

COMMITTEE CONFERENCE  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

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

CALIFORNIA ENERGY COMMISSION  
HEARING ROOM B  
1516 NINTH STREET  
SACRAMENTO, CALIFORNIA

MONDAY, OCTOBER 18, 2010  
2:00 p.m.

Reported by:  
Peter Petty  
Contract No. 170-09-002

COMMITTEE MEMBERS PRESENT

Jeffrey D. Byron, Presiding Member

Anthony Eggert, Associate Member

HEARING OFFICER, ADVISORS PRESENT

Kenneth Celli, Hearing Officer

Kristy Chew, Advisor to Commissioner Byron

Lorraine White, Advisor to Commissioner Eggert

STAFF AND CONSULTANTS PRESENT

Lisa DeCarlo, Staff Counsel

Felicia Miller, Project Manager

Matthew Layton

Terry O'Brien

Negar Vahidi (via WebEx)

PUBLIC ADVISER'S OFFICE

Jennifer Jennings, Public Adviser

APPLICANT

Michael J. Carroll, Attorney  
Latham & Watkins, LLP

Thomas M. Barnett, Inland Energy, Inc.

Laurie Lile, City of Palmdale

Sara Head, AECOM  
Hector Ortiz, AECOM (via WebEx)

ALSO PRESENT

Mavis Scanlon, California Energy Markets (via WebEx)

Ken Neitzel, United States Air Force (via WebEx)

Roger Sek (via WebEx)

Megan Aboudara  
Office of Assemblyman Steve Knight

Tanya Vandrick  
Office of Senator George Runner

Alan DeSalvio, Antelope Valley Air Quality Management  
District (via WebEx)

Judith Horowitz (via WebEx)

Ronald Cleaves, United States Air Force (via WebEx)

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1           PRESIDING MEMBER BYRON: I thought maybe I made  
2 you the Chairman.

3           ASSOCIATE MEMBER EGGERT: All in time.

4           So I say we go ahead and get started so thank you  
5 very much.

6           PRESIDING MEMBER BYRON: Mr. Celli.

7           HEARING OFFICER CELLI: Thank you. Thank you,  
8 Commissioner.

9           Before we begin, ladies and gentlemen, I'm just  
10 going to take care of some housekeeping matters with the  
11 WebEx. I acknowledged that Alan DeSalvio is on the phone.  
12 We have Hector Ortiz, Judith Horowitz, Ken Neitzel and Roger  
13 Sek. I have three other call-in users. I wonder if you  
14 wouldn't mind identifying yourself. Just go ahead and speak  
15 up.

16           MS. SCANLON: Hi, this is Mavis Scanlon with  
17 California Energy Markets.

18           HEARING OFFICER CELLI: I'm sorry, could you say  
19 that a little louder.

20           MS. SCANLON: Sure. Mavis Scanlon, I'm with  
21 California Energy Markets.

22           HEARING OFFICER CELLI: Mavis Scanlon.

23           MS. SCANLON: Just following the case.

24           HEARING OFFICER CELLI: Thank you.

25           MS. SCANLON: Thank you.

1 HEARING OFFICER CELLI: Welcome.

2 MS. SCANLON: Thank you.

3 HEARING OFFICER CELLI: Who else do we have on the  
4 phone, please?

5 MS. VAHIDI: Yes, hi, this is Negar Vahidi, I'm  
6 with Energy Commission staff.

7 HEARING OFFICER CELLI: Who? I didn't get the  
8 name.

9 MS. DeCARLO: Negar Vahidi, N-E-G-A-R. Vahidi, I  
10 think it's V-A-H-I-D-I.

11 HEARING OFFICER CELLI: Thank you.

12 MS. VAHIDI: Correct.

13 HEARING OFFICER CELLI: And call-in user number 7,  
14 our next person on-line who hasn't been identified? May  
15 have hung up. It looks like they did. Okay, very well.

16 Welcome. This is the Committee Status Conference  
17 for the Palmdale Hybrid Power Project.

18 I'm going to -- we have already identified the  
19 Committee. I am going to turn next to the applicant.  
20 Mr. Carroll, if you would please identify who is here with  
21 the applicant.

22 MR. CARROLL: Thank you. Mike Carroll with Latham  
23 & Watkins on behalf of the applicant. And I will allow the  
24 other members of our team that are here to introduce  
25 themselves.

1 MS. LILE: Good afternoon, I'm Laurie Lile. I'm  
2 the assistant city manager for the City of Palmdale.

3 MR. BARNETT: Hello, my name is Tom Barnett; I'm  
4 the executive vice president of Inland Energy. And we are  
5 the consultant that's been retained by the applicant to  
6 manage the development effort.

7 MS. HEAD: I'm Sara Head with AECOM and I'm the  
8 project manager for the environmental assessment done for  
9 the applicant.

10 HEARING OFFICER CELLI: Thank you very much. And  
11 staff, Ms. DeCarlo, please.

12 MS. DeCARLO: Good afternoon, Lisa DeCarlo, Energy  
13 Commission staff counsel. To my right is Felicia Miller,  
14 Energy Commission project manager. And to her right is  
15 Terry O'Brien, the Siting Division chief.

16 HEARING OFFICER CELLI: Thank you.

17 (Side conversation heard over WebEx.)

18 ASSOCIATE MEMBER EGGERT: If you'll pardon me a  
19 second, Mr. Celli, but to my right is my advisor, Lorraine  
20 White. I just wanted to introduce her to the team.

21 (Side conversation heard over WebEx.)

22 HEARING OFFICER CELLI: I'm sorry, we skipped you,  
23 Lorraine.

24 For the people on the phone, because we're hearing  
25 peoples' background conversation, what I'm going to do is go

1 ahead and ask you to please mute your phones until you're  
2 ready to speak. And this will save me having to mute you  
3 and then I wouldn't know whether you had a question or a  
4 comment to raise. So if you would mute on your side that  
5 would make things a lot easier for all of us, thank you.

6 Now as to any agencies. Is there anyone  
7 representing a federal agency who is present here today in  
8 the room?

9 (No response.)

10 HEARING OFFICER CELLI: Seeing none --

11 MR. NEITZEL: US Air Force.

12 HEARING OFFICER CELLI: Is that you, Mr. Neitzel?

13 MR. NEITZEL: Yes it is.

14 HEARING OFFICER CELLI: Thank you. Ken Neitzel  
15 from the US Air Force, welcome.

16 MR. NEITZEL: Thank you.

17 HEARING OFFICER CELLI: Anyone from the US EPA or  
18 any other federal agency that would be on the phone?

19 (No response.)

20 HEARING OFFICER CELLI: Hearing none, state  
21 agencies. Is there anyone here from CARB, California Air  
22 Resources Board? Department of Fish and Game? Any other  
23 agencies? California agencies on the phone?

24 (No response.)

25 HEARING OFFICER CELLI: Okay, hearing none.

1           Anyone here from Los Angeles County or on the  
2 phone from Los Angeles County?

3           MR. SEK:   Yes.

4           HEARING OFFICER CELLI:   Who is from Los Angeles  
5 County?

6           MR. SEK:   Roger Sek.

7           HEARING OFFICER CELLI:   Roger Sek.   And you are  
8 with which agency?

9           MR. SEK:   I'm not with anybody, just private.

10          HEARING OFFICER CELLI:   Oh, you're located in Los  
11 Angeles County.

12          MR. SEK:   Yes.

13          HEARING OFFICER CELLI:   Thank you.   Okay.   That's  
14 good to know.

15          Anyone from the city of Lancaster, representing  
16 the city of Lancaster?

17          (No response.)

18          HEARING OFFICER CELLI:   Okay.   Southern California  
19 Edison?

20          (No response.)

21          HEARING OFFICER CELLI:   And we have the public  
22 adviser, Ms. Jennings.   If you would just raise your hand so  
23 anyone who is interested in making a public comment should  
24 talk to Jennifer Jennings.

25          With that, we begin.   The Committee scheduled

1 today's conference by a notice dated October 7, 2010. In  
2 the notice staff and applicant were asked to submit proposed  
3 schedules. Proposed schedules were received from both the  
4 applicant and the staff.

5 The stated purpose of the conference today is to  
6 consider the schedule for this AFC. How to most effectively  
7 and efficiently proceed to and conduct an evidentiary  
8 hearing, and any other matters relevant to the application.

9 The Committee will consider the most recent status  
10 reports and reply comments filed by both parties and the  
11 proposed schedules filed by the applicant and staff.

12 Parties were allowed to file additional comments prior to  
13 the conference but were not required to do so. Additional  
14 comments were received from staff.

15 The other purpose of the conference is to allow  
16 the public to comment on the Palmdale Hybrid Power Project  
17 to the Committee.

18 And following the Committee Conference the  
19 Committee will issue a revised schedule for the proceeding  
20 and any other appropriate orders.

21 The procedure for today is we will provide the  
22 applicant and then staff an opportunity to summarize their  
23 view of the case status and their recommendation for future  
24 scheduling. We will then provide an opportunity for general  
25 public comment.

1           So with that, Mr. Carroll, please.

2           MR. CARROLL: Thank you, Hearing Officer, Celli.

3           Before we commence with that, we do have some  
4 representatives of elected officials in the audience; and  
5 with the Committee's indulgence if I could ask that they be  
6 given an opportunity to introduce themselves.

7           HEARING OFFICER CELLI: Please. I'm going to need  
8 them to come up to the microphone so they make the record.  
9 Next to Mr. Petty there.

10          MS. ABOUDARA: Hi. I'm Megan Aboudara, here  
11 representing Assemblyman Steve Knight of the 36th Assembly  
12 District. Just really quickly, if I might.

13          I just wanted to impress upon the CEC that the  
14 Assembly Member is watching this case closely. He has very  
15 vested interest in the hybrid power project and is  
16 displeased with the length of time that it has taken thus  
17 far to complete this project and to get it moving in our  
18 district.

19          And he wanted to impress upon the CEC how vital  
20 this project is to the region as well as to the public and  
21 just requests that we issue the Final Staff Assessment as  
22 soon as possible.

23          HEARING OFFICER CELLI: Thank you. Megan, I  
24 didn't get your last name.

25          MS. ABOUDARA: Aboudara.

1 HEARING OFFICER CELLI: Can you spell it?

2 MS. ABOUDARA: Yes, sir. A, B as in boy, O-U-D-A-  
3 R-A.

4 PRESIDING MEMBER BYRON: Ms. Aboudara, you  
5 indicated that Assembly Member Knight has a vested interest  
6 in this project. What did you mean by that?

7 MS. ABOUDARA: He has been watching the project  
8 and would like to see it move along for its residents.

9 Being the Assembly Member from the district, being  
10 from the Palmdale and Lancaster area he has taken a very  
11 interest -- he has taken interest in this project and would  
12 like to see it moving for the public and to get Palmdale on  
13 the map with this project.

14 HEARING OFFICER CELLI: Thank you, Ms. Aboudara.  
15 Go ahead, please.

16 MS. V: Hello, my name is Tanya, T-A-N-Y-A,  
17 Vandrick, V as in Victor, A-N-D-R-I-C-K. I'm the  
18 legislative director for Senator Runner who is the Senator  
19 for the 17th Senate District.

20 And he asked me to come today and listen to the  
21 proceedings and let you know that he has been watching the  
22 hybrid power plant projects throughout the district over the  
23 last 12 years and he would like to see this one move forward  
24 as well.

25 HEARING OFFICER CELLI: Thank you for coming.

1           Anyone else? Okay, very good. Then we are with  
2 the applicant. Mr. Carroll.

3           MR. CARROLL: Thank you. I know, at least from  
4 our perspective, the primary purpose of the conference today  
5 is to talk about the schedule and how we can move forward on  
6 that schedule.

7           We did receive on Friday the latest issue  
8 statement from the staff. And I'm not exactly sure to what  
9 extent the Committee wants us to go into the substantive  
10 issues but if there's interest in that I'd certainly be  
11 happy, before I get into the schedule, to hit on our  
12 response to the issues that were raised in that report.

13           HEARING OFFICER CELLI: You might want to give us  
14 a summary.

15           MR. CARROLL: Okay.

16           HEARING OFFICER CELLI: It would be helpful.

17           MR. CARROLL: Let me preface this by saying that  
18 one of the concerns that we have had, and I think one of the  
19 problems that has been somewhat endemic to this project in  
20 terms of moving it forward is that the list of outstanding  
21 issues seem to be in perpetual motion.

22           So our response to what we understand to be the  
23 current list of outstanding issues, which was issued on  
24 Friday, I would point out it is not the same as the list of  
25 outstanding issues that was identified in staff's status

1 report number eight issued on August 26.

2 I would like to think that to the extent an issue  
3 was identified on August 26 and not identified on October  
4 15, that that means our response to the August 26 status  
5 report means the issue has been resolved. But that hasn't  
6 been the case to date. We frequently have thought that was  
7 the case only to see the issue pop up again months later.

8 So again, that's something that, you know, we are  
9 very interested in getting resolution on is, what are the  
10 outstanding issues associated with the project.

11 Which is part of the reason we have been pushing  
12 so hard for a Final Staff Assessment. Because in our  
13 experience, by getting to a Staff Assessment, whether it's a  
14 PSA or an FSA, is the best way to crystallize the  
15 outstanding issues from the staff's perspective.

16 With respect to the issues that were identified in  
17 the memo filed on Friday. The first issue relates to the  
18 NOx and VOC offsets for the project. It starts out by  
19 indicating that the applicant has not identified the offsets  
20 for the project and therefore that the project does not  
21 meeting the requirements of Public Resources Code 25523. It  
22 then goes on to say while in fact applicant has identified  
23 the offsets for the project and so 25523 presumably isn't  
24 really a problem but that the staff has some concerns or  
25 questions about the offset package, those being two.

1           The first being whether or not all of the NOx and  
2 SOx offsets which will be transferred from the San Joaquin  
3 Valley Air Pollution Control District into the Antelope  
4 Valley Air Quality Management District for use to offset  
5 emissions from the project originate in the southern region  
6 of the San Joaquin Valley Air Pollution Control District.

7           Keep in mind there is no regulatory requirement  
8 for the San Joaquin -- for the credits to originate in the  
9 southern portion of the district. The San Joaquin Valley  
10 has been identified as a source of overwhelming transport of  
11 ozone precursors into the Antelope Valley by the Air  
12 Resources Board. This is a couplet, which is what the Air  
13 Resources Board refers to. The links that they establish  
14 between upwind districts and downwind districts. They are  
15 overwhelmingly impacted by the upwind district. And  
16 therefore under the Health and Safety Code an inter-district  
17 transfer is appropriate from anywhere in the Antelope Valley  
18 AQMD. I'm sorry, in the San Joaquin Valley AQMD into the  
19 Antelope Valley AQMD.

20           That notwithstanding, staff has expressed this  
21 concern and desire that the offsets come from the southern  
22 region. On July 23, 2010 we identified the specific NOx and  
23 VOCs that would be used to offset the project emissions. At  
24 that point 66 percent of them came from the southern region.  
25 We also indicated at that time that we were endeavoring to

1 swap out the credits that were not from the southern region  
2 for credits located in the southern region. And that swap  
3 was successful so that 92 percent of the VOC and NOx offsets  
4 that would be used for this project originated in the  
5 southern region of the San Joaquin Valley Air District.  
6 Again, to address the concerns raised by the staff, not  
7 because it's a regulatory requirement.

8 The other issue that is identified with respect to  
9 the NOx and SOx offsets is the offset ratio. The staff  
10 report that was filed on Friday indicates that applicant is  
11 proposing an offset ratio of 1 to 1. That is not the case.

12 We have been proposing an offset ratio of 1.3 to 1 since  
13 the very beginning so I'm not sure where that fact came  
14 from. The staff goes on to say that their preference is  
15 that the offset ratio be 1.5 to 1 per San Joaquin Valley Air  
16 Quality Management District.

17 We would just point out that in the Preliminary  
18 Staff Assessment at page 4.1-24 the staff conceded that a  
19 study completed by the Air Resources Board and the Antelope  
20 Valley AQMD's ozone attainment plan both supported a 1.3 to  
21 1 ratio. But the staff went on to propose the 1.5 to 1  
22 ratio in any event. However, at the PSA workshop which was  
23 held on February 11, 2010, staff agreed that Rule 2201 does  
24 not apply. And that if the offsets were from the southern  
25 region that the 1.3 to 1 offset ratio would be appropriate.

1 I just want to read briefly. These are my notes  
2 taken at the PSA workshop on February 11, 2010. These are  
3 my notes to myself.

4 Staff agrees that 2201 does not apply but thought  
5 that the higher ratios might be relevant from a CEQA  
6 perspective if the offsets were coming from the northern  
7 region of the San Joaquin Valley APCD.

8 If the offsets are coming from the southern region  
9 of the San Joaquin Valley APCD, which we indicated was the  
10 case -- "we" being the applicant, this is a note to myself.

11 Staff agrees that only the standard Antelope Valley AQMD  
12 1.3 to 1 offset ratio would apply.

13 So, you know, this is a good example of an issue  
14 that we thought was resolved on February 11, 2010 and it  
15 shows up again in a status report issued on October 15 of  
16 2010.

17 I would also point out that by letter dated  
18 September 9, 2010, district counsel -- and this letter is in  
19 the record -- district counsel for the Antelope Valley AQMD  
20 pointed out that they are specifically prohibited from  
21 applying a higher ratio by it's Rule 1305(c) (3).

22 So with respect to whether the ratio should be 1.3  
23 to 1 or 1.5 to 1, again, we think that issue was put to  
24 rest. We thought that we had agreement from the staff that  
25 if the credits were from the southern region, which they

1 are, that the 1.3 to 1 was appropriate. So we don't  
2 understand why that issue is back on the table.

3           There is a statement at the end of that first  
4 paragraph. "In addition staff has concerns about  
5 enforceability since the applicant identifies a third party  
6 as purchaser of the ERCs." We have no idea what that  
7 statement means. So when we get to the staff we'd ask them  
8 to clarify that. The party that is purchasing the ERCs has  
9 indicated in the agreements that have been filed, that's the  
10 city of Palmdale, the applicant in this case, so we're not  
11 sure what that statement means.

12           Finally, the last issue with respect to the  
13 proposed inter-district offsets is a question of whether or  
14 not CARB and EPA have -- whether or not the Antelope Valley  
15 AQMD has consulted with CARB and EPA on the inter-district  
16 transfer.

17           We addressed this issue in detail in our response  
18 to Status Report 8 which was filed on September 22, 2010.  
19 By letter dated September 9, 2010 district counsel for the  
20 Antelope Valley AQMD confirmed that the consultation has  
21 taken place. We would point out that the EPA commented on  
22 this very issue in its comments on the PDOC dated July 27,  
23 2009. If they've commented on the issue at hand I think  
24 it's fair to say that they have been consulted on the issue.

25           As for the Air Resources Board. They have

1 received the PDOC, they have received the revised PDOC, they  
2 received the FDOC and they have participated in the CEC  
3 proceedings in the past. We don't have any comments from  
4 them, they are not on the phone here today.

5 CEC staff has indicated that they have solicited  
6 comments from CARB on a number of occasions.

7 We can't compel another state agency to  
8 participate in the proceedings if they don't deem it worth  
9 their effort to participate, but that doesn't mean that they  
10 haven't been consulted on the matter. So we think that  
11 clearly both CARB and EPA have been consulted on the  
12 proposed inter-district transfer.

13 So with respect to that issue, which is the air  
14 quality issue identified in the October 15 report, we think  
15 it's been put to rest.

16 With respect to the Transmission System  
17 Engineering issue that's raised. There is an indication  
18 that staff is seeking additional information from the  
19 Department of Water Resources concerning impacts to the Pear  
20 Blossom pumping station. This was one of those issues that  
21 was not identified in Status Report 8 so we thought that  
22 CDWR issues had been put to rest but apparently that's not  
23 the case.

24 This issue was the subject of data request 75,  
25 which the applicant responded to on March 2, 2009. That

1 response included email communications between the applicant  
2 and the CDWR.

3 HEARING OFFICER CELLI: Let me ask something about  
4 that. What was the request, the data request that you  
5 responded to?

6 MR. CARROLL: The data request was essentially,  
7 what are you going to do to address any potential impacts to  
8 CDWR's Pear Blossom Substation.

9 HEARING OFFICER CELLI: Okay.

10 MR. CARROLL: In connection with the  
11 interconnection of the project.

12 HEARING OFFICER CELLI: All right. So it was  
13 direct, it wasn't -- it was a direct question.

14 MR. CARROLL: It was very direct. This issue has  
15 been on the table since early 2009.

16 On June 1st of 2009 CDWR submitted a letter to the  
17 CEC which included a proposed condition to address its  
18 concerns and applicant is perfectly amenable to such a  
19 condition.

20 I would also point out that Southern California  
21 Edison, the utility in this case, knows what it's doing.  
22 They've done interconnections in the past. Sometimes those  
23 interconnections affect existing customers. Our view has  
24 always been that they know how to deal with potential  
25 impacts on their existing customers when they interconnect a

1 new facility.

2 But just in case there was any doubt about that on  
3 June 10 of 2009 the CEC sent a letter to SCE asking what  
4 steps it would take to coordinate with CDWR. And on June 29  
5 of 2009 SCE responded in writing to that letter laying out  
6 the process that it would undertake with CDWR.

7 As a follow-up to that on November 10, 2009 SCE  
8 wrote a letter to the applicant in which addressed this very  
9 issue. I'd just like to read a little bit of that  
10 particular letter. This is a letter, again, November 19,  
11 2009 from James Kelly, senior vice president of Southern  
12 California Edison, to the mayor the city of Palmdale. This  
13 letter was docketed with the Energy Commission on December 7  
14 of 2009.

15 On a related note the California Department of  
16 Water Resources is a significant SCE customer and has  
17 expressed some concern about the proposed project. In an  
18 effort to accommodate such concerns SCE is conducting an  
19 ongoing dialogue with CDWR. Recently SCE included the city  
20 in your team of consultants in that dialogue during a  
21 conference call on the topic. As a result of our dialogue  
22 SCE is certain that CDWR concurs with the feasibility of the  
23 proposed approach given adequate productive permit  
24 conditions. CDWR detailed examples of those conditions in  
25 their June 1, 2008 letter to the CEC.

1           So we have, again, an issue that has been on the  
2 table since 2009. CDWR has expressed their concerns.  
3 They've said, here is a proposed condition that we think  
4 would address those concerns. We have engaged the utility  
5 with CDWR to make sure that CDWR's concerns get addressed.  
6 Now we have two pieces of correspondence from the utility  
7 saying, we're on it, we get it. We know CDWR is there. We  
8 know that when we interconnect this facility that we're  
9 going to have to make accommodation for them to ensure that  
10 their facility doesn't go off-line. That's 2009. Here we  
11 are in October of 2010 saying, we need for information from  
12 CDWR. We don't understand why.

13           The third issue that's raised in the report that  
14 was filed on Friday relates to the adequacy of the water  
15 supply for the project.

16           HEARING OFFICER CELLI: And could you say -- I  
17 know it's recycled water. Where are you getting it from?

18           MR. CARROLL: The recycled water comes from two  
19 plants, the Palmdale Wastewater Recycling Plant and the  
20 Lancaster Wastewater Recycling Plant.

21           MR. BARNETT: LA County Sanitation --

22           THE REPORTER: Your microphone, sir.

23           MR. BARNETT: LA County Sanitation District plants  
24 that are serving Palmdale and then there's an independent  
25 plant serving Lancaster.

1 HEARING OFFICER CELLI: And they're already --

2 MR. BARNETT: The two will be interconnected by a  
3 trunk line and we will be pulling water off of the trunk  
4 line. So we have -- the Palmdale plant is our primary and  
5 the Lancaster plant is a backup.

6 HEARING OFFICER CELLI: And those -- and the  
7 tertiary treatment is already in place?

8 MS. LILE: Both plants are under construction  
9 right now. The water supply would be available 2011.

10 HEARING OFFICER CELLI: Thank you. I'm sorry, go  
11 ahead, Mr. Carroll.

12 MR. CARROLL: The status report filed on Friday  
13 said staff recently discovered that the estimate provided by  
14 the applicant for the source of the project's tertiary  
15 treated water is incorrect. That's not true. The data in  
16 question was provided to the CEC on January 12, 2009 in  
17 response to data request 51. It was clearly identified as  
18 the influent to the two power plants.

19 You know, this is part of the problem of a project  
20 hanging around for two years. When a follow-up question  
21 gets asked two years later you don't know if you're asking  
22 the exact same question that was asked two years prior. The  
23 data that was recently provided to the CEC was the effluent  
24 data. So our data was not incorrect, it was different data,  
25 influent versus effluent.

1           The difference between the two are not dramatic.  
2 It's roughly 12.7 percent for the Palmdale plant and 14.1  
3 percent for the Lancaster plant. But the most important  
4 issue here is that the total effluent -- so we are now  
5 focusing on effluent -- for the two plants is 21,652 acre/  
6 feet per year. The total amount that is contracted to other  
7 parties is 17,980 acre/feet per year, leaving a difference  
8 of 3,672 acre/feet per year. And the Palmdale project's  
9 annual average needs are 3,091 acre/feet per year, leaving a  
10 difference or a surplus of 581 acre/feet per year.

11           I will also point out that we do have binding will  
12 serve letters for the water for the plant. Those were  
13 provided on August 11, 2009.

14           Finally I would point out that on March 12, 2010  
15 LA County, the supplier of the water, commented very  
16 favorably on the project, indicating how much it looked  
17 forward to having a user for this recycled water.

18           So this is an indication of what we continue to  
19 see on the project. Long periods of inaction followed by a  
20 flurry of phone calls where different questions may be asked  
21 and suddenly there's a crisis, purportedly, when in fact  
22 there is no crisis.

23           So we have some new data on the water. We have  
24 two years of additional data that the county is now able to  
25 provide to us that they weren't able to provide to us back

1 in January of 2009. So we have new data, updated data.  
2 That happens when the project languishes for a couple of  
3 years. But no indication that there is any problem with the  
4 water supply for the project.

5 Finally, and this is probably the issue that we  
6 are going to spend the most time talking about today is  
7 staff's indication that it plans to do an alternatives  
8 analysis or is doing an additional alternatives analysis for  
9 the T-line route.

10 Just to talk a little bit about the history of the  
11 T-line route for this project. It is a long transmission  
12 line route. We acknowledge that, we have known that from  
13 the beginning. We would not have proposed a transmission  
14 line route this long if there were viable alternatives to  
15 it. This was an aspect of the project that was exhaustively  
16 analyzed during the development of the project.

17 The Application for Certification which was filed  
18 in July of 2008 analyzed four alternatives to the proposed  
19 transmission line route.

20 On February 4 of 2009 at a workshop staff asked  
21 the applicant about an alternative plant site in an effort  
22 to shorten the T-line route. The applicant responded to  
23 that request in writing on February 13 of 2009.

24 On that same date at the same workshop the staff  
25 asked the applicant about an alternative T-line route for

1 the project at the proposed site. The applicant responded  
2 to that information request in writing on March 2nd of 2009.

3 In Data Request number 120, which was served on  
4 April 1st of 2009, staff asked the applicant about the  
5 feasibility of undergroundng the transmission line.  
6 Applicant responded on May 1st of 2009, including an email  
7 communication from Southern California Edison, indicating  
8 that they were not interested in an underground T-line.

9 In the Preliminary Staff Assessment issued  
10 December of 2009, the staff analyzed three alternatives to  
11 the T-line routes, and that is at pages 6-11 through 6-18 of  
12 the PSA, and rejected all three of those alternatives on the  
13 basis that they were either not technically feasible or were  
14 environmentally inferior proposals.

15 Then on March 8th of 2010 the CEC received a  
16 letter from LA County expressing a preference for  
17 Alternative 3 analyzed in the Preliminary Staff Assessment.

18 That alternative was analyzed in the AFC and it was  
19 rejected. It was analyzed in the PSA and rejected. And it  
20 was identified by Plant 42 as the riskiest of all of the  
21 alternative T-line routes that were analyzed.

22 My point here is that we have been analyzing  
23 alternative T-line routes for this project since the AFC was  
24 filed in July of 2008. And not just we the applicant, we  
25 collectively. The staff has done more exhaustive analysis

1 of alternative T-line routes on this project than they have  
2 probably done on most other projects that they've approved.

3 And they did a very good job of it. There are 11 or 12  
4 pages in the PSA dedicated to alternative transmission line  
5 routes. All of those routes have been, have been rejected.

6 So, you know, we are gravely concerned that having  
7 commenced the analysis of alternative T-line routes in July  
8 of 2008, in October of 2010 we are still looking at  
9 alternative T-line routes according to the staff. We don't  
10 know what those alternative line routes are, they haven't  
11 been shared with the applicant. But we are gravely  
12 concerned about undertaking a study, about the feasibility  
13 of an alternative T-line route at this very, very late stage  
14 of these proceedings.

15 I would point out that the identification of a  
16 potentially feasible T-line route is only the beginning.  
17 Staff has asked for another month to complete that analysis.

18 I'm assuming that they would need additional time or we  
19 would need additional time to do biological surveys,  
20 cultural resource surveys, traffic and transportation  
21 analysis in terms of the disruptions of putting in the T-  
22 line on whatever route it is they are proposing. So we are  
23 not looking at a one month delay in these proceedings to  
24 look at an alternative T-line route. I assume that we would  
25 be talking about six-plus months at minimum.

1 I would also point out that aside from the  
2 analysis that the CEC does that the utility has already  
3 issued a facilities study for the proposed T-line route.  
4 That was docketed on January 6 of 2010.

5 So, you know, we are at way, way, too far down the  
6 path in analyzing this project to be revisiting something as  
7 fundamental as the transmission line for the project and as  
8 time consuming as the transmission line for the project.  
9 And I'd be saying that if this was a case where we had all  
10 missed it and had failed to analyze T-line routes, I'd be  
11 here saying that.

12 We are in a case where we didn't miss it. Where  
13 both we and the staff did an excellent job analyzing  
14 alternative T-line routes for this project. There's  
15 absolutely no basis whatsoever for revisiting that issue at  
16 this late stage of the game.

17 Certainly the county's letter saying, we like  
18 number three, doesn't provide such a basis. That's a  
19 legitimate comment, it should be taken into consideration,  
20 it should be responded to. But I think the appropriate  
21 response is, we looked at alternative three in the PSA and  
22 we rejected it. And we have looked at it again and we  
23 affirm the basis upon which we rejected it. But we think we  
24 are very late in the game and far too late in the game for  
25 beginning analysis of alternative transmission line routes.

1           So that ties right into the schedule. I'd be  
2 happy to go through any of the other issues that have been  
3 identified in Status Report number 8 or anyplace else in the  
4 fashion that we went through these and explain why we think  
5 every issue that has been identified of late with respect to  
6 this project has been resolved. Because we believe that it  
7 has been resolved we think that there is no reason that the  
8 staff cannot issue an FSA on a very expeditious basis. We  
9 had been proposing the end of October.

10           One of the problems of coming to the Committee  
11 with scheduling issues is that by the time you get in front  
12 of the Committee, and I say that with all due respect  
13 because I know how busy you are, the staff's proposal looks  
14 imminently reasonable and the applicant's proposal looks  
15 very unreasonable. When we asked to get in front of you,  
16 you know, six or so weeks ago, the end of October seemed  
17 like a very reasonable request. We recognize that it is not  
18 far from today's date and that that is a tight time frame.

19           But we think because all the issues have been  
20 resolved, because there is no need to undertake this new  
21 analysis of the T-line route, that the staff should be able  
22 to produce an FSA on a highly expedited basis. If not by  
23 the end of October certainly earlier than what they  
24 proposed, which is nearing the end of November.

25           You have the schedule that we propose for the

1 remainder of the proceedings. For the reasons that we've  
2 laid out today we think that that is an achievable schedule,  
3 or something very close to that is an achievable schedule,  
4 and would ask the Committee to issue an order consistent  
5 with that schedule.

6 HEARING OFFICER CELLI: Thank you. Commissioner  
7 Byron, do you have any questions of the applicant before I  
8 move on to staff?

9 PRESIDING MEMBER BYRON: No, but I have a lot of  
10 questions for the staff at this point.

11 HEARING OFFICER CELLI: I just have one question,  
12 if I may. You said that, you were talking about  
13 undergrounding the power line and you said Southern  
14 California Edison wasn't interested in that. And I just  
15 wonder if you can give me why, what it is about going  
16 underground that they didn't want.

17 MR. CARROLL: I am not a transmission expert so  
18 I'll give you my layman's understanding. I think the  
19 concerns are feasibility, cost. And I think the City may be  
20 able to speak to this better than I can, disruption to  
21 everything that's going on on the surface, in order to put  
22 that transmission line route in.

23 As I understand it, you know, we're not talking  
24 about a simple trench. I've heard it described as you're  
25 basically talking about putting in a subway tunnel in order

1 to accommodate this high voltage transmission line. So I  
2 think it's a combination of at least those three issues, the  
3 technical feasibility, the expense associated with putting  
4 it in and the disruption that would occur to the surface  
5 uses during the construction period.

6 MR. ORTIZ: Excuse me. This is Hector Ortiz.  
7 There are a couple of other issues at stake, including  
8 seismic issues associated with undergrounding as well as  
9 maintainability of the line.

10 HEARING OFFICER CELLI: Hector, I'm sorry, this is  
11 Ken Celli the Hearing Advisor. And you are with AECOM?

12 MR. ORTIZ: Yes, sir.

13 PRESIDING MEMBER BYRON: With the applicant.

14 HEARING OFFICER CELLI: With the applicant.

15 PRESIDING MEMBER BYRON: Thank you.

16 HEARING OFFICER CELLI: Go ahead.

17 MR. ORTIZ: That's all I have to say.

18 HEARING OFFICER CELLI: Okay. Well thank you for  
19 that information. Let's turn to staff and hear what the  
20 staff has to say.

21 MS. DeCARLO: Thank you. Obviously with our  
22 filing we are not necessarily in agreement with the  
23 applicant that all the issues have been resolved. However,  
24 we are ready and willing to go forward with the Final Staff  
25 Assessment. We believe we have identified a reasonable date

1 for that, November 20th. It's something we can do. There's  
2 a good question about whether or not we could do anything  
3 earlier and definitely not the applicant's proposed date at  
4 the end of October.

5 I won't go into all the technical issues. They  
6 are not something the Committee has to decide on today.  
7 They're something we'll fully flesh out in our Final Staff  
8 Assessment. We'll address the issues raised by Mr. Carroll  
9 and his identification of where he believes the applicant  
10 has responded, and it may be that some of these go away in  
11 our Final Staff Assessment. We just wanted to make sure we  
12 gave the Committee a heads-up as to potential problems that  
13 they might see in the Final Staff Assessment.

14 The one issue that obviously does not need to be  
15 discussed today is with regard to the alternatives analysis.

16 Now we're proposing to file the Final Staff Assessment with  
17 an alternatives analysis and an identification of either one  
18 or more alternative routes that we believe are viable and  
19 that the Commission should consider adopting in place of the  
20 proposed transmission route. And we're proposing that that  
21 detailed analysis of those lines, that would be a level of  
22 review that would enable the Committee, should they so  
23 decide to actually adopt that, would occur on, would be  
24 filed by December 20th.

25 Now we don't think the month in-between the filing

1 of the FSA and the detailed analysis of the alternative  
2 transmission line is wasted time. We have built in there,  
3 in our proposal, a Final Staff Assessment workshop where we  
4 could resolve any other issues that we may have remaining in  
5 the Final Staff Assessment and along with the detailed  
6 analysis of the alternative line. Also include supplemental  
7 testimony or any agreements we may have reached on  
8 conditions of certification, any of that language. Tie that  
9 all up in the December 20 filing so that everything would be  
10 ready and primed for evidentiary hearings afterwards.

11 HEARING OFFICER CELLI: Are there any issues that  
12 have been raised that Mr. Carroll spoke to earlier about,  
13 for instance, the third party acquiring the ERC? I mean,  
14 anything that we can take off the table right now is what I  
15 want to know?

16 MS. DeCARLO: Unfortunately, I'm at a slight  
17 disadvantage here. I just inherited this project from  
18 another attorney so I'm not as primed on the issues as I  
19 would hope to be.

20 HEARING OFFICER CELLI: Okay.

21 MS. DeCARLO: The third party issue. I have read  
22 -- they're proposing an option contract to purchase ERCs.  
23 And there are some conditions to that option contract that  
24 it won't actually be fulfilled unless certain events occur.  
25 So we're just taking a closer look at that to make sure that

1 that contract meets the requirements that we usually want to  
2 see in an option contract for ERCs. So it's not at this  
3 point definitive that there are problems, just something  
4 that requires further, further investigation by us.

5 HEARING OFFICER CELLI: Mr. O'Brien, please.

6 MR. O'BRIEN: Yes. Let me say a couple of things  
7 in response to, you know, some of the points that  
8 Mr. Carroll raised.

9 First of all, the staff wishes this project were  
10 further along and understands the applicant's concerns about  
11 the schedule. I think those are obviously very legitimate  
12 concerns.

13 Clearly 2010 was a difficult time for the staff  
14 given the workload. You know, I'm not telling the Committee  
15 anything it doesn't know. The Commissioners have been, you  
16 know, just as impacted as staff has been. And that, that  
17 workload has delayed the review of this project and that's  
18 unfortunate.

19 We find ourselves in a position today where we are  
20 trying to move this project along as quickly as possible.  
21 Division staff had been working on this project, putting in  
22 overtime. In the last six weeks people have been working on  
23 Furlough Fridays to try to move this project along more  
24 quickly.

25 I think what we don't want to see on the staff's

1 part is a schedule delay based upon the fact that there are  
2 disagreements between us and the applicant. We are  
3 certainly willing to go to hearings and have disputed issues  
4 and have those brought before the Committee and the  
5 Committee can make determinations if in fact there are  
6 differences of opinion. For example, you know, Mr. Carroll  
7 talked a little bit about offset ratios. If there's a  
8 difference then that issue can be adjudicated and the  
9 Committee can make a decision.

10 So we are not here today trying to delay this  
11 project and saying, let's wrap up all the issues before we  
12 go to hearings. Far from that. We are very supportive of  
13 getting to the hearings as quickly as possible.

14 In terms of, in terms of major issues right now  
15 regarding impacts on the schedule. I would say that yes,  
16 the most important issue right now is the issue of the  
17 alternative transmission line route. The County of Los  
18 Angeles has raised some concerns about that. We're trying  
19 to be responsive to issues that have been raised by other  
20 agencies, whether that be the County or the Air Force. But  
21 at the same time we do want to get these issues before the  
22 Committee as quickly as possible.

23 We are doing our very best to get an FSA out.  
24 Ms. DeCarlo talked about the lag in terms of the  
25 alternatives analysis coming in and Mr. Carroll

1 understandably has expressed some concerns in terms of the  
2 date that the staff can get that done. And that's a  
3 legitimate concern, you know, given the -- given the scope  
4 of an alternatives analysis.

5           The staff as we filed, you know, in our filing  
6 last week, indicated some issues regarding Garamendi  
7 principles in terms of is there a better way to, you know,  
8 get the power from this facility into the interconnected  
9 grid. But it's also true that the applicant has proposed,  
10 you know, a line that from their perspective does that.

11           So I think the issue before the Committee today,  
12 or one of the issues that the Committee should think about,  
13 and I'm not necessarily suggesting that you have to, you  
14 know, on such a matter as this, as complicated as it is, you  
15 know, make a decision. But the question becomes, should  
16 there be a delay in the schedule to allow the staff to, you  
17 know, do additional analysis on a alternative transmission  
18 line route. And obviously the staff will abide whatever  
19 decision the Committee comes up with. And as I said, we're  
20 trying to do everything we can to push this project along.

21           PRESIDING MEMBER BYRON: Mr. O'Brien, some of  
22 these concerns you mentioned LA County had brought up. Are  
23 they recent or have they been around for awhile?

24           MR. O'BRIEN: I think --

25           MS. MILLER: March 2010.

1 MR. CARROLL: March 8, 2010.

2 MR. O'BRIEN: That's obviously been awhile but we  
3 have not been able to focus much staff resources or  
4 attention on this project given, you know, the other  
5 workload that we've had, you know, since about January of  
6 this year. So, you know, unfortunately we haven't been able  
7 to, you know, do the work on this project we needed to do in  
8 the April, May, June and July time frame when other, you  
9 know, under ordinary circumstances we would have been able  
10 to do that.

11 But we are, you know, we're, you know, very  
12 attentive to the concerns of the applicant, the City of  
13 Palmdale. I've been in a number of meetings with them over,  
14 you know, the last six, seven, eight months. And, you know,  
15 clearly they have a concern about wanting to move their  
16 project and we understand that.

17 PRESIDING MEMBER BYRON: I think this would be a  
18 good time to ask a couple of questions.

19 My sense is listening to Mr. Carroll that he has a  
20 number of concerns with regard to duplication of information  
21 that has been requested, additional analysis at a late date.

22 Can you give me a sense of -- can you give me a response to  
23 these concerns that have been raised, specific or general.

24 MR. O'BRIEN: Well I think one of the major issues  
25 that he raised was on the issue of the transmission line and

1 whether or not we're kind of going down a new road or a new  
2 path on this. I think what has prompted staff's, you know,  
3 concerns on this, since the issuance of the PSA, are the  
4 issues raised by the County of Los Angeles. So we're just  
5 -- we're trying to ensure that we're doing a comprehensive  
6 analysis and looking at all the potential impacts of the  
7 project.

8 PRESIDING MEMBER BYRON: Can you also address this  
9 issue. Mr. Carroll indicated there were a couple of issues  
10 around the offsets but I noted about four, the ratio, the  
11 location, ownership issue and this consultation by CARB.

12 I think I'm satisfied on the information provided.  
13 I should say I feel like we have the necessary information  
14 we need with regard to how we'll address the ratio and  
15 ownership. What about the location issue, Mr. O'Brien? Is  
16 that, is that also in dispute or is that something that has  
17 been settled?

18 MR. O'BRIEN: I think that issue is probably an  
19 issue that would be adjudicated before the Committee.

20 PRESIDING MEMBER BYRON: Okay. And can you talk a  
21 little bit more about this consultation issue with CARB.  
22 Apparently they have not been responsive to our requests for  
23 information.

24 MR. O'BRIEN: We have had discussions with the Air  
25 Resources Board but the Air Resources Board has not filed

1 anything. And at this point in time I don't believe we  
2 expect them to file anything. So it's a fair statement to  
3 say that they have been consulted but they have chosen not  
4 to, not to file anything.

5 PRESIDING MEMBER BYRON: Thank you.

6 HEARING OFFICER CELLI: Mr. O'Brien, I wonder if  
7 you could comment on the state right now in terms of the  
8 staff's workload with regard to where is staff at. I think  
9 most of the solar projects by now have been certified, I  
10 think, or are close to it, at least the FSAs are out.

11 MR. O'BRIEN: Well I would say that, for example  
12 on this project, the Commission is set to review -- to make  
13 a decision on the Calico project. And for example,  
14 individuals who have been working on that, particularly the  
15 biologist who has been working on Calico, trying to finish  
16 that review, that individual has not been available to us  
17 over the last two or three weeks. And so the biological  
18 section is not done yet because of that.

19 We have had a number of key staff, both on land  
20 use and on biology, who have been working on some of the  
21 other, you know, solar projects right now and have not been  
22 available to us as we had hoped they would be because we  
23 haven't been able to resolve all the issues on those  
24 projects. So I've got staff still working on -- you know,  
25 Calico is almost done basically but still on Palen and Rice.

1 And then of course we're dealing with compliance issues on  
2 all these projects and that's taking a lot of the staff  
3 away, particularly on issues associated with the biology but  
4 also cultural.

5 HEARING OFFICER CELLI: Thank you. Applicant,  
6 please, response.

7 MR. CARROLL: Sure, just on a couple of things. I  
8 see Mr. Layton has joined the table so let me take this  
9 opportunity to ask. On the air quality issue -- and I tend  
10 to speak quickly sometimes so maybe I was speaking too  
11 quickly.

12 I'm not sure that there -- as I understand the  
13 various points of view on the emission offsets from the San  
14 Joaquin Valley. My point was, I think the issues have been  
15 resolved. What we had been led to believe by comments that  
16 were made at the PSA workshop was that if the offsets came  
17 from the southern region of the San Joaquin Valley that the  
18 standard 1.3 to 1 offset ratio, which we believe for lots of  
19 reasons including legal reasons, would apply. And I'm not  
20 expecting you necessarily to respond to that today but I  
21 would ask you to think about whether there really is  
22 anything to be adjudicated with respect to the emission  
23 offset strategy for the project.

24 And that was really my point was that, you know,  
25 we feel like we are told certain things. Go get all the

1 offsets from the southern region and then the 1.3 to 1  
2 offset ratio will apply. We go to get all of the offsets  
3 from the southern region and then we get a status report  
4 that says, well, you know, we still think it should be the  
5 1.5 to 1 ratio. And, of course, we didn't get enough  
6 offsets to satisfy the 1.5 to 1 ratio, we only got enough  
7 offsets to satisfy the 1.3 to 1 offset ratio.

8           So that was really my point. I think there is  
9 nothing further to be adjudicated on the emission offset  
10 strategy. And that's why we are so frustrated to see that  
11 issue popping up again in the status report on Friday.

12           MR. LAYTON: We're going ahead and preparing the  
13 FSA and we can adjudicate those details. I did not attend  
14 the PSA workshop but I believe that 1.5 has always been on  
15 the table. What I understand the applicant was saying is  
16 that because you are in the Antelope Valley Air District you  
17 are going to use those rules, therefore those are the rules  
18 that are applied to the offsets.

19           Again, when we use offsets in San Joaquin for a  
20 San Joaquin project we apply their distance ratios and we  
21 think that's very appropriate here.

22           Again, the distances that you are talking about  
23 are great distances. I think 1.5 is on the table and always  
24 has been on the table.

25           MR. CARROLL: Well, it was taken off the table.

1 You know, we may not be able to resolve this today.

2 MR. LAYTON: We're not going to be able to resolve  
3 it today. I don't believe it was taken off the table.

4 MR. CARROLL: Well, your air quality expert at the  
5 PSA workshop said that if the offsets all came from the  
6 southern region then only the Antelope Valley ratio would  
7 apply.

8 MR. LAYTON: But we were all talking about  
9 distance as well. And again, I apologize if that was  
10 unclear, we'll make it clear in the FSA.

11 MR. CARROLL: Well, it's an indication of the  
12 problem we've had with this project since the beginning with  
13 respect to the transmission line route.

14 You know, if all we were talking about was an  
15 additional month delay. As egregious as that would be under  
16 the circumstances that would be one thing. I have no doubt  
17 in my mind that what we are talking about is a delay  
18 associated with this project significantly longer than one  
19 month.

20 The staff has indicated that they think the  
21 alternative routes that they are analyzing are feasible. I  
22 find that very interesting because the staff forced us to go  
23 to the utility to get third-party, independent verification  
24 that our proposed transmission line was technically  
25 feasible. And they were insistent that they weren't going

1 to move forward with the Preliminary Staff Assessment until  
2 we obtained that. So we went to the utility and had them  
3 issue a letter to the staff indicating that from their  
4 perspective the line that the applicant had proposed was  
5 technically feasible. I haven't seen any correspondence to  
6 that effect from the staff.

7           There was a dramatic -- I shouldn't say dramatic.

8           A significant debate about whether or not the PSA could be  
9 issued without a right-of-way study having been completed by  
10 the utility for the proposed transmission line. We finally  
11 got over that hurdle but I haven't heard any discussion  
12 about whether or not a right-of-way study has been completed  
13 for the staff's line.

14           So my point is that we have spent months and years  
15 getting buy-in from all of the affected parties, including  
16 the utility, on this proposed transmission line and I am  
17 very skeptical that the staff is going to be able to  
18 accomplish that in one month.

19           And so what I think is likely to happen is that  
20 they are going to propose somewhere around December 20th a  
21 proposed transmission line and they're going to say it's  
22 feasible. Based on what, I don't know. And then we're  
23 going to have to take that and find out if it's really  
24 feasible.

25           And that's going to include, you know, talking to

1 the utility. That's going to include redoing the facility  
2 study for the project. That's going to include looking at  
3 Phase I along the linear, which the staff I'm sure is going  
4 to insist on. It's going to look at -- have to look at  
5 cultural resources along the linear, biological resources  
6 along the linear. Who owns that property, what are the  
7 rights-of-way. What is in the existing right-of-way that  
8 would be impacted by putting a transmission line in the  
9 route.

10 Those are all the things that we have been looking  
11 at for the last two years on the proposed line for the  
12 project. And the suggestion that in a month's time, you  
13 know, we're going to come up with an alternative line that  
14 would be right for this Committee to approve for the project  
15 I think is frankly absurd.

16 And so that's the problem that we're having. It's  
17 not, gee, what's the big deal between November 20th and  
18 December 20th. It's, what are we going to get on December  
19 20th.

20 And we are very sympathetic to what the staff has  
21 been up against with the ARRA projects. We get that, we  
22 understand that, we have tried to be and I think we have  
23 been accepting of that. But we are where we are at this  
24 point with this project. We got put at the back of the line  
25 and there is nothing we can do about that.

1           We are happy to hear that we are now moved up to  
2 the front of the line but there is no point and at this late  
3 stage undertaking a new analysis that is going to move us  
4 back into the middle of the pack. And again, I wouldn't be  
5 arguing this if we'd only looked at one proposed line for  
6 this route and there had been no analysis of the  
7 alternatives. I'd say, let's -- you know, I'd be prepared  
8 to move forward and take the risk if somebody was going to  
9 criticize the decision on that basis. But we're not at risk  
10 of that criticism here because we have looked at alternative  
11 T-line routes backwards and forwards. And by "we" again I  
12 mean us collectively, the staff and the applicant.

13           So we have a very big problem with this proposal.

14       We are not happy with an FSA in November under any  
15 circumstances. If we knew that we were going to get a  
16 complete and total FSA in November I think we could probably  
17 swallow hard and walk out of here today. And by that I  
18 mean, if it was clear to the staff that they were not to  
19 undertake additional analysis for alternative transmission  
20 line routes but to produce a complete and final FSA with no  
21 significant pieces left out according to their schedule, I  
22 think that's something we could probably live with. But we  
23 cannot walk out of here knowing that we're going to have  
24 this sort of open-ended analysis on an alternative T-line  
25 route on this project that we think would go on well into

1 next year.

2 PRESIDING MEMBER BYRON: Can I have some  
3 characterization on the part of the staff as to what the  
4 concerns are that LA County has raised with regard to the  
5 proposed transmission route.

6 MS. MILLER: This is Felicia Miller, the project  
7 manager. Certainly. The comment letter from the County of  
8 LA, their main concern was the length of the route and the  
9 fact that the route goes beyond the city of Palmdale's city  
10 limits into the unincorporated areas of Los Angeles County.

11 None of the right-of-ways (sic) have been secured by the  
12 City of Palmdale. My conversations with the county, the  
13 county voiced concerns having to do with eminent domain and  
14 the length of the route.

15 And based on the Garamendi principles which direct  
16 staff to take a look at existing right-of-ways, we know that  
17 the applicant's proposed 26 mile route -- excuse me, 35.6  
18 mile route, most of it does not exist within existing right-  
19 of-ways with the exception of the corridor between Pear  
20 Blossom Pumping Plant and Vincent Substation.

21 PRESIDING MEMBER BYRON: And has the applicant  
22 completed all the linear characterization Mr. Carroll  
23 described would be necessary for the alternative as well?  
24 For instance, biological, cultural resources. Have they  
25 completed all that analysis?

1 MS. MILLER: Yes. The only outstanding piece is  
2 the right-of-way study which has not been completed. And  
3 staff deferred completion of the right-of-way study until  
4 project certification.

5 MR. CARROLL: For the proposed route is what you  
6 are referring to, is that right?

7 MS. MILLER: For the proposed route.

8 MR. CARROLL: But not -- I thought the question  
9 was, have we done that work for the alternative route?

10 PRESIDING MEMBER BYRON: No, that was not the  
11 question.

12 MR. CARROLL: Okay, I'm sorry.

13 MS. MILLER: A comment on the alternative route  
14 that staff's looking at. Once we got the comment letter  
15 from the County of LA and started to look at the Garamendi  
16 principles and the alternative routes that the applicant  
17 proposed staff took a closer look at the alternative routes.

18 And the routes that we're looking at in closer, taking  
19 closer examination on, are about one-third the length that  
20 the applicant has proposed, including a modified underground  
21 route that the applicant proposed using underground  
22 corridors for water and gas pipelines. In addition we're  
23 looking at an overhead route which is again about a third  
24 the distance of the applicant's route that follows an  
25 overhead route the applicant looked at along Division

1 Street.

2 Any of the applicant's -- any of the routes that  
3 the staff is proposing to the applicant, we're taking into  
4 consideration existing right-of-way corridors. We're  
5 looking at feasibility before even considering the routes.  
6 So the routes that staff's looking at, we've already made  
7 these determinations and we've decided that the routes are  
8 feasible and located within existing right-of-ways.

9 We're looking at economics and comparing a lengthy  
10 35.6 route including reconductoring between Pear Blossom and  
11 Vincent and comparing that with overhead -- combination  
12 overhead and underground routes for alternative analysis.  
13 So staff believes that the alternative routes we're looking  
14 at are entirely feasible.

15 PRESIDING MEMBER BYRON: And Mr. Carroll, I take  
16 it from your characterization that it's not so much, and I  
17 don't mean to be putting words in your mouth, that you're  
18 questioning whether or not these analyses should be looked  
19 at, it's that we should have begun looking at them much  
20 earlier; is that correct?

21 MR. CARROLL: I don't think that these -- first of  
22 all, I think that these analyses or analyses like them have  
23 already been undertaken. That alternative transmission line  
24 routes to that proposed by the applicant have been  
25 exhaustively analyzed already.

1           So I don't think that there is any need to  
2 undertake additional analysis of alternative T-line routes,  
3 certainly at this very late stage as we approach entering  
4 year three of the certification process for this project.  
5 This application was deemed data adequate about two years  
6 ago. And at the two year mark we don't thin we should be  
7 revisiting something as fundamental as the transmission line  
8 route for the project, given the exhaustive analysis that  
9 has already been undertaken with respect to that particular  
10 issue.

11           And I did want to respond to the issue from the  
12 County. And we're not saying ignore the comment from the  
13 County. What we're saying is, point out to the County that  
14 their comment is well taken but Alternative 3 that they  
15 prefer has been analyzed.

16           This is a staff person in the county planning  
17 department. This is not a high priority item for the County  
18 of Los Angeles that is the subject of a resolution by the  
19 Board of Supervisors. I mean, this is somebody in the  
20 County who was assigned to review the PSA. It was a  
21 relatively short comment letter and one of their comments  
22 was, we prefer Transmission Line Alternative 3. That was  
23 the extent of the comment.

24           So I don't want there to be any suggestion that  
25 this is a matter of great import to the County of Los

1 Angeles. We don't have any reason to believe that it is.  
2 Again, we are not saying ignore the comment. We're just  
3 saying, we think the comment has been adequately addressed.

4 MR. O'BRIEN: But your issue --

5 HEARING OFFICER CELLI: Go ahead, Mr. O'Brien.

6 MR. O'BRIEN: Can I ask Mr. Carroll a question?

7 HEARING OFFICER CELLI: Please.

8 MR. O'BRIEN: In terms of the routes that now  
9 staff is proposing, you know, to look at in greater detail  
10 that you have said, you know, these have already been  
11 exhaustively looked at and they're not feasible. Can you  
12 just tell me why from the applicant's standpoint the more  
13 direct route is not feasible. And if there are multiple  
14 reasons just list those multiple reasons.

15 MR. CARROLL: Sure. We will do that with the  
16 caveat that we're not still exactly sure what the  
17 alternative is that the staff is looking at. But with that  
18 caveat let us try to explain why we think those are  
19 problematic.

20 MS. LILE: This is Laurie Lile with the City of  
21 Palmdale.

22 The routes that we looked at evaluated -- that  
23 were shorter clearly would be less expensive to the city to  
24 undertake with the project. However, they have other  
25 impacts that potentially had, were more challenging for us

1 to overcome.

2           The project is in proximity to Air Force Plant 42.  
3 They have flight corridors in and out of that area. And  
4 part of their concern was the proximity of the transmission  
5 lines and the impact on their mission and their flight  
6 corridors. We worked with them extensively to identify an  
7 alignment that they felt would be acceptable to their  
8 mission at Plant 42 that would not affect future ability to  
9 bring work and additional projects to Plant 42.

10           When they looked at a route going west from our  
11 project site they had extensive concerns, not only along the  
12 avenue in alignment but also along any alignment that went  
13 along Sierra Highway. They were not as concerned with  
14 alignments on Division Street, which is farther to the west.

15           However, Division Street does not exist in much of that  
16 area and the same issue with lack of right-of-way would  
17 occur on Division Street as well.

18           The alignments also go through developed portions  
19 of the city. Avenue M and Tenth Street West or Sierra  
20 Highway are major arterials that have already extensive  
21 utilities underground. Those locations have got major water  
22 lines, major storm drains. There's underground fuel lines  
23 that serve Edwards Air Force Base and there's the two rail  
24 lines. There's the Metrolink line and also the Union  
25 Pacific Railroad that this project would have to go beneath.

1 The Tenth Street West alignment goes through a highly  
2 developed part of the city past some sensitive uses like  
3 hospitals.

4 There are a number of issues that we looked at  
5 with respect to these other alignments and we felt that the  
6 alignment that went to the west -- or the east rather, was  
7 the most -- the alignment that had the fewest impacts to  
8 other types of uses and land uses in the city. Realizing  
9 that as a longer alignment it certainly has more impacts to  
10 biological resources and some other impacts. However, we  
11 felt that those could be mitigated more successfully than  
12 the economic impacts that the line would have in the other  
13 alternatives that we examined.

14 MR. BARNETT: This is Tom Barnett. I just wanted  
15 to add a couple of things to that. We of course looked  
16 extensively at these much shorter lines. They made much  
17 more sense. We tried hard to see if they could work.

18 And in addition to the concerns Ms. Lile has  
19 raised, we ran into serious concerns from Southern  
20 California Edison because all of these streets have  
21 distribution level lines running down them now. And  
22 Southern California Edison is adamantly opposed to mixing  
23 distribution level lines with 230 kV high voltage  
24 transmission lines. That was a fundamental problem for  
25 them. And we tried hard to work with them to see if there

1 wasn't a way to make -- putting them on the same line or  
2 alternate sides of the street. But all together this was an  
3 approach that Southern California Edison did not want.

4           And I think the characterization that we don't  
5 have the rights-of-way for the line we have now is not  
6 exactly accurate. We have a 36 mile line but almost all of  
7 that is in fact in existing right of way. The last part  
8 which Felicia referred to is a 12 mile long right-of-way  
9 that exists for high voltage lines. We felt that was a huge  
10 plus, being able to jump on that existing right-of-way and  
11 not have to go through all the brain damage of establishing  
12 a new right-of-way for a new high voltage line.

13           The rest of that line, for the most part, goes  
14 down existing streets. A long run of it is down Avenue M.  
15 And then when it heads south it's on existing streets or  
16 planned streets in rights-of-way. So it is substantially in  
17 existing rights-of-way.

18           And I think a last comment I would make about the  
19 County's concerns, and Ms. Lile can certainly amplify this,  
20 is that the county supervisor who is responsible for the  
21 Lancaster and Palmdale area, Michael Antonovich, is a very  
22 strong supporter of this project. This is not an issue that  
23 is a concern of his. Mr. Carroll indicated this was a staff  
24 level concern, not something that has risen to -- his view  
25 is exactly the opposite. He wants this project to go

1 forward, as designed, now.

2 HEARING OFFICER CELLI: I think that what I was  
3 hearing, Mr. Carroll, was not -- was mostly your concern  
4 about, getting back to scheduling, the difference between  
5 what we're going to see on the 20th of December and what  
6 we're going to see on November 20th in terms of the staff's  
7 output? Did I hear that correctly? In other words, your  
8 concern was, what are you going to get on December 20th that  
9 you couldn't get on November 20th.

10 MR. CARROLL: Let me be clear because obviously  
11 it's probably the most important point that we want to get  
12 across today.

13 When we asked for this committee conference we  
14 requested what we thought was a very reasonable schedule for  
15 completion of the FSA, which was the end of October. The  
16 staff has indicated to us that they cannot meet that  
17 schedule but that they believe that they could produce an  
18 FSA by November 20th.

19 What I'm saying is, we are not at all happy with  
20 that. We weren't happy with the end of October. We are not  
21 at all happy with the FSA falling into November because we  
22 think that in all likelihood that makes it very difficult  
23 for us to get to evidentiary hearings this year and then we  
24 run into the holidays and we lose a lot of additional time.

25 But I think that we could live with that if we

1 knew that that was it. That we were getting a complete and  
2 final Staff Assessment that covered all issues on November  
3 20th and we could move on to the remaining steps in this  
4 process.

5           What we have grave concerns with and just cannot  
6 accept is the notion that we would wait until December 20th  
7 to be presented with what we think is going to be a can of  
8 worms. Not a fait accompli on December 20th, here is a  
9 fully analyzed, completely feasible transmission line, but  
10 here's an idea that we think you should pursue. And then  
11 we're going to be saddled with going off to figure out  
12 whether or not, in light of all of the concerns that you've  
13 heard raised, which I'm sorry, I don't think the staff has  
14 addressed, can be addressed.

15           And so that's our concern. We think that it's not  
16 just the month between November 20th and December 20th, it's  
17 the whole notion that we would even embark on a path of  
18 looking at alternative T-line routes for this project,  
19 because of all of the delay associated with that and because  
20 of the fact that that issue has been exhaustively analyzed  
21 to date.

22           So what we're saying, to bottom line it is, we  
23 would live with an FSA on November 20th if that's it. No  
24 further analysis. We'd ask the Committee to direct the  
25 staff to stop any further analysis of alternative T-line

1 routes on the basis that that has been analyzed  
2 exhaustively. And produce a complete FSA that includes the  
3 whole ball of wax on November 20th.

4 HEARING OFFICER CELLI: Staff, response.

5 MR. O'BRIEN: After meeting with the applicant in  
6 Senator Runner's office, you know, some time ago, I told  
7 them at that time that the staff was very supportive of  
8 coming before the Committee as quickly as possible and  
9 bringing these issues for Committee consideration. And so  
10 we have also been very supportive of, you know, coming  
11 before the Committee and getting some direction on these  
12 scheduling issues.

13 Obviously the schedule becomes, you know, more  
14 uncertain on this issue of the alternative T-line routes and  
15 the analysis thereof.

16 And Mr. Carroll, I think, raises a legitimate  
17 point in terms of we have said we're going to, you know,  
18 produce something by December 20th on the alternatives. But  
19 as I sit here today I think some of the concerns that he,  
20 you know, has raised are legitimate concerns in terms of are  
21 we going to have this absolute, guaranteed, you know, final  
22 analysis. And so that's a, you know, that's an issue. We  
23 are going to do everything we can to resolve everything but,  
24 you know, that is a concern.

25 And so that does, that does raise the issue of,

1 you know, when is a final Commission decision going to be  
2 possible. I wanted to have this, you know, discussion  
3 before the Committee because, you know, it's very helpful to  
4 staff to get Committee direction on, you know, disputed  
5 issues and, you know, issues that, you know, the parties may  
6 not be in agreement with.

7 I would appreciate some, you know, direction from  
8 the Committee on this issue if you believe that scheduling  
9 issues as outlined by the applicant are so important that  
10 you don't want to see a, you know, potential delay in the  
11 schedule.

12 PRESIDING MEMBER BYRON: And just so I'm clear,  
13 Mr. O'Brien. The particular issue you're talking about is  
14 the alternative analysis on the transmission line, correct?

15 MR. O'BRIEN: Yes, that's correct.

16 PRESIDING MEMBER BYRON: Okay.

17 HEARING OFFICER CELLI: We're going to go off the  
18 record for a moment.

19 (Off the record at 3:17 p.m.)

20 (On the record at 3:19 p.m.)

21 HEARING OFFICER CELLI: Back on the record, thank  
22 you.

23 So is there anything further from staff on the  
24 issue of scheduling?

25 PRESIDING MEMBER BYRON: Also, Mr. Celli, I'm not

1 sure we have all the issues on the table. I'm concerned,  
2 based upon what I've seen, that there may be still some  
3 concerns on the part of the Air Force with regard to glint  
4 and glare. I'm glad that we have representatives on the  
5 phone there as well. So I want to make sure we take up that  
6 issue too.

7 HEARING OFFICER CELLI: Okay. First, is there  
8 anything further from staff?

9 MS. DeCARLO: I don't think so.

10 HEARING OFFICER CELLI: Thank you.

11 Anything further from applicant on the issue of  
12 scheduling?

13 MS. LILE: This is Laurie Lile with the City of  
14 Palmdale. I would like to just spend a minute on the  
15 schedule, if I may. As a municipal agency I think we have a  
16 slightly different position than some of the other  
17 applicants that come before the Commission. The funding  
18 that is being used for our effort is taxpayer funds. They  
19 are monies that the public uses.

20 Although we believe that this project is  
21 beneficial to the community and the Antelope Valley at  
22 large, we have expended a considerable amount of time and  
23 energy in obtaining this permit. Much longer, much longer  
24 than we thought we would initially have to go through when  
25 we initiated this project.

1           We have an excellent team of consultants. I don't  
2 begrudge them the costs that we have spent to put this  
3 project forward. But these continued delays are seriously  
4 affecting our ability to engage in other projects in the  
5 City of Palmdale.

6           We are using redevelopment funds. However, as you  
7 may be aware, every municipal government in the state of  
8 California as a redevelopment agency is being hit with the  
9 reduction in redevelopment funds. The state took \$11  
10 million of redevelopment funds from us last year. So delays  
11 of this type, and we feel like we have been delayed almost a  
12 year now beyond what we should have been delayed, not only  
13 are irritating but they are affecting the city's bottom  
14 line, our budget.

15           In addition the council, our city council has to  
16 explain what we're doing to the constituents. You know,  
17 when we started this project they said, we'll have this  
18 permit in a year. We'll have the power plant. We'll find a  
19 financing partner and we'll have the power plant up and  
20 running to benefit our local constituents as soon as  
21 possible. They're losing face. They're losing the belief  
22 that this is a beneficial project for our community, based  
23 on the amount of time and the delays that have occurred with  
24 respect to this permit.

25           So anything that the Commission can do to expedite

1 our completion of this project would be beneficial to the  
2 entire Antelope Valley, and especially to the citizens and  
3 the residents of the city of Palmdale. Your job is to  
4 protect the citizens of the state of California. Those are  
5 a big chunk of the people that you are working to work for.  
6 Most of them if not the preponderance of them are in support  
7 of this project and moving it along as quickly as possible.

8 HEARING OFFICER CELLI: Thank you. With that then  
9 if there is nothing further from applicant or staff then I  
10 am going to move on to public comment at this time.

11 Alan DeSalvio are you there?

12 MR. DeSALVIO: I am.

13 HEARING OFFICER CELLI: Did you wish to make a  
14 comment?

15 MR. DeSALVIO: No, I think the issues have been  
16 covered. We're comfortable with the FDOC as currently  
17 issued.

18 HEARING OFFICER CELLI: Alan DeSalvio, he is  
19 with --

20 MR. CARROLL: Antelope Valley Air Quality  
21 Management District.

22 HEARING OFFICER CELLI: Right, thank you, AVAQMD.  
23 Thank you, sir.

24 We also have -- before I get back to the people on  
25 the phone, Ms. Jennings, do we have anybody here from the

1 public who wants to make a comment?

2 MS. JENNINGS: No.

3 HEARING OFFICER CELLI: Thank you. She says, no.  
4 Hector Ortiz, did you wish to make a comment,  
5 please.

6 MR. ORTIZ: No, only that the issue of alternative  
7 site analyses were addressed in a response to the February  
8 4, 2009 workshop in a data response to the CEC dated March  
9 2, 2009. We went through all of the detailed reasoning why  
10 an alternative route along the western side of the Air Force  
11 Plant 42 was not feasible.

12 HEARING OFFICER CELLI: Thank you, Mr. Ortiz. And  
13 you're with AECOM, is that correct?

14 MR. ORTIZ: That is correct.

15 HEARING OFFICER CELLI: Thank you for your  
16 comment.

17 Judith Horowitz, are you still on the line?

18 MS. HOROWITZ: Yes I am.

19 HEARING OFFICER CELLI: Would you wish to make a  
20 comment at this time?

21 MS. HOROWITZ: No, uh-uh.

22 HEARING OFFICER CELLI: Okay, thank you for  
23 calling in.

24 Ken Neitzel from the Air Force.

25 MR. NEITZEL: Yes. All the things that were

1 stated so far, we don't have any comments at all.

2 HEARING OFFICER CELLI: Did you have a question,  
3 he is with the Air Force.

4 PRESIDING MEMBER BYRON: Yes, understood.

5 Mr. Neitzel, I have not recently read the  
6 memorandum that you sent on August 30 of this year. Have  
7 your concerns, potential risks of glare, been addressed to  
8 your satisfaction at this point or is this an outstanding  
9 issue?

10 LIEUTENANT COLONEL CLEAVES: This is Lieutenant  
11 Colonel Cleaves. That --

12 PRESIDING MEMBER BYRON: Sorry, please identify  
13 again, please.

14 LIEUTENANT COLONEL CLEAVES: Lieutenant Colonel  
15 Ron Cleaves, the AFC Commander, Plant 42. I'm the  
16 individual that --

17 HEARING OFFICER CELLI: Lieutenant Colonel  
18 Cleaves, if you're on a speaker phone it would help us  
19 immensely if you picked up the receiver because we can  
20 hardly hear you.

21 LIEUTENANT COLONEL CLEAVES: Okay, is this better?

22 HEARING OFFICER CELLI: Much better, thank you.

23 LIEUTENANT COLONEL CLEAVES: Okay. Our speaker  
24 phones here are not that great. And they're new, the  
25 product of the general schedule.

1           PRESIDING MEMBER BYRON: Sorry. Lieutenant  
2 Colonel Cleaves, this is Commissioner Jeff Byron. Thank you  
3 for joining us. Just for the court reporter, if you'd spell  
4 your name that would be helpful.

5           LIEUTENANT COLONEL CLEAVES: Cleaves, it's spelled  
6 C-L-E-A, V as in Victor, E-S.

7           HEARING OFFICER CELLI: Thank you, go ahead, you  
8 have the floor.

9           LIEUTENANT COLONEL CLEAVES: Yes. We reviewed all  
10 the concerns that we had on the glare issue for Plant 42.  
11 We have resolved all of those issues with the City of  
12 Palmdale.

13          HEARING OFFICER CELLI: Thank you. Do you have  
14 any other comment on this project in general?

15          LIEUTENANT COLONEL CLEAVES: No we don't.

16          HEARING OFFICER CELLI: Thank you for your  
17 comments.

18          LIEUTENANT COLONEL CLEAVES: Thank you.

19          HEARING OFFICER CELLI: Thank you for calling in.

20          LIEUTENANT COLONEL CLEAVES: All right, bye-bye.

21          HEARING OFFICER CELLI: Roger Sek, are you still  
22 here?

23          MR. SEK: Yes.

24          HEARING OFFICER CELLI: Did you wish to make a  
25 comment, sir?

1 MR. SEK: No comment this time.

2 HEARING OFFICER CELLI: Okay, thank you.

3 Well, ladies and gentlemen on the telephone. I am  
4 now down to the unidentified people on the phone. According  
5 to what I'm looking at on my computer you are call-in users  
6 number 9 through 20. So whoever can speak up and command  
7 the floor first, this is your chance to comment, go ahead.

8 Is there anyone on the phone who wishes to comment  
9 at all?

10 (No response.)

11 HEARING OFFICER CELLI: Okay, I have one, two,  
12 three, four, five, six, seven, eight, nine, nine people on  
13 the phone who are just listening in. Is there anyone on the  
14 phone who would like to make a comment at this time?

15 (No response.)

16 HEARING OFFICER CELLI: Okay, hearing none then  
17 I'm going to hand the meeting back to Commissioner Byron,  
18 our Presiding Member, for adjournment.

19 PRESIDING MEMBER BYRON: Thank you, Mr. Celli.  
20 I'm going to make a few comments that I hope will be  
21 helpful.

22 First of all I would like to express my  
23 appreciation for the participation of Senator Runner's and  
24 Assembly Member Knight's offices here today. I want to make  
25 it clear that you understand, we welcome your input very

1 much. Participation in the meeting, just your presence here  
2 is important, but you may also provide input during the  
3 public comment period and/or anything you wish in writing.  
4 We are very interested in that input.

5 I'd also like to acknowledge what I've certainly  
6 read in terms of the frustration, and probably that doesn't  
7 quite cover it, on the part of the applicant. I apologize  
8 for the tardiness of this Commission. It's been extremely  
9 difficult for us the past year. Even in scheduling stuff  
10 such as this conference hearing. My immediate response when  
11 we got the request was to schedule it as soon as we can and  
12 this was what we could do. So I do apologize.

13 The workload has been rather extraordinary. And  
14 although Mr. Carroll indicates he appreciates that, I don't  
15 know how you could, quite honestly. Our staff has been --  
16 and I don't really see it all the time except I know how  
17 many hearings we have been conducting to see how busy and  
18 overloaded they have been. As you know primarily with the  
19 ARRA projects, which have gotten priority by executive  
20 order.

21 And now with all the compliance issues that have  
22 come up with regard to these projects. Just because we've  
23 got them out the door doesn't mean they're done, unless I'm  
24 mischaracterizing that. I understand. Because I read these  
25 compliance conditions. You know, 127 conditions on a

1 project. And they have got a lot of work to do to just make  
2 sure the applicants are complying with them.

3           So I just want to make sure because we have given  
4 you the opportunity to go on the record with your  
5 frustration and delays, there is an equal amount of  
6 frustration here as well with the workload and what's that  
7 caused us.

8           And Mr. Carroll, I have to point this out as well  
9 because I've listened to you a number of times. Just  
10 because you write a letter or just because it has an old  
11 date on it doesn't mean the issue is settled. And I just  
12 want to make that very clear as well. A lot of things here  
13 have clearly sat for awhile and have not been addressed as a  
14 result of the workload on staff. But that doesn't mean that  
15 the issue has been settled, and certainly not in the mind of  
16 this committee.

17           But I'd also like to point out to staff that we  
18 have got to make sure that we respond quickly to these kinds  
19 of inquiries that come from the applicant with regard to  
20 duplication or not being responsive to requests that they  
21 have made to us as well.

22           And I have to also tell the applicant that I  
23 certainly like these kinds of projects. This is exactly the  
24 kind of project this Commission likes to see brought before  
25 us. There's little or no opposition that I am aware of.

1 We've got a city-initiated project, local generation. This  
2 one is obviously both a solar and a natural gas-fired power  
3 plant.

4 But as you know we have a CEQA process regardless  
5 of no opposition. A CEQA-equivalent process that by law we  
6 must fulfill and it must be satisfied and we're not going to  
7 short-change that. And that's regardless of how many  
8 senators or assembly members walk into the room as well.

9 In fact, do we have any intervenors on this  
10 project at this point?

11 MS. DeCARLO: Not to my knowledge.

12 PRESIDING MEMBER BYRON: Excellent. So,  
13 Mr. Celli, my plan is that we will provide direction on  
14 alternative analysis. It sounds like that's the most  
15 pressing issue that we need to settle here with regard to  
16 the scheduling order. We will try and get you a scheduling  
17 order post-haste that reflects the resources availability  
18 that we have as well as the needs of the applicant as you  
19 discussed here today.

20 I'd like to ask the applicant if they'd wish to  
21 disclose any more information about the impact of the delays  
22 that this might have, this decision's delay might have on  
23 their city. We've gotten a good indication of that already.

24 But I just want to give you one last chance if there was  
25 anything else with regard to financial implications for the

1 city.

2 MS. LILE: We are facing about a \$2.5 million take  
3 from our redevelopment agency this fiscal year. We have  
4 basically no more resources to put to this project other  
5 than what we've budgeted so far, which probably will be  
6 close to being exhausted by the time the project is  
7 permitted. So any delay will likely require us to utilize  
8 our general fund to complete the project. Meaning that we  
9 will have impacts on other services that we provide to our  
10 residents.

11 We have cut our parks programs, we've cut our  
12 library programs, we've cut our arts programs, we've cut our  
13 staff by 40 percent. So any more delays will continue to  
14 eat into the cuts that our residents are already --

15 PRESIDING MEMBER BYRON: Are you saying you have  
16 done all of those cuts --

17 MS. LILE: We have.

18 PRESIDING MEMBER BYRON: -- because of this  
19 project?

20 MS. LILE: No, we have not done all those cuts  
21 because of this project. We have done those cuts because of  
22 the general economy. The project is being funded by  
23 redevelopment now. We will have no more money to put to  
24 this project through redevelopment because of the \$2.5  
25 million that is expected to be taken again this year by the

1 state.

2 Therefore the only revenue source we would have to  
3 continue to support it is our general fund, which we have  
4 cut to a bunch of services that we're providing our  
5 residents now. Any delay that is substantial would affect,  
6 would then cause cuts to our general fund and further cuts  
7 into the services that our residents are being provided.

8 PRESIDING MEMBER BYRON: Well, we're certainly  
9 mindful of this kind of financial impact. However, I need  
10 to encourage the applicant to take a responsive approach to  
11 the request for information. If they're duplicative please  
12 point out to this Commission that they're duplicative, that  
13 the information has already been provided. I'm not asking  
14 that you do additional work. But we need to ask for your  
15 understanding as well now that this is going to get more  
16 attention than it has in recent months.

17 I hope you take this in a positive sense but I'd  
18 encourage staff counsel that the continued complaining about  
19 the delays I don't think is going to get you anywhere with  
20 this committee. We are very interested in getting these  
21 projects closed out as quickly as we can. We are also not  
22 going to shortchange the law by which the Legislature has  
23 asked us to permit these applications. Sorry, grant these  
24 applications by.

25 Mr. Celli, I have nothing else to add except I

1 would like to thank all the parties for being here today. I  
2 know it's a lot of trouble to get here to Sacramento. This  
3 is Monday, isn't it? On a Monday. And we will do our best  
4 to give you a schedule that we think we can complete in a  
5 reasonable amount of time.

6 HEARING OFFICER CELLI: Thank you, Commissioner.  
7 With that we're adjourned.

8 I think we'll get a schedule out within a week.

9 MR. CARROLL: Thank you.

10 (Whereupon, at 3:36 p.m. the Committee  
11 Conference was adjourned.)  
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## CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Committee Conference; that it was thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of October, 2010.

\_\_\_\_\_  
PETER PETTY, CER\*\*D-493

## CERTIFICATE OF TRANSCRIBER

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.

\_\_\_\_\_  
RAMONA COTA, CERT\*\*478

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October 19, 2010