

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

In the Matter of:)
)
Vernon Power Plant Project by) Docket No.
The City of Vernon) 06-AFC-4
Application for Certification)

COUNCIL CHAMBERS - GROUND FLOOR

VERNON CITY HALL

4305 SO. SANTA FE AVENUE

VERNON, CALIFORNIA 90058

THURSDAY, NOVEMBER 2, 2006

1:00 p.m.

Reported by:
Troy Ray
Contract No. 170-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Jackalyne Pfannenstiel, Presiding Member

James D. Boyd, Associate Member

HEARING OFFICER AND ADVISORS

Susan Gefter, Hearing Officer

Peter Ward, Advisor

Timothy Tutt, Advisor

STAFF AND CONSULTANTS PRESENT

James W. Reede, Jr., Project Manager

Kenneth D. Celli, Senior Staff Counsel

Eileen Allen, Program Manager

Donna Stone, Compliance Project Manager

Roger Johnson

Ellen Townsend-Hough

Matthew S. Layton

Joseph M. Loyer

Obed Odoemelam

Beverly Bastian

Nisa Ward

Mark Hamblin

David Flores

PUBLIC ADVISER

Nicholas Bartsch, Project Manager

APPLICANT

John Karns, Attorney
Karns and Karabian

Eric T. Fresch, City Attorney
Jeff A. Harrison, Chief Assistant City Attorney
Bruce V. Malkenhorst, Jr., Assistant City Attorney
Mark Whitworth, Fire Chief
Lt. Jims Radino
Lewis J. Pozzebon, Director/Health Officer
Carlos R. Fandino, Jr., Systems Manager
Donal O'Callaghan, Director, Light and Power
Kevin Wilson, Director, Community Service
Peter Hervish
Dr. Nand, Program Manager
City of Vernon

John Carrier
CH2M HILL

Richard Edelman
Burns and Roe

INTERVENORS

Philip Huang, Staff Attorney
Yuki Kidokoro, Southern California Program
Director
Avalberto Barboza
Darryl Molina
Stefany Chirino
Robert Cabrales
Communities for a Better Environment

Ryan Perez
Communities for a Better Environment/Youth Action

Gloria Smith
California Unions for Reliable Energy

ALSO PRESENT

John Levy, Air Quality Inspector
John Theodore Yee, Senior Air Quality Engineer
Chandrashekar S. Bhatt, Air Quality Engineer

ALSO PRESENT

Marisa Olgun
Vernon Chamber

Felipe Aguirre, Vice Mayor
City of Maywood

Albert Halimi
Command Packaging

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P R O C E E D I N G S

1:00 p.m.

PRESIDING MEMBER PFANNENSTIEL: Good afternoon; I think we're ready to start. This is the California Energy Commission's informational hearing on the Vernon Power Plant proposed by the City of Vernon.

I am Jackie Pfannenstiel; I am the Chair of the California Energy Commission. And I am the Presiding Member of the Committee that the Commission has established to oversee with review of the proposed plant.

To my left is Susie Gefter, who is the Hearing Officer for this proceeding. And she'll be conducting this proceeding today, this informational hearing, and other proceedings that follow.

And to Susan's left is Commissioner James Boyd, who is the Vice Chair of the Energy Commission, and the Second Member of the Committee overseeing this power plant review.

To Jim's left is his Senior Advisor, Peter Ward. I know this is kind of coming and going.

(Pause.)

1 PRESIDING MEMBER PFANNENSTIEL: To Jim's
2 left is his Advisor, Peter Ward. To my right is
3 my Advisor, Tim Tutt.

4 There are other introductions we'll
5 make. But let me start by pointing out that this
6 is a proceeding, the beginning of a proceeding
7 that will take about 12 months as the Energy
8 Commission reviews the information that will be
9 given to us on the power plant application.

10 We provide official transcripts of the
11 proceedings; and the transcripts are available on
12 the Energy Commission's website.

13 The City of Vernon filed an application
14 with the Energy Commission for a license to build
15 the Vernon Power Plant, a 900 megawatt, natural
16 gas fired power plant located within the City of
17 Vernon.

18 The purpose of today's hearing is to
19 discuss the licensing process and to identify
20 issues of concern related to the project
21 development.

22 Before we begin, one other introduction
23 that I think is important is Nick Bartsch -- Nick,
24 would you identify yourself -- who represents the
25 Public Adviser and will be making a presentation a

1 little later in the hearing so that everybody is
2 aware of how to participate in the process.

3 Other introductions from the applicant.

4 Do you want to introduce the people who will be --

5 HEARING OFFICER GEFTER: Mr. Fresch,
6 could you come up to the microphone.

7 MR. FRESCH: Donal is going to do all
8 the introductions.

9 HEARING OFFICER GEFTER: Thank you.

10 MR. O'CALLAGHAN: Okay, we have our
11 heads of departments here, Fire Chief Mark
12 Whitworth; Lt. Jims Radino; Lou Pozzebon, Director
13 of Health Department; and Kevin Wilson, our
14 Director of Community Service --

15 HEARING OFFICER GEFTER: Mr. McDougal,
16 would you please tell us your name, too, for the
17 record.

18 MR. O'CALLAGHAN: I was getting there.
19 Last, but not least, and myself, Donal
20 O'Callaghan. And I'm Director of Light and Power.

21 PRESIDING MEMBER PFANNENSTIEL: Thank
22 you, Mr. O'Callaghan. Staff, introductions.

23 DR. REEDE: Good afternoon, Chairman
24 Pfannenstiel. My name is Dr. James Reede, and I'm
25 the Energy Facility Siting Project Manager

1 assigned to the licensing process for the Vernon
2 Power Plant.

3 With me today we have Senior Staff
4 Attorney to my left, Mr. Kenneth Celli; we have
5 Mr. Roger Johnson, Siting Office Manager; Ms.
6 Eileen Allen, Program Manager for the Siting
7 Division.

8 We have Ms. Donna Stone, Compliance
9 Project Manager, who will be taking on the duties,
10 should this plant be approved. We have Dr. Obed
11 Odoemelam, public health; we have Matthew Layton,
12 public health and air quality, senior
13 environmental engineer. We have Mr. Joseph Loyer,
14 air quality engineer.

15 We have Ms. Ellie Townsend-Hough,
16 chemical engineer dealing with soils, water and
17 waste management. We have Ms. Beverly Bastian
18 dealing with cultural resource issues; Ms. Nisa
19 Ward dealing with biological resource issues; Mr.
20 Mark Hamblin dealing with traffic and
21 transportation and socioeconomic issues. Mr.
22 David Flores dealing with land use issues.

23 Thank you.

24 PRESIDING MEMBER PFANNENSTIEL: Thank
25 you, Dr. Reede.

1 We have two intervenors who have filed
2 to participate in this proceeding, Communities for
3 a Better Environment. Is there somebody here
4 representing Communities for a Better Environment?
5 Oh, yes, several.

6 Do we have somebody who wants to be
7 identified on the record of that group? I have
8 Yuki Kidokoro --

9 HEARING OFFICER GEFTER: And also
10 Barbaron Pizoey (phonetic).

11 PRESIDING MEMBER PFANNENSTIEL: Oh,
12 Barbaron Pizoey.

13 HEARING OFFICER GEFTER: Okay, there's a
14 gentleman here who -- if you could come up to the
15 microphone and just identify yourself for us,
16 please.

17 MR. HUANG: My name is Philip Huang; I'm
18 a staff attorney with Communities for a Better
19 Environment.

20 HEARING OFFICER GEFTER: Thank you.

21 PRESIDING MEMBER PFANNENSTIEL: Thank
22 you, Mr. Huang. And we also have California
23 Unions for Reliable Energy. Anybody from CURE
24 here today?

25 Also we do have representatives from the

1 South Coast Air Quality Management District.

2 MR. YEE: Good afternoon, Commissioner;
3 my name is John Yee; I'm with the South Coast Air
4 Quality Management District. I'm Senior Engineer.
5 And here today, along with me, is my engineer,
6 Chandra Bhatt, and our Compliance Officer for this
7 facility, John Levy.

8 PRESIDING MEMBER PFANNENSTIEL: Thank
9 you. Also in this room clearly are many members
10 of the public, people from various community
11 organizations and media representatives.

12 We also know that there are elected
13 officials here, and we would invite any elected
14 official who's here today who would like to
15 address the Commission on this matter to come
16 forward and do so now.

17 Seeing none, then I will hand it over to
18 Susan to proceed with the informational hearing.
19 Thank you.

20 HEARING OFFICER GEFTER: Thank you.
21 Going to begin with a little background on this
22 proposal. First of all, the Commission began
23 review of the Vernon Power Plant project on
24 September 14th of this year, after the Commission
25 found the project was data adequate. And what

1 that means is that it met all the preliminary
2 requirements to begin the process of review.

3 This informational hearing is the first
4 in a series of Commission events that will occur
5 during an estimated 12-month review period. At
6 the end of the review period the Committee will
7 issue a proposed decision which contains our
8 recommendations on the project.

9 Our proposed decision will be based
10 solely on the record established during the
11 evidentiary hearings which will be scheduled about
12 nine months from now or so. The public will have
13 an opportunity to participate in this review
14 process and to comment on the proposed decision
15 after we publish it.

16 Later today we will tour the proposed
17 site as scheduled in the notice of this hearing.
18 The notice was mailed October 12th to all parties,
19 the adjoining landowners, interested governmental
20 agencies and other individuals in the surrounding
21 Vernon communities.

22 I wanted to explain the groundrules for
23 this process. And we talk about the ex parte
24 rule. To preserve the integrity of the licensing
25 process, the Commission's regulations prohibit

1 private contacts between the parties and members
2 of this Committee. The prohibition against
3 private communications is known as the ex parte
4 rule.

5 All contacts between the parties and the
6 Committee regarding a substantive matter must
7 occur in the context of a public discussion such
8 as today's event, or the form of a written report
9 that would be made available to the public. The
10 ex parte rule insures that there is full
11 disclosure of any information that could be used
12 as a basis for the decision on this project.

13 During the course of the review staff
14 will conduct public workshops to provide
15 opportunities for the public to discuss the issues
16 with the parties and the governmental agencies
17 involved in the review. Information regarding
18 communication between the parties and the
19 governmental agencies will be summarized in
20 written reports that will be made available to the
21 public.

22 These reports and any other information
23 regarding workshop and hearing dates and schedules
24 will be posted on the Commission's website; and
25 later staff will announce the website URL for

1 everyone to have.

2 I also want to emphasize that the
3 Commission's power plant review is a public
4 process. And we encourage members of the public
5 to offer their views on the project.

6 Individuals and organizations may also
7 intervene as formal parties. And at this time we
8 would ask Mr. Bartsch from the Public Adviser's
9 Office to come forward to explain the intervention
10 process, and to also provide an update on the
11 Public Adviser's contacts with the local
12 communities regarding this project. Mr. Bartsch,
13 could you come up to this microphone here. Thank
14 you.

15 MR. BARTSCH: Thank you, Susan. My name
16 is Nick Bartsch. I am representing Margret Kim,
17 the Public Adviser at the California Energy
18 Commission, who would like to send her regrets
19 that she wouldn't be able to make it today because
20 of a previous engagement.

21 The purpose of the Public Adviser is to
22 provide access for the general public to all the
23 proceedings involving this licensing or
24 certification process.

25 As Susan mentioned, this is the

1 beginning of essentially a one-year review process
2 of the application, during which you, the public,
3 will have ample opportunities to participate, to
4 get information, to get involved either as just
5 for information purposes; or also, if they so
6 choose, to become part of the actual proceedings
7 by intervening in the process.

8 And I'd be happy to explain to you the
9 process. Also the Public Adviser's Office is here
10 to assist you in all steps to either just getting
11 general information or actually intervening in the
12 process.

13 We can assist you, however we cannot
14 represent you in the proceedings. But I'll be
15 here and I'll have all sorts of information. I
16 can give it to you verbally, or give you written
17 information about the Energy Commission, the
18 proceedings, and your opportunities to participate
19 along the way.

20 As the Committee asked me, I'd like to
21 give you just a quick rundown on our -- the Public
22 Adviser's work that we do as independent outreach
23 to the community where the power plant is going to
24 be sited.

25 We do our independent review and at

1 three-, as well as a six-mile radius surrounding
2 the proposed plant location. And we have --

3 HEARING OFFICER GEFTER: Excuse me, Mr.
4 Bartsch; let's go off the record for one minute.

5 MR. BARTSCH: Sure.

6 (Off the record.)

7 HEARING OFFICER GEFTER: Okay.

8 MR. BARTSCH: So, I will be happy to,
9 rather than taking the time, depending on what
10 your individual interest is in the project,
11 whether you are just generally interested --

12 UNIDENTIFIED SPEAKER: You have to speak
13 directly into that microphone --

14 MR. BARTSCH: -- whether you're just
15 generally interested or want to formally
16 participate, what we call intervene, in the
17 process, we would be happy to help you along the
18 way.

19 We cannot represent you in the
20 proceedings.

21 UNIDENTIFIED SPEAKER: This is not
22 working. You need to speak loudly and --

23 (Audience speaking simultaneously.)

24 MR. BARTSCH: I'm still fading in and
25 out? How about now, is that okay? All right.

1 So, we have done our independent review
2 of the general area, six-mile radius of the --

3 DR. REEDE: Just speak loud enough so
4 everybody can hear you; forget the microphone.

5 MR. BARTSCH: -- the area surrounding
6 the proposed site. And we have found that
7 basically, as most of you know, this is the City
8 of Vernon; and it's a mixed use area of
9 industrial, commercial, some residential.

10 Important to note that some of the
11 residential areas are within 1000 feet of the
12 proposed site. We also found some schools that
13 are within a three-mile radius of the -- in fact,
14 some of them are within a mile of the proposed
15 plant.

16 And so what we do in a case like this is
17 we review, we try to identify and notify what we
18 call the sensitive receptors in the area.
19 Sensitive receptors are generally entities that
20 could potentially be impacted by a power plant
21 more than just other entities. Sensitive
22 receptors are schools, health facilities,
23 community centers, et cetera.

24 So we try to identify and notify those
25 folks. We have done so. And in the process just

1 briefly tell you how we have done it. We have
2 distributed over 10,000 flyers like we have on the
3 table here; one side English, the other side in
4 Spanish.

5 UNIDENTIFIED SPEAKER (telephone): Those
6 of us on the phone connection have lost pretty
7 much all audio.

8 HEARING OFFICER GEFTER: Let's go off
9 the record.

10 (Off the record.)

11 MR. BARTSCH: Are we back? So we have
12 distributed over 10,000 of these flyers to The
13 L.A. Times in the surrounding areas, surrounding
14 communities surrounding Vernon. In addition to
15 that, we have distributed flyers to the schools
16 and libraries and community centers for the public
17 to access.

18 We have seen the schools, and generally
19 within a three-mile radius we have had the schools
20 distribute the flyers and had the students take
21 them home to their parents to notify them about
22 this hearing and about the site visit, and about
23 the proposed power plant.

24 HEARING OFFICER GEFTER: Mr. Bartsch,
25 let me just interrupt for one minute. I think

1 that if members of the public have questions for
2 you, perhaps the best thing is for them to talk
3 with you after the informational hearing.

4 MR. BARTSCH: Correct.

5 HEARING OFFICER GEFTER: And we would
6 like to proceed then with the formal part of the
7 hearing now so that we can have enough time to do
8 the site tour later.

9 MR. BARTSCH: Let me just wrap it up,
10 then. One of the main things that we have found
11 out in our review is that this is a community very
12 heavily of various minorities, over 95 percent of
13 the area within the six-mile radius classified as
14 minorities according to the 2000 census.

15 So, we do have some issues that should
16 be pointed out, that this is a heavily minority
17 population. Any issues or any questions there
18 about this, and about the process, I'll be
19 available to answer them for you. Thank you very
20 much.

21 HEARING OFFICER GEFTER: Thank you very
22 much. And we will allow time for members of the
23 public to meet with Mr. Bartsch after the formal
24 part of the hearing.

25 At this point I wanted to tell you

1 what's on the agenda for the rest of the
2 afternoon. The parties will make presentations in
3 the following order. First, the City of Vernon
4 will describe the proposed project and explain its
5 plans for developing the site, itself.

6 Next the Commission Staff will provide
7 an overview of the process and how the staff is
8 going to review the proposal. And then staff will
9 also provide a proposed schedule for how long it's
10 going to take to continue this process.

11 Also the intervenors will have an
12 opportunity to ask questions, and members of the
13 public will have an opportunity to ask questions
14 before we close the hearing.

15 We'd like to be finished by about 2:00.
16 That means we have about 40 minutes. So, we'd
17 like the applicant to begin your presentation, and
18 then we'll have some questions. And then we'll
19 let it go to staff. Mr. O'Callaghan.

20 MR. O'CALLAGHAN: Good afternoon, all,
21 and welcome to Vernon. One thing I do need to do
22 is to introduce the Vernon project team who have
23 been part and parcel of this whole thing since we
24 started. And the reason why I want to do that, in
25 case there's any questions come up we can -- I

1 can't see now --

2 (Laughter.)

3 MR. O'CALLAGHAN: It's bad enough
4 without my glasses -- anyway, these guys have been
5 part and parcel of the team going forward. What I
6 wanted to make sure of is if there's any
7 questions, the guys are here to answer them and
8 they're different disciplines.

9 Of course, we've got Eric Fresch, who's
10 the City Attorney. Bruce Malkenhorst, Jr., Acting
11 City Clerk; Lew Pozzebon, who I've already
12 introduced as Director of Environmental Health.

13 We also have Peter Hervish, who's --
14 when I call your name just stand up so people know
15 who you are. Peter's the technical guy for the
16 power island to thermal island. Dr. Nand, Program
17 Manager for the application for certification.

18 Abraham Alummet (phonetic), who's Transmission
19 Studies Coordinator. Kevin Wilson, again already
20 introduced, but Director of Community Services.

21 John Carrier from CH2M HILL, Program
22 Manager. Richard Edelman who's a Project Director
23 for our owner's engineer, who is Burns & Roe.

24 So I think if any questions come up we
25 can redirect to the various parties there.

1 A quick overview, I guess, of the City
2 of Vernon. The City covers approximately five
3 square miles, primarily industrial and commercial
4 with very few residences. We have successfully
5 developed and are operating the Malburg Generating
6 Station.

7 The City seeks to attract high-wage,
8 environmentally clean businesses that demand
9 reliable electrical supply, the supply of
10 electricity. And overall the City plans to
11 reposition its generation asset portfolio to 100
12 percent local generation.

13 In the context of need for generation,
14 southern California already imports approximately
15 30 percent of its power needs, in the region of
16 10,000 megawatts. Of course, this results in
17 heavy reliance on large transmission lines to meet
18 that demand. And of course, that results in
19 congestion, high-cost transmission. And, of
20 course, we're building plants that are not in
21 California, which we have no control on how they
22 operate or what they emit, as far as the
23 environment's concerned.

24 Of course, we also have a significant
25 number of plants in the L.A. Basin. Many of those

1 projects, many of those plants were constructed in
2 the 1960s. And that really leads to the
3 likelihood of forced outages in the summer, which
4 is when you need this power most often. So we've
5 got aged generators out there.

6 And that's not even getting into the
7 situation where the inefficiencies come into play
8 and the equipment has higher emissions and
9 everything else.

10 And you'll see as we go along here that
11 the plant we are proposing comes in line with the
12 California ideal of being a leader in the
13 environmental arena.

14 Another area is lack of reliability, of
15 course, of those older units. And the economic
16 consequences of that being businesses not being
17 able to locate or expand where there's not a
18 reliable source of power. And that's what we've
19 got to do here, that's what we do in Vernon. And
20 we hope for California, as well.

21 Of course, the congestion on the
22 transmission lines increases the cost of power to
23 California consumers, and the likelihood of
24 rolling blackouts. Also the lack of reliability.
25 And also environmental consequences. When you get

1 rolling blackouts, brownouts, that we start
2 operating blackout power sources. Diesel
3 generators, you can go on. These have impacts to
4 the air quality and public health.

5 So, as you can see, we went into this
6 looking at the environment as the primary
7 objective, what do we need to do here. Get power,
8 looking towards the environment, making sure we
9 have clean, efficient power.

10 The project location; it will be located
11 in the southcentral portion of the City on the
12 corner of Boyle and Fruitland, which you'll see as
13 we go out for our little tour. Who's got a
14 pointer? Mr. Abraham, maybe you can point out
15 just that corner.

16 The site property is 13.7 acres of a 27-
17 acre parcel. The remaining 13.3 acres will be
18 used for laydown and parking during the
19 construction of the facility. After completion of
20 the facility, which should be scheduled for late
21 '09, '10 just depending how the schedule goes with
22 our certification, that area's going to be all
23 cleaned up and developed how the City would want
24 to at that stage. Hopefully more industry.

25 ASSOCIATE MEMBER BOYD: Excuse me; can

1 you show me on that diagram where the Malburg unit
2 is presently?

3 (Parties speaking simultaneously.)

4 MR. O'CALLAGHAN: There you go.

5 ASSOCIATE MEMBER BOYD: Thank you.

6 MR. O'CALLAGHAN: On the topic of the
7 objective of the City, the City of Vernon proposed
8 to develop a clean, natural-gas-fired generation
9 facility in the southcentral portion of the City,
10 which is marked up here on your map, photograph.

11 The proposed VPP will be a fast-start,
12 high-efficiency, combined-cycle facility that will
13 be integrated to the City's plans to reposition a
14 generation asset portfolio to 100 percent local
15 generation. And to assist the State of California
16 in developing increased local generation, which we
17 feel is very important.

18 Some project features. There's no other
19 plant layout? But there's actually a layout here
20 on the boards around the room. We have a 914
21 megawatt net combined cycle generation facility
22 using three natural-gas-fired combustion-turbine
23 generators and one steam turbine generator. You
24 see the three CTs are in a line here, and the STG
25 is off to the right-hand side.

1 We have a 230 kilovolt switchyard using
2 gas insulated switch gear. A new 230 kV
3 transmission line to connect the plant to SCE's
4 Laguna Bell Substation. We have two transmission
5 line rates being considered at present. The river
6 route, you can go back to our earlier map. We've
7 got the river route which is 4.8 miles; and the
8 Randolph route which is 4.4 miles.

9 We'll also have approximately 2300 feet
10 of new 24-inch diameter natural gas pipeline
11 coming in to feed the gas turbines. And
12 approximately 2400 feet of new sanitary surline.
13 The plant will also use recycled water supply.
14 That will be supplied by the Central Basin Water
15 District, and delivered to the plant.

16 As far as the thermal island is
17 concerned, VPP will employ advanced high-
18 efficiency gas turbine technology and selective
19 catalytic reduction to minimize emissions from the
20 facility. We'll also be using oxidation catalyst
21 system which will be operational to reduce carbon
22 monoxide emissions whenever the combustion
23 turbines are in operation.

24 What we're going to do there is similar
25 to what we instigated on MGS, we put CO catalyst

1 in before we start the engines during commission,
2 so we don't get that high level of CO. We make
3 that a sacrificial and we put a new one in when we
4 go through into commercial operation.

5 VPP will be one of the cleanest
6 facilities of comparable size in the nation. VPP
7 emissions will be as much as 85 percent lower than
8 those off or -- existing older generation
9 facilities. This plant has a heat rate in the low
10 6000s, 6-1, 6-2, somewhere around there. It is
11 efficient and economic with a capacity factor
12 model coming out in the model of about 75 to 80
13 percent.

14 Also an availability factor of 96 to 98
15 percent, which means it will have the ability to
16 run against or before those older units, which are
17 less efficient and with higher emissions of
18 pollutants. It's a very economical plant.

19 HEARING OFFICER GEFTER: Mr.
20 O'Callaghan, does that mean that if the Vernon
21 Power Plant comes online you would be then turning
22 off some of the older plants? Is that --

23 MR. O'CALLAGHAN: I think what would
24 happen was it would be dispatched first before the
25 older plants, because the heat wave would make it

1 a cheaper plant to put out there. So by
2 definition of default we go towards getting the
3 older plants offline, or the rebuilding of those
4 plants.

5 And for us that's a step in the right
6 direction as far as the environment's concerned.
7 If we can get this lead going with these low
8 emissions on this equipment, which -- why those
9 happen --

10 HEARING OFFICER GEFTER: Is the City
11 working with the Air District as part of your
12 offset plan to do that?

13 MR. O'CALLAGHAN: Yes, yes. We've also
14 actually, a point, we presented this technology,
15 and I'll get into it in a minute, because this
16 technology hasn't all come together in the United
17 States as yet. Parts of it have; parts of it
18 haven't. I'll explain a little bit later on that.

19 But we have presented this technology in
20 this combination, this layout, to the EPA, to the
21 CEC and to the AQMD. And it's been very well
22 received, because there is -- a big part of this
23 is towards the environment and those emissions
24 that are put out by these power plants.

25 I'm not sure I need to go into the

1 process of combined cycle for anybody in the
2 audience. I think we spent a little bit of time,
3 so I was really going to skip through that.

4 What I get to is the deal on what this
5 technology is, how it's put together, what this
6 configuration means. When we started this we
7 looked at a number of different OEMs, or
8 manufacturers. We tried to see what the best path
9 forward was, not just for Vernon, but California
10 and globally.

11 I think you have to look at this
12 globally rather than just local. The local part
13 is, yes, we need to fill a portfolio; but we also
14 need to look at other things in the future going
15 forward. The City's been around for 100 years.
16 It does things, it's innovative and it's dynamic.
17 So we feel we need to look out in the future at
18 least 20, 30 years.

19 Anyway, so we looked at different
20 manufacturers. We seen what they had from an
21 environmental point of view, from an efficiency
22 point of view, heat with flexibility,
23 availability, reliability. And it came down to
24 the technology we have submitted in our AFC, which
25 is a Siemens configuration. Just based on 501D

1 FD3s, which have been around for awhile. But
2 incorporated in there are new ultra low NOx
3 combustors, which have been tested in Berlin and
4 tested here. And they're getting back-end
5 emissions coming down to a guarantee of 9 or less
6 than 9 coming from the manufacturer.

7 And in line with that we have also
8 introduced in getting together with Siemens a
9 boiler which is a Benson Boiler technology. And
10 the Benson Boiler technology basically takes away
11 the big high-pressure drum that you have in the
12 first stage of your boiler.

13 The effect of that is that your
14 combustion turbines can come up faster. If the
15 combustion turbines can come up faster, you burn
16 less fuel getting to your full load.

17 That Benson Boiler technology has been
18 run for a long time. It's been used in different
19 places, certainly in Europe. It just hasn't been
20 used here. And it's used in Europe for a very
21 simple reason. Fuel is very expensive in Europe,
22 so they want to use less of it. So we had a look
23 at them; we said, no, this works because we get
24 less emissions coming out.

25 So we put all this together in a

1 combined cycle, and we looked at it. We said, we
2 have a combined cycle plant that you would
3 normally look at coming up in four hours to get to
4 some compliance level. This plant will come up in
5 33 minutes to 70 percent load, which means it's in
6 compliance, each unit is in compliance at around
7 20-odd minutes. That's a phenomenal saving, just
8 on emissions, on fuel. It just all points in the
9 right direction.

10 That's a sort of brief -- there is a
11 whole presentation for that, which we can make
12 available to anyone that wants it. We've already
13 presented it to different people. But I'm sure
14 even those numbers impress people if you go from
15 four hours down to 33 minutes, full online. That
16 means steam turbine baseload in about an hour and
17 20 minutes, hour and 30 minutes.

18 So, a phenomenal plant. I'm sure I've
19 probably gone too far on that, but it is really a
20 nice plant as far as the environment's concerned,
21 efficiencies.

22 PRESIDING MEMBER PFANNENSTIEL: Mr.
23 O'Callaghan, do you expect that the City will,
24 with this new plant, use all of the electricity
25 generated from this plant in the City, as I think

1 you just discussed, perhaps backing down other
2 plants? Or do you see running the plant and
3 selling additional output?

4 MR. O'CALLAGHAN: I see right now this
5 plant probably providing, filling out the
6 portfolio of the City on its load of what it
7 requires. We have a load -- of around 195
8 megawatts. Our generation capacity in the City
9 right now is about 119, 120 on ambient. So we
10 fill out approximately 100 megawatts.

11 The rest we can move into SP-15 into
12 southern California area. Which means that we
13 supplement what's out there. We're able to help
14 that area with that reliable, stable, available
15 power. And it's clean. You know, it does mean
16 you take all the -- you may take other stuff
17 offline.

18 PRESIDING MEMBER PFANNENSTIEL: Right, I
19 think --

20 MR. O'CALLAGHAN: Because the dispatch
21 capability is higher.

22 ASSOCIATE MEMBER BOYD: Are you looking
23 for contracts with others, or are you going to bid
24 into the spot market?

25 MR. O'CALLAGHAN: We're looking at all

1 possibility.

2 ASSOCIATE MEMBER BOYD: Let me ask the
3 staff, do you have the more detailed presentation
4 that he referenced that I can look at sometime,
5 but not taking this public time.

6 DR. REEDE: Commissioner Boyd, they did
7 not give us a CD of the presentation. However, it
8 was made, and I'm sure that he would make it
9 available for the Committee.

10 MR. O'CALLAGHAN: Sure.

11 HEARING OFFICER GEFTER: We could
12 request that as part of our evidentiary hearing
13 when we get to that point in time.

14 MR. O'CALLAGHAN: Yeah, actually, Dr.
15 Reede, for some reason I thought you did get a CD.
16 But that's okay, I can get the CD. It's a very
17 interesting piece of work. It's well worth, as
18 you know, looking at.

19 I'm lost now, where was I? As I said,
20 this technology has been around at different
21 places, different times. Some of it's actually
22 working at the minute. There is a plant in
23 England that's a little smaller than this; it's
24 actually a one frame at 300 megawatts. And it
25 runs. Some of the control technology isn't there,

1 but basically the physical part is all put
2 together there.

3 The real good piece is the integration
4 of all these parts with the control system.

5 ASSOCIATE MEMBER BOYD: Is this the
6 first plant that has this totally integrated type
7 system you're referencing?

8 MR. O'CALLAGHAN: I'm sorry?

9 ASSOCIATE MEMBER BOYD: Is this plant
10 the first in the world to have the complete
11 integration of the various systems you were just
12 telling us about?

13 MR. O'CALLAGHAN: It will be the first
14 with all of those systems in it.

15 ASSOCIATE MEMBER BOYD: That's what I
16 wanted --

17 MR. O'CALLAGHAN: Yes. But I have to
18 say all of those systems are already there;
19 they're just in different places. It's not as if
20 we're taking a new technology and putting it in
21 here. We've been very conscious of that, of, you
22 know, a little bit of history in it, and we've
23 made sure that we have tried-and-tested technology
24 already there. It was putting it all together
25 that was the answer.

1 I guess I'll move on from there to the
2 project site selection criteria. And the City's
3 approach to the project site selection focused on
4 the identifying potential project sites that
5 satisfies basic project objectives, and have a low
6 potential for environmental impacts. That's
7 coming in line with our selection of equipment.

8 The City also gave consideration to size
9 located within both city limits and near existing
10 infrastructure. The proposed project site is
11 consistent with the site selection criteria, and
12 was based in part on the following key selection
13 criteria: Proximity to infrastructure;
14 environmental viability; compatible with
15 surrounding uses or past use for that site, being
16 an exclusively industrial city. And then the fact
17 we're moving off an older aluminum smelting,
18 forging, machining area and we're putting this new
19 technology in there.

20 Looking for a minimum environmental
21 impacts; economic feasibility; compliance with
22 LORS; size of the site area; and support areas.
23 And this site supported all of those.

24 Well, you can see the whole layout here,
25 and I think it looks like a wonderful plant. It

1 is. It's quite a nice looking plant actually.

2 I've seen one or two, but this one's good.

3 (Laughter.)

4 MR. O'CALLAGHAN: I guess I could
5 conclude and wrap up. VPP will be a clean,
6 efficient, environmentally responsible source of
7 economic and reliable energy to meet the energy
8 demands of the City of Vernon and assist the State
9 of California in developing increased local
10 generation.

11 In short, VPP will help insure clean,
12 reliable, low-cost electricity in the future to
13 maintain the City's industrial base; and also
14 supply power to southern California.

15 With that I will conclude my address and
16 thank you all for your patience. But I did cut it
17 a little bit short.

18 HEARING OFFICER GEFTER: Thank you very
19 much. We're going to ask staff, Dr. Reede. And
20 also, I'd like to allow some time for us to ask
21 questions from the Air District's representatives.

22 So, Dr. Reede, as you get into your
23 issues identification report, let's allow a little
24 bit of time to involve the Air District because
25 the Commissioners had some questions.

1 DR. REEDE: I'll move very quickly.

2 HEARING OFFICER GEFTER: Thank you very
3 much.

4 DR. REEDE: I'll act like I'm trying to
5 let my class out early.

6 Good afternoon, ladies and gentlemen.
7 My name is James Reede and I'm the Energy Facility
8 Siting Project Manager for the California Energy
9 Commission.

10 The purpose of the siting process is to
11 insure that a reliable supply of electrical energy
12 is maintained at a level consistent with the need
13 for such energy for protection of public health
14 and safety, for the promotion of the general
15 welfare and for environmental quality protection.
16 That comes from the Public Resources Code, the
17 Warren Alquist Act, which is the enabling Act for
18 the Energy Commission.

19 Now, the Commission's role as a
20 permitting authority, we license power plants,
21 thermal power plants, in deference to either wind
22 energy or solar energy that are 50 megawatts or
23 greater. And all the related facilities to
24 include the electric transmission lines, the water
25 supply pipelines, the natural gas pipelines, the

1 waste disposal facilities, and various access
2 roads.

3 Now, the Energy Commission is the lead
4 agency under the California Environmental Quality
5 Act. We are a certified regulatory authority
6 meaning that we have rules and regulations that in
7 some cases exceed the California Environmental
8 Quality Act.

9 Now, a brief overview of the three-step
10 licensing process is data adequacy, which is
11 immediately after the applicant files the
12 application for certification, the two volumes
13 that you see in front of me. And we determine
14 whether they have the minimum information required
15 to proceed to the next step.

16 After the Commission has voted to
17 determine, based upon the Executive Director's
18 recommendation that they do meet the minimum
19 requirements, we move into staff discovery and
20 analysis. Now, that first step is the issues
21 identification, which I'll be discussing a little
22 bit later.

23 We then issue data requests of the
24 applicant to get additional information. The
25 issues identification report and the data requests

1 were both issued on October the 6th.

2 We then hold workshops; in some cases,
3 data request workshops, to allow questions to be
4 answered for clarification purposes of staff by
5 the applicant, so that they can understand what
6 we're actually asking for. We also hold data
7 response workshops so the staff can understand
8 what the applicant responded to.

9 And then finally we issue staff
10 assessments, both preliminary and then final.
11 Now, these are very similar to an environmental
12 impact report. And because we're a certified
13 regulatory agency, we've chosen to call them a
14 preliminary staff assessment and the final staff
15 assessment.

16 After we issue that final staff
17 assessment we move into evidentiary hearings. And
18 eventually a decision. The Committee, the two
19 Commissioners you see here, will hold evidentiary
20 hearings and basically take testimony. And
21 they'll produce a Presiding Member's Proposed
22 Decision. And it will then go before the full
23 Commission for a decision.

24 Just to give you an example of the
25 relationships. The Energy Commission Staff is in

1 the middle of it. And we'll be getting input from
2 the applicant, from intervenors, from the public
3 and from various local, state and federal
4 agencies. And the Public Adviser will be helping
5 the intervenors and the public participate in the
6 process.

7 Now, the evidentiary hearing and
8 decision process is when they take testimony, the
9 Committee, that is. They will take staff's
10 testimony which will be in the form of our final
11 staff assessment. They'll take testimony from the
12 applicant, from the intervenors, and various
13 public comments; and also the local, state and
14 federal agencies will supply their information.

15 They'll issue a proposed decision, and
16 the entire Commission then will make the final
17 decision.

18 Now, our analysis of the application for
19 certification is first to determine if the
20 proposal complies with all the laws, ordinances,
21 regulations and standards that are applicable.
22 What we do is we conduct engineering and
23 environmental analyses to number one, identify
24 issues; evaluate alternatives to the project;
25 identify mitigation measures; and recommend

1 conditions of certification should the power plant
2 be approved.

3 We facilitate public and agency
4 participation. And our products are the
5 preliminary staff assessment and final staff
6 assessment that I already referred to. And
7 finally, we'll make recommendations to the
8 Committee whether to approve or reject.

9 Now, as far as local, state and federal
10 coordination, we have to work very closely with
11 all of our sister agencies. At the local level
12 we'll be working with the City of Vernon planning
13 and engineering department. We'll be working with
14 the South Coast Air Quality Management District,
15 the County Sanitation District of Los Angeles
16 County, Los Angeles County Department of Public
17 Works.

18 We'll be working with the Air Resources
19 Board, the Department of Toxic Substances Control,
20 the Department of Fish and Game.

21 Under the federal we'll be working with
22 the U.S. Environmental Protection Agency and the
23 U.S. Army Corps of Engineers.

24 Now, after we've performed this
25 analysis, after we issue it, the Committee will

1 issue a Presiding Member's Proposed Decision. And
2 it will contain findings related to the
3 environmental impacts, public health and the
4 engineering of the plant. And whether or not the
5 project complies with all the laws, ordinances,
6 regulations and standards.

7 And it recommends what the conditions of
8 certification, basically the conditions under
9 which the plant could operate. And it recommends
10 whether or not to approve the project.

11 The full Commission of the five
12 Commissioners make the decision. And if they make
13 the decision to approve the plant, Energy
14 Commission Compliance Staff will monitor
15 compliance of all the conditions of certification
16 for the life of the project. And that also
17 includes facility closure.

18 Now, our process has intentionally been
19 designed to include the public at all stages.
20 It's an open public process and workshops and
21 hearings will be noticed at least ten days in
22 advance. We've already developed an extensive
23 mailing list of people that live within 1000 feet
24 of the plant and individuals living within 500
25 feet of the linears. The linears are those gas

1 pipelines, transmission lines, sewer lines and
2 things of that nature.

3 Now, the documents, the application for
4 certification and all other documents, will be in
5 public libraries in Huntington Park, Bell, Cudahy
6 and the City of Vernon. Also at the state
7 repositories in Sacramento, Los Angeles -- at the
8 state libraries in San Francisco, San Diego,
9 Fresno and Eureka. And I sincerely doubt if
10 anybody will be going to Eureka to look at the
11 library books.

12 We also have copies at our Energy
13 Commission Library in Sacramento; and on the
14 Energy Commission website. You can go to
15 www.energy.ca.gov/siting/cases/cityofvernon. And
16 also at the Docket Unit if you want any additional
17 information.

18 Now, there are a number of ways that you
19 may participate. You can submit written comments
20 or statements to the Commission. You can provide
21 oral comments at various public meetings.

22 You can become a formal intervenor. You
23 need to contact the Public Adviser, Margret Kim,
24 or speak with Nick Bartsch.

25 You can always provide written comments

1 on our preliminary staff assessment, final staff
2 assessment, or the Presiding Member's Proposed
3 Decision.

4 As I mentioned earlier, staff issued an
5 issues identification report October 6th. And the
6 purpose of that report is to inform participants
7 of the potential issues the staff has identified,
8 and bring an early focus on what we consider
9 important topics.

10 Now, the criteria for raising to the
11 level of an issue is significant impacts that may
12 be difficult to mitigate. Noncompliance with
13 various laws, ordinances, regulations and
14 standards, or conflicts between parties about
15 appropriate findings or conditions of
16 certification for a Commission decision that could
17 delay the schedule.

18 Staff has identified three areas that we
19 feel rise to that level of an issue that may need
20 resolution. First, air quality; second, public
21 health; and third, environmental justice.

22 Under the topic of air quality our
23 concerns are mitigation of particulate matter,
24 both PM10, which is 10 microns per cubic meter
25 squared; or particulate matter at 2.5 microns.

1 Possibly sulfur dioxide or SOx and carbon monoxide
2 emissions that would be potentially gotten from
3 the South Coast priority reserve.

4 Additionally for carbon monoxide
5 mitigation the PM2.5 mitigation, which the
6 District is currently in nonattainment for and has
7 no rules currently in effect, this is a CEQA issue
8 for staff.

9 Additionally we'll be looking at
10 volatile organic compounds mitigation. While the
11 applicant has purchased some of the required VOC
12 emission reduction credits, there are more that
13 they would need to purchase.

14 The second issue is public health.
15 Staff is concerned that the project's emissions
16 could raise the level of toxics air pollution in
17 the surrounding communities. Vernon and the
18 surrounding communities were identified by South
19 Coast in its multiple area toxic exposures study
20 2, also known as MATES2, and the South Coast ten-
21 year toxics control plan.

22 Now, the Vernon area and surrounding
23 communities have elevated levels of toxic air
24 contaminants that staff will address during its
25 analysis. Staff will be working very closely with

1 South Coast, the City of Vernon, the surrounding
2 communities and other concerned parties to address
3 this public health issue.

4 Environmental justice. Staff has
5 determined that there is a minority population of
6 greater than 50 percent, it's actually 95.48
7 percent, within a six-mile radius of the proposed
8 project. Staff needs to make a determination of
9 whether there would be any unmitigated significant
10 impacts falling disproportionately on minority
11 populations.

12 After staff's determination it will be
13 able to reach a conclusion on whether the project
14 presents an environmental justice issue. What is
15 showing right now is the six-mile radius on the
16 outside; a one-mile radius on the ring, with the
17 star being where the power plant would be.

18 In the lower left-hand corner the 2000
19 census blocks on the six-mile buffer shows a total
20 population at 1,453,958. The nonHispanic white
21 population is 65,000. The total minority
22 population is 1,388,281 for a percent minority
23 majority of 95.48 percent.

24 The dark green areas show between 75 and
25 100 percent nonwhite within a mile, because Vernon

1 is an industrial city and it only has, I believe,
2 44 residents basically showing up as blank.

3 Next, please. Now, the staff's proposed
4 schedule. The milestone event was the
5 determination by the Commission that the
6 application for certification was data adequate,
7 and that was on September 14th.

8 On October 6th staff issued its first
9 set of data requests and the issues identification
10 report. Today is November 2nd, the Committee's
11 holding their informational hearing and the site
12 visit to come afterwards.

13 The applicant is scheduled to provide
14 responses to the data requests this coming Monday,
15 30 days after the data requests were issued.
16 Because the schedule is flexible, originally we
17 had planned to have a data response issues
18 resolution workshop on November the 15th.
19 However, we're looking at moving that to the last
20 Wednesday in November, potentially.

21 By January 12th, under statute, local,
22 state and federal agencies are to provide us their
23 draft determinations. In other words, South Coast
24 Air Quality Management District will be filing
25 their preliminary determination of compliance no

1 later than that date.

2 January 19th we look at providing our
3 preliminary staff assessment. February 2nd we'll
4 be holding PSA workshops after an approximate two-
5 week period to let people absorb the document,
6 that will run probably about 700 pages.

7 By March 12th the various local, state
8 and federal agencies will issue their final
9 determinations, including the Air District filing
10 their final determination of compliance. And by
11 the end of March we will be filing our final staff
12 assessment.

13 The Committee prehearing conferences are
14 at the behest of the Committee, and so I'm not
15 going to guesstimate for you.

16 Next, please. Now, meeting the schedule
17 will depend on a couple things. Number one, the
18 applicant's timely responses to staff data
19 requests. Currently we're still waiting for the
20 system impact study which is not due until
21 November. And at that time we will be filing
22 additional data requests.

23 The timing of South Coast's filing of
24 the determination of compliance and determinations
25 of other local, state and federal agencies.

1 There's other factors that are not yet known and
2 because every case is unique, we don't know at
3 that point.

4 Now, who to get in touch with. As you
5 see, listed up at the top is my name, phone
6 number, email address and the webpage for this
7 particular siting case. Also list is Ms. Gefter,
8 the Commission's Hearing Officer, her phone number
9 and email address. And Ms. Kim, the Public
10 Adviser, the same. And the number for the City of
11 Vernon and their website.

12 There were copies of my presentation on
13 that back table. If you did not get one, my email
14 address is jreede@energy.state.ca.us. And my
15 telephone number is area code (916) 653-1245.
16 Thank you for the opportunity to permit, Chairman
17 Pfannenstiel.

18 PRESIDING MEMBER PFANNENSTIEL: Thank
19 you, Dr. Reede. At this point we may have some
20 questions for the Air District representatives.
21 Mr. Yee, would you come out and be available for
22 us, stand by the mike?

23 MR. YEE: Before I answer questions, can
24 I just make some comments?

25 PRESIDING MEMBER PFANNENSTIEL: Yes,

1 please.

2 MR. YEE: Okay. I did want to make a
3 comment that the Air District recognizes the CEC
4 process, and them being the lead agency for this
5 project.

6 The District, though, however, has the
7 responsibility of issuing a federal Title 5
8 permits and any local permits or air quality
9 permits at this time. The process of the air
10 quality permits runs generally in parallel with
11 the CEC process.

12 In addition to the applications that are
13 submitted to the CEC applications for the project
14 are also submitted to the Air Quality Management
15 District for our review and decision on the
16 project, itself.

17 In this process the District will
18 evaluate the project in accordance with all the
19 rules and regulations. We will look at whether or
20 not they comply with the latest control
21 technology. We'll look at whether or not they,
22 for every emissions increase, it's probably
23 mitigated through an emissions offset.

24 We will also look at modeling for
25 ambient air quality modeling and also for toxic

1 risk assessment for the neighboring areas for this
2 project, and for any other project that we review.

3 One of the issues that Mr. Reede did
4 bring up was the subject of offsets. And the
5 District recently amended one of their rules, it's
6 rule 1309.1, the priority reserve, in which
7 facilities such as this have the opportunity to
8 access priority reserve credits through the
9 District.

10 One of the items that did come up in the
11 passing of this -- this rule did recently pass --
12 was our board members had directed staff to look
13 at any projects which may be sited in an
14 environmental justice area. And to make a -- to
15 come back in front of our board with
16 recommendations at a later time on how to handle
17 those situations where it's located within an
18 environmental justice siting.

19 The proposed schedule for that is for us
20 to go back with our suggestions to the board is
21 around February of 2007.

22 The board has also instructed us that
23 for any project which is proposing to access the
24 priority reserve, that the District hold a public
25 hearing or workshop within the community to

1 discuss the roles of the Air Quality Management
2 District. And we will be doing that in the
3 process before we actually issue any kind of a
4 preliminary determination of compliance.

5 We haven't yet scheduled that, but we do
6 propose there will be an extensive outreach which
7 includes mailers to individual residents, local
8 schools, local sensitive areas, and also through
9 the newspaper.

10 We've only made a preliminary evaluation
11 at this time. We don't necessarily have a
12 decision yet on this project.

13 PRESIDING MEMBER PFANNENSTIEL: Mr. Yee,
14 on your revised priority reserve rule, has that
15 been challenged in court, or is that available now
16 for operational -- is it operational the way it
17 was revised?

18 MR. YEE: I'm not one of our lawyers. I
19 understand that it has been -- that a lawsuit has
20 been filed against that rule. I don't know the
21 status of that and how it necessarily affects our
22 implementation at this point.

23 PRESIDING MEMBER PFANNENSTIEL: All
24 right, thank you.

25 ASSOCIATE MEMBER BOYD: He's answered my

1 questions.

2 HEARING OFFICER GEFTER: Thank you very
3 much for giving us the overview of where you are
4 in terms of the schedule. In describing some of
5 the issues that you're facing at the District
6 level, it looks like the PDOC, which was scheduled
7 on staff's proposal in January, would probably not
8 occur until maybe later in the spring, if at all.
9 Does that seem more reasonable?

10 MR. YEE: I think it's a possibility
11 that the -- I wouldn't say later in the spring,
12 but we will probably be instructed by the board
13 to -- we'll probably wait until the board makes
14 their final decision on the environmental justice
15 in February. It depends on -- we've had some
16 scoping meetings so far in the District to talk
17 about what criteria would be used to determine
18 whether or not access would be allowed under the
19 priority reserve for environmental justice areas.

20 As we go through this process it might
21 identify issues which are -- that we could move
22 forward with it, with the PDOC prior to their
23 judgment. But that's still yet to be seen.

24 HEARING OFFICER GEFTER: Thank you.

25 Also, in terms of the bigger picture at the Energy

1 Commission, there are several projects now pending
2 at the Energy Commission which are affected by the
3 South Coast District rules.

4 And I'm wondering whether you have
5 looked at how the offset packages for each of
6 these projects would overlap each other, or
7 whether there's going to be some difficulty in
8 getting the offsets for all four projects at this
9 time.

10 MR. YEE: I think when we proposed the
11 rule 1309.1 in our report to the board, to our
12 governing board, we looked at the proposed
13 projects which were in front of us and had
14 determined the impact, as far as the quantities of
15 emissions which would be required for these
16 projects.

17 And it was based upon, I believe it was
18 either the ISO's or the CEC's requirement for 1500
19 megawatt increases. And when we did propose the
20 rule it appears that there was adequate resources
21 in the priority reserve for these projects.

22 Now, as you know, there's other projects
23 which were perhaps over and beyond the 1500
24 megawatts. And they may or may not have been
25 considered in that scope.

1 HEARING OFFICER GEFTER: And then my
2 final question, which is going to segue into the
3 CBE's participation in this case. Are you working
4 with CBE on the EJ issues with respect to that new
5 rule? Or is CBE, you know, coming to work with
6 the District? Because it seems that in this
7 particular case CBE is going to be quite involved
8 and it would make sense for the Air District and
9 that organization to work together starting at the
10 beginning.

11 MR. YEE: I haven't really been involved
12 in that. But all I can say is that there is a
13 committee, a board committee, that is being
14 chaired by one of our board members. And they do
15 make available their meetings for the general
16 public, and also the committee members. And CBE
17 is probably notified of these meetings and made
18 available to actually testify and make comments.

19 HEARING OFFICER GEFTER: Okay. Well,
20 I'm going to ask a representative from CBE to come
21 up at this point. And Mr. Huang had identified
22 himself earlier; I don't know if you want to be
23 the spokesman here, or if he's even in the room at
24 this point. Is there somebody from CBE who would
25 like to address us before we adjourn?

1 And, Mr. Yee, thank you. I don't think
2 we have any further questions right this minute.

3 PRESIDING MEMBER PFANNENSTIEL: Thank
4 you.

5 HEARING OFFICER GEFTER: Thank you very
6 much for being here; appreciate your overview.

7 MR. YEE: Thank you.

8 HEARING OFFICER GEFTER: Okay, Mr.
9 Huang, do you want to come forward? Thank you.

10 CBE is an intervenor and a party in this
11 case, so we'd like to hear your perspective right
12 now. And also we would invite you to work with
13 the Air District in this process.

14 MR. HUANG: Sure. So, I'm Phil Huang
15 and this is Yuki Kidokoro, our Program Director
16 here in southern California.

17 So, just as a preliminary matter,
18 Communities for a Better Environment has filed an
19 appeal with the state Air Resources Board. It's
20 not a case in the court, but with -- so, -- and we
21 would, if there is an AQMD committee that is
22 meeting to resolve the environmental justice
23 issues that the board directed it to do, we would
24 welcome meeting with them and working that out, as
25 he suggested.

1 ASSOCIATE MEMBER BOYD: So you say CBE
2 has appealed this to the state Air Resources
3 Board, but you're not in court. Are you aware of
4 anyone else who has challenged this in the courts?
5 I'm just wondering why we think there's
6 litigation; maybe we're misinformed.

7 MR. HUANG: Sir, I think -- sorry --
8 there are two things. One is there's a concern --
9 sorry, I was addressing -- so, first there is a
10 concern that the rule does not comply with SB-288
11 regarding the new source review. And that is the
12 appeal to the state Air Resources Board.

13 And then, yes, then there is a suit that
14 is filed in Superior Court. My apologies.

15 HEARING OFFICER GEFTER: Okay, who filed
16 the lawsuit?

17 MR. HUANG: There were several groups;
18 among them, CBE, NRDC. And I'll defer to my
19 colleague here.

20 MS. KIDOKORO: So, I'm sorry, what
21 questions? What were the questions?

22 HEARING OFFICER GEFTER: We wanted --

23 DR. REEDE: Please introduce yourself.

24 HEARING OFFICER GEFTER: -- since you --

25 MS. KIDOKORO: Okay, sorry. My name is

1 Yuki Kidokoro; I'm the southern California Program
2 Director for Communities for a Better Environment.

3 HEARING OFFICER GEFTER: Thank you. And
4 since CBE has intervened, we wanted to get an
5 overview of your position. And also I know that
6 you're going to be involved in the site tour later
7 this afternoon.

8 MS. KIDOKORO: Sure. We have a few
9 people who I think turned in cards who will talk
10 about some specific pieces. Overall we have
11 mostly an environmental justice concern around the
12 project. As you will see on the tour, outside of
13 the surrounding communities around Vernon are
14 highly densely populated communities. And as you
15 heard, mostly people-of-color communities.

16 And have historically faced high levels
17 of emissions from toxic facilities, a lot of air
18 pollution and other forms of pollution.

19 And so we have a lot of concerns around
20 this project that has, according to the
21 application, will emit about 899 tons of pollution
22 in an area that's already had levels of pollution.
23 And in a time when we're kind of trying to reduce
24 the amount of emissions and reduce the health
25 impacts on the surrounding communities, this

1 raises a huge concern for us in terms of posing
2 additional potential threats to community health.

3 HEARING OFFICER GEFTER: And we did
4 receive a number of blue cards from members of
5 CBE. I'm wondering if you couldn't summarize what
6 they would be presenting so that we can reserve
7 the time to do the actual tour?

8 MS. KIDOKORO: I don't know exactly what
9 they -- I don't know what they prepared to say.
10 So, some of these folks are people who live here.
11 And I think that they should be the people who
12 present that information, if that's all right.

13 HEARING OFFICER GEFTER: Sure. Okay.
14 Mr. Cabrales.

15 MS. SMITH: I'm an intervenor, as well.

16 HEARING OFFICER GEFTER: Oh, I'm sorry.
17 And you represent?

18 MS. SMITH: I just wanted to introduce
19 myself. Gloria Smith from the California Unions
20 for Reliable Energy. We're still studying this
21 proposal. We don't have any formal questions for
22 the applicant or the Commission at this time. We
23 will be fully participating and I just wanted to
24 let you know that we were here.

25 HEARING OFFICER GEFTER: Well, thank

1 you, Ms. Smith, because we asked for you earlier
2 and you weren't here when we called your name.

3 MS. SMITH: I flew out of SFO; my flight
4 was an hour and a half late, sorry about that.

5 HEARING OFFICER GEFTER: Oh, yeah, we
6 understand. Well, thanks for being here;
7 appreciate it.

8 We're going to ask again for members
9 from CBE and Mr. Cabrales.

10 MR. CABRALES: Hi. My name's Robert
11 Cabrales; I live in the City of Lynwood and I work
12 in Huntington Park with Communities for a Better
13 Environment.

14 And I just want to make clear the fact
15 that we are, you know, interested parties. And
16 we're against this project because of the impact
17 that already exists in the City of Vernon. Not
18 only in Vernon, but the neighboring cities,
19 Huntington Park, Maywood.

20 We get a lot of smells, and if there's
21 any claim that we're not going to get impacted by
22 the air/wind patterns from this power plant, we
23 smell Farmer John, we smell the rendering plant
24 all over Lynwood, Southgate and those areas. I've
25 lived in every single city in the area, and we get

1 those foul smells, at night, especially at night
2 when there's no regulatory agency there to watch
3 what's happening.

4 So, this is just outrageous to put a
5 power plant, I disagree, in a community that's
6 very heavily impacted. So, you guys -- the City
7 of Vernon got away with expanding the Malburg
8 Generating Station with no outcry or no individual
9 against it. But this power plant is definitely
10 going to get some outcry from the community. So,
11 thank you very much.

12 HEARING OFFICER GEFTER: Thank you for
13 being here today; appreciate that. Thank you.

14 Ms. Stefany Chirino. I'm just calling
15 the names of people who filed the cards. I know
16 there are other people here who didn't, but please
17 come up.

18 MS. CHIRINO: Okay, well, I'm Stefany
19 Chirino. I live in the City of Huntington Park
20 for more than ten years. I'm a student of
21 Huntington Park High School. And I have asthma.
22 And basically the pollution is going to affect the
23 school in a lot of ways because, as he said
24 before, the Farmer John's already affects us. We
25 can smell the foul smells in our high school.

1 And I think this power plant shouldn't
2 be created here in the City of Vernon because that
3 is approximately miles away from a lot of high
4 schools. And that's going to affect our way of
5 breathing, our way of -- and basically what I
6 wanted to say is that the power plant -- if the
7 power plant is going to be built here, what are
8 these so-called sensitive things that supposedly
9 is going to protect our high schools from the
10 whole pollution.

11 And basically the City's already
12 polluted, as it is. It has -- and why are they
13 going to add 1000 toxic more pollution to the City
14 that's already polluted as we are.

15 That's all I wanted to say.

16 HEARING OFFICER GEFTER: Thank you very
17 much. And also, I would encourage you and other
18 people in your high schools in the area to speak
19 with our staff; either email them or call them.
20 And they can explain it to you more, rather than
21 just this overview that we have had today. But if
22 you ask direct questions they can try to explain
23 it. And Dr. Reede and his staff could certainly
24 try to talk with you and explain it to you.

25 MS. CHIRINO: I also wanted to add

1 that --

2 DR. REEDE: You have to come back to the
3 microphone.

4 MS. CHIRINO: I'm a student at
5 Huntington Park High School, and I've never
6 received one of these. And I also go to the
7 library a lot, the Huntington Park Library; and I
8 never even seen this flyer before. So how can
9 they say that they distributed these to schools
10 and libraries? And our parents don't even know
11 about this.

12 So, I think they should -- the false
13 testimonies that they're testifying.

14 HEARING OFFICER GEFTER: Well, thanks
15 for telling us that, so they can do a better job
16 next time. Thank you very much.

17 Okay, Mr. Darryl Molina. Oh, it's Ms.,
18 I'm so sorry.

19 MS. MOLINA: I'm Mrs. Darryl Molina and
20 I'm the Youth Program Coordinator with Communities
21 for a Better Environment. And just briefly, I
22 just wanted to echo what previous people have
23 said, that this is an issue of environmental
24 justice. It is overwhelmingly people of color in
25 these communities, low income.

1 And I do not understand how Vernon Power
2 Plant Staff and members of the City of Vernon can
3 say that this is the cleanest power plant, because
4 if you look at AFC table 8.1-19 and 8.1-20, you
5 will see that it will emit 899 tons of pollution
6 every year. And the chemicals that are composed
7 of this pollution are -- show that they lead to
8 cancer, birth defects, emphysema, asthma.

9 When you convert the tons to pounds,
10 it's nearly 1.8 million -- sorry, 1.8 pounds of
11 pollution every year. How can this be the
12 cleanest power plant possible if you're letting
13 out nearly 2 million pounds of pollution into this
14 air. And AQMD already stated that this is an area
15 of nonattainment. The cancer risk here is much
16 higher than federal EPA standards of one in a
17 million. It is nearly 1000 -- between 1000 and
18 1500 cancers out of a million people in this area.

19 And so I just wanted to voice our
20 concern. I work with many high school students on
21 a daily basis, and none of them have heard about
22 this power plant. And we've been outreaching to
23 community residents for the past month, and
24 community residents have not even been informed.

25 So I just wanted to voice our concern

1 and you'll hear more about some of the specific
2 effects of pollution on students and learning.

3 Thank you.

4 HEARING OFFICER GEFTER: Well, thank you
5 very much. Avalberto Barboza.

6 MR. BARBOZA: Hello. First I'd like to
7 thank you for allowing me to speak. My name's
8 Avalberto Barboza. I also work with Communities
9 for a Better Environment.

10 And my concern is that this is a
11 community of color much like they've been saying.
12 It's true that this is cleaner technology compared
13 to the other dirty, some of the technologies that
14 are available right now.

15 But, once you think about it, if you put
16 this facility that is cleaner technology in a city
17 that is dirty already, I mean it doesn't really
18 balance out. If you put clean technology with an
19 area that is already suffering from -- from diesel
20 trucks and facilities that are surrounding the
21 community.

22 And I'd also like to say that you'd
23 probably get more youth here, and also more
24 community testimonials if it were to be during the
25 day, because most of them have work, most of them

1 are in school. I'm pretty sure we could have
2 gotten you a lot more youth here that are
3 concerned about this. Because they live in this
4 area, but they aren't able to come and testify
5 themselves because they're in school.

6 And they will be greatly impacted
7 because their football field is, I think it was .7
8 miles away from the proposed site. So, once we
9 actually do go out to do the site visit, unlike
10 the maps that just show the aerial view, you can't
11 see people, you can't see the trucks that are
12 already right there, you will see what you will be
13 damaging if you do decide to put it there.

14 Thank you.

15 HEARING OFFICER GEFTER: So you're
16 suggesting that having an evening meeting so that
17 more people could attend would be better for the
18 community?

19 MR. BARBOZA: Yes, that would be a lot
20 better. You would get more youth, more concerned
21 parents. A lot of teachers would come from the
22 schools that are surrounding, because we tried
23 mobilizing for this meeting but a lot of them are
24 in school and cannot get out. So, it would be a
25 lot better.

1 HEARING OFFICER GEFTER: Thank you.

2 MR. BARBOZA: Thank you.

3 HEARING OFFICER GEFTER: And Ryan Perez.

4 MR. PEREZ: Hello; my name's Ryan Perez.

5 I have a couple things written out here which I
6 would like to say. But first of all I'd like to
7 say that as far as the outreaching to the
8 community and the high school, I, myself, had to
9 put together an assembly in our high school
10 because my principal and a lot of the teachers
11 that work there and the students there had no idea
12 that this power plant was going to be built.

13 I have the full support of the
14 administration at Huntington Park High School
15 behind me in opposition of this power plant,
16 because they do understand that the health effects
17 of this power plant being built will greatly
18 affect the students.

19 I was born and raised in HP; I've lived
20 here all my life. I've also had asthma all my
21 life. And as a senior now in high school, I've
22 learned to deal with the challenges of having
23 asthma in this particular environment.

24 My first two years of high school where
25 my asthma was the worst because I realized I had

1 P.E. And I had to spend time in the field going
2 through these activities, running, trying to do
3 pushups when I was already in an area that was so
4 highly impacted by pollution.

5 In my last two years of high school
6 where I didn't have to go P.E., I noticed that my
7 asthma has greatly improved since then.

8 I'm graduating this year, and I still
9 feel very strongly that I need to say something
10 because this fight is for the people that I'm
11 leaving behind in school. Because no children, no
12 student should have to suffer the effects of this
13 pollution, the impacted area.

14 We're already surrounded by the Slawson
15 Truck route, which is right on the side of our
16 high school field. We're surrounded by the
17 freeways; Vernon is on three sides of us. And
18 it's just not a good -- it's already a horrible
19 environment to live in and to play in, and to have
20 to go to school in. And to add something else
21 which will increase the pollution is just not
22 right.

23 And this is an environmental justice
24 case; and you guys should really look about what
25 is going to be affected if this is to go through.

1 Thank you.

2 HEARING OFFICER GEFTER: Thank you. I
3 don't have any more cards from the CBE
4 representatives. I do have a card from a Mr.
5 Albert Halimi who is a co-owner of Command
6 Packaging. Are you present here? Mr. Halimi?

7 All right. One of the things that was
8 clear from the presentations from some of the
9 students today was that a lot of people feel they
10 didn't have enough notice or information about the
11 project in the community despite the efforts made
12 both by the City of Vernon and by the Public
13 Adviser's Office and our staff.

14 And so I would hope that our staff and
15 the City would make more effort to reach out to
16 the local community, and perhaps we can talk about
17 that when we get back to Sacramento. Because we
18 would like the communities to be involved and to
19 participate. That's part of the process.

20 And so we're very glad that you came
21 today, and we encourage you to keep your interest
22 in this project.

23 At this point, --

24 PRESIDING MEMBER PFANNENSTIEL: I don't
25 have any questions, but I would like to reiterate

1 how appreciative we are to people. I know that
2 your lives are busy, all of you; and to take the
3 time to come out and talk to us and make sure that
4 we are aware of your issues, we do appreciate. It
5 is part of the process and we encourage more of
6 this. Thank you.

7 HEARING OFFICER GEFTER: Thank you,
8 Chair. The Public Adviser just gave me another
9 card from Felipe Aguirre, who would like to speak,
10 from the City of Maywood.

11 VICE MAYOR AGUIRRE: Yes.

12 HEARING OFFICER GEFTER: Okay. And then
13 after that we're going to adjourn. So, please,
14 thank you very much for being here this afternoon.

15 VICE MAYOR AGUIRRE: Yes, thank you for
16 your time. My name is Felipe Aguirre; I'm the
17 Vice Mayor of the City of Maywood. We're located
18 two blocks on Fruitland and Maywood Avenue from
19 where the proposed power plant is going to be
20 built.

21 It's really fitting that you're here in
22 this community on this day, November the 2nd,
23 because this is, in our culture, what's known as
24 dia los muertos. And if you're not aware what
25 that means, that means basically day of the dead.

1 And I think that having an additional power plant
2 in this community is going to increase, you know,
3 our environmental problems.

4 The City of Maywood is a very
5 environmentally impacted city. We have a
6 superfund site, the fifth most contaminated site
7 in the United States, called Pemnico (phonetic),
8 and we have a brownfield site next to it, which
9 is W.W. Hendry. And we have been working with the
10 agencies, both the EPA, the State of California,
11 to clean up that place in a way that's not going
12 to contaminate our community more.

13 But as a result of those plants being in
14 our community and having basically polluted for 30
15 or 40 years our area, our groundwater is
16 contaminated. And we have high amounts of TCE in
17 our water system. And people in the City of
18 Maywood do not trust, you know, the water either
19 to drink or bathe in it. So people are very very
20 impacted.

21 And having a power plant, you know,
22 built right next to our communities, particularly
23 our residents that live right along Maywood Avenue
24 would have a negative impact. And at this present
25 time I don't think that we could support, you

1 know, the building of an additional power plant
2 where our community is going to be impacted.

3 And we wish you to have the meetings in
4 Spanish; have materials available for the
5 community. We just got a flyer and we found out
6 about this at the last minute. But many people
7 should be involved in this process. And you
8 should come to the City of Maywood, come to the
9 communities that are going to be impacted by the
10 building of this plant so that you can see on a
11 first-name basis, and meet those people that are
12 heavily impacted by asthma and other chronic
13 illnesses that we have in our community.

14 We've developed a stakeholder group in
15 the City of Maywood for dealing with contaminated
16 sites in Maywood. We're going to have a meeting
17 January 17th. And I think that your agency should
18 be involved with us in that process so that we can
19 map out the problems that exist in Maywood and the
20 surrounding communities. So we can develop a
21 process to get all the agencies to work together.

22 We know that the City of Vernon is a
23 separate city, but we're neighbors, and basically
24 we'd like to see them deal with us, also. And I
25 noticed that in this report you didn't mention

1 that Maywood Library should also be receiving
2 information. And we're probably the closest
3 library in the area, on Slawson Avenue.

4 HEARING OFFICER GEFTER: Well, thank you
5 very much for being here today. Appreciate your
6 perspective. And I also would indicate that the
7 City, as a sister agency, can be very involved in
8 this process. You could also intervene and become
9 a formal party and represent the interests of your
10 particular residents.

11 But we do hope that the City will
12 participate either as just a sister agency or as
13 an intervenor, which would be a full party. Thank
14 you very much.

15 VICE MAYOR AGUIRRE: Thank you.

16 HEARING OFFICER GEFTER: You know, we
17 want to adjourn so we can go on our site tour. I
18 got one more note from Ms. Marisa Olgun who is
19 from the Vernon Chamber. And would you come
20 forward, and then I'm not going to take any more
21 comments at this point, because we need to go on
22 the site tour.

23 So, thank you very much.

24 MS. OLGUN: Marisa Olgun for the record.

25 I'd just like to submit the Chamber's position on

1 the upcoming or proposed power plant. The Chamber
2 does support the City's interest in building a
3 power plant. The Chamber also does represent the
4 view of businesses that employ the livelihood of
5 44,000 jobs that actually live within the
6 surrounding communities.

7 As population growth drives increased
8 energy demand in southern California, a steady
9 supply of power to fuel Vernon's industrial output
10 is essential.

11 Outside the borders of our productive
12 city the entire region has an increased need for
13 more electrical power. The southern California
14 region needs another available, reliable and local
15 power source.

16 The City of Vernon is the ideal place
17 for such a plant. Our strategic location,
18 business focus and industrial infrastructure makes
19 us one of the few municipalities that is well
20 suited to build a technologically advanced and
21 fuel-efficient power plant for this size in our
22 region.

23 The keystone to the City of Vernon's
24 success has been the ability to provide its
25 industrial users with reliable and competitive

1 power rates. This makes Vernon a magnet for heavy
2 manufacturing and the kind of heavy power-using
3 services for industries including the frozen food
4 and handling, recycling, rendering, and
5 manufacturing in the areas of steel, glass and
6 plastics.

7 Reliable power is critical to operations
8 run not only in the Vernon business community, but
9 also in the southern California regions.
10 Additionally, the power generating station that is
11 proposed we believe would meet this need and
12 potentially further the region's economic
13 vitality.

14 The Chamber does support the City of
15 Vernon's continuing vision of providing reliable
16 sources of power and expanding it to meet the
17 needs of its neighboring cities.

18 That's about it. Thank you.

19 HEARING OFFICER GEFTER: Thank you very
20 much for coming today.

21 We are going to adjourn this hearing.
22 We're going to get on buses and take a tour of the
23 site. And also, I think we're going to take a
24 tour through the City of Maywood before we leave
25 today.

1 Thank you very much for being here. The
2 hearing is closed.

3 (Whereupon, at 2:35 p.m., the hearing
4 was closed.)

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CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of November, 2006.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345