

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

In the Matter of: )  
 )  
Application for Certification ) Docket No.  
for the Metcalf Energy Center ) 99-AFC-3  
(Calpine Corporation and )  
Bechtel Enterprises, Inc.) )  
----- )

OAK GROVE HIGH SCHOOL  
"THE THEATRE"  
285 BLOSSOM HILL ROAD  
SAN JOSE, CALIFORNIA

MONDAY, JULY 12, 1999

1:50 p.m.

Reported by:

Peter Petty

Contract No. 170-99-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Robert A. Laurie, Commissioner, Presiding Member

STAFF PRESENT

Stan Valkosky, Hearing Officer

John Wilson, Senior Adviser

Kerry Willis, Attorney

Lorraine White, Project Manager

PUBLIC ADVISER

Roberta Mendonca

APPLICANT

Jeffery D. Harris, Attorney, Ellison & Schneider,  
Calpine Corporation/Bechtel Enterprises

John Hathaway, Environmental Project Manager,  
Metcalf Energy Center

Robert T. Hepple, P.E., Project Director,  
Calpine Corporation/Bechtel Enterprises

Douglas S. Brown, Vice President and Manager,  
Power Development, Bechtel Enterprises, Inc.

Mike Sommer, Calpine Corporation

Ron Walter, Senior Vice President, Calpine  
Corporation

Gary S. Rubenstein, Sierra Research, Calpine  
Corporation

John L. Carrier, J.D., Senior Project Manager,  
CH2M Hill

Lisa Poelle, Community Relations, Metcalf Energy  
Center

INTERVENORS

Elizabeth Cord, Santa Teresa Citizen Action Group

California Unions for Reliable Energy

Scott Scholz

Donna Scholz

Jeffrey Wade

ALSO PRESENT

Richard Buikema, Department of Planning, Building  
and Code Enforcement, City of San Jose

Laurel Prevetti, Principal Planner, Department of  
Planning, Building and Code Enforcement, Planning  
Service Division, City of San Jose

Bob Nishimura, Supervising Air Quality Engineer,  
Bay Area Air Quality Management District, State of  
California

Raymond Lancaster, Business Representative, UA  
Plumbers, Steamfitters & Refrigeration Fitters  
Local Union 393, San Jose

Neil M. Struthers, Deputy Executive Officer, Santa  
Clara & San Benito Counties Building &  
Construction Trades Council, San Jose

Isidro A. Diaz-Tous, President, Encor-America  
Technologies, Inc., Mountain View; Chairperson,  
Power division, American Society of Mechanical  
Engineers

Other Members of Public as listed in Index

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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

2 1:50 p.m.

3 PRESIDING MEMBER LAURIE: My name is  
4 Robert Laurie. I'm a Commissioner with the  
5 California Energy Commission, and I am Presiding  
6 Member of the Committee hearing the application  
7 for the Metcalf Energy Center.

8 To my immediate left is my Senior  
9 Adviser, John Wilson, who is Energy Commission  
10 Staff. To my right is Mr. Stan Valkosky, a legal  
11 counsel. Mr. Valkosky is the designated Hearing  
12 Officer for the Metcalf Energy Center Project.

13 I would like to continue briefly with  
14 additional introductions. To my left is Ms.  
15 Lorraine White. Ms. White, could you just raise  
16 your hand, please. And I'm going to pass --  
17 question of the amplification people. The small  
18 microphones in front of us, are these for  
19 amplification or recording? Great, thank you.  
20 Staff does not have either.

21 Go ahead with self introductions.

22 MR. BUIKEMA: My name is Richard Buikema  
23 from the City of San Jose Planning Department.

24 MS. WILLIS: I'm Kerry Willis, Staff  
25 Counsel for the Energy Commission.

1                   PRESIDING MEMBER LAURIE: Thank you. To  
2 my right is the Applicant and their  
3 representatives. I'd like to call on Mr. Jeff  
4 Harris to introduce yourself and members of your  
5 team, please.

6                   MR. HARRIS: My name is Jeff Harris and  
7 I'm here on behalf of Calpine/Bechtel, and I think  
8 I'll ask the folks to introduce themselves.

9                   MR. HATHAWAY: My name is John Hathaway.  
10 I'm the Environmental Project Manager for the  
11 Metcalf Energy Center.

12                   MR. HEPPLER: And my name is Bob Hepple.  
13 I'm the Project Director for the Calpine/Bechtel  
14 joint venture project. And to my right I'll  
15 introduce Doug Brown with Bechtel Enterprises.

16                   PRESIDING MEMBER LAURIE: Thank you,  
17 gentlemen.

18                   I'd like to call on the Public Adviser,  
19 Ms. Roberta Mendonca. Ms. Mendonca, could you  
20 make your comments, please.

21                   MS. MENDONCA: Good afternoon. My name  
22 is Roberta Mendonca and I'm a Public Adviser at  
23 the Energy Commission. It's a pleasure to see you  
24 all here today.

25                   As you can see, I've been wandering

1           around the room with some blue cards. One of my  
2           jobs is to make sure that, as the Public Adviser,  
3           your comments get heard. So if I've missed you,  
4           or you didn't see the blue cards when you came in,  
5           I'll wander around at the back and pass them out  
6           again.

7                        The Energy Commission is rather unique  
8           in having a person like the Public Adviser. My  
9           job is strictly to facilitate public understanding  
10          of our process and to assist you in participating  
11          in any phase of a process that is of interest to  
12          you.

13                       And so there will be two types of  
14          participation that I would like to call to  
15          attention today. There is informal participation,  
16          which is an opportunity for you to voice your  
17          opinions and concerns. And those comments,  
18          opinions and concerns are a welcome addition to  
19          our project as we go from the beginning to the  
20          end.

21                       There is a more formal type of  
22          participation called intervention. And  
23          intervention allows you to become a party in the  
24          case. For those of you who might decide after  
25          today's hearing that that is the type of

1 participation that you would like to have, I have  
2 information on how to intervene in an Energy  
3 Commission proceeding with me.

4 I've also been asked to explain that the  
5 overheads and slides which will be shown today,  
6 when you first signed in was a sign-in sheet. If  
7 you were unable to get a copy of the slides, if  
8 you'll go back and find your name -- these are the  
9 slides, by the way -- find your name on the sign-  
10 in sheet, then we will see that you get a copy  
11 mailed to you.

12 In addition to the sign-in sheet at the  
13 front table, there have been various sign-in  
14 sheets being passed around in the audience, and  
15 I'll wander around, once my moment is done, and  
16 collect those again.

17 So what you need to know is that the  
18 Public Adviser is there to assist you. I have an  
19 800 phone number so you can call me toll free.  
20 And we're also accessible on the internet. So if  
21 you have questions about the process or where to  
22 get information about the project, I'll welcome  
23 your calls.

24 Thank you.

25 PRESIDING MEMBER LAURIE: Thank you,

1           Roberta. It is hot. There is water located, I  
2           understand, behind the screen behind me.  
3           Restrooms are located outside the door and down  
4           somewhere.

5                        I'd like to treat this proceeding in as  
6           informal a nature as possible; the goal is to  
7           receive your information and your input before the  
8           day's over. It is understood that there will be  
9           an evening session, as well.

10                      Today's informational hearings are the  
11           first public events conducted by the Committee.  
12           When I make reference to the Committee I refer to  
13           the Committee of the Energy Commission that is  
14           hearing the Metcalf case.

15                      Notice of today's hearings was sent to  
16           all parties, adjoining landowners, interested  
17           governmental agencies and other individuals on  
18           June 23rd. In addition, notice of today's events  
19           was published several times in the local  
20           newspaper.

21                      Documents pertinent to today's hearing  
22           include a staff issues identification report and  
23           proposed schedule filed July 8, 1999.

24                      The purpose of today's hearing is to  
25           provide a public forum to discuss the proposed

1 Metcalf Project, to describe the Energy  
2 Commission's review process, and to identify the  
3 opportunities for public participation in this  
4 process.

5 For those interested, a visit to the  
6 project site will be held immediately following  
7 the conclusion of this first session, about 4:30.  
8 Transportation will be provided. We will also  
9 hold an evening session beginning at 7:30. Let me  
10 ask Mr. Valkosky a question regarding  
11 transportation. We have a large bus, do you know?

12 HEARING OFFICER VALKOSKY: I'm informed  
13 we have two large buses.

14 PRESIDING MEMBER LAURIE: Okay, thank  
15 you. Today's events are the first in a series of  
16 a set of formal hearings which will extend over  
17 approximately the next year. The Commissioners  
18 conducting this proceeding will eventually issue a  
19 proposed decision, and I am the Presiding Member  
20 of that Committee. That proposed decision and set  
21 of recommendations will then go to the full  
22 Commission for the full Commission's  
23 consideration.

24 It is important to know that these  
25 recommendations must, by law, be based solely on

1 the evidence contained in the public record. Let  
2 me take a moment and review the procedures that  
3 we'll be following today.

4 I will first call upon Commission Staff,  
5 and Ms. White being the Project Manager, and staff  
6 will provide an overview of the licensing process,  
7 and its role in reviewing the proposed project.

8 You've already heard from Roberta  
9 Mendonca, the Commission's Public Adviser, the  
10 public's primary contact. If you have questions,  
11 you could and should meet directly with Ms.  
12 Mendonca. Especially on matters regarding process  
13 and procedure.

14 I will ask the City of San Jose to  
15 explain its role in these proceedings.

16 And finally, the Applicant will describe  
17 the proposed project and explain its plans for  
18 developing the project site.

19 Upon completion of these presentations,  
20 interested agencies and members of the public will  
21 be free to ask questions or offer comments.

22 Following these presentations we'll turn  
23 to discussion of scheduling and other matters as  
24 addressed in staff's July 8th report.

25 While the Public Adviser and Commission

1 Staff will go into greater detail later, I'd  
2 briefly like to tell you what you can expect from  
3 the Commission's process.

4 First, we are embarking on what is  
5 referred to as a functionally equivalent  
6 California Environmental Quality Act review  
7 process. And this means two things. One, our  
8 process must, by law, address the substantive  
9 requirements as set forth in CEQA. Two, we  
10 provide a process which provides a vastly more  
11 comprehensive opportunity for public review  
12 comment and participation than does the  
13 traditional CEQA process.

14 As you will note over the course of the  
15 next many months our process strongly encourages  
16 public input and information not only from the  
17 public, but applicable agencies, as well. You  
18 will have ample opportunity to provide any  
19 information you have and to make your feelings  
20 known, not only today, but in the future, as well.

21 There may be a question regarding  
22 alternative project sites. All I'd like to say at  
23 this point is that the law mandates that  
24 alternative site locations be analyzed, and that  
25 will be done.

1                   You can expect that any decision coming  
2                   out of this Committee and the Energy Commission,  
3                   including final recommendations, will be made  
4                   solely on the basis of the public record. To  
5                   insure that this happens and to preserve the  
6                   integrity of the Commission's licensing process,  
7                   Commission regulations and the California  
8                   Administrative Procedures Act expressly prohibit  
9                   off-the-record contact between the participants in  
10                  this proceeding and the Commissioners, our  
11                  Advisers, and the Hearing Officer.

12                  That means that there will be no  
13                  contacts by either myself, Commissioner Keese, the  
14                  other Member of this Committee, our Advisers or  
15                  Mr. Valkosky with any of the parties, including  
16                  either staff or applicant that is not reflected on  
17                  the public record.

18                  This is known as the ex parte rule. The  
19                  purpose of this rule is to provide full disclosure  
20                  to all participants of any and all information  
21                  which may be used as a basis for a future  
22                  decision.

23                  Before we complete the work today it is  
24                  noted that a number of individuals and parties  
25                  have filed formal petitions to intervene. We

1 would request any comment that anyone may have  
2 regarding those petitions during the course of the  
3 proceeding today.

4 To initiate the process Mr. Valkosky  
5 suggests and I concur that we can easily address  
6 that matter now. Mr. Valkosky, let's bring forth  
7 the names of the petitions to intervene.

8 HEARING OFFICER VALKOSKY: Presently we  
9 have four petitions to intervene before us. One  
10 is filed by the California Unions for Reliable  
11 Energy; another filed by Mr. Jeffrey Wade, and I  
12 have two, one from Scott and another from Donna  
13 Scholz.

14 Do any of the petitioners wish to make  
15 any statements?

16 No statements. Mr. Harris, does  
17 applicant object to granting any of these  
18 petitions, or do you have any other comments?

19 MR. HARRIS: No, we don't object to any  
20 of them. We're glad to have them involved in the  
21 process.

22 HEARING OFFICER VALKOSKY: Okay, thank  
23 you.

24 PRESIDING MEMBER LAURIE: The petitions  
25 for intervention will be granted and will be

1 reflected on subsequent order.

2 Ms. Mendonca -- yes, ma'am, did you have  
3 a comment?

4 (Audience question.)

5 PRESIDING MEMBER LAURIE: One is  
6 California Unions for Reliable Energy, commonly  
7 known as CURE. There's Mr. Jeffery Wade. And  
8 there is Mr. and Mrs. Scott and Donna Scholz,  
9 S-c-h-o-l-z.

10 Does anybody have any questions  
11 regarding the process that we're going to follow  
12 today? I would also again like to note this is  
13 not the evidentiary hearing. The hearing by which  
14 we formally take testimony is down the line. This  
15 is primarily an informational meeting, I would  
16 say, to get the ball rolling, to talk about our  
17 process, and to initially hear concerns and to  
18 provide education to you regarding, and to the  
19 Commission, frankly, regarding the nature of the  
20 proposed project.

21 It is important that you be able to  
22 hear. If any speaker is not elucidating  
23 sufficiently, if the acoustics are not working  
24 well, please raise your hand and we will insure  
25 that we make adequate corrections. Again, it is

1 going to be hot. Feel free to loosen ties or  
2 whatever else you feel necessary to accomplish  
3 your purpose.

4 Absent any questions regarding process  
5 for today, I'd like to call upon the Project  
6 Manager, Ms. Lorraine White, for staff's  
7 presentation this afternoon.

8 MS. WHITE: Rather than sitting behind  
9 the tables here, I hope you don't mind if I stand.  
10 There we go. It's the heat, you know.

11 As Commissioner Laurie has mentioned, my  
12 name is Lorraine White. I'm the Project Manager  
13 assigned to staff's review of the Metcalf Energy  
14 Center. The application was filed with the  
15 Commission on April 30, 1999. And over the next  
16 year or so will be reviewed by staff and the  
17 Commission in order to come up with a decision on  
18 whether or not to approve the certification of the  
19 power plant.

20 The purpose of our application for  
21 certification proceedings is to insure that  
22 California is supplied with a reliable electrical  
23 energy source that is maintained at a level that  
24 is consistent with the need for such energy so as  
25 to protect the public health and safety, to

1 provide for the promotion of general welfare, and  
2 insure environmental protection. This is in our  
3 enabling legislation, Public Resources Code 25001.

4 The Commission's jurisdiction was  
5 established to be the licensing authority, the  
6 lead agency for power plants 50 megawatts or  
7 larger. I don't know if that means much to any of  
8 you, but they are fairly large power plants,  
9 thermal in nature. They run off of primarily  
10 fossil fuels such as oil, natural gas. But there  
11 are also fuels such as biomass and geothermal  
12 resources that also fall in that category.

13 Under our jurisdiction we are also  
14 responsible for any of the ancillary facilities  
15 associated with the power plant, such as  
16 transmission facilities. Our jurisdiction allows  
17 us to license the transmission facilities from the  
18 power plant, itself, to the first point of  
19 interconnection in the existing system.

20 We are also responsible for any of the  
21 other types of linear facilities associated with  
22 the project such as pipelines, water lines, access  
23 roads, control facilities and any other types of  
24 buildings on the site.

25 (Audience question.)

1 MS. WHITE: Sure. Um-hum. There are  
2 certain relationships that are helpful to know in  
3 our process. The Commission is a five-member  
4 commission from various technical areas, such as  
5 there's an environmental representative, an  
6 economist, a lawyer, and a couple of other  
7 Commissioners, I can't think of right now.

8 From those five Commissioners, when an  
9 application is filed, there's enough information  
10 in the application for us to begin our review, two  
11 Commissioners are assigned to oversee that  
12 process. The Commissioners that are assigned to  
13 this case are Commissioner Keese and Commissioner  
14 Laurie.

15 The staff is primarily responsible for  
16 the environmental and engineering review of the  
17 proposal to determine if there are any problems  
18 with the impacts that need to be mitigated; if  
19 there are any mitigation strategies not already  
20 identified by the applicant, but that would need  
21 to be proposed in the event that the project were  
22 certified. To identify if the project would  
23 comply with all sorts of applicable laws,  
24 ordinances and standards.

25 There is also the project application;

1           they're a party to this proceeding. Other  
2           agencies are very much involved in our process.  
3           We consider them a very important resource in  
4           order to understand the various types of laws,  
5           ordinances, regulations that are required and  
6           apply to a project such as this power plant. And  
7           so they are very much involved.

8                         We also have formal intervenors, members  
9           of the public and other organizations that become  
10          formal participants in our proceeding, but  
11          elevated status that gives you certain rights and  
12          responsibilities within the process.

13                        The Public Adviser is a very important  
14          participant in our process. She helps to  
15          facilitate the public involvement and to insure  
16          that the needs of the public about information and  
17          contributions that they want to make into the  
18          various types of proceedings, whether they be  
19          formal workshops, informal workshops or hearings,  
20          are met.

21                        The crux of staff's analysis is  
22          threefold. To determine if the project would  
23          comply with all applicable laws, ordinances,  
24          regulations and standards, whether they be  
25          federal, state or local. That's why we need to

1 work so closely with the other agencies, to insure  
2 that we understand the requirements.

3 The environmental assessment is  
4 essentially a functional equivalent to CEQA, the  
5 California Environmental Quality Act. Not all our  
6 steps are exactly the same, are documents are not  
7 necessarily called environmental impact reports,  
8 but they serve the same purpose of determining  
9 whether or not there is going to be any  
10 potentially adverse environmental impacts  
11 associated with the project that would need to be  
12 mitigated.

13 We also facilitate public and agency  
14 participation primarily for the purposes of  
15 identifying and resolving issues, and to insure  
16 that all the appropriate participants are fully  
17 involved in the process.

18 The Commission is responsible  
19 essentially from cradle to grave for power plants  
20 under its jurisdiction. Not only do we license  
21 these projects, but we also insure that they  
22 comply with the conditions that are laid out for  
23 their certification.

24 The compliance monitoring aspect of the  
25 project is very important. It's perhaps the most

1 staying of all the phases in our proceeding. We  
2 insure that the projects that do receive approval  
3 for certification comply with all of the  
4 applicable requirements, and that all of the  
5 conditions of certification that are adopted by  
6 the Commission are satisfied.

7 A proceeding is essentially 12 months,  
8 once the application has been deemed to have  
9 enough information in it for staff to begin its  
10 analysis. Prior to the actual data adequacy  
11 determination there's two steps here I've  
12 identified.

13 One is prefiling in which we work with  
14 applicants to identify what requirements there  
15 will be imposed upon this project for its filing.  
16 Once the application is filed there's a time  
17 period called data adequacy in which we evaluate  
18 whether or not there's enough information in the  
19 document for us to begin our review.

20 Once it's deemed data adequate, that's  
21 the day zero. And our 12-month schedule is tacked  
22 onto that.

23 The first phase is discovery. We spend  
24 a lot of time gathering additional information,  
25 doing site visits, holding informal technical

1 related workshops in which we explore the various  
2 components of the proposal, and try to identify  
3 those issues associated with that proposal.

4 Then comes the analysis phase. This is  
5 where staff identifies, in terms of the potential  
6 impacts that we've scoped out initially, which  
7 ones, in fact, are being mitigated, which ones  
8 will need to be mitigated additionally, and what  
9 types of findings and conclusions we'll be  
10 recommending to the Commissioners.

11 At the end of our assessment -- pardon  
12 me, our analysis phase, staff will issue two  
13 documents. One is the preliminary staff  
14 assessment, which will be circulated for public  
15 review. There will be additional workshops on it.  
16 And that information is then taken, incorporated  
17 into the document, and we issue our final staff  
18 assessment.

19 That is sent to the Committee who then  
20 receives testimony from other participants, and  
21 begins their formal evidentiary hearings. That's  
22 about day 210 or so.

23 By day 300 the Committee assigned to  
24 this project will come up with its proposed  
25 decision. I think it's a little warm, so --

1           anyway, we'll go ahead, for those of you who have  
2           handouts, I think we've lost the power to this  
3           one. So, you don't mind if I wing it. Okay.

4                        To have a decision by the Commission,  
5           all five Members, by day 365. There are several  
6           contacts that you can receive information about  
7           the proceeding from. I, myself, am definitely one  
8           of them.

9                        For those of you who were able to pick  
10          up the handouts, one of the sheets in there has my  
11          phone number, my email address. There's also Stan  
12          Valkosky, with his information there. Roberta  
13          Mendonca. And then, of course, you can always  
14          visit our website, [www.energy.ca.gov](http://www.energy.ca.gov). It provides  
15          you information about all of the Commission's  
16          activities, including our licensing activity.

17                       Last Thursday, July 8th, staff filed  
18          their issues identification report. It's an  
19          initial scoping document that is the result of  
20          preliminary site visits, initial contact with  
21          other agencies and various parties, and any of the  
22          input that we've received from the public that  
23          helps us identify what potential issues we should  
24          be focusing on in the case.

25                       It does not necessarily limit the scope

1 of the staff's analysis, but allows people an  
2 early look at what we should be focusing on. The  
3 criteria we use to identify what issues we will  
4 want to focus on -- thank you very much -- to  
5 eventually determine, one, the impacts that  
6 potentially are going to occur are going to be  
7 difficult to mitigate; if there's any kind of  
8 compliance problems associated with the proposal;  
9 or if any of the issues could potentially be  
10 contentious.

11 The next one. In terms of the Metcalf  
12 Energy Center, our report identify several areas  
13 in which we think that there's going to be issues  
14 that need to be addressed.

15 The first is air quality. We need more  
16 information about the offset package the applicant  
17 is proposing. Whether or not it will satisfy the  
18 requirements for best available control  
19 technologies of the regulated emissions. We have  
20 yet to have information to help us determine if  
21 there is going to be any cumulative impacts  
22 associated with air quality of the project.

23 Biological resources. The project is  
24 adjacent to a riparian corridor. I'm not sure if  
25 many of you are familiar with Fisher Creek there,

1 but it's adjacent to the creek at the base of  
2 Tulare Hill.

3 We're also concerned about the loss of  
4 significant trees. There's a large number of  
5 trees that the applicant is proposing to remove.  
6 We're also concerned about the potential for  
7 nitrogen loading from the plume that will come out  
8 of the cooling towers on the serpentine soils of  
9 Tulare Hill. And whether or not the nitrogen  
10 contained in those plumes would adversely affect  
11 the soils on the hill, and thus have an impact on  
12 endangered species.

13 There are sensitive sites for cultural  
14 resources that the project has the potential to  
15 impact. Keep in mind some of the information that  
16 the proceeding will be looking at, the staff and  
17 other parties, is confidential. One of those such  
18 technical areas is cultural resources. And the  
19 reason for that is the protection of those  
20 resources. We don't want to necessarily advertise  
21 where some of these more sensitive areas are in  
22 the event that someone would want to damage them.  
23 So I can't tell you where those sites are.

24 There's also problems in the land use  
25 area. As some of you may know, the project is not

1 in compliance with the current land use  
2 requirements. The applicant is requesting certain  
3 entitlement actions be taken by the City; and I'll  
4 allow Richard to discuss that in more depth in his  
5 presentation.

6 We also heard a lot about socioeconomics  
7 and the potential for this project adversely  
8 affect property values. And we will definitely be  
9 looking into that issue and determine if there is,  
10 in fact, a problem. If there is, then we will be  
11 investigating any potential for mitigation there.

12 We also have identified a traffic and  
13 transportation related issue. The access road to  
14 the site will require the crossing of a railroad.  
15 And this rail crossing is not under the  
16 jurisdiction of the Commission, but requires the  
17 approval of the California Public Utilities  
18 Commission. And we'll also need to be  
19 coordinating with them to identify when the  
20 application for that crossing will be reviewed,  
21 and when we can likely get a decision from them on  
22 that.

23 Visual resources. We've identified that  
24 the project will have view impacts from Monterey  
25 Road. It will also change the existing character

1 of the area, which is quite rural in nature, as  
2 I'm sure you all know. There's also some issues  
3 of noncompliance with laws, ordinances and  
4 regulations as it pertains to screening, setbacks  
5 and other things.

6 In addition to what we've identified,  
7 there were also two other areas that were  
8 identified by members of the community here in San  
9 Jose. One was the impact to the public health and  
10 the other one was hazardous materials handling.  
11 At this time staff has not found enough  
12 information in the AFC to identify if there is a  
13 specific problem related to those two areas, but  
14 we are investigating them on behalf of requests  
15 from the community. And also as part of our  
16 normal course in the review of the application.

17 The Committee directed staff and other  
18 parties to establish a proposed schedule. We've  
19 been working with the City to identify essentially  
20 how long it will take for them to do their  
21 entitlement actions. It requires the Commission  
22 to take its first discretionary action before the  
23 City can begin their actions.

24 And at the bottom of this proposed  
25 schedule is the Presiding Member's proposed

1 decision. Currently, under the Commission's  
2 normal events and publications, the Presiding  
3 Member's proposed decision is our first  
4 discretionary action. So my proposed schedule  
5 utilizes that as the document we would send to the  
6 City in order for them to begin their entitlement  
7 action.

8 The thing I'd like you to take away from  
9 this slide is that staff is attempting to issue  
10 their final staff assessment at the end of January  
11 2000. Please note there's also an error on this,  
12 still not used to the "00" part yet.

13 But allowing for data requests,  
14 workshops, additional site visits, the  
15 identification of alternative sites, analysis and  
16 the gathering of information we expect that we can  
17 complete our analysis by the end of January 2000.

18 Thank you.

19 PRESIDING MEMBER LAURIE: Thank you, Ms.  
20 White. Regarding questions I would ask that you  
21 hold until we are finished with all presentations.  
22 We do have a note from one member of the public  
23 that desires -- that needs to leave before 3:00  
24 and we will provide that opportunity.

25 Regarding the remainder, I think it's

1 helpful to provide information first which may  
2 answer your questions. We will, again, leave  
3 ample time for questions. If you're here this  
4 afternoon we're not going to ask you to come back  
5 this evening to answer your questions, unless you  
6 really really want to do that.

7 At this point I'd like to call upon the  
8 representative from the City of San Jose to  
9 determine whether the City has any comments at  
10 this time.

11 MR. BUIKEMA: Okay, thank you very much.  
12 My name is Richard Buikema, that's spelled  
13 B-u-i-k-e-m-a. I'm from the City of San Jose  
14 Planning Staff; I'm a Planner II, and I'm going to  
15 briefly discuss the necessary City permitting  
16 steps to allow for a power plant at the proposed  
17 location, and provide a tentative schedule for the  
18 Planning Commission and the City Council's  
19 consideration of this proposal.

20 We anticipate that the City of San Jose  
21 will take action on these applications prior to  
22 the CEC's final action on the application for  
23 certification, with the Planning Commission and  
24 the City Council likely taking action on these  
25 items in May or June of the year 2000.

1                   The two most important steps in the  
2                   permitting process for the City of San Jose are  
3                   the general plan amendment and the Plan  
4                   Development Rezoning for this project.

5                   As far as the general plan amendment is  
6                   concerned the Applicant has filed what's called a  
7                   general plan amendment to change the land use  
8                   designation from campus/industrial to public/  
9                   quasi-public to allow for a power plant.

10                  Currently the site is part of the North  
11                  Coyote Campus Industrial Area and is designated as  
12                  campus/industrial. The campus/industrial  
13                  designation is intended for large campus, single  
14                  user facilities within a high prestige industrial  
15                  area. Power plants are not considered to be  
16                  consistent with this designation, and therefore  
17                  the need for the general plan amendment.

18                  What the Applicant has proposed is  
19                  public/quasi-public. This designation is intended  
20                  for public land uses and lands used by some  
21                  private entities, including schools, churches and  
22                  public utilities.

23                  This designation was determined to be  
24                  most appropriate because this is how similar PG&E  
25                  facilities, such as substations, are designated.

1 And it would prevent other heavy industrial uses  
2 from locating at this site in the event that  
3 Calpine's proposal did not proceed.

4 In addition we anticipate that the  
5 Applicant will be filing to rezone the property.  
6 They will be filing a PD, what's known as a plan  
7 development rezoning/rezoning to create a zoning  
8 district that permits for a power plant.

9 In conjunction with this process the  
10 northerly ten-acre portion of the proposed power  
11 plant site will be annexed to the City of San  
12 Jose. A plan development zoning district is a  
13 unique zoning district that will be applied to the  
14 site and proscribed for a specific set of allowed  
15 uses and limitations and basic design parameters.

16 The exact details of the design and the  
17 design of the structures, as well as landscaping,  
18 are addressed during the plan development permit  
19 stage which occurs subsequent to the adoption of  
20 the PD rezoning.

21 Additional approval will be needed from  
22 the City of San Jose to assemble the necessary lot  
23 for the proposed Calpine facility. In addition,  
24 permits will also be necessary to remove any  
25 ordinance size trees that exist on the property,

1 of which there are apparently many.

2 As far as the schedule is concerned this  
3 project will not be following the same schedule as  
4 the other general plan amendments. Normally we  
5 process general plan amendments on an annual basis  
6 with the planning commission and the city council  
7 hearing these items in October and November. But  
8 because of the connection between the city and the  
9 state's application for certification process,  
10 this project will likely be deferred from this  
11 year's planning commission/city council hearings  
12 on the general plan.

13 As I said earlier, we anticipate that  
14 this will be -- this general plan amendment and  
15 the PD rezoning will be going to the planning  
16 commission and to the city council, they'll be  
17 going concurrently prior to the Energy  
18 Commission's final decision on the application for  
19 certification. And these hearings will most  
20 likely occur, as I said, in May or June of the  
21 year 2000.

22 And that concludes my comments.

23 One more thing. If the public is  
24 interested, which I'm sure they are, in providing  
25 input into the general plan amendment process and

1 the plan development rezoning of the property,  
2 they'll have many opportunities.

3 The City of San Jose will be conducting  
4 community meetings. The exact locations have yet  
5 to be determined. Generally those happen in the  
6 first couple weeks of September. We'll be  
7 providing further notice as to location of those  
8 hearings.

9 The planning commission normally would  
10 be holding hearings in October, and the city  
11 council in November. But, we'll be recommending  
12 that those discussions be deferred until next year  
13 to allow the application for certification process  
14 to proceed.

15 And the exact dates for the planning  
16 commission and city council hearings have yet to  
17 be determined; but, like I said, most likely May  
18 or June 2000 concurrently with the city's  
19 consideration of the general plan amendments.

20 As well as you're encouraged to write  
21 letters to the Director of Planning, Jim  
22 Derryberry, and those letters will be transmitted  
23 to the city council as part of their general plan  
24 packet.

25 PRESIDING MEMBER LAURIE: Thank you,

1 Richard, very much. At this time I'd like to call  
2 upon the Applicant for their presentation.  
3 Gentlemen, if you could reintroduce yourselves,  
4 please, as you proceed.

5 MR. HEPPLER: Good afternoon, ladies and  
6 gentlemen, members of the Commission, and the  
7 Applicant. My name is Bob Hepple. I'm the  
8 Director of Projects for the Calpine/Bechtel joint  
9 venture.

10 I'm really a stand-in today. I've been  
11 asked to stand in for Ken Abreu, who's the  
12 Development Director for the Metcalf Energy  
13 Center, who is off with his two boys on a camping  
14 trip that was previously planned.

15 Opening remarks, I've asked Doug Brown,  
16 representing Bechtel Enterprises, to give us some  
17 opening remarks prior to my formal presentation.

18 MR. BROWN: Thank you, Bob. And thank  
19 you all for coming on this hot afternoon. We  
20 really appreciate the opportunity to introduce  
21 this, what we consider to be, very important  
22 project to San Jose and the Bay Area. It's an  
23 exciting project.

24 The Metcalf Energy Center is a joint  
25 development of Calpine Corporation, which is based

1 in San Jose, and Bechtel Enterprises, who is based  
2 in San Francisco. Two Bay Area companies that are  
3 very much focused on hot days like today and  
4 keeping our lights on.

5 It is the intention of this project to  
6 address what is the rapidly growing need for more  
7 electricity generation, specifically in San Jose,  
8 and the Silicon Valley and the Greater Bay Area.

9 The growth of electric power demand in  
10 California, as well as the Greater Bay Area, has  
11 exceeded the construction of new generation  
12 facilities, thus the excess capacity that has been  
13 available has been wrung out of the electrical  
14 transmission system and the existing facilities  
15 that we have.

16 That being the case we are approaching  
17 the potential of shortages in power, and see this  
18 as a great opportunity to improve reliability of  
19 power in the Silicon Valley and San Jose,  
20 specifically.

21 With the availability of natural gas and  
22 the modern technologies that we have available to  
23 us today it is possible to construct modern,  
24 clean, quiet and much more efficient electrical  
25 generating facilities close to metropolitan areas

1 where they're most needed, where the power is  
2 consumed. It is possible to do so in a very  
3 unobtrusive and environmentally conscious manner.

4 Calpine and Bechtel are committed to  
5 making the Metcalf Energy Center a model for the  
6 rest of the nation. We expect it to be a  
7 representation of how to incorporate the best of  
8 our technologies with an architectural design that  
9 will blend into the neighboring area.

10 The Metcalf Energy Center will be built  
11 close to Calpine's headquarters in San Jose, and  
12 both of our companies being Bay Area companies,  
13 we, as Bechtel just celebrated our 100th  
14 anniversary last year, want to be proud of this  
15 facility. It will be in our backyard, as it will  
16 in yours. It will be a fine example of  
17 progressive, environmentally responsible power  
18 production. We see it as a flagship project, a  
19 reflection of the best and brightest minds in our  
20 business.

21 We're confident in our analysis of the  
22 proposed site. We're also confident in our  
23 ability to meet the stringent requirements put  
24 forth by the California Energy Commission, the  
25 other local and state agencies who will be

1 reviewing this project.

2 We look forward to going forward through  
3 the public hearing process with the Energy  
4 Commission. We've just begun today a year-long  
5 process that we've been through before. And we  
6 look forward to going through this process and are  
7 confident that during the next year of discussions  
8 with input from all of the stakeholders, those  
9 present today and those that will be present  
10 throughout the year-long process, that it will be  
11 clear at the end that we're proposing a facility  
12 that is beneficial to the community and the  
13 Greater Bay Area.

14 Thank you, and I'll turn it back to Bob.

15 MR. HEPPLER: Thanks, Doug. We have a  
16 power plant presentation for you on the project.  
17 We thought it would be the easiest way to explain  
18 the project. Just give us a couple seconds to set  
19 up here and get the program up.

20 Well, the best laid plans seem to be  
21 failing right now with the little glitch on the  
22 computers not coming up. The projector has got to  
23 come up first.

24 PRESIDING MEMBER LAURIE: Ladies and  
25 gentlemen, the official program calls for an

1 eight-minute break at this point. What a terrific  
2 coincidence. So, feel free to stretch your legs.

3 (Brief recess.)

4 MR. SANHI: My name is Navin Sanhi, and  
5 I thank the Chair for considering my request.

6 I'm a resident of this neighborhood for  
7 the last 22 years. And I am in favor of replacing  
8 the old power plants with the new state of the art  
9 power plants that technology is bringing in today  
10 to produce electricity. And such a plant in this  
11 neighborhood is supported by me and my neighbors.

12 I have lived in this area for many years  
13 and it seems that we have been having more and  
14 more power outages in the recent past, as the  
15 population of the area grows. Calpine and Bechtel  
16 are responsible companies and are headquartered in  
17 the Bay Area. It sounds like they are planning a  
18 state of the art facility.

19 A clean and reliable source of electric  
20 supply, a natural gas fuel is a clean fuel. The  
21 CEC process is very thorough and if they can find  
22 the project to be in compliance then I think we  
23 should support the project and fight for the  
24 project.

25 Thank you.

1                   PRESIDING MEMBER LAURIE: Thank you for  
2 your comments. At this point I would ask the  
3 Applicant to continue their presentation.

4                   MR. HEPPLE: Thank you, Commissioner  
5 Laurie.

6                   As has been stated earlier, the two  
7 project sponsors are Calpine Corporation,  
8 headquartered in San Jose, right downtown San  
9 Jose; and Bechtel Enterprises, with headquarters  
10 in San Francisco.

11                   Calpine was established in 1984 and is a  
12 leader in clean power generation. And in the  
13 State of California they are the largest  
14 geothermal energy producer, which is known as  
15 green energy. And we believe may be the largest  
16 in the nation.

17                   The other forms of power generation that  
18 Calpine is involved in is gas turbine, natural gas  
19 fired gas turbine power plants. Calpine has 7400  
20 megawatts of power generation either in operation,  
21 construction or development. We actually own and  
22 operate our own plants.

23                   Bechtel Enterprises, as I mentioned, is  
24 headquartered in San Francisco, California. And  
25 is one of the world's largest privately owned

1        engineering and construction companies. Over the  
2        years they have constructed over 450 power plants  
3        which represents some 250,000 megawatts of power.

4                    So what we have is the joining of two  
5        industry leaders in a 50/50 joint venture. We  
6        previously announced in July of last year that the  
7        venture was looking at a total of four projects in  
8        the Bay Area with over 2000 megawatts. This is to  
9        replace the electrical demand for the Bay Area  
10       which averages about 6000 megawatts, and on a day  
11       like today will peak at over 7000, 7400 megawatts  
12       of energy.

13                   We are proposing to use modern  
14       technology, we call it the year 2000 machines, to  
15       replace power generated from older inefficient  
16       sources.

17                   The facility, itself, is proposed to be  
18       a 600 megawatt, natural gas fired, combined cycle  
19       power generation facility. And as mentioned by  
20       Mr. Brown, we want it to be a showcase for both  
21       Calpine and Bechtel in their home area. It's  
22       located off of Monterey Road between PG&E's  
23       substation in Tulare Hill. And there will be a  
24       slide coming up that will show the site in a  
25       little more detail.

1                   We utilize two combustion turbines and  
2                   one steam turbine to reach the 600 megawatts of  
3                   capacity. And important to note that this project  
4                   is built at the risk of the developers, so that's  
5                   of the merchant plant. We are providing  
6                   electricity to the electrical grid through the  
7                   power exchange.

8                   Here is the site. And I'm going to  
9                   spend a little time with this slide. This is a  
10                  view -- Lisa, I think we need to focus just a  
11                  little bit -- is that a little better for those at  
12                  the back? Yeah. The slide is melting? Yeah.

13                  (Laughter.)

14                  MR. HEPPLE: Some of the resolution is  
15                  being lost, that's true.

16                  The site that we have is a total of 14  
17                  acres. It's comprised of two parcels from  
18                  separate landowners. There is an approximately 10  
19                  acre parcel that we are utilizing that is owned by  
20                  Tulare Hills Corporation. It's part of a larger  
21                  126 acre parcel of land. But we only propose to  
22                  develop 10 acres on that parcel. And there's a  
23                  separate four acre parcel that is part of the 10  
24                  acre acquisition that was acquired from the  
25                  Passantino Family. So a total of 20 acres of

1 property on two different parcels.

2 As you can see in the background over  
3 here is the large PG&E Metcalf Substation. This  
4 is the 500 kV site, the 230 and 115 kV sites. The  
5 natural gas that we talk about that is so  
6 important in the siting of our project, because  
7 that's the fuel that we use. That natural gas  
8 comes in a large pipeline that runs right along  
9 Highway 101 and it's located in the hills.

10 If you look real close there is times  
11 when that pipeline is exposed and kind of goes  
12 between mountain peaks. PG&E actually has a large  
13 natural gas maintenance facility right here off of  
14 Metcalf Road.

15 The other thing we can see from the  
16 slide is the transmission lines that come in and  
17 go out of the Metcalf Substation on the left side.  
18 There are also transmission lines on the east  
19 side. Some of these are 500 kV and some of these  
20 are 230 kV transmission lines.

21 The one that we're most interested in  
22 because we'll have a substation located right in  
23 this area of the site, is what's referred to as  
24 the Metcalf to Monte Vista 230 kV line. And it's  
25 the closest tower here to the site. And it's

1           actually power that's coming out of Metcalf and  
2           going over to the Monte Vista Substation, which is  
3           on the left side of San Jose.

4                       And that's where we plan to -- PG&E has  
5           done their studies and has confirmed that this is  
6           the best place to be able to connect the power  
7           from the power plant.

8                       Water to the plant -- we'll talk a lot  
9           about water later, but in terms of just the  
10          facilities themselves, water is currently proposed  
11          to come along a pipeline along Monterey Road about  
12          7.3 miles to connect to an existing 42-inch  
13          pipeline that the City of San Jose has from their  
14          wastewater treatment plant in north San Jose. And  
15          this is a recycled waterline, it's treated water.  
16          And there are reasons why we think it's a benefit  
17          to this project to use that treated water in our  
18          cooling towers.

19                      And the effluent from the facility, the  
20          wastewater from our cooling towers that we will be  
21          blowing down will be planned to go out Santa  
22          Teresa Road and will go back to the City's treated  
23          water treatment plant. So we're not putting any  
24          water into any other facility.

25                      The fresh water from the plant actually

1 comes from a pipeline about a mile -- 1.2 miles to  
2 the south, and it comes from the San Jose Muni  
3 Water Treatment Facility. About 5 percent of the  
4 water that we utilize is fresh water, 95 percent  
5 of the water which we utilize is the treated or  
6 the recycled water.

7 So I think I've covered most of these in  
8 the previous slide, but these are the statistics.  
9 200 feet of interconnection; about a mile of  
10 natural gas pipeline; 7.3 miles for the treated  
11 water; and about 1.25 miles for the domestic  
12 water.

13 Just to dovetail into the schedule that  
14 was previously presented by the CEC Project  
15 Manager, Lorraine White, the project has received  
16 data adequacy on June 23, 1999. We hope to  
17 complete the city process that we heard from  
18 members of the city in May of 2000. And allow  
19 then a decision to be made by the California  
20 Energy Commission in June of 2000.

21 We would, if we were successful in  
22 receiving approval, plan to begin construction in  
23 early fall 2000. So about 90 days later. And the  
24 idea is to have this project up and operating to  
25 support the summer peak of 2002. Electrically we

1 think that's something that is very important to  
2 the area. And we'll get into reasons why we feel  
3 that way in a few minutes.

4 As we heard from the representative from  
5 the city, we are proposing a land use change from  
6 campus/industrial to public/quasi-public to suit  
7 the use of our facility. And we did file a  
8 general plan amendment on March 1, 1999 to  
9 indicate our desire to do so.

10 We are completing our zoning change  
11 application and expect to file that by the end of  
12 this month.

13 Regarding the annexation of the  
14 property, only the 10 acres of the Tulare Hills  
15 property would have to be annexed into the city.  
16 The 10 acres of the Passantino property, and we'll  
17 show another slide of that, is already in the  
18 city. And the remainder of the Tulare Hill  
19 property totals 126 acres, approximately 114 acres  
20 of the Tulare Hill property remains in the county,  
21 and will stay in the county. Because we don't  
22 have any plans for development of that property.  
23 So therefore there are no LAFCO issues involved in  
24 our project proposal.

25 On the air emissions side we plan to

1 control air emissions by two methods. We use  
2 what's referred to as low nitrogen dioxide  
3 combustors, or in our terminology low NOx  
4 combustors. These are the actual fuel feeding  
5 mechanisms inside the combustion turbine.

6 And in addition to that the nitrogen  
7 oxide that is produced we further reduce that by  
8 the use of what's called selective catalytic  
9 reduction. Acronyms in every field and our field  
10 is not short of them, we refer to it as an SCR,  
11 selective catalytic reduction.

12 And this uses aqueous ammonia to further  
13 knock down the nitrogen dioxide that is emitted.  
14 Our application shows that we believe we're at the  
15 threshold of technology at 2.5 ppm. As a  
16 comparison, existing technology from existing  
17 power plants in the area would be 80 to 100 ppm.  
18 So we're reducing this NOx in excess of 90 percent  
19 it's safe to say.

20 The other issue is the offsets. Even  
21 though we have a very low emission rate, the  
22 regulations require that we offset what we  
23 produce, and offset in excess of what we produce.  
24 So we'll actually offset an additional 15 percent  
25 more so that there's a net benefit to the air in

1 the area.

2 And we are dedicated to obtaining these  
3 offsets from the South Bay Area, and have an  
4 active program currently to acquire these offsets.  
5 And as the proceedings go forward we'll be  
6 presenting our success and our plans in obtaining  
7 these air offsets from the South Bay Area.

8 Because this plan is in an area that is  
9 close to home, and secondly there is a planned  
10 development to the south of our proposed facility,  
11 visual impacts are very important. And this will  
12 be like no other power plant in North America.  
13 Most facilities are very industrial. This  
14 facility will be anything but industrial in its  
15 appearance.

16 We've hired an architect from New York  
17 who is the leading architectural firm in these  
18 types of facilities. They actually did the  
19 facility at the Kennedy Airport. Integrated a  
20 power generation design with the Kennedy Airport  
21 facilities so it all was integrated.

22 Our desire is to make our facility fit  
23 into a campus industrial setting. As you  
24 remember, that's the designation that is around  
25 us. And to that -- we have some slides and we'll

1           actually show some of the architectural treatment  
2           that we actually filed.

3                         We are continuing to improve upon the  
4           architectural design as we receive public input,  
5           and have some furtherances to the design which  
6           I'll speak about in a few minutes.

7                         Further we have committed to a plume  
8           abatement system on our cooling towers, and for  
9           those unfamiliar with it, the cooling tower is  
10          this long rectangular device on the side, located  
11          on the west side of the property. And on days in  
12          January and February where it's cool, to eliminate  
13          the possibility of a visible plume from the  
14          cooling tower during those days we've added what's  
15          called the plume abatement system. Again, the  
16          commitment of the developers to make this a first  
17          class project.

18                        There is a view of the facility. Lisa,  
19          can you move it a little bit this way because --  
20          yeah, -- here we go. Can everybody see that okay?  
21          All right.

22                        Like I mentioned to you, the proposed  
23          facility is anything but industrial looking --  
24          excuse me, anything but heavy industrial looking.  
25          We have an enclosure around the steam turbine and

1 two combustion turbines that resembles a high tech  
2 park or campus industrial type park.

3 We have screen around our heat recovery  
4 steam generators. The further treatments that we  
5 have been working on with the public input that  
6 we've had to date, is to soften the effect of the  
7 impact of the exhaust. And we have a design right  
8 now that is being worked on that actually would  
9 hide the exhaust completely. And similarly hide  
10 the cones on the top of the cooling tower. So  
11 we're planning to soften the aesthetic effects of  
12 the top of the cooling towers and the exhaust for  
13 the plant.

14 This is a view, by the way, which we  
15 show it from Coyote Valley Overpass. As we  
16 mentioned, it's in the press that there is a  
17 development that is being considered to the south  
18 of us. And just to give an idea, there's a  
19 proposed overpass from Highway 101 into that  
20 development. And our idea was to try to simulate  
21 from an automobile, from the window of an  
22 automobile, what a person might see when they  
23 would drive over this proposed overpass looking  
24 north towards our facility.

25 The other thing that we have done, there

1 was a mention about landscaping. And the proposed  
2 power plant does propose to remove some existing  
3 trees. But we propose to heavily landscape both  
4 the entrance road coming into the plant, plus  
5 landscaping on the Metcalf side and on the south  
6 side by actually putting a lot more plants and  
7 fully developed trees to replace the ones that are  
8 proposed to be taken out.

9 I mentioned the water pipeline. This  
10 facility proposes wastewater, not fresh water.  
11 And that would reduce the wastewater impact that  
12 the City of San Jose releases into the Bay from  
13 the wastewater treatment plant by about 3 million  
14 gallons a day.

15 This will have a benefit on cutting back  
16 on the fresh water release into a saline  
17 aquiculture. And as we know, the Bay is full of  
18 species that require a certain salt content to be  
19 able to live and thrive off of, and the City of  
20 San Jose has a program to comply with a regional  
21 water quality board mandate to cut back on that  
22 fresh water dilution into the Bay.

23 And we would be a significant  
24 contributor to that. The big thing with us is  
25 that we are 365 days of the year. The other ideas

1 that are being used by the city are golf course  
2 watering, which is great in weather like we're  
3 having right now, but in the wintertime, of  
4 course, not a lot of water is used. And we would  
5 be using and consuming this water on a yearly  
6 average.

7 And we're also, the seven-mile pipeline  
8 actually would propose to interconnect with the  
9 proposed recycling water plant expansion. So I  
10 think the other key point in our proposal is that  
11 we are not proposing any new discharges into  
12 either Fisher Creek or Coyote Creek. All of our  
13 blow down from our cooling towers will be  
14 returning back to the city, back to the source  
15 from which it came actually.

16 I mentioned the biology. There's 116  
17 acres of sensitive Tulare Hill habitat that is the  
18 residence of a number of endangered species,  
19 including the Bay Checkerspot butterfly.  
20 Including others. We propose to leave this  
21 property as open space.

22 Fisher Creek, which is a riparian  
23 corridor and was mentioned earlier. We are  
24 proposing to clean up the creek. There is a lot  
25 of down and dead material in the creek, itself.

1 We plan to get in there and with experts remove  
2 the down and dead material and clean the creek up  
3 so that it will be visually improved for the  
4 community to enjoy.

5 And as I mentioned, we have hired a  
6 landscape architect, and have -- are working on  
7 proposals with public input for landscape  
8 improvements around the property to enhance its  
9 visual appeal.

10 Mr. Brown mentioned earlier the Bay Area  
11 electrical supply situation. I appreciated the  
12 comments from the gentleman who spoke earlier. We  
13 take our electrical energy for granted. Due to  
14 the work of agencies such as the California Energy  
15 Commission, the California independent system  
16 operator, PG&E, the Public Utilities Commission,  
17 we've been blessed with always being able to rely  
18 on electrical energy when we want it.

19 We are growing very rapidly in the South  
20 Bay Area, and I brought this with me because I  
21 thought it kind of helped translate where we live  
22 and where we consume our energy. And this view  
23 from outer space which shows the population  
24 density, both in terms of light manufacturing and  
25 residences.

1                   You can see in the South Bay Area we  
2                   have a sizable both manufacturing and population  
3                   base which are consumers of electricity. We have  
4                   enjoyed tremendous growth in this area. PG&E had  
5                   planned for about a 2 percent increase of power  
6                   consumption. We are growing in excess of three  
7                   times that rate.

8                   Some of the public records that PG&E has  
9                   on file before the Public Utilities Commission  
10                  suggest that the transmission lines are  
11                  constrained, and that something needs to be done  
12                  about future transmission reinforcement into the  
13                  area. Because we consume the power in this area,  
14                  generation will go a long way to assisting the  
15                  independent system operator and PG&E to stabilize  
16                  the electrical system.

17                  And currently PG&E has what's called  
18                  peakers. They move them in on flatbed trucks or  
19                  on railcars to use on days like today when we are  
20                  generation deficient. Everything is up and  
21                  generating. We'd like to point out that these  
22                  peakers which are being used do not have emission  
23                  control devices on them that we are planning to  
24                  use on our permanent facility.

25                  So in summary, the benefits to our

1 proposed Metcalf Energy Center will include a  
2 lower cost local electricity source. Due to the  
3 improvements in our technology we can produce  
4 electrical energy much more cost effectively than  
5 the older generation units. The newest of the old  
6 ones are about 1972 vintage, and they go back to  
7 1950 vintage. So think of computer development  
8 since the 1970s to today, and you can get a  
9 feeling for the changes that have taken place in  
10 the electric power industry.

11 Because we consume fuel at 40 percent  
12 less -- 40 percent less fuel per kilowatt hour  
13 produced, we also conserve natural resources. We  
14 are using natural gas, the same as the existing  
15 technology. But because we make a kilowatt hour  
16 for 40 percent less fuel, that means 40 percent  
17 less natural gas.

18 Improved air quality. The reason why we  
19 improve air quality is that in a competitive  
20 market it is the lowest cost power to the grid, to  
21 the power exchange that would be dispatched.  
22 That's the way the power exchange has been working  
23 for over a year. So the idea is with our power we  
24 can displace power generated from older, less  
25 efficient facilities, and have our power supply

1 the grid on a daily basis.

2 And this would improve the air quality  
3 which we'll get into further in further  
4 discussion, because of the migratory nature and  
5 transportation of air from the Bay Area down into  
6 South Bay.

7 We also help preserve the salt marsh  
8 habitants, and I spoke about that. And that's our  
9 recycled water line. All the South Bay Area right  
10 now is -- we would cut back on the amount of fresh  
11 water discharge into the Bay.

12 By putting generation close to the load,  
13 this view from outer space was actually good, and  
14 somebody pointed out to me earlier you can  
15 actually see the site if you look closely, it's  
16 right down in this corner. If you didn't put  
17 generation in the area, the alternatives would be  
18 additional transmission towers. And that would  
19 have to be run over areas that have sensitive  
20 habitats. Areas that have endangered species, as  
21 defined by the Environmental Protection Agency.  
22 So to get more power into the area you either  
23 bring it in by transmission, or you build  
24 generation close to the load.

25 We proposed to use and support local

1 businesses and we do have an agreement with labor  
2 to build our facilities using the building trades.  
3 And we have mentioned in our proposal to the  
4 California Energy Commission to maximize where we  
5 can the use of goods and materials from local  
6 businesses.

7 On the property tax revenue side, which  
8 is part of the socioeconomic picture as well, from  
9 this very small facility -- some may refer to it  
10 as a postage stamp facility -- a postage stamp  
11 acreage, as I say we're consuming 14 acres of  
12 land, off of that 14 acres we generate some \$3- to  
13 \$4 million into the tax base per year. And we'll  
14 do so consistently for a planned 30 years, perhaps  
15 longer.

16 So in terms of contribution to the  
17 things that we enjoy, such as schools, fire  
18 protection, police protection, all of the things  
19 that rely on our tax dollars, this facility will  
20 generate some \$3- to \$4 million a year to the tax  
21 base.

22 And as always, because we are in this  
23 community and have been, we are active on the  
24 community support programs. We are sponsoring the  
25 Childrens Community Theater this year. We've made

1 contributions to the computer upgrade programs to  
2 some of the local schools, and we'll continue to  
3 do that. Continue to be involved in the  
4 community.

5 And I think with that, that pretty much  
6 concludes the presentation from the proponent, and  
7 I turn it back to Commissioner Laurie.

8 PRESIDING MEMBER LAURIE: Thank you,  
9 gentlemen.

10 Ladies and gentlemen, I'd like now to  
11 have this time utilized for your questions and  
12 your input. I'd first like to call upon Scott  
13 Scholz and Elizabeth Cord, who are intervenors,  
14 who do have a presentation.

15 By the way, in all future hearings all  
16 parties that are of formal intervening status are  
17 invited to sit up at the dias should you so  
18 desire, and we would encourage that.

19 So, do you folks have a presentation?

20 MS. CORD: Yeah, I represent the Santa  
21 Teresa Citizen Action Group. Okay, my name's  
22 Elizabeth Cord. I represent the Santa Teresa  
23 Citizen Action Group. We appreciate your  
24 Commissioners coming down to see us today, thank  
25 you.

1                   We have a lot of concerns about the  
2                   proposed project that we've been listening to  
3                   today. Number one, we're very concerned about the  
4                   air quality. The South Bay where we're located  
5                   now already has the worst air quality in the Bay  
6                   Area. It's already out of compliance with clean  
7                   air standards.

8                   The topography of the Coyote Valley  
9                   Area, if you look at this overhead to the left  
10                  here, to the left, correct, it's basically shaped  
11                  like a funnel, making this about the worst place  
12                  you could put 186 additional tons of nitrogen  
13                  oxide per year.

14                  Today is a "spare the air" day, which  
15                  means we have unhealthful levels of ozone. Ozone  
16                  is -- the major component of ozone is nitrogen  
17                  oxide, which is 186 tons additional per year that  
18                  this plant would propose to emit.

19                  Last year we had 23 "spare the air" days  
20                  in the summer, which is about a third of the days  
21                  of the summer. We think this is not the best  
22                  location for a power plant that would emit that  
23                  kind of pollution. This would be the seventh  
24                  largest pollution emitter in Santa Clara County.

25                  We're worried about the water, the

1 groundwater that is proposed to be used. I don't  
2 know how many of you are familiar with the Alviso  
3 area, but the Alviso area is ten feet below sea  
4 level. It is ten feet below sea level because of  
5 the subsidence, land subsidence from prior  
6 overzealous groundwater pumping in that area.

7 The Coyote Valley also has a very high  
8 water table. The question of subsidence is a  
9 concern to neighbors. In addition, the depletion  
10 of the water table and the neighbors who already  
11 use that water for their own private wells and  
12 other things.

13 We have concerns about the environment.  
14 The riparian setbacks, we understand, are not  
15 being met along Fisher Creek. Also the riparian  
16 environment along Coyote Creek. The significant  
17 trees that are involved. I don't think you can  
18 really replace significant or particularly  
19 heritage trees. You can put other trees up, but  
20 that's something different.

21 The nitrogen loading of serpentine soil  
22 which the Energy Commission has pointed out, is a  
23 concern. Particularly as it is a habitat for  
24 endangered species, including the Bay Checkerspot  
25 butterfly and others.

1                   Although Calpine does have geothermal  
2                   energy producing facilities and those are called  
3                   green energy producing facilities, Metcalf Center,  
4                   as it's proposed, would not be a green energy  
5                   producing facility.

6                   We're worried about the treated sewage  
7                   water that would be the cooling tower drift that  
8                   would blow through the neighborhood. The bacteria  
9                   count is not clear to us. And although the  
10                  effluent water from the facility would go back  
11                  where it came from, which is to the South Bay  
12                  Water Recycling Plant, it would not have the same  
13                  components as when it got to the Metcalf Energy  
14                  Center. We're concerned about how much water  
15                  cleanup would have to be involved in cleaning up  
16                  that water to make it usable again.

17                  We feel that using the green field site,  
18                  as the beautiful pictures you see before you show,  
19                  green field means it's not being used right now  
20                  for a power plant. Doesn't really follow the  
21                  spirit of deregulation, particularly the  
22                  environmental aspects. We think that using a  
23                  brown field site, for instance the Duke Energy  
24                  Plant modernization of the Moss Landing Power  
25                  Project, is a much closer approximation of what

1 deregulation, the spirit of deregulation, in that  
2 it uses a site that's already being used for that  
3 purpose, and it makes it more efficient, takes  
4 down older, more polluting towers and puts in more  
5 efficient energy generation.

6 The proposed energy generation -- excuse  
7 me, the proposed modernization of the Moss Landing  
8 Power Project -- by the way, Moss Landing Power  
9 Project is where we do get most of our power for  
10 this area today, comes to the Metcalf Energy  
11 Center which -- excuse me, to the Metcalf  
12 Substation, which you saw earlier.

13 Duke Energy's proposed modernization of  
14 Moss Landing Power Plant would direct  
15 approximately 800 megawatts of power to the  
16 Metcalf Substation, which, of course, is more than  
17 this proposed Metcalf Energy Center, which would  
18 produce about 600. So we would have more already  
19 coming from Duke Energy, which is where our power  
20 already comes from. It would not involve any new  
21 transmission lines.

22 We don't see those pictures as being  
23 what campus industrial looks like. When we think  
24 of a campus type environment, we usually -- as  
25 Cisco. Many of you may have heard of it. We

1 don't see this fitting in with a Cisco type  
2 environment.

3 In terms of this will make our air  
4 cleaner because it will take older power plants  
5 off line. Number one, we don't have a power plant  
6 in South San Jose, so it won't be taking any South  
7 San Jose power plants off line.

8 Number two, that argument would work if  
9 our area wasn't growing, but our area continues to  
10 grow. And I think we can expect that it will  
11 continue to grow. So I don't think it would  
12 necessarily follow that any other power plant  
13 would be taken off line. We might need all the  
14 power plants.

15 Someone mentioned today about  
16 reliability. We feel that we have reliable power  
17 in this area. The blackouts and brownouts that  
18 have been experienced recently have been as a  
19 result of inadequate tree trimming, mistakenly cut  
20 cables, or a lack of enough power being ordered  
21 for that -- enough energy production being ordered  
22 for that particular day. I don't think this power  
23 plant will solve any of those problems. In fact,  
24 those are all human errors and this proposal  
25 doesn't address human error in any way.

1                   I think we talked a little bit about  
2                   hazardous materials. The Energy Commission  
3                   mentioned that as a significant situation. I'd  
4                   like to particularly comment on the aqueous  
5                   ammonia, which becomes an airborne toxic gas if  
6                   it's released. The proposed site is 1.4 miles  
7                   from Encinal Elementary School. There are a total  
8                   of six schools within a three-mile radius, Baldwin  
9                   School, Bernal, Los Paseos, Encinal, Martin Murphy  
10                  and San Anselmo. We feel that there are better  
11                  locations for power plants that are not within a  
12                  three-mile radius of six different schools.

13                  Plus all the neighbors, as we can see on  
14                  the map at the top left, all the neighbors that  
15                  live in close proximity. If you look where the  
16                  neighbors, the closest place where the neighbors  
17                  are on Tulare Hill, and then compare to the back  
18                  of Tulare Hill where the power plant proposed site  
19                  is, that's about half a mile. We don't think that  
20                  that's really the proper distance for a power  
21                  plant to a neighborhood.

22                  That will conclude my comments today.  
23                  Thank you, Commissioner.

24                  PRESIDING MEMBER LAURIE: Thank you, Ms.  
25                  Cord, very much.

1                   Mr. Valkosky, you have a series of  
2                   cards. And, ladies and gentlemen, if anybody in  
3                   addition desires to speak, we would prefer that  
4                   you fill out a blue card. When we get done and  
5                   you haven't filled out a blue card, then raise  
6                   your hand and you will be called upon.

7                   Stan, why don't you go ahead and take  
8                   the cards and call the folks up in order.

9                   HEARING OFFICER VALKOSKY: Thank you,  
10                  Commissioner.

11                  The first card I have is from Ms.  
12                  Cynthia Cook from Morgan Hill. Yes, and if you'd  
13                  just identify yourself for the record, spell your  
14                  last name, please.

15                  MS. COOK: My name is Cynthia J. Cook,  
16                  last name C-o-o-k. And I am a City Council Member  
17                  down here in Morgan Hill. And I'd like to say  
18                  good afternoon, and thank you for holding the  
19                  hearing today.

20                  My city is in the process of evaluating  
21                  the available information for the Metcalf project.  
22                  Initially some of the areas of concern for the  
23                  city include air quality, water supply and  
24                  flooding issues associated with Fisher Creek.

25                  More importantly, some of the things

1 I've heard from the public so far have really  
2 focused on the air quality. And we would like to  
3 see better analysis and more comprehensive  
4 analysis for the different time periods of the  
5 year, and I know some of that information was  
6 already requested from the Applicant.

7 The water supply, it's not so much that  
8 we're focusing on the reclaimed water, but the  
9 portable water supply from the well system is very  
10 important to our city, because our water supply  
11 comes from the well water. And I know it's a  
12 different water basin, but overall the Santa Clara  
13 Valley Water District really regulates the water  
14 in this entire county.

15 Flooding issues, 2 percent of our city  
16 is located in the drainage basin that drains  
17 Fisher Creek. So, I sort of looked at it like  
18 back-up plumbing. If things aren't working right  
19 down here, then we have to make sure that the  
20 things upstream are going to be able to get  
21 through when they need to.

22 Also, as residents of the county, the  
23 visual impact is something that we're concerned  
24 about. You've identified Monterey as the only  
25 potential site for visual impact. Well, every

1 day, gosh, I keep looking when I go down 101 to  
2 see if I think I can see the stacks from 101. And  
3 I do think that might be an issue.

4 Also, the endangered species, I think  
5 they're a concern to any resident in this county.  
6 So that's something we'll be looking at.

7 As a citizen of the state and maybe I'm  
8 speaking a little bit from personal side, now, is  
9 I'm concerned about the provisions on the offset.  
10 I heard a different couple of explanations that  
11 Calpine said they will use offsets from this area  
12 only. But I think there have been some  
13 discussions on using offsets from other parts of  
14 the Bay Area. Well, I'd like to make sure that we  
15 use offsets for this county only, because I'm the  
16 one that's breathing the air, as does my family  
17 and other citizens of this county.

18 This is something that may not be in  
19 your purview, but does the Metcalf Power Station  
20 and the Calpine really fit this quasi-public  
21 definition? And do they really deserve some of  
22 the protective status that is given to quasi-  
23 public facilities? Because, you know, quite  
24 frankly we're talking about a for-profit business  
25 organization.

1                   And I would like to sort of leave with  
2                   three questions. You know, what plant  
3                   specifically does Calpine think will be taken off-  
4                   line that use older technology? This is something  
5                   you keep saying that we're going to replace these  
6                   polluters. Well, I want to know which polluters  
7                   you're going to be taking off line.

8                   Also, what guarantee do we have that the  
9                   power will be used in this area? As a merchant  
10                  plant I'd like to know how you're going to live by  
11                  what you say.

12                  And, lastly, do you envision any plant  
13                  expansions at this power facility, or are we going  
14                  to get what you're proposing, or do you have  
15                  grandier plans later on down the road?

16                  Thank you.

17                  HEARING OFFICER VALKOSKY: Mr. Hepple,  
18                  would you care to respond to any of those briefly,  
19                  please?

20                  MR. HEPPLER: Thank you, Mr. Speaker.  
21                  First of all, I think our first response on behalf  
22                  of Calpine/Bechtel is to state for the record that  
23                  we support the City of Morgan Hills' intervenor  
24                  status, so we have no objection to the proposed  
25                  intervenor status. You're welcome, you're part of

1 the process.

2 With regard to the, I think the three  
3 questions that Cynthia had left us with, if those  
4 are the three questions. With regard to the  
5 replacement of the older technology, I'm going to  
6 ask some of our technical people to help me out  
7 here. Mike or Jim, did you want to handle that  
8 question in terms of why we state that this power  
9 would replaced the older technology?

10 MR. SOMMER: Mike Sommer with Calpine  
11 Corporation, I'm an engineer for Calpine. There's  
12 a number of plants in the Bay Area that were  
13 formerly owned by PG&E that are now owned by  
14 private companies that are in the same business  
15 that Calpine and Bechtel are now in, which is  
16 providing merchant power to the power exchange for  
17 public consumption.

18 These facilities that were purchased  
19 include Pittsburg, Contra Costa power plants in  
20 the East Bay; Potrero and Hunter's Point, I  
21 believe, on the Peninsula; Moss Landing and Morro  
22 Bay power plants.

23 And all of these are of the vintage that  
24 we described earlier. I think the evidence that  
25 the units will be replaced is seen in the

1 proposals that you're seeing from these plants to  
2 do this before they're driven out by competition.  
3 And this is part of the overall strategy of  
4 deregulation, is to drive competition, to drive  
5 prices down, to take out inefficient and higher  
6 polluting facilities.

7 So, just by deregulation we're already  
8 seeing evidence that these facilities will be  
9 replaced by the pressure from firms like Calpine  
10 that are proposing more efficient, cost effective,  
11 and cleaner power.

12 MR. HEPPLE: Thanks, Mike. Just to add  
13 to that, maybe a comment on the power exchange.  
14 Because even though we are in a deregulated  
15 environment, many of us may not know how that  
16 actually works.

17 The power exchange went into operation  
18 April of last year, and that's a year ago last  
19 April. And the way the independent system  
20 operator who is the controller of the electrical  
21 grid right now, even though PG&E owns the wires,  
22 the California ISO really controls the balance of  
23 supply of energy and demand for energy.

24 So, because the energy cannot be stored  
25 practically, you know, you have batteries, but in

1 a real dynamic sense, you cannot store energy, we  
2 have to make electrical power on demand to match  
3 the load.

4 So there are very sophisticated  
5 computers in Folsom, California. And I invite you  
6 to go up there. They do accept tours from the  
7 public. And you can see, it looks like the bridge  
8 of Starship Enterprise. And they are constantly  
9 balancing the generation and demand for electrical  
10 energy for the whole State of California.

11 What we say by displacing electrical  
12 energy from the older plants is that when new  
13 generation comes on, to balance that demand at any  
14 given hour, or even any given minute, the way the  
15 pricing system works is the power exchange sets  
16 the dispatch order of the plants that are most  
17 economic. So you use your most economic units  
18 first, and you bring your less economic units on  
19 as the generation demand starts to go up.

20 That's what we mean when we say we  
21 displace. Can we control their operation? No, we  
22 can't. But we know it's intuitive that if we're  
23 40 percent more cost efficient than the older  
24 plants, that they will choose our cleaner, more  
25 cost effective power before they choose the power

1 from the lesser efficient, less cost effective  
2 power plants.

3 Hopefully that answers the question.

4 HEARING OFFICER VALKOSKY: Mr. Hepple,  
5 just in the interest of time, since we've got a  
6 number of people who want to make comments, I'd  
7 like to take the comments. And if it's possible  
8 to respond to the comments very briefly, you know,  
9 please do so. But, this is not the appropriate  
10 forum for a very detailed response, okay? Thank  
11 you.

12 MR. HEPPLER: So noted.

13 HEARING OFFICER VALKOSKY: Sir, did you  
14 have a comment? You had your hand up before.

15 Yes, please. Identify yourself for the  
16 record.

17 MR. NELSON: My name's Steven Nelson. I  
18 first had a question about the previous comments.  
19 I talked with the Bay Area Air Quality Management  
20 District, and according to the person I talked to  
21 many of the older power plants are already  
22 scheduled to be refurbished based on their  
23 regulations. I'm wondering if Calpine can discuss  
24 that, since it looks like just their requirements,  
25 rather than deregulation, is going to improve the

1 emissions from those plants.

2 Second, one of our biggest concerns in  
3 the area is air quality. And when we read the AFC  
4 we see that most of the decisions are being made  
5 based on two programs, ISCST3 and Screen 3. We're  
6 not experts in this area, but there are many  
7 engineers in this region, this is Silicon Valley  
8 and we understand computer programs, we understand  
9 the basic concepts of sampling.

10 We have big concerns that the health of  
11 our region is dependent upon these two computer  
12 programs -- very conservative, but being engineers  
13 we want to know how conservative and where. We  
14 understand that plants may be being built out in  
15 industrial areas, rural areas. It really doesn't  
16 matter if the results are not perfect.

17 Here you have a plant being built in the  
18 middle of a city. You'll have 20,000 possible  
19 Cisco workers within one mile. We have  
20 neighborhoods, we have many people living and  
21 spending large amounts of their time in the  
22 proximity of this plant.

23 If I read the issues document, you  
24 already talked about nitrogen loading of the  
25 Tulare Hill. So that, to me, implies plume

1           impaction on the hill. We'd like to know how the  
2           model accounts for plume impaction against the  
3           hill. From what we understand there is one sample  
4           point that's being taken from the IBM facility  
5           three miles to the northwest, in terms of  
6           meteorological data.

7                         In computer sciences we know that one  
8           sample point will not account for the assumptions  
9           being made about how the wind interacts with the  
10          geography. As mentioned in Elizabeth's previous  
11          comments, we do have unique geography in this  
12          area. And we would like to see some sort of more  
13          sophisticated modeling, or at least something that  
14          will give the residents the knowledge that their  
15          health will not be endangered because two computer  
16          programs said that it will be safe.

17                        We just have a lot of concerns. I know  
18          that these models meet the bare minimum  
19          requirements of the regulatory agencies. We had  
20          hoped that in the essence of being responsible  
21          companies in this community that Calpine would do  
22          more to show the residents our health is not  
23          dependent upon two computer programs.

24                        Thank you.

25                        HEARING OFFICER VALKOSKY: Sir, without

1           addressing -- answering your concerns directly,  
2           please be aware that we will have -- the Energy  
3           Commission Staff will be conducting a series of  
4           public workshops specifically dealing with air  
5           quality, among other topics.

6                        At such time as you wish to get into the  
7           details of the modeling used, and to discuss its  
8           parameters, I think that's a very appropriate time  
9           to do it. And I thank you for putting your  
10          concerns on the record at this early stage.

11                       Thank you.

12                       The next commenter is Sue Swackhamer, is  
13          that correct?

14                       MS. SWACKHAMER: Sue Swackhamer, member  
15          of the community.

16                       HEARING OFFICER VALKOSKY: Would you  
17          spell your last name for the record before --

18                       MS. SWACKHAMER: S-w-a-c-k-h-a-m-e-r. I  
19          have several questions, I don't know if you want  
20          me to read them all, and then respond, or -- I'll  
21          start at the top. You can stop me.

22                       PRESIDING MEMBER LAURIE: Ms.  
23          Swackhamer, are you representing yourself or --

24                       MS. SWACKHAMER: Yes, I am.

25                       PRESIDING MEMBER LAURIE: Thank you.

1 MS. SWACKHAMER: I understand that  
2 Calpine has an option to buy the farm south of the  
3 site, as Calpine usually has two plants at each  
4 site. So I'm wondering, does Calpine actually  
5 have any plans, ideas, thoughts to develop the  
6 remaining property around the site?

7 HEARING OFFICER VALKOSKY: Mr. Hepple,  
8 can you answer that one quickly?

9 MR. HEPPLE: No, there are no plans to  
10 develop the property around the site at this time.

11 MS. SWACKHAMER: At this time. Thank  
12 you.

13 Regarding biological resources, the  
14 riparian corridor and restoring the wetlands and  
15 things like that, I'm wondering if there will be  
16 local environmental experts on the -- in the group  
17 that's going to be doing this, as opposed to  
18 everybody from the state level. That's just one  
19 of my questions, you know, the watershed  
20 management initiative is involved in a lot of  
21 this, has a lot of information on that, as well as  
22 the Sierra Club.

23 HEARING OFFICER VALKOSKY: Okay, ma'am,  
24 staff will respond to that question.

25 MS. WHITE: Yes. Lorraine White. When

1 we hold our public workshops we invite all  
2 interested parties to attend and participate. As  
3 I explained in my presentation, it's very  
4 important for local agencies and community members  
5 to participate in the identification of issues,  
6 the exploration of resolutions to those issues,  
7 and the identification of appropriate mitigation  
8 if there are any.

9 So, when we hold our workshops there'll  
10 be a broad public noticing. We will also work to  
11 invite local environmental group representatives  
12 as well as encourage any of the interested members  
13 of the public to participate.

14 Staff workshops tend to be very  
15 technical in nature, trying to get right at the  
16 issues and what they are. So, if you would like  
17 to contribute, please do so. It only helps us do  
18 a better job.

19 MS. SWACKHAMER: When you say broad  
20 public notification, does that mean more than the  
21 little official announcements in the newspaper  
22 that nobody ever reads?

23 MS. WHITE: Well, we do have right now a  
24 mailing list of over 2000 people. And we're  
25 required to notice any property owners within 500

1 feet of any portion of the project. And over the  
2 last several months I've been trying to collect as  
3 many additional addresses and names of interested  
4 parties throughout the entire area.

5 So our mailing list has grown. And we  
6 mail you a notice directly to the address you give  
7 us. It's not solely reliant on someone reading  
8 through happenstance the notice in the paper.

9 HEARING OFFICER VALKOSKY: And if you'd  
10 like to make sure that your name is on the list  
11 please contact Ms. Mendonca and she'll make sure  
12 that you're on a list for all notices.

13 MS. SWACKHAMER: Okay, thank you.

14 MS. WHITE: By the way, I also want to  
15 thank you very much for your letter. It was very  
16 helpful, and it has been forwarded on to our  
17 technical staff.

18 MS. SWACKHAMER: Thank you. On page 8  
19 of your issues report you mentioned cultural  
20 resources. And it says that the job of locating  
21 the cultural sites is up to Calpine.

22 And I'm wondering what guarantees there  
23 will be that they will make any sort of a  
24 reasonable effort to locate these sites.

25 MS. WHITE: They have to do a survey of

1 their site, and it's based on information gathered  
2 by experts. And they submit to us official  
3 reports from those agencies under confidentiality.  
4 It's up to them to obtain the information from the  
5 appropriate organizations that tracks cultural and  
6 paleontological resources. And submit that to us.

7 Right now they're the ones that know  
8 exactly the dimension of their proposal, where  
9 it's going to be running, is it the left side of  
10 the street or the right side of the street. So in  
11 order for us to get accurate information we are  
12 reliant on them to insure what they submit is  
13 consistent with the proposal they offer.

14 MS. SWACKHAMER: So do they pay for --  
15 they pay -- they select and pay for the people who  
16 are going to do the surveying?

17 MR. HARRIS: Can I mention something  
18 here. We will provide the information and we work  
19 with the Commission Staff to provide them  
20 information. And we basically look to them to  
21 tell us whether we provided them with enough  
22 information. And that's done through the  
23 discovery process, which was described briefly.

24 The staff would pose a series of  
25 questions to Calpine and Bechtel and say, we want

1 to know more about these issues. It's our job to  
2 go out and find that information and produce it to  
3 the Energy Commission Staff. And basically we  
4 keep doing that until they tell us they have  
5 enough information to do their environmental  
6 assessment.

7 So it's not our call that we stop  
8 looking. We definitely look to the staff to give  
9 us feedback on the information and to provide that  
10 information back to you.

11 MS. SWACKHAMER: Thank you.

12 MS. WHITE: If I might just interject,  
13 we don't simply rely solely on what the Applicant  
14 gives us. There is a great amount of verification  
15 that we do to insure that the information is  
16 accurate that they have submitted.

17 We, in fact, contact their sources and  
18 make sure that the information is current, that it  
19 is appropriate for the site, and all of the linear  
20 facilities.

21 So, it's not just solely rely on what  
22 they say.

23 MS. SWACKHAMER: Thank you. Regarding  
24 the rezoning for the San Jose General Plan, I'm  
25 wondering if an EIR has already been filed with

1 the City for this?

2 MR. BUIKEMA: Okay, the EIR for the  
3 environmental clearance for the rezoning and the  
4 general plan, we will be using a document prepared  
5 by the CEC which is not how we handle normal  
6 projects, but given the complexity of this process  
7 and the fact that the CEC is the lead agency on  
8 this project, the City of San Jose will be  
9 utilizing a quote "substitute document" in place  
10 of an EIR for this particular project.

11 MS. SWACKHAMER: Okay. Health interests  
12 I guess, as the other issues have been already  
13 addressed. And I am very concerned about any  
14 exception to our general plan that will be granted  
15 on the basis of, wow, we're lucky to have somebody  
16 use our recycled water.

17 PRESIDING MEMBER LAURIE: Thank you,  
18 ma'am.

19 Loretta Hayes.

20 MS. HAYES: Thank you. My question has  
21 to do with the issues identification report and on  
22 page 4 you have subject areas where you identify  
23 major issues. And there are several of them that  
24 have "no" on them.

25 And the question I have is does that

1 mean that these issues were not addressed in the  
2 original application? And how do you get it  
3 changed from a "no" to a "yes"?

4 MS. WHITE: Just a point of  
5 clarification. The issues identification report  
6 is an initial scoping type document. It helps us  
7 focus on those areas in which we know there's  
8 going to be particularly outstanding issues  
9 associated with the project that have not yet been  
10 resolved, or mitigation proposed for them.

11 MS. HAYES: Okay.

12 MS. WHITE: That does not limit us from  
13 changing a "yes" to a "no" or a "no" to a "yes."  
14 All of those technical areas are being addressed  
15 and will continue to be addressed throughout the  
16 entire Commission's proceeding. Staff will do its  
17 analysis and there will be a section which  
18 addresses each of those technical areas in both  
19 our preliminary staff assessment, and our final  
20 staff assessment.

21 MS. HAYES: Okay.

22 MS. WHITE: Now, the issues  
23 identification report is not a document that would  
24 suggest all of the technical areas that have a  
25 "no" next to them are wrapped up and finished.

1 MS. HAYES: Okay.

2 MS. WHITE: We must, through our  
3 analysis, that there was nothing outstanding to  
4 what we would normally do that we feel we're going  
5 to have to work extra hard to address or that  
6 we've been able to, in our preliminary review of  
7 the document, found any significant or potentially  
8 contentious area.

9 So it's just an initial scoping  
10 document.

11 MS. HAYES: Is what you're saying that  
12 in the future say, for example, geology, the  
13 potential of the impact of an earthquake on this  
14 facility will be addressed in future reports?

15 MS. WHITE: Yes, it will be addressed in  
16 future reports. All of those technical areas will  
17 be.

18 MS. HAYES: Okay.

19 MS. WHITE: But it didn't seem at this  
20 point in time from the information we've looked at  
21 that it would be anything out of the ordinary in  
22 terms of our --

23 MS. HAYES: Okay.

24 MS. WHITE: -- approach in the analysis  
25 or the type of information we have to gain to

1 address the issue.

2 MS. HAYES: Okay. Thank you.

3 MS. WHITE: You're welcome.

4 PRESIDING MEMBER LAURIE: Thank you.

5 HEARING OFFICER VALKOSKY: The next

6 member of the public is Mr. Frank Nucci.

7 MR. NUCCI: My name is Frank Nucci. I'm  
8 a member of the community. I'm interested in  
9 what's transpiring and I'm basically representing  
10 myself.

11 I'd like to thank the Committee for  
12 making this process available. And I think it's  
13 commendable for many of the members of the  
14 community to be here to express their concerns.

15 Basically I see this as a learning  
16 process for myself. And so I'd like to make some  
17 comments, and they're basically comments also in  
18 the form of questions.

19 I've been in the area living in south  
20 San Jose for about 30 years, so I'm familiar with  
21 the growth and development and changes in this  
22 area. I recall when Bernal was a dirt road, and  
23 on the north and south side there were just farms  
24 and mostly prune orchards, and Monterey Highway  
25 was 101, it was known as Blood Alley.

1                   And some of the very concerns that are I  
2                   think legitimate concerns that are being expressed  
3                   were expressed at that time. Yet over a period of  
4                   time many of these issues have been addressed by  
5                   professional organizations, the City of San Jose,  
6                   in the development of these areas. What was once  
7                   a rural area, south San Jose, is now a suburban  
8                   area.

9                   And I think rightfully so, the community  
10                  members in south San Jose have had some very  
11                  negative experiences. You may be aware of the  
12                  Fairchild Instrument plant which was located on  
13                  Bernal. And created some major toxic problems and  
14                  health problems.

15                 So I think this is a natural concern,  
16                 and a legitimate concern on the part of the people  
17                 in south San Jose. However, having said that, I  
18                 am, at this time I am not opposed to this project.

19                 Certainly I think, without going into  
20                 detail, there is an increased demand for  
21                 electrical power. Whether Cisco is going to be  
22                 moving in, or whether there's an expansion of the  
23                 technology in this area, whether there's an  
24                 increased purchase of computers, et cetera, et  
25                 cetera, there definitely is a need for the

1 expansion of electrical power.

2 The design being proposed by Calpine is  
3 a state of the art design. You have two gas  
4 turbine engines, one of them is equivalent to the  
5 four engines on a 747. There are major  
6 differences, though, and they're unique and it's a  
7 very unique design in that two of the engines, the  
8 engines on a 747 obviously which use liquid fuel,  
9 jet fuel, the exhaust is exhausted into the air,  
10 so it creates major pollution problems.

11 Whereas, with this innovative design, as  
12 has been indicated in the literature and some of  
13 the things that I've read in The San Jose Mercury.  
14 And I'm going to use the word, it's my  
15 understanding, because I'm not an expert in this  
16 field. So basically what I'm repeating is what  
17 I've read, that the exhaust from these engines  
18 will then go into a steam generating unit, so the  
19 exhaust will not go directly into the air. And as  
20 a result of this combined cycle, or two part  
21 cycle, will then generate steam to drive a third  
22 generator.

23 So I think that in itself, the  
24 innovative design, and whether this an impact on  
25 old plants like Moss Landing. Moss Landing, the

1 old plant, is not a state of the art plant. The  
2 pollution generated by that plant is very high  
3 compared to this plant.

4 There has been talk in reference to  
5 pollution. And again, I'm going to use the word,  
6 it is my understanding that the 176 tons of  
7 pollution is probably equivalent to less than a  
8 half a percent in the increase in total pollution.  
9 I may be wrong, but that's what I've read.

10 So I think you have to put everything  
11 into perspective. If you look at some of the  
12 local plants like Kaiser Cement Company, the  
13 amount of pollution is five times or six times the  
14 amount that would be generated by the Calpine  
15 plant.

16 So, I think all the questions being  
17 asked are important. I think the answers are  
18 important.

19 With regard to the location of the site,  
20 I think it's an ideal location. You couldn't ask  
21 for a better location. Now, all the questions in  
22 reference to air pollution, environmental impact  
23 need to be answered.

24 You have water supply, recycled water.  
25 You've got the transmission lines right there.

1       You've got a distributing facility right there.  
2       You've got a natural gas line right there. And so  
3       from a design engineering standpoint it seems to  
4       be an ideal location.

5                   Now, with the guidance of the California  
6       Energy Commission and the many questions that are  
7       being asked, hopefully some of these concerns can  
8       be addressed.

9                   Some of the neighbors and my friends  
10       that I've been talking to have concerns. One of  
11       the concerns is the lowering of the value of  
12       property. I personally don't see that as a  
13       concern.

14                   In 1970 when you purchased a house in  
15       this area for \$30,000, the value of the house has  
16       gone up ten times, so that property is worth over  
17       \$300,000. In fact, if anything, I'd say real  
18       estate in this area is over-inflated.

19                   So I don't see the impact of this plant  
20       negatively affecting the property values in this  
21       area. Just like the Fairchild Instrument plant  
22       did not affect the property values. You go to  
23       Morgan Hill and I know we have a representative  
24       from Morgan Hill, and you're lucky if you can buy  
25       a house for less than \$400,000. And so what I'm

1 saying is I don't see that as a problem. I may be  
2 wrong.

3 With regards to the benefit to the  
4 community, I think there's some direct and  
5 indirect benefits. Some of them have already been  
6 stated. Sales tax, property taxes coming back to  
7 the immediate community. Some of the problems  
8 like transportation, I don't think after the plant  
9 might be built, would not be a problem, because I  
10 understand you only have 20 to 30 employees there.  
11 I guess the problem would be when the plant is  
12 being built.

13 I think there are many indirect benefits  
14 to the community. If you look at IBM and Abbott  
15 Laboratories, which just built down in the Morgan  
16 Hill area, has made major contributions to the  
17 Morgan Hill Unified School District. IBM, Apple  
18 Computer, Hewlett Packard, they have helped all of  
19 these schools with their rewiring of the schools  
20 for internet. So, there is a potential for some  
21 positive participation on the part of this  
22 project.

23 I'm kind of shooting from the hip, I  
24 wrote some notes down. So, I guess in closing I  
25 think you have to look at the positive and the

1 negative. I understand the negative concerns that  
2 have been presented, and I think they need to be  
3 addressed, but I think there is also positive  
4 aspects of this project. And I also think that  
5 those need to be addressed.

6 And at this time again I'd like to thank  
7 the Committee for giving members of the community  
8 an opportunity to be here to voice their opinions,  
9 and hopeful to continue to learn as this project  
10 goes on.

11 Thank you.

12 HEARING OFFICER VALKOSKY: Thank you,  
13 Mr. Nucci. Part of the objective of our process,  
14 as Commissioner Laurie mentioned, is to educate  
15 not only the members of the Commission about the  
16 project, but also the members of the public, so  
17 hopefully we'll achieve that goal.

18 The next speaker is Mr. Dick Wocasek, is  
19 that correct?

20 MR. WOCASEK: My name is Dick Wocasek,  
21 that's spelled W-o-c-a-s-e-k. And I'm  
22 representing myself as a citizen.

23 I'm a mechanical engineer, hold a  
24 California professional engineers license. I'm a  
25 27 year resident of Santa Clara County. I have

1 two daughters that live here, and a grandson. In  
2 my 41 year engineering career I've worked on gas  
3 turbines, combustion systems, power plants and air  
4 pollution control.

5 For the past five years I've worked for  
6 the Bay Area Air District, but today I'm speaking  
7 as a private citizen, not an Air District  
8 representative. I favor the construction of  
9 plants such as this because we need the  
10 electricity and proposed technology is very clean  
11 and uses the natural gas very efficiently.

12 Older plants, such as Hunter's Point,  
13 put out much more pollution such as NOx and do not  
14 produce as much power as this plant would. It is  
15 likely that old power plants such as Hunter's  
16 Point will not be able to compete with plants such  
17 as the one proposed here and will go out of  
18 business or be upgraded.

19 One might think Hunter's Point doesn't  
20 affect the South Bay, but because of NOx transport  
21 by wind, it is possible for NOx from Hunter's  
22 Point to affect ozone in the South Bay.

23 A good example of the technology  
24 proposed in this project is the Crockett  
25 Cogeneration plant located next to C&H Sugar in

1           Crockett. This plant uses the same gas turbine  
2           technology that is proposed here, and was also  
3           designed by Bechtel. I would urge anyone  
4           interested to go see this plant in operation.

5                         Thank you.

6                         HEARING OFFICER VALKOSKY: Thank you,  
7           sir.

8                         If there any members of the public who  
9           are also going to speak tonight, you don't have to  
10          speak both now and tonight. One or the other is  
11          sufficient. Your comments will be duly noted. I  
12          just mention that for convenience.

13                        The next speaker Mr. Tewfic Mourad --  
14          Mourad, thank you.

15                        MR. MOURAD: My name is Tewfic Mourad; I  
16          live in the area. I am a resident here, I have my  
17          family here.

18                        My main concern was Encinal School,  
19          which is less than a half a mile or so downwind  
20          from the plant, and when we have young people,  
21          young kids there, that really concerns me a lot.  
22          Other schools, also, which was brought out, Los  
23          Paseos and Martin Murphy Schools also are within a  
24          couple miles from the school.

25                        And when the wind blows down from the

1 Bay and pushes it down towards those schools and  
2 towards those community and houses, it just kind  
3 of concerns me.

4 And another concern I have also is how  
5 much seismic activity or vibration does those  
6 turbines generate? There is a mobile home park,  
7 several mobile home parks very very close vicinity  
8 of the power plant's proposal area. And how much  
9 vibration would that cause on those mobile homes  
10 and of their foundation? And that is also a  
11 concern. I don't live in a mobile home, but I  
12 understand that those big turbines provide a lot  
13 of vibration.

14 Those are all my concerns, thank you.

15 HEARING OFFICER VALKOSKY: Thank you,  
16 sir.

17 Ms. White, I take it those will be  
18 addressed in staff's analysis, is that correct?

19 MS. WHITE: Yes, as part of the  
20 geological and facility design section.

21 MR. MOURAD: I don't have it, I just --

22 MS. WHITE: If you would like to get a  
23 copy of the informational -- pardon me, the issues  
24 identification report. If you could just write  
25 down your name and address --

1                   MR. MOURAD: I'll just put it down on  
2                   the --

3                   MS. WHITE: Perfect, and then in terms  
4                   of in depth discussion of those technical areas  
5                   related to seismic activity, that will be covered  
6                   in both the preliminary staff assessment, as well  
7                   as the final staff assessment. Those issues will  
8                   be explored and discussed. Thank you.

9                   MR. MOURAD: This is work that will be  
10                  done?

11                  MS. WHITE: Yes.

12                  HEARING OFFICER VALKOSKY: Yes, those  
13                  are concerns that are typically addressed in our  
14                  process, sir. Thank you.

15                  Mr. William Garrett. Be sure to spell  
16                  your last name for the reporters, please.

17                  MR. GARBETT: Mr. William Garbett,  
18                  G-a-r-b-e-t-t, and I'm representing an  
19                  organization called the public.

20                  We have some concerns with this project,  
21                  both positive and negative. We're a middle-of-  
22                  the-road organization. We have to question what's  
23                  going on within the City of San Jose. One of the  
24                  things is their substitute document that they're  
25                  referring to after the CEC goes and takes the lead

1 agency, is that merely a negative declaration the  
2 city plans to file? That happens to be the  
3 substitute document that they would normally  
4 provide no matter what the CEC put out in their  
5 document as the lead agency.

6 We're concerned about the public/quasi-  
7 public usage because of the subsidy of the  
8 taxpayers providing the payment for the water  
9 lines going into the plant. We're also concerned  
10 about the quality of the treated water, the effect  
11 of viruses upon the surrounding community.

12 We're concerned with what is going to  
13 happen after the plant comes on line. On a "spare  
14 the air" day, since this is advisory from the Bay  
15 Area Air Quality Control District, will the  
16 proponent consider these mandatory and close down  
17 their plant on days of high pollution. Or then,  
18 again, is the plant being merely constructed to  
19 basically cream the highest revenue for peak  
20 demand where they go and shut down their  
21 cogeneration portion and just use the turbine  
22 generators as peaking generators on line to go and  
23 get the maximum profit from the market with the  
24 maximum pollution to the community nearby.

25 The question is, is this merely going to

1 be peaking generators like PG&E has provided at  
2 Hunter's Point and other locations. Just an  
3 ordinary turbine unit.

4 The problem we have with the units  
5 coming up and coming down is on turbine engines,  
6 although the exhausts are noisy and can be muffled  
7 through your cogeneration process, is the  
8 particular wail of the turbines as they come up to  
9 speed. Is it going to cause every baby in the  
10 community to cry from the wailing noise of the  
11 intake ducts on the turbines? It's a big factor.

12 At Pt. Mugu, California, the Regulast II  
13 guided missiles basically woke up babies in Oxnard  
14 over five miles away. On a daily basis whenever  
15 it was operated, due to the wailing noise of the  
16 intake cups on the turbines. So it is a rather  
17 widespread fear that we have with plants coming up  
18 and coming on line and being shut down.

19 It is going to be a sustainable plant?  
20 The question is if it's sustainable, what about  
21 the injection of how much ammonia? What is going  
22 to be the hazardous waste plan within the valley  
23 on this? what is going to be the effect on the  
24 Tanner Act within the county. We don't know these  
25 particular things, nor the ability of the Hazmat,

1 the detail of the fire department to go and  
2 contend with this.

3 We're also concerned about the stream  
4 augmentation plan that is planned by the city to  
5 go and dump this surplus water, not in the sewers,  
6 but basically to cool that Coyote, because the  
7 Coyote, if it is cooled, the riparian corridors  
8 can be eliminated, all the trees can be cut down  
9 and development can occur right up to the side of  
10 the creek beds. This is a fear we have about the  
11 City of San Jose and their present planning  
12 director and commissions' policies that they're  
13 attempting to implement right now.

14 The riparian corridor policy, when it  
15 was implemented in San Jose, meant that there are  
16 exceptions and there is no policy once it was  
17 implemented because in every planning instance  
18 they basically weighed or excluded the riparian  
19 corridor. So therefore these regulations have no  
20 effect and the CEC should take this into  
21 occurrence.

22 Also when members of the public give  
23 comments, if they accompany these with a  
24 declaration, penalties of perjury, will these  
25 comments of the public be considered testimony in

1           accordance with California law? That's a question  
2           of rather than having to become full fledged  
3           intervenors at every stage of the game.

4                       The weight of individuals' testimony is  
5           the common sense that is needed to stabilize  
6           hearings such as you're having today. The wisdom  
7           of people is very great, you will find out. The  
8           fact that you're providing a direct connection to  
9           the Hetch-Hetchy is remarkable. But could the  
10          plant be located, for instance, on the other side  
11          of United Technology Center in Coyote Valley?  
12          Away from residential areas.

13                      The question is, is for instance just as  
14          when UTC sets off its rocket motors it sends a  
15          plume of ionized gases in the upper atmosphere,  
16          the lightning strikes that happen. Through a  
17          steady stream of ionized gases coming out of this  
18          power generation plant, are we going to have a  
19          fear of lightning strikes being attracted in the  
20          community due to the air friction and a number of  
21          other factors of pollution that we have here?

22                      Is this plant also going to be  
23          accompanied by a sewage plant at Metcalf Road?  
24          San Jose does need another sewage plant, because  
25          they have a sewer cap limit presently in effect on

1 all development in San Jose. How can you dump  
2 anything more, including recycled water, into the  
3 sewers without exceeding the regional water  
4 quality control board limitations that they have?  
5 That's a question that can't be answered because  
6 it is a nonevent. They can't afford any more  
7 dumping into the sewers than what they presently  
8 have, because of the cap, recycled or not.

9 All you're doing on recirculating this  
10 water through is providing highly contaminated  
11 water that is corrosive to the plant. Originally  
12 the recycled water was proposed to have a 5  
13 percent chlorine content surrounded by a pipe that  
14 had 15 percent chlorine, has been backed off.  
15 However there is high alkalinity and high salts of  
16 heavy metals that is in this water. Will this be  
17 in the exhaust? And what impact will it have on  
18 the community?

19 What per, what you might call an R-1  
20 residential lot, R-1 6000 is a typical lot in this  
21 area, how much pollution in pounds will fall on  
22 each and every lot in a pattern extending out from  
23 this? What is the circular impact of the facility  
24 and what is the quantity of this pollution per  
25 individual lot? Will these lot owners have a

1 toxic waste dump, in effect, after a period of  
2 time on their lot?

3           These are factors that we do worry about  
4 is because that goes into the resale value and the  
5 environmental concerns that have to be declared on  
6 the sale of real property at a later date. These  
7 are serious concerns to property owners, other  
8 than the fact that property does appreciate in  
9 Silicon Valley; thank goodness for that.

10           But we go on basically that the power is  
11 needed. We have an exclusive monopoly in the face  
12 of competition given to PG&E for sole distribution  
13 in this area of power. Unfortunately, they  
14 distribute, they do not provide additive  
15 quantities.

16           The same way goes to the reliability of  
17 the natural gas system. The taking off of a  
18 significant portion of the gas from this pipeline  
19 to power this pipeline will basically impact the  
20 surrounding community particularly in the winter  
21 areas. The particular loss of all gas out of  
22 Santa Cruz and a few other communities here in  
23 recent years goes to show that the PG&E  
24 distribution system is the most fragile component  
25 that we have. It is an exclusive monopoly that

1 cannot be remedied.

2 Does Calpine, for instance, propose to  
3 go in and put part of its power in an industrial  
4 tract nearby? The City of San Jose has a fast  
5 track program for putting power in the Cisco  
6 systems in north San Jose, a power program that is  
7 further along than what you have here in the  
8 planning stages that is clandestine.

9 We also have the City of San Jose  
10 engaging in power distribution and generation of  
11 its own. And I'm referring to the convention  
12 center and the cogeneration plant there. The fact  
13 is the City of San Jose does have in its city  
14 charter exclusive rights to utility services.  
15 That should also be examined by the CEC as to  
16 whether the City of San Jose would want to put a  
17 plant at this location, or other plants, and  
18 provide capabilities on its own as provided for in  
19 the city charter much in the same way as they did  
20 at the convention center.

21 The convention center, the excuse for  
22 putting it there was PG&E could not deliver  
23 services for the development of the downtown area.  
24 In the intervening years there has been  
25 significant development in downtown San Jose such

1 as, I think, the name change proposed for downtown  
2 San Jose in the redevelopment area. I think it  
3 was Feces, California 95113. This may be --  
4 attention upon the ballot at a future date.

5 But these are some of the things that  
6 you have to look at, is does a city have an option  
7 to generate its own power without the intervention  
8 of a private proponent going before the CEC? What  
9 are their plans? What is the policy  
10 determinations made by the council?

11 PRESIDING MEMBER LAURIE: Thank you,  
12 sir.

13 MR. GARBETT: And that is one of the  
14 significant questions that we need to be answered.

15 PRESIDING MEMBER LAURIE: Thank you very  
16 much. Thank you for your testimony.

17 Most importantly, I want to make sure  
18 everybody understands the question was raised does  
19 one have to be a formal party intervenor to be  
20 heard. The answer is no. When the formal public  
21 record is prepared, the record will consist of the  
22 testimony. The testimony will be that of the  
23 party intervenors and their witnesses.

24 Distinguish that from members of the  
25 public or other persons who wish to offer comment

1 that are not formal parties to this action. That  
2 input is received. That input and going to be  
3 questions received are then propounded and answers  
4 obtained through the formal party system.

5 So the bottomline is you do not need to  
6 be -- you do not have to formally intervene in  
7 order to make yourself heard, in order to get your  
8 questions answered. Okay?

9 And, ladies and gentlemen, we do want to  
10 give everybody a chance here. So I would ask you  
11 to be direct and to limit your comments to no more  
12 than five minutes. And we will have to start  
13 enforcing that.

14 HEARING OFFICER VALKOSKY: The next  
15 speaker is Neil Struthers.

16 MR. STRUTHERS: Good afternoon, my name  
17 is Neil Struthers, S-t-r-u-t-h-e-r-s. I'm a  
18 lifetime resident of the City of San Jose, and I  
19 would like to speak to you as to why this project  
20 is important to not only the City of San Jose, but  
21 the entire South Bay.

22 All of us are aware of the need for  
23 electricity. Every man, woman and child depends  
24 on it. Everybody in this room depends on it.  
25 Next to water, power is our most coveted resource.

1                   There can be no argument that electric  
2 power is at the very core of our infrastructure.  
3 During the last 100 years virtually all  
4 advancements in our society have had one common  
5 denominator. They have been powered by  
6 electricity.

7                   Up until now we have been a captive  
8 consumer of power. We were required to buy power  
9 from our local providers no matter how  
10 inefficient, how polluted or how expensive it was.  
11 Deregulation has changed all that. If you can  
12 provide cleaner more efficient power at a lower  
13 cost, you will sell your power first on the power  
14 exchange. This will absolutely force power  
15 providers who operate antiquated and inefficient  
16 plants to either retool or shut down.

17                   The demand for power was the topic of a  
18 recent letter from PG&E to the Public Utilities  
19 Commission, here's an excerpt from that letter:  
20 Quote, "Electric demand in the Greater San Jose  
21 Area has been increasing rapidly in the past ten  
22 years. The high voltage electric transmission  
23 system serving the area is approaching its  
24 capacity to reliably serve customers. The  
25 expected peak load will be approximately 2032

1 megawatts by the summer of 2000, greatly exceeding  
2 the projected area transmission capacity of 1875  
3 megawatts." End of quote.

4 The letter also goes on to say, quote,  
5 "As this growth continues the transmission system  
6 will not be able to provide reliable electric  
7 service without additional facilities. Severe and  
8 widespread overloading of the existing electric  
9 transmission system may occur starting in the year  
10 2000, leading initially to overheating and  
11 eventually to electrical and/or mechanical  
12 failures." End of quote.

13 What we're here today discussing is a  
14 power plant that will compare to what is in use  
15 today, it's not only cleaner by 90 percent, it's  
16 more efficient by 40 percent, and it's only 10  
17 percent of the size of what we're using today.

18 We are the technology center of the  
19 country, if not the world, and yet our  
20 infrastructures center around the technological  
21 design from the 1950s.

22 The earliest this project could be up  
23 and running would be not until some time in 2002.  
24 That will still leave us two years in which we  
25 will be susceptible to brownouts and blackouts.

1           And I don't know about anyone in this room, but  
2           I'm not looking forward to that.

3                        Any delays in the approval of this  
4           particular plant or change in the cycle will lead  
5           up to five or more years, if at all, before this  
6           plant is up and running. I can't wait that long.  
7           I don't think anyone else can, either.

8                        Let's get serious. This is not a  
9           neighborhood issue. This is a major issue that  
10          concerns upwards of a million or more people, not  
11          one neighborhood. We should not be dependent on  
12          other areas for power just because we don't like  
13          the looks of the plant, or we are worried about  
14          perceived property values.

15                       We have the power plant of the 21st  
16          century staring us in the face, and we're here  
17          debating whether or not we should build it or not.  
18          I'm asking you to please look at the big picture  
19          and do what is right for our area, and not be  
20          swayed by a few individuals who are worried about  
21          a perceived loss in their property values.

22                       As a concerned San Jose resident I want  
23          this project built, and I'd like to have it built  
24          as quickly as possible.

25                       Thank you.

1                   PRESIDING MEMBER LAURIE: Thank you,  
2                   sir. Next, Mr. Robert Duffey.

3                   MR. DUFFEY: My name is Robert Duffey,  
4                   D-u-f-f-e-y. I lived in San Jose for almost 40  
5                   years. I've heard the concerns for the people who  
6                   live near the proposed Metcalf Energy Center.  
7                   People say they're worried about their property  
8                   value being affected by a facility built in Coyote  
9                   Valley.

10                   I don't understand the concern. If  
11                   people on the other side of Tulare Hill can't even  
12                   hear, see or smell the power plant, I don't think  
13                   it will make any impact on their property value or  
14                   their lives at all. It will lessen the number of  
15                   power outages we have to deal with.

16                   As far as the concerns of emissions from  
17                   the plant, the plant won't even be built unless  
18                   Calpine and Bechtel can prove that they can stick  
19                   to the strict air emission standards required by  
20                   your Commission. And the plant will be monitored  
21                   24 hours a day to be sure it continues to meet  
22                   these standards.

23                   To people who drive past the plant it  
24                   will simply look like a tall office building. I  
25                   believe it can be made to blend into whatever is

1 going to be built in Coyote Valley.

2 These cleaner and smaller power plants  
3 are the wave of the future. It only makes sense  
4 to build a plant near an existing substation. It  
5 makes sense to locate the plant near the  
6 transmission lines that already exist, rather than  
7 building new electrical towers and stringing more  
8 transmission lines across the hillsides.

9 The people of San Jose support the  
10 Metcalf energy plant and I hope you approve  
11 Calpine's request for a permit. Thank you.

12 HEARING OFFICER VALKOSKY: Thank you for  
13 your comments, sir.

14 Next Loyd Williams.

15 MR. WILLIAMS: My name is Loyd Williams,  
16 and my first name is L-o-y-d, okay. Williams is  
17 the standard spelling. I've lived in San Jose for  
18 56 years. I've seen our valley go from orchards  
19 and canneries to the technology capital of the  
20 world.

21 Over the last few months I have been  
22 reading and hearing about the proposal for Calpine  
23 Corporation to build the electrical generating  
24 plant here off Metcalf Road. Everyone, I  
25 emphasize, everyone agrees that we need

1 electricity, and everyone knows the demand will  
2 continue to increase in the future. Almost  
3 everyone agrees that the proposed plant will be  
4 good for all of the citizens of San Jose and  
5 Silicon Valley.

6 The plant will use state of the art  
7 technology which will make the plant the cleanest  
8 power plant in the world. Everyone agrees that  
9 Calpine is a good company, and that it will work  
10 with the people in the community to be sure that  
11 we, the community, and Calpine build the best  
12 possible power plant.

13 Some people have said they don't want  
14 the power plant to look like a power plant. This  
15 is Silicon Valley. Power plants should look high  
16 tech. Calpine has already designed the plant so  
17 that the plant will match the best high tech  
18 buildings ever built in Silicon Valley. They're  
19 listening to the community, and we appreciate  
20 that.

21 The only question left is the location  
22 of the power plant. There is one thing that is  
23 always the most important when anyone is buying or  
24 building anything, it's location, location,  
25 location. Metcalf Road site is the perfect

1 location for an electrical generating plant.

2 First, it is isolated from all current  
3 and future developments. If you look at the site  
4 it's tucked away by itself, out of sight. Even  
5 without all of the extra work that Calpine's  
6 already agreed to do to hide the plant, nobody  
7 will ever see it. It's tucked away all by itself.  
8 No one will ever know it's there. You'll drive  
9 down Monterey Road and you won't even notice it's  
10 there. If you do look, you'll think it's another  
11 high tech facility.

12 Once the plant goes on line there will  
13 only be about 30 employees needed to operate the  
14 plant. And the City of San Jose will receive  
15 somewhere between \$3- and \$5 million a year in  
16 property tax. But have to provide next to no  
17 services to the Calpine plant. It's a win/win  
18 situation for everyone, and I urge the State  
19 Energy Commission to certify Calpine's request and  
20 get the plant built. Thank you.

21 HEARING OFFICER VALKOSKY: Thank you,  
22 Mr. Williams.

23 Next we'd like to hear from Mr. Scott  
24 Scholz.

25 MR. SCHOLZ: Hello, my name is Scott

1 Scholz, spelling of the last name is S-c-h-o-l-z.  
2 Thank you, Commissioner Laurie, for coming and  
3 attending this meeting.

4 My main focus was to introduce you to  
5 the area that the residents live in. And I think  
6 this picture right here demonstrates on the far  
7 left exactly the area that they're proposing and  
8 the proximity to the neighbors.

9 As you can see the closest homes, which  
10 are hundreds and thousands of tract homes in that  
11 area are within a half a mile of the proposed  
12 site. Although the folks right up against the  
13 hill probably will not be able to see the exhaust  
14 towers, which are 145 feet, there's a certain  
15 section of the homes on the eastern side of  
16 Monterey Highway that was not factored into this  
17 view shed. That's the California Mason Homes, of  
18 which there's probably 500 homes and townhouses in  
19 that area.

20 In addition, I'd like you to, when we go  
21 out to the site visit, is to envision 20,000  
22 employees on that parcel right next to the power  
23 plant, proposed power plant site, on roughly 1400  
24 acres just south of that. Basically abutting  
25 against it.

1                   That's a very important project to the  
2                   City of San Jose and south San Jose. We're not  
3                   sure if they're going to want to build their  
4                   billion dollar campus being in such close  
5                   proximity to this power plant, proposed power  
6                   plant.

7                   In addition, this project doesn't  
8                   conform to the city's general plan that when we  
9                   bought our homes, you know, what we expected for  
10                  this area. One of the problems where it doesn't  
11                  fit with the general plan is that the stack height  
12                  is 145 feet. Well, the city only allows for a  
13                  campus/industrial designation of 90 feet. So in  
14                  addition to getting zoning changes, the city's  
15                  going to have to allow them to build 145 feet tall  
16                  edifice versus 90.

17                  It's my understanding that public/quasi-  
18                  public only allows 95 feet. It will give you a  
19                  little extra room, but still won't reach to the  
20                  145 foot level. So I'll make you aware that  
21                  that's a problem, too, that the city is facing,  
22                  you know, the community's concerned about.

23                  I'm also concerned that perhaps the  
24                  public/quasi-public designation that we're trying  
25                  to fit this project under doesn't necessarily

1       apply to a private merchant power plant. From my  
2       perspective, just as being a member of the  
3       community that lives in close proximity to this,  
4       this is really a heavy industrial use. And to  
5       call it something other than that is somewhat  
6       disingenuous.

7                       However, I know how the city feels if  
8       they're going to consider this project. They  
9       absolutely will not have the stigma of heavy  
10      industry designation in that general vicinity.  
11     They're planning on having a billion dollar campus  
12     here that they're trying to woo, and they don't  
13     want heavy industry in that area.

14                      As I said, that project's potentially  
15     going to employ 20,000 employees, and which  
16     Calpine's only going to be employing 20 to 24,  
17     either per shift, I believe. So to the City of  
18     San Jose I think we can weigh the two projects,  
19     and if we can only choose one we know which one we  
20     would like.

21                      Another thing, since this is considered  
22     probably a heavy industrial project, from being in  
23     the community logic says why don't we put this in  
24     a heavy industrial area. Not in a close  
25     proximity to residential areas.

1                   The City of San Jose has heavy  
2                   industrial areas. And the surrounding suburb  
3                   towns also probably have heavy industrial areas.  
4                   We don't have to be considering this as so close  
5                   to residential neighborhoods.

6                   I have a few more points I'm making  
7                   quick. One of the alternative sites, and I'm not  
8                   sure when we go out on the site visit today if  
9                   we'll be able to view the alternative sites as  
10                  well that are listed in the AFC. But that's the  
11                  UTC site. It basically has the same components as  
12                  this site, but it doesn't have obviously the  
13                  thousands of neighborhood homes that this proposed  
14                  site does.

15                  And with all due respect to the folks  
16                  who came up before you and disclose what they  
17                  represent other than just being members of the  
18                  community, property values will be affected. Just  
19                  using conservative numbers, I figure if an average  
20                  home right now is worth \$350,000, and you say for  
21                  every thousand homes at 10 percent reduced values,  
22                  that's worth \$35 million in property taxes that  
23                  are in jeopardy. And you can decide for yourself  
24                  how many thousands of homes you want to say are  
25                  going to be affected.

1                   Lastly, on property values, obviously as  
2                   property values are going to continue to rise, but  
3                   this area has already been subjected to not rising  
4                   as rapidly as other communities in San Jose and  
5                   the surrounding area because of the Fairchild  
6                   incident. And you can logically presume that this  
7                   power plant will again be further limiting to how  
8                   fast they can rise. So we're not going to be as  
9                   competitive with other parts of the city and other  
10                  parts of the county.

11                  Lastly, I feel it's irresponsible for us  
12                  in Silicon Valley to provide land here for someone  
13                  to get into the marketplace for this to be their  
14                  showcase to the nation. I don't want to be  
15                  responsible for setting a precedent that power  
16                  plants can be built within a half a mile of  
17                  residential neighborhoods, six schools, probably  
18                  ten parks and outdoor recreational areas and  
19                  probably about four golf courses. I think it's an  
20                  inappropriate use of the land in this pristine  
21                  Coyote Valley. Thank you.

22                  HEARING OFFICER VALKOSKY: Thank you,  
23                  Mr. Scholz.

24                  Kristin Hauge or Hauge.

25                  MS. HAUGE: Thank you very much for

1 recognizing me. My name is Kristin Hauge,  
2 H-a-u-g-e, and I am representing myself, a member  
3 of the community.

4 I simply would like to say as a rather  
5 new resident of California I've been here for  
6 three and a half years, my comments basically are  
7 very reflective of Mr. Frank Nucci, so in the  
8 essence of time I will not repeat what he said.

9 I have taken the time to review the  
10 literature and to talk with people. And I am in  
11 favor of the energy site. I live in Basking  
12 Ridge, so I am a neighborhood resident. I am a  
13 health care professional, and I managed to arrive  
14 in California just in time for the major power  
15 outage in August of 1996, where I was affected, as  
16 a pediatric intensive care nurse, taking care of  
17 patients who were ventilator-dependent. I had to  
18 basically run from bedside to bedside and make  
19 sure that patients were breathing adequately until  
20 our alternate power source became available to us.

21 I've also been concerned with the number  
22 of power outages that I have experienced as a  
23 resident since I have moved to California. And I  
24 feel that the high technology that Calpine and  
25 Bechtel are proposing for the state of the art

1 facility is something that we cannot ignore,  
2 especially considering the rising need, the very  
3 rapidly rising need for more energy in our  
4 neighborhood.

5 Thank you so much.

6 HEARING OFFICER VALKOSKY: Thank you for  
7 your comments, ma'am.

8 Terry Trumbull.

9 MR. TRUMBULL: Thank you very much. My  
10 name is Terry Trumbull, T-r-u-m-b-u-l-l. I'm a  
11 professor of environmental studies at San Jose  
12 State, as well as a member of the County Planning  
13 Commission.

14 I've worked on energy issues for about  
15 the past 30 years and many people may not be  
16 familiar with it, but prior to the establishment  
17 of the Energy Commission and your siting process,  
18 we had a vast number of state agencies, local  
19 agencies, with individual separate purposes, each  
20 of whom did their own thing on permitting. And  
21 the process, it may be hard for some people to  
22 believe, but it was substantially more unwieldy,  
23 lengthy and more difficult than the current  
24 process may be, which is about as good as I think  
25 one can reasonably expect with all the different

1 factors that you have to take into regard.

2 Some people have expressed concerns  
3 about land values declining. I will tell you that  
4 it's almost an impossibility in this county. In  
5 the last five years we've added 100,000 more jobs  
6 than there were houses available for those people.  
7 In the next 15 years we are going to add in this  
8 county 500,000 new jobs, leaving only homes for  
9 300,000.

10 What it means is 200,000 people are  
11 going to have to find homes elsewhere. Housing  
12 values here under any scenario are going to be  
13 escalating.

14 In addition, some of you may know that  
15 the University of North Carolina, I would say  
16 about five years ago, had a study done of LULUs,  
17 locally undesirable land uses, and found that  
18 there's no diminishment of property values  
19 associated with that. There may be a perception  
20 in nearby residents prior to the siting of the  
21 facility, that that's going to be a problem, but,  
22 in fact, it doesn't happen.

23 Some areas I wanted to mention. I think  
24 you've heard repeatedly here which is that the  
25 free market competition is going to mean

1 facilities like Calpine should have less air  
2 pollution than the facilities that they're  
3 replacing, as well as cheaper energy. Certainly  
4 want to reserve until I see the actual EIR and  
5 what happens with the emissions. But I think  
6 overall one has to expect that this is going to be  
7 a substantially major improvement that betters  
8 things for us in the area locally where we have  
9 the worst air pollution in the Bay Area.

10 So, thank you very much.

11 HEARING OFFICER VALKOSKY: Thank you,  
12 sir.

13 Mr. Donald Isaac.

14 MR. ISAAC: Hello. My name is Donald  
15 Isaac, that's I-s-a-a-c. And I'm from Half Moon  
16 Bay, California. And I came here today basically  
17 I guess for two reasons. One is a little selfish.  
18 I'm self employed and my company is getting into  
19 energy production, but on a lot smaller level,  
20 half to about 15 kilowatts. But this way I can  
21 write off the trip.

22 The other thing is, and I have no idea  
23 whether this is the right site or not. I know  
24 nothing about that. But as far as the need for  
25 energy I realize that there is a growing need for

1       it, and I don't know if deregulation --  
2       deregulation may be a problem. And I've got two  
3       anecdotes to relate to that.

4                   And one is I'm originally from  
5       Massachusetts, and I was living there when they  
6       had the blackout in the early '70s, or I guess it  
7       was the late '60s. And our little town had its  
8       own power generation system. And I was on my way  
9       home from work that night when the power went off.  
10      And when I got home, you know, we didn't know it,  
11      we didn't know the power was off until the next  
12      day really. I had tried to call out of town, into  
13      Boston, and they weren't taking calls, they were  
14      taking emergency calls only. And I didn't know  
15      why till the next day because our little plant,  
16      you know, was just chugging along.

17                   And the other thing is I've got a good  
18      friend who's a welding engineer there in Boston at  
19      the public utility. And I forget where it is.  
20      But he teaches welding, and they've got an  
21      institute. And his fear, he said, with  
22      deregulation is that the older plants are not  
23      going to be maintained the way they should because  
24      they're not going to be cost effective. And that  
25      eventually what's going to happen is there won't

1           be enough new plants on line to replace them as  
2           they start to deteriorate. And they're not  
3           maintained, that there will be brownouts and  
4           blackouts as a result of that.

5                           Those are the only comments I had.

6                           HEARING OFFICER VALKOSKY: Thank you,  
7           sir.

8                           Isidro Diaz-Tous.

9                           MR. DIAZ-TOUS: Thank you very much.  
10          That's a very good pronunciation, Isidro Diaz-  
11          Tous. That is spelled -- who would like to have  
12          it? I have my business card. Okay.

13                          I want to say first that I come here as  
14          twofold, I call it mission. First is the concern  
15          was in California for over 35 years, particularly  
16          within 45-50 mile radius where the facility's  
17          going to be built, 32 years in Santa Clara County.

18                          I'm also come representing the American  
19          Society of Mechanical Engineers as the Chair of  
20          the Power Division, 6000 member, engineering  
21          members of the ASME.

22                          We believe that this particular facility  
23          is a state of the art facility within the art of  
24          engineering. Combined cycle generation is about  
25          60 percent of new generation being built in the

1 country at this point. That's the projections.  
2 Just because of the efficiency associated with the  
3 cycle, and the fact that it utilizes natural gas,  
4 which is a clean fossil fuel, the cleanest.

5 In addition, I'd like to say that I want  
6 first express the appreciation for everybody that  
7 is here. And the reason not just the  
8 Commissioners and -- they're getting paid for  
9 being here, so are the people from Calpine and  
10 Bechtel. But particularly people from the  
11 audience and all the concerns. And the reason is  
12 that thank God we live in the United States and  
13 not in Ukraine when the Soviet Union built  
14 Chernobyl. Okay, because this is a good process  
15 what we have here, to have people express and give  
16 their ideas and their consent, their legitimate  
17 concerns.

18 And then I want to particularly thank  
19 the staff of the Commission because they going to  
20 have to sift the facts from the smoke. And that's  
21 a difficult task. But, you have quite a task to  
22 do because as it was written in the  
23 recommendation, the intent of the Act is to insure  
24 that we have a reliable supply of electrical  
25 energy is maintained at a level consistent with

1 the need for such energy for protection of public  
2 health and safety, for promotion of general  
3 welfare and for environmental quality protection.

4 And that's the key purpose of the  
5 Commission. Because they have to protect  
6 everybody in California, life, property and our  
7 common good.

8 What I'd like to also mention is that  
9 many factors have been brought up in here and some  
10 of which are quite relevant and obviously more  
11 attention should be given to, but I also hear  
12 things such as for instance, a lot of concern, and  
13 valid in many cases, of whether you're building  
14 power plants very close to residential areas.

15 What I wish to say about that is that  
16 older power plants, much more emitting than this  
17 one, have been built right in the middle of  
18 Manhattan; in communities where people are right  
19 practically across the street from the power  
20 plant, and people are still alive, okay?

21 Same thing with Boston and -- concern  
22 with the sprawling situation in California. You  
23 got to take a tour around this country, where  
24 power plants are being built in many cities, or  
25 were built in many cities, right in the downtown

1 areas, right in the residences.

2 In fact, coal powered power plants in  
3 some cases, which are without the original clean-  
4 up equipment. So I'm just saying that -- back in  
5 the '40s and '50s in terms of perhaps some long  
6 term health. But all those power plants have  
7 pretty much cleaned up equipment now.

8 But in this particular case this  
9 technology is very clean. What is being proposed  
10 is about a tenth of say a plant like the better  
11 ones on Moss Landing. I got a lot of knowledge  
12 about Moss Landing, I spend nine years there  
13 personally. I've been an engineer for 31 years on  
14 power generation on design, research, operation  
15 and maintenance. And I can tell you the Moss  
16 Landing power plant, the units that we're  
17 comparing to are the two best units. The fact is  
18 I through V were much dirtier than that.

19 I also heard comments that perhaps an  
20 oil company, and I cannot take favors. There are  
21 members of the ASME also in the -- power side, and  
22 they are also proposing a site there which the  
23 Commission will probably review, too. They will  
24 definitely review, too. And in that particular  
25 case I have to say that it is a good idea to look

1 at that site -- in fact, I did a study for Pacific  
2 Gas and Electric, as a consultant to them, in '92  
3 which I recommended that before they even sold the  
4 power plants, as to -- shut down the site units,  
5 because they felt that it was not economic to  
6 operate them anymore.

7 But, all I'm trying to point out is that  
8 yes, perhaps we can get power through Metcalf from  
9 the existing transmission lines, but it's  
10 something to look at because there's two ways to  
11 get the power of Moss Landing. That's Metcalf or  
12 Los Banos. And the -- to want that power and  
13 those transmission lines. So there will be some  
14 difficulty getting all the power that we may want  
15 to get here.

16 The other thing is this power plant is  
17 around the outer portion of the Bay Area. One  
18 thing the Commission should be thinking of is the  
19 fact that California's a net deficit power  
20 generation state, very significantly net deficit.  
21 We had to -- back in 1989 in the Loma Prieta  
22 earthquake. We were very lucky. If it would have  
23 been the San Andreas, say someplace near Palo  
24 Alto, or would have been the Hayward Fault,  
25 someplace near Hayward or Oakland, we wouldn't get

1 power needs here for many weeks, even months  
2 perhaps. So that's the kind of things we have to  
3 be thinking of, and I'm glad that -- God bless we  
4 have a Commission that reviewing partially  
5 everything.

6 I understand people's concern of  
7 property values. I think sometimes maybe  
8 legitimate, but sometimes you got to find out from  
9 my experience at Moss Landing, that used to be the  
10 biggest tax source in the Monterey County. And  
11 the school district next to it had the best  
12 teachers in Monterey County because they had all  
13 kind of taxes to afford the best teachers and  
14 everything else.

15 So there are pros and cons in things  
16 like that. You have to look at the good side,  
17 too.

18 I know, for example, talking about -- I  
19 heard even about rockets from Vandenberg.  
20 Rockets, by the way, at 140, 150 decibels that  
21 they generate. This power plant is talk about 62  
22 decibels. Now, that's about five orders, six  
23 orders of magnitude difference. That is closer to  
24 a million times louder, a rocket, than a power  
25 plant.

1                   So what I'm trying to say is that  
2                   there's a lot of facts like this that are going to  
3                   be presented that you may have to take with a  
4                   grain of salt, because there may be valid  
5                   information and not valid information.

6                   PRESIDING MEMBER LAURIE:   Sir, I'd ask  
7                   you to summarize your comments.

8                   MR. DIAZ-TOUS:   Okay.   Thank you very  
9                   much.   I appreciate the time of yourselves and  
10                  everybody else.

11                  HEARING OFFICER VALKOSKY:   All right,  
12                  thank you.

13                  Our last commenter for this afternoon  
14                  session is Dr. Joseph Olsen.

15                  DR. OLSEN:   Good afternoon, Commission,  
16                  people in the public.   I'm real happy with this  
17                  American system, is working.   I wish to address  
18                  you.   My name is Joseph Olsen, O-l-s-e-n.   I'm a  
19                  professional engineer.   I have a doctorate in  
20                  mechanical engineering.   I've been working in this  
21                  field for 45 years.   I've been here in the valley  
22                  for 40 years.

23                  I was born and raised in New York City,  
24                  and the power plants that my colleague who is also  
25                  a member of the ASME, was talking about in New

1 York City happened to be two blocks from my home.  
2 I've lived for 71 years. I don't think the  
3 emissions, even though they were coal-fired  
4 plants, really affected my health.

5 This plant is not going to put anything  
6 out, from what I've read that's going to affect  
7 the children in schools a mile and a half away.  
8 And they certainly are not going to affect the  
9 homeowners in their property values.

10 Let me explain why. If we don't put in  
11 this plant or something similar to this plant,  
12 fairly close to where this plant should be built,  
13 we are going to have brownouts. Now can I see a  
14 show of hands here, how many people have freezers?

15 PRESIDING MEMBER LAURIE: Excuse me, Mr.  
16 Olsen. We're not going to do that.

17 DR. OLSEN: Not going to do that.  
18 Sorry.

19 PRESIDING MEMBER LAURIE: That's okay.

20 DR. OLSEN: If anybody has a freezer,  
21 including the members of the Commission, when the  
22 brownout occurs the freezer goes to pot. And all  
23 the food in there will melt.

24 If you happen to have a computer you  
25 know what will happen when you have a power dip or

1 surge, unless you've got a surge protector. And  
2 most people don't have.

3 So, the lack of power, just personally,  
4 is a big effect. But I think we have something  
5 much more to consider. This valley is producing  
6 income, it's producing jobs. It is renown  
7 worldwide for its production of front-line  
8 innovation. If we lose power in this valley the  
9 manufacturers will not stay here. They'll go  
10 someplace else where they can get power. IBM just  
11 moved to Japan, not for power but for other  
12 reasons, but still if they have to move, they will  
13 move. And how our quality of life in this valley  
14 will be thereafter, I don't know.

15 But I assure you if there are no jobs,  
16 if we have brownouts and blackouts, your property  
17 values will not really be worth looking at.

18 At the present time Metcalf Road, which  
19 already has a power distribution station, a huge  
20 visible power distribution station right near it  
21 is the best place to put this plant. And the way  
22 in which they have developed their entire plant is  
23 well thought out engineering-wise, perfect. I say  
24 perfect because they've thought of everything.  
25 And anything that Mr., what's his name, Garrett --

1 put on his laundry list I am certain that they  
2 will address in their EIR.

3 Thank you very much.

4 PRESIDING MEMBER LAURIE: Thank you, Dr.  
5 Olsen, very much. Comments are appreciated.

6 Ladies and gentlemen, the next step is  
7 the availability of a site tour. The public is  
8 most welcome. In light of such, this meeting will  
9 stand recessed until 7:30 this evening.

10 Thank you very much.

11 (Whereupon, at 4:50 p.m., the public  
12 hearing was adjourned, to reconvene at  
13 7:30 p.m., this same evening.)

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1 Applicants to introduce themselves, please.

2 MR. HEPPLER: Good evening, ladies and  
3 gentlemen. My name is Bob Hepple. I am the  
4 Director of Projects for the Calpine/Bechtel joint  
5 venture.

6 I'm going to let each person on our  
7 proponents panel introduce themselves.

8 MR. WALTER: Good evening. My name is  
9 Ron Walter. I'm Senior Vice President of Calpine  
10 Corporation, one of the founders of the company.  
11 We're located right here in San Jose.

12 MR. HARRIS: Good evening, my name is  
13 Jeff Harris. I'm counsel to Calpine and Bechtel.

14 MR. HATHAWAY: My name is John Hathaway.  
15 I'm Environmental Project Manager for the Metcalf  
16 Energy Center.

17 PRESIDING MEMBER LAURIE: Thank you,  
18 gentlemen. Did you want to introduce any of your  
19 staff at this point?

20 MR. HEPPLER: I don't think so.

21 PRESIDING MEMBER LAURIE: Thank you.  
22 I'd like to have Energy Commission Staff introduce  
23 themselves, please.

24 MS. WHITE: My name is Lorraine White.  
25 I'm the assigned Project Manager for the staff's

1 review of the proposed Metcalf Energy Center.

2 MS. WILLIS: I'm Kerry Willis, staff  
3 counsel with the Energy Commission.

4 PRESIDING MEMBER LAURIE: Thank you very  
5 much. We do have a representative from the City  
6 of San Jose present. If you could introduce  
7 yourself, please.

8 MS. PREVETTI: Thank you, I'm Laurel  
9 Prevetti, Principal Planner with the City of San  
10 Jose Department of Planning, Building and Code  
11 Enforcement.

12 PRESIDING MEMBER LAURIE: Thank you very  
13 much. And we do have a party that has formally  
14 intervened, the Santa Teresa Neighborhood  
15 Association. I'm not sure that's your formal  
16 name, but please introduce the name of your  
17 association and yourselves, please.

18 MS. CORD: Yeah, hi, I'm Elizabeth Cord,  
19 the Santa Teresa Citizen Action Group, which is a  
20 neighborhood association. Thank you, Commission.

21 MS. SCHOLZ: I'm Donna Scholz, and I'm a  
22 private citizen intervenor.

23 MR. SCHOLZ: I'm Scott Scholz, also a  
24 citizen who's intervening.

25 MR. WADE: My name's Jeff Wade; I'm a

1 citizen intervenor.

2 PRESIDING MEMBER LAURIE: Ladies and  
3 gentlemen, as you have heard there are  
4 organizations and individuals that have formally  
5 intervened in this case. The process of  
6 intervention will be brought up and explained to  
7 you. The distinction between intervenors and  
8 members of the public or otherwise commenting also  
9 will be explained to you.

10 I'd like to introduce the Energy  
11 Commission's Public Adviser, Ms. Roberta Mendonca  
12 to offer some comments at this time.

13 MS. MENDONCA: Thank you, Commissioner  
14 Laurie. Good evening. It's reassuring to see  
15 such a good strong healthy public reaction.

16 This process is going to be a long and  
17 lengthy process. It's going to take us at least a  
18 year, hopefully just a year, but a year, to go  
19 from the planning to the certification of a power  
20 plant.

21 And because this process is not  
22 something that you normally do in your weekly  
23 routine, the Energy Commission has created the  
24 position of Public Adviser to assist the public in  
25 understanding what the process is and how to best

1 participate in the process.

2 So, I wanted to let you know that you  
3 can reach me toll free at an 800 number, and I  
4 never remember my own; it's (800) 822-6228. You  
5 can also access my office on the internet, pao,  
6 which stands for Public Advisers Office,  
7 @energy.ca.gov.

8 For those of you that want to follow  
9 this case from the public's perspective you have  
10 some choices as Commissioner Laurie mentioned.  
11 Your comments -- our process is an open public  
12 process from day one till the conclusion. And  
13 your comments are a very valuable part of what is  
14 being considered. And so as members of the public  
15 you will always have a portion of the program  
16 where you can come forward and offer your  
17 suggestions, your comments and your opinions.

18 Some of you may decide for whatever  
19 reason that you wish to be more involved, in which  
20 case you can go through a process called  
21 intervention. And to become an intervenor you  
22 have to file a petition stating your desire to  
23 intervene and the grounds that you want to  
24 intervene. And my office is more than willing to  
25 assist you with that, and explain, and provide you

1 with the forms should you decide at the end of the  
2 meeting tonight, or at anytime up until about  
3 eight months into the process, that you want to  
4 more formally participate by becoming an  
5 intervenor.

6 So, I want to take one other minutes,  
7 sort of a housekeeping measure. You've seen me  
8 walking around with the blue cards. In order to  
9 facilitate the exchange of information it makes it  
10 an awful lot easier to understand who from the  
11 public wants to come forward and speak.

12 So I usually put blue cards on the  
13 table, and I'll walk around the room. If you  
14 decide you want to make a comment this evening,  
15 please fill out a blue card and kind of hold it up  
16 and I'll come by and pick it up.

17 So, again, I look forward to hearing  
18 from you. One of the services that the Public  
19 Adviser provided in preparation for this function  
20 was we called over 100 people to inform them of  
21 this meeting. And those people were people that  
22 had let us know, the Public Adviser's office know  
23 that they were interested in this project.

24 There is a sign-in sheet when you first  
25 come in. And on the sign-in sheet you can

1 indicate your desire to receive all of the  
2 mailings in the case. So that is one way that you  
3 can facilitate your own participation. And our  
4 notices are also available on the web.

5 Thank you very much.

6 PRESIDING MEMBER LAURIE: Thank you,  
7 Roberta. Is there anybody present that was out on  
8 the site tour today, you all know that we had a  
9 similar meeting this afternoon at the conclusion  
10 of which we held a meeting out on the site.  
11 Anybody in the audience present that was out on  
12 the site tour?

13 Okay, all of you that were present out  
14 on the site tour, you must immediately check the  
15 bottom of your shoes. This is a hot and closed  
16 room. And given the nature of the tour, it is  
17 only appropriate that you do so. Thank you very  
18 much for your cooperation.

19 The purpose of today's hearing is to  
20 provide a forum and basic information on the  
21 Metcalf Project. We will be discussing with you  
22 the procedure to be followed by the Energy  
23 Commission, the opportunity for public  
24 participation, and the means by which the Energy  
25 Commission will be making its decisions.

1                   The procedure we're going to follow  
2                   tonight, and it should be known that there will  
3                   be, I would say, numerous opportunities over the  
4                   next year to provide public input, and the Energy  
5                   Commission process strongly encourages that.

6                   We'll first ask the Energy Commission  
7                   Staff, Ms. White, to review the Commission's  
8                   licensing process, and its role in reviewing the  
9                   project. We will then ask the City of San Jose to  
10                  explain its role in the process. We will then ask  
11                  the Applicant to describe the project. We will  
12                  then ask the formal intervenors for any comments  
13                  or presentations they have. We will then provide  
14                  opportunity for public questions and public input.

15                  Most importantly, before the end of the  
16                  evening we'll need to have a discussion about  
17                  scheduling further hearings and further important  
18                  points along the way.

19                  For those of you who are new to any kind  
20                  of development project you would have heard the  
21                  term, perhaps, CEQA, the California Environmental  
22                  Quality Act, which is the environmental analysis  
23                  followed in the State of California for  
24                  development projects.

25                  We do not follow a CEQA process per se,

1 we follow a functionally equivalent process. The  
2 functionally equivalent process as provided for in  
3 the state law, otherwise known as CEQA Plus. That  
4 is it takes the mandates under CEQA and adds to it  
5 substantially more public input opportunities.  
6 And that is the process that we reach in  
7 determining our ultimate decision.

8 It should also be known that we have  
9 rules regarding communications with the various  
10 parties. When we go to make our ultimate  
11 decision, that ultimate decision is based only  
12 upon the evidence in the public record. To insure  
13 that that happens and to preserve the integrity of  
14 our licensing process, our regulations and the  
15 California Administrative Procedures Act expressly  
16 prohibit off-the-record contacts between the  
17 participants in this proceeding and the  
18 Commissioners, their Advisers, and the Hearing  
19 Officer.

20 Which means that neither I, my staff, or  
21 Commissioner Keese, the other member of this  
22 Committee, or his staff, or Mr. Valkosky can have  
23 any discussions regarding this project with any  
24 party, any party, and that includes Energy  
25 Commission Staff, that is not part of the public

1 record.

2 The purpose of this rule is to provide  
3 full disclosure to all participants of any and all  
4 information which may be used as a basis for  
5 future decisions.

6 Mr. Valkosky, do you have any comments  
7 at this point?

8 HEARING OFFICER VALKOSKY: No, I do not,  
9 thank you, Commissioner Laurie.

10 PRESIDING MEMBER LAURIE: I'll therefore  
11 call on Lorraine White to offer initial comments  
12 on behalf of Energy Commission Staff.

13 MS. WHITE: Before I begin I want to  
14 thank you all for coming out on such a warm summer  
15 evening, and to let all of you know that behind  
16 this partition are some refreshments, cool drinks  
17 and things like that, to make this a bit more  
18 bearable.

19 As Commissioner Laurie has told you, my  
20 name is Lorraine White. I'm the Project Manager  
21 assigned to coordinate staff's analysis of the  
22 proposed Metcalf Energy Center.

23 The Commission's process was established  
24 in what is called the Warren-Alquist Act. The  
25 purpose of our proceeding is to insure that a

1 reliable supply of electrical energy is maintained  
2 at a level consistent with the need for such  
3 energy for the protection of public health, the  
4 promotion of general welfare and for environmental  
5 quality protection. And that's essentially the  
6 overall goals of our review of the proposals. And  
7 if a project is certified it must meet those major  
8 criteria.

9 The Commission's jurisdiction, which was  
10 laid out in this Act, is to certify thermal power  
11 plants, essentially a heat source type power  
12 plant, 50 megawatts and above. Fuels commonly  
13 used in these types of power plants include most  
14 of your fossil fuels, oil, coal, natural gas. But  
15 they also include biomass and geothermal  
16 resources.

17 Our jurisdiction extends to the  
18 transmission lines and other linear facilities.  
19 Transmission lines are from the power plant to the  
20 first point at which they interconnect into the  
21 existing system.

22 Linear facilities like natural gas  
23 pipelines or any other water supply line, whether  
24 for cooling purposes or all other uses on the  
25 site, are also within our jurisdiction.

1                   We have jurisdiction over access roads  
2                   and control facilities and other types of  
3                   buildings.

4                   The way the Commission's process is set  
5                   up, the Commission, itself, is made up of five  
6                   members. They are appointed by the Governor and  
7                   then approved by the Senate. They include a  
8                   representative from the general public, from an  
9                   engineering background, from a legal background,  
10                  an environmental background and an economic  
11                  background.

12                  Now, not all five of those Commissioners  
13                  can be responsible for reviewing every project  
14                  that comes in. So to make it a little easier they  
15                  set up a committee system. Two of the five  
16                  Commissioners are assigned to any project that is  
17                  deemed data adequate. Essentially has enough  
18                  information in an application for us to begin a  
19                  review.

20                  There are major parties in our  
21                  proceeding, the Applicant being just one of them.  
22                  Staff, the group that I represent, is an  
23                  independent party responsible for reviewing the  
24                  engineering proposal, the environmental proposal  
25                  and impacts associated with the project.

1                   You also have members of the public and  
2                   other organizations that have elevated their role  
3                   in the proceeding to a formal intervenor. And  
4                   then you also have agencies. The Commission works  
5                   closely with federal, state and regional agencies  
6                   in developing its analysis and ultimate  
7                   recommendations on proposals.

8                   A very important component of our  
9                   overall organization here is our Public Adviser.  
10                  Those members of the public that either need to  
11                  get information about the proposal or want to  
12                  provide comment or input can work through our  
13                  Public Adviser to make sure that their voice is  
14                  heard. All of our events are public, but at the  
15                  same time it's always nice to have a facilitator  
16                  which will augment our formal proceedings so that  
17                  it's easier for you to participate.

18                  As an independent group staff is  
19                  responsible for, as I said, looking at the  
20                  engineering components of the proposal and its  
21                  potential environmental impacts. This requires  
22                  essentially three major components. We determine  
23                  that the proposal will comply with all applicable  
24                  laws, ordinances, regulations and standards. That  
25                  includes federal, state and local requirements.

1                   It's important for us to work closely  
2                   with the agencies who would otherwise have  
3                   jurisdiction over a power plant if it were not for  
4                   the Commission, to insure that all of those  
5                   requirements are properly interpreted and applied  
6                   to the projects, and that we insure that the  
7                   appropriate laws are complied with.

8                   The other major component of our work is  
9                   the environmental assessment, the CEQA equivalent,  
10                  which is what Commissioner Laurie was talking  
11                  about. We look at the proposal from the  
12                  standpoint of what the Applicant is suggesting  
13                  they want to do. They want to build a 600  
14                  megawatt natural gas power plant at the base of  
15                  Tulare Hill.

16                  We'll identify the potential  
17                  environmental consequences; determine if there are  
18                  appropriate mitigation strategies included in the  
19                  proposal to properly address the impacts. We will  
20                  develop our own findings and conclusions on which  
21                  we'll base conditions of certification. And we  
22                  will also evaluate various alternatives.

23                  The Applicants are required to submit  
24                  alternative sites analysis. But staff may also  
25                  take it upon themselves to look at additional

1 alternatives to the proposal to see if there's a  
2 better way of accomplishing the goals and  
3 objectives laid out in the application.

4 It's also very important for our process  
5 and what we do as staff to facilitate public and  
6 agency involvement. Because part of what we do in  
7 our process is identify potential issues and seek  
8 to resolve them. We have to do that with your  
9 assistance.

10 We work hard to coordinate with all the  
11 interested parties and the various agencies, and  
12 when it's appropriate, have you come into the  
13 process and provide us guidance, input and other  
14 types of assistance. Our workshops are publicly  
15 noticed in an effort of trying to bring you in and  
16 have you help us out.

17 Some of you may think we just license  
18 the power plant. that's not true. What we do  
19 with a power plant under our jurisdiction, we care  
20 for it from cradle to grave. Once a power plant  
21 has submitted an application for certification we  
22 not only review it and determine if it's  
23 appropriate to approve.

24 If we do approve it, we go through the  
25 compliance monitoring phase. That's for the rest

1 of the life of the project. It is important in  
2 that phase to insure that all of the conditions of  
3 certification that we lay out are, in fact,  
4 complied with. That, in fact, all laws,  
5 ordinances, regulations and standards are met.  
6 And that, in fact, if there are problems with the  
7 project, that information comes back to us and we  
8 make corrective measures. We even take it to the  
9 closure of a potential facility at the end of its  
10 life.

11 Just for some of you who may not know,  
12 I'm the Project Manager for the siting phase. But  
13 in the back is Steve Monroe, he's the Compliance  
14 Project Manager. If this project is approved he  
15 will take over and insure that it is in  
16 compliance.

17 Sounds like a lot to do, and we do it in  
18 a short time. Our AFC proceedings are required to  
19 be concluded within 12 months. And there are  
20 major phases in this proceeding so that we can  
21 accomplish our required activities.

22 The first phase starts before an  
23 application is even filed and it's called  
24 prefiling. We work with potential applicants to  
25 insure that they understand the legal requirements

1 for an application, and that they submit in an  
2 application all the required data and related  
3 information to their proposal.

4 Once they submit an application they  
5 Commission has a minimum of 45 days to review the  
6 application. Within 45 days we have to define if  
7 it's data adequate, meaning it has enough  
8 information for us to begin our review, or it may  
9 not be.

10 The Metcalf Energy Center was deemed  
11 data adequate on June 23rd, a bit over the 45-day  
12 period because they needed to augment their  
13 application.

14 Once an application is deemed data  
15 adequate, we're at day zero. From day zero to a  
16 decision point is about 365 days, as is legally  
17 required.

18 In that 365 days we have a period called  
19 discovery. Although the application has enough  
20 information for us to begin our analysis, it's not  
21 enough for us to fully expose issues, resolve  
22 them, make our findings and conclusions. This  
23 period is where we spend a lot of time requesting  
24 additional information, having site visits,  
25 noticing public workshops, getting input from

1 parties, including the public, other agencies,  
2 formal intervenors.

3 We then move on to our analysis phase.  
4 That's where we really get down to the nitty-  
5 gritty of the proposal, and formulate our findings  
6 and conclusions about the proposal, itself, and  
7 whether or not it will, in fact, meet all of the  
8 legal requirements.

9 At the conclusion of that analysis phase  
10 we issue our final staff assessment. This is  
11 submitted testimony to the Commissioners. The  
12 Commissioners will receive testimony from the  
13 Applicant and all of the other formal parties that  
14 I identified up here, agencies. They'll also  
15 receive public comment.

16 They begin their evidentiary hearing,  
17 which is the foundation of their final decision  
18 that they will be making. During the decision  
19 phase this Committee will publish what they call  
20 the Presiding Member's Proposed Decision. This  
21 will go out for public review and they'll have a  
22 formal public hearing on it.

23 It is that document and the comments  
24 that they receive through those evidentiary  
25 hearings that is revised and ultimately sent to

1 the whole Commission for them to make a decision  
2 on. Approximately those 365 days.

3 After that is our compliance phase. And  
4 I don't want to repeat that again in the interest  
5 of trying to keep everybody cool. These make good  
6 fans, by the way.

7 In our AFC proceeding there are many  
8 people that you can receive assistance from. If  
9 you have questions that are technical in nature  
10 about the components of the proposal, or the types  
11 of things that staff is working on, or the  
12 schedule, or any kind of other logistics about the  
13 proceeding, call me. My phone number is here. I  
14 also have other handouts up at the front in which  
15 this information is contained. You can email me,  
16 I'm more than happy to respond to any kind of  
17 questions that you might have.

18 Stan Valkosky, the Hearing Officer, he  
19 will let you know more of the formal conditions  
20 associated with the proceeding and I'll let him  
21 explain the rest.

22 Roberta Mendonca has already explained  
23 her role.

24 But the most important feature, I think,  
25 that we have developed in the last few years is

1       our web site. It contains all the information  
2       that we've made public. The Applicant has  
3       provided us with a copy of their AFC, the  
4       application, the actual application is up on the  
5       website. You can download that information if you  
6       wish. And I've included our website address here.

7               Public notices will be there. Copies of  
8       our reports will be there. Also, data requests  
9       and things of that nature.

10              As I said, the application was deemed  
11       data adequate which meant we could begin our  
12       analysis. One of the first things that we do as  
13       staff is to produce what we call our issues  
14       identification report. It's our first brush at  
15       identifying potential issues associated with this  
16       case or any other case under our review.

17              The purpose is to give an early level of  
18       information to participants about the potential  
19       issues and their nature. It allows staff to begin  
20       focusing on those issues, developing data requests  
21       and start gathering the information necessary to  
22       either expand on those issues or actually begin to  
23       work on resolutions.

24              This report, however, is in no way  
25       limiting. Because it's so early in the proceeding

1           it may not capture everything. It's just our  
2           first step and a way for us to begin our analysis  
3           and take an overall approach.

4                        The criteria that we use in identifying  
5           the issues that would be in this report include  
6           identifying impacts that we believe the Applicant  
7           may have difficulty mitigating. Also identifying  
8           problems with compliance, whether federal,  
9           regional or local requirements. If we think there  
10          might be a problem with compliance we highlight  
11          that in the report.

12                       We also use the report to flag  
13          potentially contentious issues in a way of  
14          beginning our conflict resolution or finding out  
15          if these are things that could be insurmountable.

16                       Last week we issued our issue  
17          identification report on the Metcalf Energy  
18          Center. I have copies of the report at the front  
19          desk if you haven't gotten a copy and you'd like  
20          to have one.

21                       In this report staff has identified  
22          several areas that we believe there are issues  
23          that must be dealt with related to the Metcalf  
24          Energy Center which fit that criteria, up and  
25          above what would normally have to be addressed in

1 a proposal.

2 They include, in terms of air quality,  
3 the potential offsets that the Applicant will be  
4 providing. What they're proposing for best  
5 available control technology to keep the emissions  
6 low. And also cumulative impacts related to air  
7 quality. Biological resources also show up in  
8 this report. And they primarily deal with the  
9 riparian corridor, the associated trees that the  
10 Applicant is proposing to remove, and the  
11 potential for nitrogen loading as a result of  
12 contents in the plume on the serpentine soils  
13 along Tulare Hill. If, in fact, this does occur  
14 there's a potential for it to impact the  
15 endangered species that live there on Tulare Hill.

16 Cultural resources could potentially be  
17 impacted. There's some known sites that are  
18 associated with the areas that the Applicants are  
19 proposing to build portions of their facility that  
20 potentially could be impacted. We will need to  
21 work with them to identify if they can be  
22 mitigated.

23 As most of you may know, the current  
24 site is not zoned for this kind of a use. That  
25 poses a problem in terms of land use, a definite

1 noncompliance issue if you were to just go with  
2 the current zoning.

3 The Applicant has initiated an  
4 entitlement proceeding and they're going to seek  
5 annexation of the site, a general plan amendment,  
6 and a rezone. Now, I'm going to let Laurel take  
7 it into much more depth when she provides her  
8 presentation. But just keep in mind right now  
9 there's a problem there with the land use.

10 We've heard from many of you about the  
11 potential for property value impacts, which we  
12 call socioeconomics. We will definitely be  
13 looking into that and determine if, in fact, there  
14 is any problems there.

15 Because the site has an access road that  
16 crosses a currently uncontrolled rail crossing,  
17 there is a potential for a traffic and  
18 transportation related problem there. We don't  
19 license controls for rail crossings. That is the  
20 responsibility of the California Public Utilities  
21 Commission. The process, we will be learning  
22 about it and identifying how it can be coordinated  
23 with our process, to see if this rail crossing  
24 can, in fact, be approved.

25 There's also additional resource

1 impacts. This is not your normal use in the  
2 northern Coyote Valley. It would definitely  
3 change the rural character. And it will provide  
4 an interesting view from Monterey Highway.  
5 There's also some issues related to compliance in  
6 terms of visual resources, as well.

7 The last issue we discuss in the issues  
8 identification report has to do with water  
9 resources. A portion of the proposal is to use  
10 groundwater. We need more information about that.  
11 What are the potential impacts of that? How much  
12 are they going to use? They're proposing it as  
13 part of their backup, so we want to explore that  
14 more.

15 They're also proposing to have their  
16 storm water drain into Fisher Creek there, and we  
17 want to make sure that if that does occur that it  
18 will not adversely impact the creek.

19 In the last few weeks we've heard from  
20 several members in the community who not only have  
21 identified similar issues to what we've covered in  
22 our issue identification report, but they've also  
23 brought to our attention two other issues. The  
24 potential impacts to public health and hazardous  
25 materials handling problems that they are

1 concerned about related to this.

2 Currently we have not been able to fully  
3 articulate detailed issues. We are, in fact,  
4 going to be looking into these issues as a normal  
5 course of our analysis. We do address, among the  
6 many issues that we look at, technical areas, we  
7 do look at hazardous materials handling, and we do  
8 look at public health. So those also will be  
9 covered when we complete our analysis and we issue  
10 our final staff assessment.

11 The Commissioners, the Committee has  
12 asked us to come up with a proposed schedule.  
13 We've been in consultation with the City to  
14 identify how we can coordinate their entitlement  
15 proceeding with our proceeding. And we've come up  
16 with a tentative schedule based on the use of the  
17 Presiding Member's proposed decision as the  
18 Commission's first discretionary action.

19 That probably sounds like a bunch of  
20 gobbledy-gook right now, but believe me, it's the  
21 first environmental document that the City can  
22 start basing its decision on. And unless we  
23 change something in our proceeding here, that  
24 would be the document that we use.

25 In order to meet the schedule of a 365-

1 day analysis and decision we propose issuing a  
2 preliminary staff assessment which is kind of like  
3 our draft that will circulate for public review  
4 and comment. We want to do that by the first part  
5 of December, December 7th.

6 It will then go through a series of  
7 public workshops in which we get all of your input  
8 on it, we get input from other agencies and we  
9 revise that assessment accordingly, to be  
10 published on the 27th of January 2000.

11 This then will be the basis of our  
12 testimony to the Committee so that they can begin  
13 their evidentiary hearings. All culminate --  
14 coming together for a Presiding Member's proposed  
15 decision on April 26, 2000. And pardon the error,  
16 but that is really April 2000.

17 In a nutshell that's what staff's going  
18 to be working towards. And also the conclusion of  
19 my presentation.

20 MS. PREVETTI: Good evening. My name  
21 again is Laurel Prevetti; I'm a Principal Planner  
22 with the Department of Planning with the City of  
23 San Jose. And this evening I'd like to briefly  
24 inform you as to what the entitlement process is  
25 for the Metcalf Energy Center.

1                   We have a lot of entitlements that the  
2                   local government needs to consider in this  
3                   proposal. The first is a general plan amendment.  
4                   The next is a rezoning. Third, annexation.  
5                   Fourth, a subdivision. Fifth, plan development  
6                   permit. And lastly, a tree removal permit.

7                   I'd like to go into a little bit more  
8                   detail with each of these so you understand what  
9                   is before you.

10                   First of all, let me just orient you to  
11                   the site. We have a lot of great visuals with us  
12                   tonight. The site is located essentially at the  
13                   base of Tulare Hill, and the Applicant has  
14                   proposed a general plan amendment for  
15                   approximately ten acres.

16                   The proposal would take these ten acres  
17                   and change the land use designation from campus/  
18                   industrial to public/quasi-public. And I'd like  
19                   to just turn your attention to this map of Coyote  
20                   Valley to again provide some perspective as to  
21                   what this means.

22                   Again, for orientation, Tulare Hill is  
23                   here in the white. This blue area is the North  
24                   Coyote Campus Industrial Area. The middle grey  
25                   area is the Coyote Valley Urban Reserve. And the

1 remainder of the area is what we call the Coyote  
2 Greenbelt. San Jose has long standing policies to  
3 create a permanent greenbelt between the City of  
4 San Jose and the City of Morgan Hill.

5 Also longstanding on our plan is the  
6 campus industrial and the Coyote Valley Urban  
7 Reserve. So the first policy question that our  
8 Planning Commission and City Council needs to act  
9 on is whether or not this diagram, the land use  
10 transportation diagram should be modified from  
11 campus/industrial to public/quasi-public.

12 The campus/industrial designation  
13 essentially entails the provision for high  
14 quality, high prestige office and research and  
15 development types of uses. This is an area that's  
16 been on our plans since the mid '80s, and just  
17 recently we've started to have some developer  
18 interest in terms of starting to realize some of  
19 those long standing plans.

20 The middle area, the Coyote Valley Urban  
21 Reserve, is intended to be a mixed use community  
22 including residences that would only be planned  
23 for residential use after certain triggers are  
24 met. And those triggers are a long way off. They  
25 have to do a fiscal stability of the city, as well

1 as how many jobs have been created in Coyote  
2 Valley.

3 So the first land use question before  
4 our Council will be whether or not to change the  
5 general plan. The campus/industrial designation,  
6 as I mentioned, is for really campus types of  
7 uses, office, R&D, et cetera. The proposal is to  
8 public/quasi-public. And this is kind of an  
9 unusual designation in that it's not typical in  
10 terms of commercial uses or residential.

11 And what the City means by public/  
12 quasi-public are public uses such as utilities,  
13 schools and quasi-public activities, such as  
14 churches and this sort of thing. And we feel that  
15 we would have the most control over a use such as  
16 this if we used the public/quasi-public  
17 designation. So that's the reason why the  
18 proposal would be to change to public/quasi-public  
19 as opposed to heavy industrial or some other form  
20 of industrial.

21 What we do not want to have happen is  
22 create an opportunity for other heavy industrial  
23 uses to come into Coyote Valley.

24 Subsequent to the City Council assuming  
25 that they approve the land use amendment to the

1       general plan, then we would move into the zoning  
2       entitlement. And in this case it's a little bit  
3       complicated because we have an annexation that's  
4       associated with the ten acres of the property.

5               So what we would be doing is a planned  
6       development rezoning. And a planned development  
7       zoning is a zoning that's tailor made to the site.  
8       And what that means is that all of the development  
9       regulations, the development standards and  
10      setbacks and performance measures would be  
11      tailored to this particular use at this particular  
12      location.

13             It also would spell out, as I say, the  
14      allowed uses, development centers, et cetera, so  
15      it's really meant to address specifically the  
16      concerns of this particular site.

17             Following the approval of that, the  
18      Planning Director has the authority to approve a  
19      planned development permit which essentially is a  
20      site and architectural permit that would deal with  
21      building architecture and other aspects of -- very  
22      detailed aspects of the proposal.

23             Associated with all of this is an  
24      annexation, as I mentioned. So we would need to  
25      bring before our City Council the annexation of

1 approximately ten acres into the City of San Jose.  
2 Again, we want to have the land use control so we  
3 can be sure that any environmental impacts, et  
4 cetera, are mitigated.

5 In addition we anticipate a subdivision,  
6 we anticipate that the applicant will want to do  
7 some lot combining with some -- with a parcel  
8 that's to the south, although now not subject to  
9 the general plan amendment. We expect that will  
10 be added and we will need that additional action.  
11 And then again the planned development permit and  
12 tree removal permit.

13 As Lorraine mentioned, we will be using  
14 the CEQA functional equivalent for our  
15 environmental document. State law essentially  
16 dictates that this is what the City must do. And  
17 in this light that means that the City will not be  
18 doing an independent environmental impact report,  
19 but rather relying quite heavily and entirely on  
20 the CEC document. So we're very interested in a  
21 thorough analysis, as I'm sure all of you are, as  
22 well.

23 What this also means is that our City  
24 Council cannot take any of these actions, whether  
25 it's general plan, annexation or rezoning until

1 after the CEQA equivalence is available to us,  
2 which is essentially the magic date of April 26,  
3 2000.

4 Then our clock starts running. And we  
5 anticipate that it will probably take anywhere  
6 between three and six months to get through all of  
7 the entitlements that are listed up here. This  
8 anticipates public hearings before our Planning  
9 Commission, public hearings before our City  
10 Council, possibilities of appeal, et cetera.

11 Again, we operate similar to the CEC  
12 with a very open process, community meetings, et  
13 cetera. And so it's going to be very important to  
14 all of you who are interested to stay in touch  
15 with the city entitlements as well as the state  
16 proposals.

17 Thank you very much.

18 PRESIDING MEMBER LAURIE: Ladies and  
19 gentlemen, we'd like now to hear from the  
20 Intervenors. Those of you who have comments or  
21 presentations, please feel free to do so now.

22 And if you could reintroduce yourselves  
23 for purposes of the record when you're beginning  
24 your presentation, I would appreciate it very  
25 much.

1                   Gentlemen, why don't you hold up for a  
2                   minute. I think we are taking you out of order.  
3                   That was incorrect.

4                   I think it would be highly beneficial to  
5                   provide more information to the public in  
6                   preparation for your presentation, if the  
7                   Applicant gave their presentation first. My  
8                   apologies for the confusion.

9                   Gentlemen, why don't you go ahead and  
10                  proceed. And if you would reintroduce yourselves,  
11                  please.

12                  MR. HEPPLER: Thank you for the  
13                  opportunity to present our project in the evening  
14                  session. I have with me for introductory remarks  
15                  Ron Walter, Senior Vice President, one of the  
16                  founders of Calpine Corporation, to give a few  
17                  opening statements, and then I'll do the  
18                  presentation on the project. Ron.

19                  MR. WALTER: Thanks for the opportunity  
20                  to address you tonight. This Metcalf Energy  
21                  Project, a power plant, is a joint undertaking of  
22                  Calpine Corporation and Bechtel Enterprises. Both  
23                  of these companies, as you know, are located here  
24                  in the Bay Area.

25                  It's the intention of this project to

1 address what is a rapidly growing need for more  
2 power generation, not only in this community but  
3 also in the Greater Bay Area. As these hot summer  
4 days descend on us, we're reminded of the rolling  
5 brownouts and power outages that occurred and are  
6 occurring on the eastern part of the country from  
7 Virginia up north through Maryland, into New  
8 England. We also in the Southern San Francisco/  
9 Daly City area had a similar sort of situation a  
10 couple of weeks ago. We don't want that to happen  
11 here in Silicon Valley and this community.

12 There has been no significant power  
13 generation built in the Bay Area since 1974. The  
14 last power plant built was Pittsburg 7, which is  
15 in the northern Bay Area. That power plant is the  
16 newest of the fleet that is now delivering  
17 electricity from utilities to the Greater Bay  
18 Area.

19 These power plants are old, they're  
20 inefficient, and they're not up to today's  
21 standards of what we expect environmentally from  
22 power plants.

23 The availability of natural gas or the  
24 availability of very modern gas turbine technology  
25 and the advent of new environmental controls makes

1 a power plant that we're planning a modern, clean,  
2 quiet, more efficient electric generating  
3 facility. And I remind you, also, one that is  
4 built entirely with private corporate funds. No  
5 public funds are involved with a project of this  
6 nature.

7 Calpine and Bechtel are committed to  
8 make this facility, the Metcalf Energy Center, a  
9 model for the rest of the country; a  
10 representation of how to incorporate the best of  
11 our technology with architectural design that sets  
12 a new standard for how power plants will look into  
13 the 21st century.

14 The Metcalf Energy Center will be built  
15 close to Calpine's headquarters. We're located in  
16 downtown San Jose. It will be a showcase of  
17 progressive environmentally responsible power  
18 product.

19 We see it as our flagship project  
20 because it's so close to where we are, and will  
21 reflect the best and the brightest minds that we  
22 can put to solving our energy needs here in the  
23 Bay Area.

24 We've had a very capable team develop  
25 the concept and the design for this project.

1 We're confident in our analysis of the proposed  
2 site. We're confident in our ability to meet the  
3 stringent standards for clean, safe and reliable  
4 operation as set forth by the California Energy  
5 Commission as well as local and state agencies.

6 We look forward to going through this  
7 public hearing process, hopefully in days that are  
8 cooler, ahead. And that process begins today.  
9 We're confident that the next year and all the  
10 discussions that we will have and all the hearings  
11 that we will have, addressing all of the questions  
12 that stakeholders have, that we'll, at the end,  
13 convince you that this is a good power plant for  
14 this area, for our needs in the growing years to  
15 come.

16 I'll turn it back to Bob. Thank you.

17 MR. HEPPLE: Thank you, Ron. Lisa, the  
18 next slide. I think Ron pretty much covered the  
19 proponents to the project. Maybe I could just add  
20 that Calpine Corporation has been incorporated  
21 since 1984. They were founded in San Jose. They  
22 own, operate power generation facilities. They  
23 build their own facilities, as well. They are the  
24 state's, and I believe the nation's, largest  
25 geothermal renewable energy operator, owner and

1 operator. And the remainder of the fleet is in  
2 combustion gas turbines. They actually have 7400  
3 megawatts of power either in operation, in  
4 construction or under development at this time.

5 Bechtel Enterprises actually is the  
6 partner, is one of the world's largest privately  
7 owned engineering and construction companies.  
8 They're headquartered in San Francisco,  
9 California. And they have, over the years,  
10 constructed over 450 power plants, representing  
11 some 250,000 megawatts of power generation.

12 So, it is with these two companies, two  
13 leaders in the industry, that we came together  
14 last July and publicly announced our 50/50 joint  
15 venture to build hopefully four power generation  
16 plants serving the Bay Area load with over 2000  
17 megawatts of generation, utilizing modern  
18 technology to replace the older, inefficient power  
19 generation facilities.

20 The Metcalf Energy Center is a 600  
21 megawatt, natural gas fired, combined cycle,  
22 combustion turbine power plant. It is, as Ron  
23 mentioned, to be a showcase for both Calpine and  
24 Bechtel in their home area.

25 It is located off of Monterey Road

1           between the existing PG&E Metcalf electrical  
2           substation and a 126 acre parcel of land, well,  
3           it's actually more than 126 acres, it's over 400  
4           acres, but the 126 acres is what we control, known  
5           as Tulare Hill.

6                         It utilizes two combustion turbines and  
7           the waste heat from those combustion turbines is  
8           captured, converted to steam, and additional power  
9           is made from a steam turbine. And this is where  
10          the increase in efficiency occurs with this type  
11          of technology over the older steam generation  
12          technology.

13                        It also will be a merchant plant,  
14          meaning that the power generated from this  
15          facility will be available to the market and sold  
16          at market based prices.

17                        Spending more time on the site -- I want  
18          to fiddle with this a little bit, it always  
19          appears a little out of focus -- no, I think  
20          that's about it. I think we can't get any better  
21          with that one.

22                        The site, itself, we're utilizing ten  
23          acres of 126 acre parcel known as Tulare Hill.  
24          This is Tulare Hill over here to my right. It's  
25          approximately a 400 acre parcel; the 126 acres is

1 the most southerly portion to the north of PG&E  
2 power lines which traverse the property roughly in  
3 half. And so the 126 acre parcel is here.

4 We're utilizing this small ten acre  
5 parcel of the Tulare Hill property. In addition,  
6 there is another ten acre parcel to the south  
7 known as the Passantino property. And there's an  
8 additional ten acres there that we have option to  
9 make up a total of 14 acres for the site. The  
10 remaining six acres are buffer for tree plantings  
11 and for landscape, as well as for an easement, an  
12 access road as Lorraine White mentioned earlier,  
13 on a temporary basis to allow vehicle traffic  
14 during construction and operation if and until the  
15 development that has been contemplated in north  
16 Coyote Valley goes forward and creates its own  
17 infrastructure. At that point in time we see that  
18 we would have our road system connect to the new  
19 road system and abandon the temporary access.

20 The reason why we chose this site is  
21 that just immediately to the east is the large  
22 PG&E electrical substation. It's a 500 230 115 kV  
23 sub. It is the main -- it's Grand Central Station  
24 for the San Jose area is what it is, electrically.  
25 It's Grand Central Station.

1                   Power lines come in from the east and in  
2                   from the west. They also exit east and west,  
3                   bringing power in from the main north/south inter-  
4                   ties, as well as power from generation stations  
5                   like Moss Landing. And sending power out to the  
6                   Bay Area and up into the Peninsula.

7                   There are five transmission towers which  
8                   go across the property, PG&E actually owns the  
9                   land. The one that we are interconnecting to is  
10                  what's known as the Metcalf to Monte Vista 230 kV  
11                  line. It is power that comes out of the 230 kV  
12                  station and goes over to west San Jose to the  
13                  Monte Vista substation.

14                  Our electrical substation would be  
15                  located about here. And we would directly connect  
16                  without any additional transmission towers, we  
17                  would propose to interconnect right into that  
18                  line. So a very very short interconnection of a  
19                  few hundred feet.

20                  The other requirement for modern gas  
21                  turbine power plants is a large natural gas source  
22                  of a high enough pressure. We're fortunate in  
23                  that right along Highway 101 a back -- what's  
24                  known as a backdown line from PG&E gas  
25                  transmission exists. The line, there are actually

1 two lines that are buried in the hill. If you  
2 drive down Highway 101 towards Morgan Hill and  
3 look carefully you can actually see the gas  
4 pipelines kind of jumping from hill to hill.  
5 They're actually exposed and you can really see  
6 them.

7                   And we propose to bring the natural gas  
8 through a subterranean excavation. We plan to  
9 tunnel under the highway, under Coyote Creek,  
10 under Monterey Highway, and the railroad and bring  
11 it down into the site so that there would be no  
12 surface disturbance to the easement for natural  
13 gas. This would be all done on the subterranean  
14 level.

15                   The water supply is also a very  
16 interesting concept. We are proposing to use  
17 recycled water from the City of San Jose and City  
18 of Santa Clara's wastewater treatment plant  
19 located in north San Jose. There is a program  
20 which I'll talk about a little bit later to divert  
21 this treated water from San Francisco Bay. And  
22 the City currently has a 42-inch water main,  
23 treated water main that comes up from the north  
24 end of the City and then heads east into the  
25 Evergreen Area about seven miles from our

1 location. And we would propose to tie into that  
2 treated water source and to use that treated water  
3 for about 95 percent of our needs in our cooling  
4 towers.

5 The other 5 percent of our needs would  
6 be covered from fresh water from the San Jose  
7 municipal water supply. And just to the north of  
8 the site about a mile are -- the City of San Jose  
9 has a municipal water supply. They have their own  
10 wells and they would propose to supply us about 5  
11 percent of our fresh water needs. We only need  
12 the fresh water for potable purposes, and also to  
13 make the ultra pure water for the steam generator.  
14 Other than that, we would be using the treated or  
15 the recycled water.

16 And effluent from the power plant. The  
17 effluent consists of blowdown from the cooling  
18 towers. When you evaporate the pure water in the  
19 cooling towers, the water that's left is  
20 concentrated. We need to blow a little bit of  
21 that down and put that -- and use fresh water in  
22 its place. That effluent would go back down  
23 Monterey Highway on the same route that the fresh  
24 water came up. And would be taken back to the  
25 City of San Jose, Santa Clara Wastewater Treatment

1 Plant.

2 I think I've pretty much summarized all  
3 of the data on this sheet. 200 feet of  
4 transmission, a mile of natural gas subterranean,  
5 7.3 miles of treated water, and one and a quarter  
6 miles of new domestic water line.

7 I think we've already covered the  
8 schedule, but just to hit our highlights, we were  
9 deemed adequate on June 23, 1999. We hope to, as  
10 Laurel was saying, move into the City entitlement  
11 process in early 2000, I think April was the date  
12 that was mentioned. So that we can complete the  
13 CEC process by June of 2000.

14 If this was to occur we would begin  
15 construction in the fall of 2000 with commercial  
16 operation targeted for the summer of 2002, to hit  
17 the summer peak of 2002. Electrically it's an  
18 important date because of the need for  
19 transmission or generation reinforcement in the  
20 South Bay Area. And meeting that summer peak of  
21 2002 is a target.

22 On the land use side I think it has  
23 already been discussed that we were proposing a  
24 change from campus/industrial to public/quasi-  
25 public. We did file a general plan amendment on

1 March 1, 1999, to start that process.

2 In addition, there is a PD zoning  
3 application to change -- this is a preliminary  
4 zone change -- to change the zoning, and that  
5 would be filed in July or by the end of this  
6 month, to start the PD zoning process.

7 I think this was mentioned earlier, too.  
8 We only requirement of annexation, because the  
9 Passantino property already is in the City of San  
10 Jose, so it's only the ten acres of the Tulare  
11 Hill property that would have to be annexed into  
12 the City. The remainder of the proper we're not  
13 planning to use it; we've leaving it the way it  
14 is. It is currently in the County and we  
15 contemplate leaving it in the County. So this  
16 means that there are no LAFCO involvement needed  
17 in that process.

18 On the air emissions side the reason why  
19 these combustion gas turbines are so much better  
20 for the environment than the older steam  
21 generation technology is that through two  
22 improvements in the technology.

23 One is called low NOx combustors. And  
24 these are special fuel feeding nozzles on the  
25 combustion gas turbine that can set air to fuel

1 ratio and control nitrogen dioxide formation.

2 Even though we have very low nitrogen  
3 dioxide coming out the back end of the combustion  
4 gas turbine, we further bring that down through  
5 the use of what's called selective catalytic  
6 reduction, or SCR in our terminology. And SCR  
7 works by the use of aqueous ammonia. We have  
8 chosen aqueous ammonia which is a very safe form  
9 of ammonia, which combines with the nitrogen  
10 dioxide and strips the nitrogen dioxide out of the  
11 gas stream.

12 And the levels that are proposing for  
13 this project are 2.5 ppm of nitrogen dioxide.  
14 This compares to existing technology of 80 to 100  
15 ppm. So many orders of magnitude better than  
16 existing technology.

17 The other issue with regard to air is  
18 even though we are emitting at a very low level,  
19 and I think the number that has been stated is 186  
20 tons per year, those 186 tons will be offset 115  
21 percent by obtaining offsets. And we are  
22 committed and are working diligently. We were  
23 hoping to have an announcement today, but the  
24 lawyers are still going through the paperwork.  
25 But we're trying very hard to purchase these

1 offsets from the South Bay Area. So, that's our  
2 commitment to the project, is to try to purchase  
3 these offsets from the South Bay Area.

4 On the visual side, the plant naturally  
5 is shielded by Tulare Hill, which at its peak is  
6 some 550 feet to the west, and it comes down on  
7 the east side to about 330 feet. It's naturally  
8 shielded on the north and on the west side from  
9 any visible impact.

10 The views will be from the south and  
11 from the east side as you're driving along  
12 Monterey Highway.

13 To mitigate the visual impact of the  
14 plant, and to make it compatible with some of the  
15 proposals that have been discussed for North  
16 Coyote Valley for the land that would be in here  
17 that Laurel mentioned that's campus/industrial, we  
18 have been working with an architect out of New  
19 York who designed a very similar facility for the  
20 JFK or the Kennedy Airport and made it blend right  
21 into the airport. If you drove through Kennedy  
22 you wouldn't know that there was a power plant  
23 there next to the airport.

24 And this facility we are working on a  
25 design to make it more campus/industrial. So,

1 most power generation plants, when you think of  
2 them, they're industrial facilities, they don't  
3 have special architectural treatment; they're  
4 exposed to the elements. This plant is unlike any  
5 power plant built in North America to date.

6 It has a high degree of architectural  
7 influence on the outside. The heat recovery  
8 generators which capture this waste heat are the  
9 tall structures here and here. And then the  
10 exhaust on top of the heat recovery steam  
11 generators. The cooling tower is over to the  
12 left.

13 Based on public input that we've had to  
14 date, we are further refining the exhaust of both  
15 the heat recovery steam generator and the cooling  
16 towers to hide them from view and to make them  
17 look even more campus/industrial. And we are  
18 evolving designs at this point in time to do that.

19 In addition to that, on the cooling  
20 towers we have committed, besides putting some  
21 additional architectural screening on them, that  
22 to put a plume abatement system in. And what this  
23 means is that in the months of January and  
24 February predominately when it is cool, especially  
25 in the morning, 6:00 a.m. to 8:00 or 9:00 a.m.,

1 most power plants will have a visible plume.

2 In order to eliminate that visible plume  
3 on these cold days, we put a plume abatement  
4 system in which basically reheats the air on the  
5 exit of the cooling tower. That was a cost of the  
6 project that we've gone ahead and offered that to  
7 show our commitment to make this project work for  
8 everybody.

9 Here's a view of the power plant taken  
10 from a proposed crossing. As I mentioned there is  
11 contemplated a campus/industrial development that  
12 is being proposed to the south. And we simulated  
13 what it would be like if the overpass, which is  
14 shown over here, there is a proposed Caltrans new  
15 overpass from Highway 101 that would bring vehicle  
16 traffic into this proposed development, and we  
17 simulated what it would look like if an automobile  
18 was traveling across that overpass and would look  
19 to the north and see our power plant. And this  
20 was the view that we have simulated.

21 The impact on water resources, I've  
22 talked about the use of recycled water. This is,  
23 I think, important because it is an environmental  
24 benefit of the project. We would consume about 3  
25 million gallons a day of this recycled water. The

1 pure H2O would evaporate into the atmosphere. The  
2 solids, the metals on the salts would be left  
3 behind.

4 And by reducing that wastewater flow we  
5 help with the commitment that the City of San Jose  
6 has to comply with the Regional Water Quality  
7 Board mandate to stop pumping fresh water into the  
8 Bay, to keep the saline content of the Bay at more  
9 of an equal basis. There are many environmental  
10 habitats that live in the Bay that require a  
11 certain saline content. And to be able to utilize  
12 this fresh water is important to that. We utilize  
13 it 365 days of the year.

14 The program right now to sprinkle golf  
15 courses is very effective when the air is hot like  
16 right now, but in the winter months the demand for  
17 golf course watering would really drop off.  
18 Whereas we would propose to use this water on a  
19 more consistent basis. So we would represent a  
20 significant benefit to the treated water program.

21 And the statement is that we would be  
22 not discharging any new discharge into the creek.  
23 We mentioned storm water runoff. There would be a  
24 retention pond on the site to hold the water. And  
25 if the water was acceptable, that storm water

1 runoff would go into the creek. But in terms of  
2 our day-to-day operation we do not propose to  
3 discharge any water into the creek.

4 Relative to the biology, the remaining  
5 approximately 116 acres of the hill that we  
6 control will remain urban/nonurban hillside and  
7 open space. There is a sensitive habitat up  
8 there. For those who took the site visit they  
9 noticed that there is cattle grazing. And many  
10 new calves actually appearing on the property.

11 These cattle are important to keeping  
12 down the grasses and allowing the indigenous plant  
13 material for specifically the Bay Checkerspot  
14 butterfly which is on the endangered species list,  
15 which resides on the hill, itself. So we plan to  
16 maintain cattle grazing on the hill and maintain  
17 the hill pretty much in a status quo condition.  
18 Which, I think is good, because if the land was  
19 used for something else, the developer may not  
20 feel the way we do about that.

21 Fisher Creek we wish to clean up. For  
22 those who were on the tour, you saw the state of  
23 Fisher Creek. There is a lot of down and dead  
24 material in the creek, itself. Some of the banks  
25 have been eroded. We plan to clean up and improve

1 Fisher Creek so that it can have a general use and  
2 that people can actually use it hiking or walking  
3 trails or jogging trails.

4 And in addition, major landscaping  
5 around the project site is proposed. We show on  
6 this one, we have hired a landscape architect to  
7 do work on the project. We don't have today with  
8 us the results of his work. I've seen some of the  
9 earlier renderings, and some of the ideas.

10 The access road on the way in is all  
11 tree-lined. I wonder if I have a view of that. I  
12 don't think I do. It would be along here. The  
13 access road is proposed to be tree-lined on the  
14 way in. There is a tree buffer on the remaining  
15 six acres that we're not using. And there's tree  
16 buffers along the railroad tracks on this side.  
17 And so we do plan a sizeable amount of tree  
18 plantings to enhance the visual impact.

19 Electrically, Mr. Walter mentioned the  
20 state of the electrical situation in the South Bay  
21 Area. I brought this with me because I thought it  
22 really tells the story. When I saw it it just  
23 made so much sense to me. All the white area  
24 represents residential and manufacturing. This is  
25 where we live and work.

1                   You can see in the South Bay we have had  
2                   a major expansion. A lot of population has moved  
3                   into the area. The electrical requirements of the  
4                   Greater Bay Area average about 6000 megawatts.  
5                   They peak at around 7300 to 7400 megawatts on a  
6                   day like today.

7                   San Jose, itself, has the capacity for  
8                   some 1875 megawatts of generation. PG&E, in a  
9                   recent filing to the California Public Utilities  
10                  Commission, stated that by the year 2002 that we  
11                  were growing at 115 megawatts a year of load  
12                  growth, and that by the year 2002 we will have  
13                  out-stripped our transmission capacity by several  
14                  hundred megawatts.

15                  So the way you handle that situation if  
16                  you want to keep reliable energy is you either  
17                  bring new transmission lines in, or you build  
18                  generation where you're actually using the power.

19                  And while I understand the concept of  
20                  putting a generation plant isn't favorable to all  
21                  parties, it is a good solution to providing  
22                  reliable electricity to the growing populace.

23                  And currently today, for example, PG&E  
24                  has had to put in temporary peakers which are  
25                  brought in on transport trucks or rail cars, and

1       operate these generation units just so that we  
2       could keep the lights on. I would like to remind  
3       everybody that these units are uncontrolled; they  
4       don't have the emission control equipment on it  
5       that we would be permitted at, and would be  
6       putting significantly more pollution into the  
7       atmosphere just to keep the generation available  
8       on days like today.

9                So, in summary, what the Metcalf Energy  
10       Center has to offer is a lower cost, local energy  
11       source. By being 40 percent more efficient, we  
12       consume 40 percent less fuel. Our operating costs  
13       are less. We can provide energy to the power  
14       exchange more cost effectively than existing  
15       generation.

16               We get an improvement in air quality  
17       because of the deferment of -- you're going to use  
18       your more cost effective power generation sources  
19       first. They're going to be dispatched first into  
20       the grid. The higher cost of generation sources,  
21       which are the older units, will be dispatched  
22       later. The existing units that were spoken about,  
23       there are two up on the Peninsula, Potrero and  
24       Hunter's Point. There's one in Oakland. There's  
25       a large unit in Pittsburg, Contra Costa, and

1 another large unit in Moss Landing.

2 By dispatching our unit the units to the  
3 north of us would be curtailed. They wouldn't  
4 need the power as often from these units because  
5 we have a transport issue with regard to ozone  
6 formation and NOx formation to the north. By us  
7 producing power here in the south we actually end  
8 up with a net benefit in air quality. And that's  
9 something that this is our position. And I know  
10 that this is going to be discovered and discussed  
11 and we'll have experts, of course delve into that  
12 issue. But that's our belief, that we'll actually  
13 have a net benefit in air quality as a result of  
14 the facility.

15 We conserve natural resources, natural  
16 gas, we use only a limited amount of natural gas.  
17 It is the choice of fuel for the 21st century.  
18 Nuclear is not popular. Oil is not popular.  
19 There's a limited amount of renewable resources.  
20 So natural gas is the fuel that is going to power  
21 our homes and our factories in the 21st century.

22 By powering it with a unit that consumes  
23 40 percent less natural gas, we extend the use of  
24 that resource.

25 As I mentioned, it eliminates the need

1 for additional transmission towers. If we didn't  
2 have generation we would have to reinforce the  
3 South Bay with additional transmission. And that  
4 transmission would have to go over sensitive  
5 habitats.

6 The hills are full of endangered  
7 species. We've looked at it, and we'll get into  
8 disclosing a lot of that information in the months  
9 to come, as well.

10 And in addition to that we support local  
11 businesses. We have committed to buy materials  
12 from local businesses. We also support the  
13 building trades. We have an agreement with the  
14 building trades to build the facility. And that's  
15 a commitment of the project to support the  
16 building trades.

17 In addition, the property tax revenues.  
18 I said this afternoon, I referred to it as a  
19 postage stamp facility, and it's kind of a nice  
20 anachronism, out of the 14 acres that we have,  
21 that 14 acres will generate some \$3- to \$4 million  
22 per year for the next 30 years or longer in tax  
23 base.

24 So you think of what \$3- to \$4 million a  
25 year for the next 30 years can do to the tax base

1 in terms of schools, fire protection, police  
2 protection, all of the benefits that we come to  
3 want to enjoy by having a strong tax base.

4 And, of course, being local citizens,  
5 Calpine and Bechtel will continue to support  
6 community programs. We have endorsed several  
7 already. The Childrens Theater is one of them  
8 that is coming up very quickly. And we've also  
9 been making contributions to computer upgrades to  
10 the local schools.

11 And I think in summary that pretty much  
12 summarizes the proponent's presentation. Thank  
13 you.

14 PRESIDING MEMBER LAURIE: Thank you,  
15 gentlemen, very much. Ladies and gentlemen, I now  
16 call on the intervenors. Folks, why don't you  
17 take ten minutes to set up, and the rest of us  
18 will go out and get some fresh air.

19 Thank you.

20 (Brief recess.)

21 PRESIDING MEMBER LAURIE: I've asked the  
22 intervenors now to proceed. If you could once  
23 again introduce yourselves, and who you are  
24 representing, even if it is yourself.

25 MS. CORD: Thank you, Commissioner

1 Laurie. I'd like to introduce the neighborhood  
2 concerns.

3 My name is Elizabeth Cord. I'm the  
4 President of the Santa Teresa Citizen Action  
5 Group. We're a neighborhood association that  
6 addresses concerns in the local area. Our mission  
7 is to support and insure the quality of life in  
8 South San Jose.

9 We support a balanced approach to  
10 neighborhood and business concerns. We're happy  
11 to lend our support and encouragement to  
12 responsible business ventures. We are interested  
13 in maintaining the greenbelts and parks in our  
14 area, as well.

15 The activities of the Santa Teresa  
16 Citizen Action Group include volunteer work. We  
17 do volunteer outreach work with the seniors at the  
18 Santa Teresa Senior Citizens Center. We undertake  
19 various improvement projects in our neighborhood.  
20 We coordinate with our local business leaders and  
21 civic leaders to effect change where needed in our  
22 neighborhood.

23 Addressing the issues report that was  
24 prepared by staff that we received last week, the  
25 major areas of concern we have: health impacts;

1 air quality; biological resources; land use;  
2 socioeconomic impacts; and alternative sites.

3 There are actually 23 potential areas of  
4 concern. We're not covering them all tonight.  
5 You're welcome, for everyone who's hot out there.  
6 But we are going to point out a few that are of  
7 special concern to us this evening.

8 In terms of health impact our major  
9 concern is the proximity of the proposed power  
10 plant to residential neighborhoods. We know that  
11 there are, within three miles of the proposed site  
12 there are six schools, Baldwin School, Bernal  
13 Intermediate School, Encinal Elementary School,  
14 Los Paseos Elementary School, Martin Murphy Middle  
15 School and San Anselmo Elementary School.

16 We're concerned about the pollutants  
17 released into the air, over 1000 tons per year.  
18 We're concerned about the hazardous materials  
19 stored on site. As well as the potential back-up  
20 supply of liquified natural gas that would  
21 potentially be required.

22 Air quality. We've heard some talk  
23 about the offsets tonight. While this is a scheme  
24 to make the air in the Greater Bay Area better,  
25 the question is it's also purchased in a distant

1 part of the Bay Area, and if some faraway place  
2 with a smaller population has better air, while  
3 San Jose, which is the largest city in the Bay  
4 Area, has worse air, the tradeoff in terms of  
5 human exposure isn't a good one.

6 If these offsets do not come from within  
7 district 2. If they do, if they are local credits  
8 that are purchased, they would be from polluting  
9 businesses which have and will be shutting down  
10 and leaving. And the rationale for transferring  
11 this population to a residential neighborhood is  
12 not understood by the neighborhood.

13 The long term impact to the area is a  
14 question we have, particularly with the  
15 advancement of fuel cell technology and other  
16 alternate sources. Silicon Valley is really  
17 accustomed to being on the cutting edge of  
18 technology. And having a power plant with a  
19 potential useful life of 30 years or more, when  
20 fuel cell technology is right now revolutionizing  
21 the energy field.

22 We have very serious questions about the  
23 dispersion models and the predictor capability in  
24 terms of the air quality. The dispersion model  
25 being used is a rural dispersion model. This is a

1 computer modeling of how the air quality would  
2 affect people in the area. A rural dispersion  
3 model is not appropriate, of course, for a heavily  
4 populated area such as the proposed site is in  
5 conjunction with.

6 In addition, as this is a merchant plant  
7 that's being proposed, there's the potential for  
8 more frequent start-ups and shut-downs which would  
9 be an increase to air pollution.

10 The area we live in already has the  
11 worst air quality in the Bay Area. It's already  
12 out of compliance. The topography of the Coyote  
13 Valley area is basically funnel shaped, which  
14 makes this about the worst possible site for the  
15 seventh worst polluter in Santa Clara County,  
16 which is what this proposed power plant, if built,  
17 would be.

18 Today, if you didn't know, is a "spare  
19 the air" day, which means there are unhealthful  
20 levels of ozone. Tomorrow is also already been  
21 declared a "spare the air" day. NOx is the major  
22 component of ozone. And, of course, this power  
23 plant would, I think Mr. Hepple talked earlier,  
24 release 186 tons of additional NOx into our  
25 neighborhood air.

1                   Biological concerns. We notice that  
2                   this proposed power plant does not meet the  
3                   setback requirements. I notice that staff already  
4                   mentioned about the storm water drainage going  
5                   into Fisher Creek. That is also a concern of  
6                   ours.

7                   Coyote Creek and Fisher Creek, this  
8                   power plant would be located between Coyote Creek  
9                   and Fisher Creek, are both sensitive riparian  
10                  habitats. There are protected species of fish, as  
11                  well as the public use of these two areas.

12                  Fisher Creek, if you don't know, runs  
13                  along the base of Tulare Hill and is the site of a  
14                  proposed walkway area for public use in the  
15                  future. And Coyote Creek, of course, already is a  
16                  public walkway and bicycle path.

17                  The nitrogen loading of the serpentine  
18                  soil on Tulare Hill concerns us, particularly with  
19                  the habitat of the protected species in that area.

20                  The treated sewage water drift over the  
21                  neighborhood is a concern. The bacteria count,  
22                  the health concerns. I don't know if you know  
23                  what treated sewage water is, but you can use it  
24                  to water your grass, but it sometimes turns your  
25                  grass yellow. It's not the same as the kind of

1 water that comes out of your sink.

2 The proposed power plant would have a  
3 cooling tower drift of droplets of this treated  
4 sewage water over the neighborhood.

5 We have concerns about the groundwater,  
6 as well, the well drilling situation. Coyote  
7 Valley area has a very high water table. If  
8 you're familiar with the Alviso area of San Jose,  
9 it is currently ten feet below sea level, if  
10 you've been out there. The reason it's ten feet  
11 below sea level is because of excessive  
12 groundwater pumping in the past in that area.  
13 And, of course, that's not a desired outcome for  
14 the Coyote area.

15 In addition the trees. Of course, the  
16 staff has mentioned about the trees. When you  
17 lose a significant or heritage tree, of course you  
18 don't just plant another tree and say it's the  
19 same. That's something different.

20 We'd like to point out actually it's 12  
21 parks within three miles of the proposed power  
22 plant site.

23 In terms of city planning and land use,  
24 Coyote Valley has been reserved for campus/office  
25 use for many years. The City Fathers set this

1       aside many years ago with the wisdom to understand  
2       that the City would need this area for jobs and to  
3       broaden our tax base.

4               The current zoning restrictions call for  
5       a height limitation of 90 feet. This power plant  
6       would request 145 feet, significantly over the  
7       height restriction.

8               The Cisco development that's planned for  
9       the area adjacent to the south of the power plant  
10      site will employ up to 20,000 employees who would  
11      then be within one mile of the power plant. And  
12      you heard Ms Prevetti speak earlier about the 5000  
13      homes that are planned for the Coyote urban  
14      reserve. This is an area of expected future  
15      growth.

16              The socioeconomic impacts. As you  
17      noticed from the artist's rendering of what it  
18      will look like when you're driving over the  
19      proposed onramp to 101, the first thing you see  
20      entering this area will be the power plant that's  
21      depicted in that picture. I don't think that's  
22      what the City Fathers intended many years ago when  
23      they set this aside for campus/industrial use.  
24      That doesn't look like campus to me.

25              In terms of the issues we do have

1 interest in the alternative sites -- we're on the  
2 wrong page -- the alternative sites. The spirit  
3 of deregulation, we feel, is to clean up old  
4 polluting sites by taking out the older and less  
5 efficient power plants, putting in new power  
6 plants where old power plants used to be, rather  
7 than putting power plants in areas that are not  
8 now being used for that. The upgrading of  
9 existing facilities.

10 In terms of the spirit of deregulation,  
11 the Moss Landing power plant project, which is --  
12 well, the Moss Landing power plant has been there  
13 for many years. Duke Energy is currently  
14 undergoing a modernization of that power plant.  
15 They intend to take down many of the stacks and  
16 replace what is now there with a more efficient  
17 and more environmentally appropriate use.

18 That Moss Landing power plant project  
19 has already determined that they will be directing  
20 800 megawatts of power to the Metcalf substation,  
21 which is where we get our power. So our power now  
22 comes from Moss Landing, and our power in the  
23 future will likely come from Moss Landing.

24 As you notice, Mr. Hepple earlier  
25 mentioned the power from this proposed power plant

1 site would actually go through the Monte Vista  
2 transmission lines to other areas, it wouldn't be  
3 for this area at all.

4 So the impact to this area would not be  
5 that we -- we would not have more power, we would  
6 not have more reliable power, we would not have  
7 cheaper power.

8 To the extent that this project could be  
9 a viable one, it is not site specific. Anything  
10 good about this power plant could happen at any  
11 other location. And the position of the Santa  
12 Teresa Citizen Action Group is specifically that  
13 this power plant does not belong in a neighborhood  
14 or near a neighborhood.

15 Okay, and going on to opposition, okay.  
16 The Santa Teresa Citizen Action Group continues to  
17 review the documents available as we have been for  
18 some time now. We are concerned about the CEC  
19 siting process, particularly since there have been  
20 79 applications before the CEC in the last 25  
21 years. This year there are 29. Since  
22 deregulation a preponderance of new power plant  
23 projects. And we're wondering if the same staff  
24 that has been handling two to three to four AFCs  
25 per year can this year handle 29.

1                   We have been networking with other  
2                   communities. For instance, the Delta Energy  
3                   Project up in Pittsburg has been very well  
4                   received by that community. It's been located --  
5                   which is also a Calpine project -- it's located in  
6                   an existing industrial area.

7                   We have intervened with the California  
8                   Energy Commission. We are participating with the  
9                   City Council Advisory Committee so that our  
10                  legislators here in San Jose are aware of  
11                  neighborhood concerns. And we are networking with  
12                  other potential intervenors.

13                  I do have, tonight, unfortunately that I  
14                  can't leave with you, but I wanted to show  
15                  Commissioner Laurie the -- well, I can't I've  
16                  counted them, but it's in the thousands, anyway,  
17                  of the local signatures, petition signatures, to  
18                  block the power plant in this particular location.  
19                  We'd like to send a copy of that to our City  
20                  Council Member.

21                  And I might add that we haven't started  
22                  our petition drive yet, these are simply people  
23                  who have come to us and said they'd like to be  
24                  part of the project, they'd like to encourage  
25                  Calpine to find a more appropriate nonresidential

1 location for this power plant.

2 Thank you, Commissioner Laurie.

3 (Applause.)

4 PRESIDING MEMBER LAURIE: Excuse me, Ms.  
5 Cord, is it your intent that these signatures be  
6 part of our record? That means we would have to  
7 take them and docket them.

8 MS. CORD: Well, we really thought we'd  
9 get more and then when we have sort of a whole  
10 package, but we did want to represent the  
11 thousands of people that have asked us to tell you  
12 that this is not an appropriate location.

13 HEARING OFFICER VALKOSKY: And, ma'am, I  
14 have one more question. As the community action  
15 association, are you an intervenor independently,  
16 or are you within the umbrella of Mr. Wade and the  
17 Scholzes?

18 MS. CORD: The Scholzes are with South  
19 San Jose Dot Com --

20 HEARING OFFICER VALKOSKY: Yeah, you'll  
21 have to use a mike.

22 MS. CORD: Okay, I believe I'm the only  
23 intervenor from Santa Teresa Citizen Action Group.  
24 I think others are representing themselves  
25 individually.

1 HEARING OFFICER VALKOSKY: Okay, so you  
2 are the representative. Now, have you, in fact,  
3 filed a petition?

4 MS. CORD: It went up there today, which  
5 I guess you're down here, so --

6 HEARING OFFICER VALKOSKY: Okay. Thank  
7 you.

8 MS. CORD: Thank you.

9 HEARING OFFICER VALKOSKY: Thank you for  
10 that clarification.

11 Okay, and at such a time as you'd like  
12 to file those, please, you're entitled to any time  
13 that you'd like to docket it.

14 Mr. Harris, we understand there's  
15 another petition to intervene filed by Santa  
16 Teresa. Is there any objection by Applicant?

17 MR. HARRIS: No.

18 HEARING OFFICER VALKOSKY: Okay, thank  
19 you.

20 The next intervenor, would you like to  
21 make a presentation?

22 (Pause.)

23 HEARING OFFICER VALKOSKY: Okay, last  
24 call for any presentations by the intervenors  
25 before we open it up to public comment.

1                   Okay, there are none. It's now  
2                   approximately 9:45, and I have about two dozen or  
3                   so cards in front of me. I would appreciate your  
4                   cooperation in keeping your comments as focused as  
5                   possible. And if you are repeating the substance  
6                   of a comment which has already been made, I think  
7                   the quickest way would be to indicate your support  
8                   with such a comment rather than going into the  
9                   reasons for your support at length.

10                   Having said that, I will now turn to  
11                   public comment. I'm reminded by Commissioner  
12                   Laurie to indicate that the purpose of this  
13                   proceeding that we're in today is to get basically  
14                   the feedback and the reactions of the community to  
15                   the proposed project.

16                   Farther along in our process we will  
17                   have what we call evidentiary hearings, which is  
18                   when we get the formal evidence upon which we base  
19                   our decision. That evidence, to take air quality  
20                   for an example, will be very specific as to the  
21                   plans for meeting the various air quality  
22                   standards, the emission reduction credits, which  
23                   are going to be used, whether they've been  
24                   obtained, where they'll be located, things like  
25                   that.

1                   That's specifically not the kind of  
2                   thing we're here for today. We're here to gauge  
3                   the community's reaction to this project, and I'd  
4                   ask you kindly to please keep that in mind when  
5                   you're giving us your comments.

6                   With that, the first commenter I have is  
7                   Ms. Amy Dean. Ms. Dean.

8                   MS. DEAN: Good evening. My name is Amy  
9                   Dean; I'm the Chief Executive Officer for the  
10                  South Bay AFL-CIO Labor Council. The South Bay  
11                  Labor Council is an advocacy organization  
12                  representing the interests of about 120,000  
13                  working families, both at the workplace and in the  
14                  broader community here in the South Bay.

15                  I want to thank the Commission this  
16                  evening for the opportunity to testify in support  
17                  of this project really on the basis of three  
18                  reasons.

19                  The first being that this project is  
20                  beneficial to consumers. The second that the  
21                  project is beneficial to working families. And  
22                  lastly, that this project is friendly to the  
23                  environment.

24                  On the basis of being beneficial to  
25                  consumers this project allows us to take advantage

1 of deregulation of the electrical utility industry  
2 in a clean way.

3 The second, it is beneficial to working  
4 families on the basis that this project creates  
5 not just jobs, but tax enhancement and tax benefit  
6 to our local community.

7 And lastly, this project is  
8 environmentally friendly.

9 It is a rare time when you can find a  
10 project that satisfies the majority of  
11 stakeholders within a community. This project is  
12 a win/win, and while there are neighborhood  
13 concerns that we recognize are legitimate, in our  
14 dealings with Calpine, not just here within this  
15 community, but up and down the state, we're  
16 convinced that this is a good corporate citizen,  
17 and that we have confidence in their ability to  
18 mitigate whatever the neighbors' concerns are.

19 So on behalf of the broader community,  
20 the South Bay Labor Council urges support for this  
21 project. We urge support for Calpine. And  
22 lastly, we commit to working with the neighborhood  
23 to mitigate whatever issues are at stake.

24 So, thank you again for the opportunity  
25 to be here this evening.

1 (Applause.)

2 HEARING OFFICER VALKOSKY: Thank you,  
3 Ms. Dean.

4 The next member of the public is Michael  
5 Stanley Jones. Is Mr. Stanley Jones here? I  
6 understand Mr. Jones had to leave.

7 Dr. John Wicforwicz or Wicforwicz.

8 DR. WICFORWICZ: Yeah, I wanted to  
9 direct this question to --

10 HEARING OFFICER VALKOSKY: Sir, could  
11 you spell your name for the reporter, please?

12 DR. WICFORWICZ: Sure. How about if I  
13 write it down after my question? Okay.

14 I wanted to direct this question to Mr.  
15 Ron Walter. He's not here, but anybody from the  
16 Calpine Panel can certainly answer it.

17 For the benefit of all of us, and  
18 perhaps even yourselves, would you please  
19 enumerate specifically the benefit to the local  
20 community of the proposed siting plan, that is one  
21 that is over and above siting it at some other  
22 site, the specific issues?

23 MR. HEPPLER: We did look at a number of  
24 sites. I think there were four that are contained  
25 within our application. One of the ones have been

1           referenced is the United Technology site, which is  
2           east of Highway 101 up Metcalf Road.

3                       The problem with moving away from the  
4           Metcalf substation is you lengthen the  
5           transmission lines, your gas lines and your water  
6           lines to get to these other site locations.

7                       And that causes, in our analysis,  
8           actually we had an independent consultant do the  
9           analysis, more environmental damage, because of  
10          the habitats which are found in the hills. The  
11          hills actually are very very sensitive to  
12          endangered species.

13                      PG&E, when they go to do maintenance on  
14          their transmission lines, they are not allowed to  
15          go into the hills at their convenience. They have  
16          to make special arrangements and conditions to get  
17          there.

18                      So when we did the analysis, and there's  
19          a matrix in our AFC, I'd invite you to have a look  
20          at that matrix, and it was part of the additional  
21          filing that we made, that matrix takes a look at  
22          these alternative sites and the impacts, the  
23          environmental impacts of the alternative sites,  
24          and concludes that the best site is where we are.

25                      DR. WICFORWICZ: If I could just do a

1 quick follow-up. How is that beneficial to the  
2 local community over and above there not being a  
3 power plant at that site?

4 MR. HEPPLE: If there was no power plant  
5 at the site at all, and if you go along with the  
6 statements made by PG&E to the Public Utilities  
7 Commission that the area needs to be reinforced,  
8 then the alternative would be generation in  
9 another location and additional transmission lines  
10 in.

11 That causes it's own set of  
12 environmental impacts, as well. Plus it takes a  
13 long time to do. So that's the alternative to no  
14 generation.

15 DR. WICFORWICZ: So that would be your  
16 stance then, that would be the major benefit  
17 contributed by the local siting of that power  
18 plant?

19 MR. HEPPLE: The generation does a lot  
20 to solve these problems, yeah.

21 HEARING OFFICER VALKOSKY: Thank you,  
22 sir. Karen Imai.

23 MS. IMAI: This question is directed --

24 HEARING OFFICER VALKOSKY: Ma'am, could  
25 you spell your name, please.

1                   MS. IMAI: My name is I-m-a-i. This is  
2                   directed at Calpine. On a "save the air" day like  
3                   today, what kind of measures do you have in place  
4                   to have zero pollution, you know, no emissions  
5                   whatsoever, or, you know, like if there were, you  
6                   know, what will you do? Will you shut down the  
7                   plant? Or, you know, how will you help not  
8                   contribute to the, you know, the air quality?

9                   MR. HEPPLER: I'm going to refer that  
10                  question to our air expert, Gary Rubenstein, for  
11                  an answer. Gary.

12                  MR. RUBENSTEIN: Thank you, Bob. I'll  
13                  make this brief, given the lateness of the hour.

14                  Actually, on a day like today what you  
15                  really want is that plant generating absolutely as  
16                  much power as possible. The reason is right now,  
17                  with the South Bay in as short a supply as it is,  
18                  you have peaking turbines that are far far dirtier  
19                  generating electricity to fill the gap, to run all  
20                  the air conditioners that are running.

21                  In addition, you have the much older,  
22                  much dirtier plants at Pittsburg and Hunter's  
23                  Point, and Potrero Hill and in Antioch generating  
24                  far more air pollution than this plant would.

25                  So, as counterintuitive as it sounds,

1 the best thing on a "spare the air" day is for  
2 modern new plants like this one to run as often as  
3 possible so you can minimize the operation of the  
4 older and dirtier plants.

5 MS. IMAI: Can I follow up on that?

6 HEARING OFFICER VALKOSKY: Yes.

7 MS. IMAI: But will the older plants  
8 reduce their operation, or will they continue to  
9 just keep generating the same amount?

10 MR. RUBENSTEIN: I'm sorry, will they?

11 MS. IMAI: Will they reduce their  
12 operations like you're saying, if you generate  
13 more they would generate less. But do you have  
14 control over that?

15 MR. RUBENSTEIN: Individually, no, we  
16 don't. But there's only a certain amount of  
17 electricity that's required. Every time we flip a  
18 switch, that dictates that we want a certain  
19 amount of electricity and somebody's got to fill  
20 that need.

21 If that need is satisfied by new clean  
22 plants like the Metcalf Energy Center, that means  
23 that there's less need for other plants to run.  
24 The power's got to go somewhere, and if the power  
25 is coming from a cleaner plant, that means it's

1 not coming from an older and dirtier plant.

2 MS. IMAI: I don't understand that. Is  
3 that kind of a guarantee?

4 MR. RUBENSTEIN: It's about as  
5 guaranteed as anything is. It's something that  
6 we're going to get into, I think, a lot more when  
7 we get to the air quality workshops. I know that  
8 there's a lot of interest in the community about  
9 that. We spent a lot of time talking to people at  
10 the open house in early June. We'll get into it  
11 in a lot more detail then.

12 HEARING OFFICER VALKOSKY: Mr. Steven  
13 Nelson.

14 MR. NELSON: I just wanted to address  
15 quickly some of the local land use issues.

16 The City of San Jose has said that this  
17 could be either industrial or quasi-public. And  
18 that you've chosen to zone it quasi-public.  
19 Because you gave the explanation that you did not  
20 want any other industrial facilities in this site.

21 So in one sense it sounds like you've  
22 already made a value judgment that this is an  
23 appropriate industrial site. I think the  
24 neighborhood would probably disagree. We might  
25 take our chances that we don't get a tire

1 recycling plant or something like that. But I  
2 can't really imagine any other industrial site  
3 that would be worse in terms of air pollution.

4 So I don't know if you can address that,  
5 but --

6 MS. PREVETTI: I'd be happy to. Thank  
7 you for your question.

8 The whole issue of campus/industrial  
9 versus some other land use designation is really a  
10 critical one, and that's something that our City  
11 Council needs to decide based on the information  
12 that will be forthcoming through this process that  
13 we're all involved in.

14 When Calpine first approached the City  
15 and suggested that they wanted to do a power plant  
16 we talked with them about well, what -- we knew  
17 they would need a modification to our general  
18 plan, because we knew that a power plant was not  
19 at all consistent with the high prestige campus/  
20 industrial area that's been planned since the mid  
21 '80s.

22 So then the question became what land  
23 use designation would make sense. The City has  
24 not made any decisions with respect to this. I  
25 apologize if my comments earlier led you to

1 believe that. The City has not made any  
2 commitments whatsoever, has no position on this  
3 project.

4 As we evaluated our various land use  
5 designations we considered heavy industrial, light  
6 industrial, campus/industrial and public/quasi-  
7 public. And we realized that the public/quasi-  
8 public designation, of all of them, gives us the  
9 most land use control in that it would be required  
10 that they would come in with a planned development  
11 zoning, so that way we would have the tailor made  
12 zoning for this particular site.

13 Public/quasi-public is not used lightly.  
14 It's something that's only used for very specific  
15 facilities. If, on the contrary, we said yes, you  
16 need to apply for general plan, and the alternate  
17 to campus/industrial would have to be heavy  
18 industrial, that would mean that we would be  
19 opening up essentially Coyote Valley to a whole  
20 raft of other heavy industrial land uses, which is  
21 not at all our intent.

22 I also just want to emphasize that by  
23 identifying a public/quasi-public land use, this  
24 is in no way an indication of the City's decision,  
25 again, with respect to this particular project.

1 We have not made any decisions.

2 HEARING OFFICER VALKOSKY: Sir, you'll  
3 have to use a microphone.

4 MR. NELSON: In the CEC process Calpine  
5 was granted an exemption for the NOI, I guess the  
6 notice of intent, I believe is the acronym,  
7 because it's a merchant plant.

8 Does that affect the quasi-public  
9 designation for Coyote Valley, that that's a what  
10 you say, a free market plant versus PG&E?

11 MS. PREVETTI: No. No. The CEC's  
12 process with respect to the notice of intent is  
13 entirely the CEC's prerogative. It did not at all  
14 influence the City of San Jose's indication of  
15 what an alternate land use designation for the  
16 site should be.

17 We look at our public/quasi-public  
18 designation as providing land use guidance for  
19 utilities, in general. This is the first time the  
20 City has had to deal with a power plant location  
21 siting issue. And, again, we felt we would have  
22 the most control with this particular designation.

23 HEARING OFFICER VALKOSKY: Thank you.  
24 Next we have Mr. Michael Boullard, Boulland, not  
25 sure.

1                   MR. BOULLAND: My name is spelled  
2                   B-o-u-l-l-a-n-d. I have several questions.  
3                   Mainly they're to Laurel again.

4                   I'm concerned with the City's, again,  
5                   the quasi-public zoning. I want to know if this  
6                   means that the City of San Jose can now change the  
7                   zoning for their use, and -- for their city  
8                   maintenance yards, the city sewage plants, the  
9                   city garbage, the city recycling, or perhaps  
10                  BART's transportation redevelopment yard? If you  
11                  can respond to that?

12                  MS. PREVETTI: Yes, thank you very much.  
13                  The various uses that you enumerated are the types  
14                  of things that would be found under a public/  
15                  quasi-public land use designation. However, each  
16                  of those would require a rezoning.

17                  There's really two major sets of  
18                  entitlements. The first is a general plan change  
19                  which is the issue of campus/industrial. Should  
20                  the campus/industrial designation be retained for  
21                  the subject site, or should it be changed, after  
22                  that the Council needs to identify the appropriate  
23                  zoning.

24                  So for any of those uses should the  
25                  public/quasi-public designation go on the site,

1           there would still need to have a rezoning, and  
2           most likely a plan development zoning. Again,  
3           very public process, opportunity for public input,  
4           et cetera.

5                         And we would quite frankly have the same  
6           concerns about some of those uses and their  
7           interrelationship with the larger  
8           campus/industrial area as we do with the proposed  
9           power plant.

10                        MR. BOULLAND: Okay, and then I have a  
11           mitigation factor here in regard to the archeology  
12           digs. I want to know if Calpine is going to use  
13           an outside agency to do the archeology study or  
14           are they going to use the local indigenous native  
15           representatives, the Mewapnas or the Ohlone Tribes  
16           that know the Indian settlements out here.  
17           Because I'm full aware of the prehistoric or  
18           prehistory types of sites out here, especially at  
19           Metcalf. It's a very famous archeological site.

20                        MR. HEPPLER: For that question, John  
21           Carrier, would you like to respond?

22                        MR. CARRIER: I'm John Carrier with CH2M  
23           Hill. We're the environmental consultant working  
24           with Calpine on this project.

25                        I don't think we are quite at that

1 level, the cultural resource analysis yet, but we  
2 do plan, if as they start doing more work on  
3 resolving the Energy Commission concerns, to use  
4 the local tribes, if that's appropriate. And from  
5 what your comments sound like, that that would be  
6 appropriate. So we would make contact with the  
7 local tribes and use them to provide some  
8 oversight type of thing.

9 MR. BOULLAND: Excellent. And then the  
10 other thing with Calpine, I'm very curious if you  
11 can guarantee that if any new test comes along  
12 that your standards would pass air cleaning. I  
13 would cite specifically the Fairchild. The  
14 Fairchild was built as a pollution-free research  
15 type of plant, or semiconductor plant, a research  
16 plant. And when new testing came out we found  
17 problems with groundwater contamination.

18 Now, being the seventh polluter in the  
19 Valley and we're seeing tradeoffs between  
20 different areas in the Bay Area, are you willing  
21 to guarantee that my students in my classroom will  
22 be able to breathe free air and clean air?

23 MR. HEPPLER: That's really a compliance  
24 issue. We will meet the regulations stipulated by  
25 the California Energy Commission, the Bay Area Air

1           Quality Management District. We, as opposed to --  
2           I know there's been a lot of sensitivity to the  
3           Fairchild issue. That was an underground storage  
4           tank leakage problem, as I understand it, that  
5           wasn't discovered.

6                        Our air emissions are tested  
7           continuously. There is a continuous emission  
8           monitoring system that is placed on the stack.  
9           Data from that is given to the state agencies. So  
10          we are under permitting purview at all times.

11                       MR. BOULLAND: Okay, thank you.

12                       HEARING OFFICER VALKOSKY: Thank you,  
13          sir. Next we have Mr. Brian Jacques or Jacques.

14                       MR. JACQUES: Hi, my name is Brian  
15          Jacques, J-a-c-q-u-e-s. First of all I'd like to  
16          say I'm a 20 year resident of Blossom Valley,  
17          homeowner here in the Valley. I went to Oak Grove  
18          High School. Been a union member 14 years.

19                       I'd like to express my support of this  
20          project. I believe it's very important that the  
21          City plans ahead for the needs of what's going to  
22          happen if this project is not built. More of  
23          these dirty, on-the-spot generators, and God knows  
24          what else.

25                       This plant will be state of the art in

1 all aspects from what I understand. I believe the  
2 location is an excellent choice. It's out of the  
3 way of homes; it's not visible other than Monterey  
4 Road and 101.

5 There's going to be no new transmission  
6 lines, which I think are the ugliest things that  
7 cover the hills of Blossom Valley and the  
8 surrounding Bay Area.

9 The plant's virtually silent in  
10 operation from what I understand. You won't see  
11 it unless you're next to it. You're not going to  
12 smell it. It's not going to impact the  
13 environment in a substantial way, from what I  
14 understand.

15 To me the building itself, I like it, I  
16 think it's very visually pleasing. It looks  
17 nothing like a power plant to me. I think they've  
18 done a great job.

19 The use of recycled water is going to  
20 benefit the Bay substantially. I went with my  
21 son, chaperoned a class to the San Francisco Bay  
22 Wildlife Refuge. And the amount of water that's  
23 being dumped in there is causing a serious problem  
24 with the salt marsh habitat. And this is going to  
25 take away a lot of water, three million gallons

1 out of there. That's huge. And they're excited  
2 about it.

3 There's not going to be any substantial  
4 impact on traffic. I understand there's only  
5 going to be a dozen or so employees to operate  
6 this plant. I see it as a win/win situation. I  
7 believe I'm pretty well informed. I've listened  
8 to a couple of presentations by Calpine and  
9 Bechtel. And I think they're very concerned about  
10 the community and the environment at large, and  
11 they're willing to work with any issues that the  
12 community has. I think they've shown that in all  
13 their other projects that they've done.

14 I think this plant is a very smart  
15 decision for the City and a very important step in  
16 the right direction replacing the old, outdated  
17 facilities, and they're out there. They're 30,  
18 40, 50 years old. This is state of the art. And  
19 it's a step in the right direction.

20 And, in closing, this plant, and with  
21 the agreement with Calpine and Bechtel, is going  
22 to built 100 percent by union labor. We are in  
23 this Valley, the most highly trained and skilled  
24 labor in the United States. And we're going to  
25 insure that if this is approved that this plant is

1 built, 100 percent right the first time, done  
2 correctly.

3 And that's it. Thank you for your time.  
4 And I support this project a hundred percent.  
5 Thank you.

6 HEARING OFFICER VALKOSKY: Thank you,  
7 sir.

8 (Applause.)

9 HEARING OFFICER VALKOSKY: Next, John  
10 Ladasky.

11 MR. LADASKY: My name is John Ladasky,  
12 L-a-d-a-s-k-y. I think this is an excellent  
13 project. The location is the most cost efficient  
14 place for Calpine. This is going to reduce the  
15 pollution in the entire Bay Area because of its  
16 clean burningness. We're going to get jobs to  
17 AFL-CIO Union. We're going to give a greater tax  
18 base to San Jose to expand their airport, provide  
19 things for their Childrens Theater.

20 We're going to take care of those  
21 protected butterflies. We're going to be  
22 concerned about the trees. And we're going to be  
23 concerned about the creek that's over there.

24 And just about everything except the  
25 neighbors that are on the other side of that hill.

1 I haven't heard what we're going to do for them.  
2 When the union representatives talked about  
3 mitigating things for the neighbors there.

4 I would like to see the CEC do a study  
5 of the impact on property values. I'm trying to  
6 do this myself by surveying local real estate  
7 people. I'm not qualified for this. These folks  
8 here are the experts.

9 I would like to see the CEC have a  
10 report that says this is going to have zero effect  
11 on property values, or it's going to reduce by "x"  
12 percent the fair market value that I'm going to  
13 get for my home.

14 And what I would like to see is somebody  
15 guarantee that for me. That this is not going to  
16 affect my property values. Have these gentlemen  
17 say, we will pay the difference between the fair  
18 market value and the impact on my home. I think  
19 that would be fair to me.

20 I feel in some ways like I'm being  
21 forced to move. I spend a lot of my time and  
22 energy now looking for a new place of residence.  
23 I've been a resident there for 20 years near  
24 Martin Murphy School.

25 And some of this may be fear. It's fear

1 of the property values and fear of the pollution.  
2 Those may be unfounded, I don't think we'll know.  
3 We won't know for a couple of years till we see  
4 this come in. We may not know for five or ten  
5 years after the plant's there whether or not it  
6 really does impact anybody.

7 But there's a lot of mental anguish.  
8 I'm dealing with my wife. Maybe she's crazy, we  
9 got to get out of the neighborhood, okay. I feel  
10 like if you're going to do something for the  
11 neighbors, guarantee those property values. That  
12 would be one thing that would make me feel  
13 comfortable about you moving into my neighborhood.

14 If I'm a new owner buying into that  
15 area, I make a conscious decision to live next to  
16 a power plant. But I've been there for 20 years,  
17 and you're coming into my neighborhood, all right.  
18 It's like airport expansion, right? You can't  
19 complain if you move next to the airport. But if  
20 the airport moves in next to you after you've been  
21 there for a long time, and the City has told you  
22 that this is going to be zoned a certain way,  
23 that's not quite fair.

24 So, I'd like to see, again, somebody  
25 address impact on property values and try to

1       relieve some of that fear.  Maybe I'll stay there.  
2       Maybe you'll convince me of that.  And, if for  
3       some reason we feel that we're forced to move out  
4       of there, I'd like to see some sort of  
5       compensation.  I'd like to see the CEC try to  
6       impose it upon you.  Or do I have to go out and  
7       attempt to file a class action lawsuit on behalf  
8       of the people who live there.

9                   I would think guaranteeing these  
10       property values for people who move within a  
11       couple of years of the power plant, plus or minus  
12       a couple of years of the installation of that  
13       power plant, is a small amount of this project for  
14       you folks to guarantee.

15                   Thank you.

16                   (Applause.)

17                   HEARING OFFICER VALKOSKY:  Ms. White,  
18       will a property value analysis be part of staff's  
19       socioeconomics?

20                   MS. WHITE:  As I indicated in the issues  
21       identification report, we've incorporated the  
22       analysis of the property values and highlighted it  
23       as one of the major issues we're going to be  
24       focusing on in socioeconomics.  It's not normally  
25       something we look at simply because we've never

1 found that there's been enough evidence to show  
2 there's a problem. But we're going to go back and  
3 look at it special for this case.

4 HEARING OFFICER VALKOSKY: Thank you.  
5 Sir, you have staff's assurance that those  
6 concerns will be addressed.

7 Next, Ms. Sharon Spotts.

8 MS. SPOTTS: Hi, my name is Sharon  
9 Spotts, S-p-o-t-t-s. And I originally had not  
10 checked that little box. I'm not a public  
11 speaker. But I do have some comments. I would  
12 like to have them put on the record.

13 I do concur with the comments that have  
14 been made tonight about everything from air  
15 quality to property values, the way it looks, and  
16 I really do concur with John's comments about the  
17 people living in the neighborhood.

18 And with all due respect to the union  
19 people that have representatives, themselves,  
20 here, I am just wondering how many of them do live  
21 in the neighborhood. Now I live close to one-half  
22 mile away from where this site is proposed. I  
23 moved out of the Valley because I'm very  
24 asthmatic, I'm very sensitive to pollutants in the  
25 air. I was hospitalized once a year with asthma

1 problems and I've worked very hard to overcome it.  
2 I jog, I take vitamins, blah, blah, blah. I love  
3 it out here. I've been very healthy out here.  
4 And now my worst nightmare is coming true. We're  
5 going to have a power plant that puts nitrous  
6 oxide into the environment and smog.

7 Now, I've spent a great deal of time  
8 with some of the Bechtel engineers and I'm getting  
9 a lot of good information. And I know they have a  
10 lot of valuable data. And I'm trying to convince  
11 myself that I'm not going to have a problem. I'm  
12 not quite there yet.

13 And I do want these comments on record  
14 because I think as part of this process we need to  
15 have an ozone study. And I think we really really  
16 need to have a lot of attention given to the  
17 quality of the air. We have the hospital close  
18 by. We have schools close by.

19 And all the people that are addressing  
20 all of these issues, I just ask you to put the  
21 shoe on your foot. If this was your neighborhood  
22 would you really have these concerns, and would  
23 you, you know, really address them sincerely? You  
24 don't live in the neighborhood, we do. And these  
25 concerns are very real to us.

1 Thank you.

2 (Applause.)

3 HEARING OFFICER VALKOSKY: Thank you,  
4 ma'am. And you should be aware that not only will  
5 staff do an independent analysis of the data  
6 provided by Applicant, but it's through  
7 participation of yourself and the other folks here  
8 tonight that cues staff in to what the issues are.

9 And if past history is any indication,  
10 we'll certainly raise your issues to the forefront  
11 of their concerns, too, as well as the  
12 participation by other private intervenors.

13 Next, Mr. Walter Alvey.

14 MR. ALVEY: Thank you. My name is  
15 Walter Alvey; my last name is spelled A-l-v-e-y.  
16 And I just wanted to reiterate what the other  
17 gentleman said regarding property values.

18 If Calpine sincerely believes that  
19 property values will not be affected, and I think  
20 they are sincere in that belief, if they sincerely  
21 believe that then they have nothing to lose by  
22 putting up a certain amount of money to reimburse  
23 people should it have an effect on property  
24 values.

25 I have a question for the CEC. One of

1 the things that Ms. Cord touched on is the  
2 significant increase in your workload as far as  
3 approving, you know, applications to approve.

4 If it turns out that due to resource  
5 constraints or other unforeseen circumstances,  
6 you're not able to adequately evaluate the  
7 environmental data and all the information that  
8 you need to analyze, in the, you know, period of  
9 time that you have, what would happen? Would, by  
10 default, would it be approved, not approved, or  
11 the time be extended?

12 PRESIDING MEMBER LAURIE: There will be  
13 adequate resources. And what happens is depending  
14 upon the number of applications that will come in.  
15 We can go, and in fact have sought, to go through  
16 the state budgetary process to increase staff. We  
17 have received approval to increase staff. And  
18 staff will be increasing during the current fiscal  
19 year.

20 It is up to the siting division; those  
21 folks in the Energy Commission who do this work,  
22 and the management of that division to allocate  
23 resources appropriately.

24 Different projects go through different  
25 stages. I am satisfied, not only am I sitting

1 here as Presiding Member of the Committee to hear  
2 this case, I also preside over what is known as  
3 the Siting Committee, which is the policy  
4 committee for the Energy Commission.

5 And one thing we talk about a lot is  
6 allocation of resources. Like all management  
7 issues you have to give it thought. No project  
8 will be approved by default because of lack of  
9 resources. As may be necessary we can always go  
10 back to the Legislature and ask for additional  
11 assistance. We have done that, we will continue  
12 to do that in the future.

13 The Legislature, the Davis  
14 Administration, as was its predecessor, the  
15 management of the Commission has its set of  
16 priorities. Protection of California's  
17 environment is at the top of that priority list.  
18 And that will not be affected by lack of  
19 resources.

20 MR. ALVEY: Okay, thank you very much.  
21 I just want to make one other comment quickly.  
22 One other thing that I'm not sure was addressed  
23 that concerned me. Calpine talked about the  
24 benefit in terms of property taxes and so forth.

25 There would also be a benefit,

1 obviously, from other companies moving in like  
2 Cisco and other companies that plan to build in  
3 that area. I'm concerned about the effect of a  
4 power plant in the area, the effect that would  
5 have on those companies' desires to move in the  
6 area.

7 Now, I know a few people who work at  
8 Cisco. None of them are thrilled about being a  
9 half mile downwind of a power plant. Now, whether  
10 that concern is justified or not, one can  
11 certainly debate that. But for better or for  
12 worse, that's their feeling.

13 And, you know, I don't know what will  
14 happen, but I am concerned that the plant would  
15 maybe discourage other high tech companies from  
16 moving into the area which would, I believe, make  
17 a larger contribution in terms of property taxes.  
18 Thank you.

19 HEARING OFFICER VALKOSKY: Mr. Bryce  
20 Lanyon.

21 MR. LANYON: My name is Bryce Lanyon,  
22 spelled L-a-n-y-o-n. I'd like to reinforce the  
23 need that this entire country has for more  
24 electrical generation capacity. I worked in a  
25 power plant in the midwest about 10 to 15 years

1           ago, and became aware of this shortage then.

2                       As the years have gone by our population  
3           has increased, as well as the electrical devices  
4           that we use that again increase the demand for  
5           electricity. There are many ways that we can lose  
6           our source of electricity, anywhere from a broken  
7           limb falling on a power line like it did about  
8           five years ago in Idaho, I believe it was, and the  
9           western United States was without power for  
10          approximately 12 hours. All the way to  
11          earthquakes and even the remote possibility of  
12          terrorism.

13                      While I lived in the midwest I  
14          experienced long term outages going from one day  
15          to up to four days one time due to ice storms.  
16          Now, granted we probably won't have an ice storm  
17          in this area. But other things can happen. Wind  
18          storms in the winter can knock down lines and that  
19          type of thing. Especially in the mountains.

20                      The electricity is provided to us  
21          through a complicated set of switches and  
22          breakers, and of course, the transmission lines.  
23          With this power plant being as close as it will  
24          be, I believe that in a serious situation we would  
25          have our power back on quicker by having this

1 power plant this close. Because there would be  
2 less equipment to repair and bring up to speed  
3 because it is closer. It's just a matter of  
4 mechanical devices there.

5 My final thing is I'd like to urge all  
6 of my neighbors, and I do own a home down  
7 approximately at Cottle and Santa Teresa. We're  
8 about four and a half miles from where the power  
9 plant will be built. And I would like to urge all  
10 my neighbors to look at this situation from facts.  
11 Make sure whoever the information comes from, and  
12 from another neighbor, from Calpine, from the  
13 City, make sure it's facts that you're getting and  
14 not somebody's misconception.

15 Thank you.

16 (Applause.)

17 HEARING OFFICER VALKOSKY: Thank you,  
18 sir. Next, Mr. Norm Viramontes.

19 MR. VIRAMONTES: My name is Norm  
20 Viramontes, and I live in this area, also. I'm  
21 also a union member, okay. I've traveled around  
22 the United States for approximately nine years  
23 working on power plants. This is nothing compared  
24 to the power plants I've worked on. I worked on  
25 nukes and several other types. People are really

1 concerned over the pollution issue and stuff like  
2 that.

3 North of us we have electronic plants.  
4 Electronic plants are one heck of a lot more  
5 dangerous than this plant going in right now.  
6 They'll kill you. This will get you sick.  
7 They'll kill you, okay. They're really concerned  
8 over this. The wind blows from the north to the  
9 south in this area. It don't blow from the south  
10 to the north most of the time, it blows to the  
11 south. Okay. Most of the pollution they're  
12 worrying about is all the smoke or the fumes  
13 coming north.

14 All our furnaces and the plants that are  
15 existing in this area pollute the area more than  
16 that plant will if you're really concerned over  
17 it. Another thing is the lady mentioned that the  
18 water from this plant that is going to be used is  
19 from regenerated water, it comes from the sewage  
20 disposal plant. And she said she wouldn't even  
21 want to water her lawn with it.

22 I watch KNTV news all the time, and I  
23 watched these children downtown San Jose playing  
24 in these fountains right downtown. And these  
25 fountains use the same identical water, all the

1           fountains in town are fed with the same water that  
2           this plant is going to be using.

3                        So the concern is unfounded. I don't  
4           know what the concern is. Everybody's concerned  
5           about Cisco System is being built down the road.  
6           I work in the electronic plants. If they don't  
7           build a plant there ain't going to be a Cisco  
8           System because there's not going to be any power  
9           to build it. It's simple. No power, no plant, no  
10          jobs.

11                       That's primarily what I have to say.  
12          And I'm not a public speaker, it's a fact. Thank  
13          you.

14                        (Appause.)

15                        HEARING OFFICER VALKOSKY: Thank you,  
16          sir. Next Yhya Abdur' -- I'm sorry, sir.

17                        MR. ABDUR'RAHEEM: Thank you. My name  
18          is Yahya Abdur'Raheem. Last is spelled  
19          A-b-d-u-r--R-a-h-e-e-m. I thank you very much  
20          for the opportunity to address you this evening.  
21          I'd like to speak to you both as a concerned  
22          citizen and a energy management professional.

23                        I'm a founder of a energy management  
24          consulting firm. Some of my past associations  
25          consist of a membership with the American

1 Association of Energy Engineers.

2 Most importantly I'd like to endorse  
3 this project. This project makes excellent sense,  
4 particularly from a thermoeconomic standpoint.  
5 The choice of fuel for this particular plant is  
6 natural gas. Now we had some comments before  
7 regarding the peakers, but typically many plants  
8 historically have the capability of burning multi  
9 fuels. As such they'll burn whatever is cheap.

10 The decision by this body, Calpine, to  
11 use a clean fuel is most excellent and I applaud  
12 them for that. Energy independence is extremely  
13 important. I don't know how many people are aware  
14 of the fact that our local industry, when they  
15 lose power, they have a economic loss in the terms  
16 of millions of dollars per hour. So that means  
17 when we lose power locally our local businesses  
18 will lose millions of dollars per hour.

19 Lastly, I'd like to endorse the labor/  
20 management team for this project. The local labor  
21 force is probably the best in all of North  
22 America.

23 I thank you very much again for your  
24 time.

25 HEARING OFFICER VALKOSKY: Thank you,

1           sir.

2                           (Appause.)

3                           HEARING OFFICER VALKOSKY:   Mr. Keith  
4           Watt.

5                           MR. WATT:   Hello, my name is Keith Watt,  
6           W-a-t-t.  I hope my name doesn't prejudice  
7           anything I will have to say here.

8                           (Laughter.)

9                           MR. WATT:   I live in downtown San Jose.  
10          I have a couple of theaters, they're called the  
11          Trianon Theater, Mother Olsen's Inn, which is a  
12          residence hotel.

13                          I just had delivered yesterday a 50 amp  
14          generator because downtown for the last five years  
15          we've had trouble getting a reliable source of  
16          power for our theaters when we have events on  
17          because PG&E tends to turn off our power.  They  
18          have accidents periodically three or four times a  
19          year, so I went out and bought a 50 amp generator.  
20          And anytime I have a theater event going on, my  
21          generator will automatically come on and my 400  
22          people will finish watching their event.

23                          So if this power plant out here will do  
24          me any good downtown, I suppose is problematic.  
25          But I do have a power plant similar to this in my

1 backyard almost. I have a building that's on 11th  
2 and San Antonio which is one block from the San  
3 Jose State power plant, which is at 10th and San  
4 Carlos Street. I believe the San Jose State power  
5 plant has been in about 12 or 15 years, and I  
6 believe it's a gas turbine plant. Hardly anybody  
7 knows it's there. It is there. It generally  
8 makes a very good neighbor. The paint doesn't  
9 fall off our houses, the finish on our cars is not  
10 pitted.

11 And, in fact, the people from Calpine  
12 didn't even know that San Jose State has a gas  
13 turbine generated plant about ten blocks from  
14 their office. So it doesn't cause a lot of  
15 problems.

16 Whether this new proposed power plant  
17 would have problems that would be bad for this  
18 neighborhood, I can't be sure. And earlier  
19 listening to what Mrs. Cord had to say, I was  
20 trying to pick out the things that she liked about  
21 the project.

22 I can think of some good things that  
23 might come out of a project like this. We just,  
24 our Horace Mann Neighborhood Association downtown  
25 just spent the past year going through 100

1 meetings about whether we should let city hall be  
2 moved to 5th and Santa Clara Street. And after  
3 100 meetings, finally the neighborhood association  
4 and our PAC Committee that was designed to vote on  
5 this, we voted for city hall, 16 to 1, about a  
6 month ago. And we think city hall and the new  
7 symphony hall and the new library are going to be  
8 good for our neighborhood, even though the change  
9 is rather threatening, whether it's a city hall or  
10 a power plant.

11 We did get some concessions. We knew  
12 that the city was going to be spending \$500  
13 million on these different projects. The city's  
14 required to put 2 percent of all the budget into  
15 different arts programs, sculptures, visual arts.  
16 So we'll be getting \$10 million of arts money in  
17 the budget.

18 We also told the city that we didn't  
19 think the neighborhood association would accept  
20 city hall if they couldn't do something about  
21 getting us a new Horace Mann School. And they  
22 said they would loan \$7 million to the San Jose  
23 Unified School District, so we're getting a new  
24 68,000 square foot Horace Mann School.

25 Whether any of these things would apply

1 in this neighborhood, I calculated that it would  
2 look to me like there'd be \$4 million worth of  
3 property tax paid for this plant if it's worth  
4 \$400 million, over a period of 30 years, \$120  
5 million that would go to the schools, the county,  
6 the city. It would seem to me that would be a  
7 good place to right up front, if this project goes  
8 through, to try and nail down what you need in the  
9 way of parks, schools, day care centers, whatever.

10 Also it would seem like Calpine would  
11 probably want to do things to be a good neighbor.  
12 And if this project is going to go through the  
13 various neighborhood associations might want to  
14 try and nail down just what does that mean. Will  
15 Calpine set aside different money for different  
16 projects, and be fairly specific about it up  
17 front.

18 One other thing that affects us downtown  
19 is the San Jose/Santa Clara sewage treatment plant  
20 has an excess of 30 million gallons of fresh water  
21 that they process. They think the water is  
22 drinkable. Of the 130 million, 30 million is in  
23 excess. This plant, I understand, would use up 3  
24 million gallons of this on a yearly basis. We  
25 plan to use another million or two gallons in the

1           Guadalupe River Park. Generally this is good for  
2           the city if we can soak up that 30 million gallons  
3           of excess water we don't have to pay \$100 million  
4           to run a pipe out in the middle of the Bay to get  
5           rid of that excess water.

6                        I don't know whether this is an ideal  
7           project for this neighborhood. When we were doing  
8           the city hall project downtown we found that about  
9           a third of the people were 100 percent against it,  
10          a third of the people were very much for it, and  
11          there was the third that asked some of the more  
12          interesting questions.

13                       I think the most important thing is  
14          people ask all the best questions they have and  
15          maybe give some sort of merit badges to people who  
16          ask the most questions or the best questions, so  
17          you end up with a good project if you have it, or  
18          you've asked the questions so you know maybe it's  
19          not good for this neighborhood and this place at  
20          this time.

21                       But it seems to me that the Silicon  
22          Valley runs on electrical power, and this might be  
23          an attractive source. And I know most  
24          institutions run on money. It seems to me that  
25          locally you could generate a lot of tax dollars

1 out of this that might benefit your neighborhood  
2 the same way my Horace Mann neighborhood seems to  
3 be doing well with some of the deals we were able  
4 to strike with the city about schools and  
5 neighborhood improvements.

6 Thank you.

7 (Applause.)

8 HEARING OFFICER VALKOSKY: Thank you,  
9 Mr. Watt. Maxwell Crumley. I'm informed that  
10 he's left. Joe Cassisi.

11 MR. CASSISI: Hi, my name's Joe Cassisi.  
12 I'm a mechanical engineer. My last name is  
13 spelled C-a-s-s-i-s-i. I don't live in this  
14 community. I'm here from Sunnyvale.

15 My interest and involvement in this  
16 project came as the Chairman of the local American  
17 Society of Mechanical Engineers. If it wasn't for  
18 engineers we wouldn't be here tonight, wouldn't  
19 need any of this, we wouldn't have any lights.

20 I can't speak for the engineering  
21 community entirely, but we do recognize the need  
22 for power, all kinds of power, not only electrical  
23 power. We do recognize that there is a need for  
24 electrical power in this valley and in this area.  
25 I think this problem is not only local, but it's a

1 regional issue and we want to look at it that way.

2 I think the thing that the engineering  
3 community has to bring to this issue is maybe a  
4 little bit of the sanity and objectivity of do we  
5 need the power? And if we do, is this a good  
6 place to do it?

7 If the pipeline's too small coming into  
8 the valley, we've got to generate the power here.  
9 Or we've got to put in more towers. I don't think  
10 we should do anything in our society at the  
11 expense of any community, and I think we can all  
12 agree on that, if we disagree on many issues.

13 As the engineering community we would  
14 like to be involved in the evaluation of this  
15 project. I personally support the project because  
16 I recognize the need for power, I've spent 30  
17 years in the mechanical engineering field, in the  
18 power industry for a good portion of that time,  
19 and in wastewater cogeneration. And these are all  
20 for the benefits of mankind, just like this power  
21 plant.

22 So I support the project. In the  
23 interests of time, thank you very much.

24 (Applause.)

25 HEARING OFFICER VALKOSKY: Thank you,

1           sir. Thank you. Fred Hirsch.

2                       MR. HIRSCH: Good evening; thank you for  
3 this opportunity to address you. Last name is  
4 spelled H-i-r-s-c-h.

5                       And as was stated earlier the last power  
6 plant was built in '74. And to me it makes great  
7 sense to upgrade at this point, surely by this  
8 point. We don't need to build power plants in the  
9 ocean anymore, because they don't take those large  
10 amounts of water. It makes sense, good sense, to  
11 put them in the local, in the metropolitan area  
12 and close to the substation.

13                      We don't have to rely on bringing power  
14 in the future from faraway places and putting up  
15 with the loss in power that such long line  
16 transmission undoubtedly brings us.

17                      As the 11th largest city in the nation,  
18 there's no reason why we should avoid being like  
19 so many of the others. Every large city has power  
20 plants. And if the CEC determines that this is a  
21 safe project for all our pollution controls I'm  
22 surely in favor of putting it right where they say  
23 it works. And it seems to me that's it.

24                      And I don't think that this is a local  
25 problem. And I don't live in a local area. But,

1 a lot of people have commented on how warm it is  
2 in here tonight. It's not just warm in here  
3 tonight, it's warm out there tonight. And it's  
4 getting warmer. And we're involved in a problem  
5 of global warming, not neighborhood warming. And  
6 this is the kind of project that attacks that  
7 problem by avoiding the air pollution that the  
8 other older plants generate.

9           Coming here tonight I heard on the news  
10 two very interesting stories. With deregulation  
11 the coal-burning plants east of the Mississippi  
12 are burning every bit of the cheapest coal they  
13 can get to get the biggest buck out of it.

14           The power plants now, according to that  
15 news report, emit as much pollution as 44 million  
16 cars, 25 percent of them coming from those coal-  
17 burning plants. That's a neighborhood problem.  
18 That's as much a local problem as it is a global  
19 problem, just as the Metcalf plant is part of a  
20 global solution.

21           On that same report, to show that same  
22 globalizing of this problem, they had some experts  
23 speaking about how part of what they determined to  
24 be global warming here in North America comes from  
25 the desert-ification of Africa and dust which

1 pollutes the atmosphere on this continent during  
2 the summertime. It's not just a neighborhood  
3 problem. Were it a neighborhood problem alone,  
4 there would be an uproar of organizing among us to  
5 get after those oil companies and get after those  
6 car manufacturers for inundating us with the gas  
7 burning SUVs, which are polluting at twice the  
8 rate of the cars that we were buying up until  
9 recently, and we would get after each other to get  
10 those charcoal burning barbecues out of the back  
11 yard, because they do the worst job of pollution  
12 in the local area, and in the general area. And  
13 those nice comfortable fireplaces where we burn  
14 off our forests.

15 Those are things that we can organize  
16 about and make a real impact. While also  
17 organizing to see to it that we put up new plants  
18 that are efficient and that are able to confront  
19 our needs for power without burying us in air  
20 pollution and global warming which will not give  
21 our kids a future.

22 Thank you.

23 (Applause.)

24 HEARING OFFICER VALKOSKY: Thank you,  
25 sir. Thank you. Mr. Sam Grove.

1                   MR. GROVE: Good evening. I live on  
2                   Avenida Espana between Tulare Hill and Bernal  
3                   Road. After reviewing the available materials I  
4                   take the position that there will be no  
5                   significant adverse effects from the emissions.  
6                   The site seems to be ideal. I don't want to see  
7                   any land torn up to add transmission lines. I  
8                   know there'll be a lot of objections to that  
9                   anyhow, no matter what site is chosen somebody  
10                  will object. No matter what is done somebody will  
11                  object.

12                  But we need power. One thing people can  
13                  do is get rid of their gas lawnmowers and get  
14                  electric mower like I did. Do some carpooling.  
15                  You'd make a much greater impaction the air  
16                  pollution than protesting this power plant, which  
17                  we all need.

18                  I've been running my air conditioner for  
19                  two days now. I'm glad the power's there. I want  
20                  to make sure it's always there when I need it.  
21                  The baby gets really cranky when it's warm like  
22                  this. And also I need to keep running my electric  
23                  lawnmower.

24                  Thank you.

25                  (Applause.)

1 HEARING OFFICER VALKOSKY: Thank you,  
2 sir. Mr. Dan Hellevig. Mr. Hellevig. Apparently  
3 not here.

4 Mr. Ray Lancaster.

5 MR. LANCASTER: My name is Raymond  
6 Lancaster, and this evening I'm here representing  
7 the nearly 2000 men and women of the San Jose Pipe  
8 Trades Union. I became interested in this project  
9 several months ago, and have gathered a fair  
10 amount of information about the proposed Metcalf  
11 Energy Center.

12 I'm speaking in support of the project.  
13 The first point I'd like to make is that the  
14 members I represent have enjoyed a surplus of jobs  
15 for several years. I'm not here tonight because  
16 of a lack of construction jobs in Silicon Valley.

17 The project will stabilize what is, at  
18 best, a fragile power distribution system during  
19 peak periods in Silicon Valley. Because the  
20 Metcalf Energy Center will displace old dirty  
21 technology for power generation with clean,  
22 efficient state of the art technology, it will  
23 improve overall air quality.

24 It is key to the continued economic  
25 vitality of Silicon Valley. And I think it's

1 great that the plant would consume over three  
2 million gallons per day of recycled water from the  
3 San Jose sewage treatment plant which would  
4 otherwise be dumped in the Bay causing further  
5 environmental harm.

6 Because of the required purchase of  
7 pollution credits there will be a net effect of 15  
8 percent fewer pollutants than the plant will emit  
9 during its operation.

10 The Mercury News is on record with the  
11 studied opinion that, quote, "The Metcalf Energy  
12 Center will not be a nasty environmental  
13 neighbor."

14 Brownouts and power outages are becoming  
15 more frequent in Silicon Valley during peak summer  
16 periods. With the additional support of the  
17 Metcalf Energy Center we will be assured a far  
18 greater reliability of power delivery during those  
19 times.

20 Thank you for the opportunity to  
21 participate.

22 HEARING OFFICER VALKOSKY: Thank you,  
23 sir.

24 (Applause.)

25 HEARING OFFICER VALKOSKY: I have two

1 cards left, Mr. Struthers and Mr. Nucci. They  
2 have each spoken this morning. So before I take  
3 them, is there anyone else who would -- sir?

4 MR. IMAI: Hi, my name is Krypton Imai,  
5 I-m-a-i. My question is for a Calpine person.  
6 What happens if it does not get approved? What  
7 are the contingency plans?

8 MR. HEPPLER: If this project doesn't go  
9 forward that's it. I mean that --

10 MR. IMAI: No alternative sites?

11 MR. HEPPLER: As mentioned, we have  
12 looked at alternative sites. We do not believe  
13 they're constructable.

14 MR. IMAI: Are there reports for us to  
15 look at?

16 MR. HEPPLER: Yes, actually there is a  
17 section within the AFC that has been filed,  
18 currently on the website, and we are filing --  
19 have we filed that additional site selection  
20 information, the alternative site information?  
21 Okay. There is additional information to be filed  
22 and docketed on alternative site analysis, to  
23 address your question.

24 MR. IMAI: Okay. I'd also like to state  
25 that I think, as this piece of paper says, that

1 the public health is not a very major issue. And  
2 I tend to disagree with that. It's a very major  
3 issue. Because, as they said, it doesn't affect  
4 the environment much, but it affects my  
5 environment because I don't have that pollution  
6 today. And you're going to add it in.

7 And if you guys ever add Cisco, then  
8 I've really got a problem. I've got a lot more  
9 health issues at that point.

10 Thank you.

11 HEARING OFFICER VALKOSKY: Thank you,  
12 sir.

13 (Applause.)

14 MR. DIXON: Hello. My thanks to the  
15 Commissioners and Calpine and members of the  
16 public.

17 HEARING OFFICER VALKOSKY: Sir, identify  
18 yourself.

19 MR. DIXON: Sorry. My name is Jeff  
20 Dixon, D-i-x-o-n. I became aware of this project  
21 from a mailing that Calpine sent to the residents  
22 in February. And it has been since then my  
23 pleasure to work with Calpine, members of the CEC,  
24 and the Santa Teresa Action Group.

25 I'm here to represent myself and ask

1       some questions as I've looked through the CEC  
2       process and listened to the comments tonight. I  
3       believe this is a very complex issue. And I think  
4       the deregulation of the power industry has led to  
5       a very interesting state of affairs as we watch  
6       the beginning of these things start.

7                 First of all I have a comment that I  
8       believe benefits of deregulation is that the  
9       states can choose, the plants and all plants and  
10      all power providers are being forced to employ  
11      newer technology, people such as Duke Energy, AES,  
12      they're all upgrading plants and looking to add  
13      plants that are using new technology. I think we  
14      see a benefit there.

15                I think the state has an opportunity to  
16      really look at the different applications that it  
17      has on file and prioritize based on benefits and  
18      understanding. And I hope that we take advantage  
19      of that.

20                And I think we also have a benefit to  
21      look at the long term plan and see what newer  
22      technologies that are not employed today, but are  
23      projected for the future, can be brought on to  
24      meet our power needs. Because clearly we have  
25      one.

1                   In my study of the CEC caseload I saw  
2                   that there were 29 applications that were  
3                   currently in the pipeline as either approved,  
4                   proposed or expected. These projects would  
5                   provide 13,513 megawatts of power to the State of  
6                   California. As I read the --

7                   PRESIDING MEMBER LAURIE: What you saw  
8                   was a list that included prospective applications,  
9                   as well.

10                  MR. DIXON: Correct. They were either  
11                  approved, proposed or expected. Correct. And in  
12                  looking at all those plants, I guess the question  
13                  I have for the Commission is what does PG&E say  
14                  they're going to do to handle all this power?  
15                  Clearly -- a member of ISO told me that we had a  
16                  net import situation of 7000 megawatts, and I'm  
17                  not certain how accurate that is. But if we have  
18                  an opportunity to create double what our net  
19                  import is in generation, how will PG&E handle  
20                  that? Because clearly they need transmission  
21                  lines to get them to where they're going.

22                  PRESIDING MEMBER LAURIE: The analysis  
23                  will include the ISO report. It will also include  
24                  a cumulative impact analysis.

25                  MR. DIXON: Thank you. I have one other

1 question, and that was in regards to what I  
2 believe to be a conflict between the Calpine  
3 schedule that I saw tonight, and the City Council  
4 schedule that I saw tonight.

5 Calpine presented that they expect the  
6 complete approval of the rezoning by early 2000.  
7 And it appeared to me that the review that the  
8 City was going to begin wasn't until after April  
9 26th. And I don't know how some people define  
10 early 2000, but there seems to be a disconnect  
11 there.

12 PRESIDING MEMBER LAURIE: Mr. Dixon, if  
13 you're willing to stick around for a few minutes,  
14 a discussion of the schedule, including San Jose's  
15 schedule, is going to be the next topic of  
16 discussion following the public comment.

17 MR. DIXON: Thank you very much. I just  
18 want to thank you all for your time.

19 HEARING OFFICER VALKOSKY: Thank you,  
20 Mr. Dixon.

21 Neil Struthers.

22 MR. STRUTHERS: Good evening, my name is  
23 Neil Struthers, S-t-r-u-t-h-e-r-s. I am a  
24 lifetime resident of the City of San Jose. I  
25 would like to speak as to why this project is

1 important to not only the City of San Jose, but  
2 the entire South Bay.

3 Many of us here tonight have experienced  
4 firsthand the massive growth of this area during  
5 the past 20 years. A growth fueled by high  
6 technology. What we have not experienced, though,  
7 is retooling of our infrastructure that should  
8 have paralleled this growth.

9 Well, that same high technology that's  
10 catalyzed this area's growth has stepped forward  
11 to develop a process that will help sustain our  
12 infrastructure while still meeting the stringent  
13 requirements imposed by the CEC. It is the  
14 Metcalf Energy Center.

15 We're all guilty at some time or another  
16 of taking our power supply for granted. I know I  
17 have. Turn on the switch and the lights come on.  
18 But what if they didn't? Who would I complain to?  
19 Who would I blame? How about yourself? How about  
20 myself?

21 Projected power demands for this area in  
22 the future are three times more than what experts  
23 had predicted. Increases in power usage are now  
24 expected to increase at 6 percent a year over an  
25 original prediction of only 2 percent.

1                   The question is not if we should build a  
2                   plant, the question is how soon can we get it  
3                   done.

4                   One cannot expect for an area to expand  
5                   at the rate that this area has without investing  
6                   in its infrastructure. I believe that what is  
7                   being proposed before us tonight not only  
8                   addresses our projected power needs, it does it  
9                   with a technology not yet experienced by the  
10                  general public. A technology that will put a long  
11                  overdue end to the stereotype envisioned when one  
12                  thinks of a power plant.

13                  When one thinks of the words power plant  
14                  one thinks of the massive maze of pipes and steam  
15                  that we know as Moss Landing. Well, I've done my  
16                  research, and believe me when I say there is  
17                  little to compare between the Metcalf Energy  
18                  Center and Moss Landing.

19                  In closing I would like to say that even  
20                  though I believe that this plant might be too  
21                  little or too late for our needs, I'm glad to see  
22                  that the City of San Jose, Calpine and Bechtel,  
23                  and the CEC have the wisdom to address the needs  
24                  of our crumbling infrastructure and take the  
25                  appropriate action.

1 Thank you.

2 (Applause.)

3 HEARING OFFICER VALKOSKY: Mr. Nucci.

4 You spoke this morning, sir. You wish to speak  
5 again?

6 MR. NUCCI: I'll make my comments short  
7 and in summary form. My name is Frank Nucci,  
8 N-u-c-c-i.

9 Again I'd like to thank the Commission  
10 and representatives for providing the community  
11 the opportunity to participate in providing input.  
12 It really has been a learning and an educational  
13 experience for me today, and I did enjoy the visit  
14 to the site.

15 In summary I would like to say I would  
16 agree that there is definitely a need for  
17 increased electrical power. I would also agree  
18 that the proposed Calpine installation and design  
19 is the latest state of the art, using the latest  
20 technology, which will provide a clean, reliable  
21 source of electrical energy. And it was indicated  
22 that this would be 40 percent more efficient than  
23 the old standard types of steam generating plants.

24 I would also agree that the site  
25 location is an ideal location, having transmission

1 lines nearby, a source of natural gas, recyclable  
2 water, well lines and adjacent to the Metcalf  
3 Electrical Distribution Center. So these are  
4 items that already have been presented.

5 I'd like to address some of the  
6 concerns, one in specific is the concern for  
7 pollution. It's been stated that the Calpine  
8 industrial installation, it would be the seventh  
9 highest emitter of pollutants. These are  
10 industrial plants, and in comparison I think we  
11 have to put everything into perspective.

12 The greatest amount of pollutants are  
13 caused by the internal combustion engine. And so  
14 when we look at this and we put it in perspective,  
15 the numbers that have been put out like 186 tons  
16 of nitrogen oxide, when actually look at that,  
17 there was an article in the Mercury comparing this  
18 to the emission produced by I think it was 21,000  
19 or 22,000 automobiles or light trucks.

20 So when you look at it in that  
21 perspective and you look at the overall pollution,  
22 this is less than a half of a percent. So I think  
23 that kind of puts a little light on trying to  
24 interpret some of these figures.

25 Now on a given day, if you could

1        imagine, how many cars and light trucks drive by  
2        the site location? How many cars in the City of  
3        San Jose in and around the area operate on a given  
4        day. I'm going to say it's far in excess of  
5        22,000 cars.

6                        So when we talk about the Calpine  
7        installation being the seventh highest emitter of  
8        pollutants, we're simply stating that these are  
9        industrial facilities, and we're not considering,  
10       as it was previously mentioned, the emission from  
11       lawnmowers, barbecues, jet skis, large diesel  
12       trucks, fireplaces, and the test firing of rockets  
13       at UTC. And these are right behind the hills of  
14       Martin Murphy Middle School, Los Paseos and  
15       Encinal.

16                       I don't know if you've ever seen some of  
17       those firings with the flames going up over the  
18       foothills, and the exhausts from these rocket  
19       engines contains sulfur and phosphorus. And when  
20       it mixes with water, you have sulfuric acid and  
21       phosphoric acid, and that equates to acid rain.

22                       So, there are a lot of other  
23       contributors to the pollution. So in analyzing  
24       all this data, I think we do need to put it in  
25       perspective.

1                   It is my opinion that the property  
2 values will not be affected in a negative way.  
3 And this is simply on the basis of my opinion.  
4 I've lived in the area for over 35 years. I've  
5 seen the value in property go up tenfold. I've  
6 lived in the area where Fairchild Instrument  
7 installation has created a major disruptive  
8 incident in the area. And in the overall long run  
9 it has not impacted the value of housing and  
10 property in a negative way.

11                   So if you look at it in a long term, I  
12 think the speaker this afternoon mentioned the  
13 fact that the demand for housing far exceeds the  
14 availability of housing. So that's my personal  
15 opinion that I don't think that the value of  
16 property will be impacted in a negative way.

17                   I also think that the impact of Calpine  
18 in the area, as previously stated, will have a  
19 positive impact on the community.

20                   I did learn a lot of things today that I  
21 didn't know on the trip and listening to some of  
22 the speakers, and also I would like to acknowledge  
23 and respect the opinions and the comments made by  
24 individuals that have expressed an opposition to  
25 this design and this installation. And I'm sure

1           that the CEC and representatives from Calpine will  
2           take these all into consideration in trying to  
3           address some of these needs.

4                        But while I was riding on the bus today  
5           and sitting next to one of the Calpine  
6           representatives, and I hadn't heard it mentioned  
7           tonight, he made a suggestion which I'd like to  
8           present, whether this could happen or not, I don't  
9           know. He was talking to another individual behind  
10          me and suggested the possibility of visiting  
11          another plant. I think it was in Crockett, is  
12          that correct?

13                       It's a Calpine plant. It has community,  
14          from what I understand, it had the same concerns  
15          that we have. It's located near schools. It's  
16          located near residential areas. And the community  
17          in that area was opposed to the project, and that  
18          does not seem to be the case at this time.

19                       So, I would like to encourage, if that  
20          is at all possible for the individuals that are  
21          interested and would like to take such a trip, I  
22          think it would be beneficial. So I thank you for  
23          at least suggesting that.

24                       PRESIDING MEMBER LAURIE: In all  
25          fairness, Mr. Nucci, I'd ask you to summarize,

1 please.

2 MR. NUCCI: Okay, in summary I would  
3 basically state that the impact, in my opinion the  
4 impact on pollution would be minimal. It's a  
5 solvable problem, and it's an addressable problem.  
6 Property values will not be affected in a negative  
7 way. The facility will be a state of the art  
8 facility with an architectural design that fits in  
9 with the environment. And the impact on the  
10 community would be positive.

11 And thank you again for the opportunity  
12 to be here.

13 (Applause.)

14 MR. HEPPLER: Commissioner Laurie, --

15 PRESIDING MEMBER LAURIE: -- cards. Is  
16 there any other member of the public -- yes, sir,  
17 please come forward and identify yourself.

18 MR. HEPPLER: Commissioner Laurie, could  
19 I correct a statement from the previous speaker,  
20 please?

21 PRESIDING MEMBER LAURIE: Yes.

22 MR. HEPPLER: Just for the record. The  
23 facility that was referred to, the Crockett  
24 facility, is not a Calpine facility. But we would  
25 be very pleased to bring any, or arrange for

1 interested parties to see the facility because it  
2 does have some very similar features to the  
3 impacts of this plant.

4 MR. SCHADE: Good evening, my name is  
5 Henry Schade. I live about half a mile from the  
6 site.

7 I have four concerns or questions. Much  
8 ado has been made about how efficient this plant  
9 is compared to existing plants. I don't see any  
10 mention of existing plants being shut down if this  
11 plant comes on line.

12 We're going to use 5 percent of 30  
13 million gallons of city treated sewage water; 5  
14 percent of the water will be fresh water. If you  
15 run the numbers through that, -- run through those  
16 numbers, that's about 150,000 gallons a day of  
17 fresh city water, I believe they're going to use.  
18 I wonder how many homes could use that water.

19 Talk about 186 tons of NOx being put in  
20 the air per year. Just had my car smogged a  
21 couple weeks ago. I think the numbers on my car,  
22 '91 car, .02 ppm of NOx. So 186 tons per year,  
23 that's about a half a ton per day. Do some math,  
24 that's equivalent to how many cars running per day  
25 24 hours.

1                   And finally, due to the deregulation it  
2                   seems like you're a business looking for a site to  
3                   land.

4                   Thank you.

5                   PRESIDING MEMBER LAURIE: Thank you,  
6                   sir. Any other member of the public wish to  
7                   comment? Yes sir. Please identify yourself.

8                   MR. WU: My name is Peter Wu.

9                   PRESIDING MEMBER LAURIE: Please speak  
10                  directly into the microphone so we can hear you.

11                  MR. WU: Okay, I have a question to the  
12                  Energy Commission. One of the potential issue is  
13                  public health. So how do that the public health.  
14                  That's my major concern is the public health,  
15                  because we going to breathe the pollute air. And  
16                  the potential is lung disease or even the lung  
17                  cancers.

18                  Do you have any medical people with a  
19                  medical degree in your Committee to evaluate the  
20                  possible health effect?

21                  PRESIDING MEMBER LAURIE: The staff  
22                  analysis will -- the environmental analysis will  
23                  include experts. Do they have medical degrees? I  
24                  anticipate not.

25                  MR. WU: I think in this situation we

1 definitely need people from graduate from medical  
2 school, expert in the lung disease. They can give  
3 us adequate expert opinions about the apparent  
4 pollutant from the power plant.

5 I think we does need this expert to give  
6 us -- five you a opinion and to give us opinion  
7 about the impact of pollutants.

8 MS. WHITE: If I understand your  
9 question correctly, your concerned about the  
10 qualifications of the staff that would be doing  
11 the analysis?

12 MR. WU: Not the qualification, about  
13 the expert, is somebody graduate from the medical  
14 school which expert in the lung disease.

15 MS. WHITE: We have staff that will be  
16 doing the analysis that are working close with  
17 representatives from the Department of Health  
18 Services. We do a lot of consultant with the  
19 Department of Health Services that do have medical  
20 staff on hand.

21 In the development of their regulations  
22 and conditions that they put on the plants of this  
23 nature, they have done quite a bit of analysis  
24 using these medical experts to determine what  
25 types of appropriate regulations or standards will

1 be imposed on a project like this to prevent any  
2 adverse health related impacts.

3 MR. WU: Thank you.

4 MS. WHITE: You're welcome.

5 HEARING OFFICER VALKOSKY: Yeah, if I  
6 could just add a little bit more to what Ms. White  
7 said. As far as pollutants that you breathe,  
8 that's basically looked at in our air quality  
9 analysis. Because the state and the federal  
10 governments have imposed the ambient air quality  
11 standards, which are health based.

12 In other words, they come out as a  
13 result of a lot of studies which say that if a  
14 certain compound exists in the air in a certain  
15 concentration, you know, it may or may not be okay  
16 depending on whether it's above or below that  
17 concentration, that ambient air quality standard.

18 Secondly, our staff will also look at  
19 what we call noncriteria pollutants. And these  
20 are products which are emitted by the project for  
21 which no air quality standards exist. However,  
22 our staff also analyzes the results of those.

23 And correct me if I'm wrong, but they'll  
24 basically do a health risk assessment. And,  
25 again, it's just for the contaminants that you

1           could inhale. Okay. And there's also other  
2           aspects, hazardous materials handling and things  
3           like that that we look at, too.

4                       MR. WU: Are you doing the low dose  
5           effect on the health, with the pollutant, you  
6           know, the impact on the health, it's the low dose  
7           cumulative, gradually cumulative on the human  
8           bodies?

9                       HEARING OFFICER VALKOSKY: I'm sorry,  
10          sir, could you --

11                      MR. WU: The low dose effect.

12                      HEARING OFFICER VALKOSKY: Yes, we do  
13          look at the chronic and the acute, the short term  
14          and the long term effects. Yes, that's correct.

15                      MR. WU: Okay, thank you.

16                      PRESIDING MEMBER LAURIE: Anybody else  
17          wish to comment?

18                      MS. SCHOLZ: My name is Donna Scholz,  
19          S-c-h-o-l-z. I'd like to address my neighbors for  
20          just a moment. Being an intervenor does not  
21          necessarily mean that you are against the power  
22          plant. It is a person who is involved in the  
23          process, who works closely with the CEC, who  
24          oversees the process, who gets a chance to read  
25          the information that they are receiving from the

1 Applicant, and who is actively involved.

2 It takes a lot of time, a lot of energy,  
3 and it's not free, either. But, it's worth it.  
4 You learn a lot and you're involved in something  
5 that's important to you.

6 So it doesn't matter whether you're for  
7 the power plant or you're against the power plant,  
8 if you've got the time and you want to read all  
9 this stuff, sign up to be an intervenor. Help  
10 your community out, you can have somebody help you  
11 read it. But they ask that you go to the  
12 hearings, the evidentiary hearings and that type  
13 of thing. And it's a lot of work. Again, for or  
14 against, it doesn't matter. Just become informed  
15 and make your decisions based on an informed  
16 educational decision.

17 Thanks.

18 (Applause.)

19 PRESIDING MEMBER LAURIE: Thank you, Ms.  
20 Scholz.

21 Ladies and gentlemen, we will close the  
22 public hearing. There is additional business to  
23 attend to, and I'll turn the matter over to Mr.  
24 Valkosky who will talk about schedules and other  
25 things.

1                   Before I do so, I wanted to thank the  
2                   members of the public for your very professional  
3                   presentations; the same to the intervenors; the  
4                   same to staff. I appreciate the attendance of the  
5                   City of San Jose. And the Applicants, as well.  
6                   Very well done, ladies and gentlemen.

7                   Now, Stan, we do have other business to  
8                   attend to.

9                   HEARING OFFICER VALKOSKY: Thank you,  
10                  Commissioner Laurie.

11                  Right now I'd like to turn to the  
12                  scheduling portion of the submittal by Applicant  
13                  and by staff, the issue and identification report,  
14                  a measure of where our regulations require that  
15                  the Committee issue a schedule covering certain  
16                  elements of this proceeding within 15 days.

17                  The Committee would like to do that  
18                  quicker than the 15 days, so if you'll bear with  
19                  me, first I'd like to clear up any, what I see as  
20                  discrepancies between the two proposed schedules.  
21                  And, Mr. Harris, I'll go to you first. You  
22                  indicate the preliminary determination of  
23                  compliance will be somewhat earlier than staff  
24                  projects, as you do the final determination of  
25                  compliance and the preliminary staff assessment.

1                   Are you willing to go with the later  
2                   dates proposed by staff?

3                   MR. HARRIS: I probably ought to ask for  
4                   Gary's input on that, but we drew the schedule up  
5                   based upon some earlier proceedings. And I guess  
6                   I'd like to know a little bit more about how the  
7                   staff arrived at their dates, if I could ask  
8                   Lorraine to let us know a little bit more about  
9                   that.

10                  MS. WHITE: Those are the dates that  
11                  usually come through our key event schedule. They  
12                  are ballpark dates. We haven't actually gotten  
13                  confirmation from the District as to exactly when  
14                  they expect to issue their PDOC or their final  
15                  determination on compliance.

16                  And unfortunately, Bob Nishimura from  
17                  the District was here just a few moments ago, and  
18                  has since left. So, to get their exact comments  
19                  on what their schedule is.

20                  It's usually 120 days for the PDOC and  
21                  108 days for the FDOC. So that's what those dates  
22                  were based on. From the time that the  
23                  applications were filed.

24                  HEARING OFFICER VALKOSKY: Mr. Harris.

25                  MR. HARRIS: Obviously Ms. White hit the

1 nail on the head. It depends more upon the Bay  
2 Area District than on either one of us, and so if  
3 the later date seems to make more sense, we  
4 obviously could get it done sooner. So certainly  
5 we'd go with that later date.

6 And obviously we're going to keep the  
7 pressure on ourselves, and then work with the Air  
8 District to get it done as quickly as possible.

9 HEARING OFFICER VALKOSKY: Okay, next,  
10 there's about a week difference in the release of  
11 the preliminary staff assessment. Ms. White,  
12 would you care to address that?

13 MS. WHITE: We were identifying the --  
14 essentially when we thought we would need to be  
15 issuing the final staff assessment, back that up  
16 for a preliminary staff assessment to give us  
17 enough time to complete the analysis.

18 So we were coming up with April of --  
19 pardon me, January 28th for the final staff  
20 assessment. We felt that under the circumstances  
21 with this particular case, we would want to have  
22 an opportunity to insure that all issues are fully  
23 addressed. We felt a two month period between the  
24 preliminary staff assessment and the final staff  
25 assessment would be appropriate to work out any

1 necessary issues.

2 HEARING OFFICER VALKOSKY: Okay, I  
3 notice that two months also includes the holidays,  
4 too. Is that part of the reason for that?

5 MS. WHITE: Well, unfortunately, the  
6 holidays will happen. But we were also more  
7 concerned with having ample time for public  
8 comment, public participation, issue resolution  
9 and ample workshops.

10 We will have to sandwich those in among  
11 the various holidays. And so there's several  
12 days. Just a moment -- Bob. Bob Nishimura. You  
13 can't get away.

14 (Laughter.)

15 MS. WHITE: Stan, may I back up to the  
16 previous item on the agenda, really, it's the  
17 determinations of compliance.

18 HEARING OFFICER VALKOSKY: Okay.

19 MS. WHITE: I'm going to put you on the  
20 spot, Bob. Stan is interested in identifying when  
21 the District thinks that they might be able to  
22 come up with a preliminary determination of  
23 compliance, and thus the final determination of  
24 compliance.

25 I have a ballpark date in my schedule,

1 but if you might have some more definitive idea of  
2 when that could happen it would be very helpful to  
3 Stan.

4 MR. NISHIMURA: Right now we don't have  
5 any plans as far as scheduling goes, so I can't  
6 give you a real good date. But what we tried to  
7 do is that we tried to meet those dates that's on  
8 your schedule. But a lot of times due to -- we  
9 work on other projects besides this, and that's  
10 one of the problems that we have.

11 We have an engineer that probably spends  
12 most of his time on this particular project,  
13 however he has other projects that he has  
14 deadlines that he has to meet, also. So I can't  
15 really give you an exact date at this time.

16 HEARING OFFICER VALKOSKY: Okay, how  
17 about a ballpark date? Do you feel like you can  
18 commit to that just for planning purposes?

19 MR. NISHIMURA: Yes, okay.

20 HEARING OFFICER VALKOSKY: Okay, staff  
21 has the preliminary DOC coming out October 25th.  
22 Does that seem reasonable?

23 MR. NISHIMURA: Probably about plus or  
24 minus about 30 days from that date, yes.

25 HEARING OFFICER VALKOSKY: Plus or --

1 I'm sorry, how many days plus or minus?

2 MR. NISHIMURA: About 30 days.

3 HEARING OFFICER VALKOSKY: Plus or minus  
4 30 days?

5 MR. NISHIMURA: Yes.

6 HEARING OFFICER VALKOSKY: Okay, and  
7 they have the final DOC coming out on December  
8 23rd, so would that also be plus or minus 30?

9 MR. NISHIMURA: Yes. Yes, probably more  
10 like plus or minus 45 days from that date.

11 HEARING OFFICER VALKOSKY: Plus or minus  
12 45, okay. And since you're here, at what point  
13 will EPA be involved insofar as the BACT  
14 determination and things like that?

15 MR. NISHIMURA: Well, basically we make  
16 a determination and we go out to public comment.  
17 And EPA and the California Air Resources Board  
18 will comment at that time.

19 HEARING OFFICER VALKOSKY: Okay, so you  
20 have no plans to be working with CARB or EPA --

21 MR. NISHIMURA: Oh, yeah, definitely --

22 HEARING OFFICER VALKOSKY: Oh, you will?  
23 Okay.

24 MR. NISHIMURA: Yes. We do have plans  
25 of working with CARB and the federal EPA.

1 HEARING OFFICER VALKOSKY: Okay, thank  
2 you very much, appreciate that.

3 MR. NISHIMURA: Okay, you're welcome.

4 MS. WHITE: Thank you, Bob.

5 MR. NISHIMURA: Fine.

6 HEARING OFFICER VALKOSKY: Okay. Mr.  
7 Harris, when do you intend to obtain your emission  
8 reduction credits?

9 MR. HARRIS: As Bob mentioned earlier,  
10 we're working on those right now, and currently in  
11 negotiations with several sources. We intend to  
12 have those available in the timeframe required by  
13 the Commission.

14 As soon as they're firm, as soon as we  
15 have binding contracts in place, our intent would  
16 be to let you know about those contracts and get  
17 that information to you as quickly as possible.

18 HEARING OFFICER VALKOSKY: Okay, so  
19 you're defining obtaining as having binding  
20 contracts for the option to purchase? Or having  
21 obtained transfer --

22 MR. HARRIS: The concern would be  
23 keeping the confidentiality provisions until we  
24 have the offsets under binding contract.  
25 Obviously it has an effect on the price, so.

1 HEARING OFFICER VALKOSKY: Understood.  
2 Ms. White, when, in staff's opinion, must these  
3 ERCs be obtained?

4 MS. WHITE: Staff would like some  
5 understanding of the option contracts by the time  
6 we issue our final staff assessment. Certainly in  
7 time for us to properly incorporate that  
8 information into our final staff assessment so we  
9 can assure the Committee that, in fact, those  
10 requirements are being met.

11 HEARING OFFICER VALKOSKY: Okay, and  
12 pardon me, how long before the final staff  
13 assessment is issued would you desire these?

14 MS. WHITE: At least two weeks before.

15 HEARING OFFICER VALKOSKY: So under your  
16 current proposal that would be approximately mid  
17 January, is that correct?

18 MS. WHITE: Yes. Actually early  
19 January, please.

20 HEARING OFFICER VALKOSKY: Early  
21 January. Mr. Harris, does that comport with your  
22 timeline?

23 MR. HARRIS: Let me give a lawyer  
24 answer, yes and no.

25 (Laughter.)

1                   MR. HARRIS: Yes, it does comport with  
2                   our timeline in terms of what we think the  
3                   realities are in terms of obtaining those offsets.

4                   In terms of when the absolute drop-dead  
5                   date for the certification by the Air District,  
6                   that's a later date in our view. But we think  
7                   this is the problem that is not going to -- it's  
8                   going to go -- when we're able to announce the  
9                   offset packages sooner than that.

10                   So, we'll work with you on the target  
11                   date; we'll work with legal counsel on the  
12                   question of what's required by when. But I think  
13                   it's a non-issue in the sense we're going to have  
14                   these in hand by that date.

15                   HEARING OFFICER VALKOSKY: Okay, so  
16                   right now the target date is early to mid January?

17                   MR. HARRIS: I think that's an excellent  
18                   target date, yes.

19                   HEARING OFFICER VALKOSKY: Okay, fine.

20                   MR. HARRIS: We always like to be sooner  
21                   if we can.

22                   MS. WHITE: We would, too.

23                   HEARING OFFICER VALKOSKY: Understood.  
24                   Now, have you provided your detailed facilities  
25                   study and other information to the Cal ISO?

1                   MR. HARRIS: I think that was recently  
2                   filed and I may have it in front of me here.

3                   HEARING OFFICER VALKOSKY: I know that  
4                   you had a projected date of July 8th, I believe,  
5                   and I just don't know if that really happened.

6                   MR. HARRIS: John Carrier, can I  
7                   interrupt you for a second. The DFS was filed on  
8                   the 6th, is that correct? I think I've got it in  
9                   my hand, but I'm going to ask you anyway, since  
10                  you actually did the work on it.

11                  MR. CARRIER: The date of the document  
12                  is July 6th, but it was docketed with CEC on July  
13                  8th.

14                  HEARING OFFICER VALKOSKY: Okay, that  
15                  has been docketed. Now the Cal ISO give you any  
16                  indication of when their determination will be  
17                  coming out?

18                  MR. HARRIS: Half our team is outside.  
19                  But let me find out for you. We'll get an answer  
20                  back to you real quick on that.

21                  HEARING OFFICER VALKOSKY: You bet.  
22                  Moving right along, one of the things I noticed in  
23                  the differences between the schedules is that  
24                  staff's schedule indicates that at least, as I  
25                  read it, San Jose would be using the Presiding

1 Member's proposed decision as the environmental  
2 basis for the six land use actions that they have  
3 to take.

4 You seem to indicate a proposal to have  
5 the Commission certify the final staff assessment  
6 as the environmental documentation. Now, this  
7 occurs about a month earlier.

8 Am I understanding your proposal  
9 correctly?

10 MR. HARRIS: Yes, you are. This is one  
11 area where we're actually going to ask for the  
12 indulgence of the Committee and the Hearing  
13 Officer to recognize that we're still working  
14 through these issues.

15 Staff saw our schedule for the first  
16 time on the 8th of this month. We just saw their  
17 schedules recently, as well. There are a lot of  
18 issues that need to be worked out. There are  
19 meetings going on currently between the City and  
20 the CEC Staff. We have offered resources in terms  
21 of providing information and input into that  
22 process, and offered to actually formally sit  
23 there if we were requested to do so. We haven't  
24 been requested to do so thus far. So we made that  
25 offer.

1                   We also made the request that before we  
2                   had a final issuance of a decision on this, and in  
3                   terms of a trigger point, because we are looking  
4                   at the FSA as a possible vehicle here, we have the  
5                   opportunity to provide some input to the City and  
6                   to the Commission Staff before this is issued.

7                   So what we would like to suggest is that  
8                   in the scheduling order that I know you need to  
9                   get out soon, Stan, that we focus on the dates  
10                  that we've suggested as kind of a general  
11                  statement about when the city process have to be  
12                  completed, and leave to the discussions that are  
13                  ongoing the development of a detailed schedule,  
14                  when the city and San Jose and the Commission have  
15                  had a chance to put together their proposal, we've  
16                  had a chance to talk to them about it, we'd ask  
17                  that you issue a revised schedule that provides  
18                  some additional detail.

19                  HEARING OFFICER VALKOSKY: Sorry, now to  
20                  follow up on that, as I understood the City's  
21                  presentation, you had indicated you intended to  
22                  use the Presiding Member's proposed decision as  
23                  the environmental basis for your land use  
24                  decisions, is that correct?

25                  MS. PREVETTI: That's correct. As was

1 mentioned by counsel, we are working with the CEC  
2 on a memorandum of understanding and it may be  
3 possible that another event would trigger the CEQA  
4 equivalence and its availability to us sooner.

5 However, we feel that since this is  
6 really the schedule as it's laid out with all of  
7 its typical steps, we feel at this point that to  
8 go on record with any other schedule would not be  
9 appropriate at this time.

10 Let me also just emphasize that whenever  
11 the CEQA equivalent does become available, we  
12 estimate that it could take as much as six months  
13 for us to get through our entitlement process.

14 HEARING OFFICER VALKOSKY: Okay, and  
15 that is when you say the CEQA equivalent, that  
16 means the document that the City decides to accept  
17 as a CEQA equivalent, rather than anything  
18 independent?

19 MS. PREVETTI: If that's essentially the  
20 subject of the MOU --

21 HEARING OFFICER VALKOSKY: Right, right,  
22 no, it's --

23 MS. PREVETTI: -- that's being discussed  
24 at this point.

25 HEARING OFFICER VALKOSKY: When do you

1 anticipate finalizing the MOU?

2 MS. PREVETTI: It's in progress right  
3 now, and we're hoping to have it completed by the  
4 end of this month.

5 HEARING OFFICER VALKOSKY: Thank you.

6 MR. HARRIS: Stan, I guess to summarize  
7 again, what we're looking for here is a little  
8 dispensation in terms of having some opportunity  
9 to sit down with the CEC Staff and the City to  
10 provide more detail to that schedule after they've  
11 had their opportunity to work through their  
12 issues, as well.

13 HEARING OFFICER VALKOSKY: Mr. Harris, I  
14 totally understand that, and from the Committee's  
15 perspective, however, we have to come out with a  
16 schedule of at least certain events. So I'm just  
17 trying to get a feeling as to how much the  
18 Committee will be comfortable with scheduling at  
19 this time, that's all.

20 MR. HARRIS: Can I be even more  
21 specific, Stan?

22 HEARING OFFICER VALKOSKY: Please.

23 MR. HARRIS: What I was thinking was the  
24 CEC has a pretty standard set of milestones in  
25 their scheduling orders. I'm not suggesting they

1       remove any of those milestones. I guess what I'm  
2       suggesting is that a more general placeholder be  
3       inserted in there that says something to the  
4       effect of City begins entitlement actions, and  
5       maybe we say first quarter of the year, or early  
6       '99, or excuse me, '00 -- sorry, Lorraine, right,  
7       early '00. Something to that effect.

8                        So adding something into the set  
9       scheduling order that at this point is fairly  
10      general, talking about the City entitlements  
11      process.

12                      And then coming back after the City and  
13      the CEC have worked out their issues with  
14      something that fills in that general statement.  
15      So in other words it allows you to meet your 15-  
16      day requirement without setting in stone any  
17      particular trigger point that's still being  
18      negotiated.

19                      HEARING OFFICER VALKOSKY: Okay, thank  
20      you. And next, and this is a very minor point,  
21      but I notice staff seems to anticipate a set of  
22      data requests by July 16th; and Applicant seems to  
23      indicate they'll come out on July 28th with a  
24      couple of different response dates for air and  
25      water.

1                   Ms. White, are you intending to indicate  
2                   to release one set of data requests, or are you  
3                   going to do it in all subjects except for air and  
4                   water?

5                   MS. WHITE: We're anticipating that this  
6                   will be the first round of data requests that  
7                   currently we're attempting to issue by the end of  
8                   this week, that will be a bit of a stretch. But  
9                   that was our target date.

10                   We do anticipate that we will have more  
11                   than one round of data requests. So there will be  
12                   some air quality and some water quality data  
13                   requests in this batch. It just won't be the full  
14                   extent of them.

15                   HEARING OFFICER VALKOSKY: Okay.

16                   MS. WHITE: That's why we've listed them  
17                   as number one --

18                   HEARING OFFICER VALKOSKY: Okay, so --

19                   MS. WHITE: This is just our first  
20                   batch.

21                   HEARING OFFICER VALKOSKY: Right, no, I  
22                   understand that, but it would not be all subjects  
23                   with the exclusion of air and water quality  
24                   necessarily?

25                   MS. WHITE: Yeah, we don't necessarily

1 think you have to break them out. We're more  
2 concerned about initiating our data requests in  
3 the areas where we know we have clearly identified  
4 data needs. Getting that information to the  
5 Applicant as soon as possible so we can have the  
6 information returned to us for purposes of our  
7 analysis.

8 And then as we learn more about the  
9 nature of additional data we would need, we'd  
10 organize subsequent data request packets.

11 HEARING OFFICER VALKOSKY: Okay. What  
12 role, if any, will California Department of Fish  
13 and Game and/or the U.S. Fish and Wildlife Service  
14 play in review of this project?

15 MS. WHITE: Well, right now we've not  
16 been able to identify any direct impacts, so we're  
17 not anticipating a consultation currently.

18 However, because of the concerns over  
19 the possible nitrogen loading of the serpentine  
20 soils, if there's any indirect take, then their  
21 involvement would increase quite a bit.

22 We currently contacted both the  
23 agencies, and again our discussions with them  
24 direct to them to take a look at the AFC, work  
25 with us on identifying any potential problems, and

1           then what steps the Applicant would have to take  
2           to address any of their concerns.

3                       HEARING OFFICER VALKOSKY:   So in other  
4           words that's an open question at this time?

5                       MS. WHITE:   Right, because we're still  
6           unclear exactly if there is a problem associated  
7           with the nitrogen, --

8                       HEARING OFFICER VALKOSKY:   All right.

9                       MS. WHITE:   -- and until we've been able  
10          to show that there is a potential there, we can't  
11          tell you if there's an elevated role that they  
12          would have to take, such as consultation.

13                      HEARING OFFICER VALKOSKY:   Right, and  
14          when do you expect you'll know whether there's any  
15          reason for either of those agencies to become  
16          involved?

17                      MS. WHITE:   We have in this current  
18          batch of data requests, requests specifically  
19          addressing the nitrogen loading, the nitrogen  
20          content of the plumes, what the atmospheric  
21          conditions are, that sort of thing, to try and  
22          help us, and particularly Fish and Wildlife  
23          Service identify if there is a potential problem  
24          there.

25                      So, we're hoping within the next two

1 months to be able to definitively say if there's  
2 going to be a major concern here.

3 HEARING OFFICER VALKOSKY: Okay, thank  
4 you. Mr. Harris, do we have any more information  
5 on the expected timing of the Cal ISO  
6 determination?

7 MR. HARRIS: I guess we have a  
8 preliminary answer of the end of August is what  
9 we're expecting. But we're going to -- we'll  
10 check again --

11 HEARING OFFICER VALKOSKY: Again, I'm  
12 just looking for a ballpark.

13 MR. HARRIS: We'll say the end of August  
14 as a ballpark.

15 HEARING OFFICER VALKOSKY: End of  
16 August, okay.

17 MR. HEPPLER: This was based on the  
18 length of time it took the California ISO to  
19 respond to the Delta Energy DFS.

20 HEARING OFFICER VALKOSKY: Okay. Ms.  
21 White, I've got a projected date of December 7th  
22 or so for the PSA. What factors would delay staff  
23 issuing the PSA?

24 MS. WHITE: Many of the concerns about  
25 air quality. Understanding the offset package

1 issues that have yet to be resolved by the  
2 District, that kind of thing, in terms of air  
3 quality.

4 HEARING OFFICER VALKOSKY: So in other  
5 words a delay in the preliminary determination of  
6 compliance by the District, is that --

7 MS. WHITE: Um-hum.

8 HEARING OFFICER VALKOSKY: -- the type  
9 of thing you're talking about?

10 MS. WHITE: Yes. There's also the  
11 potential that if, in fact, there is a problem  
12 with the nitrogen loading, that we work -- that  
13 the role that Fish and Wildlife Service would play  
14 would be elevated. That could potentially delay  
15 the resolution of that issue.

16 Make sure I got them all. Oh, also  
17 we're -- in our work with the City of San Jose we  
18 want to make sure that particularly the land use  
19 related issues and the compliance related issues  
20 be fully addressed.

21 There are, as we have mentioned, some  
22 problems with compliance. There's also the  
23 concerns about the entitlement action and making  
24 sure that the staff's document meets the  
25 requirements, and would meet the Committee's

1 requirements to produce a document the City can  
2 use.

3 So to the extent that we encounter any  
4 bumps there, that would potentially delay the PSA.

5 HEARING OFFICER VALKOSKY: Okay, so  
6 those are the three major --

7 MS. WHITE: The three biggest, yeah.

8 HEARING OFFICER VALKOSKY: -- three  
9 biggest issues, thank you.

10 Mr. Harris, does Applicant have a water  
11 supply contract with their water supplier? And if  
12 not, when would you anticipate finalizing one?

13 MR. HARRIS: Give us a second here.

14 MR. HEPPLER: I'll answer on behalf of  
15 Mr. Harris. We have received a letter from the  
16 Deputy City Manager from the City of San Jose  
17 expressing interest in supplying the water. The  
18 terms and conditions associated with how that  
19 water is to be supplied have not been worked out  
20 yet. There are meetings that are scheduled to  
21 meet with City staff to work out those details.

22 Given the schedules, been able to get  
23 together with City Staff, I do not see that as  
24 being a fast process. And would estimate that by  
25 the time the FSA is ready that we would have the

1 contract in hand.

2 HEARING OFFICER VALKOSKY: Okay, so  
3 roughly early next year.

4 MR. HEPPLE: Early in the year 2000.

5 HEARING OFFICER VALKOSKY: Okay. Last  
6 question, I believe. Ms. White, in your proposed  
7 schedule I'm sure you're aware of the fact that  
8 under our regulations the Committee PMPD must be  
9 out for a minimum of 30 days review. Is that the  
10 period that you've included in your schedule, or  
11 is it a longer period?

12 MS. WHITE: The PMPD, I do incorporate a  
13 30-day review period for that. But in our initial  
14 consultations with the City, we were informed that  
15 their entitlement actions would take a minimum of  
16 eight weeks. And that's being incredibly  
17 optimistic.

18 HEARING OFFICER VALKOSKY: Okay.

19 MS. WHITE: So we were reflecting a two-  
20 month period between the issuance of the Presiding  
21 Member's proposed decision and the revised  
22 Presiding Member's proposed decision, which we  
23 would hope would be only minor changes. So that  
24 you would still meet the necessary requirements to  
25 have a decision within the --

1 HEARING OFFICER VALKOSKY: Okay, thank  
2 you.

3 MS. WHITE: At this time that's just  
4 kind of a placeholder, please entertain us on that  
5 because we're working out the details with the  
6 City.

7 HEARING OFFICER VALKOSKY: No, I  
8 understand. And, again, I'm just trying to see  
9 how much of this is solid and how much is  
10 placeholdering for now, that's all.

11 Mr. Harris, same question. You propose  
12 a certain review period for the PMPD. Is this the  
13 regulatory minimum 30-day review period?

14 MR. HARRIS: I believe we did the 30-day  
15 period, yes.

16 HEARING OFFICER VALKOSKY: I'm sorry,  
17 Mr. Harris, would you repeat that for me, please?

18 MR. HARRIS: I think we had 30 days in  
19 mind as a minimum, and we -- if I'm reading this  
20 correctly.

21 HEARING OFFICER VALKOSKY: Okay. Would  
22 you necessarily object to a longer review period  
23 if there is sufficient public interest?

24 MR. HARRIS: If it's in the public  
25 interest it would be hard to object to that. But

1 we're anticipating that that won't be -- as staff  
2 said, it will be a minor set of revisions  
3 hopefully between the PMPD and the revised PMPD.

4 HEARING OFFICER VALKOSKY: I'm talking  
5 about the -- okay. I guess we're talking about  
6 the same thing. The period elapsing after  
7 issuance of the Presiding Member's Proposed  
8 Decision. Okay, thank you.

9 Okay, that concludes all the niggling  
10 little questions I have. Are there any other  
11 comments on this? Questions from anyone? I'm  
12 sorry?

13 Ma'am, --

14 MS. SCHOLZ: You asked them the  
15 California ISO determination date, he was going to  
16 go out and ask somebody?

17 HEARING OFFICER VALKOSKY: Right.

18 MS. SCHOLZ: Did I miss that?

19 HEARING OFFICER VALKOSKY: The best  
20 guess that we've gotten back, correct me if I'm  
21 wrong, was the end of August. Okay?

22 Anything else?

23 MR. SCHOLZ: I just wanted to confirm  
24 with you, Lorraine, on your thing here it says  
25 that we're going to have public staff workshops

1           during the holidays? Did that get extended beyond  
2           the holidays? Or is this really the dates you're  
3           going to do it?

4                       MS. WHITE: That's essentially the block  
5           of time we're going to attempt to hit workshops  
6           in. But recognizing that it is a holiday  
7           timeframe, if we have two months between the PSA  
8           and the FSA, there is quite a nice window in there  
9           to accommodate the necessary workshops we'd have  
10          to have to allow for full discussion of what we're  
11          proposing.

12                      And so although I've listed it right  
13          there in the heart of the holiday season, it may  
14          slip a little bit into more like the third week of  
15          January.

16                      MR. SCHOLZ: Can we guarantee that?

17                      (Laughter.)

18                      MS. WHITE: I tell you what, Don, I'm  
19          going to work as best I can with everybody who's  
20          interested to make sure that the workshops --

21                      HEARING OFFICER VALKOSKY: I could  
22          guarantee on behalf of the Committee that the  
23          Committee will not require holiday workshops.

24                      (Laughter.)

25                      MS. WHITE: That's a very good thing.

1 I'd like that from the Committee, thank you.

2 HEARING OFFICER VALKOSKY: Okay, are  
3 there any other matters?

4 MR. HEPPLE: Can the Applicant make a  
5 closing statement, Stan?

6 HEARING OFFICER VALKOSKY: You may.

7 MR. HEPPLE: Just one paragraph as a  
8 closing statement.

9 On the docket, this is a matter of  
10 public record, it's excerpts from a letter from  
11 Jerry Toenyas, the Regional Manager of the Western  
12 Area Power Administration in Folsom, in a letter  
13 to the President of the California ISO, Terry  
14 Winter.

15 Terry Winter wrote back to Mr. Toenyas,  
16 quote, "When a generator plans to locate in an  
17 area where they are needed, we should do all we  
18 can to facilitate their interconnection to the  
19 grid. Resources near the load centers will go a  
20 long way in eliminating the risk for a systemwide  
21 collapse and defer the need for new transmission  
22 lines."

23 Thank you.

24 HEARING OFFICER VALKOSKY: Thank you.  
25 Is there anything else from anyone?

1                   Thank you, all, for your participation  
2 almost to the strike of midnight.

3                   Thank you very much. We're adjourned.

4                   (Whereupon, at 11:45 p.m., the public  
5 hearing was concluded.)

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## CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of July, 1999.

PETER PETTY

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