

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

In the Matter of:)
)
Application for)
Certification for the) Docket No. 02-AFC-1
BLYTHE II ENERGY PROJECT)
(Blythe Energy, LLC))
_____)

BLYTHE CITY HALL
COUNCIL CHAMBERS
235 N. BROADWAY
BLYTHE, CALIFORNIA

MONDAY, SEPTEMBER 9, 2002
3:02 P.M.

Reported by:
James A. Ramos
Contract No. 170-01-001

COMMITTEE MEMBERS PRESENT

William Keese, Presiding Member

HEARING OFFICER, ADVISORS PRESENT

Garrett Shean

Scott Tomashefsky

STAFF AND CONSULTANTS PRESENT

Lisa De Carlo, Staff Counsel

William Pfanner, Project Manager

Alvin J. Greenberg, Ph.D.

REPRESENTING THE APPLICANT

Scott A. Galati, Attorney
Grattan and Galati

Thomas L. Cameron, Project Manager
Robert Looper, P.E., Project Director
Caithness Blythe II, LLC

Timothy C. Prenger
Caithness Energy, LLC

Robert K. Holt, P.E.
The Holt Group

Jeffrey Harvey, Ph.D.
John Lang
Roger Nommensen
Greystone Environmental Consultants, Inc.

PUBLIC ADVISER

Grace Bos

ALSO PRESENT

Les Nelson, City Manager
Charles Hull, Assistant City Manager
Tony CDeBaca, CBO
City of Blythe

Mary E. Barger, Archeologist
Western Area Power Administration

Gary Lindberg
Joshua Tree National Park

Quenton Hanson
Palo Verde Community College

Robert Frost
International Brotherhood of Electrical Workers,
Riverside County

Rodolfo Pinion,
Desert Alliance for Community Empowerment

T.C. Holloway, Senior Project Manager
Dick Pacific Construction Company

Shawn Copeland

Daryl Skersick

Mike McCune

Phillip G. Eckert, Executive Secretary
Building Construction Trade Council
Riverside/San Bernardino Counties

Jay Jenkins, Executive Producer
Coachella Valley Community Report
TV1 News

Jennie Snyder

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P R O C E E D I N G S

3:02 p.m.

PRESIDING MEMBER KEESE: Call this meeting to order. This is our afternoon/evening segment of the informational hearing conducted by a Committee of the California Energy Commission on the Blythe Energy project phase II.

The Energy Commission has assigned a Committee of two Commissioners to conduct these proceedings. And before we begin I will introduce myself, Bill Keese, as the Chair of this Committee. Commissioner Art Rosenfeld is Second; is not able to be here. Scott Tomashefsky is my Advisor and will be joining me in these hearings. And Commissioner Rosenfeld may have his Advisor joining us as we go on.

This is the second Blythe hearing. I also was involved in the hearing on the first Blythe case, so it is interesting to bring some background and the community has background.

Garrett Shean is our Hearing Officer and will be conducting the bulk of the hearings today. Garrett, do you want to just take over?

HEARING OFFICER SHEAN: Sure. There is an agenda at the back of the room on the back

1 table and basically what we're going to do is go
2 through these additional remarks from the dais
3 here. Since there are --

4 PRESIDING MEMBER KEESE: I have three
5 housekeeping things to mention before we get
6 started here. The restrooms are out the main
7 door, down the hall. I'm informed the emergency
8 procedures, should there be an emergency, is
9 straight out these doors. And Butch Hull is here,
10 on the right-hand corner, from the City, who can
11 handle any other logistical concerns that anyone
12 has. I'm sorry, Garrett.

13 HEARING OFFICER SHEAN: No problem.
14 Then Grace Bos will make a brief presentation with
15 regard to the role of the Public Adviser's Office
16 in assisting you in participating in this
17 proceeding.

18 Then we'll have a presentation by the
19 applicant; they're over here. They've got -- I
20 don't know if you have a PowerPoint presentation,
21 but something along those lines.

22 The Commission Staff, which is to my
23 right, will make a presentation with regard to
24 their initial analysis of the project so far. And
25 their role in the proceedings.

1 Then we have an opportunity for local
2 agencies, and we should say that includes federal,
3 state, regional and your local agencies to
4 basically address the Committee in terms of their
5 role within these proceedings. Because there's
6 both a federal and state and local function going
7 on.

8 If at that point you have any questions,
9 we can take questions from the audience. If you
10 have comments that you want to make, this is an
11 open mike and there will be an appropriate time,
12 after you've pretty much heard the information
13 from the applicant and the staff, for you to come
14 forward and let us know either your questions or
15 your comments.

16 And with that, let me just indicate
17 there are several means of facilitating your
18 participation. On the bottom of this agenda form
19 is a description of how, if you have an internet
20 connection, you can get on the Commission's list
21 server for this particular case. And then via
22 email you will receive notification of all of the
23 events that will take place either here in the
24 local area or in Sacramento that pertain to the
25 proceeding.

1 And it will also indicate any documents
2 that will be produced. And we already know, as we
3 sit here, there will be several. And I'll
4 describe that in a moment.

5 If you do not have an internet
6 connection but would like to receive that
7 information via U.S. Postal mail, then on the back
8 table is a sign-up for the mass mail list. And if
9 you don't find it, just ask Grace and she will
10 provide you with a form so that you will get
11 notification via the mail of the availability of
12 documents and the various meetings that are going
13 to be held in this proceeding.

14 Let me just indicate the sort of
15 separation of function here. The Chairman is the
16 Chairman of this Siting Committee, as well as the
17 Chairman of the Commission. And he and another
18 Commissioner will preside over the proceedings.
19 And at the appropriate time, which is now about
20 nine to ten months down the road, present a
21 proposed decision to the other three Members of
22 the California Energy Commission for their review
23 and possible approval or modification of approval.

24 And so we are in the process, as a
25 Committee, of gathering information about the

1 project. The applicant has filed a fairly lengthy
2 document -- it's in the multiple binders that are
3 three to four inches thick -- describing the
4 nature of the project. And as you know, there is
5 a Blythe Energy project I already adjacent to the
6 proposal. So many of the facilities that will be
7 used for Blythe II are already in existence,
8 should it be approved.

9 And the staff then has an independent
10 role, both from the applicant, as well as
11 independent from the Committee of Commissioners.
12 It has a team of technical experts and you can
13 basically visualize this as everything from
14 anthropology to zoology, and all the engineering,
15 that will review the applicant's proposal; ask
16 questions going through a discovery phase, which
17 is what we're in now. And then perform an
18 analysis and write it all down in what's called a
19 preliminary staff assessment.

20 That will be the first document that
21 will go out into the public arena. It is for you
22 to see how and what the Commission Staff's
23 analysis of the project is.

24 Now, the Commission Staff and the
25 applicant may not agree, or other agencies who are

1 participating in the proceeding may not agree.
2 And ultimately, should there be disagreements or
3 varying points of view, that will all come before
4 the Committee later on in the I would say early
5 spring in the form of a hearing.

6 Now, we're going to try to keep the
7 Committee hearings as informal and non legalistic
8 as possible so that everybody doesn't happen to
9 have a lawyer. There's a lawyer over here for the
10 applicant, and there's a lawyer over here for the
11 Commission Staff, and I am a lawyer. So that's
12 probably enough lawyers for this proceeding.

13 The idea being that this process is open
14 and here for you as members of the public so that
15 we're trying to talk your language, and you don't
16 have to talk ours.

17 After the staff's initial staff
18 assessment comes out there will be further
19 discussions and workshops that will include some
20 in the local area here. And then ultimately we'll
21 get down to the question of whether there are or
22 not any disputes among the staff and applicant and
23 any of the other agencies and any representatives
24 of the public.

25 We'll conduct those hearings. And then

1 the Commission and Committee will come out with a
2 Presiding Member's Proposed Decision, which is a
3 document that basically will give the Committee's
4 view of the project, and any of the contending
5 views of the parties.

6 And ultimately that will be presented,
7 after a 30-day review period, and I should say for
8 those of you who are familiar with the EIR
9 process, the document that we will be putting out
10 probably comes the closest to the equivalent of a
11 draft EIR that you've seen. So there'll be a 30-
12 day comment period on the proposed decision.

13 And at the conclusion of that then the
14 Committee is eligible to present to the full
15 Commission for its review and possible adoption.
16 So that basically takes you through the process.

17 There are many opportunities for your
18 input. We welcome it; that's why we're here. And
19 we actively seek your participation. So if you
20 want to be involved, let us know either through
21 Ms. Bos, who represents the Public Adviser's
22 Office; or any of us as we are mingling around,
23 the staff or myself. And we want to get you into
24 this.

25 With that, I think what we should do is

1 have some of the introductions here, and then
2 we'll move into the presentation by the Public
3 Adviser's Office. So without further ado, why
4 don't we have the applicant introduce itself.

5 And I should note that at the
6 applicant's table, the gentleman in the suit is
7 our court reporter. And he is taking down all of
8 the information that is occurring here. So we
9 need you to do two things if you want to speak.

10 Number one is identify yourself by name.
11 And if you're not at the microphone, make sure you
12 speak loudly enough that he can hear you. And if
13 he waves you off that means he has not heard you.
14 And we need to get you either to come forward or
15 speak louder.

16 So, with that, we'll go to the
17 applicant.

18 MR. LOOPER: Thank you, Members of the
19 Commission, Commission Staff, my name is Bob
20 Looper, representing Caithness Energy Blythe II,
21 LLC, which is the applicant for the Blythe Energy
22 project phase II.

23 Let me introduce the team that's with me
24 here today. To my right is one of the three
25 lawyers; I won't say -- I was going to say

1 something like maybe we had one too many, but that
2 would only get me in trouble. So, Scott Galati;
3 Scott's from Grattan and Galati. They were the
4 legal counsel on Blythe I, and have been with us
5 all the way from the beginning of the project.

6 Project Manager for Caithness Energy is
7 Tom Cameron. He's busily trying to boot up the
8 PowerPoint presentation since we're going first.
9 Also from Caithness, Vice President of
10 Engineering, Tim Prenger, is with us here today.

11 In charge of our environmental effort from
12 Greystone is Jeff Harvey. And he has a couple
13 folks with him, John Lang and I think Roger is
14 here. Oh, there, he's behind the -- from
15 Greystone Environmental. They do our
16 environmental work.

17 Rob Holt and Holt Engineering has done a
18 lot of the local engineering and surveying on the
19 project. They've been with us, and we have a
20 couple folks from the Holt Group, Mauricio and
21 Carlos. If you'd put your hands up. Both fluent
22 in English and in Spanish, so if there's somebody
23 here who has some concerns about in Spanish, they
24 ought to seek those folks out.

25 I also just want to point out to you

1 that if you came in directly through these glass
2 doors here and you did not come in through the
3 hallway, you'll notice that there is a table out
4 in the hallway. On the table in the hallway is
5 this presentation we're going to make, in Spanish.

6 Also in the hallway is a questions-and-
7 answers on the project in detail in both English
8 and in Spanish, as well as the brochure for you
9 folks who went out on the tour today and got the
10 brochure and the map. That's also out in the
11 hallway.

12 So, that's our team.

13 HEARING OFFICER SHEAN: Thank you. Let
14 me just interject one other note. The Committee
15 here, as Commissioners, is somewhat isolated
16 legally from the Commission Staff, as well as the
17 applicant.

18 As I indicated, the hearings that will
19 take place in the future are the sole basis upon
20 which the Committee, and ultimately the
21 Commission, can make a decision.

22 And what that basically means is that
23 neither the applicant nor the Commission Staff can
24 approach the Committee other than in a public
25 forum and on the record, if you will. We have

1 what's known as an ex parte rule which means that
2 there cannot be communications with the decision-
3 makers, other than in the official record.

4 So that assures the public and everyone
5 else involved in the process that the Commission
6 can only make its decision based upon a record
7 that's established and is out there in the
8 sunshine. Nothing can happen behind closed doors.

9 So, to the extent that gives you some
10 reassurance about the integrity of our process,
11 that is what applies. So that ultimately if you
12 want to deal with the Commission Committee and
13 influence the decision, it's going to have to be
14 done on the record.

15 And with that, we'll go to the
16 Commission Staff.

17 MR. PFANNER: My name is Bill Pfanner.
18 I am the Project Manager with the California
19 Energy Commission, and will be overseeing the
20 production of the staff reports and all the
21 documents that go out of the Energy Commission's
22 Office.

23 HEARING OFFICER SHEAN: And perhaps --
24 I'm sorry, go ahead, Lisa, please.

25 MS. DeCARLO: My name is Lisa DeCarlo; I

1 am the staff counsel and I will be reviewing the
2 conformance with environmental laws and the staff
3 document.

4 HEARING OFFICER SHEAN: We have some
5 representatives here from the City, other local
6 agencies, federal government. Maybe at this point
7 we could get them to identify themselves so you
8 know, as members of the public, which agencies are
9 here looking out after your interests.

10 MR. HULL: I'm Charles "Butch" Hull with
11 the City of Blythe. I'm the point of contact with
12 the City of Blythe as it relates to Blythe I and
13 Blythe II.

14 As you can tell, it doesn't rain very
15 often here in Blythe. We've invited our lovely
16 liquid sunshine in the room with us, so please be
17 careful coming to the podium. It shouldn't be
18 electrified, but I haven't really tested it yet.

19 (Laughter.)

20 MR. HULL: It's a little soggy is all,
21 but we'll get through it.

22 One other point of housekeeping, if I
23 might. We do have hearing-impaired assistance
24 available. So if anybody has a hearing problem we
25 have that available to you.

1 MR. NELSON: My name is Les Nelson; I'm
2 the City Manager of Blythe. And I would like to
3 echo Commissioner Keese's comments. If you have
4 any emergencies, see the Assistant City Manager
5 for help.

6 (Laughter.)

7 HEARING OFFICER SHEAN: All right. Yes.

8 MS. BARGER: I'm Mary Barger; I'm with
9 Western Area Power Administration. I'm their
10 archeologist.

11 MR. CDeBACA: I'm Tony CDeBaca; I'm the
12 chief building official for the project.

13 HEARING OFFICER SHEAN: We have a
14 federal representative here.

15 MR. LINDBERG: I'm Gary Lindberg; I'm
16 representing Joshua Tree National Park.

17 HEARING OFFICER SHEAN: Okay, if that
18 does it what we're going to do next is have the
19 applicant's presentation. I beg your pardon, I'm
20 taking that out of order. Let's do the Public
21 Adviser first. I'm sorry.

22 MS. BOS: In the meantime if anybody
23 wants to make a couple of comments I do have blue
24 cards here. So let me know.

25 HEARING OFFICER SHEAN: Is that it,

1 Grace?

2 MS. BOS: They have to set it up. First
3 the applicant put theirs in there, so --

4 (Pause.)

5 MS. BOS: Can you hear me without the
6 microphone? Oh, great. Thank you.

7 My name is already on the board, but I
8 am Grace Bos, and I'm just happy to be here, I
9 think. It was pretty rainy when we drove here,
10 but we're here.

11 Out on that table we have also the
12 project descriptions in English and Spanish, as
13 well. The Public Adviser is here basically to
14 assist members of the public with any questions
15 they might have.

16 What we do, and I just showed you the
17 project description, what the first thing we
18 usually do is send it to the local libraries in
19 English and Spanish. And so what we've done is,
20 let you know here in a minute, which libraries
21 we've sent those to, so if you're interested
22 yourself in looking up the application for
23 certification you can do so.

24 But in the meantime I also wanted you to
25 know that you can go on the website. And also if

1 you need documents that we have docketed, items
2 that are on the record such as tonight's, our
3 office can also assist you, getting the copies to
4 you. But it's helpful to be able to go on the
5 website. So if you need that information later, I
6 won't keep it on, you know, to save time, but I
7 can give you that information.

8 Now, let me tell you -- I don't know why
9 that slide didn't go in there, but we have sent
10 these applications to the Palo Verde Valley
11 District Library; the Brawley Public Library; the
12 Parker, Arizona Public Library; and the Riverside
13 Main Library. So any one of those libraries you
14 could go to and you could look at the material if
15 you would like.

16 And if you can't find it, let us know.
17 Sometimes our office will also give you a 30-day
18 loaner of the application for certification.
19 We'll mail it to you, and then we'd like to get it
20 back from you.

21 As you notice, meetings and hearings,
22 such as tonight, they're publicly noticed. And
23 the public is always welcome to attend. Now the
24 workshops that we have are a little bit different
25 than the hearings. The hearings are transcribed,

1 so all of that goes on the record. Which, in a
2 couple of weeks, will also be on the website. So
3 you can also read whatever happens here tonight.

4 But we also have workshops. And what I
5 wanted to explain to you is the difference about
6 the workshops and the hearings. The workshops
7 basically are informal. That doesn't mean you're
8 not listened to, but it doesn't go into the
9 record. So when it's a hearing such as tonight,
10 it has more weight to it.

11 Then there's also the possibility for
12 you to become an intervenor. Now that means you
13 become a formal party to the case. And if you are
14 a formal party to the case you have all the rights
15 that anyone else has. You can cross-examine
16 witnesses; you can bring your own witnesses; you
17 get every single document that the applicant and
18 the Commissioners get. Everything is docketed.

19 You have to apply to become an
20 intervenor. If it's financially difficult for
21 you -- used to be called financial hardship, I
22 don't think we call it that anymore -- but we can
23 assist you with that, so it would not cost you.

24 Anyone can become an intervenor. The
25 best time to intervene is now, after a hearing

1 such as this, a site visit and a hearing, this is
2 a good time to start making applications to become
3 a formal intervenor if you so desire.

4 But like I say, it's a lot of
5 responsibility. We have a siting guide that I
6 could mail out to you if you're interested that
7 gives you the few pages you have to fill out to
8 become an intervenor. And if you're interested in
9 that, let me know afterwards, and I will be glad
10 to assist you.

11 If you don't want to be a formal
12 intervenor, you can attend these meetings; you can
13 speak up; fill out the blue cards. I will give
14 them to the Commissioner, and you certainly will
15 be placed into the record.

16 But anyway, there are some forms such as
17 the one on the screen. The benefits of being an
18 intervenor, and I must say again, the Public
19 Adviser's Office, I am the Associate Public
20 Adviser, but the Public Adviser, the big shot so I
21 like to say, is an appointee of the Governor. She
22 cannot advocate on your behalf. All she can do
23 basically is assist you, but she cannot advocate
24 and she's not working for the staff, she's not
25 working for the Commissioners, she's not working

1 for anyone. She's just there to assist the
2 public. So she has been appointed by the
3 Governor.

4 If you decide to become an intervenor,
5 and it's very clear there, you will receive all
6 the filings in the case, including the original
7 application for certification. You will receive
8 all the notices. And like I said before, you can
9 present evidence and you can interview witnesses,
10 you can bring in your own parties; you can cross-
11 examine witnesses. But it takes a lot of time and
12 a lot of paperwork, and it can be frustrating.
13 But I'm not trying to discourage you from it, but
14 it's a big job.

15 This is the Public Adviser's phone
16 number. She is, at the moment, somewhere else.
17 We have also a project in Morro Bay, and she had
18 to be there today. So I am here. The phone
19 number is the same. We have an 800 phone number
20 so you don't have to make a long distance call.
21 The 800 phone number will be a message, however,
22 and we usually get back with you within a 24-hour
23 period. The other phone number, there's a live
24 body.

25 And then there also is the website. And

1 I will be here if you have any questions. Again,
2 there's material on the back table. And I'll be
3 glad to answer. Thank you.

4 HEARING OFFICER SHEAN: It's all you
5 guys now. How did we live without PowerPoint?

6 MR. LOOPER: I'll buy a few minutes for
7 Tom -- oh, looks like he got here. Again, I want
8 to thank you all for being here. We're going to
9 provide you hopefully a brief presentation of the
10 Blythe Energy project II.

11 We're going to go over it fairly
12 quickly. Again, the material is available on the
13 counter. And those of you who went on the tour
14 today got really a firsthand look and a firsthand
15 view, so this is going to be repetitive to some of
16 you.

17 But Tom Cameron, Project Manager, is
18 going to walk us through and I'm going to help on
19 a few of these. And we'll try to get through this
20 in 15 minutes or so.

21 MR. CAMERON: Welcome, everybody. Am I
22 coming across okay? Good.

23 Let me talk a little bit about Blythe
24 Energy phase I, because it's important to
25 understand some of the things that have occurred

1 on that project, as the one we're proposing to
2 develop and build is essentially a duplicate of
3 Blythe phase I.

4 Just a couple milestones that I'll
5 mention is we actually started construction out
6 there in April of last year; and we're in the
7 upper 80 percentile of being complete now.
8 They'll start commissioning, we'll actually start
9 up the first gas turbine in November. And the
10 plant should be commercially operating generating
11 power right after the first of the year. So it's
12 been about a 22-month construction schedule. And
13 that will be on schedule.

14 We've employed about 400 workers at the
15 peak; about an average of 250 workers. And I
16 think the number is about 80 employees that have
17 come from the local area that are union folks.
18 Some of them have received training and are
19 looking forward to a new future and new jobs. And
20 are looking forward to working on Blythe phase II.
21 Monthly spending about \$1.5 million local to the
22 City of Blythe.

23 Just a couple photographs of Blythe I.
24 These were taken just within the last week. So
25 looking from the south you can see --

1 MR. LOOPER: And if you can't see, by
2 the way, if you're on this side, you know, feel
3 free to come over here and sit over here or stand,
4 you know, you can move around.

5 MR. CAMERON: There we go. I don't know
6 if you can see this little red thing here, but
7 just starting on the right-hand side of -- there,
8 thank you very much -- we've got the substation
9 which is over on the far right; you can just
10 barely see the corner. Main step-up transformers
11 that connect to the substation.

12 The gas turbine inlet air system is
13 right here. The gas turbine is actually in the
14 turbine hall. And then we have our heat recovery
15 steam generators that take the exhaust from the
16 gas turbine and make steam.

17 And then we have on the far end of this
18 turbine hall we have a big steam turbine; and a
19 cooling tower which cools the exhaust from the
20 steam turbine, if you will, and converts the steam
21 back to water.

22 And we have several miscellaneous
23 buildings and tanks, as well.

24 Just another view looking from the
25 northwest, so you can see the lemon orchard there

1 in the upper portion. You can see one of the
2 evaporation ponds has been constructed. The
3 second one is going to start construction here in
4 about six weeks.

5 And then just one more view, from the
6 northeast. And you can see over in this area,
7 over in here is where we're proposing to build
8 Blythe phase II.

9 Some of the local contracts. I'm not
10 going to go through all these, but this adds up to
11 about \$10 million worth of contracts that have
12 been local to this area for small types of work,
13 engineering, some construction activities. And
14 this does not count the jobs that were created for
15 people from the City of Blythe and the surrounding
16 area.

17 A little bit about Caithness. Bob, you
18 want to tell your story?

19 MR. LOOPER: Caithness Energy, Caithness
20 Blythe II, LLC is a special purpose LLC formed by
21 Caithness Energy. Caithness Energy is an energy
22 development company with offices in New York and
23 Reno. And I should say Denver, because Tim's in
24 the Denver office and looks over all the projects
25 in through here.

1 I just wanted to note to you folks
2 because you may not know this about Caithness, is
3 that they're really the largest privately owned
4 power company in the renewable business in
5 southern California here. They own an extensive
6 amount of solar, wind, geothermal. The wind
7 turbines that you see out at Palm Springs and some
8 of those areas, those are Caithness projects.

9 So not only are they involved in the gas
10 business, but they're heavily committed to
11 renewable energy resources. And I think that's
12 just important to know so you know who the owner
13 of these are.

14 MR. CAMERON: I'm going to take the new
15 few minutes and kind of talk about what the
16 project is. It's a 520 megawatt project. It's a
17 reference plant design. It is essentially exactly
18 like Blythe phase I that you see constructed out
19 there.

20 It uses the same technology. The same
21 gas turbines are manufactured by Siemens
22 Westinghouse. And it's going to potentially share
23 some of the facilities with Blythe phase I, such
24 as potential interconnecting with some of the
25 water pumping systems; or interconnecting with the

1 fire protection systems; or interconnecting with
2 tanks for storage of water. And possibly common
3 operations as well.

4 We have about 22 people that will
5 operate Blythe phase I. You'll need a few more
6 people to operate the second phase because they're
7 so close together and they have common operating
8 systems.

9 Blythe phase II will connect with Buck
10 Boulevard substation just like Blythe phase I
11 does. And there is a 230 kV transmission line
12 that IID is involved in that will eventually
13 connect Buck, as well.

14 I think I've already talked about most
15 of this stuff here. There's some things that we
16 will add to the reference plant design to improve
17 its performance during the hotter summer months,
18 because it does get hot out here.

19 Blythe phase I has inlet chilling to
20 cool the inlet air so that the turbine can make
21 more power. We're proposing right now on Blythe
22 phase II to have evaporative cooling, and also
23 something we call duct firing.

24 Duct firing is just a feature that you
25 put into the boiler. You just add some more gas

1 and you actually light a flame in boiler, if you
2 will, and it raises the temperature up a few
3 degrees, which adds more energy to the exhaust
4 stream, which makes more steam in the boiler.

5 So we do that in the summer months
6 because summer months are the time where power is
7 in the greatest demand. And if there's a call for
8 extra power we can make a few more megawatts to
9 serve the need.

10 And the other feature about this plant
11 is it is a zero discharge. The water that is
12 coming from the cooling tower, for example,
13 because we have to add water to the cooling tower.
14 And we also have to take water away so that we
15 keep it at a certain chemistry level. That water
16 is blown down from the cooling tower; goes to an
17 evaporation pond. And it just evaporates. And
18 any of the solids that are in the water that come
19 from the groundwater just are captured in the
20 lined evaporation pond.

21 I'm going to go through these quickly
22 here because it's hard to give a lesson in power
23 plant technology here. But, as I said before,
24 we've got, in some of the photographs I showed
25 you, we have a turbine hall here. There's no

1 building, it's been removed, but we basically have
2 a gas turbine and HRSG, heat recovery steam
3 generator. And then we have a second one. So
4 each of those makes about 170 to 180 megawatts;
5 each of these two trains here.

6 Then we have a steam turbine in here
7 which takes the steam that's created in the
8 boilers and makes another 180 megawatts of power.
9 If you put -- not that color, of course, but if
10 you put a turbine hall around the generating
11 equipment this is what you see out at the plant
12 right now, except it's desert tan. Pretty much
13 everything out there will be painted desert tan so
14 it kind of blends in.

15 The site is 76 acres. Blythe I site is
16 76 acres. So the properties are about the same.
17 It's also within the City limits. The property
18 was annexed at the same time that the Blythe phase
19 I site was annexed into the City.

20 All of the features of the project are
21 within the site boundaries. There's no
22 interconnects that we have to take off the site.
23 The pipeline is right there on the site for gas.
24 The transmission line will cross the Blythe I
25 property to get to Buck Boulevard substation.

1 And we've also done all of the
2 mitigation and environmental assessment of the
3 land. We've looked for -- we've done all the
4 biological work, all the cultural work, and we've
5 mitigated any impacts through the Blythe I project
6 because they needed a place to put dirt
7 essentially. Long story short.

8 This does not show up well, so we're
9 going to skip this one. There is a handout, by
10 the way, that it's kind of color coded that was in
11 your package if you picked it up out front. And
12 it just, by color, explains some of the major
13 features of the power plant. But this doesn't
14 show up.

15 Our development schedule, a few words
16 about that. We filed our application in February.
17 We actually had filed twice. We had to amend our
18 application because of the change in site. But we
19 filed in February. We received data adequacy
20 status which mean that the staff had ample
21 information so that they could start their review
22 process. Didn't have any significant questions
23 that were not explained in the application.

24 We are hoping to achieve our license to
25 start construction in May of next year. And we'd

1 start construction shortly after that. And
2 commercial operation the summer of 2005, because
3 it is about a 22-month construction schedule.

4 Some of the key permits. There are
5 other permits that we're having to obtain
6 throughout this process, not only with the Energy
7 Commission. Although the Energy Commission has
8 the overall responsibility for controlling this
9 process.

10 We also have to work with Western.
11 They'll be involved as an agency working with the
12 CEC. They are the federal agency because we are
13 interconnecting with one of the government's
14 substations, Buck Boulevard substation.

15 We also have a couple permits we have to
16 obtain from the local Air Quality District, the
17 Mojave Air Quality District. And we've filed an
18 application with them.

19 We also have to obtain a permit from the
20 federal EPA. And we filed an application with
21 them.

22 And part of the process that the Energy
23 Commission has to go through, make sure that we
24 have certain permits issued for public comment at
25 a time so that they can write their documentation,

1 as well. So we're kind of under the gun to meet
2 certain schedules that they require.

3 There are a few others, as well. We
4 need to have a water quality permit for our
5 evaporation ponds. We need to have a storm water
6 permit. These are fairly straightforward permits.

7 Height variation because our stacks are
8 130 feet. We're working with the City of Blythe
9 on that.

10 And then biological and cultural
11 clearances have already been done for the site.

12 Water use, Bob.

13 MR. LOOPER: Blythe II water use is
14 identical to Blythe I; 3300 acrefeet. So the
15 combined projects will be 6600 acrefeet. As part
16 of the conditions on Blythe I we were required to
17 do a pump test. And we've actually completed that
18 pump test on the initial well. We pumped the well
19 up to 4500 gallons per minute. We looked at the
20 drawdowns.

21 And basically, if you look at both
22 projects pumping at the same time, if you go out a
23 couple of miles from the site, which encompasses a
24 variety of wells, the maximum drawdown that we get
25 is four feet.

1 And so we're within the criteria that we
2 established to be within with Blythe I, for both
3 combined Blythe I and Blythe II. It was felt it
4 would be in the five-foot range at two miles for
5 Blythe I. It looks like we'll be under that for
6 both projects pumping at the same time.

7 We put two wells in for Blythe I. We'll
8 be adding one or two wells for Blythe II. Same
9 water source.

10 I want to mention that we've been
11 working with the Bureau of Reclamation and
12 Metropolitan Water District quite extensively.
13 And have reached agreement with them, and actually
14 have agreement on what we call the water
15 conservation offset plan. The criteria for that
16 is laid out with the Commission. And we feel very
17 good about that. And basically the plan offsets
18 the water use that we take for the project.

19 So, we've been working hard on the
20 water. It's been a sensitive issue in the past,
21 but we want to let folks know that we've also
22 looked very hard at the issue. And from a
23 groundwater level standpoint that there appears to
24 be no issues on surrounding water users.

25 MR. CAMERON: A few things about visual.

1 The tallest feature that you can see when the
2 plants are constructed are the 130-foot stacks.
3 So there will be four 130-foot stacks out there,
4 although they are separated by about 1000 feet.

5 At times you may see a kind of a whitish
6 plume that comes out of the cooling tower. That's
7 just water vapor. And that would occur basically
8 on cold days, not in the summer months. You might
9 see just a few, you know, tens of feet off the top
10 of the cooling tower, but it quickly evaporates
11 because the humidity is so low out here.

12 The color scheme is going to be desert
13 tan, as Blythe I will be. So it will look the
14 same. There is a Sherwin Williams paint number
15 that goes along with that, but I don't remember
16 what it is.

17 If you were here looking at the mesa you
18 would not see any features from the project. If
19 you go out a couple miles to the west you can
20 start to see just the tops of the stacks over the
21 top of the mesa. So it's barely visible.

22 And we've done some things with lighting
23 which is really a requirement of the CEC that we
24 minimize the impact at night. So we're using
25 things like photosensors to make sure lights that

1 aren't needed are turned off automatically. And
2 we have down-shading so that you don't have the
3 spotlight effect. When you're driving down the
4 road, you'll see kind of like a warm glow in some
5 parts of the plant.

6 And we also, on Hobsonway we're putting
7 a living fence. You'll see that as part of Blythe
8 I. We'll continue that on Blythe phase II for
9 that, I guess it's about 1200 feet along
10 Hobsonway. And really the way that fence grows --
11 Rob is the expert, but when the fence is eight
12 feet high and there's another three or four feet
13 that will grow above the fence. So if you're on
14 Hobsonway you won't be able to get the angle of
15 view to even see the plant.

16 Just a couple of photo simulations.
17 Now, I've said we've got this living fence. They
18 don't actually show in this visual simulation
19 here, but this would be from the Hobsonway area
20 looking towards the northeast. And this is Blythe
21 I. And I don't actually see, but right up in here
22 you can see the desert tan features of Blythe
23 phase I. If we put Blythe phase II in here, it's
24 the closer one that you can see. And Blythe phase
25 II is actually behind it from that particular

1 viewpoint.

2 If you go in the other side, 180 degrees
3 the other side, you'll see most of Blythe I and
4 probably a little of Blythe II.

5 Some people have been concerned about
6 noise. These plants are fairly quiet. The
7 statistic or the guarantee that we have from the
8 equipment supplier is 65 dba at 400 feet from the
9 power plant island.

10 So if you drew a box around the main
11 portion of the power plant, went up 400 feet and
12 measured the noise, it would be 65 dba. And that
13 is the noise standard for the City. The CEC has
14 some more stringent requirements. And we believe
15 that Blythe I and Blythe II cumulative, on a
16 cumulative basis, are going to be below the CEC
17 requirements. We'll be able to talk a little bit
18 about that during some of the workshops that we
19 have.

20 Air quality, a few points about that.
21 Blythe phase I and Blythe phase II are the same,
22 as I said before. So, these are the same levels
23 that we've permitted for Blythe phase I.

24 This particular area, if you looked at
25 the federal classifications, it's either

1 attainment for certain pollutants, such as NOx and
2 CO and PM10. If you look at the state criteria
3 it's nonattainment for PM10, which is, you know,
4 dust and ozone.

5 Our project has got controls that keep
6 the NOx emissions down to 2.5 parts per million,
7 and CO down to 5 parts per million. And that's
8 without any controls. And then VOCs, which are
9 unburned hydrocarbons, down to, you know, 1 ppm.
10 So it's very very low.

11 The gas turbine technology has come a
12 long ways in the past ten years. These are, you
13 know, factors of 10 to 20 lower than what they
14 were because the technology has improved so much.

15 And one thing, also. I guess the last
16 point I think is important to mention is some of
17 our credits will be actually one of the, I think
18 it's -- there's a gas compressor station in town
19 and, you know, it's a small industry. They're
20 actually putting new compressors in which will
21 actually reduce their emissions and we'll be using
22 their credits to offset ours.

23 MR. LOOPER: Interconnection, this is an
24 impact study that was done to connect the Blythe
25 Energy phase II project into the grid, which also

1 has Blythe I already in and operating. There's
2 really coordinating amongst Western Area Power
3 Administration, which owns Buck Boulevard
4 substation, which is where our point of
5 interconnect is. Southern California Edison
6 Company, Imperial Irrigation District, California
7 ISO and a couple other parties, it's a fairly
8 complex process that involves a variety of the
9 electric utility industry here to coordinate those
10 system impacts that we have on the surrounding
11 transmission grid.

12 And we completed the system impact
13 study. It was filed with this. We'll be updating
14 that and redoing that as part of this process to
15 incorporate their comments with it.

16 But our interconnect is predominately
17 going to be at the Buck Boulevard. And there's a
18 variety of new transmission projects in and around
19 the area. You've seen some of them going up.
20 You've seen some of the new power plants going up.
21 And it's that growth that's going to allow Blythe
22 to be able to generate and supply power
23 substantially to some California areas. All I
24 want to say about that.

25 MR. CAMERON: A couple points about our

1 construction schedule. If we're on track and we
2 stay on track to have our license to start
3 construction in May of next year we would actually
4 start our design activities a little bit earlier
5 than that, so that in June we could actually
6 mobilize the site. And in July start construction
7 of the power plant.

8 It takes, as I said, about 20 to 22
9 months to build these plants, and this would kind
10 of lead up to an end of '04 with startup
11 activities in the summer of '05 with commercial
12 operation. So in summer '05 there would be about
13 1040 megawatts out there on that 150-acre parcel
14 between the two projects.

15 Employment, as I said, on Blythe I it's
16 peaked at about 400 people out there working on
17 Blythe I. We would expect a similar number of
18 people to peak. Again 250 average is a good
19 number for construction of the project.

20 The operations crew will have about
21 another three to five people so that there'll be
22 enough people to operate both plants. And, of
23 course, maintenance is something that happens on
24 an annual basis. And major maintenance is
25 something that happens every three years. And

1 there will be people that will be brought in to do
2 those activities. And some of that work will be,
3 you know, will be local out-sourced to Blythe
4 folks; and some of it will be people that come in
5 from the outside.

6 But anytime people come in they spend
7 money in Blythe at hotels and restaurants and
8 shopping. And that's been a big thing for Blythe
9 I, is just the additional revenue that's been
10 brought into a lot of the local businesses. It's
11 been a good thing.

12 MR. LOOPER: Those on that bus tour
13 heard the RDA zone which now includes the Blythe
14 Energy projects; it also includes the Mesa Verde
15 area. And it's now been approved by the County.
16 It is the joint City of Blythe/Riverside County/
17 RDA project area. And the Blythe Energy project
18 phase I and phase II will be in that area.

19 This is really the cornerstone, it's the
20 stalking horse to be able to do what we call tax
21 increment financing for those properties in the
22 area. All increased property taxes, which is what
23 will come from the Blythe projects, can be used by
24 City, County in identifying infrastructure
25 projects in those areas to complete water/ sewer/

1 road types of improvements.

2 And the combined Blythe projects will be
3 in the \$4-plus-million in property taxes. Earlier
4 under the previous scenario there was a City/
5 County split 75/25 in property taxes. The 25
6 going to the City; 75 going to the County.

7 The RDA allows those taxes to be
8 utilized wholly for those projects that are
9 identified. And so we're excited about that. The
10 City's been working very hard to put that in
11 place. And I think it's a huge benefit to the
12 Palo Verde Valley for things that have been
13 identified, such as the Mesa Verde water supply,
14 which has been an issue in the past. And this is
15 a vehicle to hopefully solve and remedy those
16 problems.

17 I just want to say that roughly, you
18 know, we've got some numbers from our -- helping
19 us. Quenton's been putting some numbers together;
20 tracking this fairly good for us. But, you know,
21 we're in the \$50 million range for a two-year
22 construction type of project for secondary impacts
23 in terms of the economy, and of course, long-term-
24 wise it's about a \$5 million annual kind of number
25 between the money that we're spending and the

1 operation and maintenance in the community over
2 the course of time for the Blythe II project.

3 So, you know, we're a significant part
4 of the community, and we intend to participate as
5 part of the community and sponsor events as we've
6 done with Blythe I for Blythe II.

7 I think that's all we have. We've got a
8 summary slide and basically Blythe II looks,
9 smells and feels like Blythe I. The difference is
10 we have no offsite interconnections in terms of
11 the transmission line, the gas pipeline, those
12 types of things that were offsite. We've built
13 the necessary infrastructure for Blythe II. It
14 really helps us facilitate this project with a
15 minimum amount of impact on the community and the
16 surrounding areas.

17 I want to thank the Commission for this
18 opportunity.

19 MR. CAMERON: Thank you very much.

20 MR. PFANNER: My name is Bill Pfanner.
21 I am the Project Manager with the California
22 Energy Commission. And I'm going to try to keep
23 it brief today with my presentation, about ten
24 minutes. And I'd like to talk a little bit about
25 the Energy Commission's process that we'll all be

1 involved with. And then focus down onto the
2 issues identification report.

3 And both the handouts that you're going
4 to see on the screen area available as a pass-out
5 at the front door. And also our staff report for
6 issue identification.

7 And briefly on the issue identification,
8 it's kind of a snapshot in time by staff. Reality
9 as we know it at this point of what we see as the
10 issues that will require careful attention and
11 consideration. So I know that the applicant is
12 busy responding and getting information together
13 for us. This is based on the AFC that has come in
14 to us, and staff looking at those issues as to
15 what could go on.

16 Basically with the process our purpose
17 is to insure that there's a reliable supply of
18 electrical energy maintained at a level consistent
19 with the needs for such energy for protection of
20 public health and safety, and for the promotion of
21 general welfare and environmental quality
22 protection.

23 And the AFC process, as was described
24 earlier, there is a five-member Commission who are
25 the decision-makers who sit at the front. And we

1 do have two members that are the Project Siting
2 Committee, the Presiding Member being Commissioner
3 Keese, and the Associate Member, Commissioner
4 Rosenfeld.

5 We have the Hearing Officer, who is
6 Garrett Shean, who will be conducting the hearings
7 and overseeing the process.

8 And under that we have a number of
9 components. One being the applicant; another the
10 state, local and federal agencies; the Energy
11 Commission Staff, which will be an independent
12 party headed by me, but comprised of Lisa DeCarlo
13 as legal counsel, and the entire staff of
14 technical experts that review the environmental
15 issues associated with the project.

16 We then have the intervenors and the
17 public, which coordinates closely with the Public
18 Adviser's Office. And that's Roberta or Grace
19 Bos. They are involved with that interaction of
20 insuring that the public is well informed and has
21 ample opportunity to be involved in the process.

22 So our siting process is the permitting
23 authority that the CEC has for thermal power
24 plants 50 megawatts or greater and related
25 facilities. So if there are any offsite

1 transmission lines or water supply, natural gas,
2 such. The Blythe II project, as the AFC was
3 submitted to us, does not have any of those
4 offsite linear facilities. Those were proposed at
5 review and approved with the Blythe I project as
6 stated in the AFC.

7 We coordinate with the federal, state
8 and local agencies. And we serve as the lead
9 agency for the California Environmental Quality
10 Act, the CEQA process. It is a CEQA-equivalent
11 document that we prepare, and then the public
12 involvement process, also.

13 In regards to the state, local and
14 federal coordination, staff works closely with the
15 state and federal agencies and the local agencies
16 such as the City of Blythe, the County, the
17 specific County entities, the local air quality
18 district, state agencies such as Department of
19 Fish and Game, Air Resources Board, Colorado River
20 Board and such. And then the federal agencies
21 such as the Environmental Protection Agency, U.S.
22 Army Corps of Engineers and such. All working
23 together.

24 And, as I said, it is a CEQA-equivalent
25 process. We have a full review of the

1 environmental impacts. The Energy Commission
2 analyses are subject to the principles of CEQA and
3 the review and compliance with all applicable
4 regulations.

5 We have an engineering analysis as part
6 of it. We have a public workshop and hearing
7 component. And then the documentation that will
8 be prepared through the process, starting with the
9 preliminary staff assessment, a final staff
10 assessment, the Presiding Member's Proposed
11 Decision and the final Commission decision.

12 Now then, complete staff of engineering
13 and environmental components that go into analysis
14 are spelled out here. And I don't have to say
15 each one. But there is a full spectrum of all
16 aspects of the project; are categorized and
17 reviewed by individual technical staff at the CEC
18 that are experts in their field and will be
19 available through the workshop process and the
20 disclosure process and preparing their assessment
21 of the environmental impacts and mitigations
22 associated with the project.

23 So as an overview of the three-step
24 licensing process, we start with the data
25 adequacy, which we have completed. And we found

1 that the application does have specific
2 information that we need to proceed.

3 And we are now at the staff discovery
4 and analysis phase where we do the data requests.
5 The data requests has gone out and tonight at 7:00
6 we are having a data request information exchange
7 to go over the applicant's questions to staff of
8 specifically what we have asked them to provide.

9 There will be subsequent workshops and
10 then the staff assessment with the final reports
11 that are prepared by staff.

12 This will also lead to the evidentiary
13 hearing process and decision that the Committee
14 holds in evidentiary hearing. The Committee
15 produces the PMPD. There's comments on that
16 document. And the revised PMPD. And it goes
17 before a full Commission.

18 So there are many steps in the process
19 and opportunity for public involvement.

20 The key components of the conclusion,
21 the two main features of staff's analysis, and the
22 final decision of the Energy Commission is to
23 determine if the proposal complies with laws,
24 ordinances, regulations and standards, also known
25 as LORS. And to identify and assess the project-

1 related impacts.

2 So, identify the issues; evaluate
3 alternatives; identify mitigation measures; and
4 then recommend conditions of certification to
5 mitigate impacts.

6 So our report will come up with
7 conclusions of how we would recommend -- what
8 impacts we identify and how they'd be mitigated.

9 So the siting process is open to the
10 public. There are workshops. We notice 10 to 15
11 days in advance. There are mailing lists of
12 agencies, property owners, the public; extensive
13 community outreach program, which Grace Bos talked
14 about before with flyers, newspapers and schools.
15 And then the libraries, the local libraries, the
16 Energy Commission libraries. Website for the
17 project site, itself. The dockets unit at the
18 Energy Commission also.

19 And as I mentioned before, these
20 handouts are available, so if you want to get some
21 of the addresses like my email address or how to
22 contact Garrett or Roberta's office, those are all
23 in the handout for you.

24 I'd like to focus a little bit on the
25 issue identification report. And I'll try to keep

1 it brief, also.

2 There were specific areas, and I think
3 there is more there on the -- okay, we've got to
4 go back one. Basically we identified issues, and
5 again I will state this is staff's snapshot in
6 time, reality right now, what are those issues
7 that we're seeing needs to have more work done.

8 I think that is air quality, is where we
9 need to be for that slide. So the air quality
10 section we identified that there are
11 contemporaneous generation of emission reduction
12 credits involved. And basically many of the
13 emission reduction credits proposed by the
14 applicant to offset the potential air issues have
15 been issued by the Air Quality District, the
16 Mojave Air Quality District.

17 And the applicant proposes to secure
18 their ERCs in parallel with the siting process.
19 And it's staff's opinion that contemporaneous
20 generated or purchased ARCs can work within the
21 CEC siting process, but that there are timing
22 factors and schedule factors that we'll need to
23 work out to make sure it doesn't delay the
24 project.

25 Visibility impact modeling. Due to the

1 proximity of BEPII to BEPI, the applicant has
2 agreed to conduct air dispersion modeling of the
3 criteria air pollutant emission impact from the
4 two projects, and the results of this combined
5 modeling analysis was presented in the AFC.

6 However, staff is concerned that the
7 combined modeling analysis was not conducted for
8 potential visibility impacts at the nearest class
9 one area, which is the Joshua Tree National Park.
10 So staff is concerned that the combined emissions
11 of the two facilities may cause greater than 5
12 percent model worst case change in the visibility
13 at Joshua Tree. And in addition, staff is
14 concerned that the modeled impact of BEPII is
15 higher than the modeled impact of BEPI, even
16 though the proposed emissions for BEPII are lower.
17 Staff intends to explore these issues with the
18 applicant.

19 The road paving PM10 emission
20 reductions. The applicants propose road paving to
21 generate PM10 ERCs to offset the PM10 emissions
22 from the project. And staff is reviewing the
23 proposal to determine whether road dust can
24 mitigate the project's PM10 emissions and the
25 validity of the assumptions of the proposal.

1 So the applicant may need some
2 additional time to secure alternatives for
3 additional PM10 emission offsets. Again, we do
4 know staff is working on a lot of these things,
5 but it's referring to the information we have in
6 the AFC at this time.

7 Just going quickly. The cooling tower
8 PM10 emissions. Staff doesn't agree with the
9 assumptions that were presented. Regardless of
10 the technical disagreement, staff believes that
11 the assumption that 100 percent of the controlled
12 emission rate of PM10 is both conservative and
13 reasonable. And staff has requested that the
14 applicant provide an impact analysis assuming 100
15 percent of the cooling tower drifts solids from
16 PM10.

17 And then the water conservation offset
18 program that is proposed, the staff has concerns
19 that there could be significant wind factors with
20 dust from the fallowing of land and we would want
21 to insure that the water conservation offset
22 program doesn't result in PM10 impact increase.

23 And then the best available control
24 technology, staff is concerned that it may take
25 time to bring the EPA and the applicant into

1 agreement on the appropriate BACT for the project.
2 And if the final BACT agreement for all parties is
3 different from the BACT originally proposed by the
4 applicant, additional ambient air quality modeling
5 will be necessary. And this could have scheduling
6 impacts for us.

7 Under cultural resources, BEPI had
8 identified some concerns regarding sacred Native
9 American resources. And they were found -- we
10 would look at this project and mitigate them.
11 There is concerns that there are a number of
12 players involved with that. We want to insure
13 that this doesn't have scheduling delays for us.

14 Land use has two categories. The
15 agricultural one, the applicant has yet to
16 identify to us the specific land-related major
17 element of the water conservation offset program.
18 So staff is looking for identifying such things as
19 the specific parcels of irrigated land that would
20 be used as the offset. The choice between the use
21 of rotational fallowing or permanent retirement of
22 irrigated cropland, or a combination of the two.
23 And the timeline for the development of the
24 implementation of the program.

25 Under the airport compatibility, the

1 Riverside County Airport Land Use Commission has
2 found BEPII to be inconsistent with the
3 comprehensive land use plan for the Blythe
4 Airport. That same Commission did find BEPI to be
5 consistent with the airport land use plan. So
6 we're looking at that and what mitigations or
7 remedies will be available to insure no
8 inconsistencies there with policies.

9 Noise impacts. Based upon the
10 applicant's data, the cumulative noise level due
11 to the applicant's noise, plus the operation of
12 BEPI, would be 51 dba. And staff is looking at a
13 way to reduce the cumulative noise levels to a
14 level that is less than significant. It may be
15 necessary to reduce the BEPII Power Plant's noise
16 level by about 5 dba as compared to the proposed
17 system.

18 Now, staff has requested information
19 from the applicant to allow determination of
20 whether it will be feasible to reduce power plant
21 noise levels to a less than significant level; and
22 to clarify the noise levels associated with other
23 noise sources associated with the project, as
24 identified in the AFC.

25 Under soil and water, the staff has

1 looked at the water conservation offset plan. And
2 there are mitigations in the plan that would need
3 to be coordinated. The proposed project is
4 proposing that the water conservation offset plan
5 entail the acquisition through purchase or lease
6 of 717 acres of agricultural land actively
7 irrigated within the past five years, and that are
8 located within the Palo Verde Mesa. And the
9 applicant intends to fallow or retire the land
10 from all use, and it depends on Colorado River
11 water, to offset compensating the consumption of
12 water use required by the plant.

13 And the practical effectiveness of this
14 water conservation offset plan to offset this has
15 not been determined yet. So we have it in theory.
16 We have verification that this, indeed, can go
17 ahead. But we don't have the specifics worked
18 out.

19 And, again, there's the concern that
20 many of the soils on the mesa and the valley are
21 listed as prime agricultural lands, and highly
22 erodible lands. And staff wants to make sure that
23 the fallowing process, if not carefully managed
24 over the life of the project, it doesn't result in
25 any degradation of the soils or overall quality

1 and agricultural productivity of the soil lost
2 through wind erosion that could exceed the maximum
3 threshold of 5 tons per acre per year.

4 So, again, it's identified as something
5 that we need to look at a little further. It's an
6 issue that needs some consideration.

7 And then in groundwater, the applicant
8 has submitted the aquifer test and the well
9 interference report associated with BEPI
10 compliance. And they're required, under the soil
11 and conservation conditions of certification for
12 the original project, to do that.

13 This regards potential impacts on
14 neighboring wells and water supply. And while the
15 BEPI compliance middle is currently undergoing
16 Energy Commission Staff technical review, the
17 preliminary results of this review indicate that
18 the testing described in the report is incomplete.

19 So staff has concerns about that data
20 that has been prepared. And should BEPII not
21 resolve the current outstanding issues regarding
22 the aquifer conditions, well interference and
23 related impacts, they would have to find some way
24 to mitigate these impacts that are yet to be
25 specifically defined to us and mitigated.

1 So also on the groundwater side there
2 are contaminations resulting from the old landfill
3 on the project site that could also adversely
4 impact nearby groundwater uses. And the BEPII
5 provides an adequate -- we need the BEPII to
6 provide an adequate characterization of the
7 potential groundwater contamination. The
8 significance of these issues cannot be determined
9 until we get that remaining information to us.

10 And then the last issue is the
11 transmission system engineering, which involves
12 interconnection changes. That there may be some
13 changes for this project is complete. There are
14 currently upgrades being considered to the
15 Imperial Irrigation District grid, which may
16 result in additional transmission capacity. And
17 these upgrades are currently under environmental
18 review by IID to select a preferred transmission
19 line. And this issue is whether the I80 upgrade
20 will be considered as part of the interconnection
21 at the Buck Boulevard station, thus necessitating
22 the CEC's review, and consideration of this as
23 part of the Blythe II project.

24 We are working closely; it's a very
25 complex topic. Staff is researching looking at

1 several transmission lines in the BEPII area with
2 regards to the purpose of the new line or line
3 extensions. Especially as they relate to BEPI and
4 BEPII. And staff will need to clarify the project
5 sponsor and the appropriate CEQA/NEPA process
6 involved with that.

7 We do have a -- staff has requested an
8 interconnection study. And the location of the
9 project and its interconnection will affect
10 several diversified transmission system owners by
11 Western, IID, Southern California Edison,
12 Metropolitan Water, the Arizona Public Services.
13 And so the myriad of players involved, we have
14 scheduled an information exchange tomorrow in
15 Ontario with these players to help focus their
16 preparing a transmission system engineering report
17 that incorporates all the components into one
18 concise document, rather than having each one
19 fragmented, doing its own information.

20 And the specific things we're looking
21 for is coordination and compatibility and
22 consistent criteria violations and mitigation
23 measure feasibility to prepare the new
24 interconnection study that staff has required for
25 them to prepare.

1 So, in terms of scheduling, at this
2 point, you know, you always have to get out the
3 crystal ball and make the projections. And I'm
4 going to focus more on the dates that are at hand
5 right now.

6 We have put out our data request and we
7 are looking to get the applicant's data responses
8 by September 23rd. And we would then schedule the
9 data response issue resolution workshop
10 tentatively for around October 10th. And that
11 would result in our getting a PDOC out to the
12 world, the first public document of the staff
13 assessment, around November 14th.

14 Beyond that I have put in the standard
15 timeline for a 12-month process. I know that the
16 applicant is very anxious to keep the schedule on
17 course and to keep it moving. And staff is very
18 responsive to that. And the final date will work
19 out in the future.

20 I know that the applicant was looking at
21 a May type of date, and my schedule projects out
22 to June and July. But, again, the crystal ball
23 can't say right now what will happen. But we are
24 more than willing to work with the community, with
25 the applicant and with the Hearing Office to

1 insure a schedule that meets everyone's needs and
2 fulfills all obligations.

3 Thank you.

4 HEARING OFFICER SHEAN: Thank you. At
5 this point do we have a presentation by any of the
6 other agencies by way of either comments about
7 your participation or questions or concerns about
8 the project?

9 MR. GALATI: Mr. Hearing Officer, may I
10 have three minutes to respond to the --

11 HEARING OFFICER SHEAN: Sure.

12 MR. GALATI: -- staff issue
13 identification report? Thank you.

14 First of all, I'd like to remind the
15 Committee that this project is right next --

16 HEARING OFFICER SHEAN: Mr. Galati, why
17 don't you identify yourself for the record.

18 MR. GALATI: I'm sorry. Scott Galati
19 representing the applicant. I wanted to remind
20 the Committee that this project is right next to
21 the project that was licensed in 2001.

22 It appears from reading the issue
23 identification report that there are some
24 significant issues, at least identified by staff,
25 as if this project is located in another County.

1 I'd first like to discuss noise. When
2 the project was designed, and when the AFC was
3 prepared, the applicant made a very thorough
4 investigation of every single condition that was
5 included in Blythe I, and included every single
6 condition in Blythe II, other than those that
7 identified the offsite linear facilities and
8 things of that nature.

9 With respect to soil and water resources
10 which seems to be a continual area of disagreement
11 between the applicant and staff, the project has
12 gone out of its way to develop a water
13 conservation offset plan, which is neither
14 required by CEQA nor required by the Energy
15 Commission in the first process, nor required by
16 the Bureau of Reclamation, nor any law we can find
17 on the books.

18 This water conservation offset program
19 was identified and implemented in case the Bureau
20 of Reclamation implements, sometime in the future,
21 a policy in which they consider the groundwater to
22 be Colorado River water.

23 We have submitted to staff a letter from
24 the U.S. Bureau of Reclamation saying it's a good
25 thing you're doing that; that's a great thing;

1 it's not required by any law; it's not required by
2 any need to mitigate any impacts or downstream
3 effects. And for their purposes, the water
4 conservation offset program, complete with
5 rotational fallowing meets all of their needs.

6 There were some issues related in the
7 issue identification report to contamination with
8 the landfill on site. There is no landfill on the
9 site. There's been extensive testing of the
10 groundwater, both for Blythe I and during project
11 compliance, as well as even more information than
12 was submitted when Blythe I was licensed.

13 The cultural resources issues that are
14 identified is a Native American consultation. We
15 have gone out of our way to fence and stay away
16 from areas that were identified to us related to
17 Native American sites.

18 I would have you know that in Blythe I
19 no sacred site was identified, either on Blythe I
20 or on the Blythe II property, which was approved
21 for disturbance under the amendment 1B.

22 Issues regarding agricultural lands,
23 those lands to be fallowed. We submitted and
24 agreed to a condition that was imposed on Blythe I
25 which said you will not affect Williamson Act

1 preserve, nor will you affect Williamson Act
2 contracts. This was a condition that was worked
3 out just a year ago. And now it seems to be
4 another issue.

5 I would like the Committee to recognize
6 that this project should, and according to our
7 schedule, needs to have some expedited treatment.
8 We were data adequate in six months in all areas;
9 in transmission system engineering and in erosion
10 for soil. All of the areas were data adequate for
11 a six-month process. So I'd like to remind you of
12 that.

13 And we're going to work together with
14 staff to try to come up with a better schedule.
15 And hope to present that to you soon.

16 PRESIDING MEMBER KEESE: Let me say, the
17 12-month schedule, of course, is the outer limit
18 of where we should be. It's my goal in all my
19 hearings to attempt to have a shorter schedule
20 than 12 months because we know some of them will
21 go longer. And if we have some shorter, maybe we
22 can achieve a 12-month average.

23 So it will certainly be my goal, and Mr.
24 Shean has been successful in a number of our
25 cases, in keeping the schedule down. And a large

1 part of that is by keeping the time allocated to
2 the Committee to do its work down by coordinating
3 the process, which he does extremely well, in
4 getting work done early.

5 Staff has identified a number of issues
6 that might slow the process down. I believe I
7 heard during the tour that you thought you had
8 emission credits, now a different source, that
9 would not slow anything down, the way I heard it
10 presented.

11 The best available control technology is
12 a problem that is somewhat out of our hands, but
13 we will negotiate that. Do you have a thought on
14 that at this time?

15 MR. GALATI: Yeah, our current thought
16 on best available control technology, we've
17 already come down on CO. And with respect to NOx
18 emissions we believe the 2.5 is still defensible.
19 Believe the project --

20 PRESIDING MEMBER KEESE: And that we can
21 sell this to EPA?

22 MR. GALATI: Yeah, we think we can. We
23 have met with EPA on our PSE permit. They
24 currently have that in front of them. And we
25 haven't got any negative feedback yet.

1 PRESIDING MEMBER KEESE: Okay. Thank
2 you.

3 We do have ten cards up here from people
4 who may want to speak. Do we have any agencies
5 who want to make a statement on behalf of an
6 agency at this time? The City?

7 MR. NELSON: Les Nelson, City Manager of
8 Blythe. Good afternoon and welcome. Certainly
9 this is our second go-around. I was up here a
10 couple of years ago and certainly felt much more
11 apprehensive about what we were getting into than
12 I do this time.

13 Have worked with the CEC and the staff
14 and the applicant and have found all involved to
15 be thoroughly professional, very diligent. The
16 City of Blythe will again be actively involved in
17 the process. I was pleased to hear Mr. Pfanner,
18 in his issues or potential issues, list air
19 quality, water conservation, fire protection
20 safety and airport compatibility. Those are the
21 ones that we're concerned with.

22 Noise, last week just coincidentally the
23 City of Blythe, Blythe Energy I, we're very
24 pleased and overwhelmingly supported, had an
25 opportunity last week to go visit two power plants

1 that were actually in full operation. And I have
2 sent other people to visit these plants. And I've
3 received the reports back. But still sometimes I
4 get up, and I'm the City Manager, and telling
5 people yes, this will be okay. I have people who
6 have gone to these plants and they tell me
7 everything is all right. But I had not personally
8 been to the plants while they were in full
9 operation.

10 Last week I had an opportunity to do
11 that. Went over to Griffith and they were
12 operating at about 463 megawatts. And we went
13 over to Southpoint, and they were generating 527
14 megawatts. And I was very very pleased. When you
15 look at the site the first thing that immediately
16 comes to mind are those smoke stacks. Well, there
17 was nothing coming out of the smoke stacks. And I
18 was pleased by that.

19 The noise issue, I didn't know what to
20 expect. When we were about 100 feet away from the
21 plant, again both plants were in full operation,
22 at 100 feet away you could carry on a conversation
23 very easily. It wasn't obnoxious; it wasn't
24 oppressive.

25 I can't say where the City of Blythe

1 will be as it relates to II. I know that we're
2 overwhelmingly supportive of I. We'll start with
3 a clean sheet on Blythe Energy II. And as long as
4 there is the same kind of due diligence and
5 thoroughness by the California Energy Commission,
6 the staff and the applicant, I suspect when the
7 day is done we'll be overwhelmingly supportive of
8 the construction of Blythe Energy II.

9 Thank you.

10 PRESIDING MEMBER KEESE: Thank you, Mr.
11 Nelson. Let me take those who indicated they do
12 want to speak. And then we'll open it up to those
13 who have not indicated they'd like to speak, but
14 they want to.

15 Mr. Roger Nommensen, is it? Would you
16 like to --

17 MR. NOMMENSEN: Yeah, I have a letter
18 that I wanted to read from Larry Siddall --

19 PRESIDING MEMBER KEESE: That's fine.
20 Would you just go to the podium, identify yourself
21 and indicate what you have. I have a copy of this
22 that I can share.

23 MR. NOMMENSEN: And I work for
24 Greystone. But I'm reading a letter from Larry
25 Siddall who could not be here:

1 Dear Commission Members: Since I cannot be
2 at this meeting due to a commitment at the
3 Arizona National Guard Base, I would like to
4 express my comments about the proposed
5 construction of the Blythe II energy
6 facility.

7 My wife and I are residents of this area
8 for some 33 years. I have been in the water
9 well drilling and pump business for some 30
10 years and my wife has been a teacher in the
11 Palo Verde Unified School District for some
12 33 years.

13 I am not a hydrogeologist, but have had as
14 much experience in the Palo Verde Valley with
15 water well issues as almost anybody since we
16 work with it on a daily basis. I suspect
17 that you may receive some input suggesting
18 that the ground water levels may be severely
19 compromised with the usage from this plant.
20 However, some 15 to 20 years ago there were
21 some 10 to 12 added wells pumping on the Palo
22 Verde Mesa that are not pumping today and our
23 observation when they were pumping is that it
24 had little effect on the observed static
25 water level. Sincerely yours, Larry Siddall,

1 President, Azca Drilling & Pump, Inc."

2 PRESIDING MEMBER KEESE: Thank you, sir.
3 Why don't we hear from an educator next, Mr.
4 Hanson.

5 MR. HANSON: Educators can't come
6 without handouts, of course.

7 (Laughter.)

8 PRESIDING MEMBER KEESE: Well, you did a
9 great job at our previous siting case, welcome
10 back.

11 MR. HANSON: My name is Quenton E.
12 Hanson; I'm a certified public accountant; I was a
13 faculty member teaching accounting and business
14 management; for the last three years I've been the
15 Executive Director of the Small Business Economic
16 Development Center for Palo Verde College.

17 And it is in this regard that I've come
18 to know the principals involved with the Blythe
19 Energy project I, specifically in regards to once
20 the plant construction was underway, conducting
21 what we call monthly surveys of the local
22 residents actually employed upon the site.

23 And specifically what I've handed out to
24 each of you is two quarterly summaries, one of
25 them being back in September of 2001, roughly

1 about a year ago; and the latest quarterly summary
2 that was completed for ending June 30, 2002.

3 This is in regards to the socioeconomic
4 condition number two, which basically require the
5 employment of local individuals wherever possible
6 upon the job site assuming they had the
7 qualifications for such; as well as the purchase
8 of local material, supplies and so forth.

9 My specific involvement directly has
10 been the surveying to make sure the employment has
11 been conducted wherever possible locally. Realize
12 that Blythe, the City of Blythe and the Palo Verde
13 Valley is a very limited community with roughly
14 about, well, we have about 15,000 what we call
15 free souls, but there's probably another 7000 to
16 8000 individuals that have a bed check morning and
17 evening that are not available to work on the site
18 obviously. So we're looking at a community of
19 about 15,000 where there are the construction
20 skills and so forth available.

21 What I'm trying to get at is we do not
22 have a heck of a lot of the master and journeyman
23 level construction trades type individuals here
24 locally, so realistically our survey is looking at
25 the number of apprentices hired and so forth.

1 And the survey was conducted in two
2 phases. Number one, the actual construction phase
3 of the different unions on the site; and broken
4 out into what we call journeymen and apprentices.
5 Realistically the apprentices are the local
6 employees for the bulk of the numbers there.

7 And then the second part was the
8 contractors and subcontractors as far as
9 management and non-management.

10 Now, when it comes to the management and
11 non-management, once again the subcontractors and
12 contractors tend to bring their own people with
13 them when they come to the job site. So, we're
14 looking for local employment for the non-
15 management type administrative support and so
16 forth.

17 And you will see on both of these
18 surveys that with the various numbers, first of
19 all on the September 30th you'll see that the
20 numbers were about 167 at that time as far as
21 employment on this site. And of that, in the
22 construction trade, roughly about 22 percent were
23 employed from local sources here in Blythe. And
24 when it came to the management, roughly about 26
25 percent were employed.

1 Looking at the very top sheet there for
2 June 30th of 2002 for the quarter ended there,
3 you'll see that the number for the construction
4 site is only about 14 percent; whereas for the
5 subcontractors and contractors it's roughly about
6 32 percent for local employees.

7 It appears to be a drop in the
8 construction trade, realizing as they were gearing
9 up more and more construction type on the job site
10 approaching the 400 figure, they tended to bring
11 journeymen and masters to the job site. And note
12 that it was easiest to fill the apprenticeship
13 positions at the start of the job because we had a
14 well developed pool and so forth.

15 As the job, you know, developed and
16 geared up to higher numbers our pools were
17 exhausted as far as apprentices and so forth. So
18 that's why the percentage for the construction
19 area tend to have dropped as the numbers went up
20 on the job site.

21 Once again, my reaction to the overall
22 site compliance was very favorable, among both the
23 construction trades unions on the job as well as
24 the contractors and subcontractors.

25 There's a couple times where we saw a

1 little weakness in the number and we notified them
2 of such. And they made a real effort as far as
3 recruiting and so forth.

4 My office conducted three different job
5 faires where we had over 373 local applicants
6 apply for the job. Sometimes there were problems
7 qualifying. For example, the electrical trades,
8 they're given a math exam. We have a 55 percent
9 dropout rate here in our local school system, and
10 therefore the mathematics exam for the electrical
11 workers, only one out of four was passing that as
12 far as qualifying for the applications. We do
13 have some hurdles to overcome as far as employment
14 is concerned.

15 But nonetheless I want to compliment the
16 construction trades. The unions came out here.
17 They tested locally. In fact, the apprentices go
18 through a training program two, three nights of
19 training. They did not require the construction
20 workers on this site to be driving back to
21 Riverside or Colton. They were, in fact,
22 conducting local training locally here for the
23 apprentices hired on the job and so forth. So
24 they really went out of their way to try to
25 accommodate the local employees and the local

1 hirees on this job.

2 From an overall perspective on this job
3 site, it has been a real positive as far as
4 economics are concerned. Specifically we did
5 reach roughly about 80, 81 local employees out of
6 that peak number of about 380, 390 actually
7 employed on the job site when they reached the
8 peak.

9 In addition, the hotels and restaurants
10 roughly started off about \$1 million a month, and
11 it went up when we reached peak about \$1.5 million
12 to \$2 million a month we felt was being pumped
13 into the local community locally. So it was a
14 real positive impact upon our restaurants, hotels
15 and so forth.

16 Realize for a town as isolated as
17 Blythe, we're about 95 miles from nowhere, so
18 while we do have a couple months such as January
19 and February when we have a music festival and a
20 gem show over in the courtside area when our
21 hotels do quite well, the other ten months of the
22 year our hotels are scrambling as a rule, trying
23 to reach occupancy levels and so forth. So a very
24 positive effect on this community as far as the
25 construction phase was concerned.

1 The other positive effects were when the
2 Blythe Energy Plant initially started, the
3 purchase of vehicles from our local automobile
4 dealerships. There was some purchase of supplies
5 and materials. And the unique thing was it didn't
6 quite go as positive as we'd hoped as far as the
7 sales tax system that process that had been set
8 up, and commendable to the principals involved,
9 they recognized that it didn't quite work the way
10 they had planned. And they have adjusted that
11 mechanism as far as for Blythe Energy Project II,
12 insuring that the City does, in fact, get the
13 positive effect from the sales tax and purchase of
14 supplies and materials for Blythe Energy Project
15 II and so forth.

16 And so there's been accommodations made
17 by the principals involved to make sure that the
18 local community, in fact, benefits.

19 We're very intrigued by the economic
20 development plan for the Mesa Verde area and so
21 forth with the City and the County working
22 together to insure as much of the tax dollars
23 remain in the local community as possible.
24 Realize that we have a very active County
25 Supervisor, but he is one of five; and therefore

1 when you pay sales or property tax revenue under
2 state formula, 75 percent goes to the County; only
3 25 percent sticks locally. And so to be -- this
4 economic development plan for the Mesa Verde to
5 try to get more of that 75 percent remaining
6 locally here from the County is a very positive
7 resource, because Supervisor Wilson only has one
8 vote out of five for the entire County of
9 Riverside. So we're quite happy to see steps
10 being made in that regard.

11 I can't emphasize strongly enough the
12 importance of Blythe Energy Project II to this
13 community. Blythe is going to survive, there's no
14 doubt about that. But there's a lot of other
15 areas going on in the community, one of them being
16 a plan right now of a water transfer to the
17 Metropolitan Water District.

18 We saw on the slides here about 717
19 acres may be needed to be fallowed in order to
20 meet the water requirements. Well, the transfer
21 of water to Metropolitan Water District would
22 involve 26,500 acres perhaps for as long as 35
23 years, two generations.

24 We get about \$92 million to \$103 million
25 a year from our agricultural community here; we

1 are an agricultural community, there's no doubt
2 about that. This is going to be a major hit to
3 our community when this water transfer program
4 goes into effect.

5 And while that's a totally different
6 subject from the Blythe Energy Project, it's
7 interrelated. The reason being is the water
8 transfer, following federal guidelines, must be in
9 ink by the end of this year, and hopefully
10 implemented sometime during 2003, 2004.

11 And so that economic hit to this
12 community, having Blythe Energy Project II gives
13 us the opportunity to have somewhat of a soft
14 landing economically as far as those economic
15 benefits from Blythe Energy Project II will be
16 offsetting, to a certain degree, the initial
17 effects of the water transfer plan and a decrease
18 in agricultural activity that would take place in
19 this valley.

20 And so it's even -- I can't stress
21 enough the importance and how it's grown in
22 importance as far as Blythe Energy Project II
23 because of the water transfer and the other
24 activities taking place within this valley.

25 And so I am very positive and very

1 supportive of this project. I'd also like to
2 emphasize this is a project that keeps on giving.
3 Because when you have machinery and equipment like
4 this, you gentlemen know far better than I the
5 periodic and annual maintenance that's required on
6 this equipment. This requires individuals very
7 often that aren't found locally here to come to
8 this community and so forth; once again spending
9 their money in hotels, restaurants and so forth,
10 for the periodic maintenance to be required on
11 these energy plants. That will be a continuing
12 positive, very positive benefit to this community.

13 The \$40 million to \$50 million that has,
14 in fact, stuck locally here through subcontractors
15 and so forth is very positive; but it continues
16 once the plants are, in fact, in operation.

17 We have, from what I've seen, the best
18 technology as far as gas turbines. The pollutants
19 are minimum, very minimum level. And I am looking
20 forward to seeing Blythe Energy Project I fired
21 up. I'm even looking forward moreso to Blythe
22 Energy Project II being approved. So I highly
23 urge consideration positive for that.

24 PRESIDING MEMBER KEESE: Thank you, Mr.
25 Hanson. I have another six speakers listed here,

1 a lot of whom are speaking on the same subject.
2 There's no need for redundancy, but I would
3 appreciate it -- we would appreciate it if you
4 would at least get on the record. So we'll start
5 with Mr. Frost.

6 MR. FROST: My name is Robert Frost and
7 I represent the IBEW for Riverside County. Along
8 with the statistics that Mr. Quenton gave, over 80
9 percent of the project for the electricians has
10 hired people out of Riverside/San Bernardino
11 County. The other 20 percent were the management
12 that he was talking about. And he pretty well
13 covered our apprenticeship and everything, so I'll
14 leave it at that.

15 Thank you.

16 PRESIDING MEMBER KEESE: Thank you.
17 Rodolfo Pinion.

18 MR. PINION: Thank you very much for the
19 opportunity. My name is Rodolfo Pinion, and I
20 work for the Desert Alliance for Community
21 Empowerment. We represent the desert communities
22 empowerment zone, which is a federal designation
23 by Congress. We represent about eight
24 communities, eight isolated rural communities,
25 economically disadvantaged communities.

1 And our effort is to try to provide some
2 type of incentive to develop some economic
3 opportunities for those communities.

4 Today I'm here to basically endorse on
5 behalf of the Empowerment Zone this project. We
6 believe that this project will create, will
7 diversify the economy in the Palo Verde Valley,
8 which is greatly needed. We also believe that it
9 will create a significant job base that will make
10 a difference in the area for many of the residents
11 that live in this area.

12 We also strongly believe that it will
13 facilitate for an income stream for the future for
14 the community of Mesa Verde, which is one of the
15 communities that we represent that has a major
16 source of infrastructure need.

17 Right now we're looking for \$2 million
18 to develop their water infrastructure. Their
19 water system is compromised. They only have one
20 well that is operable. And so we're looking for
21 some money for that.

22 And we believe that through the RDA
23 process, redevelopment process, that we will
24 generate the money to make some of the mainly
25 needed needs that the community has.

1 We also believe that this project will
2 help stabilize the energy market in the State of
3 California. Talking about the energy market, this
4 area is serviced by California Edison and we have
5 one of the highest rates in the state, possibly
6 even the nation in regards to electrical rates
7 that we pay here. So, we're endorsing this
8 project.

9 We represent many of the residents that
10 live in Mesa Verde. There are some definite
11 concerns. There's concerns about environmental
12 issues such as pollution. There has been some
13 expressed concerns in regards to the water table.
14 They're concerned about if it's going to make some
15 major impacts.

16 But we believe that if those areas can
17 be mitigated that this project will be very
18 helpful for the area, for the entire empowerment
19 zone. Thank you.

20 PRESIDING MEMBER KEESE: Thank you very
21 much. I can assure you that in our process they
22 must be mitigated. If they're not mitigated it's
23 not approved. So we'll go with you.

24 I will -- either I can't read or the pen
25 skipped, but a representative of Pacific

1 Construction Company. Is it Mr. Holliday or
2 Hardiway?

3 MR. HOLLOWAY: My name's Theren
4 Holloway; I'm the Senior Project Manager with Dick
5 Pacific Construction. And for those of you who
6 don't know, Dick Pacific is in a consortium
7 agreement with Siemens Westinghouse for the
8 construction of the Blythe I Power Plant project.

9 Some of my comments go a little further
10 than what Quenton's were. I heard Tom earlier
11 talk about some of the macro intakes on the
12 project. I just wanted to just talk about some of
13 the micro benefits that have come about
14 economically locally, some of those things that we
15 did. And I would expect similar sorts of things
16 to occur on Phase II.

17 The types of things that we did, again,
18 was we purchased pickup trucks locally; we bought
19 rock products locally. We purchased all of our
20 ready-mix concrete locally. We used local
21 engineering contractors where possible.

22 Of course, we've already heard about the
23 staffing, that's at a craft level; and also at the
24 salary level.

25 We purchased just about all of our

1 construction materials locally that we could, the
2 lumber, the tools, the nails, gasoline, diesel
3 fuel. Rental equipment from the local area.

4 We also secured engineering services
5 from The Holt Group and also employed printing and
6 signage. Staffing accommodations, we rented
7 rental units. In some cases some of the migrant
8 workers purchased houses. They want to make
9 Blythe their community -- their home.

10 Schooling, medical groups -- I'm sorry,
11 medical involvement, food, motels, restaurants.
12 Of course, we all pay for our utilities, our
13 taxes, et cetera.

14 Some of our families got involved in
15 some of the local communities on a social level.
16 My wife, for example, is involved in the Girl
17 Scouts, a girl leader.

18 And in addition we also employed some of
19 the local security services.

20 Dick Pacific, speaking on behalf of the
21 consortium, is extremely pleased to be involved in
22 Phase I. I would expect Phase II things would
23 only get better.

24 And the only other comment that I wish
25 to make was that the CEC permit and conditions

1 are, of course, in the development stage at the
2 current time. And when all the dust settles, the
3 constructors are on the back-end of all of these
4 permits and conditions. And I just want to
5 recognize for the benefit of the public that those
6 conditions are strictly enforced. And sometimes
7 they're very difficult to achieve, but they are
8 very very strictly enforced.

9 So I just wanted to recognize the CEC;
10 and the representative, Mr. CDeBaca, and Mr. --
11 for their good works, also. Thank you.

12 PRESIDING MEMBER KEESE: Thank you very
13 much. Mr. Copeland.

14 MR. COPELAND: My name is Shawn
15 Copeland. It's kind of written down what I'm
16 going to say, but I'm a Blythe resident of 28
17 years. Local Union 440 gave me an opportunity to
18 join their apprenticeship program as a fifth year
19 apprentice.

20 I received two semesters of training.
21 And in June 2002 turned out as a journeyman
22 wireman. And just to let you know these
23 credentials, I believe, helped me obtain a full-
24 time employment at Blythe I, which I believe gave
25 my family some stability, you know, in wanting to

1 raise my kids the same place that I grew up.

2 Thank you.

3 PRESIDING MEMBER KEESE: Thank you. I
4 have Mr. McCune and Mr. Skersick, who didn't
5 indicate they wanted to speak, but were -- the
6 project. Would they like to say anything?

7 MR. SKERSICK: Yeah, my name's Daryl
8 Skersick. I'm a Blythe resident since 1992. I've
9 been a journeyman iron worker for 13 years now,
10 and I was probably the first iron worker hired on
11 the Blythe Energy I.

12 I hired on with Brad Crane and Rigging.
13 I worked all the way until April there. I took
14 off for little league baseball. I'm on the board
15 of directors for the little league.

16 My daughter's a freshman here. I got
17 two kids in the fifth grade. And my wife works
18 for Sizzler and we've just made good money, plus
19 the home. Otherwise I have to work out of town,
20 which I don't get to see my kids grow up.

21 So I'm currently back out there with
22 Duncan Erectors right now working on the water
23 treatment plant. I'd just like to see the second
24 phase of this thing go up so I can enjoy my kids
25 and not have to go out of town to work.

1 I also worked with Quenton Hanson on
2 recruitment. I recruited a couple of people from
3 the community, which are now journeymen iron
4 workers. And I'd like to see this thing built
5 good. Thank you.

6 PRESIDING MEMBER KEESE: Thank you.
7 Well, we saw your work and we sampled the food at
8 Sizzlers today. Gave them some business, too.

9 Mr. McCune, did you wish to say
10 anything?

11 MR. McCUNE: Yes, I would. I think it's
12 going to go along the same lines. I'm a
13 construction worker; I'm in the electrician field.
14 I'm Local 440, IBEW.

15 And just like Shawn, I'm a resident of
16 eight years. My wife is a local and I married her
17 here. And we're raising our kids in this
18 community.

19 I'm speaking in favor of the project
20 number two, phase II. And I don't have the, you
21 know, the economic or environmental, you know,
22 studies to talk to you about that, but I do know
23 this. I've learned a trade being an electrician
24 that is going to help fuel this community. It's
25 something that I can be proud of as an electrician

1 that I wouldn't have had opportunity to do had
2 this project not come about.

3 I was a welder in Arizona making \$11 an
4 hour going blind because of the regulations that
5 they are relaxed on. But the professionalism of
6 this Phase I is so great that the opportunity was
7 there. And the money is there. You can just ask
8 my wife, we're pumping it right back into the
9 City. It's amazing, I've doubled my income and I
10 still don't have a penny in my pocket.

11 (Laughter.)

12 MR. McCUNE: And other than that, you
13 know, the money is good, the professionalism is
14 unparalleled. I've never seen such quality work
15 and such safe conditions out there. Nobody's been
16 hurt. Everybody takes precautions to do the right
17 thing first.

18 And everybody is aware of the
19 environment. We practically stopped work for a
20 fox that was underneath the ground over there. We
21 didn't stop for the skunk, though. We kind of let
22 that one go.

23 But I'm pretty sure that this is going
24 to be a milestone for the City of Blythe. It's
25 going to take the City in a new and greater

1 direction. It's historically a farming community,
2 and it can be both, industrial/commercial and
3 farming, if they work together.

4 And the Blythe projects I and II will
5 definitely take that step towards bringing the
6 City to a new era.

7 PRESIDING MEMBER KEESE: Thank you very
8 much. Mr. Eckert.

9 MR. ECKERT: Commissioner, ladies and
10 gentlemen, I'm Phillip G. Eckert; I'm the
11 Executive Secretary of the Building Construction
12 Trade Council for Riverside/San Bernardino County.

13 And I would like to say thank you to the
14 City of Blythe for the hospitality shown to the
15 tradesmen. We have come to Blythe to build this
16 facility. The trades have reached out to the
17 local workers to join the unions and participate
18 in the apprenticeship programs.

19 To the best of my knowledge all persons
20 who applied and were qualified were put to work in
21 the various unions. There have been no labor
22 problems on Blythe I, and none anticipated on
23 Blythe II. This has been a very profitable and
24 safe project.

25 Again, on behalf of the trade unions,

1 I'd like to thank all the people of the City of
2 Blythe, the Commission. Thank you.

3 PRESIDING MEMBER KEESE: Thank you. I
4 don't have any more blue cards in front of me. Is
5 there anybody else from the public who would like
6 to add anything to what we've heard?

7 Is there anybody from the City who'd
8 like to add anything to what we've heard?

9 MR. HULL: Thank you, Mr. Chairman,
10 Members of the Commission.

11 PRESIDING MEMBER KEESE: You've got to
12 identify yourself for the tape one more time.

13 MR. HULL: I'm Charles Hull of the City
14 of Blythe, the Assistant City Manager. And I'm
15 reading a letter from one of our City Councilmen.
16 But his position is personal. He had in-depth
17 knowledge of the project. He felt compelled that
18 he had to share this knowledge in a written format
19 which I've given to the Public Adviser's Office.
20 But he wanted the audience to hear this, as well,
21 so I promised I'd read it verbatim.

22 "September 9th, California Energy Commission.
23 Mr. Chairman and members, My apologies for
24 not appearing in person but a prior
25 commitment takes me out of town this

1 afternoon. I do wish, however, to express my
2 thoughts and feelings about the proposed
3 second electrical generating plant proposed
4 for Blythe.

5 I have no environmental or technical
6 concerns with Blythe II. My knowledge of the
7 CEC's project review process assures me that
8 these areas will be thoroughly and
9 competently adhered to. My comments today
10 have more to do with the operation and
11 existence of the facility.

12 In the last year I have had the opportunity
13 to visit three similar facilities and to talk
14 with their plant managers. The plants were
15 Aventa Power facility in Athol, Idaho; the
16 Griffith Energy Plant near Kingman, Arizona;
17 the South Point Energy Center near Bullhead
18 City in Arizona. All three of these
19 facilities were similar to Blythe II. All
20 three had come on line in the last 15 months
21 and all three used similar equipment and
22 technology. Two were GE powered and one was
23 Siemens Westinghouse. All three were running
24 at at least 80 percent of rated capacity.

25 I found them to be relatively quiet and

1 clean with no visible emissions from the
2 stacks and only a minimal amount of steam
3 vapor from the steam traps. Discussions with
4 the operators showed me a great deal of pride
5 in their jobs and their facilities. These
6 talks also showed me that although operating
7 to different sets of company procedures, all
8 three were still functioning similarly due to
9 the overriding federal industry regulations.
10 Most significantly I was shown the emission
11 monitoring and control systems which keep
12 constant vigil on the stack output and allow
13 modification, if necessary, to keep it in
14 compliance. The fine tuning of these
15 generation systems relies on the bare minimum
16 of noxious output. Operational efficiency
17 assures this not only because of the legal
18 requirements, but from a dollars and cents
19 standpoint. Like a well tuned and maintained
20 automobile costs less to operate, so does a
21 well tuned and maintained power plant.
22 Blythe Energy II operators and plant manager
23 will come out of the same well trained
24 employee pool that these other plants drew
25 from. I am confident that they will be

1 equally competent and efficient.

2 Finally, from a community standpoint,
3 Blythe Energy I has been and continues to be
4 a good neighbor. They have become a part of
5 our community on the personal level. They
6 participate in community functions from the
7 Christmas Parade to the County Fair. They
8 sponsor scholarships for the high school and
9 are involved in various fund raising
10 activities. They participate not only
11 through their pocketbooks, but on a personal
12 basis, contributing brain and brawn to many
13 local activities.

14 In summary, I feel that Blythe Energy II
15 will be a good addition to our community both
16 from a financial and a personal standpoint.
17 They will be welcome neighbors.

18 Thank you for this opportunity to present
19 my personal views. Charles A. Grotke, Blythe
20 City Council."

21 Again, this is not a City of Blythe
22 official position or statement of the City
23 Council. Thank you.

24 PRESIDING MEMBER KEESE: Thank you, Mr.
25 Hull. Do we have anyone else in the audience?

1 We've conducted -- I appreciate the
2 comments of everybody in the audience. I further
3 appreciate the fact that rather than getting home
4 at midnight tonight, I probably will catch a 7:20
5 plane out of Phoenix and be home by 10:00.

6 We have one more item to take up, and as
7 long as we can do it in less than ten minutes, I
8 think I'm going to make that plane.

9 HEARING OFFICER SHEAN: Sure, we can do
10 that. What I'd like to do is since it's the
11 Committee's prerogative to set the schedule, is to
12 ask both the applicant and the staff to review
13 some of the scheduling formats that have been used
14 in either the SMUD or El Segundo or in the six-
15 month cases. And I have a sample here.

16 And in the workshop this evening, and
17 subsequent workshops and discussions, however you
18 can coordinate it, to begin to identify the
19 critical path items either identified and agreed
20 upon the staff's initial impact assessment report,
21 or that come to your mind that are necessary for
22 the staff to generate and release its preliminary
23 staff assessment, and then those necessary for the
24 staff's final assessment.

25 And at that point the schedule pretty

1 much goes over to the Committee in terms of the
2 conduct of our public meetings.

3 I'll give you a sample of this, but why
4 don't we say within two weeks if you can get back
5 to us with something, if you can agree upon it.
6 If you can't, why then let's just meet at 1516
7 Ninth Street and we'll try to hash this out.

8 Other than that I have nothing, but to
9 say thank you to the City of Blythe for your
10 hospitality and providing the room. There will be
11 a meeting a little bit later this evening, starts
12 at 7:00, in the adjoining room over here to be
13 conducted by the staff with the applicant
14 participating, which will be the review of the
15 data requests that the staff has put out to the
16 applicant. And both a combination of the schedule
17 for the responses and some discussion of the
18 substance of the responses.

19 And the public is invited to that, as
20 well. And the applicant has provided some
21 refreshments, so thank you very much there.

22 With that, we are ready to conclude the
23 meeting unless anyone has something further to
24 say.

25 Again, thank you for your participation.

1 And we look forward to seeing you in our
2 subsequent events.

3 PRESIDING MEMBER KEESE: And we'll see
4 you here in Blythe at the hearings.

5 (Whereupon, at 4:55 p.m., the
6 proceedings were adjourned.)

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CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of September, 2002.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345