

INFORMATIONAL HEARING  
ISSUES IDENTIFICATION AND SCHEDULING CONFERENCE  
COMMITTEE SCHEDULING ORDER

BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of: )  
 )  
Application for certification of ) Docket No.  
Orange Grove Power Plant Project ) 08-AFC-4  
by Orange Grove Energy, LLC )  
\_\_\_\_\_ )

FALLBROOK PUBLIC UTILITIES DISTRICT  
CONFERENCE ROOM  
990 EAST MISSION ROAD  
FALLBROOK, CALIFORNIA 92028

TUESDAY, JULY 29, 2008

1:00 P.M.

Reported by:  
Troy Ray  
Contract No. 170-07-001

COMMISSIONERS PRESENT

James D. Boyd, Presiding Member

HEARING OFFICER AND ADVISORS

Kenneth Celli, Hearing Officer

Susan J. Brown, Advisor

David G. Hungerford, Advisor

STAFF AND CONSULTANTS PRESENT

Jared Babula, Staff Counsel

Felicia Miller, Project Manager

Chris Davis

Dale Edwards

PUBLIC ADVISER

Nicholas Bartsch

APPLICANT

Jane E. Luckhardt, Attorney  
Downey, Brand Attorneys, LLP

Steve Thome, Vice President, Development  
Richard M. (Mike) Jones, Project Director  
Management  
J-Power Group  
J-Power USA Development Co., Ltd.

Joseph L. Stenger, Senior Project Manager  
TRC Solutions

ALSO PRESENT

Mike Page, Engineering Manager  
Fallbrook Public Utility District

ALSO PRESENT

Steve Taylor  
San Diego Gas and Electric Company

John Annicchiarico  
San Diego Air Pollution Control District

Linda Cooper

Ted Felicetti

Ryan Mistak

Greg Valdez

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

2 1:00 p.m.

3 PRESIDING MEMBER BOYD: Good afternoon.

4 This is the second informational hearing conducted  
5 by the Committee of the California Energy  
6 Commission on the proposed Orange Grove project.

7 Excuse me for tripping over my words.

8 Did any of you people feel the earthquake a little  
9 while ago?

10 (Chorus of agreement.)

11 PRESIDING MEMBER BOYD: You did. We  
12 didn't. But I'm the State's Liaison to the  
13 Nuclear Regulatory Commission. My Blackberry is  
14 flooded with emails about, you know, whether the  
15 nuclear power plants are okay or not. And I  
16 didn't even know there was a 5.8 magnitude  
17 earthquake here in southern California.18 But, anyway, no damage anywhere that  
19 I've heard of. But, anyway, I'm still recovering  
20 from -- no kidding, I didn't feel a thing.21 Okay. I should introduce myself. I'm  
22 Commissioner Jim Boyd of the California Energy  
23 Commission. And as I indicated, this is a  
24 Committee hearing of the Commission. The Energy  
25 Commission has assigned a Committee of two

1 Commissioners, as they do on all power plant  
2 siting cases, to conduct the proceedings that are  
3 beginning today.

4 And so before we get into the real  
5 detail I want to introduce the Committee members.  
6 I've introduced myself. I am Vice Chair of the  
7 Commission, but I'm the Presiding Member of this  
8 Siting Committee. And as I said, there are two  
9 Commissioners on the siting committees. The other  
10 Commissioner, Commissioner Arthur Rosenfeld, who's  
11 known as the Associate Member of this Committee,  
12 is not here today unfortunately. He had a  
13 conflict, actually it conflicted with his  
14 vacation, if I'm not mistaken.

15 I'm just fresh off vacation so I don't  
16 deserve not to not be here today. And I spent a  
17 smoke-filled week up at Lake Tahoe.

18 Sitting in for and representing  
19 Commissioner Rosenfeld today is David Hungerford.  
20 He is the Advisor to Commissioner Rosenfeld. On  
21 my right is Susan Brown, who is my Advisor. And  
22 to my immediate left is Kenneth Celli, who is the  
23 Hearing Officer who is very shortly going to take  
24 the gavel from me and do all the -- a lot of the  
25 talking and all of the steering of this hearing.

1                   But before we get to that point, having  
2                   introduced the Committee and the staff members of  
3                   the Committee, I think it would be appropriate now  
4                   to ask the applicant to introduce all of their  
5                   folks. And then I'll ask the staff of the CEC to  
6                   introduce all the CEC people.

7                   MR. THOME: Hello, everyone. I'm Steve  
8                   Thome; I'm with J-Power USA. J-Power USA is the  
9                   owner of Orange Grove Energy, LP. To my left is  
10                  Jane Luckhardt; she's our Counsel, with Downey  
11                  Brand. And to my right is Mike Jones; he's also  
12                  with J-Power USA. He's our Project Manager. And  
13                  also Joe Stenger is with TRC Solutions; TRC is the  
14                  permitting consultant who is working very hard to  
15                  put the permit together here.

16                  PRESIDING MEMBER BOYD: Thank you. Now,  
17                  staff.

18                  MS. MILLER: I'm Felicia Miller; I am  
19                  the Commission's Project Manager assigned to the  
20                  Orange Grove project.

21                  MR. BABULA: I'm Jared Babula, Staff  
22                  Counsel.

23                  PRESIDING MEMBER BOYD: Now, are there  
24                  any other staff members you want to have  
25                  introduced?

1 MS. MILLER: Yes. In the back is Chris  
2 Davis. Chris will be the Compliance Project  
3 Officer once the project is underway. And Dale  
4 Edwards is also the Manager of the technical  
5 section. They have come up to observe the  
6 hearing.

7 PRESIDING MEMBER BOYD: Thank you. I  
8 want to ask now if there are any intervenors  
9 present. And if so, would they introduce  
10 themselves.

11 Well, seeing no one, we'll move past  
12 that point. That doesn't guarantee we don't have  
13 intervenors, it just means nobody's here today.  
14 I'm not sure if we have any notification of  
15 intervenors, either, at this point.

16 Now, are there any representatives of  
17 any local agencies who are involved or interested  
18 in this case who would like to be acknowledged, or  
19 acknowledge themselves. If you're out there,  
20 would you please come to the podium and just  
21 introduce yourselves, because we need to pick it  
22 up with a microphone.

23 So, do we have any local agency folks?

24 MR. PAGE: Yeah, Mike Page, I'm the  
25 Engineering Manager --

1 HEARING OFFICER CELLI: Just so everyone  
2 knows, everything that's being said is being taken  
3 down and will be transcribed in a transcript. And  
4 so in order for it to get into that recorder it's  
5 got to be on that smaller microphone on the  
6 podium.

7 So, we're going to have everybody come  
8 up and speak into that microphone. Thank you.

9 MR. PAGE: Mike Page; I'm the  
10 Engineering Manager for the Fallbrook Public  
11 Utility District.

12 PRESIDING MEMBER BOYD: Thank you, Mr.  
13 Page. Any other folks out there who want to be  
14 acknowledged? I know SDG&E is in the audience.  
15 Do you want to --

16 MR. TAYLOR: Yeah, my name's Steve  
17 Taylor with San Diego Gas and Electric Company.

18 PRESIDING MEMBER BOYD: Thank you,  
19 Steve. Anyone else? Okay. Thank you very much.

20 Last, I want to introduce the Energy  
21 Commission's Public Adviser, or the representative  
22 of our Public Adviser's Office, Nick Bartsch.  
23 Nick will be making a presentation a little later  
24 to explain the role of the Public Adviser's  
25 Office. And so we'll wait for that time for him

1 to explain their role and how they play a role for  
2 you, for many of you in the public in this  
3 process.

4 So, a little background. On June 19th  
5 of this year the Energy Commission received an  
6 application for certification, or as we call it,  
7 and AFC, and I'll use that term from now on, from  
8 Orange Grove Energy, LP, who is the applicant; and  
9 will be referred to as such. Which, as you heard,  
10 is a subsidiary of J-Power USA Development  
11 Company, Limited.

12 The project, which you'll also hear a  
13 lot more about, involves a 60 megawatt, simple  
14 cycle, electric generating plant and ancillary  
15 facilities in what says here rural north San Diego  
16 County. I don't know if you folks like being  
17 referred to as rural or not. But it, compared to  
18 downtown San Diego, certainly.

19 Approximately six miles east of the City  
20 of Fallbrook; approximately two miles west of the  
21 community of Pala on state route 76.

22 Prior to filing this AFC, as we call it,  
23 the applicant had submitted an application for a  
24 small power plant exemption to the California  
25 Energy Commission to construct and operate the

1 Orange Grove project. On July 19, 2007, that  
2 document was submitted to the CEC pursuant to  
3 Public Resources Code provisions.

4 On September 24th of 2007, pursuant to  
5 other provisions, the Committee conducted a public  
6 site visit and informational hearing pursuant to -  
7 - I'm not going to read all these numbers off, but  
8 provisions of code.

9 During the course of the small power  
10 plant exemption, or again an acronym, SPPE,  
11 proceeding, the applicant encountered let's just  
12 say obstacles and difficulties concerning some of  
13 their linear facilities, which ultimately led to  
14 their withdrawal of the SPPE application on April  
15 24th of this year.

16 On April 28th of this year the Energy  
17 Commission terminated, therefore, the SPPE  
18 proceeding. And in view of the applicant's stated  
19 intention to refile the same project as an AFC,  
20 the Commission ordered the staff to take advantage  
21 of the work already completed on the Orange Grove  
22 project, and to process the AFC as quickly as  
23 reasonably possible, with the goal of a final  
24 decision by April 1, 2009.

25 The Energy Commission appointed the same

1 Orange Grove SPPE Committee and Hearing Officer to  
2 preside over the Orange Grove project AFC. So, in  
3 other words, some of us have been here before and  
4 this is not that new.

5 So, the purpose of today's hearing is to  
6 provide information again about the proposed power  
7 plant project, to describe the Commission's  
8 process in reviewing applications, to provide  
9 information on opportunities for the public to  
10 participate in this process. To inform this  
11 Committee and all the parties in the community  
12 about the project, its progress to date in the  
13 application process. And frankly, just to meet  
14 and confer about the project and the project's  
15 schedule.

16 As I indicated, later in the hearing the  
17 Public Adviser representative will explain how the  
18 public can obtain information about the project;  
19 how they can participate; and offer comments  
20 during this review process. And this review  
21 process is out over many many months, as you've  
22 heard.

23 Mr. Bartsch will also explain how to  
24 intervene as a formal party should anyone wish to  
25 go through the process of presenting evidence and

1 cross-examining witnesses.

2 So, that's the background. And at this  
3 time I'll be handing over the balance of the  
4 conduct of this hearing to Hearing Officer Ken  
5 Celli. So, Mr. Celli.

6 HEARING OFFICER CELLI: Thank you,  
7 Commissioner Boyd. Can you all hear me okay?  
8 Thank you.

9 The first thing I'm going to ask you to  
10 do is hit the F5 button on that laptop and we will  
11 get into the slide show. There we go.

12 What you're looking at is a picture of  
13 the Energy Commission building on the corner of  
14 9th and P Street in Sacramento.

15 PRESIDING MEMBER BOYD: Not the greatest  
16 building in the world, but it's our home.

17 HEARING OFFICER CELLI: The California  
18 Energy Commission is a state agency that has  
19 exclusive jurisdiction to license, or as we say,  
20 certify new power plants that generate 50  
21 megawatts of electricity or more.

22 Next. On July 16, 2008, the Energy  
23 Commission accepted as complete the Orange Grove  
24 Energy's application for certification for the  
25 Orange Grove Power Plant project, a 96 megawatt,

1 simple cycle, electric generating plant and  
2 ancillary facilities to be located in north San  
3 Diego County, six miles east of Fallbrook and two  
4 miles west of Pala on state route 76.

5 Next. Notice of today's event, which is  
6 the second informational hearing that we've had in  
7 this case, was mailed to all parties, adjoining  
8 landowners, interested governmental agencies and  
9 other individuals.

10 It was also posted on the Energy  
11 Commission's website. The Public Adviser's Office  
12 is here today and will explain in a moment the  
13 Public Adviser's role in additional efforts to  
14 notify the public.

15 Today's hearing is the first in a series  
16 of formal Committee events that will extend over  
17 the next year. The Commissioners conducting this  
18 proceeding will eventually issue a proposed  
19 decision containing recommendations on the  
20 proposed project to the full five-member Energy  
21 Commission.

22 To be clear, the Orange Grove project  
23 AFC Committee is made up of two Commissioners,  
24 Commissioner Rosenfeld who isn't here today,  
25 Commissioner Boyd, their Advisors and myself, the

1 Hearing Officer.

2           It is important to emphasize that the  
3 law requires that the Committee's proposed  
4 decision be based solely on the evidence contained  
5 in the public record. To insure that this  
6 happens, and to preserve the integrity and  
7 impartiality of the Commission's licensing  
8 process, the Commission's regulations and the  
9 California Administrative Procedure Act, expressly  
10 prohibit private, off-the-record contacts  
11 concerning substantive matters between the  
12 participants in these proceedings and the  
13 Commissioners, the Committee, their Advisors and  
14 me.

15           This prohibition against off-the-record  
16 communications between the parties and the  
17 Committee is known as the ex parte rule. This  
18 means that all contacts between the parties and  
19 the Committee regarding any substantive matter  
20 must occur in the context of a public discussion,  
21 such as today's event, or in the form of a written  
22 communication that is distributed to all the  
23 parties.

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

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

3 The Energy Commission Staff is a party  
4 to these proceedings in the same way that the  
5 applicant or an intervenor is a party to these  
6 proceedings. Even though the staff and the  
7 Committee members are both part of the Energy  
8 Commission, we are completely separate entities  
9 for purposes of these proceedings. So the ex  
10 parte rule applies to the Energy Commission Staff  
11 in the same way that it applies to the applicant  
12 and any intervenors.

13 Next. Additional opportunities for the  
14 parties and governmental agencies to discuss  
15 substantive issues with the public will occur in  
16 public workshops to be held by the Commission  
17 Staff at locations near here, such as Fallbrook  
18 and elsewhere.

19 Information regarding other  
20 communications between the parties and  
21 governmental agencies is contained within written  
22 reports or letters that summarize such  
23 communications. These reports and letters are  
24 distributed to the parties and are made available  
25 to the public. Information regarding hearing

1 dates and other events in this proceeding will  
2 also be available on the Commission's website.

3 The AFC process, the application for  
4 certification process, is a public proceeding in  
5 which members of the public and interested  
6 organizations are encouraged to actively  
7 participate and express their views on matters  
8 relevant to the proposed project.

9 The Committee is interested in hearing  
10 from the community on any aspect of this project.  
11 Members of the public are also eligible to  
12 intervene in the proceeding. And if there are  
13 potential intervenors, we encourage you to  
14 intervene and file your petitions to intervene as  
15 soon as possible, so it would allow for your  
16 fullest participation.

17 In a moment we'll ask the Public  
18 Adviser's representative to explain the public  
19 participation process, and to also provide an  
20 update on their efforts to contact local residents  
21 and other interested groups and organizations  
22 regarding this proceeding.

23 Following this, we will then ask the  
24 applicant and staff to make their respective  
25 presentations. This will then be followed by,

1 well, any intervenors, if there are any, or  
2 general comments from the public and/or agencies  
3 present.

4 With that, we are going to ask Mr.  
5 Bartsch to come to the podium and explain exactly  
6 what the Public Adviser's Office does and has  
7 done.

8 MR. BARTSCH: Good afternoon. My name  
9 is Nick Bartsch. I represent the Public Adviser's  
10 Office of the California Energy Commission. Our  
11 primary responsibility is to provide meaningful  
12 participation for you, the public, in this  
13 application process.

14 This is a public process with several  
15 opportunities for public hearings and for public  
16 input. This is really the first of those several  
17 opportunities in the process that typically takes  
18 about a year for the licensing process.

19 How can you participate in a meaningful  
20 way. And there are two ways. You can participate  
21 as a general interested person, or an interested  
22 stakeholder group. And you can provide your  
23 comments either at a hearing like this, or in  
24 written form. And email it or mail it to the  
25 California Energy Commission, commenting along the

1 process anything that you wanted to say with  
2 respect to this project.

3           It's very important that when you send  
4 your communication to the Energy Commission, there  
5 is, on this yellow sheet there is an address there  
6 where you can mail or email your information.  
7 It's very important for you to put the project  
8 name and what's called the docket number that's on  
9 this yellow sheet, on every piece of communication  
10 that you send. By writing this number you'll be  
11 insured that your comments will be docketed on the  
12 record of this particular application, so that  
13 your comments will become part of the record on  
14 which the decision is made.

15           So you can participate as an interested  
16 party. And send along your communication. And  
17 sign up what's called a listserver where you can  
18 get electronically notified. Or you can just sign  
19 up and we will be sending you information through  
20 the regular mail. However you request it.

21           You can also keep abreast on what's  
22 happening in this particular application. There  
23 is a dedicated website on the California Energy  
24 Commission website. And the web address is  
25 indicated on this yellow sheet again where you can

1 punch in and bring it up on your computer. And  
2 you can get up-to-date daily information about  
3 what's happening in this particular case.

4 Or we can, if you ask, then we can keep  
5 you, if you don't have a computer, you can just  
6 ask us and we'll keep you informed. You can call  
7 us or we can keep you informed of what is  
8 happening on this particular case.

9 Now, if you wanted to participate more  
10 in a formal way, a more substantive way, you can  
11 intervene. You can become an intervenor which  
12 will become a formal party to the case.

13 Now, the difference between just being  
14 an interested party and an intervenor is that, as  
15 an intervenor you'll have some special privileges.  
16 Also have some special obligations that come with  
17 those privileges.

18 The privileges are that you can really  
19 become a part of one of the parties to this  
20 proceeding. You can provide your own witnesses;  
21 you can cross-examine in legal proceedings such as  
22 the evidentiary hearing, the witnesses of other  
23 parties. And you can -- the testimony that you  
24 and/or your witnesses provide become part of the  
25 record on which decisions can be made. So, you

1 can -- it's a much more substantial, more active  
2 way to participate.

3 Now, the obligations that come along  
4 with these privileges, that you must notify all  
5 the other parties, and legally serve them with all  
6 the information that you provide. And you have to  
7 provide them copies of it along the way.

8 When is the best time to intervene? As  
9 Mr. Celli indicated, probably the earlier the  
10 better. But in any case -- because then you get  
11 the benefit of the entire process. But you must  
12 intervene, the latest that you can intervene is 30  
13 days prior to the evidentiary hearing, which is  
14 usually the legal proceeding when all the evidence  
15 is weighed by the Committee.

16 The way you intervene is you can  
17 petition this Committee; and I've got all the  
18 forms and I've got all the information on how to  
19 petition, how to get involved as an intervenor.

20 Now, it's also important for you to keep  
21 us informed. We will work with you if you need  
22 help intervening. We can help you with the  
23 process, however we cannot represent you. You can  
24 represent yourself and you do not have to be an  
25 attorney to represent yourself and participate as

1 an intervenor.

2 Now, that's, in a nutshell, the process.  
3 I'll be back in the back of the room providing you  
4 additional information. Please come and visit me  
5 now or after the hearing and I'll be happy to help  
6 you.

7 Just very briefly, if I may, Mr. Celli,  
8 I wanted to give the public and the Committee  
9 kind of a quick summary of our outreach effort for  
10 this particular event today.

11 Our role is to reach out to the public  
12 and make sure that we do everything we can within  
13 our budgetary means to let the public know about  
14 public events such as this one.

15 For this particular event we did our own  
16 outreach through the computer. We identified all  
17 interested entities such as schools, typically  
18 public entities that might be more interested in a  
19 project like this than others.

20 This would include schools, community  
21 groups, health facilities, ethnic groups,  
22 environmental, business organizations. We have  
23 notified 87 of those groups for this particular  
24 hearing. We mailed them notices about the  
25 hearing.

1           And we have also notified 16 elected and  
2           appointed local officials consisting mostly of San  
3           Diego County, and also the Pala Band of Mission  
4           Indians, which is a local Native American group  
5           that we wanted to make sure that they participate  
6           in this process, as well.

7           We have also placed an ad in the July  
8           20th issue of the North County Times, which is the  
9           daily newspaper with the highest circulation in  
10          this area. And it was in their July 20th issue,  
11          to make sure that folks got notified.

12          Now, in addition, just in case they  
13          missed the newspaper ad, we've asked the major  
14          television and radio stations that are  
15          broadcasting in this area to do public service  
16          announcements of this event. We've notified and  
17          sent information to six radio stations, including  
18          two that broadcast in Spanish. And four  
19          television stations, including two that broadcast  
20          in Spanish, asking them to publicize this event.

21          So, we hope that -- we tried to do all  
22          the outreach that we could within our means. And  
23          it shows, we have a pretty good turnout.

24          Now, if you have comments to make, you  
25          fill out those blue cards. If you haven't already

1 filled them out, Mr. Celli has them. And he'll be  
2 calling upon you during the public comment period.  
3 If you still decide that you want to make a  
4 comment as the hearing goes along, please fill out  
5 one of those blue cards in the back and give them  
6 to me. And we'll make sure that you have an  
7 opportunity to comment.

8 If you have any questions I'll be  
9 available to help you in the back. Thank you very  
10 much.

11 HEARING OFFICER CELLI: Thank you, Mr.  
12 Bartsch. Just to remind everyone, if you want to  
13 make a comment we need you to fill out one of  
14 these blue cards that Mr. Bartsch has over at this  
15 table. And then he hands them to me. And after  
16 the applicant and the staff have made their  
17 presentations, I basically call your name.

18 You come up to the podium; make your  
19 comment; it'll be taken into the record. And so I  
20 won't call your name unless you have a blue card,  
21 so please, if you wish to make a comment, fill out  
22 a blue card.

23 At this time we're going to ask the  
24 applicant, Orange Grove Energy, to describe their  
25 proposed project and explain its plans for

1 developing the project site. So, with that,  
2 applicant.

3 MR. THOME: Once again, my name's Steve  
4 Thome and I'm Vice President of Development for J-  
5 Power USA. J-Power USA, we're the development arm  
6 of J-Power. And the project, itself, will be  
7 owned by -- the project company will be owned by  
8 J-Power, which is our parent, and John Hancock.  
9 Those are the two project sponsors. John Hancock  
10 Insurance Company.

11 Go to the next slide. That's where  
12 Orange Grove is. The RFO that we responded to was  
13 a request for offers from San Diego Gas and  
14 Electric, actually came out in November of 2006,  
15 October, November 2006. And we bid into it. A  
16 competitive process.

17 And in that RFO SDG&E identified a need  
18 for new peaking resources, and in a minute I'll  
19 get to what peaking resources are, but one of the  
20 things asked, they asked for a project sponsor to  
21 come in and build up to a 99 megawatt facility on  
22 their land off of state route 76 adjacent to the  
23 Pala Substation. And there were three other sites  
24 in the RFO that were also submitted. But I think  
25 there was probably our project and one other are

1 preceding ahead.

2           The peaking plant, which is what they  
3 asked for, is basically designed to respond to the  
4 utility's needs during periods of high demand or  
5 when there's probably a large fluctuation in the  
6 level of load in the grid. Such as when, you  
7 know, everybody flips their lights on about the  
8 same time throughout San Diego County at night and  
9 you have a peak and a load. And that's where  
10 peakers will respond to that. And they're very  
11 kind of dynamic projects, so I'll get to more of  
12 that.

13           They also complement renewables because  
14 renewables have a way of actually peaking the load  
15 and also doing the reverse. They act like kind of  
16 in a way either the wind dies and the peaker has  
17 to come up, has to respond to it rather quickly.

18           You can also have the inverse, but where  
19 the wind comes up suddenly and you need to have  
20 the peaker in standby to catch that fluctuation on  
21 your system. So a peaker is more of kind of a,  
22 does a balancing for the system.

23           This particular project's going to be  
24 located into SDG&E's 69 kV grid. Just to give you  
25 a sense of the size of the grid, the big lines

1       that come into California here are 500 kV.  
2       There's actually some that are even larger that  
3       are dc, but when we're talking the ac grid, we  
4       have 500 kV; and it comes on down till you get  
5       local distribution, Steve, is what, 12 kV, yeah.  
6       So we're getting down there.

7                 This is kind of meant for the local  
8       grid, the SDG&E grid, versus large plants that  
9       connect into 500 kV system and go interstate.

10                We've done a lot on this project, and  
11       also SDG&E has, to make it low impacts. We have  
12       underground transmission lines. All the pipelines  
13       are underground. We have noise mitigation. A lot  
14       of things. The project has been now around for  
15       about, well, in the permitting process on and off  
16       for about a year, so it's had some iterations and  
17       some changes to it. And we've taken a lot of  
18       pains to make sure that we're providing the lowest  
19       impact project we possibly can.

20                And back to the project schedule. When  
21       the project was originally conceived it was going  
22       to come online for this summer. But due to delays  
23       surrounding the gasline and the water issues,  
24       we're now shooting for October 2009. Which may  
25       seem like a strange date, but that's probably the

1           soonest we can get everything to line up.

2                         What Orange Grove does allow us to do is  
3           by bringing more resources on by that date, that's  
4           a planning date for the California Independent  
5           System Operator to make sure the resources are  
6           here on really a calendar-year basis. So that  
7           older, less efficient plants can be retired.

8                         And there are plants that I believe  
9           SDG&E has in mind to want to see retired so that  
10          newer efficient generation will come online.

11                        Back to what a peaking plant is. These  
12          are really two pieces of equipment. They're  
13          derivatives of the aviation industry. And they're  
14          very much like what you'd see on a commercial  
15          airlines, ut they're put in a box and he box is  
16          sealed up.

17                        And instead of having an exhaust the way  
18          an airplane would, you have a generator hooked up.  
19          But because they're a derivative of that  
20          technology, like an airplane they're very  
21          responsive. They can come up to full load in ten  
22          minutes.

23                        So if there's an event somewhere on the  
24          system SDG&E can push a button and they can have  
25          full power from these things in ten minutes. It's

1 very critical for a peaker.

2           They can also start and stop several  
3 times a day. That's also important because you  
4 don't -- the intent here is not necessarily to run  
5 them all the time. It's to run them exactly when  
6 you need them.

7           And larger less responsive units will  
8 come up slowly behind them, and then these ones  
9 can be shut back down. But you might do that more  
10 than once a day where you need that kind of  
11 flexibility.

12           And Orange Grove, itself, is -- we've  
13 gotten this question in the past -- it is, in  
14 fact, a peaker, configured at present the way we  
15 designed it, is only peaking operations. And we  
16 don't expect it to run any, or ever be changed  
17 from its peaking configuration. This equipment is  
18 very specific to being a peaker.

19           And SDG&E, actually, and there's a  
20 number of other projects in here in San Diego  
21 County, they run as peakers, the very same  
22 technology. They run less than 200 hours a year.  
23 So just to put that in perspective, there's 8760  
24 hours in a year; this one will come on 200. It's  
25 the 200 hours you need it, and you need it right

1       there when, you know, at the push of a button. So  
2       that's the objective.

3               Next slide. As we go through some of  
4       the slides we want to point out, because we have  
5       an expected case of operations. Our expected case  
6       we put in our materials is for 1000 hours a year.  
7       So that's just so everybody has that benchmark  
8       when you see some of the follow-on slides.

9               But then in the actual permit, we  
10       permitted this project for 3200 hours. That's the  
11       nature, and that was a request, too, to get as  
12       many permitted hours as possible. Who knows  
13       whatever -- gives SDG&E the flexibility to run it  
14       as they need it should they have some kind of  
15       system emergency or major failure at another unit  
16       in some given year.

17               And just to give you an idea, this plant  
18       is going to be contracted to SDG&E for a period of  
19       25 years. And at the end of the 25 years, it and  
20       the property which it sits on, which is owned by  
21       SDG&E, everything reverts in an operating function  
22       back to the ratepayers of SDG&E.

23               So it's important, again, to be  
24       flexible, and kind of get a sense that this is  
25       eventually going to belong to the customers here.

1           Just some of the project benefits. You  
2           can see that these are very expensive units in and  
3           of themselves, as we look at this. This is 8.5  
4           acres. It's going to have, basically, when we're  
5           all said and done, probably \$100 million of  
6           equipment sitting on it.

7           But the interesting thing about today's  
8           power plants versus the older power plant that  
9           people might have in their mind, these don't have  
10          a lot of employees. They're expensive, large  
11          facilities, but because of that they contribute a  
12          lot to tax revenue in the county.

13          But at the same time there's not a lot  
14          of employees, not a lot of jobs, outside of  
15          construction, but then there's not a lot of demand  
16          on services, either. We're not bringing 100, 200  
17          workers here to go up and down the road for the  
18          next 25, 30 years.

19          There will probably have nine employees,  
20          and then, you know, those jobs filter down; I  
21          guess the economists have a way of figuring out  
22          how that becomes 14. But, you know, when it's  
23          built there's a big stimulus, but then it's built  
24          and then there's a tax benefit. And that's the  
25          overall benefit from an economic standpoint.

1                   But the real benefit to this facility is  
2                   it's a necessary facility to keep the grid  
3                   reliable, and insure everybody's lights are on  
4                   when they need the power.

5                   And I'm going to turn the mike over to  
6                   Mike Jones.

7                   MR. JONES: Hi. Again, I'm Mike Jones.  
8                   I'm the Project Manager for the Orange Grove  
9                   project, and provide some detail to what Steve  
10                  just covered.

11                  As you heard we're about six miles from  
12                  Fallbrook and two miles from Pala. And that also  
13                  happens to be about five miles from I-5, right off  
14                  of state highway 76.

15                  This is a closer-up view. It's a little  
16                  washed out. You can clearly see the proposed gas  
17                  pipeline if you look up at the triangle where the  
18                  plant sits -- yeah, that's a good idea -- you'll  
19                  see the short yellow line which denotes the  
20                  interconnect, which will be underground.

21                  So the project is comprised of, as Steve  
22                  said, two GE LM6000 combustion turbines which are  
23                  known as aeroderivatives in the field. The same  
24                  type of engines that you would see on a widebody  
25                  aircraft. Instead of turning the big fan in

1 front, you take the fan off and attach a  
2 generator. And virtually identical, you know, 85  
3 percent parts commonality. So, very tried and  
4 true. Obviously it has to be for aero use.

5 We're going to, you know, as we're  
6 required to do, we're going to include continuous  
7 emissions monitoring systems, so we'll be tracking  
8 emissions from the units day-in and day-out, every  
9 time the unit runs, and actually even when the  
10 units don't run.

11 And we'll clean up the exhaust of the  
12 units using best available control technology. So  
13 we'll have catalysts to reduce NOx, CO, VOCs down  
14 to what government consensus is the best possible.

15 To reduce noise we'll have acoustic  
16 barriers set up. And, as you may know, it's a  
17 fairly quiet area out there. And so the acoustic  
18 barriers are designed such that it meets all  
19 county and CEC guidelines for noise.

20 These units do require very clean water  
21 to operate. One, for power augmentation and two,  
22 for NOx emissions reduction. And that will be  
23 handled by a demineralized water treatment system  
24 which will be portable. We'll truck it in. It  
25 will be expended over time and we'll bring in a

1 replacement and truck the old one off. And the  
2 old one will be regenerated offsite at a  
3 contractor that specializes in that.

4 The transmission line is underground.  
5 It's very short. The plant is virtually adjacent  
6 to the Pala Substation, so it will be just an easy  
7 link between the two. And that is why SDG&E  
8 proposed the site in the first place, frankly.

9 We will have a small cooling tower  
10 onsite, and rather than put that water into a  
11 local sewer or truck it offsite, we will treat it  
12 using reverse osmosis and re-use the water  
13 continuously. We'll have very very little  
14 wastewater of any type.

15 The natural gas pipeline, which we'll  
16 talk about in more detail later, is roughly 2.4  
17 miles. It will connect at Rice Canyon Road to  
18 SDG&E's existing pipeline. And it'll be 10-inch  
19 diameter, sized to suit the facility.

20 And lastly, water for all purposes will  
21 be trucked. We'll have two different sources of  
22 water, reclaimed and fresh water. We'll use the  
23 reclaimed water in the small cooling tower, and  
24 the fresh water will be used only in the  
25 combustion turbines. We want to start with a

1 cleaner base, and so we'll use fresh water for  
2 that.

3 Let's see, I talked about a couple of  
4 these already, so we'll jump down to the issue of  
5 disturbed lands. We are taking great pains to not  
6 disturb any natural habitat. And so that is why  
7 we're running the line underground. And why we're  
8 going to bore under any dry washes that we find.  
9 Not that we find, we know they're there  
10 obviously. And in this manner we'll  
11 reduce impacts to a bare minimum.

12 Natural gas pipeline, 10 inches in  
13 diameter. And as I said it's going to connect to  
14 the existing pipeline which runs roughly north/  
15 south.

16 And we'll talk about impact mitigation  
17 in more detail, but the general message is that  
18 we're taking great pains to avoid any unmitigated  
19 environmental impacts. The line is going to run  
20 mostly through disturbed habitat except for  
21 perhaps a tenth of a mile. There'll be a short  
22 stretch that runs along highway 76.

23 Next slide. This slide shows the water  
24 haul routes. Also a little washed out. You can  
25 see the fresh water route is in yellow, and that

1 is coming from -- I'm sorry, that's the reclaimed.  
2 The reclaimed route is yellow, and that comes from  
3 the Fallbrook Public Utilities wastewater  
4 treatment plant. And the haul route is roughly 15  
5 miles each way.

6 And the fresh water pickup is over there  
7 at the pointer, and that's a little washed out,  
8 but that generally picks up off of Mission Road  
9 and then runs down highway 15, and then picks up  
10 highway 76 over to the site. And that is roughly  
11 eight miles in length.

12 And this is an aerial of the plant  
13 layout. These are the -- this is the main  
14 equipment you see here. And you can see the  
15 various water tanks, fresh water tank, the  
16 reclaimed water tank. And the electric and  
17 gaslines will parallel each other for a short  
18 while. And the electric line will end up over  
19 here at Pala Substation.

20 This shows a view looking to the north.  
21 You're primarily looking at sound walls. Most of  
22 the equipment will actually be hidden from view by  
23 virtue of the sound walls over on the far right.  
24 This is the fresh water tank, and this is the  
25 control building. And this is the reclaimed water

1 tank and the electrical substation before it goes  
2 underground and goes to the substation, itself, to  
3 the Pala Substation.

4 This is looking east. And you do see  
5 the equipment from this view because that last  
6 wall is not there. That side is open. It's not  
7 necessary in order to meet any of the guidelines,  
8 and in order for ventilation and such, it's left  
9 open.

10 Pretty much the only way you'd see that  
11 view is if you went on Pala Del Norte Road, and  
12 that's a private road. There's very little reason  
13 to do so.

14 This is a representative view of what  
15 the equipment looks like. Now, as you saw from  
16 the previous slide, most of it's going to be  
17 hidden. But this will be what's inside the walls.

18 And here is an artist's rendition of  
19 what it would look like. And you can see how it's  
20 open to looking east.

21 PRESIDING MEMBER BOYD: Could I ask a  
22 couple questions before you move on. The fresh  
23 water pickup point that you were describing, what  
24 is it? Is it a facility of some kind? Is it just  
25 a hydrant? What is it, exactly?

1                   MR. JONES: It's not much more than a  
2 hydrant. It's just a very small facility designed  
3 to get a truck in and out. And there's adequate  
4 pressure, there'll be no pumps. Adequate pressure  
5 on the system to fill the tank on the truck in a  
6 timely fashion.

7                   PRESIDING MEMBER BOYD: And you're very  
8 last picture, which showed a representation of  
9 what the facility would look like, since you can  
10 hardly see it against that background, is that the  
11 color you're going to paint it?

12                  MR. JONES: We haven't made a final  
13 determination, but obviously we want it to blend  
14 in, so --

15                  PRESIDING MEMBER BOYD: Okay.

16                  MS. BROWN: Can I ask about the water  
17 transportation. How many trucks per day do you  
18 expect to be going, you know, to the site to carry  
19 water when the proposed plant would be operating?

20                  MR. JONES: When the plant's operating  
21 we expect roughly one fresh and one reclaimed  
22 water truck per hour, so two trucks per hour.

23                  HEARING OFFICER CELLI: I actually had a  
24 question. I read the AFC, and I thought that  
25 there were some storage water up there, you know,

1 you have the fire storage, something like 350,000  
2 gallons or something like that. Do I have that  
3 right, or am I confusing you with another project?

4 MS. JONES: No, I think you're on the  
5 right track. We have, within the fresh water tank  
6 there is a portion that is stand-piped for fire  
7 fighting. So while the tank is half a million  
8 gallons roughly, half of that, or actually over  
9 half of that, 300-and-some-odd-thousand gallons is  
10 devoted to firefighting. It can't be used for any  
11 other purpose.

12 HEARING OFFICER CELLI: Okay.

13 MR. JONES: And then in order to  
14 replenish that tank, you need to be able to  
15 replenish that tank within eight hours of use.  
16 The other tank, the reclaimed water tank, is also  
17 stand-piped. So we've got twice the nominal  
18 required firefighting water onsite. Half of that  
19 is used to replenish the actual firefighting  
20 water.

21 HEARING OFFICER CELLI: Okay. So  
22 there's a storage for the water that you're going  
23 to be using for cooling. It has to come from the  
24 trucks.

25 MR. JONES: It needs to come from the

1 trucks. The storage is in the fresh water tank,  
2 half of which is available for storage and half  
3 for firefighting.

4 The reclaimed water tank, half of which  
5 is available to refill the fire water portion of  
6 the fresh water tank, and the remainder of which  
7 is available to service the cooling tower.

8 And then we also have a demineralized  
9 water storage tank.

10 HEARING OFFICER CELLI: How big is that?

11 MR. JONES: That is roughly 450,000  
12 gallons. And that holds pure water for use in the  
13 combustion turbines. So that water's already been  
14 cleaned up and is ready to go.

15 HEARING OFFICER CELLI: Okay.

16 PRESIDING MEMBER BOYD: How much of a  
17 reserve do you maintain onsite for the  
18 potentiality of some kind of traffic interruption  
19 during the time you'd be operating? Let's say on  
20 the next hot summer day there's some horrific  
21 traffic accident on the highway and your trucks  
22 can't get through for awhile. How long can you  
23 just keep operating before you have difficulty?

24 MR. JONES: Between all the sources we  
25 have roughly five days of water.

1                   PRESIDING MEMBER BOYD: Oh.

2                   MR. JONES: Now, the last day you will  
3 be without inlet chilling. And so your power  
4 would start to drop off a little bit. And that  
5 would be because you'd recognize that maybe you  
6 still have an ongoing problem, and you would want  
7 to conserve that water for other uses.

8                   PRESIDING MEMBER BOYD: Okay, short of  
9 traffic accident, I guess, god forbid, a fire or  
10 something, a wildfire would be --

11                  MS. BROWN: I have one more question.  
12 It's not about water, it's about the intended  
13 hours of operation. I may have missed that. How  
14 many hours do you plan to operate? I think you  
15 said up to 200?

16                  MR. THOME: Yeah, I'll answer. The  
17 project license that we applied for would be the  
18 San Diego Air Pollution Control District just for  
19 3200 hours. The unit has full dispatch control by  
20 SDG&E, so all we can look at, it's up to SDG&E.

21                  But we do know how they dispatch these  
22 exact identical units, and that is currently they  
23 dispatch them at 200 hours a year. And they're  
24 pretty consistent with that. I have noticed with  
25 their Miramar peaker that it runs about just under

1 200 hours a year for the past few years.

2 MR. STENGER: I'm going to talk just a  
3 little bit about the AFC environmental review  
4 process and the permitting process for the  
5 project, the various channels through which the  
6 project will get its environmental review.

7 The application for certification that  
8 was submitted to the Energy Commission contained a  
9 comprehensive environmental review and mitigation  
10 measures in a number of areas here that you can  
11 see on this slide. We covered all of the bases  
12 that are required under the California Energy  
13 Commission's equivalent CEQA process, from air to  
14 soils, land use, biology, the full gamut of  
15 environmental parameters as you can see in the  
16 list here.

17 The AFC contains a detailed analysis and  
18 mitigation, where necessary, for all of those  
19 resource areas. And then the Energy Commission's  
20 environmental review process will be basically an  
21 independent review of the AFC. And it will build  
22 off of the AFC and be the formal CEQA record for  
23 the environmental review in these areas.

24 Permits that are going to be required,  
25 the key permits for this project is going to be

1 the review of the AFC and the site certification  
2 by the Energy Commission, with them being the lead  
3 CEQA agency.

4 There will be a grading permit issued by  
5 San Diego County. And along with that grading  
6 permit by the County there also will be a habitat  
7 loss permit for one area of the gas pipeline where  
8 coastal sage scrub could not be avoided.

9 And then there also is a very small  
10 amount of coastal sage scrub that just fringes on  
11 one corner of the site, but there's approximately  
12 nine total acres being disturbed. And that  
13 habitat loss permit will be the permit that will  
14 allow that to occur.

15 There will be air permits issued by the  
16 Air Pollution Control District. And they're in  
17 the process of reviewing the project at this time.

18 For construction there will be a  
19 stormwater NPDES permit that's required. That  
20 permit is a general permit issued by the State of  
21 California, and it is available to construction  
22 sites to basically submit a notice of intent that  
23 they will comply with the stormwater general  
24 permit for construction. And that will be the  
25 pathway that's taken here for this project.

1           The transmission line and the gas line  
2 will cross several normally dry streambeds that  
3 have been evaluated and determined to qualify as  
4 waters of the U.S. and waters of the state, even  
5 though they're typically dry. They do run in  
6 response to precipitation events.

7           And streambed alteration agreement will  
8 be required to cross those with the linear  
9 facilities, even though the project is designed to  
10 have no direct disturbance to any of these  
11 streambeds.

12           The applicant has designed the project  
13 with horizontal directional drilling, is the term.  
14 Basically they're going to drill bore holes  
15 horizontally underneath these drainages so that  
16 there's no disturbance to the drainages on the  
17 surface.

18           But the Department of Fish and Game  
19 wants to issue a streambed alteration agreement  
20 for that work.

21           And then there will be two encroachment  
22 permits required from Caltrans. One will be for a  
23 segment of the pipeline that occurs in the state  
24 route 76 right-of-way. And the second will be for  
25 the intersection of a project driveway where it

1 infringes on the Caltrans' right-of-way for state  
2 route 76.

3           So, all of these agencies also will be  
4 conducting environmental reviews, but the  
5 anticipation is that they will base their reviews  
6 on the Energy Commission's CEQA document.

7           Some of the key environmental features  
8 that have been built into the project to mitigate  
9 impacts, on the air quality side, the project, the  
10 turbines will exclusively burn natural gas fuel.  
11 And emissions will be controlled with best  
12 available control technology to within the air  
13 standards.

14           And there will be continuous emissions  
15 monitoring systems installed on the stacks so that  
16 the stacks will be continuously monitored in real  
17 time when they're running. And the compliance can  
18 be monitored and assured.

19           For water resources, one of the key  
20 design parameters is that the entire project has  
21 been designed to avoid disturbance to any surface  
22 drainages. I just mentioned the underground  
23 borings for the linear facilities, for example.  
24 And the site, itself, does not have any  
25 concentrated drainage pathways, will not impact

1 any drainages.

2           The project is designed to have no  
3 discharge of any process wastewater. Most of the  
4 process wastewater that is generated will be  
5 recycled onsite. It will be purified with a  
6 reverse osmosis water treatment unit, and then  
7 cycled back into the system so that there is  
8 almost no wastewater at all. The total wastewater  
9 that's anticipated to be trucked offsite is on the  
10 order of only a few hundred gallons per month.

11           And the project will not have any impact  
12 on the San Luis Rey Valley groundwater basin  
13 there.

14           Biological resources have been carefully  
15 reviewed. There's extensive information available  
16 in the application for certification. The site,  
17 itself, is 8.5 acres and it's located on the site  
18 of a former orange grove. The trees are still  
19 there, but they are virtually dead. There's a few  
20 green sprigs coming out of them, and that's about  
21 it. They have not been maintained for at least  
22 five years.

23           The project is designed for minimal  
24 disturbance to natural habitat. We looked very  
25 carefully at various project configurations and

1 alternatives in order to disturb as little natural  
2 habitat as possible.

3 We have generously estimated that it  
4 could impact 9.3 acres of coastal sage scrub,  
5 because in the permitting process we have to look  
6 at the potential worst case scenario. The 9.3  
7 acres is actually all in one area along one end of  
8 the pipeline where the gas pipeline will traverse  
9 an existing dirt road.

10 But the road is not wide enough to fully  
11 contain the construction disturbance. So there  
12 will be some grading required for safe  
13 construction work in that area. And by the time  
14 all is said and done, there could be up to about 9  
15 acres of natural habitat disturbance that would be  
16 mitigated through the habitat loss permit that I  
17 mentioned a few minutes ago.

18 There are no threatened or endangered  
19 species on the site. There are a few species  
20 along the pipeline route that have been avoided to  
21 the maximum extent possible.

22 And the gas pipeline and electric  
23 transmission line both are located mostly along  
24 existing roads, so that the disturbance to the  
25 natural habitat and the wildlife is minimal.

1                   And the project will include some  
2                   planting. It includes some vegetation for visual  
3                   screening, as well as slope stabilization. And he  
4                   project is committed to planting only native  
5                   species.

6                   This is a detailed biological map that  
7                   actually is in parts, so I'll go through both of  
8                   these. But this is just to give you an idea of  
9                   the level of detailed biological mapping that is  
10                  presented in the application for certification.  
11                  All of these various legend symbols depict  
12                  different types of habitat and features. Most of  
13                  that pipeline route is going through areas that  
14                  are disturbed, as mapped on here.

15                  Land use. The project is designed to be  
16                  consistent with land use policies and guidance by  
17                  the County. The site size has been minimized.  
18                  The power plant will actually be located towards  
19                  the middle of an approximately 200-acre piece of  
20                  property that's owned by San Diego Gas and  
21                  Electric.

22                  The site, itself, will be leased from  
23                  San Diego Gas and Electric for the 25-year period  
24                  of operations prior to turning the plant over.  
25                  And the 8.5-acre site is the smallest practical

1 site that can fit the equipment.

2 The area is zoned for general  
3 agriculture. And under the County zoning  
4 ordinances, a power plant is consistent with the  
5 general agriculture zoning. It is not a type of  
6 use that would infringe upon any nearby  
7 agricultural operations, nor be bothered by  
8 adjacent agricultural operations. So it's  
9 consistent with the agricultural designation.

10 The transportation impacts of this  
11 project are primarily during construction. During  
12 operations there will be negligible traffic going  
13 out to the site. The maximum number of employees  
14 ever anticipated on a single shift is six.

15 For a six-month construction period  
16 there will be an average of about 63 construction  
17 vehicles per day. And that's 56 for employees and  
18 an average of seven material deliveries per day.

19 Socioeconomics. As Steve had mentioned  
20 earlier, there is a \$93 million capital investment  
21 here that contributes to the tax base, which will  
22 be a substantial socioeconomic benefit.

23 At the same time, this type of a project  
24 with the relatively low number of employees and  
25 other characteristics is really not the type of

1 project that creates a high demand on the  
2 infrastructure or public services. So that makes  
3 it that much better of a tradeoff for the capital  
4 investment and tax base.

5 The noise control has been an important  
6 item for this project. It's been studied  
7 carefully and the project proposes acoustic  
8 barriers, or basically sound walls, that will  
9 surround all of the major project equipment on  
10 three out of four sides. All of the sides of the  
11 project that are directed towards any existing  
12 development will have sound walls around them so  
13 that the equipment noise will be controlled.

14 And the plant typically will be  
15 operating during daytime hours. It's close to  
16 state route 76 out there. And during the daytime,  
17 and in fact even into the evening hours, there's  
18 quite a bit of ambient noise out there from the  
19 traffic on state route 76.

20 Late at night and in the very early  
21 morning hours it does get very quiet. And the  
22 project noise control design is directed towards  
23 those very quiet hours. Even though this will  
24 primarily run during the daytime.

25 Visual resources. The site has some

1 good characteristics from a visual perspective.  
2 It occurs on a small alluvial fan that's  
3 surrounded by moderately steep topography that  
4 puts the site into sort of a small basin. So,  
5 it's really not visible from anywhere beyond the  
6 immediate vicinity.

7           There's few opportunities for view. The  
8 primary viewers for this site are going to be  
9 travelers on state route 76 that would have the  
10 opportunity to see the site for a short period of  
11 time. And there are a few homes out there in the  
12 area, but very few.

13           The finishes. Somebody had asked a  
14 question earlier about whether the plant was  
15 actually going to be painted that dark color. The  
16 thought is that the plant colors will be selected  
17 to be relatively dark.

18           The visual resource expert out there  
19 doing the inventories and looking at the area  
20 concluded that for most of the year you're  
21 basically going to be looking at a backdrop of  
22 dark brownish, very dry scrub brush. And the  
23 project finishes would be selected to try to  
24 basically mimic that backdrop as much as possible,  
25 so that the plant creates as little contrast as

1 practical.

2 And native vegetation will be used for  
3 screening along state route 76, which we would  
4 expect, after it matures, it should block most of  
5 the views. But you still will be able to see the  
6 facility from state route 76.

7 And then I was just going to wrap up  
8 with a recap of the benefits which Steve has  
9 already gone over, but one of the primary  
10 benefits, perhaps, is just the support to the  
11 local grid reliability. And the socioeconomic  
12 benefits associated with that.

13 As well as the increase in tax base,  
14 \$6.5 million construction payroll. And during  
15 operations the applicant's anticipating an  
16 approximately \$1.1 million annual operations  
17 payroll, plus about \$2.9 million annually in  
18 nonpayroll spending. And the indirect  
19 socioeconomic impacts of that have been modeled.  
20 And are addressed in the application for  
21 certification.

22 And we had a socioeconomic expert take  
23 a look at this project specifically, take a look  
24 at the area and come up with indirect benefit  
25 multipliers, and actually estimate how many

1 secondary jobs there would be, and how much  
2 secondary money would be pumped into the economy.  
3 And all that is addressed in the AFC.

4 HEARING OFFICER CELLI: Thank you, Mr.  
5 Stenger. We're going to give the public an  
6 opportunity to ask questions of the applicant  
7 later when we have the public comment period.

8 I just want to mention again that if  
9 anybody came late and wishes to make a comment,  
10 you would need to fill out one of these blue cards  
11 that Mr. Bartsch, who's standing over there by the  
12 recycling and the table, will assist you in  
13 filling out. So that we will call your name at  
14 the time when we start taking public comment.

15 I also want the record to reflect that  
16 the applicant, and I assume the staff, are going  
17 to have PowerPoints that we would like you to  
18 submit and docket for the record so that we have  
19 an administrative record of the PowerPoints that  
20 were shown today.

21 And the other point I was going to bring  
22 up was that the applicant, I understand the  
23 applicant is going to open the site today for a  
24 public viewing immediately following this hearing,  
25 is that correct?

1 MR. THOME: That's correct.

2 HEARING OFFICER CELLI: Thank you. And  
3 so there will be a public site visit available  
4 immediately following, I suppose, within an hour,  
5 you know, for an hour after this informational  
6 hearing. They'll make the site available. If  
7 anybody wants to drive up there and take a look at  
8 it, they may do so.

9 At this point the Commission Staff is  
10 going to provide an overview of the Commission's  
11 licensing process and its role in reviewing the  
12 proposed Orange Grove Power Plant project. So,  
13 with that, Ms. Miller.

14 MS. MILLER: Thank you, Ken. Good  
15 afternoon. My name is Felicia Miller. I'm the  
16 Energy Commission's Siting Project Manager for the  
17 Orange Grove Energy's project application for  
18 certification, which has been filed with the  
19 California Energy Commission seeking a license to  
20 construct and operate a proposed power plant.

21 There are several people working on  
22 various aspects of the project on behalf of the  
23 Energy Commission. And a few of the key  
24 individuals are listed on the slide.

25 The following presentation is intended

1 to provide you with an introduction to the siting  
2 process.

3 The purpose of the Energy Commission's  
4 siting process is to insure that a reliable supply  
5 of electrical energy is maintained at a level  
6 consistent with the need for such energy for  
7 protection of public health and safety, for the  
8 promotion of the general welfare and for  
9 environmental quality protection.

10 The Energy Commission has sole  
11 permitting authority in California over all  
12 thermal power plants of 50 megawatts and greater.  
13 This authority extends to all related facilities  
14 often referred to as linears, such as electric  
15 transmission lines, water supply lines, gas  
16 pipelines, waste disposal and access roads.

17 The Energy Commission is the lead state  
18 agency under the California Environmental Quality  
19 Act, also known as CEQA. And, as such, staff  
20 produces a number of decision documents associated  
21 with the environmental analysis of the proposed  
22 project.

23 There are three steps to the  
24 Commission's licensing process. The first step in  
25 the certification process is determination of data

1       adequacy. During which staff reviews the  
2       application to determine if it meets the minimum  
3       requirements for our technical review.

4               If it's deemed adequate, staff then  
5       makes a recommendation to the Commission to accept  
6       the application through the Executive Director.  
7       The application for this project was accepted as  
8       adequate on July 16, 2008, which started this  
9       project's proposed ten-month project review  
10      process.

11             This project is currently in the second  
12      step of the licensing process which is known as  
13      the discovery and analysis phase, during which  
14      staff prepares the final staff assessment.

15             Staff considers input from the public,  
16      the applicant, agencies and formal intervenors  
17      when preparing these documents. Note to date  
18      there's no formal intervenor that's filed for this  
19      project.

20             The Public Adviser's role is to inform  
21      the public and the intervenors of how to  
22      participate in the overall siting and permitting  
23      process for the project.

24             Staff considers the testimony and  
25      comments of all parties during the project

1 analysis phase.

2 The third step of the licensing process,  
3 the evidentiary hearings and ultimately the  
4 decision, begins after the final staff assessment  
5 is published. The assigned Siting Committee will  
6 hold hearings to accept formal testimony from all  
7 the formal participants in the process, as well as  
8 accepting public comments.

9 After the hearings are concluded the  
10 Committee will issue the Presiding Member's  
11 Proposed Decision, what we call a PMPD. The PMPD  
12 contains findings relevant to the project's  
13 environmental, public health and engineering  
14 impacts, the project's compliance with local  
15 ordinances, regulations and standards, and  
16 recommended conditions of certification, and a  
17 recommendation of whether or not to approve the  
18 project.

19 The PMPD is then used by the full five-  
20 member Commission to decide whether or not to  
21 grant a license for the proposed project. If the  
22 project is approved and a license is granted,  
23 Energy Commission Staff will monitor compliance  
24 with all the conditions of certification for the  
25 life of the project.

1                   The Committee considers the testimony  
2                   and comments of all parties to develop their  
3                   decision.

4                   Staff seeks out input from agencies at  
5                   the local, state and federal levels when  
6                   conducting our analysis. The information provided  
7                   by these various agencies assists us in  
8                   identifying issues, environmental impacts and  
9                   appropriate mitigation measures. Additional  
10                  agencies may become involved as staff's analysis  
11                  progresses.

12                  Some ways you can participate in the  
13                  process include providing comments at public  
14                  meetings, submitting written comments, or you can  
15                  solicit to become a formal intervenor. And as was  
16                  discussed earlier, you can contact Nick Bartsch  
17                  for information on how to do so.

18                  Next. Throughout the process the Energy  
19                  Commission will be holding meetings and workshops,  
20                  and making information concerning the project  
21                  available to those who request it. These meetings  
22                  will be noticed at least ten days in advance of  
23                  the date that they're scheduled.

24                  In addition, the Energy Commission  
25                  maintains mailing lists such as property owners

1 that are within 1000 feet of the proposed site.  
2 And we also maintain general mailing lists that  
3 you can be included on if you'd like to receive  
4 information on notices that we mail.

5           You can be placed on that list by  
6 checking a box on the sign-in sheet that's  
7 available at the front table. Or you can sign up  
8 on our listserver and you'll automatically receive  
9 email notification and information about the  
10 project, as it's available.

11           To be available soon will be copies at a  
12 number of local libraries. I'm hoping to get  
13 those copies in the mail within the next week or  
14 two.

15           Next slide. The Energy Commission sets  
16 up a website for each project. Please note the  
17 address of the project on the top of the screen.  
18 And, sorry about that, but the name of the project  
19 is [www.energy.ca.gov/sitingcases/orangegrove](http://www.energy.ca.gov/sitingcases/orangegrove)  
20 [peaker](#). Okay. The orange grove peaker indicates  
21 the AFC filing on this project. Does not  
22 represent the SPPE filing. There's a link to the  
23 SPPE if you want to refer to the prior project and  
24 any information that was filed.

25           The website also contains a docket log

1 which lists all the documents that have been filed  
2 currently on the siting case. Participation.  
3 There's several documents available on the  
4 Commission's website which can assist you to  
5 better understand the licensing process and how to  
6 participate.

7 Title 20 of the California Code of  
8 Regulations pertain to the rules of practice and  
9 procedure and power plant certification.

10 I encourage everyone to participate in  
11 the Energy Commission's siting process; to sign up  
12 for the listserver so you can receive email  
13 notifications when workshops and hearings will be  
14 held to discuss the proposed project.

15 To automatically receive information, go  
16 to the project website; locate the yellow  
17 listserver box; enter the email address and click  
18 on send. It's that easy.

19 The purpose of the issues ID report, and  
20 there are copies of it on the back table next to  
21 Nick, is to inform participants, including the  
22 applicant, of potential issues staff finds related  
23 to the project.

24 It's also to provide a focus on  
25 important issues that will affect the project and

1 staff's analysis of the project.

2 The criteria that staff uses for  
3 determining whether something's identified as an  
4 issue, for the purposes of the report, is the  
5 potential for any significant impacts that might  
6 be difficult to mitigate, noncompliance with laws,  
7 ordinances, regulations and standards, or if  
8 there's a conflict that could affect the schedule.

9 Although staff is just beginning the  
10 discovery phase of their review of this project,  
11 three issues have been identified in the areas of  
12 biological resources, socioeconomics and traffic  
13 and transportation.

14 Specifically, several agencies including  
15 U.S. Fish and Wildlife Service, U.S. Corps of  
16 Engineers and California Department of Fish and  
17 Game have not completed their review for the  
18 project, and approved proposed mitigation or  
19 avoidance measures.

20 Under socioeconomics, San Diego County  
21 LAFCO, which is the Local Agency Formation  
22 Commission, to annex the project to the North  
23 County Fire District is pending at this time.

24 And the last, under traffic and  
25 transportation, potential impacts related to water

1 truck delivery to the project have not been  
2 analyzed and determined.

3 On June 26th the Committee issued a  
4 Committee order with a schedule for the project.  
5 Due to high work load in the siting division a  
6 delay in the project schedule may occur.

7 Meeting the deadlines in the proposed  
8 schedule is dependent on timely responses to our  
9 staff's data requests and resolution of issues.  
10 And those data requests are scheduled to be mailed  
11 to the applicant by the end of the week, Thursday.

12 Timely input and determinations from  
13 other state agencies such as U.S. Fish and  
14 Wildlife, Corps of Engineers, California  
15 Department of Fish and Game.

16 And the schedule could be also affected  
17 by other factors that haven't been identified.  
18 Currently the project is running on schedule,  
19 which is a good thing.

20 Next slide. And here's contact  
21 information for the Commission Staff and  
22 applicant. And all that information is available  
23 on the project's website.

24 Okay.

25 HEARING OFFICER CELLI: Thank you, --

1 MS. MILLER: You're welcome.

2 HEARING OFFICER CELLI: -- Ms. Miller.

3 Appreciate that. I hope everybody understood  
4 that.

5 Part of this hearing today, this is an  
6 informational hearing designed to inform the  
7 public about this project and the process that the  
8 California Energy Commission is going to employ in  
9 determining whether to certify the Orange Grove  
10 project or not.

11 And just to be clear, this Committee,  
12 this body over here is the Committee that's going  
13 to make the recommendation to the Commission as to  
14 whether to certify or not, and what conditions, if  
15 any, to impose.

16 The Committee, as I made clear before,  
17 is separate from the Energy Commission Staff, even  
18 though we work in the same building. the Energy  
19 Commission Staff is a party in the same way that  
20 the applicant is a party.

21 And any of you can become a party if you  
22 want to petition to intervene. And that will give  
23 you a place at the table, and you would become one  
24 of the parties. You'd be able to cross-examine  
25 witnesses and submit evidence and so forth when

1 that time comes. And if you're interested in  
2 learning more about that, you'll talk to Nick  
3 Bartsch about that.

4 The other purpose of today's meeting is  
5 to discuss the schedule, the issues as they were  
6 raised by staff, and I'm going to give the  
7 applicant, in a moment, a chance to respond to any  
8 of the three issues that were raised in the issues  
9 identification report.

10 And then also the purpose of today is a  
11 status conference. This is our first meeting  
12 since -- really, this is our first meeting at all  
13 in the AFC process. And the Committee's very  
14 interested in knowing how the progress is going.

15 We issued a scheduling order already.  
16 We want to make sure that that's working for  
17 everybody, and that we're going to adhere to that  
18 schedule to the best of our ability and know what  
19 sorts of issues are coming up.

20 So, I think the way we will proceed is  
21 we'll have the applicant first respond to the  
22 issues as identified by staff. And give you a  
23 chance to speak to that. And staff then could  
24 respond, if necessary.

25 And then we will proceed to have really

1 a status conference and really open it up to the  
2 parties to educate the Committee on how we're  
3 doing, and are we going to make these deadlines or  
4 not.

5 So, with that, the applicant, please.

6 Ms. Luckhardt.

7 MS. LUCKHARDT: Thank you. Regarding  
8 biological resources, that was the first issue  
9 identified by staff. And it tends to be a concern  
10 on almost any power plant siting case where you  
11 have to coordinate with other state, as well as  
12 federal, agencies.

13 In this instance the applicant has met  
14 with U.S. Fish and Wildlife Service and spoken  
15 with them twice. They do not see a need at this  
16 point for a section 10 permit for this project.  
17 And are looking to provide their consultation and  
18 thoughts about the project through the habitat  
19 loss permit process through the County.

20 We intend to file for the habitat loss  
21 permit and the grading permit application that  
22 triggers the habitat loss permit requirement by  
23 Friday of this week. So that should go in this  
24 week and that will initiate the County process and  
25 the formal consultation with the other agencies.

1           In addition to that, also on Friday we  
2           intend to file the streambed alteration agreement  
3           for the 1602 requirements. This is, as Joe  
4           explained earlier, simply for the contingency of  
5           frac-out (phonetic) under drywash conditions for  
6           the pipeline.

7           The project is not proposed to go  
8           through any drywashes or streambeds or wetlands at  
9           this point. All of those areas that are impacted  
10          by the pipeline -- in fact, there are no wetlands,  
11          but all of the drywashes will be bored.

12          But this is a contingency that Fish and  
13          Game requires, that if you are boring under a  
14          streambed they want a streambed alteration  
15          agreement and a frac-out contingency plan. And so  
16          that is in process and will also be filed on  
17          Friday to address the concerns expressed by staff,  
18          and also to get the process moving and have those  
19          permits fit within the schedule provided by the  
20          Hearing Officer. And also allow construction to  
21          proceed, should the Commission decide to give this  
22          project a license. We're looking at the beginning  
23          of April.

24          And I think those are the issues that  
25          you brought up on the biology.

1                   MR. THOME: Jane, mention the Army Corps  
2 of Engineers.

3                   MS. LUCKHARDT: Oh, that's right. On  
4 your slide, Felicia, you had mentioned a permit or  
5 consultation requirement with Army Corps of  
6 Engineers. At this point we don't see a need to  
7 get any kind of a permit from the Army Corps,  
8 either an individual section 404 dredge-and-fill  
9 permit, or a nationwide. Because we are boring  
10 underneath all drywashes, and there will be a  
11 bridge over the wash near the site.

12                   So there is no dredge-and-fill  
13 requirement, and no 404 required at this point.  
14 That actually came out of discussions with Fish  
15 and Wildlife Service where they felt that they  
16 could do their consultation through the habitat  
17 loss permit process.

18                   MR. THOME: I might add that we actually  
19 had conferred with Army Corps of Engineers, as  
20 well, and had them view the washes that we were --  
21 where we were going to do the work. And they saw;  
22 they did not feel that it was in their  
23 jurisdiction to come out here and grant a permit.

24                   MS. MILLER: I would ask that a member  
25 of your staff send me an email or some kind of a

1 letter addressing all the points. And as soon as  
2 the permits have been applied -- the applicable  
3 permits that you discussed, as soon as those are  
4 applied for, send me confirmation that that's been  
5 done, so that my biologist can track things and  
6 keep up with the project process.

7 MS. LUCKHARDT: Okay. And we will  
8 also -- Joe will consult with you on how many  
9 copies of those documents you would like.

10 MS. MILLER: Great, thank you.

11 MS. LUCKHARDT: So, we'll provide a  
12 summary to you of the kind of the discussion I  
13 just gave, probably written out in a little better  
14 format than my oral presentation. And we will  
15 also confer with you on copies of the applications  
16 that go in so you have those.

17 The second issue that was raised by  
18 staff dealt with socioeconomics, and specifically  
19 with fire protection for the facility. The County  
20 has a concept going forward that they would like  
21 to move towards, which is a comprehensive fire  
22 protection plan for areas that are not currently  
23 covered.

24 That is the ultimate solution that will  
25 cover this project. But the project does not know

1 that the timing of that proposal will occur in  
2 time for construction to begin.

3 Therefore, we are continuing to request  
4 that the project area be annexed by annex such  
5 that the North County Fire can provide service to  
6 this project site until such time as the  
7 comprehensive County plan can be initiated and  
8 fully executed. So that we make sure that there  
9 is no gap in fire protection for the facility and  
10 the site from the initiation of construction.

11 So it's really a contingency plan, but  
12 we feel it's prudent to begin that process. And we  
13 will begin that process with LAFCO. They need to  
14 use the environmental document prepared by CEC  
15 Staff, and ultimately approved by the Committee  
16 and the Commission.

17 CEC Staff has been very good at working  
18 with, we understand, LAFCO in helping them to  
19 understand that they can use the FSA as the  
20 environmental document. And we also thank in  
21 advance, and hope that if the County or other  
22 agencies have questions about that, that staff  
23 will be willing to work with them, as well, on  
24 using the FSA as the CEQA equivalent to an EIR.

25 So that's LAFCO.

1                   On the traffic and transportation issue,  
2                   staff noted that they have some potential concerns  
3                   about that, but really looking for additional  
4                   information, additional discussion. So we'll be  
5                   looking forward to responding to data requests and  
6                   responses that you -- or data requests that you  
7                   may present to us, I think, at this point.

8                   HEARING OFFICER CELLI: I wonder if I  
9                   can ask a question about traffic. The trucks  
10                  mentioned in the AFC were diesel trucks carrying  
11                  like 18 tons of water, is that correct? Or 16  
12                  tons of water and maybe a --

13                  MR. STENGER: 6500 gallons, yeah.  
14                  That's probably -- what is that, 25 tons of water  
15                  or something. We never put it in tons. 6500  
16                  gallon trucks.

17                  HEARING OFFICER CELLI: And you haven't  
18                  acquired the trucks yet. I'm just curious to  
19                  know, as I recall -- we're going to go out again  
20                  today afterwards and look at the site. I wonder,  
21                  you know, are those trucks going to be able to run  
22                  at the speed limit with that much water, carrying  
23                  that load?

24                  MR. STENGER: We haven't had our  
25                  transportation engineers look at that particular

1 issue, but a number of other questions related to  
2 the trucks have been asked. And we've been  
3 looking into them, and they've been of the nature  
4 of are the trucks small enough so that they're  
5 going to be able to make the turns on the road  
6 without crossing the centerline; and so that the  
7 trucks are designed to be small enough to stay on  
8 the roads, considering the curves that are out  
9 there.

10 But your specific question hasn't been  
11 looked into.

12 HEARING OFFICER CELLI: Just interested  
13 in that. I'm sorry, go ahead, continue.

14 MS. LUCKHARDT: No, that's fine. I  
15 think those were the three issues identified by  
16 staff. And we appreciate the schedule that has  
17 been proposed by the Committee, and are working  
18 very diligently to hold up our end of that  
19 schedule so that the documents that need to be  
20 provided by the applicant are provided in a timely  
21 manner.

22 And we are also doing everything we can  
23 to get other agencies to also conduct their  
24 reviews and analysis in a timely manner to fit the  
25 schedule, as well.

1 HEARING OFFICER CELLI: Staff.

2 MS. MILLER: To comment on the  
3 socioeconomics, staff is in the process of  
4 contacting LAFCO so that we can make a  
5 determination on exactly what LAFCO needs in the  
6 CEQA document. So that staff can make sure that  
7 that information is inserted in there.

8 And when LAFCO receives the CEQA  
9 document it'll cover all of the aspects of the  
10 fire protection. So we haven't yet done that, but  
11 we're in the process of doing that. And as soon  
12 as we figure out what that is, we'll contact you  
13 and let you know what it is LAFCO needs.

14 MS. LUCKHARDT: And we appreciate that,  
15 because that's a very key item, is that the  
16 document produced by Commission Staff be something  
17 that LAFCO can use, as well, so they don't need to  
18 go through any kind of addendum or additional  
19 analysis in granting their -- or conducting their  
20 review of the project.

21 HEARING OFFICER CELLI: I just want to,  
22 you know, the idea of trucking in the water just  
23 opens so many questions. And I'm, you know, in  
24 terms of things like air quality and the effect on  
25 the road of, you know, that much weight going that

1 often. And the speed.

2 I know that a gasline was moved in an  
3 attempt to avoid congestion on that scale of state  
4 road, and I'm just wondering, you know, at what  
5 point, or I certainly hope that the applicant's  
6 going to be able to provide all that information  
7 in terms of the trucks, test them out, be able to  
8 present to staff all of the traffic implications  
9 of these trucks. And air quality.

10 MR. THOME: Yeah, to make a comment on  
11 that. I mean it's not ideal, obviously, to truck  
12 water. I think our first choice always would be  
13 to pipe it. Unfortunately, there's no direct link  
14 back to the local water distribution for the  
15 potable water.

16 For the reclaimed water we actually are  
17 left with little choice. This is the nearest  
18 reclaimed water facility to the site. So, to get  
19 reclaimed water to the site, which is really we  
20 see the mandate for cooling water to be used in a  
21 facility like this, is to use reclaimed water. We  
22 have no choice.

23 And to not truck it is to -- the  
24 facility would have to be located near the  
25 reclaimed facility, itself, or somewhere along its

1 linear to where it dumps the water in the ocean.

2 So, that's -- you know, so as far as the  
3 reclaimed goes, we don't have much -- there never  
4 was an alternative.

5 And as far as the potable water goes, we  
6 don't have an alternative from more of a -- that's  
7 the geography where we are.

8 HEARING OFFICER CELLI: No, I understand  
9 that. In my reading of the AFC, though, what I  
10 see, though, is that these trucks have  
11 implications beyond just traffic. There's air,  
12 there's noise, there's all of the other sorts of  
13 implications that these trucks bring into it  
14 that's an unusual circumstance in a power plant  
15 case.

16 And all of that analysis needs to be  
17 done. And so I'm sure it will be, but --

18 MR. THOME: And I think it will be  
19 helpful that when we go out to the site you see  
20 the context in which we're putting these trucks on  
21 this road. I was out there this morning and there  
22 are big trucks moving up and down this road.  
23 There are lots of them out there.

24 It's a very, it's a busy road, but it's  
25 not one that is not traveled by sizeable vehicles

1 every day. We have a quarry out there, and you've  
2 got construction going on out there in other  
3 parts. And you've got, eventually we assume there  
4 will be a landfill also out there.

5 So that kind of heavy truck traffic,  
6 while not ideal on that -- that's not the ideal  
7 road for heavy truck traffic, it's not an  
8 inconsistent use out there.

9 HEARING OFFICER CELLI: Thank you.  
10 Staff. Mr. Edwards, please.

11 MR. EDWARDS: Hi. Dale Edwards with the  
12 Commission Staff environmental office.

13 I was out there this morning, also. And  
14 I was specifically looking at the kind of traffic  
15 that was on the road. And it was fairly  
16 substantial, moderate, not heavy but moderate.

17 But I estimated in my experience of  
18 being out there roughly 20 percent of all the  
19 vehicles were pretty good-sized trucks. And a lot  
20 of those, double-trailer gravel trucks, as I might  
21 call them.

22 So I was thinking about the water truck  
23 coming up to make the turn into the project access  
24 road. And there is, nicely, I'm pleased to see,  
25 there is a bit of a shoulder with a nice white

1 line in the roadway, painted line there.

2 It appears that maybe cars could easily  
3 go around a truck that may have to stop for a  
4 short period of time to turn into the site, but  
5 I'm not sure about other trucks. There is a  
6 pretty good distance of roughly, in my estimation,  
7 about 700 feet of side line when you're traveling  
8 eastbound to kind of see what's up ahead if a  
9 truck were stopped at that turn.

10 But I think what staff was going to be  
11 interested in, and just giving you a little heads-  
12 up right now, that we're probably going to be  
13 asking about what do you think about trucks  
14 stopped to make a turn and cars negotiating  
15 around, or in particular, other trucks. And what  
16 is the capacity of that roadway, paved roadway, to  
17 handle that kind of situation.

18 That's of interest, at least to me, this  
19 morning. Thank you.

20 PRESIDING MEMBER BOYD: Well, let me tag  
21 onto that with just a question. Would Caltrans  
22 require, you know, a right-turn lane, which would  
23 provide sufficient clearance, I guess, from the  
24 operating lane. Frankly, it just dawned on me  
25 when I heard this discussion. I don't know if you

1 know either what Caltrans, since it's a state  
2 highway, what they may require.

3 MR. STENGER: We -- this is Joe Stenger.  
4 When we talked with Caltrans under the SPPE  
5 proposal, in just a discussion, so this wasn't  
6 formalized anywhere, but I was told by a Caltrans  
7 representative that they had reviewed the  
8 environmental documentation and were not going to  
9 ask for any kind of road improvements at that  
10 intersection.

11 Now, water trucking wasn't proposed at  
12 that time. So that could make a difference. But  
13 that's the only indication I believe that we have  
14 thus far from Caltrans.

15 MS. MILLER: The siting staff is  
16 currently having discussions with a Caltrans  
17 representative right now about that. And no  
18 determination has been made. They're just still  
19 in discussions. Okay, so, we're working on it.

20 HEARING OFFICER CELLI: Any further  
21 comment from applicant as to the issues identified  
22 by the staff?

23 MR. STENGER: I think maybe just one  
24 thing that is important to keep in mind on the  
25 water trucking is, you know, we're hearing from

1 SDG&E that they're expecting this plant to run  
2 maybe 200 hours a year. So you're talking 200  
3 trucks of fresh water, and even less than that of  
4 reclaimed water per year.

5 So, although the permitting is all set  
6 up for worst case scenario, the reality is that  
7 there really may not be very many trucks out  
8 there. At the peak truck traffic would be one per  
9 hour would be the worst that you would ever expect  
10 to see, and that would be one each from the  
11 reclaimed and the fresh water.

12 HEARING OFFICER CELLI: Thank you.  
13 Staff.

14 PRESIDING MEMBER BOYD: Let me just, I  
15 may have misspoken. I think I said a right-turn  
16 lane, and then I looked at the map. And I guess  
17 it would be a left-turn across oncoming traffic.  
18 So it'll be interesting to see the staff and  
19 Caltrans discussion of that.

20 HEARING OFFICER CELLI: Any comment on  
21 the schedule that we've already imposed in this  
22 matter?

23 MS. LUCKHARDT: We appreciate the  
24 schedule that you have proposed, and are working  
25 very hard to do everything we can to help you keep

1 it.

2 HEARING OFFICER CELLI: Okay. Staff.

3 MS. MILLER: We're currently on  
4 schedule.

5 HEARING OFFICER CELLI: Okay. So no  
6 changes needed at this time in the schedule.

7 MS. MILLER: Not at this time.

8 HEARING OFFICER CELLI: Okay, very good.

9 At this time, then, I'm going to, unless  
10 there's anything further, open it up to public  
11 comment.

12 If anyone is here who's come in late and  
13 would like to make a public comment, I need you to  
14 fill out one of these blue cards that can be --  
15 you can fill one out over at this table over here.  
16 We will call your name in the order that we  
17 receive them.

18 What we're going to ask you to do is  
19 come forward to the podium here; speak into the  
20 longer, taller microphone over there, speak  
21 directly into it. State your name and make your  
22 comment.

23 PRESIDING MEMBER BOYD: That includes  
24 agencies.

25 HEARING OFFICER CELLI: That's correct.

1 In fact, before I call the public, I'm going to  
2 call any public agency representative who may be  
3 here. Is there someone from -- let's see, I have  
4 my list.

5 PRESIDING MEMBER BOYD: They left.

6 HEARING OFFICER CELLI: SDG&E, Steve  
7 Taylor, did you wish to make a comment?

8 MR. TAYLOR: Thank you very much. Steve  
9 Taylor with San Diego Gas and Electric. This is a  
10 project, as Steve stated, that came out of one of  
11 our RFO processes.

12 And I just wanted to reiterate SDG&E's  
13 support for the project. It's a good project to  
14 help meet the reliability needs of SDG&E's  
15 customers, as well as the potential for lowering  
16 costs to those customers.

17 We're confident in Orange Grove's  
18 ability to develop this project successfully. And  
19 we're also very grateful for their efforts to  
20 expedite the permitting, along with CEC's efforts  
21 to provide for timely decisions in this matter.

22 I did want to clarify one statement that  
23 Steve had made earlier, and that was regarding  
24 SDG&E's wanting some plants to retire. Actually,  
25 you know, the plants are individually operated.

1           As such, it's not that we want the  
2           plants to retire, but our customers may see some  
3           very very large benefits from certain older, less  
4           efficient plants retiring.

5           In a letter that was sent to the  
6           Commission as part of the SPPE process from our  
7           CEO, I'm just going to quote one of the paragraphs  
8           here. She stated that: SDG&E wants to continue  
9           limiting costs to our electric customers. On  
10          January 28th of 2008, SDG&E was copied on a letter  
11          from Cal-ISO to the Mayor of Chula Vista. And it  
12          stated that should certain events occur, including  
13          the completion of new peaking generation resources  
14          in SDG&E's service territory to help meet local  
15          area reliability requirements, the RMR designation  
16          at the South Bay Power Plant could be removed as  
17          soon as 2010.

18          That's an important consideration for  
19          minimizing the cost of electric service to SDG&E's  
20          customers. By meeting Cal-ISO local area  
21          reliability requirements, SDG&E could potentially  
22          avoid tens of millions of dollars in RMR costs  
23          that would directly go to our customers, those  
24          benefits.

25          In order to reap those benefits we

1 really want to get this plant on service or in  
2 service by 2009, by the October in-service date.

3 Thank you.

4 HEARING OFFICER CELLI: Thank you, Mr.  
5 Taylor. Can I ask you a question?

6 MR. TAYLOR: Sure.

7 HEARING OFFICER CELLI: Who owns South  
8 Bay?

9 MR. TAYLOR: It's changed hands, and I'm  
10 really not sure --

11 MR. THOME: I think it's LS Power.

12 MR. TAYLOR: LS Power now.

13 HEARING OFFICER CELLI: Are they onboard  
14 with closing down and --

15 MR. TAYLOR: Well, there's a lot of  
16 benefits, I'm sure, to having an RMR contract with  
17 Cal-ISO to meet those local reliability benefits.

18 PRESIDING MEMBER BOYD: Let me just say  
19 for the record, Mr. Celli, as an Energy  
20 Commissioner, the Commission's on the record  
21 multiple times in the Integrated Energy Policy  
22 Reports of anxiously awaiting the retirement of  
23 older, less efficient plants.

24 So, appreciate your comments on the  
25 connectivity, let's just say, of these issues.

1 MR. TAYLOR: Thank you very much.

2 PRESIDING MEMBER BOYD: Thank you.

3 HEARING OFFICER CELLI: Anyone here from  
4 Rainbow Municipal Water Board? Or the Fallbrook  
5 Public Utilities District?

6 PRESIDING MEMBER BOYD: He left.

7 HEARING OFFICER CELLI: He left, sorry.  
8 We may have gone too long.

9 San Diego County, anyone from San Diego  
10 County here who would care to comment? Please.

11 MR. ANNICCHIARICO: Good afternoon. I'm  
12 John Annicchiarico with the Air Pollution Control  
13 District. I'm here just to take any questions.

14 HEARING OFFICER CELLI: And, I'm sorry,  
15 I didn't get your last name, John.

16 MR. ANNICCHIARICO: Annicchiarico,  
17 A-n-n-i-c-c-h-i-a-r-i-c-o. It's Italian.

18 (Laughter.)

19 HEARING OFFICER CELLI: Yes.

20 PRESIDING MEMBER BOYD: We have Celli --

21 MR. ANNICCHIARRICO: Yes.

22 HEARING OFFICER CELLI: And you're with  
23 which department?

24 MR. ANNICCHIARRICO: San Diego APCD.

25 HEARING OFFICER CELLI: Air District.

1 MR. ANNICCHIARRICO: Yes.

2 HEARING OFFICER CELLI: Okay, great.

3 And are you available if anyone has any questions,  
4 to -- this is the man you want to talk to if you  
5 have any questions regarding air quality.

6 MR. ANNICCHIARRICO: Yes, sure.

7 HEARING OFFICER CELLI: Thank you for  
8 making yourself available and for coming today.

9 Anyone here from the Pala Indian  
10 Reservation? Okay.

11 Linda Cooper. Please come forward.

12 MS. COOPER: Hi, I'm Linda Cooper. And  
13 I support the Orange Grove project for the same  
14 reasons that I did at the meeting last fall at the  
15 high school.

16 We need more electricity during the  
17 summer months when everyone is running their air  
18 conditioners, and we can't tolerate brownouts and  
19 blackouts when it's over 100 degrees.

20 This plant will meet the needs of our  
21 area quickly and efficiently. And I support it  
22 100 percent. Thank you.

23 HEARING OFFICER CELLI: Thank you for  
24 your comments.

25 Ted Felicetti.

1 (Parties speaking simultaneously.)

2 HEARING OFFICER CELLI: That one I could  
3 get.

4 MR. FELICETTI: Hi, I'm Ted. I spoke at  
5 the meeting last fall at Fallbrook High School.  
6 And I wanted to just reiterate that I'm completely  
7 in support of the Orange Grove's project, just for  
8 the cost of the minimal impact it has on the  
9 environment, and how much more is going to help  
10 the electricity here in this area based on  
11 brownouts and what-not.

12 And I think as far as being efficient in  
13 what it does, I think as far as what the staff  
14 here has said, as far as environment, the  
15 situation, I think it's prime and I do support it  
16 100 percent.

17 HEARING OFFICER CELLI: Thank you very  
18 much.

19 Ryan Mistak. I'm sorry if I  
20 mispronounce anyone's name.

21 MR. MISTAK: You got it, better than  
22 mistake.

23 (Laughter.)

24 MR. MISTAK: That's what I get all the  
25 time. Afternoon, ladies and gentlemen. I've been

1 a member of the Fallbrook community for about ten  
2 years now.

3 And I just came here to show my support  
4 for the peaker power plant. I think it would be  
5 really good for, as Linda said, for hot summer  
6 days with all the air conditioners running, you  
7 know, low electricity and some blackouts and  
8 brownouts.

9 And I think it would really help the  
10 community with all the buildings going up, all the  
11 new stores going up, Fresh-N-Easys and Walgreens  
12 and all those. And I think it will really help us  
13 save some energy, get more energy in the system.

14 HEARING OFFICER CELLI: Thank you. Have  
15 you experienced brownouts?

16 MR. MISTAK: Actually I was -- it was  
17 about, I think, a year ago we had a big dinner  
18 party at our house. And my parents had all their  
19 family and friends over. And we had a couple of  
20 salmons on the grill and a couple of prime ribs in  
21 the oven and stuff. And we actually had a  
22 blackout, and it lasted for about two hours. So  
23 all that food went bad, all the guests,  
24 unfortunately, had to leave. And they were all a  
25 little upset about that.

1 HEARING OFFICER CELLI: Okay. Thank you  
2 for your comments, Mr. Mistak.

3 Greg Valdez.

4 MR. VALDEZ: Good afternoon. My name is  
5 Greg Valdez. I'd like to thank you for the  
6 opportunity to speak today on behalf of the Orange  
7 Grove project.

8 I'm a lifelong resident of Fallbrook and  
9 have friends and family who live in Pala. And  
10 they're for this project, as well.

11 No one likes to be without power. I  
12 believe that this project will be minimally  
13 invasive as possible, with affordable power for  
14 all. It will be barely noticeable from the road  
15 and its benefits will impact our community in a  
16 positive way.

17 Thank you.

18 HEARING OFFICER CELLI: Thank you.

19 I have no more blue cards for public  
20 comment. Is there anyone who would like to make a  
21 comment who hasn't had an opportunity and didn't  
22 fill out a blue card?

23 Well, in the face of all this  
24 opposition, --

25 (Laughter.)

1                   HEARING OFFICER CELLI: I'm kidding.  
2                   With that I'm going to hand the podium back over  
3                   to Commissioner Boyd who is going to adjourn these  
4                   proceedings.

5                   PRESIDING MEMBER BOYD: Well, thank you  
6                   very much, and thank you, everybody, for your  
7                   attendance, your interest. A very thorough  
8                   presentation by the applicant.

9                   The Committee, which you're looking at  
10                  one of the members of, will issue a scheduling  
11                  order based on today's proceedings. I believe our  
12                  deadline for such an order is the 13th of August.  
13                  I wouldn't doubt if we beat that, we will beat  
14                  that deadline significantly.

15                  HEARING OFFICER CELLI: We actually  
16                  already have a scheduling order.

17                  PRESIDING MEMBER BOYD: I think we've  
18                  pretty well --

19                  MS. SPEAKER: (inaudible).

20                  HEARING OFFICER CELLI: No, I think we  
21                  will rely on the one that we've already proposed.

22                  PRESIDING MEMBER BOYD: The scheduling  
23                  order in the record as of today is the scheduling  
24                  order that stands, based on the agreements we  
25                  heard from the applicant and the staff.



## CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of August, 2008.

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