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David Rohy, Vice Chairman, Associate Member

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

PROCEEDINGS

1

2 COMMISSIONER MOORE: For the record, I am Michal
3 Moore. I'm a Commissioner here at the California Energy
4 Commission and I'm the presiding member on the Sunrise
5 application cogeneration power project. And we'll be taking
6 up more of our evidentiary hearings today. And our hearing
7 officer, Gary Fay, will talk a little bit about some of the
8 changes that we've made in that.

9 I want to make just a couple of announcements.
10 First, normally, I would be joined here at the dais by
11 Commissioner David Rohy, who is otherwise engaged in another
12 hearing and possibly will be here before we terminate these
13 proceedings today.

14 Second, I have news that you may already have heard,
15 but I'd just like to acknowledge that we have lost a member
16 of our staff tragically, Kristina Bergquist, who was the
17 project manager on this project when it first started. And
18 her untimely demise is tragically noted by the other members
19 of the Commission and all the staff here. We're very, very
20 sorry to have lost her. Our heartfelt condolences to her
21 family.

22 I'm going to introduce the other members of the
23 dais. Our Hearing Officer, Gary Fay, is to my right and my
24 aide, Shawn Pittard, is to my left. Bob Eller, the aide to
25 Commissioner Rohy is on the far right, and the empty chair,

1 obviously, belongs to Commissioner Rohy, if he can make this
2 hearing.

3 With that, for today's procedures, I will turn to
4 Gary Fay who will outline what we're going to consider today
5 and also the matters that were taken off consideration today
6 pushing to a future date.

7 Mr. Fay.

8 HEARING OFFICER FAY: Thank you, Commissioner Moore.
9 Just a few housekeeping matters. I would like to note that
10 I've placed a pile of the draft exhibit list out by the
11 podium and people are encouraged to get a copy and follow
12 along and annotate as called for as we move forward today.
13 In response to a request from Kate Pool and Mark Joseph,
14 representing CURE, they have asked that the topics of traffic
15 transportation and worker safety be put over and not be taken
16 up today. That request was concurred by the -- it was a
17 health related request and the applicant agreed to that as
18 did staff. And so we will not take up worker safety or
19 traffic transportation today.

20 However, we will be hearing testimony on
21 Socioeconomics and Transmission System Engineering in that
22 order. I would like to open the hearing by entertaining
23 recommendations from the parties on scheduling matters that
24 we have coming up. And most immediately, the best time when
25 parties will be available to take up worker safety and

1 traffic transportation, Mr. Grattan.

2 MR. GRATTAN: Yes, Mr. Hearing Officer. I'm here
3 for the Applicant, Sunrise. Would you -- are you expecting a
4 suggestion as to the date or would you like me to respond?

5 HEARING OFFICER FAY: Let me put something forward.
6 I've heard from the staff, and I understand that represents a
7 discussion with several of the parties, that December 2nd and
8 3rd would be an acceptable date to deal with those two
9 topics, keeping in mind that we will try to complete them on
10 December 2nd and only use the 3rd as called for. And so I
11 guess I'd like your comments on whether that would -- if you
12 could have your witnesses here that day?

13 MR. GRATTAN: December 2nd or 3rd would be
14 acceptable to Sunrise. December 3rd may be a little bit more
15 convenient for one of the witnesses, but marginally so.

16 HEARING OFFICER FAY: Okay. Well, let me move to
17 the staff then.

18 Ms. Holmes.

19 SENIOR STAFF COUNSEL HOLMES: December 2nd and 3rd
20 are fine with staff. We'll have our witnesses available at
21 that time.

22 HEARING OFFICER FAY: Okay. I've heard by telephone
23 voice mail from Mark Joseph who indicated that they would be
24 ready to go forward on December 2nd and 3rd. And I don't
25 believe that TANC is involved in these two topics.

1 Is anybody here from TANC?

2 MR. De CUIR: Yes, Dennis De Cuir. That is correct.
3 We're not involved in those topics.

4 HEARING OFFICER FAY: Okay. Would any other parties
5 like to address that scheduling matter?

6 All right. And the Committee is in this loop as
7 well, so I think we can anticipate that we will put a notice
8 out renoticing those two topics for December 2nd and possibly
9 the 3rd as needed.

10 The next thing I'd like to hear from, and I guess
11 I'll ask staff to lead this off, is the general discussion of
12 timing on the topics that are tied into air quality and in
13 addition with the subject of water resources.

14 SENIOR STAFF COUNSEL HOLMES: Thank you. With
15 respect to air quality as the Committee and I think the
16 parties are aware, there have been discussions between the
17 district and Sunrise and the district and staff about
18 issuance of the FDOC. The district had told us that they
19 could get -- they hope to be able to get us a DOC that was
20 final with respect to all issues except for the outstanding
21 NOVs by today.

22 We talked about whether or not a document that was
23 final in all respects except for the NOVs would be sufficient
24 for staff to begin the process of finalizing its testimony
25 and making sure that its proposed conditions were consistent

1 with those of the district.

2 And we assured the district as long as there aren't
3 going to be subsequent changes in those conditions when the
4 NOV issue was cleared up that we would be prepared to
5 proceed. The district indicated to us that the other
6 conditions would not change. And the district is, in fact,
7 able to issue a DOC today, we could file our air testimony by
8 the 10th of December.

9 Now, I have to just mention for the record a caveat
10 that the air testimony would, of course, note the fact that
11 there was an outstanding issue with respect to the compliance
12 with laws. And that the staff would recommend that the
13 Commission not issue any kind of a final decision for the
14 project until that issue is cleared up.

15 So that's where we are with air quality. If the
16 district is successful today, the air testimony -- in issuing
17 the DOC today, then staff's air testimony would be filed on
18 the 10th of December. If it is not successful in filing its
19 DOC today, we would expect a day-for-day extension depending
20 upon when we actually received the DOC.

21 HEARING OFFICER FAY: Is the staff comfortable going
22 forward with the Committee taking evidence on air quality
23 with the outstanding NOVs remaining, with the understanding
24 that obviously the project has to ultimately comply with all
25 laws and would be part of that picture?

1 SENIOR STAFF COUNSEL HOLMES: The staff had two
2 concerns with going forward with a DOC with outstanding
3 issues. The first was the fact that the NOV's do have to be
4 cleared. As long as the record remains open until the NOV
5 issue is resolved prior to the Commissioner decision, staff
6 doesn't have a problem with that.

7 The second issue was that we were concerned that in
8 some way the other conditions in the DOC, which have to do
9 with control measures and issues like that, it potentially
10 could change and the district has assured us that that is not
11 the case. So as long as the non-NOV conditions in the DOC
12 remain unchanged, staff is comfortable filing final air
13 quality testimony after this document comes out, with the
14 caveat that until the NOV issue is cleared, staff's testimony
15 is going to say that compliance with laws that would provide
16 certification. Presumably, once the NOV issues get cleared,
17 it will happen at evidentiary and staff would file a
18 supplement to its testimony noting the fact that the NOV
19 issue had been resolved.

20 HEARING OFFICER FAY: Anything further then on that?

21 SENIOR STAFF COUNSEL HOLMES: Not on air.

22 HEARING OFFICER FAY: And when I referred to the air
23 quality related issues, I meant air quality, public health
24 and biology because the position of some of the parties and
25 staff had recommended a taking up after air quality.

1 SENIOR STAFF COUNSEL HOLMES: The connection between
2 air quality and public health and biological resources
3 concerns the H2S emissions. Staff is comfortable, at this
4 time, that it has sufficient information to complete its
5 testimony on those issues. So public health could be
6 resolved at the same time as air quality.

7 However, there are water resources issues associated
8 with biological resources that will prevent biology from
9 being filed at the same time as air quality. I don't know if
10 we want to step into water biology or --

11 COMMISSIONER MOORE: Caryn, we might as well,
12 because it has been a question on my mind. What's the status
13 of the biology report? I was going to bring it up later but
14 this is just as good a segue way as any.

15 What's the status of it and how is it going to get
16 resolved so that it comes to us?

17 SENIOR STAFF COUNSEL HOLMES: Well, as I said, with
18 respect to the outstanding H2S issues and their effect on
19 biology, staff has enough information to proceed with
20 finalizing its testimony.

21 A second outstanding issue with biology has to do
22 with a provision by the U.S. Fish and Wildlife Service of a
23 biological opinion. It's my understanding, based on informal
24 communication with the U.S. Fish and Wildlife Service, that
25 we cannot expect that before the 15th of December. And

1 typically, once that is received, staff needs about one week
2 to finalize its testimony.

3 COMMISSIONER MOORE: And the reason it's going to
4 take until the 15th of December?

5 SENIOR STAFF COUNSEL HOLMES: I'm assuming that U.S.
6 Fish and Wildlife Service has got the same kinds of resource
7 constraints that the Energy Commission does. I don't have
8 any of the specific details. I know that our staff has been
9 diligent in keeping U.S. Fish and Wildlife Service in the
10 loop and encouraging them to complete the biological opinion,
11 but the latest information we have is that it's not going to
12 be available until December 15th.

13 COMMISSIONER MOORE: You know, I have to say that it
14 seems as though we went through a similar process with
15 Sutter. And that if you graft the performance of the federal
16 agency on this, it only started to get into gear way late in
17 the process. And then only after a great deal of pressure
18 was brought to bear that it got asymptotic only at the very,
19 very end in terms of performance.

20 And so, I guess, I ask, in general, are we using the
21 right approach or do we need a more powerful or consistent
22 MOU with the federal government, something that gives their
23 managers more clout to get these things out, because I'm
24 respectful of your comment about their manpower needs. But,
25 in fact, if the same manpower is available for them to apply

1 to any of these things, but it simply gets applied late and
2 that's what's causing the delay, then that's an issue, it
3 seems to me, we ought to be able to resolve through some
4 negotiated agreement. And I ask you, counsel, in guidance on
5 that.

6 SENIOR STAFF COUNSEL HOLMES: Well, the Biological
7 Resources staff tells me that, in fact, U.S. Fish and
8 Wildlife Service has been much more involved in the earlier
9 phases of this proceeding and actually, in their opinion, the
10 Sunrise proceeding, and so it is going much more smoothly
11 than the Sutter did. So perhaps the kinds of informal
12 efforts that staff is making are successful in creating some
13 incremental progress in this issue.

14 There is a third issue with respect to biology and
15 water, which may make the issuance of a biological opinion on
16 15th not a scheduling issue. And that has to do with the
17 fact that there is still some information that we're trying
18 to collect, some issues we're trying to resolve having to do
19 with hazardous characteristics, certain wastewater that's
20 going to valley waste.

21 Staff is working with several agencies including the
22 Regional Board, DTSC and the Department of -- I can't
23 remember what their actual title is, we call them DOGGR,
24 which I find amusing.

25 HEARING OFFICER FAY: Oil and Gas.

1 MR. GRATTAN: Oil and Gas and Geothermal.

2 SENIOR STAFF COUNSEL HOLMES: Geothermal Resources,
3 thank you. And we hope to have some information pretty
4 quickly about that, but it is going to take awhile to put it
5 all together and finalize the testimony. So it looks to me
6 as though we'd like to be able to get the water and biology
7 out together roughly a week after the biological opinion, but
8 the water, in fact, may not be ready until some time in
9 January. It really depends on when we get this information
10 and what the information looks like when we get it.

11 COMMISSIONER MOORE: All right. Mr. Grattan, you
12 have a -- you look like you're anxious to make a comment on
13 that.

14 MR. GRATTAN: Chomping at the bit. With respect to
15 the biological opinion, it is our understanding that the
16 opinion schedule from Fish and Wildlife Service is slipping,
17 not because necessarily of workload of the federal agency but
18 because other projects seem to be slipping in front of us in
19 priority.

20 And we certainly, if the Commission would use its
21 good offices in that regard, to protect its priority and its
22 schedule and, in fact, the commitment that that had been made
23 on the biological opinion, we'd greatly appreciate it. We
24 were initially told mid-October. Then we were told
25 mid-December -- excuse me, mid-November and now

1 mid-December.

2 I don't believe or would urge that the Commission
3 not accept that informal update as something written in
4 concrete, but as something that might be able to move with
5 the Commission's good offices.

6 COMMISSIONER MOORE: Duly noted. I have no idea how
7 to intervene in that manner, because of all the ex parte
8 things that prevent us from actively interacting with any
9 other agencies, so I'll pursue that in what ever avenue I
10 can. Probably use my hearing officer to carry my wishes
11 forward.

12 Thank you.

13 MR. GRATTAN: And with respect to water, without
14 getting into the history of how this was raised and the
15 manner in which it was raised by an intervenor, we will also
16 be docketing something, I presume early next week, which we
17 hope might put this issue to rest and so that it won't impact
18 our schedule and push us into the year 2000.

19 COMMISSIONER MOORE: Good, thank you. I appreciate
20 it. Ms. Holmes, anything else that you want to add on that
21 topic?

22 SENIOR STAFF COUNSEL HOLMES: No, I think that
23 covers it.

24 COMMISSIONER MOORE: Mr. Fay, back to you and let's
25 proceed with today's items.

1 HEARING OFFICER FAY: Sure. Just before we move
2 ahead, would any of the other parties wish to address the
3 scheduling matters?

4 SENIOR STAFF COUNSEL HOLMES: I have one other
5 housekeeping matter and that's the Committee had asked last
6 -- at the last hearing for staff to bring to this hearing and
7 summarize a Condition of Certification from the La Paloma
8 decision with respect to landscaping.

9 HEARING OFFICER FAY: Right.

10 SENIOR STAFF COUNSEL HOLMES: That request we have
11 complied with it and the project manager, Marc Pryor, has got
12 copies and can also summarize very briefly what it says.

13 COMMISSIONER MOORE: Good. Happy to have you do
14 that. That was important on our list.

15 SITING PROJECT MANAGER PRYOR: The La Paloma case,
16 land use condition one provided that for an option for La
17 Paloma to, with the approval of the County Planning Director,
18 to make funds available to the McKittrick school based upon
19 the landscaping plan and the costs that would be estimated
20 from that plan.

21 The situation was different. In McKittrick we had a
22 community with a school nearby the plant. The applicant had
23 early on explored the option for landscaping and then dropped
24 that, its pursuit. It was raised again at the last hearing
25 for McKittrick and it was brought up by someone in the

1 community and by the Superintendent of Schools. At that
2 time, we were directed by the Committee to formulate the
3 condition.

4 It would appear to us that, in this case, it is
5 slightly -- it is different because there's not a school next
6 to a community that we've identified. Instead, it's a park
7 and we were certain that we could provide a condition similar
8 to what was done at La Paloma.

9 We have suggested to the applicant that they explore
10 it perhaps, and I believe it's a fellow school, and perhaps
11 they can find a way to provide landscaping there.

12 COMMISSIONER MOORE: I'm not sure I understand the
13 difficulty, Mr. Pryor, with coming up with something that
14 addresses that park. You know, Commissioner Sharpless was
15 down there with me when we first saw that and remarked about
16 the conditions. It seems to me that is an affected community
17 of interest. It is nearby. The park is, if not truly,
18 formally a public facility, it's a quasi-public facility.
19 I'm missing the nexus.

20 SITING PROJECT MANAGER PRYOR: I believe the link is
21 coordination with whatever agency must administer the
22 landscaping and maintain it over a period of years. And it's
23 essentially in the ball court of the applicant to determine,
24 and we didn't have that.

25 COMMISSIONER MOORE: I see.

1 SITING PROJECT MANAGER PRYOR: Just a vague idea is
2 not enough for us.

3 COMMISSIONER MOORE: I see. So if, in fact, there
4 was -- and I'm making this up now, so this is just a
5 theoretical question. If there was, in fact, a homeowners
6 association or a parks district that this was included in,
7 just a very generalized parks district, that normally and
8 nominally would take care of maintenance in that kind of
9 facility, that would be an example of something that could
10 have -- to take the dedication.

11 SITING PROJECT MANAGER PRYOR: Yes.

12 COMMISSIONER MOORE: Okay. Well, it seems to me
13 that's a broad enough bat that Mr. Grattan, who's I'm sure
14 been listening to this conversation, can probably do a little
15 research. And the next time we convene -- the issues on my
16 mind, and we can probably talk about it again at some future
17 date.

18 MR. GRATTAN: The next time we meet, and hopefully
19 very soon, we will have some concrete news.

20 COMMISSIONER MOORE: Perfect. Thank you, Mr. Pryor.

21 SITING PROJECT MANAGER PRYOR: You're welcome.

22 COMMISSIONER MOORE: And, Mr. Fay, now back to you.

23 HEARING OFFICER FAY: Okay. As I indicated earlier,
24 we'd like to begin with socioeconomics and so I'll ask staff
25 if they're prepared to offer their witnesses.

1 MR. GRATTAN: Yes, we'd like to bring Alan Priest to
2 the microphone.

3 HEARING OFFICER FAY: Will the court reporter please
4 swear the witness in.

5 Whereupon

6 ALAN PRIEST

7 was called as a witness and having been first duly sworn, was
8 examined and testified as follows:

9 DIRECT EXAMINATION

10 BY MR. GRATTAN:

11 Q Could you give us your name, address, current employment
12 and your role in the project?

13 A Sure. My name is Alan John Priest. I'm at 1533 Hood
14 Road, Sacramento, California 95825.

15 Q And have you --

16 A My current employment is I was the task leader on
17 preparation of the socioeconomic section for this project.
18 And I'm currently employed as a senior project manager for
19 Radian International in Sacramento.

20 Q And have you prepared and previously submitted written
21 testimony in this hearing?

22 A Yes, I have.

23 Q And are you sponsoring any exhibits at the hearing here?

24 A Yes. I have five exhibits that I'll be sponsoring
25 today. Those include Exhibit 1, AFC and Revision Section

1 8.8; Exhibit 2, Transmission Supplement 2 of Section 3.8;
2 Exhibit 5, Responses to CEC data request responses numbers
3 55, 56, 57 and 58; Exhibit 5, CEC staff questions June 14,
4 1999 workshop, clarification of responses to CEC data request
5 55 through 58; And Exhibit 7, Sunrise comments on the PSA,
6 page 65.

7 Q Thank you very much. And do you sponsor any testimony?

8 A Yes, I do.

9 Q Yeah, you are. Can you affirm that testimony under oath
10 today?

11 A Yes, I am.

12 Q Good. And do you have any corrections or modifications
13 to that testimony?

14 A No, not today.

15 Q Good. Well, could you summarize your testimony?

16 A Certainly. Basically, the Sunrise project will have an
17 overall positive impact on the economy of Kern County. The
18 construction labor payroll is expected to range between \$18
19 million and \$23 million during the construction period.

20 According to the impact and analysis and planning
21 model that was used on this project as well as the La Paloma
22 project, the average workforce during construction of 160
23 employees will generate an additional 360 indirect jobs
24 during the construction period.

25 Plant operations will also result in 24 new

1 permanent positions or jobs at the plan. And the first year
2 of property taxes on the facility will generate \$1.75 million
3 to \$1.95 million in revenue to the county. \$1.18 million of
4 that has been dedicated or will be allocated to local schools
5 in the area.

6 Sales tax generated from the 24 new jobs will
7 account for about \$31 million -- or excuse me, \$31,000 per
8 year in additional revenue for the county. And sales tax
9 resulting from the local purchase of supplies and various
10 materials on an annual basis will generate between \$72,500
11 and \$87,000 per year as well. Our analysis concluded that as
12 a bottom line, the construction and operation of the Sunrise
13 Cogeneration facility will not have a negative impact on
14 public services, housing supply or its schools in the area.
15 This is true as well in respect to the indirect and the
16 cumulative impacts associated with other proposed
17 cogeneration plants in the facility region or in the area.

18 Q One moment. One clarifying question on direct, if I
19 may. Mr. Priest, can I direct you to page three of your
20 testimony previously submitted. Item D, where it says
21 potential environmental consequences, do you have any
22 corrections that you'd like to make with regard to that
23 title, at least?

24 A Well, the primary correction, I guess, to be made on that
25 issue is the environmental consequences, the term

1 environmental. What we did is analyze the socioeconomic,
2 both non-environmental and environmental consequences that
3 would result from this project. And one of the
4 non-environmental consequences would be potential impacts to
5 schools in the area. So therefore, I would delete the term
6 environmental from that.

7 MR. GRATTAN: Thank you. I have no further
8 questions. And the witness is available for
9 cross-examination. And we'll move to enter the exhibits
10 after cross-examination.

11 COMMISSIONER MOORE: Ms. Holmes, do you have
12 questions?

13 SENIOR STAFF COUNSEL HOLMES: I have no questions of
14 this witness.

15 COMMISSIONER MOORE: Any of the other intervenors
16 here have questions of this witness?

17 MR. De CUIR: No questions on the part of the
18 Transmission Agency.

19 MR. GRATTAN: Then I would move and if it's
20 appropriate now to enter staff -- excuse me, to enter
21 Applicant's Exhibits. I guess the staff can enter its own.

22 (Laughter.)

23 SENIOR STAFF COUNSEL HOLMES: Thank you, Mr.
24 Grattan.

25 (Laughter.)

1 MR. GRATTAN: And do we have numbers?

2 HEARING OFFICER FAY: I believe the witness recited
3 them.

4 MR. GRATTAN: He cited them. I guess we can assign
5 them.

6 HEARING OFFICER FAY: Any objection?

7 SENIOR STAFF COUNSEL HOLMES: No objection.

8 HEARING OFFICER FAY: All right. That evidence is
9 received into evidence and entered into the record at this
10 point.

11 (Thereupon Exhibits 1, 2, 5, 7
12 were received into evidence.)

13 HEARING OFFICER FAY: And I would now move to staff.

14 SENIOR STAFF COUNSEL HOLMES: Staff has two
15 witnesses on socioeconomics, Dr. Diamond and Mr. Edwards.
16 They both need to be sworn.

17 Whereupon,

18 DR. JOSEPH DIAMOND

19 AND

20 DALE EDWARDS

21 were called as witnesses and having been duly sworn, were
22 examined and testified as follows:

23 SENIOR STAFF COUNSEL HOLMES: Before we begin, I
24 think we need to mark some exhibits. First of all, there is
25 the final staff assessment part 2 that's dated October 14th.

1 It contains a number of areas including socioeconomics.

2 HEARING OFFICER FAY: According to my list, the next
3 number in order will probably be Exhibit 32.

4 SENIOR STAFF COUNSEL HOLMES: In addition, we
5 provided on the back table two documents, the first is a
6 declaration and statement of qualifications of Dale Edwards.
7 We had failed to provide that in the FSA.

8 HEARING OFFICER FAY: All right. We'll make that
9 Exhibit 33.

10 SENIOR STAFF COUNSEL HOLMES: And then finally, we
11 also provided on the back table some errata filed by Dr.
12 Diamond. It's entitled Sunrise Socioeconomic's FSA errata
13 11/4/99.

14 HEARING OFFICER FAY: We'll mark that Exhibit 34.

15 DIRECT EXAMINATION

16 BY SENIOR STAFF COUNSEL HOLMES: Thank you. Good
17 morning, gentlemen. Did the two of you prepare the
18 socioeconomic's testimony in what has been identified as
19 Exhibit 32?

20 DR. DIAMOND: Yes.

21 MR. EDWARDS: Yes.

22 SENIOR STAFF COUNSEL HOLMES: And Dr. Diamond, is
23 the statement of your qualifications included in that
24 exhibit?

25 DR. DIAMOND: Yes.

1 HEARING OFFICER FAY: And, Mr. Edwards, is a true
2 statement of your qualifications included in what has been
3 identified as Exhibit 33?

4 MR. EDWARDS: Or has been added to, yes.

5 SENIOR STAFF COUNSEL HOLMES: Thank you. Do I
6 understand, Dr. Diamond, that you have prepared corrections,
7 are these correctly identified in Exhibit 34?

8 DR. DIAMOND: Yes.

9 SENIOR STAFF COUNSEL HOLMES: And are there any
10 additional corrections to be made to the testimony at this
11 time?

12 MR. EDWARDS: I just want to make a couple of errata
13 that have not previously been provided to the Committee or
14 others. On page 53 of the staff's socioeconomic section, on
15 the first paragraph of the mitigation section, second
16 sentence, the sentence refers to four power plant projects in
17 western Kern County as being identified as the significant
18 non-environmental cumulative impacts.

19 We need to add some language there because it will
20 impact five projects that were considered including Sunrise
21 itself. So the addition would be basically that, following
22 -- reading along as we go here, "Staff has determined that
23 even though a significant non-environmental cumulative impact
24 has been identified for Kern County schools during the
25 construction period for four power plant projects in western

1 Kern County including the Sunrise project," after that I
2 would add, "and one in northern Kern County," and then
3 continue as it reads.

4 HEARING OFFICER FAY: And that should be -- could
5 you tell us again where that should be inserted?

6 MR. EDWARDS: It's the mitigation section on page 53
7 of staff's most recent publication. And it's in the second
8 sentence of that mitigation section, first paragraph.

9 And I have one other.

10 COMMISSIONER MOORE: Go ahead.

11 MR. EDWARDS: On the next page, 54, under
12 Conclusions, in the third paragraph, which is one long
13 sentence, basically, on the second line of that after the
14 words, "...other new power plant projects in western..." I
15 would add, "and northern" into that for reporting to Kern
16 County, and that's it.

17 COMMISSIONER MOORE: Thank you. Ms. Holmes?

18 SENIOR STAFF COUNSEL HOLMES: And with those
19 corrections, is the testimony true and correct to the best of
20 your knowledge?

21 DR. DIAMOND: Yes.

22 MR. EDWARDS: Yes.

23 SENIOR STAFF COUNSEL HOLMES: And do the opinions
24 contained in the testimony represent your best professional
25 judgments?

1 DR. DIAMOND: Yes, except in the area of education
2 and non-environmental cumulative impacts. I would refer that
3 discussion to Dale Edwards.

4 SENIOR STAFF COUNSEL HOLMES: Right. Perhaps this
5 would be a good time for each of you to identify which
6 portions of the testimony you're sponsoring.

7 DR. DIAMOND: Well, I'm sponsoring the entire
8 testimony except for what I just mentioned.

9 SENIOR STAFF COUNSEL HOLMES: And Mr. Edwards.

10 MR. EDWARDS: I'm sponsoring the cumulative impact
11 on the schools.

12 SENIOR STAFF COUNSEL HOLMES: Thank you. The
13 witnesses are available for cross examination.

14 COMMISSIONER MOORE: Ms. Holmes, do you want to ask
15 for a brief summary to just go into the record.

16 SENIOR STAFF COUNSEL HOLMES: I told them they
17 didn't have to prepare one, but you certainly can ask for
18 one. I think Dr. Diamond had one prepared.

19 COMMISSIONER MOORE: Yeah, I think -- Joe, just an
20 overview of your comments since the Applicant has had their
21 representative do the same.

22 DR. DIAMOND: Sure. Well, if it's all right, I have
23 a little bit longer summary than what Mr. Priest presented,
24 but I think a brief summary would -- I can present a very
25 brief summary of the conclusions and recommendations I have

1 after going through this -- after doing the Sunrise FSA.

2 In conclusion, I would state that the Sunrise
3 project has a high benefit cost ratio and far impacts are
4 largely or completely mitigated by property taxes or other
5 fees. There are substantial short-term benefits from
6 construction and long-term operations employment and
7 long-term payment of taxes and fees. Since most of the
8 construction and operations personnel reside in the county,
9 which has substantial unemployment, no adverse impacts are
10 identified for housing, police, emergency services,
11 hospitals, utilities and employment.

12 A non-environmental cumulative impact on education
13 cannot be mitigated due to recent State legislation. A
14 nonenvironmental cumulative impact on the Kern County Fire
15 Department, which has been identified in the cost-sharing
16 agreement, was outlined. Otherwise, the cumulative impacts
17 of permitting five power plants are beneficial with the
18 substantial employment and long-term payment of taxes and
19 fees.

20 COMMISSIONER MOORE: Thank you, Dr. Diamond. I
21 appreciate it. Mr. Grattan, do you have questions of the
22 staff witnesses?

23 MR. GRATTAN: Just very brief cross-examination.

24 CROSS EXAMINATION

25 MR. GRATTAN: Mr. Diamond, how are you this morning?

1 DR. DIAMOND: I hope I'm okay.

2 MR. GRATTAN: My understanding is that the non --
3 the impact which you have identified as occurring to the
4 schools is during the construction period; is that correct?

5 MR. EDWARDS: That would be directed to me.

6 MR. GRATTAN: That's correct.

7 MR. EDWARDS: During the construction period, that's
8 correct.

9 MR. GRATTAN: And it is my understanding that the
10 worst case analysis would be that there are 235 new children
11 possibly added to the school system.

12 MR. EDWARDS: Based on the average number of workers
13 for all five projects, in a cumulative sense, 235 was the
14 number that was arrived.

15 MR. GRATTAN: And are you -- do you have a figure
16 for the total number of students enrolled in the county
17 school system?

18 MR. EDWARDS: I have seen that number, yes.

19 MR. GRATTAN: If I were to tell you that it's
20 65,000 -- in excess of 65,000, would that refresh your
21 memory?

22 MR. EDWARDS: Yes.

23 MR. GRATTAN: Thanks. And my -- I'm not asking you
24 to do the math, but my figures indicate that that is .4
25 percent of the total enrollment, those 235 students?

1 MR. EDWARDS: I didn't do the math either, but I'll
2 take your word for it.

3 MR. GRATTAN: And are you -- do you agree with the
4 fact that the project will pay \$1.18 million to education in
5 the first year of its funds, which will be allocated toward
6 education in the county in its first year?

7 MR. EDWARDS: I'm going to ask Joe if he would
8 respond to that one.

9 DR. DIAMOND: Could you repeat the question?

10 MR. GRATTAN: Yes. I believe the figure that we
11 have in our testimony is that property taxes will contribute
12 in the first year \$1.18 million allocated to education in the
13 County.

14 DR. DIAMOND: That's what was in the AFC and I
15 believe that to be a correct statement. It's about 60
16 percent of the figures -- it's running about 60 percent of
17 the property taxation and that's consistent with the previous
18 testimony more or less in La Paloma.

19 MR. GRATTAN: Thank you. That's all.

20 HEARING OFFICER FAY: Is that all, Mr. Grattan?

21 MR. GRATTAN: That's all.

22 COMMISSIONER MOORE: Joe, let me pursue that just
23 for a second. Right now, the property tax generates one
24 percent based on the assessed evaluation of the properties
25 within the jurisdiction, in this case countywide.

1 And the amount that remits back to the counties
2 varies depending on what county you're in, 13 to 17 percent
3 roughly. And then some to special districts and then as
4 you're saying about 60 percent of that to the school
5 districts within the county. That's not just on the first
6 year. In other words, just for the record, that's a
7 continuing allocation of property tax revenues into the
8 affected school district?

9 DR. DIAMOND: Sure, but the number itself is just a
10 first year number.

11 COMMISSIONER MOORE: I understand. And it will
12 continue after that?

13 DR. DIAMOND: Sure.

14 COMMISSIONER MOORE: And in addition, there are
15 mitigation fees that are based on square footage?

16 DR. DIAMOND: Yes, that's correct.

17 COMMISSIONER MOORE: And they will go to the school
18 district to offset construction impacts?

19 DR. DIAMOND: Correct.

20 COMMISSIONER MOORE: And otherwise the numbers that
21 have been advanced, in terms of generation of new students by
22 staff at this facility or support, are accurate and
23 acceptable to you?

24 DR. DIAMOND: The 235 number?

25 COMMISSIONER MOORE: Yes.

1 DR. DIAMOND: Yes. But essentially the -- I think
2 the point was that these calculations were more or less made
3 from the previous siting case and so I would defer to Dale
4 Edwards on this issue.

5 COMMISSIONER MOORE: Okay.

6 DR. DIAMOND: As well as the conclusions.

7 COMMISSIONER MOORE: I understand that. He answered
8 Mr. Grattan's questions on the basis of this. And, Mr.
9 Grattan, you're satisfied with the response that you got on
10 the school issue?

11 MR. GRATTAN: Yes, I'm satisfied. A clarification,
12 that 235 number, that is a cumulative -- that's a cumulative
13 number, that's not this specific project?

14 DR. DIAMOND: Yes, that's correct.

15 MR. GRATTAN: As long as I have the microphone, I
16 just want to clarify, your conclusion was that any impact was
17 a non-environmental impact; is that correct?

18 MR. EDWARDS: That's correct.

19 MR. GRATTAN: Thanks.

20 COMMISSIONER MOORE: All right.

21 HEARING OFFICER FAY: Mr. Diamond or Mr. Edwards,
22 whomever should address this, your figures, do they
23 represent, in terms of monies returning to the schools, are
24 they a net figure, because I understand that in the case of
25 the schools it actually has to go to the State in order to be

1 distributed? Does it take that back into account as opposed
2 to just taxes assessed for education?

3 DR. DIAMOND: I guess --

4 HEARING OFFICER FAY: In other words, we're trying
5 to find out what would the net amount likely be that the Kern
6 County schools would receive as opposed to the amount that
7 the applicant would pay in taxes on --

8 COMMISSIONER MOORE: Actually, Mr. Fay, there may be
9 another way to ask that question, because I'm not sure in any
10 given year the formula that allocates the transfer back to
11 the districts from the State is going to be known in advance.
12 Maybe a better way to ask it is, does the figure that Mr.
13 Edwards came up with represent the amount that is generated
14 and transfers initially to the State?

15 HEARING OFFICER FAY: That is a better way to ask
16 that question.

17 (Laughter.)

18 COMMISSIONER MOORE: Because none of us are going to
19 know, until after the fact, what the State gives back to the
20 districts. We're just not going to know that. So the 60
21 percent figure that was referred to by Dr. Diamond is, in
22 fact, the amount that gets generated initially and pushed
23 straight up to the State?

24 HEARING OFFICER FAY: Is that correct, Dr. Diamond?

25 DR. DIAMOND: Well, I understand the basic

1 question. I would say that I don't really have anymore
2 information to add on that point than what I've already said.
3 But the information that was introduced in the AFC, I
4 believe, is the actual amount of monies that would be
5 received by the County for distribution after it goes through
6 the -- passes through the State to the County.

7 HEARING OFFICER FAY: Thank you. And did you have
8 any disagreement with the assessment in the AFC after
9 examining it?

10 DR. DIAMOND: No. The testimony -- basically, what
11 we did -- what I did was that for the most part we agreed
12 with what had been submitted except for the cumulative
13 non-environmental impacts relating to fire. And then there
14 was this other issue relating to education. There was some
15 additional information that we provided the applicant during
16 the adequacy phase, in terms of the use of multipliers. And
17 there's additional information that is employment
18 multipliers. And so there's additional information that
19 we've added or supplemented during this process.

20 So whether it relates to the use of those employment
21 multipliers or -- we did have additional data requests that
22 were responded and discussed by the applicant's witness.

23 HEARING OFFICER FAY: Did you receive any input from
24 the county regarding these figures of whether, in their
25 experience, these amounts would actually be coming back to

1 the county?

2 DR. DIAMOND: I think the testimony does discuss an
3 amount by the Kern County Fire Department in terms of the
4 monies that they estimate that it would receive, so I didn't
5 provide -- you know, I didn't do that particular part of the
6 research. It was done by Dale Edwards, but on page 11 the
7 testimony is stating that according to the Kern County Fire
8 Department, the fire department estimates that the fire
9 fund's share of the property taxes paid by the four projects
10 expected in the area will be approximately 1,371,500 per
11 year. So there was some check at the county level and this
12 was done by Dale Edwards.

13 HEARING OFFICER FAY: And which testimony were you
14 just reading from?

15 DR. DIAMOND: This is in the Sunrise testimony and
16 it was in the previous testimony, I believe, as well.

17 HEARING OFFICER FAY: So the applicant's?

18 DR. DIAMOND: The La Paloma case.

19 HEARING OFFICER FAY: The applicant's testimony.

20 SENIOR STAFF COUNSEL HOLMES: For purposes of the
21 record, that's on page 52 --

22 DR. DIAMOND: That's correct.

23 SENIOR STAFF COUNSEL HOLMES: -- of Exhibit 32. Dr.
24 Diamond is reading from a copy that's paginated differently.

25 DR. DIAMOND: That's right. Thank you.

1 COMMISSIONER MOORE: Okay. Mr. Pittard has a
2 question as well.

3 MR. PITTARD: Yes, for staff's witnesses. In your
4 conclusions, your third paragraph, your conclusions read as
5 "Although staff identified a significant non-environmental
6 cumulative impact on schools," does that -- would it mean the
7 same thing to say staff identified the significant
8 socioeconomic cumulative impact?

9 MR. EDWARDS: That would be true.

10 MR. PITTARD: Why did you choose to use -- I'm just
11 curious, why you chose the word non-environmental in your
12 conclusion instead of saying that you found that there's a
13 significant -- socioeconomic significant cumulative impact?

14 DR. DIAMOND: Do you want me to answer that?

15 MR. EDWARDS: Go ahead.

16 DR. DIAMOND: There's a review process. And
17 apparently some of our reviewers felt that it was an
18 important distinction between environmental as opposed to
19 non-environmental, but your point is well taken.

20 MR. PITTARD: But in the case of public health or
21 worker safety, I mean, would you use the same language to
22 describe it as a non-environmental cumulative -- significant
23 cumulative impact or would you say it's a health impact or,
24 you know, a health or safety or any other impact? I don't
25 understand why the distinction is made.

1 DR. DIAMOND: Well, the distinction just refers to
2 basically focusing on the infrastructure impacts as opposed
3 to what happens to the environment as a result of, for
4 example, a change in investment in the infrastructure, so
5 that it could have impacts on water supply or vegetation or
6 something like that, so that's really all that's involved.

7 MR. PITTARD: Okay. But then ultimately your
8 conclusions -- your conclusions are then also identified as
9 significant socioeconomic cumulative impacts, that would be
10 equivalent?

11 DR. DIAMOND: Yes.

12 MR. PITTARD: Thank you.

13 COMMISSIONER MOORE: Any other intervenors with a
14 question?

15 MR. De CUIR: No questions from the Transmission
16 Agency.

17 COMMISSIONER MOORE: No others?

18 Ms. Holmes.

19 SENIOR STAFF COUNSEL HOLMES: I have some redirect.

20 COMMISSIONER MOORE: Fine.

21 REDIRECT EXAMINATION

22 SENIOR STAFF COUNSEL HOLMES: Thank you. Earlier
23 this morning, Mr. Edwards, you were asked a question and
24 requested to describe the 235 children that have been
25 identified as a percentage of total district enrollment. Do

1 you recollect that discussion?

2 MR. EDWARDS: Yes.

3 SENIOR STAFF COUNSEL HOLMES: In evaluating the
4 impact of any number of children, whether it's 235 or some
5 other number, on schools, would you distribute those children
6 equally throughout the district or do you assume that it's
7 likely that some schools might receive a higher percentage of
8 those children than others.

9 MR. EDWARDS: That's fairly difficult to determine.
10 Actually, it could go either way. And I had to rely on a
11 contact with a person that works in the Superintendent's
12 office in the Kern County schools to get a better direction
13 on that particular question. And I have some information
14 that relates to that.

15 SENIOR STAFF COUNSEL HOLMES: Would you like to
16 provide it for the Committee?

17 MR. EDWARDS: Yesterday, I called Mr. Steve Hartsel
18 who I previously contacted in the La Paloma case regarding
19 impacts of the schools from cumulative impacts. And I asked
20 him, basically the question, which I provided in a report of
21 conversation that's been docketed as of yesterday or perhaps
22 today. I asked him whether the addition of 100 to 150
23 students in Bakersfield schools, whether they be elementary
24 or high school, because I wasn't given any differentiation
25 between those, would cause a significant impact on the

1 schools?

2 He indicated that, yes, they would. He went as far
3 as to say that even the addition of one student could, in
4 some cases, be a significant impact because in some cases the
5 addition of one student could cause the need for an
6 additional classroom. That's about the information that he
7 provide in that context.

8 SENIOR STAFF COUNSEL HOLMES: Thank you. I have one
9 other question relating to Mr. Pittard's questions. Is it
10 your understanding that the significant non-environmental
11 cumulative impact that you've identified implies that there
12 will, in fact, not be physical impacts, in other words, there
13 will be no new facilities constructed as a result of the
14 impacts?

15 MR. EDWARDS: That's true.

16 SENIOR STAFF COUNSEL HOLMES: Thank you. I don't
17 have any additional questions.

18 COMMISSIONER MOORE: Thank you very much. Is there
19 recross?

20 RECCROSS EXAMINATION

21 MR. GRATTAN: One further question. First, the
22 record of conversation that you docketed, you did docket it
23 yesterday?

24 MR. EDWARDS: Yes.

25 MR. GRATTAN: I want the record to show that we

1 haven't seen that and have had no chance to respond to it.

2 Having said that, in your analysis of potential
3 cumulative impacts, did you look at the potential cumulative
4 mitigation provided, not just by this project but by the
5 other projects in the pipeline, given the property tax
6 assessment and the percentage which goes to education?

7 MR. EDWARDS: I did consider that. And this largely
8 comes from my previous review regarding the fire truck
9 purchase and such to give a better understanding of the
10 assessment and taxation for property taxes of the power plant
11 project. What actually occurred is, to the best of my
12 understanding and the information I have, is that at the
13 point of applying for the building permit, the facility
14 school impact fee is due, which is the 31 cents per square
15 foot of -- I'm forgetting part of the definition of that, but
16 it's not total square footage, it's only for covered or
17 enclosed space as I recall, which I don't actually have a
18 figure for the Sunrise project at hand.

19 But I would give -- it's a relatively small number
20 that is paid upfront. That's the school impact fee paid at
21 the time of permit. The next payment that happens from the
22 project to the local agency is the property tax payment,
23 which, to the best of my understanding, does not occur until
24 approximately 18 months or at the end of construction of the
25 project, because the project cannot be assessed effectively

1 until it is near completion or completed construction.

2 So, at a minimum, or the most likely time that the
3 first property tax payment would be made would be very near
4 the end of the construction point, which in this case we're
5 talking 15 months for Sunrise, and other projects it varies
6 for the total term. So what we're referring to here -- what
7 I'm referring to is this significant potential of what was
8 called a non-environmental impact, refers to the fact that
9 you have a period of time of approximately 15 months in the
10 Sunrise specific case, but a larger term for all the projects
11 cumulatively. You have a period of time where property taxes
12 are not being paid but only those fairly small 31 cent per
13 square foot impact fees.

14 And yet, there are students who are coming in with
15 these non-local construction workers who are bringing their
16 children to the schools in the numbers estimated at 235 for
17 all five projects.

18 COMMISSIONER MOORE: Okay.

19 MR. GRATTAN: And you have assumed a construction
20 schedule that indicates the projects will be constructed and
21 completed at the same time?

22 MR. EDWARDS: There's a table, which, in the other
23 part of the analysis, which lays out staff's, if you want to
24 call them assumptions, the best information based on the
25 project schedules and certification schedules for the

1 projects that are either in-house or are expected to be
2 submitted as AFC in the near term.

3 MR. GRATTAN: Thank you.

4 COMMISSIONER MOORE: Mr. Fay has one additional
5 follow-up question.

6 HEARING OFFICER FAY: Mr. Edwards, the 235 is for
7 all the projects identified; is that correct?

8 MR. EDWARDS: All five projects, yes.

9 HEARING OFFICER FAY: And they would be most likely
10 staggered in some way just because of the schedules?

11 MR. EDWARDS: That's correct.

12 HEARING OFFICER FAY: And how did -- well, first of
13 all, does this figure come from the various applicants or did
14 the staff generate this 235 figure through its own analysis?

15 MR. EDWARDS: It's through our own analysis because
16 of both -- it's our own cumulative analysis. The figure is
17 based on information provided in each of the AFCs regarding
18 the number of non-local construction workers that would be
19 coming to the project site.

20 And as I said, the 235 is based on an average of the
21 construction workers for all five projects. It will -- the
22 235 in that sense is conservative or it may not be
23 conservative also because it's very difficult to determine,
24 you know, how many construction workers have two children,
25 one child, that type of thing. So it is a best estimate at

1 this point.

2 HEARING OFFICER FAY: When you say conservative, do
3 you mean that it may be as a high figure, sort of, a bad case
4 if not worst case analysis?

5 MR. EDWARDS: Well, since we took an average case
6 for the -- across the construction schedule for each of the
7 projects, there are times when the construction workforce is
8 significantly higher at peak times. Although, those are
9 relatively short periods of time and it's not -- wouldn't be
10 expected that employees would come in for two or three months
11 and bring their families and attend schools.

12 COMMISSIONER MOORE: Thank you very much. That will
13 conclude that item. I'm sorry, you wanted to move --

14 SENIOR STAFF COUNSEL HOLMES: Perhaps it would help
15 if we identified the report of conversations as an exhibit.
16 Mr. Pryor has been kind enough to bring copies here, so we
17 could do that and have it entered right when we do all the
18 others.

19 HEARING OFFICER FAY: We can identify that as
20 Exhibit 35.

21 SENIOR STAFF COUNSEL HOLMES: Thank you. And with
22 that, I would move that exhibits -- the socioeconomic's
23 portion of Exhibits 32, 33, 34 and 35 be entered into the
24 record.

25 HEARING OFFICER FAY: Is there objection?

1 MR. GRATTAN: No objection.

2 (Thereupon Exhibits 32-35 were
3 received into evidence.)

4 MR. GRATTAN: I just received the record of
5 conversation. If I might ask one question on that?

6 COMMISSIONER MOORE: Go ahead.

7 MR. GRATTAN: I'm sorry to belabor this. I'm
8 quoting from the record of conversation that you had with
9 Steve Hartsel, Director of School District Facilities. The
10 sentence I'm looking at is, "He," Mr. Hartsel, "went on to
11 say that the addition of one student could create a need for
12 an additional classroom," Do you agree with that sentence?

13 MR. EDWARDS: You're asking me?

14 MR. GRATTAN: Yes, in your professional judgment.

15 MR. EDWARDS: I could see the case where that may
16 happen. Although, I'm also aware although that we did not
17 talk about it in this particular conversation or I did not
18 get information from Mr. Hartsel about it, that there are
19 other options available to schools besides building a
20 classroom, which includes busing to other schools in some
21 cases.

22 MR. GRATTAN: In your professional judgment, could
23 you conclude that this may be a speculative comment on the
24 part of Mr. Hartsel?

25 MR. EDWARDS: That was his position. As he stated

1 earlier on in the report of conversation, he indicated that
2 even one student could be considered a significant impact.
3 That's his position.

4 MR. GRATTAN: And my question is in your
5 professional judgment, does that sound a little speculative
6 to you?

7 MR. EDWARDS: One student would be on the low side.
8 We were talking about, as I indicated in my earlier part of
9 the report of conversation, that 100 to 150 students are
10 being added.

11 MR. GRATTAN: Added districtwide under a worst case
12 basis?

13 SENIOR STAFF COUNSEL HOLMES: To Bakersfield
14 schools.

15 MR. GRATTAN: Okay. Thanks.

16 COMMISSIONER MOORE: So with that, we will move on
17 to the next item.

18 Thank you, gentlemen.

19 HEARING OFFICER FAY: My plan is to, as we normally
20 do, since the applicant has the burden, in this case the
21 applicant would begin the presentation of evidence on
22 Transmission System Engineering. I'm just asking staff
23 counsel if there's any recommendation otherwise. In some of
24 these matters there have been dramatic changes and having
25 staff position in front of everybody first is sometimes

1 awkward.

2 SENIOR STAFF COUNSEL HOLMES: Staff had planned to
3 have its witness testify as a panel with the ISO witness. If
4 the applicant wishes to have those two witnesses testify
5 first, we can certainly accommodate that.

6 MR. GRATTAN: That's excellent.

7 HEARING OFFICER FAY: You'd just as soon do that?

8 MR. GRATTAN: Yeah.

9 HEARING OFFICER FAY: All right, fine. Why don't we
10 do that then, ask the staff and the ISO witness to be sworn
11 and then we'll follow with the witnesses from the applicant
12 and then hear from any intervenors.

13 Mr. De Cuir, if you need to be at the counsel table
14 for this to conduct your cross-examination, you're welcome to
15 move up at this time to make room for you.

16 MR. De CUIR: Thank you very much, Mr. Fay.

17 SENIOR STAFF COUNSEL: Before we begin, I've had a
18 request that people either speak more loudly or speak more
19 closely into their microphones from people in the audience.

20 HEARING OFFICER FAY: The Committee will ask that
21 the parties honor that request. It's very important that all
22 our witnesses here what's going on and that our court
23 reporter hear so that we can have an accurate record.

24 SENIOR STAFF COUNSEL HOLMES: Staff's witness on
25 Transmission System Engineering is Mark Hesters and the ISO

1 has kindly provided Ron Daschmans to us today. They both
2 need to be sworn.

3 HEARING OFFICER FAY: Pleas swear them in.

4 Whereupon

5 RON S. DASCHMANS

6 AND

7 MARK HESTERS

8 were called as witnesses and having been first duly sworn,
9 were examined and testified as follow:

10 DIRECT EXAMINATION

11 SENIOR STAFF COUNSEL HOLMES: Thank you. And I'll
12 start with Mr. Hesters first. Mr. Hesters, did you prepare
13 this transmission system engineering portion of the testimony
14 that's been identified as Exhibit 32?

15 MR. HESTERS: I did.

16 SENIOR STAFF COUNSEL HOLMES: And is there a copy of
17 your qualifications included in Exhibit 32?

18 MR. HESTERS: Yes.

19 SENIOR STAFF COUNSEL HOLMES: Do you have any
20 changes or corrections to your testimony, at this time?

21 MR. HESTERS: No.

22 SENIOR STAFF COUNSEL HOLMES: And are the facts
23 contained in your testimony true and correct to the best of
24 your knowledge?

25 MR. HESTERS: Yes.

1 SENIOR STAFF COUNSEL HOLMES: And do the opinions
2 contained in that testimony represent your best professional
3 judgment?

4 MR. HESTERS: Yes.

5 SENIOR STAFF COUNSEL HOLMES: Thank you. And then
6 turning to the California ISO, Mr. Daschmans, why don't you
7 first explain who you are and who you work for and what you
8 do, for the record.

9 MR. DASCHMANS: My name is Ron Daschmans. I work
10 for the California ISO. I'm a Grid Planning Engineer. And
11 my role in this is to evaluate the interconnection from a
12 transmission reliability aspect.

13 SENIOR STAFF COUNSEL HOLMES: And did you prepare
14 two documents that you're sponsoring here today that we need
15 to have identified, one California ISO testimony and secondly
16 California ISO conclusions and preliminary findings?

17 MR. DASCHMANS: I did.

18 SENIOR STAFF COUNSEL HOLMES: Mr. Hearing Officer,
19 if we could have those identified at this time, it would be
20 helpful.

21 HEARING OFFICER FAY: All right, the first document
22 is ISO testimony.

23 SENIOR STAFF COUNSEL HOLMES: Dated 10/14/99.

24 HEARING OFFICER FAY: Thank you. That will be
25 Exhibit 36. And the second document would you identify it

1 again.

2 SENIOR STAFF COUNSEL HOLMES: Its title is Cal ISO's
3 conclusions and preliminary findings. It's signed by Mr.
4 Daschmans and it's dated October 5th, 1999.

5 HEARING OFFICER FAY: That will be Exhibit 37.

6 SENIOR STAFF COUNSEL HOLMES: Mr. Daschmans, did you
7 prepare those documents?

8 MR. DASCHMANS: Yes, I did.

9 SENIOR STAFF COUNSEL HOLMES: And that facts
10 contained in those documents are true and correct to the best
11 of your knowledge?

12 MR. DASCHMANS: Yes, they are.

13 SENIOR STAFF COUNSEL HOLMES: And the opinions
14 contained in those documents represent your best profession
15 judgment?

16 MR. DASCHMANS: They do.

17 SENIOR STAFF COUNSEL HOLMES: Thank you. What I'd
18 like to do first is have Mr. Hesters summarize the staff's
19 testimony and the ISO role and preparation of staff testimony
20 and coordination and cooperation with the ISO in preparation
21 of your testimony.

22 MR. HESTERS: Sunrise has proposed to interconnect
23 this project with two route options for their line. One of
24 the route options has been called Route B in our testimony
25 and in the AFC, which would be a direct line from the power

1 plant to the Midway substation.

2 The other option was Route F, which was basically an
3 indirect line that runs from the power plant to the La Paloma
4 substation and from there it goes to Midway. Both options
5 use the same power plant substation, which is -- it's a three
6 breaker -- no -- yeah, it's a three-breaker connection in a
7 rim configuration. Two of the connections of the substation
8 are from the power plant and the third one leaves that
9 substation and goes either to Midway or La Paloma.

10 The line they'll be using is a 230 KB line. It's a
11 double circuit line with the lines connected, so that they
12 actually function as a single circuit line. It would open
13 the option in the future to splitting those to increase the
14 capacity of the line.

15 At the Midway substation, it would require a single
16 transmission bay. At this time, that bay will fit inside the
17 fence line at the Midway substation. There may be a need to
18 extend the fence line to add access to that bay in the future
19 with PG&E having not made the determination of that yet. At
20 the La Paloma substation, they built the bay there. Staff
21 finds that the power plant substation, the outlet line
22 terminations and the outlet line are acceptable as long as
23 the conditions of certification are implemented.

24 In terms of our coordination with the -- basically,
25 that means that we meet all applicable laws, ordinances,

1 regulations and standards. If you'd like a summary of those,
2 I can run through them, but there's a lot of detail in them.

3 In terms of coordinating with the ISO, the ISO
4 basically reviews all the reliability implications of the
5 project. And we discuss that with them as the data comes
6 along and they sponsored the testimony on the reliability
7 page of the project.

8 SENIOR STAFF COUNSEL HOLMES: Thank you. And Mr.
9 Daschmans, would you like to summarize the ISO's conclusions
10 for the Sunrise project.

11 MR. DASCHMANS: Basically, a summary of the
12 testimony is that PG&E, on request of the applicant, provided
13 transmission reliability studies. And they did so for the
14 two routes, which Mark detailed Alternative A -- Alternative
15 B and Alternative F.

16 The conclusions stated within the testimony say that
17 Sunrise can be operated and connect reliably to the system
18 grid. And the testimony goes on and details the analysis
19 which summarizes what PG&E has done in terms of power flow
20 transient stability and post-transient analysis.

21 SENIOR STAFF COUNSEL HOLMES: Does that finish your
22 summary?

23 MR. DASCHMANS: Yes.

24 SENIOR STAFF COUNSEL HOLMES: Thank you. These two
25 witnesses are available for cross examination.

1 COMMISSIONER MOORE: Mr. Grattan.

2 MR. GRATTAN: I have no cross examination at this
3 time, but I would like to reserve after the intervenor cross
4 examines.

5 COMMISSIONER MOORE: Thank you. And for the
6 intervenors.

7 MR. De CUIR: Dennis De Cuir for the Transmission
8 Agency of Northern California also known as TANC. Is my
9 voice being recorded from this position?

10 THE REPORTER: I can hear you.

11 CROSS EXAMINATION

12 BY MR. De CUIR:

13 Q Thank you. Mr. Daschmans, in preparing for your
14 testimony today, did you have an opportunity to see the
15 prefile testimony of Mr. David Larsen?

16 A For today, yes, I have seen his testimony?

17 Q And you had an opportunity to read it?

18 A Yes, I did.

19 Q Did you come to any conclusions that were different than
20 his conclusions?

21 A I'm referring to Dave Larsen's conclusions, Section 3 on
22 page 6. And the Cal ISO believes that sufficient studies
23 have been performed to verify that Sunrise can reliably
24 connect into the Cal ISO grid.

25 Q Is it your position, Mr. Daschmans, that further studies

1 are not required to address the cumulative transmission and
2 potential environmental impacts of the currently proposed
3 solution, such as congestion management?

4 A I believe that, to date, as these projects are studied,
5 say for example La Paloma, if we look at La Paloma, Sunrise
6 looks at La Paloma and Sunrise and then the next applicant
7 and so forth, the cumulative studies are being done in a
8 linear fashion. And I believe that the studies that have
9 been performed by PG&E do address all congestion impacts and
10 environmental impacts at this time.

11 Q Mr. Daschmans, has there been a Remedial Action Scheme
12 adopted that takes into account the La Paloma, Sunrise
13 projects?

14 A Could you restate that question for me, please?

15 Q Yes. Is there a Remedial Action Scheme that has been
16 adopted and approved by PG&E that takes into account the
17 completed construction and operation of the La Paloma and
18 Sunrise projects?

19 A To date, I do not know if PG&E has a firm Remedial Action
20 Scheme in place or plan.

21 Q And so it follows, doesn't it, that the ISO has not
22 approved the Remedial Action Scheme that takes into account
23 La Paloma and Sunrise; isn't that true?

24 A It is correct that we have not approved a Remedial Action
25 Scheme, but one of our conditions is that the applicants at

1 Midway do participate in the Remedial Action Scheme.

2 Q Your testimony, therefore, is that there is no adopted
3 Remedial Action Scheme for either one of those projects;
4 isn't that right?

5 A To date, no.

6 Q Is it fair to say then that one cannot, at this point in
7 time, make any conclusions about cumulative transmission
8 impacts in the absence of an adopted Remedial Action Scheme?

9 A I would say that's correct that in the absence of a
10 Remedial Action Scheme, the studies that were performed
11 assume that Sunrise and La Paloma would be part of the
12 scheme.

13 Q Would you explain for the Commission how congestion
14 management might be a solution for congestion that might
15 result from the interconnection of the Sunrise project to
16 Midway?

17 A That's a little bit of a tricky question. I'm not a
18 congestion management expert. And the ISO has proposed a
19 generation interconnection congestion management policy which
20 FERC did reject on September 15th, 1999. So my answer would
21 be speculative at this point.

22 Q Is it correct then in the absence of an approved
23 congestion management scheme, that one cannot, at this point
24 in time, make any judgments about whether there will be
25 cumulative transmission or environmental impacts that might

1 otherwise have been resolved had there been a congestion
2 management scheme for the Sunrise project?

3 A I would say knowing the uncertainty of the current plan
4 or the proposal, that there will be a congestion management
5 policy and the congestion will be mitigated in one form or
6 another.

7 Q Is this your personal prediction?

8 A Yes, it is.

9 Q And your personal prediction takes into account how the
10 ISO board will make decisions and how the F-E-R-C, the
11 Federal Energy Regulatory Commission, will act upon the ISO
12 Board's acts; is that correct?

13 A Correct.

14 Q Do you have experience practicing in front of the Federal
15 Energy Regulatory Commission?

16 A Do I personally?

17 Q Yes.

18 A No, I do not.

19 Q Getting back to the question of cumulative transmission
20 and environmental impacts, is it your testimony that
21 cumulative impacts on these points have not been studied in
22 the Sunrise proceeding here but will be studied some time
23 later in another proceeding; is that correct?

24 A Yes, with a clarification, that as the projects come into
25 the AFC process, their studies will address one after another

1 and they eventually will lead to a cumulative assessment.

2 Q So if I understand you correctly, you're saying that, and
3 I want you to correct me if I don't say it the right way,
4 that cumulative impacts related to the environment and
5 transmission must be studied but they need not be addressed
6 in the Sunrise proceeding; is that correct?

7 A I would say that for this proceeding that Sunrise and
8 PG&E have studied the impacts as it pertains to them at this
9 time with La Paloma and Sunrise.

10 Q But you have been unable to identify any data that
11 explains cumulative transmission or cumulative impacts, in an
12 environmental sense, that are within the record of the
13 Sunrise proceeding; isn't that right?

14 A That would be correct, meaning cumulative impacts of the
15 proposed other projects, say five projects that plan to
16 interconnect near Midway.

17 Q As they may relate to their additive effect when Sunrise
18 is added to the system at Midway; isn't that right?

19 A Correct.

20 Q Would you agree with Mr. Larsen's testimony, that he
21 prefiled, that there is already more congestion at Midway and
22 from Midway north up path 15 and Midway south through path 26
23 since 1996 when the N minus 2 standards were adopted because
24 of the outages in the summer of '96?

25 A I agree with Dave's portion of that testimony, yes, it is

1 both path 26 and path 15 are identified as congested paths.

2 Q And that congestion exists without modeling in the impact
3 of this Sunrise project; isn't that right?

4 A That's correct.

5 Q And what is the result or the consequence of that
6 congestion for loads in the area that are north of path 15
7 that have relied upon imports from the southwest through path
8 26 up through path 15?

9 A This is assuming south to north flows on path 15 is that
10 what we are assuming?

11 Q That is correct.

12 A I can see that as being an economic impact, in terms of
13 getting their power.

14 Q If you could, explain what the impact would be for a load
15 in the north, north of Midway that had purchased a resource
16 in the southwest that was to be transmitted over path 26 up
17 path 15 to the load center?

18 A Another question of clarification, would this be a
19 resource that has an existing contract in which they have
20 already purchased this source?

21 Q Yes, assume that.

22 A Existing contracts, my understanding, are honored and
23 should not be impacted depending on the wording in the
24 existing contracts.

25 Q And what effect would that have then if the Sunrise

1 project were expected, in the base case, to be operating and
2 generating at least 348 megawatts of power at Midway?

3 A Depending on the provisions in an existing contract, it
4 could be anything from nothing or curtailment.

5 Q So if we could try and add some more background here,
6 would it be correct to say that the load in the northern
7 part, north of Midway, that had an existing contract for
8 power from the southwest, would either have to have enforced
9 its existing contract rights to maintain the transfer
10 capability it needed or Sunrise would have to back down and
11 not generate; is that right?

12 A That would depend -- when I made the comment of
13 curtailment, I meant in the provisions of the existing
14 contract. Some existing contracts I believe their rights are
15 firm. Others, there's a priority ranking in which they may
16 be subject to curtailment and that would be more market issue
17 than a reliability issue.

18 Q Well, we can get to that. What we want to do here is
19 provide your clearest advice to the Commission on this issue.
20 And so we have the case of the existing contract that cannot
21 be curtailed. Let's assume that there is a firm contract for
22 transmission through Midway from the south to the north to a
23 load in the north.

24 If we take the case of the existing contract, which
25 can be curtailed, would it be your testimony that in that

1 circumstance Sunrise would continue to generate and the
2 existing curtailable contract would have to find its power
3 resources elsewhere or curtail its load, drop load; is that
4 correct?

5 A I wouldn't -- I couldn't say affirmative to that question
6 because that would all depend on market conditions. If --

7 Q What do market conditions have to do with a non-firm
8 contract for power from the southwest? How does that play in
9 -- explain how that plays into this in your answer?

10 A If there is an existing contract between -- let's say, if
11 you're referring to the one between TANC and PG&E and it's
12 not subject to any curtailment, it all would depend on how
13 Sunrise is participating in the market. I mean, there may be
14 some other members' other generators. There may be
15 conditions in which Sunrise could generate it for awhile and
16 your existing contract would be honored, depending on other
17 generators and how they're performing in the system.

18 Q Isn't it your view that a holder of an existing contract
19 that has firm rights to transmission through Midway to the
20 southwest so that resources from the southwest can be brought
21 to a load center in the north, has no reason to participate
22 in a market-based decision when it comes to bringing those
23 resources through, if those resources are economic; isn't
24 that right?

25 A That's my understanding.

1 Q If a load north of Midway is forced by market conditions
2 or compelled by the fact that its resources in the southwest
3 are delivered on a non-firm basis to react to congestion at
4 Midway that is the result of Sunrise, what options does it
5 have to serve its load north of Midway?

6 A There are other -- I mean, just looking in the market and
7 seeing if there are resources that can be obtained elsewhere
8 that are consistent.

9 Q If there is -- I didn't mean to interrupt you, please go
10 ahead and finish.

11 A That's it.

12 Q If there is congestion at Midway, then the load cannot
13 obtain its resources from the southwest through Midway; isn't
14 that right?

15 A I can't answer that one, because I don't know about the
16 congestion management protocols, if one person could pay
17 congestion management charges and actually get schedules
18 through there.

19 Q Well, wouldn't it be more natural to conclude that there
20 are resources north of Midway that may be in the market that
21 the load could purchase as an alternative?

22 A Which may be even more economical than trying to go
23 through the south.

24 Q And isn't that really the obvious logical consequence of
25 congestion at Midway, which Sunrise adds to; isn't that

1 right?

2 A I wouldn't say that particularly Sunrise adds, but --

3 Q Well, isn't it beyond dispute that adding 348 megawatts
4 right into Midway adds congestion, and isn't that what
5 Sunrise is going to add?

6 A Under certain operating conditions, yeah, the congestion
7 would be exacerbated.

8 Q And isn't it, turning back now to the load center that's
9 north of Midway, also obvious that the market for alternative
10 power resources north of Midway is the most accessible
11 because it avoids congestion at Midway; isn't that right?

12 A You could say that, yes.

13 Q And that market might include resources from the
14 Sacramento valley, the few that are there, and might include
15 resources in the north bay area; isn't that right?

16 A (Witness nods head.)

17 Q It might include resources on the Pit system or it might
18 includes resources at the Upper American River Project,
19 aren't those all answers that are correct?

20 A Depending if there are any contract issues yeah, there
21 are other resources in the north.

22 Q And aren't the newer resources that are more likely to be
23 economic resources that will be fossil fuel fired natural gas
24 generators in the Suisun area or Pittsburg area or Sutter
25 area, aren't those all likely to be resources that may be

1 available as alternatives when there is congestion at Midway
2 due to Sunrise?

3 SENIOR STAFF COUNSEL HOLMES: I'm going to object to
4 that question with respect to the assumptions about what
5 kinds of fuels new facilities are going to be using. I think
6 that question might be more appropriately directed to Mr.
7 Hesters than to Mr. Daschmans.

8 MR. GRATTAN: If I could respond to the objection.
9 I believe that it's commonly known and actually the subject
10 of official notice that all of the applications for the
11 Commission, for the projects I have just noted, are
12 applications for natural gas fired plants and that the
13 proposition cannot be denied at all.

14 SENIOR STAFF COUNSEL HOLMES: None of those projects
15 have certification yet from the Commission. I think it's
16 highly speculative to guess at what kinds of resources are
17 going to be available and in two, three, four, five, six,
18 eight, ten years down the road from northern California.

19 HEARING OFFICER FAY: Objection noted, counsel.
20 However, I'm going to overrule it and ask the witness to
21 answer the question to the extent that he has specific
22 knowledge. And if he cannot satisfy counsel, counsel may
23 direct it to the other witness.

24 MR. De CUIR: Thank you.

25 THE WITNESS: I would agree that those facilities

1 could provide resources to load in the northern system.

2 BY MR. De CUIR:

3 Q And in addition, the older fossil fired plants that were
4 owned by PG&E and transferred to new owners such as Moss
5 Landing would also be sources of electric power for loads in
6 the north that couldn't get power, that they had relied on
7 from the southwest through Midway because of congestion;
8 isn't that right?

9 A True.

10 Q And as another alternative a load in the north could
11 consider building new generation; isn't that right?

12 A If they desire to, yes.

13 Q And that would likely be in today's economy a natural gas
14 fired plant; isn't that right?

15 A That depends.

16 Q And utilizing generation from any of the resources that
17 had formerly been owned by PG&E or currently owned by PG&E in
18 the north as an alternative to resources that would have had
19 to have been transmitted through the congested area at Midway
20 would necessarily produce the byproducts or outputs of
21 generating engines such as particulate matter or exhaust --

22 MR. GRATTAN: I'm going to object, at this point,
23 because I think this gets beyond the competence of this
24 witness to testify as to environmental impacts.

25 HEARING OFFICER FAY: Counsel, why don't you -- or

1 well, you may wish to limit your questions to the age of the
2 resources that would be involved and -- because I think Mr.
3 Grattan's point is well taken that these witnesses did not
4 come here to talk about emissions. And the Committee can
5 draw its own conclusions based on the age of the resources,
6 if that's what you're interested in.

7 MR. De CUIR: Mr. Fay, if I could make perhaps a
8 little background explanation to respond to counsel's
9 objection and the guidance that you've given as the hearing
10 officer. The witness, Mr. Daschmans, has a BS degree in
11 Electrical Electronic Engineering and he has a long and
12 substantial record in working on projects such as the
13 Sacramento Ethanol and Power Cogeneration Project and the
14 transmission aspects of that.

15 The question I just asked of the witness is one
16 which I think is a rudimentary question for someone with his
17 kind of background. And the question also calls for an
18 answer that relates not only to the fundamental basis of the
19 Commission's jurisdiction and that is its mandate to conduct
20 the equivalent of environmental review on projects that are
21 brought to it.

22 And the question that I posed will also relate
23 immediately to the next series of questions that will be
24 directed to the area around the project. And so I would
25 submit that my explanation here should also serve as an offer

1 of proof that the direction of my questions will be material
2 and relevant, not only to the Commission's jurisdiction in
3 this matter, but also they are within the scope of the
4 general area of the direct testimony and as well I think
5 they're within the expertise of the witness.

6 MR. GRATTAN: If I can respond to that. The witness
7 is an expert in electric transmission and transmission
8 planning. If, Mr. De Cuir, you had cared to present a
9 witness who could testify as to the emissions of these
10 speculative new power plants and who could perhaps be cross
11 examined on displacement of older and dirtier power, that
12 would be something maybe we could benefit from. You haven't
13 chosen to do so. In fact, you haven't chosen to present your
14 witness here to be cross examined.

15 HEARING OFFICER FAY: I'd like to cut this short. I
16 see no evidence in Mr. Daschmans' background that he can
17 testify on the details of particulate emissions from these
18 plants. And I think it's a bit unfair to rely on him for
19 that type of expertise which is not apparent from his
20 background.

21 Again, if you're concerned about environmental
22 impacts of this congestion, I suggest you pursue it without
23 relying on specific air expertise of a transmission with this
24 witness. In other words, we're not frustrated with your line
25 of questioning only with your effort to rely on this witness

1 to testify about particulates from specific projects.

2 MR. De CUIR: Let me utilize lay terms, because I
3 don't think the question calls for expert opinion, but that
4 the witness is competent to give answers which are obvious to
5 everyone with any background.

6 Q Mr. Daschmans, the electronic generators that you have
7 worked with, which are turned by some kind of internal
8 combustion, emit pollutants; isn't that correct?

9 MR. GRATTAN: Objection. That question is so
10 open-ended as to be valueless. If we want to get into
11 emissions of these probable and speculative projects, if we
12 want to talk about displacement, then great, present a
13 witness.

14 COMMISSIONER MOORE: I think, actually, what I might
15 suggest is that this is a line of questioning that the
16 Committee will certainly be interested in, but this is
17 probably the wrong forum. We have another one, a more
18 extended forum coming up on air quality, where this may yield
19 better results.

20 We're certainly interested in the point that you're
21 making or attempting to make about whether or not congestion
22 gets displaced up or down the line. And it seems to me that
23 those are valuable insights for us to have as a result of
24 your questioning. But in terms of the air quality, it seems
25 to me we might be more productive if we direct that line of

1 questioning to those individuals who will have that specific
2 background during that hearing date coming up, which is
3 probably going to be a pretty extensive hearing.

4 MR. De CUIR: I will turn my questions at
5 Commissioner Moore's suggestion to other topics. But for the
6 record, I would like to indicate that the question I asked
7 this witness asked for his testimony on the combustion driven
8 electrical generators that he had personally worked on and
9 not, as opposing counsel has argued, speculative projects
10 that are yet to be built.

11 HEARING OFFICER FAY: Your comment is duly noted,
12 Mr. De Cuir. Do you have further cross-examination of either
13 of these witnesses?

14 MR. De CUIR: Yes, I do.

15 Q Mr. Daschmans, you have described Alternative B as the
16 preferred route for the 230 KV line that the Sunrise project
17 proposes to use to connect its generating station with the
18 Midway substation. You have noted in your prepared testimony
19 that this would be a double circuit 230 KV line on steel
20 towers for some 26 miles of length from the generating
21 station to Midway substation; is that correct, am I reciting
22 this correctly?

23 A I believe, yeah, it is 23.3 miles long as discussed with
24 the Energy Commission.

25 Q You've indicated in your prefiled testimony that the two

1 circuits would be parallel and you have also discussed the
2 size of the conductor that the applicant is considering. Is
3 it correct to say that paralleling the two circuits would
4 increase the electrical efficiency of the connection between
5 the generator and Midway substation?

6 A In terms of economics, there is an optimum conductor
7 sizing.

8 Q And to what extent would using this size of conductor,
9 but paralleling the two circuits until the project went into
10 phase 2, to what extent does that produce an engineering
11 advantage?

12 A To clarify your question, by initially installing the
13 double circuit line, but operating as a single and then go to
14 phase 2 or phase 3 that then they would operate it as a
15 double circuit, what advantage does that bring?

16 Q Yes.

17 A Probably it minimizes the construction impacts.

18 Q Well, doesn't it marginally reduce impedance so that you
19 have lower losses in this 23-mile stretch but just
20 marginally?

21 A Yeah, as opposed to one conductor versus the two
22 equivalent conductors together?

23 Q Yes.

24 A Impedance would be reduced, yes.

25 Q And so in terms of electrical efficiency, what you need

1 to subtract from the power that you generate that gets to
2 Midway substation it's a loser number for the loss; isn't
3 that right?

4 A Hopefully, yeah.

5 Q But in the end, it's not nearly enough to justify putting
6 both circuits up there; isn't that right?

7 A I believe that would be a decision of the applicant to do
8 that.

9 Q But from an engineering point of view, if you were doing
10 economic engineering, this project could well be served by
11 the single circuit; isn't that right?

12 A Possibly, yes.

13 Q There isn't any doubt about it, is there?

14 A If you're not considering their desire for a phase 2 or
15 phase 3.

16 Q If I could have you expand, make a complete sentence out
17 of that.

18 A If the applicant decides to go for phase 1, --

19 Q Only?

20 A Only, and they want to select a conductor, they could
21 either find a single conductor or they could bundle a
22 conductor.

23 Q It wouldn't, from an economic engineering standpoint,
24 require hanging the second circuit at all, would it?

25 A Probably not.

1 Q And there is so little economic advantage in the increase
2 transmission efficiency by paralleling the two circuits that
3 it wouldn't be worth the money to add the second circuit just
4 for that small efficiency gain, would it?

5 MR. GRATTAN: That's an awful leading question. I
6 want to object to that.

7 MR. De CUIR: Well, leading questions are what
8 we're supposed to be doing in cross examination, counsel.
9 Did you have a chance to hear this question?

10 THE WITNESS: Yes, I did. I don't know if I'm
11 supposed to respond.

12 COMMISSIONER MOORE: Well, actually your answers
13 should be coming up here, but let me see if I understood the
14 question. The question that was asked was under the
15 circumstances, given the likely economic efficiencies in the
16 absence of a phase 2 or a phase 3, would it make sense to
17 build a double circuit?

18 THE WITNESS: From an engineering perspective, I
19 would say a single circuit would be fine for a phase 1 of the
20 project, but then again I'm not the applicant who's building
21 the project.

22 COMMISSIONER MOORE: Well, then to expand on that
23 then, it seems to me that the other half of that is then if
24 there was a phase 2 and a phase 3, could they be handled with
25 a single circuit or would they necessitate the need for a

1 double circuit?

2 THE WITNESS: I would believe they would necessitate
3 the need for a double circuit.

4 COMMISSIONER MOORE: Okay. I hope I --

5 THE WITNESS: Or it may be desirable for the
6 applicant to do so in terms of reliability. If you lose one
7 circuit, then they wouldn't have to mitigate that loss.

8 COMMISSIONER MOORE: I hope I paraphrased the
9 question correctly.

10 MR. De CUIR: Thank you. Mr. Fay, if I could have a
11 few minutes to break so I might consult with my expert
12 advisor and then I will be able to determine whether I'm
13 finished or not.

14 HEARING OFFICER FAY: Sure. Let's take a five
15 minute recess and be back.

16 (Thereupon a brief recess was taken.)

17 COMMISSIONER MOORE: We're back to it, the tape is
18 on. You have the floor.

19 BY MR. De CUIR:

20 Q Thank you, very much. Mr. Daschmans, let me direct your
21 attention to page seven of your testimony where you have, in
22 the middle of the page a statement that relates your view
23 that there are two primary reasons why Sunrise has minimal
24 impact to the Cal ISO control grid. You wrote those two
25 bullet paragraphs underneath that statement?

1 A Yes, I did.

2 Q And isn't it essentially your view that the Sunrise
3 project has minimal impact on the grid because, first, either
4 flows on path 15 must be reduced when Sunrise is modeled in
5 service or, two, flows on path 26 must be reduced when
6 Sunrise is modeled in service in either case to maintain
7 appropriate operating conditions on the part of the 500 KV
8 system on the other side of Midway; isn't that right?

9 A That is correct with the added condition that you can
10 either reduce or maintain path 15, but you can also adjust
11 generation between path 15 and path 26, for example, I
12 mentioned Diablo Canyon, say, for example, if it's down for
13 refueling or something like that.

14 Q Isn't this kind of a logical tautology, I mean, aren't we
15 saying the reason Sunrise isn't a problem is because what we
16 add with Sunrise we take away on one of the paths; isn't that
17 the way to say it in its simplest terms?

18 A In its simplest terms, yes.

19 Q Let me direct your attention to a different topic, but
20 it's really, I think, the essence of transmission engineering
21 on a large scale. And that is with where generating projects
22 ought to be connected to a transmission system. Aren't
23 there, in the Sacramento valley, a lot of people in your
24 profession who are concerned about the voltage stability and
25 the reactive margins in the Sacramento area?

1 A That is correct.

2 Q And you're familiar with that problem, aren't you?

3 A Yes, I am.

4 Q And from a transmission planning point of view, isn't one
5 of the solutions for the voltage stability and reactive
6 margin problem in the Sacramento valley to place new
7 generation in the Sacramento valley?

8 MR. GRATTAN: Objection. The Sacramento valley is a
9 long way from the Sunrise project. We're not discussing
10 projects in the Sacramento valley, as I understand it.

11 MR. De CUIR: I think the response, if I could, and
12 I don't mean to interrupt your objection.

13 MR. GRATTAN: Please, go ahead.

14 MR. De CUIR: My response to that is that the
15 Commission's jurisdiction, of course, has it doing many
16 different things. And one is figuring out whether there's
17 need for a project and secondly where the project should be.
18 And every project location has different environmental
19 consequences. And some of them have consequences that relate
20 directly to the environment through transmission.

21 And what I expect to draw out from the witness and
22 have him agree to is that there are locations in this State
23 that are generation deficient and they have a great deal to
24 do with the stability of the electrical grid. And the
25 stability of the grid is something that keeps our environment

1 in good shape. And these are directly and logically
2 connected concepts and I believe they're within the
3 Commission's jurisdiction and need to test the materiality.

4 MR. GRATTAN: I would like to just register sort of
5 the legal framework here. These are interesting issues and
6 the Commission has some involvement in these issues.
7 However, in the context of a siting case, under the
8 California Environmental Quality Act when we get to
9 cumulative impacts and we need a project to be considered in
10 a cumulative impact analysis, we kind of need an application
11 before us. We kind of need -- in fact, we absolutely need
12 some location, some definition, some way to specify and focus
13 on that particular power plant.

14 What we're talking -- we're running very far afield
15 here with speculation. I also might add that the
16 Commission's need test -- and I don't need to remind the
17 Commission of this, the Commission's latest need test is that
18 a project will be presumed needed unless there is clear and
19 convincing evidence that a project is anti-competitive.

20 MS. LUCKHARDT: I would also like to object. This
21 is Jane Luckhardt for Elk Hills. And we believe that he is
22 -- Mr. De Cuir is straying into areas which are inappropriate
23 for this particular forum. FERC has summarily rejected the
24 ISO's current transmission interconnection policy. We do not
25 have a policy which states that placing generation in certain

1 locations is more appropriate than transmission
2 interconnection. And I feel that his questions are straying
3 into areas which are under the jurisdiction of FERC and not
4 this Commission and have yet to be decided.

5 COMMISSIONER MOORE: Mr. Fay and I have just been
6 consulting on this and frankly the question of need is no
7 longer before the Commission as pointed out by Mr. Grattan.
8 It's been done away with through legislative direction.

9 On the other hand, the question of cumulative
10 impacts is of interest to us and it is not possible, I think,
11 for us to say, at this point, where we'll draw the line in
12 terms of the cumulative range of those impacts. So it seems
13 to me the questions are relevant to get on the table. We're
14 interested in them and we ought to pursue this, but not on
15 the basis -- as Mr. Grattan pointed out, not on the basis of
16 need, because it's -- at this point, the need is satisfied by
17 a generator determining that the market demand is there and
18 they are willing to make the financial commitment and pick
19 the location that they find convenient to service that need.

20 So let the questions go on, but again to confine
21 them to the question -- or to the area of cumulative impacts.

22 HEARING OFFICER FAY: Let's hold up for just a
23 moment while the Committee consults.

24 COMMISSIONER MOORE: Commissioner Rohy is making a
25 point to me that -- and I do need to reiterate it, that the

1 question of alternative sites is not before us and the only
2 question about a site is the one that the applicant has
3 advanced to us and is in their application to us. That's the
4 only question before us.

5 There are other forums perhaps in local government
6 where alternative sites might be examined as a question, but
7 in this case the only site that we have in front of us is the
8 one that's been proposed.

9 MR. De CUIR: Is the Commission ready to proceed?

10 COMMISSIONER MOORE: Proceed.

11 BY MR. De CUIR:

12 Q Mr. Daschmans, wouldn't you agree with me that among the
13 cumulative impacts of congestion exacerbated at Midway by the
14 Sunrise project would be the probable consideration by
15 transmission planning engineers of the need for generation in
16 generation deficient areas north of Midway, such as the
17 greater Bay Area and the Sacramento valley?

18 A That would be true.

19 MR. De CUIR: No further questions.

20 COMMISSIONER MOORE: Thank you very much. Mr.
21 Grattan, I'm going to turn to you and ask for the testimony
22 of your --

23 MR. GRATTAN: I'd like to cross examine.

24 HEARING OFFICER FAY: Before we do that --

25 MR. GRATTAN: As would staff, I believe.

1 HEARING OFFICER FAY: Yes, we want to ask staff if
2 they have redirect.

3 SENIOR STAFF COUNSEL HOLMES: Well, I don't want to
4 cross examine my own witnesses, --

5 (Laughter.)

6 SENIOR STAFF COUNSEL HOLMES: -- but I do have some
7 additional questions that I think may be helpful. And I
8 would direct these to Mr. Hesters. They touch on some of the
9 subjects that were raised by the intervenor.

10 REDIRECT EXAMINATION

11 BY SENIOR STAFF COUNSEL HOLMES:

12 Q Mr. Hesters, early this morning there was a discussion
13 about a number of potential scenarios that could result from
14 operation of the Sunrise facility. Do you recollect that
15 discussion?

16 A The scenarios as to where generation would occur?

17 Q That's correct.

18 A Okay, yes.

19 Q Do you think in your own professional judgment that you
20 could state that any one of those scenarios is likely to
21 occur?

22 A I'm trying to recall the specific scenarios. It seemed
23 like what we were discussing was generation displacement and
24 where generation would occur if and when path 26 was
25 congested, whether or not that was caused by the Sunrise

1 generating plant or by something else, and that a utility or
2 load center that had a contract that typically bought
3 generation or power from the southwest, but was not able to
4 because path 26 was congested or path 15 was congested, would
5 have to get that power somewhere else.

6 My general response to that is that if path 15 is
7 congested, you're getting as much power as you possibly can
8 from south of path 15. So whether or not that's caused by
9 Sunrise or by power coming in from the southwest, any load
10 that's north of path 15 is going to have to get its power
11 from north of path 15, whether Sunrise is there or not.

12 Where it specifically comes from north of path 15 is
13 completely speculative. I don't know, and I can't forecast
14 that right now.

15 Q Could you say with any degree of certainty what will
16 happen to generation either regionally or to specific
17 generating units that -- can you specify any kinds of changes
18 with respect to either regional generation or specific
19 generation units as a result of the Sunrise project going on
20 line?

21 A No.

22 Q There was also a discussion earlier about, I think it was
23 referred to as, a voltage stability problem in the Sacramento
24 area. Do you recollect that discussion?

25 A Yes.

1 Q Is it part of your responsibilities in conducting a
2 transmission system analysis to evaluate the specific project
3 that's before you or to compare it to other speculative,
4 alternative projects and select the best one?

5 A Can you restate that?

6 Q Is it your responsibility when you're reviewing a
7 project, for purposes of licensing, to evaluate the project
8 that is specifically in front of you or to speculate about
9 the best location for a potential project?

10 A I'm supposed to evaluate the project that's specifically
11 in front of me.

12 Q Earlier this morning there was also a discussion about
13 Remedial Action Schemes, do you recollect that discussion?

14 A Yes.

15 Q Do you know when there will be a Remedial Action Scheme
16 prepared that encompasses this project?

17 A I mean that would be best to leave that to Ron as the ISO
18 expert, but it's my understanding that before the generator
19 is given a permit to connect, interconnect and generate, it
20 would be -- any necessary Remedial Action Schemes that would
21 be implemented they would be required to participate in them.

22 SENIOR STAFF COUNSEL HOLMES: Thank you. Those are
23 all my questions.

24 HEARING OFFICER FAY: Mr. Grattan.

25 MR. GRATTAN: I had a couple of questions of the

1 panel, if I may.

2 HEARING OFFICER FAY: Go ahead.

3 RECROSS EXAMINATION

4 BY MR. GRATTAN: First, Mr. Hesters, in your
5 capacity as a California Energy Commission staff member, are
6 you aware of any application or proposed application before
7 this Commission from this applicant for phase 2 or phase 3 of
8 the project?

9 MR. HESTERS: No.

10 MR. GRATTAN: Thank you. And let me ask Mr.
11 Daschmans the issue of a Remedial Action Scheme. Could you
12 describe a typical Remedial Action Scheme and could you
13 indicate the complexity of devising such a scheme with a
14 simplicity, if you will, either way?

15 MR. DASCHMANS: Transmission plans aren't known for
16 simplicity, are they. Let's say you have two lines. You
17 have the generator on one line or a couple of generators on
18 one side of the line and load on the other side of the line.
19 And during normal operating conditions, you can transmit
20 power from the generate to load via those transmission lines.
21 If you lose one of those lines and the generation stays on
22 and the load stays on, you may experience thermal overloading
23 of that line and other electrical phenomenon.

24 A Remedial Action Scheme would be such that if that
25 line is lost, some automatic intervention would occur that

1 would either reduce generation or trip generation in order to
2 keep the system within reliable operating limits as to maybe
3 not overload the line for simple purposes.

4 MR. GRATTAN: Thank you. And is it your testimony
5 this applicant has agreed to participate in that fairly
6 simple scheme?

7 MR. DASCHMANS: Yes.

8 MR. GRATTAN: Thank you. Next, Mr. Hesters, since
9 the one question on the Sacramento valley, are you, being a
10 member of the Commission's staff, are you familiar with the
11 Sutter project?

12 MR. HESTERS: I'm aware of it. I haven't
13 participated in it in any kind of detail.

14 MR. GRATTAN: Is that, in fact, a project which is
15 certified by this Commission?

16 MR. HESTERS: Yes.

17 MR. GRATTAN: Can you speak, Mr. Hesters, are you
18 familiar, as a member of this Commission's staff, with ER 96?

19 MR. HESTERS: Not with any detail.

20 MR. GRATTAN: With the amendments to ER 96?

21 MR. HESTERS: No, not specifically. I could get
22 them and read them, but I haven't read them for a long time.

23 MR. GRATTAN: And as a member of the Commission
24 transmission staff, can you identify any specific project in
25 any specific area, which assuming, without admitting,

1 assuming that there may be congestion created by the projects
2 in southern Kern County, can you identify any specific
3 project that has an application before this Commission driven
4 by that need to relieve congestion?

5 MR. HESTERS: I'm not aware of any specific
6 projects.

7 MR. GRATTAN: Thank you.

8 MR. HESTERS: There may be. I'm just not aware of
9 them.

10 MR. GRATTAN: Mr. Daschmans, in the course of being
11 cross examined on the south to north traffic and in the
12 course of being informed from the Transmission Agency of
13 Northern California's testimony, would you characterize the
14 issues raised by the Transmission Agency of Northern
15 California, are they contractual issues?

16 MR. DASCHMANS: They are more contractual issues
17 and market issues as opposed to reliability issues.

18 MR. GRATTAN: Thank you.

19 COMMISSIONER MOORE: Thank you, Mr. Grattan. Are
20 there other intervenors who wish to --

21 MS. LUCKHARDT: Just a couple of short questions.

22 COMMISSIONER MOORE: Come on up.

23 MS. LUCKHARDT: Again, this is Jane Luckhardt for
24 Elk Hills.

25 HEARING OFFICER FAY: Counsel, would you prefer room

1 at the counsel table?

2 MS. LUCKHARDT: No, I just have a couple. This is
3 fine. The rest of them have maybe more than I do.

4 RE CROSS EXAMINATION

5 BY MS. LUCKHARDT: Just to clarify about the
6 Remedial Action Scheme. Can you clarify, did those involve
7 any new construction of state transmission lines or an
8 additional transformer or any new facilities?

9 MR. DASCHMANS: No, they do not. It's more computer
10 or logical devices, small devices.

11 MS. LUCKHARDT: Thank you.

12 HEARING OFFICER FAY: Any recross of TANC?

13 MR. De CUIR: We would like to ask some recross.

14 RE CROSS EXAMINATION

15 BY MR. De CUIR: Mr. Hesters, you testified in
16 response to a question from Mr. Grattan that if there was
17 congestion that reduced the amount of power that a load in
18 the area north of Midway could receive, that it would just be
19 getting as much as you can get from south of 15, is that what
20 you meant to say?

21 MR. HESTERS: Can you rephrase that?

22 MR. De CUIR: As I wrote down my notes of your
23 testimony, you testified that a load that had expected to
24 take power from south of path 15, if there were congestion
25 there, as a result of the Sunrise project, would be getting

1 as much as you can from south of 15?

2 MR. HESTERS: I don't think I specified a certain
3 specific load, but in general, the load north of path 15
4 would be receiving as much power as it could from the area
5 south of path 15.

6 MR. De CUIR: So is it correct then that what
7 you're testifying to is that if Sunrise goes in, a load that
8 depended on its ability to get power from the southwest isn't
9 going to get what it depended on, is that what you're saying,
10 it's just getting as much as it can get, is that the way it's
11 going to work?

12 MR. HESTERS: That might be contractual. I mean,
13 if -- that's what we were discussing before, if it had a firm
14 contract, right, yes it would have access to that.

15 MR. De CUIR: And you are testifying then that in
16 your opinion it relates to contracts and that it doesn't have
17 an environmental effect with the creation of a need for new
18 generation north of 15?

19 MR. HESTERS: I think what my testimony is is that
20 -- I don't think, but my testimony is is that if you have a
21 certain specific load north of path 15, and you have a
22 certain amount of power that can come over path 15, certain
23 limits say it's 3,000 megawatts. If there's 3,000 megawatts
24 coming over path 15, generation north of path 15 stays the
25 same whether it's coming from whatever specific plants.

1 You've got 10,000 megawatts of load north of path 15, 3,000
2 megawatts of generation coming over path 15, you need 7,000
3 megawatts north of path 15. That's without any specific load
4 or numbers. Those are just -- that's what I mean.

5 MR. De CUIR: You are saying that you have the
6 experience to testify that it's a contractual matter, this
7 congestion problem. Do you have the experience to testify
8 that it's an environmental matter or not?

9 MR. HESTERS: I don't have the experience to
10 testify it's an environmental matter.

11 MR. De CUIR: And where do you get your experience
12 to testify that it's a contractual matter?

13 MR. HESTERS: Basically, what I'm saying is that if
14 your path is congested, the contract states -- not the
15 contract states, but the contract basically determines who
16 gets the power that's coming over path 15. I don't -- beyond
17 that, I can't say anything else.

18 MR. De CUIR: Okay.

19 MR. HESTERS: I'm not a contract lawyer.

20 MR. GRATTAN: If I can, Mr. De Cuir, if I can
21 briefly interrupt your recross with a suggestion or an
22 offer. Mr. De Cuir, in his cross examination and in his
23 witness's testimony has raised the issue of cumulative
24 environmental impacts as opposed to cumulative impacts on the
25 transmission system. I respectfully suggest that one of them

1 is before the Commission in a siting case and that is
2 cumulative environmental impacts, if they are not speculative.

3 The issue was raised on the air quality. The issue
4 was raised on a variety -- by implication on a variety of
5 areas over which the Commission has responsibility. I would
6 offer, at this time, after redirect, I would offer to put on
7 a witness previously sworn in that we have at Sunrise, Mr.
8 Dave Stein, who is an air quality expert and also an expert
9 in the Commission's siting process, so at least he gets some
10 testimony on the record as to how these supposedly cumulative
11 impacts are handled, environmental impacts.

12 We are -- counsel very cleverly is stitching, and I
13 say that admirably, stitching together transmission system --
14 potential transmission system impacts and environmental
15 impacts.

16 COMMISSIONER MOORE: Mr. Grattan, let's see if we
17 can keep them as separate as we can, because the air quality
18 issue will be coming up. So to the extent that we're able,
19 let's not stitch those together.

20 MR. GRATTAN: Well, my request is driven by the air
21 quality issue, as you know from the prehearing conference
22 statement, is going to be heavily adjudicated here on a
23 variety of project specific issues. And I was hoping maybe
24 not to make that issue longer or more contentious than it
25 needs to be. The issues of air quality were raised in this

1 direct testimony. The witness, by the way, is not here in
2 this direct testimony. Let's put it to bed in this direct
3 testimony is my suggestion.

4 COMMISSIONER MOORE: I understand your wishes. I'm
5 not sure that you're going to be able to successfully limit
6 that hearing or rein it in. I appreciate the offer. Why
7 don't you continue, counsel, and we'll wrap these up.

8 MR. De CUIR: Thank you.

9 MR. GRATTAN: Excuse me.

10 MR. De CUIR: Thank you. Mr. Daschmans, you have
11 just as much background on the environmental effects of
12 electric power generation as you do on the issues that you
13 noted are contractual or market issues by their nature. In
14 other words, you have --

15 MR. GRATTAN: Objection. You've made a conclusion
16 for this witness. There's nothing in his testimony that
17 indicates that he professes to have as much environmental
18 expertise as he does contractual expertise.

19 MR. De CUIR: I'm asking the question --

20 SENIOR STAFF COUNSEL HOLMES: Excuse me. I'm also
21 going to object on the grounds on my redirect I didn't ask
22 any questions of an environmental nature of that witness. I
23 directed those questions to Mr. Hesters.

24 HEARING OFFICER FAY: Point well taken, counsel.

25 Mr. Grattan, if I can defer. Ms. Holmes accurately pointed

1 out, Mr. De Cuir, you are limited on your recross to what Ms.
2 Holmes raised on redirect.

3 MR. De CUIR: If I could, for the record, make my
4 objection to the ruling. If the ruling is that I cannot ask
5 this question, I'd like to make an offer of proof.

6 HEARING OFFICER FAY: Go ahead.

7 MR. De CUIR: Yeah. The offer of proof is this, the
8 witness Daschmans was asked by Ms. Holmes or -- I'm sorry,
9 I'm not exactly sure who posed the question, but the question
10 asked the witness Daschmans to indicate whether the result of
11 congestion that the intervenor is pointing out was more of a
12 contractual or market issue. And the witness Daschmans
13 testified that in his views it was a contractual or a market
14 issue.

15 And we had earlier asked the witness if, for
16 example, in his background, he could testify about the
17 cumulative effects that would cause transmission engineers to
18 site power plants in certain locations due to congestion.
19 And my question is posed to develop from this witness that he
20 has sufficient experience in his background to testify that
21 he can tell us that he has enough in the way of his
22 experience to say that congestion will cause environmental
23 effects because it displaces room on the transmission system
24 and requires generation in places where it will have adverse
25 environmental impacts that would not otherwise occur.

1 HEARING OFFICER FAY: Well, again, I haven't heard
2 anything in your offer of proof to suggest that this was
3 opened up by Ms. Holmes' redirect.

4 MR. De CUIR: Well, I suppose my offer of proof
5 should have just been simply confined to the fact that she
6 asked about market issues and contractual issues. She didn't
7 ask for his background.

8 HEARING OFFICER FAY: I think that was from counsel
9 for the applicant.

10 MR. De CUIR: Yes, I think that's correct. I'm
11 sorry.

12 HEARING OFFICER FAY: A big difference. So in other
13 words, the objection is sustained.

14 MR. De CUIR: All right. Thank you. I'll ask a few
15 more questions.

16 Mr. Daschmans, what background do you have to offer
17 opinions about whether something is contractual in nature?
18 What is your training for that conclusion that you can
19 testify on that subject?

20 MR. DASCHMANS: Only my day-to-day experience
21 working at the California ISO. I am definitely not a
22 contracts expert nor an environmental expert or really a
23 market expert. My expertise lies on transmission system
24 reliability studies.

25 MR. De CUIR: So someone -- the Commission

1 shouldn't give any more weight to your statement about it
2 being contractual in nature or market in nature than it
3 should give to the opinion of anybody else off the street; is
4 that right?

5 MR. DASCHMANS: I would disagree with that just
6 because my experience with the utility industry, but that --
7 when I make the statement about contractual and market
8 related, you can't go very much deeper with me on those
9 issues.

10 MR. De CUIR: Did you have a conversation with
11 anyone about this topic of market or contractual nature and
12 relating it to congestion?

13 MR. DASCHMANS: Today?

14 MR. De CUIR: Or at any time about this project,
15 about the Sunrise project?

16 MR. DASCHMANS: Not specifically about the Sunrise
17 project, but we do talk about it at Cal ISO from time to
18 time.

19 MR. De CUIR: All right. Thank you. No further
20 questions of these witnesses.

21 COMMISSIONER MOORE: Thank you very much. Well, Mr.
22 Grattan, I guess it is now back to you for your witness.

23 MR. GRATTAN: Okay.

24 SENIOR STAFF COUNSEL HOLMES: Can I first move --

25 HEARING OFFICER FAY: Go ahead, counsel.

1 SENIOR STAFF COUNSEL HOLMES: -- evidence be admitted
2 into the record.

3 HEARING OFFICER FAY: We can take that now. We do
4 have a few more questions to follow up.

5 SENIOR STAFF COUNSEL HOLMES: I'm sorry. I thought
6 we were done and we were moving to Sunrise's witnesses. I
7 apologize.

8 HEARING OFFICER FAY: I do have one for Mr.
9 Daschmans. On page two of your testimony on foot note 2, you
10 cite after the first rejection of the proposed tariffs of the
11 ISO's reconvening stakeholders to redefine an interconnection
12 policy. Just very briefly, what is the status of that
13 effort?

14 MR. DASCHMANS: The status is unknown as to when
15 it's going to go back to FERC.

16 HEARING OFFICER FAY: Are the parties discussing
17 this now?

18 MR. DASCHMANS: Yes, they are.

19 HEARING OFFICER FAY: Sorry. Ms. Holmes, anything?

20 SENIOR STAFF COUNSEL HOLMES: I'd like to move that
21 the transmission system engineering portion of Exhibit 32 and
22 Exhibits 36 and 37 be entered into the record.

23 HEARING OFFICER FAY: Is there objection?

24 MR. De CUIR: No objection.

25 HEARING OFFICER FAY: Hearing none, so moved.

1 (Thereupon Exhibits 32, 36 and 37 were received
2 into evidence.)

3 HEARING OFFICER FAY: We will now move to the
4 applicant's presentation.

5 Mr. Grattan.

6 MR. GRATTAN: Yes, we have Mr. Don Mundy.

7 HEARING OFFICER FAY: Will the court reporter swear
8 the witness.

9 Whereupon

10 DONALD L. MUNDY
11 was called as a witness and having been first duly sworn, was
12 examined and testified as follows:

13 DIRECT EXAMINATION

14 BY MR. GRATTAN:

15 Q Could you give your name, address, employment and role in
16 this project please, Mr. Mundy?

17 A My names is Donald L. Mundy. I live ate 9484 Troon
18 Village Drive in Littleton Colorado. I'm employed by Block
19 and Beach and I'm a vice-president in the power delivery
20 business of Block and Beach.

21 Q Have you ever prepared and previously submitted written
22 testimony in this AFC proceeding?

23 A Yes, I've prepared the transmission system engineering
24 testimony that's part of the file.

25 Q And are you sponsoring any exhibits at this hearing?

1 A Yes, I am. I'd like to read from my testimony. I'm
2 sponsoring Exhibit 1, AFC and revision Section 6, Appendix A;
3 Exhibit 2, transmission supplement 2, Sections 1.0, 2.0, 2.1,
4 2.2, 2.3, 2.5, 4.0, 4.1, 4.2, 4.3 and Appendix S-A; Exhibit
5 4, Appendix B errata to transmission supplement 2, summarize
6 comments on PSA; Exhibit 5, responses to CEC data requests
7 response 68; Exhibit 7, Sunrise comments on PSA pages 101
8 through 108; Exhibit 8, application for transportation and
9 utility systems and facilities on federal lands; Exhibit 19,
10 PG&E interim DFS-1 status report; and Exhibit 20, PG&E
11 interim DFS-2 status report.

12 Q And did you previously submit written testimony under
13 oath?

14 A Yes, I did.

15 Q And can you affirm that testimony under oath?

16 A I can.

17 Q Do you have any corrections or modifications to that
18 testimony?

19 A I do not.

20 Q And could you please summarize your testimony?

21 A Yes. The project will deliver its output, approximately
22 330 megawatts under ideal conditions to the power market from
23 the on-site substation to PG&E's Midway substation at
24 Buttonwillow via a 230 KV transmission line outlay.

25 Sunrise reviewed seven alternatives for transmission

1 interconnection and seeks approval from two of those
2 alternatives, within what we refer to as the B corridor. The
3 first route is the Route B, which connects directly to the
4 Midway substation. It's 23.3 miles long. The connection at
5 Midway will require the addition of one 230 KV line
6 termination. They're expected to be within the fence at
7 Midway.

8 The second is Route F, which connects to the
9 certified, but not yet constructed, La Paloma substation and
10 then by a joint ownership line to Midway. There's a 10.5
11 mile line from Sunrise to the La Paloma substation. The
12 overall length then becomes 24.2 miles.

13 Environmental impacts. The construction and
14 operation of these routes have been reviewed, and where
15 appropriate, mitigated as recommended into the sections of
16 the final staff assessment. PG&E issued status reports DFS-1
17 and DFS-2 on the system impacts for both alternative routes B
18 and F.

19 Power flow studies indicate no adverse impact under
20 typical NERC contingencies. Some overloads are projected
21 during extreme contingencies, during certain seasonal periods
22 from outage, if one or more of the Midway 230 to 500 KV
23 transformer banks occur. These will be mitigated by
24 Sunrise's participation in the PG&E Remedial Action Scheme or
25 RAS.

1 In both reports, the stability assessment indicates
2 no significant difference with or without the project.
3 Additionally, the studies indicate no downstream impacts
4 beyond the Midway substation. The final DFS studies are not
5 expected to identify the need for new transmission
6 facilities.

7 Q And have you had the opportunity to review Mr. Larsen's
8 testimony?

9 A I have.

10 Q And would you perhaps -- refreshing your memory, do you
11 agree with Mr. Larsen's conclusion that, and I'm reading
12 that, "The licensing in this project should be upheld. As a
13 consequence, further studies are required to address
14 cumulative transmission and potential environmental impacts"?

15 MR. De CUIR: Objection. There does not appear to
16 be the statement that you just represented to be his
17 testimony that the licensing should be upheld.

18 MR. GRATTAN: Then you would agree that the
19 licensing should not be upheld.

20 MR. De CUIR: No. You are representing to the
21 Commission what his testimony is and it's not right. I
22 object.

23 MR. GRATTAN: I was representing -- there is an
24 implication in here.

25 MR. De CUIR: Please just read the testimony.

1 BY MR. GRATTAN:

2 Q The testimony says, "As a consequence, further studies
3 are required to address cumulative transmission and potential
4 environmental impacts of currently proposed solutions, such
5 as congestion management and Remedial Action Schemes and
6 concerns about negative impacts on other portions of the
7 transmission system."

8 A In my opinion, the studies that have been performed,
9 that have been reviewed by staff and the applicant have been
10 reviewed by Cal ISO, PG&E and other members attended at this
11 proceeding, are adequate and appropriate for this project.

12 Q And they would be, in your professional opinion, delaying
13 the licensing of this project even if there were studies to
14 be accomplished?

15 A Further studies would in all likelihood delay the
16 proceeding and the results would be speculative in nature to
17 the uncertainty of future generational developments in the
18 region.

19 MR. GRATTAN: That's all.

20 HEARING OFFICER FAY: Ms. Holmes.

21 SENIOR STAFF COUNSEL HOLMES: I have no questions
22 for this witness.

23 HEARING OFFICER FAY: And Jane.

24 MS. LUCKHARDT: No questions.

25 COMMISSIONER MOORE: Counsel.

1 MR. De CUIR: I do have questions.

2 Mr. Mundy, you and I are probably going to need to
3 share the microphone.

4 HEARING OFFICER FAY: Does your microphone extend,
5 Mr. Mundy?

6 MR. De CUIR: Perhaps if the pick up on the
7 microphone is adequate --

8 HEARING OFFICER FAY: I think this will work. Mr.
9 De Cuir, why don't you take that microphone for yourself.

10 MR. De CUIR: Thank you.

11 CROSS EXAMINATION

12 BY MR. De CUIR:

13 Q Mr. Mundy, you were present during the earlier part of
14 the day when I asked Mr. Daschmans questions, were you?

15 A I was.

16 Q And do you agree that --

17 HEARING OFFICER FAY: Excuse me, Mr. De Cuir, you're
18 going to have to move that microphone much closer to your
19 mouth so that all the parties can hear you.

20 BY MR. De CUIR:

21 Q Thank you. Do you agree that congestion management
22 could result if there were congestion at Midway due to the
23 Sunrise project in a load north of Midway having to purchase
24 power generated in the area north of Midway, would you agree
25 with that?

1 A Well, first of all, I would think, since I have not seen
2 the contractual relationships your party your representing
3 has in the path called 15, I cannot say with certainty how
4 additional generation in the vicinity might affect the
5 utilization of the contract rights in that contract.

6 It's my belief that if, shall we say for
7 speculation, that they have a firm contract right, that
8 contract right is firm and not subject to the effects of
9 adding Sunrise. If it's otherwise, and again speculating, it
10 might be different. And since I have not been furnished that
11 contract, I cannot render an opinion.

12 Q Let's take a case where no contracts are involved and a
13 load north of Midway wants to obtain resources located in the
14 southwest but cannot because of congestion produced by
15 Sunrise, isn't it obvious that the load has got to look for
16 resources away from the congested area, Midway; isn't that
17 true?

18 A Typically, when a load is seeking resource, it's
19 insufficient to simply find the resource. One must find a
20 path for delivery. And if they cannot find that path or
21 secure that path in some reliable manner or firm manner, then
22 they must seek a resource closer to the point of load.

23 Q And so you would agree with my question and the answer is
24 yes, the load would, if it were north of Midway and there
25 were congestion caused by Sunrise, need to generate or

1 purchase resources closer to the load, which would be north
2 of Midway?

3 A Well, once again, the load would seek a combination of
4 resource and delivery path commensurate with the availability
5 of the path and the availability of the resource.

6 Q And so if that load were just a little bit north of
7 Midway, let's just assume there were a small load there and
8 they were congested through Midway and it couldn't get its
9 resources from the southwest -- let's just say it was within
10 five miles of Midway, wouldn't it be right to say that in
11 having to build new generation or in having to buy generation
12 that was existing, it would be producing some kind of
13 environmental effect in the area of the Sunrise project;
14 isn't that right?

15 A Well, I cannot speak to the environmental issues. I am
16 not qualified in that area. But it would be reasonable to
17 assume that a load would seek resource and delivery
18 commensurate with its needs.

19 Q And the same answer would hold true, I suppose, if you
20 just moved the load up north to, let's say, the Monterey area
21 or the Stockton area or the San Francisco area or the
22 Sacramento area or the Chico area?

23 A Once again, the load would seek to find resource and path
24 commensurate with its requirements.

25 Q Have you worked on Environmental Impact Statements or

1 Environmental Impact Reports in your position with Black and
2 Beach or in prior positions that you've had?

3 A Yes.

4 Q And has your professional work been utilized in an
5 environmental sense in the approval of projects that required
6 Environmental Impact Statements or Environmental Impact
7 Reports?

8 A Not from the standpoint of the environment but rather the
9 effects of technical parameters or functions on the
10 transmission system.

11 Q As they relate to the environment?

12 A As they relate to the effects of the operation and
13 maintenance and control of the transmission system.

14 Q There is no Remedial Action Scheme that you could analyze
15 for its effects possibly on the environment because of load
16 shedding or generation tripping is there?

17 A No, remedial -- please restate the question.

18 Q Sure. For the Sunrise project, there has been no
19 Remedial Action Scheme that you could analyze to determine
20 whether it would work from an engineering point of view or
21 whether it would have environmental effects because it caused
22 generators to be dropped or a load to be dropped?

23 A There is no Remedial Action Scheme in place, at this
24 time, because the project has not been constructed?

25 Q Well, isn't it the case, Mr. Mundy, that Remedial Action

1 Schemes can be devised modeling the transmission grid and the
2 scheme using the general electric programs as they stand in
3 your profession and that normally Remedial Action Schemes do
4 not await the construction of a project; isn't that right?

5 A That is correct.

6 Q So your prior answer where you said no Remedial Action
7 Scheme has been developed because the project has not been
8 constructed was inaccurate; isn't that right?

9 A No, sir. I presumed your question to be directed to a
10 specific Remedial Action Scheme or interface for the Sunrise
11 project and that has not been developed and will not be
12 developed until this project is licensed and further along in
13 its process.

14 Q Would you agree with me that if you drop certain kinds of
15 loads, there are going to be environmental consequences?

16 A Well, you'd have to stipulate what certain types of loads
17 you mean, but I'm sure you could conjecture some that would
18 create environmental impacts.

19 Q And it wouldn't require you to speculate a great deal.
20 You could think of different kinds of loads, loads in cities,
21 loads that comprise a city, total loads that might include
22 factories, which, if shut down on short notice because of a
23 curtailment feature of the Remedial Action Scheme, would have
24 environmental consequences?

25 A Well, first of all, the Remedial Action Scheme, to the

1 extent that Sunrise has an interface with that scheme, is
2 directed at curtailing generation not curtailing load.

3 Q You're unfamiliar with the most recently adopted programs
4 of the Independent System Operator to provide for Remedial
5 Action Schemes that drop load?

6 A No, I'm not unfamiliar with them. I'm simply saying that
7 the effects and the impacts and the connections between this
8 project and that scheme and its implementation has to do with
9 reducing the amount of generation from the Sunrise project
10 and not with dropping loads. Sunrise will not be able to, in
11 effect, press a button or activate a computer driven function
12 that would drop load. It can only control the amount of
13 generation that it provides to the grid at any given moment.

14 Q Is it your view that a congestion management program has
15 been developed to manage congestion at Midway that will
16 result from the connection of the Sunrise project?

17 A Once again, please?

18 Q Has a congestion management program been developed to
19 eliminate the transfer capability through Midway that Sunrise
20 will cause by its connection to Midway?

21 A Any effects of connection of Sunrise to Midway have been
22 identified in the studies and have been or will be mitigated
23 as part of the process of this project. To the best of my
24 knowledge, other than direct relationship to facilities
25 themselves within the Midway substation that requires some

1 modification by PG&E, there are no other such plans.

2 Q Have you had conversations with Sunrise management
3 regarding plans for phase 2 or phase 3 of the Sunrise
4 project?

5 A At the beginning of this process, we examined the
6 alternatives of what you're referring to as phases 2 and 3.
7 Those plans, to my knowledge, have been shelved and are no
8 longer under -- before this Commission for certification.

9 Q I asked if you had conversations with management of
10 Sunrise on that topic. Have you had such conversations?

11 A Yes, I have.

12 Q And what was said in those conversations about phases 2
13 and 3 of this project?

14 MR. GRATTAN: The witness has already testified
15 that, based on those conversations, phase two and three --

16 MR. De CUIR: I object.

17 MR. GRATTAN: -- are dropped. I object to that
18 question.

19 HEARING OFFICER FAY: Me. De Cuir, let's let Mr.
20 Grattan explain his objection.

21 MR. GRATTAN: The witness testified phase 2 and
22 phase 3 are currently dropped. That question has been asked
23 and answered. We need not go into any further questions that
24 he's had with his contract management.

25 MR. De CUIR: Mr. Hearing Officer Fay, I don't

1 believe that there is anymore to the objection of asked and
2 answered than is there. I asked if he had had conversations,
3 and the question is just being answered and now I want to
4 know what was said in those conversations, because I think it
5 is a mistake to take, at face value, that the phases 2 and 3
6 have been dropped.

7 As the Commission is well aware, we have
8 demonstrated as the witnesses have admitted, that there is no
9 particular engineering value in having a double circuit.
10 This project is planned to be expanded when the market
11 warrants it and that is something we might well support. We
12 think the market requires more generation. What we're trying
13 to do is get to the truth of the matter of whether phases 2
14 and 3 are coming and should be analyzed.

15 HEARING OFFICER FAY: I think the fact that it's not
16 part of a proposal now before the Commission or being
17 actively discussed as possibly being filed in the future, or
18 that I'm aware of, puts it in that range of speculative
19 projects that may or may not happen. And we do not look at
20 all possibilities when we analyze these projects. The range
21 of cumulative impacts is pretty limited to the things that we
22 have a reasonable expectation that will occur in the future.
23 So I'll have to sustain Mr. Grattan's objection because the
24 witness has identified the fact that these second and third
25 phases are not applied for.

1 MR. De CUIR: Thank you for the ruling. I would
2 like to state for the record and offer the Chair once again
3 an opportunity to permit me to pursue this line of
4 questioning that we know it is indisputable that the
5 oversized transmission connection to Midway has no
6 engineering purpose and that it has no economic purpose,
7 other than a nominal improvement in efficiency.

8 And with that knowledge and with the witness's
9 testimony, which said that it was his understanding that
10 phases 2 and 3 that have been described, which can well fit
11 into the capacity of the currently proposed double circuit,
12 his understanding was that they were to be shelved and he had
13 had conversations with management, but the Commission is
14 going to halt my inquiry here at this point and prevent us
15 from learning whether it is speculative or not.

16 And I would offer to the Commission that a few more
17 questions might give the Commission evidence that indeed it
18 is speculative because management has definitely shelved
19 plans for 2 and 3.

20 On the other hand, it might also be the case that
21 the testimony of this witness might demonstrate that it is
22 not speculative but that 2 and 3 are planned and that because
23 of CEQA you should be looking at the project as a whole.

24 COMMISSIONER MOORE: Counsel, my reaction to this is
25 that this witness, again, this is the only witness that we

1 have before us, is probably gone about as far as he can go.
2 Let me ask a question that may clarify that and then I'll
3 come back to your point, and that is to say, are you in a
4 position to offer us any testimony or any conclusions, based
5 on work that you've done on behalf of the company or your
6 client, with regard to a phase 2 and a phase 3 or have you
7 done any work on those that would suggest that the client is
8 pursuing that?

9 THE WITNESS: No work has been done in memorable
10 past and none is being performed at this time for phases 2
11 and 3.

12 COMMISSIONER MOORE: Counsel, I suggest that on the
13 basis of that, which is what I had suspected based on his
14 answer before, that it would put the answer to your question,
15 which I think frankly is a good one, but it would put it in a
16 speculative arena and that's probably not going to do us any
17 good.

18 But your line of questioning is duly noted and I
19 think observed carefully up here.

20 MR. De CUIR: Thank you. I have no further
21 questions of this witness.

22 COMMISSIONER MOORE: Thank you very much.

23 Redirect, Ms. Holmes?

24 SENIOR STAFF COUNSEL HOLMES: It's not my witness.

25 COMMISSIONER MOORE: I'm sorry.

1 HEARING OFFICER FAY: Mr. Grattan, any redirect?

2 MR. GRATTAN: I'm sorry, I didn't hear?

3 HEARING OFFICER FAY: Do you have any redirect
4 examination.

5 MR. GRATTAN: Yes, I do.

6 REDIRECT EXAMINATION

7 BY MR. GRATTAN:

8 Q First, relating to the question regarding the need -- if
9 there were curtailment south of Midway, the need for power
10 north of Midway?

11 A Okay.

12 COMMISSIONER ROHY: Excuse me, Mr. Grattan, could
13 you use -- put the microphone closer to your mouth, please.

14 MR. GRATTAN: Certainly. I've never had that
15 problem before.

16 COMMISSIONER ROHY: Well, we have a new sound system
17 in here.

18 BY MR. GRATTAN:

19 Q Is it your understanding that that need for energy can be
20 fulfilled either from the existing system or potentially in
21 other ways?

22 A That's correct.

23 Q And to go beyond that, can you give us a more definite
24 answer?

25 A I cannot.

1 Q Thank you. Next, is it your knowledge that the applicant
2 has agreed to a Remedial Action Scheme?

3 A Yes.

4 Q And once again just to clarify, that scheme involves no
5 new construction?

6 A That is correct.

7 Q Finally, can you -- maybe not finally, but can you
8 address the issue of whether there is independent value to
9 constructing, as the project is planned, a parallel 230 KV
10 circuit to handle 330 megawatts?

11 A Yes, I can. I'm glad you asked the question. Let me try
12 to explain the fundamental concept here of selecting the
13 appropriate conductors for transmission systems. There's a
14 balance of economics, losses, capital costs, liability,
15 environmental effect and so on.

16 In our case, we simply did an economic assessment
17 first and said how much conductor in aluminum do we want to
18 balance the effects of capital losses and so on.

19 Now, having made that decision, then we said well,
20 how much reliability do we wish. And therefore, do we wish a
21 single or a double circuit. We simply took the amount of
22 aluminum, divided it in half more or less and decided we'd
23 put up two circuits, tie them together initially, operate it
24 as a single circuit, until such time as the reliability may
25 indicate that it would be warranted to separate the circuits

1 and thereby operate them independently for flexibility or
2 reliability reasons.

3 So the reason that it's there in the size and
4 configuration it is, is a balance of economics, losses,
5 capital investment, reliability and flexibility. Further
6 more, if you were to have constructed a single circuit and
7 then later determined that for reliability or flexibility or
8 operation's reasons, the second one was either necessary or
9 perhaps dictated, the environmental effect of returning into
10 the right of way and either dismantling the facility and
11 building a new one or even entering the right of way to
12 string the second conductors, had you built a structure
13 adequately in the first place to hold two, but only build
14 one, would outweigh the effects of having only entered the
15 right of way one time. And so it was a business decision on
16 behalf of the client, and our recommendations to the client
17 that this be the appropriate solution at this time on this
18 project.

19 Q Thank you. I have some further questions. Are you
20 familiar -- thank you. Are you familiar, generally, with the
21 operations of the California Power Exchange and the
22 Independent System Operator?

23 A Generally, yes.

24 Q And can you -- is this a true statement that in the face
25 of congestion, that market forces largely control which

1 electrons get into the market?

2 A Yes.

3 Q And is it, in fact, the less expensive power which would
4 enter the market first in most cases?

5 A That is correct.

6 Q And now can I ask you a question about voltage support or
7 line loss and could you perhaps speak to the function of the
8 Sunrise plant and its role in prevention of line loss?

9 A Well, in very general terms, power flows in this area, as
10 we have heard them today, flow either heavily north to south
11 or heavily south to north. Midway, in somewhat
12 characteristic of its name, is in the middle of a major load
13 and therefore there are power shifting situations between say
14 the San Francisco area and Los Angeles area. On any given
15 day, power must travel a great distance to reach those
16 locations depending on the source and where it's being
17 generated.

18 The insertion of additional power in the middle of
19 that stream, in effect, reduces the needs to carry long
20 distance power from one location to the other. That
21 reduction in long distance travel reduces losses in the
22 system, thereby minimizing generation that must be made to
23 produce those losses and so insertion of a plant in this
24 region may, in effect, be an environmental improvement in
25 terms of losses.

1 Now, I'm not here to speak about air and other
2 things. But in terms of losses, instead of having to carry
3 power from the far north to the far south, if you can carry
4 it half that distance by inserting it at, and I quote,
5 "Midway," you are going to reduce the losses in the grid
6 system, and that is perceived to be an improvement or
7 betterment of the system. Conversely, if you're carrying it
8 from the far south to the far north, the same effect occurs.

9 Q Once again, can I ask, is it your understanding that the
10 impact of the plant at Midway will require no -- based on the
11 studies that you've currently reviewed, will require no
12 improvements outside the fence line at the Midway substation?

13 A That is correct.

14 MR. GRATTAN: That's all the questions I have at
15 this time.

16 COMMISSIONER MOORE: Ms. Holmes?

17 SENIOR STAFF COUNSEL HOLMES: No questions.

18 COMMISSIONER MOORE: Jane?

19 MS. LUCKHARDT: None.

20 MR. De CUIR: Intervenor would have recross.

21 COMMISSIONER MOORE: How much?

22 MR. De CUIR: I have about 12 minutes of recross.

23 COMMISSIONER MOORE: Okay.

24 HEARING OFFICER FAY: Again, for all the parties, if
25 you could speak quite closely to the microphone, then we can

1 pick up your voices to be sure that everybody hears.

2 RE CROSS EXAMINATION

3 BY MR. De CUIR:

4 Q Thank you, Mr. Fay. Mr. Mundy, you testified that there
5 would be no improvements outside the fence at the Midway
6 substation for the 230 KV double circuit line that Sunrise
7 proposes; is that right?

8 A Yes, that's correct.

9 Q Is the 230 KV circuit, number one, going to be connected
10 to one Bus with the 230 KV circuit 2 connected to another Bus
11 at Midway?

12 A No.

13 Q So they're both going to be connected parallel to the
14 same Bus at Midway; is that right?

15 A That is correct.

16 Q And will the project connect to the 230 KV double circuit
17 using a single Bus at the Sunrise substation?

18 A Yes, that's correct.

19 Q When you're talking about 230 KV lines, there are a lot
20 of features to reliability, I suppose. But if you really
21 wanted to have a reliability improvement with the 230 KV
22 double circuit, you'd separate the two circuits and put them
23 on separate Busses, so that if one line went out the other
24 would be fully functional, wouldn't you?

25 A That would be a higher degree of reliability than this

1 project has currently applied for, yes.

2 Q Some of the reliability hazards with high voltage
3 transmission lines might include aircraft strikes from aerial
4 applications, fire, things of that sort; isn't that right?

5 A That's correct.

6 Q And so when you hang two circuits on one pole line, as is
7 proposed with the Sunrise project, you're not really getting
8 a locational reliability improvement with those kinds of
9 hazards in mind; isn't that correct?

10 A Well, assuming that we are in the vicinity of an aircraft
11 path and an aircraft hits the transmission line, both
12 circuits are going to fail, if that's an answer to your
13 question.

14 Q It is, thank you.

15 So when you get down to it, the marginal reliability
16 that you get from having two circuits, from an engineering
17 point of view and considering what could be done, is not
18 significant; isn't that fair to say?

19 A No, it is not.

20 Q Okay. That is your opinion that it is not fair to say
21 that and please explain it.

22 A It is my opinion that a double circuit facility provides
23 an appropriate increase in reliability from a capital
24 investment that is made.

25 Q How can you have reliability improved if at both ends

1 they're connected to the same Bus? When they're parallel,
2 they're both going; isn't that right?

3 A As I stated earlier in my description of the facility, it
4 was an appropriate decision to construct a facility that
5 would provide for future enhancements in reliability if
6 warranted, if proven necessary and if that were to occur,
7 this applicant would return to the proper forum to deal with
8 the issues associated with separating the circuits into two
9 functionally but yet somewhat related facilities.

10 Q You made a point about the project's connection at Midway
11 minimizing losses. And I got the impression that you were
12 saying that it would improve transmission capability by
13 deminimization of losses and result in a reduction in the
14 need for generation either the north or the south. Did I
15 capture the point of your testimony?

16 A To some extent, yes.

17 Q And doesn't it logically follow that the effect really is
18 on transfer capability as well as losses, in that someone who
19 had expected to generate from something they owned in the
20 south couldn't get through Midway because transfer capability
21 had been consumed by this Sunrise project?

22 A Well, I believe that comment refers to one of the
23 previous questions. And I will revert back to my comment
24 about a load must retain and acquire a proper resource and
25 delivery path for that facility. If they have done that,

1 then they will not see a problem.

2 Q You testified at the very beginning of your redirect by
3 Mr. Grattan that a load in the north -- in the area north of
4 Midway could fulfill its needs from existing sources that are
5 available currently on the system or otherwise. Is it your
6 testimony that the greater bay area is not deficient in
7 generation in northern California?

8 A I'm not intimate with that particular area, so I cannot
9 tell whether there is deficit generation or not.

10 Q Would it surprise you if they needed something like 8,000
11 megawatts of generation to be imported to serve the greater
12 bay area load?

13 A It's a common practice in the United States to have
14 generation and loads separated by some distance. And that's
15 the sole purpose or one of the purposes of transmission.

16 Q Is -- I don't mean to interrupt, go ahead and complete
17 your sentence?

18 A That's quite all right.

19 Q Is it your testimony that the entire State of California
20 is surplus or deficient in its capability to supply its own
21 electric resources to supply the loads within the State?

22 A I have not studied that particularly, so I cannot speak
23 to that.

24 Q Before counsel -- if you have an objection, counsel,
25 please make it.

1 MR. GRATTAN: Yes, I do. I need a microphone to do
2 that. We are, again, discussing here the siting of an
3 individual project. We are -- there are other forums in
4 which to discuss the State of California's need for power
5 statewide. I feel this question is running a little bit far
6 afield.

7 COMMISSIONER MOORE: Your objection is noted and
8 sustained in this case. Although, the witness it seems
9 already answered the question prior to you making your
10 objection.

11 MR. GRATTAN: I was not quick enough grabbing that
12 microphone. I just couldn't pry it.

13 (Laughter.)

14 MR. De CUIR: If I could, Commissioner Moore, point
15 out that it was counsel Grattan who asked this witness on
16 redirect whether needs in the north -- in the area north of
17 Midway could be fulfilled from existing system resources or
18 otherwise. And this cross examination question went right to
19 the question he asked.

20 COMMISSIONER MOORE: Mr. Grattan, I'm not sure that
21 you need to weigh in on that. I think you're drawing a fine
22 line, counsel, between the State of California and the
23 north. And I think that the witness's answer already got on
24 the record and so your point is on the record.

25 MR. De CUIR: I think fortunately for all of us,

1 considering the hour, that I've finished with all of my
2 questions of this witness.

3 COMMISSIONER MOORE: Thank you.

4 HEARING OFFICER FAY: Anything further, Mr. Grattan?

5 MR. GRATTAN: I have no further questions of the
6 witness. But in bringing this witness's appearance to a
7 close, I would urge, Mr. De Cuir has raised a variety of
8 issues regarding the statewide system, regarding the need for
9 power and regarding potential environmental impacts.

10 I would urge that the Committee take notice of its
11 addendum to ER 96 on the integrated assessment of needs and
12 associate the need criteria of March 24th where without
13 getting into it -- and I know Mr. De Cuir doesn't have that
14 in front of him and I won't surprise him, but it is a public
15 document. And this issue of the cumulative impacts of
16 additional power plants is addressed with reference to the
17 California Environmental Quality Act and also to the
18 Commission's own siting proceeding. And I think that
19 probably, I mean, had we had the opportunity to debate that
20 here, that maybe many of these issues would go away. We
21 certainly would appreciate that.

22 COMMISSIONER MOORE: This isn't the forum to debate
23 that.

24 MR. GRATTAN: Well, with all due respect, Mr. De
25 Cuir brought it up in this forum.

1 COMMISSIONER MOORE: I understand that. He
2 inferentially referred back to it, but I don't think we're
3 going to take it up. We don't have the other Commissioners
4 here to hear the debate in any case.

5 Let me ask a question, Mr. De Cuir, do you intend to
6 bring a witness today?

7 MR. De CUIR: Yes, I do. I have Mr. David Larsen
8 who's seated behind me in the gray suit and tie. And we
9 intended to present his prefile testimony and to make him
10 available for examination.

11 COMMISSIONER MOORE: Well, we can proceed and go
12 straight through with that, if you wish, and I'm pleased to
13 do that. I have no way to predict the questioning. You may
14 be able to predict the length of time for the prefile
15 presentation.

16 MR. De CUIR: Well, frankly, I think Mr. Larsen's
17 testimony, from my point of view, would take the normal
18 amount of time for his introduction and qualification as an
19 expert and his summary. That's probably 12 minutes and I
20 think, Mr. Larsen, are you prepared to go today?

21 MR. LARSEN: Yes.

22 MR. De CUIR: We can go either way, so it's up to
23 the Commission.

24 HEARING OFFICER FAY: Mr. Grattan, do have any
25 estimate at all about how long your cross of Mr. Larsen would

1 take.

2 MR. GRATTAN: Twenty minutes.

3 HEARING OFFICER FAY: Ms. Holmes?

4 SENIOR STAFF COUNSEL HOLMES: I only have one
5 question unless it's covered by Mr. Grattan.

6 MS. LUCKHARDT: Nothing at this time.

7 COMMISSIONER MOORE: Well, I'm just trying to
8 imagine everyone's time constraints and food, human energy
9 being what it is. I'm open to --

10 I tell you what, we'll take 50 minutes, come back
11 here at 1:00 o'clock and start and proceed. Why don't we do
12 that. There's a snack bar right in the building for those of
13 you who want to stay in. There are other facilities nearby.

14 We're adjourned until 1:00 o'clock.

15 (Thereupon the lunch recess was taken.)

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1 MR. GRATTAN: I would like the opportunity to enter
2 our testimony into the record.

3 COMMISSIONER MOORE: Sorry?

4 MR. GRATTAN: I would like the opportunity to enter
5 our exhibits into the record before I forget.

6 COMMISSIONER MOORE: Let's do that.

7 HEARING OFFICER FAY: All right. Would you like to
8 move that now?

9 MR. GRATTAN: Yes.

10 HEARING OFFICER FAY: Is there any objection to the
11 testimony and the exhibits of Mr. Mundy?

12 SENIOR STAFF COUNSEL HOLMES: No objection from
13 staff.

14 HEARING OFFICER FAY: All right, I hear none. Those
15 are entered into evidence.

16 MR. De CUIR: No objection.

17 (Thereupon Exhibits 1, 4, 5, 7, 19 and 20
18 were admitted into the record.)

19 HEARING OFFICER FAY: And would the court reporter
20 please swear the witness.

21 Whereupon

22 DAVID LARSEN

23 was called as a witness and having been first duly sworn, was
24 examined and testified as follows:

25 /////

1 DIRECT EXAMINATION

2 BY MR. De CUIR:

3 Q Mr. Larsen, you prepared testimony that's entitled
4 testimony of David Larsen of Navigant Consulting Inc.,
5 regarding transmission impacts of the Sunrise project
6 submitted on behalf of the Transmission Agency of Northern
7 California. And it was dated by you as of October 25, 1999;
8 is that correct?

9 A Yes, that is correct.

10 Q And, Mr. Larsen, a true and correct statement of your
11 professional qualifications to which all of the parties have
12 stipulated on the record is adequate for demonstration of
13 your expertise is attached to your testimony; is that
14 correct?

15 A Yes, it is.

16 Q And as of this date, since it's some days after October
17 25, do you have any additions, corrections or changes to your
18 testimony to make at this time?

19 A No, I don't.

20 Q Mr. Larsen, I would next ask you to state for the record,
21 just for the purpose of clarity, your business address and
22 spell your full name so that the reporter can get it
23 correctly in the record.

24 A Yes. The name is David Larsen, L-a-r-s-e-n. Business
25 address is 3100 Zinfandel Drive, Rancho Cordova, California,

1 95670.

2 Q And, sir, you're employed by Navigant Consulting Inc.; is
3 that correct?

4 A That's true.

5 Q And I want to next ask you, because it's the practice at
6 this Commission, to summarize your prefiled testimony and if
7 you would do so. And it might assist everyone to follow
8 along, if we could refer to your conclusion on page six of
9 your prefiled testimony. If you could summarize your
10 position as stated in your testimony, I would appreciate it.

11 A Okay. As indicated earlier in the testimony, the
12 Transmission Agency of Northern California and some of the
13 TANC members themselves have certain transmission rights.

14 HEARING OFFICER FAY: Excuse me, Mr. Larsen, I'm
15 sorry to interrupt. You'll need to put the microphone
16 directly in line with your mouth as close as possible.

17 THE WITNESS: They have certain transmission rights
18 over the transmission system that's commonly been called this
19 morning as path 15, which is basically well between the
20 Sacramento area and the Stockton area and Bakersfield area,
21 if you will, and also on the transmission system into
22 California from the pacific northwest.

23 And it's been the primary goal of the agency and
24 ourselves, as providing staff support to the agency, is to,
25 to the degree possible, protect those transmission rights

1 such that the members of the agency can use them for the
2 purposes that they were acquired. Because of that and we
3 reviewed the testimony -- or the study results, pardon me,
4 that were prepared by PG&E as well as Mr. Daschmans'
5 testimony and we certainly don't have any disagreement with
6 the results of the analysis. It's some of the basic
7 assumptions, I guess, that went into the analysis that cause
8 the members of the transmission agency some concern.

9 And that leads to the agency's primary concerns is
10 that, as noted in Mr. Daschmans' testimony, to fully utilize
11 not only the Sunrise project but La Paloma as has been
12 approved already, it requires -- assuming the transmission
13 system is fully loaded, it would require a one-for-one
14 reduction in power imports into southern California -- or
15 pardon me, into northern California from southern California.
16 And we have concerns about how that impacts the members of
17 the agency's rights to use the system and so forth.

18 And that kind of leads to the conclusions. And in
19 the summary of the recommendation would be that we feel that
20 not only in this instance but there are probably other ones
21 where it would be prudent, as soon as possible, to look at
22 some of the cumulative transmission impacts because of
23 various projects being planned in different parts of the
24 state, and you know, deal with the congestion management
25 issues, if you will, kind of upfront rather than towards the

1 end of the whole process when this makes it, in our mind,
2 that much more difficult.

3 Q Mr. Larsen, does that conclude your summary?

4 A Yes, it does.

5 Q Do you have anything else to add?

6 A No, I don't believe so.

7 Q All right. Members of the Commission and parties, Mr.
8 Larsen is yours for examination.

9 COMMISSIONER MOORE: Thank you. I have a question.
10 And, Mr. Larsen, this goes to just try and clarify the issue
11 that has been coming up again and again about loading on the
12 transmission facility. I just want to make sure I understand
13 that in making comments about loading, whether it be from an
14 import situation up state south of path 15 or in terms of
15 loads that are put on in the northern part of the state, the
16 matter of market pricing is not taken into account. We
17 assume basically an equal or level pricing situation in order
18 to come to those conclusions, in other words, we'd take the
19 price and just exclude it from the analysis?

20 THE WITNESS: That was, I guess, in probably in
21 summary of what was done in the studies, yes. There's just
22 strictly --

23 COMMISSIONER MOORE: I'm not being critical. I'm
24 just trying to understand that when we talk about loading a
25 line and cumulative congestion impacts, that in order to come

1 to some of the statements that have been made or some of the
2 questions that have been asked, we presume that there's no
3 pricing differential which is moving things in opposite
4 directions, so price -- I guess, the other way I would say it
5 is all other things being equal, a statement like that.

6 THE WITNESS: Yes. I guess it's just a matter of
7 assuming that the transmission path is fully loaded to find
8 the congestion points.

9 COMMISSIONER MOORE: I appreciate that. And let me
10 turn to Dr. Rohy?

11 No. All right. Ms. Holmes, can I turn to you?

12 SENIOR STAFF COUNSEL HOLMES: I think I would prefer
13 to follow the applicant, since I think they may ask some of
14 the questions that I had planned to ask.

15 COMMISSIONER MOORE: All right. Mr. Grattan, I'll
16 turn to you.

17 CROSS EXAMINATION

18 BY MR. GRATTAN:

19 Q Good afternoon?

20 A Hello.

21 Q Your testimony, Mr. Larsen, addresses on behalf of TANC's
22 concerns regarding the ability to if -- concerns regarding
23 the cumulative impacts of this project and other projects in
24 the Kern County area impacting your ability to get power?

25 A That's basically our concern.

1 Q One of those projects was the La Paloma project, did you
2 intervene in the La Paloma project?

3 A No.

4 Q You didn't. Another one is the Elk Hills project which
5 is ongoing. Did you intervene in the Elk Hills project?

6 A As of yet, we haven't, no.

7 Q Pardon?

8 A I say, as of yet, we haven't, at least that I'm aware of.

9 Q Another question that I had, are you currently
10 experiencing congestion?

11 A Yes, we are.

12 Q We are. You are.

13 A We all are.

14 (Laughter.)

15 BY MR. GRATTAN:

16 Q Are you participating in any Remedial Action Schemes?

17 A Relative to that?

18 Q For this congestion --

19 COMMISSIONER ROHY: Could you use the microphones
20 better, please.

21 HEARING OFFICER FAY: Mr. Larsen, would you put it
22 right up.

23 BY MR. GRATTAN: Do you want me to repeat the
24 question and the answer?

25 Q Are you currently participating in any Remedial Action

1 Schemes with regard to that congestion?

2 A Well, the agency itself is not participating in the
3 Remedial Action Schemes. Those are basically provided by
4 PG&E as a transmission owner and operated by the ISO. But we
5 are and have been impacted by some curtailments on that path
6 that have been fairly substantial just within the last two
7 months.

8 Q And one other thing that has me a little confused, in
9 your testimony you indicate that you are receiving 300
10 megawatts of firm bi-directional transmission service. If
11 that is firm power, how can the addition of this project or
12 other projects impact that power, --

13 A I think --

14 Q -- your right to receive it?

15 A Here, again, I'm not a contracting expert, but I think
16 that if the contracts and the understanding with the parties
17 that are in place now remain in place in the future, that
18 would certainly minimize our concerns about, you know, about
19 the ability to receive that power.

20 Q So, again, your concern is an expiration of a current
21 contract?

22 A Or -- yeah, or changing some of the provisions of that or
23 whatever. For example, the existing arrangements that are in
24 place right now, as I understand it, are under the auspices,
25 if you will, of a protocol of the ISO developed in

1 conjunction with the parties that use path 15.

2 You know, if something changes in the protocol, you
3 know, I mean there's uncertainties out there that we are
4 concerned about, yes.

5 Q And can I ask when that contract with PG&E is scheduled
6 to expire?

7 A I don't know to be honest with you.

8 Q And if and when this contract expires, I presume that
9 TANC would be in the market for appropriately priced power in
10 the marketplace?

11 A In some cases, that might be the case. And part of that
12 reasoning of the existing concern is that there are three of
13 the TANC members right now who have basically acquired rights
14 in generation resources in the southern part of the system
15 that have to get that power home, so to speak.

16 Q And is it your understanding, based upon your
17 professional experience, that the power which would be
18 produced by the newly generated projects, the newly permitted
19 projects, would be more efficient and perhaps cheaper than
20 existing power?

21 A I don't really know the answer to that question. I mean,
22 I don't know what their costs are.

23 Q Fair enough. Next, are you generally aware of an
24 oncoming need for power in the state?

25 A Sure.

1 Q I think that was raised. And given that, I'm reading
2 from your testimony now quoting, "As a consequence, further
3 studies are required to address the cumulative transmission
4 and potential environmental impacts of currently proposed
5 solutions, such as congestion management, Remedial Action
6 Schemes and concerns about negative impacts on other portions
7 of the transportation system." Are you --

8 MR. De CUIR: Just a clarification it wasn't
9 transportation system.

10 MR. GRATTAN: Excuse me, transmission.

11 Q Are you advocating in your testimony that this project be
12 delayed pending these studies?

13 A No, I'm not.

14 Q Thank you.

15 A I think the studies that we envision and prepared in
16 testimony will all be done as part of the ongoing studies
17 that PG&E is doing at the present time.

18 Q So it's your testimony that this project -- you're not
19 recommending that this project be delayed pending those
20 studies?

21 A That is correct.

22 Q Thank you.

23 HEARING OFFICER FAY: Let me interrupt you, Mr.
24 Grattan. Mr. Larsen, could you move the microphone around so
25 that when you are talking to Mr. Grattan, it's directly in

1 line with it. Perhaps, line it up even more so. They are
2 very directionally sensitive. I think you have it sideways,
3 too.

4 THE WITNESS: We'll get it right yet.

5 BY MR. GRATTAN:

6 Q Your testimony addresses the need for review of
7 environmental impacts, generally. Are you prepared to speak
8 a little bit further on that?

9 A Yeah. From my perspective, the testimony was to deal --
10 these future studies should deal with those impacts, such as
11 they might relate to regeneration. These resources might be
12 dispatched relative to, I mean, obviously there are some
13 generation resources that are more friendly than others, if
14 you will, from an environmental perspective.

15 Q Can you point to a specific project or a specific means
16 of transmission that would be required assuming that the
17 first of this project goes through?

18 A I don't believe I understand your question, sir.

19 Q My understanding of your testimony is that this project
20 may cause congestion and that TANC's members may need to
21 either participate in the construction of new projects or in
22 the transmission of, you know, in getting electrons from one
23 place to another. Can you point to any specific project that
24 would be required to be built?

25 A Well, no, I don't believe I could.

1 Q Thank you.

2 A I mean, if you're trying to maximize the use of it, --

3 Q You've answered the question.

4 A -- you could do it.

5 Q And how about with regard to the cumulative impact of the
6 Kern County projects, can you point to a specific project
7 that would be required, a transmission project or generation
8 project?

9 A One particular potential, I guess you might say,
10 transmission project that comes to mind would be the
11 reinforcements on the 500 KV system --

12 Q I'm sorry, I'm having trouble hearing you.

13 A I say one particular project that comes to mind, and I
14 don't believe that it's quote unquote, "presently on the
15 books," would be the reinforcements on the 500 KV
16 transmission between say Tracy area and Midway substation.
17 And that's something that's been talked about for a number of
18 years, but it just --

19 Q It's something that's been talked about?

20 A Yes.

21 Q And are you familiar with any other forums other than the
22 Energy Commission where the State and, in fact, Western
23 System's transmission capacity and congestion management are
24 being discussed or will be discussed or maybe ought to be
25 discussed?

1 A Well, probably the answer to all three is yes. The WSEC
2 has a process in place that's been in place now for, I guess,
3 approximately two years to deal with, not so much congestion
4 management, as identifying the amounts of power of particular
5 transmission paths and can path 15 be one of those.

6 They do, as part of that process, get into the
7 development of, what they call, operating procedures that
8 basically will define for each of the potential people using
9 the path, you know, how the available capacity of that path
10 might be shared, you know, in getting into the operation.

11 I assume there are some other discussions going on
12 in other forums that I'm not aware of, but that's the one I'm
13 most aware of is the activities of WSEC.

14 Q Are you familiar with the Energy Commission's siting
15 process and with its energy reporting process?

16 A I'm probably more familiar with the siting process than
17 the energy reporting process. And from the siting process
18 I've been involved in one other hearing before the
19 Commission, before the Energy Commission, on a proposed
20 project, but I mean that's really the sum total of my
21 knowledge of that.

22 Q And you were before -- did I hear you say you were before
23 the Commission on a specific project?

24 A Yes.

25 Q I see. And what project was that?

1 A High Desert Power Project.

2 Q The ongoing High Desert. Then I take it you are familiar
3 with the Commission's environmental policies and the findings
4 which must be made in a licensing process before a commission
5 is licensed?

6 A From the perspective of the transmission system, yes.

7 Q And not with regard to environmental standards?

8 A Just generally. I mean, I haven't specifically worked on
9 those items.

10 Q If I were to ask you whether the Commission must mitigate
11 all adverse impacts where feasible, would that strike you as
12 something you are familiar with?

13 A I guess generally, yes.

14 Q Just generally. And that is one project --

15 A It sounds like a good goal.

16 Q And if mitigation is not feasible, the project must
17 provide benefits which outweigh those negative impacts?

18 A Yeah. I can't argue with that.

19 Q And if I asked you if the Commission has ever found it
20 necessary to make that, what's called, a finding of override,
21 would you have information which you would agree with that?

22 A I don't have any specific knowledge on that or not.

23 Q And air quality, you raised the issue of studying
24 environmental impacts, are you aware of the fact or the law
25 that, under the system of federal, State and regional

1 regulation, that if a project emits -- if a project for each
2 -- excuse me, for each emission emitted by a project, that
3 that is required to be offset or reduced in the same amount
4 by and large?

5 A That's my understanding, yes.

6 MR. GRATTAN: Okay. If I can take ten seconds or
7 so to confer with my expert here.

8 I don't think we have any further questions.

9 Thank you, Mr. Larsen.

10 HEARING OFFICER FAY: Thank you.

11 COMMISSIONER MOORE: Ms. Holmes?

12 SENIOR STAFF COUNSEL HOLMES: I think Mr. Grattan
13 has covered the one area that I was concerned about.

14 Thank you.

15 COMMISSIONER MOORE: I see. And the other
16 intervenors?

17 MS. LUCKHARDT: No questions.

18 COMMISSIONER MOORE: All right. Any redirect,
19 counsel?

20 MR. De CUIR: Just a brief question or two.

21 REDIRECT EXAMINATION

22 BY MR. De CUIR:

23 Q Mr. Larsen, the termination of a power contract which
24 might involve transmission and power resources that allow for
25 importation of power might result in environmental

1 consequences because of the creation of a need for new
2 generation in other locations where it had never been before;
3 isn't that right?

4 A Yeah, I suppose that -- you know a scenario could be
5 developed where that might be the case, yes.

6 MR. De CUIR: No further questions.

7 HEARING OFFICER FAY: Recross?

8 MR. GRATTAN: No, I don't have any recross.

9 COMMISSIONER MOORE: All right.

10 MR. GRATTAN: Maybe staff has?

11 COMMISSIONER MOORE: I'm looking at staff and I'm
12 not seeing anything.

13 SENIOR STAFF COUNSEL HOLMES: No questions.

14 COMMISSIONER MOORE: No questions arising. All
15 right. That will conclude that item then. And I thank you,
16 counselor, for bringing your witness.

17 And I think that for today's items that will bring
18 us to the close and what we're able to consider. Let me just
19 turn to Mr. Fay for a couple of notes on what our next dates
20 are. I indicated at the start of this hearing that we were
21 going to push some things out into the future, so I'll ask
22 Mr. Fay for a preview of that.

23 HEARING OFFICER FAY: I'll get right to that. First
24 of all, Mr. Rohy reminded me that we want to be sure that we
25 get Mr. Larsen's testimony moved into the record.

1 MR. De CUIR: That's an excellent idea. So moved.

2 (Laughter.)

3 HEARING OFFICER FAY: Any objection?

4 SENIOR STAFF COUNSEL HOLMES: No objection.

5 MR. GRATTAN: No objection.

6 HEARING OFFICER FAY: So your testimony, Mr. Larsen,
7 is moved into the record at this point.

8 (Thereupon the above-referred-to document was
9 received into evidence.)

10 HEARING OFFICER FAY: Now, in terms of the upcoming
11 events, because of the request from CURE, we did not hear
12 worker safety or traffic and transportation today. And I've
13 informed the parties that December 2nd and 3rd is the time we
14 will set for that. And I believe we will be in this hearing
15 Room A, so you can look for a notice coming in the mail to
16 take up those two subjects.

17 Are there any other questions in terms of scheduling
18 or procedural matters before we adjourn today?

19 MR. GRATTAN: Mr. Hearing Officer, you are going to
20 have to speak into that microphone.

21 (Laughter.)

22 HEARING OFFICER FAY: Good direction.

23 SENIOR STAFF COUNSEL HOLMES: I have one other
24 matter to come up, before you close the evidentiary portion
25 today and that's that there's a stipulation signed by Sunrise

1 agreeing to staff's proposed Condition of Certification on
2 cultural resources that was left outstanding at the last
3 hearing.

4 MR. GRATTAN: That is correct.

5 HEARING OFFICER FAY: Regarding what resources?

6 SENIOR STAFF COUNSEL HOLMES: Cultural resources.

7 Do you want me to identify that and give it an
8 exhibit number?

9 HEARING OFFICER FAY: Please do.

10 SENIOR STAFF COUNSEL HOLMES: There's a cover letter
11 from John Grattan to Ms. Nash of the Commission's Docket
12 Office. The document itself is entitled Stipulation of
13 Sunrise Cogeneration and Power Company, re, Condition of
14 certification entitled Cultural 18. The cover letter is
15 dated November 4th. Timely.

16 HEARING OFFICER FAY: That will be Exhibit 38. And
17 to clarify my previous statement is that December 2nd and 3rd
18 will be our next hearing date at which time we'll take up
19 worker safety and traffic transportation.

20 MR. GRATTAN: And if I may make one comment on
21 schedule. It was announced this morning that December 10th
22 would be the date of the final staff assessment with regard
23 to air quality assuming that the DOC was filed, I guess, by
24 Monday.

25 SENIOR STAFF COUNSEL HOLMES: That's correct, today.

1 MR. GRATTAN: We would gently, as we do always,
2 gently urge or inquire the staff if they could perhaps
3 produce that final staff assessment at a date earlier than
4 the 10th of December. We feel that the issues have been on
5 the table, and really the only reason for the delay of the
6 FSA was the NOV certification. And we have a grave concern
7 about drifting off into the year 2000 or perhaps even worse,
8 hearings over the holidays.

9 COMMISSIONER MOORE: Your concerns are shared. I
10 certainly am not in a position to mechanically speed things
11 up faster than they can go, and so I would simply say as soon
12 as possible is appropriate. We want an accurate document.
13 None of the accuracy or the completeness should suffer, a
14 typical watch word for the staff that's already pursuing a
15 lot of other things at the same time, so I assume that they
16 will proceed as rapidly as they can.

17 All right. With that, I'm going to bring this
18 hearing to a close.

19 SENIOR STAFF COUNSEL HOLMES: Can I please ask that
20 Exhibit 38, which Mr. Fay so kindly identified for us, also
21 be entered into the record.

22 HEARING OFFICER FAY: Is there objection to
23 receiving the stipulation on the cultural resources?

24 MR. GRATTAN: No objection.

25 MR. De CUIR: No objection.

1 HEARING OFFICER FAY: Then that is entered in the
2 record.

3 (Thereupon Exhibit 38 was received
4 into evidence.)

5 HEARING OFFICER FAY: Thank you.

6 COMMISSIONER MOORE: And with that we are adjourned.

7 (Thereupon the meeting was adjourned at 1:30 p.m.)

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1 CERTIFICATE OF REPORTER

2 I, JAMES F. PETERS, a Certified Shorthand Reporter
3 of the State of California, and Registered Professional
4 Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing California Energy Commission hearing was reported
7 in shorthand by me, James F. Peters, a Certified Shorthand
8 Reporter of the State of California, and thereafter
9 transcribed into typewriting.

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

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 15th day of November, 1999.

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