

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

In the Matter of:)
)
Application for Certification for) Docket No.
the Palmdale Hybrid Power Project) 08-AFC-9
)
_____)

PALMDALE CITY HALL
CITY COUNCIL CHAMBERS
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA 93550

THURSDAY, DECEMBER 4, 2008

4:02 p.m.

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

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Jackalyne Pfannenstiel, Presiding Member

Arthur Rosenfeld, Associate Member

HEARING OFFICER AND ADVISORS

Paul Kramer, Hearing Officer

Timothy Tutt, Advisor

David Hungerford, Advisor

STAFF AND CONSULTANTS PRESENT

John Kessler, Project Manager

Caryn Holmes, Staff Counsel

Robert Worl

Paul Marshall

Chris Dennis

Alvin Greenberg, Consultant

Emi Kiyan

Hedy Koczwar

Emily Capello

Nigar Vahidi

Steve Reyes

PUBLIC ADVISER

Elena Miller

APPLICANT

James Ledford, Mayor
Steve Williams, City Manager
Laurie Lile, Assistant City Manager

APPLICANT

Councilmember Steven D. Hofbauer
Councilmember Mike Dispenza
Councilmember Tom Lackey
City of Palmdale

Marc T. Campopiano, Attorney
Mike Carroll, Attorney
Latham and Watkins, LLP

Thomas M. Barnett, Executive Vice President
Allen G. Cadreau, Vice President
Michael Gilmore
Tony Penna, Project Manager
Buck Johns
Michael Gilmore
Roy Scheu
Inland Energy, Inc.

Sara Head
Hector Ortiz
Carl Lindner
ENSR AECOM

ALSO PRESENT

Steve Knight, Assemblyperson
State of California

Lew Stults on behalf of Congressperson Buck McKeon

Drew Mercy, Deputy Chief of Staff
on behalf of Senator George Runner

Norm Hickling on behalf of Supervisor Antonovich
County of Los Angeles

Bill Hogrefe, Chief Administrative Officer
on behalf of Chairman of the Board
Palmdale Chamber of Commerce

ALSO PRESENT

Lt. Colonel Hirtle

Laura Blank
Los Angeles County Farm Bureau

Daniel T. Lafferty
Los Angeles County Department of Public Works

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P R O C E E D I N G S

4:02 p.m.

PRESIDING MEMBER PFANNENSTIEL: Thank you for being here this afternoon. This is the California Energy Commission's informational hearing for the Palmdale Hybrid Power Plant.

We've just returned from the site visit and I think we're now ready to organize for the rest of the afternoon.

I'm Jackie Pfannenstiel; I'm the Chair of the California Energy Commission. And for this proceeding I am the Presiding Commissioner on the Committee that will examine the proposed power plant.

To my left on the dais is Paul Kramer, who is the Hearing Officer for this proceeding. And he'll be conducting the proceeding now and walking people through what's going to be going on.

To Mr. Kramer's left is Commissioner Art Rosenfeld, who is the Second Commissioner with me on this Committee. And then to his left is David Hungerford, who is Commissioner Rosenfeld's Advisor.

We're here in your community so that we

1 can all begin to understand what is proposed in
2 this project, and see it together, and start
3 working through the questions about it together.

4 We have a process that Mr. Kramer will
5 walk us through that is both intended to give
6 people in the community the information about the
7 plant that is proposed, and then to hear from you
8 and get input that the community would offer us.

9 This is the beginning of a long process,
10 but it is a very important beginning, because we
11 all get to both see the place where the plant is
12 proposed to be; and then gather together to
13 discuss it.

14 So, with that, I'm going to turn the
15 microphone over to the Hearing Officer, and Mr.
16 Kramer will continue.

17 HEARING OFFICER KRAMER: Okay. We've
18 introduced ourselves to you. Next we will
19 introduce the parties in this case, beginning with
20 the applicant.

21 And anybody who speaks today, you need
22 to come up to this microphone here, identify
23 yourself. The microphone is so that you will be
24 recorded by our court reporter because there will
25 be a transcript of this hearing produced. You'll

1 be able to find it on our website eventually.

2 And if you'd like your name to be
3 spelled correctly, please spell it or give the
4 court reporter -- could you raise your hand, he's
5 way in the back corner there -- a business card,
6 so he'll make sure and spell your name correctly.

7 MR. BARNETT: I'd like to speak
8 representing the --

9 HEARING OFFICER KRAMER: At the
10 microphone?

11 MR. BARNETT: Sorry. My name is Tom
12 Barnett with Inland Energy, representing the
13 applicant, which is the City of Palmdale. And I
14 would like to introduce some of the members of our
15 team. And I would like to start with the Mayor of
16 Palmdale, James Ledford. I think the Mayor is
17 going to make some --

18 (Applause.)

19 MR. BARNETT: I think the Mayor will be
20 making some welcoming remarks in a moment.

21 Also with us we have from the City
22 Council of Palmdale, Councilmember Hofbauer, is he
23 here yet?

24 MR. SPEAKER: He's on his way.

25 MR. BARNETT: And I see Councilmember

1 Dispenza, I believe, is just arriving. And I
2 think that's all of the councilmembers who are
3 present.

4 We also have with us the City Manager of
5 the City of Palmdale, Steve Williams. And the
6 Assistant City Manager, Laurie Lile. Here's
7 Councilman Hofbauer just arrived. We have a seat
8 for you up front here, Councilman.

9 Also representing the team here today
10 are some members of Inland Energy. First I would
11 introduce Buck Johns; Tony Penna, who is the
12 Project Manager for this project for Inland.

13 And we also have Michael Gilmore here up
14 front. And we have Allen Cadreau, Roy Scheu with
15 our team.

16 And then we have on the legal side
17 representing us, from Latham and Watkins, we have
18 Marc Campopiano. And then also part of our
19 technical team are some representatives from ENSR
20 AECOM, leading the effort is Sara Head, and Hector
21 Ortiz and Carl Lindner.

22 I think that pretty much covers the
23 people that we wanted to introduce from our team.
24 And I'll turn it back over to you, Mr. Kramer.

25 HEARING OFFICER KRAMER: Thank you.

1 Staff, Mr. Kessler.

2 MR. KESSLER: Thank you, Hearing Officer
3 Kramer. I'm John Kessler, the Project Manager,
4 representing the staff. And with me today is --
5 I'll ask you folks to stand or wave a hand --
6 Robert Worl; he is my senior and supervisor over
7 the project managers.

8 Caryn Holmes is our legal counsel. And
9 we have Paul Marshall and Chris Dennis who
10 represent the soil and water and waste group.
11 Paul is the senior of that group.

12 We have Alvin Greenberg who represents
13 hazardous materials and public health. And we
14 have Emi Kiyon, who will be doing the waste
15 management analysis. Here's Emi over here.

16 And we have Hedy Koczwara and Emily
17 Capello, who will be doing the alternatives
18 analysis back over here. And Nigar Vahidi is here
19 representing the land use in the back row.

20 And I skipped around, but I think we've
21 got everybody. Is Elena going to be introducing
22 herself at some point?

23 HEARING OFFICER KRAMER: Yes.

24 MR. KESSLER: Okay, that will cover
25 that. Thank you very much.

1 HEARING OFFICER KRAMER: Both of you
2 gentlemen, I think, need to see the court reporter
3 for a bunch of spellings.

4 (Laughter.)

5 HEARING OFFICER KRAMER: I don't believe
6 we have any intervenors in this case so far. I've
7 been on vacation for two weeks so my head's a
8 little foggy, but I don't recall any, so we'll
9 skip over that part.

10 Are there any other local agency
11 officials or representatives who wish to introduce
12 themselves at this point? I believe we're going
13 to have some representatives of the state
14 assemblymen, Assemblyman Knight. Did you want to
15 come up and introduce yourself or --

16 ASSEMBLYPERSON KNIGHT: Certainly. Good
17 afternoon. Steve Knight; I'm the newest
18 Assemblyman for the 36th Assembly District. And
19 I'm happy to be here.

20 HEARING OFFICER KRAMER: Thank you.

21 ASSEMBLYPERSON KNIGHT: Thank you.

22 PRESIDING MEMBER PFANNENSTIEL: Thank
23 you for being here.

24 HEARING OFFICER KRAMER: We have a
25 representative from Congressman McKeon's Office.

1 MR. STULTS: Good afternoon. My name is
2 Lew Stults, that's S-t-u-l-t-s. And Lew is L-e-w.
3 I know you already did L-o-u, didn't you?

4 (Laughter.)

5 MR. STULTS: I'm the District Director
6 for Congressman Buck McKeon with the California's
7 25th Congressional District.

8 HEARING OFFICER KRAMER: Thanks for
9 coming.

10 MR. STULTS: Thank you.

11 HEARING OFFICER KRAMER: The
12 representative from Senator Runner's Office.

13 MR. MERCY: Hello; I'm Drew Mercy,
14 that's D-r-e-w, last name M-e-r-c-y. And I'm the
15 Deputy Chief of Staff for Senator Runner.

16 HEARING OFFICER KRAMER: Thanks for
17 coming. Supervisor Antonovich's Office.

18 MR. HICKLING: Good afternoon. I'm Norm
19 Hickling, that's H-i-c-k-l-i-n-g, and I'm the
20 Deputy for the Supervisor here in Los Angeles
21 County, 5th District.

22 HEARING OFFICER KRAMER: Is there
23 anybody else from -- sir?

24 MR. HOGREFE: Good afternoon; my name is
25 Bill Hogrefe, and that's H-o-g-r-e-f-e. I'm the

1 Chief Administrative Officer for the Palmdale
2 Chamber of Commerce. And I'm here to represent
3 our Chairman of the Board who couldn't be here
4 today.

5 HEARING OFFICER KRAMER: Thanks for
6 coming.

7 Okay, finally on our list is our Public
8 Adviser, Elena Miller. If you could just wave
9 your hand. We'll get to your presentation in a
10 few minutes.

11 And she is the source of these blue
12 cards that you can fill out if you wish to speak
13 during the public comment portion of our hearing.
14 Fill it out and give them to her. If you wanted
15 to speak about a particular topic, please list
16 that in the remarks section and we'll try to group
17 people who want to speak about a particular topic
18 together.

19 And finally, I know the Mayor wanted to
20 say a few words. So, now would be the time for
21 that, Mr. Ledford.

22 MAYOR LEDFORD: Thank you. I wonder if
23 I could get your clicker, please. Thank you.

24 Good afternoon, Honorable Commissioners.
25 I'm Jim Ledford, I'm the Mayor, formerly the tour

1 guide for the bus trip.

2 I wanted to take this opportunity to
3 welcome you to Palmdale, but also to the Antelope
4 Valley. We are very excited about this proposed
5 project and we believe this is one that we will be
6 served long-term in our interests will be well
7 served for our residents and our citizens.

8 This project enjoys widespread support,
9 not only from our local elected officials and City
10 Staff, but also from citizens and residents of our
11 City and neighboring communities.

12 We also believe we have assembled an
13 experienced development team that you are all
14 familiar with to develop this project on behalf of
15 our City.

16 Let me begin with a short overview of
17 our City and how we got to this point of pursuing
18 a power plant. Palmdale was the first city of the
19 Antelope Valley, incorporating on August 24, 1962.
20 It encompasses over 104 square miles and has more
21 than 147,000 residents. It has been consistently
22 ranked as one of the fastest growing cities in the
23 nation.

24 For the most part, Palmdale's history,
25 we were what you would call a sleepy town with a

1 low population growth. But a series of events
2 have led to an explosion of growth in our area in
3 terms of population and economics.

4 In 1933 the United States Government
5 established Edwards Air Force Base just north of
6 Lancaster in Kern County. They also brought
7 Palmdale Airport in 1952, an establishment of an
8 aerospace development and testing facility called
9 United States Air Force Plant 42.

10 As part of the tour we drove around it.
11 We tried to represent not only Plant 42, but the
12 buffering and the presence of Edwards Air Force
13 Base to the north. Again, very very important to
14 our economic viability.

15 Lockheed also established their presence
16 at a facility at the airport in 1953. And as we
17 talked about on the bus, we have just about every
18 major aerospace presence here at Plant 42.

19 Not long after Lockheed showed up,
20 Northrop Grumman and Boeing Corporation also
21 opened operations at Plant 42, making the
22 aerospace industry took over this primary local
23 source of employment. It is our number one
24 employer in the region. And has remained the
25 number one all along.

1 With the addition of NASA and the SOFIA
2 project, which we talked a little bit on the bus,
3 as well, Palmdale was referred to as the aerospace
4 capital of America because of our rich military
5 aircraft and aerospace heritage.

6 In 1964 just two years after we
7 incorporated, the Antelope Valley freeway was
8 completed, bringing Palmdale just 30 minutes away
9 from San Fernando Valley by car.

10 This would open the door to a housing
11 boom in the '80s and the '90s, two decades that
12 really started defining Antelope Valley into what
13 we are today. And as part of that growth, we were
14 able to develop very comprehensive growth plans
15 that hopefully chart our future, but preserve our
16 past, most importantly Plant 42.

17 We wanted to also reflect the
18 combination of reasonable commute to the Los
19 Angeles Basin, and an inventory of affordable
20 housing. And it caused a dramatic spike in our
21 population.

22 For instance, in 1980 population of
23 Palmdale was 12,227. By 1990, just a decade
24 later, it soared to 68,842. And we've been
25 growing ever since. We're about 147,000 today.

1 Matching our population growth was the
2 expansion of our local retail shopping. In 1990
3 the Antelope Valley Mall opened on Avenue P. It's
4 present day Rancho Vista Boulevard and 10th Street
5 West, bringing first-class shopping to the
6 Antelope Valley. But it's a part of actually a
7 700-acre trade/commerce specific plan. It's the
8 whole purpose to create a center of the universe
9 for retail and mixed-use development right here in
10 our City.

11 In 1991 the auto center adjoining the
12 Antelope Valley Mall was opened. And certainly
13 other retail outlets have discovered the mall in
14 its location and have now joined in that assembly.

15 Businesses such as U.S. Pole and Delta
16 Scientific relocated in our first business park
17 here in the Antelope Valley and bringing a little
18 diversity to the job market. And I believe I have
19 a slide of that, too.

20 As more and more people continued to
21 move to Palmdale and call our community their
22 home, we, as a city, recognized years ago we'd
23 have to plan for this phenomenal growth. It
24 really is a very comprehensive growth plan, and
25 all elements that any community would want, were

1 incorporated into that blueprint.

2 So today we believe we are seeing some
3 of the benefits, and certainly power is one of
4 those elements.

5 Whoops, and I can't go back. There we
6 go. Our first step was to initiate a water
7 conservation ordinance in 19901, and to assure the
8 city and its residents would have an ample supply
9 of water in the years ahead.

10 Now, we drove by our demonstration
11 garden. Do you realize since '91 we've dropped
12 our water use in our public common areas by 30
13 percent by becoming more efficient with the
14 resource. And our mantra here at the City has
15 become more sustainable in all elements of energy
16 and water use.

17 We also know that after the energy
18 crisis in the late 1990s that the demand for power
19 would be crucial to our sustained growth and
20 success. Therefore in 2003 our city council
21 approved the purchase of a partial land to build a
22 state-of-the-art power plant to serve not only the
23 residents and businesses of Palmdale, but the
24 greater Antelope Valley, as well. We had an
25 opportunity to represent that on the tour.

1 And, of course, that leads us to the
2 hearing we're having today. We look forward to a
3 smooth, expeditious permitting process, if that's
4 at all possible. We're here at your disposal in
5 any way we need to be helpful, we are here to
6 help.

7 We also want to see that you have all
8 the information you need to make a correct
9 decision. And know this, that the power plant is
10 designed to be compatible with everything that
11 we're about today, and well into our future.

12 So, we want to thank you for being here
13 today and taking the time to be with us. And at
14 this time I'd like to turn the floor over to Tony
15 Penna of Inland Energy to tell you a little bit
16 more about our project. So, Tony.

17 HEARING OFFICER KRAMER: Well, could
18 we --

19 MAYOR LEDFORD: Oh, you're going to do
20 that?

21 HEARING OFFICER KRAMER: Yeah, well,
22 actually that'll fit into my scheme a little bit
23 better, and I won't have to flip back and forth if
24 Tony --

25 MAYOR LEDFORD: Thank you.

1 HEARING OFFICER KRAMER: -- waits a
2 minute.

3 You're going to catch us using acronyms
4 in this process quite a bit, and this is what I
5 call the acronym soup. Not all of them, but if
6 you start learning these it'll help, even today.

7 Another thing I should mention is that
8 at least when I got here I left 25 or so copies of
9 this presentation on the back table. And some of
10 you may have picked that up, so you're able to
11 read along, so to speak, and take that with you if
12 you want.

13 Anyway, this application is what we call
14 an application for certification. Ultimately
15 there will be a preliminary staff assessment and a
16 final staff assessment.

17 The Air District issues a preliminary
18 and final determination of compliance. And this
19 Committee will write a Presiding Member's Proposed
20 Decision for the full Energy Commission to
21 consider.

22 Now, this is my first go at a PowerPoint
23 presentation for these hearings, so I'm sure the
24 next time you see one, this will probably be two
25 or three slides, as I remember more acronyms that

1 I left out. But this will get you started.

2 The goals of today's hearing are to
3 describe the proposed project, and we'll continue
4 with that in a minute. To explain the
5 Commission's licensing process. And to explain
6 how members of the public can participate in that
7 process if they wish to do so.

8 And then finally, to receive public
9 comments. I need to emphasize we're not here
10 today to make any decisions about the project.
11 We're just here to start to learn about it and
12 understand what your particular concerns are so
13 that the parties can make sure and address them as
14 they go forward to producing their final reports.

15 Briefly, the project, in a nutshell.
16 The applicant, as you've heard, is the City of
17 Palmdale. The application was filed in August.
18 It was found data adequate which means that all
19 the information that our regulations require was a
20 part of the application in early October.

21 It is a roughly 617 megawatt natural gas
22 and solar, combined cycle generators, as somebody
23 will explain what combined cycle means probably in
24 a few minutes. And the location is 950 East
25 Avenue M in Palmdale.

1 We mailed notice of this site visit and
2 hearing today to all of the parties, adjoining
3 landowners, and that's along the gas pipeline and
4 the transmission line, as well as those who adjoin
5 the project site, itself. To government agencies
6 we thought would be interested in the project.
7 And to some other individuals who may have
8 requested information about our projects in
9 general.

10 Our process began with the site visit
11 today, continues through this informational
12 hearing. After today we'll disappear for quite
13 awhile, and the staff will do its work. They'll
14 be making requests for additional data from the
15 applicant. They'll conduct workshops to discuss
16 questions they have about the data, or data that's
17 missing, or other issues that may come up that
18 really are difficult to predict today precisely.

19 And then the staff will issue a
20 preliminary, first, staff assessment. They
21 generally have a workshop about that, but that's
22 up to them.

23 And then they go back and fine tune
24 their analysis and come out with a final staff
25 assessment. And that's when the Committee tends

1 to get active again.

2 We will have a prehearing conference to
3 see if the issues are ready to conduct an
4 evidentiary hearing. If they are, then we go
5 forward with an evidentiary hearing. And that is
6 where all the evidence will come in. What's said
7 in the process before that point really has very
8 little bearing on the Commission's decision. Its
9 decision will be made, as I'll mention in a
10 moment, on the evidence that's presented at the
11 evidentiary hearings.

12 Following those hearings we issue the
13 PMPD, Presiding Member's Proposed Decision. That
14 goes out for a 30-day comment period. Public,
15 parties can comment, propose changes, sometimes
16 there's still fine-tuning conditions at that
17 point, for example.

18 And then after the comment period
19 expires on the proposed decision, it will go to
20 the full Energy Commission for a final decision.

21 As I said a minute ago, the Commission's
22 decision has to be based solely on the evidence
23 that's presented at the hearing. To be fair, our
24 process requires that anything that bears on that
25 decision be disclosed to all the parties and the

1 public. No conversations about the substance or
2 negotiating conditions is supposed to occur in
3 private. It's all done either at a workshop or at
4 a hearing before the Committee.

5 So we have what we call the ex parte
6 rule. And I believe ex parte is Greek for one-
7 sided. And that basically means that all
8 discussions with the Committee regarding a
9 substantive matter must occur in a public meeting
10 such as this, or in writing, say a letter to the
11 Committee that can be shared with all the other
12 parties.

13 But it is okay to talk about procedural
14 matters, so if somebody, for instance at some
15 point I'm going to have to try to pick a date for
16 a hearing and a place to hold a hearing where I'll
17 be talking privately with the various parties to
18 find out when they're available and with the City
19 to find out which, you know, or somebody else to
20 find out which room is available. And that has
21 nothing to do with the substance of the case, so
22 that's perfectly fine. A member of the public may
23 also just want to know when the hearing is.

24 I encourage you to go first to our
25 website for information, but if you can't find

1 something feel free to call Mr. Kessler or myself
2 about those kind of details.

3 And if you start to drift into the
4 substantive areas, I'll say, wait a minute, we
5 can't talk about that. And ask you to write a
6 letter or something if you really insist on
7 communicating with the Committee.

8 The internet page is the best place to
9 stay informed about this case. You'll find
10 copies of the application, all the little parts of
11 it. They're quite big files, so you're best to
12 have a high-speed internet connection.

13 The documents should also be available
14 at your local library. I don't think you can
15 check them out and take them home, but they are
16 there so you can go look at them.

17 And if you want to get notification
18 about events in the case, you can sign up to one
19 of our listservers, specifically the listserve for
20 this case, at the location I've listed here.

21 I'm not crystal clear how, exactly how
22 much detail you'll see, but you're supposed to see
23 notices of when hearings are held, certainly; and
24 I believe you also receive notices of when the
25 major documents are posted to the website. So if

1 you're trying to follow the case, that would be a
2 useful thing to do. I've never heard anybody
3 complain that they were deluged with email because
4 they joined one of these lists.

5 Today's agenda will be for the Public
6 Adviser to describe how the public participates.
7 Then the applicant will continue to describe the
8 proposed project. And staff will describe its
9 role in our process.

10 Then we will have a discussion about
11 scheduling and other matters that are raised in
12 the issues identification reports. And finally
13 presentations from any interested agencies. And
14 then public comments and questions.

15 Not quite finally, because then we have
16 a couple of housekeeping matters. But we will
17 adjourn after that.

18 So, at this point let's go back to the
19 Public Adviser's presentation. Elena Miller.

20 (Pause.)

21 MS. MILLER: Hello, everybody. My name
22 is Elena Miller and I am the Public Adviser at the
23 Energy Commission. I want to give you a brief
24 understanding or explanation of what the Public
25 Adviser is, because it's a rather unusual role

1 within government.

2 I am an attorney, licensed in the State
3 of California. I was nominated for this position
4 by the Commission and appointed by the Governor.
5 I was appointed in July, so I'm relatively new to
6 the Commission.

7 My role and my office, I have other
8 staff members in my office, is specifically to
9 assist the public, which is why I'm turned to you
10 today and not to the members of the Commission.
11 They know who I am.

12 But we understand that the process is
13 long and it is tedious to understand. It's often
14 complicated and difficult. And so because I'm an
15 attorney I can break down the statute for you. I
16 can assist you. I cannot represent you, however.
17 My client will remain, in every case, the State of
18 California. So there's a wall that's sort of a
19 barrier to how much I can assist you.

20 But I encourage you, I've left pamphlets
21 in the back and my business card, I encourage you
22 to contact my office with any questions that you
23 have about the process. You might find yourself,
24 in three to six months, sort of wondering what's
25 going on. I encourage you to call my office. We

1 get calls like that all the time.

2 I will assist you and make
3 recommendations on the best ways to participate in
4 our process and how to get involved. And my
5 ultimate goal is to assist you in effective
6 participation in the process.

7 Now, the Hearing Officer, Paul Kramer,
8 delved into this. I'm just going to revisit it
9 for you. Where you can get more information from
10 the Energy Commission.

11 Our Energy Commission website has a
12 wealth of information about this project and all
13 of the other projects that are going on in the
14 State of California. I highly recommend that you
15 familiarize yourself, if you have internet access,
16 with our website because it is a fantastic place
17 to learn so much.

18 We have this department with the Energy
19 Commission called dockets. Again, it's one of
20 those odd words. You can send an email to our
21 dockets unit. If you put Palmdale and what we
22 refer to as the AFC number, the application for
23 certification number, they will docket your
24 comments. And we get those all the time. And it
25 can be a simple email saying, I'm in favor of this

1 project, I think this is a great thing. Or any
2 other opinion, whatever your opinions might be.

3 The listserver, Paul mentioned this
4 also, that is simply an electronic list. You go
5 to our website, you go to this web location and
6 you enter in your email, your name. You will
7 receive a verification email verifying that you've
8 been signed up. Open that email. Sometimes
9 people think that that's spam and then they get
10 dumped off the list and never understand what
11 happened.

12 And then if you're ever in Sacramento
13 you're welcome to come to the Energy Commission's
14 library. We have copies of this application at
15 the library.

16 Where you can read the application for
17 certification. The application for certification,
18 there's another acronym that Paul mentioned, the
19 AFC. It's a rather large document. If you
20 imagine three large three-ring binders, I think
21 that's about the size of it. Which is why it
22 takes a lot of space on your computer to download.

23 If you want to walk into any of these
24 local libraries you can ask the librarian and they
25 should have it on their shelves available for you.

1 If you need a copy on a disk call my office and we
2 can make arrangements to help you with that.

3 We have done a considerable amount of
4 outreach, and I know that the City of Palmdale has
5 done so, as well. And I'm pleased to see all of
6 the people here tonight. Some of you may have
7 received a letter from me. If you're property
8 owners you may have received a letter from our
9 siting office or our hearing office. There was a
10 lot of effort to get people here tonight.

11 And so this just is a quick rundown of
12 the sort of things that we've done to get people
13 to understand that this is happening in Palmdale,
14 and that the Energy Commission wants people to
15 know that it's happening. And we really encourage
16 you to participate, because it does improve the
17 quality of our opinion.

18 The notice that I sent out from my
19 office was mailed on November 18th. It was mailed
20 to a plethora of locations all around Palmdale,
21 Lancaster and L.A. County. It was in Spanish and
22 English, as well as in local newspapers.

23 How to participate. This is the crux of
24 why I'm here tonight. We highly, as I already
25 said, encourage you to attend our publicly noticed

1 meetings. You will know when an event is noticed
2 by coming to the website and getting on that
3 listserver.

4 So, if you don't have access to the
5 internet, there is a sign-in sheet. I saw many of
6 you sign up. If you happen to miss it on that
7 table outside, that's the way for us to get to you
8 if you can't get to us on the internet. Put down
9 your home or your business address. We'll get you
10 on our mailing list, the old fashioned snail mail.
11 And we'll get you the information about coming
12 events.

13 We encourage you to comment. Paul
14 Kramer held up one of these blue cards. These are
15 standard at Energy Commission events. We call
16 them the blue card. This is where you can provide
17 your comment at the end of an event when it's the
18 public comment period, they will call you up to
19 speak. And this is how they know that you want to
20 give a comment.

21 Non-English speakers are welcome. I am
22 bilingual, myself, in Spanish. I often get calls
23 from Spanish speakers in my office. Property
24 owners, especially, in this area, they don't
25 understand what this thing is that they receive

1 and they just don't understand the circumstances
2 of what's going on. I can help with that.

3 If you, yourself, or anybody in your
4 area, your community, needs an interpreter, please
5 let me know. We can make arrangements. As well
6 for special accommodations, we have an individual
7 at the Energy Commission if you have special
8 needs. We will do everything to accommodate you.

9 There are two levels of participation in
10 Energy Commission siting cases. And this is
11 really where things get sort of confusing for
12 people. People, I think, want to be able to sign
13 a petition or make a comment or send an email and
14 end there. And though those are very important
15 things, that's what we call informal
16 participation. So we encourage you to make your
17 voice heard, filling the blue cards will do so.
18 Writing a comment and submitting it to our dockets
19 unit.

20 That docket number that's in the
21 parentheses is the docket number assigned to this
22 specific case. We currently have, I think as of
23 yesterday, 24 cases pending in the State of
24 California. There is a lot to keep track of, and
25 you can imagine a lot of documents coming and

1 going. That's how we keep track of things is that
2 number. So I would ask that you, if you submit
3 anything, try to remember that number when you
4 submit it.

5 Your comments, informal comments, will
6 always be considered by the Commissioners. They
7 will become part of the record. They are,
8 however, not considered evidence. What is
9 happening here concerning this application is what
10 we refer to as a quasi-judicial process. We
11 therefore refer to the evidence, just like you
12 would hear in a court of law. Your comments,
13 though part of the record, would not be deemed
14 evidence. The final decision that will be made by
15 the Commission will be based upon evidence only.

16 Two levels of participation. The second
17 one is formal participation. We call this, this
18 is a strange word, not everybody hears this word
19 in everyday use, it's called intervenor, or
20 intervenor status.

21 If you want to be a formal participant
22 in our process you need to contact my office. I
23 have to be an attorney for the very reasons I have
24 to be available to assist people if they want to
25 be an intervenor. You do not need to be an

1 attorney. You do not need to be represented by an
2 attorney. I can help you. We have templates of
3 documents and we will walk you through this. This
4 is what we do in all of our cases, and that's why
5 my office exists.

6 You do need to file a petition to
7 intervene to be considered by the Committee. And
8 after a short period of time they will then decide
9 whether to grant the petition or not.

10 I think I've already mentioned who can
11 become an intervenor. Anyone can become an
12 intervenor. And I've already discussed those
13 other points.

14 The benefits and responsibilities of
15 intervening. You may find yourself wondering why
16 would you want to go to that formal participation
17 level, the next level.

18 Well, intervenors have the same rights
19 and responsibilities as all parties. And so if
20 you imagine a court of law there are parties that
21 sit at tables on either side. It's similar to
22 that. You would become a party to this case.

23 You will receive, as an intervenor, all
24 filings in a case, all documents that are filed
25 you will receive copies of. You will receive

1 notices of hearings and workshops through what we
2 refer to as a proof of service, because you will
3 be deemed a party.

4 However, you need to fully participate
5 in the process. You have responsibilities and
6 those include filing motions and petitions and
7 objections and briefs. Again, we can assist you
8 with those things.

9 You will need to present evidence and
10 witnesses. And you will be able to cross-examine
11 witnesses provided by other parties.

12 And this is my contact information.
13 Again, in the back, in this entry area, my
14 business card. There's a pamphlet about my
15 office. I have a webpage on the Energy
16 Commission's website. I encourage you to send any
17 questions that you have to me.

18 Thank you.

19 HEARING OFFICER KRAMER: Okay, now, Mr.
20 Penna, if you want to continue your discussion of
21 the process.

22 MR. PENNA: Oh, yes, sir.

23 HEARING OFFICER KRAMER: Before you do
24 that, let me make one point. In our process there
25 is no such thing as an EIR. The staff reports --

1 oh, I'm sorry, she wanted me to define that.

2 An environmental impact report. You
3 know, we're in the City Council Chambers. Many of
4 you have probably participated in local zoning
5 cases, subdivisions, that sort of thing. And
6 you're used to, on the big ones at least, seeing
7 an EIR to discuss the environmental aspects of the
8 project.

9 If you wait for an EIR in this case
10 it'll be over and you'll still be waiting. What
11 you need to do is look at the staff assessments,
12 preliminary and final, and then the Presiding
13 Member's Proposed Decision. Don't wait for an
14 EIR.

15 Mr. Penna.

16 MR. PENNA: Thank you. If you won't be
17 offended, I'd like to take a lead and stand here
18 with -- you know about it, they don't.

19 HEARING OFFICER KRAMER: Go ahead.

20 MR. PENNA: I might also mention
21 Councilman --

22 HEARING OFFICER KRAMER: You need to get
23 closer to the mike. There you go.

24 MR. PENNA: Thank you. Is that better?
25 Okay. Mr. Kramer, Councilman Lackey just came in

1 here. We'd like to recognize him as one of the
2 Palmdale City Councils.

3 You've heard from Mayor Ledford a lot
4 about the project generally, and I'm here to tell
5 you about the more specifics of the project. You
6 heard the Mayor talk a lot about the quality, the
7 history of Palmdale and the compatibility of new
8 projects with the existing city.

9 And so let me jump in with the history,
10 the more recent history is starting back in
11 September of 2005. The Palmdale City Council
12 made, I guess, a huge decision to go forward to
13 site a power plant in the City of Palmdale.

14 What they then chose to do is contract
15 Inland Energy to put together a development team
16 to bring this project to fruition. And Tom
17 Barnett introduced you to the team.

18 I'm just going to go and mention just a
19 couple of folks who Tom didn't mention. Abengoa
20 Solar. They're a Spanish outfit, world renown for
21 solar thermal. And as if that's not accolades
22 enough for our affiliation with them, their chief
23 operating officer for the United States is none
24 other than Mr. Scott Fryer.

25 That's important to us because Scott

1 Fryer was the chief operating officer at Kramer
2 Junction for some 20 years. And, ladies and
3 gentlemen, the only grid-connected U.S. solar
4 energy in America was here in the Mojave Desert.
5 And Scott Fryer was a big part of that. So we're
6 very proud of our affiliation with Scott Fryer.

7 The power project. This is clearly a
8 rendering; it's not built yet. We talked a little
9 bit about the orientation and how we accommodated
10 the needs of the aviation community, most
11 specifically Plant 42.

12 But let me tell you a little bit about
13 it. Clearly it is a City project. And Inland
14 Energy is only the developer, only the developer,
15 as we talked about a little bit on the tour.

16 It has two gas-fired turbines. Now, for
17 the aviation folks these are essentially jet
18 engines, albeit much bigger. The flow diameter is
19 some 16 or 17 times larger. And as you might
20 mention from the tour, we said you won't be able
21 to hear these on the street. Unlike an aircraft
22 who is not capable of silencing these engines by
23 putting a building around them, we can, and we do.

24 And so even though these sit some 400
25 yards off the road, you'll never hear them on the

1 street. And clearly, Colonel, they'll not
2 interfere with the noise at Plant 42, we guarantee
3 it.

4 The word combined cycle, that has
5 everything to do with engineering in the 21st
6 century. Simple cycle, what we used to do, is you
7 burn natural gas, you create energy, much like
8 your automobile. We put in liquid gas; we combust
9 it; it turns the transmission, the engine gets
10 hot; we run it.

11 What we're able to do with combustion
12 turbines is take that waste heat and boil water
13 with it to create steam to run a steam turbine.
14 So the efficiency goes from, you know, 16 to 17
15 percent or more, in some cases up to 20 percent,
16 clear up into the 60 percent. We're very proud of
17 that fact from an engineering concern.

18 Solar thermal parabolic trough. These
19 mirrors, as they're routinely referred to, are the
20 same type that are out at Kramer Junction. Yes,
21 they're refined, they're enhanced, they're 20
22 years lessons learned incorporated, but from the
23 road they're the same.

24 570 megawatts. You heard Mr. Kramer say
25 561. In our local papers you'll see 561. And I'd

1 like to take a minute to explain that. There's a
2 difference there between engineering ability and
3 ability to deliver.

4 The plant is actually capable of
5 generating the 561 megawatts that Mr. Kramer
6 mentioned. That's a pure engineering and physics
7 calculation. The reality is the transmission
8 lines in the Antelope Valley are transmission
9 constrained to 573 megawatts.

10 So, the Southern California Edison
11 Corporation, and the Cal-ISO have told us we're a
12 573 megawatt plant. And we clearly believe it.
13 Down the road, if the transmission is more robust,
14 if it's, you know, improved per se, then the plant
15 could be called upon to generate more electricity.
16 And clearly we would do everything in our power to
17 make that happen.

18 HEARING OFFICER KRAMER: I think I said
19 617. Was that a number I pulled out of the --

20 (Parties speaking simultaneously.)

21 HEARING OFFICER KRAMER: 561, okay.

22 MR. PENNA: I'm sorry, that's dyslexia.
23 That's a terrible thing for an engineer.

24 The site, as the folks who went on the
25 tour saw, 333 acres. Closest neighbor is Plant

1 42. Sits on Avenue M. And it is a ideal
2 location, as we discussed while we were out there.

3 Water cooled using reclaimed water.
4 Very proud of this. This has everything to do
5 with what the Mayor was talking about of a better
6 quality of life in the Antelope Valley. Making
7 the best use of our resources, we will use
8 reclaimed water, and we will evaporate some 3000
9 acrefeet a year, taking all the impurities out of
10 them and disposing them at a landline fill. This
11 is clearly the latest technology that we have in
12 America for treating water.

13 Zero liquid discharge is the other half
14 of using the reclaimed water. They go together.
15 And finally, the estimated project value is in
16 excess of \$1 billion, which is a great economic
17 pop, if you will, to the Antelope Valley --
18 community.

19 This is a pure hybrid design. And I'll
20 show that to you. I've got a couple diagrams to
21 share with you, but the question always comes up
22 why solar. You know, wind is available, waves, we
23 talk about tidal, we talk about a lot of new
24 designs.

25 Clearly we chose solar because of where

1 we sit. And we have great -- if you're here in
2 the afternoon you know we have good wind sources,
3 as well. But we have great solar resources here.
4 And from an engineering, from a design
5 perspective, it is an absolute great merger.

6 So we're able to take full advantage of
7 our solar thermal resources that the Mojave Desert
8 offers, and combine them. I mean literally
9 integrate them. These are not two stand-alone
10 plants. And let me show you all that.

11 We're taking combined cycle technology
12 and solar thermal technology and combining them.
13 And independently, this is how each one works, you
14 have two gas turbines, in our case, we'll take the
15 waste heat and run them into a heat recovery steam
16 generator. Take that steam to a steam turbine.
17 And so we'll get three generators for fuel of two.

18 What we do on a solar plant is we take
19 the sun's energy. In all those mirrors we heat an
20 oil that runs through a pipe that sits right in
21 front of those mirrors. That oil gets very hot,
22 in fact hot enough to boil water. It's about 675
23 degrees. It'll boil water in that steam boiler.
24 And we'll take that steam and run a steam turbine.

25 What we decided to do was skip one of

1 the steps and have one steam turbine. We can
2 integrate successfully, and albeit this is a new
3 design, but all the engineering and physics
4 supports the idea that we can take that steam from
5 the solar field and mix it with the steam that we
6 generate in the heat recovery steam generator and
7 power the steam turbine.

8 Once again, the site showing the 333
9 acres. The blue area is the power block, as we
10 refer to it. Everything in the light green will
11 be the mirrors. Everything in the blue area will
12 be the gas turbines, the steam turbines, the
13 administration building that's necessary to
14 support the ops, a little bit of a maintenance
15 shop, things of that nature.

16 We had some questions on the tour about
17 linears. Where are you getting your fuel, how are
18 you taking out your transmission, things of that
19 nature.

20 So, let's start with potable water and
21 sanitary wastewater. The potable water just
22 happens to sit on the corner of the property. So
23 that was a gift. The waste -- the sewer tap
24 happened to sit across the street, gift number
25 two.

1 And the blue line that you see coming
2 from the bottom, from the south here, will be the
3 reclaimed water that comes from the treatment
4 facility that the Mayor drove us by on the way
5 back. And this shows it in more detail.

6 And as you can see it will go west until
7 it gets over to essentially Sierra Highway and
8 then come up to the site.

9 The natural gas route. Again, this will
10 be capable of being in essentially 10th Street and
11 then Sierra Highway. We're working very closely
12 with SoCalGas on that, who will be the provider of
13 natural gas. The field work that they have done
14 with us to date shows that -- and this is all
15 preliminary work, of course -- that gasline will
16 follow right in the street right-of-ways.

17 Okay, things get a little trickier here.
18 Because the aviation community is so important to
19 the Antelope Valley, our transmission line was not
20 a direct route south from the plant to the Vincent
21 Substation. In fact, we had to take more of a
22 longer route to accommodate the air flight
23 operations at Plant 42.

24 We can better show this to you in a
25 video, I believe. Earlier today we could have

1 better shown this to you in a video. I promise
2 you, it was demonstrating.

3 MR. PENNA: Ladies and gentlemen, hold
4 on. To get this into a reasonable amount of time,
5 Michael Gilmore, our IT person, had to fly this
6 rather quickly. So, as you can see, when we leave
7 the site, we head out, the transmission lines will
8 be on poles. A lot of times you'll see towers or
9 lattice towers. Those are in typically
10 transmission corridors.

11 Along the street right-of-ways we'll
12 have poles. The poles are capable of handling two
13 circuits. At this time we only have the one
14 circuit. So you'll have poles with just something
15 on one side.

16 You'll notice the path is, as we
17 discussed, it's away from Plant 42. It takes into
18 consideration flight operations there and at Los
19 Angeles World Airport.

20 We go quite a ways. What you probably
21 notice is it's a very not densely populated area.
22 The mitigations, environmental concerns, and I'm
23 sure the Energy Commission will speak to this in
24 more detail, that's a big factor on how you site a
25 power plant in the State of California. When you

1 site a power plant you include the laterals,
2 including the transmission line.

3 Now, once we get here to Pear Blossom,
4 we refer to this as segment number two. And the
5 reason we do that is we now jump into an Edison
6 corridor. This is an existing right-of-way. And
7 as folks who have been down in that area know, the
8 terrain is pretty tough, and as you'll see,
9 especially that last hill going into Vincent.

10 In this corridor what we'll do is we'll
11 work with Southern California Edison; and they
12 will replace some of their older, what we referred
13 to as H-frame towers. And we'll put in new
14 lattice towers and we'll restring some of their
15 lines, put them on the new towers along with ours.
16 It allows Edison the opportunity to upgrade their
17 system while accommodating the new generation to
18 the grid.

19 And ultimately the destination is the
20 Vincent Substation which subsequently puts energy
21 to the grid.

22 Thank you, it was well worth the wait.

23 Am I done? Okay. Now, when you site a
24 power plant in the State of California you have to
25 be mindful of emissions, air pollutants, if you

1 will.

2 The Antelope Valley is in a region that
3 is not heavily industrialized. And typically, and
4 I'm simplifying this almost to the point of, well,
5 incorrectness, typically you take something out of
6 service before you put something else into
7 service. And there's actually a ratio, so that
8 the air quality continues to get better even
9 though, as a country and a people, we tend to
10 grow. But you have to take something out before
11 you bring something in.

12 In the Antelope Valley we don't have
13 something to take out. So we have to go and get
14 them. So, the pollutants that we are most
15 concerned with, with the combustion of the natural
16 gas fuel, are VOCs, volatile organic compounds,
17 and nitrous oxides, and then particle emissions,
18 little particles of dust 10 microns or smaller.

19 And this is our strategy for that. We
20 will go to either a) the South Coast Air Quality
21 Management District to obtain the offsets; or b)
22 the San Joaquin Valley Air Management District.
23 And that will be something that the Energy
24 Commission will evaluate for us. And they'll give
25 us the permission for what's referred to as an

1 interbasin transfer.

2 For the particulate matter or more
3 specifically the respirable particulate matter,
4 PM10, the Antelope Valley Air Quality Management
5 District is going to put together a rule, they'll
6 put in place a rule that will allow us to pave
7 some of the dirt roads, thereby mitigating the
8 fugitive dust and taking it out of service that
9 way.

10 So we'll probably see some roadwork
11 happening in the next few years here, some paving
12 of what were otherwise dusty roads.

13 In a nutshell, the benefits that we
14 routinely discuss are the economic boost to the
15 local economy; the diversification of revenue.
16 You heard the Mayor say that the aviation industry
17 is the revenue generator for the -- or the
18 lifeblood, if you will, of the Antelope Valley.
19 And this city, as well as others, are looking to
20 diversify that a little bit. And this plant does
21 a good job of that.

22 It will provide a local reliable power
23 source. It will create some very good paying jobs
24 in the energy sector. And it provides the
25 backbone reclaimed water system that's being put

1 into place throughout the Antelope Valley with a
2 year-round customer.

3 The project schedule. And I need to add
4 a caveat. A project schedule is dependent upon
5 the Energy Commission. So, what I'm sharing with
6 you is what they've shared with us.

7 As Paul mentioned, we submitted the
8 application for certification. It was deemed data
9 adequate, essentially they gave it a cursory
10 review and said, yeah, you got all the components
11 we need to analyze.

12 And now they'll take roughly a year to
13 analyze it. The Energy Commission is familiar
14 with the technology that we're proposing. And all
15 indications are, and I'm speaking on behalf of
16 John, and he'll correct me, all indications are
17 that it will be reviewed and a decision made
18 within a year.

19 Once that decision is made, we'll be
20 poised to jump right into the construction of the
21 plant, which typically runs about 27 months. At
22 the end of that 27 months we expect to commence
23 commercial operations which coincidentally and
24 wonderfully is the summer peak season of 2012.

25 In summary, City -- plant, a very

1 experienced team. The Energy Commission knows
2 these players. They're accustomed to working with
3 them. The AFC review is under way. We have
4 selected a site that has minimal environmental
5 impacts. The hybrid technology is in support of
6 the nation's and the state's Governor's goals for
7 a greater California. And we expect to be online
8 delivering electricity to our residents in 2012.

9 HEARING OFFICER KRAMER: Thank you. I
10 have two questions for you.

11 MR. PENNA: Yes.

12 HEARING OFFICER KRAMER: And for the
13 public, you can ask questions during the public
14 comment period, but one is I read this is roughly
15 half of a 600-acre site that you'll be using. Are
16 you planning to subdivide the site into a separate
17 legal parcel, or --

18 MR. PENNA: Yes, sir. The City of
19 Palmdale purchased from Lockheed Martin
20 Corporation the entire property that you saw all
21 the way out to Sierra Highway. Our use is 333
22 acres. It will be subdivided into two parcels.

23 HEARING OFFICER KRAMER: Okay. And,
24 secondly, one of the identified issues is the
25 obtaining of the right-of-way for, I guess it

1 would be segment one of the transmission line.

2 Will that be completed by the time the
3 Energy Commission is ready to make a decision on
4 the application?

5 MR. PENNA: That's our goal. As you
6 saw, it's a rather lengthy route.

7 HEARING OFFICER KRAMER: Yes, it is.
8 And thank you for that flyover. That was, I
9 think, especially helpful and a lot quicker than
10 driving it.

11 MR. PENNA: A lot quicker.

12 (Laughter.)

13 HEARING OFFICER KRAMER: Mr. Kessler,
14 for the staff's presentation.

15 MR. KESSLER: I have to take one step
16 back because I left out an important member of our
17 staff, and that's Steve Reyes who's doing air
18 quality. Where are you, Steve? Raise your hand.
19 Back here. So, sorry about that.

20 I'm going to be skipping a few slides
21 because we've covered some bases, and we don't
22 need to be redundant.

23 The Energy Commission's permitting
24 authority applies to thermal power plants 50
25 megawatts or larger. And we also look at some

1 related facilities; those include the linears that
2 you've learned more about, such as the
3 transmission lines, substations, the water, the
4 potable water, the reclaimed water.

5 HEARING OFFICER KRAMER: You need to
6 hold the mike up closer.

7 MR. KESSLER: Okay, thank you. Any
8 wastewater lines and facilities, and access roads.

9 And Hearing Officer Kramer said, we are
10 the lead state agency for the California
11 Environmental Quality Act, or CEQA.

12 We work really closely with local, state
13 and federal agencies. And on a local level we
14 certainly will be working closely with the City of
15 Palmdale, as well as the neighbor City of
16 Lancaster. Also regionally with Los Angeles
17 County. State agencies may include or do include
18 the Department of Fish and Game, the Regional
19 Water Quality Control Board, the Offices of
20 Historic Preservation, Native American Heritage
21 Commission, the Department of Transportation.

22 Now, those agencies that are nonfederal,
23 we have, under the Warren Alquist Act, the ability
24 to basically fold into our conditions those local
25 and statewide requirements. And so in most cases

1 we don't ask the applicant to go out and secure
2 all these permit conditions separately. We try to
3 be a one-stop shop and include those within our
4 conditions.

5 And the federal permits, such as the
6 USEPA on air quality matters, U.S. Fish and
7 Wildlife Service, Army Corps of Engineers, and
8 National Park Service, to the extent that applies,
9 those typically are secured directly by the
10 applicant within our conditions.

11 Just to kind of add a visual to what
12 we've talked about earlier, in kind of a scheduled
13 component to it, too, the front-end that went on
14 for really probably a couple years before the
15 application was ever filed, including a prefiling
16 meeting, was to kind of establish a project that
17 the applicant, the City, felt was going to be
18 viable, and one that could be accepted assuming
19 there would be some conditions added.

20 So that was a prefiling process that got
21 them in the door. And as Mr. Penna noted, that we
22 had a couple rounds of information filed once the
23 application came in. It was accepted in October
24 of this year. And we began the process.

25 The inputs to that are certainly the

1 staff and our analysis, the agencies who we're
2 working closely with, any intervenors, which we
3 don't have any at this point in time, and
4 certainly the public and any interested parties,
5 as well as the applicant.

6 And we moved through this process, which
7 we've already talked about. I won't go into that.
8 And as Mr. Penna noted, we're still targeted for
9 an expected decision in October of next year.

10 I think I need batteries, Mike. Thanks.
11 In terms of our process, the main point I want to
12 make here is that we look at the project from the
13 standpoint of would the project be in conformance
14 or comply with the LORS. And that's another of
15 Hearing Officer Kramer's soup-mix of acronyms.
16 The laws, ordinances, regulations and standards.

17 We also look at, within our analysis, as
18 captured in the preliminary staff assessment and
19 the final staff assessment, is we look at, we try
20 to identify issues, evaluate alternatives, look
21 for mitigation measures necessary to reduce a
22 significant impact to less than significant. And
23 also recommend conditions of certification.

24 And we try to help facilitate the public
25 and agency process.

1 Can you skip this one, Mike, please.
2 This is just a, if it's handy for you, this has
3 some of the contact information for the folks that
4 you are getting to meet today. I just want to
5 note, in terms of the project managers, I've been
6 involved in the front end.

7 Actually Felicia Miller will be taking
8 it over as the project manager here in the coming
9 weeks. I work right across the walkway from her,
10 and will be closely supporting her throughout the
11 rest of the way. But I just want to give you her
12 contact number, as well, so you'll be able to make
13 a seamless transition when she comes onboard.

14 Next. Next, please. Just to point out
15 on our website a few key features that you might
16 look for. We talked about the listserver, which
17 is a way to get email notices, some of the key
18 documents that are posted on the website, as they
19 come about.

20 This is -- when you go to the project's
21 website the listserver box is right there with the
22 project. And all you have to do is enter your
23 first and last name, your email address, and it's
24 done. You should begin receiving messages within
25 just a couple of days.

1 The other thing I want to point out is
2 there's a section here called documents and
3 records. And so from the left tab you can quickly
4 go and get to certain things readily. And that'll
5 take you to another page. It'll show you a
6 category, the applicant's filings; a category of
7 staff's, as well as another category for agencies
8 and the public and intervenors' filings.

9 So that's a real quick way to get and
10 say, oh, I want to look at the AFC, the
11 application for certification; oh, I want to take
12 a look at a status report or something. If you go
13 to that tab and move on it'll help you get there
14 really quickly.

15 Next. The key issues that we try to
16 identify at the front end of the project for the
17 purpose of trying to recognize that there could be
18 potentially scheduling delays. Are there
19 significant impacts that could be especially
20 difficult to mitigate. Are there issues that have
21 long lead times, or kind of are more complicated
22 than some that we might normally tangle with.

23 We try to recognize those at the front
24 end of our process so that we can all be in tune
25 to it. And so that we can begin getting a grasp

1 and hopefully find a satisfactory resolution
2 quickly through the process.

3 And those three areas, as we've touched
4 on a little bit, are air quality, land use and
5 traffic and transportation.

6 Mr. Penna helped us understand some of
7 the background that the key areas in terms of air
8 emission offsets have to do with the PM10 or
9 particulate matter less than 10 microns, the
10 oxides of nitrogen and the volatile organic
11 compounds.

12 We have -- the applicant has developed
13 some plans. I'll just note that in terms of the
14 offsets for the PM10, that the applicant will be
15 depending on the Air District developing a new
16 rule for that. And that's something that isn't in
17 place at this time, but is a rule that's been
18 adopted similarly elsewhere. And we believe that
19 that's a reasonable or likely will be a reasonable
20 approach.

21 One of the difficulties in the offsets,
22 in attaining those, is that the vehicle that was,
23 I guess, the primary plan for the project was to
24 rely on the South Coast Air Quality Management
25 District's priority reserve. And that priority

1 reserve is currently being held in a court order
2 that we understand the District is appealing that
3 decision. So that primary vehicle isn't open to
4 the City at this point, although it may be resumed
5 at some point.

6 And as Mr. Penna pointed out, they are
7 looking at alternative as a transfer from a nearby
8 basin, the San Joaquin. We just would like to
9 highlight that in our experience with other
10 projects that are depending on the South Coast
11 offsets, that they've had some difficulties. But
12 we're really pleased to hear that the City and
13 their team has another avenue which looks very
14 promising at this point. So we're very encouraged
15 by that.

16 We'll also point out that there's
17 trading ratios, interbasin, meaning from one basin
18 to another, or in other words the San Joaquin
19 Valley, should they go there for their offsets,
20 has some influence from their air emissions and
21 facilities that carry over into this air basin.

22 And so it's rational that you can do that
23 interbasin trading.

24 There's also at times the need to do
25 interpollutant trading where you look at NOx or

1 for VOC. In that case there's trading ratios that
2 apply. So it's not always a one-for-one.
3 Sometimes it's a two-for-one or something on that
4 order that takes into account those factors.

5 Next. Can you go back one. From a land
6 use standpoint we touched on, we've got an
7 extremely long transmission line, and the right-
8 of-ways; could be just a scheduling issue. We
9 don't necessarily believe that they can't be
10 obtained, but we just want to highlight that.
11 That could be an issue in terms of the overall
12 schedule for the project. And we will be
13 requesting more information on that in our data
14 requests.

15 From a traffic and transportation
16 standpoint we're just simply recognizing that we
17 have an adjacent airport existing facility next to
18 this proposed project. And that we just want to
19 be careful in analyzing the potential effects.

20 We've had other experience recently with
21 Victorville where we have the Southern California
22 Logistics Airport. And we looked at some very
23 similar issues, and were able to determine in that
24 case that the kinds of things that we look at,
25 such as the thermal and visible plumes, the heat

1 that rises out of the stacks and causes a buoyancy
2 and could affect the stability of aircraft going
3 over the stacks can be an issue.

4 The visible plumes have to do with if
5 you basically create a fog or a cloud, and can
6 obscure the visibility. And looking at the
7 possible glare from the solar collectors.

8 And then lastly, the proximity of the
9 project to the air traffic patterns. So there are
10 formulas that look at how with those approach and
11 takeoff patterns, that buildings have to be set
12 back a proper distance with proper clearances to
13 avoid any potential for interference.

14 And the main issue with that is we can
15 tell you with our Victorville experience, is that
16 you know, we don't believe that anything will be
17 significant there, but we want to highlight it
18 because it's very important to us.

19 We also have a recent case before the
20 Commission where a project was denied because of
21 aircraft safety concerns. So, again, we just want
22 to highlight and be careful about how we approach
23 and analyze that.

24 We've talked a little bit about
25 schedule. This provides a little more detail than

1 some others. Again, we're looking at hopefully
2 the bottomline where we can get to the point of
3 Commission decision on this project within a year.

4 My understanding of this being this
5 project having a solar component, it'll be given
6 by our staff a higher priority than are projects
7 that do not have a solar component.

8 In terms of meeting our schedule, we're
9 looking at -- there we go -- we'll certainly be
10 depending on the applicant's timely responses to
11 our data requests. And my experience with working
12 with them on Victorville, I don't think that'll be
13 an issue.

14 The determinations by local, state and
15 federal agencies. One of the things we will need
16 to have in hand before we issue our preliminary
17 staff assessment is the preliminary determination
18 of compliance which comes from the Antelope Valley
19 AQMD. And then we look for a final determination
20 before we produce the FSA.

21 There are also other permits involved in
22 terms of dealing with wildlife, the incidental
23 take permit, developing the mitigation measures
24 that will also have to be worked out before we
25 actually publish the FSA to the extent possible.

1 So, those are things that are before us,
2 and we're confident that we can move through those
3 efficiently.

4 The last thing that I think you heard
5 Elena refer to is our workload. We've got over
6 two dozen siting projects which, as far as I know,
7 is unprecedented in terms of our siting load. So
8 that's something that we have to wrestle with, but
9 I believe in terms of that offset by the priority
10 that I believe the project will be given with
11 staff time, that should not be an issue.

12 There's one other thing that we've added
13 to our program, just so you can look beyond. If
14 the project is approved and licensed, it goes into
15 another phase. During this phase the staff group
16 kind of passes the baton to a post-licensing
17 phase. And we call that the compliance end.

18 And Chris Davis is currently assigned to
19 that position. He couldn't be here today, but he
20 would serve as the point person, just as I'm
21 serving as the point person for staff, in that
22 later phase. And the purpose of them is to
23 basically assure the project is conforming with
24 all the conditions of certification and the LORS
25 during the construction phase and during the

1 operation phase.

2 And then as at such time as the project
3 is ever decommissioned, they would also oversee
4 that, as well. The role of the CPM, compliance
5 project manager, is to monitor that compliance
6 through the course.

7 There's also a chief building official
8 who monitors the details during construction.
9 He's kind of like the building inspector who works
10 day-to-day with the City's team of engineers and
11 contractors, and will give them approvals at
12 various phases as they progress in their
13 construction.

14 The CPM is supported by the technical
15 specialists who are with me today. And about
16 twice as many as you see today. There's normally
17 about two dozen technical folks that support this
18 kind of process, and who can respond to many of
19 the filings that the applicant prepares that show
20 plans that will protect resources during the
21 course of construction, and also review reports.

22 During the course of construction the
23 applicant, or the project owner at that point, as
24 the project's being built, would submit monthly
25 reports that show the progress of construction.

1 It would show conformance. And during the course
2 of operations they submit an annual report. And
3 those things are reviewed and verified for
4 conformance.

5 There's also an annual compliance fee
6 during the operation phase. And there's an
7 amendment process. And that breaks down to a
8 minor versus a major. Minor is really just
9 looking at a tweak that really doesn't change a
10 condition of certification, that the Commission
11 would ultimately approve. Or if it doesn't change
12 a major equipment or the output performance of the
13 plant, that's something that the staff and the CPM
14 may be able to approve. But if it goes to that
15 next level it actually goes to the Commission for
16 consideration.

17 There are copies of my presentation with
18 all the slides that I skipped tonight in the back
19 if anybody would like to have one.

20 Thank you very much.

21 HEARING OFFICER KRAMER: Okay. Before
22 we get to the applicant's response to the issues
23 identification report, Assemblyman Knight, are you
24 still here?

25 ASSEMBLYPERSON KNIGHT: Yes, sir.

1 HEARING OFFICER KRAMER: Did you want to
2 make any further comments? Someone thought you
3 might.

4 ASSEMBLYMAN KNIGHT: I will in the
5 public comment --

6 HEARING OFFICER KRAMER: Okay. And, Lt.
7 Colonel Hirtle, if you need to leave for some
8 reason, we're glad to give you the floor at this
9 time.

10 LT. COLONEL HIRTLE: I have (inaudible).

11 HEARING OFFICER KRAMER: Okay, I see
12 that Mike Carroll, the other member of the
13 applicant's counsel team is here. Did you wish to
14 respond to the issues identification report and
15 the schedule?

16 MR. CARROLL: Just very briefly, we did
17 file a response to the issues identification
18 report today. Copies were provided. It's a
19 relatively short response.

20 We're pleased to see the very few number
21 of issues that have been identified by the staff.
22 We believe that this is a project with very few
23 significant issues. We expected that there would
24 be some, so we're not surprised to see a few. We
25 think all of them can be addressed.

1 Of course, we're all very familiar with
2 the issue of offset problem, and my apologies for
3 being late. I was actually at a meeting at the
4 South Coast AQMD about the priority reserve. And
5 that's why I was late getting here. So, we
6 recognize that that needs to be addressed.

7 As has been discussed, we have a number
8 of alternatives for this project. The project's
9 located within the South Coast Basin, may not have
10 available to them, So we think that in the event
11 that the priority reserve does not become
12 available for this project, and given where we are
13 in the proceedings, it's possible that the issues
14 related to that could be resolved. And that that
15 would be a viable source of offsets.

16 But we believe that should it continue
17 to be unavailable that we will have alternative
18 sources of emission offsets. We believe that can
19 be addressed.

20 With respect to the transmission route,
21 everyone has acknowledged that it is a relatively
22 long route. We recognize that we need to get
23 started very quickly. And, in fact, have already
24 gotten started obtaining the right-of-way for that
25 route. And we'll pursue that expeditiously.

1 And then with respect to the traffic and
2 transportation issues, we also acknowledge and
3 expected that that would be something that the
4 staff would want to look at. But, again, given
5 our experience at Victorville, where we had a
6 virtually identical project, adjacent to an
7 airport facility. And we were able to work
8 through those issues. We believe that the same
9 can be done here.

10 Thank you.

11 HEARING OFFICER KRAMER: You didn't
12 mention the proposed schedule, so --

13 MR. CARROLL: Oh, I'm sorry, --

14 HEARING OFFICER KRAMER: -- I gather
15 that you're satisfied with staff's proposal?

16 MR. CARROLL: We are satisfied with
17 staff's proposal on the schedule. And we will
18 work very hard, as I'm sure they will, to stick to
19 it.

20 HEARING OFFICER KRAMER: Thank you.

21 MR. CARROLL: Thank you.

22 HEARING OFFICER KRAMER: Did you have
23 any questions?

24 PRESIDING MEMBER PFANNENSTIEL: Mr.
25 Carroll, if you'll come back up here, there's a

1 question that I've been kind of puzzling over.
2 Maybe you could help me with it.

3 On the South Coast priority reserve
4 question. Because we're not in the South Coast
5 Basin for the reserves, why would they have been
6 given to Palmdale or, for that matter, to
7 Victorville? And why, given the constraints
8 within the South Coast Basin, itself, did you
9 think that there would have been credits available
10 here?

11 MR. CARROLL: Sure. A couple of
12 reasons. The priority reserve was opened or
13 amended to provide access to the power plants in
14 the South Coast Basin for PM10 and for SOx
15 emission offsets, which are in particularly short
16 supply within the South Coast.

17 The offsets that were made available
18 from the priority reserve for the downwind
19 projects were VOC offsets, which are not in such
20 short supply within the South Coast, and are
21 actually available within the market.

22 So, all the projects that the Commission
23 has reviewed in the South Coast are planning to go
24 to the market to obtain their VOCs. So the South
25 Coast had, within its priority reserve, a surplus,

1 if you will, of VOC credits that it didn't really
2 need within the South Coast, that it was prepared
3 to let go to the downwind basins, both the Mojave
4 in the case of the Victorville project, and
5 Antelope Valley in the case of the Palmdale
6 project.

7 So that's part of the reason that we
8 believed and staff --

9 PRESIDING MEMBER PFANNENSTIEL: I see,
10 but then they got caught up in all of the other
11 issues having to do with the priority reserve,
12 itself?

13 MR. CARROLL: That's exactly right. So,
14 the provisions, although they were separate
15 provisions that made the VOC offsets available for
16 this project and the Victorville project, they
17 were all part of the same rulemaking effort. And
18 so everything got swept up together.

19 Now, South Coast has worked very hard to
20 try to convince the judge that they shouldn't have
21 been swept up together, and to make a distinction
22 there. But the trial court level the judge wasn't
23 willing to make that distinction.

24 But, as has been mentioned, the District
25 has recently decided they will appeal that

1 decision. And hopefully we can get that
2 distinction made at the appellate level, if we
3 can't get the whole thing overturned.

4 PRESIDING MEMBER PFANNENSTIEL: Their
5 appeal will be both trying to get the whole
6 decision overturned and this distinction?

7 MR. CARROLL: That's correct.

8 PRESIDING MEMBER PFANNENSTIEL: They
9 both -- thank you.

10 HEARING OFFICER KRAMER: Okay, now we're
11 at the point where we take any presentations from
12 local agencies who wish to make one.

13 Seeing none, we'll move on to the public
14 comment portion of the agenda. Let me start with
15 my blue cards. And then when we finish with these
16 I'll ask for people who have not filled out a card
17 to come forward.

18 We'll begin with Joseph Yore.

19 MR. YORE: Joseph Yore, Y-o-r-e, like
20 the days of yore. I'm totally against this
21 project. I live on Q and 26th Street. You have
22 the waste facility sanitation department on 30th
23 Street. Sometimes you can smell it at night where
24 I live. I live on a dirt road.

25 I am a veteran. I've been against many

1 projects that has cost the city millions of
2 dollars, millions. They have not floated, they've
3 not flying. Now they come up with a major project
4 that should have been built on 30th Street.

5 I was with Wright-Patterson Air Force
6 Base to clean up that area. A lot of that area is
7 contaminated. They didn't tell you that we have
8 large wind storms out here. Those panels get very
9 dirty.

10 When they run out of wastewater they
11 have to use water, City water. When I moved out
12 here you could go down 50 feet and hit good water,
13 good, clean water.

14 Some of that water flowing through Plant
15 42 is contaminated. Contaminated. They don't
16 know how they can clean it up. The Air Force has
17 spent millions of dollars trying to clean up that
18 water waste underneath the ground.

19 Now you have to go to 300 to 400 feet to
20 get water. They want to run a pipeline from 30th
21 Street all the way out to Sierra Highway and
22 Avenue M. What a waste.

23 Not only that, they didn't tell you
24 about how far down underground they have to dig,
25 which may contaminate the water much more. The

1 water flows from all the way down toward
2 Victorville, from north down to Victorville, which
3 could contaminate the water a lot more.
4 Contaminated the water for the people down all the
5 way in L.A., where they're running out of water.

6 The state has no money. And listened
7 to the CEOs of the motor company today. They want
8 money, and they'll probably get it.

9 This project is a big dream. People
10 have not been waked up. These people are good
11 speakers, they're hyping you, big speakers. The
12 bubble is about ready to bust on this whole United
13 States. We don't have the money nor does the
14 state have the money, Governor Arnold
15 Schwarzenegger.

16 I was there at Santa Monica when he was
17 running for governor, and I had a letter to tell
18 him. He pulls up in his SUV, big, black SUV. I
19 said, Arnold, I'm an actor, too, Arnold. I have a
20 letter for you to tell you what the state is going
21 to go through in the future. He said, I don't
22 want it. Now they're suffering.

23 You got my letters, you got my letters.
24 You go through the letters I've given you. When I
25 spoke about 40 years ago, I had an energy project

1 40 years ago. Nobody wanted to listen to me.

2 What I spoke about 40 years ago is
3 happening in America. People. Some dreams, I had
4 many dreams in my 75 years. And lately a lot of
5 them have come true.

6 This project is one big dream that will
7 not work. People got to wake up; the bubble is
8 busting all over.

9 Thank you kindly, Commissioners.

10 HEARING OFFICER KRAMER: Thank you.

11 PRESIDING MEMBER PFANNENSTIEL: Thank
12 you.

13 HEARING OFFICER KRAMER: Judy Rankin.
14 She'll be followed by Ralph Velador or Velador,
15 I'm not sure.

16 MS. RANKIN: Good evening. My name is
17 Judy Rankin and I live in the Bouquet Canyon area,
18 or Green Valley. We're kind of in the bushes.

19 HEARING OFFICER KRAMER: Where is that
20 for those of us who aren't from here?

21 MS. RANKIN: Where is it? Do you know
22 where the Bouquet Canyon Reservoir is?

23 HEARING OFFICER KRAMER: No.

24 MS. RANKIN: Well, --

25 HEARING OFFICER KRAMER: Northwest,

1 southwest from here?

2 MS. RANKIN: Southwest from here.

3 HEARING OFFICER KRAMER: Thank you.

4 MS. RANKIN: Yes. It's already been
5 mentioned, and we were shown where the
6 transmission lines were going to go. But it's
7 still, I couldn't quite follow it. One mountain
8 looks like another. I think a map would be a very
9 good idea so the people understood --

10 PRESIDING MEMBER PFANNENSTIEL: Good
11 idea.

12 MS. RANKIN: -- where the transmission
13 lines are going, because it would concern
14 everyone. And I heard you say there would be no
15 EIR. Well, then, surely somebody -- it sounded
16 like the applicant, was going to make a study of
17 the air quality in the area?

18 HEARING OFFICER KRAMER: No, no. The
19 staff performs the equivalent, Energy Commission
20 Staff performs the equivalent of an EIR. But it's
21 in a slightly different format.

22 MS. RANKIN: But we wouldn't get it
23 until after --

24 HEARING OFFICER KRAMER: No, that's --

25 MS. RANKIN: -- the project is --

1 HEARING OFFICER KRAMER: -- that's going
2 to be the preliminary and final staff assessments
3 that the staff will produce.

4 MS. RANKIN: So, --

5 HEARING OFFICER KRAMER: So look at
6 those as an EIR.

7 MS. RANKIN: So someone is responsible
8 for --

9 HEARING OFFICER KRAMER: Right, Energy
10 Commission Staff.

11 MS. RANKIN: Okay. And I guess, you
12 know, I got questions. Does this project raise
13 our taxes? Is it going to raise our utility bills
14 with Edison and Water and Power? These are
15 questions that I have.

16 And Edison is performing eminent domain
17 in Green Valley and Leona Valley now. At least
18 that's what they're trying to do, seriously. And
19 this is unacceptable. I don't think that should
20 continue. They're making enemies out of green
21 people. I, for one. I trust this will continue
22 and I hope you'll keep your eyes on it.

23 And I've felt for many years that all
24 this energy that we need, it looks to me, when I
25 look around, that it's going to the needy housing

1 developments because it seems like it's out of
2 control. But that's just my take on it.

3 Thank you.

4 HEARING OFFICER KRAMER: Thank you. Mr.
5 Velardo, is it Velardo or --

6 MR. VELADOR: (inaudible).

7 HEARING OFFICER KRAMER: Well, help me
8 by spelling it.

9 MR. VELADOR: Honorable Board, my name
10 is Ralph Velador, a local resident and Laborers
11 Local 300 member. We represent about a little
12 over 8000 members in Los Angeles County; a little
13 over 600 members here.

14 And I just want to thank everybody for
15 wanting to put something like this into play here
16 in the Antelope Valley because it would put a lot
17 of people to work. We hope to see this get off
18 the ground soon. It will put people to work,
19 sustain jobs.

20 Not only will Air Force Plant 42 be the
21 main stakeholder and give people jobs out here,
22 but this plant is a very good opportunity for
23 folks to live and work in the Antelope Valley and
24 to put more power on the grid.

25 We're going to grow, California is going

1 to constantly grow. That's going to happen, we
2 know that's going to happen. And there's areas
3 that are going to grow. L.A. can't grow as much
4 as this area can grow.

5 So we need to think smart, think green,
6 I just applaud everybody. Thank you. And I hope
7 we can work with you very soon and get this going.
8 Thank you very much.

9 HEARING OFFICER KRAMER: Thank you.
10 Frank Astourian.

11 MR. ASTOURIAN: Thanks for coming out.
12 Just a resident of Palmdale. What I know is what
13 I've read in the paper. They're saying roughly
14 that this 600 megawatt plant to produce or make
15 about 25 million a year. Does that sound about
16 correct or --

17 PRESIDING MEMBER PFANNENSTIEL: Twenty-
18 five million?

19 MR. ASTOURIAN: Dollars of revenue
20 generated. Does anyone know?

21 HEARING OFFICER KRAMER: Let the
22 applicant address that if they know.

23 You need to come to the mike.

24 MR. ASTOURIAN: Gross revenue, please?

25 MR. BARNETT: I'm not familiar with what

1 article you might be referring to. The project
2 economics are something that, you know, we're
3 still developing. So I don't think we really have
4 a good handle on a bottomline for net profit or
5 gross revenues or any of those things. And we're
6 really not in a position to address that.

7 It'll certainly become available as we
8 go forward, as the project's economics are
9 important, and the goal from the City of Palmdale
10 is to make sure that the power that's produced is
11 efficient and ideally lower than any alternative
12 that you could get for the power.

13 MR. ASTOURIAN: You know, it's a concern
14 of mine because the paper said this plant should
15 produce about \$25 million a year in income for the
16 City.

17 But just doing a little amortization, 5
18 percent interest, 950 million, we're looking at
19 about \$60 million a year in expenses. So I was
20 just trying to figure out how that's going to
21 balance out. Their cost is 60 million just to pay
22 off the loan, and their income is 25 million, that
23 gives me some concern.

24 So I'd appreciate it if that could be
25 addressed somewhere.

1 MR. BARNETT: If I could just make one
2 more comment on that. Clearly the preliminary
3 economics we were doing show that the project is
4 going to be generating more than \$300 million in
5 revenue. I mean, so the 25 million must --

6 MR. ASTOURIAN: Per year?

7 MR. BARNETT: Yes. -- must have been
8 some kind of an estimate of some net to the City.
9 But it's certainly not representative of the
10 overall revenues from the project.

11 MR. ASTOURIAN: Okay. Great, thanks.

12 HEARING OFFICER KRAMER: Thank you.

13 Laura Blank.

14 MS. BLANK: Hi. I'm Laura Blank and I'm
15 the Executive Director of the Los Angeles County
16 Farm Bureau. I would like to thank the State
17 Energy Commission for the opportunity to speak to
18 you today about the concerns for the proposed
19 power plant for the City of Palmdale.

20 The Farm Bureau feels it's important to
21 design green renewable power sources for the
22 citizens of the Antelope Valley. However, this
23 project has left us with more questions than
24 answers.

25 This proposed power plant will use

1 approximately 3000 acrefeet of tertiary water per
2 year. Why is the Valley's water being designated
3 for a new consumption use when the area already
4 has a water shortage?

5 Instead of redesignating our water for a
6 new consumption use, why isn't the City of
7 Palmdale looking to use tertiary water for
8 groundwater recharge for all the residents of the
9 Antelope Valley?

10 We should consider implementing
11 groundwater replenishment plans like Orange
12 County's water district so we can help to
13 alleviate the Valley's water shortfall.

14 The Farm Bureau would also like to know
15 how the residents of the Antelope Valley will
16 benefit from this power plant. How much of a rate
17 discount will they be offering? Will the roads
18 that are planned to be paved be for the entire
19 Antelope Valley?

20 We would also like to understand how
21 they plan to implement direct access for the new
22 facility. Our office understands, has the
23 impression that the DWR is not offering direct
24 access until the bond is paid in full.

25 The farmers in the Antelope Valley spend

1 on an average of \$20,000 to \$30,000 a month on
2 their electricity bills. We would like to know
3 how the farmers in the Antelope Valley will be
4 included in this discount plan.

5 There are various proposed solar plants
6 in the Antelope Valley such as NextLight and E
7 Solar. What makes this plant more of a viable
8 option when it uses 3000 acrefeet of water per
9 year?

10 The Los Angeles County Farm Bureau would
11 like to learn more about this proposed plant, and
12 we would like to extend an invitation to the city
13 planners of Palmdale or the Inland Energy,
14 Incorporated, to speak to our board of directors.

15 I would like to thank you for your time
16 and opportunity to address our concerns. Thank
17 you.

18 PRESIDING MEMBER PFANNENSTIEL: Thank
19 you for being here.

20 HEARING OFFICER KRAMER: Thank you.
21 Daniel Lafferty.

22 MR. LAFFERTY: Good afternoon. My name
23 is Dan Lafferty. I'm with Los Angeles County
24 Department of Public Works. And I wear two hats
25 for the department. One is as the assistant

1 division engineer in the water works districts;
2 the other is as the office of water recycling.

3 I can tell you that from my perspective
4 in the office of water recycling this is a good
5 project that makes use of an under-utilized
6 resource both here in the Antelope Valley and in
7 California in general.

8 The water works districts has committed
9 to providing the recycled water to the power
10 plant. And we are currently underway with the
11 planning process for the delivery system to the
12 plant. So we think it's a good project and we're
13 certainly going to stand by our commitment to
14 provide the water that they're going to need.

15 HEARING OFFICER KRAMER: Thank you.
16 Assemblyman Knight.

17 ASSEMBLYPERSON KNIGHT: Thank you very
18 much for your time today. I never get tired of
19 Tony Penna's presentation, so I like to sit
20 through the whole thing.

21 MR. PENNA: Thank you.

22 ASSEMBLYPERSON KNIGHT: And enjoy it. I
23 am here to express my opinion on the power plant.
24 I was a City Councilmember until Monday of this
25 past week, and I was involved, fairly involved in

1 the process for the last three years.

2 And I do believe this is a good project.
3 I know in the California Legislature we talk about
4 jobs, we talk about green jobs, we talk about
5 economic engines and we talk about stimulating the
6 economy. We are looking at a project that will do
7 all three for this area.

8 So I am in favor of this. I think this
9 is a sound project. I think that the homework has
10 been done. And I think we should move forward
11 with this.

12 Thank you.

13 PRESIDING MEMBER PFANNENSTIEL: Thank
14 you.

15 HEARING OFFICER KRAMER: Thank you. Mr.
16 Stuls -- I'm sorry, Stults.

17 MR. STULTS: Thank you. Representing
18 Congressman McKeon I've had the privilege of
19 observing Inland Energy and what they do. And
20 they do it very well. Over in the high desert
21 area in Victorville with the power plant over
22 there.

23 There have been a few concerns addressed
24 here this evening, and I would ask all of you to
25 let this process go through because those concerns

1 will all be addressed by the City of Palmdale and
2 by Inland Energy.

3 I feel strongly that this is a very good
4 project, good for the Antelope Valley and good for
5 southern California. And I think that that will
6 be proven out in the long run.

7 So I'm looking forward to this project.
8 I'm looking forward to an approval. And looking
9 forward to driving by that new power plant in a
10 few years.

11 Thank you.

12 PRESIDING MEMBER PFANNENSTIEL: Thank
13 you.

14 HEARING OFFICER KRAMER: Thank you.
15 Michael Alakel.

16 MR. ALAKEL: Yes.

17 HEARING OFFICER KRAMER: So that's
18 A-l-a-k-e-l?

19 MR. ALAKEL: A-l-a-k-e-l, that's
20 correct. I have already discussed this in part,
21 with a couple of people here, Tom Barnett and I
22 forgot your name now.

23 MR. PENNA: Tony Penna.

24 MR. ALAKEL: Tony Penna, right, I spoke
25 to you both on the phone. I don't know if you --

1 PRESIDING MEMBER PFANNENSTIEL: Sir, you
2 need to talk into the mike.

3 MR. ALAKEL: Yeah. I looked at this
4 plant, and from the beginning I had some serious
5 doubts about it. And I'm having serious doubts
6 about its economic feasibility.

7 They say that this plant can supply
8 energy for 600,000 people. And as far as I can
9 tell, they have only about 150,000 people signed
10 on. Unless you've signed up some people or other
11 communities such as --

12 HEARING OFFICER KRAMER: Can you please
13 speak into the microphone, otherwise --

14 MR. ALAKEL: Unless you've signed up
15 some other people or other communities such as our
16 neighbor right next door here. I don't think this
17 plant is going to make it economically. They
18 can -- or will make it economically if they did,
19 that's what my calculations show. But without
20 them they haven't got a chance.

21 Right now, the way I see it, if this
22 plant was running flat out at full capacity for
23 most of the year it would cost about \$200 million
24 just to supply the fuel for it. That's natural
25 gas at the price of \$7 mBtus, it will be that

1 expensive.

2 If it were just to provide the fuel for
3 Palmdale, it's 150,000 people, it would cost about
4 \$35 million. And that represents only 17 percent
5 of its capacity.

6 So it's absolutely necessary for this
7 plant to sign on at least another 150,000 people
8 to assure its financial viability.

9 I have the calculations here and I'll be
10 glad to pass them on to you for your review if you
11 want to look at them.

12 But there are a few things that bother
13 me about this plant right from the very beginning.
14 Inland Energy, at one time, managed and owned the
15 Victorville plant, the 800 megawatt plant. And
16 they sold it, I believe, in 2006 or 7, is that
17 right?

18 MR. BARNETT: (inaudible).

19 MR. ALAKEL: About that time. Along
20 with five other plants, to Tanesco for a sum I
21 don't recall. But the proportion of the cost that
22 was assigned to the Victorville 800 megawatt plant
23 amounted to \$435 million. And I verified that
24 figure with Tom Barnett. Isn't that right, Tom?
25 Do you remember we spoke about that and you

1 said --

2 HEARING OFFICER KRAMER: You need to
3 come to the mike.

4 MR. ALAKEL: Okay. So I say to myself,
5 why are they now building a plant in Palmdale
6 that's going to cost a billion dollars and produce
7 less power. Something doesn't sound right here.
8 If it was so profitable, or if it was profitable
9 at all for Inland Energy, why didn't they keep
10 that plant? Why did they sell it? Why did they
11 sell the rest of the plants?

12 And what it pointed out to me this is
13 not a slam-dunk. The economic viability of this
14 plant is not a slam-dunk. It's very critical that
15 they sign enough people to finance this, provide
16 business for this plant to survive. And they
17 haven't so far demonstrated that to me.

18 And I think if that's one of the factors
19 that you look at, as a Board, the economic
20 viability, take a hard look at it. I made some
21 assumptions of my own and I came up to those
22 conclusions that I just told you.

23 PRESIDING MEMBER PFANNENSTIEL: Thank
24 you, sir.

25 HEARING OFFICER KRAMER: Thank you.

1 Norm, is it Hickling?

2 MR. HICKLING: Hickling. You actually
3 said it very well, thank you so much.

4 HEARING OFFICER KRAMER: Well, your c
5 looks a lot like an l. But I'm going to fix that.

6 MR. HICKLING: Well, there's a lot of
7 comments that could be said about that. But
8 again, on behalf of Supervisor Antonovich, thank
9 you for being here in Palmdale. Congratulations
10 to the Palmdale team and to the Energy Company for
11 the brief presentation. And, in fact, Supervisor
12 Antonovich, a couple weeks ago, had the
13 opportunity to have a public meeting with the City
14 Council of Palmdale, which he had an extensive
15 briefing on the power plant project.

16 And from that briefing, and from the
17 questions that were asked in the discussion that
18 came out of it, Supervisor wrote the Chair a
19 letter in regards to his support.

20 So I would just like to, if I may,
21 submit the letter. Because he said it much better
22 in the letter than I could say in the next three
23 minutes, as to his support for the green energy,
24 the economic development and the use of the
25 tertiary water.

1 So I thank you very much for reading
2 that into the record.

3 HEARING OFFICER KRAMER: Thank you.

4 MR. HICKLING: Thank you.

5 HEARING OFFICER KRAMER: Mr. Mercy.

6 MR. MERCY: Thank you. Senator Runner
7 asked me to come and express his support, and
8 share that with you. This is the third project
9 just in the last few years that Inland Energy has
10 brought forth in our district, the High Desert
11 Power project, which was mentioned and also was an
12 award-winning, was power project of the year, I
13 believe.

14 And that tells you the quality that this
15 team can put together. And what they've been
16 doing with the City of Palmdale has been very
17 productive. It goes hand in hand with what the
18 state is trying to do by advancing green energy
19 initiatives.

20 You know, having this as a hybrid plant
21 with good clean energy, quality jobs for our area,
22 and to meet the state's needs for energy for our
23 residents.

24 So thank you very much for being here
25 and hearing our views.

1 PRESIDING MEMBER PFANNENSTIEL: Thank
2 you.

3 HEARING OFFICER KRAMER: Thank you. I
4 have run out of blue cards. Does anybody else --
5 I'm sorry, Lt. Colonel Hirtle, did you wish to
6 make any comments?

7 LT. COLONEL HIRTLE: No comments.

8 HEARING OFFICER KRAMER: None from him.
9 Does anybody else in the audience wish to make a
10 public comment?

11 Okay, seeing none we have what I called,
12 on the agenda, housekeeping matters. I'll just
13 leave it to the parties to email me if they want
14 to make any changes or additions to the proof of
15 service list.

16 We have no pending petitions to
17 intervene so we don't need to discuss those.

18 I just want to give two heads up to the
19 parties. Unlike prior cases we will probably be
20 expecting the evidence, the identification of
21 evidence, the identification of witnesses and the
22 submission of testimony to pretty much be in final
23 form prior to the prehearing conference.

24 And then if everything looks to be in
25 order at that point in time, we will go ahead with

1 the evidentiary hearing relatively quickly
2 thereafter.

3 But the idea is to have fewer of the
4 last-minute discussions, negotiations of
5 conditions and passing back and forth of documents
6 and comments.

7 And then secondly, this is for the
8 techno-geeks in our audience, but many documents
9 are filed as an adobe portable document format
10 file, pdf file. And some people, they create
11 those pdfs by taking a physical document, putting
12 it on a scanner, and they make a graphical scan of
13 the document. So basically the pdf is just a
14 picture.

15 That makes it difficult for people to
16 view it on their Blackberries, and also for people
17 down the road to be able to word search the
18 documents.

19 So the Committee's order will be
20 requesting that everybody create, and it is easily
21 possible to do so, and I'm willing to take
22 questions if people have it, to create pdfs that
23 are word-searchable. One easy way to do it is
24 simply to print to a pdf printer driver. But that
25 will help everyone.

1 You know, we can get more work done at
2 more exotic places on our Blackberries. But also
3 we can -- we've had a couple cases where it was
4 really inconvenient, and I think Ms. Holmes could
5 testify to that. To try to word search a document
6 and not realize that it wasn't in a word
7 searchable format.

8 So that's a request we make. At some
9 point in the future it may be an official
10 Commission regulation if we can get around to
11 that.

12 I think that covers everything. I
13 didn't flash them on the screen, but the last few
14 pages -- the last few slides of mine also had the
15 contact information, so I think you have it four
16 or five different ways now, for myself, Mr.
17 Kessler, the Public Adviser and even our media
18 office. I might have been the only one who put
19 them down.

20 So, unless a party has anything further
21 to discuss, any comments from the Committee?

22 PRESIDING MEMBER PFANNENSTIEL: None
23 other than to thank the participants who came out
24 this afternoon and joined us on both the site
25 visit and here to hear what is going on with the

1 project.

2 It's very important to us to get the
3 input from the community, so we appreciate your
4 coming out to do that.

5 HEARING OFFICER KRAMER: And also,
6 thanks to the City for providing us with this
7 space.

8 With that we're adjourned. Thank you.

9 (Whereupon, at 5:49 p.m., the hearing
10 was adjourned.)

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CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of December, 2008.

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