

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

In the Matter of:)
)
Application for a Small Power) Docket No.
Plant Exemption for the) 08-SPPE-1
Riverside Energy Resource Center))
Units 3 and 4)
_____)

RIVERSIDE WATER QUALITY CONTROL PLANT
MULTIPURPOSE ROOM
5950 ACORN STREET
RIVERSIDE, CALIFORNIA 92504

MONDAY, MAY 12, 2008

3:30 p.m.

Reported by:
Troy Ray
Contract Number: 170-07-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Karen Douglas, Presiding Member

James D. Boyd, Associate Member

HEARING OFFICER, ADVISORS and STAFF PRESENT

Raoul Renaud, Hearing Officer

Susan Brown, Advisor

Panama Bartholomy, Advisor

Deborah R. Dyer, Staff Counsel

Felicia Miller, Project Manager

PUBLIC ADVISER

Nicholas O. Bartsch

APPLICANT

Allan J. Thompson, Attorney
on behalf of Riverside Energy Resource Center

Kenneth Sutter, Board Member
Dave Wright, General Manager
Riverside Public Utilities

Robert B. Gill
Stephen H. Badgett
Chuck Casey
Moses Lopez
Karen Connor
Kevin O'Neill
David P. Hernandez
Debbie Lopez
Norm Stout
Hector Basulto
Jorge Somoano
City of Riverside

ALSO PRESENT

John Yee
Marcel Saulis
South Coast Air Quality Management District

David Tateosian
Gregg Harwood
Mike Tatterson
Power Engineers

Karl Lany
SCEC

Kevin O'Neill
TIC

Jackie Nutting
ABC - SoCal

Robert Fountain

Mary Humboldt

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P R O C E E D I N G S

3:30 p.m.

HEARING OFFICER RENAUD: We'll now commence the informational hearing portion of today's proceedings. My name is Raoul Renaud; I'm the Hearing Officer assigned to this matter.

To my right is Commissioner Karen Douglas, the Chair of this Committee; and to my left is Commissioner James Boyd, the Associate Member of the Committee.

We've had the site visit conducted by the applicant, City of Riverside. And I'm going to explain a couple things about where we're going from here, and then we'll have presentations by the City and by the Energy Commission Staff, and the Energy Commission Public Adviser for your information.

The applicant has submitted to the Energy Commission an application for a small power plant exemption. The purpose of today's hearing is to provide a public forum for people to discuss the proposed project; for the applicant and the staff to provide information about the project; and for us to describe the Energy Commission review process and identify ways for members of

1 the public to participate in that process.

2 This is the first in a series of
3 Commission-sponsored events that will take place
4 over the coming months.

5 Power plants that exceed 100 megawatts
6 in capacity are reviewed by the Commission under
7 its application for certification process. The
8 Commission regulations provide that if a plant is
9 between 50 megawatts and 100 megawatts it may be
10 reviewed under the small power plant exemption
11 process.

12 This is a somewhat less rigorous
13 analysis, the goal of which is to determine
14 whether or not the project has any significant
15 environmental adverse impacts. If the Commission
16 determines that it will not, it then hands
17 jurisdiction over the project back to the local
18 authorities, and the Energy Commission would no
19 longer have a role in overseeing that project.

20 Normally in a project exceeding 100
21 megawatts the Energy Commission maintains
22 jurisdiction over enforcing the conditions of
23 certification for those projects.

24 In this case in 2004 the Commission
25 authorized an exemption for units 1 and 2 to be

1 constructed, on the basis that it both was less
2 than the 100 megawatt threshold, and there were no
3 significant adverse impacts that could not be
4 mitigated. That was in 2004.

5 Now the applicant wants to add 95
6 megawatts of capacity to the project in the form
7 of units 3 and 4, which will bring the total
8 capacity to 191 megawatts.

9 And an issue that the Committee is very
10 interested in looking into, as a preliminary
11 matter, is the fact that if the four units had
12 been brought to the Commission initially as a
13 single project, it would not have been eligible
14 for exemption because obviously it was more than
15 100 megawatts.

16 So we've asked the Energy Commission
17 Staff to research that issue and provide some
18 information about that. And there will be some
19 further discussion and probably briefing requested
20 by the Committee with respect to that issue as a
21 preliminary matter before we get too far into the
22 substantive review of the project.

23 The staff will be making a presentation
24 regarding the issues that they've seen so far in
25 the project later on today, and that will be one

1 of the things that staff will discuss.

2 As far as showing that there are no
3 significant adverse environmental impacts that
4 cannot be mitigated, that is up to the applicant
5 to do that to the Commission's satisfaction.

6 The applicant could make that showing,
7 however if someone else were to come before the
8 Commission and make what is called a fair argument
9 that there is, in fact, a substantial adverse
10 environmental impact that cannot be mitigated, the
11 Commission would need to take that into account in
12 determining whether or not to grant the exemption.

13 A fair argument, however, cannot just be
14 based on someone's worry, for example, that the
15 plant's going to emit pollution or make too much
16 noise or look ugly, any of those kinds of things.

17 The fair argument needs to be based upon
18 substantial evidence, expert opinion, the types of
19 evidence that would be admissible in a court of
20 law.

21 The examination of the project under the
22 small power plant exemption process is equivalent
23 to the initial study process under the California
24 Environmental Quality Act.

25 Now, a little bit about the way we

1 develop the record here. The Committee considers
2 evidence in reviewing an application. The only
3 evidence that can be considered and used in
4 connection with those decisions is evidence that
5 was presented in a public setting. The reason for
6 that is that we want the public to be aware of all
7 of the factors that go into making these
8 decisions.

9 For that reason there's a rule which is
10 known in legalese as the ex parte rule. And very
11 simply, it prohibits communication between the
12 parties and the members of the Committee. And so
13 any kind of evidence or communications,
14 information about the project, needs to be
15 presented in a public setting. And it will be put
16 on the Commission's website, placed in the docket
17 and available for all members of the public to
18 examine.

19 Commissioner Douglas has just pointed
20 out I left out a couple of preliminary matters.
21 First of all, we have a Spanish-language
22 interpreter available today, who is standing by.
23 And I want to ask initially, is there anybody who
24 would like to have a Spanish language
25 interpretation today? If not, we're going to

1 release that person. All right, I see no one.

2 Thank you.

3 The second thing is you'll notice we now
4 have microphones up here. These are not for
5 public address systems, we're still shouting at
6 you. But they are recording everything that's
7 said in the room, and that's because a record is
8 being made of today's hearing.

9 The record will be transcribed into
10 written form. It will be available for
11 examination by anybody. It will be published on
12 the website, and becomes part of the record of the
13 proceedings.

14 And for that reason any of you who want
15 to speak should get a microphone somewhere, take
16 one of these -- I believe the reporter may have a
17 spare available -- just to make sure that your
18 comments can clearly be added into the record.

19 All right, is there any questions about
20 what I've just said before we move into the
21 presentations?

22 ASSOCIATE MEMBER BOYD: Mr. Chairman, I
23 always like to make the point here for the public
24 who doesn't deal with us much, as the old timer on
25 this Committee, that the ex parte rule means that

1 the three of us and our Advisors can't even talk
2 to our own staff from this point forward. So
3 everybody involved in this process is quote, an
4 intervenor. We kind of like having our robes on
5 and therefore, all discussions have to take place
6 in a public forum like that, including exchanges
7 between us and the staff of the Energy Commission.
8 A lot of people don't realize that. I don't like
9 it, but it's the law, so --

10 HEARING OFFICER RENAUD: That's right.

11 ASSOCIATE MEMBER BOYD: -- it just makes
12 it tougher on us.

13 HEARING OFFICER RENAUD: Thank you. And
14 it's all designed to make sure that this process
15 is completely open, transparent, above board and
16 everybody knows what's going on.

17 Okay. Well, in that case, let's move
18 into the presentation by the applicant. Are you
19 prepared to give us your show about the project?

20 MR. GILL: Yes, we are.

21 (Pause.)

22 MR. BADGETT: Thank you, Mr. Renaud,
23 Commissioner Douglas and Commissioner Boyd and
24 Commission Staff. Welcome to Riverside, and thank
25 you for the opportunity for us to present our

1 project to the Energy Commission for review on the
2 small power plant exemption process.

3 My name is Steve Badgett; I'm the Deputy
4 General Manager of the Utility, and I am the
5 Project Applicant. I'd like to make two
6 introductions in our audience today. We do have
7 one of our members of the Board of Public
8 Utilities. His name is Ken Sutter. And the
9 General Manager of Riverside Public Utilities is
10 also with us today, Dave Wright.

11 So, I'd like to talk to you today about
12 our proposed Riverside Energy Resource Center
13 units 3 and 4; a little bit about the City of
14 Riverside.

15 As we noted earlier in our walk-through
16 of the existing site, Riverside consists of about
17 300,000 in population. We serve an electric and
18 water service territory of approximately 85 square
19 miles. We have almost 106,000 customers on our
20 electric system.

21 Just this year we were recognized as one
22 of 84 of the 2000 publicly owned utilities in the
23 United States to be a -- get the top award as a
24 reliable public power provider. And that's based
25 on our ability to serve our customers, our

1 reliability indices and our planning processes and
2 our safety record, which we're very proud of.

3 And we always like to say, depending on
4 who you talk to, we're either the seventh or
5 eighth largest utility in the State of California.
6 We continually fight with our sister city,
7 Anaheim, and Modesto Irrigation District, on
8 depending on which number you look at, we claim
9 number seven or number eight.

10 As we told you, we are a fully resourced
11 utility, almost 100 percent of our resources are
12 fully committed to long-term ahead, and basically
13 comes outside of our service territory, as far
14 east as Delta, Utah; and also from the San Onofre
15 Nuclear Generating Station in San Clemente, Hoover
16 Dam, Arizona and Nevada.

17 We do have one source of
18 interconnection, the long extension cord that I
19 mentioned earlier. We're connected to the ISO
20 grid by a single Southern California Edison
21 substation. You hear us refer to that as the
22 Vista Substation. It has a defined capacity limit
23 to service Riverside at 552 megawatts. Last year
24 in July we hit 610 megawatts as a peak for the
25 summer. So therefore, internal resources are

1 needed when we reach or go above the 552 megawatt
2 capacity.

3 We do have two existing generation
4 stations in the city, the Spring Substation who
5 has a rating of 30 megawatts. It's located just
6 almost 180 degrees across the city from this
7 facility. And the Riverside Energy Resource units
8 1 and 2, which is rated at 96 megawatts. Both of
9 those are summer ratings.

10 ASSOCIATE MEMBER BOYD: Could I ask a
11 question? It's not really relevant to the siting
12 case, but since you're here. Of your externally
13 resourced energy, how much of it is coal?

14 MR. BADGETT: About -- 152 to 60
15 megawatts of full load resource is coal. So on a
16 day like today, that's about two-thirds of our
17 resources. On a peaking day, that's a fourth.

18 ASSOCIATE MEMBER BOYD: Thank you.

19 MR. BADGETT: A very busy graph, lots of
20 colors. I think I want to talk about the
21 horizontal lines specifically. The red line is
22 the 552 megawatt maximum capacity that we can
23 serve out of the city. The blue line, the solid
24 blue line that kind of steps up as you go across
25 is what we've added internally for internal

1 generation. Then last, the dotted line is our
2 proposed Riverside Energy Resource addition of
3 internal generation.

4 As you see, the blue lines are actual
5 peaks that we've had historically. Last year 610
6 megawatts. The white bars is what we forecasted
7 prior to the last year on what we thought our
8 energy is. And the red is now the new forecast.

9 It's art and it's a science, but it's
10 also somewhat simple. You just look at your
11 historical usage; see what's changing out there;
12 and then you use a little bit of empirical
13 calculations. But that's how we come up with our
14 forecast.

15 As you can see, we've been kind of low,
16 but basically we are seeing a true trend in energy
17 usage on our system. The city is growing. We are
18 a city of destination due to the housing market.
19 And we know that's a little bit changed, but we
20 are a net importer of jobs. Basically more people
21 come to the city that work than go out of the city
22 to work. And we are one of the destination places
23 also for high tech jobs because of the labor force
24 and the city ability to expand. We have a pretty
25 good sphere of influence.

1 I want to talk about why we need 3 and
2 4. We did start the planning process with the
3 Commission back in 2003. Commissioner
4 Pfannenstiel, Commissioner Geesman were in this
5 room listening to a presentation that we made.

6 And in that presentation we felt we
7 didn't need additional generation till 2010, 2011
8 timeframe. We've seen that growth, as I've just
9 noted, moving more importantly to a need to add
10 that internal generation now, 2009, or as soon as
11 we can.

12 That's based on a growth in meters
13 additions, additions to the system. And also
14 we're seeing a growth in energy usage. We like to
15 point to some areas in the city that we did not
16 have one new meter on a circuit and we saw a peak
17 energy increase of 10 to 15 percent over
18 historical times.

19 That would go back to discretionary
20 spending. A fundamental shift in how our
21 neighborhoods and the city are growing.
22 Demographics changing, younger families moving in,
23 wanting to re-do the kitchens, wanting to put
24 plasma tv's in every room, plasma tv outside, add
25 a swimming pool. Those are reality, things that

1 we've had to face. And so therefore we're seeing
2 not only a growth in the city and people moving to
3 the city, we're seeing a growth in how they use
4 their energy, as well.

5 ASSOCIATE MEMBER BOYD: So you're seeing
6 a per capita use of electricity by Riverside
7 citizens, you're seeing that increase?

8 MR. BADGETT: Yes, we have.

9 ASSOCIATE MEMBER BOYD: Ouch, --

10 MR. BADGETT: Yeah.

11 ASSOCIATE MEMBER BOYD: -- you're going
12 to hurt the California average.

13 MR. BADGETT: Yeah.

14 ASSOCIATE MEMBER BOYD: We've been
15 bragging on the fact that California has remained
16 basically level on per capita use of electricity,
17 while the whole United States has gone up 50
18 percent.

19 MR. BADGETT: Yeah, well, you know, the
20 Inland Empire does brag that it breaks a lot of
21 records, and we're seeing it. And a lot of that
22 is air conditioning use, too. We're seeing,
23 again, the demographics changing in outer
24 neighborhoods that might have lived with a house
25 fan or a window fan, or just a window air

1 conditioner. And as we see our city change, we're
2 seeing a change in how our customers want to use
3 energy.

4 Also is additional consideration. We
5 always point back, I know I sound like a broken
6 record, but that one long extension cord that was
7 severed on October 26 of last year. We do have a
8 problem with the ability to serve load if we're
9 cut off from the outside world because of that one
10 single interconnection.

11 Of those seven cities, or eight cities,
12 you look at probably the top 20 utilities in the
13 State of California, we're the only one that has
14 one interconnection to the ISO grid. That's
15 certainly not the Commission's fault, or anyone to
16 say that we need to get that second connection.
17 It's been a long time coming. We've been in
18 negotiations with Southern California Edison for
19 over 20 years to get that done.

20 In fact, the land that we purchased for
21 that site was purchased in the 1970s for that very
22 project. And it's just been a long, drawn out
23 process to get that done.

24 We also need additional energy for a
25 reliable supply to our city. As I mentioned, we

1 are a 240-'50 megawatt utility today. In July
2 we'll be a 600 megawatt utility. And so there's a
3 huge unknown in that peak in July. The year
4 before it was in September. And the year before
5 that was, I would say August, but I'm not sure.
6 But we never know when our peak's going to be.
7 And so it's very important for us to have a
8 peaking capacity that we can bring online to meet
9 our needs and a short-term planning process.

10 What does this do for our customers?

11 This is probably annual savings of about \$12
12 million for us. There's two components of that.
13 First component is certainly knowing our price and
14 being in control of our market and our energy
15 coming out of the units that we own and operate
16 versus going to the market where there is a profit
17 margin, and there is a market driven by market
18 demand that drives the prices up. Our prices are
19 stable based on our fixed costs and fuel costs.

20 There's also what we look at as
21 Riverside being in that 500 to 600 megawatt
22 utility, resource adequacy, the 15 percent
23 resource adequacy requirement that the California
24 ISO puts on all utilities in the United States --
25 I mean in California. And in the capacity market

1 that saves about \$10 million for us annually,
2 instead of going out and buying that capacity t
3 meet that requirement from the ISO.

4 And then we also, as we used very
5 diligently on October 26th, it provides us a ample
6 supply of emergency services during a blackout.
7 During the October 26th event, we brought Springs
8 up across the city; got Riverside Energy Resource
9 Center up and running. Started bringing on
10 essential load.

11 What is essential load? Certainly
12 civility. We had the whole city blacked out, so
13 making sure fire stations, firefighting
14 capabilities went in place as our number one
15 priority. And then we start bringing up services
16 like fire, police, health, all the hospitals. We
17 have a defined plan to segregate nonessential load
18 like the 7/11s and places that didn't need energy
19 to provide emergency services and get services to
20 those.

21 So, it's a key component to our ability
22 to meet the requirements of our customers.

23 MR. THOMPSON: Excuse me, the October
24 26th event was the fire, right?

25 MR. BADGETT: The October 26th event was

1 a failure of Southern California Edison's
2 electrical system. We mentioned that it was a
3 equipment failure and caused about three to four
4 miles of 115 kV transmission lines that burned
5 down around the Vista Substation severing the
6 city's ties on that 69 kV transmission system into
7 the Edison Substation.

8 As we mentioned, 2003-2006 was the
9 process of getting units 1 and 2 up and running.
10 They were commissioned on May 26, 2006. On the
11 date we planned, a month in advance, to have this
12 ceremony, they both were running due to energy
13 requirements. We didn't want them running
14 because, you know, it was kind of making the site
15 a pretty hard site to have visitors there.

16 But we basically have been - the day
17 they were ready to come online they've been a
18 vital resource for the city.

19 Here's where we planned the units 3 and
20 4 to look like. As we talked to you on the walk-
21 around, almost a mirror image, brother/sister
22 units are out there. Same footprint for the
23 turbine, combustion turbine generators. All the
24 water resources, the gas metering, the gas
25 compressors, the substation expansions. They're

1 all just going to be replicated adjacent to each
2 other.

3 I do want to mention, if I may, that
4 when we -- we purchased the site from the
5 wastewater treatment department of the city, which
6 is the facility we're here today. And it was land
7 that they had declared surplus. Prior to them
8 declaring surplus they removed three to five to
9 seven feet of topsoil dirt to cap a landfill so we
10 could process some -- capture the gas and cap the
11 landfill.

12 So we looked at the site as one, it was
13 a city site. Two, it was located in an industrial
14 area. Probably the most important was located on
15 a main transmission gasline. And four, it was a
16 previously disturbed site. So we liked those key
17 elements.

18 So we went and purchased the land from
19 the wastewater treatment facility. Again, it was
20 rough-graded. We just laid out. And we told the
21 staff at that time we were going to lay out the
22 site for future expansion because 2011, 2012 we
23 felt that's when we would need the facility for
24 units 3 and 4. So it made standard, prudent
25 utility practice to make sure that you have room

1 to construct units 3 and 4.

2 We liked the site because there's no
3 interconnections and linears now. Certainly there
4 is, as we mentioned, it has a lot of supporting
5 infrastructure. Looking at taking units 3 and 4
6 and moving somewhere else, versus putting it at a
7 site that we had planned just makes more sense for
8 us.

9 As I mentioned, we have a lot of
10 additions, but again it's more or less replicating
11 what units 1 and 2 have.

12 Other site improvements. We did talk
13 about our black start. It's going to be a diesel
14 generator. It was planned for units 1 and 2 for a
15 number of reasons we held off not putting it
16 there. So we never went for the permit. We never
17 permitted for it.

18 Now looking at what we learned from the
19 2007 blackout, and also having approximately 190
20 megawatts of -- four gas turbines at 190 megawatts
21 sitting on one side, it's very prudent for us to
22 now move forward and add a black start diesel
23 generator.

24 We're going to put some open-air storage
25 shed. We're going to have a water lab. And

1 additionally, burrowing owl habitat. Prior to the
2 last week we discussed possibly locating a
3 redundant emergency backup center for the energy
4 control center, which I'll mention we were in
5 the -- 1 and 2 control center, where we controlled
6 the entire grid. It's prudent utility practice to
7 have a backup in case we had to vacate that
8 facility.

9 We now have made arrangements to have
10 that at somewhere, another place. We purchased
11 additional property within the city to locate some
12 of the service that we had planned for there. So
13 we're removing that from our project.

14 MR. BARTHOLOMY: What were some of those
15 lessons learned from the blackout that brought you
16 to the black start?

17 MR. BADGETT: We were afraid that our
18 transmission facility -- we were relying on the
19 black start at Springs. We do have black start
20 there to get those engines running, up, which they
21 did. But we were relying on the integrity of our
22 transmission system, routing it from one end of
23 the city over to the other.

24 And if it had been a earth event we may
25 or may not had that ability. So we're looking

1 that it's best, plus this is the largest facility,
2 we should have black start here now. And so that
3 was some of our challenges.

4 Once we got that -- we did get that
5 system in, and immediately got both units up and
6 running. We had units running at Springs; we had
7 units running here. But our system was very
8 unstable because we were trying to interconnect to
9 the grid. And as we brought areas of the city on,
10 people were going, oh, my lights are on. Let's
11 turn on the air conditioner; let's get things
12 going. And the system became very unstable. And
13 we almost lost that tie a couple times.

14 So, just good lessons learned looking at
15 what a utility our size should have, as far as
16 being able to get units up and running with black
17 start capability.

18 MS. DYER: Question on that last slide.
19 Which parts of these that are listed up there are
20 part of this project that's currently before the
21 Commission?

22 MR. BADGETT: I believe all four bullet
23 points are. But one of them's related to RERC 1
24 and 2.

25 MR. TATEOSIAN: Yeah, black start

1 diesel, the air emissions from it, it's not part
2 of units 3 and 4. It won't supply power to 3 and
3 4. But the air emissions from the diesel are
4 included in the cumulative analysis.

5 The open air storage shed and the water
6 lab and that additional burrowing owl habitat are
7 parts of the 3 and 4 permit.

8 MS. DYER: So the black start engine was
9 evaluated in the previous --

10 MR. TATEOSIAN: No, there's a separate
11 process going on for adding the black start diesel
12 through South Coast. Okay. It is a project that
13 supports only one --

14 MS. DYER: Thank you.

15 MR. BADGETT: Thank you. Just a real
16 quick snapshot of our schedule. We submitted our
17 application to the Energy Commission in March.
18 We're expecting hopefully that we'll have a
19 decision from the Commission in third quarter. We
20 also are hoping to get our application to
21 construct from the South Coast Air Quality
22 Management District later on this year.

23 We will be going out for a -- to get our
24 package together, construct the projects which our
25 contractors and the contract construction package

1 late in the year. With hopefully getting someone
2 on board to start some grading again in the fourth
3 quarter, first quarter, once we have all our
4 permits to proceed.

5 The units have been ordered. As you
6 know, there are long lead times. We expect them
7 to start coming in the first quarter of '09 with
8 us starting to try to get one unit up in July and
9 the last unit in August of 2009 if all goes well.

10 And I believe that's all I've got. Did
11 I miss anything from my staff?

12 MR. SPEAKER: I don't believe so.

13 MR. BADGETT: Be glad to take any
14 questions.

15 HEARING OFFICER RENAUD: Thank you very
16 much. Does anybody have any questions regarding
17 the applicant's presentation? Yes.

18 MS. BROWN: I have a question, Steve,
19 about the access to the South Coast priority
20 reserve. Can you comment on the feasibility of
21 qualifying under rule 1309.1?

22 MR. THOMPSON: Do you want Karl to help
23 you with that?

24 MR. BADGETT: Karl Lany.

25 (Laughter.)

1 MR. LANY: I'm Karl Lany with SCEC. The
2 South Coast did adopt amendments to rule 1309.1,
3 which is their priority reserve rule. In those
4 amendments, I believe many of you know, they
5 opened up opportunities for power generating
6 facilities to, for a very limited time, draw on
7 that reserve for particulate credits.

8 We have taken a look at the rule. We've
9 put together emissions inventory for the project.
10 We feel that we do meet the requirements set forth
11 in that rule to draw on the priority reserve.

12 We will need particulate credits from
13 South Coast if we operate in the way that's being
14 presented to you today.

15 MS. BROWN: So are we to understand
16 that's still an open issue at this time? It's in
17 process? You don't have a firm signal from the
18 South Coast that you will in fact, qualify?

19 MR. LANY: We have identified to South
20 Coast that we are requesting the credits from
21 them. We have demonstrated in our application to
22 them that we comply with the rule and we meet the
23 standards.

24 They are right now reviewing the
25 application for completeness. We have not had

1 more significant conversation with them.

2 MS. BROWN: Okay, thank you.

3 HEARING OFFICER RENAUD: Okay, any other
4 questions or comments regarding the applicant's
5 presentation? Okay.

6 Let's move then into presentation by the
7 Energy Commission Staff, including the issues
8 identification report. And then the Public
9 Adviser. Thank you.

10 MS. MILLER: Good afternoon. My name is
11 Felicia Miller. I work for the Energy Commission.
12 My role in this project is to facilitate the
13 application through the Energy Commission's siting
14 process. I also facilitate the completion of the
15 environmental review and work with the applicant
16 in setting up workshops and meetings and hearings.

17 My presentation will include the Energy
18 Commission's role as in their permitting authority
19 for small power plant exemptions, and the SPPE,
20 which is the small power plant exemption process;
21 public participation; opportunities and
22 information.

23 I'll also discuss the staff's issues and
24 ID report. I put together a draft schedule that
25 the project will follow. I'll touch on Commission

1 and project contacts. And I'll wrap up my report.

2 Deborah Dyer is going to address
3 questions regarding the status of this project as
4 an SPPE.

5 The Energy Commission's permitting
6 authority is for thermal power plants 50 megawatts
7 or greater. And also related facilities including
8 transmission lines, water supply lines, natural
9 gas pipelines, waste disposal facilities and
10 access roads.

11 We're also the lead state agency for
12 CEQA. And, in fact, the environmental review will
13 be completed by Energy Commission Staff, which
14 will meet the CEQA rule requirement.

15 The Energy Commission may exempt thermal
16 power plants from the certification process if the
17 process is 100 megawatts or less, and the project
18 has no substantial adverse impacts on the
19 environment, and no substantial impacts on energy
20 resources.

21 Keeping in mind that this small power
22 plant exemption process is not a permit or a
23 license to review the project -- or to build the
24 project. The SPPE is a public process and it
25 permits public participation in hearings,

1 conferences. And all are noticed and open to the
2 public for participation.

3 The Energy Commission Staff will prepare
4 an initial study. And with this project in
5 particular, expects to prepare a mitigated neg
6 dec. Following the hearings the Committee will
7 prepare a posted decision. And final decision on
8 this project is made by the full Energy
9 Commission.

10 If the exemption is approved, the
11 applicant will apply for appropriate permits from
12 local, state and federal agencies. And local and
13 state agencies, we use the Energy Commission's
14 CEQA document when applying for those respective
15 permits.

16 Once the SPPE application has been
17 received by Commission Staff, the Commission Staff
18 jumps immediately into a discovery and analysis
19 phase of the project. And during this phase
20 Energy Staff gathers information. And we're in
21 the process of doing that right now. And for the
22 purpose of analyzing the project and completing an
23 environmental document.

24 Parts of that discovery and analysis
25 include an issues identification report, which

1 Commission Staff issued last Thursday. A copy can
2 be picked up on the back table. In addition, data
3 requests which were issued about a week and a half
4 ago. Copies of those data requests are also on
5 the back table.

6 Staff will identify mitigation measures
7 and recommend conditions of exemption, if
8 necessary. We'll facilitate public and agency
9 participation through workshops. We'll be issuing
10 a draft initial study. And we'll base that on an
11 environmental checklist which is out of the CEQA
12 guidelines.

13 Then there's a required comment period
14 where public may choose to participate and also
15 interested agencies. And workshops to discuss the
16 documents and resolve any issues that need to be
17 resolved.

18 A final initial study will be issued.
19 The initial study will also go through a review
20 period. And then staff will make recommendations
21 to the Committee.

22 In addition, the documents that I spoke
23 about are readily available on the Energy
24 Commission's website. And there's a website set
25 up specifically for this project. The information

1 is also in the PowerPoint presentation, which you
2 can come to me after the meeting if you need that
3 information and I'll show you how to log onto the
4 Commission website to access any information that
5 the Commission has on the project.

6 Following the discovery and analysis
7 phase is the evidentiary hearings and decision
8 process. A prehearing conference will be followed
9 by evidentiary hearings, and are conducted by
10 assigned staff, to hear the findings and
11 conclusions of the applicant, staff, any
12 intervenors, other agencies. And we'll take
13 comments from the general public.

14 The Committee will conduct hearings on
15 all information including the -- and issues the
16 Presiding Member's Proposed Decision, and a final
17 environmental document. The proposed decision
18 contains findings related to environmental impacts
19 and any mitigation, recommends conditions of
20 exemption, if any, and recommends whether or not
21 to approve the exemption. This is followed by a
22 proposed decision hearing and a Commission
23 decision.

24 In addition, while processing the
25 application and completing our environmental

1 review, staff works closely with state, local and
2 federal agencies. For example, in this project
3 we'll be working very closely with the City of
4 Riverside, South Coast Air Quality, Department of
5 Fish and Game and U.S. Fish and Wildlife.

6 And to the best of my knowledge all of
7 those agencies have already been contacted, or are
8 in the process of being contacted in order to
9 complete information required for the data
10 requests that we issued to the applicant a couple
11 weeks ago.

12 The public has a number of opportunities
13 to participate in the SPPE process. They may at
14 any time submit written comments or statements to
15 the Commission on the draft or final decision --
16 I'm sorry, final initial study, and on the
17 Presiding Member's Proposed Decision.

18 They may offer oral comments at public
19 hearings; they may participate in workshops and
20 hearings; and they could become a formal
21 intervenor. Our Public Adviser is at the meeting;
22 it's Nick; he's sitting in the back. And if
23 anybody wants information on filing as an
24 intervenor, they can talk to Nick after the
25 meeting to get that information.

1 Public participation information. All
2 workshops and hearings are noticed at least ten
3 days in advance. The Energy Commission uses a
4 number of methods to notice our meetings,
5 including newspaper notices. Sometimes there'll
6 be radio spots. Sometimes flyers and handouts,
7 mailings are included. Whatever it takes.

8 In addition, the mailing lists for local
9 libraries and interested agencies. Once the
10 application was filed the Commission put a mailing
11 list together of interested agencies. Agencies
12 that have an interest in the project, and, in
13 fact, may want to participate in the public forum.
14 And so when our workshop notices go out, the
15 Energy Commission contacts, by mail, those
16 agencies, such as the Air District, Fish and Game,
17 et cetera.

18 Okay. And in addition to that we have a
19 listserver. The public can contact the listserver
20 and participate in hearings through the listserver
21 process. So you could actually, if you wanted to
22 get notices mailed to your house you could log
23 onto the listserver to be included in those
24 mailings that go out.

25 In addition, copies of the application

1 and any other documents that are generated in the
2 SPPE review are posted up in public libraries. In
3 Riverside it's at the main library and the
4 Arlington Branch. And in addition to that, the
5 Energy Commission has libraries located in Eureka,
6 Sacramento, San Francisco, Fresno, L.A. and San
7 Diego. The information as to which libraries,
8 what the locations and addresses are, is located
9 on the project website. So if you're going to be
10 in Eureka and you want to look at the project
11 application, there's an address you can pick up.

12 In addition, the Energy Commission has a
13 library, and the city's application and subsequent
14 documents are in the library at the Energy
15 Commission. And a more convenient, probably, more
16 reliable location is this website located here
17 which is set up just for this project. So any
18 documentation that's generated in the process of
19 this application is posted up on that website.

20 Okay.

21 And anything that comes into my office
22 that gets posted up, gets posted up on that. So
23 any additional information, the applicant's
24 responses to the data requests all get posted up.

25 And then a unit we have set up at the

1 Energy Commission is the dockets unit. Any
2 additional information that doesn't get posted up
3 on the website because we can't put every single
4 scrap of paper, but all of that is on the dockets
5 website. And, in fact, we'll list that document.
6 You can log onto it and pull up that document,
7 because we don't put everything up on the web. It
8 would just get extremely cluttered.

9 In the process of generating an
10 application for a power plant, we're talking
11 literally tens of thousands of pages of documents.
12 So not everything gets posted up on the web.
13 However, everything that gets docketed is
14 accessible through the dockets unit.

15 One of the requirements during the
16 hearing process is for staff to issue an issues
17 identification report. The purpose of the report
18 is to give the applicant and the Commission Staff
19 a heads-up on what staff identifies as potential
20 issues, or just important issues that need to be
21 addressed in the SPPE process.

22 The criteria is significant impacts that
23 might be difficult to mitigate. Conflicts between
24 parties about appropriate findings or conditions
25 of exemption that could delay a schedule.

1 And at this time, based on the
2 application that we received from the City of
3 Riverside, staff has only identified one potential
4 issue, which is air quality. Staff has issued
5 data requests in ten technical areas, however the
6 only one that's outstanding is air quality.

7 Let's talk about air quality for a
8 minute. The air quality issue is generally based
9 around the South Coast Air Quality Management
10 District's priority reserve criteria. And, in
11 fact, the applicant just addressed a question
12 having to do with priority reserve. That's an
13 issue that the Energy Commission Staff has
14 identified that could, in fact, -- that could
15 cause a delay in the application being processed.

16 And in addition to the priority reserve
17 credits, there's something called a reclaim
18 program that has to do with NOx, and the need for
19 reclaimed trading credits prior to startup.

20 And right now the applicant hasn't
21 demonstrated to Commission Staff that these
22 reclaim trading credits are in place. However,
23 the data requests that Energy Commission Staff
24 sent out to the applicant address both issues, and
25 we expect the applicant to respond back to the

1 Energy Commission with appropriate responses.

2 Another task staff has is putting a
3 proposed schedule together for processing the
4 application. This SPPE process is an expedited
5 process; it doesn't take the full environmental
6 review that a larger power plant requires.

7 And this schedule represents an
8 expedited compressed schedule which is subject to
9 change, depending on an order that we may get from
10 a Committee. So this is just a good snapshot of
11 what the applicant and Commission Staff have
12 tentatively agreed upon.

13 So the schedule coming out from the
14 Committee should pretty much resemble what this
15 looks like. Okay. And this wouldn't foresee that
16 any problems came up with any issues been
17 identified. And the fact that maybe some issues
18 would come up that are more difficult to mitigate
19 than others. So, you know, without putting that
20 into the equation this is a good snapshot of what
21 the schedule's going to look like.

22 Contact information for the project is
23 on the slide. Again, if anybody needs to contact
24 the Energy Commission --

25 MS. BROWN: We need to correct the --

1 MS. MILLER: You know what, I am so
2 sorry. You're right. That didn't get fixed.
3 Presiding Member is Karen Douglas; and the
4 Associate Member is James Boyd. And I apologize,
5 that's an error on my part.

6 But the rest of the information is
7 correct.

8 (Laughter.)

9 MS. MILLER: Okay. And honestly, the
10 best contact for the project obviously is City of
11 Riverside, the applicant, or myself. Okay, which
12 would be Mike Tatterson or myself.

13 Okay, my presentation's over. Deborah
14 Dyer is going to address questions regarding the
15 staff's issues as far as this project is an SPPE.

16 MS. DYER: Good afternoon. I'm Deborah
17 Dyer and I'm Staff Counsel for the staff working
18 on this project. And the Commission asked for
19 information regarding whether or not the staff of
20 the Energy Commission believes that the proposed
21 addition of 95 megawatts of generating capacity to
22 the existing power plant, the existing 96
23 megawatts, within three and a half years of the
24 Commission decision exempting units 1 and 2 is
25 also eligible for an exemption or whether

1 alternatively that should be a single 191 megawatt
2 project built in two stages.

3 And the brief response is that staff
4 believes that this is appropriately, based on the
5 information that we have before us, appropriately
6 termed as an SPPE.

7 And part of that reason lies in the
8 language within the Warren Alquist Act and in the
9 regulations which state that the Commission may
10 exempt from the process by which an applicant
11 would apply for an AFC, an application for
12 certification, power plants with a generating
13 capacity up to 100 megawatts. And modifications
14 to existing generating facilities that do not add
15 capacity in excess of 100 megawatts if the
16 Commission finds that no substantial adverse
17 impact on the environment or the energy resources
18 will result from the construction or operation of
19 that proposed facility; or from the modifications.

20 And in this case, this SPPE could be
21 viewed from either the standpoint of it is a new
22 power plant still under the 100 megawatt limit of
23 the SPPE process or as a modification to an
24 existing power plant, still under the 100 megawatt
25 limitation set out in the Public Resources Code.

1 There's a couple of other factors which
2 influences staff's decision on this, or position
3 at this time. The first and the most important is
4 that when the process exempting the units 1 and 2
5 went through the Energy Commission there wasn't
6 sufficient evidence at that time to evaluate, to
7 properly evaluate any potential future units.

8 And in the Energy Commission's decision
9 on that project, they actually stated that any
10 review of potential additions would be so
11 speculative as to be -- as to not be an efficient
12 review of those potential expansions.

13 So at the time there was not enough
14 evidence, there was not enough facts in the record
15 to make that determination of whether they would
16 actually occur, when they would occur, what that
17 would look like. And so it wouldn't have been
18 possible at that time, based on the information
19 before the Commission, to make that kind of
20 decision as to, you know, saying that the first
21 portion of the project should have been an AFC.

22 Additionally, there's nothing in the
23 Warren Alquist Act or in the regs that relate to
24 the timing of exemptions. So there's nothing in
25 the regs that say one SPPE within five years of

1 another SPPE is okay, but you know, three or four
2 years is not a sufficient timeframe between the
3 original exemption and the subsequent proposed
4 exemption.

5 Also, looking at the purpose of CEQA,
6 which is to inform the decisionmakers and inform
7 the public, the staff feels that the previous
8 examination, the examination of units 1 and 2, was
9 sufficient to meet the purposes of CEQA. And that
10 there really would not be any purpose served in
11 going back, and in retrospect examining the units
12 1 and 2 as a AFC with this project. Because that
13 information has already been presented to the
14 public and to the Commission and the decision was
15 made.

16 And also the impacts, as to the
17 cumulative impacts, the impacts of 1 and 2 are
18 going to be part of the baseline of this expansion
19 of 3 and 4. So the impacts of the entire plant,
20 as it will exist if units 3 and 4 are built, will
21 be examined in the environmental document that
22 staff will write, the negative declaration and the
23 mitigated negative declaration presumably at this
24 point.

25 The final point would be that when the

1 Commission exempted units 1 and 2, essentially
2 what the Commission did was turn over jurisdiction
3 to those units to the local agency. So, as a
4 jurisdictional issue it's not certain that the
5 Commission would have the jurisdiction to say
6 that, you know, we now want to go back and re-
7 examine units 1 and 2 in the process with this
8 expansion of 3 and 4.

9 So, the staff believes that with -- what
10 we could possibly have is additional delay in
11 evaluating units 3 and 4 without any real
12 additional information or assistance, in the
13 decisionmaking process, or in the environmental
14 protection.

15 HEARING OFFICER RENAUD: Good.

16 Questions or comments? Anybody? No. Member of
17 the audience, questions or comments on the staff
18 presentation? Okay. All right, thank you very
19 much.

20 Mr. Bartsch, would you care to give us a
21 few words about the role of the Public Adviser and
22 your services.

23 MR. BARTSCH: Sure.

24 HEARING OFFICER RENAUD: Thank you.

25 MR. BARTSCH: Thank you. I'll just face

1 the audience so you can hear me better. My name
2 is Nick Bartsch. I am a member of the Public
3 Adviser's Office at the California Energy
4 Commission.

5 Our main role, responsibility, is to
6 insure full and meaningful participation by the
7 general public and all those interested in power
8 plant siting cases, and, in fact, all the programs
9 at the Energy Commission.

10 We try to help you with just general
11 information if you're interested in a siting case.
12 And I think you have already heard the information
13 how you can get in touch, either on the internet,
14 which is really the easiest, to hear information
15 about any particular case, including this one.
16 Each siting case has its dedicated website on the
17 internet.

18 However, if you're not on the internet,
19 you can reach us in the old conventional way,
20 either by telephone or by mail. And all the
21 contact information is on this yellow sheet of
22 paper, bilingual notice, English on one side and
23 Spanish on the other side.

24 You can contact us if you wish to have
25 more information. Also we have a sign-up sheet in

1 the back. You can put your contact information n
2 there and let me know what specific information
3 you need, or just contact us and we'll be happy to
4 provide it to you.

5 And we urge you to stay tuned and
6 participate in the process to the extent of your
7 interest.

8 How can you participate? And there are
9 really two ways you can participate. As an
10 interested party and simply follow the application
11 process through its conclusion. And there are
12 several opportunities to participate. We'll have
13 several public proceedings, public events in this
14 particular application or exemption from the
15 application process.

16 This is the first one. We're going to
17 have several more where you will have the
18 opportunity to fully participate. You can
19 participate, again, by just as an interested
20 party, commenting either verbally in hearings or
21 submitting written comments either by email or
22 snail mail to us, to the Energy Commission in
23 Sacramento. Or just call us up.

24 Make sure that when you submit written
25 comments that you put the docket number on all

1 your comments. And that way it is going to be
2 docketed, and it will become part of the record on
3 which the decision is ultimately made. So that's
4 one way to participate informally.

5 The other more formal way for you to --
6 for the general public or anyone to participate is
7 as an intervenor. Now, the difference between the
8 two is that as an intervenor you will have the
9 opportunity to provide testimony which carries a
10 little more weight in the decisionmaking process.
11 And also provide your own witnesses and have the
12 ability to cross-examine witnesses of the other
13 parties.

14 Now, with these privileges comes certain
15 responsibilities. As an intervenor you must
16 notify all the other parties and serve them
17 formally by a letter. And we have all the
18 information available on our website, so I can
19 provide you the information how to become an
20 intervenor, and what the process is.

21 Now, in addition to -- and then I'll be
22 available to you after the meeting if you have any
23 questions. The other thing I wanted to do briefly
24 is to summarize for you our outreach effort for
25 this particular meeting, which is the first of the

1 several public events.

2 This is important because we want to
3 make sure that we have provided adequate outreach
4 to notify the general public about these events.
5 And for this particular case we have done our own
6 outreach process. Some of it computer search and
7 some of it is actual physical outreach to the
8 community.

9 The first step we do is, you know, we
10 try to identify and notify several organizations,
11 individuals, what we call sensitive receptors.
12 These are organizations or individuals who might
13 be potentially more, because of health, age or
14 other situations, could potentially be more
15 impacted by a facility such as a power plant.

16 These would include schools, health
17 facilities, community, environmental groups. It
18 would also include, for example, ethnic
19 organizations such as the Native American Heritage
20 Commission, the Sierra Club, the Audubon Society.
21 And we also contacted, in addition to that,
22 business organizations through the Chambers of
23 Commerce so that they would get notification about
24 this event.

25 Now, for some formal outreach we have

1 had information on this flyer, both in English and
2 Spanish, and we have put this information in the
3 English version in the May 4th issue of the Press
4 Enterprise. There's a public notice in the
5 community events section.

6 Now, in addition to that, in our effort
7 to reach out to the Hispanic community, which is
8 substantial in this area, about 58 percent, within
9 either a one-mile or a six-mile radius around the
10 proposed site, we have also put the same
11 information in the Spanish weekly, La Presna, of
12 the Press Enterprise.

13 Now, also in addition to these efforts,
14 we have taken about -- we have requested the
15 assistance from the City of Riverside, and they
16 have distributed for us over 1000 flyers within
17 the six-mile radius of this project to let folks
18 know about it.

19 Now, we have notified 30 public
20 officials. These would include the County Board
21 of Supervisors, City Council for the City of
22 Riverside, and the Cities of Norco, which are
23 within a six-mile radius. And 218 sensitive
24 receptors. They've all been notified by letter
25 and also by this notice.

1 Now, also so that we wouldn't miss the
2 air waves, one of the most effective ways to
3 notify people is through radio and television
4 stations. We have contacted seven radio stations,
5 the more popular radio stations; two of them that
6 cater to the Hispanic community. And five
7 television stations, two of which are Hispanic.
8 And requested that they do public service
9 announcements about this particular -- these two
10 events today.

11 So we hope that we have not missed
12 anyone. And we encourage you who have shown up,
13 and also folks that you know who might be
14 interested in this project, to please come
15 forward. And if you need any assistance, please
16 pass on these flyers to them. And we'll be happy
17 to help you out with additional information. We
18 want to encourage you to stay engaged through this
19 whole process.

20 Thank you, and I'll be available to
21 answer questions for you in the back. Thank you.

22 HEARING OFFICER RENAUD: Thank you, Mr.
23 Bartsch, on that.

24 The Committee's interested to know if
25 the applicant, representatives of the applicant,

1 counsel, perhaps, would want to comment on the
2 issue that was addressed concerning the SPPE
3 versus AFC issue.

4 We'll probably be asking for briefs on
5 that later on, but if you have anything you'd like
6 to say at this time, we'd be interested.

7 MR. THOMPSON: Suffice it to say that we
8 fully agree with the staff. We've taken a good
9 look at this. I went back and I looked at some
10 data request responses that we filed in 1 and 2
11 that dealt directly with this topic.

12 And there is substantial information
13 about not knowing what would be built and when.
14 There are lists of the types of projects. This is
15 going before the Public Utility Board reports that
16 say these are the seven things we could be doing
17 somewhere in that timeframe. Could be simple
18 cycle, could it be combined cycle, we just don't
19 know.

20 So, I'm convinced, after looking at
21 this, at the time when we started the process for
22 1 and 2, that the city really could not have
23 identified with any degree of confidence at all,
24 that units 3 and 4 would be built in this
25 timeframe at this location, and that they would

1 look like what they look like.

2 So, I completely agree.

3 HEARING OFFICER RENAUD: Okay, good,
4 thank you. Questions from anybody? No, okay.

5 The issues identification report noticed
6 one major issue which is air quality. And I know
7 we have a representative from the Air Quality
8 Management District here. Would you care to
9 comment at this point? Put you on the spot here.
10 You don't have to, but you're here, so do you have
11 anything to say?

12 MR. YEE: Actually, just like to
13 introduce ourselves.

14 HEARING OFFICER RENAUD: Please.

15 MR. YEE: Good afternoon. My name is
16 John Yee; I'm the Senior Air Quality Engineer over
17 at South Coast Air Quality Management District. I
18 do have staff with me, Mr. Marcel Saulis.

19 I think the only thing I had was that
20 we're still in the process of evaluating the
21 application that was sent to us. I understand
22 that this was sent in to the CEC somewhere in
23 March. We received our applications in April, so
24 we're still within our 30-day clock as far as
25 determining completeness on this project.

1 So part of what was talked about earlier
2 about access to the priority reserve, one of the
3 conditions is that you actually have to submit a
4 complete application to the District. Since we
5 haven't made that determination yet, I can't
6 really say whether or not we're going to make
7 that.

8 But we probably will within, by the end
9 of 2008. I mean they qualify for the access to
10 the priority reserve if they have a complete
11 application within the year of 2008. But we are
12 working towards that right now.

13 it's fairly early on in the process.
14 We're available to answer any of your questions if
15 you have any.

16 HEARING OFFICER RENAUD: Thank you.
17 Questions, anybody? No.

18 ASSOCIATE MEMBER BOYD: Just one quick
19 question. You saw the timetable that the staff
20 proposed, which had this whole process finishing
21 in the late August timeframe. And you just made
22 reference to sometime in 2008. Is there a
23 schedule problem here for you?

24 MR. YEE: No. It's just the rules says
25 that -- I was just more or less quoting the rule

1 that --

2 ASSOCIATE MEMBER BOYD: Okay.

3 MR. YEE: -- the electric generation
4 facility has to be filed within the year of 2008.

5 ASSOCIATE MEMBER BOYD: Okay, got'cha.

6 MR. YEE: I think since we just received
7 ours less than 30 days ago, and you received yours
8 about 60 days ago --

9 ASSOCIATE MEMBER BOYD: Not going to
10 press you.

11 MR. YEE: Okay.

12 MR. THOMPSON: We may press you.

13 (Laughter.)

14 MR. YEE: We're going to try and work
15 with, I think, the date that you had was sometime
16 in July, I think it was July 25th that you needed
17 something back from the District. So we're going
18 to try and meet that date, yes.

19 HEARING OFFICER RENAUD: Thank you. All
20 right, good. Thank you very much.

21 Next on the agenda is a discussion of
22 the proposed schedule. I've quickly reviewed the
23 proposed schedules from the applicant and the
24 staff and find that they are identical. So you
25 obviously have no disagreement about the proposed

1 schedule. And so that very likely will turn out
2 to be the schedule.

3 But the Committee will issue a
4 scheduling order within the next two weeks. And
5 that's how we'll proceed.

6 At this time I'd like to ask for public
7 comment. Is there anyone who would like to take
8 this opportunity to say anything about the
9 project, or the information that's been presented
10 today?

11 If you'd please come forward, and
12 identify yourself. Thank you. The microphone is
13 here to pick up your remarks for the reporter, but
14 it does not amplify your voice. But you don't --

15 MS. HUMBOLDT: It's very difficult to
16 hear in the back, by the way, --

17 HEARING OFFICER RENAUD: All right.

18 MS. HUMBOLDT: -- it's almost
19 impossible. So there's no point in talking to
20 this, is that --

21 HEARING OFFICER RENAUD: You can just
22 put it on the table and it'll --

23 MS. HUMBOLDT: Oh, okay.

24 HEARING OFFICER RENAUD: -- it'll work.

25 MS. HUMBOLDT: My name is Mary Humboldt.

1 I live at 7407 Duffren (phonetic) Avenue here in
2 the City of Riverside. And starting in 1978 when
3 Jerry Brown was Governor, I became very interested
4 in solar energy. And he was very interested, and
5 had different programs proposed.

6 And here we are 30 years later and not
7 much has happened. And I'm here today because I
8 have a -- it's a topic that I've been interested
9 in forever. And I clip in the paper.

10 And the pollution and air quality, plus
11 our water quality here in the Inland Empire is
12 just awful. I mean I have picture after picture
13 showing us as the worst spot in the area, in the
14 whole state, and sometimes in the whole country.
15 And I have article after article:

16 Panel finds ties between smog and
17 mortality. We have a new report out on brain
18 damage in children with the air quality. We have
19 the worst particulate matter in the country. We
20 now find out that the local cement plant has been
21 poisoning everybody for the last 30 years. We
22 have a plume moving towards us filled with
23 contaminants from aerospace operation years ago.

24 So, now I know you can't fight city
25 hall, I've learned that. However, what I wonder

1 is when you put in another polluting power plant,
2 can there not be a component to add solar panels
3 to various buildings in the city.

4 For example, if the City of Riverside
5 were to suddenly embark upon a solar program, to
6 say solarize 5 or 10 percent of the homes and
7 businesses here in the city, we would probably not
8 need to expand -- I assume this power plant will
9 be expanded later on. That we could begin to
10 reduce the pollution in the area.

11 I believe that the City of Riverside is
12 currently, I think it's like 88 square miles. And
13 it's planning on doubling in size. It's going to
14 go all the way down -- I don't know if any of you
15 are local, but all the way down through Lake
16 Matthews into Lake Elsinore. It's going to be one
17 of the largest physical cities in the United
18 States. That's why we need more energy. Because
19 as they annex the different communities, they need
20 to buy out Southern California Edison and put them
21 into our Riverside Public Utility grid, a very
22 expensive process.

23 But concomitant to that should be an
24 alternative energy component. So I don't know if
25 that's within your parameters, but I thought I'd

1 come and try anyhow. I don't think we can put
2 wind machines in backyards, but it would be a good
3 idea.

4 And I think that the city is embarking
5 upon a minor conservation program, trying to
6 encourage people to use less. But in our city,
7 the city council takes 11 percent of the profit
8 from the public utility, which is a big revenue
9 generation factor. So there doesn't seem to be a
10 big interest in conservation or solar energy or
11 wind power in our city because the money flows
12 from the public utility to the city council
13 coffers.

14 So, what I'm here to encourage you, if
15 there is mitigation, if they go ahead with this,
16 which I assume you will, please consider forcing
17 the City of Riverside into a position where they
18 need to start solarizing. I think, you know, not
19 one or two apartment buildings, but a really
20 aggressive program.

21 And also I just want to add, if I may, I
22 attended these hearings for plant 1 and 2. And I
23 was appalled by the intervenor. I sat and
24 listened to that nonsense. And then I read an
25 L.A. Times article that said that they'd been

1 hired by some attorney up in San Francisco who
2 does this with every power plant. And I don't
3 know if there's a way to stop that, but I think
4 that's just terrible.

5 Thank you very much.

6 HEARING OFFICER RENAUD: Thank you for
7 your comments.

8 PRESIDING MEMBER DOUGLAS: I'd like to,
9 if I could, follow up on that comment with a
10 question, which is just as a followup, if you
11 could tell the Committee about what you're doing
12 on solar and renewable energy, but also what
13 occurred to me, really, with your earlier
14 presentation on load growth, and in particular the
15 increase in per capita energy use in Riverside.

16 To what extent you're addressing load
17 growth through energy efficiency, programs to
18 reduce peak demand. And I realize that this is
19 not a central issue in this proceeding, but it was
20 brought up by the commenter. And I think we'd be
21 interested in hearing your perspective.

22 MR. BADGETT: Thank you, Commissioner
23 Douglas. Steve Badgett, again, Deputy General
24 Manager.

25 I want to first address expansion,

1 increased energy use and the growth of the city.
2 Our projections do not take into account any
3 annexations that are not complete. Basically
4 based on our anticipated obligation to serve
5 customers of Riverside.

6 Right now most of the annexations in the
7 City of Riverside are served by Southern
8 California Edison, as Riverside has not taken over
9 their service territory. Therefore, they're not
10 in our calculations. It's based on, again,
11 historical peak load growth, new customers coming
12 in, which is about a 1.5 to 2 percent. And then,
13 again, the astronomical additional energy usage
14 that we're seeing as our demographics of the city
15 grow. That's existing demographics based on
16 communities changing and the way they use energy.

17 We have a number of conservation
18 programs in place. We are a leader, not the
19 leader, in aggressive renewables. Again, I
20 mentioned in our presentation that we're around 14
21 percent, or 20 by 2010 goal of having 20 percent
22 of our renewables. And we're certainly in support
23 of any programs that we can get in place.

24 I don't want to kill you with the
25 numbers, but we --

1 ASSOCIATE MEMBER BOYD: Go ahead, try.

2 (Laughter.)

3 MR. BADGETT: Trying to get our
4 customers, as you know, there is a rebate that's
5 in place by public benefit funds to provide to
6 customers if they put in photovoltaic. We
7 actually have increased that over the minimum
8 limit with the program.

9 It's not phenomenal here in Riverside,
10 but we are doubling what we did the year before
11 with customers applying for the rebate programs.
12 And this year at the half-way mark we're already
13 where we were last year. So we look to double
14 that again. It's not something you can make
15 people do; it's just an incentive program.

16 We're looking at the ways and means to
17 do that. We're working with the businesses that
18 do, specifically with the rooftops, as we see that
19 is now an interest in our community and interest
20 in the businesses to take these large rooftops and
21 install photovoltaic systems on there.

22 It is certainly something we look at a
23 lot as large-scale projects, too. Again, we are
24 really interested in geothermal, as I mentioned.
25 We have a huge contract to have geothermal out of

1 the Salton Sea area. And that's going toward our
2 20 percent in 2010.

3 We will be able to provide more details,
4 certainly someone else's expertise in our
5 organization, but I think you will be pleased to
6 see that Riverside is not taking a back seat in
7 promoting renewables in our resource plan.

8 PRESIDING MEMBER DOUGLAS: Just one
9 quick followup question. Do you know how
10 Riverside has done in meeting the energy
11 efficiency goals established pursuant to AB-2021?

12 MR. BADGETT: I do not have the
13 specifics. We are certainly aware of Assembly
14 Bill 2021, and the energy efficiency, and the
15 loading order that we follow very diligently. But
16 if I may provide the Commission and Staff a more
17 defined answer on that at a later date, if I may?

18 PRESIDING MEMBER DOUGLAS: Thank you.

19 ASSOCIATE MEMBER BOYD: If I might
20 comment. I want to thank the lady for her concern
21 and her interest and her comments. I want her to
22 leave here feeling a little bit better than maybe
23 when she came in.

24 I was pleased -- I had the same question
25 as we sat and listened about does this utility

1 have an RPS goal. As many of you know, the public
2 utilities in California are not subjected to the
3 Energy Commission or the Public Utilities
4 Commission's regulations as are the investor-owned
5 utilities. So I'm pleased to hear that a public
6 utility has embraced the state goal of 20 percent
7 by 2010. I wish you luck getting there. Others
8 are struggling.

9 But 14 percent is better than the state
10 average at the present time, which is 11 to 12
11 percent. So maybe you might feel a little bit
12 good about that.

13 I want you to feel a little bit better
14 about solar power in California, maybe not in your
15 own neighborhood, but actually the Governor's
16 million solar roof program is going quite well.
17 The Commission has before it several applications
18 for very major solar thermal or solar,
19 concentrating solar plants in the southern
20 California area, which means that solar is
21 catching on pretty well now. Some of it, of
22 course, driven by the renewable portfolio
23 standard; some of it driven by the new-found
24 concern for climate change.

25 And I would just say -- I asked my

1 question about coal because I find, I think we
2 find that the public utilities, coal is a concern
3 with regard to climate change. It's CO2
4 emissions. Coal is public enemy number one in the
5 electric generation field.

6 When it comes to that subject, public
7 utilities in California find themselves caught
8 with a lot more coal than some of the investor-
9 owned utilities, interestingly enough. I think
10 driven by the desire to deliver to their
11 constituents, their customers, the cheapest power
12 they can get their hands on. And unfortunately,
13 coal was that. Has been that for a long, long
14 time.

15 So, I don't know what the policy of your
16 utility is with regard to coal. Many other public
17 utilities are driven to try to address that
18 problem. Private utilities are under a little bit
19 more of a mandate suggested by the Energy
20 Commission a few years ago, embraced by the Public
21 Utilities Commission, that we strive to eliminate
22 electricity imported into California that's
23 generated by anything not as clean as a combined
24 cycle, natural gas power plant. Which leaves coal
25 in a world of hurt until new technologies or

1 carbon sequestration come along.

2 So, we are trying to address that
3 problem. And I guess I would ask, although --
4 well, I would ask, since you're all here and this
5 is a public hearing, if you've had any discussion
6 about your coal portfolio and where you might be
7 trying to go in the future.

8 MR. BADGETT: I would love to.

9 ASSOCIATE MEMBER BOYD: I'll bet.

10 MR. BADGETT: We're working very
11 diligently with the directives from the Energy
12 Commission, the Public Utilities Commission and
13 effectively going to be in the hands of the Air
14 Resources Board on what to do regarding Assembly
15 Bill 32, the climate change bill.

16 We are a coal-burning utility. We make
17 no, you know, that's a fact. We do like to say
18 that we are a coal-burning utility for a number of
19 reasons. And certainly cost effectiveness, or the
20 cost of coal versus the cost of other generating
21 facilities is quite less expensive.

22 But we also think that we're
23 geographically challenged. We're a city called
24 Riverside; we have no hydro in Riverside. There
25 is no water in southern California. So hydro,

1 other than Hoover Dam, which I think my
2 predecessors were very smart to participate in the
3 operating of Hoover Dam and get some hydro in our
4 portfolio.

5 Also back in southern California when we
6 saw a huge population growth, all through the
7 state in the '70s and '80s, you recall the Federal
8 Fuels Act didn't allow us to build nice, clean-
9 burning, natural gas facilities. So we had to
10 default to coal.

11 ASSOCIATE MEMBER BOYD: President Carter
12 legacy.

13 MR. BADGETT: Yeah, we all know. And so
14 we are working, we are committed to divesting
15 ourselves from our plant. We have some challenges
16 on the goals of AB-32 and its 2020 timeframe, and
17 our commitment to that plant. And as you know,
18 that commitment to the plant is we cannot -- that
19 commitment to the plant for the City of Riverside
20 and a lot of other publicly owned utilities is in
21 to 2026. We can walk away from that plant and
22 never use another kilowatt of energy. But as long
23 as that plant is operating we're obligated to take
24 care of its emissions and what's going on. So
25 that's a huge challenge for us.

1 But, again, we work very diligently;
2 we're committed. We're sensitive to climate
3 change, or more sensitive because we do live in a
4 area of California that is challenged by air
5 quality. And certainly, hopefully understanding
6 we're balancing our environmental commitment to
7 our customers and our ability to try to serve
8 load, and meeting the needs of the customers with
9 a portfolio and a price and a choice that they can
10 make, so we can all live and continue to live here
11 in California and live healthy, and hopefully
12 wealthy, as well.

13 I hope that addressed --

14 ASSOCIATE MEMBER BOYD: Thank you.

15 MR. BADGETT: -- your concerns,
16 Commissioner.

17 PRESIDING MEMBER DOUGLAS: Thank you.

18 HEARING OFFICER RENAUD: Okay. Any
19 other public comment? Anyone else wish to address
20 the meeting? Okay.

21 Well, as I said, the Committee will
22 issue a scheduling order within the next two
23 weeks. If anyone has any closing comments or
24 remarks we'll take those at this time. Applicant,
25 staff, anybody?

1 MR. THOMPSON: The only clarification
2 I'd have is if any members of the public were
3 interested in how we arrived at the same schedule
4 dates without being able to talk to each other, I
5 wanted to point out, and I think the Commissioners
6 and you would agree, that we can talk to each
7 other procedural only. And we're very careful
8 about that.

9 Thank you.

10 HEARING OFFICER RENAUD: Thank you,
11 appreciate that clarification.

12 Members of the Committee, --

13 PRESIDING MEMBER DOUGLAS: Remarks, no.

14 HEARING OFFICER RENAUD: -- closing
15 remarks? No. Okay.

16 In that case we'll call this meeting
17 adjourned. Thank you.

18 (Whereupon, at 4:57 p.m., the hearing
19 was adjourned.)

20 --o0o--

CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of May, 2008.

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