

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

In the Matter of: )  
 )  
Application for Certification) )  
Pastoria Energy Facility ) Docket No. 05-AFC-1  
160 mW Expansion ) )  
by Calpine Corporation ) )  

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 )

ADMINISTRATION BUILDING CONFERENCE ROOM  
DEPARTMENT OF WATER RESOURCES  
SAN JOAQUIN OPERATIONS & MAINTENANCE CENTER  
4201 SO. SABODAN STREET  
BAKERSFIELD (METTLER), CALIFORNIA 93313

FRIDAY, SEPTEMBER 9, 2005

1:02 P.M.

Reported by:  
Peter Petty  
Contract No. 170-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

James D. Boyd, Associate Member

HEARING OFFICER, ADVISORS PRESENT

Susan Gefter, Hearing Officer

Michael Smith, Advisor

STAFF AND CONSULTANTS PRESENT

Kerry A. Willis, Staff Counsel

James W. Reede, Jr., Project Manager

Eileen Allen

Sudath Arachchige

Brian Ellis

Natasha Nelson

William Walters  
Aspen Environmental

Alvin J. Greenberg  
Risk Science Associates

PUBLIC ADVISER

Nicholas O. Bartsch

REPRESENTING THE APPLICANT

Greggory Wheatland, Attorney  
Ellison, Schneider and Harris

Andrew Whittome, Director Project Development,  
Project Manager  
Gary Fuller, Plant Engineer/Compliance Manager  
Marrianna Isaacs, Administrator-Project  
Development  
Harry Scarborough, Plant Manager  
Calpine Corporation

REPRESENTING THE APPLICANT

Autumn L. McKee, Senior Environmental Scientist  
Jennifer L. Scholl, Project Manager  
URS Corporation

Gary S. Rubenstein  
Nancy Matthews  
Sierra Research

ALSO PRESENT

Richard W. Karrs, Senior Air Quality Engineer  
Leonard Scandura, Supervising Air Quality Engineer  
Bob Ellenberger, Air Quality Engineer  
San Joaquin Valley Air Pollution Control District

Robert Kunde, Assistant Engineer-Manager  
Wheeler Ridge-Maricopa Water Storage District

Kevin H. Scott, Deputy Chief  
Kern County Fire Department

Becky Swiggum, Executive Assistant  
Tejon Ranch Company

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

2 1:02 p.m.

3 ASSOCIATE MEMBER BOYD: I'd like to open  
4 this hearing. We'll go on the record and welcome  
5 you all here this afternoon. I'm Jim Boyd,  
6 Commissioner of the California Energy Commission;  
7 and I'm one of two Commissioners who are the  
8 Committee to review this application for power  
9 plant construction. Actually I'm the Associate  
10 Member, the Second Member.

11 The First Member is Commissioner  
12 Desmond, but at the last minute he couldn't be  
13 here today. It's the last day of the Legislature  
14 in Sacramento before they take their recess, and  
15 there are some energy issues pending that  
16 necessitated his staying behind. So he looks  
17 forward to chairing this in the future, and he did  
18 say to me that he will make arrangements for him  
19 to come down and see the site and what-have-you at  
20 some future point in time.

21 And he'll get caught up with the  
22 situation, the case and today's happenings just by  
23 reading the transcript which many of us are used  
24 to doing on more than one occasion. Just finished  
25 300 pages the other night, myself, on something else.

1           In any event, the Committee is  
2           Commissioner Desmond and myself. And with us here  
3           at the head table are my Advisor, Mike Smith, and  
4           Susan Gefter, who is the Hearing Officer, and to  
5           whom I will turn over the speaking role here in  
6           just a few minutes.

7           Nick Bartsch, representative of our  
8           Public Adviser's Office, later in the hearing will  
9           explain how the public can obtain additional  
10          information about the project. And how the public  
11          review process is carried out. And how the public  
12          can participate in that.

13          There will be, of course, official  
14          transcripts, that's why we have a court reporter  
15          here, of the proceedings of all the hearings so  
16          that any of you, and the public in general, will  
17          have access to those and an opportunity to review  
18          any of the data that they may want to review.  
19          It'll be posted on the Energy Commission's  
20          official website when it's prepared. And during  
21          the course of this process that's the site people  
22          should refer to for information about the project  
23          and the proceedings.

24          With regard to the project, the purpose  
25          of this first public hearing is to discuss the

1       licensing process; to identify at least the  
2       initial issues of concern related to project  
3       development.  And at the conclusion of this  
4       hearing, of course, as you heard, we will visit  
5       the site, which is on the grounds of the Tejon  
6       Ranch.  And as Susan has already indicated, travel  
7       arrangements have been made to facilitate that  
8       visit.

9               Now what I'd like to do -- well, first  
10       I'd like to thank the Department of Water  
11       Resources for use of their facility.  It used to  
12       be out here in the middle of nowhere.  It's still  
13       a long ways out, but I actually set foot in this  
14       building when it was built, and it was more out in  
15       the middle of nowhere back in those days.  So, in  
16       any event, I may have my initials scrawled in wet  
17       cement around here somewhere, since I spent eight  
18       years of my young youth working on construction of  
19       the State Water Project.

20              I would like to turn now and have the  
21       applicant introduce the folks that are here for  
22       them.  And, Gregg, I guess you're the -- Gregg  
23       Wheatland is counsel, and maybe stage manager,  
24       floor manager for this, so I'll just start with  
25       you and let you introduce yourself now that I've

1 done that. But, and then --

2 MR. WHEATLAND: Thank you, Commissioner.  
3 I am Gregg Wheatland and I am the attorney for the  
4 applicant. And I think what would be best today  
5 is if I would ask each of the members of our team  
6 here today to introduce themselves to you and tell  
7 you their role in this project. And so we can  
8 just go around the table first with Andrew.

9 MR. WHITTOME: Mr. Boyd, I'm Andrew  
10 Whittome; I'm the Director of Project Development  
11 for Calpine; and I'm the Project Manager for the  
12 Pastoria Energy Facility Expansion project.

13 And this is Jennifer, Scholl; she's my  
14 principal consultant.

15 MR. SCARBOROUGH: Harry Scarborough,  
16 Plant Manager, Calpine Pastoria Energy Facility.

17 MR. FULLER: Gary Fuller; I'm the Plant  
18 Engineer and Compliance Manager for the Pastoria  
19 Energy Facility.

20 MS. McKEE: I'm Autumn McKee, senior  
21 scientist with URS Corporation and this is  
22 Jennifer Scholl.

23 MS. ISAACS: Marrianna Isaacs, Project  
24 Administrator for Calpine.

25 MR. RUBENSTEIN: Gary Rubenstein with

1 Sierra Research; we're air quality consultants to  
2 the project.

3 MS. MATTHEWS: Nancy Matthews, also with  
4 Sierra Research.

5 ASSOCIATE MEMBER BOYD: And that's your  
6 team.

7 MR. WHEATLAND: Yes, it is.

8 ASSOCIATE MEMBER BOYD: All right. Now,  
9 the opposition -- I mean the --

10 (Laughter.)

11 ASSOCIATE MEMBER BOYD: -- the CEC Staff  
12 should introduce themselves to you. And we'll  
13 start off with James Reede, the Project Manager.  
14 James.

15 DR. REEDE: Good afternoon; my name is  
16 Dr. James Reede, and I'm the Energy Facility  
17 Siting Project Manager assigned to the Pastoria  
18 Energy Facility Expansion.

19 To my immediate right is our staff  
20 attorney, Ms. Kerry Willis. I also have in  
21 attendance Ms. Eileen Allen, the program manager  
22 for Energy Facility Siting. I have Ms. Natasha  
23 Nelson, who is the lead for soil and water and  
24 waste management. I have Mr. Brian Ellis, who's  
25 an environmental staff member. I have Mr. Will

1 Walters, our air quality engineer. I have  
2 Sudath --

3 ASSOCIATE MEMBER BOYD: Where's Will?

4 DR. REEDE: Will, raise your hand.

5 ASSOCIATE MEMBER BOYD: Okay.

6 DR. REEDE: I have Sudath Arachchige,  
7 who is our transmission systems engineer. I have  
8 Dr. Alvin Greenberg, who is our staff  
9 environmental scientist for worker safety, fire  
10 protection, public health and waste management,  
11 correct?

12 DR. GREENBERG: And hazardous materials.

13 DR. REEDE: And hazardous materials.

14 Okay. Brian, Natasha, Eileen, Alvin, Will and  
15 Sudath. And Mr. Jim Adams, I guess --

16 ASSOCIATE MEMBER BOYD: Missed the  
17 airplane, huh?

18 DR. REEDE: No, he was on the airplane.  
19 He's around somewhere.

20 ASSOCIATE MEMBER BOYD: Does that  
21 complete your --

22 DR. REEDE: And that's all of staff --

23 ASSOCIATE MEMBER BOYD: All right, thank  
24 you.

25 DR. REEDE: -- in attendance, sir.

1                   ASSOCIATE MEMBER BOYD: I understand --  
2 well, I know that the Kern County Fire Department  
3 is here, so I'd like to have public agencies  
4 introduce themselves, and I'll start with having  
5 met the Deputy Chief, if you'd introduce yourself.  
6 And then I'd like to move to others.

7                   DEPUTY CHIEF SCOTT: Deputy Chief Kevin  
8 Scott with Kern County Fire Department.

9                   ASSOCIATE MEMBER BOYD: Is the San  
10 Joaquin Valley Air District here?

11                  MR. KARRS: We are here.

12                  ASSOCIATE MEMBER BOYD: Okay. Would you  
13 like to introduce yourself.

14                  MR. KARRS: Yes, thank you; my name is  
15 Richard Karrs; I'm a permit processing engineer  
16 with the Valley Air District, Bakersfield office.  
17 And I'm working on the Pastoria Energy Facility  
18 Expansion, as far as permitting. And I worked on  
19 the original facility back in 1999.

20                  And with me here today is Leonard  
21 Scandura; he's a supervisor in our Bakersfield  
22 office. And Ben Ellenberger, who is an engineer.

23                  ASSOCIATE MEMBER BOYD: All right, thank  
24 you. Let's see, is the Water District, Wheeler  
25 Ridge-Maricopa Water District? We had them listed

1 as potential attendees.

2 Are there any other local government or  
3 government agencies in the room who'd like to  
4 identify themselves? Oh, I shouldn't have put it  
5 that way.

6 (Laughter.)

7 ASSOCIATE MEMBER BOYD: Okay, how about  
8 public members that we were made aware of. Is Mr.  
9 Garcia here? Mr. Garcia of the Tejon Indian Tribe  
10 indicated to us he would be here.

11 Are there any other community  
12 organization representatives who would like to  
13 make their attendance known?

14 We've introduced the media. And I  
15 haven't met any other, but they may be here,  
16 elected officials. But practically everybody in  
17 the room has now been identified. So, is there  
18 anyone else who would like to introduce themselves  
19 for the record?

20 Okay, I think we've about covered  
21 everybody. With that, I'm going to turn the  
22 program over to Susan Gefter, the Hearing Officer,  
23 and let her take you through the background and go  
24 through the rest of the rituals associated with  
25 this process.

1           HEARING OFFICER GEFTER: This is the  
2 informational hearing and subsequent site visit on  
3 the Pastoria Expansion project. The Commission  
4 found the project data adequate on July 13th, at  
5 which point the Committee was assigned to oversee  
6 this process.

7           This hearing is the first in a series of  
8 Commission events that will extend over the next  
9 12 months, or sooner, depending on how quickly we  
10 can move along.

11           At the end of the review period the  
12 Committee will issue a proposed decision that  
13 contains our recommendations on the project. The  
14 decision will be based solely on the record  
15 established during evidentiary hearings. And  
16 after the proposed decision is issued, the public  
17 will have an opportunity to comment on it.

18           To preserve the integrity of the  
19 licensing process the Commission's regulations  
20 prohibit private contacts between the parties and  
21 the Commissioners and the Committee. And this  
22 prohibition is known as the ex parte rule with  
23 which we are all familiar. And I just want to  
24 place on the record that we discussed it.

25           All contacts between the parties and the

1 Committee regarding a substantive matter must  
2 occur in the context of a public meeting, such as  
3 today's event, or in the form of a written  
4 communication that is served on all the parties  
5 and made available to the public.

6 The ex parte rule insures that full  
7 disclosure of all participants of any information  
8 that could be used as a basis for the proposed  
9 decision.

10 In addition, information gathered from  
11 agencies and between the applicant and staff are  
12 all contained in reports of communications which  
13 are also posted on the Commission's website. And  
14 Mr. Reede will give out the website address later  
15 in the hearing.

16 As well, the Public Adviser's role in  
17 this process is to enhance public participation.  
18 And Mr. Bartsch has sent out several notices; I  
19 think you told me about 10,000 public notices of  
20 this event. And I was going to ask Mr. Bartsch,  
21 at this time, to explain what the Public Adviser's  
22 Office has done to date; and also to explain the  
23 intervention process if there are any members of  
24 the public present who would like to discuss it  
25 with you.

1 MR. BARTSCH: Thank you, --

2 DR. REEDE: Excuse me, you're going to  
3 need to come sit here so that you're on a  
4 microphone. I might suggest that you move that  
5 chair out of the way and then come sit here.

6 MR. BARTSCH: And with your permission,  
7 Ms. Gefter, I'd like to let everybody know that if  
8 they're going to make comments they need to be on  
9 the record. So you're going to need to approach  
10 one of the microphones, please.

11 MR. BARTSCH: Thank you, Susan.  
12 Commissioner Boyd and members of the audience, my  
13 name is Nick Bartsch. I am in the Public  
14 Adviser's Office, and today I am representing  
15 Margret Kim, the Public Adviser of the California  
16 Energy Commission.

17 First I'd like to alert those folks who  
18 are interested in the process and in this  
19 particular project that we do have a lot of  
20 information, some of it which is on the table back  
21 there, and also on our Energy Commission website,  
22 that you can avail yourself to, that explains how  
23 to get into the process, how to get information.

24 This is a very public process and the  
25 public will have an opportunity to participate

1 fully in this project.

2 Our role in the Public Adviser's Office  
3 is to insure that those who have an interest and  
4 wish to participate can fully -- would have the  
5 opportunity to fully participate and be fully  
6 informed about all aspects of this project. And  
7 we're here to help.

8 In the interest of time I'd just like to  
9 say that I'm here to help any of those who would  
10 like to get some information. You should contact  
11 me. I'll be in the back of the room near the  
12 entrance.

13 Commissioner Boyd, with your permission  
14 I'd like to say a few words now about the outreach  
15 scoping and the outreach efforts the Public  
16 Adviser has done for this particular project.

17 We have scoped and surveyed all the  
18 available information. Based on that information  
19 we have identified the potentially affected area  
20 of this particular expansion project.

21 We found that basically there are no  
22 permanent residents within a two-mile radius of  
23 this project. Within a two- to six-mile radius we  
24 have found that there are approximately, based on  
25 the 2000 census data, there are approximately --

1 we have identified about 155 people in this area,  
2 scattered throughout in sporadic centers. Mostly  
3 associated with some of the farming, ranching  
4 employees and their families.

5 And for those who are interested I do  
6 have some information, and the maps, identifying  
7 those areas. There are no -- we found no  
8 permanent residences within a ten-mile radius.  
9 They are all outside the ten-mile radius, and  
10 therefore outside of what we consider the  
11 potentially impacted area.

12 Nevertheless, in order to outreach and  
13 to publicize this particular event we have sent  
14 out some 10,000 flyers in the August 31st issue of  
15 The Bakersfield Californian, both in English,  
16 about 5000 in English, and about 5000 in Spanish,  
17 in order to reach out and notify the public in  
18 this particular area.

19 We have also sent out -- and the area,  
20 potentially affected area, that we were able to  
21 identify reaches from Arvin in the north, all the  
22 way down to Gorman in the south, and Maricopa on  
23 the west, and all the way to beyond the Tehachapi  
24 Mountains on the east.

25 We also distributed the looseleaf

1 binders about the project in two area libraries;  
2 one in Bakersfield and the other in Frasier Park,  
3 yes.

4 We have also sent out 50-some letters  
5 notifying officials of Kern County, also affected  
6 local organizations, the Native American  
7 organizations, also the Sierra Club and other  
8 environmental organizations about this particular  
9 meeting and site visit.

10 And we hope that we were able to reach  
11 all the folks who are interested. We also sent  
12 notices out to people who have expressed interest,  
13 or were involved in an earlier -- in the initial  
14 phase of this particular project in the 1999/2000  
15 licensing period. And we've notified those  
16 people.

17 We hope that we have been able to do a  
18 good outreach. And we have had pretty good  
19 response. Some of the Native American folks who  
20 were interested in some archeological, and other  
21 Native American issues, indicated that they would  
22 be here today. Hope that they will show up.

23 This concludes my report. And I'd be  
24 happy to answer any questions there may be.

25 HEARING OFFICER GEFTER: Thank you, Mr.

1 Bartsch. And while we're on the subject, Mr.  
2 Reede of staff has also notified the original  
3 intervenors in the first Pastoria project of this.

4 DR. REEDE: Yes, that is correct. They  
5 have been included on the POS list.

6 HEARING OFFICER GEFTER: They're not on  
7 a proof of service list; they are just on the mass  
8 mail list.

9 DR. REEDE: They were on the mass  
10 mailing list. My understanding on the proof of  
11 service list, that they were considered interested  
12 parties.

13 HEARING OFFICER GEFTER: Thank you. All  
14 right.

15 ASSOCIATE MEMBER BOYD: Nick, no offense  
16 meant, but if this is the best we could do with  
17 10,000 flyers, why --

18 (Laughter.)

19 ASSOCIATE MEMBER BOYD: -- you don't  
20 mind if I don't hire you for any political  
21 campaigns I might --

22 (Laughter.)

23 (Parties speaking simultaneously.)

24 HEARING OFFICER GEFTER: All right. I  
25 also wanted to indicate that a representative from

1 Tejon Ranch is here today, Becky Swiggum. That's  
2 where the project is located.

3 ASSOCIATE MEMBER BOYD: Be tramping all  
4 over your real estate --

5 HEARING OFFICER GEFTER: That's right.  
6 All right, at this point there's no one here from  
7 the public to talk to Mr. Bartsch about the  
8 potential for intervening, but the Public Adviser  
9 is available to discuss that, if necessary.

10 During the course of the hearing today  
11 we'll ask the parties to make presentations in the  
12 following order. Calpine will go first,  
13 describing the project and explaining plans for  
14 developing the site for the new expansion.

15 And then we'll ask Commission Staff to  
16 provide an overview of the licensing process and  
17 staff's role in reviewing the project.

18 And then during that part of the hearing  
19 we'll ask the agency representatives to  
20 participate and speak about issues that they have  
21 concerns about.

22 And then we'll also discuss scheduling  
23 and other matters addressed in staff's issues  
24 identification report, copies of which are on the  
25 table in the back next to Mr. Bartsch.

1                   So, I also wanted to indicate that the  
2                   Committee has a number of questions on some topics  
3                   and so as we go along we may interrupt you and ask  
4                   questions at a particular point during the  
5                   presentations.

6                   First of all, let me ask, are there any  
7                   questions on the agenda at this point? All right.  
8                   Well, then why don't we begin with the applicant  
9                   describing the project.

10                  MR. WHITTOME: Thank you very much.

11                  HEARING OFFICER GEFTER: And the  
12                  applicant has a PowerPoint presentation and we  
13                  have copies. Is there an extra copy for the  
14                  reporter?

15                  MR. WHITTOME: Yes.

16                  HEARING OFFICER GEFTER: Yes, please.

17                  MR. WHITTOME: Commissioner Boyd, Ms.  
18                  Gefter, Mr. Smith, as I said before I'm Andy  
19                  Whittome. I'm the Director of Project Development  
20                  at Calpine. I'm responsible for the Pastoria  
21                  expansion project.

22                  I'd like to start by thanking Dr. Reede  
23                  and the staff and Ms. Gefter for their guidance  
24                  and direction and the process of making this  
25                  meeting a success. Also I'd like to acknowledge

1 the people here today from Tejon Ranch, who are  
2 our landlord to-be, the San Joaquin Valley Air  
3 Pollution Control District, and the Kern County  
4 Fire Department, obviously who are present.

5 But I'd also like to thank the DWR For  
6 the opportunity to make use of this meeting room  
7 for the hearing today.

8 I'd like to thank you all for coming  
9 today, and hope that you enjoy the meeting and the  
10 subsequent visit to the Pastoria site.

11 Calpine's a major power company that  
12 supplies customers and communities with  
13 electricity for clean, efficient, natural-gas  
14 fired and geothermal plants.

15 HEARING OFFICER GEFTER: Excuse me, why  
16 don't you move that closer to you.

17 ASSOCIATE MEMBER BOYD: He's all right;  
18 the mike was off. We wouldn't have known it, but  
19 the reporter noticed it.

20 MR. WHITTOME: We own, lease and operate  
21 integrated power systems in 21 states and in three  
22 provinces, three Canadian provinces. I've got a  
23 short presentation on the Pastoria expansion  
24 project I'd like to share with you now.

25 (Pause.)

1                   MR. WHITTOME: This is the agenda. Most  
2 of the discussion will clearly start with the  
3 description of the existing Pastoria Energy  
4 Facility, and conclude with the discussion of the  
5 changes that will take place on that facility with  
6 the addition of the new expansion which is  
7 proposed.

8                   As I indicated before, we are, in  
9 Calpine, the largest independent power company in  
10 North America. We are also the largest producer  
11 of electricity from renewable geothermal resources  
12 We have a very new modern fleet of very efficient  
13 gas-fired plants and generation assets. We have a  
14 total of 93 plants with over 28,000 megawatts of  
15 capacity in operation.

16                   Of that there are 38 gas-fired and  
17 geothermal plants in California today in  
18 development or in construction. And we currently  
19 supply roughly 10 percent of California's  
20 electricity most days of the week.

21                   The existing facility at Pastoria which  
22 you'll see this afternoon is one of our newest  
23 plants; it was commissioned only three months ago.  
24 It's well positioned here in Kern County to  
25 provide power to southern California. And it's

1 also designed, the ability to expand the plant was  
2 an original part of the conceptual design of the  
3 facility, to add the capacity that we're proposing  
4 in this expansion.

5 It is, at the present time, 750  
6 megawatts of combined cycle that has a two-by-one  
7 power block and a one-by-one power block which  
8 we'll be showing to you this afternoon. It was  
9 originally licensed in 2000 and came online in  
10 June.

11 Project location, as I think we're all  
12 aware, is 30 miles south of Bakersfield. We have  
13 a long-term lease with Tejon Ranch for the  
14 property; 30-acre property. It's located six  
15 miles from the Grapevine, as indicated in this  
16 slide. The location is here relative to  
17 Bakersfield. And we are currently approximately  
18 where the cursor is now.

19 All of the peripheral interconnections  
20 for the project are obviously in place since it's  
21 in operation. We had to connect it with the  
22 Southern California Edison 230 kV system, which  
23 leads us into the ESP-15 market. The  
24 interconnection is less than a mile and a half,  
25 which is the distance from the Pastoria

1 substation, as illustrated on this figure here.

2 Also shown is the link to the water  
3 supply. Our water supply comes from the Wheeler  
4 Ridge-Maricopa Water Storage District. It is  
5 backup from the Kern Water Bank Authority. And  
6 that supply runs for a further 30 years.

7 Fuel at the connection is by pipeline  
8 that Calpine built and owns. And it's a 14-mile  
9 link into the Kern-Mojave pipeline. It takes a  
10 rather intricate route as you can see on this  
11 figure. I think, Gregg, am I correct that this  
12 link here was added to avoid the blunt-nosed  
13 leopard lizards?

14 MR. WHEATLAND: Yes.

15 MR. WHITTOME: And to preserve their  
16 habitat. Obviously, there'll be nothing touched  
17 as the new facility is included.

18 In the facility, we're looking from the  
19 top of one of the stacks, I think. We're looking  
20 across part of the location towards the cooling  
21 tower. And in this area where is where the new  
22 unit will be added.

23 We're just going to jump across to that  
24 cooling tower and look back in the opposite  
25 direction and take a different look at the

1 location proposed for the new unit.

2 As you can see, all the facilities  
3 required to operate the new unit are in place at  
4 the present time.

5 These are a summary of the elements of  
6 the expansion project which emphasize what's going  
7 to be added and what will not be added. It will  
8 be one combustion turbine generator; an SCR; and  
9 exhaust stack; and a transformer.

10 In the switchyard there's the addition  
11 of only a single breaker. And as you can see  
12 here, the rest of the systems are unchanged and  
13 require no adjustment for the addition of this  
14 unit.

15 The fuel gas supply and electrical  
16 interconnections, the systems control rooms,  
17 administration, maintenance, water supply and  
18 wastewater treatment are all in place.

19 ASSOCIATE MEMBER BOYD: Could I ask you  
20 a question here?

21 MR. WHITTOME: Certainly.

22 ASSOCIATE MEMBER BOYD: This is a simple  
23 cycle facility. Why are you going simple cycle?  
24 You're adding a single simple cycle unit to an  
25 existing combined cycle plant. And as I read

1 through the application this doesn't seem to be a  
2 peaker plant.

3 MR. WHITTOME: I beg your pardon?

4 ASSOCIATE MEMBER BOYD: It didn't seem  
5 you intend this as a peaker. In fact, it was a  
6 little unclear to me what it was, so I should be  
7 asking --

8 MR. WHITTOME: It is, indeed, intended  
9 as a peaker. Our expectation is that the plant is  
10 likely to run from anywhere between 500 to 1500  
11 hours a year only.

12 We intend to install as a peaker as from  
13 what we see in the southern California power  
14 market today, there is a stronger demand for  
15 peaking capacity than any other part of the power  
16 supply spectrum. And that has certainly been the  
17 focus of Southern California Edison's current  
18 demands for additional capacity. So it's intended  
19 to meet that demand.

20 ASSOCIATE MEMBER BOYD: Okay, so it is a  
21 peaker. For some reason --

22 MR. WHITTOME: It is a peaker, yes.

23 ASSOCIATE MEMBER BOYD: -- at least  
24 three of us up here reading the material couldn't  
25 pick that out, so I'm glad you clarified that.

1                   MR. WHITTOME: But it is licensed, or it  
2 will be licensed for 8760-hour operation per year.  
3 So it's available for however many hours it'll be  
4 required.

5                   HEARING OFFICER GEFTER: So, under the  
6 Air District's permit you're asking to be able to  
7 run year-round?

8                   MR. WHITTOME: Yes.

9                   HEARING OFFICER GEFTER: And not as --  
10 you're not being licensed as a peaker?

11                   MR. WHITTOME: We can't guess what  
12 operating time our customers will require, so we  
13 have gone for whatever we can. So we can supply  
14 them with power for as long as they need.

15                   ASSOCIATE MEMBER BOYD: Okay, we've had  
16 a little bit of trouble with that kind of a  
17 request within the San Joaquin Valley in the past.  
18 So, let you go on, and ponder that a little bit.

19                   MR. WHITTOME: Move back to this  
20 photograph here and take a look at what it will  
21 look like when it's installed, as this is the air  
22 intake to the generator, which is located here.  
23 The HRSG will be -- this is the HRSG for this unit  
24 and it will be much smaller in size; and the stack  
25 will be probably cut off about this level.

1 HEARING OFFICER GEFTER: How tall is the  
2 stack on the generator?

3 MR. WHITTOME: These stacks are 150  
4 feet; the stack --

5 HEARING OFFICER GEFTER: Those are your  
6 HRSG stacks; but, how tall is the stack for your--

7 MR. WHITTOME: The stack on the new unit  
8 will be 130, so it'll be lower. And we'll  
9 illustrate that. This figure is unfortunately not  
10 reproduced quite as well as we would like. This  
11 is all of the existing plant, and this illustrates  
12 the location of the new facility.

13 One item that -- this is really what we  
14 were focusing on in applying for this project is  
15 the benefits that we see that it offers to the  
16 southern California power market. We are all  
17 aware of the two alerts and one blackout that  
18 occurred in the southern California market in the  
19 last month.

20 The expansion project offers the  
21 opportunity to provide additional capacity quickly  
22 because we haven't developed a brownfield site, if  
23 you like. It can be in operation by the summer of  
24 '07. It has a minimal impact on the existing  
25 facility, installing this new plant. And as

1 mentioned already, all the services required to  
2 support the facility are in place.

3 This photograph is a view taken from the  
4 Edmunston Pumping Plant Road of the existing plant  
5 illustrating what it looks like today. And this  
6 is a photosimulation of what the new facility  
7 would look like. It illustrates, I think, the  
8 very small change in the scope of the facility.

9 ASSOCIATE MEMBER BOYD: Can you put the  
10 cursor on the new piece?

11 MR. WHITTOME: It's just above the  
12 cursor there.

13 ASSOCIATE MEMBER BOYD: Okay, thank you.

14 MR. WHITTOME: And we'll flip back.

15 HEARING OFFICER GEFTER: Does the new  
16 plant require additional transmission line, or are  
17 you just feeding right into the existing line that  
18 goes --

19 MR. WHITTOME: Just goes into the  
20 existing line here. This is the line from the  
21 switchyard going up to the Pastoria sub. Has  
22 adequate capacity for this addition. Again,  
23 that's the change.

24 And that concludes my brief presentation  
25 and summary.

1 DR. REEDE: May I please have about  
2 three minutes so I can get mine set up?

3 HEARING OFFICER GEFTER: Oh, sure.  
4 While you're doing that --

5 ASSOCIATE MEMBER BOYD: Let me ask a  
6 question --

7 HEARING OFFICER GEFTER: -- we have some  
8 questions.

9 ASSOCIATE MEMBER BOYD: -- yeah. What's  
10 the heat rate of this, again? Remind me?

11 MR. WHITTOME: It will be 10,500.

12 ASSOCIATE MEMBER BOYD: I think I need  
13 to put in the record here that I've chaired two  
14 other siting cases in the Valley for peaker plants  
15 that come to mind right away, where we did get  
16 into quite a discussion about the fact they're  
17 simple cycle, peaker plants; they're higher heat  
18 rates and not as efficient. They use a lot of  
19 gas. Gas is a concern.

20 And we ended up putting hourly  
21 limitations on those because -- and the request  
22 was the same for just basically unlimited  
23 operation. So, I'm not trying to prejudge  
24 anything here, and I'm not making a recommendation  
25 or a decision. I'm just setting the stage for

1 some of the kind of information I'm going to be  
2 interested in with regard to the site and the air  
3 quality potential and the efficiency and what-  
4 have-you of an unrestricted simple cycle machine.  
5 So just for the future.

6 And then another question, I guess, you  
7 said there's absolutely, in effect there's no  
8 change to the water system. So you have adequate  
9 water contracted already to cover --

10 MR. WHITTOME: Yes.

11 ASSOCIATE MEMBER BOYD: -- this  
12 facility?

13 MR. WHITTOME: Yes.

14 ASSOCIATE MEMBER BOYD: And, as I read  
15 it, it said virtually no change in the system?

16 MR. WHITTOME: Virtually no change. We  
17 estimated the change in water demand, which is  
18 required for a small amount of cooling for the  
19 generator and a small amount for inlet fogging;  
20 and it amounts to between 1 and 2 percent of the  
21 current demand of the current plant. I mean it  
22 would be difficult to measure the difference.

23 HEARING OFFICER GEFTER: So are you  
24 saying that in other words you're not going to  
25 require any additional water from your water

1 supplier?

2 MR. WHITTOME: We -- no.

3 HEARING OFFICER GEFTER: And that's what  
4 you're proposing to us --

5 MR. WHITTOME: Correct.

6 HEARING OFFICER GEFTER: -- at this  
7 point? There would be no change --

8 MR. WHITTOME: No.

9 HEARING OFFICER GEFTER: -- in the  
10 amount of water that you're requiring?

11 MR. WHITTOME: I presented that the  
12 current agreement is for 5000 acrefeet, I think.  
13 There's no change in that.

14 HEARING OFFICER GEFTER: And, you know,  
15 I'm wondering if, at this point, you can explain  
16 to us the exact water agreement that exists  
17 because I know that it's changed since the  
18 original decision. And it's not very clear to us  
19 what exactly the water arrangement is at this  
20 point.

21 There were a number of other  
22 organizations and groups that were involved in  
23 some of the water brokering and water supply early  
24 on, include Azurix or some organization like that.  
25 So, I'm wondering if you could clear that up for

1 us.

2 MS. SCHOLL: Ms. Gefter and Commissioner  
3 Boyd, I was the original project manager on  
4 Pastoria expansion for Enron before it was sold to  
5 Calpine.

6 And the original AFC, during the  
7 original AFC processing for the 750 there was  
8 discussions about backup water supply from both  
9 Kern Water and from Azurix. And in the end, when  
10 all the negotiations were completed, they ended up  
11 with their primary water source from the Wheeler  
12 Ridge-Maricopa Water Storage District, and backup  
13 water supply from Kern Water Agency; and Azurix  
14 was no longer a part of the water, as far as I'm  
15 recalling. And Harry Scarborough has confirmed  
16 that from the plant.

17 HEARING OFFICER GEFTER: And in terms of  
18 backup from the Kern Water Agency, is that water  
19 that comes from the aqueduct, the California  
20 Aqueduct? As distinct from pooled water from the  
21 water storage district.

22 MS. SCHOLL: I believe that the whole  
23 water situation where the water agency, while it  
24 may have come from an allocation from the  
25 aqueduct, you know, that's very complicated and

1 that is not my area of expertise. And I think  
2 that, you know, if required, we could bring  
3 somebody else to speak from Kern Water Agency  
4 about any of the backup water.

5 MR. KUNDE: (inaudible) --

6 HEARING OFFICER GEFTER: Come to the  
7 mike, please.

8 DR. REEDE: Sir, do you have a business  
9 card for the court reporter?

10 MR. KUNDE: I do.

11 HEARING OFFICER GEFTER: Okay, why don't  
12 we get your name and your business card before you  
13 start to speak, please.

14 MR. KUNDE: My name is Robert Kunde; I'm  
15 the Assistant Engineer Manager for Wheeler Ridge-  
16 Maricopa Water Storage District.

17 HEARING OFFICER GEFTER: Oh, thanks. We  
18 didn't know you were here. We were looking for  
19 you earlier. Glad you're here.

20 (Laughter.)

21 MR. KUNDE: I apologize for being late.

22 HEARING OFFICER GEFTER: Thank you.

23 MR. KUNDE: As you know, Wheeler Ridge-  
24 Maricopa Water Storage District holds one of the  
25 two water contracts with Pastoria Energy Facility.

1 Both Wheeler Ridge and Pastoria have separate  
2 contracts with the Kern Water Bank Authority,  
3 which provides the backup dry-year water supply  
4 for both Pastoria, and in fact, for the  
5 agricultural customers of the water district.

6 The water bank gets its water supply --  
7 it is a groundwater storage project. Obviously  
8 the water doesn't magically appear. The water  
9 supplies originally are surface supplies.

10 Those can come from three separate  
11 sources. From local Kern River supplies; from the  
12 Friant-Kern system; or from the State Water  
13 Project.

14 In essence it's used as a reservoir to  
15 regulate wet-year floodwaters so that they can be  
16 reutilized in dry years when surface waters are  
17 insufficient.

18 So that is the source. So the water can  
19 be conveyed to that project through three separate  
20 conveyance systems, and from three separate  
21 watersheds. It provides both flexibility and  
22 diversity in water supply and reliability.

23 Your question was did the water come  
24 from the aqueduct. The water for the water bank  
25 is conveyed through the aqueduct for some of its

1 supplies. Pastoria's actual contract does not  
2 specify with the water bank which of those  
3 supplies is used. They have already purchased and  
4 have in storage an amount of water purchased from  
5 the water bank that they can use and draw upon  
6 when the District's supplies are insufficient.  
7 And that was part of their original permitting and  
8 contract.

9 HEARING OFFICER GEFTER: So let me, I'm  
10 going to try to go through it based on my limited  
11 understanding of what the contract entails.

12 The contract is for 5000 acrefeet per  
13 year with the Water Storage District?

14 MR. KUNDE: That's correct.

15 HEARING OFFICER GEFTER: And that comes  
16 from the water allocated to the storage district,  
17 or the water that you have available to you.

18 Now, the backup water that comes from  
19 the Kern County Water Authority --

20 MR. KUNDE: Kern Water Bank Authority.

21 HEARING OFFICER GEFTER: -- okay, Kern  
22 Water Bank Authority, and that's different from  
23 the Water Storage District that you represent?

24 MR. KUNDE: That's correct.

25 HEARING OFFICER GEFTER: Okay. And

1       where does that storage water come from -- or that  
2       water that would be a backup water supply? In the  
3       event that you can't provide the 5000 acrefeet?

4               MR. KUNDE: Pastoria has already  
5       arranged in its original permit to have water in  
6       storage in the Kern Water Bank. It's there now.  
7       They have not yet called upon any of it.

8               So, in one sense it's not going to come  
9       from anywhere. It has already come from  
10      somewhere. And the water bank/Pastoria contract,  
11      which I have, in fact, read and reviewed in some  
12      detail, does not specifically provide for what  
13      that source of water was.

14              And at least from Wheeler Ridge's  
15      standpoint it's immaterial what the source was.

16              HEARING OFFICER GEFTER: All right.  
17      Well, I really appreciate your explaining this.  
18      And I'm hoping that during the course of the  
19      proceedings that your testimony can be submitted  
20      to explain the entire water supply situation.  
21      And, you know, staff's representative here on the  
22      water, soil and water, section is nodding yes.  
23      And so we're trying to give you some direction as  
24      to the information we'd like to see in that part  
25      of your testimony.

1 DR. REEDE: Hearing Officer Gefter, the  
2 contracts were supplied to the staff via data  
3 response. And they are already part of the  
4 record.

5 HEARING OFFICER GEFTER: Well, they'll  
6 be part of the record when we conduct evidentiary  
7 hearings.

8 DR. REEDE: I mean -- right, right.

9 HEARING OFFICER GEFTER: Appreciate  
10 that.

11 ASSOCIATE MEMBER BOYD: They're  
12 available for the record.

13 DR. REEDE: Correct, --

14 HEARING OFFICER GEFTER: They would  
15 be --

16 DR. REEDE: -- available for the record.

17 HEARING OFFICER GEFTER: Okay.

18 ASSOCIATE MEMBER BOYD: Knowing that  
19 water is liquid gold here, we're just concerned  
20 about water.

21 MR. KUNDE: I'll be here for the entire  
22 hearing should any further questions arise.

23 HEARING OFFICER GEFTER: Thank you very  
24 much; appreciate that. The other question with  
25 respect to what Commissioner Boyd was concerned

1       regarding the simple cycle project, and the  
2       request to be certified for the entire year to run  
3       365 days if necessary.

4               One of the concerns that was raised  
5       earlier was regarding transmission. And on the  
6       one hand Calpine is asserting that Southern  
7       California Edison needs peaking capacity. And  
8       that there was some sort of blackout previously in  
9       the last month or so.

10              However, peaking capacity or baseload  
11       capacity depends on transmission availability and  
12       capability. And I know there's an agreement  
13       pending right now to look at the system and to  
14       provide a detailed facility system study.

15              And that, if necessary, mitigation would  
16       be required, if, in fact, Edison cannot -- doesn't  
17       have the capacity to account for the peaking  
18       energy that you might supply to them.

19              So, two questions. One is what's going  
20       on with that agreement with Edison. And,  
21       secondly, is there a contract that you're  
22       attempting to negotiate with Edison for peaking  
23       power?

24              MR. WHITTOME: First question, the  
25       answer is that yes, the facility study is in

1 progress. The agreement was signed on August  
2 22nd. And the study should be due roughly at the  
3 end of the year. The details of that agreement  
4 have been furnished to staff.

5 Second question was any other contract  
6 or agreement with Edison --

7 THE REPORTER: Excuse me, could you  
8 angle that microphone so it's between you and Mr.  
9 Wheatland, please?

10 MR. WHITTOME: The second question was  
11 with regard to congestion on the transmission  
12 line. We really need to wait and see what that  
13 report tells us. It appears from the system  
14 impact study that it looks as if there will be  
15 congestion on that line at times. And how that's  
16 going to impact us at this stage we really do not  
17 know, but we'll have a far clearer picture when  
18 the facility study has been furnished to us.

19 HEARING OFFICER GEFTER: Okay, so that  
20 at this point it's unknown whether there will be  
21 congestion on that line; and then unknown whether  
22 there will be a contract with Edison for peaking  
23 power?

24 MR. WHITTOME: I think it's expected  
25 there will be congestion on the line. Contract

1 for peaking power with Southern California Edison,  
2 we do not have one at this time.

3 MR. WHEATLAND: Edison has not yet  
4 announced its plans for procurement for power in  
5 2007. That's an issue that's now being considered  
6 by the state. And --

7 HEARING OFFICER GEFTER: Could you go to  
8 the mike so that the reporter can --

9 MR. WHEATLAND: Sure. So, Edison,  
10 itself, is not in a position, as we understand it,  
11 to enter into an agreement to purchase power in  
12 2007.

13 HEARING OFFICER GEFTER: And do you know  
14 if --

15 ASSOCIATE MEMBER BOYD: You're building  
16 on spec.

17 MR. WHEATLAND: Building on spec.

18 ASSOCIATE MEMBER BOYD: That's a rare  
19 thing.

20 MR. WHITTOME: We aren't building at  
21 this point in time.

22 ASSOCIATE MEMBER BOYD: Okay.

23 MR. WHEATLAND: One other thing I would  
24 just like to add, too, is to emphasize that while  
25 this additional unit is a peaking unit, it's a

1 little bit different than some of the other  
2 applications that have come before the Commission,  
3 because the three units that are there now operate  
4 in a combined cycle mode.

5 So this will be operated in a peaking  
6 mode, but it will be operated as part of the  
7 overall facility. So the four units will be  
8 operated together.

9 HEARING OFFICER GEFTER: That doesn't  
10 make sense to me, Mr. Wheatland.

11 MR. WHEATLAND: Well, it provides  
12 additional peaking capacity for the overall plant,  
13 rather than necessarily running a combined cycle  
14 unit in a peaking capacity.

15 So what it does is it provides  
16 operational flexibility for the plant as a whole  
17 by having these two configurations.

18 MR. SMITH: Then maybe my recollection  
19 from the previous slide PowerPoint is incorrect,  
20 but I thought it showed that there's a two-by-one  
21 and a one-by-one configuration, so the three --  
22 the existing plant is not a complete combined  
23 cycle. There's a combined cycle and a peaker, is  
24 it?

25 HEARING OFFICER GEFTER: No.

1                   MR. WHITTOME: There are two combined  
2 cycle plants; one is a two-by-one configuration;  
3 the other is a one-by-one configuration.

4                   MR. SMITH: And one is a one-by-one,  
5 okay. All right, thank you.

6                   ASSOCIATE MEMBER BOYD: They're all  
7 combined cycle.

8                   HEARING OFFICER GEFTER: They all  
9 have --

10                  MR. WHITTOME: They're both two separate  
11 power blocks; they're both combined cycle.

12                  MR. SMITH: Got it, thank you.

13                  ASSOCIATE MEMBER BOYD: Does the simple  
14 cycle give you better ramp-up/ramp-down? If  
15 you're operating this as a total unit, all the  
16 units, as you just said, is there some argument  
17 for the fact that the simple cycle is easier to  
18 ramp-up/ramp-down in response to peak demand vis-  
19 a-vis ramping up and down a combined cycle  
20 facility? Is that one of the reasons for this  
21 complex?

22                  MR. WHITTOME: Yes, it's my  
23 understanding that it will respond quicker,  
24 certainly respond quicker than a combined cycle  
25 package because of the slower response of the

1 steam turbine.

2 MR. RUBENSTEIN: Commissioner Boyd, if I  
3 might add to that. Unlike many other combined  
4 cycle facilities --

5 (Laughter.)

6 ASSOCIATE MEMBER BOYD: His ears are  
7 killing him all of a sudden.

8 HEARING OFFICER GEFTER: Okay, let's  
9 quiet down before Mr. Rubenstein speaks, okay? No  
10 more chair moving around, okay? Okay.

11 MR. RUBENSTEIN: One other issue,  
12 Commissioner Boyd, relevant to this is that unlike  
13 most of the combined cycle, many of the combined  
14 cycle plants that the Commission has licensed, the  
15 combined cycle units at Pastoria do not have duct  
16 firing capability.

17 Many other projects have duct firing  
18 capability and it's duct firing that enables them  
19 to provide peaking services, in addition to  
20 baseload support to their customers.

21 The use of the simple cycle turbine at  
22 this site basically served the same purpose. And  
23 I think with comparable efficiency is what duct  
24 firing incrementally does to provide peaking  
25 support at other facilities.

1 HEARING OFFICER GEFTER: That's duct  
2 firing the HRSGs?

3 MR. RUBENSTEIN: That's correct.

4 HEARING OFFICER GEFTER: And why don't  
5 these HRSGs have duct firing?

6 MR. RUBENSTEIN: They were originally  
7 developed by a different company. Calpine  
8 acquired the project. And for whatever reason  
9 that company elected not to design those to  
10 include the peaking capability of duct firing.

11 HEARING OFFICER GEFTER: And Calpine  
12 didn't come in and ask to add that duct firing to  
13 the HRSGs?

14 MR. RUBENSTEIN: That's correct.

15 ASSOCIATE MEMBER BOYD: Thank you. I'm  
16 waiting for you to make your case; I'm not going  
17 to keep making it for you.

18 Any other questions?

19 HEARING OFFICER GEFTER: No, not at this  
20 point.

21 Okay, staff may begin.

22 DR. REEDE: Good afternoon, ladies and  
23 gentlemen. My name is Dr. James Reede and I'm  
24 Siting Project Manager for the Pastoria Energy  
25 Facility expansion project.

1           Next slide, please. The purpose of the  
2           siting project is to insure that a reliable supply  
3           of electrical energy is maintained at a level  
4           consistent with need for such energy for  
5           protection of public health and safety, for the  
6           promotion of the general welfare, and for  
7           environmental quality protection.

8           Next, please. Now, in the AFC  
9           proceeding there are certain relationships. You  
10          have a five-member Commission who are the  
11          decisionmakers at the very top block. Of that  
12          five-member Commission, there are two that are  
13          appointed as members of a project siting  
14          Committee. And they hear the evidence and prepare  
15          the Presiding Member's Proposed Decision.

16          The Presiding Member in this particular  
17          proceeding is Joseph Desmond; and the Associate  
18          Member is James Boyd, present with us today. Our  
19          Hearing Officer, who works as a liaison between  
20          the Committee and staff and all the other agencies  
21          is Ms. Susan Gefter. She conducts the hearings.

22          Now, down to the next tier we have  
23          Calpine Corporation, the applicant; Mr. Andrew  
24          Whittome, the Project Director. We have our  
25          various local and state and federal agencies, some

1 of which are represented here today.

2 We have the Energy Commission Staff,  
3 which is a multidisciplinary staff, which will put  
4 together the 23-section preliminary staff analysis  
5 and the final staff analysis.

6 And, of course, we have the public,  
7 which we try to include in all of our proceedings.  
8 And the Public Adviser, Ms. Margret Kim, and her  
9 800 number is listed, and it will be shown again.

10 Next, please. Now, a very brief project  
11 description because we've heard what it is. It's  
12 basically an expansion; proposes to use a nominal  
13 160 megawatt natural gas fired, merchant class,  
14 simple cycle, General Electric 7F turbine  
15 generator.

16 Now, it's located at a site that has  
17 access to existing fuel, waste treatment and water  
18 lines. And it's a site that is located near an  
19 existing transmission line and substation.

20 Next, please. Now, the Energy  
21 Commission siting process, we are the permitting  
22 authority for any thermal power plant 50 megawatts  
23 or greater, and the related facilities such as  
24 transmission lines, water supply systems, natural  
25 gas pipelines, waste disposal facilities, and even

1 access roads.

2 And our task is to coordinate with the  
3 27 different federal, state and local agencies  
4 that are involved in this particular proceeding.  
5 Now, we are the lead state agency for the  
6 California Environmental Quality Act purposes  
7 through the Warren Alquist Act.

8 Next, please. Our local, state and  
9 federal coordination. The staff works closely  
10 with local, state and federal agencies, for  
11 example with the Kern County Departments of  
12 Sanitation, Fire, Public Works; the San Joaquin  
13 Valley Air Pollution Control District; different  
14 state agencies such as Department of Fish and  
15 Game, Caltrans, Air Resources Board, Regional  
16 Water Quality Control Board, Department of Toxic  
17 Substances Control and a number of others.

18 At the federal we are working with the  
19 Environmental Protection Agency, the U.S. Forest  
20 Service and U.S. Fish and Wildlife Service.

21 Next, please. Now, the California  
22 Energy Commission has what's called a CEQA-  
23 equivalent process. We perform a full review of  
24 the environmental impacts, and our analyses are  
25 subject to the principles of the California

1 Environmental Quality Act. And our review of  
2 compliance with applicable regulations.

3 We also perform an engineering analysis.  
4 We hold public workshops and participate in the  
5 hearings. And we document the work that we do.  
6 As I said earlier, we will issue a preliminary  
7 staff assessment late next week. Final staff  
8 assessment, I'll discuss that further when we get  
9 to the schedule. We will comment on the Presiding  
10 Member's Proposed Decision, and on the Commission  
11 decision.

12 Next, please. Now, typically the siting  
13 process, and I'll be going from top to bottom,  
14 there's a pre-filing stage where -- or phase, where  
15 staff and Commission management clarify the filing  
16 requirements. Then there's data adequacy. From  
17 the date that it was filed, the Commission must  
18 make a decision whether or not the application  
19 contains enough information to begin the formal  
20 review.

21 Then once the Commission voted July  
22 13th, discovery opened. And basically we have our  
23 information hearing, site visits, data requests,  
24 scoping meeting and workshops. To date we've  
25 already issued data requests; we've gotten data

1 responses. And we have been performing our  
2 analysis.

3 In that analysis it included the data  
4 requests, workshops. We'll be issuing a  
5 preliminary staff assessment. We'll be  
6 participating in a prehearing conference and the  
7 final staff assessment.

8 Two hundred and twenty days out is  
9 supposed to be the Committee hearings where we  
10 submit our testimony, which will be our final  
11 staff assessment and provide any additional  
12 evidence.

13 There's a predecision typically 300 days  
14 out; a decision by 365 days. Now, that's the 12-  
15 month process.

16 Next slide, please. Now, applicant  
17 submitted an application for certification April  
18 29, 2005. The initial submission was determined  
19 to have minor inadequacies. Supplements were  
20 filed June 13th and found to be adequate based on  
21 information requirements in the siting  
22 regulations.

23 At the business meeting held on July  
24 13th the Commission accepted the AFC, which is the  
25 acronym for application for certification, as

1 complete, and this started what was to be a 12-  
2 month review period.

3 Next, please. Now, discovery. We did a  
4 staff information workshop which informed the  
5 public about the review process that was rolled  
6 into our data request workshop. And the  
7 Commission is having now their informational  
8 hearing and site visit. We kind of got ahead of  
9 the Commissioners because of scheduling problems.  
10 However, we have continued to move forward.

11 We convened an informal workshop to ask  
12 about questions on the AFC. That was our data  
13 request workshop. The public was noticed, and was  
14 welcome to attend and ask questions. And it  
15 focused on the technical areas that we still had  
16 questions about and needed resolution for.

17 Next, please.

18 ASSOCIATE MEMBER BOYD: Did you get  
19 10,000 people there?

20 (Laughter.)

21 DR. REEDE: Yeah, a lot of staff came.

22 Now, our preliminary staff assessment,  
23 as I said, with my manager sitting here, hopefully  
24 it will be issued next week, late next week.

25 Now this is going to be staff's first

1 document containing its complete analysis of the  
2 project. We will convene a workshop that's  
3 tentatively scheduled for September 30th to listen  
4 to comments about the PSA. And this particular  
5 document will be sent to all local, state and  
6 federal agencies that are involved in the process.

7 We will be incorporating any comments  
8 that those local, state and federal agencies sent  
9 to us regarding our preliminary staff assessment.  
10 And we will prepare our final staff assessment  
11 based on the comments received. And that final  
12 staff assessment will be our testimony for the  
13 evidentiary hearings.

14 Next, please.

15 HEARING OFFICER GEFTER: I have a  
16 question, Mr. Reede.

17 DR. REEDE: Yes.

18 HEARING OFFICER GEFTER: Dr. Reede.

19 DR. REEDE: Thank you.

20 HEARING OFFICER GEFTER: You're welcome.

21 And congratulations, by the way, on that.

22 DR. REEDE: I got it two years ago.

23 (Laughter.)

24 HEARING OFFICER GEFTER: But my question  
25 for you really is about the PSA schedule, because

1 if it goes out early next week or late next week,  
2 and you want to have a workshop on it on September  
3 30th, does that really give the agencies enough  
4 time to prepare their comments and questions for  
5 staff.

6 So I just would like to put that in the  
7 mix. And you don't have to answer that question  
8 right now, but that's my concern.

9 DR. REEDE: Well, historically we have  
10 attempted to hold the workshop halfway through the  
11 comment period. And that's approximately halfway  
12 through the comment period.

13 Next, please. Okay, the formal  
14 evidentiary hearings. The intervenors, if there  
15 are any, the developer and staff are required to  
16 submit testimony to support their positions.  
17 Witnesses may be cross-examined during this time.

18 Public comment is always welcome at the  
19 end of the hearings, but only intervenors are  
20 allowed to cross-examine the witness. And at this  
21 time I don't believe we have any intervenors.

22 Next, please. When the decision is  
23 rendered by the Committee of two of the Commission  
24 members, obviously you've had your evidentiary  
25 hearings. And after they're closed, Committee

1 issues this document which is the proposed  
2 decision of the Committee.

3 That will open a 30-day public comment  
4 period, and a hearing may or may not be held by  
5 the Committee during this time. It all depends on  
6 if comments come in. No comments come in, no  
7 hearing is needed.

8 At the Commission's business meeting the  
9 Commission will debate and then decide the fate of  
10 the application for certification. Public comment  
11 is also allowed at that time; however, no further  
12 evidence is allowed.

13 Next, please. Now, the siting process  
14 is an open public process with its workshops and  
15 hearings. We send out our notices of workshops  
16 and hearings at a minimum 10 to 15 days in  
17 advance. We have extensive mailing lists of all  
18 the local agencies, of all the state agencies that  
19 have relevant input, or even marginal input. And  
20 federal agencies.

21 Now, where you can obtain the documents.  
22 The application for certification and all the  
23 documents that staff produces are in public  
24 libraries in Bakersfield, Frasier Park, Los  
25 Angeles and UCLA, the Energy Commission Library;

1 or you can go to the Energy Commission website,  
2 which is  
3 [www.energy.ca.gov/siting cases/pastoria2](http://www.energy.ca.gov/siting_cases/pastoria2) -- or  
4 Pastoria2. And also the docket unit of the Energy  
5 Commission.

6 Next, please. Contacts. Myself, you  
7 can call me at area code (916)653-1245. I know a  
8 number of the representatives of various public  
9 agencies have heard that number a number of times  
10 in our games of telephone tag.

11 You can call the Commission's Hearing  
12 Officer, Ms. Gefter; and her number is shown,  
13 (916) 653-6110. Or Margret Kim, the Public  
14 Adviser, or Nick Bartsch, and they both can be  
15 reached at that number.

16 And I believe that ends the PowerPoint  
17 slides. Okay.

18 At this time I'd like to go over the  
19 Issues Identification Report very briefly.

20 HEARING OFFICER GEFTER: Dr. Reede, are  
21 there copies of that in the back?

22 DR. REEDE: Yes. I brought 30 copies.  
23 Would you like one?

24 HEARING OFFICER GEFTER: I'd like to  
25 give one to the reporter.

1 DR. REEDE: Okay. Excuse me, Nick,  
2 would you pass out some of these copies, please.

3 (Pause.)

4 DR. REEDE: Commissioner Boyd and  
5 Hearing Officer Gefter, on July 13, 2005, the same  
6 day that the application for certification was  
7 approved as data adequate, staff issued the issues  
8 identification report for the Committee's benefit.

9 The purpose of the report is to inform  
10 the Committee and all interested parties of the  
11 potential issues that have been identified in the  
12 case thus far. These issues have been identified  
13 as a result of discussion with federal, state and  
14 local agencies, and review of the AFC, docket  
15 number 05-AFC-1.

16 The issues identification report  
17 contains the project description; summary of  
18 potential significant transmission system  
19 engineering issues, and air issues and a  
20 discussion of the proposed project schedule.

21 The staff will address the status of the  
22 issues and progress towards a resolution in  
23 periodic status reports to the Committee.

24 I am not going to go over the project  
25 background and description, as everyone has heard

1 that repeatedly today.

2 Now, the potential issues, we have  
3 listed a table in the report that shows that there  
4 are only two potential major issues, air quality  
5 and transmission system engineering. And in the  
6 report we summarize the potential issues; we  
7 identify the parties needed to resolve the issue;  
8 and suggest a process where applicable for  
9 achieving resolution.

10 Our first issue -- and if I could ask my  
11 air quality engineer to -- oh, already sit at the  
12 microphone --

13 HEARING OFFICER GEFTER: Let's go off  
14 the record for one moment.

15 (Off the record.)

16 DR. REEDE: Mine will go pretty fast,  
17 there's only two issues. There are two  
18 potentially critical air quality issues that may  
19 affect the timing and possible outcome of the  
20 licensing process for the expansion project.

21 They include project offsets and  
22 emission impact analysis. I will let Will Walters  
23 briefly recap the issues. I might add that we did  
24 receive the preliminary determination of  
25 compliance from the Air District on August 31st.

1 So that has been incorporated into the PSA.

2 Based upon the schedule of 45 days of  
3 public notice, that will coincide with our  
4 schedule to release the FSA in a timely manner,  
5 also. Will.

6 MR. WALTERS: I'm going to start with my  
7 second issue first, because it's a little bit  
8 simpler and essentially has resolved itself over  
9 the period of time.

10 In the original emissions impacts  
11 analysis which was actually done similarly to the  
12 original project, they used a screening level  
13 model that deals with the complex terrain that is  
14 just south of the site.

15 The normal model that we see in a lot of  
16 the Valley locations, the ISE model, which does  
17 use real meteorological data, and is more than a  
18 screening model. And I was concerned and just  
19 wanted to make sure that both EPA and the  
20 District, the local Air District, were happy with  
21 the level of modeling that was done, and whether  
22 or not they would have wanted to go to a different  
23 sort of terrain-adjusting model, such as an AIRMOD  
24 or CALPUF. I've gotten feedback from both.

25 Obviously the PDOC came out, so they

1        were satisfied.  And I've talked to EPA and we got  
2        additional information in terms of data responses  
3        from the applicant on who they contacted in order  
4        to get the okay on the methodology.  And I've made  
5        additional communications.  So I believe that  
6        issue has been resolved.

7                    HEARING OFFICER GEFTER:  Do you know why  
8        the EPA and the District have agreed to that,  
9        whereas the other projects we're using a different  
10       model?

11                   MR. WALTERS:  Well, I know why EPA had  
12        some issues with the older met data that's  
13        available.  As you know, the area around the  
14        project site is pretty remote and there aren't a  
15        lot of sources of complete meteorological data  
16        that are nearby that really do the site justice in  
17        terms of the air flow and direction.

18                   And the older data that San Joaquin  
19        suggests for use from Bakersfield was something  
20        that EPA was not sure about.  And so they were  
21        okay with going with a screening method.

22                   The screening method should generally be  
23        conservative as long as the multiplying factors  
24        you use to go from the short-term impacts to long-  
25        term impacts are reasonable.

1 HEARING OFFICER GEFTER: Will you  
2 include that in your testimony?

3 MR. WALTERS: Yeah, there's already some  
4 explanation for that in the PSA. Or at least in  
5 the draft PSA that hasn't gone out yet.

6 The second issue is project offsets.  
7 And, again, this is an issue that's come up before  
8 in both, the original Pastoria siting case and in  
9 more recent amendments for that project.

10 And the two major issues in regards to  
11 that are the interpollutant offset trading that is  
12 being requested, the NOx for PM10 trade. And the  
13 use of older emission offsets.

14 Let me start with the interpollutant  
15 offset first. Again, it's an issue where the  
16 District looked at it; we asked additional data  
17 requests to look at it with a different  
18 calculational method. The current calculational  
19 method the District uses a chemical mass balance  
20 approach versus what was originally proposed for  
21 LaPaloma, and has been carried through, which was  
22 a slightly different method. We wanted to make  
23 sure that the current method would be somewhat  
24 equivalent or at least lower than the offset ratio  
25 that was being proposed.

1                   And through concurrence with the  
2     District --

3                   HEARING OFFICER GEFTER: I have a  
4     question.

5                   MR. WALTERS: Yes.

6                   HEARING OFFICER GEFTER: You said a  
7     lower offset ratio, what does that mean? Lower  
8     than LaPaloma --

9                   MR. WALTERS: What we're trying to do is  
10    make sure that the offset ratio that is being  
11    proposed is conservative. And that it's not  
12    under-estimating the amount of offsets that should  
13    be used to deal with the inter-pollutant trade.

14                  HEARING OFFICER GEFTER: What's the  
15    reference to LaPaloma?

16                  MR. WALTERS: The ratio that was  
17    proposed by the applicant was first proposed for  
18    LaPaloma through a study done by one of their  
19    consultants. And it has just been used -- it was  
20    just used again. And I wanted to make sure that  
21    we looked at a newer -- at the newer method to  
22    find out if that ratio was still a conservative  
23    number.

24                  HEARING OFFICER GEFTER: And what did  
25    you find?

1                   MR. WALTERS: The calculations that were  
2 done by the applicant found that using the  
3 chemical mass balance approach essentially was a  
4 little bit lower, so it was conservative, what  
5 they're proposing right now.

6                   The difference in terms of total offset  
7 ratio when adding the distance ratio is 2.72  
8 versus 2.66. They're still proposing the 2.72;  
9 they did not modify it down to 2.66, even for the  
10 new method. They retained the higher level.

11                   So that was one of the issues. The  
12 other part of that issue is the fact that EPA has  
13 made comments in the past on interpollutant offset  
14 trades. And we will not get really any final  
15 determination from them until they review the  
16 PDOC. So that's kind of an issue that's still  
17 remaining. And we should know EPA's thoughts on  
18 the interpollutant offset ratio, the trade,  
19 calculation, et cetera, within about -- within 30  
20 days now, since the PDOC was put out for  
21 notification, what, about on the 2nd?

22                   MR. KARRS: Yeah, three days from the  
23 31st --

24                   MR. WALTERS: Yes. So I think the  
25 notice went out on the 2nd, so we should get the

1 letter from EPA 30 days from that period of time.

2 Now, the second issue, -- huh?

3 DR. REEDE: Isn't it 45 for EPA's  
4 comments?

5 MR. KARRS: No, it's 30 days.

6 MR. WALTERS: It's 30 days for the  
7 District. At least in the District rules they  
8 indicate they require 30 days.

9 The other part is the use of older  
10 offsets, what we call either pre-1990 or pre-  
11 baseline, which has been an issue that's come up  
12 before.

13 The District has made some modifications  
14 to the regulations that deal with that particular  
15 issue. And in their planning documents they've  
16 also addressed that issue. So there are  
17 essentially two things that could happen in this  
18 particular case, as it stands right now, from the  
19 District's perspective, there are no issues using  
20 these offsets.

21 However, sometime this fall they will  
22 have to put another equivalency report out; and  
23 they'll have to make another determination whether  
24 or not their new source review rule is meeting  
25 equivalency. If not, then they may have to make

1 some adjustments; and I'm not exactly sure what  
2 they would do for a particular site, or offset  
3 proposal at that time. So that's another issue.

4 I believe the last report came out last  
5 September or October, maybe November. So I  
6 suspect that the next one -- it'll be before the  
7 end of the year. Which means it'll be before the  
8 end of the licensing period, and before the ATC  
9 comes out.

10 And, again, I'm not exactly sure how the  
11 District is going to deal with that issue if they  
12 cannot show equivalency. It may not change their  
13 findings on this case. It may. So I'm leaving it  
14 out as an issue just in case it does.

15 And the other part, again, is EPA  
16 comment that may come with the use of the pre-  
17 baseline, although I believe my initial  
18 consultation with first when we were reviewing  
19 that, they believe that the District rule has  
20 essentially taken care of that issue.

21 Now, --

22 HEARING OFFICER GEFTER: I have a  
23 question. And I'm sure that Commissioner Boyd has  
24 questions. My question is, you know, why don't we  
25 have any post-millennium offsets? Why are we

1 talking about offsets that are, you know, 10, 15,  
2 20 years old? And what has the District done with  
3 them? I mean what is the arrangement the District  
4 has made at this point to be satisfied in using  
5 the pre-1990 offsets?

6 And perhaps the representative from the  
7 District could come to the microphone and explain  
8 to us what you've done.

9 ASSOCIATE MEMBER BOYD: I was just going  
10 to observe that I noticed Mr. Rubenstein moved to  
11 the microphone. And I was going to say that this  
12 issue is older than everybody in the room, except  
13 Mr. Rubenstein and me.

14 (Laughter.)

15 ASSOCIATE MEMBER BOYD: Who,  
16 unfortunately, remember this decades ago, if not  
17 centuries ago.

18 HEARING OFFICER GEFTER: -- talking  
19 about centuries here. Okay. Go ahead, please  
20 identify yourself for the reporter.

21 MR. KARRS: Yeah, my name is Richard  
22 Karrs, and I'm an engineer with the Air District.  
23 I've been working on the Pastoria Energy Facility  
24 project, and I worked on the original permitting  
25 of the plant there.

1           I guess I can try to explain what the  
2           District's position is, and it's really quite  
3           simple as far as we're concerned, is that we hold  
4           the offsets that we've issued as a District to be  
5           valid.

6           And all these things that we've talked  
7           about here today, the EPA complaint, and their  
8           finding that we may not be in strict conformance  
9           with federal law as far as discounting offsets at  
10          the time of use, which has led us into this  
11          equivalency program that we've adopted and the EPA  
12          has signed off on.

13          Which essentially means that the Air  
14          District is not discounting the offsets that we've  
15          issued to various parties because they made  
16          emission reductions back to 1990 and before, and  
17          even some of the former counties of the Air  
18          District hold these offsets in our bank.

19          That we are not doing the discounting at  
20          the time of use, but in place of that we've  
21          adopted a program whereby we require offsets for  
22          non-major sources. And that kind of picks up some  
23          of the slack and makes us, at least on the federal  
24          level, equivalent to what would be required by the  
25          EPA.

1                   So, we again --

2                   HEARING OFFICER GEFTER:  What's a non-  
3                   major source in your District rules?

4                   MR. KARRS:  Well, a non-major source is  
5                   source below the threshold levels for a major  
6                   source.  A small source.  It depends on how many  
7                   pounds of emissions you emit per year.  For  
8                   instance, for VOC it's any source exceeding 50,000  
9                   pounds of VOC or NOx is considered a major source.

10                  So Pastoria is a major source of air  
11                  contaminants.  This project, this expansion  
12                  project is a major modification -- we consider it  
13                  a major modification to a major source, because it  
14                  adds to the emissions at the source.

15                  HEARING OFFICER GEFTER:  How is what  
16                  your District rules, how are they different from  
17                  any other district?  I mean they look at major  
18                  source, and they look at other sources.  Why is  
19                  your rule different, and why would that account  
20                  for the old offsets that you have for major  
21                  sources by actually offsetting, you know, smaller  
22                  sources?  I don't really follow what your  
23                  explanation is.  I'm sorry, I'm not following you.

24                  MR. RUBENSTEIN:  Ms. Gefter, Mr. Karrs,  
25                  if you like --

1 HEARING OFFICER GEFTER: Yeah.

2 MR. KARRS: Go ahead.

3 MR. RUBENSTEIN: This kind of goes back  
4 to the origins of the offset program.

5 HEARING OFFICER GEFTER: Well, I'm  
6 familiar with that, and I know about major source.  
7 But Mr. Karrs was just speaking about smaller  
8 sources, and it seems to me that other districts  
9 are involved in the same process.

10 So I don't know why this District is  
11 different.

12 MR. RUBENSTEIN: It's not.

13 HEARING OFFICER GEFTER: Okay.

14 MR. RUBENSTEIN: The other districts do  
15 exactly the same thing.

16 HEARING OFFICER GEFTER: That's what I  
17 thought. That's what I was getting at. So,  
18 that's why I don't follow why it's okay with EPA.  
19 I mean I just don't understand what -- and I'm  
20 sorry.

21 MR. KARRS: Why it's not okay -- why  
22 it's okay with EPA?

23 HEARING OFFICER GEFTER: Why that would  
24 make it okay with EPA. I just don't understand  
25 that explanation just now.

1           MR. RUBENSTEIN: There is no issue in  
2 any other district, at least that I'm aware of,  
3 regarding older credits with EPA. There have been  
4 issues in the past with some other districts  
5 similar to the one that the San Joaquin District  
6 has been addressing over the last two years.

7           And those issues are all related to  
8 accounting procedures. And whether the older  
9 credits are properly accounted for in the air  
10 quality plans.

11           Every other district that has had to  
12 address this issue, the Bay Area Air Quality  
13 District, the South Coast District have all  
14 negotiated agreements with EPA on accounting  
15 procedures. And the San Joaquin District has been  
16 doing the same. And that's what, I think, Mr.  
17 Walters was referring to earlier as the recent  
18 rule changes. And I think there's one more round  
19 of rule changes that are scheduled to occur in the  
20 beginning of the year.

21           HEARING OFFICER GEFTER: That part I  
22 understand. I just don't understand what Mr.  
23 Karrs -- how you were explaining why it's okay to  
24 use the pre-1990 offsets. That's the part I don't  
25 understand.

1           MR. KARRS: I guess, as an Air District,  
2 we consider it to be okay is because we issued  
3 them and we still hold them to be valid. And  
4 within all this other stuff that goes on with our  
5 attainment status and our attainment plans, the  
6 offsets are accounted for in that.

7           HEARING OFFICER GEFTER: Um-hum.

8           MR. KARRS: The 1990, pre-1990,  
9 everything's accounted for. So we got a line item  
10 1990 offsets in the plan. If we allow them to be  
11 used we got to take something else out or adopt  
12 another rule in order for our plan to show  
13 compliance.

14           But the credits are in the plan, so, you  
15 know, I can't tell you anything other than that.  
16 That's more of a planning function as far as --

17           HEARING OFFICER GEFTER: Well, both  
18 you -- well, you discussed the discounting of the  
19 pre-1990 emission credits. What does that mean?

20           MR. KARRS: Well, what that means is  
21 that when we issued these credits, at whatever  
22 time we issued them, there were certain rules that  
23 the District had adopted which required emission  
24 reductions. And there were certain rules that  
25 proposed to be adopted by the District.

1           So, you can't get a credit for something  
2           that the District is going to make you do anyway.  
3           So this rule, which was to be adopted, or proposed  
4           to be adopted, they had to be in excess or surplus  
5           of those requirements.

6           The way that the federal government does  
7           it, the way the EPA does it, and wants us to do  
8           it, at least they've said this, is to, when we  
9           issue these credits they want us to go back in,  
10          look at those credits and trim them down for  
11          whatever rules have been adopted in that  
12          intervening period between when they were issued  
13          and when they were going to be used.

14                   HEARING OFFICER GEFTER:   Yes.

15           MR. KARRS:   So, we issued credits for  
16           adding emission controls to steam generators in  
17           Kern County, for instance, which when they were  
18           issued back in 1990, we've since adopted our rule  
19           4305 and 4306 which brought those levels down  
20           subsequent to that issuance.

21           And if someone were to go ahead and use  
22           those credits now, and we were to discount them at  
23           the time of use, we would take them down, way down  
24           from the uncontrolled level of .1 pounds per  
25           million Btus down to .015 pounds.   So it's, you

1 know, a sixth of what was available back then  
2 would be available now.

3 So, anything on that credit sheet that  
4 they hold as a certificate would be worth about 20  
5 percent of what it was originally issued at. And  
6 that's all they could use. But the amount of  
7 their emissions are going to be the same, so it  
8 would be a --

9 HEARING OFFICER GEFTER: So, at this  
10 point is the District then discounting the pre-  
11 1990 emission --

12 MR. KARRS: No.

13 HEARING OFFICER GEFTER: -- credits?  
14 You're not?

15 MR. KARRS: We're not -- we're not doing  
16 any --

17 HEARING OFFICER GEFTER: And why are --

18 MR. KARRS: -- discounting at all.

19 HEARING OFFICER GEFTER: And why not?

20 MR. KARRS: For the reasons that I think  
21 we talked about here that --

22 MR. RUBENSTEIN: The full value of the  
23 credits is included in the air quality plan. And  
24 if you prepare your air quality plan in that  
25 manner you do not need to do discounting to

1 satisfy the EPA requirements.

2 HEARING OFFICER GEFTER: Right, but --

3 MR. WHEATLAND: Also, there's an  
4 important issue of public equity here. These  
5 credits arise, for example, from a dry cleaner  
6 pre-1990 that was told that if they were to make  
7 improvements in their emissions they would receive  
8 certain credits. And those credits would hold  
9 value until someone else wanted to come in and  
10 purchase them from them.

11 At that time we didn't tell the dry  
12 cleaner your credits are only good for five years,  
13 or only good for ten years, or only good for 15  
14 years.

15 ASSOCIATE MEMBER BOYD: This is then  
16 part of --

17 MR. KARRS: Ongoing --

18 ASSOCIATE MEMBER BOYD: -- a major  
19 policy issue between the State of California and  
20 USEPA for decades.

21 HEARING OFFICER GEFTER: Yes.

22 MR. RUBENSTEIN: Thirty years, 25 years,  
23 yeah.

24 ASSOCIATE MEMBER BOYD: California  
25 discounted them and put them in the bank on the

1 front end. The federal requirement is you  
2 discount them when you take them out.

3 HEARING OFFICER GEFTER: Yes.

4 ASSOCIATE MEMBER BOYD: The equity issue  
5 has been argued for 30 years now.

6 HEARING OFFICER GEFTER: Yes.

7 ASSOCIATE MEMBER BOYD: And all kinds of  
8 different mechanisms have evolved in the efforts  
9 to compromise this over time, as was described  
10 here, of various districts have worked this out  
11 with the EPA.

12 The District down here probably suffers  
13 a little more from things that occurred more than  
14 30 years ago. I can't remember the term we used  
15 to use about phantom credits and what-have-you.  
16 But EPA's always had a very tough view of what was  
17 the old Kern County District, which is now a major  
18 piece of the San Joaquin Valley District. And  
19 they get extraordinary scrutiny on the way they  
20 played the credit scheme.

21 MR. KARRS: Right. It has a long  
22 history.

23 HEARING OFFICER GEFTER: Yes.

24 MR. KARRS: A very long history, yeah.

25 HEARING OFFICER GEFTER: One of the

1 things that has occurred between the time that the  
2 original Pastoria project was certified in 2000  
3 and now, there have been a number of amendments to  
4 the air quality conditions on the current plant.

5 And one of the amendments was to  
6 actually reduce the limits of emissions on several  
7 of the different pollutants. I don't remember  
8 them offhand, but Mr. Rubenstein knows.

9 MR. RUBENSTEIN: Right.

10 HEARING OFFICER GEFTER: And that  
11 appeared to me to be an attempt to, because the  
12 limits were then lower, because the project could  
13 actually achieve lower limits, to account for, you  
14 know, some offsets, to try to change, you know,  
15 their levels at which, you know, mitigation was  
16 required.

17 And that may be a misunderstanding, but  
18 that seemed to be what was argued when those  
19 amendments were made. And nobody objected to  
20 lowering the limits of emissions.

21 So I'm wondering whether that might also  
22 work in this case before we even get to  
23 certification and conditions, whether reducing the  
24 levels of emissions of the project might help in  
25 dealing with the offset package.

1           MR. RUBENSTEIN: Well, the simple cycle  
2 unit takes advantage of the knowledge that we've  
3 gained with the combined cycle plant, and already  
4 reflects the lower emission limits that you're  
5 thinking of.

6           HEARING OFFICER GEFTER: Except for NOx  
7 and ammonia slip.

8           MR. RUBENSTEIN: There was no reduction  
9 in the ammonia slip level in the initial project.  
10 That was 10 ppm and the peaker project is the  
11 same. The NOx limit for the original project was  
12 2.5 ppm; proposing the same for the peaker.

13           The emission reduction I think you're  
14 thinking of is related to particulate matter,  
15 where there was a reduction in the particulate  
16 emission limit down to 9 pounds an hour. And the  
17 new unit is proposed at 9 pounds an hour, at the  
18 lower level already.

19           HEARING OFFICER GEFTER: Right. But I  
20 was actually suggesting that perhaps the new unit  
21 could have reduced NOx emissions and also reduced  
22 ammonia slip. Particularly NOx emissions, because  
23 that might affect the need for more offsets.

24           Because, as I understand it, this is 160  
25 megawatts, and around the state we have gigantic

1 power plants, 1100 megawatt power plants, that are  
2 meeting a 2.0 ppm, the NOx emissions limit.

3 So I'm wondering why this project is,  
4 you know, this is like an older limit, you know.  
5 This goes back to when this project was first  
6 sited, and it was designed in the late '90s. So  
7 if it was designed maybe eight or nine years ago,  
8 why this brand new peaker that you're proposing  
9 can't achieve a 2.0 ppm NOx emissions level when  
10 we have new power plants we're certifying at 1100  
11 megawatts and they're rating of 2.0 NOx emission  
12 level.

13 MR. RUBENSTEIN: This, I believe, is the  
14 first simple cycle project of its size that's  
15 meeting a level as low as 2.5 ppm. Best available  
16 control technology in the South Coast for simple  
17 cycle projects is actually still 3.5 parts per  
18 million. So rather than being behind the curve,  
19 actually this project is ahead of the curve.

20 The reason why simple cycle projects are  
21 different is because without a waste heat boiler  
22 the exhaust temperatures are much higher. As a  
23 result we have to use, in this case, very large  
24 fans to reduce the exhaust temperature down. It's  
25 still in a relatively high zone, and consequently

1 it's difficult to insure adequate mixing of the  
2 exhaust fans with the ammonia in order to get that  
3 extra push down to 2 parts per million.

4 So, 2.5 parts per million really is the  
5 state of the art for simple cycle units like this.

6 HEARING OFFICER GEFTER: Will there be  
7 some evidence in the record with respect to that?

8 MR. WALTERS: Yeah, just from staff's  
9 perspective on this particular issue, number one,  
10 first there's a difference between the projects  
11 you're talking about that are combined cycle and  
12 any of the simple cycle projects.

13 We haven't seen any of the simple cycle  
14 projects below 2.5. We've seen numbers higher  
15 than 2.5. We see numbers as low as 2.5.

16 One of the specific issues for this  
17 particular plant, as Mr Rubenstein was saying, is  
18 this is kind of a first of a kind for its type of  
19 turbine. We haven't seen a 7Frame turbine with an  
20 SCR system anywhere in this country yet.

21 So we didn't feel there was any basis  
22 for lowering the 2.5, you know, that we have  
23 allowed on other simple cycles, whether they be  
24 LM6000 turbines or EFrame, or whatever. All of  
25 the other simple cycle 7Frame turbines we've seen

1 have been without the add-on controls and  
2 generally limited to 9 ppm.

3 HEARING OFFICER GEFTER: But they were  
4 required to add the controls, though, during the  
5 emergency --

6 MR. WALTERS: Well, I think the one  
7 you're thinking of, yes. But, there are others in  
8 the country that are still running in simple  
9 cycle.

10 HEARING OFFICER GEFTER: Yeah, but we're  
11 talking about California, the LM6000s and a lot of  
12 the other peakers that we built during the so-  
13 called crisis were required to add SCR within  
14 three years.

15 MR. WALTERS: Right, but none of those  
16 are below 2.5. They're all at 2.5 or higher.

17 HEARING OFFICER GEFTER: But those were  
18 certified three, four years ago.

19 MR. RUBENSTEIN: But the technological  
20 problem remains, and it's not a question of  
21 whether you have to use SCR or not, because this  
22 project uses SCR. The problem is that when you  
23 start pushing NOx levels really below 5 parts per  
24 million on these large turbines, the ability to  
25 insure good mixing becomes really critical.

1           And there's a lot of effort that's been  
2           put into the design of this plant just to get down  
3           to 2.5 parts per million. Because to meet a 2.5  
4           part-per-million level reliably, this plant's got  
5           to run at about 2.1 or 2.2 ppm. You can't run  
6           right at the limit.

7           HEARING OFFICER GEFTER: And is that  
8           also they're using so much ammonia that you want  
9           to be limited to 10 ppms instead of 5 ppms for  
10          this particular unit? I know that the larger  
11          plant is certified at 10 ppms, but why is this  
12          smaller unit, why are you also asking for a  
13          license at 10 ppm?

14          MR. RUBENSTEIN: Two reasons for that.  
15          One is that the same challenge with mixing that  
16          makes it difficult to control NOx, also can  
17          require more ammonia to achieve the same level of  
18          NOx control.

19          And the second reason is that in the San  
20          Joaquin District, in particular, their air quality  
21          plan for particulates indicates that they are not  
22          controlling ammonia emissions because I believe  
23          there's already a surplus of ammonia in the air.  
24          And consequently, reducing ammonia is not going to  
25          do anything for particulate matter here.

1                   HEARING OFFICER GEFTER:  Yeah, I mean we  
2                   always hear about the ammonia-rich atmosphere.  
3                   The reason I'm asking all these questions is  
4                   because this information is obviously not  
5                   available to us in the materials we have so far in  
6                   the AFC.

7                   So I'd like to see this explanation in  
8                   the evidence that's presented when we finally get  
9                   to the evidentiary hearings, either in staff's FSA  
10                  or in the applicant's testimony, so that we have a  
11                  full picture of why the project is defined the way  
12                  it is at this point.

13                  MR. RUBENSTEIN:  I think a lot of that  
14                  is in the preliminary determination of compliance.  
15                  But we'll make sure that we highlight it in our  
16                  testimony.

17                  HEARING OFFICER GEFTER:  Yeah, I don't  
18                  believe -- I mean I looked at the FDOC and it  
19                  doesn't go into explanations.  I mean it's very  
20                  technical, but it doesn't explain why.  So the  
21                  explanations I've heard from both you and Will  
22                  today are helpful.

23                  I also have a question for Mr.  
24                  Rubenstein.  We hadn't brought this up yet, but  
25                  oftentimes in the projects that you work on you

1 always say that they don't need a CO, a catalyst,  
2 and I don't understand why.

3 Why, in your cases, you don't need the  
4 CO catalyst, where in other cases we automatically  
5 require that? What's the difference?

6 MR. RUBENSTEIN: Well, actually, whether  
7 the projects I work on include an oxidation  
8 catalyst or not depends on the project and on the  
9 turbine technology. For a number of the projects  
10 that I've worked on, including the East Altamont  
11 Energy Center, the Inland Empire Energy Center,  
12 just for two recent ones, those projects included  
13 oxidation catalysts.

14 And part of the reason for that is those  
15 projects used large duct burners, where we were  
16 uncertain that we could meet the low BACT levels  
17 for CO without them.

18 In the case of combustion turbines  
19 running in simple cycle, the typical CO  
20 concentration from this generation of combustion  
21 turbine is less than 1 parts per million. The  
22 guarantee levels are typically 9 or 15 parts per  
23 million. But when they're operating at load, it's  
24 typically less than 1. You don't get any  
25 additional benefit from an oxidation catalyst.

1           The only reason why you might use an  
2           oxidation catalyst on a simple cycle unit of this  
3           type is if you were having trouble showing  
4           compliance with air quality standards for carbon  
5           monoxide during startups during transient  
6           conditions.

7           And the startups on simple cycle units  
8           are so quick that even though you do have high CO  
9           emissions, it's for a very short period of time.  
10          And we don't have problems showing compliance.

11          I think some of the other projects you  
12          might be thinking of are aeroderivative engines  
13          which use LM6000 turbines. Those turbines often  
14          use water or steam injection as their initial  
15          phase of NOx control. That results in an increase  
16          in CO emissions and you do need to use an  
17          oxidation catalyst in those cases to meet BACT  
18          levels.

19          HEARING OFFICER GEFTER: Well, I really  
20          appreciate this education in air quality. I don't  
21          know if anyone else is still awake, but I  
22          certainly appreciate this.

23          (Laughter.)

24          HEARING OFFICER GEFTER: And I would  
25          like to see, you know, a lot of these questions

1 answered in the record so that when we actually  
2 start looking at the testimony and the evidence,  
3 I'll have something to go on.

4 ASSOCIATE MEMBER BOYD: And your  
5 reputation is now cleared up, --

6 (Laughter.)

7 ASSOCIATE MEMBER BOYD: -- Mr.  
8 Rubenstein, with regard to --

9 MR. RUBENSTEIN: I hope.

10 HEARING OFFICER GEFTER: On the  
11 oxidation catalyts.

12 ASSOCIATE MEMBER BOYD: -- being the  
13 anti oxidation catalyst guy.

14 (Laughter.)

15 MR. RUBENSTEIN: On the oxidation  
16 catalyst when necessary guy.

17 HEARING OFFICER GEFTER: When necessary,  
18 okay.

19 Do you have anything else?

20 ASSOCIATE MEMBER BOYD: No.

21 DR. REEDE: Back to the second issue of  
22 staff's issues identification report, was  
23 transmission system engineering, and the potential  
24 for need for environmental review of transmission  
25 facility system upgrades that could delay the

1 schedule for the expansion.

2 Well, I'll wait till those staff move  
3 and then, Sudath, if you could come up, please. I  
4 have staff's transmission system engineer  
5 available to answer questions.

6 The system impact study that was  
7 submitted by Southern California Edison on May  
8 13th identified the necessity for a facility study  
9 to interconnect the proposed expansion.

10 The facility study would determine the  
11 feasibility, mitigation measures and costs  
12 associated with upgrading some existing 230 kV  
13 lines.

14 Now, the system impact study, or SIS,  
15 showed thermal overloads of the basic contingency  
16 cases that have been triggered on these  
17 transmission lines due to the projects in queue  
18 ahead of the proposed expansion.

19 Now, it's critical that we realize that  
20 these are proposed projects ahead in queue that  
21 may or may not happen. None of these proposed  
22 projects have submitted an AFC, or application for  
23 certification, to the Commission.

24 The system impact study indicates that  
25 interconnection of the proposed project could

1       require reconductoring of various 230 kV  
2       transmission lines, which include replacement of  
3       existing lines with larger lines.

4                This process could also require  
5       construction of a new transmission line or  
6       complete strengthening and possible rebuild of the  
7       230 kV lines with bundled 1598-ACSR conductors.  
8       However, until the facility study is complete, and  
9       we anticipate that facility study to be coming in  
10      in approximately 30 days at this point --

11               MR. WHITTOME:   The facility study?

12               DR. REEDE:    Right.

13               MR. WHITTOME:   End of December.   End of  
14      December.

15               DR. REEDE:    End of --

16               MR. WHITTOME:   December.

17               DR. REEDE:    So it's changed now because  
18      originally it was reported that they needed to  
19      provide it within 45 days of when they received  
20      it?  That's what the tariff says.

21               MR. WHITTOME:   I had 90 days as my  
22      understanding.  They asked for 45-day extension,  
23      making it 135 days total.

24               DR. REEDE:    They've asked for a 45-day  
25      extension the staff did not hear about.  Okay.

1                   MR. WHITTOME: Yes. Assuming that's  
2 from the date the agreement was signed on August  
3 22nd.

4                   MS. ALLEN: James.

5                   DR. REEDE: Yes.

6                   MS. ALLEN: Can you clarify who the  
7 principal is involved in doing the facility study?

8                   DR. REEDE: Southern California Edison  
9 is performing the facility study. And we had  
10 built our schedule, which I will be discussing, on  
11 the tariff that allows them to charge for a  
12 facility study, which states that they're supposed  
13 to supply that facility study within 45 days.

14                   MR. WHEATLAND: Right. This is an issue  
15 where the Commission and its staff can be of  
16 assistance to moving the schedule forward.

17                   The preparation of the facility study  
18 for many projects has become a critical path item,  
19 and it's been an item where we've encountered  
20 significant delays.

21                   So, perhaps the Commission and its staff  
22 can help in communicating with Edison the  
23 importance of timely completion of the study, and  
24 help us to determine a schedule over which --

25                   DR. REEDE: Staff will work very closely

1 to insure that it's done in a timely manner.

2 ASSOCIATE MEMBER BOYD: Well, I see the  
3 agreement makes reference to 135 calendar days.  
4 The one that was recently executed.

5 MR. WHEATLAND: And, again, that's, you  
6 know, a situation where the applicant doesn't have  
7 any control over --

8 ASSOCIATE MEMBER BOYD: Right.

9 MR. WHEATLAND: -- the process. It's  
10 entirely within the control of Edison.

11 ASSOCIATE MEMBER BOYD: Anyway, your  
12 plea is taken under submission. I know a fellow  
13 Commissioner who would love to club -- I mean to  
14 talk to SCE --

15 (Laughter.)

16 ASSOCIATE MEMBER BOYD: -- about the  
17 transmission issues. But I don't know what we can  
18 do relative to this particular case. It's a more  
19 general issue, but --

20 HEARING OFFICER GEFTER: And also, Mr.  
21 Wheatland, didn't you indicate that they have a  
22 proceeding before the PUC in terms of the  
23 allocations, and you said that wouldn't occur  
24 until '07?

25 MR. WHEATLAND: Well, the questions of

1 their procurement plan --

2 HEARING OFFICER GEFTER: Yeah.

3 MR. WHEATLAND: -- resource procurement  
4 plan is still under review and discussion.

5 HEARING OFFICER GEFTER: Right. So  
6 wouldn't this system engineer -- wouldn't this  
7 particular study have something to do with their  
8 procurement plan in the long run?

9 MR. WHEATLAND: No, actually those two  
10 questions will be entirely independent.

11 HEARING OFFICER GEFTER: Independent,  
12 okay.

13 MR. WHEATLAND: Because what we are  
14 seeking in terms of this facility study is access  
15 to an adequate transmission system to convey the  
16 power to anyone who may choose to purchase it.  
17 And Edison is only one of many potential  
18 purchasers. But still we need to get the power  
19 out, and that's what the facility study will  
20 determine.

21 HEARING OFFICER GEFTER: Right.

22 DR. REEDE: I think we're both correct.  
23 See, staff needs the technical assessment to  
24 perform our final staff analysis. That's due 45  
25 days.

1                   ASSOCIATE MEMBER BOYD: That says 45  
2 days.

3                   DR. REEDE: That's 45 days. So once we  
4 get that technical assessment, that technical  
5 assessment will actually tell us what additional  
6 we're going to need from the applicant to complete  
7 our environmental review.

8                   And so our calendar is still correct.

9                   ASSOCIATE MEMBER BOYD: Good recovery.

10                  (Laughter.)

11                  DR. REEDE: I knew I hadn't lost my mind  
12 totally, because I saw 45 days and I knew that if  
13 I built my schedule correctly we could meet it.  
14 But we will still urge them, with all due  
15 diligence.

16                  MR. ARACHCHIGE: -- applications have  
17 made the system impact study and the facility  
18 study to the Cal-ISO and get the approval from  
19 them prior to come to the Energy Commission.  
20 Because we review the facility study; we comment  
21 on it. But Cal-ISO is the one who prepare the  
22 testimony in order to give to the Commission.

23                  DR. REEDE: Right, so the evidentiary  
24 hearings -- well, what typically occurs is Cal-ISO  
25 presents their testimony, or submits their

1 testimony for the evidentiary hearings. And it's  
2 still in keeping with the schedule that I'll be  
3 discussing right now.

4 HEARING OFFICER GEFTER: Okay, but the  
5 Cal-ISO has to rely on the facility study.

6 DR. REEDE: The technical assessment  
7 that comes out in 45 days. They take 30 days to  
8 make their final comments and approve or  
9 disapprove. And so that's 75 days out.

10 Going back to the schedule, which is the  
11 last page of the issues identification report.

12 HEARING OFFICER GEFTER: Before we do  
13 that, what about having some discussion about the  
14 Fire Department's concerns.

15 DR. REEDE: I would ask your indulgence,  
16 let me finish this, and then I'll be through.

17 HEARING OFFICER GEFTER: Okay.

18 DR. REEDE: Because half of the schedule  
19 is a moot point. If you go to the schedule we're  
20 about halfway through with staff's end of the  
21 review of the proceedings.

22 The actual date of the PDOC was August  
23 31st. Staff is proposing to file their  
24 preliminary staff assessment late next week, with  
25 a preliminary staff assessment workshop September

1 30th.

2 Looking at 30 days from the PDOC, we  
3 would anticipate, and add an extra week to, the  
4 San Joaquin Valley Air Pollution Control District  
5 issuing their final determination of compliance  
6 approximately October 7th.

7 October 15th, based upon the 45-day  
8 technical section, or technical assessment from  
9 Southern California Edison, the applicant would be  
10 providing the facility study to the California  
11 Independent System Operator and to the Energy  
12 Commission simultaneously.

13 Should that facility study require  
14 additional reconductoring or even putting up a new  
15 transmission line, the applicant, which we've been  
16 working closely with to make sure they would build  
17 a correct environmental assessment, would be  
18 submitting that to us on approximately October  
19 30th.

20 Two weeks later we'll file our final  
21 staff assessment; and November 30th we'll have our  
22 final staff assessment workshop. With the bulk of  
23 the schedule then on the Commission, as far as  
24 prehearing conferences and evidentiary hearings.

25 This was supposed to have been a 12-

1 month schedule. We were urged to move in an  
2 expeditious manner at the Commission meeting. And  
3 staff saw the opportunity to evaluate a project  
4 that has minimal environmental impacts on a  
5 brownfield site using virtually all existing  
6 equipment.

7 So staff, and when I say staff I mean  
8 me, pushed a very tight schedule and got it  
9 approved so that we can meet the Commission's  
10 request and get this plant online in a timely  
11 manner.

12 And I submit my report.

13 HEARING OFFICER GEFTER: Thank you very  
14 much.

15 DR. REEDE: You're welcome.

16 HEARING OFFICER GEFTER: And at this  
17 point before we talk about scheduling or take any  
18 more questions on that issue, I think that we  
19 should discuss the Kern County Fire Department's  
20 concerns. And we can go forward with that and  
21 invite the Fire Chief to come forward and --

22 DR. REEDE: Both.

23 HEARING OFFICER GEFTER: -- also Dr.  
24 Greenberg --

25 DR. REEDE: Right.

1 HEARING OFFICER GEFTER: -- for staff.

2 DEPUTY CHIEF SCOTT: Thank you,  
3 Commissioner Boyd and Hearing Officer Gefter.  
4 Kevin Scott with Kern County Fire Department. The  
5 main reason I'm here is just to clarify some  
6 questions that came up as a result of a letter  
7 which I authored.

8 ASSOCIATE MEMBER BOYD: Have your  
9 letter.

10 DEPUTY CHIEF SCOTT: Okay. The letter  
11 was in regard to request for comments on the  
12 Pastoria expansion. And the letter and the  
13 concern that the Fire Department has is that the  
14 original project had a condition, worker safety-3,  
15 which was determined fulfilled based on a concept  
16 letter signed between Calpine and at that time  
17 Fire Chief Dan Clark, which referred to a contract  
18 subsequent and forthcoming as a result of that  
19 letter.

20 Due to no fault of Pastoria, Calpine or  
21 the County, this resulting contract has yet to be  
22 completed. Initially there were some problems  
23 with location that was selected. There was some  
24 litigation on the land. This actually is a three-  
25 party agreement, including Tejon Ranch.

1                   And so there were some delays beyond  
2 anyone's control, and it has not been completed.  
3 Our concern is that we get that contract completed  
4 in a timely manner.

5                   We, the First Department, is not here to  
6 place an objection to the expansion. But we just  
7 want to, I guess, place notice that it wasn't  
8 completed, and we want to see it completed before  
9 the expansion moves forward.

10                   ASSOCIATE MEMBER BOYD: So you're  
11 modifying --

12                   DEPUTY CHIEF SCOTT: We are currently in  
13 negotiation --

14                   ASSOCIATE MEMBER BOYD: -- you're  
15 modifying your letter, which says the application  
16 for certification should not be approved?

17                   DEPUTY CHIEF SCOTT: Yes.

18                   ASSOCIATE MEMBER BOYD: Okay.

19                   DEPUTY CHIEF SCOTT: We are currently in  
20 negotiations with Calpine and Tejon to finalize  
21 that agreement. But it has not been finalized at  
22 this time.

23                   ASSOCIATE MEMBER BOYD: I would note  
24 that this almost seems more like an enforcement  
25 issue relative to the original application, not

1 now, than it does become an element or an issue in  
2 this case. You've made your case; you've  
3 withdrawn your objection. And I hope it gets  
4 resolved soon. But I think we need to turn to our  
5 enforcement folks relative to the first  
6 application to watch and see that this takes  
7 place.

8 I don't blame you for trying to use it  
9 as leverage. If there was some issue, and it  
10 sounds like you've all resolved it. It's just one  
11 of those facts of life that --

12 DEPUTY CHIEF SCOTT: Yes. And just to  
13 put it --

14 ASSOCIATE MEMBER BOYD: It's in  
15 somebody's file box somewhere -- no, no, I don't  
16 want to make excuses.

17 DEPUTY CHIEF SCOTT: -- to put into the  
18 record once the mitigation agreement is settled  
19 for the original project, it will include this  
20 expansion. I want to make that clear to all.

21 HEARING OFFICER GEFTER: Do you have any  
22 sense of the timeline for coming to some sort of  
23 agreement that would comply with the condition  
24 worker safety-3?

25 DEPUTY CHIEF SCOTT: Sure.

1 HEARING OFFICER GEFTER: What would the  
2 First Department like to see? Yesterday, huh?

3 DEPUTY CHIEF SCOTT: Well, that won't  
4 happen, I'll tell you that won't happen.

5 ASSOCIATE MEMBER BOYD: Before the first  
6 fire.

7 HEARING OFFICER GEFTER: Yeah, --

8 DEPUTY CHIEF SCOTT: Well, definitely.  
9 I think that we're probably, I would say probably  
10 30 to 60 days off, at the outside.

11 HEARING OFFICER GEFTER: I was going to  
12 ask you, in the first, you know, the first  
13 decision on Pastoria, there was some discussion  
14 about a new fire station that was going to be  
15 built near a new development in one of the  
16 truckstop areas. Was that eventually built?

17 DEPUTY CHIEF SCOTT: That fire station  
18 is under construction right now. Tejon Ranch is  
19 funding that, and the construction started maybe  
20 six weeks ago.

21 And the mitigation involved with this  
22 project will be construction of a hangar and  
23 helicopter landing pad at that same location --

24 HEARING OFFICER GEFTER: At that site.

25 DEPUTY CHIEF SCOTT: -- on that same

1 site.

2 HEARING OFFICER GEFTER: Right. Because  
3 I remembered that the response time was quite a  
4 long time; it was 16 to 20 minutes from the old  
5 fire station to the site.

6 DEPUTY CHIEF SCOTT: Yes.

7 HEARING OFFICER GEFTER: And this would  
8 bring it much closer, a much shorter response  
9 time.

10 DEPUTY CHIEF SCOTT: It's about five  
11 miles closer.

12 HEARING OFFICER GEFTER: Yes. And also  
13 in the decision, itself, the evidence at that time  
14 said that it would be built within one year from  
15 the date of that decision, which was in 2000.

16 DEPUTY CHIEF SCOTT: The same litigation  
17 that's created a problem here created a problem  
18 with that construction of that fire station.

19 HEARING OFFICER GEFTER: Okay.

20 DEPUTY CHIEF SCOTT: Because they were  
21 all tied together. And it was that same  
22 litigation that created delays there.

23 If It hadn't been for that litigation  
24 the fire station would have been constructed, and  
25 I wouldn't be here today.

1                   HEARING OFFICER GEFTER: All right. So,  
2 we will take this back to our compliance staff.  
3 Or Dr. Greenberg, who represents staff here, seems  
4 to be on top of the question.

5                   DR. GREENBERG: I can assure you,  
6 Hearing Officer Gefter and Commissioner Boyd, that  
7 that is indeed the position that we took. And you  
8 will see actually no reference to this particular  
9 issue in the staff preliminary staff assessment.

10                   You will, however, see a full writeup  
11 and any additional mitigation, if appropriate,  
12 concerning the expansion part.

13                   But as far as the existing agreement  
14 staff is certainly in full support of the Kern  
15 County Fire Department getting that helicopter and  
16 the pad -- I'm sorry, the pad and the hangar for  
17 their helicopter, as that would greatly assist  
18 them in their emergency response, for medical, as  
19 well.

20                   HEARING OFFICER GEFTER: Will there  
21 be --

22                   DR. GREENBERG: But, it is indeed an  
23 enforcement matter from the previous  
24 certification.

25                   HEARING OFFICER GEFTER: With respect to

1 this project, the expansion, will there be a  
2 worker safety-3 condition which talks about  
3 mitigation for this expansion project?

4 DR. GREENBERG: Yes.

5 HEARING OFFICER GEFTER: Okay. Will it  
6 look like the one from the previous decision?

7 DR. GREENBERG: Except it won't mention  
8 this.

9 HEARING OFFICER GEFTER: Um-hum.

10 DR. GREENBERG: It's going to mention  
11 something else.

12 HEARING OFFICER GEFTER: Okay.

13 DR. GREENBERG: Dr. Reede, am I able to  
14 say anything more?

15 DR. REEDE: Yes, basically the new  
16 worker safety condition of certification will be  
17 for the handheld hazmat devices.

18 DR. GREENBERG: Ammonia sensors.

19 HEARING OFFICER GEFTER: Ammonia  
20 sensors.

21 DR. GREENBERG: In discussion with Kern  
22 County Fire Department Deputy Chief Scott.

23 HEARING OFFICER GEFTER: So it's a  
24 different topic, --

25 DR. GREENBERG: Entirely.

1 HEARING OFFICER GEFTER: -- but it's  
2 related to the expansion.

3 DR. GREENBERG: Yes.

4 HEARING OFFICER GEFTER: All right.

5 DR. REEDE: That concludes staff's  
6 issues report.

7 HEARING OFFICER GEFTER: All right. Are  
8 there any questions about the schedule at this  
9 point from anybody present today at this meeting?

10 I know we're running late. We're about  
11 to leave and go on our site visit. I just want to  
12 indicate that the Committee will issue a  
13 scheduling order based on today's proceedings.

14 And if there are no further questions or  
15 comments --

16 MR. WHEATLAND: Well, we have -- excuse  
17 me.

18 HEARING OFFICER GEFTER: I hear there is  
19 a question or comment. Mr. Wheatland.

20 MR. WHEATLAND: Yeah, we'd like to go  
21 back briefly to one point of the discussion on the  
22 air quality issues, if we could, --

23 HEARING OFFICER GEFTER: Yes.

24 MR. WHEATLAND: -- just very briefly.  
25 Mr. Rubenstein.

1           MR. RUBENSTEIN: Actually it was the  
2 discussion on energy resources, and the question  
3 about the operations of this facility as a peaking  
4 facility.

5           We have taken a look at the condition  
6 that the Commission imposed in the case of the  
7 Modesto peaker project, which I think,  
8 Commissioner Boyd, you were alluding to earlier.

9           And we would be willing to work with the  
10 staff to develop a comparable condition for this  
11 project, and would hope that that would address  
12 any concerns that the Committee might have on that  
13 issue.

14           ASSOCIATE MEMBER BOYD: That would be  
15 good.

16           MS. ALLEN: Gary, could you tell the  
17 location of the project you're just referring to?

18           MR. RUBENSTEIN: Oh, that was the  
19 Modesto Irrigation District Ripon project.

20           MS. ALLEN: Ripon. All right.

21           MR. RUBENSTEIN: And I believe it was  
22 condition ER-1.

23           HEARING OFFICER GEFTER: Yeah, that's  
24 the MID project.

25           DR. REEDE: Right.

1                   ASSOCIATE MEMBER BOYD:  Oh, I remember  
2           it well.

3                   HEARING OFFICER GEFTER:  Yeah, I know  
4           you do.

5                   All right, any further comments or  
6           questions?

7                   Okay, at this point this hearing is  
8           adjourned, and we will travel to view the site.

9                   ASSOCIATE MEMBER BOYD:  I'd like to  
10          thank Calpine for the public lunch that they put  
11          on.

12                   HEARING OFFICER GEFTER:  Off the record.  
13                   (Whereupon, at 2:59 p.m., the hearing  
14           was adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Informational 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 19th day of June, 2005.

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