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01-AFC-24c	
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Connie Bruins
Compliance Project Manager
California Energy Commission
1516 9th Street, MS 2000
Sacramento, CA 95814

Re: Notice of Insignificant Project Change to Add Inlet Chillers for the Palomar Energy Center Project (01-AFC-24C)

Dear Ms. Bruins:

This letter is in response to a document entitled "Notice of Insignificant Project Change to add inlet chillers for the Palomar Energy Center Project (01-AFC-24C)," mailed January 26, 2007. I write to object to the California Energy Commission ("CEC") staff's determination that the proposed plant modifications and associated increase in output of 40 megawatts at the Palomar Energy Center ("Palomar") are an "insignificant project change." I am the Plant Manager of Bimbo Bakeries USA's Escondido facility (the "bakery") and write this letter on behalf of Bimbo Bakeries USA.

The bakery is about 75 yards East of Palomar, down a fifteen foot embankment from Palomar's cooling towers. Based on my experience with Palomar's operations to date, I expect that the forecasted increase in Palomar's output will result in significant effects on the environment, and may cause Palomar to be out of compliance with applicable laws, regulations, and ordinances. The bakery did not participate in the CEC's licensing process for Palomar, since we did not anticipate that Palomar would cause any problems for us. Some background regarding the bakery may be helpful for the CEC to understand our concerns with Palomar's proposed change. Since 1991, the bakery has been producing bread and rolls for customers ranging from local schools to supermarket chains to the military. On average, the bakery produces 4.2 million units of product each month, distributed throughout California, Arizona, and Nevada. For the last decade, the bakery has been one of Bimbo Bakeries USA's top-performing facilities. Of the twelve Bimbo's Bakeries USA facilities in the United States, the Escondido bakery has consistently rated number 1 or number 2 in customer satisfaction, as measured by our customer response system. For the four years before Palomar started operating, the bakery averaged only .4 or .5 customer complaints per million units produced. All this changed with Palomar's arrival. After Palomar began operations in April of 2006 we began to have mold problems both in product and at the bakery facility itself. These problems became especially severe with the arrival of hot



weather in July and August. Customers began to call in large numbers complaining about product spoiling well before the expiration date. Product testing showed abnormally high mold levels in the product, far in excess of that observed prior to Palomar's startup. This forced us to change product formulations and increase roughly four-fold the amount of mold inhibitor in the products so that product did not spoil before its expiration date. Since the mold inhibitor also consumes yeast, we have had to increase the amount of yeast in the product. While the reformulation extended the shelf-life of the product, it also resulted in customer complaints about a chemical taste. After Palomar began operating, employees also began to complain about elevated mold levels in the facility. Employees reported the presence of mold to the Center for Disease Control ("CDC"), which placed the bakery in contact with the National Institute of Occupational Safety and Health ("NIOSH").

We conducted various tests for mold within the facility, such as swab tests of equipment and also air tests. The plant draws in outside air through a series of evaporative coolers. Testing of the evaporative coolers showed, once again, abnormally high mold counts. Examination of the bakery's roof revealed a large patch of mold growth on the Northwest corner of the roof -- the corner of the roof closest to the Palomar cooling towers. We tried to address these elevated mold levels by cleaning and sanitizing the evaporative coolers, and also by cleaning and sanitizing the roof. We also increased the frequency with which we perform both of these tasks. Before Palomar began operations we cleaned the evaporative coolers and the roof once a year, and never saw a mold problem. Currently, we are cleaning them every two months, at significant expense. After discussions with NIOSH, we also added additional filters to the evaporative cooling system. Mold growth on both the roof and the evaporative cooling system is far beyond anything the bakery experienced in the nine years that I was there before Palomar started operations.

It seems clear to me that the bakery's mold problems are directly related to Palomar's operation, and particularly to the operation of the cooling towers. Last summer, I went on the roof at 9 PM. The outside temperature was 90 degrees and it was a clear night. The wind was mild but blowing exhaust from the Palomar facility towards the bakery. It was literally raining on the side of the bakery roof nearest Palomar, and I could see steam rising from the cooling towers just across the property line before it condensed and landed on our roof.

Palomar itself seems to have problems with mold around the cooling towers. The day after the rain-on-the-roof incident I just described, I grabbed my digital camera, walked up the embankment leading to the property line with Palomar, and took photographs of the cooling towers, which themselves were covered with mold. I have included those photographs with this letter. Palomar pressure-washed the mold from the cooling towers the day after I took the photographs.

The mold problems are not the only problems that the bakery has experienced as a result of Palomar's operation. Palomar's cooling towers give off large plumes of steam, which are especially noticeable on hot days. At night, the cooling towers are lit by lamps that emit a yellow-red light. These lights reflect off Palomar's steam plumes to create the illusion that the bakery is on fire, as explained to me by the firefighters from the City of Escondido Fire Department who have responded some six times in the last year to calls from neighbours reporting non-existent fires at the bakery.

The bakery's mitigation efforts responding to Palomar's operation are expensive, and, ultimately, reflect an unacceptable imposition on the bakery, its workers, and the thousands of people who eat the food that we bake. We are gravely concerned about the impacts on our workers and our customers of the mold problem that has resulted from Palomar's operations, and about the disruption to our business that results from Palomar's steam plumes triggering residents to call



the fire department to the bakery. The prospect of even greater output, and more water vapour coming from Palomar, is deeply disturbing.

The increase in Palomar's output that will result from the proposed design change will almost certainly worsen the problems that I have just described. More output from the plant will probably increase the ambient humidity and cause more mold problems on and in the bakery, and possibly in the product as well. I would expect it to result in additional visual impacts, and possibly more visits to the bakery from the Fire Department. Obviously we are continuing to work with NIOSH and others to mitigate the problems described above. We also intend to raise this issue with Palomar's owner San Diego Gas & Electric Co. directly as well. The proposed modification and associated deadline for any objections, however, has obliged Bimbo Bakeries USA to raise the issue in this fashion.

In sum, from where we are sitting, the changes to Palomar will have a significant adverse impact on the environment, and should not be summarily authorized by the CEC as "insignificant." Accordingly, we object to the staff's determination that the proposed change is insignificant. We request that the CEC investigate further the impacts that will result from the change. If the CEC finds that the change will cause any further problems such as those described above, the CEC should require Palomar to either mitigate the problems or to withdraw the proposed change. Thank you for your attention. Should you have any questions regarding this matter, please feel free to contact our legal counsel Todd Edmister of Bingham McCutchen. He may be reached at (415) 393-2000.

Sincerely yours



Greg Clark

cc: Taylor Miller, SDG&E

