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STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:) Docket No. 97-AFC-2
)
Application for Certification)
for the Sutter Power Plant Project)
_____)

EVIDENTIARY HEARING

City Hall
Council Chambers
1201 Civic Center Boulevard
Yuba City, California

Monday, November 2, 1998
6:35 p.m. to 8:55 p.m.

Reported and Transcribed by: Jacquelyn Frink, CSR #10054
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Commissioners Present:

MICHAEL MOORE

Staff Present:

GARY FAY, Hearing Officer

WILLIAM J. KEESE, Chairman

SHAWN PITTARD, Advisor to Commissioner Moore

LOREEN R. McMAHON, Project Manager for Western Area
Power Administration

STANLEY W. VALKOSKY, Chief Hearing Officer

For the Staff of the Commission:

AL McCUEN, Senior Transmission Planner

MARC S. PRYOR, Siting Project Manager

DICK RATLIFF, Senior Staff Counsel

PAUL C. RICHINS, JR., Siting Project Manager

For the Applicant:

JAMES L. DYKES, P.E., Manager, T & D Engineering

CHRISTOPHER ELLISON, Law Office of Ellison & Schneider

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P R O C E E D I N G S

MONDAY, NOVEMBER 2, 1998 YUBA CITY, CALIFORNIA 6:35 P.M.

COMMISSIONER MOORE: Good evening. Welcome back. We'll reconvene the evidentiary hearing on the Sutter power plant project. And we will reconvene with the second half of our discussion on alternatives, and since that alternative section in the end will take us into transmission siting, we'll take some testimony at the end of this on technical transmission and engineering issues. With that, Mr. Fay, back to you, and I believe staff presentation on alternatives.

HEARING OFFICER FAY: Okay. Before we begin, I'd just like to cover a few points. I think -- to be sure that the public can hear the witness, I think I'm going to ask the witnesses to testify over here. We'll try and see if that works. I'm not sure how the arrangement is. I hope the mike over there works. Is that all right with you, Mr. Ratliff?

MR. RATLIFF: Sure.

HEARING OFFICER FAY: Or you can stand and use this microphone right here. Would you prefer that? We just have a different arrangement here and it's not flexible at all. I think if you speak up, the audience can probably hear much of what you say, and what they can't they can determine it's lawyer stuff. But the witness would probably

1 really want to hear. If anybody has a problem hearing,
2 especially the people who are not on a mike, I encourage you
3 to come forward and just raise a hand if you're having
4 trouble hearing, and we'll try to make our adjustment to
5 this room.

6 I just want to point out that if you look at your
7 agenda -- we have some more copies of the agenda that are
8 available. Under five at the bottom, "Presentation of
9 Affidavits and Written Testimony in Subject Areas" -- all
10 those areas were considered to be of less vital interest to
11 the local people, and these were areas that essentially the
12 staff and the applicant and CURE had agreed upon, and there
13 was not the need to do the summaries, the evidence. So the
14 evidence -- we anticipate that the evidence will just be
15 submitted on affidavit.

16 However, if you have a question that will come up in
17 any of these areas, we definitely want to give you an chance
18 to ask that question. And what I'm going to ask staff to do
19 after we've finished with transmission line is get the
20 project manager to just summarize briefly what the analysis
21 is for each of these areas so you can put some meaning to
22 those terms, those words like "facility design." And he'll
23 explain what type of analysis is done by the energy
24 commission and the applicant under that heading.

25 And if you find, as he goes through that list, that

1 you've got a question in a certain area, we'll ask you to
2 raise your hand and ask the question right then. If the
3 project manager cannot answer it, again, we may have to call
4 a witness at a later time to be sure you get the answer you
5 need. All right. Any questions about that before we start
6 up again? Okay.

7 Then we've completed hearing from the applicant's
8 witness, first witness on alternatives. And now we'll hear
9 from the staff and then go back to the applicant after.
10 There are other witnesses on alternatives that are going to
11 deal with transmission and other issues. Mr. Ratliff?

12 MR. RATLIFF: Yes. The staff witness is Marc
13 Pryor.

14 HEARING OFFICER FAY: Would the court reporter
15 please swear Mr. Pryor in?

16

17 Testimony of

18

MARC PRYOR

19 called as a witness, having been duly sworn, was examined
20 and testified as follows:

21

DIRECT EXAMINATION BY MR. RATLIFF

22 Q (By MR. RATLIFF) Mr. Pryor, were you the principal
23 author of the testimony in the alternatives analysis of the
24 FSA?

25 A Yes, I was.

1 Q Who else contributed to that analysis?

2 A Loreen McMahon from Western Area Power Administration.

3 Q But you were the principal author? You consulted with
4 her in the drafting; is that correct?

5 A Yes, I did.

6 Q Do you have any changes to make in your testimony?

7 A I do not.

8 Q Is it true and correct to the best of your knowledge and
9 belief?

10 A It is.

11 Q Could you summarize briefly your testimony and its
12 conclusions?

13 A The purposes -- the purpose of staff's alternatives
14 analysis is to provide the decision makers with the
15 reasonable range of feasible alternative sites which can
16 substantially reduce or avoid any potentially significant
17 adverse impacts of the proposed project. I compared siting
18 alternatives to the proposed project without mitigation
19 measures applied to that project.

20 We started with originally six areas of potentially
21 significant environmental impacts. They were air quality,
22 hazardous materials, land use, visual resources, biological
23 resources and water resources.

24 The first part of the analysis was the no-project
25 alternative. I found that the no-project to be

1 environmentally superior but only slightly to the proposed
2 project. I used what I considered to have been a
3 conservative and cautious approach in that I did not agree
4 with the applicant's contention that the site would displace
5 older and dirtier power plants absent information to support
6 their argument. As has been entered earlier this evening,
7 the applicant has supplied and I saw Wednesday documentation
8 that supports their contention, and in general, we agree.

9 The concerns for other impacts in air quality, though,
10 were biological and water resources. Those have been
11 mitigated as far as the new proposals are concerned, and
12 only the visual concern remains. Adequate -- as I said,
13 adequate mitigation measures have been proposed, which were
14 biological and water.

15 The practical aspect for this was for me -- I would
16 have to identify an environmentally preferred alternative
17 from the list of remaining alternative sites. And there's a
18 distinction that I'd like to make between the
19 CEQA and the NEPA analyses. This environmental preferred
20 alternative applies only to the CEQA analysis.

21 Q Just to clarify, you mean -- when you say CEQA, you
22 mean the California Law and California Environmental --

23 A California Environmental Quality Act
24 as opposed to the National Environmental Policy Act.

25 Q Which is federal law?

1 A Which is federal and which Western adhered to. I
2 started with 11 potential sites. Some of these came from
3 the Sacramento Ethanol Partners Cogeneration Project; others
4 from public suggestions at workshops; and then we had some
5 staff suggestions as well.

6 I applied a set of criteria to screen out some of these
7 sites. The criteria involved or included distances to
8 Western's 230 kV lines and natural gas supply lines and
9 avoidance of medium to high density residential areas. The
10 distances I used for transmission lines and natural gas
11 lines were comparable to those that were proposed by
12 Calpine.

13 I then looked at the sites and the zoning of the
14 particular sites to see -- to determine whether site control
15 was feasible or not. Zoning or the potential for rezoning
16 was determined by whether the site was cultivated within the
17 last year. I was left with four alternative sites after
18 going through these two steps. One is the
19 O'Banyan (phonetic) Road site. It's to the west side of
20 O'Banyan Road next to the Sutter Bypass and on the south
21 side of the road.

22 I originally thought that the -- this parcel was not
23 under cultivation. I found out otherwise later in the case.
24 But the site was retained because of the public's continued
25 interest and what seemed to be a recent failure to require

1 the site control for a project of this size of a power
2 plant. There's some question as to whether that's true now.

3 The second site was a Sac One site from the
4 Sepco (phonetic) analysis. It's in Sacramento County in the
5 Elverta area. The third was a site in the Sutter Buttes
6 industrial area, which is in South Sutter County. And the
7 fourth and last was an industrial site in the south Sutter
8 County industrial area -- or correction; Sutter Buttes
9 industrial area.

10 A four-site analysis was performed by technical area
11 staff, and I presented them with sites and supply routes for
12 natural gas, transmission line routes, water resources and
13 the F1 discharge routes that I came up with that I felt were
14 comparable to what were seen in the unmitigated site for the
15 Sutter power plant and what made sense to me.

16 Each alternative was rated by technical staff as being
17 either better than, the same as, or worse than the proposed
18 project site. This resulted in the O'Banyan Road and
19 Sacramento sites as being better. However, this compared
20 every technical area. And to bring it full circle, I
21 brought it to back to the sixth that were identified at the
22 start of the analysis, the six technical areas that were
23 indicated has significant -- potentially significant impact,
24 environmental impact.

25 When compared to the six, air quality, hazardous

1 materials, land use, visual, biology, and water resources,
2 only the O'Banyan Road site seemed to be better and only
3 marginally. Because of unknown factors -- well, this left
4 me with the environmentally preferred alternative being the
5 O'Banyan Road site. But I have to stress that's only
6 marginally in comparison. Because of unknown factors that
7 can only be determined by a deeper level of alternatives
8 analysis, which would require a separate application for
9 certification, the O'Banyan Road site I cannot recommend
10 instead of the proposed site.

11 Once again, I want to say that I'm aware of mitigation
12 that has been proposed that eliminates all concerns except
13 for visual resources, and the problems that I see that have
14 cropped up with the O'Banyan Road site are that it has been
15 under rice cultivation within the last three years -- this
16 year it has been -- and the board of supervisors may not be
17 amenable to a zone change and a general plan amendment to
18 convert it into an industrial site for a power plant. That
19 concludes my presentation.

20 Q At the beginning of your summary, you stated that you
21 had done your comparison of the alternatives to the project
22 without applying the mitigation that has since been
23 discussed in the project and would now be required by the
24 conditions. Can you explain why that was the case?

25 A Upon your advice for one thing.

1 Q Well, did you know at the time that you performed your
2 original analysis what the mitigation ultimately would be?

3 A I did not know from the beginning nor until relatively
4 recently what the mitigation measures would be, and I felt
5 that it didn't warrant the time and the results probably
6 would not be modified anyway.

7 MR. RATLIFF: Thank you. The witness is available
8 for cross-examination.

9 HEARING OFFICER FAY: Mr. Ellison?

10 MR. ELLISON: Thank you.

11 CROSS-EXAMINATION BY MR. ELLISON

12 Q (By MR. ELLISON) Mr. Pryor, I just have just a few
13 questions that I think are fairly straightforward. First of
14 all, with respect to the alternative sites question that you
15 were just describing, it's true, is it not that the proposed
16 site has already an existing power plant located there?

17 A It is true.

18 Q And the O'Banyan site does not have a power plant
19 located there?

20 A It does not.

21 Q Secondly, with respect to the no-project alternative,
22 I'd like to ask you to turn to page 21 of your testimony in
23 the FSA.

24 A Okay.

25 Q In the fourth paragraph at the bottom, after describing

1 some of the non-environmental economic benefits of the
2 project, you state, quote, "These points are well taken and
3 the consideration of one or more of them may lead the energy
4 commission and any other decision-making body involved in
5 the matter to conclude that the benefits derived by the
6 construction and operation of the SPP would outweigh the
7 benefits of not certifying the proposed project," unquote.

8 Do you see that language?

9 A Yes, I do.

10 Q Okay. Has anything that has happened since you wrote
11 that language changed that opinion?

12 A No.

13 Q The staff is recommending, as an overall position in
14 this case, the approval of the proposed project, correct?

15 A I believe that's correct.

16 Q Would it be fair then to infer from that that the staff
17 position is that these non-environmental benefits do, in
18 fact, outweigh the benefits of not certifying the proposed
19 project?

20 A I can't speak for the other technical areas, perhaps.

21 Q Is it your understanding that staff, as a whole, is
22 recommending approval of the project, correct?

23 A Your logic does follow that.

24 Q So logically my statement would -- would it be correct
25 that the staff, as a whole, believes that the benefits of

1 certifying the project outweigh the benefits of not
2 certifying it?

3 A Yes.

4 Q Turning to the third paragraph --

5 A Above that?

6 Q Above that. The one that begins "without supporting
7 documentation." Do you see that paragraph?

8 A Yes, I do.

9 Q If you need a minute to read the paragraph, let me
10 know, but my question is, first of all, as I read it, the
11 gist of that paragraph is that in comparing alternatives, in
12 this case, the no-project alternative to the project -- that
13 you believe that it's important to not single out any one
14 environmental parameter as overriding all the rest of them.
15 Is that a fair summary of the basic point of that paragraph?

16 A That's fair.

17 Q If you read the last line of that paragraph, you state
18 that, "In this case, air quality impact should not be
19 assigned overriding importance to the exclusion of other
20 environmental resources such as biological, visual, and
21 water resources." Do you see that statement?

22 A Yes, I do.

23 Q You have earlier testified this evening that this
24 project does not have significant impacts other than visual
25 according to the staff; is that correct?

1 A That is correct.

2 Q Would it be fair then to remove from this last sentence
3 the references to biological and water resources impact?

4 A Yes, it would.

5 Q Okay. In your opinion, is it appropriate for visual
6 impacts to override all other considerations?

7 A I don't think it would be proper for me to express an
8 opinion on that.

9 Q You've expressed an opinion that air quality impact
10 should not override all others in this paragraph, have you
11 not?

12 A I believe they should be on par.

13 Q By that do you mean that all of the different
14 environment parameters should be considered equally as
15 opposed to any one of them overriding?

16 A The reason I put this in is in the AFC under the
17 projects -- the AFC's discussion of "no project," in my
18 mind, dwelled too much on the air quality benefits and did
19 not mention other potential impacts in the other areas.
20 That's what I was trying to convey.

21 Q I understand but as a principle of doing these kinds of
22 analyses, you testified a moment ago that the gist of this
23 paragraph was that one environmental parameter should not
24 override the rest of them, correct?

25 A I believe that the visual resources is still a concern;

1 and although the air quality question may be moot at this
2 point, there is still the visual; and because of that, I
3 still think that the "no project" being slightly better than
4 the "proposed project" -- is valid in the sense that it just
5 forces me to go a little step further by determining the
6 environmentally preferred alternative.

7 MR. RATLIFF: Commissioner, if I may -- I don't
8 want to object to Mr. Ellison's questioning, but I would
9 like to clarify what I think is one of the difficulties --
10 this answer and this question is, and that is in his
11 analysis, the witness has identified -- actually, basically,
12 tried to evaluate, in a very gross way, the different
13 comparative impacts but he -- there's no way to assign to --
14 whether waste hazard, for instance, is more important than
15 visual or anything like that, and nor was it his intention
16 to try to put any weight on those.

17 And I think his difficulty is that he really never set
18 out, nor does he, anywhere in his testimony -- that says
19 whether or not, for instance, a visual impact is more
20 important or less important than air quality benefits. And
21 I think that the difficulty we have here is that that's just
22 something that he never attempted to address. I wanted to
23 clarify that.

24 COMMISSIONER MOORE: I think, Mr. Ratliff, that it
25 is probably what counsel is trying to elicit.

1 MR. ELLISON: That's my point exactly.

2 COMMISSIONER MOORE: Perhaps the easiest way to
3 approach this is for the witness to indicate whether Mr.
4 Ratliff has stated that succinctly and if he might be able
5 to -- if the answer that Mr. Ratliff is proposing to counsel
6 is accurate.

7 THE WITNESS: I believe it's accurate.

8 Q (By MR. ELLISON) Let me then ask you this. The staff
9 has stipulated that there are displacement benefits as a
10 result of the Sutter power project as described in Ms.
11 Kenkel's (phonetic) testimony although staff does not
12 necessary agree with the quantification in Ms. Kenkel's
13 testimony. They have agreed with the principle that there
14 are such benefits. Are you familiar with that?

15 A I only found that out this morning.

16 Q Well, in your own testimony at the beginning of
17 paragraph three, you state, "However, based on work done in
18 previous electricity reports, the SPP will likely displace
19 less economic and dirtier facilities although the location
20 or quantification of such benefits is unknown." Do you see
21 that statement?

22 A Yes, I do.

23 Q Based on that statement and putting aside Ms. Kenkel's
24 testimony for a moment -- just based on that statement, I
25 read that statement as saying you agree that there are

1 displacement benefits, environmental displacement benefits
2 from this project; is that correct?

3 A Yes.

4 Q It appears, though, that you're reading those benefits
5 as being only air quality benefits. Is it your opinion that
6 by displacing dirtier projects -- that the only benefits are
7 air quality benefits?

8 A Would you restate that, please?

9 Q Let me come at it a different way.

10 A Okay.

11 Q This is a -- now -- as configured now, as mitigated
12 now, is a project that uses dry cooling, correct?

13 A That's my understanding.

14 Q The projects that it would likely displace would not
15 use dry cooling, correct?

16 A I don't know that.

17 Q You don't know?

18 A No, I don't.

19 Q Do you have any sense of which projects would likely be
20 displaced?

21 A No, I don't.

22 Q Are you aware of any projects in California that use
23 dry cooling?

24 A I'm not an expert on this.

25 Q Well, to the limit of your expertise and knowledge,

1 since you know of no projects that have dry cooling, would
2 it be a fair assumption that this project will likely
3 displace a project that does not have dry cooling?

4 A That's beyond my knowledge.

5 Q How can you do a comparison of the water impacts of
6 this project versus not doing a project if you have no idea
7 of what the water use of the projects that will continue to
8 generate if this project does not --

9 (Reporter interrupted proceedings.)

10 MR. RATLIFF: I think I have to object based on
11 the witness's testimony. His testimony compares water
12 impacts of the project to the alternatives that he
13 considered. It doesn't compare -- purport to compare the
14 impacts to water whether this project is being built or not
15 being built. It doesn't address that.

16 COMMISSIONER MOORE: Actually, if I recall the
17 text correctly, it compares projects in a fairly limited
18 geographic area, and Mr. Ellison's question would really
19 seem to encompass almost state wide in terms of its scope.
20 So in the sense that the matrix that was presented within
21 the staff report, the final staff assessment -- really does
22 limit itself to projects that would have roughly the same
23 characteristics as this one and that it confines itself to
24 within the region of "here."

25 And going back to the question that I asked your

1 witness before about the model, the
2 Elfin (phonetic) model, I think that his analysis has got to
3 be seen on a much broader basis than the question that
4 you're asking. I don't suggest that it's not a relevant
5 question, but I think it's simply, as I read it, and staff
6 can correct me if I'm wrong -- the context was much broader
7 and simply couldn't even address the kind of specific
8 question that you're asking. Am I correct, Mr. Ratliff?

9 MR. RATLIFF: I think you're correct that we don't
10 have a witness, perhaps, that can appropriately answer the
11 questions that are being asked of this witness, at least
12 regarding water quality.

13 Regarding air quality, the nature of an alternatives
14 witness, unfortunately, is to kind of be a sum-up witness
15 for a collective group of issues. And in this sense, I
16 don't think Mr. Pryor can speak to which power plants are
17 going to be displaced.

18 COMMISSIONER MOORE: Unless I miss my bet, Mr.
19 Ellison is going in a direction that would suggest that the
20 language here draws some conclusions that it can't
21 justifiably make and, therefore, if I'm seeing you
22 correctly, there ought to be some exclusion in some of this
23 language if he can't back it up. Is that where you're
24 headed with this?

25 MR. ELLISON: I wasn't going to propose excluding

1 the language. I was hoping to clarify it. I would say that
2 this particular paragraph, although it's only one paragraph,
3 does address this issue of displacement on broader than a
4 regional basis, and Calpine believes that's an important
5 issue, one that's underrepresented in this document. So I
6 recognize that elsewhere in the alternatives analysis, it is
7 definitely a regional analysis in terms of looking for
8 alternative sites.

9 But when you are comparing to the no-project
10 alternative, the project that might continue to run if we
11 don't site Sutter is not necessarily located within this
12 region. In fact, it probably is not located in this region.
13 But the environmental impact of continuing to run it is
14 nonetheless real, so my question just focused on what is
15 that environmental impact.

16 COMMISSIONER MOORE: In considering the nature of
17 your questions, can I presume that you have alternative
18 language that you'd like to offer us?

19 MR. ELLISON: What -- in a nutshell -- I'm not
20 trying to play games here. What I would like -- I agree
21 with the staff's -- the essence of this paragraph that says,
22 I believe, that one environmental parameter should not
23 override a comprehensive comparison of all of them, between
24 the two alternatives. I think that's the staff position.
25 It's certainly Calpine's position.

1 In this paragraph, it's used to say that the air
2 quality benefits of displacement should not override what
3 are described as at least three areas of significant impact
4 for Sutter. But I think the record will show at the end of
5 this proceeding that the comparison actually puts the shoe
6 on the other foot; that there's only one significant
7 environmental impact from this project, if you believe the
8 staff. We believe there are none. But if you believe the
9 staff, there's one visual.

10 And there are benefits of displacement that are not
11 just confined to air quality. They go to air quality, they
12 go to water quality, they go to drainage, and a variety of
13 other issues that result from displacing of a project. All
14 I'm trying to do is establish that the same principle that I
15 believe staff was intending to testify to here, when applied
16 to the facts that now exist to this mitigated project,
17 suggests that the no-project alternative is, in fact, not
18 environmentally preferable.

19 COMMISSIONER MOORE: Your point is taken.

20 MR. ELLISON: So now you know exactly what I'm
21 trying to say to you, Mr. Pryor. If I may resume, I'll keep
22 this very brief.

23 Q (By MR. ELLISON) Based on your expertise and
24 understanding, can you testify that the benefits of
25 displacing other, as you described them, less economic and

1 dirtier facilities are only air quality benefits?

2 A As I understood the AFC, it only addressed "older and
3 dirtier." I believe those were the words from the AFC in
4 relation to air quality. I don't think it addressed water,
5 for instance.

6 Q I'm not asking what the AFC says. I'm asking what's
7 true. Can you -- do you have an opinion? Are you prepared
8 to testify that the benefits are only air quality benefits?

9 A As they are now mitigated in the project?

10 Q Yes. The project as it now stands.

11 A As it now stands because of the mitigation, both
12 biological and water resources concerns drop out, and all
13 that remains in my mind is a potential for visual.

14 Q But that's not the question I'm asking you. We've
15 asked and answered that.

16 A I don't understand you.

17 Q My question is the benefits of displacement now -- we
18 have a mitigated project, dry cooling, zero discharge, 2.5
19 "knots" -- the benefits of that project displacing the older
20 and less economic, more dirtier projects, which you've
21 testified to -- are those benefits in your opinion confined
22 to air quality, or is it possible that there are benefits in
23 other environmental areas as well?

24 A I guess I don't understand the question.

25 MR. RATLIFF: Well, I think -- if I can help, I

1 think he's referring to page 21 of your testimony.

2 THE WITNESS: Yes.

3 MR. RATLIFF: The fourth paragraph on the page
4 where there is reference to the purported benefits of the
5 project in terms of older support tax revenues and so forth.
6 He's asking if there are any other benefits other than air
7 quality benefits.

8 THE WITNESS: Is that true?

9 MR. ELLISON: Yes.

10 THE WITNESS: Yes, I would --

11 (Reporter interrupted proceedings.)

12 THE WITNESS: Yes, I would agree that there are
13 other benefits from my limited perspective.

14 Q (By MR. ELLISON) So is it fair to say that we have on
15 the one hand with the no-project alternative -- we avoid a
16 single negative impact visual?

17 A At this time, yes.

18 Q Okay. And on the other hand, by pursuing the
19 no-project alternative, we give up potential displacement
20 benefits in air quality, plus other environmental areas as
21 well?

22 A What do you mean by "give up"? I'm sorry.

23 Q We do not create the displacement that would result in
24 the benefits in air quality and other areas.

25 A Yes, I understand what you mean. That's true.

1 MR. ELLISON: That's all I have. Thank you.

2 HEARING OFFICER FAY: Any recross or redirect?

3 MR. RATLIFF: Yes, just one question.

4 REDIRECT EXAMINATION BY MR. RATLIFF

5 Q (By MR. RATLIFF) In your testimony, Mr. Pryor, you
6 refer to voltage support that the project would provide. Is
7 that based on the transmission planning analysis that Mr.
8 McCuen will testify to later this evening?

9 A That was based upon information from the Sacramento
10 Area Transmission Planners Group that came via Mr. McCuen in
11 discussions with him.

12 Q Okay. Would it be best to defer that discussion to Mr.
13 McCuen's testimony, then, as to whether or not there are
14 benefits from voltage support?

15 A It would.

16 Q In terms of impacts from the displacement of other
17 power plants, would it be correct to say that you didn't
18 analyze the impacts on either water pollution or water use
19 outside of the very localized area where you looked at
20 alternatives to the power plant?

21 A No, we did not.

22 MR. RATLIFF: Thank you. I have no other
23 questions.

24 EXAMINATION BY HEARING OFFICER FAY

25 Q (By MR. FAY) Mr. Pryor, on the benefits of the

1 O'Banyan Road site, which was your preferred alternative,
2 although marginally, I understand, in the second paragraph
3 under O'Banyan on page 31 you state that U.S. Fish and
4 Wildlife expressed a concern about impacting views at that
5 site; views from the Sutter National Wildlife Refuge. How
6 did you evaluate that comment by the agency in charge of
7 the refuge with the visual impact of the project? I'm just
8 trying to understand how you weigh -- because this appears
9 to be visual impact that you cited of the O'Banyan Road
10 site, and visual is essentially the linchpin. It seems like
11 we have another visual impact on the preferred site. I'm
12 trying to understand how the impact appeared.

13 A I consulted visual resources expert, Gary Walker, and I
14 believe he asked counsel, and I may be incorrect, but I
15 believe he did; and it was at least his belief that because
16 there's no time line attached to the expansion of the
17 wildlife refuge or at least the time frame for providing
18 access to the public -- that he felt it was too speculative.

19 Q But there are people using the refuge now; is that a
20 correct?

21 A There are, as I understand it, hunters who use it.

22 Q Now at your closing paragraph, page 33 and page 34, it
23 says, "Staff does not have sufficient basis to conclude that
24 the O'Banyan site is environmentally preferable to the SPP
25 project site." And I'm not sure what the committee is

1 supposed to do with this. It seems to convey that you're
2 ambivalent. Are we to conclude that there's just this
3 marginal benefit to the O'Banyan site or none, or what
4 factors would tip it one way or the other?

5 A It would appear, from my table three on 33, that the
6 O'Banyan site would be slightly more preferable. However,
7 there are so many aspects that we don't know about at this
8 level analysis and -- for instance, in the proposed project,
9 there have been many, many factors that have taken months to
10 come to the surface that we could not make a recommendation
11 that the O'Banyan site was indeed better. There may be
12 things that are hidden from us now that would actually make
13 it worse.

14 Q So I take it this is not a strong recommendation of the
15 O'Banyan site over the proposed alternative?

16 A It is not.

17 HEARING OFFICER FAY: That's all I have.

18 MR. ELLISON: Mr. Fay, can I ask one follow-up
19 question?

20 HEARING OFFICER FAY: Sure.

21 RECROSS-EXAMINATION BY MR. ELLISON

22 Q (By MR. ELLISON) Mr. Pryor, we haven't taken testimony
23 on visual issues yet. That will come later in this
24 proceeding. And as you may know, Calpine does not concur
25 with staff's view that the visual impacts are significant.

1 My question is if the committee were to come to the
2 conclusion that Calpine was correct, meaning that the visual
3 impacts are not significant, would you describe how that
4 would change your conclusion on the relative merit of the
5 sites that you looked at?

6 A I think it would bring the O'Banyan and the proposed
7 site at least to the same level and then to decide which one
8 of the proposed projects is final is not my realm.

9 Q The purpose of looking at alternatives under CEQA is to
10 seek to find alternatives which would mitigate significant
11 impacts, correct?

12 A One or more.

13 Q If the project has no significant impacts as mitigated,
14 does one need to do an alternative analysis at all?

15 A That's a question I posed to counsel early on and they
16 said "yes."

17 Q So your testimony is that in doing that analysis, the
18 O'Banyan site would no longer be preferable to slightly
19 preferable as you've testified to the -- using your matrix
20 on table three?

21 A Yes.

22 MR. ELLISON: Thank you.

23 MR. RATLIFF: May I ask two questions on redirect?

24 HEARING OFFICER FAY: Yes.

25 FURTHER REDIRECT EXAMINATION BY MR. RATLIFF

1 Q (By MR. RATLIFF) Mr. Pryor, is it your understanding
2 the county has developed a general plan policy regarding
3 agricultural lands and the conversion of agricultural lands
4 to non-agricultural use?

5 A I believe there's a policy. I'm not certain whether
6 it's a general plan policy.

7 Q Do you know if it might be implemented to that general
8 plan?

9 A I don't know. I'd have to defer to Mr. Carpenter.

10 Q Do you know if -- with regard to that policy, whether
11 it pertains to the general plan or not, do you know if the
12 diversion of this site, the O'Banyan site, for the power
13 plant would be consistent with that policy?

14 A My understanding is that, based on one or two
15 conversations with Mr. Carpenter -- that, no, it's not
16 consistent with some policy that the county has.

17 Q So would that create a nonconformity with that site,
18 concerning the land use of that site -- would be not in
19 conformance with the decision by the commission to place the
20 power plant on that site?

21 A Yes.

22 Q Do you -- in addition to that, do you know if the
23 applicant has any assurance that they could get control of
24 that site for a power plant?

25 A No, that's under debate. That would be under debate.

1 Q Do you have any assurance of that?

2 A I have no assurance.

3 (Interruption in audience)

4 THE WITNESS: I have no assurance that the

5 proponent would be able to gain access.

6 (Interruption in audience)

7 MR. RATLIFF: The question was does the witness

8 have any assurance that the project proponent would be able

9 to obtain that site for a power plant. And your answer is,

10 as I understand it --

11 THE WITNESS: No.

12 MR. RATLIFF: No other questions.

13 HEARING OFFICER FAY: Anything further?

14 MR. ELLISON: No.

15 HEARING OFFICER FAY: Thank you, Mr. Pryor. And

16 now we'll move to Calpine's other witness on alternatives.

17 MR. ELLISON: I would call Mr. James L. Dykes.

18 COMMISSIONER MOORE: You're going to have to move

19 over one.

20 CHAIRMAN KEESE: Try this one.

21 MR. ELLISON: I'll tell you what. While Mr. Dykes

22 is getting seated, would you like us to go into all of his

23 testimony including the transmission line testimony, or

24 would you like for us to confine it?

25 HEARING OFFICER FAY: Well, I think -- let's take

1 it all because then we can take Mr. McCuen and stay with the
2 schedule.

3 MR. ELLISON: Okay.

4 DIRECT EXAMINATION BY MR. ELLISON

5 Q (By MR. ELLISON) Mr. Dykes, are you the person who
6 prepared the portion of Exhibit 26 beginning at page 21 that
7 addresses transmission line safety and transmission system
8 engineering?

9 A Yes, I am.

10 Q And attached to that is a declaration dated October
11 22nd, 1998; is that your signature?

12 A Yes, it is.

13 Q Is this testimony true and correct to the best of your
14 knowledge?

15 A Yes, it is.

16 Q Could you summarize your testimony including
17 summarizing the voltage support benefits of the project?

18 HEARING OFFICER FAY: Just a minute. Would the
19 court reporter please swear Mr. Dykes?

20

21 Testimony of

22 JAMES L. DYKES

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

25 Q (By MR. ELLISON) Before we do that, do you have any

1 additions or corrections to this testimony?

2 A No, I do not.

3 Q Could you please summarize the testimony?

4 A The testimony really involves two separate issues; the
5 electrical interconnection of the proposed Sutter power
6 plant with the regional grid and then the physical process
7 of doing that interconnect. For the electrical integration,
8 Calpine discussed the integration plans, both with Western
9 Area Power Administration and Pacific Gas and Electric
10 Company since they were the two utilities that had resources
11 in the area.

12 After that discussion, it became apparent that the most
13 reasonable method of integrating the plant with an
14 electrical utility grid was via the Western Area Power
15 Administration transmission lines that run approximately
16 three miles from the site. The purpose of the integration
17 was to investigate the impact that the Sutter power plant
18 has on the reliability and the integrity of the regional
19 power system.

20 In order to properly investigate what the resource
21 would do to the system, Calpine contacted Western and asked
22 them to do an integration study. This was performed as part
23 of the AFC. The results -- some of the results of this
24 study are kind of interesting. In particular, the comments
25 that the Sacramento area requires voltage support is due to

1 three different reasons. One of them is increased load
2 growth throughout the area, a lack of generation in the
3 area, and insufficient interconnection facilities to support
4 the imports that are needed for the area.

5 With -- working with Western and with the Sacramento
6 Area Transmission Planning Group, Calpine has sat on -- in
7 on all the meetings with the Sacramento Area Planning Group
8 and had several discussions with the Western Area Power
9 group. The results of the July '97 and '98 interconnect
10 study indicated that the Sutter power plant provides real
11 and reactive power near the load center. It also improves
12 system voltages, particularly provides much needed support
13 in the condition where transmission lines or generators are
14 taken out for unscheduled reasons; a transmission line would
15 trip out or the generating plant would go down. The system
16 is in much need of generation, and this plan does provide
17 that generation.

18 They also indicated in the study that although the
19 Sutter power plant is not a long-term solution, it does buy
20 the region some time in order to investigate other
21 alternatives to improve the voltage in the area. They did
22 conclude that there were no negative stability impacts for
23 the project. They also concluded that the Sutter power
24 plant helped improve the south to north winter flow on the
25 California-Oregon interconnect or the 500 kV lines that go

1 north to the northwest. Another thing that the plan does is
2 it allows an additional 350 megawatts of import without
3 voltage impact.

4 The Sacramento Area Transmission Planning Group put out
5 a report in April '98. A couple of comments out of there
6 are of interest. It says, "As indicated, the Sutter power
7 plant can provide system security and delay other system
8 enhancing by up to six years." If the power plant is not
9 built and is not available, the region must start
10 immediately on other reinforcement options.

11 Presently there are three options that are under
12 consideration by the planning group and these are 230 kV
13 transmission lines. They are in various projects; one of
14 them is 32 miles long, one of them is 40 miles long, and the
15 other is a 66-mile long line.

16 The results of building these projects are not as
17 effective as the construction of the Sutter power plant.
18 One of the conclusions is that the Sacramento area is in
19 serious need of additional reinforcements. The power plant
20 will enhance the system reliability and improve voltage
21 profiles for this region.

22 Another thing that we investigated or looked at was the
23 electrical design. And we assured in our AFC that the
24 electrical design will comply with all the state, federal
25 and safety codes. We also made provision in our plans for

1 expansion in order to meet whatever plans come up from the
2 Sacramento Area Transmission Planning Group.

3 The physical integration issues that were investigated
4 are mentioned in the AFC. These have to do with the station
5 location, the switching station location, and the line
6 routing. They include fire hazard, which is mitigated by
7 keeping the undergrowth under the line under control;
8 aviation safety. We investigated that there are no
9 commercial or military planes that -- runways that impact --
10 that would be impacted by the construction of these
11 transmission lines -- this transmission line.

12 The issue with the crop duster runway on O'Banyan Road
13 has been mitigated by relocating; an offer by Calpine to
14 relocate that runway. The noise issue or corona issue is an
15 issue that was mitigated by design. The studies that have
16 shown that the noise from the transmission line or the
17 corona from the transmission line is at the threshold of
18 hearing. Radio and TV interference issues were mitigated by
19 -- can be mitigated by design in construction techniques.
20 These are generally caused by oxidation of film on the
21 surfaces of the electrical components; and then finally, the
22 electric field and electromagnetic field. The effects of
23 the transmission lines can be mitigated by design and
24 physical separation.

25 It was noted in the report that these levels from the

1 lines, the anticipated levels, are well below levels of
2 states that actually have standards for these -- for these
3 fields. California does not have any published data for
4 that. The states that do have data -- the expected field
5 strengths from this line is much less than what is published
6 by those states.

7 In summary, they came to the conclusion that there's
8 really no adverse electrical impact on the system. In fact,
9 the California or the Sutter power plant benefits the
10 regional system by essentially buying them about six years
11 of time in which to evaluate and develop other alternatives
12 to the serious voltage problem that is in the region.

13 This could be beneficial to the overall area because it
14 allows the transmission planning people to take the
15 diligence that's needed to select routes that are of the
16 least environmental impact and of the least cost to the rate
17 payers in the state. That's really all I have.

18 MR. ELLISON: For the record, the interconnection
19 study that you described is incorporated by reference in Mr.
20 Dykes' testimony; also included in Exhibit 4, the AFC, in
21 this proceeding.

22 Q (By MR. ELLISON) Mr. Dykes, have you reviewed the
23 final staff assessment and specifically the conditions that
24 are set forth therein regarding transmission line safety and
25 nuisance and system engineering?

1 A Yes, I have.

2 Q And is Calpine in agreement with those conditions?

3 A Yes, they are.

4 (Interruption in audience)

5 MR. ELLISON: You can't hear me?

6 (Someone in audience answered "no.")

7 Q (By MR. ELLISON) Mr. Dykes, also in evidence in this
8 proceeding is a document entitled "Underground Transmission
9 Line Feasibility Study," which was docketed and served in
10 this proceeding on August 14th, 1998, and is Exhibit 23.
11 Did you prepare that study?

12 A Yes, I did.

13 Q Could you briefly summarize the conclusions of that
14 study regarding the feasibility of undergrounding of
15 transmission lines?

16 A It is technically feasible to underground transmission
17 lines. There are two -- two methods in which to do that.
18 There is a system that's called an extrude -- solid
19 dielectric (phonetic) cable, which is essentially a cable
20 very similar to what utilities use to underground low
21 voltage transmission distribution lines that are used in
22 undergrounding residential areas. There is also a system
23 that's called a pipe-type (phonetic) cable, which is a cable
24 that is impregnated with a dielectric union which is either
25 an insulating -- mineral oil or a gas -- nitrogen gas

1 system.

2 The consequences of undergrounding the transmission
3 line we summarized in this report that you referenced in the
4 document. Essentially, you would have to -- for the solid
5 dielectric option, you have to dig a trench, probably 40
6 inches wide and four feet deep, the entire length of the
7 line. You have to install splicing vaults, which would be
8 approximately 12 feet by 16 feet by six feet deep at every
9 splice point, and the splice point depends on how much cable
10 you can buy on a particular reel. We concluded for the
11 study that was done, looking at the line route, which goes
12 straight down Township Road, all the way down the 5.5 mile
13 route -- we concluded that you would need at least 20
14 manholes for that particular application.

15 There would be significant disturbance during
16 construction to open the trenches, lay in multiple
17 eight-inch diameter pipes; pull the cable through these
18 pipes. Then there would be a transition section at each end
19 in the substations. There would have to be an access road
20 to remain above water level in the fields in order to have
21 maintenance or access to these manholes at any time of the
22 year. So that would involve constructing a gravel road of
23 some sort.

24 The pipe-type system -- the impacts would be slightly
25 less as far as the amount of area that needs to be excavated

1 for the trench. We would require probably more manholes
2 because these cables come on a little shorter reel. The oil
3 retaining system -- and I say oil here because the vendors
4 that we've talked to have not perfected nitrogen in storing
5 cable up to 230 kV. The oil fill system would contain
6 approximately 48,000 gallons of mineral oil, similar to what
7 you would have in a transformer. power transformer.

8 The pipe would be very similar to a gas pipeline. It
9 would be welded in sections in the field, lowered in the
10 trench, and then this cable would be pulled through, spliced
11 at the vaults, and then pressurized to about 200 psi of oil.

12 The impacts we discussed, audible noise -- there would
13 be no audible noise, but there's a threshold of audible
14 noise for the overhead route. Radio and TV interference
15 would be essentially the same. There would be no problems
16 from that. Magnetic field strengths are actually higher
17 right directly above the pipeline. It dissipates quite
18 rapidly.

19 The visual impact, obviously, would be mitigated for
20 the poles. You would still have manhole covers and access
21 roadways. I think the land that would be taken out of
22 production would be greater because of this impact. And
23 finally reliability; solid dielectric cables and pipe-type
24 cables are fairly reliable systems once installed. If they
25 fail, however, repairing them is a significant undertaking.

1 The estimate that we got for repairing a failed splice, I
2 believe was a three-man crew working 48 hours straight, two
3 crews shifting off and on to make a repair.

4 So the worse case scenario would be that the
5 availability of the plant to support voltage in the
6 Sacramento area would be taken away for a significant amount
7 of time. The overhead line route; the repairs would be much
8 more rapid. Economic impact; the extruded dielectric cable,
9 when compared to the double circuit overhead line, was
10 approximately 6.6 times the cost. The pipe-type cable was
11 around the same number. It was about 5.4 times.

12 Now these numbers were gotten from three different
13 cable manufacturers. And we asked them for prices of cable,
14 estimates on time of installation and impact, and then we
15 prepared the cost estimate based upon prevailing labor rates
16 in the region.

17 Q Given the cost differences that you just described, in
18 your opinion, is undergrounding of transmission line an
19 economically feasible alternative for this project?

20 A No.

21 Q Your testimony earlier on the voltage support issue
22 described the alternative transmission lines that would have
23 to be constructed if the Sutter project were not
24 constructed; do you recall that?

25 A Yes.

1 Q The Sutter project is being funded in its capital costs
2 by Calpine, correct?

3 A Yes.

4 Q And the economic risk of that project will be borne by
5 Calpine, correct?

6 A That's correct.

7 Q If the project were not built, who would fund and who
8 would accept the economic risk of the alternative project
9 necessary to support voltage in this region?

10 A It is my understanding that the utilities in the area
11 would undertake that cost, and the Sacramento Area
12 Transmission Planning Group in concert with the California
13 independent system operators would work out the percentages
14 for involvement of each utility based on the benefit, I
15 believe.

16 Q And would you expect those utilities would pass those
17 costs on to the public or at least the repairs of those
18 utilities?

19 A Yes.

20 MR. ELLISON: That's all I have. Mr. Dykes is
21 available for cross-examination.

22 HEARING OFFICER FAY: Mr. Ratliff?

23 MR. RATLIFF: Just a couple of questions to
24 clarify some of the statements made earlier.

25 CROSS-EXAMINATION BY MR. RATLIFF

1 Q (By MR. RATLIFF) Mr. Dykes, you said that manholes are
2 required on the underground line. Can you describe the
3 manhole structure? What does it look like? What dimensions
4 does it have?

5 A The manholes would be about 12 feet by 16 feet by about
6 six feet deep. It depends on -- that was a recommended
7 minimum station that was given to us by the vendor of the
8 solid dielectric cable.

9 Q Would it be correct to assume that the manhole itself
10 would have to be above whatever the water level surface
11 would be in the field?

12 A Yes.

13 Q At all times?

14 A Yes.

15 Q Do you have any idea how high above the field that
16 would be?

17 A I do not.

18 Q Would the road also have to be a similar height to be
19 above the water line, whatever that height is?

20 A The access road would have to be available for use year
21 round.

22 Q I thought I understood from the numbers that you gave
23 that the manholes would be approximately a quarter mile
24 apart for whatever distance the line ran; is that correct?
25 You gave the distance in feet but . . .

1 A Yes, the solid dielectric cable that we investigated --
2 for this one manufacturer came on 1600-foot reels.

3 Q Okay.

4 A And the -- let me find the pipe-type cable. I believe,
5 they are 2,000-foot reels, so that's correct.

6 Q So am I correct, then, that the underground line would
7 require that every quarter mile there would be such a
8 manhole structure in the field built above the surface of
9 the field to a level that would be above the water line,
10 whatever that should be?

11 A That is correct.

12 MR. RATLIFF: No more questions.

13 HEARING OFFICER FAY: Any redirect?

14 MR. ELLISON: No.

15 EXAMINATION BY HEARING OFFICER FAY

16 Q (By MR. FAY) Mr. Dykes, how long would you measure
17 this road being or the underground line being? What
18 estimate?

19 A The study that we did was estimating the route that
20 went straight down South Township Road and then cut across
21 country parallel to Murray Road down to the bypass. I
22 believe, it was a total length of 5.2 miles.

23 Q So this road -- the above-water road would have to be
24 the full length?

25 A No, the above-water road would only be required where

1 you were crossing the area where there's no access road. We
2 assume that the route would go directly from South Township
3 due south to the site. We also assumed that there would not
4 be adequate space to place the underground line between
5 South Township Road and the existing irrigation canal, which
6 is on the left side of that road. And as such, we would
7 have to place the duct bank on the west side of that canal,
8 which would require a road in that area.

9 HEARING OFFICER FAY: Thank you. That's all I
10 have.

11 MR. ELLISON: If I may, Mr. Fay, I've just been
12 handed a note that suggests there's one more question that I
13 should ask.

14 CROSS-EXAMINATION BY MR. ELLISON

15 Q (By MR. ELLISON) Mr. Dykes, in looking at your
16 underground alternative, did you assume a single circuit or
17 a double circuit line would be underground?

18 A We assumed a single circuit line to be underground, not
19 the double circuit line that is preferred by the Sacramento
20 Area Transmission Planning Group.

21 Q If you were to try to underground a double circuit line
22 such as a doublecircuit configuration such as Calpine is
23 proposing for this project, how would that change your cost
24 estimates?

25 A It would nearly double the cost estimates.

1 MR. ELLISON: Thank you.

2 HEARING OFFICER FAY: Thank you, Mr. Dykes.

3 You're excused. Mr. Valkosky, the input from the public
4 advisor -- we can open it now to public comment on
5 alternatives but obviously we're sort of sliding into
6 transmission engineering. We can move to the staff witness
7 on transmission engineering and then take comments on the
8 whole -- of alternatives and transmission engineering. What
9 do you recommend? I don't want to put too much on the
10 agenda before people have a chance to comment for fear that
11 they -- we might have just passed too much time between the
12 testimony and your comments. Any recommendations?

13 MR. VALKOSKY: I'm informed because of the hour
14 and other circumstances that certain members of the public
15 would appreciate the opportunity to address the committee at
16 this time.

17 HEARING OFFICER FAY: Okay. Let's do that. If
18 anybody would like -- if anybody does want to take sort of a
19 more comprehensive approach, you might want to hold your
20 comments until the third -- the staff witness on
21 transmission is on the stand. Let's go ahead and ask Mr.
22 Shannon to come up and make his comments regarding the
23 alternatives analysis.

24 MR. SHANNON: Here?

25 HEARING OFFICER FAY: You can either go over there

1 or come up here. Try to speak in the mike if you can. Is
2 that going to work for you? Be sure the light is on.

3 MR. SHANNON: I'm Mike Shannon. I'm a local
4 grower, landowner. As I was listening to the testimony, I
5 was looking at the final assessment report, and I wanted to
6 see if they covered putting the wires underground. And all
7 along, we've been told that that was not a feasible idea.
8 And if you look in the final assessment report, there is
9 numerous points that I'm not intelligent enough to
10 understand when I'm reading it up there for five minutes,
11 but they didn't go ahead and do the complete study. So this
12 is just a few things I picked up on.

13 First off, I read that this project is supposed to cost
14 in the neighborhood of \$350,000,000. Now if that is the
15 right number -- Chris, am I in the neighborhood?

16 MR. ELLISON: You're in the neighborhood. I think
17 it's a little high but --

18 MR. SHANNON: Okay. Let's call it \$300,000,000.
19 Am I in the neighborhood now?

20 MR. ELLISON: Yes.

21 MR. SHANNON: Okay. According to the final
22 assessment report, the cost to put these wires underground
23 would be six to \$7,000,000. Now if I'm running a business
24 and I can recover \$350,000,000, I should be able to recover
25 6,000,000 more. I don't think any company runs on a

1 one-percent or two-percent profit margin.

2 Now we're putting in an industrial site in an
3 agricultural area. I consider myself a professional at what
4 I do. I don't know a lot of other things but I can tell you
5 I can grow rice, and I've proved that by staying in business
6 for 25 years on some of the worst years we've ever had in
7 agriculture.

8 And when I come and tell you that the wires are going
9 to have an effect on growing rice or growing other crops
10 around these wires, I know what I'm talking about, and I
11 asked Mr. Ellison -- I told him, "This summer, you can come
12 out and look at my field." And I have a hundred and fifty
13 acre field that is split in half by wires. And in the
14 corner of that field, I cannot get any sprays in. I don't
15 know how high the plane has to fly to get the seed on. But
16 I basically get about a 30-percent crop every year.

17 Now I don't expect the plane to crash, so we live with
18 it. But on the same token, if we put wires across rice
19 fields and we pay them an easement this year, the same thing
20 will happen to those landowners that happened to me or my
21 grandfather. Those wires were put in 50 years ago. The
22 amount of money that he got 50 years ago does not come close
23 to what I lose every year. The value of that property, I
24 would probably say, is probably 30 percent less than the
25 rice field next to me that does not have wires.

1 Now -- so we come to an industrial park into an
2 agricultural area. And one of the major concerns is the
3 wires. According to that report, it is possible to put the
4 wires underground. I don't understand why you have to put
5 the wires underground out in the middle of the rice field
6 because now it comes into play again with the gas lines.

7 When you put these gas lines in, you're going to put
8 gas lines across my rice field and, yes, it's going to have
9 an effect on how I farm. When are you going to put it in?
10 How long is it going to take you? The last time you put the
11 gas line in across my property -- and I understand the new
12 gas line will come right next to the old one. You did it
13 right in the middle of my rice harvest. And I was able to
14 work around it; no problem because I can cooperate with
15 people.

16 You should be able to put these gas lines in or these
17 power lines in underground at a time that does not affect
18 the harvest or the planting season. And I'm pretty sure
19 that if we come and say to the landowners, "Put these wires
20 underground. Tell us when we can do it," we can do it. If
21 you can put in as many miles of underground pipeline for
22 gas, you should be able to put in five-and-a-half miles of
23 power lines underground and reduce the problem with wires.

24 Now Mr. Akin brought up this morning that a pilot was
25 killed on his property. And I'm guessing that was Kenny

1 Onstott. Now Charlie does the flying on my property. And
2 I'm sure if you go to Charlie Onstott and say, "Is your
3 brother's life worth \$6,000,000," I'm sure he would say yes.
4 Kenny Onstott, Sr. was the only pilot that fought against
5 those wires and then they put those wires up there now, that
6 are there now, across our field and go down the east side of
7 the refuge. He was the only pilot that really fought for
8 it. And his son was the one that was killed by them.

9 For \$6,000,000, we should be able to put these lines in
10 along Oswald Road and O'Banyan. If you have the easement to
11 put in a gas line right next to a public road like you do
12 along Oswald, you should be able to find that same easement
13 to put them along Township and O'Banyan, so you don't
14 interfere with the farming. You don't have to have roads
15 going out that are not there before. It seems to me -- and
16 I've been told by Calpine many times -- we have many
17 intelligent people here. We should come up with an answer.
18 The answer is put the lines underground at the cost of
19 \$6,000,000.

20 If your company cannot take that profit and not cover
21 that cost, then this company shouldn't go in. If you can
22 make \$300,000,000, you should be able to cover \$6,000,000
23 more. And that would take care of one of the major
24 problems. Yes, Calpine did take care of the drainage
25 problem. They took care of the water problem. It seems to

1 me one of the other major problems is the wires. There is
2 an answer and, again, I ask anybody that would live -- would
3 have property -- if you own that property right now -- if
4 you own a piece of property -- I don't care where it is or
5 what it does. If someone comes in and says, "We can put
6 these wires in the ground at a cost of \$6,000,000, which
7 would raise the price of our project from 300,000,000 to
8 306,000,000 or we can take the property and lower the value
9 of your property. But we're going to give you a one-time
10 cash payment which will not cover the inflation rate of your
11 property 20 years from now" -- I don't think any of you
12 would agree to that. That's just common sense. So that's
13 my thinking on the option of putting the wires underground.

14 HEARING OFFICER FAY: Thank you. Bob?

15 MR. AMAREL: I'm Bob Amarel, Sr. I'm a grower
16 down in that area, also, and I, too, am concerned about the
17 lines, and it seems to me like -- I was very impressed with
18 the way Calpine mitigated the water and almost overnight
19 they spent \$25,000,000. And now we're talking about
20 spending -- even if you doubled it, 12 for the double
21 circuit that you're mentioning. I mean, I understand
22 there's a limit to everything, but the thing we're talking
23 about is a permanent liability to those of us that live in
24 this community that are not going to benefit one iota;
25 nothing.

1 We're going to get to look at that plant, and we're
2 going to get to look at those wires, and we're going to
3 watch somebody fall out of the sky, and there isn't any
4 reason for it. I think if you have to increase the cost
5 since we seem to be the ones that have to give up -- I mean,
6 you guys are to put -- you're going to put the plant in
7 here. If it's for the greater good, then I think the
8 company needs to consider the greater good also and put a
9 little more dough into this thing for a long haul, and then
10 it will be safe all around. Thank you.

11 COMMISSIONER MOORE: Thank you.

12 HEARING OFFICER FAY: Thank you.

13 MR. FOSTER: My name is Brad Foster. We got the
14 final report late. But in reading it, I found a spot in
15 here where it talks about stage two construction for Western
16 of, maybe, an additional power line from the Sutter Bypass
17 switching yard to Elverta to make this plant a more reliable
18 source of power for the greater Sacramento area; am I
19 correct?

20 MR. RATLIFF: If you want, I can address it or we
21 can have Mr. McCuen address it. I can let Mr. McCuen
22 correct me if I'm wrong but there have been discussions at
23 the SATPG about a second project which --

24 HEARING OFFICER FAY: What's SATPG?

25 MR. RATLIFF: The Sacramento Area Transmission

1 Planning Group, which has been referred to previously. They
2 have discussed the possibility of another project which
3 would connect with the terminus of this project and take the
4 power directly to Elverta which would have some transition
5 benefits and some voltage support benefits if there were
6 such a line, but no one has actually proposed at this point
7 to build such a line. Certainly, Calpine has not proposed
8 to build it.

9 COMMISSIONER MOORE: Who would be the siting
10 authority for that -- for such a project were it to come
11 about?

12 MR. RATLIFF: I'm not absolutely certain of that.
13 It's a good question but it has not been -- I guess what I
14 would say is it has not been proposed, and it currently is
15 somewhat of a speculative project inasmuch as there are a
16 number of transmission alternatives which different
17 configurations are being considered by the SATPG with
18 different costs to the different players. And this, at one
19 point, has been called the "stage two." I think that was
20 the term that was used to describe it. According to what I
21 believe Mr. McCuen has told me, it currently is not any kind
22 of a definite project proposal, but it is a possible future
23 project.

24 COMMISSIONER MOORE: Well, let me ask Loreen, is
25 there anything that you know of that's in Western Area Power

1 currently that has that type of project on the books under
2 any kind of consideration?

3 MS. McMAHON: No. In fact, it's the SATPG group
4 that is discussing it, and they have many different
5 utilities in there, and they would be the ones to decide.
6 It's nothing that Western is working on.

7 HEARING OFFICER FAY: Mr. Ratliff, is this the
8 nature of the correction that Mr. Dykes was referring to
9 would have to be made six years out if Sutter was built but
10 sooner if it was not built?

11 MR. RATLIFF: Well, I didn't understand Mr. Dykes
12 to be referring to any specific project. I think he was
13 saying that you get six years of -- this gives us six years
14 to meet future needs if you do it now and there will have to
15 be further projects in the future because of continuing
16 electricity load growth.

17 HEARING OFFICER FAY: But this might be an example
18 of such a project?

19 MR. RATLIFF: Perhaps, yes.

20 COMMISSIONER MOORE: Well, actually, not. Let's
21 be clear. This project has a certain amount of capacity;
22 the capacity to go out into the lines. When there was
23 another line, it simply provides this project to get to the
24 distribution system more efficiently or without
25 interruption. But in terms of beyond the six-year period,

1 they're talking about additional capacity; at least that was
2 my understanding.

3 MR. RATLIFF: Well, I think they're talking about
4 -- they're talking about a variety of alternatives, which
5 can include either capacity or transmission fixes. And I
6 think -- I'm getting very deep into the area of transmission
7 planning now, and our witness is probably going to kill me;
8 but in a way, I'd like to put him on so he could actually
9 discuss these things.

10 COMMISSIONER MOORE: Why don't you make your
11 comment and we'll ask Mr. McCuen about this so we can put it
12 in perspective.

13 MR. FOSTER: What I'm getting at is if they're
14 even talking about another 30 miles of power line to make
15 this project more reliable, the greater Sacramento area on
16 these alternatives, maybe it would be better to put this
17 project in Elverta or the Sac site down next to where you
18 need the power where you won't be required to build 30 miles
19 of power line to get a more reliable supply to what you
20 need.

21 This is an alternative here. You're going to get rid
22 of a lot of power line. And I'm not just talking about 5.7.
23 You're talking about where we farm. I'm talking from the
24 Sutter Bypass to Elverta. If this is what's going to come
25 five years down the line, you got to get this power plant

1 put in because you have to have reliable power. And if that
2 line goes down, this plant has to shut off according to
3 this, and that's not reliable power.

4 So I think a big piece of this pie has been left out,
5 and I don't think anybody in this room even realizes it as
6 far as my neighbors until I just happened to read this
7 yesterday in this book; power line visual. I mean, there's
8 an industrial park in south Sutter County. It's designed
9 for these kinds of projects. We're awfully close to
10 Elverta. Again, there are two sites. We're getting rid of
11 power lines again.

12 Now the dry cooling? There's not a water issue. I
13 think south Sutter County, Sac -- you're not going to have a
14 problem there either. Sure, the gas line -- you might have
15 to run them a little bit longer. I heard earlier today the
16 gas lines will be open for a couple days and closed again;
17 not a very big impact.

18 You got to remember where you're proposing this plant
19 here -- if the levee breaks, this whole thing's going under
20 six to eight foot of water. Someone said, "Well, they're
21 going to put it up on a pad." Well, are they going to come
22 out and run this thing in rowboats? How are we going to run
23 the plant when it's an island?

24 They talked about putting the transmission lines,
25 maybe, underground. You know, that sounds pretty good for

1 me being able to live out that, farm around it; look at
2 them. Even the health benefit of, maybe, putting them
3 underground. I mean, none of that's been proven but with
4 this extra 30 miles of power lines, I think there wasn't
5 enough emphasis put on these alternative sites, especially
6 if it's power; it's headed for Elverta. Even if it's
7 biological; all of a sudden, they're putting power lines
8 across the valley. Biological just got opened up all over
9 again, also.

10 So if we're going to talk about putting a project
11 someplace, let's be open to everybody. Let's not say,
12 "Well, we're going to put it here." Then four years later
13 come out and say, "Gee, we can't get the power that we need.
14 We've got to run another power line." let's put this
15 project where it belongs. Thank you.

16 HEARING OFFICER FAY: Thank you for your comment.
17 Steve Danna.

18 MR. DANNA: Good evening. My name is Steve Danna.
19 I'm with Danna Farms. We farm down at the south end of
20 Township Road and basically a lot of the property that would
21 be affected by where the power lines are -- underground
22 power line would be proposed to go. In respect to the power
23 lines that your witness and what he studied on the
24 underground line, I just have a couple of questions or
25 things that didn't catch me quite -- putting it underground

1 -- I didn't understand why you would put it all the way down
2 Township and then all the way across all these fields for
3 five point some miles. It seems like it would be a lot
4 shorter just right over O'Banyan road and then back towards
5 the levee. It would be a lot shorter. It would be a lot
6 more accessible. It just seems like an overall better
7 route. I know that the gas lines before -- they came down
8 Oswald and over. It would make a lot more sense to me if
9 that's the route it's going. I don't know why you would
10 estimate it would go that other route unless you're
11 estimating it high.

12 Secondly, he said "not economically feasible." And I
13 don't know. When you say "noneconomically feasible," I say
14 "Well, how can you really say that"? It seems like it's a
15 pretty difficult statement to make when you say -- how can
16 you determine that? I mean, if Calpine wants this project
17 -- if this is going to be a good project, it's going to be a
18 productive project, it's going to be a project that's good
19 for the community and it's something that the energy
20 commission and everybody feels is good -- you know, how can
21 you say that this 6,000,000 -- I guess is the number I'm
22 hearing -- throws this project completely out of being
23 feasible -- I think that we went through the water issue and
24 decided to raise the price tag by 25,000,000 at the drop of
25 the hat. So if we mitigated that issue that fast for that

1 much money, it would seem to me that this 6,000,000 or
2 7,000,000 to mitigate this issue would pretty much be a no
3 brainer, but that's kind of my opinion on it.

4 It would seem to me that putting these power lines
5 underground would be a very big part of the solution of this
6 project. You know, it would take away the visual -- some of
7 the visual effects except for the power plant itself. It
8 would take away a lot of the production impacted if it was
9 placed in the right place and just overall make it flow a
10 little better, I would think. So when you throw those
11 things into it, that's where I kind of wonder "How do you
12 say this is not feasible." So that's all I had to comment
13 on in regards to the power lines. Thank you.

14 HEARING OFFICER FAY: Thanks very much. Any other
15 comments at this time?

16 MR. AKIN: I'm Jim Akin. I guess everybody knows
17 me. I've been squawking enough today. The air pollution
18 has become a problem in Sutter County. This summer it was
19 the worst that I've ever seen it. I've been here over six
20 years. The visibility of the mountains -- you just couldn't
21 see them. You couldn't see the Buttes. Sometimes in the
22 evening the inversion layers lift a bit, and you'd see some
23 of the stuff.

24 The reason I'm saying this is people seem to think that
25 air pollution wasn't an important thing in this county. I

1 believe that air pollution is important enough that they're
2 going to keep clean air if at all possible. That would
3 probably be one thing in my opinion that would hand you
4 people your walking papers.

5 I can't, for the life of me, figure why you people
6 would quibble on putting a power plant at the O'Banyan pump
7 station as you have talked about and as the man just tried
8 to quickly say -- talk you into because that would be no
9 power lines underground or above ground until the time comes
10 when you need another power line. When that time comes, it
11 could probably be run down the bypass until you had to go
12 over land into Elverta because there is a strip of land
13 along the bypass inside the levee that -- there's probably
14 room for even a big wide power line like PG & E put through
15 there.

16 So there is a lot of alternatives that can do Sutter
17 County a lot of good. I think it could do you a lot of good
18 if you'll just cooperate with what the people of the county
19 want. Thank you.

20 HEARING OFFICER FAY: Thank you, Mr. Akin. Any
21 other comments then on alternatives? Okay. I see no
22 indication. And we do want to try to finish up tonight so
23 I'll ask Mr. Ratliff if we can go ahead and put on your
24 witness.

25 MR. RATLIFF: The staff witness on transmission

1 and engineering is Mr. McCuen.

2 HEARING OFFICER FAY: Mr. McCuen, would you come
3 forward? Would the court reporter please swear the
4 witness?

5
6 Testimony of

7 AL McCUEN

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

10 DIRECT EXAMINATION BY MR. RATLIFF

11 Q (By MR. RATLIFF) Mr. McCuen, did you prepare the staff
12 portion of the final staff assessment entitled "Transmission
13 System Engineering"?

14 A I did.

15 Q Do you have changes that you have submitted today as
16 part of the errata sheet which includes any changes that
17 you're making to your testimony?

18 A Yes, I do have those changes.

19 Q Would those have been delivered to the committee today?

20 A Yes.

21 Q Okay. Would those changes of that testimony be true
22 and correct to the best of your knowledge and belief?

23 A Yes, it is.

24 Q Could you summarize your testimony briefly?

25 A Yes. I may need some help from the committee here. I

1 had intended to, besides dealing with the engineering
2 factors -- to summarize for the committee and parties, the
3 system reliability and the benefits and the problems that
4 the SMUD area has. Having heard what Mr. Dykes said, I
5 think that would be very redundant but I can go through what
6 I have here. Let me just say to start with, my testimony
7 covers the engineering and planning factors of the project
8 switch yard, the double circuit outlet transmission line,
9 and these switching station facilities. In addition, I
10 analyzed pursuant to conformance system reliability and the
11 performance of the SPP project with regards to the
12 interconnecting system.

13 The only thing I would add to what was said by Mr.
14 Dykes to make it perfectly clear with regards to the
15 problems that SMUD has now and that we expect to be
16 exacerbated in the future if something isn't done -- there's
17 simply no question about whether or not something will be
18 done; something will be done and must be done; if not this
19 project, something else.

20 A number of short-term measures have been used by the
21 planners waiting to see if someone would develop the project
22 or transmission lines. As you heard, I think the SATPG --
23 the staff is a member and there are three -- between three
24 and five transmission proposals that are being considered in
25 order to keep the lights on, essentially. So the question

1 isn't whether something will be done. Something has to be
2 done within three to five years. Those plans must be on the
3 table.

4 Q Mr. McCuen, in terms of -- when you say "something must
5 be done," you're talking about the alternatives that the
6 S-A-T-P-G or SATPG -- that they've been considering to
7 provide voltage for Sacramento?

8 A Either one of those alternatives -- something like the
9 SPP or some other generating unit.

10 Q Do those alternatives include both generation
11 alternatives and transmission alternatives?

12 A At present there are no generation alternatives that
13 I'm aware of in the system that are available to SMUD.
14 There is no proposed project that I'm aware of.

15 Q So all the existing alternatives of transmission
16 alternatives -- could you enumerate a couple of those just
17 so the committee sees the kinds of examples of alternatives
18 that SATPG is considering?

19 A At present there are three 230 kV transmission
20 alternatives; one from Table Mountain to Elverta; one from
21 Elk Grove to Vaca-Dixon, and one from Elk Grove to Tracy.
22 The distance of those three varies from about 30 to 66
23 miles. There's also a 500 kV alternative that's being
24 studied. I believe it's about 60 miles long. Each of the
25 230 kV alternatives provides a varying level of power import

1 into SMUD that ranges from a hundred thirty megawatts to 240
2 megawatts; nothing comparable to the SPP project, but one of
3 those at least may turn out to be feasible, but, again, it
4 provides much fewer benefits for a shorter period of time.

5 Q You heard today discussion of what was termed by the
6 person speaking of phase two alternative, which is a line
7 that would go from the point of interconnection of this
8 project, I believe, to Elverta. Has anyone proposed that
9 project at this point?

10 A No, and that project is not proposed by anyone; I don't
11 believe a decision, in fact, which is indicated in the SATPG
12 review. The Sacramento Area Transmission Planning Group
13 studied it and subsequently indicated in the various
14 meetings, decisions on that, and other alternatives will not
15 be available until -- probably the earliest I think would be
16 this summer. As I understand it, their studies have been
17 delayed and it's fundamental to a decision that they would
18 make whether or not this commission approves the SPP and
19 whether or not the plan is laid that Calpine will actually
20 build it. They can't take a chance and they therefore have
21 to have plans that are going forward.

22 Q Would it be safe to say that if this project is not
23 built, other transmission lines will be built somewhere else
24 to try to provide the voltage support for Sacramento?

25 A Either transmission projects will be built somewhere

1 else or perhaps we'll be lucky and someone else will propose
2 generating it. It could be either. Generally, from a
3 system perspective, a planner would like to have the
4 generation near the load, but it is possible for the system
5 essentially to continue to work with power imports. SMUD
6 presently imports, on a hot day, 70 to 90 percent of their
7 power and, of course, that makes them subservient to a
8 transmission outage.

9 MR. RATLIFF: I have no more questions. I think
10 this witness should be available for cross-examination.

11 HEARING OFFICER FAY: Thank you. Mr. Ellison?

12 MR. ELLISON: No questions.

13 COMMISSIONER MOORE: Yes, I have a question.

14 EXAMINATION BY COMMISSIONER MOORE

15 Q (By MR. MOORE) Mr. McCuen, you indicated that
16 something would have to be done. Let's imagine the
17 unthinkable, nothing gets done. So now take the time period
18 -- it's now 2008 and nothing has been done. There's been no
19 transmission upgrade and there's been no new generation
20 added to the local grid. What happened in that period of
21 time? What happened to the SMUD district and to the
22 customers within that region dwelling at whatever rate we're
23 going at now, two point "X" percent per year?

24 A The SMUD system is such that something has to happen.
25 Okay? There is no choice. As I recall just for reference,

1 the energy commission in '96 indicated that the SMUD area
2 needed something on the order of 900 megawatts. The bottom
3 line is that a local area like that -- the operation is not
4 dictated by there being enough megawatts in the whole
5 northern state. It's a question of having enough locally.
6 So my answer is if the SATPG or others, many who are
7 nonparticipants with CALISO (phonetic) authority -- does not
8 propose a facility to meet the needs of SMUD to keep the
9 lights on, then the CALISO has a backup procedure where they
10 can direct at least the participating transmission owner
11 such as PG & E but not Western or others and they would have
12 to take steps. It simply isn't an option to go too far.
13 The power has to be provided somehow.

14 Q Well, let's say that under the circumstances that I've
15 just outlined, there was a lawsuit and the lawsuit
16 successfully enjoined PG & E from expending new transmission
17 into the area and the ISO, the independent systems operator,
18 had not been able to successfully cajole or encourage
19 someone to locate new generation facilities. How would SMUD
20 handle the demands on the system, which could take,
21 artificially, if you will -- and prevent it from expansion?
22 What would they do?

23 A I can't speculate other than to say that it's been so
24 clear to me, participating in the meetings, that they
25 finally would reach a point to keep the lights on to serve

1 their customers -- they'd have to go out and do something.
2 They basically don't have a choice. At some point they
3 can't wait. That's my best response.

4 COMMISSIONER MOORE: Thank you.

5 EXAMINATION BY HEARING OFFICER FAY

6 Q (By MR. FAY) Mr. McCuen, in your conclusions at the
7 time you filed your testimony, you said that the SPP would
8 provide significant power to the Sacramento area and help
9 mitigate system voltage problems and provide moderate power
10 for load growth. Has that assessment been changed in any
11 way by recent development since you filed your testimony?

12 A No, it hasn't. My testimony was based on the latest
13 information at the time. Nothing's changed. The numbers
14 are still the same. The numbers I report are still the
15 accurate numbers.

16 Q And you concur with Mr. Dykes' review of the system
17 benefits in terms of --

18 A That's correct. That's almost the same as on this
19 piece of paper right here, and it's in my testimony.

20 Q And you believe that with the conditions of
21 certification that you proposed and Calpine has accepted --
22 that the department would meet all requirements from the
23 perspective of your discipline?

24 A That's correct and that covers -- fairly recently
25 that's changed. That covers the power plant switch yard,

1 the double circuit transmission line and all three possible
2 locations for the Sutter Bypass switching station.

3 Q From your perspective is there a reference from an
4 engineering point the view of any of those three
5 alternatives?

6 A No, they're too close to call. All of them are
7 acceptable and it's going to be my guess that which one is
8 selected will be based on environmental considerations.
9 They can be engineered in a safe and reliable manner.

10 HEARING OFFICER FAY: Okay. Thank you very much.
11 Mr. Ellison?

12 MR. ELLISON: Mr. Fay, if I may, I have one
13 follow-up question to the committee's question.

14 HEARING OFFICER FAY: Sure.

15 CROSS-EXAMINATION BY MR. ELLISON

16 Q (By MR. ELLISON) Mr. McCuen, you discussed the
17 reliability problem in the context of SMUD. Does the
18 reliable problem extend to Sutter County? And would the
19 benefits of this project in improving that or addressing
20 that problem extend to Sutter County?

21 A I would suggest that it extends to Sutter County.
22 There's a 400-megawatt load dropping scheme presently in
23 place. That's a lot of customers to draw to keep the system
24 from cascading. SMUD's part of that is 230 megawatts. PG &
25 E is 150 megawatts. Roseville is 20 megawatts. I guess

1 that's the end of the list. The way the system's connected
2 together, right now very heavily with Western, I would
3 certainly think that there would be implications in this
4 area also. It could be localized. They could localize it
5 to SMUD. It depends upon the system, but it certainly could
6 spread here. For that matter, it could spread to the Oregon
7 border, which is what we don't want to happen.

8 MR. ELLISON: Thank you.

9 HEARING OFFICER FAY: All right. That concludes
10 our testimony on transmissions engineering, and I'd like to
11 take comments now on this aspect of it before we finish
12 tonight. Ms. Woods?

13 MS. WOODS: I just have one thing to say. I have
14 about five friends that are retired from PG & E, and they've
15 all assured me that we need no power from these people. Our
16 power is all hydro power. We have an abundance of power.
17 These guys are my age. They're retired. They've been in
18 this all their lives. You can't tell me they're all nuts.
19 There's no way. Thank you.

20 HEARING OFFICER FAY: Okay. Thank you.

21 MS. WOODS: Jeez.

22 HEARING OFFICER FAY: Mr. Amarel, speak up so the
23 court reporter can hear you.

24 MR. AMAREL: Correct me if I'm wrong but -- I mean
25 this whole thing just kind of changed right in front of my

1 eyes. It seems to me like this plan's being built for
2 Sacramento. This is not being -- there's absolutely no
3 benefit for Sutter County whatsoever, let alone our area out
4 there.

5 If SMUD needs a plant, then SMUD should go to Calpine
6 and find some and buy part of Rancho Seco and build a power
7 plant there. I mean, we don't need the power, and I agree.
8 I think you're absolutely right because SMUD is going so
9 fast that they've got to find it somewhere and they're
10 thinking, "Well, hell, we might as well just let Calpine
11 bill it down there and take out some old farm dirt.
12 Nobody's going -- it's not going to make any difference."

13 I mean, this is not -- this is not correct; not at all.
14 And you hit the nail right on the head when you said from an
15 engineering standpoint, you want the load close to the
16 people that use it or the load -- the production close to
17 the load. And that's exactly right, and this is 50 miles
18 away or 35 miles depending upon where you call the lines.

19 Again, I go back to the same thing I told you folks at
20 the very beginning of the first meeting or whatever. I said
21 build the plant because we all know it needs to be built.
22 But it needs to be built in the right place. Then it will
23 make sense for everybody. Thank you.

24 HEARING OFFICER FAY: Did you get his name?

25 (Off-the-record discussion was held.)

1 MR. FOSTER: My name's Brad Foster again. If this
2 plant were to be built in the Elverta area, would that stage
3 two line that was mentioned in here need to be built?

4 MR. McCUEN: No, it wouldn't. There would be no
5 need whatsoever, that I'm aware of, for any addition south
6 of the Sutter Bypass with the station if the SPP project is
7 not built.

8 MR. FOSTER: But there is a possibility if it is
9 built at the present location -- that we might have another
10 transmission line running through our agricultural area in
11 Sutter County?

12 MR. McCUEN: That's a possibility. It's one of
13 four possibilities unknown for the future.

14 MR. FOSTER: I need to back up now. This is
15 before we went to dinner. They were talking about this
16 plant taking older plants off the line that, you know,
17 cannot compete. The use permit on the existing Calpine
18 plant, which we all know is a very dirty plant, and I don't
19 know how efficient the existing plant is out there -- the
20 neighbors -- you know what we think is -- that plant has a
21 life expectancy of 30 years.

22 Now if we can get this new plant built somewhere else
23 and not in this agricultural zone, which is also still zoned
24 agriculture just like the O'Banyan side -- there's no
25 difference in my book. They're still zoned agricultural.

1 And that was something that was brought up earlier.
2 Maybe this old plant's going to get taken off line because
3 it can't compete. It might be sooner than 15 years. It
4 might be, like, in a couple years because, you know, the
5 technology we're getting here -- we're talking, you know --
6 these great big new plants are coming in. Compared to the
7 old plants -- the old plants don't stand a chance so now
8 maybe we're going to get rid of a plant.

9 We're going to get rid of all the impact in our
10 neighborhood. This new plant can be built in an industrial
11 zone where it belongs or even maybe next to a load where
12 they need it, and we're left alone. We've gotten rid of
13 everything, and it's just a matter of planning not just
14 quick, "Let's set a plant. Here. We got to get the power to
15 Sacramento." Let's plan where we are going to put this
16 thing. Let's put it where it needs to be. Let's not just
17 throw it down and worry about how we're going to get the
18 power out of there four years from now to where it needs to
19 be. Let's think a little bit longer. Let's take a little
20 more time. It's kind of like this final staff assessment.
21 We haven't even gotten to read it yet. But here we are
22 pushing forward. Let's take our time and do it right.
23 Let's not just throw this thing down and then try to make it
24 work. Let's put it where it belongs. Thank you.

25 HEARING OFFICER FAY: Thank you.

1 MRS. AMAREL: Cookie Amarel.

2 HEARING OFFICER FAY: Mrs. Amarel.

3 MRS. AMAREL: The first gentleman that spoke said
4 in his assessment that the Elverta one was not a viable
5 alternative because there was people in the area so we're
6 not people? They're more important people? That was one of
7 the big issues that I was rather concerned with. What's the
8 criteria for which people are important and which ones are
9 not? Oh, we farm. That's right. We only feed people. I
10 forgot.

11 HEARING OFFICER FAY: Mr. Ratliff, did it have to
12 do with population density?

13 MR. RATLIFF: I'm totally at a loss for what she's
14 referring to. I don't think anyone said that Elverta was a
15 site that was unacceptable because of people.

16 MRS. AMAREL: It's in the final assessment report.

17 MR. RATLIFF: What's the page?

18 MRS. AMAREL: The first gentleman referred to --

19 MR. RATLIFF: What page?

20 MRS. AMAREL: Okay. It was under the
21 alternatives. The Elverta one. Page 29. Page 29. There
22 is a comparison because it was due to -- it was more closer
23 to residential people than we are.

24 MR. RATLIFF: Which testimony are you talking
25 about?

1 MRS. AMAREL: It's on page 29, the alternatives.

2 HEARING OFFICER FAY: It does address population
3 density.

4 MR. BURK: I'm Jerome Burk. Just a quick
5 question. What does it matter -- the population density.
6 It's a clean plant. It doesn't use water. It's not noisy
7 and it doesn't pollute. Why does it make any difference
8 where you put it? If you need to put it near the load,
9 it's going to be required. Why does that population density
10 throw it out of Elverta? I don't understand.

11 HEARING OFFICER FAY: I'm looking.

12 MR. BURK: But I didn't get an answer.

13 HEARING OFFICER FAY: I can't answer the question.
14 It does appear that a determination was made to make an
15 arbitrary cut on certain density per acre; at least that's
16 what table one indicates on page 28.

17 MR. BURK: So maybe staff could answer my
18 question. It was just an arbitrary question; the fact that
19 it should be closer to the load.

20 MR. PRYOR: The density -- oh. This one. The
21 density comes in to play with hazardous materials,
22 particularly or specifically the anhydrous ammonia (phonetic)
23 that we use. It's closer to higher density people. More
24 people will be affected by release.

25 MR. FOSTER: Well, I thought aqueous ammonia

1 (phonetic) was recommended by counsel and Sutter County
2 both, but Calpine elected to use anhydrous (phonetic), so
3 they're the ones that want to use the more hazardous
4 material, but if they were to use aqueousamonia, which is a
5 lot more stable -- I use it in my work in agriculture all
6 the time. I don't have a problem with, you know -- now
7 we're in a populated area. It's very easy to go to
8 aqueousamonia and all of a sudden, a hazardous material
9 problem starts.

10 MR. PRYOR: And impacts on traffic is a problem
11 there. There's also --

12 (Interruption in audience)

13 HEARING OFFICER FAY: I'm sorry. We're conducting
14 public comment now. We're not having a dialogue. We're
15 going to try to get a few questions answered but I'm afraid
16 it's going to break down. I think you can see where that's
17 going. There was a question about why rural population was
18 disfavored over a more urban population. I think Mr. Pryor
19 answered that, but I do want to be able to take everybody's
20 comments and we haven't been able to get to it. Please
21 state your name.

22 MR. BOYCE: Lewis Boyce. I live on El Margarita
23 Road in the Tierra Buena area, and I paid the county about
24 \$2500 a year in property taxes. PG & E just built a big
25 high-powered transmission line about a block behind my

1 house, and I don't even know it's there. It doesn't make
2 any noise. It doesn't affect anything. It doesn't affect
3 the property values. So I don't know what all these people
4 are hollering about.

5 HEARING OFFICER FAY: Yes, sir. Please state your
6 name.

7 MR. JANSEN: Andy Jansen. I farm directly south.
8 We have a thousand acres directly south and I know a lot of
9 people here. I have a second crop. Besides affecting our
10 rice production, this will also affect ducks. A lot of
11 people here get money from ducks every year. We got 80
12 acres directly south; the duck clubs will not even touch
13 because this plant is there. It scares all the ducks and
14 geese, everything away. They'll end up killing a whole lot
15 of ducks anyway if they put this plant up. And one question
16 I got is why do they need to put manholes on the underground
17 pipeline? I've seen plenty of gas lines without a manhole
18 for as far as you can see over miles and miles of property.
19 Why do they need to put manholes -- can't they dig it up
20 every time they need it? I'm sure they can afford an
21 excavator.

22 HEARING OFFICER FAY: That's a real question. It
23 has to do with technology. It's a real different technology
24 from gas pipelines. We'll let Mr. McCuen talk about it.

25 MR. McCUEN: That question came up before and I

1 think it's a fair question. The big difference between
2 underground transmission lines and a pipe is that -- one of
3 the things that the witness, Mr Dykes, mentioned, is that
4 these cables come in perhaps 1300 or 1600-foot reels. Okay?
5 That's as big as that reel can be. We can't -- you can't
6 find any equipment that will carry it from where it is to
7 here any bigger than that. For that fundamental reason, we
8 must have very large pole stations where we can splice the
9 cables together. That is done in an atmosphere which is
10 actually cleaner than a hospital operating room in some
11 cases. It's extremely technical. For that reason -- I'm
12 not sure about some of the numbers that Mr. Dykes used, but
13 it's my understanding that there's something like 26 pole
14 stations for the Tudor-Murray, and I would estimate about 20
15 if the switching station was at O'Banyan North. And those
16 must be elevated. We can't have something that important
17 under the water, essentially. That's just the way the
18 technology is.

19 HEARING OFFICER FAY: If I may follow up, Mr.
20 McCuen, the other impact of the underground line is not only
21 the manhole covers but roads. Why would that be essential,
22 crossing a field to install a road?

23 MR. McCUEN: I believe that road was south of
24 South Township Road, which was about 9,000 foot long,
25 thereabouts. Basically to get it up out of the field, get

1 it up out of the water and provide access, also. That was
2 the fundamental reason for it. There also has to be a road
3 for the section between the plant, and let's call it the
4 north end of O'Banyan Road. But in that instance, I think
5 they felt they could just elevate the pole stations.

6 HEARING OFFICER FAY: Is this essential to
7 maintaining and installing an underground transmission line?

8 MR. McCUEN: Yes, that's what it's about.
9 Basically, although they're very reliable and a lot of money
10 is spent to keep them that way because they're out of sight,
11 out of mind, it takes time to find a fault and it takes time
12 to fix it and so you have to be able to get a crew out there
13 to do it. I think Mr. Dykes indicated that it might be
14 repairable in a week or perhaps less. I really think that
15 it's more like a week or 20 or 30 days, in my judgment. I
16 certainly would -- well, I'll leave it at that.

17 HEARING OFFICER FAY: Yes, sir, in back.

18 MR. SHANNON: I'm Mike Shannon. I have one
19 question about putting the wires underground. Aren't the
20 easements the same along the county roads to put electrical
21 wire in underground than to put a gas line underground? You
22 have the same easement. Now I'm not completely sure on how
23 the easement works but I know when Calpine -- or Green
24 Leaves was built first, they came in and arbitrarily just
25 started digging a ditch on our property. And they had the

1 easement to do it. Okay? They followed just inside Oswald
2 Road. So if -- and I don't understand. Maybe somebody here
3 can tell me what the easements along the county roads are
4 and aren't. But if those easements are there, isn't that an
5 answer to -- being able to service those same wires right by
6 a county road? In other words, you can get the crews there.
7 They can be tested. If you were able to put a gas line
8 beside a county road on private property because of an
9 easement, that same easement should be there to put an
10 electrical wire.

11 MR. McCUEN: I'm not sure that I can respond
12 fully. Maybe this is something that we could bring up on
13 the next meeting.

14 MR. SHANNON: I have one more question that I just
15 thought of. Could you lay the electrical wires next to the
16 gas lines?

17 MR. McCUEN: Yes, that can be done. That has been
18 done before when push comes to shove. And with regard to
19 the amount of space that's available, it's my understanding
20 that there's something on the order of 15 feet between the
21 road -- I believe it's on South Township -- no. Yes, South
22 Township Road. The applicant, in doing the layout, felt
23 that there wasn't enough room in there and I don't know the
24 details of that.

25 MR. SHANNON: Would it -- say if the company,

1 though -- if they could work it out -- can anybody tell me
2 how much money would be saved if you laid the power wires
3 the same time you put the gas line in?

4 MR. McCUEN: I'm sorry. Are you saying putting
5 the power wires with the gas line or --

6 MR. SHANNON: Yes. The question I had before was,
7 can you put electrical wires underground next to gas lines.

8 MR. McCUEN: Yes.

9 MR. SHANNON: You might be able to?

10 MR. McCUEN: Yes, if you keep them far enough
11 apart, you can do so.

12 MR. SHANNON: Okay. And now my next question is
13 if the timing is right, would it save the company that's
14 doing it and if it's Calpine, would it save enough to
15 warrant putting the wires in the ground next to the gas
16 lines at the same time?

17 MR. McCUEN: It sounds logical but my answer is I
18 don't know. I don't have any information.

19 HEARING OFFICER FAY: You know, that may be
20 something that the experts could look into a little bit
21 before a workshop and the workshop is when?

22 MR. McCUEN: This Wednesday.

23 HEARING OFFICER FAY: This Wednesday? And
24 transmission will be one of the topics?

25 MR. RATLIFF: Well, transmission is today. The

1 topics for Wednesday's workshop are land use and visual.

2 MR. RICHINS: Well, the real quick answer is the
3 natural gas line is a different route altogether than the
4 transmission line, and where they have to interconnect for
5 the transmission line is not the same place where they have
6 to interconnect for PG & E gas lines, so they're going in
7 opposite directions.

8 HEARING OFFICER FAY: The routes are different.

9 MR. RICHINS: Yes.

10 HEARING OFFICER FAY: Yes, sir?

11 MR. JANSEN: Does anybody know yet what -- where
12 they want to put the power line? Does anybody know that yet
13 for sure?

14 HEARING OFFICER FAY: Well, Calpine's indicated
15 its preference and the staff has recommended an alternative
16 place.

17 MR. JANSEN: So has anybody decided where they
18 actually want to put them yet?

19 HEARING OFFICER FAY: Well, that's the committee's
20 job.

21 MR. JANSEN: So you guys will decide it?

22 HEARING OFFICER FAY: That's right.

23 MR. ELLISON: If I can address that briefly
24 because there has been confusion all day about that question
25 -- Calpine originally proposed the route down South Township

1 to O'Banyan and then O'Banyan west to the interconnection
2 point; later changed that proposal to going all the way down
3 South Township; upon the recommendation of the energy
4 commission staff and the county, who asked Calpine to
5 reconsider the original route going back to South Township
6 to O'Banyan, Calpine agreed to do that. So the proposal
7 with Calpine has on the table now is to go down South
8 Township to O'Banyan and then west on O'Banyan to the
9 interconnection point, over by the existing transmission
10 line. The other alternative that's now on the table from
11 the staff is a proposal from the visual expert of staff to
12 go directly west from the plant across the farm fields and
13 then down south along the -- parallel to the Sutter Bypass,
14 the existing lines.

15 MR. RATLIFF: And if I can just add to that, what
16 staff is recommending is the consideration of that
17 alternative, and that's why we're having the workshop on
18 Wednesday because this has been a rather late proposed
19 consideration. And we want to sort of get everybody's
20 comment on it. But if that would avoid the visual impact,
21 we want to see if it could be considered.

22 COMMISSIONER MOORE: You're having that discussion
23 under the aegis of land use?

24 MR. RATLIFF: Yes, and visual impacts.

25 HEARING OFFICER FAY: So to the extent that the

1 choice of transmission route affects both land use in the
2 fields and visual impacts, the people living near by it --
3 they should attend that workshop if they can.

4 MR. RATLIFF: Absolutely.

5 MR. RICHINS: And that's Wednesday at nine
6 o'clock?

7 HEARING OFFICER FAY: Back at the veterans
8 facility.

9 MR. RICHINS: Correct.

10 HEARING OFFICER FAY: Nine o'clock at the veterans
11 facility where we were this morning on Wednesday.

12 MR. FOSTER: My name's Brad Foster. Again, you're
13 going to talk to the experts on these other issues. An
14 alternative route was west from the plant down a dirt road,
15 I recall, I think, your recommendation for an alternative on
16 the power line route. I don't want my neighbors thinking --
17 I mean, I honestly think the plant doesn't belong where you
18 people are proposing to put it. I honestly feel that way.
19 But we're going to get it.

20 Running transmission lines down Township Road is going
21 to affect the farming and duck hunting. It's going to
22 affect, running down O'Banyan Road, farming and the duck
23 hunting. If you run it west out of the plant, it's going to
24 affect the farming and the duck hunting. Now if you were to
25 bury it running west out of the back of the plant -- I think

1 the plan is to run it down a dirt road. So maybe one of the
2 ranchers will get an all-season road out of the deal.

3 I'm sure you're going to have to pay me, but I'm
4 burying the line. But once you got over the 500 kV that you
5 were going to turn and then run west to the substation or
6 your switching yard -- why couldn't you continue to go
7 underneath the 500, come up, hang a few insulators on your
8 existing 230 kV, run the lines down to where you want to put
9 your switching yard, drop down, do whatever you got to do to
10 your power and then tie into your 230 kV. We're talking,
11 maybe, a two-mile run underground and nothing else; maybe a
12 little engineering to get tied into your 230 kV, but no
13 added power lines. Your visual's gone. You're going to add
14 a couple wires to your 230 kV. That's if it's feasible.

15 Even if it's not feasible, maybe running another line
16 down there along your group of lines already. But I don't
17 know whether in this hearing we have today -- why we
18 couldn't just continue under the 500, hang a couple
19 insulators on the existing 230, go down to your switching
20 yard, do whatever you need to do with your power there, and
21 then tie back into your system.

22 MR. RICHINS: We'll be discussing that at the
23 workshop on Wednesday. The short answer is that once you
24 pass the PG & E line, you're going to the refuge, U.S. Fish
25 and Wildlife Service land, and then you would be running --

1 you would be interconnecting with a switching station on
2 U.S. Fish and Wildlife Service land, and our indications
3 from them are not positive.

4 MR. FOSTER: Excuse me, Paul, what I'm saying is
5 no switching station on their land. The switching station
6 stays where it is. All's you do is come up under the line
7 and tie in at one of the poles. I mean metal --

8 COMMISSIONER MOORE: You see, he's talking about
9 basically cutting the underground run in half. Can you make
10 sure that when you have the hearing or the workshop on
11 Wednesday that you consider an alternative which would
12 effectively run west underground for a minimal distance with
13 an uplink of some kind up into the transmission house and
14 then running down the existing towers to a switching
15 station. See if there's something -- a configuration like
16 that that could be evaluated and brought back. Mr. McCuen's
17 already saying no?

18 MR. RICHINS: Well, in others -- well, you answer
19 it.

20 MR. McCUEN: It's technically infeasible. You
21 cannot conduct -- you cannot connect with a 230 kV
22 transmission line simply by coming up out of the ground and
23 making connections with the conductors. That's called a tap
24 and a line of that length and in that place could not be
25 protected. In other words, we could not keep the system

1 together. Therefore, we must have breakers and disconnects
2 and relay in order to keep the system together. And that's
3 what leads us to require that there be some sort of
4 switching station.

5 MR. FOSTER: I'm not talking about tying into
6 existing wires. I'm talking hanging another set of arms off
7 your existing poles and running wires to a switching station
8 where you could do your transformers or your breakers or
9 whatever you need. You have the big, old steel towers down
10 there. I'm sure they could hold up a couple more wires.

11 MR. McCUEN: No. No, they can hold the wires they
12 have on them; maybe a little bit more. But they could not
13 hold up anything like a new double circuit 230 kV with 1272
14 kV conductors.

15 HEARING OFFICER FAY: To the extent that there's
16 any interest in this, it's worth bringing up at the
17 workshop, and you'll probably get some give and take much
18 more effectively than here in the hearing.

19 COMMISSIONER MOORE: Let me put it under just a
20 little different title. Mr. McCuen, you'll be there at the
21 workshop?

22 MR. McCUEN: Yes.

23 COMMISSIONER MOORE: I would just imagine that the
24 question -- is there a hybrid solution? One that shares
25 underground with the switching station? So if you'll just

1 evaluate the question, is there an hybrid alternative --
2 there may not be, but would you report back to the committee
3 as to whether or not there's an acceptable hybrid?

4 MR. McCUEN: There are hybrids and we will discuss
5 it on Wednesday and the next hearing date if you'd like.

6 COMMISSIONER MOORE: I'd appreciate it very much.

7 MR. RICHINS: And U.S. Fish and Wildlife Service
8 will also be there and will give us advice regarding their
9 lands.

10 COMMISSIONER MOORE: Are they the ones that still
11 have the report outstanding?

12 MR. RICHINS: Yes.

13 COMMISSIONER MOORE: Ask them when it's going to
14 be delivered. Perhaps they can deliver it that day.

15 HEARING OFFICER FAY: Yes, sir?

16 MR. GOMAY: My name's Ed --

17 (Reporter interrupted proceedings.)

18 MR. GOMAY: Ed Gomay and I'm a resident out there.
19 And no easements and placement of it is very important with
20 the accessibility to underground vaults and the pole
21 sections. They run wire and sewer right down the middle of
22 the road in town all day long. That seems to solve both
23 issues of accessibility and easement. And we get a new road
24 out of it.

25 HEARING OFFICER FAY: Thank you. All right.

1 Well, the hour is getting late. I just want to make a last
2 call for any comments regarding the alternatives and
3 transmission line engineering. Of course, the visual
4 aspects and the land use aspects of the transmission lines
5 and other parts of the project are fair game.

6 There's a workshop coming up Wednesday and on November
7 10th. Sorry. And I'd like to also say that because of the
8 late hour, we will not be able to get to the topics that we
9 had identified as of less local concerns, and so we won't be
10 taking those in the record tonight in terms of the
11 affidavits. That is the list under Roman Numeral V, so
12 we'll start on the 10th with those topics.

13 And if you found that you have questions in those
14 areas, please pass them on November 10th and by then you
15 will have had more time with the final staff assessment, and
16 you may see if you can stump the project managers with your
17 questions on that. We anticipate that they'll be able to
18 answer the questions in those areas. Okay. Any essential
19 last comments before we break?

20 MS. WOODS: My only problem is if Sacramento needs
21 the power, build the damn thing down there and leave us
22 alone. That would be my comment.

23 COMMISSIONER MOORE: We'll pass that on. Let me
24 wrap up with a couple of comments then on where we're going
25 next. We'll meet here again on the 10th, and we'd like to

1 encourage -- I'm sorry. I said here. I meant in Yuba City
2 and I appreciate the correction. We'll be at the veterans
3 facility, and let me say if there's anyone who doesn't have
4 a copy of the final staff assessment at this point, it's not
5 because Mr. Valkosky hasn't been assiduously trying to pass
6 them out or to make sure that you can get access to them.

7 If you know someone who doesn't have one, just contact our
8 public advisor. We'll make sure that they do get one.

9 We'd like to ask you to read the sections that you're
10 interested in and if you have comments that are -- or
11 questions that relate to topics that we've covered today and
12 you want to bring those up, we'll find a portion of that
13 hearing to go back and discover them. We mean this to be as
14 open and forthright a process as we possibly can.

15 Second, I did indicate that because of the concerns
16 about the harvest -- that we would attempt to set up a
17 couple of extra evening meetings. I'm serious about that.
18 We'll find -- assuming that there's -- appears to be that
19 kind of conflict, we'll find those days and publish them as
20 far in advance as we possibly can to make sure that everyone
21 has additional time to be able to comment to us on this. We
22 just don't have the dates and times. We'll all be checking
23 calendars tomorrow to find out what's open and possible. If
24 you have, again, other questions about the process or about
25 any of the discussions here that was presented today, please

1 contact the public advisor's office. Mr. Valkosky has been
2 standing in for Roberta Mendonca, who is also the advisor at
3 the energy commission, and she'll make sure they get to the
4 right people.

5 HEARING OFFICER FAY: And I'll just remind
6 everybody that the next hearing is Tuesday, November 10th.
7 And that's like today. It will start at 9:00 in the morning
8 but then after the dinner break, we'll come back at 6:30 in
9 the evening for the evening session. Both sessions will be
10 at the veterans hall.

11 COMMISSIONER MOORE: Thank you all. We appreciate
12 your time and effort.

13 HEARING OFFICER FAY: Thank you very much.

14 (8:55 p.m., the proceedings concluded.)

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CERTIFICATE OF TRANSCRIPT

I, Jacquelyn Frink, as the Official Transcriber,
hereby certify that the attached proceedings before Hearing
Officer Fay, California Energy Commission,

In the Matter of:) Docket No. 97-AFC-2
)
Application for Certification)
for the Sutter Power Plant Project)
_____)

were held as herein appears and this is the original
transcript thereof and that the statements that appear in
this transcript were transcribed by me to the best of my
ability.

I further certify that this transcript is a true,
complete, and accurate record of the proceeding.

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