make sure that your name is spelled correctly in
that transcript, and especially if you think it's
possible it might not be, you might give a
business card to our court reporter. He's
actually back in the sealed booth in the back of
the room. So Mr. Bartsch of the Public Adviser's
Office will be collecting cards on his behalf.

And speaking of Mr. Bartsch, that, I
suppose, is the one person we have not yet
introduced. Could you raise your hand, again,
Nick? He's in the back of the room.

And he has blue cards, if you're a
member of the public and you want to speak, we'd
encourage you to fill out one of those blue
speaker cards with your name. And if you are
interested in a particular topic, if you could
write that down on the card, as well, it'll help
me to group all the people who want to talk, say,
about air quality or some other topic, together.
Which, I think, will make for a more efficient and
informative hearing this evening.

We're not here today to make any
decisions about the proposed power plant. The
application was recently filed in December. But
our goal today is to inform the public about the
Energy Commission's process, about the project proposal and how the public can participate in our process if they choose to do so.

At the back table outside the doors of the Council Chambers here, we have a couple documents you might be interested in. One is the staff issues identification report that we'll be discussing later. And also there's a sheet that I prepared that has contact information for people like Mr. McFarlin, myself, the Public Adviser's Office. And it also has the address of the Commission's webpage for this project. So if you want that information grab that piece of paper. If we run out, see me or Mr. McFarlin, and we can give you that information.

The applicant in this case is the Southern California Public Power Authority. As I said, on December 28th of last year it submitted an application for certification, what we call an AFC at the Energy Commission, to construct and operate the Canyon Power Plant, which would be a 200 megawatt, simple cycle power plant on a ten-acre parcel on East Miraloma Avenue, a little bit west of North Kramer Boulevard.

I'll leave it to the staff and applicant
to give you further details in their presentations in a few minutes.

The Energy Commission has exclusive jurisdiction to license this project. And as Commissioner Byron said, we're considering it under basically a 12-month review process, give or take.

The notice of the events today was mailed on March 20th to all the parties, adjoining landowners and interested government agencies and other individuals.

And just before today's meeting we took a bus tour to the site and looked at some of the routes for what we call the linears, the gas pipeline, the transmission lines that take the electricity out of the plant, and a water pipeline that would provide some cooling water.

Today's hearing is the first in a series of Commission events that will extend about over roughly the next year. The Committee will eventually conduct evidentiary hearings and prepare a proposed decision for consideration by the full five-member Energy Commission.

There will be additional opportunities for the parties and government agencies to discuss
the issues relating to the project. The next set
of those events will be workshops conducted by the
Commission Staff. The Committee won't be there.

And depending on the degree of local
interest and the nature of the issues, those may
be either held here or in Sacramento. But
generally speaking, if they're held up in
Sacramento there will be a telephone call-in
number so people who live down here can still
participate by calling in on the telephone.

The Commission's decision must, by law,
be based solely on the evidence that's given at
the evidentiary hearing that will come in a few
months. And to insure that that happens, and to
preserve the integrity of the Commission's
process, the law prohibits private contacts
between the parties with the public and the
Committee Members or their Advisors.

The legal name for this rule is the ex
parte, or I think that's Latin for one-sided rule.
It means that all discussions with the Committee
about a substantive matter must occur in a public
meeting such as today, or in the form of a written
communication that can be shared with the other
parties.
The purpose of the rule is to provide full disclosure to all the participants of any information that might be used as a basis for the Commission decision on the project.

It is okay, though, to have ex parte discussions about procedural matters such as scheduling hearing. So, for instance, it would be perfectly appropriate for a member of the public to call me up and ask about when a hearing was going to be or something of that nature. Although you would also find that information on our website.

And if you do have access to the internet that is one of the easiest ways to keep up with the events in this case. Not all of the documents, but all the major documents, are posted on the webpage for this project.

And you can also get your name on an email list which will -- it won't get you all the documents, themselves, but it will, generally speaking, give you notice that something has happened, a particular notice has gone out. And then you can go to the website to look at it. So that's a more passive way of keeping up with the case, you can also just go to the webpage every
week or so to see what's going on.

And, again, the address for that page is on that contact information sheet that is on the back table. Mr. Bartsch has, no doubt, put it in all of the information that he's been using as part of his outreach. And if we run out of those see Mr. McFarlin or I, or give us a call and we'll make sure that you get that information.

Speaking of Mr. Bartsch, it's time for the Public Adviser's presentation. Again, this is a public proceeding and we encourage members of the public and interested organizations to actively participate and provide your views on the project to the Committee and the staff.

Members of the public are also eligible to intervene as a formal party in the proceeding. What that does, it does come with some obligations. You have to file periodic reports of the status of the case. And your participation will be a little more formal, but it gives you the right to cross-examine other parties' witnesses at the hearing, and to put into the record evidence with your own witnesses.

If you're not an intervenor then you're limited to making comments during the public
comment portion of any of our meetings or hearings.

So, at this time we'll let Mr. Bartsch come up to explain that participation in a little more detail, and also explain what his office has done to reach out and provide information about this case to the local community.

PRESIDING MEMBER BYRON: If you wouldn't mind, if anyone's here that would care to characterize themselves as a member of the public, if you wouldn't mind just raising your hand. Because we'd appreciate it, give us a sense of how many we might have here. Under no obligation.

Thank you, sir. Welcome.

MR. BARTSCH: Thank you, Mr. Kramer. My name is Nick Bartsch; I'm Manager of the Public Adviser's Office. The Public Adviser's Office is an independent office within the Energy Commission, who's head, the Public Adviser, is appointed directly by the Governor.

Our primary responsibility is to insure full and meaningful participation by the public in the siting process through the entire process. As Mr. Kramer said, this usually takes at least a year, maybe longer sometimes.
There are quite a few public hearing opportunities, this being the first one. There'll be several others where the public will have an opportunity to participate.

We also provide information on this project. And probably your easiest way to access it, as Mr. Kramer said, there's a dedicated website which is on this green sheet, both in English and Spanish, that you can access and get all the information about this particular project.

Now, how can you participate in the proceedings? There are two ways for the public. You can participate as an interested member of the public and get all the information that you want.

Now if you want to participate in a more formal way, you can become an intervenor. You have to petition the Committee, the Siting Committee, which is the two Commissioners. You have to petition them in writing and within 30 days the Committee will render its decision typically. If you can indicate a connection or an interest in the project, then it's typically granted.

Now, if you want to participate as an intervenor our office is here to help you with the
process. We cannot represent you, however, but you can represent yourself. You do not have to be an attorney.

When can you intervene? When is a good time to intervene? Earlier the better, but you have to intervene at least 30 days prior to the evidentiary hearing, which is the main hearing that Mr. Kramer is talking about, when there is evidence introduced after the staff assessments and public comments.

As an intervenor, you can bring your own witnesses, or you can cross-examine other parties' witnesses. Now, there's certain obligations that you have to have, such as notification of all the other parties. And by notification I mean you have to serve them, in effect, by the mail.

So we can help you with all this. I'll be in the back to answer questions that you may have about your interest, or how you might want to participate in the process.

Now, let me just very quickly summarize our outreach efforts for this particular case. As a matter of course we always reach out, make sure that we notify what we call sensitive receptors. These would be organizations or individuals who
could be potentially more affected by location of
a facility such as this one.

And this would include schools, health
facilities, community services organizations and
some members of the general public who might be
more sensitive healthwise or otherwise to projects
such as this.

We have identified and notified 468
sensitive receptors within a six-mile radius of
this proposed site. We have also -- we have done
so by letter and also by this flyer about this
particular -- these events today. We have also
notified 70 public officials of the local
governments. There are, I believe, nine cities
that fall within a six-mile radius of this
particular site. They were also notified, some of
whom are here today and we're glad to see.

In addition, we have placed ads in three
issues, the April 6th, 9th, and 12th issues of the
Orange County Register in English, and also in the
April 11th issue of the Excelsior, which is the
Spanish weekly of the Orange County Register,
about these particular events.

In addition, we have contacted ten radio
stations, both Spanish and English, and seven tv
stations, requesting public service announcements
for this event. So we have tried our best to
reach as much of the public about these events as
possible.

And we hope that we're going to -- these
folks who have come out, or are yet to come out,
will stay engaged through the process. And we're
here to help them.

If you have any questions I'll be
available in the back of the room. Thank you very
much.

HEARING OFFICER KRAMER: Nick, we have a
question for you.

PRESIDING MEMBER BYRON: Mr. Bartsch,
forgive me if you said this and I wasn't listening
and I apologize, did you also notify the City of
Placentia? Mr. Bartsch, did you also notify the
City of Placentia about this proposed project?

MR. BARTSCH: Beg your pardon,
Commissioner?

PRESIDING MEMBER BYRON: Did you notify
the City of Placentia?

MR. BARTSCH: Yes. All the City
Councilmembers and also the City Manager's Office
have been notified. Yes.
PRESIDING MEMBER BYRON: Okay, thank you.

MR. BARTSCH: And eight other cities in the surrounding area.

PRESIDING MEMBER BYRON: All right.

MR. BARTSCH: One more thing I forgot to mention. The blue cards I have here, if you'd like to make a comment during the public comment period, please ask for a blue card, fill it out and give it back to me prior to the public comment period.

HEARING OFFICER KRAMER: Thank you, Mr. Bartsch.

We will now ask the parties to make their presentations in the following order. First the applicant will describe the proposed project. Then Commission Staff will describe the Commission's licensing process and staff's role in that process. That will be followed by presentations we may have from interested agencies including the Air District.

And next we will discuss scheduling and other matters that are addressed in the staff's issues identification report. And hear the applicant's response to that report.
Finally, we will have comment from members of the public, which will be their opportunity to make comments and also ask questions.

So, let's begin with the applicant.

MR. WOOD: Well, it's my pleasure to welcome you to the City of Anaheim, and to have you here in our City Council Chambers, and begin this very important process to consider this new project.

HEARING OFFICER KRAMER: Would you say your name for the transcript?

MR. WOOD: Tom Wood, the Assistant City Manager for the City of Anaheim. I'm normally sitting over there, so it's a little bit different.

(Laughter.)

MR. WOOD: As one of the premiere destination resorts in California, the City of Anaheim is known worldwide as a center for entertainment, tourism, sports and convention activities.

Additionally, Anaheim is recognized as a world class business center and a regional hub for economic activity in this part of Orange County.
For these reasons it is critical that the City explore new ways to meet the increased energy demand of our residents, businesses and visitors.

The Canyon Power Project will allow the City to meet a number of critical needs, including providing new energy supply for Anaheim and the region; provide both reliable and affordable energy for Anaheim residents and our businesses; assisting the City in meeting new requirements, new state requirements, regarding local capacity. And reducing our dependence on out-of-state generation plants.

I would also like to point out that Anaheim's Public Utility Department recently received the American Public Power Association's prestigious platinum level reliable public power provider award. That's a mouthful of p's to put together in one sentence.

This award recognizes the utility companies for providing customers with the highest degree of reliable and safe electric service. With the Canyon Power Project in Anaheim we will continue to provide the high level of service we have been recognized for.
Because of the importance of this project the Canyon Power Project receives the full support and endorsement of Anaheim City Staff, as well as our City Councilmembers.

Again, I want to welcome you and thank you for consideration of this worthy project. And at this point in time I would like to introduce our General Manager of our Public Utilities, Marcie Edwards. And to do the presentation, Steve Sciortino, the Anaheim Public Utilities Integrated Resource Manager, and who will make the balance of the presentation. And with that, Steve.

MR. SCIORTINO: Thank you. And, again, Commissioner and Staff, Advisors and Committee Members, we thank you for the opportunity to present this project for Anaheim. This will be the first project we've undertaken since 1989. So, we're all excited about it and looking forward to the process.

Just to give you a brief description of the City's Department, we've been in business for over 100 years for electric service, and over 150 years for water service for the City of Anaheim. Our population is over 350,000 people. We have over 110,000 meters for electric service; 85
percent of which are residential customers.

Now, the City of Anaheim is one of 11 other municipal or irrigation district public power servers for electricity in southern California. It's a consortium of cities that we've formed an agency called Southern California Public Power Authority. We're a member of that, along with Los Angeles Department of Water and Power and several other cities within the basin.

I bring that up because, as you know, this is a SCPPA application, we're a member of. The purpose for the application under this description is that SCPPA's role in our environment is to facilitate projects like this.

Lots of times over the course of history cities have gotten together to get involved in major capital investments such as large coal facilities in the Utah and New Mexico area. There's also been for us to get involved in transmission projects to bring that power in.

So, SCPPA acts as a clearinghouse for major projects for us, both to facilitate the projects, as well as to help finance it. No individual city, with the exception of maybe L.A., could undergo any of these projects on their own.
And so SCPPA allows us to get together and to participate jointly in these projects.

And in this instance, you might recall probably a few years ago a classic example of that would be the Magnolia project in the City of Burbank, which Anaheim and five other utilities, including Burbank, went together to construct that project which is a 250 megawatt combined cycle facility.

So SCPPA acts as, in this instance, maybe a banker. And we're buying a house. And SCPPA owns the property and we're kind of paying back on debt service, if you want to use an analogy. So in this instance it would be a SCPPA-financed project, and Anaheim would be the sole participant in this project. None of the other cities would be involved.

So we'll be the project manager during construction, and we'll also be the project operator once the unit gets in commercial operation. And it will be used solely for the purposes of our Anaheim customers.

And just to go over the project again, it's a 200 megawatt facility with four LM-6000s, using natural gas for fuel. Our expected
operations is approximately 200 hours per year for
the facility, as a whole.

It will be located in the heart of the
Canyon business center. And the site, as you've
seen today, is approximately ten acres.

And just to give you a physical location
of where the plant's located, it's right in the
middle of town on the northern section. And you
can see we're surrounded by Placentia, Fullerton
and Yorba Linda on the north. So those will be
our northerly neighbors.

We have kind of a pictorial or aerial
view of it -- it's in the middle in red there --
to kind of give you a sense of where in the
industrial area we're located. And right in the
heart of it. So you can see there's not -- we've
got quite a ways to go before we encounter any of
the resident communities.

And then we've got a closer view of
this. This is an artist's rendition of what the
facility would look like in terms of its location.
And we're on the corners of Miraloma and Kramer.

HEARING OFFICER KRAMER: Could you go
back a slide?

MR. SCIORTINO: Certainly.
HEARING OFFICER KRAMER: Where would the nearest residences be there?

MR. SCIORTINO: Up in the upper section of the picture you can see Orangethorpe Avenue running east and west at the top. So the residential community is on the other side of that. That's --

HEARING OFFICER KRAMER: So Partridges and Meadowlark Streets, it looks like?

MS. EDWARDS: -- in the quadrant that shows the orange block for the power plant, or above that --

MR. SCIORTINO: It's north. The red section on the graph is where the facility is located. And as you go north on the picture, Orangethorpe is the last street that runs east and west. And the residences are on the northern side of that street.

HEARING OFFICER KRAMER: Okay, thank you.

PRESIDING MEMBER BYRON: And one more question. Approximately what's the distance from the --

MR. SCIORTINO: It's a half a mile.

PRESIDING MEMBER BYRON: Okay, about
2500 yards then?

MR. SCIORTINO: Yes.

PRESIDING MEMBER BYRON: Okay, thank you.

MR. SCIORTINO: Okay, so there's the rendition of how it will look once it's complete.

The site location has several benefits. We went through a very extensive series of evaluations to look at potential property sites in the City several years ago. And we went through that process once again about two years ago to take a look at what properties were available in the City that would be ideal for this.

And this particular location was, as we've identified, in the center of the industrial zoned area. The size of the property, it was very difficult to find something that was larger than five acres. And we've recognized that we needed approximately ten to build this facility and have enough area available for a laydown during construction.

It's also very close to the existing infrastructure. We're not very far from our 69 kV transmission system. We're not very far from the SoCalGas distribution that serves electric utility
generation within the coast. So we're very close
to those two.

Now just to kind of walk through why the
project is needed. Obviously we have summer
demand that the utility has to meet. That's where
our peaking season typically occurs. And I'll
show you here, in another slide, how our existing
resources are not enough to meet the existing
load, or the existing customer demand during the
summer peak and we have to go out to procure power
in the market to be able to cover ourselves.

For the long term, we have several
resources for renewables like wind that a
combustion turbine is utilized to provide backup
power. When the wind's not available we need an
asset that we can quickly get into the system to
be able to back in behind the wind.

The turbines obviously act as an ability
for us to meet changes in customer demand on a
momentary basis, within a five- to ten-minute
period during the summer period.

It's also going to help us reduce our
reliance on out-of-state power. Right now the
City imports approximately 90 percent of its
energy needs from our resources outside the state.
It really puts us at a transmission risk in the event that there is outages on the line. And what we're looking for is to become a little more reliable within the City and have more reliance on our internal generation.

There are several reliability requirements that we have to maintain. As a member of the California ISO we're required to carry a 15 percent planning reserve margin. All load-serving entities in the California ISO's grid are required to do that.

When we get into their new protocol system, probably within the next year of their scheduling system, we'll have to bid that surplus power into their markets and participate in that process. Part of the reason for that was the ISO's requiring all the load-serving entities to have additional capacity so we can avoid some of the outages that we had back in 2000/2001.

So, in addition to meeting our own system requirements, we're also required to bid some of that surplus capacity into the California markets to make sure that the rest of the grid has reliability.

By not having those, there is a charge
that the City has to pick up by not having that
capacity within the City. So, we're looking to
help our customers by avoiding those costs.

Now, just to give you an example of our
existing portfolio, it's there on the screen. The
line that's blue is a 24-hour profile of a summer
peak day in the year 2010/2011, which we
anticipate the project to be installed.

If you can see the last facility we have
loaded is our Hoover facility. The area between
Hoover and the blue line represents our inability
to meet our load with our existing resources.

The black line that's above that
indicates what the requirements would be with the
15 percent reserve margin that we'll be having to
carry.

So if we superimpose the Canyon project
you'll see that we have sufficient capacity when
we add it to the system to meet our peak load, and
also to satisfy our ISO 15 percent planning
reserve requirements.

That not only helps us when we get to
2010, but this graph gives you an indication of
once we've built the project it'll be good for the
City for the next several years in terms of
meeting the growth in our customer load. So you can see that there's probably -- these numbers are conservative, but we have a potential of being able to use this capacity for the next several years before we get into a position where we have to add additional capacity.

So, you can see we're also meeting our 15 percent planning reserve margin for several years to come.

Okay, the project, as we filed with the application. Obviously we will be meeting the AQMD requirements with the latest version of section 1309.1. I think that the NOx emissions that we'll meeting would be 2.3 pounds per ton -- ppm, sorry, parts per million. Obviously we'll go through the process with AQMD to get the permits.

The project, itself, in terms of the greenhouse gas emissions, which has become an important issue as of late, we see that it's only going to add 3 percent to our overall current portfolio, and relative to the rest of the basin.

We've recognized that there's over 31 plants that are located in the L.A. Basin, and we've estimated that by putting the Canyon project in play we'll only be adding less than 1 percent
of the overall greenhouse gas emissions that the
rest of the generating units are producing.

We've done a considerable job, I think,
of reducing the greenhouse gas emissions that we
currently produce. In the last several years
we've reduced our overall greenhouse gas emissions
by 10 percent. And a lot of that is due to load
reductions, conservation, energy efficient
efforts. And a lot of the load growth that we've
actually encountered has been met with renewable
resources and some of our gas-fired resources.

Impacts on noise. Obviously we'll be
meeting our City code. We've spent considerable
amount of time talking to our planning department
to make sure that we're adhering to the
requirements that they have.

Part of this -- Larry might have
mentioned on the tour, that we're going to
surround the facility, the perimeter, with a 20-
foot wall for visual and sound impacts. The
plant, itself, is going to be equipped with the
proper equipment in order to maintain the -- I
think we're going to be looking at 65 decibels at
the wall, which is equivalent to typical street
noise. So, we're okay on that side.
Impacts on traffic. We, again, worked with our traffic department here within the City to coordinate what kind of impacts the project will have on traffic. We're also going to be coordinating them with the construction activities that will be taking place. And once the facility's actually in operation the traffic's probably going to be minimalized.

But we're also going to be working with making sure that the delivery of the major equipment that's going to be delivered to the site is coordinated with the least amount of interference to traffic as possible.

Water supply. This is something that I think we're pretty excited about. We've worked with the Orange County Water District. They're developing a new groundwater replenishment system. Part of that would be originating treated water from the Fountain Valley Treatment Facility. And the water that we're going to be using is equivalent to potable water. And according to Orange County Water District folks this will be the first industrial application for the use of that water.

We've identified --
MS. EDWARDS: For purposes of clarification, the water's not classified as potable. What Steve is referencing is from a quality standpoint it's treated to levels that match that of potable water. But it's not considered potable. Thank you.

MR. SCIORTINO: Thank you, Marcie, for the clarification.

In addition to the water quality getting to the facility obviously it's going to -- the water will be treated once again and it will be demineralized before it's mixed into the combustion process to help with the emission reduction.

And so the water that actually is returned to the ground will be, I guess, a lot cleaner than when it was taken out.

Impact on the aesthetics. Again, we mentioned that the facility's going to be surrounded by a 20-foot wall. We'll have a picture here shortly to show you that the stack height's limited from the street by having the wall that height. And it's also, again we've worked with the Planning Department to make sure that the wall and the setbacks meet all of their
requirements.

So, here's kind of an artist's rendition of what the facility would look like from the street. The surrounding 69 kV poles are approximately the same height as the stacks. And, of course, the ivy, it's not very clear, but the walls are covered with ivy. Here's a corner view of it.

There's a couple of green elements that we're considering for the project. We're going to put solar paneling in all the roofing areas on the control building, the switch gear covering. We've estimated that we've got enough rooftop facility to house 200 kilowatts of solar paneling, which would help us reduce some of the auxiliary load that's at the facility. So we're looking for ways to get maximum amount of energy from the facility without adding additional costs for our ratepayers.

The control building, itself, we're going to be putting a thermal energy storage for cooling, rather than conventional air conditioning. During construction we're going to be looking towards getting LEED certification for getting that process done. And all of the
occupied structures will be optimizing its energy
and water efficiencies.

    We've done a little bit of outreach,
ourselves. Prior to filing our application we've
met with all of the neighborhood district
councils, of which there are four in the City.
And made a presentation of the project to let them
know what we were doing, why we were doing it, how
it benefits the ratepayers, where it was located,
and all of the benefits that the facility will
provide.

    We also met with the business community
the following month and made a similar
presentation. We invited all of -- well, as many
as we could get, the businesses that were in the
immediate area, just to get them familiar with
their new neighbor, our new neighbors.

    And we also worked with the City Council
in the month of November to describe the project;
to get them the detail of how this project was
going to work.

    And then we've made several
presentations to our Public Utilities Board, our
advisory board, to let them know where we are in
the process.
So, this is what we're anticipating.

The bottomline of this, I guess, is that we're looking to get the facility operated by the summer of 2010. So that's what our hope is in terms of the process.

And that concludes our presentation.

HEARING OFFICER KRAMER: One question for you. You said you were expecting it to operate 2000 hours a year. Are you going to, in effect, limit the maximum amount of operation to less than 24/7 by say just buying offsets for some number less than, you know, 24/7 hours?

MR. GALATI: Yeah, we'll definitely be doing that. As you may recall, Mr. Kramer, in the South Coast your offsets are determined on the worst case month. And so our offset package will actually be based on what the worst case month we think we might be operating, so it's in the summertime.

In addition, the South Coast's recent priority reserve rule has a limitation, I think, about 4000 hours for us. But we will be limiting it through our offset acquisitions.

HEARING OFFICER KRAMER: Thank you.

Staff, your presentation.
MR. GALATI: Before you go, Che, if I could just clarify. Commissioner Byron, you had a question about the closest receptor. And the 2500 feet up to the north was the closest neighborhood. There is one caretaker residence in a commercial area that is about 1200 feet. And I'm not sure if that's to the southwest, but I think it's to the south. And we can get that information for you.

In the AFC we actually analyzed the impacts to that as the closest residence; I think that's what we did. But I think we've been thinking that's the closest residential neighborhood up to the north. But there is that one caretaker residence.

PRESIDING MEMBER BYRON: Um-hum, and that neighborhood is in Placentia?

MR. GALATI: That's correct.

PRESIDING MEMBER BYRON: And thank you for correcting my units; I was off by yards to feet there a little bit, so I'm sorry. Thank you.

MR. McFARLIN: I'll go ahead and do my presentation now. As I mentioned earlier, my name's Che McFarlin. I'm the Energy Commission's Siting Project Manager for the Canyon Power Plant's application for certification which was
filed with the California Energy Commission seeking a license to construct and operate the proposed power plant.

And the following presentation is just intended to provide you with an introduction or overview of the siting process. And if you have additional questions we'll take those later on. There's a lot more supplemental materials I can give you if you have an interest in the details of the process.

The purpose of the Energy Commission's siting process is to insure that a reliable supply of electrical energy is maintained at a level consistent with the need for such energy, the protection of public health and safety, the promotion of general welfare and for environmental quality protection. And that's from the Public Resources Code we've got up right now.

The Energy Commission has the sole permitting authority in California over all thermal power plants of 50 megawatts or greater. This authority extends to all related facilities: Linears such as transmission lines; water; gas; waste disposal and access roads.

And the Commission is the lead agency
under the California Environmental Quality Act, and as such we produce a number of decisionmaking documents associated with the analysis of the proposed project.

And there are three steps to the Commission process, which I'll go over now. Next slide, please.

The first step is determination of data adequacy. And during this time just completed, staff reviewed the application in terms that it met the minimum requirements to be in our technical review.

And when it was deemed adequate staff made a recommendation to the Commission to accept the application through the Executive Director. And for this project, that determination was made on March 12th of this year, which started the one-year project review cycle.

Now we're currently, after we've achieved data adequacy, we're currently in the second step of the licensing process, the discovery analysis process. Which during this time staff will be preparing a preliminary and a final staff assessment. During which we consider input from the public, the applicant, agencies and
any formal intervenors that we may have. We take all that information and prepare our assessments. And the Public Adviser's role is to inform the public and intervenors of how to participate, as Nick Bartsch went over earlier.

The third step that we'll get to after we go through our analysis, take everyone's comments, is the evidentiary hearings. And ultimately the decision.

And this process, as I mentioned, begins after the final staff assessment is published. The Siting Committee will hold hearings to accept formal testimony from all participants, as well as public comments.

When the hearings are concluded the Committee will issue a Presiding Member's Proposed Decision, or as we refer to it as, a PMPD. This document contains the findings relevant to the project's environmental, public health, engineering impacts and the project's compliance with laws, ordinances, regulations and statutes. And recommends conditions of certification, as well as an ultimate recommendation of whether or not to approve the project.

This PMPD is then used by the full five-
member Commission to decide whether or not to
grant a license for the project. If approved, and
the license is granted, then Commission Staff will
then monitor compliance with the conditions of
certification for the life of the project until
it's decommissioned.

Throughout our process, and during that
evidentiary hearings, we'll be considering
testimony and comments of all parties. So
everyone will have some input throughout the
process.

We also will be seeking input from
agencies at the local, state, and federal levels
when conducting the analysis. Information
provided by these agencies assists us in
identifying issues, impacts and -- mitigation
measures. And we've listed some of them up here
on the board.

Additional agencies may become involved
as the analysis progresses. And we've already
sent out a notice requesting input from agencies.
We're just now getting started with that process.

And we certainly encourage everyone to
participate, particular the public. And the ways
you can participate include submitting written
comments, which are very easy for us to share amongst each other and provide you with a detailed response.

You can also provide oral comments in meetings such as this, and you have an opportunity to later. Or you can also become a formal intervenor as Mr. Bartsch went over earlier.

I would encourage you to provide written comments, if at all possible, on the preliminary and final staff assessment that I'll be coordinating. That way I can get them out to staff and we can make sure that all your concerns are addressed within our analysis.

Throughout this process we'll be holding meetings and workshops, and making information available to anyone who requests it. We'll also be maintaining a project website, as mentioned earlier. And that's a really good resource for you folks to use.

Any meetings will be noticed at least ten days in advance; and we try to get those out at 14 days, but ten is the minimum in advanced notice you'll receive. And we maintain several mailing lists. And if you want to be on those mailing lists, there's a sign-in sheet at the
front. If you could sign in, we'll put you on the mailing list. Or you can also sign up on the website, which we'll get to in a second.

There's copies of the project application available for your review at a number of libraries, as well as on the website. We've listed a couple of those there, Anaheim and Garden Grove. There's also more regional ones that are listed there. Mentions the project website. And also at our offices in Sacramento, which probably isn't available to most of you folks.

The website that we have contains several of the major documents, but not all of them. But it also contains what we call a docket log, which is all the documents that have been prepared. So if there's something that's not available on the website but that you would like to have access to, just check that docket log and then let us know and we'll get that information out to you.

And so this is an overview of the project website that we have, just to give you an idea of what it looks like. And so on the left-hand side we go through a couple of the items that are on there. And if any of you folks want a copy
of this presentation when I'm done, I'll have it available for you so you can get the website, which I think was also on a contact sheet that Mr. Kramer put out there.

And the only thing on here that's not terribly obvious is that the Title 20 of the California Code of Regulations pertains to the rules, practices and procedures for power plant site certification under which we operate. So if you're interested in all the details you can find them there.

And as we mentioned earlier, you can sign up on the project's website, or on just the general Energy Commission's website to receive notifications that were referred to earlier, the listserver. And that's probably the best way to stay up to date as far as the project's development goes.

And so if you go to this website, which you can easily find on the front page of the Energy Commission's site, and just click subscribe. There'll be a box for this project, Canyon. And then you'll start to receive notices automatically after that.

And then at this point staff -- the only
document we've prepared is an issues ID report, which is to inform the participants, including the applicant, of any potential issues that we've identified relating to the project.

It's also intended to provide focus on important topics that will affect the project and staff's analysis of the project. And this is fairly early on in the process, but we've identified a few of those.

The criteria we use for determining whether something's identified as an issue is if there's a potential for some impact that might be difficult to mitigate; if we see something that may not be in compliance with applicable laws, ordinances, regulations; or if there's a conflict that could affect the schedule.

So there's a lot of other things that we're interested in or have concerns with. But the only things that make it into the level of what we call an issue are these things I outlined here. Whether or not they're difficult to mitigate, not maybe in compliance or could affect the overall schedule. And that document is also available on the front table there, and it's also on the project website.
And so the two issues that have been identified by staff is that the proposed project could face a challenge in securing the adequate criteria, the offsets for air pollution mitigation. And so that's something we're all aware of, and the applicant is working towards. And we'd like to be apprised of any developments there.

The other impact or issue is that since the system impact study has not yet been prepared, we understand that that's in process, but we don't have a delivery date on that. And this system impact study, or SIS, identifies any downstream transmission upgrades that could be necessary to meet the reliability standards of the transmission network. So that basically just would identify if there's any other offsite work that would be required to accommodate this plant's load on the grid.

And then at this point we've identified, produced our kind of preliminary schedule, which this is just staff's proposed schedule. The applicant will probably have one. And ultimately the Committee will adopt a schedule.

And based upon the ideal schedule for
this one-year delivery, we are looking at probably
August if this year for our preliminary staff
assessment. And that's when you'll be able to
review that analysis and provide comments.

And then we'll hold a workshop soon
thereafter to discuss the PSA. There will also be
other workshops before that. We'll issue data
requests, which are our questions to the
applicant. And they'll provide responses. And
we'll very likely have a workshop at that point to
discuss that, and the status of staff's analysis.

And then we may do one also later on if
we have additional rounds of data requests, or
potentially for the final staff assessment. So
there will be multiple opportunities for your
participation.

And based on comments received at our
workshops we anticipate publishing the final staff
assessment in October if everything goes according
to plan. And after the completion of the final
staff assessment we then rely on the Committee and
the full Commission to schedule the remaining
items.

And again, I just want to mention that
this is kind of the proposed ideal schedule,
assuming everything goes smoothly. And it's subject to a couple of different things, which would be the timely response to staff's data requests and resolution of any issues.

Our analysis also depends on inputs from other agencies, particularly the South Coast Air Quality Management District, and when we receive their determination of compliance.

There will also be information needed from other agencies that are beyond our control. And this schedule could also be affected by other factors which we have not yet identified, being that we are early on in the process.

Just lay out a few of the main contacts. Everyone here has been introduced. And so I've got, you know, Commissioners, Commission contacts, and the applicant main contacts there. And there may be others, as well. These folks can also be found, with the exception of Nick Bartsch, on the proof of service list, which is maintained on the project website.

Now I'll turn the hearing back over to Mr. Kramer. If you have any questions and you haven't already filled out a blue card, I'd encourage you to do that with Mr. Bartsch. And
you'll be called accordingly.

HEARING OFFICER KRAMER: I just see that my phone number is wrong there. It's 654, not 651, if anybody's -- can't imagine that you're writing it down, but if you are.

(Laughter.)

MR. McFARLIN: We'll go ahead and make sure that's right on the website, anyway.

HEARING OFFICER KRAMER: Mr. Galati, applicant's response?

MR. GALATI: Yes, thank you. We actually, we reviewed staff's issues identification report and the schedule, and I'll address the schedule first.

We support the schedule. We ask the Committee to consider, instead of putting a hard date for the preliminary determination of compliance and the final determination of compliance, since it's difficult to estimate at this date when those will be, to actually use what we've done in the past, which is like a floating variable, like "n". And then have the PSA 30 days after. So that the PSA is triggered by the issuance of the South Coast AQMD's preliminary determination of compliance.
That way we don't have to make an amendment to the Committee order if that date is not missed. And our experience, I think, has been collectively it's hard to predict the exact date that comes out. So we would ask the Committee to consider that.

But otherwise we support staff's schedule. We think that it's very helpful and aggressive.

With respect to the two issues that staff raised, we also understand that those are issues. Let me address the system impact study first.

We did a system impact study. And what happened between the time the system impact study was being done and now is a couple of projects dropped out of the queue. That happens. And so it has been sent back for a re-study.

So we are aware of the issue, we are working that issue. And we believe that we should be able to get information in enough time to get our license. And we're certainly continuing to work with staff through data requests to update that information as we get it.

With respect to the South Coast Air

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Quality Management District where we are located, and staff's identification that offsets are scarce, that is absolutely correct. And I think that the Commission is well aware of many projects in the South Coast that have struggled with offsets.

The primary issue is the South Coast has opened up its priority reserve, and that rule was adopted in August of last year. We prepared our application. Since we were lucky enough to file our application after the priority reserve rule was passed -- some applicants were filing while it was in the process -- we knew what the requirements were of the priority reserve.

And we made a demonstration, we believe, in our application to the Energy Commission, and in our subsequent application to the South Coast, of we meet every one of their requirements.

And we're currently working with South Coast. In fact, we have a meeting with them on Friday to talk about some technical issues. And we feel very confident that we will be able to demonstrate that we meet the South Coast Air Quality Management District, all their rules. But primarily the priority reserve. That is the more
stringent rules. It actually limits our emissions even below some BACT levels.

HEARING OFFICER KRAMER: Staff, do you have a response to Mr. Galati's proposal to make the PSA and FSA dates a formula?

MR. McFARLIN: No. I think that's probably well advised being that we don't know exactly when some of these documents are going to be made available.

HEARING OFFICER KRAMER: Okay. Did any of the agencies wish to make a presentation? Seeing none, we'll then move on to public comments.

Mr. Bartsch, do you have any cards?

MR. BARTSCH: I have one.

HEARING OFFICER KRAMER: Okay. Why don't you just read the name at the microphone, and then that person can come forward. Or I guess he can come forward, he knows who he is.

Then for anybody else who's thinking about making a comment, this is a really good time in the process to tell the Committee and the staff your concerns. Because they're just starting to do their work, researching and reviewing the application. And if they know that you're
concerned about something at this point they are
much more likely to adequately, maybe not to your
satisfaction on the ultimate decision, but to at
least address your concerns in their analysis.

So go ahead, sir. Please first give us
your name and then make your comment.

MR. AMENT: Good evening. My name is
Todd Ament, A-m-e-n-t. And I'm the President and
CEO of the Anaheim Chamber of Commerce. And also
an over-40-year resident of the City of Anaheim,
and live nearby the site that's being discussed	onight.

I'm here tonight representing the
Anaheim business community. Anaheim has over
14,000 businesses employing over 170,000 employees
in the City.

The Canyon Power project will improve
upon the City's ability to provide reliable power
to all Anaheim residents and businesses, thus
insuring uninterrupted business practices during
times of peak power demand.

Additionally, with the Canyon Power
project online, Anaheim public utilities will
continue to provide businesses with reliable
service and rates that are the lowest in the
region, key to job retention and attraction in our area.

With reliability in mind, this project will be an asset that many new, as well as established, businesses will consider when choosing their location to conduct daily business activities.

The City of Anaheim is continuing to grow, attract new businesses and bring additional visitors to Anaheim on an annual basis. The Canyon Power project is a necessary addition to insure the successful implementation of the City's vision for growth.

The Chamber also supports Anaheim's continuing investment in green power, in order to reduce our overall dependency on coal as a means to generate electricity. We understand the Canyon Power Plant is critical to supply the backup power needed so that Anaheim can buy more green power while not risking reliability as a result.

I thank you for the opportunity to express the Anaheim business community's support for the Canyon Power project. And we also welcome this opportunity to support this endeavor and look forward to assisting the City in making this
project a reality.

Our City Council and our City Staff has done a great job in vision, in finding ways to plan for our future demand. And we hope that you'll see that and see it as a great site.

So, thank you very much.

HEARING OFFICER KRAMER: Thank you. Is there anyone else --

MR. AMENT: Here's a letter for the record, also.

HEARING OFFICER KRAMER: Okay, thank you. Does anyone else wish to make a public comment?

Okay, seeing no one, two housekeeping -- or actually one housekeeping matter. Earlier I gave each of the parties a copy of the current proof of service list. And wanted to know if they wanted to make any changes to it.

I just noticed that Mr. Wilson's email address is slightly off, and I'll take care of fixing that.

Are the parties otherwise satisfied with the proof of service list?

MR. GALATI: Yes.

HEARING OFFICER KRAMER: Staff?
MR. McFARLIN: We're fine with it.

HEARING OFFICER KRAMER: Okay, thank you. Does either party wish to make any final comments?

Okay, seeing none, the Committee will issue a scheduling order based on today's proceedings in the next week or two.

And we want to thank the City for providing this hearing room. It looks like it will be a good place for us to conduct our business as we go forward.

PRESIDING MEMBER BYRON: I would also like to extend my thanks. We don't always have as nice a venue as this to conduct our meetings, nor as good food as we had earlier this evening.

I'd like to extend my thanks to Ms. Edwards and Mr. Sciortino. A very well done presentation.

Also the elected officials that were here. Very much appreciated, Mr. Woods. Learned a great deal this evening even prior to our hearing about the City and the way it operates.

And it's very impressive.

We'll be back. There'll be some, as our Hearing Officer indicated, there will be some
staff workshops that will likely be conducted here. We will likely be back for evidentiary hearings here in this room, if you'll have us. And I hope we've impressed upon everyone, we take this process very seriously. And having said all these good things about the City of Anaheim, I'm also reminded today is tax day. So if you haven't, it's a good time to pay your taxes today. Thank you all very much for being here. Thanks for having us.

HEARING OFFICER KRAMER: So we are adjourned. Thank you.

(Whereupon, at 6:46 p.m., the hearing was adjourned.)

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CERTIFICATE OF REPORTER

I, TROY A. RAY, 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 21st day of April, 2008.

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