

PUBLIC HEARING  
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.] )

1555 BERGER DRIVE  
SAN JOSE, CALIFORNIA

FRIDAY, MARCH 23, 2001

6:07 p.m.

Reported By:  
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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Robert A. Laurie, Commissioner, Presiding Member

STAFF PRESENT

Arlene Ichien

Bob Therkelsen

PUBLIC ADVISER

Roberta Mendonca, Public Adviser

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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

2 PRESIDING MEMBER LAURIE: Good evening.

3 My name is Robert Laurie, Commissioner of the  
4 California Energy Commission, and I am Presiding  
5 Member of the Energy Commission's Siting Committee  
6 responsible for hearing this case.

7 Our job, as a Committee, is to have  
8 taken evidence, and we will be making a  
9 recommendation on the case to the full Commission,  
10 which will then take action on a proposed  
11 decision.

12 As you may be aware, we have held  
13 numerous workshops, and we have completed our four  
14 months' worth of Evidentiary Hearings, where  
15 testimony from experts and others was taken.

16 The purpose of this evening is to  
17 provide you, as members of the public, an  
18 opportunity to say whatever it is you desire to  
19 say, as long as it is not unlawful.

20 (Laughter.)

21 PRESIDING MEMBER LAURIE: This meeting  
22 will close down at 10:00 o'clock. I do not  
23 anticipate a time problem, given the attendance  
24 here tonight. What I would ask you to do is  
25 concentrate your comments in two or three minute

1 segments, if you can, to make sure that everybody  
2 is given an opportunity.

3 Before we proceed, I'd like to take an  
4 opportunity to specifically thank some people who  
5 have been participating. The Energy Commission's  
6 process is not always an easy process. It depends  
7 on the complexity of the case. This particular  
8 project has been a complex project, and, in some  
9 cases, a controversial project. As a result,  
10 there has been a great amount of public  
11 participation. Many folks in favor, many folks  
12 opposed.

13 I would like to note for the record,  
14 however, that we had a number of very active  
15 formal Intervenors in the case. And many of those  
16 folks represented the neighborhood that is most  
17 immediately affected by the plant, and some  
18 individuals who are most immediately affected by  
19 the plant.

20 Please be advised that in my opinion of  
21 having done this kind of work, or related work,  
22 for many years, that I think your representatives,  
23 whatever position they took, served you well. I  
24 think for the most part, and with rare exception,  
25 the party Intervenors performed in a very

1 professional, very competent manner, and I won't  
2 mention names, but you all have a right to feel  
3 very proud of your efforts.

4 So at this point, again, we're going to  
5 ask for public comment. We have a few individuals  
6 who are going to lead off. And then I'm going to  
7 open it up for public comment.

8 I don't have -- Dick, or Arlene, do you  
9 have the -- any schedule? I -- I don't have a  
10 particular schedule with me. If not, don't worry  
11 about it.

12 First, I have the pleasure of calling  
13 Mayor Ron Gonzales, who has appeared before us  
14 before. And, sir, we welcome you again.

15 MAYOR GONZALES: Thank you. And,  
16 Commissioner Laurie, and through you, the members  
17 of the California Energy Commission, good evening,  
18 and welcome once again to San Jose.

19 PRESIDING MEMBER LAURIE: Thank you,  
20 sir.

21 MAYOR GONZALES: This is becoming your  
22 second home.

23 PRESIDING MEMBER LAURIE: My primary  
24 home.

25 (Laughter.)

1                   MAYOR GONZALES: I am Ron Gonzales,  
2 Mayor of San Jose, and I'd like to just take a  
3 quick moment and recognize a couple of my City  
4 Council colleagues who are with me this evening.

5                   First, the Council member who represents  
6 District 2, the district that contains the Metcalf  
7 site, Council Member Forrest Williams. If you  
8 could stand.

9                   Council Members also with me are Council  
10 Members Chuck Reed and Sidney Chavez. Other  
11 Council members may join us as the evening  
12 progresses.

13                   PRESIDING MEMBER LAURIE: Welcome.  
14 Thank you.

15                   MAYOR GONZALES: I am here to represent  
16 the San Jose City Council and the residents of our  
17 community regarding the proposal from the Calpine  
18 Corporation to build the Metcalf Energy Center in  
19 our city.

20                   On behalf of the City Council and  
21 residents of our neighborhoods, I urge the  
22 Commission to deny Calpine's application for its  
23 Metcalf Energy Center, and to direct the company  
24 to seek a better and more compatible site that  
25 will benefit our community, our environment, and

1           our economy.

2                         Tonight's hearing is the last in a long  
3 series of formal meetings that began in January of  
4 this year, and it concludes an even longer period  
5 of community outreach and analysis that started  
6 well over a year ago. I appreciate the serious  
7 consideration that you and the Staff of the  
8 Commission have given to this proposal and to the  
9 concerns of our community. Regardless of your  
10 decision in the next several months, your hard  
11 work, patience, and sheer endurance throughout  
12 this process is commendable.

13                        I also commend the other participants  
14 involved in this process, especially the residents  
15 of our city who have given so much time from their  
16 lives and families over the past two years to  
17 protect the neighborhoods of San Jose. Their  
18 effort has been focused on protecting the quality  
19 of life in our city, but it has truly -- but it  
20 truly has been on behalf of all residential  
21 neighborhoods in every city throughout California.

22                        Their grass roots involvement has been  
23 remarkable. It has been concentrated, sustained,  
24 and thorough. Our residents have demonstrated the  
25 highest standard of civic conduct that is an

1           excellent model for every community that may be at  
2           risk from inappropriate projects proposed in  
3           unsuitable locations.

4                        On November 28 of 2000, the San Jose  
5           City Council unanimously denied the request from  
6           the Calpine Corporation to change our city's land  
7           use designations that would be necessary to allow  
8           the proposed Metcalf Energy Center to be located  
9           in the North Coyote Valley area in San Jose.

10                      We understand that California faces  
11           immediate critical energy challenges. These are  
12           the result of poor public and private energy  
13           policy decisions, and unintended consequences of  
14           deregulation and utility mismanagement. These are  
15           serious issues, and the rolling blackouts that  
16           have affected residents and businesses in every  
17           corner of the state this winter are stark  
18           reminders of what may be in store for us.

19                      These are the very same power outages  
20           this week, however, underscore that the -- the  
21           fact that the energy problems that California is  
22           trying to solve today are not just a matter of  
23           energy supply or generating capacity. They are  
24           systematic problems that will not be solved by  
25           symbolic or simple actions.

1                   Even though peak energy demand in  
2                   California this winter has been lower than it was  
3                   a year ago, we have experienced blackouts.

4                   Per capita energy consumption in  
5                   California is already one of the very lowest in  
6                   the nation, and we are seeing it drop even lower  
7                   as a result of our calls for conservation this  
8                   year.

9                   Nearly 30 percent of the state's energy  
10                  generating capacity is currently offline because  
11                  of corporate financial concerns, scheduled plant  
12                  maintenance, and unanticipated plant failures.

13                  The capacity that is offline this week  
14                  was equivalent -- was the equivalent of more than  
15                  20 power plants the size of the proposed Metcalf  
16                  Center.

17                  These facts all point to the underlying  
18                  policy, management and financial matters that must  
19                  be solved in order for California to meet its  
20                  energy needs.

21                  Albert Einstein once said, "The problems  
22                  we face cannot be solved by the same level of  
23                  thinking that created them."

24                  What I fear, however, are hasty  
25                  decisions that are being made about energy policy,

1 environmental and neighborhood protection, and  
2 land use; decisions that are being made in an  
3 atmosphere of panic, ignorance, and pressure.

4 What I fear is a rush to settle on the  
5 answer to the problem before we have rationally  
6 understood what the real question is.

7 What I fear, on behalf of our community,  
8 are the consequences of wrong decisions that we  
9 will have to live with for decades, decisions made  
10 in a desperate effort to see that something is  
11 done, anything that is done, to respond to a  
12 crisis.

13 Our responsibility as the City Council  
14 for San Jose is to make land use decisions for the  
15 long-term well being of our community. This is a  
16 fundamental obligation of every city council in  
17 every California city. I should say, land use  
18 planning is our first duty as a city, and one that  
19 is embedded in the California Constitution under  
20 the basic concept of home rule.

21 As I have said many times before, as  
22 Mayor of San Jose, and I know every one of my City  
23 Council colleagues agrees with me, protecting San  
24 Jose neighborhoods and residents, now and in the  
25 future, is one of our highest priorities.

1                   As a matter of good land use planning,  
2                   the Santa Teresa neighborhood is not an  
3                   appropriate location for Calpine's proposed 600  
4                   megawatt power plant. The impacts of this large  
5                   power plant at this proposed site would harm the  
6                   quality of life for San Jose residents.

7                   Based on data from the Commission's own  
8                   Staff and using the analysis by our City Planning  
9                   staff, the San Jose City Council made a unanimous  
10                  decision to deny the requested General Plan  
11                  Amendment, Rezoning/Rezoning, and Annexation for  
12                  the proposed site of the Metcalf Energy Center.

13                  We came to this conclusion for the  
14                  following reasons.

15                  The proposed location is incompatible  
16                  with the major strategies, goals and policies of  
17                  the San Jose General Plan that has been in place  
18                  for nearly 20 years.

19                  Let me remind you that our city's  
20                  General Plan is the foundation for our land use  
21                  decisions affecting the development of San Jose  
22                  and the future of our community. We do not trifle  
23                  with it.

24                  The proposed project is inappropriate at  
25                  this site. It is a very large, heavy industrial

1 use that would be detrimental to achieving our  
2 long-standing vision for the balanced development  
3 of the entire Coyote Valley area.

4 This vision was developed with extensive  
5 public participation, environmental review, and  
6 many community points of view. Coyote Valley, as  
7 we have outlined it in the San Jose 2020 General  
8 Plan, includes high quality technology campuses,  
9 residential development, and our greenbelt to  
10 achieve long-term goals for jobs, housing, and  
11 open space.

12 The Metcalf location is unacceptable  
13 because of the level of uncertainty regarding the  
14 project's environmental impacts on local air  
15 quality, public health, noise, and biological  
16 resources. By local impact, I refer to the areas  
17 immediately surrounding the site, including our  
18 residential neighborhoods, elementary schools, and  
19 the Coyote Creek Park chain.

20 Again, let me remind you that local  
21 means impacts on residents and an elementary  
22 school less than a mile away from a 600 megawatt  
23 power plant. They are not protected by the  
24 purchase of a regional air pollution credit. Such  
25 a credit doesn't make local impacts disappear.

1                   I agree with Governor Davis, the  
2                   California Legislature, and the Energy Commission  
3                   that we must work together to ensure that there  
4                   are adequate and reliable energy supplies for  
5                   California and Silicon Valley. I agree that this  
6                   is a critically important priority for the  
7                   residents, businesses, and the future economy of  
8                   our region and our state.

9                   I agree that we must address our energy  
10                  needs through good state and regional planning  
11                  that balanced new energy supplies, more effective  
12                  conservation, and innovative generation,  
13                  transmission, and distribution solutions.

14                 This is why I have proposed our San Jose  
15                 and Silicon Valley Smart Energy Plan. This plan  
16                 calls for regional collaboration among cities to  
17                 locate new small and large clean power plants in  
18                 suitable locations that do not negatively affect  
19                 residential neighborhoods.

20                 This plan calls for greater energy  
21                 conservation, energy efficiencies, and alternative  
22                 energy sources that will lead to greater self-  
23                 sufficiency and greater system reliability in  
24                 Silicon Valley.

25                 This plan calls for partnerships, not

1           only among cities, but also with the private  
2           sector and with state and federal governments.

3                         Just a week ago, mayors of 11 Silicon  
4           Valley cities and the chair of the County of Santa  
5           Clara Board of Supervisors signed a mutual  
6           statement of purpose at our first ever Silicon  
7           Valley Energy Summit. We heard last week of the  
8           serious commitments that are being made by our  
9           local cities to be part of the energy solution by  
10          finding appropriate locations for energy  
11          generation, for greater conservation.

12                        And they have pledged their commitment  
13          to continue this collaborative efforts to make  
14          Silicon Valley a model for the other regions of  
15          the state to develop good solutions that make  
16          regional sense, that will support our economy, and  
17          continue to protect our neighborhoods and  
18          environment.

19                        At the summit, we shared information  
20          about our own activity here in the City of San  
21          Jose, where we are moving ahead aggressively to  
22          develop energy generation projects on appropriate  
23          locations already owned by the City of San Jose.  
24          I was very pleased to have such a strong and  
25          positive response at the energy summit, and I look

1 forward to working with Silicon Valley communities  
2 to achieve the goal of greater energy self-  
3 sufficiency.

4 The summit made it clear that the  
5 solution to the energy challenge for California  
6 and Silicon Valley requires multiple solutions and  
7 creative approaches, and that no single power  
8 plant will be the answer.

9 Even though you have heard from many  
10 organizations urging you to approve the Metcalf  
11 Energy Center, remember -- remember, none of these  
12 groups, none of them, are responsible for our  
13 city's neighborhoods. None of them have the  
14 obligation or authority to make good land use  
15 decisions.

16 But all of them should know that no  
17 single power plant, regardless of its size or  
18 location, will be a determining factor for meeting  
19 the state's needs for power system reliability and  
20 capacity, certainly not this year, and certainly  
21 not even over the next several years.

22 The Commission has already approved a  
23 new generation -- a list of generation projects  
24 that are underway in California that will increase  
25 the state's generating capacity by more than 6300

1 megawatts over the next two years. This is a  
2 large increment already in progress, and it  
3 represents a 15 percent increase in the state's  
4 total capacity. It is equivalent to more than ten  
5 Metcalf power plants. And these plants will be  
6 online, ready to generate electricity, well before  
7 the Metcalf project could be built and in service.

8 In order for the Commission to override  
9 the land use decision of San Jose, or, for that  
10 matter, any city, you must make a credible finding  
11 of public necessity and convenience. I don't  
12 think you can do that, based on the projected new  
13 generation capacity that is already under  
14 construction.

15 I don't think you can make that finding  
16 for a project that has absolutely no bearing on  
17 the current California energy mess, and that will  
18 not come into service until years after other  
19 capacity is completed. Even if Metcalf could in  
20 an instant be placed in operation today, it would  
21 not have prevented the rolling blackouts in  
22 Silicon Valley or California.

23 We must be sure that the people living  
24 in San Jose neighborhoods, or in any community in  
25 California, do not bear the unfair burden of the

1 harmful environmental consequences that would come  
2 by placing huge power plants in residential  
3 neighborhoods.

4 Any site considered for potential power  
5 plants must therefore meet the essential criteria  
6 for protecting neighborhoods and the environment.  
7 Your own Staff assessment has determined that  
8 there are several alternative sites that would --  
9 that would not have Metcalf's environmental or  
10 land use flaws. This also should lead you to deny  
11 this application.

12 If a practical site for a power plant  
13 truly needs to be identified in or near our  
14 community, San Jose is committed, San Jose is  
15 committed to working with the CEC and other  
16 interested parties to achieve this goal. We are  
17 completely willing to find sites that are  
18 appropriate to ensure that any power plant will  
19 not have a negative impact on the environment or  
20 on our residential neighborhoods. We all receive  
21 important benefits from an adequate and reliable  
22 power supply and system, and our city therefore  
23 will continue to work collaboratively with the  
24 CEC, our neighboring communities, and other  
25 interested parties to find acceptable solutions

1 for addressing our energy needs.

2 Although I am here to represent the City  
3 Council and the residents of San Jose, I also  
4 believe I can fairly represent the concerns of  
5 cities throughout California that have the proper  
6 authority and responsibility for making local land  
7 use decisions.

8 The California Energy Commission has  
9 never made a decision to overrule local land use  
10 requirements to the extent that would be required  
11 for this project. You have licensed nine power  
12 plants in the past two years without local land  
13 use resistance because those projects were in  
14 suitable locations.

15 The Metcalf Energy Center in San Jose,  
16 however, is a much different matter. The  
17 magnitude of this project, its proximity to  
18 residential neighbors, and the number and severity  
19 of its inconsistencies with our city laws and  
20 regulations dictate against a CEC override of our  
21 constitutional land use authority.

22 I appreciate the Commission's long  
23 commitment to give great weight to local land use  
24 policies, and its traditional and appropriate  
25 respect for the serious concerns of local

1 communities. If the Commission were to break this  
2 precedent now, it would signal a radical change in  
3 CEC policy and practice to all California cities  
4 that must worry about the erosion of their land  
5 use authority.

6 This would be unfortunate and, I  
7 believe, counterproductive. I expect it could  
8 lead to greater controversy, complications, and  
9 delays for solutions for meeting the projected  
10 power needs of California.

11 The state and its cities must continue  
12 to be partners in these solutions, not  
13 adversaries. The stakes are too high. We must  
14 work together for the results of our residents and  
15 businesses demand and deserve it.

16 On behalf of the City Council of San  
17 Jose and the residents of our neighborhoods, I  
18 urge the Commission to deny Calpine's application  
19 for its Metcalf Energy Center, and to direct the  
20 company to seek a better and more compatible site  
21 that will benefit our community, our environment,  
22 and our economy.

23 I want to thank you for your time and  
24 consideration, and I look forward to your decision  
25 that will be good for the people of San Jose and

1 California.

2 Thank you.

3 (Applause.)

4 MAYOR GONZALES: I'm going to ask my  
5 residents not to do that. I'm going to ask my  
6 residents not to do this. It's a rule we have in  
7 the council chambers. I'm going to ask them to  
8 respect that rule here, also.

9 Commissioner Laurie, I wish I could stay  
10 the whole evening. I've got other commitments,  
11 but I appreciate your giving me the time.

12 PRESIDING MEMBER LAURIE: Mr. Mayor, we  
13 very much appreciate your comments, and we have  
14 your written comments, and it will be directed to  
15 be put in the record.

16 MAYOR GONZALES: Thank you very much.  
17 Good evening.

18 PRESIDING MEMBER LAURIE: Thank you,  
19 sir, very much.

20 Ladies and gentlemen, what we're next  
21 going to do is we're going to hear from Mr. Robert  
22 Therkelsen, who heads the Siting Division at the  
23 Commission. We're going to hear from Mr. Issa  
24 Ajlouny, who's one of our party Intervenors that  
25 asked for a specific time. We're going to hear

1 from the representatives, or at least a  
2 representative from Morgan Hill.

3 What we're then going to do is a number  
4 of the active party Intervenors asked to leave  
5 times set apart for -- in tonight for comment on  
6 the override issue. Those party Intervenors will  
7 be called upon after the representative from  
8 Morgan Hill has an opportunity to speak.

9 After those party Intervenors have  
10 completed their comments, and I have in the past  
11 asked for those folks to talk with one another and  
12 coordinate their comments, so as to leave adequate  
13 time for those of you who are members of the  
14 public that have not otherwise participated.

15 Any questions as to the process we're  
16 going to follow today? Mr. Boyd.

17 MR. BOYD: Just I had requested an  
18 overhead projector be available, and I see that  
19 it's available. I was just wondering if there's  
20 going to be a break at some time so we --

21 PRESIDING MEMBER LAURIE: There'll be a  
22 break probably right before you want to use it.  
23 Okay.

24 Mr. Therkelsen.

25 MR. THERKELSEN: Thank you, Commissioner

1 Laurie.

2 PRESIDING MEMBER LAURIE: I'm sorry,  
3 Robert. Let me interrupt for a second.

4 Those members of the public that wish to  
5 speak, you know that there are blue cards floating  
6 around. The Public Adviser, Ms. Mendonca, has  
7 them. Please return them to either Ms. Mendonca  
8 or Energy Commission Staff sitting over here.  
9 Arlene, could you raise your hand, please? And  
10 Ms. Ichien will be calling upon you, or somebody  
11 else will be doing that.

12 Mr. Therkelsen.

13 MR. THERKELSEN: My name is Bob  
14 Therkelsen. I'm the Deputy Director for System  
15 Assessment and Facility Siting at the California  
16 Energy Commission. And the purpose of my  
17 statement tonight is to give you an overall  
18 perspective on the Staff's position on the case,  
19 and its recommendation to the Commission.

20 PRESIDING MEMBER LAURIE: And Mr.  
21 Therkelsen, you understand that this is comment  
22 and is not going to be treated as evidence. Is  
23 that your understanding?

24 MR. THERKELSEN: I understand that.

25 PRESIDING MEMBER LAURIE: Thank you.

1 MR. THERKELSEN: I understand that.

2 Basically, the Staff's overall  
3 conclusions that were stated in its Final Staff  
4 Assessment was that although there are two areas  
5 of potential unmitigated significant adverse  
6 impacts, specifically the loss of agricultural  
7 land and visual resources, we still recommend that  
8 the project be approved based upon overriding  
9 considerations under the California Environmental  
10 Quality Act.

11 Also, although the project is in non-  
12 conformance with specific provisions of the San  
13 Jose City General Plan and zoning requirements, we  
14 still recommend the project be approved on the  
15 Commission's override authority in the Warren-  
16 Alquist Act. We basically recommend those  
17 decisions based not only upon statewide  
18 considerations but regional and local benefits  
19 from the project.

20 The Commission and the Committee was  
21 established with a very unique responsibility, one  
22 that's required by CEQA to look at the health,  
23 safety, and environmental impacts of any project  
24 brought before it. It's also required by the  
25 Warren-Alquist Act to identify and consider the

1 relationship of any project it has before it with  
2 state and local legal requirements, including land  
3 use requirements.

4 It's required by CEQA and the Warren-  
5 Alquist Act to listen to and consider the comments  
6 of agencies, state, local and federal, as well as  
7 citizens, whether they support or oppose a  
8 project. And it's also required by the Warren-  
9 Alquist Act to understand the relationship of a  
10 project with the state's electrical needs.

11 And, finally, it's required by the  
12 Warren-Alquist Act to balance all of those  
13 considerations when making its decisions. It's  
14 considerations in terms of environmental concerns,  
15 public health and safety concerns, economic  
16 concerns, environmental concerns, and the  
17 reliability of the electrical system.

18 Basically, the findings required by the  
19 Commission in CEQA are to override a project that  
20 has these kind of problems, environmental or -- or  
21 non-conformity problems. In CEQA, it's required  
22 to balance the benefits against unavoidable  
23 environmental risks.

24 In the Warren-Alquist Act it's required  
25 to consider the need for public convenience for

1 the facility, and determine whether there are no  
2 more prudent feasible means of achieving the  
3 project's objectives.

4 The Staff's conclusion is, in this case,  
5 that the project meets both of those requirements.

6 Now, I'd like to talk about that in  
7 terms, again, of a statewide, a regional, and a  
8 local context.

9 In a statewide concept context, back in  
10 '96, the legislature approved AB 1890, which  
11 restructured the California electrical industry.  
12 It moved it to a competitive market. And through  
13 a number of compelling factors, we're  
14 characterizing, or seeing a system right now  
15 characterized by a high level of electricity  
16 alerts and emergencies, statewide and regional  
17 blackouts, high and volatile energy prices, high  
18 natural gas prices, higher than normal outage  
19 rates, lower than normal electricity imports,  
20 reports of generator price gouging and  
21 overcharging, and potential bankruptcy of the  
22 state's utilities.

23 In sum, we have a very stressed,  
24 unreliable system.

25 There are basically three factors that

1       have contributed to this on a statewide basis.  
2       One is increasing electrical demand. Overall, the  
3       state grows at an average of two percent per year,  
4       in terms of its electrical demand. This is  
5       roughly equivalent to two Metcalf projects.

6               We also have a situation of insufficient  
7       supply. Basically, there were very few projects,  
8       power plants constructed during the early 1990's  
9       because of oversupply conditions that existing  
10       during the 1980's, and major uncertainty over  
11       restructuring; what was going to happen and how  
12       projects would be able to participate in them.

13              This has led to a decline in the state's  
14       reserve margins. Although system planners tell us  
15       that a 15 percent reserve margin is ideal for the  
16       state, and although we had over 15 percent reserve  
17       margins in the early 1990's and late 1980's,  
18       currently, during peak summer days, we're at four  
19       percent or less in terms of our reserve margin.

20              That situation is complicated by the  
21       fact that California's fleet of power plants is  
22       aging. Forty-eight percent of our generators are  
23       30 years old or older. Thirty-two percent of our  
24       electrical generation is 40 years or older. Even  
25       if we build plants now to replace those plants

1           that are 30 years or older, it would take about 50  
2           500 megawatt projects to replace that aging  
3           infrastructure.

4                         In addition, we have a poorly designed  
5           market structure. We have a situation with  
6           financial problems for the utilities and for the  
7           people that are generating electricity throughout  
8           the state.

9                         In the short term, we have a major  
10          problem in terms of balancing supply with demand  
11          to maintain a reliable system. In the long term,  
12          we've got to solve supply and demand problems  
13          throughout the Western United States. We need to  
14          find a way to lower and establish more reasonable  
15          electricity rates. We need to replace those aging  
16          facilities that are more polluting, less  
17          efficient, and not reliable. We need to fix the  
18          market structure. We need to upgrade the  
19          transmission system, and we need to resolve the  
20          financial situations we're facing. All of those  
21          are major tasks before us.

22                         State government has been responding to  
23          that concern. The Governor, back in July of 2000,  
24          issued the first of a series of Executive Orders  
25          to increase supply and to reduce demand. In

1           September, August and September of 2000, the  
2           legislature passed AB 970, again taking measures  
3           to reduce demand and increase supply. In January,  
4           the Governor declared a state of electrical  
5           emergency for the state, and in February issued  
6           five Executive Orders, again to accelerate the  
7           construction of new power plants, to increase the  
8           generating capacity of power plants already in the  
9           ground, to develop new projects for this summer  
10          and for the next summers, and also to, again,  
11          reduce demand.

12                        The legislature is in special session  
13          because of the nature of the emergency that we  
14          have before us, and lots of legislation is pending  
15          to deal with parts of this crisis.

16                        Metcalf is not the solution to this  
17          situation, but it is a part of a statewide  
18          solution. The increase of 600 megawatts, in terms  
19          of the state's electrical situation, that's online  
20          in late 2002, 2003 under a normal construction  
21          schedule, will clearly help with the supply and  
22          demand problems. It, along with other plants that  
23          are being constructed, being permitted, and being  
24          proposed, if the market problems are solved and  
25          the financial difficulties are solved, will

1 improve the state's supply and demand balance,  
2 increasing the reserve margin, reducing reliance  
3 on old, unreliable power plants, reducing the  
4 chance of blackouts and use of backup emergency  
5 generators, stabilizing rates, and creating  
6 overall a more stable and reliable electrical  
7 system. It is a part of that overall plan.

8 In terms of a regional context of the  
9 Silicon Valley, Southern San Jose area -- I'm  
10 sorry, the Southern San Francisco Bay Area, it is  
11 actually growing at a faster rate than the rest of  
12 the state, more than twice what the demand rate is  
13 for the rest of the state. And even though it has  
14 peak demand on the order of 2,600 megawatts during  
15 the summer, currently it has less than 300  
16 megawatts of generating capacity within the area.  
17 That's less than 12 percent of its load provided  
18 within its area. That is extremely low for a  
19 major urban area.

20 Most of the power comes in over  
21 transmission lines, and those are experiencing  
22 constraints. Utility system planners indicate  
23 that roughly 40 percent local generation is  
24 desirable in an urban area to ensure reliability.  
25 Clearly, this region needs additional generation,

1 and probably more than just one project.

2 In terms of the regional benefits from  
3 this project, as earlier testimony has shown you,  
4 it provides critical voltage support for the area,  
5 reduces transmission congestion, reduces line  
6 losses, reduces the cost of reliability must run  
7 projects, reduces the use of potential emergency  
8 backup generators that are 200 times dirtier in  
9 terms of their emissions and this project, and  
10 reduces the potential for blackouts that have a  
11 whole slew of economic, environmental, public  
12 health and safety risks associated with them.

13 In terms of the local context, there are  
14 two significant adverse impacts that remain from  
15 this project, the loss of agricultural land and  
16 visual impacts to the residents along Blanchard  
17 Road and the general visual character of the area.  
18 The other environmental concerns have been  
19 mitigated.

20 In terms of land use conformance, yes,  
21 the project is not in conformance with the City of  
22 San Jose's General Plan or zoning ordinance. I  
23 know there's considerable concern about the air  
24 emission, the air quality impacts of this project.  
25 The project is using the best available control

1           technology, it has a very small contribution to  
2           regional ozone and PM10 concerns, and all  
3           emissions, all emissions, are fully offset. Even  
4           the 90 tons of PM10 that are not required by the  
5           air district or air quality law. And 97 percent  
6           of those offsets are being obtained within the San  
7           Jose area.

8                           In terms of other impacts, again, those  
9           are being fully mitigated to the extent of  
10          providing open space habitat for biological  
11          resources, construction of a recreational  
12          facility, the use of recycled water, and tax  
13          benefits.

14                          One of the major concerns of this  
15          project has been alternatives. And alternatives,  
16          in terms of the no action alternative, represents  
17          a concern in terms of the statewide and regional  
18          concerns that I've mentioned earlier.  
19          Conservation as an alternative is something that  
20          we must do, both to meet the short term concerns  
21          over the next couple of years, but also the long  
22          term things. We need to get our demand under  
23          control.

24                          Alternative technologies have been  
25          discussed as a potential alternative. And

1 renewables, for example, are very desirable in the  
2 sense of reducing our demand of reliance upon a  
3 single fuel, natural gas. But they're still more  
4 expensive than natural gas, and also difficult to  
5 provide a significant amount of generating  
6 capacity in a short period of time.

7 Self generation is good as an  
8 alternative. Peaking power plants that are being  
9 proposed by some of the Governor's action plans  
10 are good. They tend to be smaller in size, don't  
11 require a lot of water resources, and can be  
12 constructed quickly, but they are more expensive  
13 and twice as polluting as baseload plants. Some  
14 peaking plants will always be critical for the  
15 system operation, but not a significant number.

16 In terms of alternative sites, the Staff  
17 did look at a number of alternative sites during  
18 the review of this project, and identified some  
19 that could be suitable under certain  
20 circumstances. To some degree, the consideration  
21 of alternatives is a little misleading, in the  
22 sense that their -- their application requires, or  
23 their -- their use requires an application before  
24 the Commission. And there still are tremendous  
25 uncertainties regarding a number of the sites.

1       There's transmission system improvements that are  
2       needed, there's land use non-conformities that  
3       exist and potential overrides by the Commission if  
4       they're to be approved. There's issues of public  
5       opposition and environmental justice concerns.

6               All of those issues, and others, come  
7       out on the crucible of the public permitting  
8       process that we've seen in this and other  
9       projects.

10              Timing is also a major concern in terms  
11       of implementing any of those alternatives. We  
12       need the additional generation in the South Bay  
13       Area now. In terms of a typical schedule, to  
14       prepare a site, to do the site control, do the  
15       design, negotiations for water and other supplies,  
16       financing takes anywhere from six to eighteen  
17       months for a typical project.

18              Permitting for a project this size takes  
19       anywhere from six to twenty-four. A six month is  
20       possible under AB 970, but it is a very unique  
21       site, especially in an urban area, that can be  
22       permitted in six months. Urban plants tend to be  
23       very controversial, and controversial plants --  
24       controversy results in delay.

25              The Metcalf project has been with us

1 almost two years, partly because of the changes  
2 that the Applicant has made, and partly because of  
3 the time required to deal with public concerns.  
4 And federal permits also is something that  
5 contributes to a long process. And construction  
6 for a plant takes anywhere from 18 to 24 months.  
7 Therefore, none of the alternatives that we  
8 considered, even if they are approved, could  
9 reasonably be expected to be online until 2004, at  
10 the earliest.

11 I guess my overall conclusion is that  
12 the Commission needs to move forward. The state  
13 is experiencing a significant electricity problem,  
14 both in the short term and the long term. It must  
15 reduce demand, it must fix the market structure,  
16 and it must add a significant number of new  
17 reliable power plants.

18 The region is specifically vulnerable  
19 from a reliability perspective. It has limited  
20 local generation, and new generation is needed in  
21 the region to improve the system and to reduce the  
22 system costs.

23 Most of the environmental issues and  
24 concerns associated with the project have been  
25 fully mitigated to a level of insignificance. And

1       those that are real -- those that are remaining  
2       are real, but they are relatively minor. And land  
3       use conformance, as the Mayor stated earlier, is a  
4       major concern.

5               However, in the opinion of the Staff,  
6       those concerns do not outweigh the statewide,  
7       regional benefits associated with the project, in  
8       terms of increasing supply, increasing reliability  
9       of the system, lowering system costs, and  
10       stabilizing the whole system, the statewide  
11       electricity problem.

12               We also don't feel that there are any  
13       alternatives that are feasible in terms of the  
14       timeframe.

15               In summary, then, in terms of CEQA, the  
16       requirements for the findings made by the  
17       Commission are that, again, this project's  
18       benefits outweigh the unavoidable adverse  
19       environmental risks. And from an environmental --  
20       or from an override perspective under the Warren-  
21       Alquist Act, again, the Commission must find out  
22       that the project's required for the public  
23       convenience and necessity, and there is no more  
24       prudent or feasible means of achieving that.

25               The Staff's conclusion is that this

1 project does qualify and should be approved under  
2 both of those criteria.

3 PRESIDING MEMBER LAURIE: Thank you, Mr.  
4 Therkelsen.

5 What I would ask --

6 (Applause.)

7 PRESIDING MEMBER LAURIE: Maybe you want  
8 to quit while you're ahead.

9 Ms. Mendonca, could I have your  
10 attention for a moment?

11 Those of you who are not formal party  
12 intervenors, may I see a show of hands of those  
13 desiring to speak that are not formal party  
14 intervenors? Okay.

15 Ms. Mendonca, you see a rough -- rough  
16 count.

17 So what I would ask is that -- that's  
18 fine, thank you. What I would ask is while we're  
19 hearing from the next two speakers, the party  
20 intervenors that are desiring to speak, I would  
21 ask that you speak with Ms. Mendonca, and Roberta,  
22 I need your help in getting me the list and the  
23 proposed order of those speakers. Can you do  
24 that?

25 PUBLIC ADVISER MENDONCA: Of the

1           Intervenors?

2                       PRESIDING MEMBER LAURIE:  Yes.  And --  
3           and also, we -- we're going to have to talk about  
4           time, because we really need to hear from the  
5           members of the public, and we're going to need two  
6           hours to do that.

7                       Okay.  Sir.

8                       MR. AJLOUNY:  Thank you, Commissioner.  
9           You know, I'd like to start off by asking a quick  
10          question.  Wednesday, there's -- on the Business  
11          Meeting, three power plants for approval.  Did --

12                      PRESIDING MEMBER LAURIE:  I beg your  
13          pardon?

14                      MR. AJLOUNY:  Wednesday was three power  
15          plants for approval.

16                      PRESIDING MEMBER LAURIE:  Correct.

17                      MR. AJLOUNY:  Did they get approved?

18                      PRESIDING MEMBER LAURIE:  Yes, they did.

19                      MR. AJLOUNY:  Okay.  So -- well, so  
20          we're up to 8405 megawatts, over 20 percent of  
21          generation in the process.  Just -- not to correct  
22          the Mayor, but it's just because of new  
23          developments.  So instead of 6300 we're at 8400.

24                      But anyway, thank you for the  
25          opportunity to express what conclusions I have

1           come to in the area of override. And I guess I'll  
2           start off by saying I usually just kind of wing it  
3           and talk, you know, but I actually got organized  
4           and wrote up what I'd like to say tonight, so bear  
5           with me as I look down at my notes and -- and try  
6           to go forward.

7                         As you know, I have spent a significant  
8           amount of time in this case and participated in  
9           all the hearings except one. With that, I have  
10          been able to learn the facts, and talk with  
11          knowledge about Metcalf Energy Center tonight.

12                        In the more recent power plant  
13          permitting there have been no significant impacts  
14          in the entire project. In this case, we have two  
15          unmitigable significant impacts, land use and  
16          visual. This is from your own CEC Staff. For  
17          those two reasons, the project should just simply  
18          be denied.

19                        But since override is the topic for me  
20          tonight, let's get right to it.

21                        The words, "required for public  
22          convenience and necessity," is the first part that  
23          I want to tackle. I understand that electricity  
24          is needed for public convenience and necessity. I  
25          think we all understand that. But is the Metcalf

1 Energy Center really required? The word  
2 "required" is what I would like to help you  
3 interpret tonight.

4 Are you going to ignore the hard work  
5 and team effort from those participating in the  
6 Energy Summit that Mayor Ron Gonzales, Silicon  
7 Valley Manufacturing Group, and the County  
8 Supervisor, Jim Beale, or Bell, have sponsored?  
9 It's too bad that you were not able to attend the  
10 Energy Summit I just mentioned, but I do  
11 understand that you couldn't be there. But I  
12 don't know if it's part of the rules, if you could  
13 -- it is on video, it was on TV on our local  
14 channel, and I'm sure if you want that video of  
15 that summit, and you could look at it without  
16 breaking any of the laws or rules, I'm sure it  
17 could be provided.

18 PRESIDING MEMBER LAURIE: Rules do not  
19 prohibit from viewing the summary of the Energy  
20 Summit.

21 MR. AJLOUNY: Okay. Well, I think that  
22 would be something that we can get to you, then.  
23 It was pretty -- pretty exciting, as a -- as a  
24 community member of San Jose, to see the team  
25 effort of these high powered people, I'd say,

1 working together with I think it was 11 city  
2 council, or 11 city mayors, and trying to find a  
3 solution. So it was -- it was pretty exciting.

4 It's not the fault of Santa Clara county  
5 that power has not been planned for this area. I  
6 will say that it is the smart people we have  
7 representing us in this area that will help us out  
8 of this mess. So please consider the distributed  
9 power and smaller power plants in the South Bay  
10 Area as a solution for the requirement of  
11 electricity.

12 And I'm going back to that word of it's  
13 required for public convenience and necessity. We  
14 all know that Metcalf Energy Center will not meet  
15 our immediate needs for power, so we will -- so we  
16 will have to count on the peakers for the next few  
17 years to meet the requirement of power.

18 Now for the second part of the override  
19 question. No alternatives more prudent and  
20 feasible. Looking up the word "prudent" in the  
21 dictionary -- looking at the word "prudent" in the  
22 dictionary, it said, practically wise. And for  
23 the word "feasible", I found it to say  
24 practicable.

25 Now, to restate the phrase with the

1 definitions I just stated, it would say something  
2 like this. No alternatives more practically wise  
3 and practicable. Seems a little like it just  
4 means we're looking for something practical that  
5 would solve the solution of our power needs.

6 Doing my homework I also heard feasible  
7 being interpreted as capable of being accomplished  
8 in a timely manner considering economic,  
9 environmental and social factors.

10 So now let's look at the facts. We all  
11 heard in the testimony of the hearings that we've  
12 just completed last week. Fact one, Peter Mackin  
13 of the ISO stated under oath, when asked to choose  
14 the best location for a power plant, out of five  
15 locations, the four alternate sites, 1, 2, 3 and  
16 4, and Metcalf, and not to consider time as a  
17 factor, Peter replied -- Peter's reply essentially  
18 said Metcalf was the worst place to put a power  
19 plant, considering the grid demands, out of the  
20 five to pick from. Basically, he picked the top  
21 Alternate 4's before Metcalf.

22 Fact two. Your own Staff, with the CEC,  
23 stated that Alternatives 1, 2, 3 and 4 were better  
24 environmentally than Metcalf. And to be more  
25 specific, Alternatives 3 and 4 were

1 environmentally superior than Metcalf.

2 This is after a more extensive analysis  
3 of these sites. As you heard, the analysis of  
4 these alternates was not just a basic analysis,  
5 but it was pretty extensive from different Staff  
6 members from the California Energy Commission.

7 Fact three. According to the five  
8 professors of meteorology that testified in the  
9 hearings for air quality, this is the worst place  
10 to put a power plant because of the inversion  
11 layer that will trap the emissions from the power  
12 plant in the area.

13 Fact four. The Warren-Alquist Act was  
14 not designed for profit -- for -- I'm sorry -- I  
15 mean, profit making corporations.

16 Fact five. This AFC has been proposed  
17 with the use of recycled water, as we all know.  
18 The Applicant stated in their water -- the  
19 Applicant stated in their water topic cross  
20 examination, under oath, that the recycled water  
21 line would take 18 to 24 months to build, and two  
22 to four months for permits. It was also stated by  
23 the Applicant's witness, under oath, that this  
24 estimate was the same before or after the city  
25 council's vote 11 to zero to deny the power plant.

1                   With all that in mind, and you just  
2                   heard from Mayor Ron Gonzales objection to the  
3                   location of this power plant, again, it is  
4                   reasonably -- it is reasonable -- reasonably  
5                   certain that retaining an agreement from the  
6                   services from the city are going to be nearly  
7                   impossible. At a minimum, it's going to take  
8                   months and months, maybe years, through the courts  
9                   to obtain an agreement for recycled water.

10                   Wastewater discharge and potable water  
11                   hookup. Also, considering Lorraine White's  
12                   Condition of Certification proposal within the  
13                   water -- with the California Energy Commission  
14                   Staff, her proposal was not to allow breaking of  
15                   ground -- correct that. Her Condition of  
16                   Certification proposal was not to allow breaking  
17                   of ground of Metcalf Energy Center until these  
18                   letters of agreement for hookups are signed,  
19                   sealed, and delivered to the California Energy  
20                   Commission, which is only reasonable.

21                   It is highly unlikely that Metcalf  
22                   Energy Center would be completed by the summer  
23                   demands of 2003. We all know that's where we  
24                   really need our demands, is in the summer. So by  
25                   missing the 2003 summer, really, Metcalf Energy

1 Center would be helpful, maybe, by the summer of  
2 2004, if it did get done.

3 This leads us to the 2004 summer demands  
4 would be the soonest Metcalf would be needed. I'm  
5 sure you agree that if Calpine/Bechtel would move  
6 their plant to one of the alternate sites, like  
7 Alternatives 3 and 4, that are zoned correctly and  
8 have the proper General Plan designation, they  
9 could be online by the summer of 2004, with all  
10 the air credits that they have today, but for  
11 Metcalf, that they have already secured, and more  
12 extensive analysis your Staff has done on these  
13 sites.

14 Now, let's go back to the word  
15 "feasible" being interpreted as capable of being  
16 accomplished in a timely manner, considering  
17 economic, environmental, and social factors.

18 It is your job to deny this project so  
19 Calpine and Bechtel can come clean on their other  
20 proposals for the South Bay Area power plants  
21 already reported in the San Jose Business Journal  
22 two weeks ago. Talking to the reporter, he  
23 confirmed to me that -- that Calpine, Ken Abreu,  
24 did say that they're looking at sites in the  
25 Newark Substation area, like the one that will

1 help the Newark Substation that Peter Mackin from  
2 the ISO says, would be one of the best locations  
3 for the grid.

4 If you would just deny this project, and  
5 deny it soon, maybe tomorrow, and not be  
6 influenced by all this political pressure that  
7 Calpine/Bechtel has been drumming up, this would  
8 help us get power to the South Bay in a timely  
9 manner.

10 You should deny -- your soon denial will  
11 also help us get the local government agencies,  
12 corporations and neighborhoods in sync again, that  
13 we will all desperately need to withstand this  
14 economical crisis we're all headed for in Silicon  
15 Valley.

16 Now for the topic of the Executive  
17 Summary. I am sure you're aware that the  
18 Executive Summary is an overview of the testimony  
19 in the FSA. Based on the Executive Summary, most  
20 of the support for Metcalf Energy Center was  
21 generated. What I'm saying there, and I've said  
22 this before, is we have an Executive Summary that  
23 came out, and a lot of people looked at those few  
24 pages and came out with their conclusion by that  
25 Executive Summary. Never before has an Executive

1 Summary recommended the approval for a power  
2 plant. It normally states an overview and lets  
3 the Commissioners interpret the testimony in the  
4 hearings.

5 I'm sure you are well aware of the fact  
6 that the Executive Summary has not been entered  
7 into the evidential records because no one wanted  
8 to sponsor it. Mr. Therkelsen, here, tonight, had  
9 the opportunity to sponsor the Executive Summary  
10 as testimony, and chose not to. He would rather  
11 come here tonight and make statements supporting  
12 the project without the possibility of being cross  
13 examined.

14 PRESIDING MEMBER LAURIE: Issa, lower  
15 your voice a little.

16 MR. AJLOUNY: Okay. I'll probably do --  
17 I talk loud, anyway.

18 PRESIDING MEMBER LAURIE: Okay.

19 MR. AJLOUNY: I feel better about  
20 myself.

21 PRESIDING MEMBER LAURIE: I know -- I  
22 know you do.

23 MR. AJLOUNY: Sorry about that.

24 (Inaudible asides.)

25 MR. AJLOUNY: I really want to get to

1 the Executive Summary.

2           Anyway, does this -- does this show  
3 maybe he does not feel confident enough in his own  
4 position to defend it?

5           So now we are in a position that most of  
6 the supporters of Metcalf Energy Center are basing  
7 their support on a document that will not be  
8 entered into the evidentiary record. Is this a  
9 case of wanting to influence the decision without  
10 accepting proper responsibility for his position?

11           In regard to the South Bay growth, Peter  
12 Mackin stated in testimony -- this is just for a  
13 correction of what I just heard -- from 1999 to  
14 2005, South Bay Area, those two areas, and I  
15 forget the -- San Jose and De Anza, I think -- was  
16 brought in 28 megawatts increase from the year  
17 1999 to 2005, it's in the FSA. Just wanted to  
18 kind of put a realistic number in there that's --  
19 that's been under oath.

20           There are several options to meet energy  
21 needs, including locating smaller power plants in  
22 the South Bay Area. I would recommend that the  
23 Commissioners would weigh the non-conformance very  
24 heavily, and consider the most precious power  
25 local government has is to control their own land

1 use. This project is the worst example for  
2 override. If you decide to override, you will  
3 give the message to all your power generators to  
4 go pick a site because the rubber stampers are  
5 right behind us. And no offense, Commissioner,  
6 but I had to say that.

7 Commissioner Laurie, I think it would be  
8 great when you decide to leave the Commission, you  
9 go out in style for the people and not for the  
10 politicians.

11 I'm going to leave you with a -- a short  
12 story here. And I think we all know the story,  
13 it's about the Titanic. The sinking of the  
14 Titanic on April 15th, 1912, cost over 1500 people  
15 their lives. Yet the whole disaster was  
16 avoidable. The day before, the giant ship had  
17 received six warnings about dangerous ice ahead.  
18 The last radio signal sent to the Titanic was  
19 answered curtly, shut up. Shut up. You're  
20 jamming my signal. The radio room was busy with  
21 far more pressing concerns, sending messages ahead  
22 to Cape Grace to arrange chauffeurs and baggage  
23 pickup for wealthy passengers. If only someone  
24 had heeded the warnings.

25 But nobody suspected that the mighty

1 ocean liner with the enormous engines and polished  
2 decks, its glistening chandeliers and exquisite  
3 foods, was heading toward calamity. Nobody  
4 considered that the well-crafted ship and the  
5 well-appointed passengers were vulnerable to  
6 circumstances they could not perceive.

7 Money blinds us to the truth of life's  
8 insecurities. We cling tenaciously -- see, I'm  
9 not good at this -- tenaciously to its promise of  
10 happiness. I don't get paid very well at this,  
11 either. We depend on it for our sense of well  
12 being, our place of social order. The dark night  
13 when the Titanic took on water, some people rushed  
14 about in decks, seeking the way to escape. Others  
15 sold their seats in the lifeboat for cash.

16 Please don't listen to the politicians  
17 who are influenced by the rich. But I ask you to  
18 listen to your heart and respect those of us who  
19 took the time to get the facts. Consider local  
20 government as the warning of this project, and let  
21 them steer all of us into success as they have  
22 done for so many years.

23 Thank you, and I appreciate your time.  
24 If you've got any questions, I'm here to answer  
25 them.

1                   PRESIDING MEMBER LAURIE: Thank you,  
2           Issa.

3                   (Applause.)

4                   PRESIDING MEMBER LAURIE: At this time I  
5           would ask the representative from Morgan Hill.  
6           Good evening, sir. And, again, I would ask all  
7           party Intervenors that are desiring to offer  
8           comment on override to check in with Ms. Mendonca  
9           so we can coordinate times. Thank you.

10                   Evening, sir.

11                   MAYOR KENNEDY: Good evening,  
12           Commissioner Laurie. Thank you for giving us once  
13           again the opportunity to speak.

14                   PRESIDING MEMBER LAURIE: Pleasure.

15                   MAYOR KENNEDY: I am Dennis Kennedy, I'm  
16           the Mayor of the City of Morgan Hill. And on  
17           behalf of the City Council and the citizens of  
18           Morgan Hill, I urge you to deny Calpine's  
19           application for a power plant in Coyote Valley.

20                   The City of San Jose made the right  
21           decision. The proposed Metcalf Energy Center is  
22           bad land use planning. There are much better  
23           alternatives. And by the time it could be built,  
24           other plants already under construction will be  
25           online with sufficient capacity to meet

1 California's needs.

2 As an elected official, I am keenly  
3 aware of the current energy crisis and the impacts  
4 it has on our economy, our quality of life, and  
5 our pocketbooks. How could anyone oppose new  
6 electric generation?

7 Well, I don't. But I do oppose this  
8 plant in this location.

9 As a public official, I know that the  
10 solutions we propose must not make things worse.  
11 Maybe public officials should consider the oath  
12 that doctors take, "First, do no harm."

13 San Jose was right. Putting a heavy  
14 industrial use in a neighborhood will harm the  
15 nearby neighborhood, and because of the uniqueness  
16 of the site, it will harm communities to the south  
17 including Morgan Hill. In a moment I will come  
18 back to this point, made so clear in the public  
19 record by distinguished scientists from the Naval  
20 Postgraduate School.

21 The Metcalf Energy Center is proposed  
22 for the wrong spot. There are alternatives.  
23 There are alternatives that can protect  
24 neighborhoods and avoid adverse impacts on those  
25 downwind of the pollution plume.

1                   Calpine may indeed see a good investment  
2                   at the Metcalf site, but the Commission's job is  
3                   not to ratify the best business decision, on that  
4                   provides Calpine with the greatest financial  
5                   return, but rather to license new plants that meet  
6                   our state's energy needs while protecting the  
7                   environment, neighborhoods, and people.

8                   I recently attended the Energy Summit  
9                   what Mayor Ron Gonzales mentioned earlier, where I  
10                  learned of many alternative sites for new  
11                  generation capacity. But those sites simply  
12                  weren't studied.

13                 There is time to do the necessary  
14                 studies. As you know, nine new plants have been  
15                 approved and are being developed. They will be  
16                 online far ahead of Metcalf, and will more than  
17                 meet the projected energy demand. There is no  
18                 doubt that a plant of Metcalf's capacity rating  
19                 would help provide reserve capacity, but there is  
20                 time to find the right spot and to do it right.

21                 During the prior hearings on Metcalf  
22                 three distinguished professors in meteorology gave  
23                 compelling testimony about this specific site, its  
24                 unique topography, its uniquely bad location in  
25                 Coyote Valley. These experts didn't rely on

1        general models about pollution dispersion. They  
2        didn't take prior studies off the shelf. They  
3        looked specifically at this site. I urge you to  
4        consider their testimony in full. But you will be  
5        interested in these highlights.

6                The pollutants from the proposed plant  
7        would be trapped in the narrow Coyote Valley.

8                The narrow, complex valley terrain,  
9        heavy inversion layers, and unique wind flow  
10       patterns would trap pollutants locally, reducing  
11       dispersion and causing several human health  
12       impacts.

13               The plume model used in the Calpine  
14       analysis didn't fit this site. Specifically, the  
15       report used a constant mixing height for  
16       pollutants of 600 meters above ground. But new  
17       data from the collection center in San Martin show  
18       the actual mixing height varies considerably from  
19       season to season, and can be as low as 200 meters.

20               This lower mixing height acts like a  
21       ceiling, trapping the pollutants in a small,  
22       narrow corridor. The models used by Staff and  
23       Calpine do not account for this difference in  
24       mixing heights, they do not account for this  
25       complex and unique terrain condition, and they do

1 not account for wind flow patterns and heavy  
2 inversion layers.

3 They got it wrong. They significantly  
4 underestimated the level of pollution residue in  
5 the local air we breathe.

6 I'd like to digress for just one moment.  
7 The San Jose residents of this neighborhood,  
8 including Los Paseos, Santa Teresa, and the Bernal  
9 Road neighborhoods, in the early 1970's were  
10 subjected to one environmental tragedy caused by  
11 the improper storage of hazardous liquids in  
12 underground storage tanks. These tanks leaking  
13 into the groundwater resulted in contaminated  
14 drinking water, and ultimately birth defects.

15 Let's not repeat the same mistakes of  
16 the past by locating this site in an area subject  
17 to another environmental tragedy.

18 The Morgan Hill City Council has opposed  
19 this project from the start. Even in the current  
20 energy situation we know that there are  
21 alternatives that can meet California's needs  
22 without destroying neighborhoods and harming  
23 nearby communities.

24 We urge you to deny the Calpine  
25 application. It will not contribute to the market

1 competition. It will not lower rates. It will  
2 not make power producers more accountable. And it  
3 won't even eliminate rolling blackouts.

4 The sooner you turn down this project,  
5 the sooner we can all begin working on more  
6 sensible alternatives.

7 Thank you.

8 PRESIDING MEMBER LAURIE: Thank you, Mr.  
9 Mayor.

10 (Applause.)

11 PRESIDING MEMBER LAURIE: Mayor Kennedy,  
12 could you make sure, sir, that we have a copy of  
13 your written remarks so that they're entered into  
14 the record, please.

15 We appreciate your participation.

16 Roberta, have you had a chance to chat  
17 with the Intervenors and give a list and kind of  
18 an --

19 PUBLIC ADVISER MENDONCA: Basically,  
20 what I did is I pulled all of their cards from the  
21 public comment, and I thought at the time that you  
22 had the break I could go through and order them at  
23 that time.

24 PRESIDING MEMBER LAURIE: Okay. Well,  
25 we want to start that now, so Mr. Boyd, why don't

1           you get ready to set your equipment up and we'll  
2           just take five minutes.

3                         Mr. Williams.

4                         MR. WILLIAMS: A constructive  
5           suggestion. I think it would be fair to alternate  
6           Intervenors and members of the public.

7                         PRESIDING MEMBER LAURIE: No, that --  
8           Robert, I'm not going to do that. That's too  
9           complicated. I -- I want to make sure that the  
10          Intervenors say what they have to say, with the  
11          recognition that we really need public comment  
12          tonight.

13                        So let's take five minutes. Mr. Boyd,  
14          go ahead and set your equipment up.

15                        (Off the record.)

16                        PRESIDING MEMBER LAURIE: Mr. Boyd, Ms.  
17          Cord, Mr. Wade, and Mr. Cosgrove, the remaining  
18          Intervenors, have -- and I appreciate their  
19          thoughtfulness, will hold their comments until the  
20          rest of the public has an opportunity to speak.

21                        As soon as Mr. Boyd is ready, sir, you  
22          can proceed.

23                        MR. BOYD: Okay. Here we go.

24                        Basically, this is a summary of what I'm  
25          going to cover. I hope everyone can see it.

1                   CARE would like to again put into the  
2 record our continuing public participation  
3 objections. The reasons for our objections have  
4 been given and are in the record, but let me  
5 quickly summarize them.

6                   We object to the failure to provide  
7 payment or reimbursement for participation costs.  
8 This would've allowed us to retain legal counsel  
9 to write a comprehensive brief and appear to argue  
10 our case. We didn't have the funds for that. But  
11 by the time we collected enough money to even  
12 think about it, it was already too late.

13                   In addition, there is the utter futility  
14 and frustration in participating in your hearings.  
15 CARE, myself and other members of the public, have  
16 been made to feel like we're intruders who have  
17 nothing useful to offer, and only want to  
18 obstruct. Let's admit it, when it comes to public  
19 participation, these proceedings are a complete  
20 sham.

21                   When we're being told to shut up -- when  
22 we're not being told to shut up, or that we don't  
23 have a right to speak, we're being given an  
24 opportunity to speak grudgingly, often quite  
25 rudely, with the constant suggestion our comments

1 shouldn't be and are not being take seriously.

2 This is clearly the attitude being  
3 exuded by Hearing Officers and other officials.  
4 The attitude isn't limited to lay members of our  
5 group; that attitude extends to the experts we  
6 have retained who have submitted comments,  
7 particularly in regards to our biological  
8 resources expert, Dr. Smallwood.

9 We, as laypeople, and even our experts,  
10 are being ignored and disrespected and being  
11 treated like we are nothing but a nuisance, and we  
12 have nothing more in mind than stalling and  
13 delaying the process as much as possible.

14 Another impression we're constantly  
15 given is that the CEC Staff and the officials are  
16 under tremendous pressure to expedite the process,  
17 to get more power plants online as quickly as  
18 possible because we have an undeclared emergency  
19 at hand. Pressure like the unanimous resolution  
20 passed by the State Assembly for the CEC to  
21 override the City of San Jose and approve the  
22 Metcalf project.

23 This is just simply incredible for the  
24 state legislators -- legislature to be passing a  
25 resolution telling one of its agencies to negate

1 the political action taken by local voters and  
2 their elected representatives. And this great  
3 pressure precludes any delays to consider concepts  
4 like public participation.

5 The pressuring part, to us, is that the  
6 undeclared emergency is a result of Calpine's role  
7 in the current crisis. The ISO report on June  
8 14th, 2000, points to the first two producers to  
9 withhold power that started California's crisis by  
10 scheduling the outage of 439 megawatts on the  
11 hottest day of the year.

12 The producer controlled ISO board failed  
13 to declare a Stage 3 emergency which would've  
14 curtailed exports out of state.

15 I've got something out of order here.  
16 This should be here, out of state.

17 The spot market price rose to \$1300 a  
18 megawatt hour, while the day ahead market rose to  
19 the then ISO price cap of \$750 a megawatt hour.

20 In a sample of news articles from the  
21 day after this man-made disaster, titled "Breeze  
22 Eases Killer Heat" from the San Francisco Examiner  
23 on June 15th, 2000, states, "The scorching heat  
24 wave that apparently killed two elderly people and  
25 caused electrical blackouts around the Bay Area."

1 And the Friday, June 16th, 2000, edition of the  
2 Contra Costa Times, by Carolyn McMillan, "Cool Air  
3 Could Slip Over Hill", states at least ten people  
4 died and others suffered heat strokes.

5 In CARE's October 3rd, 2000, claim to  
6 the Federal Energy Regulatory Commission, FERC,  
7 CARE contended that independent energy producers  
8 and the Cal-ISO are involved together in the ISO  
9 generator trust to drive up the price of  
10 electricity and justify expedited power plant  
11 construction in California to further maximize  
12 rate of profits.

13 CARE provided FERC this document of ISO  
14 generator collusion as evidence that they had an  
15 opportunity to exercise market power.

16 In response to CARE's complaints, the  
17 Federal Energy Regulatory Commission, FERC, issued  
18 its December 15th order calling for the  
19 dissolution of the ISO board of directors, made a  
20 determination that energy pricing in California  
21 was not just and reasonable, and that energy  
22 producers had opportunity to exercise market  
23 power. FERC failed, however, to determine just  
24 and reasonable rates and order refunds, and failed  
25 to carry out its fiduciary duties to investigate

1 CARE's alleged anti-trust and civil rights  
2 violations.

3 Calpine Corp and Southern Energy took  
4 their three plants down on June 14th, 2000, for  
5 maintenance to withhold power during a period of  
6 peak demand, to contrive an outage, to create a  
7 shortage and test their market power. CARE  
8 alleges the apparent exercise of market power by  
9 these generators in cooperation with the Cal-ISO  
10 was done to increase the cost of power, and  
11 justify the approval of their pending new  
12 generation projects under consideration by the  
13 CEC. Calpine acted with impunity for their  
14 actions, irrespective of the loss of life, and it  
15 says here, the run up in price of power that  
16 resulted.

17 To now reward Calpine for what is  
18 tantamount to involuntary manslaughter by  
19 approving their proposed power plant in San Jose  
20 is extortion at its worst. If you do this, the  
21 voters of the state won't forget.

22 But let me go on to the second reason  
23 for not retaining an attorney to represent us on  
24 this override issue. It's not because we've been  
25 advised we don't have a good case to make. On the

1           contrary, we have been advised that there are  
2           numerous compelling issues that favor our side.  
3           Avoiding an override should be your number one  
4           concern today. Avoiding an override must play a  
5           major role in your decision, because the very  
6           nature -- by their very nature, overrides are  
7           anti-democratic.

8                           And we'll come back -- I'll come back to  
9           this in a minute. But first, let me give you our  
10          main point.

11                          Whereas we have here, there are feasible  
12          alternative sites that can avoid an override. The  
13          other sites, by their very virtue, are avoiding an  
14          override -- those sites, by their virtue of  
15          avoiding an override, become superior under CEQA.  
16          The existence of those otherwise feasible  
17          alternatives capable of avoiding an override  
18          defeats your ability to exercise your override  
19          power. It defeats your ability to override,  
20          because the statutory conditions that must exist,  
21          called conditions precedent, are missing. Your  
22          override statute says you can only override when  
23          there are no feasible alternatives.

24                          Okay. That's our number one reason for  
25          you not to override the City of San Jose. We

1 respectfully demand that you humor us on this  
2 theory. And by humoring us, I mean we don't mean  
3 make fun of us, or otherwise degrade us, as you've  
4 consistently been doing.

5 We respectfully demand that you conduct  
6 a comprehensive investigation and analysis of all  
7 factors, legal as well as factual, that go to our  
8 theory. This includes a comprehensive  
9 investigation and analysis of the proposition that  
10 overrides are inherently contrary to fundamental  
11 principles of representative democracy. The best  
12 example of this is what happened to the San Jose  
13 voters who elected the 11 council members who  
14 voted unanimously to reject the Metcalf project.  
15 Those San Jose voters were disenfranchised, plain  
16 and simple.

17 You should have also done, and we  
18 respectfully demand that you do a comprehensive  
19 CEQA alternatives analysis that factors in  
20 avoidance of an over -- of an override value. We  
21 respectfully demand that you open the CEQA  
22 proceedings and modify the CEQA documents to take  
23 into consideration and give proper weight to the  
24 avoidance of the override factor.

25 This is what should have been done and

1 focused on immediately upon learning the San  
2 Jose's rejection of the MEC project by unanimous  
3 11 to zip vote. This is what we meant in  
4 previously demanding all other matters be held in  
5 abeyance until the override issue was dealt with.

6 The analysis must allow avoidance of an  
7 override to be weighted against other factors.  
8 Other factors, like the proposed site being more  
9 profitable to the Applicant, preserving our  
10 democratic form of government by avoiding  
11 fundamental disputes that pit one governmental  
12 body against another. This is a far more  
13 valuable, far more important than encouraging  
14 power plant applicants to apply for more power  
15 plants.

16 Besides, there is no document indication  
17 that power plant applicants need further  
18 encouragement for power plant applications. What  
19 they really need is to look beyond maximizing  
20 profits by holding the public hostage to vital  
21 needs issues like the reasons why the override is  
22 not appropriate.

23 It isn't necessary. There are feasible  
24 alternatives that will serve to avoid an override.  
25 An override must be avoided at all possible -- if

1 at all possible. The inherent nature of the  
2 override is contrary to the fundamental principles  
3 of representative democracy. Here an override may  
4 be avoided by merely selecting one of the feasible  
5 alternative sites identified by the CEC Staff.

6 This factor that an override may be  
7 avoided by merely selected a better feasible site  
8 is precisely what makes one of those alternative  
9 sites preferable under CEQA. In other words, the  
10 fact it can serve to avoid an override is critical  
11 in determining if one of the alternatives is  
12 superior.

13 Avoiding an override has to be a very  
14 big consideration in your decision. If you don't  
15 try hard and honest to avoid an override, you are  
16 abusing your discretion.

17 Another reason to -- not to override is  
18 it isn't consistent with fundamental democratic  
19 principles. Ours is a representative democracy,  
20 founded on the separation of powers concept. This  
21 is our form of government. We elect our  
22 representatives, who then act for us under a  
23 system of carefully crafted checks and balances.  
24 Government is divided into three branches, equal  
25 in power. One branch can't usurp the power of

1 another. One branch can't intrude into the  
2 affairs of another, and override is about as  
3 severe an intrusion as you can have.

4 Therefore, override should never be  
5 treated lightly. And override power should only  
6 be exercised in the rarest of occasions when  
7 absolutely necessary. The separation of powers  
8 doctrine is embodied in the Constitution.  
9 Violating the separation of powers rolls into  
10 violating the Constitution.

11 And by no means is this the only  
12 constitutional problem the Warren-Alquist override  
13 has in this case. Another reason to let you -- to  
14 let your override power lie is that this is a very  
15 unusual case. It is highly unusual when an 11-  
16 member city council acts unanimously to reject a  
17 major construction project. Unanimously not only  
18 means all 11 members of the city council, it also  
19 means all the people who voted for them. And  
20 override disenfranchises these voters. This  
21 raises more constitutional issues. The right to  
22 vote quickly comes to mind.

23 Another problem with override is this.  
24 Forcing the city to give up one project in favor  
25 of another greatly interferes with the city's

1 functions. On top of being deprived of a project  
2 it determined to be beneficial to the community,  
3 the city is being forced to amend its land use  
4 plan, or at least to grant the Applicant a  
5 variance for them. But more than -- than even the  
6 city being forced to annex property, how can this  
7 kind of interference with the ability to govern be  
8 allowed under the separations of powers concept.

9 Another aspect is that the City of San  
10 Jose rejected the MEC project for various reasons.  
11 In addition to violating a number of land use  
12 plans and changing the pattern of annexation, it  
13 was a matter of the MEC project versus CVRP. This  
14 was a tough political issue, because the Applicant  
15 is huge, well-heeled and well-connected. There  
16 was a tough fight, but one side won over the  
17 other. One other -- the other project won over  
18 the MEC. The MEC project was rejected, and the  
19 CVR project -- CVRP project could go forward.

20 This is a typical kind of political  
21 decision dealt with by a city council, selecting  
22 between two projects in terms of what's best for  
23 the community, the San Jose City Council, in its  
24 legislative capacity.

25 The Assembly passing a resolution, and

1           even the President encouraging the CEC to override  
2           the City of San Jose, is a truly unprecedented,  
3           incredibly improper thing to do.  If the  
4           legislature wants to declare an emergency and  
5           suspend environmental laws, let it do so.  But as  
6           the legislative record now stands, with limited  
7           mostly documentary exception, approval of power  
8           plants must be accompanied by the same level of  
9           environmental protection as for other CEQA  
10          projects.

11                         In conclusion, we need assurance for the  
12          record that you are not being unduly influenced.  
13          We'd like to hear it, for the record, that nobody  
14          has been telling you that the process must be  
15          expedited at all costs.

16                         Thank you.

17                         (Applause.)

18                         MR. BOYD:  I docketed the written part,  
19          and I'll docket the -- the presentation tomorrow.

20                         PRESIDING MEMBER LAURIE:  Okay.

21                         Thank you, Mr. Boyd.

22                         Ms. Cord.  Good evening, ma'am.

23                         MS. CORD:  Thank you.  Good evening,  
24          Commissioner Laurie.

25                         You've heard tonight how badly

1 California needs the Metcalf Energy Center. The  
2 facts brought to light in the recent Evidentiary  
3 Hearings prove otherwise.

4 The ISO considers the Metcalf Energy  
5 Center to be the worst of the alternatives, in  
6 terms of the grid reliance.

7 CEC Staff considers Alternates 1 through  
8 4 to be environmentally preferable, and Alternates  
9 3 and 4 to be environmentally superior.

10 This project has multiple feasible  
11 alternatives which disqualify it for approval  
12 under both CEQA and the Warren-Alquist Act.

13 Recently we've been experiencing  
14 blackouts and we have had demand of only about 60  
15 percent of statewide generating capacity. Supply  
16 isn't the issue. Giving more market share to the  
17 same small band of profiteers who are holding the  
18 people of our state hostage will not create  
19 competition. We need to fix the market structure  
20 and hold these generators accountable for the  
21 hardships they have wrought on the people of our  
22 state. Approving Metcalf won't achieve that.

23 This project won't increase current  
24 supply, either. The 12 projects, over 8,000  
25 megawatts you have already approved, will all be

1           online before Metcalf could be. The ISO projects  
2           we will be so far in excess of statewide  
3           generating capacity that we will be exporting  
4           power by the year 2003, the earliest the Metcalf  
5           Energy Center could be built.

6                       How can you find that public convenience  
7           and necessity will be served in the state that you  
8           represent when the power will be exported out of  
9           state?

10                      Natural characteristics of Coyote Valley  
11           make this the worst place in the entire Bay Area  
12           for a power plant. The terrain of surrounding  
13           hills on both sides, combined with the frequent  
14           heavy inversion layer, create a meteorological  
15           trap setting, a funnel. Like smoking in a closet,  
16           we will be subject not only to the large emissions  
17           from this project, but the emissions will be  
18           trapped and recirculated over and over again.

19                      The Bay Area Air Quality Management  
20           District, currently under censure from the Federal  
21           EPA for failing in their mandate to protect our  
22           air. Their flawed analysis, which fails to  
23           analyze any of the site specific constraints,  
24           causes a serious under-representation of negative  
25           public health impacts on the over one million

1 people who live here.

2 This is a most unusual case before the  
3 Energy Commission. It is unusual because there  
4 are so many who oppose it. It is unusual because  
5 it was proposed for an area that is not now and  
6 was never zoned for heavy industrial use. It is  
7 unusual in the number of Intervenors who have  
8 worked to expose the many defects in the proposal.  
9 It is unusual in the fact that the Applicant,  
10 instead of taking no for an answer, has forged  
11 recklessly ahead, despite a unanimous vote from  
12 the Mayor and City Council of the City of San  
13 Jose.

14 It is also unusual because this  
15 Applicant now arrogantly expects you, the  
16 Committee assigned to review this project, to  
17 force our city to accept this flawed project.

18 There are 36 projects before you now,  
19 and as many as 20 more not yet announced. Most of  
20 them are proposed for industrial areas. Most of  
21 them comply with local ordinances, regulations,  
22 and standards for the communities in which they  
23 hope to locate. Most of them have no local  
24 opposition.

25 The Applicant in the Metcalf case,

1           however, instead of taking the time and money to  
2           find an appropriate site for their project, now  
3           expect you to give them an unfair advantage over  
4           their competitors who have taken the time and  
5           trouble to find appropriate sites. Instead of  
6           spending the time and money to improve their  
7           project, to try to make it acceptable, or to work  
8           with the City of San Jose to find an appropriate  
9           site, they have instead spent their resources  
10          getting endorsements from bodies who have no  
11          authority, no standing, and no responsibility in  
12          this case, and who, based on their  
13          recommendations, seem to know very little about  
14          the project. It doesn't take much to say you want  
15          a power plant in someone else's back yard.

16                         State and county legislators have not  
17          been attending recent hearings, have not been  
18          receiving documents related to the case, and have  
19          not attended the various public hearings. If you,  
20          as Commissioners, like having them pressure you to  
21          approve a project in which you, in fact, know the  
22          facts, then you should override the local  
23          authority and approve the project because that is  
24          the message you will be sending.

25                         All future project developers will be

1       tempted to take the easy route of settling for the  
2       cheapest and quickest site they can find. After  
3       all, they can count on the Commission to force  
4       them in if they can't win local approval based on  
5       the merits of their projects.

6               Legislators and others who have no  
7       standing will regularly lobby the Commissioners at  
8       the behest of future applicants to get bad  
9       projects approved. After all, you will set a  
10      precedent if you approve Metcalf.

11              Power plant project approval should not  
12      be based on who has the deepest pockets to  
13      influence people. You must decide this project  
14      only on its merits, and it has few. Don't set the  
15      pattern for future projects to win approval by  
16      influencing people who are little informed. Don't  
17      set the precedent for overruling local authorities  
18      who are responsible for the cities in their  
19      jurisdiction and know what is best for them.  
20      Don't set the Energy Commission as the bully who  
21      forces projects where they are inappropriate.

22              Mayor Gonzales and local leaders have  
23      worked aggressively to promote power generation  
24      within the City of San Jose and in Santa Clara  
25      County. San Jose has been the most proactive city

1 in the State of California in pursuing solutions  
2 to the energy -- current energy crisis. Send the  
3 message now, the Energy Commission encourages  
4 initiative, encourages cooperative, collaborative  
5 participation by cities, and promotes local  
6 authorities to participate in deciding where best  
7 to place projects.

8 Every spoiled child knows if mommy says  
9 no, go ask daddy. Don't let this applicant get  
10 away with it. Send a message to all applicants.  
11 Insist on good projects being brought before you.  
12 Insist on projects that are appropriately sited  
13 and comply with local ordinances, regulations, and  
14 standards. Insist that developers work with local  
15 communities, not trample over them.

16 Calpine/Bechtel want to carve their  
17 names on this project for all future generations  
18 long after this crisis is over, to see what they  
19 did to our city and the people who live in it. I  
20 hope you won't.

21 I hope your legacy will be one of  
22 informed and appropriate action, not caving in to  
23 uninformed political pressure.

24 I have gained enormous respect for this  
25 Committee through the course of these proceedings.

1           Despite political grandstanding, your decision is  
2           simple. I have confidence, and expect that you  
3           will have the integrity and the courage to stand  
4           up and say no to this flawed project.

5                         Thank you.

6                         (Applause.)

7                         PRESIDING MEMBER LAURIE: Thank you, Ms.  
8           Cord.

9                         Mr. Wade, good evening, sir.

10                        MR. WADE: Good evening, Commissioner  
11           Laurie. Thanks for this opportunity to address  
12           you on the subject of override.

13                        I appreciate also the kind words you --  
14           you gave us in your opening remarks.

15                        PRESIDING MEMBER LAURIE: Well deserved.

16                        MR. WADE: I ask and I trust that the  
17           Commission will be discerning and discriminating  
18           in its judgment. Not every power plant has local  
19           agency and public opposition. Not every power  
20           plant is the same in terms of benefits and cost to  
21           the state and local community.

22                        This proposal has well established  
23           unmitigated environmental impacts. Those are the  
24           established facts. If we follow the broad brush  
25           approach that continues to be demonstrated by

1       those endorsing MEC, the extensive time and effort  
2       to review each plant will be shown to be a  
3       charade. The evidence is clear -- the evidence  
4       clearly shows that this proposal is fraught with  
5       problems, legal, environmental, and logistical,  
6       and that there are numerous more prudent and  
7       feasible alternatives which meet the needs of the  
8       public good.

9                   Prior to deregulation, regional planning  
10       and forecasting was done annually, as you know.  
11       New sites were chosen based on the system, that  
12       means statewide cost benefit analysis. Many  
13       experts have told us, in our efforts over the last  
14       couple of years, that a site like MEC would --  
15       would never have been proposed prior to  
16       deregulation because of the environmental impacts  
17       and the obvious contention that would ensue, and  
18       has been to -- to ensue.

19                   However, the legislature, in its wisdom,  
20       deregulated the market, thus enabling companies to  
21       propose sites and attempt to justify them. The  
22       theory was that companies' profit motive could be  
23       used to the benefit of public and of business  
24       consumers. The companies would be allowed to  
25       compete for a place in the market by taking risks.

1 Calpine took a chance. It was a risky venture.  
2 They didn't have zoning approval, and they played  
3 a very solid, if not sometimes excessive PR game.  
4 They did everything possible to secure the zoning,  
5 but in the end they failed to -- to get that.

6           Reviewing the city testimony, it's now  
7 obvious why the city will not jeopardize its most  
8 detailed plans for important business developments  
9 in Coyote Valley by allowing its conversion to  
10 heavy industrial use, nor will it risk the health  
11 of its residents.

12           According to Warren-Alquist Section  
13 25525, override is allowed when, quote, the  
14 Commission determines that such facility is  
15 required for public convenience and necessity and  
16 that there are not more prudent and feasible means  
17 of achieving such public benefit.

18           Neither of these conditions has been  
19 demonstrated in this case. State or regional  
20 power needs must be addressed by the full  
21 collection of proposals under review by the CEC,  
22 not just this site. There are now 36 new power  
23 plants proposed to the CEC. Pursuing these  
24 options is clearly the more feasible and prudent  
25 alternative.

1                   The concern has been raised about the  
2                   time of the alternatives getting online. Focusing  
3                   our attention only on the near term goals denies  
4                   the reality of the growth in power production. If  
5                   we make decisions in a panic, they will not be  
6                   good decisions.

7                   The so-called energy crisis will be gone  
8                   in two years due to the explosive growth and the  
9                   legitimately sited power plants. Override should  
10                  definitely not be used when competition will solve  
11                  the problem naturally, without government  
12                  intervention. The CEC should not compromise its  
13                  crucial role as a neutral judge by enforcing a  
14                  particular company's strategic business plan at  
15                  the expense of the public.

16                  I respectfully submit that the  
17                  Commissioners should allow existing laws and  
18                  authority to function naturally. I think that an  
19                  override would do great damage to the credibility  
20                  of the review process and to the public trust.

21                  Thank you very much for your honest  
22                  consideration of these issues.

23                  PRESIDING MEMBER LAURIE: Thank you, Mr.  
24                  Wade.

25                  (Applause.)

1                   PRESIDING MEMBER LAURIE: Mr. Cosgrove.  
2                   Good evening.

3                   MR. COSGROVE: Good evening. Thank you,  
4                   sir.

5                   Approval of the Metcalf Energy Center --

6                   PRESIDING MEMBER LAURIE: Could you  
7                   state your full name for the record, please.

8                   MR. COSGROVE: James Cosgrove.

9                   PRESIDING MEMBER LAURIE: Thank you.

10                  MR. COSGROVE: Approval of the Metcalf  
11                  Energy Center should be denied for the following  
12                  reasons.

13                  One. Approval by override would set a  
14                  potentially dangerous precedent regarding the  
15                  rights of local governments and citizens to  
16                  determine the nature and quality of their  
17                  immediate communities. The North Coyote Valley  
18                  has long been identified for specific uses. A  
19                  power plant is not one of them.

20                  Number two. Approval by override  
21                  marginalizes the policy making authority of local  
22                  authority of local governments and makes their  
23                  actions useless, even on matters unrelated to or  
24                  less complicated than a power plant siting.

25                  Three. Future unexpected or

1 unanticipated adverse effects and their costs  
2 would be borne by the local neighborhoods, whereas  
3 the benefits accrue to parties of interest far and  
4 wide. There is no plan to compensate, insure  
5 against, or offset unintended but possible  
6 negative consequences of the proposed project.

7 Four. The Metcalf itself is not  
8 essential to sustaining the growth or progress of  
9 the regional or state economy. It is merely one  
10 component, and a small one, at that, of the  
11 overall solution. And even the overall solution  
12 is uncertain at this time. In the cauldron of  
13 media hype and political wheeling and dealing,  
14 often what evolves as an obvious solution turns  
15 out to be a major problem.

16 And, five. Personally, should this  
17 project be approved, please tell me why I should  
18 care about recycling, or why I should care if my  
19 neighbors dump contaminants into the sewer system,  
20 or why I should care about reducing auto  
21 emissions, when the powers that be can decide it's  
22 okay to involve -- to engage in massive and  
23 permanent contributions to environmental  
24 degradation. Trust me; I won't.

25 For the good of everyone, except perhaps

1 for the financially vested interests, please deny  
2 the approval of the MEC.

3 Thank you.

4 PRESIDING MEMBER LAURIE: Thank you,  
5 sir.

6 (Applause.)

7 PRESIDING MEMBER LAURIE: I will now  
8 call on members of the public, and we have a whole  
9 bunch of folks that want to speak, so please be  
10 cognizant and provide everybody an opportunity.

11 Arlene, you're going to go ahead and  
12 read a couple of names in a row so folks will be  
13 prepared.

14 MS. ICHIEN: Good evening. First we're  
15 going to hear from Jeanne McCauley, and then John  
16 Mackey and Fred Hirsch. So please be prepared to  
17 speak as soon as the person in front of you  
18 finishes.

19 MS. McCAULEY: Hello.

20 PRESIDING MEMBER LAURIE: Good evening.

21 MS. McCAULEY: Hi. I know you because  
22 you've been at our place, but I'm here to give my  
23 support.

24 PRESIDING MEMBER LAURIE: Let me -- one  
25 second. As every speaker comes up, we know we are

1 recording this so it can be transcribed. So  
2 please provide your name clearly. Thank you.

3 MS. McCAULEY: My name is Jeanne  
4 McCauley. Okay. And I'm speaking on -- in  
5 support of the project. I'm a resident and a  
6 business owner in the proposed area. And I heard  
7 the Mayor speak and say that he's speaking for the  
8 residents, and I truly don't believe that is  
9 actually true because I'm a resident, and there's  
10 a lot of other people that don't have a major  
11 issue with this. I've talked to them, I mean,  
12 everybody's not here. A lot of people don't want  
13 to come out and say they're in support, because we  
14 live in the area, and it's sometimes really  
15 difficult to be in the area, have kids that go to  
16 school, and it's tearing us apart, literally, this  
17 whole process.

18 And I believe that we should let the  
19 process work. I believe that the CEC is more  
20 educated than us in what the actual process,  
21 what's good, what's bad, what's not safe, what is  
22 safe, and I believe in the integrity of Calpine,  
23 the CEC, and I believe that you'll make the right  
24 decision and override it, and that if that's -- we  
25 need to look at our power as far as not just here

1 in Silicon Valley, in the whole state. We're  
2 facing the issue, and I believe this is one step  
3 to get cleaner power. We have new technology, and  
4 I'm not afraid. I believe in the process.

5 PRESIDING MEMBER LAURIE: Thank you, Ms.  
6 McCauley.

7 (Applause.)

8 PRESIDING MEMBER LAURIE: All right.  
9 Next, please. Sir.

10 And the -- and the next name, Arlene?

11 MR. MACKAY: My name is John Mackay.  
12 I'm on the publicity committee for the Santa  
13 Teresa Citizen Action Group, and I contacted you  
14 folks at the CEC on February 16th, 2001, via  
15 electronic filing and via the required follow-up  
16 hard copies via U.S. mail a couple days later,  
17 asking you to please vote no on Docket Number 99-  
18 AFC-03, the Calpine Metcalf Energy Center here in  
19 San Jose.

20 My personal reasons for opposing the  
21 Calpine Metcalf Energy Center in its current  
22 location at the corner of Monterey and Metcalf  
23 Roads in South San Jose is that it will put a 600  
24 megawatt power plant producing 15 tons of air  
25 pollutants a year, including 500 tons of carbon

1           monoxide, 90 tons of PM10s, and 80 tons of ammonia  
2           into our already over-polluted air shed at the  
3           worst possible choke point for our neighborhood,  
4           the Coyote Narrows.

5                        To make the air pollution worse, for a  
6           number of days each year the marine inversion  
7           layer will trap the pollutants when a -- with --  
8           trap the pollutants within a few hundred feet of  
9           the ground.

10                      I respectfully ask the CEC to please  
11           consider assisting the City of San Jose in their  
12           efforts to bring online other power plants,  
13           including the 125 megawatt Spartan Energy Center  
14           on South Seventh Street, and the 50 megawatt,  
15           eventually to be 250 megawatt, U.S. Dataport  
16           Calpine Power Plant in North San Jose.

17                      Also, the Mayor of Gilroy recently  
18           announced that his city has the resources and will  
19           welcome the building of a 1,000 to three or 4,000  
20           megawatt power plant next to the Gilroy sewage  
21           treatment plant. And the City of Hayward recently  
22           announced that it would welcome a 600 megawatt  
23           power plant on land in Hayward that has already  
24           been zoned heavy industrial for decades.

25                      And what about adding more inexpensive,

1           only \$50,000 per unit, quick to build, and non-  
2           polluting electricity generating wind turbine  
3           farms in the Altamont Pass and Sacramento River  
4           Delta areas. These wind turbine farms are close  
5           to the Bay Area and would get the most wind, thus  
6           generating the most power when it will be needed  
7           the most, on hot summer afternoons and evenings  
8           when the onshore wind comes off San Francisco Bay.

9                         Also, we could take more advantage of  
10           solar power helped by the CEC and the state  
11           legislature's recent appropriation of additional  
12           funds for solar power.

13                        In my Santa Teresa neighborhood, myself  
14           and a few other citizens are trying to set up a  
15           volume discount for installing residential solar  
16           power to make solar power more affordable for the  
17           local homeowners.

18                        So with all these other energy sources  
19           either coming online or doable, can you please  
20           consider our plea not to build the Calpine MEC in  
21           its currently proposed location in the Coyote  
22           Narrows.

23                        Thank you very much.

24                        PRESIDING MEMBER LAURIE: Thank you, Mr.  
25           Mackay.

1 (Applause.)

2 PRESIDING MEMBER LAURIE: Evening, sir.

3 MR. HIRSH: Good evening. My name's  
4 Fred Hirsh. And I think that the question of  
5 Metcalf is not a neighborhood issue. It's not a  
6 city issue nor a county, state -- it's not just a  
7 city issue, it's a county -- it's not a county  
8 issue or a state issue, or a national issue, it's  
9 indeed a world issue.

10 With a chance to build this modern high  
11 tech, relatively clean plant, we have a chance to  
12 have a positive impact to limit the disastrous  
13 warming of the planet. Metcalf is not in the back  
14 yard of any neighborhood. It's in the world's  
15 back yard, and we need it there.

16 This plant is necessary for the energy  
17 stability and sustainability of San Jose and the  
18 South Bay Area. Locally generated energy is  
19 absolutely necessary to provide uninterrupted  
20 power for old and new housing, new and old  
21 industry, and surely for the transportation demand  
22 which BART will place on this community.

23 I cannot understand how responsible  
24 thinking can determine that a proliferation of  
25 small, relatively dirty generators with low

1       stacks, necessarily low stacks, and lack of access  
2       to water and natural gas will be less polluting  
3       than Metcalf. I think that's ridiculous. Those  
4       plants will be more disruptive and more polluting.  
5       The Metcalf plant will help make dirty plants  
6       obsolete, and by so doing slow down global warming  
7       until we can economically draw power from water,  
8       wind, and the sea.

9               I believe that this plant is required  
10       for public convenience and is required for public  
11       necessity. We can build this plant. We should  
12       build this plant. Please override the city and  
13       build this plant.

14              Thank you.

15              PRESIDING MEMBER LAURIE: Thank you, Mr.  
16       Hirsh.

17              (Applause.)

18              PRESIDING MEMBER LAURIE: Next three  
19       speakers.

20              MS. ICHIEN: Next we'll hear from Helen  
21       Serenka, followed by Anthony James, and then Ted  
22       Coatsworth.

23              PRESIDING MEMBER LAURIE: Good evening.

24              MS. SERENKA: Good evening,  
25       Commissioners, audience. My name is Helen

1           Serenka, and I live in the Santa Teresa area of  
2           South San Jose.

3                       I would like to voice my support of the  
4           Metcalf Energy Center, with more than 25,000 other  
5           area residents.

6                       The need for new power plants in the San  
7           Jose area has been projected for several years  
8           now, and no action's been taken. The band-aids  
9           are no longer working. Calpine and Bechtel have  
10          presented us with an excellent opportunity with  
11          the proposed Metcalf Energy Center. It fills a  
12          need without adversely affecting the environment,  
13          and provides the potential to increase the quality  
14          of life in our area.

15                      Please help us support this project.  
16          Thank you.

17                      PRESIDING MEMBER LAURIE: Thank you.  
18                      (Applause.)

19                      PRESIDING MEMBER LAURIE: Evening, sir.

20                      MR. JAMES: Good evening, Mr.  
21          Commissioner. My name is Tony James, and I'm --  
22          I'm in favor of the Metcalf Energy Center. I  
23          arrived at that conclusion from several  
24          perspectives.

25                      I consider myself a local resident, for

1 over 30 years I've lived in a house that is about  
2 six and a half miles line of sight from the site.  
3 And I agree with the earlier speakers, despite  
4 comments by Mayor Gonzales and others, a lot of  
5 the local residents are not against this project.  
6 There's a fair amount of people that I know that  
7 are, in fact, in favor of this project.

8 Secondly, I've spent 40 years in the  
9 utility business, on the equipment supply side,  
10 but nonetheless I'm familiar with the business.  
11 I'm familiar with the mess that we're in now. I  
12 agree with earlier comments that Metcalf is not  
13 the solution. At best, Metcalf is one part, one  
14 small part of a longer -- longer solution to our  
15 energy problems.

16 But I would argue that even if the  
17 current California energy market was in perfect  
18 condition, which we all know it isn't, but if it  
19 was, I would argue we should still go ahead with  
20 Metcalf. The -- the figures on the number of  
21 ancient, old generating plants in this area, 30,  
22 40 years old, that are being run at stretched  
23 capacity, is -- is almost criminal in terms of the  
24 vast amounts of pollution they put out, compared  
25 with modern combined cycle technology that this

1 plant offers.

2 The analogy I use for that situation,  
3 it's -- it's a bit like driving to Los Angeles in  
4 a 20-year old car on the hottest day of the year,  
5 at 80 miles an hour, down I-5. You pollute. And  
6 the chances of getting there without a breakdown  
7 are pretty slim.

8 I am a long-term member of the Sierra  
9 Club, so I come at this issue from -- from the  
10 Sierra Club perspective. And as you know, in  
11 fact, I noticed just today the Sierra Club has  
12 taken out a full-page ad in the New York Times to  
13 specifically support this project.

14 Now, for somebody like me, who's been in  
15 the power business for 40 years, to have the  
16 Sierra Club in support of a project is phenomenal.

17 PRESIDING MEMBER LAURIE: Ladies and  
18 gentlemen, please allow every speaker to have  
19 their say without interruption. Thank you very  
20 much.

21 Sir, please continue.

22 MR. JAMES: To answer the question, the  
23 members of the Sierra Club --

24 PRESIDING MEMBER LAURIE: And -- and  
25 please speak --

1                   MR. JAMES: I'm sorry, sir. I should  
2 not have done that.

3                   And finally, I'm president of our local  
4 homeowners association, have been for the last six  
5 years, so I have a feeling for how homeowners  
6 associations react to these sort of situations,  
7 and I also maintain a fairly wide informal contact  
8 with a lot of people in our area, and that's where  
9 I derived my conclusion that there's a widespread,  
10 not very vocal, support for this project amongst  
11 the citizens of San Jose.

12                   Of course, I was disappointed when the  
13 City Council voted this down. I don't question  
14 their motives, but in my opinion the City Council  
15 did us a disservice by voting down this project,  
16 and on the basis of all those considerations, I  
17 strongly think that the Energy Commission should  
18 overrule the City Council and the Metcalf project  
19 should go ahead.

20                   Thank you.

21                   PRESIDING MEMBER LAURIE: Thank you, Mr.  
22 James.

23                   (Applause.)

24                   PRESIDING MEMBER LAURIE: Next speaker,  
25 please.

1                   Good evening, sir.

2                   MR. COATSWORTH: Good evening,  
3 Commissioner. My name is Tad Coatsworth.

4                   PRESIDING MEMBER LAURIE: Could you  
5 spell your last name for me, please.

6                   MR. COATSWORTH: C-o-a-t-s-w-o-r-t-h.  
7 Coatsworth.

8                   PRESIDING MEMBER LAURIE: Thank you.

9                   MR. COATSWORTH: I look at this pretty  
10 in a cut and dried basis. I believe that do we  
11 need the energy? Yes. We need this plant. As  
12 far as the expulsion of fumes, it's the cleanest,  
13 next to hydro, I know. As far as accessibility to  
14 transmission lines, and a lot of people don't  
15 understand impact studies and building new towers,  
16 but they're right there. The gas pipeline to run  
17 this system is close by. And I am definitely in  
18 favor of constructing this project.

19                   Thank you.

20                   PRESIDING MEMBER LAURIE: Thank you,  
21 sir.

22                   (Applause.)

23                   MS. ICHIEN: Next we'll hear from Libby  
24 Lucas, Beverly Mercurio, and then Ray Bowdle.

25                   PRESIDING MEMBER LAURIE: Good evening,

1 Ms. Lucas.

2 MS. LUCAS: Good evening. My name is  
3 Libby Lucas.

4 I think that my concerns still continue  
5 to be the water impacts. The previous speaker  
6 spoke about the accessibility of the gas lines and  
7 the electrical transmission lines. But the water  
8 supply for most of San Jose goes right next to and  
9 under this site. And I think that in terms of the  
10 concerns that we have with pollution, I just think  
11 this is an overwhelming health consideration.  
12 Morgan Hill is worried about the air, and I think  
13 San Jose is equally worried about the water.

14 One thing that hasn't been brought out  
15 in the hearings, and that is the cost of the  
16 extension of the recycled waterline, which I  
17 believe is estimated in the area of 20 million.  
18 And San Jose has recently had an audit of their  
19 recycled water program, and I think that Phase 1  
20 is running them between 250 million for debt  
21 service, and that they go up to 20 million gallons  
22 a day. It goes up to \$436 million of debt  
23 service.

24 Well, if they don't want to take out  
25 this particular extension of their recycled water,

1           then that means that the water district does, and  
2           that means the taxpayer has to foot the bill for  
3           this water source. And I think this is a major  
4           concern, because if you're going to bring recycled  
5           water to Coyote Valley you've got to desalinate  
6           it. And for any other use other than the Metcalf,  
7           if you're going to use it for the golf course, if  
8           you're going to use it for agriculture, or for  
9           simply irrigating any industrial landscaping.

10                       And the cost for the recycled water  
11           desalination, or reverse osmosis, is another --  
12           well, let's see. Livermore, I think does one  
13           million gallon a day for a \$20 million plant that  
14           they put in in 1995. So you multiply that by four  
15           or five times, just to get a minimal amount of  
16           service, and you're in a very high bracket.

17                       And I think that this, from the  
18           taxpayers' standpoint, has not been addressed in  
19           any way. The water district is going to study it  
20           for a couple of years. But you have no idea what  
21           that price tag is going to come in at. And I  
22           think that this is a very major deficiency in the  
23           study that hasn't really gotten to review the  
24           public commitment to the tax, you know, loss at  
25           this particular placement of the -- of the power plant.

1                   I think that the other concerns that I  
2                   have, which I stated in the past, I think it has  
3                   the problem of inundation. I don't think padding  
4                   up five feet is sufficient. The railroad bridge  
5                   is 13 feet above the base riverbed of Fisher  
6                   Creek, and the railroad, you know, usually planned  
7                   for a good 100 year survival capability. And I  
8                   think that's what this power plant should do,  
9                   also.

10                   You have the heavy inversion layer  
11                   that's going to put much more deposition on your  
12                   watershed and on your reservoirs, so I think the  
13                   water quality impact from the air quality is very,  
14                   very important and has been underestimated. And  
15                   that will go for the percolation ponds all along  
16                   Coyote Creek.

17                   My other concerns, as I say, are the  
18                   liquefaction. The town of Coyote had a  
19                   liquefaction in the 1906 earthquake, and so I  
20                   think that since basically this is in the same  
21                   location you're going to have the same problem.  
22                   The water table is right at surface, and, say you  
23                   have a flood problem, and if you lose any  
24                   pollution, any spill, it goes instantly into the  
25                   deep water aquifers in the Santa Clara Valley.

1                   So with all these concerns, along with  
2                   the air quality, I think it's something that most  
3                   of your people who haven't read any of this  
4                   background material are completely oblivious to.  
5                   But I think it makes the IBM and the Fairchild  
6                   spills pale in comparison as to the capability of  
7                   what this could do if, indeed, you have some, you  
8                   know, very sad accidents or a natural problem like  
9                   an earthquake.

10                   So I'm afraid I can't be terribly  
11                   positive about the -- the options that you've  
12                   giving the citizenry, because I think if a hundred  
13                   years -- I mean, because power plants are usually  
14                   forever, and I think if you're going to look at  
15                   the accident capability within a hundred years, I  
16                   think you're bound to have something of major  
17                   proportions. So I do think the siting is just  
18                   about the worst place in the county.

19                   So I'm sorry I can't be more positive.  
20                   Thank you.

21                   PRESIDING MEMBER LAURIE: Thank you.

22                   (Applause.)

23                   PRESIDING MEMBER LAURIE: Good evening,  
24                   ma'am.

25                   MS. MERCURIO: Hello. My name is

1 Beverly Mercurio.

2 PRESIDING MEMBER LAURIE: Could you  
3 spell your last name for me, please.

4 MS. MERCURIO: Yes. M-e-r-c-u-r-i-o.

5 PRESIDING MEMBER LAURIE: Thank you.

6 MS. MERCURIO: There's so much to say,  
7 and so little time.

8 I'm a teacher in Morgan Hill, and I hope  
9 you will listen and internalize what I have to  
10 say.

11 As an elementary teacher I'm empowered  
12 to oversee a certain populace. Though their  
13 education is important, it is not the foremost  
14 concern that is entrusted to me. Do you know what  
15 is the utmost important charge I have? Do you  
16 know the number one priority that anyone who is in  
17 the position to make decisions that affect other  
18 people's lives is? It is the health and safety  
19 issues that are paramount over all other things.

20 You, who are parents, know that the  
21 health and safety of your children outweighs any  
22 other concerns. And you expect the teacher, who  
23 is in a governing position, to make decisions that  
24 ensure the health and safety of your child.

25 You, too, are in that same position.

1           You have the governing power to make decisions  
2           that affect the lives of others. You know the  
3           proposed 600 megawatt power plant will emit tons  
4           of pollutants daily into the surrounding area, an  
5           area of residents.

6                        You know that elementary, middle and  
7           high school students will be minutes away, running  
8           and playing in high concentrations of pollution  
9           which history has proven to cause illness and  
10          death.

11                       The need for power is real. But not at  
12          the cost of health and safety. Many plans are  
13          being suggested as alternatives to this mega-giant  
14          plant that would be the largest polluter in the  
15          Bay Area. Please, entertain other solutions to  
16          our energy needs. Don't make the wrong decision.  
17          The lives of many people are in your hands.

18                       Just visualize for a moment this 600  
19          megawatt power plant that is proposed. Visualize  
20          the plaque on the building with your name, and the  
21          name of CEC others. Visualize tons of pollutants  
22          across Coyote Valley and Morgan Hill. Visualize  
23          more asthma cases and respiratory diseases.  
24          Visualize finger pointing and lawsuits.

25                       Let me leave you with a list of

1 questions that you need to answer.

2 Do you care about the health and safety  
3 of yourself and others? Would you live just  
4 minutes away from the largest polluter in the Bay  
5 Area? Would you want your children or your  
6 grandchildren to live in an area where there is a  
7 high concentration of pollutants?

8 Answer honestly. Step out of the box.  
9 Look at your top responsibility, the health and  
10 safety of men, women, and the children in the  
11 area. Please vote to deny the Metcalf project.

12 (Applause.)

13 PRESIDING MEMBER LAURIE: I think we  
14 have all internalized, Ms. Mercurio. Thank you  
15 very much.

16 Sir.

17 MR. BOWDLE: My name is Ray Bowdle. I'm  
18 a local resident. I'm not associated with anyone.

19 The city states the Calpine proposal is  
20 unharmonious with the longstanding Coyote Valley  
21 plan. That standing plan is 15 or 20 years old  
22 and never considered power requirements. The plan  
23 should be updated, as with most long-term  
24 complicated plans.

25 The city has apparently failed to

1       consider all the air standard studies, and the  
2       alternative plan they propose will produce about  
3       three times as much environmental degradation as  
4       the Calpine plant.

5               The current need for power has nothing  
6       to do with a 15 or 20 year old plan in need of  
7       updating. That is not a reasonable tradeoff, as  
8       the city suggests. Using imported power increases  
9       the cost, decreases the efficiency and regulation,  
10      and increases the environmental degradation.

11              The current state of are relative to  
12      transmission grids leaves much to be desired and  
13      has inherent faults suggesting that it could take  
14      a decade or more, in my mind, before a plan to  
15      straighten out the system could be implemented.

16              And I provided you with a copy of an  
17      article that dealt with the -- with the power grid  
18      and the problems which curled my hair when I read  
19      it.

20              Having worked as an electrical engineer  
21      in the Coyote Valley, I can't see how the Calpine  
22      plan will create a blight on the neighborhoods a  
23      mile or more so away. And I'd like interject  
24      here, I also lived in Morgan Hill for 15 years,  
25      and I tell you that because I could sit in Morgan

1 Hill and watch the smog from the San Jose area  
2 come down to Morgan Hill. Morgan Hill couldn't  
3 generate that much smog. And the smog that comes  
4 from this plant and from 40 other regions is not  
5 limited to a single postage stamp area. It's  
6 going to float down, and I don't care if you move  
7 it five or ten miles north or where you put it  
8 around here, it's going to blow down to Morgan  
9 Hill.

10 And so Morgan Hill has a reason to  
11 concerned. But you're going to have that no  
12 matter where you put the plant, so you decide  
13 whether to have a plant or not, not whether the  
14 smog's going to be there.

15 I would propose that the Calpine  
16 proposal be accepted on the basis of cost, little  
17 or no reliance on the transmission grid, and a  
18 very optimal environmental design.

19 My suggestion is that you recognize the  
20 lack of expertise of the Mayor and the City  
21 Council, take note of their position, and then  
22 recognizing that the laws of physics cannot be  
23 avoided, although politically motivated plans can,  
24 proceed in a reasonable and practical way to solve  
25 the problem. And I'll be glad to support you.

1                   PRESIDING MEMBER LAURIE: Thank you,  
2                   sir.

3                   (Applause.)

4                   MS. ICHIEN: Neil Struthers, Doug Hanna,  
5                   and then Laura Chilton.

6                   PRESIDING MEMBER LAURIE: Good evening,  
7                   Mr. Struthers.

8                   MR. STRUTHERS: Good evening,  
9                   Commissioner. Neil Struthers.

10                  We've heard a lot of comments tonight so  
11                  I won't belabor the point. I'll keep my comments  
12                  brief.

13                  I empathize with the residents of that  
14                  neighborhood, but -- and because of that I've  
15                  talked to my neighbors and we've come up with a  
16                  solution. We want you to build that power plant  
17                  in our back yard. I'm serious. There's one small  
18                  fundamental problem. There's a freeway in my back  
19                  yard. A freeway much more intrusive, much  
20                  noisier, much more toxic than any power plant ever  
21                  could be.

22                  When I moved into my house there was no  
23                  freeway there. When that freeway came through,  
24                  with eminent domain, I didn't protest it. That  
25                  was the logical place to put a freeway. Envision

1           this. The freeway's built by public opposition.  
2           Can you imagine what they would look like?

3                       My point is, this is the infrastructure,  
4           whether it's water, electricity, sewage, or  
5           transportation. It's needed. We all use it. We  
6           all have to shoulder some responsibility. Me and  
7           my neighbors, we shoulder a freeway. You know,  
8           it's unfortunate, but we all have to make a  
9           commitment if we're going to live in a  
10          metropolitan area, to shoulder some responsibility  
11          for our infrastructure.

12                      I urge you to override the City of San  
13          Jose on Metcalf. Thank you.

14                      PRESIDING MEMBER LAURIE: Thank you,  
15          sir.

16                      (Applause.)

17                      PRESIDING MEMBER LAURIE: Good evening,  
18          sir.

19                      MR. HANNA: Good evening, Commissioner  
20          Laurie. My name is Doug Hanna. I live up the  
21          road on Oakland Road. My power base is really  
22          quite small, consists, for example, I have three  
23          grandchildren that live just over the hill from  
24          this place that I won't name.

25                      And I represent another group here. I'm

1 not a politician. I'm not known for public  
2 speaking. It's called The Silent Majority. There  
3 is a majority in San Jose. It's about the only  
4 one, I think. I wrote this letter yesterday to  
5 another Commissioner who I thought was going to be  
6 here. This letter is not written to you. Please,  
7 it doesn't have your name on it, it was written to  
8 someone else.

9 Dear Commissioner, I understand my  
10 previous e-mails to your attention regarding the  
11 alleged energy crisis in California this year are  
12 among the hundreds you have not read, and I assume  
13 have been ignored. I write this time assuming you  
14 may find a moment to listen to just one taxpayer  
15 that may have an opinion about what we are doing.

16 I do believe we have an energy shortage.  
17 I do believe it is real. And I believe it is  
18 costing us a ton of money. I also believe it is  
19 95 percent contrived, and that our elected and  
20 appointed leaders responsible for energy  
21 management are abdicating their responsibility.

22 If the energy providers were providing  
23 the energy they are capable of, and if we would  
24 stop politicking and build power plants when and  
25 where they belong, we would not be having the

1           problems we're experiencing today.

2                        May I suggest it is time for all elected  
3           and appointed leaders in the energy realm to step  
4           up to the plate and be counted? May I suggest you  
5           join them.

6                        First, let's bring the prices back down  
7           where they belong. It can be done. It should be  
8           done.

9                        Second, let's hold the energy providers'  
10          noses to the task and keep the supply up where it  
11          belongs. This also can and should be done, if  
12          only we would stand tall and make it happen.

13                       When my granddaughter fails to bring her  
14          homework back to school on time, she must bring a  
15          note from mom. Shall we have the energy providers  
16          commence bringing notes?

17                       Third, let's get on the fast track and  
18          build some power plants, but let's do it smart and  
19          build them where they belong.

20                       We can correct this mess. We are in the  
21          smart way to do it right the first time. Well,  
22          no, we can't do it the first time, but we can do  
23          it the next time. We can also continue to bury  
24          our heads in the sand and do nothing. Will you  
25          stand up and be counted?

1 Thank you.

2 PRESIDING MEMBER LAURIE: Thank you, Mr.  
3 Hanna.

4 (Applause.)

5 PRESIDING MEMBER LAURIE: Good evening,  
6 ma'am.

7 MS. CHILTON: Good evening,  
8 Commissioner. My name is Laura Chilton.

9 PRESIDING MEMBER LAURIE: Chilson?

10 MS. CHILTON: Chilton, C-h-i-l-t-o-n.

11 I've lived in the Villa de Santa Teresa  
12 Townhouse Complex for 18 years. I'm the president  
13 of the association. I've been to many of these  
14 meetings before, but I've never spoken. I've just  
15 provided moral support for those who are against  
16 the project.

17 I understand that the CEC has identified  
18 a number of locations that are more appropriate  
19 for the power plant, and we have cities, like  
20 Hayward, Gilroy, and Milpitas, coming forward  
21 saying hey, build it here. So I believe that they  
22 can identify areas that are more in line with  
23 their planning and more appropriate to be placed  
24 near neighborhoods.

25 It is not just a local problem, but it's

1 a statewide problem, and I hope that the whole  
2 state will contribute in solving this problem.

3 One comment on the credits that have  
4 been bought by Calpine. Credits really don't do a  
5 child any good, especially if they already have  
6 asthma. And the argument of you have to put the  
7 power plant somewhere, so why not put it there,  
8 really doesn't hold any water with me because  
9 that's like saying well, you have to park the car  
10 somewhere, why not park it in the swimming pool,  
11 or at least that's what a teenager might say. I  
12 had to park it somewhere.

13 What is the benefit of making a quick  
14 decision to build a gas power plant when we're  
15 having all of these problems with natural gas  
16 anyway? I was surprised to hear on KGO radio this  
17 past week that there were 112 plants offline when  
18 we're having some of these rolling blackout  
19 problems. So I went to the CEC Web site to see  
20 how many plants there were. I found that there  
21 were over a thousand lines in the file called  
22 2000, underscore, plants, dot xls. That's  
23 incredible. I understand, also from the Web site,  
24 that 13 power plants have been approved, while  
25 others, including Metcalf, are under

1 consideration.

2 So even though Metcalf -- or, rather,  
3 Calpine has changed the looks of their building  
4 and they've tried to come in line with what our  
5 concerns are, we still have a lot of questions as  
6 far as the inversion layer and the water  
7 pollution, and I'm concerned about toxic chemicals  
8 coming into the area.

9 So I'm back to my very original question  
10 when I heard about the power plant, which is --  
11 and I don't mean to be facetious about this, but  
12 what part of not there do they not understand.

13 Thank you.

14 PRESIDING MEMBER LAURIE: Thank you.

15 (Applause.)

16 MS. ICHIEN: Next will be Lisa Poelle,  
17 Mark Walker, and Khanh Nguyen.

18 PRESIDING MEMBER LAURIE: Thank you,  
19 Mayor Kennedy. We appreciate your being here.

20 (Applause.)

21 PRESIDING MEMBER LAURIE: Evening.

22 MS. POELLE: Commissioner Laurie,  
23 although I work for Calpine I'm speaking to you  
24 tonight as a resident, a lifelong resident of San  
25 Jose. I'm married to a lifelong resident of San

1 Jose. We've raised two children here in San Jose,  
2 and I'm very proud of the city that I live in.

3 PRESIDING MEMBER LAURIE: We need your  
4 name for the record, please.

5 MS. POELLE: Oh, I'm sorry. Lisa  
6 Poelle.

7 PRESIDING MEMBER LAURIE: Thank you.

8 MS. POELLE: And I wouldn't be involved  
9 or here tonight if I didn't really believe in this  
10 project. But I'm here to tell you that I'm  
11 definitely not alone, that there are thousands of  
12 supporters who have emerged to lend their names to  
13 this project, and we wanted tonight to turn in a  
14 list for you that we have referred to in other  
15 meetings, and have not yet turned in.

16 This list of supporters came about  
17 starting about a year ago, when we decided to rent  
18 a van and begin giving tours to interested people,  
19 presentations to many of their community leaders  
20 in San Jose. Out of -- out of this effort, that  
21 was about a five month effort, many of the  
22 community leaders formed a support group called  
23 Clean Air. They then submitted letters to many of  
24 the San Jose residents and cards, and the list we  
25 have here, I'm just wanting to explain how it --

1           how we got this list so that you understand.

2                       Cards were sent to San Jose voters  
3           asking them what they thought about the project,  
4           would they like more information, and did they  
5           want to support the project. Over the course of  
6           the next few months, more than 26,000 San Jose  
7           residents had joined this cause, and rather than  
8           present you with the boxes and boxes of cards that  
9           we have, we -- we have the database for you.

10                      Many of the people on the -- on this  
11           list are here tonight, and we are just extremely  
12           proud to receive their vote of confidence in a  
13           project that we feel is very important to my  
14           hometown, and to Calpine's hometown.

15                      PRESIDING MEMBER LAURIE: And so do you  
16           have lists, do you have cards; what is it?

17                      MS. POELLE: Let me just bring it  
18           forward.

19                      PRESIDING MEMBER LAURIE: I'm not  
20           hauling that thing home.

21                      (Laughter.)

22                      PRESIDING MEMBER LAURIE: Why don't you  
23           -- what I would ask you to do is describe what  
24           you've given me -- ladies and gentlemen, please.  
25           And put it on the record, just describe what

1           you've given me, with an approximate number so we  
2           have that entered into the record.

3                       MS. POELLE:   Okay.   Well, what we've  
4           given you is a list of names and addresses of  
5           26,000-plus supporters of the Metcalf Energy  
6           Center.

7                       PRESIDING MEMBER LAURIE:   Thank you.  
8           And ladies and gentlemen, I will again note that  
9           everything said here tonight, every letter  
10          received, every card received, is not considered  
11          evidence.   But it is considered as part of our  
12          hearing record, and this information will be  
13          considered as well, recognizing that this plant is  
14          not going to be determined by a popularity  
15          contest.

16                      Thank you.

17                      MS. POELLE:   Thank you for allowing us.

18                      PRESIDING MEMBER LAURIE:   Next speaker,  
19          please.

20                      Good evening, sir.

21                      MR. WALKER:   Good evening.   My name is  
22          Mark Walker.   I'm Chairman of the Board of the San  
23          Jose/Silicon Valley Chamber of Commerce, and I'm  
24          also a resident of San Jose.

25                      Our organization represents nearly 1800

1 local businesses employing more than 176,000  
2 people. A little over a year ago our organization  
3 took a position to support additional power  
4 generation facilities in our area. Once the CEC  
5 Staff recommended a site, we unanimously supported  
6 that site, and went on record as such.

7 In an electronic poll of chamber members  
8 conducted after the San Jose City Council rejected  
9 the Metcalf Energy Center plans in November, 79  
10 percent of our respondents said that the plant's  
11 sponsors should continue to seek California Energy  
12 Commission approval and/or start a signature drive  
13 to place the plant on a citywide ballot to let the  
14 voters decide.

15 Additionally, a February poll by an  
16 independent firm of Jim Moore Methods, surveyed  
17 500 Santa Clara County voters. Regarding the  
18 Metcalf project, the survey revealed an extremely  
19 high degree of support; 78 percent of county  
20 voters supported the project, while only 13  
21 percent opposed it.

22 In San Jose, the total support levels  
23 are even higher, at 79 percent, with 58 percent of  
24 the voters supporting it strongly.

25 And another question that was asked,

1 when informed that the San Jose City Council  
2 opposed the project in an eleven to zero vote,  
3 support for the Metcalf project among county  
4 voters stayed virtually the same, at 73 percent.  
5 And within the City of San Jose, the support  
6 levels were still very high, at 76 percent, with  
7 strong support hitting a 57 percent level.

8 And then yet one more question. When  
9 informed that the CEC has the authority to  
10 override the City Council, 65 percent of those  
11 county voters surveyed supported this action. And  
12 65 percent of City of San Jose residents and  
13 voters supported the action.

14 As you can see, the City Council's vote  
15 was not representative of the wishes of their  
16 constituency. The people of the city and this  
17 county want the Metcalf plant.

18 The San Jose Chamber of Commerce  
19 championed the Coyote Valley Development Plan some  
20 20 years ago, in partnership with the city. We  
21 did so again within the last few years, as more  
22 concrete development plans had surfaced. We feel  
23 the Metcalf Center is compatible with the  
24 continued view and vision of the plan.

25 We would urge that the California Energy

1 Commission approve the Metcalf Energy Center.  
2 It's appropriate, it's timely, and it deserves  
3 your support.

4 Thank you very much.

5 PRESIDING MEMBER LAURIE: Thank you, Mr.  
6 Walker.

7 (Applause.)

8 PRESIDING MEMBER LAURIE: Good evening,  
9 sir.

10 MR. NGUYEN: Good evening. My name is  
11 Khanh Nguyen, that's K-h-a-n-h, N-g-u-y-e-n.

12 I'm here on behalf of the Labor  
13 Community Action Team. We're about 400 homes,  
14 two, two and a half miles north of the proposed  
15 site. And about probably October of 1999, we were  
16 at a conference, and Ms. Cord and -- and we met  
17 Ms. Cord, and we were in need of a speaker so she  
18 came out to our neighborhood and speak, in about  
19 November of '99. And after that, we kind of tried  
20 to build consensus, so we asked our members what  
21 do they think. And they supported it.

22 Of course, a few months later we  
23 realized that this is not how things are done.  
24 You don't just listen to one side. You listen to  
25 the other side. So then we went back and invite

1 the Calpine folks to come out and speak with us,  
2 and -- and that was about in March of 2000. And  
3 we didn't take -- really take a position then,  
4 until probably June, July, and -- because we  
5 wanted to cool things down a bit, get some  
6 rational thinking in there, and then we went out  
7 and asked our members again, and again that was  
8 the consensus, only this time we supported the  
9 plant.

10 And so when last November, when the vote  
11 came up to the council, we wrote, as a community  
12 wrote the council, San Jose City Council, and, of  
13 course, as the vote turned out, our voice was not  
14 heard.

15 And I came here thinking that I'll  
16 probably be the only one in support of this plant,  
17 and as I was sitting there Council Member Forrest  
18 William was on my right, whose district this power  
19 plant is in, and he opposes it. Council Member  
20 Chuck Reed is on my left, and I didn't ask his  
21 opinion because I was afraid. But as soon as the  
22 Mayor left, the two council left, so I was sitting  
23 by myself. And for the whole time, I thought this  
24 is the position I'm going to be in. I'm going to  
25 be alone.

1                   But as I hear more and more, there are  
2 other folks, also neighborhoods, in their back  
3 yards, wanting this power plant in their back  
4 yards. And it kind of saddened me that the  
5 council did vote to oppose it, because in that  
6 process they silent -- they muted the voice of the  
7 silents.

8                   And we keep hearing that this is a  
9 democracy. I wasn't born here, so I have the  
10 privilege to come here and to learn the government  
11 system, and what have you. And I think in the  
12 end, this is not a democracy. This is a republic,  
13 and every voice need to be heard.

14                   Please support this power plant. Thank  
15 you.

16                   PRESIDING MEMBER LAURIE: Thank you,  
17 sir.

18                   (Applause.)

19                   MS. ICHIEN: John Redding, Dale  
20 Detwiler, and Don Wolfe.

21                   PRESIDING MEMBER LAURIE: Good evening,  
22 sir.

23                   MR. REDDING: Good evening, Commissioner  
24 Laurie. My name is John Redding. I represent  
25 tonight the Silicon Valley Manufacturing Group,

1           who supports approval by the California Energy  
2           Commission of the Metcalf power plant. I co-chair  
3           the Energy Committee for the Manufacturing Group.

4                       I also represent my employer, General  
5           Electric, who also ask you to approve the Metcalf  
6           power plant.

7                       And, of course, I represent myself. I'm  
8           a 25 year resident of San Jose, an active member  
9           of my community. I'm the current chair of the  
10          Santa Clara County Parks and Recreation  
11          Commission, and I am committed to this community,  
12          and ask you, as an individual, to -- to approve  
13          the plant.

14                      Many of the member companies in the  
15          Manufacturing Group experienced rolling blackouts  
16          on Monday and Tuesday. They impacted many of our  
17          facilities. And when those shut down, they're not  
18          shut down for the duration of the blackout,  
19          they're shut down for days. It takes them days to  
20          recover.

21                      As you know, the rolling blackouts in  
22          California were due to five to 800 megawatts of  
23          deficiency. Fast forward to this summer, when the  
24          California Independent System Operator says in  
25          July they could be six to 7,000 megawatts short.

1           So imagine rolling blackouts that are ten times as  
2           pervasive as they were on Monday or Tuesday.

3                        So in a sense I agree with some of the  
4           comments earlier, that Metcalf won't be the  
5           solution to this -- to rolling blackouts. In  
6           fact, we need ten Metcalf power plants to be the  
7           solution for rolling blackouts this summer, alone.

8                        I was in Sacramento yesterday, for a  
9           round of meetings. I met with the state  
10          legislature, and I got a close on view of just how  
11          fragile our electricity system is. It is  
12          literally teetering on the verge of collapse. So  
13          I think it's not enough anymore to engage in  
14          rhetoric. And with all due respect to the elected  
15          officials who spoke earlier, it is time to move  
16          beyond statements such as we agree there is a  
17          problem. We're committed to working towards a  
18          solution. It is, in fact, time to act, and act in  
19          this case means to approve the Metcalf power  
20          plant.

21                       The Silicon Valley Manufacturing Group  
22          was also a party to the Mayor's Energy Summit. We  
23          co-chaired it, as well. Our chairman, Mr.  
24          Williams, spoke and voiced our group's support for  
25          the Metcalf plant at that summit. And I mention

1       this, because outside the summit there were  
2       protesters protesting a plant that's been proposed  
3       as part of the Mayor's plan to be put in a  
4       neighborhood -- 125 megawatts. Not a mile from a  
5       community, not shielded by a hill, but smack-dab  
6       in the middle of a neighborhood. Naturally, there  
7       were protests.

8               My point is that there are -- there's  
9       going to be local opposition to most power plants.  
10       The Nueva Azalea plant, for example, as you know,  
11       in an industrial area of South Los Angeles, was  
12       dropped, was pulled, I think just last week, even  
13       though it's a clean burning plant, due to local  
14       opposition.

15               Thirteen hundred megawatts of peaker  
16       plants which could help us get through the summer  
17       were dropped, due to local opposition. Potrero,  
18       Contra Costa, all near the end of the permitting  
19       process, stalled, as I am told, due to local  
20       opposition.

21               The point I'm trying to make is, of  
22       course, it is time to act. This is what the  
23       Warren-Alquist bill was intended to do, it's what  
24       the purpose of the California Energy Commission to  
25       do, and that is to make the tough choices and the

1 time when the common good calls out for action.

2 Thank you very much, Commissioner  
3 Laurie. Thanks for coming to our community.

4 PRESIDING MEMBER LAURIE: Thank you, Mr.  
5 Redding.

6 (Applause.)

7 PRESIDING MEMBER LAURIE: Good evening,  
8 sir.

9 MR. DETWILER: Good evening. My name is  
10 Dale Detwiler, and I've been a resident of San  
11 Jose for 55 years.

12 The decision that you make on Calpine  
13 Metcalf Generating Station will have a profound  
14 effect on San Jose's economy and the quality of  
15 life for our citizens. Since the 1940's,  
16 California has always been marginal in electric  
17 power availability. And in 1948, the situation  
18 was so bad they slowed the generators from 60  
19 cycles to 59 and a half cycles, which was an ill-  
20 conceived plan as today's rolling blackouts. It  
21 doesn't really address the problem.

22 California and the neighboring states  
23 have always had a mutual co-dependence, sharing  
24 electrical energy during peak and minimum peak  
25 demands, shifting back and forth. And Santa Clara

1 County has always depended on a remote generating  
2 station for its electrical power. A reliable  
3 local source of electrical power is vital to both  
4 our economy, as well as our citizens' quality of  
5 life. The proposed Metcalf station is the correct  
6 location to provide local resources for our  
7 residents. And I urge you, the CEC, to override  
8 the City Council and approve the Calpine proposal.

9 PRESIDING MEMBER LAURIE: Thank you, Mr.  
10 Detwiler.

11 (Applause.)

12 PRESIDING MEMBER LAURIE: Good evening,  
13 sir.

14 MR. WOLFE: Good evening, Commissioner.  
15 My name is Don Wolfe, W-o-l-f-e. And I come  
16 before you as an academician. I'm a trustee of  
17 the West Valley Mission Community College  
18 District. We have some 25,000 students, 2,000  
19 faculty and staff, located on two campuses  
20 comprised of over 300 acres of technology and  
21 science buildings, athletic and administrative  
22 buildings.

23 We thoroughly agree, or I thoroughly  
24 agree that this Metcalf plant is needed. My fear  
25 is that one day our students and staff will be

1 cold, sitting in the dark, because the power and  
2 the lights went out.

3 I'd like to quote briefly to another  
4 academician, Dr. Richard Dorf, who has written a  
5 textbook that is used at UC Davis, and the book is  
6 entitled Technology, Humans, and Society. And to  
7 quote a brief paragraph, Commissioner, Dr. Dorf  
8 says that plans for the Metcalf Energy Center, a  
9 natural gas-fired power plant that will provide  
10 600 megawatts to San Jose, California, have  
11 received strong support from environmental groups  
12 such as the Loma Prieta Chapter of the Sierra  
13 Club, and the Center for Energy Efficiency and  
14 Renewable Technologies. This anti-sprawl project  
15 will not require any transmission towers and  
16 includes the restoration of nearby wetlands,  
17 planting of some 800 new trees where not there are  
18 hardly any. And using recycled wastewater for  
19 cooling towers, a good example of an ecologically  
20 sound, clean burning plant that benefits rather  
21 than diminishes its natural surroundings.

22 I would urge you, sir, to approve the  
23 Metcalf project.

24 PRESIDING MEMBER LAURIE: Thank you, Mr.  
25 Wolfe.

1 (Applause.)

2 MS. ICHIEN: Tim Alton, Janet Parks, and  
3 Mario Blaum.

4 MR. ALTON: Good evening.

5 PRESIDING MEMBER LAURIE: Good evening,  
6 sir.

7 MR. ALTON: Tim Alton, A-l-t-o-n.

8 So Calpine are going to ask for another  
9 the bail out. This is the report that Cal-ISO  
10 prepared and released recently, that says that  
11 there were \$6.8 billion in overcharges by energy  
12 producer -- electric energy producers last year,  
13 6.2 billion during a time when supply was not an  
14 issue. There was no shortage.

15 They also say in this report that a new  
16 plant would be paid off in under two years, which  
17 is remarkable.

18 Basically, the energy providers last  
19 year made a business decision to take the market  
20 for whatever it could. So that now we're at the  
21 point where we've been overcharged 6.8 billion,  
22 plus the -- the price of gas has obviously been  
23 raised, and so PG&E is on the verge of bankruptcy.

24 Now, this was a business decision by the  
25 energy producers who basically were falling back

1 on the position that it's electricity, everybody  
2 has to have it, I'm sure the state will step in  
3 and bail us out. And basically, Calpine/Bechtel  
4 have picked a site that was perfect for them,  
5 minimizing transmission lines, gas lines, only  
6 have a ten mile waterline, I guess, was a thorn in  
7 their side.

8 But now they -- they lost. They thought  
9 they had the City Council in their pocket, the  
10 City Council found a bigger pocket to get into,  
11 and they lost -- they lost the decision.

12 (Laughter.)

13 MR. ALTON: So now they want you to bail  
14 them out and override the City Council. It's just  
15 business, after all.

16 I like the freeway analogy, about  
17 freeways, they have to go through places where  
18 people -- people live. Right? Freeways are  
19 designed to get people from a place they are to a  
20 place they want to be.

21 Electricity, however, is very good at  
22 going from places no one wants to be to a place  
23 where people need it.

24 (Applause.)

25 MR. ALTON: There are many transmission

1 lines going over the hill behind the dump. Just  
2 follow those over the hill. I mean, if -- if --  
3 probably if I was a homeowner's association member  
4 from six miles away I -- I might, you know, be  
5 interested in having this plant built. And if you  
6 go five miles away over the hill to UTC, you could  
7 build a plant with good engineering practices on  
8 the stack size, maybe even increase the size of  
9 the plant.

10 Which brings me to another point.  
11 Calpine recently announced that they've bought  
12 Pastoria. Pastoria was licensed at 750 megawatts  
13 in December. Now there's a new AFC filed for an  
14 extra 250 megawatts that was received by the CEC  
15 in February. If all the arguments for MEC stop  
16 now, and people argue that we need twice as much  
17 as MEC in this county, then all the arguments are  
18 going to start to expound MEC. You're going to  
19 let, by overriding this and allowing this to go  
20 in, it's going to absolutely destroy Coyote  
21 Valley's land use intentions. And I'd urge you  
22 not to do that.

23 Thank you.

24 PRESIDING MEMBER LAURIE: Thank you, Mr.

25 Alton.

1 (Applause.)

2 PRESIDING MEMBER LAURIE: Evening,  
3 ma'am.

4 MS. PARKS: Hi. My name is Janet Parks.  
5 I'm a resident --

6 PRESIDING MEMBER LAURIE: Parks?

7 MS. PARKS: Parks, P-a-r-k-s.  
8 I'm a resident of the Santa Teresa  
9 neighborhood. We've lived there for over 20  
10 years. We love the place. We want to stay there  
11 and continue to love the place.

12 I've not spoken before. I've attended  
13 many of the meetings, I've listened to both sides.  
14 I've read a lot from both sides. And I have come  
15 to the conclusion that I am absolutely opposed to  
16 the power plant going in to such a close proximity  
17 to my neighborhood, or -- and it's not just my  
18 neighborhood. It shouldn't be that close to any  
19 neighborhood.

20 And I don't care how many credits  
21 Calpine buys. It's not going to improve the air  
22 quality that I will have to breathe. Calpine has  
23 choices. I don't. We cannot move our  
24 neighborhood. They can build on some other place  
25 that is more appropriate. And I hope that you

1 will honor the health and safety of the citizens  
2 of my neighborhood, and not approve this power  
3 plant.

4 And I hope Calpine will be a good,  
5 responsible local corporate citizen and withdraw  
6 their application.

7 Thank you.

8 PRESIDING MEMBER LAURIE: Thank you.

9 (Applause.)

10 PRESIDING MEMBER LAURIE: Good evening,  
11 sir.

12 MR. BLAUM: Mr. Commissioner, my name is  
13 Mario Blaum, B-l-a-u-m.

14 PRESIDING MEMBER LAURIE: Thank you,  
15 sir.

16 MR. BLAUM: I don't know what I am going  
17 to say, because everything has been said already,  
18 which we discussed according to if they are the  
19 proximity to this San Andreas Fault, where  
20 dangerous materials are going to be stored.

21 Electricity is necessary. We all turn  
22 on the light. I don't like the community to be so  
23 divided about this. I respect the people that  
24 think that this is essential. There is a lot of  
25 confusion now because we having blackouts. So a

1 lot of hysteria is going on. I mean, let's build  
2 plants in everybody's back yards, because we need  
3 all this electricity. I mean, I want a plant in  
4 my back yard. I mean, let's give them the benefit  
5 of the doubt.

6 We are -- we are in a mess, thanks to  
7 our legislature. And I think we all agree on  
8 this. I mean, this is a mess. The regulation is  
9 a mess. And so we need really more -- yes, we  
10 need more -- more power there. And, but we have  
11 seen also in these last days that even we double  
12 the capacity, we have had blackouts. So really,  
13 just putting more and more megawatts and gigawatts  
14 and whatever we want, will not prevent really  
15 shortages, because our -- Calpine can say okay,  
16 now that the plant is here, I don't sell you power  
17 because I want more money for it.

18 So it's not really -- it's not really, I  
19 mean, those 600 megawatts are not going to solve  
20 all our energy problems. And the bets are really  
21 too high here. I mean, lots of plants have been  
22 approved, capacity is going to be there. The  
23 system is broken. Our representatives are meeting  
24 there in Sacramento, the same -- the same ones  
25 that created the mess are telling now okay, build

1           this plant, I mean, they got general support from  
2           Calpine also, some of them. But they say they are  
3           independent. I mean, they made up their minds.

4                        So I urge you to respect the decision of  
5           the City of San Jose and deny this plant.

6                        PRESIDING MEMBER LAURIE: Thank you.

7                        (Appause.)

8                        MS. ICHIEN: We have J. Olson, Maurice  
9           Webb, and Ann Webb.

10                      DR. OLSON: Good afternoon, Commissioner  
11           Laurie. I'm Dr. Joseph Olson, a professional  
12           engineer in the State of California.

13                      And, gee, I have to admit I don't  
14           represent anyone. I'm just an overeducated  
15           engineer who is shocked by what is happening here  
16           in San Jose. I was raised within a quarter of a  
17           mile of a coal-burning power plant. As a  
18           teenager, I moved to Seattle to attend the  
19           University of Washington. I lived within a mile  
20           of a gas plant that produced producer gas from  
21           coal for the local residents. I neither suffer  
22           from asthma or any other respiratory disease. I'm  
23           73 years of age.

24                      If the rest of the people here in this  
25           room are concerned, they can look to their own way

1 of living and their own maintenance of their own  
2 homes, because there's no reason to have asthma  
3 simply because there's a plant in the  
4 neighborhood.

5 Mayor Gonzales has established is  
6 legacy. In future years, in the history not just  
7 of San Jose, but of California, he will be  
8 referred to as the single individual who shut down  
9 California's economy. Thank you.

10 If we shut off the power to the  
11 producers in this valley, they not only will lose  
12 millions of dollars, they will seek other places  
13 to go, and the people who are here today saying  
14 not in my back yard, will have their back yards at  
15 a terrifically depreciated value. I worked for  
16 Boeing for a few years. When Boeing decided to  
17 move the production plant out of Oklahoma and take  
18 it all back in to Boeing in about 1959, there were  
19 entire streets, not just a couple of houses, but  
20 entire streets of houses that were empty. The  
21 people walked away from them and gave them back to  
22 the bank.

23 So when you talk about property  
24 depreciation, jobs that will keep the property  
25 appreciation going, and if we lose the electronic

1 industries in this valley, we're going to lose  
2 more than just appreciation, or get into a  
3 depreciation. We're going to have a catastrophe.

4 As an attorney, and I am a California  
5 attorney, I assure you the legislative act that  
6 empowered you to override the City of San Jose's  
7 decision is perfectly democratic. It is legal,  
8 and it was intelligent.

9 The Santa Clara Board of Supervisors  
10 approved the Calpine project after a lot of study  
11 and hearing almost the same personnel coming up  
12 here and talking, and they were against. However,  
13 the San Jose City Council rejected. Why? Was it  
14 lack of understanding or personal interest? They  
15 now want us to build a compendium of small plants,  
16 high polluters, with low stacks. You cannot build  
17 a 100 or a 150 watt generator that's going to come  
18 anywhere near being as clean as the 600 megawatt  
19 generator that Calpine has proposed.

20 Hayward, Milpitas, and a lot of other  
21 communities have said come to us, build a plant  
22 here. And my response is, absolutely. Because as  
23 long as California is dependent on importing  
24 electricity, we are going to pay a high price.  
25 And we are going to be completely dependent upon

1 situations like is happening right now in the  
2 Northwest. They are undergoing a drought.

3 My son called me from Kelso, Oregon,  
4 last night. And he says, dad, there's no snow,  
5 the rivers are down. I'm just amazed, the fishing  
6 is terrible. I don't know how the salmon are  
7 going to get upstream. I says that's okay, how is  
8 the electricity going to get downstream?

9 We're not going to be able to buy any  
10 this summer. It won't be there. And people my  
11 age, a lot of them, God help them, have  
12 respiratory diseases and are on respirators.  
13 Those respirators require power to keep them  
14 running. If they go through a rolling blackout,  
15 they won't survive.

16 PRESIDING MEMBER LAURIE: Could you  
17 summarize, Dr. Olson. You have to give the other  
18 folks a chance.

19 DR. OLSON: You haven't shortened  
20 anybody else, and I haven't been as long as some.

21 PRESIDING MEMBER LAURIE: Well, you have  
22 gone longer than most.

23 DR. OLSON: Thank you, sir.

24 As an engineer, I have reviewed the  
25 Calpine project because I was a responsible

1 citizen. I didn't worry about whether it was  
2 built in my back yard or somebody else's back  
3 yard. And God help us, not in my back yard is the  
4 most despicable cry in the world. All of the  
5 engineering has been done, and we cannot get  
6 something for nothing.

7 If we want electricity, we're going to  
8 have to build power plants. And the more of them,  
9 the merrier. And the Calpine project in the  
10 valley here should be built.

11 Thank you.

12 PRESIDING MEMBER LAURIE: Thank you,  
13 sir.

14 (Applause.)

15 PRESIDING MEMBER LAURIE: Good evening,  
16 sir.

17 MR. WEBB: Good evening. My name is  
18 Maurice Webb. I've lived in the South San Jose  
19 area since 1978, and I work in the high tech  
20 industry and have done so for 22 years, commuting  
21 north to Mountain View, Palo Alto, Sunnyvale,  
22 Santa Clara. Typically, taking over an hour in  
23 the commute.

24 We need more high tech jobs in South San  
25 Jose's largest residential community. The Coyote

1 Valley is an ideal location to attract prestigious  
2 high tech companies to South San Jose. If a power  
3 plant is built in Coyote Valley, the high tech  
4 industry will not invest the hundreds of millions  
5 of dollars needed to build modern campus style  
6 industrial parks.

7 The City of San Jose had the right  
8 vision 20 years ago, when they planned Coyote  
9 Valley for future high tech industry expansion.  
10 That is still the right vision today. Please  
11 don't destroy San Jose's vision for the future of  
12 San Jose. Let the City of San Jose continue to  
13 work to attract high tech jobs to Coyote Valley.

14 The City of San Jose regularly reviews  
15 its master plan and reviews -- reviewed its plan  
16 for Coyote Valley as recently as three months ago.  
17 The vision is 20 years old. The plan is right up  
18 to date.

19 Calpine promotes this plant as a  
20 showpiece for the area. That may be true when it  
21 first opens, but as newer technologies become  
22 available, Calpine will move its focus to other  
23 newer power plants, and the area around the  
24 Metcalf plant will be allowed to fall into  
25 disrepair, making the job of attracting businesses

1 and jobs to the Coyote Valley area impossible.

2 We heard that the Sierra Club supports  
3 the MEC. The Sierra Club is against developing  
4 the Coyote Valley, so the only reason that they  
5 support the power plant is they know it will deter  
6 Cisco and other prestigious high tech companies  
7 providing much needed jobs in South San Jose.

8 Thank you.

9 PRESIDING MEMBER LAURIE: Thank you,  
10 sir.

11 (Applause.)

12 PRESIDING MEMBER LAURIE: Good evening,  
13 ma'am.

14 MS. WEBB: Good evening. My name is  
15 Ann Webb, W-e-b-b. And I have been a resident of  
16 the Santa Teresa neighborhood for the past 22  
17 years. I'm aware that you may consider my views  
18 insignificant, in view of the larger problems of  
19 energy shortages in California. But I hope you  
20 will at least consider that putting the Metcalf  
21 Energy Center in Coyote Valley is not the best  
22 solution to the problem, and is, in fact, the  
23 least desirable location for this center.

24 I do not have to tell you about the  
25 numerous projects before you for your approval,

1 most of them with no local opposition. By the  
2 time this power plant would be up and running, in  
3 2003, we will have an excess of energy for the  
4 projected needs of California, and we will be able  
5 to export 15 percent of our energy.

6 This is the wrong location for a power  
7 plant, in Coyote Valley, which is zoned light  
8 industrial. It is located a half a mile from  
9 residents, and one mile from three schools. The  
10 site is poorly ventilated, and the emissions are  
11 large. Three tons per day, including fine  
12 particulates. To mitigate the tons of pollution  
13 that would be released from the proposed Metcalf  
14 Energy Center each day, Calpine has purchased  
15 emission reduction credits. This so-called  
16 mitigation will not remove any pollution that is  
17 in our air today, providing no benefit to our  
18 neighborhoods.

19 They are also not required to provide  
20 any mitigation for the 588 and a half tons of  
21 carbon monoxide, or the 180 tons of ammonia that  
22 would be released every year from the Metcalf  
23 Energy Center.

24 I know that there is a lot of hysteria  
25 around on the need for energy in California. But

1 siting the energy center in an area zoned for  
2 light industrial is not the answer to the current  
3 problem.

4 I hope that cooler heads will reign on  
5 the California Energy Commission as the people of  
6 California rely on you to impartially weigh the  
7 advantages and disadvantages of this proposal. It  
8 has been amply demonstrated over the past year or  
9 more that the disadvantages to the local community  
10 far outweigh the advantages. There are better  
11 alternative sites, and I beg of you to consider  
12 these and not to override the decision of San Jose  
13 City Council, who unanimously opposed the siting  
14 of the Metcalf Energy Center in Coyote Valley.

15 Thank you.

16 PRESIDING MEMBER LAURIE: Thank you, Ms.  
17 Webb.

18 (Applause.)

19 MS. ICHIEN: We'll hear next from  
20 Dimitri Balay, Frank Nucci, and Karen Hardy.

21 PRESIDING MEMBER LAURIE: Good evening,  
22 sir. Could you spell your last name, please.

23 MR. NUCCI: My name is Frank Nucci, N-u-  
24 c-c-i.

25 PRESIDING MEMBER LAURIE: Thank you,

1           sir.

2                       MR. NUCCI: I've been a resident of the  
3           South San Jose community for over 30 years, live  
4           about two miles north of the site, and I have  
5           worked in the South San Jose/Morgan Hill area.

6                       I see this as a crisis situation,  
7           basically a Catch-22, and I don't envy your  
8           position. Basically, you're damned if you do and  
9           damned if you don't.

10                      I'd like to compliment you on the  
11           proceedings that you've conducted. If you may  
12           recall, I did talk to you, oh, over a year and a  
13           half ago when you had a meeting at Oak Grove High  
14           School. And I thought it was important for me to  
15           come this evening, because --

16                      PRESIDING MEMBER LAURIE: I was six foot  
17           two at the time.

18                      (Laughter.)

19                      MR. NUCCI: I think you were seven feet  
20           tall.

21                      I thought it was important for me to  
22           come this evening, and assuming that this is the  
23           last meeting.

24                      It's kind of interesting. I have  
25           supported and voted for Mayor Gonzales and have a

1 great deal of respect for him. I have supported  
2 Charlotte Powers, and I have worked with her on  
3 various committees. She's done an outstanding job  
4 and making contributions to members of the  
5 community in South San Jose, including after  
6 school homework centers. I've worked on some  
7 committees with her, and a gang task force with  
8 law enforcement agencies.

9 It's kind of interesting, I also know  
10 Mayor Dennis Kennedy, who left. I've known him  
11 for about 25 years. I know Cathy Chavez Napoli,  
12 I've known her for about eight years, and I have  
13 interacted with these people and individuals, and  
14 I have a great deal of regard and respect for  
15 them.

16 It's kind of interesting this evening,  
17 as other individuals came forward to talk, I don't  
18 know whether Ms. Mercurio is still here, but I  
19 think she was a teacher for one or both of my  
20 sons.

21 Having said this, having a great deal of  
22 respect for all of these individuals, I do support  
23 the Metcalf Energy project.

24 I'd like to touch upon some of the  
25 comments made this evening. I don't have a

1 prepared presentation, and I don't represent any  
2 organization, whether it be Calpine or any of the  
3 intervening organizations. I basically represent  
4 myself.

5 There was a reference or a comment to  
6 the Energy Summit, and I did see it and watch it  
7 on television. What was not mentioned, I believe  
8 the chairperson for the industry, and I believe  
9 his name was James Bell, was in favor of the  
10 Metcalf Energy project.

11 Some of the comments in opposition to  
12 this project relate to real estate values.  
13 Statements being made if the plant goes in, values  
14 will go down. In my street currently there are  
15 four houses that are for sale. Five months ago  
16 they would've sold for the asking price. It's  
17 over a month. The signs are still there. And  
18 each of these individuals have dropped their  
19 prices by about \$15,000. And even at that  
20 depreciation, if they sell their houses it's at a  
21 high value. Real estate is over-valued. So I  
22 don't think the impact of the Metcalf Energy  
23 project will impact real estate values to a very  
24 great degree.

25 There was another comment made, and as I

1 speak I can hear comments behind me and I've heard  
2 negative comments made in reference to other  
3 speakers who have supported this, like I wonder  
4 how much he or she's getting paid. Well, I also  
5 notice that those who spoke in opposition to it  
6 were given the respect by the others in the  
7 audience, and I only encourage members of the  
8 audience that are in opposition to this project to  
9 demonstrate good manners, and show that in  
10 reference to the speakers who are in support of  
11 the project.

12 Aesthetic value. If you drive along  
13 Highway 87, just past Capital, there's some new  
14 houses there. And the profile of the roofs, if  
15 you -- it's on the east side. The profiles remind  
16 me of the teeth on a sawblade or shark's teeth.  
17 So you talk about ugly. In my opinion, those are  
18 ugly.

19 You talk about transmission lines. I  
20 often walk along Bernal up to the upper Santa  
21 Teresa Park, and those transmission lines and  
22 towers have been there for a long time. There was  
23 some comment recently made that the transmission  
24 lines go where people do not live, but if you  
25 follow those transmission lines they go right

1 through residential areas. And guess what, we get  
2 used and accustomed to these objects or structures  
3 that have a negative impact on the aesthetics.  
4 And I don't think aesthetics is going to be a  
5 problem with regards to the design of the --

6 PRESIDING MEMBER LAURIE: Sir --

7 MR. NUCCI: -- Metcalf Energy project.

8 One other item I'd like to make. You  
9 know, the Mayor said the project should not create  
10 no harm. And I know this is kind of ironic that  
11 many of the individuals that are opposed to this  
12 project are in favor of the Cisco Industrial  
13 Campus. They're in favor of the construction of  
14 22,000 houses in the Coyote Valley. They're in  
15 favor of the expansion of 101 between Bernal and  
16 Cochran from two lanes to four lanes.

17 In my opinion, the pollution, the  
18 congestion, and the impact on the environment will  
19 far outweigh that by the Metcalf Energy plant.

20 I have other comments, but I think most  
21 of what I wanted to say has been said. As I've  
22 indicated, whatever decision you make I'll  
23 support, and I think you've done a great job in  
24 evaluating all the information. Based on what  
25 I've heard, that the plant and the design meets

1 all environmental, industrial and safety criteria.  
2 And I would encourage you to support and approve  
3 this project.

4 Thank you.

5 PRESIDING MEMBER LAURIE: Thank you, Mr.  
6 Nucci.

7 (Applause.)

8 MS. ICHIEN: Is Karen Hardy here?

9 PRESIDING MEMBER LAURIE: How many more  
10 speakers do we have, Arlene?

11 MS. ICHIEN: Eighteen.

12 PRESIDING MEMBER LAURIE: Two minutes,  
13 folks. We're very interested in whether you  
14 support the plant and your basic reasons why, or,  
15 if you're opposed, then your basic reason.

16 MS. HARDY: No problem.

17 PRESIDING MEMBER LAURIE: Thank you very  
18 much.

19 MS. HARDY: My name is Karen Hardy, H-a-  
20 r-d-y. I have nothing to financially gain one way  
21 or the other. I'm a full-time mother at this  
22 time, but my background is I have a degree in  
23 chemical engineering, specifically in  
24 environmental control. And I currently serve as a  
25 planning commissioner for the City of Santa Clara,

1       so I appreciate your position. I've listened to  
2       many, many public hearings and have had to make  
3       decisions that are tough.

4               I do support the proposal. I was given  
5       this proposal to look at for the express purpose  
6       of a group that wanted to make a decision, a good  
7       government group here in Santa Clara County. I'm  
8       here tonight because after reading that, I felt  
9       very strongly that more people needed to come out  
10      and say that it was a good project.

11             As a -- I was prejudiced as I read  
12      through it, looking for the reasons that the City  
13      Council had just turned it down. There are a few  
14      good reasons to turn down proposals. I looked for  
15      those. Usually those are it's not needed, it's  
16      not appropriate land use, it's detrimental effects  
17      to the environment outweigh its benefits. It --  
18      you can't rely on, or there's real concern that  
19      the applicant will not do what they have proposed.  
20      Or it's not in keeping with the General Plan.

21             Well, the not needed is a supply and  
22      demand situation here, obviously.

23             Appropriate land use, when it's right  
24      between an existing gas line, a substation, and no  
25      new transmission lines. From an engineering

1           standpoint, it makes sense.

2                       The detrimental effects to the  
3           environment. With our strict air quality  
4           standards, which it more than meets, we're down to  
5           aesthetics, and even with the plume abatement  
6           program, which I was surprised and had never seen,  
7           they have worked very hard to make this as  
8           aesthetically pleasing as possible, which I've  
9           never seen for a power plant.

10                      This not in keeping with the General  
11           Plan, well, that's very simple. Our city does  
12           that all the time. If you have not planned for  
13           this, which the cities have not around here, you  
14           have a General Plan amendment. It is a very easy  
15           process.

16                      Mayor Gonzales has put forth this very  
17           several small plants, so it's -- there's one in  
18           everyone's back yard, which doesn't make sense.  
19           He led the entire City Council to overturn their  
20           own Planning Commission's recommendation, which  
21           was five to two in favor of that. I would concur  
22           with that. My only possible reason, in going  
23           through this entire proposal, that I could see  
24           that someone like Mayor Gonazles might have a  
25           reason to fight against this project, is possibly

1 Calpine might have forgotten to contribute to his  
2 election campaign.

3 Thank you.

4 (Applause.)

5 PRESIDING MEMBER LAURIE: Thank you.

6 Good evening, sir.

7 MR. ABDURRAHEEM: Good evening. My name  
8 is -- the last is spelled A-b-d-u-r-r-a-h-e-e-m.

9 PRESIDING MEMBER LAURIE: Thank you,  
10 sir.

11 MR. ABDURRAHEEM: Good evening,  
12 Commissioner, Staff. I thank you for the  
13 opportunity to address this hearing. I have a  
14 comprehensive background in energy management,  
15 building interior air quality, facility  
16 validation, and certification. My family lives in  
17 San Jose. I teach in San Jose.

18 I strongly support the Metcalf Energy  
19 Center project. I urge the CEC to approve this  
20 project. I also suggest the construction of the  
21 energy center should be expedited. The location  
22 of the Metcalf Energy Center is appropriate. The  
23 proximity of natural gas fuel transmission  
24 facilities and access to the city's non-potable  
25 water are conducive to making this energy center

1           successful.

2                       The Metcalf Energy Center makes sense  
3           from a thermo-economic perspective. The quality  
4           of the design is very good. Calpine's willingness  
5           to accommodate suggestions on the visual impact of  
6           the energy center and their desire to build a  
7           state of the art facility are exemplary.

8                       When I first addressed the CEC the need  
9           for an energy center was important. Now the need  
10          for an energy center is imperative. A viable  
11          sustainable source of electricity is a fundamental  
12          economic cornerstone for the City of San Jose, the  
13          State of California, and the United States of  
14          America. We take pride in the issuing of building  
15          permits by the millions of square feet, permits  
16          for offices, permits for wafer manufacturing  
17          facilities. Yet the largest permit holder objects  
18          to the Metcalf Energy Center.

19                      The land use issue is very simple. The  
20          overall impact of several million square feet of  
21          manufacturing will be significantly greater than  
22          the small Metcalf Energy Center. The  
23          Bechtel/Calpine engineering and construction team  
24          is a good one. The craftsmanship of the San Jose  
25          construction workers is excellent. The nation and

1 the world is looking at how we manage our energy  
2 resources. Other states are trying to lure  
3 California businesses. California businesses have  
4 put a halt to capital spending. California  
5 businesses are formulating relocation plans.

6 I urge you to approve the Metcalf Energy  
7 Center. Thank you very much.

8 PRESIDING MEMBER LAURIE: Thank you,  
9 sir.

10 (Applause.)

11 PRESIDING MEMBER LAURIE: Evening, sir.

12 MR. LANCASTER: Good evening,  
13 Commissioner. Thank you very much for the  
14 opportunity to speak tonight in support of Metcalf  
15 Energy Center. My name is Raymond Lancaster,  
16 spelled L-a-n-c-a-s-t-e-r.

17 And I feel fortunate to have lived in  
18 this area for most of my life. I've been here all  
19 but about two years, and I'll be 53 in July. And  
20 during the time that I've been here I've seen  
21 tremendous change. And I've followed the progress  
22 of this power plant for nearly the last two years,  
23 and I'm convinced it's a good project. There can  
24 be no question about the need for additional power  
25 in California, and I swear I'd be the first to

1           oppose it if I felt that it posed safety or  
2           environmental concerns.

3                       The California economy is being badly  
4           damaged today because of the instability in the  
5           power generation and distribution system. By  
6           permitting plants which meet the highest  
7           standards, you'll be improving the lot of many  
8           people who would otherwise be dealing with the  
9           pressures of unemployment, and you'll be sending a  
10          strong signal to the financial markets that  
11          California is back on track. And I would urge you  
12          to support the project.

13                      Thank you.

14                      PRESIDING MEMBER LAURIE: Thank you, Mr.  
15          Lancaster.

16                      (Applause.)

17                      MS. ICHIEN: Is Andrew Walker here?

18                      Then Robert Wilson, Joe Cassisi.

19                      MR. WILSON: Good evening. My name is  
20          Robert Wilson. If you can't spell it, you  
21          probably shouldn't be a Commissioner.

22                      (Laughter.)

23                      MR. WILSON: First, I'd like to address  
24          the guy who said that the freeway -- freeways are  
25          on maps for years. He could've just looked at a

1 map and seen proposed freeway. Nobody could've  
2 looked at a map and seen proposed power plant.  
3 That's not what the land was zoned for. So it's  
4 bait and switch if suddenly you say well, we're  
5 going to put a power plant there. That's just not  
6 the way land use is done, and that's what San  
7 Jose's main objection was. They have a way of  
8 doing land use, and this is not it.

9 A bad location doesn't suddenly become a  
10 good location because we have a power crisis.  
11 That crisis was manufactured because people  
12 withheld energy because they were afraid they  
13 weren't going to get paid, because there was gas  
14 prices got too high. And now we're going to build  
15 a plant that's going to put a greater demand on  
16 natural gas. And the prices are going to go even  
17 higher.

18 This is not going to solve anything.  
19 Controversial projects are taking up too much of  
20 your time, Mr. Commissioner. You should send a  
21 strong message to Calpine, bring us these  
22 controversial projects and you're wasting our  
23 time. We would approve lots of easy projects if  
24 only we didn't have all these controversial ones  
25 you keep bringing in front of us to deal with.

1                   So if you deny this one, you'll send  
2                   them a message, stop bringing us neighborhood  
3                   power plants. We're not going to approve them.  
4                   They take up too much of our time. We have to get  
5                   reasonable projects approved quickly, so stop  
6                   bothering us with these ridiculous projects that  
7                   nobody wants.

8                   You have to say that some plants are to  
9                   be denied. Nuclear plants in neighborhoods, I  
10                  hope. And this one is one of those plants. If  
11                  you just rubber stamp this one, then you're  
12                  sending them a message build whatever you want,  
13                  we'll rubber stamp it. You don't want to be  
14                  viewed as a rubber stamp. You have to deny some  
15                  plants. This is one of those plants, and I think  
16                  it's clear.

17                  You have to weigh the speakers who have  
18                  everything to gain against the speakers who have  
19                  everything to lose. People can get used to visual  
20                  blight. Our lungs cannot get used to PM10  
21                  particulate matter falling on our neighborhood. I  
22                  live one mile from the proposed site. I intend to  
23                  live there a long time. I don't know how long  
24                  I'll live. Maybe I'll be lucky enough, like that  
25                  guy living to 73, to not breathe in that one

1           little particulate that's going to cause me to get  
2           lung cancer.

3                         Saying a power plant has to be close to  
4           the load is a little like saying hog farms should  
5           be located in cities because that's where all the  
6           demand is.

7                         (Laughter.)

8                         MR. WILSON: Let me just leave you with  
9           six very important reasons not to build this plant  
10          in this location. Air pollution, water pollution,  
11          noise pollution, visual pollution, earthquake  
12          hazard, and chemical hazard.

13                        The CEC was not founded to blight  
14          neighborhoods in the name of the greater good. Do  
15          your job right, and we'll respect you. Don't show  
16          them that you will bow to political pressure from  
17          some people in the legislature. You are to remain  
18          independent, listen to your own voice, listen to  
19          the arguments and say yes, there are appropriate  
20          places for power plants, and there are  
21          inappropriate places for power plants. And vote  
22          right and tell them what's inappropriate so they  
23          never bring this type of project to you again.

24                        Thank you.

25                        (Applause.)

1                   PRESIDING MEMBER LAURIE: Good evening,  
2                   sir.

3                   MR. CASSISI: Good evening. My name is  
4                   Joe Cassisi, C-a-s-s-i-s-i. Thank you very much  
5                   for allowing me to speak, and I -- I'm jealous of  
6                   your patience.

7                   PRESIDING MEMBER LAURIE: Well, let's  
8                   make it clear you're not being allowed to speak,  
9                   you --

10                  MR. CASSISI: I'm a mechanical  
11                  engineer --

12                  PRESIDING MEMBER LAURIE: -- you have a  
13                  right to speak.

14                  MR. CASSISI: Thank you.

15                  I'm a mechanical engineer registered  
16                  with the State of California. And I remember when  
17                  this project first came up two years ago and hit  
18                  the newspaper. There was four power plants  
19                  proposed in the area, Calpine being one of them,  
20                  another one going in at the -- I'm sorry, Metcalf  
21                  in the South Valley, another one in North County,  
22                  one in the Fremont area, and one in Hayward. The  
23                  engineering community, at the time I was chairman  
24                  of the American Society of Mechanical Engineers,  
25                  Santa Clara Valley Section, thought this was a

1 great idea. We've all known about the energy  
2 needs for years. What's happened in the last two  
3 years has brought it to everyone else's attention.

4 This is the best available technology  
5 that we have today to offer for power. The  
6 location of the Metcalf Center is paramount. It's  
7 not a hog farm in the middle of a city. It's a  
8 clean, modern power plant with no transmission  
9 line losses. The efficiencies are great.

10 Most people are not familiar with power  
11 plants. They probably wouldn't recognize them if  
12 they saw them, especially in the new regard. I've  
13 watched this project for the last two years, and  
14 I've seen a lot of people become experts on air  
15 quality, water pollution, power needs. Most of  
16 them wouldn't recognize any of these things. They  
17 talk in tons of pollution, they don't even know  
18 what a ton of pollution looks like.

19 We have qualified, competent,  
20 responsible people to speak to these issues. Air  
21 quality people, your Staff, all the people that  
22 did the environmental impact reports. They speak  
23 to these issues. They're the responsible  
24 competent people that you should be listening to.

25 The City of San Jose turned it down on a

1 land use issue. One and a half percent of the  
2 land that was on this issue would be where that  
3 power plant would sit. That part wouldn't even be  
4 used as a parking lot, so the land use issue I  
5 think is a no issue in regards to the power  
6 requirements.

7 From the standpoint of what this power  
8 plant does and what a combined cycle plant can be,  
9 in the middle of Stanford University in Palo Alto  
10 there's a combined cycle plant very similar to  
11 this, probably older, on the order of better than  
12 10 or 15 years. We're not losing Stanford  
13 students. Not at \$30,000 a year to go there.  
14 Okay. No health problems there. Works very  
15 effectively, and it's an older plant, not quite as  
16 efficient as this. Consider that.

17 I can understand the community and their  
18 problems with the Fairchild issues and that sort  
19 of thing, but from the engineering standpoint,  
20 that's apples and oranges. This is a power plant.  
21 This is regulated, it's been looked at time and  
22 time again. The County of Santa Clara only  
23 produces 14 percent of the power that it uses.  
24 Not a good ratio. For those of you that want a  
25 better ratio, go to Contra Costa County and look

1 at -- producing over 100 percent of what you use.

2 Based on these facts, and on good  
3 engineering judgment, hopefully you will support  
4 the Calpine Metcalf Energy Center. Thank you very  
5 much.

6 PRESIDING MEMBER LAURIE: Thank you, Mr.  
7 Cassisi.

8 (Applause.)

9 PRESIDING MEMBER LAURIE: Good evening.

10 MS. SPOTTS: Good evening. My name is  
11 Sharron, S-h-a-r-r-o-n, last name Spotts, S-p-o-t-  
12 t-s. I don't have a prepared statement tonight  
13 like most of the people. I just felt compelled to  
14 address a few issues.

15 People are talking about their back  
16 yard. Well, guess what. This is literally my  
17 back yard. I live a half-mile from the proposed  
18 power plant. From the beginning, I've been  
19 following the arguments on both sides before I  
20 ever even heard of Santa Teresa Citizens Action  
21 Group.

22 I listened to Calpine's presentations,  
23 and then I started listening to the facts coming  
24 out from the other side. And I know that I cannot  
25 present the facts to you to -- this evening as

1 well as our technical team, our technical review  
2 team. I know they've been following this for  
3 many, many months, and all the facts are in, and I  
4 do know that there's enough evidence to  
5 substantiate that this is not the most appropriate  
6 location. And I believe the ISO has even come out  
7 and made a statement to that effect, that this is  
8 the worst possible place because of the narrowing  
9 of the valley there and how the substrate's going  
10 to hold the pollution in, and blah, blah, blah.

11 And I think it's pretty -- a pretty  
12 strong statement that the Bay Area -- Bay Area Air  
13 Quality department, or whatever that is, came out  
14 and also stated that the air sampling methods were  
15 deficient. That means a lot to me, because I have  
16 asthma, and maybe some good people who lived next  
17 to power plants in the past didn't get asthma,  
18 maybe they didn't start out with asthma. This is  
19 one reason I moved out to where I'm living now,  
20 and I have not had asthma since I -- I've moved  
21 out there. And I fully expect that I probably  
22 will, with four tons of smog in the air every day.

23 And as I'm listening here to some of the  
24 arguments, a lot of people are supporting the  
25 issues, and I'm -- I'm wondering, well, where were

1           they in the Evidentiary Hearings? Where were all  
2           these facts that they're bringing to you tonight?  
3           Whereas I believe a lot of the facts from some of  
4           the people opposing the power plant are already on  
5           record. And I hope that those are very carefully  
6           reviewed and paid good attention to, because we  
7           are looking at a decision that's going to really  
8           affect people for a long, long time.

9                         Another issue I want to address is land  
10           values. I was one of the -- the first ones to get  
11           involved in what's going on, and I went down to  
12           Crockett, and I interviewed people there. One of  
13           them just happened to be an ex-member of the  
14           chamber of commerce, and -- not that it was the --  
15           the best scientific sample, but generally  
16           speaking, all of the people that I interviewed  
17           pretty much stated that between -- between 30 and  
18           35 percent is what their land value went down as  
19           soon as that power plant went in. And I, again,  
20           have some real reservations about what's going to  
21           happen to my land value.

22                         So all things being said, I'm not going  
23           to take up a lot of your time, but I don't --  
24           don't think the issue here, this is another faulty  
25           logic that I'm hearing, is that we want to stop

1           this power plant and, you know, heaven forbid,  
2           children are going to be sitting in classrooms  
3           with no light, and all the hysterics. We're not  
4           saying no power. We're just saying if you -- you  
5           look at all the evidence and you're looking with  
6           the educated scientific minds that you all have,  
7           I'm certain you have to agree that the facts bear  
8           out that there are more appropriate places. And  
9           if I'm correct that power's transmitted at the  
10          speed of light, or whatever, the technical  
11          committee tells me, I don't see why a power plant  
12          can't be located in an area that is not going to  
13          affect a highly residential area, and still, you  
14          know, going to the power grid where we would be  
15          deficient in power.

16                        So on these few points I'm going to  
17          thank you.

18                        PRESIDING MEMBER LAURIE: Thank you, Ms.  
19          Spotts.

20                        (Appause.)

21                        MS. ENGELHARDT: Good evening.

22                        PRESIDING MEMBER LAURIE: Go ahead and  
23          pull that microphone down.

24                        MS. ENGELHARDT: Thank you.

25                        PRESIDING MEMBER LAURIE: We had some

1 really tall guy, I think he was like five-nine,  
2 stood up and --

3 (Laughter.)

4 MS. ENGELHARDT: Hello. My name is  
5 Elise Engelhardt. I'm an engineer at a biotech  
6 company, and I'm currently the leader of the  
7 American Society of Mechanical Engineers, Silicon  
8 Valley Section. However, I represent myself  
9 tonight.

10 I simply want to give my support to the  
11 project. I'm sure I can't say anything that you  
12 haven't heard, but as an engineer I just have to  
13 say you couldn't find a better place. And we need  
14 it desperately.

15 I've lived in this county for nine  
16 years, and I've spent the past month looking for a  
17 house in the Santa Teresa area. And I'm convinced  
18 the power plant will not hurt this area. I hope  
19 you approve this project.

20 Thank you.

21 PRESIDING MEMBER LAURIE: Thank you.

22 (Applause.)

23 PRESIDING MEMBER LAURIE: Okay. Folks,  
24 we'll take a five minute break. We will hear from  
25 everybody. Okay. A little bit of fresh air at

1           this point would be helpful.

2                           (Off the record.)

3                           PRESIDING MEMBER LAURIE: Ms. Dhillon.

4                           MS. DHILLON: Good evening,  
5           Commissioner. My name is Saroj Dhillon. I'm a  
6           resident of San Jose. I have a Master's in  
7           Chemistry. I'm representing myself.

8                           I am here in favor of Metcalf Energy  
9           Center. You probably know all the facts and  
10          figures, everything on it, that I don't need to  
11          go, and I won't take too much of your time. But I  
12          do want to say one thing. If this plant comes  
13          online we might have -- we might take care of  
14          energy needs to a certain percentage, not all of  
15          it, but I wonder what these people with asthma are  
16          going to do in next winter time, when we'll have  
17          all these rolling blackouts and these people have  
18          their -- start burning wood in their fireplaces.  
19          I mean, the asthma situation going to be really  
20          bad then.

21                          In this valley, if we want to continue  
22          to have the kind of lifestyle that's there, the  
23          urban center that people want to live in, energy  
24          is a necessity. And this is the perfect place for  
25          the power plant. The reason it's perfect, it's

1 close to the transmission grid, it's not close to  
2 any neighborhood, it's not in -- in any  
3 neighborhood. And it'll improve the air quality  
4 from -- caused because of all these other older  
5 plants that are creating all this worse emission  
6 problems in the -- in our air currently.

7 So I am in favor of the plant. Thank  
8 you.

9 PRESIDING MEMBER LAURIE: Thank you, Ms.  
10 Dhillon.

11 (Applause.)

12 PRESIDING MEMBER LAURIE: Margo. Hi.  
13 How you doing?

14 MS. SIDENER: Good, thank you. I'm  
15 Margo Leathers Sidener, S-i-d-e-n-e-r.

16 PRESIDING MEMBER LAURIE: Sidener.  
17 Thank you.

18 MS. SIDENER: I'm the Executive Director  
19 of the American Lung Association of Santa  
20 Clara/San Benito Counties, and I also served on  
21 the Metcalf Citizens Advisory Committee.

22 I -- this is the first time I have  
23 spoken publicly about Metcalf. But having  
24 received hate mail from several people in the  
25 audience, I thought I would add a little bit about

1           myself personally. I am a 20-plus year resident  
2           of San Jose, District 10, which is a few blocks  
3           from District 7. And I have asthma, my son has  
4           asthma, most of the people I work with have lung  
5           disease, most of the people I serve have lung  
6           disease, and I have dedicated the last 19 years of  
7           my life to a mission of preventing lung disease  
8           and promoting lung health.

9                        I am here tonight to support clean  
10           efficient power generation, including, but not  
11           limited to, that proposed for the Metcalf Center.  
12           I have brought you the American Lung Association  
13           of California Energy Crisis and Electric  
14           Generation Principles, which were adopted just  
15           Saturday, and which were disseminated to the field  
16           in final form only three hours ago.

17                       I would like to spend the remainder of  
18           the time, until you stop me, sharing a little bit  
19           from that.

20                       PRESIDING MEMBER LAURIE: How long do  
21           you think your presentation is going to be? We  
22           have -- we have a bunch of folks, and it's late,  
23           so -- everybody else was taking three and four  
24           minutes, so I can't allow you to take  
25           substantially more than that.

1 MS. SIDENER: Oh, not more than that.  
2 No, I meant until you stop me at two.

3 PRESIDING MEMBER LAURIE: Well --

4 MS. SIDENER: I'm trained, after 19  
5 years. That's fine. Just start the clock and  
6 I'll start rolling.

7 California's existing system of power  
8 generation units must be upgraded as soon as  
9 possible by applying state of the art pollution  
10 controls, BACT, repowering and replacing the units  
11 with cleaner, more efficient units. The air  
12 pollution problem from power plants is worsened by  
13 the lack of updated controls and modernization in  
14 the industry.

15 The California electric grid includes  
16 many older power plants, including a large  
17 percentage that are 30 years or older. Many of  
18 these older facilities have not been upgraded to  
19 use state of the art pollution controls defined in  
20 regulatory terms as best available control  
21 technology.

22 For example, BACT for new baseload power  
23 plants is a NOx emission rate of two parts per  
24 million, ppm, averaged over three hours. In  
25 comparison, the California electric grid is

1 running at an average of 50 parts per million NOx,  
2 or up to 100 parts per million NOx if all peaking  
3 facilities are online.

4 The American Lung Association of  
5 California opposes increased reliance on diesel  
6 generators to meet the state's short-term power  
7 needs due to their high emissions of both nitrogen  
8 oxides and toxic particles. Where peaking  
9 facilities are determined necessary to meet short-  
10 term energy demand, such facilities should be the  
11 cleanest available natural gas units.

12 Use of diesel emergency generators must  
13 be limited to true blackout situations where the  
14 electric grid goes down, in order to protect  
15 public health and the environment.

16 The American Lung Association of  
17 California strongly supports the state and federal  
18 Clean Air Acts, and believes that the health based  
19 air quality standards and regulatory requirements  
20 for air pollution sources established pursuant to  
21 these laws must be upheld in order to continue  
22 progress toward cleaner air, improved public  
23 health, and reduced suffering from lung disease.

24 In addition to giving priority to the  
25 cleanest sources of power where new capacity is

1           determined necessary, California should develop  
2           and implement the daily operational system of  
3           environmental dispatch to ensure that the cleanest  
4           sources of power available in the system are  
5           brought online throughout the state at any given  
6           time to meet energy needs.

7                         American Lung Association of California  
8           opposes weakening of air quality requirements or  
9           short circuiting environmental public review  
10          processes in order to speed up the power plant  
11          siting process.

12                         Thank you.

13                         PRESIDING MEMBER LAURIE: Thank you, Ms.  
14          Sidener. Did you want to give us a copy of that?

15                         MS. SIDENER: Yes, I have several.

16                         PRESIDING MEMBER LAURIE: Thank you very  
17          much.

18                         (Applause.)

19                         PRESIDING MEMBER LAURIE: Suzanna Wong.  
20          Good evening.

21                         MS. WONG: Commissioner, I'm Suzanna  
22          Wong. I have been a resident in the Santa Teresa  
23          area for over 15 years.

24                         As the public hearings are coming to the  
25          point for your decision on the power plant

1       proposal, it is important that you make the right  
2       decision. Since the Commissioners'  
3       responsibilities include proper siting of the  
4       power plant to ensure safety in all aspects and to  
5       individuals and the public, I strongly urge you to  
6       disapprove the Metcalf power plant proposal at  
7       this location.

8                       It is very clear to me that this is the  
9       wrong location for the 600 megawatt natural gas  
10      power plant. We are not talking about a small  
11      power plant like that at Stanford University. The  
12      Metcalf site is too close to residential  
13      neighborhoods. The meteorological conditions and  
14      the terrains are not suitable for this kind of  
15      power plant.

16                      As noted in the Evidentiary Hearing,  
17      there are hazards and risks associated with the  
18      power plant at this location which should not be  
19      ignored, overlooked, or underestimated. San Jose  
20      has a longstanding General Plan for this area to  
21      be developed into a research park. Many have  
22      relied on this to choose their homes, or made  
23      their business investments. No doubt, there may  
24      be people who don't mind smoking or live near a  
25      power plant. My family have not chosen to live

1 near a 600 megawatt power plant. The risk and  
2 stress are not acceptable to us.

3 Having work experience in health and  
4 public risk assessment, I did not blindly accept  
5 the -- trust the Calpine's application, nor the  
6 Staff's assessment. I have reviewed Calpine's  
7 application and the FSA. I considered the  
8 analysis erroneous, and on reviewing the Calpine  
9 application it simply -- and the assessments, it  
10 simply confirms to me that the proposed site is  
11 not acceptable. Like second-hand smoking, I do  
12 not believe other people's acceptance should  
13 impose on those who don't.

14 I have heard the arguments for the  
15 Metcalf power plant. I think the arguments have  
16 confused between electricity and the Metcalf power  
17 plant. When people speak of electricity being for  
18 public convenience and necessity, and the need for  
19 electricity, please keep in mind that Metcalf is  
20 not synonymous to electricity. This is not a  
21 question of electricity. The siting of the  
22 Metcalf power plant is certainly not for public  
23 convenience and necessity. Nor can Metcalf claim  
24 its contribution to save our economy.

25 How clean is the power plant? I -- the

1 combustion based technology is certainly not the  
2 best available control technology to generate  
3 electricity. Solar energy and wind power energy,  
4 I believe, are much cleaner than that. And I do  
5 not -- I also do not see that burning of wood and  
6 diesel are necessarily the only alternatives that  
7 we have.

8 Calpine is aware of the wrong zoning and  
9 the proximity to residential neighborhoods.  
10 Calpine is a for profit company. But let's not  
11 allow cost cutting that can jeopardize public  
12 safety.

13 Commissioner, tonight I heard the public  
14 comments from CEC Staff, second speaker. I  
15 considered this totally inappropriate. I think  
16 this represents conflicts of interest to the role  
17 that CEC Staff do their assessment, including that  
18 of the public health risk assessment.

19 We are not talking about just  
20 environmental risks here. People's health and  
21 safety are at stake. Please do not cut corners.  
22 Calpine should not have the license to kill or  
23 pose people at risk. I do not believe that the  
24 siting of a for profit company's project facility  
25 that can pose risks to people's health and lives

1 can be subject to override.

2 This is my opinion. Thank you.

3 PRESIDING MEMBER LAURIE: Thank you, Ms.  
4 Wong.

5 (Applause.)

6 PRESIDING MEMBER LAURIE: Mr. Cummings?  
7 Janice Cummings? Ms. Brandt? Arlene Runels.

8 Good evening, ma'am.

9 MS. RUNELS: My name is Arlene Runels,  
10 R-u-n-e-l-s. And I'm a homeowner in the Los  
11 Paseos neighborhood, which is just north of Tulare  
12 Hill. And I want to say that I am for power  
13 plants, but I am putting my voice to the group  
14 that says that not in our neighborhood.

15 And actually, I'm really feeling very  
16 upset right now, as I'm speaking, because my  
17 husband and I have been sitting in the back. I'm  
18 here representing myself. I don't know anybody  
19 here except my husband. But I've been sitting in  
20 the back, and I have come to many of your  
21 meetings, and I've always been sitting in the  
22 back. And I'm feeling like I'm being shot from  
23 all different directions, because everybody around  
24 me is either in a trade union or -- in the back,  
25 is either in a trade union or from Calpine. And

1           they're all back there, and they're shaking each  
2           other's hands and saying gee, thanks for coming  
3           tonight, thanks for reading your prepared speech,  
4           thanks for doing this, thanks for doing that.

5                        And I -- I -- in fact, at one meeting,  
6           it was -- I think it was in the high school, Oak  
7           Grove, I decided to stay to the end, and I went --  
8           I made a point of going over and just starting a  
9           conversation with a lot of these people. And in  
10          the conversation, I was really interested to find  
11          out where they lived. Not one person lived in the  
12          area. They were from Sunnyvale, from Mountain  
13          View, from Cupertino, from Los Altos, from Alviso,  
14          and it really makes me upset because they have  
15          their own agenda, and they don't live in the area.

16                       Now, in my area, many of the residents  
17          are the product of the Fairchild problem. I know  
18          you're familiar with that. And we went through a  
19          lawsuit and saw the babies that had the cancer and  
20          the heart defects, and all of that. And I'm just  
21          hoping that you, being a reasonable person, and a  
22          kind person, and a sensitive person, will really  
23          take that into consideration.

24                       PRESIDING MEMBER LAURIE: Who have you  
25          been talking to?

1 MS. RUNELS: Nobody. I --

2 (Laughter.)

3 MS. RUNELS: Nobody. I'm here by  
4 myself, and my husband. We've been sitting back  
5 there in the corner. And I -- I'm just really  
6 upset about what's going on behind me back there.  
7 Because I don't think they really understand.

8 Having to live there, be in the  
9 neighborhood and have people live next door and  
10 have cancer and have heart defects, and see the  
11 babies.

12 Also, I want to bring up the fact that  
13 I'm a teacher and I teach in Willow Glen. In the  
14 morning, when I get up, I smell garlic from  
15 Gilroy. That's coming from the south to the  
16 north. When I get to my school, Willow Glen  
17 Elementary, I'm still smelling garlic. So I'm  
18 wondering, is all of that coming from south to  
19 north, is that being airborne, are we breathing  
20 that, are we going to be breathing all of the  
21 pollutants from the south to the north. I smell  
22 it all the time. And I asked my colleagues, do  
23 you smell the Gilroy garlic? Yeah, we smell the  
24 Gilroy garlic.

25 Also, at another meeting, I wanted to

1 ask you. It was admitted that this energy that's  
2 going to be generated from Calpine, if it's built,  
3 is really not going to be used around in this  
4 area. Is that right?

5 PRESIDING MEMBER LAURIE: I'm -- we're  
6 not going to take time for a question and answer  
7 period.

8 MS. RUNELS: Okay. Well, I -- okay,  
9 well, that's what -- that was the answer, no, it's  
10 not. And so I just really am for the idea that  
11 you go ahead and build power plants. I want you  
12 to, but just not where it's going to affect  
13 people's lives so much.

14 PRESIDING MEMBER LAURIE: Thank you, Ms.  
15 Runels.

16 MS. RUNELS: Thank you.

17 (Applause.)

18 PRESIDING MEMBER LAURIE: Surjeet Patel.  
19 Good evening.

20 MS. PATEL: Good evening, Commissioner.

21 Everything has probably been hashed and  
22 rehashed. All I wish to say is that we need the  
23 energy, but I am going to be just on the other  
24 side of the hill. At least, I live on the other  
25 side of the hill from where the Calpine power

1 plant is proposed. And those high, tall stacks  
2 that they speak of are going to bring the  
3 emissions to the top of that hill so that the next  
4 gust of wind is going to bring whatever emissions  
5 there are into my bedroom. And it is therefore a  
6 natural concern.

7           Somebody has just remarked that we are  
8 mixing up the issue of an energy crisis, real or  
9 created, I do not know. But having a power plant  
10 is not the problem. Having the power plant where  
11 it could affect the quality of our lives is a  
12 problem. And if Gilroy is willing to have it, I  
13 am happy to help Calpine go and get as many  
14 signatures as they want for any overhead power  
15 plants that -- power lines that they may want to  
16 add to what there is. I know it's going to be  
17 more expensive, but that does not mean that just  
18 because of economic convenience they should have  
19 it in our back yard.

20           So that's -- I'll leave it at what  
21 everybody has said. You have heard, I think, over  
22 and over again the same remarks. Nothing against  
23 power plants, but everything against a Metcalf  
24 power plant.

25           PRESIDING MEMBER LAURIE: Thank you,

1 ma'am.

2 MS. PATEL: Thank you.

3 (Applause.)

4 PRESIDING MEMBER LAURIE: Paul Kirchoff.  
5 Good evening, sir.

6 MR. KIRCHOFF: Yes. My name is Paul  
7 Kirchoff, K-i-r-c-h-o-f-f.

8 PRESIDING MEMBER LAURIE: Thank you,  
9 sir.

10 MR. KIRCHOFF: I'm a retired electrical  
11 engineer, and I'm speaking for myself.

12 I've been having trouble with the logic  
13 that's going on here. We heard from Mayor  
14 Gonzales at the start, put together five or six  
15 small plants, oh yeah, they pollute a little more,  
16 but that's okay. We'll put them in neighborhoods  
17 all over the city. We'll scatter it around.

18 So now, what do we have? We have five  
19 or six site plans we have to survey. We have five  
20 or six hearings, we have five or six of everything  
21 that's already been done on the Calpine plant.  
22 And where do we put them? We put them north of  
23 the Calpine plant.

24 Now, meteorologically speaking, the  
25 general air flow in this valley is from north to

1 south. Those little plants are only about half,  
2 or less than half as efficient as the plant that  
3 we're talking about here. That pollution is going  
4 from north to south. Who gets it in their back  
5 yard? The same people that don't want a non-  
6 polluting plant in their back yard.

7 I don't get the logic here.

8 PRESIDING MEMBER LAURIE: Thank you,  
9 sir.

10 (Applause.)

11 PRESIDING MEMBER LAURIE: Marcy Kohler.  
12 Good evening, Ms. Kohler.

13 MS. KOHLER: Good evening. My name is  
14 Marcy Kohler, K-o-h-l-e-r.

15 I guess I'd like to say to start with  
16 that I oppose the power plant. I live on a street  
17 with 52 houses. I've personally talked to every  
18 one of those 52 people, knocked on their door and  
19 asked them how they felt about the power plant.  
20 There was one person for it, and he was very  
21 strongly, and he worked for the unions, so I guess  
22 he had a financial interest in it.

23 Over the past two years I have not found  
24 a neighbor that has changed their mind, but has  
25 continued to spur me on to keep them informed and

1 to bring issues before them through e-mails and  
2 being part, and reminding them of meetings that we  
3 have as a neighborhood about this issue. So I  
4 don't think there's a big change in the  
5 neighborhood about their feelings about this power  
6 plant. Most of us who live near it have -- and  
7 are the most informed about it, because it is near  
8 us, have continued to remain opposed to it.

9 But I think, on the other point, is that  
10 with so many power projects under construction  
11 throughout California and the Bay Area, there's no  
12 need to set a very bad precedent to override the  
13 land use decision of our city. Although some have  
14 endorsed the project, thinking that it will leave  
15 air -- will clean our air, they have been sadly  
16 misinformed. With older power plants, thinking  
17 that older power plants will be taken offline  
18 because the Metcalf power plant will be built.

19 The local air district has recently  
20 mandated Rule 9, Regulation 11, which requires all  
21 older power plants to upgrade to current  
22 technology and to receive a 90 percent reduction  
23 in the current NOx emissions. This repowering of  
24 older power plants will occur with or without  
25 Metcalf. Only 30 percent of Metcalf emissions

1 will be offset, if at all, and as revealed in the  
2 recent Evidentiary Hearings, offset credits do not  
3 provide local benefit.

4 This project is the number one largest  
5 single source of emissions in San Jose, and will  
6 be -- concentrate harmful emissions in the city  
7 with the most people and most children per  
8 household in any city in the entire Bay Area.

9 Don't let one bad developer, Calpine,  
10 run our city. One million people are counting on  
11 you. Please do not override this project. Thank  
12 you.

13 PRESIDING MEMBER LAURIE: Thank you, Ms.  
14 Kohler.

15 (Applause.)

16 PRESIDING MEMBER LAURIE: Mr. Chatly.  
17 Good evening, sir.

18 MR. CHATLY: Thank you very much. I'm a  
19 San Jose resident, and thank you for being here  
20 and enduring this.

21 I don't know if you were here at the  
22 school some months ago, so I won't repeat. But I  
23 am against the plant. Because of its location I'm  
24 very concerned about the dissipation, especially  
25 like this time of year, if you're here tomorrow

1 morning, take a look at the cotton ball that hangs  
2 over Coyote Valley, and watch how that will  
3 capture the emissions this time of year, and when  
4 they -- when the fog rises, then it'll of course  
5 drop that into a concentrated area. I think it's  
6 a terrible location.

7 But to give you a little background. I  
8 am generally pro-infrastructure, almost always  
9 pro-infrastructure. Pro-freeway. I belong to the  
10 Citizens for Adequate Energy, who wanted nuclear  
11 power. I belong to Electric Automobile  
12 Association, I belong to the American Hydrogen  
13 Association, and a whole lot of other groups. So  
14 I feel terrible that I have to be here to oppose  
15 this, but I think, as so many people have said,  
16 this is really the wrong place. And the era of  
17 Robert Moses is long gone.

18 And I just -- it's just too bad. I know  
19 it's convenient for the natural gas and the power  
20 lines, but if they could put it up on the hill, if  
21 they could find another location where the  
22 emissions can dissipate, that would be really  
23 wonderful.

24 Land use is important here and  
25 elsewhere. I can't tell you how many public

1 projects I've seen, especially freeways, where  
2 they come in and they relieve traffic, and they  
3 work wonders. And then because the city councils  
4 don't have a balanced transportation plan, the  
5 freeways fill up; 210 is probably one good  
6 example. So this is a bad place for this because  
7 of the emissions, and because it probably will be  
8 expanded in the future. So I'm very concerned  
9 about that.

10 And I've lived in the area for 23 years.  
11 I want to give you another piece of information.  
12 I understand on Monday Fuel Cell Technology  
13 Company, FCEL is the stock symbol, will be  
14 announcing some major fuel cell hydrogen power  
15 plants in Connecticut, which is a dense area. And  
16 so please watch for that news release. And over  
17 the next few years, they're going to be spending  
18 -- I forgot how many hundreds of millions of  
19 dollars, putting in these new fuel cell technology  
20 plants. So there's new technology happening, and  
21 if they can make the emissions lower and safe,  
22 that'll be fine. But this location is just not  
23 right.

24 When I ran for county supervisor a  
25 number of years ago, I was arguing for Highway 85,

1           because we knew that it was going to fill up. And  
2           so I was arguing for the eight lane version, and  
3           we got lots of people signing for it to plan for  
4           the future. And one of the arguments I had with  
5           the opponent was that this is where the smog from  
6           San Francisco comes. It comes down the valley, as  
7           you've heard, and it goes to Livermore. And it  
8           collects right here at this apex of this -- where  
9           the hills are. So I don't -- I'm not at all sure  
10          that the smoke -- the stacks are going to be high  
11          enough to get this stuff out of the area. You've  
12          already heard about the Gilroy thing and the  
13          mushroom farm, so we know that that air just hangs  
14          there.

15                        Also, I'm a Calpine stockholder, because  
16          they're a going company, and I'm very concerned.  
17          I know they're going to get sued in a few years,  
18          because the Toxics Coalition is very heavy, and if  
19          -- I'm sure they'll take soil samples now and soil  
20          samples later, and I hate to see that happen,  
21          because the last thing I want is for  
22          environmentalist groups to get more money in their  
23          coffers, as they did when they sued Great Oaks  
24          Water Company.

25                        So it's a bad location. It's a

1           wonderful thing to do, but it's the wrong place.  
2           And I think I've covered most of the points that  
3           haven't been covered. And I'd ask you to think  
4           for the future. And, you know, zoning is what's  
5           important, and I -- I hate to say that because I  
6           really want infrastructure all over, whether it's  
7           airports or roads or -- the Feather River is a  
8           good example how nature and power plants work  
9           together.

10                           But this is just a bad place.

11                           PRESIDING MEMBER LAURIE: Thank you, Mr.  
12           Chatly.

13                           MR. CHATLY: Thank you.

14                           (Applause.)

15                           PRESIDING MEMBER LAURIE: Bill Smith.

16                           Mr. SMITH: Hello. Thank you very much.  
17           It's always a privilege that the public speak. My  
18           name is Bill Smith, and I represent concerted  
19           interests. I've been not working for the last 20  
20           years, and I don't live here. I'm up in Alameda.  
21           I've done about 700 community meetings on the  
22           military conversion. I'm doing a vehicle, that's  
23           an electric vehicle, and it's a new class of  
24           vehicle. It's between a bicycle and a car, it  
25           does 95 percent of your car trips.

1                   I brought my -- my electric bicycle with  
2 me this evening. I was able to go to about four  
3 different cities. I just came in from San  
4 Francisco, and I do take public transportation. I  
5 was able to get the bicycles on BART and the racks  
6 on the buses in our county.

7                   And what I'm here to speak to you about  
8 is what I've been speaking to the Energy  
9 Commission about the last couple of weeks, I've  
10 got a good history there from the last 15, 20  
11 years. It took me about a year or so to get  
12 there. And that's when they created it, 20 years  
13 ago, when I -- statistics at Cal State Hayward.

14                   I have realized molecule and solar, and  
15 I was able to get the solar and windmill tax  
16 credits cut off. And all the engineers and  
17 plumbers took a hike, lost their businesses or  
18 engineers.

19                   Now, I find in Berkeley that when you  
20 get on and off the elevators, that if you have to  
21 go up a floor to come down a floor, then the  
22 engineers don't get on. You've got to stop and  
23 get them on later. So there's a lot of lost  
24 information when you deal with experts.

25                   My statistics background allows me to go

1 in and approach things on a kind of a universal  
2 basis. Since I don't work, I work a lot more  
3 hours than most people do. I work until 7:30 in  
4 the morning, a lot. And I get up early in the  
5 morning, about 2:00 o'clock in the morning, and I  
6 work. So it's based on what I'm able to do.

7 And since I'm doing the military  
8 conversion for civil disaster relief, it's a life  
9 and death situation. That's the way I treat what  
10 I do. I have solved the materials solution in  
11 solar, and -- actually, somebody else did, and I  
12 researched it. I research researchers.

13 Now, what I'm here to speak to you about  
14 is the life cycle costs. I wasn't able to get any  
15 information whatsoever at the Energy Commission.  
16 Life cycle costs for health, most people probably  
17 don't realize that half the men in this country  
18 and half -- a third of the women in this country  
19 are going to be able to contract cancer. And --  
20 in their lifetime. When it comes to energy, I was  
21 able to get the solar windmill tax credits cut off  
22 because if you use contact lenses instead of glass  
23 sheet and glasses, you save 99 percent of the  
24 energy. And I found, I was given a report, and I  
25 was able to bring it to my -- my representative in

1 Congress, who was neutral on the vote on whether  
2 to extend the solar windmill tax credits back in  
3 '85.

4 They didn't extend it because he was  
5 turned against it, because I brought them the  
6 report of the staff that showed there was a waste,  
7 net waste of energy. That a life cycle cost of  
8 energy that was more than the energy you put in  
9 the original materials, they had sheet materials,  
10 and making the solar water heaters and windmills  
11 out of. And it was a net loss in energy. So  
12 there's no reason to have the tax credits, and  
13 have this free energy from the sun.

14 Now, like I had said earlier, there's 99  
15 percent less companies. And so the people who are  
16 left know me. Now, I want to do a lot of  
17 manufacturing of solar and create a lot of jobs.  
18 The economy here is quadrupling. The economy here  
19 is going to quadruple again after that. We do  
20 need to have energy.

21 Now, I have been able to put myself in a  
22 position to do these various industries and I'm  
23 able to find out about a billion dollar industry,  
24 or a billion dollar corporation within a couple of  
25 hours, at this point. So I turn up a lot of

1 information.

2 Now, if you look at the life cycle costs  
3 of the energy that it takes to make a -- a plant,  
4 or to use the energy that it takes to power the  
5 plant, or if you look at the -- the -- over the  
6 life cycle of the effluents, if you look at the  
7 impact on people's health, then you're going to  
8 have much more information to go by.

9 Now, I'm not for the plant, I'm not  
10 against the plant. I don't give my opinion when I  
11 go public speak. I just try to stay to the facts  
12 and try to get people to do more knowledge  
13 research. Now, what I'm here to let you know  
14 tonight is that there is a step that's been made  
15 since I spoke the other day at the lunch at the  
16 Silicon Valley soiree they had on the energy. I'm  
17 representing a company that has fuel cells. And  
18 somebody just mentioned fuel cells, the gentleman  
19 that's in the Electric Auto Association, the  
20 president, the ex-president of the Electric Auto  
21 Association. He wanted me to run for the board.  
22 I did. And it wasn't going to do that much good,  
23 he doesn't know much about electric cars.

24 But I do know about electric vehicles,  
25 and I do have a fuel cell that's going to be

1 produced for me that's going to run for a month.  
2 The bicycle I have now with me, I have a thousand  
3 of them to liquidate. And I'm not marketing it  
4 because there's a bug in it. I'm getting the bug  
5 out, because it's computerized, and it's very  
6 sensitive.

7 And you're dealing with a very sensitive  
8 thing with all these people and all their  
9 opinions. But they're based upon what they're  
10 living. And I notice a lot of people were nervous  
11 getting up to speak. All you have to do is  
12 breathe a little bit deeper and you won't be  
13 nervous. And people should come out more to  
14 speak. And that's what I want to be able to do,  
15 get the seniors out when I have my vehicle on the  
16 road, because it's going to be able to give people  
17 transportability.

18 Now, with the -- the bottom line here,  
19 these fuel cells, I'd keep your eyes open because  
20 they're going to happen very quickly. In three to  
21 six months, we can have three -- up to two  
22 megawatt fuel cells. I'm focused on the -- the --  
23 I have done wind farms before -- the server farms.  
24 They have a 380 megawatts one in Hunter's Point in  
25 San Francisco, and they -- now, we'll be going up

1 to a 10 megawatt fuel cell, this company that I'm  
2 representing. I have to get the --

3 PRESIDING MEMBER LAURIE: Mr. Smith,  
4 pardon me. I'm going -- I'm going to have to ask  
5 you to -- to --

6 MR. SMITH: Ten seconds. Ten seconds.  
7 I've turned to the school systems for partners  
8 rather than having angel investors, and these  
9 people have solved the materials problems. I'm  
10 noticing that this large company, Ballard, it's  
11 billions of dollars, is -- the stock started to  
12 drop precipitously. So you have to be very  
13 careful. This is what I warned San Francisco  
14 about the other day. No matter whether it's  
15 alternate energy or anybody else, you have to take  
16 all the information you can possibly get and not  
17 be biased.

18 Thank you.

19 PRESIDING MEMBER LAURIE: Thank you, Mr.  
20 Smith.

21 (Applause.)

22 PRESIDING MEMBER LAURIE: Mr. Spitzer.  
23 Good evening, sir.

24 MR. SPITZER: Find my glasses so I can  
25 see here.

1           I represent myself. I just want to go  
2           on record that I'm opposed to the power plant. A  
3           couple of things. In earlier meetings that we've  
4           had in the schools, and I've been to a couple of  
5           them, and we had the Bay Area Air Quality control  
6           management that was out, I'd ask them where the  
7           testing stations were. And it seemed to me very  
8           funny that none of the testing stations on the air  
9           quality was in that valley. They're on the other  
10          side of the hill, they were up in downtown San  
11          Jose. I'd asked them why they did not put one  
12          down there. Their answer was well, it would take  
13          us six months to get the results, and it would  
14          cost too much to get the results.

15                 So I feel that the testing that they've  
16          done is flawed. It's not in the area where the  
17          concentration of the plumes are.

18                 I also think that we're actually at the  
19          crossroads, because, you know, we talk about  
20          transportation and having to -- to get together as  
21          a Bay Area and control and to manage the  
22          transportation. And, you know, San Jose has now a  
23          planned community, they -- they've set it aside.  
24          I've seen all too often where -- where someone has  
25          done that as an organization or as a community,

1 and it's taken advantage of. Example to that is  
2 when I came from Illinois to here, there was a  
3 town that I had lived in had set apart some land  
4 and said let's not develop that. And -- they came  
5 in and took the land and built it up.

6 San Jose's Hillview Airport's a good  
7 one. They put that way out, outside. As the  
8 community has moved down south there's homes  
9 around it. Now they're talking about closing San  
10 -- Hillview Airport.

11 People cannot move north because it's  
12 already populated and fully densed. They are  
13 going to move south. And I look at the children  
14 down there, that's -- the highest population of  
15 children is in that area. I'm a resident of -- of  
16 Santa Teresa, and even in my small neighborhood  
17 there, I mean, every other house has -- has at  
18 least two or three children. And it's -- it's not  
19 something that we put in today and we take out  
20 tomorrow. It's going to be there, we're going to  
21 be living with it for a long time.

22 And I just don't think it's appropriate  
23 to put it where, you know, we have to live with it  
24 and give it to our children.

25 PRESIDING MEMBER LAURIE: Thank you.

1 (Applause.)

2 PRESIDING MEMBER LAURIE: Are there any  
3 other members of the public who are not party  
4 intervenors that desire to comment?

5 Thank you very much. And -- yes, sir.

6 MR. CUNNINGHAM: My name is Ted  
7 Cunningham. I live downtown San Jose.

8 PRESIDING MEMBER LAURIE: I'm sorry. I  
9 had a card for you.

10 MR. CUNNINGHAM: Yes.

11 PRESIDING MEMBER LAURIE: I guess I  
12 missed my --

13 MR. CUNNINGHAM: That's all right. I've  
14 lived downtown since 1988. I'm very active in our  
15 two neighborhood associations. I happen to manage  
16 a six megawatt gas-fired cogen in downtown San  
17 Jose. So the technology is safe, it is doable.  
18 I back the Calpine station.

19 Just a couple -- my recommendations is  
20 that you, the CEC, need to build and site local  
21 clean burning natural gas-fired electric  
22 generation to support the Silicon Valley economy,  
23 and our national economy over the next 10 to 15  
24 years. Metcalf is a proper solution for part of  
25 this need, but it's only a partial answer. You

1           guys need to encourage and support renewable  
2           electric generation as it becomes viable, such as  
3           wind, photovoltaic, and fuel cells.

4                         But we, as citizens, need to get to our  
5           council people, our county and our city, we need  
6           to -- you know, the pollution that we're going to  
7           see in Coyote Valley are cars. We need to stop  
8           the Cisco's putting -- having 20,000 people and  
9           putting 20,000-plus parking spots. That doesn't  
10          sound like it's going to support mass transit.

11                        So I think we, as citizens, need to get  
12          our -- our representatives to do better planning.  
13          That's where the pollution's going to come from,  
14          not from electrical generation.

15                        Thank you.

16                        PRESIDING MEMBER LAURIE: Thank you, Mr.  
17          Cunningham.

18                        (Appause.)

19                        PRESIDING MEMBER LAURIE: Anybody else?

20                        Before I ask for the Intervenors to  
21          offer comments that they deem essential, I really  
22          want to thank the members of the public for coming  
23          out on a Friday night. Not the easiest thing to  
24          do, and I appreciate you willing to do that.

25                        Let me read a statement from Stan

1 Livingston. Didn't want to speak, wanted it  
2 entered into the record. Stan Livingston, grew up  
3 in San Jose, and -- did we already hear from Mr.  
4 Livingston today?

5 I grew up in San Jose and it's obvious  
6 that this is not focused enough. I live in South  
7 San Jose and most business there do not want  
8 Calpine here. Why would anyone in other areas of  
9 San Jose care. I was told that power produced by  
10 Calpine cannot be reserved, it goes into the power  
11 grid. It does not make sense to change the  
12 General Plan that is so important to our area,  
13 when there are other sites available.

14 Mr. Williams, you indicated you wanted  
15 some time, and Mr. Murphy and Mr. Garbett. Will  
16 that be it?

17 Thank you. Mr. Williams.

18 MR. WILLIAMS: Thank you, Commissioner  
19 Laurie. I'll be very brief.

20 I wanted to draw attention to the CEC  
21 Web site, where Intervenors, as well as paperwork  
22 from the CEC Staff, is presented. The bottom line  
23 here is that we have a complex technical issue, as  
24 Commissioner Laurie well knows. I'm an engineer  
25 with 35 years experience.

1                   PRESIDING MEMBER LAURIE: Mr. Williams,  
2                   sir. I'm up here, sir.

3                   MR. WILLIAMS: And I guess I do need to  
4                   direct my remarks to you rather than the  
5                   audience --

6                   PRESIDING MEMBER LAURIE: Thank you.

7                   MR. WILLIAMS: -- although I'm trying to  
8                   educate the audience.

9                   PRESIDING MEMBER LAURIE: I understand.

10                  MR. WILLIAMS: So the bottom line is  
11                  that I would not fly in a jet airplane if it were  
12                  designed in a beauty contest or a popularity  
13                  contest. We are dealing with a complex technical  
14                  issue. I can assure you, after 35 years, it has  
15                  taken me almost two years to be able to stand toe  
16                  to toe with the experts in this technology and  
17                  raise appropriate questions.

18                  So I urge all of you who believe in a  
19                  representative democracy to support Hearing  
20                  Officers, such as Commissioner Laurie, and rather  
21                  than vote based on a beauty contest, delegate your  
22                  vote to people who will take the time to get the  
23                  technical facts.

24                  Now, just a couple of gee whizzes that I  
25                  want to highlight for Commissioner Laurie and

1 others' attention.

2 As we recognized from the spring outages  
3 here, when we have massive amounts of generation  
4 and still have brownouts, we have a major issue in  
5 grid management. Deregulation has not figured out  
6 how to accomplish command and control. Those of  
7 us who served in the military realize the best way  
8 to beat the enemy is to disrupt the command and  
9 control. Deregulation has disrupted the command  
10 and control of the electric grid, and we have a  
11 mess on our hands.

12 Now, much is being made, second point,  
13 about fuel -- about the reliability of the plant  
14 and the improvement to the grid. But I am aware  
15 of precious few studies that have looked into the  
16 scarcity of natural gas in this area. So growing  
17 out of the meeting that your Siting Committee held  
18 about a month ago, I've looked into it more, and  
19 I've become very concerned that most of these  
20 plants won't be able to afford to operate most of  
21 the time. We -- we have a key price signal right  
22 now that natural gas is \$11.50, compared with  
23 \$5.50 in other parts of California.

24 One other little quirk, and then I'll  
25 just again ask members of the public to visit the

1 CEC Web site where material like this will be  
2 published in a few weeks.

3 We have two policy dilemmas. As a  
4 result of the hearing we had and the big fight  
5 over introducing the diesel generator technology,  
6 I discovered that the emission requirements on  
7 emergency generators could be tightened at the  
8 whim of the Bay Area Air Quality Management  
9 District. That single act would, by itself, start  
10 to make the fuel cells that have been talked about  
11 tonight economic.

12 A single -- another policy dilemma that  
13 should be brought to your attention is that it  
14 does not make policy sense to be buying a new bus  
15 fleet to be replacing the generators, the diesel  
16 generators, diesel motors on our valley transit  
17 system at multi-million dollar price tag, and at  
18 the same time be putting major sources of PM10  
19 into the urban areas.

20 I happen to think it's justified for the  
21 City of San Jose, who appreciates these  
22 considerations, to use their zoning authority to  
23 resist the plant when they see that they're being  
24 forced into a policy dilemma by a distant  
25 bureaucracy such as the CEC.

1                   So I've neatly summarized all these  
2                   considerations for you, for others who are  
3                   interested in them, and I hope you will take  
4                   heart.

5                   I would like to thank you again for  
6                   being this hopefully fair, and having known you  
7                   for two years I -- I do appreciate your personal  
8                   integrity, even though we've disagreed on points  
9                   from time to time. I see you as the  
10                  Administrative Law Judge that we should all place  
11                  our bets on.

12                  Thank you.

13                  PRESIDING MEMBER LAURIE: Thank you.

14                  (Applause.)

15                  PRESIDING MEMBER LAURIE: Mr. Murphy.

16                  Good evening, sir.

17                  MR. MURPHY: Good evening. My name is  
18                  Mike Murphy. Most of the points I was going to  
19                  cover have been covered. I have two that I want  
20                  to mention now.

21                  My opposition to the proposed Metcalf  
22                  power plant has been and remains the location. At  
23                  five miles distance from my home, I would have no  
24                  objection if there wasn't anything else  
25                  intervening between. I'm especially concerned

1       about Encinal and Martin Murphy School, which are  
2       both about a half-mile as the crow flies from the  
3       proposed site. My children have not been raised  
4       to be guinea pigs.

5               I'll take this opportunity to recommend  
6       that the Energy Commission should commission long-  
7       term health studies, possibly in conjunction with  
8       the Center for Disease Control, to actually  
9       determine health effects long-term, 10 years, 20  
10      years, 30 years. That's not going to determine  
11      anything about Metcalf, but I think it's necessary  
12      to have more real facts to throw around when we're  
13      considering how close is too close for a power  
14      plant that puts emissions into the air.

15              I can submit that in writing at some  
16      other time to the Commission.

17              The other point I want to cover is I  
18      applaud the Commissioners for rebuking political  
19      -- enthusiastic political entreaties when they've  
20      written resolutions calling for the CEC to get off  
21      its duff and approve Metcalf now. Such as Senator  
22      Burton's letter that came through, and was  
23      docketed. Makes ridiculous statements like all  
24      the testimony is in, long before the Evidentiary  
25      Hearings were through. I realize it must be an

1 interesting tightrope to walk to respond to such  
2 letters, and I thought you did a good job.

3 PRESIDING MEMBER LAURIE: Did you  
4 consider that a rebuke?

5 (Laughter.)

6 MR. MURPHY: Yes, sir. Well, we could  
7 change the word, but yes, I thought it was a  
8 rebuke, letting him know that although you  
9 appreciate his input, not everything's done yet.

10 I have a concern about one letter that  
11 did not receive a response, and that's the one I  
12 want to mention as my last item.

13 Mr. Terry Winter, the President and CEO  
14 of the California Independent System Operator,  
15 wrote a letter September 1st, 2000. It was  
16 docketed. And there was no response that I  
17 noticed officially. But in there, he mentions  
18 that the ISO believes that MEC will provide  
19 substantial reliability benefits to the San Jose  
20 area sufficient to offset the impacts the MEC  
21 opponents have identified.

22 I wrote a four-page response to this  
23 letter. It was docketed. I hope that is noticed.  
24 I saw it in the evidentiary record from the day I  
25 wasn't there, that Mr. Winter's letter was

1 considered as part of the record. And I hope my  
2 response is.

3 I do believe that Mr. Winter's  
4 suggesting, or stating that the reliability  
5 benefits are sufficient to offset the impacts that  
6 MEC opponents have identified, is an inappropriate  
7 recommendation on his part. He said in his letter  
8 to Mayor Gonzales, March 10th, 2000, that first, I  
9 want to make it clear that the California System  
10 Operator takes no position on the environmental  
11 and land use issues that the City of San Jose and  
12 the California Energy Commission processes will  
13 address regarding MEC.

14 In addition, the San Jose Mercury News  
15 reported Mr. Terry Winter saying, quote, the grid  
16 agency, ISO, does not take positions on individual  
17 projects, end quote. Where all these plants go is  
18 up to the public. That's the Mercury News dated  
19 June 22nd, 2000, page 4B, paragraph 4 and 5.

20 That obviously blatantly conflicts with  
21 Mr. Winter's high praise about the virtues of  
22 Calpine's proposed power plant. I don't  
23 understand that there was no response to that, but  
24 I consider it completely inappropriate since he is  
25 head of the ISO staff, the ISO staff influenced

1           greatly everything that went on as far as the  
2           Evidentiary Hearing goes.  Almost everything,  
3           excuse me.  Input from the ISO contributed to the  
4           Energy Commission Staff's results, and it's just  
5           something that I want to officially object to.

6                       PRESIDING MEMBER LAURIE:  Thank you,  
7           sir.

8                       MR. MURPHY:  I appreciate it, and I do  
9           oppose the Metcalf power plant.

10                      PRESIDING MEMBER LAURIE:  Thank you, Mr.  
11           Murphy.

12                      Mr. Garbett.

13                      (Applause.)

14                      PUBLIC ADVISER MENDONCA:  Commissioner  
15           Laurie, Mr. Garbett submitted his comments in  
16           writing.

17                      PRESIDING MEMBER LAURIE:  Thank you.  
18                      Anybody else?

19                      Mr. Scholz.  Good evening, sir.  
20           Appreciate your patience.

21                      MR. SCHOLZ:  Thank you, Commissioner  
22           Laurie.

23                      I wanted to make sure all the public got  
24           a chance to speak before I spoke, and I know you  
25           wanted to end at 10:00, so I'll try and keep this

1 short.

2 My comments were in reference to the  
3 override topic, and I'll probably write some more  
4 in a brief. I just wanted to go over some points.

5 One of the unreported aspects to date  
6 regarding electricity deregulation in California  
7 is the applicant chooses a power plant site.  
8 Basically, that is a signal that we could have a  
9 power plant on every street corner. And I know  
10 that's not necessarily realistic, but the only  
11 thing protecting the citizenry is the local land  
12 use zoning of our local jurisdiction, i.e., the  
13 City of San Jose.

14 The applicant is going to be choosing  
15 the power plant site for things that they consider  
16 part of their economic decision making process.

17 I would like to say that in my view, I  
18 would like to upgrade the fleet of aging power  
19 plants, just like everyone else was stating  
20 earlier tonight, and I applaud power projects,  
21 like Moss Landing and others, of existing power  
22 plant sites. I think that's a win/win for  
23 everyone. However, I don't feel that this  
24 project, MEC, is a win/win. I think it's a  
25 win/lose project, and that's unfortunate.

1           I would like to see a more regional  
2           planning process for power plant siting, and I  
3           really think the CEC can play a role in this. I  
4           think it's a more prudent and feasible approach to  
5           upgrade our generation facilities from a regional  
6           perspective, and I applaud Mayor Gonzales and  
7           Supervisor Jim Bell for co-chairing the Energy  
8           Summit last week. In fact, I got to see it on TV  
9           today as it was re-broadcast, where 11 mayors are  
10          really trying to find energy solutions for our  
11          community and the greater South Bay in general.  
12          And I wish them all the success, and I think the  
13          CEC, with their resources and their expertise, can  
14          help facilitate this, as well.

15                 Speaking specifically about the  
16          longstanding plans for Coyote Valley. For over 18  
17          years the Coyote Valley has been reserved for high  
18          prestige corporate campuses. Since it has been  
19          reserved for this purpose, and yet undeveloped to  
20          date, demonstrates the high standards and  
21          expectations of development in Coyote Valley. The  
22          State of California shouldn't throw out decades of  
23          planning and community expectations to benefit one  
24          applicant who chose to ignore and respect that  
25          plan.

1                   The 11-0 vote of the City Council of San  
2                   Jose, the unanimous decision, demonstrates that  
3                   this project is not appropriate at this location.  
4                   And I just wanted to point out that the council is  
5                   a representative government, representing all ten  
6                   districts of this city, which is the 11th largest  
7                   city in the country. This is not a council that  
8                   would be represented by just the concerns of one  
9                   Santa Teresa neighborhood.

10                   I'd also like to point out that the City  
11                   of San Jose accepts all land use applications.  
12                   It's part of, I guess, their charter. They don't  
13                   reject a project just for the sake of not wanting  
14                   it. They give every project who wants to proceed  
15                   through the process a chance to try and convince  
16                   the city leaders that their project should go  
17                   forward.

18                   And as Mr. Wade spoke earlier tonight,  
19                   and maybe I won't say it since he said it so well,  
20                   Calpine took a chance with this project. And it  
21                   went through the Energy Commission review process,  
22                   it went through the city review process, and the  
23                   city waited to make their decision until all that  
24                   information was in. And they denied it.

25                   I think the Applicant failed in this new

1 deregulated market to continue and proceed with  
2 this project. I think the Applicant, and maybe  
3 perhaps all of energy producers have learned a lot  
4 of lessons from this project. And I think  
5 projects that are coming before the Commission  
6 right now are utilizing that knowledge. We're  
7 doing a lot more planning in the forefront,  
8 getting the cities behind the project before we  
9 even get to the stage where we are right now, and  
10 going through this two-year process that I  
11 wouldn't ask any community to go through again.

12 I would you to send the signal that we  
13 shouldn't proceed with this project just because  
14 the Applicant persisted. I think the writing on  
15 the wall was there for this project, and the  
16 Applicant chose to roll the dice. It came up  
17 snake eyes. And therefore, you should not reward  
18 them and override the city's decision.

19 Thank you.

20 PRESIDING MEMBER LAURIE: Thank you, Mr.  
21 Scholz.

22 (Applause.)

23 PRESIDING MEMBER LAURIE: Anybody else?

24 My thanks to Ms. Mendonca. My thanks to  
25 the San Jose City Police Department. You folks

1           have been outstanding. We appreciate your support  
2           very much.

3                           (Applause.)

4                           PRESIDING MEMBER LAURIE: Ladies and  
5           gentlemen, the meeting stands adjourned, unless  
6           Ms. Mendonca says we can't go home.

7                           (Thereupon the Public Hearing was  
8           adjourned at 10:40 p.m.)

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## CERTIFICATE OF REPORTER

I, JAMES RAMOS, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Public 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 3rd day of April, 2001.

JAMES RAMOS

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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