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**STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION**

**STATE ENERGY COMMISSION
AUG 28 1985
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BUSINESS MEETING

**1516 NINTH STREET
FIRST FLOOR HEARING ROOM
SACRAMENTO, CALIFORNIA**

WEDNESDAY, AUGUST 7, 1985

10:25 AM

REPORTED BY:

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COMMISSIONERS PRESENT

Charles R. Imbrecht, Chairman
Barbara Crowley, Vice Chair
Arturo Gandara, Commissioner
Warren D. Noteware, Commissioner

EX-OFFICIO PRESENT

William Foley

PUBLIC ADVISER'S OFFICE

Ernesto Perez

STAFF PRESENT

Randall Ward, Executive Director
Dick Ratliff, Staff Counsel
John Chandley, Staff Counsel
Karen Griffin
Leon Vann, Jr.
Stan Valkosky, Hearing Advisor
Chris Tooker
Scott Matthews
Daniel Nix
Chris Ellison
Kent Smith
Lorri Gervais

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OTHERS PRESENT

- Jan Schori, Attorney, Sacramento Municipal
Utility District
- Richard Brann, Supervisor, District 5, County of Solano
- Floyd Meyers Marsh, Supervisor, Colusa County
- Gary Schaad, County Line Corridor Association
- Malcolm Leiser, Attorney, , County Line Corridor
Association
- Kenneth Hopkins, Attorney, Meckfessel, Hopkins & Byrd
- Charles O. Lamoree, Attorney, County of Solano
- Katherine M. Hammer, Solano County
- Roger Windsor, Harbin Hot Springs
- James Campbell
- Ada Merhoff, Sierra Club, Mother Lode Chapter
- Steven Geringer, Attorney, California Farm Bureau
Federation
- Richard Spitler, County of Lake

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M O R N I N G S E S S I O N

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3 CHAIRMAN IMBRECHT: Good morning. We'll call
4 the meeting to order. I believe Commissioner Gandara
5 will be with us shortly. Commissioner Commons is
6 absent today. Before we begin, I'd like to ask
7 Commissioner Crowley to lead us in the flag salute.
8 Would you all please rise?

9 (FLAG SALUTE)

10 Alright. Thank you very much. We have a
11 very long agenda with a number of very significant
12 items before us today. As a courtesy to a number of
13 parties that made a request -- and I might say, as
14 well, it's a reflection of the reality of the time
15 -- we will not be taking up the discussion of the
16 Escrow Account Provisions in the Fifth Electricity
17 Report of the Commission until after our luncheon
18 recess and will provide a break for some of you that
19 perhaps are not involved in other items before us.

20 The first item that we'll take up is
21 Commission Discussion and Possible Adoption...
22 actually, that is Loans and Grants, isn't it? I think
23 we probably ought to wait for Commissioner Gandara....
24 Timing is perfect. The first item we'll take up is
25 Commission Discussion and Possible Adoption of

1 Amendments to the California's State Plan for the
2 Schools and Hospitals Grant Program. The Plan provides
3 detailed information on how this program is
4 administered by the California Energy Commission.
5 Federal regulatory changes which are due to become
6 effective on the first of September of this year
7 necessitate some of these amendments. In addition,
8 there are staff proposals to delete some obsolete
9 material and clarify those sections. Mr. Ward.

10 MR. WARD: Thank you, Mr. Chairman.

11 A VOICE: We're not hearing anything in the
12 back here, gentlemen.

13 CHAIRMAN IMBRECHT: I'll bring this up a
14 little closer. My light indicated that the public
15 address system was on. I apologize. Okay. To just
16 briefly repeat, we're taking up Item No. 1, which is
17 Commission Discussion and Possible Adoption of
18 Amendments to the California's State Plan for school
19 and hospital grant program. Some of the changes
20 proposed are necessitated by Federal regulatory changes
21 that are due to become effective shortly. And some are
22 also the result of staff motion. Mr. Ward.

23 MR. WARD: Thank you again, Mr. Chairman. As
24 you indicated, before you today are our proposed
25 changes to conform with Federal changes to the ICP

1 Program. Karen Griffin and Wendell Bakken, from the
2 Conservation Division, are prepared to brief you on the
3 item.

4 MS. GRIFFIN: Good morning. There are five
5 issues that are included in these Plan changes, most of
6 which are mandatory. And one increases the flexibility
7 of the Commission and allows us to cut down on some of
8 the paperwork that, particularly, our school districts
9 have to cope with in submitting for this program. So,
10 we believe that the changes which we have proposed in
11 your package go along with the Commission's direction
12 to simplify the program to the maximum extent possible.

13 But there is one change which we have opposed
14 all the way down the line in the DOE rules. But DOE
15 has changed the rules; and we must conform, which is
16 increasing the minimum payback period to two years.
17 That means projects with a payback of less than two
18 years are no longer eligible to be funded. And this
19 will include many of the lighting retrofit programs
20 undertaken by participant institutions. So, we thought
21 if we fought it, we'd lost and so we must along with
22 this change.

23 Wendell is prepared to go through each of the
24 major changes. Or would you just like to ask questions
25 on specific items?

1 CHAIRMAN IMBRECHT: Let me, first, call upon
2 Commissioner Gandara, as the presiding Committee
3 member, for any comments he might have on this.

4 COMMISSIONER GANDARA: Mr. Chairman, what I
5 might recommend, to save the Commission some time, is
6 to indicate that I have consulted with Commissioner
7 Crowley, the Second Member of the Committee.

8 (BRIEF DIFFICULTY WITH HOUSE MICROPHONE)

9 In any case, I've consulted with the Second
10 Member of the Committee, Commissioner Crowley. And the
11 Committee's feeling regarding this matter is that this
12 is a program that is heavily specified by the federal
13 government and that, in fact, the changes that staff is
14 proposing here are basically conforming changes to
15 changes in federal regulations and federal
16 requirements.

17 In fact, to give you an idea, even after we
18 do all these kinds of changes, process involves project-
19 by-project approval by DOE. So, I do believe that the
20 consequences of the changes are fully laid out in the
21 memo by Mr. Rauh or the agenda material. The Committee
22 sees no problem with approving this. And we can save
23 ourselves a lot of time.

24 CHAIRMAN IMBRECHT: Alright, fine. Can I
25 treat that as a motion?

1 COMMISSIONER GANDARA: Yes. I would move
2 that we approve the changes.

3 VICE CHAIR CROWLEY: And I second it.

4 CHAIRMAN IMBRECHT: Moved by Commissioner
5 Gandara, seconded by Commissioner Crowley. Does anyone
6 wish to be heard on this item? Alright. Is there
7 objection to unanimous roll call? Hearing none, ayes:
8 four, nos: none. The proposed changes are adopted.
9 The item is disposed of.

10 The second item to come before the Commission
11 today are a number of contracts, totaling \$50,000 with
12 13 local government methanol fleets to ensure more
13 active and accurate driveability data that is gathered
14 and submitted to the Energy Commission in return for
15 reimbursement of methanol fuel differential costs.
16 This item was continued from July 2nd. And I believe
17 staff has also prepared some additional information as
18 a result of a request from the Commission at that time.
19 Mr. Ward.

20 MR. WARD: Yes. Thank you, Mr. Chairman.
21 You've correctly outlined, I think, what occurred at
22 the previous Business Meeting. There was some question
23 about the in-kind contribution from these local
24 agencies that are receiving the marginal cost benefit
25 of methanol versus regular gasoline for the operation

1 of the methanol fleet. Ken Koyama and Leon Vann are
2 prepared to summarize what they put together on that in-
3 kind contribution.

4 MR. VANN: The staff was sent to the field to
5 collect the financial information on the fleets as
6 they're operating today. In the first graph, we looked
7 at the actual invoices on file with the fleet operators
8 to determine the total fuel cost for the methanol fleet
9 as well as those maintenance. We checked all the
10 odometer readings on the vehicles, totaled all the
11 miles and came up with a 10.83 cents per mile cost of
12 operating the methanol vehicle. We have a small fleet
13 of gasoline-controlled vehicles that we're also
14 operating. We collected the same data on those
15 particular vehicles and came up with a cost per mile
16 operation of 7.19 cents.

17 The additional cost, then, for the methanol
18 vehicles is about 3.5 cents (a little bit more than 3.5
19 cents) per mile. The total differential payments that
20 the CEC has contributed to the fleet operators to date
21 is a little over \$73,000. We calculate, then, that
22 based on the number of miles that have currently been
23 put on the fleets, that the CEC differential payment is
24 about 1.38 cents per mile. That leaves the fleet
25 operators absorbing a 2.26 cents per mile additional

1 charge for operating the methanol vehicles.

2 This was not our original intent. Really,
3 the reason that our differential payments are as low as
4 they are is, we base those on an assumed MPG rate for
5 the methanol vehicles. And that rate is too high. So,
6 the local governments have been absorbing those
7 additional costs. The question at the previous
8 Business Meeting was: "Really, were the local
9 government absorbing at least a 50% share of those
10 costs?" And I believe that last graph does indicate
11 that they, in actual money out of pocket, have absorbed
12 greater than 50% share.

13 This last graph is just some of the
14 additional cost items that we made, really, no attempt
15 to quantify. But they are real costs to the local
16 government. The methanol vehicles require refueling
17 about twice as much as a gasoline car. Just using a
18 \$20 an hour labor figure, we figure that for just the
19 County of Los Angeles, that represents about \$19,000.
20 The other significant costs are maintaining the special
21 parts inventory for the fleet (that's all done at the
22 local government's expense) and the reduced vehicle
23 resale market for the methanol because of the fueling
24 station shortages.

25 Based on the results of this analysis, we are

1 recommending that the contracts be approved as
2 requested by the Commission. If you have any
3 questions, I'll be glad to answer them.

4 CHAIRMAN IMBRECHT: Alright, fine. Questions
5 from members of the Commission? Apparently we've got
6 some technical problems with our PA system today. I'd
7 like to ask everyone to speak directly into the
8 microphone. I've been advised that by our Secretary.
9 Are there questions from members of the Commission?

10 COMMISSIONER NOTEWARE: Mr. Chairman.

11 CHAIRMAN IMBRECHT: Commissioner Noteware.

12 COMMISSIONER NOTEWARE: Do these contracts
13 provide for any type of retroactive reimbursement to
14 the local agencies?

15 MR. VANN: No, they do not.

16 CHAIRMAN IMBRECHT: Further comments from
17 members of the Commission?

18 COMMISSIONER GANDARA: I have a comment, Mr.
19 Chairman.

20 CHAIRMAN IMBRECHT: Commissioner Gandara.

21 COMMISSIONER GANDARA: Yes. First, a little
22 bit of a correction. The data on local government
23 costs was not requested by the Commission last time
24 around. Actually, what happened is that this contract
25 came up for approval, and the members of the Commission

1 that were present at that time--Commissioner Commons is
2 not here; but Commissioner Crowley was--and had some
3 concerns about the fact that there was not a cost
4 sharing with respect to the fuel subsidy.

5 What then resulted, since there was clearly
6 no votes for approval of the contract then, in fact,
7 what was before us was a proposal or a motion of my own
8 that we approve the \$50,000 but that we require a 1:1
9 cost sharing on the fuel subsidy by the local
10 governments. That instead, what was offered by the
11 Executive Director and the staff was that they would go
12 back and try and quantify what the in-kind
13 contributions or contributions were by the local
14 government. So, first of all, I'd like to at least
15 indicate that that....

16 CHAIRMAN IMBRECHT: I stand correct.

17 COMMISSIONER GANDARA: ...search was, in fact,
18 prompted by the staff.

19 CHAIRMAN IMBRECHT: I was not present, as
20 you're aware, during that discussion; and I represented
21 it as I understood it to be.

22 COMMISSIONER GANDARA: So, in any case, I do
23 very much appreciate the additional information that
24 has been given to us. But it still doesn't get away
25 from the basic policy concern that I have, which is

1 that if I recall my numbers right and I may be wrong
2 -- certainly there was a differential in the production
3 cost of the cars that I believe that we subsidize,
4 which I seem to recall was on the order of \$2,000 of
5 cars. Is that correct?

6 MR. VANN: That's correct. And the local
7 governments paid \$5,000 for the vehicles.

8 COMMISSIONER GANDARA: And we paid the
9 difference in the production cost. Right?

10 MR. VANN: Yeah.

11 COMMISSIONER GANDARA: In addition to that,
12 we had been paying a fuel differential subsidy. And
13 I'm not saying that it's inappropriate that we do so.
14 However, what I am saying is that we do have a lot of
15 other programs that we share with local governments in
16 which we insist on a cost-sharing aspect. And I do
17 believe that a 1:1 cost sharing is not an onerous
18 burden for the local governments. I think, from a
19 public policy perspective, I think it's a very useful
20 things.

21 We have shielded these local governments from
22 the differential costs of production of these kinds of
23 cars. We have shielded them from the market signals
24 for the differential costs of fuel. And then, I think
25 it's appropriate that, in fact, they do receive these

1 signals and that they do realize when they're
2 participating in such program that there are
3 differential costs, not just with respect to
4 maintenance. But, they may choose to make this
5 decision that there's going to be a continuing
6 differential cost with respect to the fuel.

7 That simply was my point. And in terms of an
8 equity basis, that since we do have a lot of other
9 programs where we demand far greater leverging -- I
10 know at times 5:1 or 6:1, that I didn't think it
11 inappropriate. So again, Mr. Chairman, I don't think
12 that my position is changed in this matter. I would
13 move again that we approve the \$50,000, but require a
14 1:1 cost sharing of the fuel subsidy.

15 CHAIRMAN IMBRECHT: Alright. The motion is
16 before us. Is there a second? Alright, hearing none,
17 the motion dies for lack of a second.

18 Before dropping that point, though, I would
19 like to just pursue to see if I can understand your
20 point. It seems to me, if I'm understanding what is
21 reflected here in this new information, that in fact
22 there is such a sharing even greater than that at this
23 point in time. Are you taking issue with these
24 numbers? I'm trying to understand your point.

25 COMMISSIONER GANDARA: What I am saying is

1 that these numbers are irrelevant to my point, which is
2 that I believe that there ought to be a cost sharing on
3 the fuel subsidy. I never said there was not a cost
4 sharing with respect to some other expenses. And
5 frankly, I don't know what the softness of the numbers
6 happens to be; but I don't even want to get into this.
7 But, my whole point was with respect to the cost
8 sharing of the fuel subsidy.

9 CHAIRMAN IMBRECHT: I see. So your point is
10 the fact that the maintenance costs should not be
11 included in these calculations. Is that correct?

12 COMMISSIONER GANDARA: I'm not saying
13 anything about these calculations. I'm just commenting
14 on the fuel subsidy. I am saying that where there are
15 a lot of subsidies with respect to this program, and
16 that in fact I think we ought to begin at some point in
17 time to be sending the appropriate market signals about
18 the cost of the program to the participants. And the
19 one way of doing that is with respect to the fuel
20 subsidies.

21 CHAIRMAN IMBRECHT: Well, I guess.... I was
22 trying to understand, as I say, how you would have
23 approached the calculations which the staff offered
24 here, if there is a difference in methodology you would
25 suggest. Let me just comment on your point directly.

1 While I believe that price signals, et cetera, are
2 essential in other programs, I would just note a couple
3 of things.

4 First off, there is no appreciable benefit to
5 the local governments for participating in this program
6 other than assisting the State on a cumulative basis in
7 attempting to understand accurately what the operating
8 characteristics of methanol vehicles are and what the
9 likelihood is for them to be useful for further
10 integration into the State's motor vehicle pool. And
11 further, that in order to ensure that -- and I guess I
12 would analogize the situation to a poker game where
13 we're into the fourth or fifth draw and a substantial
14 amount of State monies have been invested to date -- in
15 order to ensure that we do get meaningful results from
16 this program, it seems to me that it is essential that
17 we stay with the game for the last piece of it.

18 I would just note that I think that really
19 probably summarizes the reasons why I think that we
20 should go ahead and approve what is a rather diminimus
21 portion of the total costs associated with this project
22 and to further ensure that it is carried forward to a
23 successful conclusion in that it's essential that there
24 be an adequate amount of miles driven by each of the
25 vehicles so that we can truly analyze the operating

1 characteristics.

2 COMMISSIONER GANDARA: Again, as I said
3 before, I was restricting my comments to the fuel
4 subsidy. But, since you have mentioned at least to
5 some extent that the fact that the local governments
6 are doing us a favor, I would then raise the issue of
7 whether we're doing them a favor. Because if I look at
8 the fleet operating costs, at least the calculations
9 the staff has made for the additional fleet costs for
10 operating methanol vehicles and the contributions
11 therefor, I guess, that they're suggesting that it be
12 made by the local governments at 3.6 cents per mile,
13 for an accumulated 5.3 million miles. As a result of
14 our promotion and inducement of this program with the
15 local governments, they are expending around the area
16 of \$175,000. Okay? And I would ask whether, in fact,
17 local governments have the luxury and could not better
18 spend \$175,000 of their own than by assisting us in
19 this particular matter.

20 CHAIRMAN IMBRECHT: I find your argument just
21 a little circular since, on the one hand you're
22 suggesting by your previous motion that we insist upon
23 a greater contribution by local governments. And then,
24 on the other hand, you argue that perhaps that
25 contribution is already excessive.

1 COMMISSIONER GANDARA: No. I am saying that
2 what you are doing is, you are hiding the cost of this
3 particular program to the local governments by not
4 requesting that they correctly reflect what the cost of
5 this program will be. This quantification, these
6 figures that were given here are something else. I
7 would hope that what would happen if the appropriate
8 market signals are given to local governments, if they
9 would reassess where they want to participate in the
10 program, there's not likely to bear much fruit. That's
11 the point that I'm trying to make. The appropriate
12 market signals need to be sent to the participants.
13 And we're not doing that.

14 CHAIRMAN IMBRECHT: Okay. The final point I
15 would just note is, I suspect that some of the local
16 governments being in heavily impacted air basins are
17 undoubtedly participating because of their hope of
18 which I would say is shared by many of us here at the
19 Commission, that in fact the development of this
20 alternative can produce tangible environmental benefits
21 for our motor vehicles fleets in the State, as well.

22 COMMISSIONER GANDARA: If these were diesel
23 cars, that would be relevant. But they're not diesel
24 cars. So the contributions are not as great.

25 CHAIRMAN IMBRECHT: But still, they are

1 appreciable. Okay. Well, we obviously have a
2 different viewpoint.

3 VICE CHAIR CROWLEY: May I ask a question?

4 CHAIRMAN IMBRECHT: Yes. Commissioner
5 Crowley.

6 VICE CHAIR CROWLEY: I understand, from what
7 I read here, that they have already driven over five
8 million miles in this project. How many millions of
9 miles are they anticipated to need to drive before you
10 will have the data that you need to make some kind of a
11 value judgment (since I understand this is an accurate
12 driveability data exercise)?

13 MR. VANN: Okay. We were trying to obtain
14 50,000 miles per vehicle to get the reliability data.
15 There's about 500 vehicles; so that would be what? 250
16 million miles -- something like that.

17 VICE CHAIR CROWLEY: So it is based more on a
18 benchmark for each vehicle than on a data number--gross
19 data number?

20 MR. VANN: Yes. Yes.

21 CHAIRMAN IMBRECHT: What's the total
22 investment in this program in round terms to date?

23 MR. VANN: The State has invested around \$10
24 million in the program. Private industry and local
25 governments probably have invested another \$10,

1 possibly as high as \$20. It's hard.... That's where
2 you do get into the soft numbers of quantifying exactly
3 how much is directly related to this vis-a-vis
4 something else.

5 CHAIRMAN IMBRECHT: I would not suggest to
6 you, again, that my own analysis of this might have
7 been different had I been a member of the Commission
8 back in 1982. But when this program was first
9 initiated and approved. But in the context of that
10 investment, it seems to me that the remaining
11 investments which we need to make to ensure a
12 successful completion of the program, I would argue
13 just on a policy basis this is not in essence the time
14 to fold our hand and end up with results that are
15 questionable because of their lack of sufficient
16 information base.

17 VICE CHAIR CROWLEY: Then I guess my next
18 question would be: How many more 50,000's are we going
19 to invest in it?

20 CHAIRMAN IMBRECHT: Well, I believe the last
21 and total appropriation that's available to us for this
22 program which was part of the budget we all submitted
23 and approved and which was signed by the Governor,
24 reallocated a portion of the original appropriation for
25 the current fiscal year to also complete the fueling

1 station network. And I believe, if I understand
2 correctly, that is the last increment of State
3 expenditure that is anticipated.

4 MR. VANN: Yes. Except we have requested, as
5 part of the VCP process, which has hasn't been
6 addressed yet for '86/'87 (some more tech support for
7 next year). But the fleets are only supposed to be
8 operational for another...until 1988 -- two years, two
9 and a half years.

10 CHAIRMAN IMBRECHT: Okay. I think that the
11 actual re-appropriation this year was in the neighbor-
12 hood of \$700,000. Is that correct?

13 MR. VANN: \$573,000.

14 CHAIRMAN IMBRECHT: \$573,000. And that would
15 be the total remaining. For this fiscal year, it would
16 obviously be for the Budget Committee, as to whether or
17 not we wish to support a BCP for the '86/'87 fiscal
18 year which is an open issue, I would say.

19 COMMISSIONER GANDARA: I would just make a
20 last comment, Mr. Chairman. Since you indicated that
21 you feel that we've made some investment and,
22 therefore, need to continue it. I would argue not from
23 a different point of view, but from an economic point
24 of view that the concept of some cost which is that you
25 make your decision on what your expected future costs

1 are going to be and not on the costs that you've
2 expended. Since the phrase "common sense" has been
3 used quite a bit in the past three years, there
4 actually is a very common sense saying that relates to
5 that economic basis or that economic theory, which is
6 you don't throw good money after bad.

7 CHAIRMAN IMBRECHT: I understand.

8 COMMISSIONER GANDARA: And the point that I
9 was trying to make is that, it seems to me here that if
10 what was expected is 25 million miles over a five year
11 program, then we have here 5 million miles in three
12 years. I don't see that we can expect 20 million miles
13 in the next two years.

14 CHAIRMAN IMBRECHT: Actually....

15 COMMISSIONER GANDARA: Even if you extend it,
16 give it an additional two years, it seems to me that
17 we're talking about something like 1.5 million miles a
18 year. And you're talking about an extension for five
19 more years, the most you're going to get out of this is
20 going to be another 7.5 million miles. So you're going
21 to have a total of 12.5 million miles, which is 50% of
22 the goal that you have.

23 CHAIRMAN IMBRECHT: Well, I think it's
24 important to get the numbers correct. Actually, the
25 program was not initiated until two years ago, rather

1 than three years. It was approved by the Commission in
2 1982. But the cars were not delivered until the Spring
3 or Summer of 1983. So, in essence, you've got 5.3
4 million miles in two years, not three years, as
5 indicated. So we basically have more of the program
6 left than that which has transpired to date.

7 COMMISSIONER GANDARA: We'll get 15 million
8 in stead of 25.

9 CHAIRMAN IMBRECHT: It would suggest to me
10 that we're not going to get 25, but obviously the
11 question is for an additional expenditure of about 5%
12 of the total expended to date to increase the mileage
13 by a factor of 200%. From what we have in place today,
14 it suggests to me that we're not at the point where
15 you're throwing good money after bad. If we were
16 talking about an expenditure that was a substantially
17 greater percentage of that which we have already
18 invested in this program, I would be far more inclined
19 to be persuaded by your arguments.

20 MR. VANN: Just a comment -- these local
21 government fleets only represent 300 vehicles, not 500.
22 The differential charges for fuel for the State fleet
23 are borne by the agencies that operate those vehicles.
24 There is no subsidy from us for that.

25 CHAIRMAN IMBRECHT: And what is the case with

1 respect to the private corporations that are operating?
2 They bear it themselves? So actually, when we look at
3 the total program, what would you say...what is the
4 total mileage to date for the full fleet of 500
5 vehicles?

6 MR. VANN: Seven (7) million miles, to date.

7 CHAIRMAN IMBRECHT: Which would suggest that
8 we might not fall too terribly short of the goal of 25
9 million if you assume that there is roughly a three-
10 year period left. And if you extrapolate that out,
11 it's estimated that we're going to get up close to the
12 20 million mile range, which suggests results
13 substantially better than those which we were just
14 discussing.

15 MR. VANN: The important thing is to end up
16 with, of the 500 vehicles, that you end up with the
17 statistically reliable sample that have exceeded 50,000
18 miles. And then, you can do your reliability analysis
19 based on that sample. Some of these vehicles...you
20 know, some have...already have, you know, 20/30,000
21 miles on them. Others only have ten (10,000). That's
22 just the way the fleets operate.

23 CHAIRMAN IMBRECHT: Okay. Does anyone else
24 wish to be heard on this item? Alright. I will move
25 approval of the contracts, as presented. Is there a

1 second?

2 COMMISSIONER NOTEWARE: I'll second it.

3 CHAIRMAN IMBRECHT: Seconded by Commissioner
4 Noteware. Further discussion, members of the
5 Commission? Secretary, would you please call the roll?

6 MS. GERVAIS: Commissioner Gandara.

7 COMMISSIONER GANDARA: No.

8 MS. GERVAIS: Commissioner Noteware.

9 COMMISSIONER NOTEWARE: Yes.

10 MS. GERVAIS: Vice Chair Crowley.

11 VICE CHAIR CROWLEY: Yes.

12 MS. GERVAIS: Chairman Imbrecht.

13 CHAIRMAN IMBRECHT: Aye. Ayes: 3, nos: 1.

14 The contracts are approved. The next item to come
15 before the Commission, which I think all the members of
16 the Commission are fully aware of, is that in the
17 context of the contract for graphics and preparation of
18 the printed version of the Biennial Report....

19 VICE CHAIR CROWLEY: Pardon me, sir.

20 CHAIRMAN IMBRECHT: Did I skip....?

21 VICE CHAIR CROWLEY: What happened to that
22 contract?

23 CHAIRMAN IMBRECHT: What happened was that I
24 didn't read very carefully. Thank you. Let me dispose
25 of Item No. 4, in any case. This is Commission

1 Discussion and Possible Adoption of an official agency
2 seal for use in conjunction with Commission reports and
3 activities. I believe the members of the Commission
4 have all seen it. This is the clean version of it. It
5 basically reflects....

6 VICE CHAIR CROWLEY: Pardon me.

7 CHAIRMAN IMBRECHT: Well, I showed you
8 xeroxes yesterday. It reflects...poor choice of words.
9 It reflects the three major areas of State...Commission
10 jurisdiction.... You've got me so flustered now, I
11 can't even get this out. ...of Commission
12 jurisdiction, namely, the electric natural gas and
13 petroleum energy communities as well as two of the
14 principle symbols of the State of California, the State
15 bear and the golden poppies, which are our flower.

16 If you'd like to hold it up, Commissioner
17 Gandara and let people see it. Sorry we don't have a
18 larger version of it. But you will be seeing it with
19 greater frequency in the future. Since it was
20 produced, I guess, under the general jurisdiction of
21 the Biennial Report Committee, I will move adoption of
22 the seal. Is there a second?

23 COMMISSIONER NOTEWARE: I'll second it.

24 CHAIRMAN IMBRECHT: Seconded by Commissioner
25 Noteware. Is there discussion?

1 COMMISSIONER GANDARA: I have a discussion,
2 Mr. Chairman.

3 CHAIRMAN IMBRECHT: Commissioner.

4 COMMISSIONER GANDARA: By way of suggestion
5 under your general discretionary powers -- and do as
6 you will -- I wanted to take the consideration that we
7 have perhaps some consideration that we might add
8 methanol drop to this particular crest to represent the
9 heavy policy emphasis we have on methanol.

10 CHAIRMAN IMBRECHT: We disposed of that item
11 just a moment ago, Commissioner Gandara.

12 COMMISSIONER GANDARA: We might add a
13 transmission line here to reflect our interest in
14 Northwest Power and a little atom to reflect our
15 historical interest in nuclear powering with Humboldt
16 Bay and Santa Susana--you know, those early pioneers.

17 CHAIRMAN IMBRECHT: As I suggested to you,
18 the lightning bolt, in essence, allows you to interpret
19 into that any and all of the various electrical
20 technologies which come before us for consideration and
21 the same is true of the other symbols, as well.

22 COMMISSIONER GANDARA: Well then, the last
23 suggestion would be that we sort of divide the crest in
24 proportional areas so that maybe the lightning should
25 only be 10% of the total and the oil drop would be 60%

1 and the natural gas would be 30%.

2 CHAIRMAN IMBRECHT: I thought we had an
3 agreement on this, Commissioner Gandara.

4 (LAUGHTER)

5 I've already taken steps to live up to my part of
6 the....

7 COMMISSIONER GANDARA: I agree. I have no
8 problems with this. I think it's a terrific idea.

9 CHAIRMAN IMBRECHT: Okay. It's properly
10 before us. Is there objection to a unanimous roll
11 call? Hearing none, ayes: 4, nos: none. We'll ask Mr.
12 Perez to put this out on the table for people who want
13 to take a look at it.

14 Alright, now we will turn to Item No. 3,
15 which is a contract for \$53,500 with Vitalize of Van
16 Nuys, Inc. to implement the Office of Minority and
17 Small Business Enterprise Assistance. The Office is
18 proposed as an information clearing house for financial
19 and technical assistance to provide resources for
20 minority and small business enterprises engaged in or
21 interested in becoming engaged in energy business
22 opportunities and related government programs. And
23 this contract.... This is an item which we have
24 discussed in the past. And it was a suggestion of our
25 Public Adviser, Mr. Perez. And I believe.... Mr.

1 Perez, are you prepared to make a presentation on this?

2 MR. PEREZ: Yes, Chairman Imbrecht. To
3 continue your summarization, basically, the concept of
4 having an OMSBEA at the Energy Commission was improved
5 in principle by the Commission on a vote of four to
6 one, at least six months ago. The proposal which is
7 before the Commissioners now is the bidder who won on
8 the basis of merit, through a competitive RFP process.
9 That process is described in the back-up materials.

10 The project's budget is the document marked
11 "Exhibit C". And it's worthy to note that with respect
12 to this proposed bidder, they are also providing \$8,573
13 of matching fund contribution to the original proposed
14 budget of \$52,987. The monies are 1983/84 PVA
15 redirect. Approval has been obtained from both the
16 Department of Energy and the Department of Finance.

17 The nutshell characterization is that this
18 represents a recommendation from the Public Adviser for
19 the California Energy Commission to float a trial
20 balloon amongst governmental agencies to assess and
21 measure the interest and value of providing assistance
22 to small businesses and minority businesses in
23 California.

24 And to ensure awareness of that intent, I
25 have kept informed the General Services, Office of

1 Minority Business Enterprise. I spoke last week with
2 Mr. Brawley from SAFE BIDCO. And I'm assured that the
3 Governor's office of energy extension services is up to
4 date on this. In addition, I met with the recently
5 appointed Deputy Director of the State Department of
6 Commerce, Ms. Kathy Calderon, and gave her a copy of
7 the package and received positive remarks with respect
8 to it. If there are any questions, I'd be glad to
9 answer them.

10 CHAIRMAN IMBRECHT: Questions from members of
11 the Commission?

12 COMMISSIONER GANDARA: Mr. Chairman, not so
13 much a question, but perhaps a little bit of history
14 with respect to this item for the benefit of
15 Commissioner Noteware, who is our recent Commissioner;
16 but also for the benefit of anybody who might be
17 familiar with some of the earlier efforts in this
18 process.

19 The Loans & Grants Committee (Loans, Grants &
20 Economic Impacts Committee) actually got interested in
21 this area over a year ago. And the issue that we saw
22 was that we, at the Commission, were increasingly doing
23 some of our work through contracts. And, in particular
24 with respect to the Loans & Grants Committee, which as
25 the name implies, we see all the final recommendations

1 and proposals with respect to a lot of programs -- GRDA
2 programs, the school and hospital programs.

3 They have the other programs, such as biomass
4 and technical assistance programs, the public-private
5 partnership. And one of the things that we became
6 aware of is that we very much endorse and believe in
7 the competitive process--the RFP process. At the same
8 time, we had a bit of a concern that...we felt that we
9 ought to also be reflecting some degree of outreach and
10 diversity that perhaps we were not seeing as much of
11 -- diversity both geographically, diversity with
12 respect to the size of business, and diversity with
13 respect to the ownership of that business.

14 We felt it would be useful to provide some
15 assistance to contractors through...you know, some
16 assistance to acquaint them with our contracting
17 procedure, some assistance to acquaint them with the
18 kinds of areas we contract with. And the culmination
19 of that was our request that an effort of this nature
20 (of this proposal) be perhaps centralized or
21 coordinated through the Public Adviser's Office who,
22 after all, does a lot of outreach, and that the
23 opportunity be there for people to be assisted in our
24 contracting process that would hopefully result in
25 respondents to our proposals coming from rural areas,

1 as well as from urban areas, from a diversity of the
2 business mix that we have in the State of California
3 from small business and large business. And we very
4 much wanted to make sure that we took advantage of all
5 the existing resources that were available in other
6 agencies.

7 But we also wanted to focus on something that
8 was a little bit different that, while many of the
9 procurement practices that are...and offices that are
10 sensitive to the particular intent of this contract do
11 exist, we here at the Commission are not engaged so
12 much in the procurement of.... To put it another way,
13 we're engaged in the procurement of professional
14 services. And it was this particular area that we
15 wanted to emphasize that we would be trying to get this
16 diversity and we felt that this kind of effort would be
17 needed.

18 And so, this proposal actually came before
19 the Loans and Grant and Economics Impacts Committee
20 more than a year ago. It was included in the budget at
21 least a year ago, and I guess reaffirmed recently, as
22 Mr. Perez mentioned. So, that's kind of a history and
23 the intent of it. And so, I'm very glad to see this
24 item finally surface. And I think that it would assist
25 us greatly with respect to our contracting process. As

1 I've mentioned before to the Commission, I have the
2 unique status of this Commission of actually having
3 been a respondent to a RFP to the Energy Commission
4 prior to joining the Energy Commission. I should say
5 that I also have the unique status of having come in
6 second and not gotten the contract. So I'm sensitive
7 to our contracting process and the assistance this type
8 of effort would provide.

9 CHAIRMAN IMBRECHT: Okay. Thank you. May I
10 assume that's a motion?

11 COMMISSIONER GANDARA: Yeah. I would move
12 the contract.

13 CHAIRMAN IMBRECHT: And I will second it. I
14 had been persuaded after reviewing this that this in
15 fact is a good outreach effort; and I want to commend
16 Mr. Perez and his office for the manner in which this
17 item has been handled and the thoroughness with which
18 they reviewed the variety of proposals that were before
19 them. I looked over the material in some detail last
20 evening. And I think that it will provide a very
21 useful service. Does anyone else wish to be heard on
22 this item?

23 VICE CHAIR CROWLEY: Let the record show I
24 would have seconded it on the Loans & Committee, were I
25 faster.

1 CHAIRMAN IMBRECHT: Okay. I use the
2 prerogative of the Chair once in and while, here.

3 COMMISSIONER NOTEWARE: Mr. Chairman.

4 CHAIRMAN IMBRECHT: Commissioner Noteware.

5 COMMISSIONER NOTEWARE: Yes. I would like to
6 comment that on the Water Resources Control Board we
7 had a quite similar program. And it proved very
8 effective, primarily because many of the small
9 businesses and minority-owned businesses that are
10 assisted needed just a certain amount of expertise that
11 they didn't really have without this type of help. And
12 it resulted in more offers being made to the RFP, more
13 response. And I think that its net result was that the
14 State received more contractors to choose from and
15 actually got lower prices on a number of the things
16 that were related to the programs that we have there.
17 I think it was very effective.

18 CHAIRMAN IMBRECHT: Okay. Does anyone else
19 wish to be heard on this item? Is there objection to
20 unanimous roll call? By the comments, I would guess
21 not. In that case, ayes: 4, noes: none. The contract
22 is approved and we'll look forward to its
23 implementation.

24 The next item to come before the Commission
25 is Consideration of Statements and Comments on the

1 Presiding Member's Final Report concerning the proposed
2 Geothermal Public Power Line. The Commission may
3 consider ratification of the proposed decision at a
4 special Business Meeting, which we have scheduled for
5 next Tuesday, August 13, 1985. As you're aware, our
6 regulations require that the Final Report of any siting
7 committee be considered on two separate occasions by
8 the full Commission. As the Presiding Member, I'd like
9 to offer a couple of preliminary comments. And I'm
10 going to call upon our Hearing Advisor, who I hope
11 somebody will retrieve quickly, to add any additional
12 points that he wishes to.

13 Let me just note, to begin with, that this
14 certainly is one of the most complex siting proceedings
15 which has ever come before the Energy Commission. The
16 statistics alone, I think, speak for themselves. In
17 excess of 90 parties intervened in the proceeding.
18 Better than 13,000 pages of transcript reflecting
19 cumulatively, I believe, nearly 50 days of...50 full
20 days of public hearing ultimately were accumulated.

21 I might add that I think that as a practical
22 matter we have a greater level of public participation
23 in this process than perhaps any other siting case that
24 has come before the Commission. And I would like to
25 just note for openers that that participation was

1 excellent in almost all circumstances, very
2 conscientious, and I might add of great assistance to
3 the Committee in terms of dealing with a myriad number
4 of issues associated with the multiple proposed
5 corridors, which you see represented on the map over
6 here on the wall, as well as the three different
7 termination points which could have been reached
8 through a variety of permutations of those various
9 corridors that represented the broad range of
10 complexity which the Commission or the Committee, I
11 should say, was called upon to deal with, and not the
12 least of which, as well, was trying to balance the very
13 serious environmental questions which were before us as
14 well as the interests of, I believe, in excess of
15 15,000 individual property owners who were noticed at
16 various stages of the proceedings to invite their
17 participation.

18 I would also like to pay a special tribute to
19 our Hearing Advisor in this case. Mr. Valkosky had the
20 unenviable task of digging through those transcripts,
21 and dozens and dozens of exhibits, and a variety of
22 other formal presentations made by the parties beyond
23 the simple evidence that was taken in direct testimony.
24 He provided great assistance to me throughout the
25 course of the proceeding. His advise was, I think,

1 temperate and very thoughtful on all occasions. And I
2 enjoyed the opportunity to work with him on this
3 process. And I might say, as well, that I believe that
4 when all the variety of issues are taken into
5 consideration, the balance which we attempted to strike
6 between the various interests in the proposed Order and
7 Report, are a reflection of very thorough and
8 conscientious job which Mr. Valkosky did in terms of
9 organizing and correlating the range of testimony which
10 we received.

11 It should be obvious as a result of that near
12 recitation of the statistics that there were broad
13 disagreements as between the parties as to many of the
14 issues which we were called upon to consider. I think
15 that's, at a minimum, an understatement. We fully
16 recognize that it is impossible to render any decision
17 in this case which satisfies the concerns and interests
18 of all of the parties, both applicant and intervenors,
19 as well as the professional consideration of the staff
20 of the Energy Commission.

21 We believe as a result of a conference held
22 on Monday of this week that we have a limited number of
23 remaining issues which I would characterize as "open",
24 or which have been commented upon the parties. I'm
25 going to try to touch on a couple of those in a moment.

1 Suffice it to say that in terms of the general
2 orientation of the Proposed Decision, we were faced
3 with as I indicated choosing between three potential
4 termination points. On the one hand, the consideration
5 of the applicant and some of the parties that the
6 Williams termination point which... (Mr. Valkosky,
7 could you perhaps indicate on the map as I'm making
8 these comments which is at the far northern portion of
9 the map?) ...clearly was superior for a variety of
10 environmental considerations.

11 I might mention as well to members of the
12 Committee that if you were to turn to Page 158 of the
13 Proposed Decision, we have basically provided a map
14 that reflects the essence of the Committee's decision,
15 the narrowing versus the variety of proposed links
16 which are reflected on the map on the wall. The
17 Williams termination point was superior from an
18 environmental standpoint. At the same time, we were
19 faced with the position of staff and, I might add, that
20 of the Pacific Gas and Electric Company that the Vaca-
21 Dixon termination point, which is at the far southern
22 end of the map, offered demonstrably superior operating
23 characteristics for the overall transmission system
24 here in Western United States and which is principally
25 located here in California and, moreover, had superior

1 economic considerations as well. At the same time, we
2 fully concede that there are significant environmental
3 issues raised by that potential termination point. And
4 I think we have attempted to call those out clearly in
5 the document which is before you for your
6 consideration. That's a difficult dilemma for an
7 institution such as this that is charged with not only
8 ensuring an adequate and reliable supply of energy and
9 at the least cost for the consumers of our State, but
10 also which is charged with protecting the fragile
11 environment of our State as well.

12 What we have, in essence, attempted to do is
13 lay out the case as developed in the record for each of
14 those termination points. We approve each as potential
15 and, in essence, anticipate that the burden will shift
16 in an AFC proceeding to the Applicants that demonstrate
17 superior characteristics of the route which they prefer
18 and which they may clearly prefer in the course of the
19 NOI proceeding. In addition, there is a question of
20 need, or I should say probably more appropriately, a
21 question of the time that the need is demonstrated for
22 an additional outlet line or additional carrying
23 capacity on the existing lines. And that, of course,
24 reflects another alternative which would be the
25 potential reconstruction and increased capacity of

1 existing PGandE controlled outlet lines from the
2 Geysers area. We dealt with that issue, I think, in
3 some detail in the Proposed Decision. Again, it is
4 incumbent upon the Applicant and, of course, the AFC
5 proceeding, to clearly demonstrate need. One of the
6 considerations raised by the Second Member of the
7 Committee, which I appreciate his calling attention is,
8 of course, whether that, from a timing standpoint,
9 should be raised in the early stages of the AFC
10 proceeding. I believe that in the Errata Sheets which
11 were distributed as a result of the Conference on
12 Monday, as well as consultation with the Second Member
13 of the Committee, that the rationale for such a
14 condition is laid out clearly.

15 Finally, I would note that there is a point
16 raised by Solano County that deals with the extent with
17 which the staff justified their advocacy for the Vaca-
18 Dixon termination point, with respect to environmental
19 considerations, as well as an issue of override of
20 Williamson Land Contract farming operations that might
21 be affected by that route. Again, I would just
22 reference to members of the Commission, either today or
23 in the next week before this matter is before us for
24 final consideration to review the several pages in
25 which we attempted to treat that issue. I would expect

1 that Solano County will be raising that today as well.

2 Finally, I would just like to try to draw a
3 distinction between two issues which I anticipate will
4 be discussed today, and ask the parties as they raise
5 these issues to understand the distinction and also to
6 perhaps departmentalize your comments in each of these
7 areas, so that as we review the transcript of today's
8 proceeding, we can ensure that there's clear
9 understanding of the differences between the two. I am
10 talking about distinction between reconstruction and
11 reinforcement, or mitigation, studies. I'd like to
12 just offer a couple of comments on that.

13 Reconstruction refers, as I indicated, to
14 increasing the transmission capability of the existing
15 Pacific Gas and Electric outlet lines. These studies
16 are referred to in Condition 2 on Page 50 of the
17 report. The issue, as we understand it, centers around
18 whether the environmental impacts of such a
19 reconstruction should be analyzed as a part of the AFC
20 filing or whether, instead, such impact should be
21 analyzed only after engineering studies are completed
22 which demonstrate that such reconstruction is, in fact,
23 feasible. Reinforcement, or mitigation, assumes that a
24 third outlet line, such as the Geothermal Public Power
25 Line that is proposed in this proceeding, will

1 interconnect with the existing system and refers to
2 studies which concern the effects of such
3 interconnection on the overall transmission system of
4 the State, or certainly northern California. Condition
5 1 on Page 151 and the Errata Sheet deals with these
6 studiess. The issue in this case centers around,
7 again, as we understand it, whether these studies are a
8 necessary part of the AFC filing as reflected by the
9 position of our staff, or whether, again, that they
10 should be divided at a later point.

11 I think that is a general perspective about
12 what is in the report. Again, I want to personally
13 extend my gratitude to all of the parties that did
14 participate in this very lengthy and, sometimes, trying
15 proceeding. I think that, by and large, though there
16 were a variety of interests that were in conflict with
17 one another, certainly substantially economic
18 considerations as well, that people on both sides
19 maintained a degree of humor and harmony as we tried to
20 judiciously work through these matters. Again, finally
21 I would like to once again thank Mr. Valkosky. Stan,
22 do you have any comments you would like to add?

23 MR. VALKOSKY: (Nods - no).

24 CHAIRMAN IMBRECHT: Okay, with that,
25 Commissioner Gandara, do you have any comments?

1 COMMISSIONER GANDARA: Well, I'd just like to
2 make a few comments, since it may get boring and trying
3 at times, but I am a self-appointed historian of the
4 Commission, and I would like to note that the
5 Commission indeed is experiencing a historical point
6 here.

7 This is the first time that this Commission
8 will be considering an NOI. Therefore, my comments
9 would be more on sort of how the Commission views an
10 NOI and not so much on individual merits, which I very
11 much appreciate the fact that my comments were taken
12 into account in the revised Errata Sheet. But that no
13 member of the present Commission has ever been involved
14 in approving an NOI. I picked up an AFC after an NOI
15 was approved, so that is a somewhat limited data point,
16 but based on that data point, the comment that I would
17 make is what I think is most important is that it be
18 made clear to the Applicant, from the NOI, what is
19 expected of him at the time of the AFC filing. My
20 experience when I picked up the AFC after the NOI had
21 been concluded is that there had been a condition, data
22 requests of the Applicant, and that those data requests
23 were not included in the AFC filing. And, so it became
24 a point of discussion at the very first Informational
25 Hearing, and the Committee set a deadline for the

1 submission of that data. By the time we had the Pre-
2 Hearing Conference, the data still had not been
3 submitted. So, then the Committee set another deadline
4 for the submission of that data by the Applicant. And
5 again, that deadlie was not met.

6 So it got to the point where, in fact, the
7 schedule was in jeopardy of being met because of data
8 that had been identified as needed at the conclusion,
9 or during the NOI stage, but which had not been
10 submitted during the proceeding. And as you all know,
11 since we have a heavy load of cases now, that there is
12 sometimes a frustrating sense in the sense of limited
13 leverage in requiring things from parties during a
14 proceeding. And, so again, I would like to focus the
15 Commission's intention, in particular, on the data
16 request or the comments that will be made or have been
17 made on paper, as to what data needs are felt now to be
18 critical at the filing of the AFC, because I really
19 feel strongly that that is the last point at which the
20 Commission has a substantial amount of authority and
21 leverage over the data which it needs to dispose of the
22 case adequately, and within the statutory time period.

23 I should say that this is made a lot more
24 critical by the fact that something I don't think was
25 fully appreciated at the time that it was done. But,

1 with the experience that we have now, I do believe we
2 are all feeling it and might, in fact, want to make
3 some changes in the future. And that is that when we
4 used to do these cases before, and the last time that
5 we did an NOI, that the Environmental Impact Report was
6 separate from the Proposed Decision. During that time,
7 after that, we moved to what was called "the functional
8 equivalency of SEQA". So, what has become the case now
9 is that the Presiding Member's Report is now the
10 functional equivalence of the EIR.

11 Now, what's the big difference? The big
12 difference is that it used to be that the staff of the
13 Commission produced the EIR and the Committee produced
14 the Proposed Decision. Now, the Committee has to
15 produce the Proposed Decision and what is also the
16 equivalent of the EIR and the result of that is that
17 there has been, at least in my experience, a terrible
18 squeeze upon the committees, in terms of time, because
19 of the merger of these two documents. In fact, the
20 greatest responsibility lies in the Committee which
21 usually may have the least amount of data in some of
22 these areas. So, I'm not foregoing the authority that
23 the Committees have with respect to being able to
24 manage the case, but again, my comments go more to the
25 nature of...let us fully consider what we wish to

1 conclude in an NOI with respect to an AFC, so that we
2 do not necessarily handicap a future committee that
3 will have to conduct the AFC. And, we can avoid that
4 by making it very clear what data should be in at the
5 time of the AFC filing. And with that, that's why I
6 very much appreciate the optional languages you have
7 presented to the Commission with respect to that
8 Condition 1 on Page 151, I believe, or 150.

9 CHAIRMAN IMBRECHT: Fine, I appreciate those
10 comments. I just have one other thing I would note,
11 though, in terms of leverage to require data, it is my
12 personal viewpoint that when Applicants or other
13 parties to a proceeding do not respond to Committee
14 directives or orders, that I personally would feel
15 entirely justified in taking that as an implied
16 stipulation to an extension of time for the proceeding.
17 I think that parties, in the future, do not respect the
18 requests and orders of the Commission's Siting
19 committees, particularly in light of the very heavy
20 workload that you referred to, that is being felt by
21 all members of the Commission in the siting area, that
22 we should make it clear and should not hesitate to use
23 our discretion to extend the length of time of the
24 proceeding under those circumstances. I believe that
25 we do have an obligation to conduct these proceedings

1 within the statutory time period, but that also carries
2 with it a concomitant responsibility of the parties
3 that they make it possible for the Commission, in fact,
4 to discharge those responsibilities within that period.
5 Okay, with that, I will first call upon the Applicant
6 and their attorney, Ms. Schori, to make any comments
7 which she cares to offer on behalf of the Joint Owners
8 of the project.

9 MS. SCHORI: My name is Jan Schori. I am the
10 attorney for the Joint Owners, who are the Applicant in
11 this case. With me, today, is our Project Manager, Jim
12 Bemis. The Joint Owners are the Sacramento Municipal
13 Utility District, the City of Santa Clara, the Modesto
14 Irrigation District and the Northern California Power
15 Agency.

16 I'd like to first comment that, in general,
17 the Joint Owners endorse the Proposed Final Report and
18 Decision. We may not agree with each and every ruling
19 that was made by the Committee in that case.
20 Nonetheless, we feel that it does represent a well-
21 balanced decision that takes into account comments of
22 all the parties in the case and generally reaches
23 reasonable conclusions and sets up a workable framework
24 for the AFC.

25 My comments today, I think, will focus

1 primarily upon the Errata Sheet and some of the issues
2 that have been alluded to by the Commissioners in the
3 preceding discussion. There are two new issues which
4 arose in the Errata Sheet that have some significance
5 to the Joint Owners. The first one is the question of
6 need and, procedurally, I would like to make it clear
7 that the Joint Owners have no objection to going
8 forward with early hearings in the AFC on the need
9 issue. We are firmly committed to the project. We
10 believe that the project is needed and we are prepared
11 to present our case as early as the Commission desires
12 on that issue. So, we have no objections to that
13 procedural requirement or change in the Errata Sheet.
14 We do, of course, dispute the implication that the
15 project is not needed and are eager to take that on in
16 the AFC. We would like one clarification with respect
17 to the proposed wording. The way that I read it...it
18 seemed to me quite clear that other work on other
19 issues in the AFC would proceed while that issue was
20 under consideration and going through hearings. And, I
21 am assuming that the language there does not preclude
22 the staff and other parties from going forward with
23 analysis on the balance of the case. Is that a correct
24 interpretation?

25 CHAIRMAN IMBRECHT: That would be my

1 interpretation, yes.

2 COMMISSIONER GANDARA: I guess my comments
3 are not inconsistent with the response by the Chairman.
4 But, let me give you an idea of what my intent was. My
5 intent was that what we saw reflected in this instance
6 is the coincidence of a very complex case with many
7 contested issues with a lot of other filings. So, the
8 intent of the language here is to not bind the future
9 Committee with respect to how it prescribes how it
10 conducts that particular case. But, at the same time,
11 to also signal to that Committee that what the
12 Commission desires, first and foremost, is an early
13 need determination before substantial staff resources
14 and Commission resources are poured into a case that
15 might, in fact, be needed for other cases.

16 So, that however the Committee schedules it, that it
17 does so in such a way that it is sensitive to that, the
18 primary issue being since it is perhaps the most
19 critical aspect, you know, it really is a binary
20 situation there on the need determination that we would
21 not have expended a lot of public resources and monies,
22 and so forth. And, that's the intent. It's not so
23 much that at this point in time no work would be done
24 in other areas, but the idea would be that no
25 substantial commitment of resources be made until we

1 have this issue resolved.

2 MS. SCHORI: I think the Applicant (being as
3 we're all public agencies, too), share the same concern
4 about expenditure of public resources, so we have no
5 problem with that interpretation. A second issue that
6 was raised is this question of when to do the
7 environmental analysis of the reconstruction scenario.
8 The Applicant opposed analyzing reconstruction period.
9 The Committee's decision has ordered us to perform such
10 an analysis and we are prepared to do so. Nonetheless,
11 we are underway with the technical and economic studies
12 right now. And, as I indicated on Monday, it's
13 probably not a great secret to anyone that we think
14 that the results of those studies establish that this
15 is simply not a feasible alternative to a new line out
16 of the Geysers.

17 In light of that, we do not wish to expend
18 the time, money and effort to do an environmental
19 assessment of an alternative that we think is simply
20 wasting everyone's time and money to look at any
21 further. We'd like the opportunity to present the
22 results of our reconstruction analysis to the staff,
23 let them make the evaluation, and then if they still
24 feel that they disagree with our results and still feel
25 that this is an acceptable alternative to going forward

1 with the new project that we are proposing -- at that
2 point, then we would go into the environmental side of
3 it. But, from our perspective right now, we would
4 prefer to delay it and we don't think it is something
5 that would have a significant time impact on processing
6 the AFC if we were to submit the results of
7 environmental work slightly later.

8 So, we do endorse the amendment that is
9 contained in the Errata Sheet with respect to Page 50,
10 Condition 2. We have significant problems with the
11 last page of the Errata Sheet.

12 CHAIRMAN IMBRECHT: Let me just comment on
13 that point very briefly. I'm not going to offer any
14 definitive comments on that until we hear from the
15 other parties. But, I just want to stress that it's
16 probably more of a nuance... suggestion, but staff
17 would not really be in a determinative position on that
18 issue, but it would be a question of the Committee's
19 consideration, as well as a review of other parties
20 beyond the staff as to whether, in fact, there was
21 agreement or not with your technical and economic
22 feasibility analysis. I just want to get the record
23 clear on that.

24 MS. SCHORI: Right, we'll keep that in mind.

25 COMMISSIONER GANDARA: If I might make a

1 comment here. I guess, Ms. Schori, you heard my
2 earlier comments about my concern about the NOI's being
3 clear about what they require in terms of data adequacy
4 because the Commission has spent many hours on the
5 issue of data adequacy and completeness and substantial
6 compliance. I don't want to get back into that. And
7 that's when we have just the combined NOI-AFC filing.
8 And what we have, essentially, is in the separate NOI-
9 AFC proceeding is a unique opportunity to have, in
10 fact, identified at least the data needs that are
11 required at the AFC. And at least with respect to my
12 concerns in this area is that, in fact, this data be
13 included within the AFC, so that as I was given to
14 understand, the issue that you had estimated that this
15 study, if not done and completed at the time of the
16 filing, would perhaps take as long as seven or eight
17 months out of a 12-month period for an AFC that I think
18 would place a future Committee in a difficult position.

19 MS. SCHORI: That's the second issue. That's
20 a little different than this. I was referring to the
21 environmental studies for the reconstruction scenario.
22 I was about ready to move into the other one, which is
23 our...I do want to address that concern.

24 COMMISSIONER GANDARA: I see. Okay. You
25 were compartmentalizing and following direction and I

1 was not...

2 CHAIRMAN IMBRECHT: That's the distinction
3 that I was trying to draw so we didn't get these issues
4 confused.

5 COMMISSIONER GANDARA: Alright, go ahead.

6 MS. SCHORI: Okay, thank you. Yes, I was
7 turning to Page 4 of the Committee's Errata Sheet,
8 Paragraph 2, which discusses the conditions on Page 151
9 of the Final Decision with respect to the studies
10 required for transmission system evaluation.

11 We strongly oppose the second option that is
12 laid out in the Errata Sheet. We endorse the position
13 taken in the report as it stands. We have three
14 reasons for opposing Option 2. First, we think that
15 Option 2 is not supportable under either the Warren-
16 Alquist Act or the Commission's current regulations.
17 Second, we think that it is a fundamentally unfair
18 condition to impose on the Joint Owners at this time.
19 And finally, and perhaps most critically from a
20 practical perspective, we think that it's unnecessary
21 to impose such a condition.

22 With respect to the Warren-Alquist Act, in
23 searching through the Act and the regulations, at least
24 the best search I came up with, I couldn't find
25 anything that talked about system studies, load flows,

1 stability studies. There is no language like that.
2 There are very general statements contained in both the
3 act and the regulations that are governing this project
4 with respect to the needs for data during the AFC. And
5 I think that simply goes to the point that you are
6 raising, and it's critical from the Applicant's
7 perspective. We're trying to iron out right now what
8 it is that we need to file a complete AFC. And my only
9 point here is that I don't think you have any
10 definitive guidance, in either the regulations or the
11 Warren-Alquist Act, on this issue.

12 We are attempting to file the applicable
13 regulations or Appendix B, applying to Non-Geothermal
14 Applications For Certification. It's apparent on the
15 face of those regulations that they were really written
16 to govern power plants. The staff, the Applicant, and
17 I think the Committee have all faced the struggle
18 through the NOI, and probably will continue to face the
19 struggle in the AFC in attempting to interpret those
20 regulations to apply to this project, which is a
21 transmission line standing on its own. So,
22 fundamentally, I think we're not getting much guidance
23 from either the adopted regulations that are in place
24 or the Warren-Alquist Act on this issue. And, this is
25 really a fundamental thing for the Commission to decide

1 to give us some guidance now.

2 Let me explain for you why I think it's
3 unfair to impose this requirement on the Joint Owners,
4 at this late date in the proceedings. As late as
5 February 1985, this year, keeping in mind that we filed
6 the NOI in January 1984. As late as February 1985,
7 this year, the staff in Transmission System Evaluation
8 workshops, advised the Joint Owners that, at least with
9 respect to Williamson-Elverta, the system studies and
10 the results that we had been providing, to date, were
11 sufficient, not only to perform an NOI analysis, but we
12 specifically asked them the question in workshops as to
13 whether or not any further studies were going to be
14 required as a condition of AFC filing. The important
15 thing to understand about these studies is that they
16 are very time consuming; they are very expensive. This
17 is not something where we simply plug a number into a
18 computer. You have to run numbers of studies, an
19 expert has to sit down and look at them, evaluate the
20 problems that have been identified in certain potential
21 mitigations, run other generation scenarios -- a very
22 complicated, time consuming process to complete these
23 studies, and they take a long time to do.

24 So, the estimate that we gave the Committee,
25 which is eight to ten months (and PGandE, by the way,

1 is saying it could be as long as twelve), in
2 discussions over that issue, indicate that the kind of
3 studies we are talking about here are very detailed,
4 time-consuming and expensive, and yet, we went for an
5 entire year through this process without the staff
6 telling us that what we were giving them was inadequate
7 and was not going to meet their requirements in terms
8 of what they needed to complete processing of this
9 case. The argument we did have with the staff was
10 whether or not the studies that we have performed
11 should have included Vaca-Dixon. That whole issue is
12 moot at this point. The Committee has gone ahead and
13 made the decisions on that basis. We now have two
14 endpoints and I think that the arguments raised in the
15 staff comments are basically irrelevant to making a
16 decision on this particular condition, at this time,
17 because we are talking about going forward with studies
18 on the preferred endpoint and identifying the
19 mitigation, if any, that needs to be in place before
20 the line can be energized.

21 Let me give you a little historical
22 perspective on what the Joint Owners have done with
23 respect to these kinds of studies. We commissioned
24 PGandE early in 1983 to perform a Screening Study for
25 us to help identify potential termination points for

1 this project. With the results of those preliminary
2 screening studies, we then hired R. W. Beck, an
3 independent contractor, to perform additional studies
4 to help focus down on the project options that would be
5 the most feasible and eliminate those that did not look
6 workable. This was in early 1984. We then went
7 forward on the basis of those studies with continued
8 analysis of both Williamson-Elverta, under the R. W.
9 Beck, Phase II studies. And, finally, we performed an
10 additional screening study on whether or not the third
11 intertie, potentially interconnecting in at Williams,
12 would cause a problem for this project to go forward at
13 that place. The main reason I'm raising these issues
14 now is I want the record to be clear that this is not
15 an issue the Joint Owners have been ignoring. This is
16 something that we have been working on for two years or
17 more, at this time, and we are continuing to work on
18 it.

19 We think that the fundamental issue that we
20 are being hit with right now is that the Joint Owners
21 are going to be penalized and prevented from filing an
22 AFC because the staff, all of a sudden in its testimony
23 on Transmission System Evaluation, commits a reversal
24 and tells us we have to have additional system study
25 results and they have to be filed with the AFC -- all

1 the time knowing that these kinds of studies require an
2 enormous commitment of time and effort to complete
3 them. So, I do think that fundamentally it would be
4 unfair to impose such a condition on the Joint Owners
5 at this time.

6 But, finally and I think most important from
7 the practical perspective is that it's really not
8 necessary. You don't need to make this decision at
9 this time. The Joint Owners' position consistently
10 throughout this case has been that we will meet the
11 WSCC Planning Criteria, the Western System Coordinating
12 Council Planning Criteria for transmission lines. When
13 do those criteria need to be met? They need to be met
14 at the time that the line is energized. This is not
15 something that applies to an environmental impact as we
16 are constructing this particular line in a particular
17 location. It's a question of what are the impacts on
18 other utility systems as a result of our project going
19 forward and interconnecting into the northern
20 California transmission system grid. So, I think from
21 a time perspective, it's important to keep that in
22 mind. The problem that we are trying to identify here
23 is what do we need to do before we energize the line to
24 make sure we don't cause problems for other people's
25 systems.

1 As a result of the concerns of the staff, the
2 concerns of PGandE, the Joint Owners have been going
3 forward in an effort to commence cooperative studies
4 with Western and with PGandE. We have been keeping the
5 staff advised on our progress on those studies. We are
6 working on this. I want to point out this is not an
7 unusual or unique problem for the GPPL; it is a
8 complicated issue, yet it's one that has been dealt
9 with fairly commonly in the utility industry. Anytime
10 a new line is built, you have to do this kind of an
11 analysis, so this is not particularly unusual to be
12 performing these kinds of studies. But, I do think
13 that the Joint Owners are showing some cooperation and
14 forward efforts here in attempting to address the
15 concerns that have been raised by the parties in this
16 case, by going forward in a cooperative way to make
17 sure that the studies that are done address the needs
18 of all of the parties. The option that is outlined in
19 the Proposed Decision basically says that the Joint
20 Owners should propose a schedule by which they are
21 planning to provide system study results to the staff
22 and to the other parties. It then indicates, in a
23 somewhat threatening tone, that the Joint Owners are
24 running a big risk here, that the project may be
25 delayed in the AFC if we don't get things in on time.

1 So, I think there is a clear signal in the Proposed
2 Decision that addresses some of the concerns that you
3 mentioned. And, we read it and we heard it and
4 everybody's listening real hard. I want to make that
5 clear.

6 CHAIRMAN IMBRECHT: You heard it reiterated,
7 orally, as well.

8 MS. SCHORI: That's correct.

9 CHAIRMAN IMBRECHT: My discussion about the
10 remedies, I believe the Commission has available to it.

11 MS. SCHORI: I'm not treating this in a
12 joking fashion. I am serious. We are listening to the
13 concerns that are being expressed by all the parties
14 and by the Commission on this issue. What I'd like to
15 do, just very briefly, is outline for you what we are
16 proposing to do, in the hopes that maybe that will
17 assuage some of the concerns that have been stated by
18 the staff on this issue.

19 Within 90 days of the AFC filing, the Joint
20 Owners propose to file a report which will contain the
21 following: We will identify the system impacts on
22 other utilities as a result of our project going
23 forward. We will analyze system performance in that
24 report. We will develop and analyze preliminary
25 mitigation alternatives. Mitigation alternatives that

1 look like they will work to solve the problems that we
2 have identified. This will all be available 90 days
3 after we file the AFC. We will also include a schedule
4 for our identification of the optimum mitigation major.
5 And, I cannot sit here today and give you a precise
6 timeframe on that because if it's something as simple
7 as...I don't know if this is simple or not, but
8 changing outer transformer bank or putting serious
9 capacitors on, or something along those lines, it could
10 be rather quickly that we can come back with something.
11 If it ends up that we have major problems that we have
12 to do significant efforts on, we could be looking at
13 lengthy studies and lengthy negotiations to resolve how
14 best to perform those things.

15 The point of raising this today, is to tell
16 you that, in our view, that's the time to look at the
17 impact on the schedule. I think the fundamental choice
18 that you have in making your decision on this issue for
19 purposes of the NOI, is are you going to mandate an
20 eight to ten month delay on the project right now by
21 saying that we must have those system results completed
22 and available before we can file? Or, are you going to
23 impose on the Joint Owners the risk of delays in the
24 AFC if we do not provide sufficient information to go
25 forward with the analysis that the staff and the

1 Commission need to make before they can approve the
2 project?

3 From our perspective, that's the choice that
4 you face. We think that Option 1 balances the needs of
5 the parties in the case, as well as the Joint Owners,
6 and fundamentally, the Commission's Proposed Decision
7 imposes the risks of the delay on the Joint Owners if
8 they don't provide the information. We are (I want to
9 emphasize) making an effort to keep the staff advised
10 of what we are doing, what the generation scenarios are
11 that we are studying, what are the potential options we
12 are looking at, and we will continue to do so. And, we
13 are continuing to work with WAPA and PGandE on those
14 same issues. So, basically from our perspective, we do
15 not think that Option 2 is the preferred alternative.
16 We don't think it's necessary. We think this can be
17 worked out during the AFC process, and we intend to use
18 our best efforts to make sure that this does not become
19 a significant stumbling block. I think basically that
20 concludes my comments on this issue. If there are any
21 questions....

22 CHAIRMAN IMBRECHT: Alright thank you.

23 Questions from members of the Commission?

24 COMMISSIONER GANDARA: Well, I'm not sure I
25 got the correct impression about how strongly you feel

1 about this, Ms. Schori. On a scale from zero to
2 ten....

3 MS. SCHORI: Real strong!

4 (LAUGHTER)

5 COMMISSIONER GANDARA: More seriously, I
6 think that the characterization that the Commission is
7 mandating, the delay certainly is not the one that I
8 would make. But let's assume that there is an effect
9 similar to that, at least from the analysis that is
10 given in the need determination. And if we look at the
11 lead construction time for either alternative, it seems
12 that, in any case, with the best information that's
13 available now from that need analysis that surely the
14 completion time would be before even 1991. This eight
15 month window is not the critical thing.

16 I think what has to be weighed is the balance
17 of whether having that data at the time of the filing
18 of the AFC and then having that proceed as
19 expeditiously as possible, rather than having the
20 complications of an AFC with data still to be filed and
21 let that be even more speculative. I guess I don't see
22 the consequence of it. And perhaps you can enlighten
23 where there are considerations other than the
24 construction time and meeting at least what has been an
25 analysis that indicates that you have adequate time for

1 that.

2 MS. SCHORI: Perhaps earlier when I indicated
3 we had certain disagreements with some of the Committee
4 rulings in the Proposed Final Decision, I should have
5 been more specific in that, from the Joint Owners'
6 perspective, one of the critical problem areas is the
7 Committee's ruling on need. And from the Joint Owners'
8 perspective, if the Commission were to adopt a
9 requirement that we had to have these system studies
10 completed (and we're now advising you the soonest we
11 can get them fully completed is eight to ten months),
12 our construction schedule would be completely blown out
13 of the water in terms of any ability to bring that
14 project on in the timeframe that, at least from the
15 Joint Owners' perspective, it is needed.

16 We have SMUDGE0 sitting up there with no
17 transmission after January 1, 1988. We have Coldwater
18 Creek sitting up, ready to come on-line in 1988, with
19 no transmission. And fundamentally, while electrically
20 PGandE may have given some testimony with respect to
21 the types of transmission available, this Commission
22 has not evaluated the terms and conditions under which
23 that transmission would be available. And I can tell
24 you, as least from a bargaining position general
25 perspective, if we have to go hat-in-hand with no

1 options over to PGandE, the negotiations on this kind
2 of thing tend to be something akin to interruptable
3 transmission and basically, not acceptable; or the
4 risks that our ratepayers would be expected to pick up
5 are not acceptable from the Joint Owners' perspective.

6 These are the kind of issues that I think
7 we're going to get into in more detail in the AFC,
8 because I think those are fundamental -- and we've been
9 calling them institutional constraints. There are
10 contracts in place. And there are significant problems
11 that the Joint Owners' are going to encounter if this
12 project doesn't come on-line within the timeframe that
13 has been proposed. And, unless this Commission can sit
14 here and guarantee the Joint Owners' willing on the
15 PGandE system after 1988 under at least at a minimum,
16 the current terms and conditions under which that is
17 provided, or at a maximum with the benefits that would
18 be equivalent to the Joint Owners' ratepayers if they
19 were allowed to own their own transmission, then I
20 don't think that that is the basis on which we should
21 be told now that we have to stop and wait longer and
22 forget our construction schedule. We have a number of
23 problems that are driving us to meet the current
24 schedule.

25 Those are real problem issues for us that go

1 above and beyond whether or not there's space on that
2 line.

3 CHAIRMAN IMBRECHT: Apparently, you haven't
4 heard about our new era of cooperation between the
5 public and private utilities of the State.

6 MS. SCHORI: We're working on it. We're
7 working on it.

8 CHAIRMAN IMBRECHT: Okay. I understand that
9 point clearly. Alright, anything further? Thank you
10 very much. Next. Mr. Ratliff, who is going to speak
11 on behalf of the staff?

12 MR. RATLIFF: I'd like to dispose of some of
13 the preliminary issues first before we address the
14 issues that you just heard addressed by Ms. Schori.

15 The staff, like the Joint Owners, endorse the
16 Commission decision. We think that it is a good
17 decision, even though it deviates in some respects from
18 the positions taken by staff in this proceeding. We
19 also agree with the Joint Owners that need should be
20 determined upfront in the proceeding. I think that
21 that will, to some extent, attenuate the possibility
22 that a great amount of resources will be expended
23 determining what the environmental and system
24 mitigation will be required when we don't even know if
25 the project is, in fact, needed. So, we're in

1 agreement with the Joint Owners on that point as well.

2 The staff is also willing to delay the
3 environmental studies on the reconstruction scenarios,
4 with one important proviso. And that is that, if those
5 environmental studies are not to be filed with the AFC,
6 we would want there to be a ruling at the need hearing
7 on whether or not the reconstruction scenario was a
8 possible solution. And, at that time have some kind of
9 order compelling the Joint Owners to provide
10 environmental studies at that time. This would enable
11 the staff to get a full environmental showing and
12 proceed with a comparative analysis of the
13 reconstruction scenario versus a third outlet, early
14 enough in the proceeding to make it meaningful. If we
15 do not have that kind of proviso attached to this
16 exception for environmental studies, I'm afraid the
17 staff will never get the environmental studies in time
18 to allow them to form the analysis. So, we agree with
19 the Joint Owners on those points, with that one
20 important proviso.

21 Now, turning to the issue of the data
22 adequacy (the filing in the AFC of the Transmission
23 System Evaluation studies), the staff position is quite
24 simple. And like the Joint Owners, we feel very
25 strongly about it also. We think that the transmission

1 system evaluation studies are absolutely critical to
2 the AFC filing. We think that after the issue of need,
3 they're the most important information in the entire
4 proceeding. What we have is, I think, a proposal to
5 start the proceeding without that critical information.

6 The information is particularly critical
7 because it addresses system reliability issues. How is
8 the overall electrical system going to operate with the
9 third outlet? We don't know what upgrades and
10 reinforcements are going to be needed and we don't know
11 the cost of that mitigation. That, in turn, bears on
12 another issue which is very important to staff and
13 which is critical to the entire proceeding -- whether
14 or not the reconstruction scenario will be
15 comparatively attractive compared to the third outlet.
16 We can't determine that if we don't know what the costs
17 and the difficulties of the third outlet are. So, we
18 think that the information is absolutely essential.

19 Now, the Joint Owners stated that they had
20 provided studies in the NOI which, and they have been
21 constantly studying the issue of what mitigation would
22 be required for the third outlet to Williams. What
23 they didn't say is that the studies that had been
24 performed thus far had been very preliminary in nature,
25 that they have been, in the testimony of both staff and

1 PGandE, I think they have been entirely inadequate, and
2 they have not identified the mitigation that would be
3 required or the cost of the mitigation for the system.
4 The testimony in the proceeding, I think, showed that
5 there was inadequate identification of mitigation; that
6 there was no costing of mitigation measures to allow
7 economic comparison to reconstruction; there was a
8 failure to determine the electrical impact that the
9 third outlet would have on the overall electrical
10 system; that there was a failure to adequately assess
11 system losses with transmission system reinforcements;
12 that there was a failure to evaluate it for other
13 contingencies such as the third intertie, new QF power
14 for the proposed Trans-Sierra Line. In addition to
15 these more macro-type problems, PGandE identified in
16 the testimony that they filed, the number of technical
17 problems with the Applicant's analysis, which further
18 applaud and made suspect the analysis that they
19 provided.

20 So, what we come to...we've come to this
21 point now that we have no adequate analysis of what
22 kinds of mitigation will be required or what the
23 overall system effects of the third outlet is. And now
24 we are going to initiate the proceedings where the
25 Joint Owners have their way with no analysis in the

1 hand of the staff, and that being promised somewhere,
2 at some undetermined point down the line. The staff
3 believes that the regulations in Appendix B require
4 that that analysis be provided up front, and in our
5 comments, we discussed which requirements we feel do
6 necessitate that kind of showing. But, secondarily,
7 the Commission has the authority under Sec. 25520(d) to
8 require whatever information of things is relevant and
9 pertinent to the AFC decision. And certainly this is.
10 So we feel, whether or not the issue of authority is
11 really a bogus issue at this point, in terms of whether
12 it's required automatically by Appendix B, because the
13 Commission certainly ought to be requiring this kind of
14 information if it wants any kind of thorough and
15 realistic assessment during the AFC of this project.

16 Now, the Commission has understood that these
17 studies will take up to twelve months or even longer,
18 if any other variables are introduced to the studies in
19 progress. I think the fundamental issue here is
20 whether the Commission is going to allow this AFC to be
21 filed without extremely important information to it.
22 And whether or not the Commission is going to accept
23 this kind of "trust us" representation by the
24 Commission, which says this analysis just isn't
25 necessary for you to have. We are going to build the

1 WSCC criteria anyway. In that case, what role does the
2 Commission have here? Why don't we just take a pass on
3 all of the transmission system engineering issues?

4 If I could just respond to a couple of the
5 points Ms. Schori made. I think it's important to
6 address them. Ms. Schori stated that it is unfair to
7 require the Joint Owners to provide this information up
8 front because in the February Workshop, there was some
9 representation made that there wouldn't be any AFC
10 requirements on transmission system evaluation.

11 Now, my understanding of that is that there
12 was an important misunderstanding at that meeting. The
13 staff, at that time, did not even have PGandE's
14 preliminary analysis of what the system impacts would
15 be. And the staff, in question, was totally in the
16 dark as to what kind of AFC requirements there should
17 be.

18 So, at that point, the staff said we don't
19 have any AFC conditions, but that wasn't in any way to
20 be interpreted to mean that there would be no AFC
21 conditions on transmission system evaluation. One
22 other important point to raise, I think, is that the
23 Joint Owners raised the prospect of that, saying the
24 Commission must be able to guarantee, after 1988, that
25 they will have transmission on the existing system from

1 PGandE. Federal law, under the Stanislaus Agreements,
2 requires PGandE to wheel, so long as there is
3 sufficient capacity available on the transmission line
4 to wheel the power of the Joint Owners. That is a
5 Federal requirement and there is no question about
6 that. The decision also points out that there is
7 capacity on that line, at least through 1991, and even
8 under emergency single-line outage conditions. So, we
9 think that that is absolutely not a consideration with
10 regard to the schedule of this project.

11 Finally, I guess the final point I would like
12 to make is, what is the rush here? Why are we being
13 rushed into an AFC with inadequate information? No
14 real answer has been provided. If the transmission
15 capacity is available, there simply is no reason to
16 begin to initiate the AFC process without the
17 information. So, staff strongly believes that the
18 information should come up front and that we shouldn't
19 be left in the proceeding asking for a delay with all
20 the difficulties that are involved in that. I think
21 that finishes my comments.

22 CHAIRMAN IMBRECHT: I guess I remain a little
23 bit in a quandry as to the logic of some of those
24 points as well. I understand some of the points that
25 you have raised about the Applicant's position on this

1 issue. But, if in fact, as a practical matter, the
2 issue of need is viewed as a condition precedent
3 establishment by the Applicant in the course of an AFC
4 proceeding. And, if in fact, staff is confident as to
5 that issue, what is the necessity of requiring the full
6 mitigation study prior to the filing of the AFC, as
7 opposed to being made available during the course of
8 the review of the AFC. And, I might add, with the full
9 expectation (as I enunciated earlier), that in the
10 event that if we were to use the building block
11 scenario that need... the Committee did determine that
12 the Applicant had established need, irrespective of the
13 skepticism which has been expressed in this report on
14 that issue, that a delay, in turn, in the filing of
15 mitigation analysis, et cetera, would simply cause a
16 delay in the finality of the proceeding, not unlike
17 that which occurred within the NOI process.

18 MR. RATLIFF: Well, initially, let me say
19 that the staff has not really pre-judged the issue of
20 need. There are a number of variables that affect the
21 issue of need which could lead to an affirmative need
22 determination argument. At this point, we don't know
23 if there is need and we are somewhat skeptical of the
24 Applicant's ability to show need. However, Ms. Schori
25 has told us that the studies that are underway indicate

1 that, from a technical standpoint, upgrading the
2 existing system does not look like a very good
3 alternative. We haven't seen the studies yet, but
4 again, that is an issue that is outstanding.

5 Secondarily, the issue of need, itself, will
6 be borne upon by the Transmission System Evaluation
7 studies because those studies are going to indicate
8 exactly what kind of problems you are going to
9 experience when you do have a third outlet which will
10 put a significant amount of energy into a different
11 part of the system. If, in fact, there are very high
12 expenses involved and system reliability problems
13 involved with the third outlet, that would certainly be
14 pertinent in determining whether or not a
15 reconstruction scenario might be a preferable
16 alternative. In other words, that information ...

17 CHAIRMAN IMBRECHT: I appreciate all of that.
18 But if we have, in essence, stipulated that need would
19 be the initial issue, that is not a question that goes
20 to the issue of need; it goes to the question of
21 whether, in fact, a third outlet or a reconstruction
22 scenario are the preferable alternatives, assuming that
23 need has been established for additional carrying
24 capacity out of the area. From a timing standpoint, it
25 is hard for me to understand your position that it is

1 essential to have the analysis of system impact either
2 for a third line or for reconstruction, prior to the
3 determination that need has been established.

4 MR. RATLIFF: Well, to begin with, because we
5 believe that it is pertinent to the Need Determination.
6 That's the first reason. Secondly...

7 CHAIRMAN IMBRECHT: It is pertinent to the
8 Need Determination?

9 MR. RATLIFF: Yes. The feasibility of the
10 reconstruction scenario is what we feel is one of the
11 things that must be determined in the Need
12 Determination. Whether this power line is needed is
13 intrinsically linked to whether or not it would be
14 wiser to upgrade the existing system. And that
15 decision cannot, we think, be made with all of the
16 information unless you know what are the impacts of the
17 third system.

18 CHAIRMAN IMBRECHT: I guess my analysis is
19 from a logical...

20 MR. RATLIFF: Secondly, we are concerned
21 that further down in the process, we may not receive
22 any information at all in terms of the mitigation
23 required, or at least we may not receive detailed
24 enough information to provide a sufficient evaluation
25 for the mitigation proposals.

1 CHAIRMAN IMBRECHT: Well, I'm not going to
2 belabor this point, but my perspective is that the
3 question of need is more limited to the issue of
4 whether, in fact, there is a need for additional
5 carrying capacity from whatever alternative out of the
6 Geyers area. And then, secondarily, whether a new line
7 or reconstruction of existing lines is the preferred
8 alternative to meet that need, assuming that need has
9 been established for additional capacity. And that's
10 where I guess I'm simply having a different viewpoint
11 from your own as to the necessity of the timing of
12 providing some of that information.

13 MR. RATLIFF: Well, again, I can only say
14 that we feel that information is pertinent because in
15 this determination on the reconstruction scenario, you
16 are looking at the technical difficulties and the
17 expenses involved of upgrading the existing system.
18 But without the Transmission System Evaluation that we
19 are speaking of, you will not know what the technical
20 difficulties and expenses are of building the third
21 outlet. So, there would not be a complete comparison
22 available.

23 CHAIRMAN IMBRECHT: Well, I have stated my
24 point. I still don't see how the two relate to one
25 another. I think that's the second question after the

1 question of whether or not need is established in the
2 proceeding for additional capacity.

3 HEARING OFFICER VALKOSKY: Excuse me, if I
4 could just muddy the waters a little bit. Based upon
5 the NOI record, reconstruction is apparently a viable
6 alternative only if the ultimate generating capacity of
7 the Geysers does not exceed approximately 2700MW on a
8 230kV system. That would mean that the build-out of
9 the Geysers would occur to approximately 3,000MW. If
10 that level of build-out occurs, the NOI record
11 indicates that reconstruction would not be a viable
12 option and a third outlet line would be necessary. If,
13 however, that level of build-out does not occur, or is
14 not shown to occur during the AFC, then reconstruction
15 becomes a possibility.

16 CHAIRMAN IMBRECHT: Actually, I don't think
17 that muddied it, it actually provided further
18 clarification. I appreciate that. Okay, anything
19 further?

20 COMMISSIONER GANDARA: I have one question.

21 CHAIRMAN IMBRECHT: Commissioner Gandara.

22 COMMISSIONER GANDARA: Mr. Ratliff, earlier
23 you and the Applicant concurred with the Committee's
24 concern over an early Need Determination in the AFC,
25 and what I hear you saying now is that concurrence does

1 not have great meaning without the adequate data having
2 been submitted at the time of the AFC. That, in fact,
3 that may not be possible. Am I interpreting your
4 comments correctly?

5 MR. RATLIFF: We think that that data of the
6 Transmission System Evaluation Study is pertinent to
7 determining need, yes.

8 COMMISSIONER GANDARA: So that if, in fact,
9 you were unable to reach a Need Determination until
10 that data was in, either because it's required at the
11 AFC or because it's not, and it has to be submitted
12 during that time. If the Committee and the parties
13 still complied with the Committee's request that that
14 need information be the first determination in that
15 proceeding, then what you are suggesting then is that
16 everything else will be correspondingly delayed because
17 all the environmental analysis and mitigation would be
18 following that. Is that correct?

19 MR. RATLIFF: Well, it's hard to guess what
20 the consequence would be. I mean if, in fact, the
21 staff were able to convince the Commission that they
22 could not make the Need Determination without further
23 studies on the impacts of the third outlet, then yes,
24 there would have to be a delay in the proceeding.
25 However, if the Commission went ahead and decided that

1 reconstruction of the existing system simply is not a
2 viable option at that point, without any comparison of
3 the technical difficulties of building a third outlet,
4 then presumably the proceeding would proceed at that
5 point.

6 CHAIRMAN IMBRECHT: I think part of the
7 problem here is that there seems to be a difference of
8 what is encompassed within the context of a Need
9 Determination. I think, as I understand it, your
10 position is that the issue of need is need for a new
11 outlet line. What I'm suggesting is the issue of need
12 first, is one of whether, in fact, additional capacity
13 in whatever form, is required out of the Geysers line.
14 And then secondarily, if that is found, what is the
15 preferable alternative, both from a cost and
16 environmental and operating characteristic standpoint.
17 If, in fact, the Need Determination were the broader
18 issue as you seem to be suggesting, then I can
19 understand your position more clearly. If it's the
20 more limited one, as I have suggested, then it's harder
21 for me to understand why it is necessary for all of
22 that information to be provided prior to the acceptance
23 of the AFC. That's as clearly as I can state it
24 -- given the situation as I see it. Okay, in looking
25 at the hour, let me just inquire. It would be my

1 intention ordinarily... Excuse me, Mr. Ratliff, do you
2 have anything further?

3 MR. RATLIFF: No.

4 CHAIRMAN IMBRECHT: I also was negligent in
5 my thanks to the various parties and also have singled
6 out the staff of the Commission for also very
7 diligently prosecuting this case and being very
8 cooperative to the Committee throughout the proceeding.
9 I want to thank you as well.

10 MR. RATLIFF: I'm sorry. My prompter here
11 just told me that one of the reasons that we aren't
12 communicating is that I'm not really explaining exactly
13 what we expect from the Need Determination. And that
14 is we expect the determination on the feasibility of the
15 reconstruction scenario. And we feel that the
16 feasibility of the reconstruction scenario can only be
17 fully evaluated if you know what the feasibility
18 problems would have in constructing the third outlet.
19 So, we want a feasibility determination at the time of
20 the Need hearing.

21 CHAIRMAN IMBRECHT: Okay, I still think that
22 addresses the distinction that I was trying to draw in
23 terms of what would be encompassed. I mean, the basic
24 question is is there a need for any carrying capacity
25 within the timeframes the Applicant is suggesting?

1 It's not a question of whether a third outlet line is
2 needed; it's a question of whether additional capacity
3 is needed. Then, secondarily, it's a question of
4 whether a third line or a reconstruction approach to
5 solving the additional capacity issue is the preferred
6 approach from the perspective of all of the citizens
7 served by the respective utility systems that would be
8 impacted. And that would include both impacts on
9 PGandE and on the...

10 MR. RATLIFF: I don't think we are
11 disagreeing on this. The staff's position, however, is
12 that the information concerning the third outlet is
13 pertinent to that second determination on what is the
14 preferable way...

15 CHAIRMAN IMBRECHT: To the second
16 determination, correct. I agree with that, absolutely.
17 I think I have been making it clear. I agree with
18 that. But...

19 MR. RATLIFF: And we would want that second
20 determination to be made at the Need hearing.

21 CHAIRMAN IMBRECHT: Okay, well, I think we've
22 both expressed our perspective clearly on it. There's
23 no point in me reiterating it. It really comes down to
24 whether, in fact, you determine or define need in a
25 broader context or in the more limited context. And I

1 mean, if I were to play devil's advocate and note that
2 in the event that the Applicant did not demonstrate
3 need, there would be no need to go to the second
4 question. And I guess I would question, from a public
5 policy standpoint, why it is fair or appropriate to
6 impose the cost and burden on the Applicant, prior to
7 seeing whether, in fact, they can demonstrate that
8 there is, in fact, need for additional carrying
9 capacity. And, I might say that involves a lot of very
10 complex issues that we visited, to some extent, in the
11 Electricity Report and the Biennial Report. You made
12 some reference to it and that's the likelihood of QF
13 resources coming on-line within the service
14 territories; whether, in fact, the various projects
15 that are proposed for the Geysers area will be going
16 forward within the anticipated time schedules. We have
17 already seen some slide on those schedules -- certainly
18 by PGandE, and knowing some of the circumstances in
19 their system, what they have got in the way of base, et
20 cetera. It seems to me that it remains an open
21 question as to whether or not they will go forward with
22 their construction scenarios within the timeframe that,
23 at least, they have tentatively scheduled at this
24 juncture. And until we know that, those are the kinds
25 of questions, it seems to me, that go to the issue of

1 whether or not there is, in fact, a need for any
2 additional capacity out of the Geysers within the
3 timeframe that has been suggested by the Applicant.

4 MR. RATLIFF: Mr. Chairman, I feel like I
5 have already gone beyond the point where I should hold
6 my peace, but I want to make one last attempt to at
7 least express my point. And that is that we feel that
8 if there is going to be a Need Determination early in
9 the proceeding, that it must address both issues
10 -- both the issue of whether there is going to be
11 additional capacity coming out of the Geysers, and
12 secondarily, what is the best method for that capacity
13 to be delivered from the Geysers. If you only address
14 the initial question, then you are still going to be
15 devoting substantial resources to a proceeding, in
16 which in the end, the no-project alternative could be
17 found to be preferable. So, that's why in terms of...

18 CHAIRMAN IMBRECHT: Boy, I just don't follow
19 the logic of that. Let's try the other side of it.
20 Assuming that there is an establishment of need for
21 additional carrying capacity, you are then telling me
22 that a no-project alternative would be an expected
23 result?

24 MR. RATLIFF: I am using the term advisably.
25 I mean that we might still determine that the

1 additional capacity...

2 CHAIRMAN IMBRECHT: If you determine that
3 there is a need for additional capacity, then it seems
4 to me that it's obvious that some type of project,
5 whether it be reconstruction or if their outlet line
6 would be the likely result of their initial finding.
7 Not a no-project alternative.

8 MR. RATLIFF: Exactly, and we would like to
9 have a determination of which would be the preferable
10 alternative. If, in fact, you are only going to be
11 able to show, for instance, 2400MW coming out of the
12 Geysers, in that initial Need Determination, then it
13 may very well be that you would also determine that
14 that would best be accommodated by an upgrade of the
15 existing system.

16 CHAIRMAN IMBRECHT: I understand that, which
17 seems to me to be an issue that can be visited later in
18 the course of the proceeding. The real question of
19 whether, in fact, it is justifiable to commit
20 substantial staff resources, as well as costs to the
21 Applicant and other parties, hinges to me at least,
22 firmly in the question of whether additional carrying
23 capacity of any nature is required out of the area.

24 MR. RATLIFF: Okay, we would ask for a
25 clarification of that point in the decision because it

1 is absolutely critical to the usefulness of this
2 initial Need Determination. If it's only going to be
3 on the first issue, then it's very likely that I think
4 we would hold an unnecessary proceeding.

5 CHAIRMAN IMBRECHT: Okay, I understand your
6 point. But I should say you have expressed your point,
7 but I still do not understand the logic behind it,
8 frankly.

9 MR. TOOKER: My name is Chris Tooker, Project
10 Manager for staff. I would like to express in summary
11 the staff's concern for expending resources. Given the
12 complexity of this case and the issues involved in
13 transmission system planning, we are going to be
14 virtually strapped, as it is, to do a complete analysis
15 given our normal time period. If, in fact, the Need
16 Determination takes place and it's found to be
17 affirmative, we will then have lost that much time in
18 our analysis if we do not have that data. We frankly
19 need every day we can have to do the analysis
20 completely up front. We cannot take the position that
21 this project is going to be found not needed. We have
22 to take a conservative position of assuming it will be
23 needed and conduct our analysis from day 1 with all the
24 data we can have available.

25 CHAIRMAN IMBRECHT: Okay, well there's no

1 point in going over that any further, it seems to me.
2 In any case, as I indicated a moment ago... Now then I
3 think that completes your testimony. Thank you very
4 much.

5 Ordinarily, it would be my intention to take
6 a luncheon recess at this point, I do believe, however,
7 that we have two elected officials with us today. And
8 as an ordinary courtesy, I would customarily extend,
9 because of tight time schedules, an opportunity for
10 them to testify if they desire, at this point in time.
11 Otherwise, I would suggest that we would reconvene at
12 1:30, and then take up the eleven parties that wish to
13 comment.

14 MR. BRANN: If I could be on soon after
15 lunch, I'd appreciate that.

16 CHAIRMAN IMBRECHT: Wherever your preference
17 is, sir. Are you Supervisor Brann?

18 MR. BRANN: Yes.

19 CHAIRMAN IMBRECHT: Fine, we will take you up
20 shortly after lunch then. Okay, we will stand in
21 recess until 1:30. Thank you very much.

22 (Thereupon the business meeting of the
23 California Energy Resources Conservation and Develop-
24 ment Commission was adjourned for a luncheon recess at
25 12:20 p.m.)

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A F T E R N O O N S E S S I O N

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3 CHAIRMAN IMBRECHT: Okay, we'll call the
4 meeting back to order. As I indicated earlier, we will
5 try to extend some courtesy to two elected officials
6 who are with us. First, I would like to call Mr.
7 Richard Brann, who is a Supervisor from Solano County.
8 Mr. Brann, thank you very much for joining us.

9 MR. BRANN: Thank you, Chairman Imbrecht,
10 members of the Commission. I am Richard Brann, a
11 member of the Solano County Board of Supervisors, and I
12 represent that body in these proceedings, along with
13 Chuck Lamoree, our County Counsel and Kitty Hammer, a
14 member of the Planning Department, Environmental
15 Affairs Department. The Solano County Board of
16 Supervisors is unalterably opposed to the use of
17 Alternative Link 39/40S for the proposed Geothermal
18 Public Power Line. This project would have severe
19 impacts on Solano County agriculture without providing
20 electricity to county ratepayers, who are all served by
21 PGandE. Link 39/40 traverses 11.4 miles in Solano
22 County. 8.3 of these miles are cross prime farmland,
23 Class I and II soils. 3.0 miles are non-prime soils,
24 but 10 miles are nearly the entire length of the link
25 within Solano County is devoted to irrigated

1 agriculture, row crops. Approximately one-half mile is
2 in orchard and the balance is in row crops.

3 The impacts of the transmission lines on
4 irrigated row crops and the orchards have been
5 discussed, at length, in various documents of record in
6 these proceedings, including the Issues and
7 Alternatives Report prepared by the Energy Commission
8 staff. The impacts are more severe than on less-
9 intensive types of agriculture and include extra work
10 and time delays caused by having to maneuver equipment
11 around transmission lines and transmission towers.
12 Equipment used in every phase of farm operations is
13 affected, including land preparation, planting,
14 cultivating, spraying and harvesting. Reduced yields
15 and weed growth become problems under towers. Trenches
16 for furrow irrigation must be hand-constructed around
17 the towers and reduced yield may result due to uneven
18 application of water at these points.

19 In addition, aerial applications of seed,
20 fertilizer, fungicides and weed and pest control are
21 affected, and I'm sure Commissioner Noteware can
22 appreciate that from his farming experience in the
23 Delta near Rio Vista. Every time you have roads that
24 are interrupted in cultivation or irrigation, the
25 extent goes up measurably. Also, you have aerial

1 applications if they have to go over tower lines, the
2 application is uneven, it's doubled the amount in some
3 places, and too sparse in others. And also, as you go
4 higher, there is a tendency to have more drift with
5 aerial application of fertilizer or herbicides. Danger
6 is increased. Some areas around the line may not be
7 able to be sprayed, resulting in various degrees of
8 crop loss. And extra passes are required in other
9 areas resulting in loss of time and the need for a
10 larger quantity of the substance being applied.

11 All of these impacts will occur within
12 39/40S, and all of them will be costly in time and
13 money. Many farmers are operating on a very narrow
14 profit margin which affords little room for such
15 increased costs. In fact, the First Northern Bank of
16 Dixon announced recently that it will no longer lend
17 money to what it considers the marginal farming
18 operations in the area. And I'm sure you've all been
19 reading about the Bank of America foreclosures on
20 agriculture when people are having to farm marginally.
21 9.0 miles of Link 39/40S in Solano County parallel an
22 existing 230 kV transmission line. Thus, existing
23 agriculture impacts would be doubled in these areas.
24 Solano County further is traversed by many power lines
25 and also agriculture is interrupted by the gas lines

1 that traverse the county and interrupt agriculture,
2 causing more economic impact on the farmers.

3 A further complication is that this link
4 segment crosses fields on a diagonal, northwest to
5 southeast. Again, impacts of this circumstance have
6 been well documented and derived from the fact that row
7 crops and many orchards are planted and work parallel
8 to field boundaries -- east to west in that area,
9 following the natural slope of the land, in this case.
10 Thus, the number of equipment passes or irrigation
11 furrows impacted by the transmission lines is
12 multiplied. Aerial applications also follow field
13 boundaries and are more extensively impacted by a
14 diagonal transmission line. In addition, parallel
15 transmission lines significantly reduce the
16 effectiveness of aerial applications and preclude the
17 use of linear and wheel irrigation systems.

18 Construction impacts are also likely to be
19 severe in Solano. 9.5 miles of othe 11.4 mile segment
20 in the county are devoted to irrigated row crops which
21 are more vulnerable to construction impacts than other
22 types of agriculture, according to the issues and
23 alternatives report. These fields are actively worked
24 up to 12 months out of the year, depending upon
25 weather. And construction during these time periods

1 would interfere with cultivation and irrigation, as
2 well as idling portions of the fields devoted to
3 construction activities. These impacts will represent
4 great crop losses to growers in construction areas, in
5 addition to operation impact in adjacent planted areas.

6 Another effect that is not noted here in the
7 prepared text, is that in that area, they often double-
8 crop grain, with beans following. And as they go to
9 burn the stubble, if there is an intent, sort of a
10 heavy stubble under that power line, the mass of smoke,
11 to my understanding, can cause short-circuiting of the
12 power line, and be an impact both on the power users as
13 well as economic damage to the producer or the farmer.
14 These impacts will represent crop losses to growers in
15 construction areas, in addition to operation impacts in
16 adjacent planted areas. Further, agricultural impacts
17 in Solano County will result from other transmission
18 line projects made necessary by GPPL termination at
19 Vaca-Dixon.

20 It is our understanding, based on the report
21 of study known as Report of Study Comparing Proposed
22 Outlet Terminals for the GPPL, prepared by PGandE, the
23 termination of that line at Vaca-Dixon could precipitate
24 upgrades of PGandE's presently overloaded Vaca-Dixon-
25 Moraga, Vaca-Dixon-Contra Costa Lines, or require newer

1 transmission lines from Vaca-Dixon to Tessler. Either
2 of these alternatives would impact many additional
3 miles of Solano County farmland, yet, their
4 environmental impacts have not been examined. And we
5 feel that it is not appropriate for this line to be
6 considered when a full EIR was not made on that branch
7 of the line.

8 We are very concerned about the upgrading of
9 lines going beyond Vaca-Dixon. There is also a
10 potential of one of the future unrelated to this, of
11 the Federal Project of the atom smasher which will also
12 affect many of the agricultural properties in Solano
13 County, if that location is selected.

14 We feel that the Solano County General Plan
15 is well thought out. It has been substantiated and
16 upheld by the citizens of Solano County by their
17 passage of Proposition A last year, which indicated
18 they want to maintain the fertile agriculture lands,
19 and hope to preserve that for future generations. But,
20 this type of activity is certainly counter-productive
21 to the activity of those farmers who are trying to till
22 the grounds under those lines. Thank you.

23 CHAIRMAN IMBRECHT: Thank you very much. Are
24 there questions for the Supervisor? Thank you very
25 much sir, just for the information of the members of

1 the Commission, who are not direct participants of the
2 proceedings, I would just like to note that the
3 Committee very carefully considered, and I would say as
4 well, fully appreciates many of the difficulties and
5 impacts which the Supervisor described, relative to
6 impact upon agriculture operations, both aerial
7 applications as well as the other considerations that
8 he mentioned.

9 And I might add, in fact, that was one of the
10 reasons that the Elverta termination, which is
11 basically in northern Sacramento, was the termination
12 point that we rejected because of similar
13 considerations affecting the properties and the farms
14 in those areas as well. A portion of the southern
15 route to Vaca-Dixon, which he expressed particular
16 concern about, I would just note again, purely for
17 information, and not to take issue with the items that
18 he mentioned, does parallel an existing PGandE line.
19 And we did have extensive testimony in the record, as
20 well, that while there is additional impact from two
21 lines that that is one of the mitigation approaches,
22 rather than running two lines in separate courses
23 throughout a similar area. And, I just wanted to note
24 that for you so that you are aware of some of the
25 considerations.

1 Again, I would just finally mention that as
2 we conclude in the reports, the northern route to
3 Williams is superior from an environmental and an
4 agricultural impact standpoint, and other
5 considerations as well. The Vaca-Dixon termination, as
6 pursued both by the staff of the Commission and Pacific
7 Gas and Electric, appears to be superior from an
8 operational standpoint and from a cost of operations
9 standpoint, as well, with less line loss, et cetera.
10 As a consequence, it is a difficult balancing issue, as
11 between the interest of the affected property owners
12 and the interests ultimately of the ratepayers proposed
13 to be served in the event that such a line is
14 ultimately constructed. Okay, with that, I would then
15 like to call upon Supervisor Marsh.

16 COMMISSIONER GANDARA: I have a question for
17 Supervisor Brann.

18 CHAIRMAN IMBRECHT: Certainly, Oh, I'm
19 sorry. Excuse me, Supervisor Brann, would you return
20 to the witness stand, please?

21 COMMISSIONER GANDARA: That's okay. He can
22 answer from where he's at.

23 CHAIRMAN IMBRECHT: Well, it doesn't get him
24 on the tape recording.

25 COMMISSIONER GANDARA: It's not that

1 critical. My question only is: I was trying to follow
2 your comments with the comments that I have filed here
3 from your general counsel. I have copies of, I guess,
4 your final brief and a summary before that. You had
5 comments that were somewhat amplified comments of the
6 general counsel's brief. Do you have a copy of those
7 comments? Are you going to be distributing that?

8 MR. BRANN: I can make a copy that I
9 amplified on.

10 COMMISSIONER GANDARA: If you could, or
11 probably our staff could make some copies and return
12 you your copy.

13 MR. LAMOREE: What copy are you talking
14 about? The one that Supervisor Brann just relayed to
15 the Commission or the one that I prepared?

16 COMMISSIONER GANDARA: No, I'm talking about
17 the copy of his stated comments.

18 MR. LAMOREE: It has been docketed earlier
19 also.

20 CHAIRMAN IMBRECHT: It has been docketed.
21 Okay. I don't have a copy of it either. Okay.
22 Supervisor Marsh is a member of the Colusa County Board
23 of Supervisors and, I believe also, is speaking on
24 behalf of Mr. Jerry O'Sullivan, who is a property owner
25 impacted by the northern termination.

1 MR. MARSH: Yes, Mr. Chairman and
2 distinguished members of the Commission. My name is
3 Floyd Meyers Marsh. I'm Chairman of the Board of
4 Supervisors of the County of Colusa, also representing
5 today the family of former State Senator Virgil
6 O'Sullivan and his brother, Jerry O'Sullivan. And
7 also, I own property in the northerly area near the
8 Williams route.

9 We may surprise you today; in that, we have
10 visited over lunch on this issue. And while we are
11 generally opposed to the power line going through
12 Colusa County, if the need is shown and if the public
13 good can be served and the fact that the power line can
14 be located on range land and located as it crosses from
15 the range land to the Williams Sub-station in such a
16 manner that it does not seriously bisect and interrupt
17 land, then we are realistic enough in a county like we
18 are from to understand that the needs of a few must be
19 superseded by the needs of many. And this may surprise
20 you at this date that we make this announcement.

21 However, we would hope that the SMUD people
22 and the power group that they're representing could
23 certainly live with some of the requests that we make
24 that we feel are realistic. And we talked it over with
25 the O'Sullivan family; and as far as it goes across my

1 own personal land, it's range land. And if roads are
2 built in such a manner that would do the least amount
3 of damage to the range land and will provide fire
4 protection and such things as that, we are realistic
5 enough to understand that the needs of the people of
6 California, and energy and water are some of the great
7 needs that we're going to have. And the fact that this
8 line will not bisect highly productive agricultural
9 land, such as some of the other routes would go
10 through. This may surprise you that we make this
11 announcement today.

12 CHAIRMAN IMBRECHT: Thank you. I have to say
13 we welcome that announcement and that, in essence,
14 revisits some of the territory that we discussed I
15 guess about 18 months ago when the early informational
16 hearings that were held...well, the one that was
17 conducted in Williams itself. We appreciate very much
18 your forthcoming attitude. Are there questions?

19 MR. MARSH: Mr. O'Sullivan, Mr. Chairman,
20 makes one remark that.... And we would like this to
21 enter the record. We would like to see the line
22 that...when it leaves the range land of Western Colusa
23 County and heads towards the Williams Sub-station to
24 follow along a county road. And the county road that
25 it would follow would be Standard Road. And this would

1 not be more than 2,000 feet from one of the existing
2 routes shown on the maps. But it would be them along a
3 county road and it would not bisect a property; and
4 thereby, aerial application/other matters would not be
5 as seriously effected.

6 CHAIRMAN IMBRECHT: Thank you very much. And
7 I understand that. I'm sure that the applicants will
8 consider your comments in the course of their AFC
9 filing. Thank you. Are there questions? Excuse me.
10 Commissioner Gandara.

11 COMMISSIONER GANDARA: Mr. Marsh, I just want
12 to be clear. Now, is the County of Colusa an
13 intervenor, or are you an individual intervenor,
14 separate from the County of Colusa?

15 MR. MARSH: Yes. Yes, I'm an intervenor.

16 COMMISSIONER GANDARA: So, you're speaking
17 for yourself?

18 MR. MARSH: But, today I'm representing the
19 County of Colusa.

20 COMMISSIONER GANDARA: And I guess what
21 you're saying is that the County of Colusa, as an
22 intervenor is....

23 MR. MARSH: We're opposed to it. But, we're
24 facing the realistic facts of life.

25 COMMISSIONER GANDARA: I understand. So,

1 you're speaking in your own personal behalf and as well
2 as the County of Colusa?

3 MR. MARSH: Yes.

4 COMMISSIONER GANDARA: And, on behalf of Mr.
5 O'Sullivan?

6 MR. MARSH: But, we're.... Mr. Commissioner,
7 I might say that freeways and solid waste disposal
8 sites and power lines all fall in the same category.
9 They're a very necessary thing in life, but no one
10 wants them on their property.

11 COMMISSIONER GANDARA: I understand. Thank
12 you very much, Mr. Marsh.

13 CHAIRMAN IMBRECHT: Add State prisons and
14 mental institutions and a few other things to that
15 list, as well. Sounds like some of the remarks I made
16 at one point. Thank you.

17 COMMISSIONER GANDARA: Cogeneration's getting
18 there too, isn't it?

19 (LAUGHTER)

20 CHAIRMAN IMBRECHT: Yes. Solid waste
21 disposal facilities and anything else. Okay. Thank
22 you. Next, we'll call Mr. Garrett Schaad, who is the
23 Chairman of the County Line Corridor Association. Mr.
24 Schaad. Mr. Schaad, before you begin, may I just
25 inquire. Mr. Lamoree and Ms. Hammer, do you wish

1 to....

2 MR. LAMOREE: We have comments. Yes.

3 CHAIRMAN IMBRECHT: You have additional
4 comments, beyond the Supervisor's?

5 MR. LAMOREE: Yes. So, we can wait until you
6 come to our name in turn.

7 CHAIRMAN IMBRECHT: Alright. Fine. Thank
8 you very much. Excuse me, Mr. Schaad.

9 MR. SCHAAD: My name is Gary Schaad. I'm the
10 Chairman of the County Line Corridor Association. We
11 came into this proceeding as an intervenor in March of
12 '84 -- very early on in the proceedings. We represent
13 an area represented by that great big black slash that
14 goes almost all the across the map up there, as well as
15 a sizable group of people, a number of people in the
16 north/south route down to Elverta.

17 We were very concerned going into these
18 proceedings. We'd like to make the statement that
19 we're pleased with the Committee's report. We agree
20 with it in most respects. We would like to make a
21 couple of points with regard to any future proceedings
22 that may include groups like ourselves. At this point
23 we still don't know for sure if we won our point or if
24 we helped the applicants prove their point in the fact
25 that we realize that CEQA was drafted to benefit people

1 like ourselves -- the general public. It also required
2 alternatives to be named for these projects; and we
3 don't know whether we were against an alternative that
4 was required by the Act or if we were in the path that
5 they really wanted to go.

6 We've worked hard; we've participated in
7 every workshop. We had somebody at every hearing down
8 the line. And we feel that the end result (the report
9 that was drafted) was very comprehensive. And we thank
10 the Committee for this. And that's just about the
11 extent of my comments that I can make that point.
12 Thank you.

13 CHAIRMAN IMBRECHT: Thank you very much, Mr.
14 Schaad. I just want to speak on behalf of the
15 Committee and our Hearing Advisor, and so forth. I
16 would say that the County Line Corridor Association
17 along with others that participated as well, in
18 essence, have almost operated as a textbook example of
19 very constructive citizen involvement in what is a
20 difficult, complicated, and sometimes confusing
21 process.

22 For the members of the Commission, I will
23 just note, as he indicated that the Association was
24 omnipresent, well-represented. Their own testimony was
25 well-organized. It was not repetitive and included one

1 of the most interesting video tapes I ever seen about
2 crop dusting, along with a few other things. But, I
3 appreciate very much your participation. Thank you.

4 MR. SCHAAD: Thank you. It was very
5 interesting to us. We came into this proceeding
6 totally ignorant to what we were facing. The only
7 thing is that our (INAUDIBLE) was being so severely
8 gored, we had to participate.

9 CHAIRMAN IMBRECHT: You can ask the applicant
10 after this is over, whether you want to or whether...as
11 to your first question. Thank you. Mr. Malcolm
12 Leiser, also representing the County Corridor
13 Association.

14 MR. LEISER: I don't have anything to add to
15 Gary's comments.

16 CHAIRMAN IMBRECHT: Alright. Thank you. Mr.
17 Ken Hopkins, representing the intervenor, Glenn Mathis.

18 MR. HOPKINS: Thank you, Mr. Chairman.

19 CHAIRMAN IMBRECHT: For purposes of the
20 Committee, the property involved there is at the
21 northern point, up by the Williams termination.

22 MR. HOPKINS: Mr. Mathis has been a full
23 participant in these proceedings since, I believe, late
24 July or early August of last year. He has presented
25 evidence and cross-examined witnesses on the northern

1 termination point of the proposed GPPL line. He has
2 also proposed...or did propose an extension that was
3 ultimately referred to as Link 14-M. He has
4 participated in retaining Link 14, at least that
5 portion of Link 14 that extends on and east/west axis,
6 and participated at great length in the proceedings
7 that dealt with the agricultural impacts and aviation
8 impacts on his property that are adjoins Standard Road,
9 lies to the north of Link 4, what is now identified as
10 AS.2, I believe.

11 Mr. Mathis would like to believe that as a
12 result of that participation and the presentation of
13 evidence in cross-examination of witnesses that the
14 Committee has now made the findings and recommendations
15 that are contained within the report -- specifically,
16 that the proposed GPPL line be located at least a half
17 mile to the south of Standard Road. Mr. Mathis
18 endorses that.

19 I would like...what necessitates this
20 observation is Mr. Marsh's earlier remarks. It was
21 unclear to me from those remarks whether he was
22 speaking on behalf of the County of Colusa when he
23 indicated that it was somebody's preference that that
24 line run down Standard Road, or whether he was speaking
25 on behalf of Mr. O'Sullivan. I met with Mr. Marsh

1 briefly in the hallway; and he indicates he was
2 speaking on behalf of Mr. O'Sullivan. I would like
3 that point clarified and would call upon Mr. Marsh if
4 the Commission needs additional clarification.

5 To close, I would simply say that, as a full
6 participant, Mr. Mathis has augmented his record and
7 believe that we have adequately demonstrated to the
8 Commission...or the Committee which is now contained
9 within their report that the power line should be
10 located, if it is to terminate at Williams, at least a
11 half mile south of Standard Road, and would urge the
12 Commission to adopt that portion of the report
13 pertaining thereto. Thank you.

14 CHAIRMAN IMBRECHT: Thank you very much. Are
15 there questions? Thank you Mr. Hopkins. Now, Mr.
16 Lamoree and Ms. Hammer, I believe wish to testify
17 jointly. Mr. Lamoree is with the County Counsel's
18 Office for Solano County. Ms. Hammer is with the
19 Planning Department, I believe.

20 MR. LAMOREE: Thank you, Mr. Chairman and
21 members of the Commission. First, Solano County wants
22 to applaud Colusa County, although the latest statement
23 may mean that that was a personal comment by the
24 gentlemen previously as opposed to on behalf of Colusa
25 County. But we do think that the fundamental point

1 that he raised is the appropriate one, which is that
2 the northern termination at Williams is the appropriate
3 one. And we're asking that the Commission, in its
4 adoption of the Report, remove the Vaca-Dixon
5 termination as an alternative. That's found on Page
6 157, No. 2. And we would hope that this Commission,
7 when it finally votes on the Report, would vote to
8 retain only the Williams alternatives (and there are
9 several different possibilities for termination within
10 that route) and remove the Vaca-Dixon termination all
11 together.

12 The Commission has the authority to do that,
13 I believe, under the Warren-Alquist Act, as well as
14 simply from the fact that there are several different
15 other alternatives within that proposed route. Solano
16 County is deeply concerned about the impacts on
17 agriculture in our area from the proposed Vaca-Dixon
18 termination. Supervisor Brann has outlined those to
19 you. It relates to Solano County's deep conviction
20 that agricultural interests deserve protection and
21 consideration.

22 Agriculture is the leading industry in Solano
23 County. We have carefully planned for its protection
24 in Solano County. And furthermore, the Vaca-Dixon line
25 where it traverses Solano County is going to impact

1 upon some of the best agricultural lands in the State,
2 if not in the world. And while, yes, there is a
3 present PGandE facility or PGandE line that traverses
4 that property, I think you should note that even your
5 own staff in its analysis of agricultural impacts
6 -- for example, at page 107, for example -- clearly
7 indicates that the addition of another line even
8 parallel would have substantial impacts (environmental
9 impacts) upon agriculture to the detriment of the
10 agricultural industry in Solano County.

11 I think Solano County finds itself in an
12 unusual position in this particular proceeding; because
13 we think we're kind of between two opposing
14 philosophies here and are caught in the middle between
15 the approach suggested to you by the applicant (the
16 Joint Owners in this proceeding) and that really being
17 raised by your staff and PGandE that have two different
18 philosophies -- one relative to the service of the
19 needs of the users of the electrical energy from the
20 Joint Owners areas of distribution versus PGandE and
21 your staff's desire to have a different philosophical
22 viewpoint with respect to how energy is allocated
23 throughout the distribution systems.

24 That philosophical struggle, I think is
25 really representative of why you even have the Vaca-

1 Dixon alternative at all in this proposed decision.
2 And I hate to see Solano County and the prime ag land
3 that's there under the Williamson Act, in many
4 instances, be subjected to this particular
5 philosophical battle between these two opposing forces.
6 Rather, I think it would be much better if the NOI in
7 this instance simply related to the applicant/joint
8 owner's original request and eliminate the Vaca-Dixon
9 all together. If you want to do Vaca-Dixon in another
10 time, then I think that ought to have and deserves its
11 own particular review.

12 Now, I think if you want to reflect that
13 particular philosophical dispute, I think it is clearly
14 indicated on Page 152 of your report. Besides the, I
15 think, philosophical issue that's at play here at least
16 underlines this entire proceeding frankly, from our
17 perspective, we think there are four key problems with
18 your report and proposed decision relative to Solano
19 County.

20 First, you have placed Solano County at a
21 severe procedural disadvantage because you added Vaca-
22 Dixon late in the process. The original application
23 was for the Williams route; and I believe it was at
24 least eight months....

25 MS. HAMMER: ...and Elverta.

1 MR. LAMOREE: Excuse me? ...and Elverta.
2 Excuse me...at least eight months later that the Solano
3 County became involved when the Vaca-Dixon route was
4 begun to look at. That is discussed thoroughly in our
5 brief, which has been presented to you previously and
6 is also in your docket materials.

7 That problem, I think, put us at a
8 disadvantage when we came into this rather late in the
9 proceedings to be able to deal with the necessary time
10 to evaluate the procedural aspects as well as the
11 engineering and other data which was collected in a
12 massive record in this particular instance. Because we
13 came in at that late date, I think we were, again,
14 placed at a severe disadvantage. And that is discussed
15 in our brief. It mentions things like, for example,
16 you advertised your hearings in papers in Solano County
17 that really didn't relate to the area involved, for
18 example.

19 While it seems that every agency had copies
20 of the NOI sent to...excuse me, the applications to the
21 public libraries. It wasn't to Solano County and so
22 forth. We did get involved eventually and I think
23 participated to the degree that we could. But I still
24 think that that is an indication of the fact that you
25 started with one process and now it's changed into

1 another process.

2 Second, there's really no evidence at all of
3 the technical feasibility of the Vaca-Dixon
4 termination. We think that that sort of discussion
5 should have been considered in this particular process
6 because of something I'll mention later. And that has
7 to do with the "banking" (if you will) of this route
8 for future AFC consideration.

9 The third area that we think is extremely
10 deficient in your report and that's mention in your
11 report on Page 153-154 is your compliance with CEQA.
12 While the purpose, as I understand it, of your statutes
13 and administrative regulations relative to
14 environmental analysis are that CEQA doesn't apply that
15 you have a demonstrated alternative methodology to be
16 able to meet the general requirements of CEQA, I think
17 that you've missed the boat in this instance. And I
18 think there's, frankly, a pretty total failure to
19 adequately address the environmental impacts of a Vaca-
20 Dixon alternative.

21 You know, CEQA requires that you evaluate
22 things in full at the earliest possible stage. And
23 that is clearly what's not happened here. In fact, on
24 Pages 153 and 154, what they're suggesting is that:
25 'well, yes, there may be deficiencies in our

1 environmental analysis at this time, but they can be
2 cured at the AFC proceeding.' That's the exact reverse
3 of what CEQA requires. You're supposed to do your
4 environmental analysis in depth at the beginning, not
5 at the end. And especially in this instance when you
6 have what I consider to be a vesting of interest
7 through the "banking" process, as I understand it.

8 What that means is that if you approve the
9 two alternatives -- the Vaca-Dixon termination as well
10 as the Williams terminations -- then at a later AFC
11 process the Vaca-Dixon route, for example, would not
12 have to go back to through an NOI proceeding. In
13 effect, once it's gone through the NOI process, then it
14 is, like, preserved for later evaluation. Even though
15 the Joint Owners may decide to file their AFC only on
16 the Williams termination, the Vaca-Dixon termination
17 will remain preserved for future consideration, should
18 another applicant (not the Joint Owners; I think that
19 it could be anybody) can come in and request an AFC on
20 the Vaca-Dixon termination without having gone through
21 another NOI.

22 So, I think that your failure to deal with
23 the environmental analyses correctly with the Vaca-
24 Dixon route and when it results in a "banking" of this
25 route for purposes of, in effect, vesting some interest

1 or right to avoid an additional process in the future,
2 I think is a clear violation of the purposes of CEQA.
3 And I don't see how you can suggest that your alternate
4 process meets the terms and conditions of CEQA in that
5 respect.

6 Lastly, my last point -- and again, it's in
7 my note to you as well as my Deputy County Counsel's
8 brief that's attached to that -- has to do with the
9 interplay between this proceeding and your approval of
10 these routes and the Williamson Act. This is the
11 agricultural preserve act, passed by the Legislature
12 several years ago. And, frankly (and this is found on
13 Page 112 of your analysis and your proposed decision),
14 what your proposed decision says is this: you say
15 that, well, there is such a thing as the Williamson
16 Act; but we're going to not give it the same weight as
17 a State statute because it really is going to be
18 implemented by local authority. And so, somehow it's
19 denigrated to some lesser standard. I'm really unclear
20 as to how to characterize your own proposed decision
21 other than in that respect.

22 But I have to bring to your attention, I
23 think that's clearly and totally incorrect. The
24 Williamson Act is a declaration of State purpose with
25 respect to the preservation of prime ag lands. And

1 that's exactly what's you'll be going through if you go
2 through the Vaca-Dixon route. That policy is of
3 State.... It's a State statute. It applies to State
4 agencies such as this. And I don't think that to
5 suggest that it's implemented through local processes
6 -- which it is -- derogates that or denegrates it to a
7 lesser standard.

8 In our judgment, you will have to harmonize
9 -- and I think that's clearly completed by your
10 underlying act -- you're going to have to harmonize the
11 Williamson Act protections for agricultural land with
12 your own desires for placement of these transmission
13 corridors. And I think when you have an alternate
14 that's feasible and reasonable, which apparently the
15 Williams Route is, when that alternate line is viable
16 as an alternative, then I don't think you can approve
17 the Vaca-Dixon line as I understand the Williamson Act.
18 Because, frankly, you will not be able to condemn
19 property or otherwise acquire it because of the
20 prohibition in the Williamson Act from acquisition of
21 property under eminent domain for purposes of public
22 utility use, and if there is a reasonable or feasible
23 alternative. Which clearly the Williams route is.

24 I think the...in summation, we believe that
25 the process has been flawed with respect to Solano

1 County and the Vaca-Dixon line. We don't think you've
2 met the terms and conditions of CEQA, at least under
3 your alternate procedure as I read it, especially
4 because you're going to be vesting under this banking
5 concept. And finally, I don't see how you can
6 harmonize the positions taken in this document with the
7 Williamson Act's to prohibition against development of
8 prime ag land. And for those reasons, I think your
9 best action, in this particular instance frankly, is to
10 approve the proposed decision with respect to the
11 Williams termination, but to eliminate the Vaca-Dixon
12 route.

13 And now, since I'm filling in for my Deputy,
14 I'll ask Kitty whether or not she'll have anything to
15 add or whether or not I missed anything.

16 MS. HAMMER: I think Mr. Lamoree has done an
17 excellent job of outlining Solano County's concerns
18 with this Final Report and Proposed Decision. I would
19 simply like to emphasize that as a practical matter,
20 Solano County's concern at this point is with the
21 banking aspects of this decision. Our problems with
22 the inadequate analysis of the Solano County
23 alternative could perhaps be considered moot and
24 brushed aside; because the applicant has clearly
25 indicated that they intend to file an AFC on a Williams

1 Corridor.

2 But, if our alternative -- if the Solano
3 County route -- is in fact banked and can be brought
4 back at a future time by any applicant in an AFC
5 filing, we feel that's clearly inequitable in view of
6 the inadequate analysis that has taken place. And we,
7 therefore, request that it not be approved.

8 CHAIRMAN IMBRECHT: Okay, thank you. Mr.
9 Chandley, was Mr. Lamoree's description of "banking" an
10 accurate one, from your understanding?

11 MR. CHANDLEY: More or less. Our statute
12 provides that any site-related facility, once found
13 acceptable in an NOI process, shall remain available to
14 be used in a subsequent AFC.

15 CHAIRMAN IMBRECHT: In the event the
16 applicant.... Did you say that was our statute or our
17 regulation?

18 MR. CHANDLEY: It's by statute.

19 CHAIRMAN IMBRECHT: By statute...so, perhaps
20 I'm anticipating the answer to this next question. We
21 could not condition the order in such a fashion or....
22 Let me put it this way. Could we condition an order in
23 such a fashion so as to eliminate the banking of either
24 of the terminations if the alternative's chosen by the
25 applicant to pursue?

1 MR. CHANDLEY: Well, I think if you tried to
2 do it generically, you'd run counter to the intention
3 of the statute. But I suppose it's theoretically
4 possible to have the acceptability of a particular site-
5 related facility (that is one of the alternatives) so
6 tied up with a particular proposal that the applicant
7 is going forward with, that if the applicant shows
8 something else, all the rationales which made that
9 other alternative acceptable would no longer apply. In
10 which case, I think perhaps, you could fashion an
11 appropriate attorney condition on the availability of
12 that site for future purposes. Now, I don't know
13 whether your record has in fact structured that way or
14 whether such a condition would be appropriate, given
15 the record that you have. But, I at least can see the
16 theoretical possibility of what such conditions look
17 like.

18 CHAIRMAN IMBRECHT: It's been seconded. And
19 finally, in terms of the banking concept, if it were to
20 be used by another entity at some future point in time,
21 would it have to be for the same purpose, i.e., an
22 outlet route from the Geysers for an interconnection
23 into the apparent grid system in order to be de-banked,
24 I guess, or for funds to be withdrawn? You follow what
25 I'm saying?

1 MR. CHANDLEY: I'm not sure what you mean by
2 "being..."

3 CHAIRMAN IMBRECHT: Well, let's say Utility X
4 at some future point were to file on the basis of this
5 having been banked, would it have to be for the
6 complete line -- in other words, a line that would be
7 another outlet route from the Geysers area? Or is it
8 conceivable they could file using a portion of this
9 approved route and on the grounds it would be used for
10 another purpose, separate and apart from that which
11 this was analyzed for?

12 MR. CHANDLEY: I understand your question.
13 Okay. The problem you run into there, if you took only
14 a portion of the line and moved forward with an AFC on
15 that portion of the line is the question of whether
16 that portion of the line would even be under the
17 jurisdiction of the Commission; because if you are
18 not...if the power's not emanating from a power plant
19 over which the Commission...from a thermal electric
20 power plant, as this entire line has been deemed to be,
21 then the Commission's jurisdiction does not attach to
22 that line.

23 CHAIRMAN IMBRECHT: So as a practical
24 matter.... I'll say this. It would seem to me as a
25 practical matter that it is virtually impossible (but

1 your fears could be realized), but we will explore
2 other remedies in the week to come to see if there's
3 some way to nail that down a little more clearly.

4 MR. LAMOREE: Thank you very much. I'll
5 be glad to also study the stuff. I frankly have to
6 tell that I'm only learning this over the past couple
7 of days and will be glad to take a look at the statute
8 and talk to your staff on that particular point.
9 Because I understand your final hearing or
10 consideration....

11 CHAIRMAN IMBRECHT: It's next week.

12 MR. LAMOREE: Although it's not a public
13 matter, it's next week.

14 CHAIRMAN IMBRECHT: That's correct. I guess
15 the other practical consideration would be that if, for
16 purpose of argument you would assume that the Williams
17 termination is ultimately approved in an AFC and that
18 line is constructed, having been a witness to a
19 discussion on the need issue, this morning, I think it
20 should be fairly apparent that it would be exceedingly
21 difficult unless there is a new discovery of geothermal
22 resources in that area to justify yet another outlet
23 line.

24 MR. LAMOREE: Well, that may be true.
25 Frankly, my preference would be not to have it in at

1 all.

2 CHAIRMAN IMBRECHT: I understand. Okay.
3 Alright, further questions or comments from the
4 Commission? Okay. Thank you very much.

5 MR. LAMOREE: Thank you very much.

6 CHAIRMAN IMBRECHT: Next, Mr. Roger Windsor,
7 representing Harbin Hot Springs. Mr. Windsor, I
8 apologize. I got you lost in the stack of cards. I
9 was going to take you up a little earlier. Mr. Windsor
10 also was a very conscientious participant in these
11 proceedings throughout many, many months.

12 MR. WINDSOR: Good afternoon. My name is
13 Roger Windsor.

14 CHAIRMAN IMBRECHT: Could someone point out
15 on the map where Harbin is located for the benefit of
16 the remainder of the Commission?

17 MR. WINDSOR: I am representing Harbin Hot
18 Springs. While you're there, that top blue line (dark
19 blue) is Link 2-S; and that's going directly to the
20 Harbin Hot Springs' property. Just above that where
21 there is no mark is the Link 2-S widened section that
22 we recommended. And below that is Link 2.2 (in light
23 blue), which skirts underneath the Harbin Hot Springs
24 property.

25 As the NOI process is drawing to a close, I'd

1 like to thank the Chairman and the Commission for
2 special considerations that they have extended to me
3 and due to my inexperience in dealing with these kinds
4 of proceedings, and also because of my needing to drive
5 long distances to get here. So, thank you very much.
6 I appreciate that.

7 I have several comments on the Final Report
8 with some specific recommendations. As I just said,
9 there're three links that we're primarily concerned
10 with: 2.2, 2-S, and the widened 2-S. Under "Land Use
11 - Various", we're listed under the "Recreational"
12 section. And throughout the Report, we're treated as
13 something like a recreational resort. But, we feel
14 that the unique nature of Harbin Hot Springs as a
15 resort, a teaching facility and a religious center is
16 not adequately addressed in the Report. The Report
17 gives the impression that mostly what there are are
18 recreational considerations. And I'd like to give a
19 little explanation of why I'm saying that.

20 Harbin Hot Springs is owned and operated by
21 the Heart Consciousness Church, which is a federally
22 registered, non-profit, religious organization. It is
23 a unique recreation spot. It has its own valley. It's
24 in a horseshoe. And we're essentially the only people
25 in there. We have hot springs which are fully

1 developed and we had 18,000 guests last year with the
2 number considerably increased this year so far. We
3 have extensive educational programs which stress
4 health, holistic healing and a natural lifestyle. We
5 consider ourselves a spiritual sanctuary. And we're
6 used by many religious groups for retreats and other
7 things. And natural lifestyle and environment is part
8 of the Heart Consciousness Church religion.

9 Harbin Hot Springs is not just a recreational
10 resort and should not be treated as such. Link 2-S
11 goes directly over our property and, if used, would
12 inhibit our educational, recreational and religious
13 activities that specifically require a natural setting.
14 And two, infringe our First Amendment rights to the
15 practice of religion. The details are in my previous
16 testimony.

17 There are alternative routes to 2-S. Link 2-
18 S, the widened segment through Boggs Mountain State
19 Forest, is one which we proposed. And this would have
20 apparently no negative effects on Harbin Hot Springs
21 that we can detect. In the Report on Page 126, the
22 Commission is finding that we are not protected by the
23 Warren-Alquist Act, Section 25527. I cannot find
24 anywhere in the law where it states that recreational
25 areas to be protected must be publicly owned. I don't

1 see that in there. And in the last paragraph on Page
2 126, it says that Harbin Hot Springs contends that
3 because we're open to the public, for that reason we
4 come under the Warren-Alquist Act.

5 Well, that's not why we're contending that.
6 We contend that we come under the Warren-Alquist Act
7 simply because we're a recreational area, not
8 necessarily because we're open to the public. And we
9 didn't see any reasoning for the finding of the
10 Commission. They just said that we don't accept Harbin
11 Springs' reasoning.

12 Next, impact to Harbin Hot Springs would be
13 greater than in the State forest. The power line going
14 through the State forest would take about (according to
15 my calculations) three-one thousands of the area of the
16 State forest. And as a recreational area, the State
17 forest has a little more than...last year they issued a
18 little more than 200 camping permits. Whereas, Harbin
19 Springs had 18,000 California citizens coming to use
20 its recreational facilities.

21 We believe that the State forest would not be
22 effected by the power line going through there. It
23 takes a very narrow area; and it would not
24 significantly infringe on the State forest practicing
25 its main purpose, which is forest experiments, things

1 like that. We'd also like to note that the Forestry
2 Department agreed to the digging of four geothermal
3 wells in 1980, in the same area where we're proposing
4 to put the power line through. Finally, I'd like to
5 thank the Commission for their efforts in working with
6 the Department of Forestry in trying to elicit their
7 cooperation in this.

8 Next, on "Local Land Use Plans": Although
9 local land use plans may be incompatible requiring
10 overrides, overrides should be selected within each
11 plan. Lake County's plan specifies that resorts are
12 not to be used for power lines; thus, Link 2-S should
13 be deleted as an alternative. This would not effect
14 inter-county compatibility of plans, as mentioned in
15 the Report.

16 Next, "Botanical Resources": Page 136, six
17 lines from the bottom, we agree that careful tower
18 placement would permit routing through either 2.2 or 2-
19 S. And we suggested the second part of the sentence
20 should read: "Although routing in Link 2.2 would
21 increase the GPPL's proximity to Harbin Springs,
22 routing through Link 2-S would directly cross the
23 Harbin Hof Springs property." That latter part -- the
24 fact that 2-S would directly cross our property
25 -- wasn't mentioned in that line. And I don't

1 understand the reasoning of that.

2 CHAIRMAN IMBRECHT: What page was that again,
3 please?

4 MR. WINDSOR: 136. It's about six lines from
5 the bottom. It says: "Through careful tower
6 placement...."

7 CHAIRMAN IMBRECHT: I see.

8 MR. WINDSOR: And it doesn't mention the fact
9 that 2-S would be directly across the property which
10 seems like a more significant aspect to consider.
11 Maybe I'm not getting the logic of the sentence.

12 CHAIRMAN IMBRECHT: I've got you point
13 clearly. I'll respond in a couple of minutes.

14 MR. WINDSOR: Okay. Finally, "Requests to
15 the Commission." We requested Link 2-S be deleted as
16 an alternative. Second, we request that the widened
17 Link 2-S specifically, using the...specifically be....
18 Start again: Number 2, the widened Link 2-S be
19 specifically altered so that the widened segment be
20 used so as not to be visible from Harbin Hot Springs.
21 In other words, don't use Link 2-S as it is now, but
22 use part of it. And where it goes through Harbin
23 Springs property, take it up above and go through the
24 State forest where it's not visible to us. And, as
25 part of that, make every effort to encourage the

1 Department of Forestry to allow this provision.

2 And third and final point: that Link 2.2 be
3 deleted. If 2.2 must be used, that the extreme southern
4 portion be used to lessen the impact on Harbin Hot Springs.
5 Thank you.

6 CHAIRMAN IMBRECHT: Thank you very much, Mr.
7 Windsor. For the benefit, again, of the members of the
8 Commission -- I don't want to dominate these things, but
9 I think perhaps I can help explain a little bit of this
10 for you.

11 Mr. Valkosky and I did visit Harbin Hot Springs
12 during a luncheon recess when we conducted a hearing....
13 What town were we in? So many hearing, I can't even recall.
14 Not too far from Harbin Hot Springs, in any case.

15 MR. VALKOSKY: Middletown.

16 CHAIRMAN IMBRECHT: Middletown, that's right.
17 And Mr. Windsor accurately describes the Harbin Hot Springs
18 property. It is a nearly totally secluded valley, with
19 very steep mountains on the perimeter, particularly in the
20 rear, with only one entrance to the valley which is a
21 controlled-access entrance, if I might add, as well. In
22 the event.... Directly behind the ridge of the mountain
23 range that represents the upper boundary of their property
24 is the Boggs Mountain State Park. In the event that the
25 line were to traverse their property, it does not traverse

1 the middle of their property. It basically runs over the
2 ridge for a relatively short distance in the context of
3 their total property.

4 However, all of that notwithstanding, we
5 understood exactly the points that he did make. It is
6 apparent that the line, even if carefully sided, would
7 from some vantage points in the Harbin Hot Springs property
8 be visible, and also potentially effects future development
9 plans, which they outlined to us. Because.... My
10 understanding is that they anticipate adding some
11 additional residential or guest facilities up in that end
12 of the property which, at this juncture, is not as heavily
13 developed as the lower portions of the property.

14 In context of all that, I have to say that I
15 personally did not feel that.... The Department of Forestry
16 did testify in the case and basically opposed any intusion
17 on the Boggs Mountain State Park. Despite that testimony,
18 I am not convinced that it represents the considered
19 judgment of the upper echelon management of the Department
20 of Forestry. And it is for that reason that you will note
21 in the Order, which we prepared, which we would anticipate
22 bringing before the Commission next week at our next
23 meeting. The fifth direction in that Order reads: "The
24 Executive Director shall immediately initiate discussions
25 with the California Department of Forestry to determine

1 whether the Department will permit. And if so, under which
2 circumstances. Any portion of Boggs Mountain State Forest
3 to be used for the routing of the Geothermal Public Power
4 Line. The Executive Director shall inform the Commission
5 of the results of this effort no later than the date on
6 which an application for certification of this project is
7 brought before the full Commission for acceptance, etc."

8 That was expressly designed to carry out I
9 believe the second to the last point which you raised. It
10 would also be my intention, since I in essence have a peer
11 relationship with the director of that department, as head
12 of this agency to, if permitted by counsel in the context
13 of ex parte communication to attempt to assist the Executive
14 Director in the pursuit of those discussions.

15 It is basically my judgment that the points
16 raised by Harbin are indeed justifiable. I think that
17 you've seen evidence of Mr. Windsor's conscientious
18 approach to bringing relevant statistics to the attention
19 of the Committee. We had verified his numbers as to
20 participation both at Harbin Hot Springs and the Boggs
21 Mountain State Park which is basically an undeveloped -- or
22 I should say "State Forest" -- which is basically and
23 undeveloped State forest, not a State park or facility of
24 that nature. And I just wanted to offer those overview
25

1 comments about some of the points that Mr. Windsor raised.
2 Any questions? Commissioner Gandara.

3 COMMISSIONER GANDARA: Mr. Windsor, in the
4 opening comments, you made reference to earlier testimony.
5 Were you referring to testimony during the evidentiary
6 proceedings? Or, did you file some closing comments or a
7 final brief or anything like that? Because I just want
8 to know where to look for your comments; because I don't
9 have them in my list of briefs.

10 MR. WINDSOR: We didn't file a final brief. It
11 didn't seem necessary at that point. But, I've been to
12 maybe ten hearings throughout the whole process.

13 COMMISSIONER GANDARA: Okay. So, you're
14 referring to your testimony, in general?

15 MR. WINDSOR: That's right.

16 COMMISSIONER GANDARA: Okay, fine.

17 CHAIRMAN IMBRECHT: As I say, he did participate
18 throughout the proceeding as did a couple of other
19 representatives -- somewhere in the 13,000 pages. I'm
20 sure Mr. Valkosky can help you find it. Okay. Anything
21 further? Thank you very much.

22 MR. WINDSOR: Thank you.

23 CHAIRMAN IMBRECHT: Next, Mr. James Campbell.
24 Mr. Campbell's property is along the routes that Solano
25 County expressed concern about -- basically, the last piece

1 of the connection to the Vaca-Dixon Sub-station. And I
2 don't mean to be redundant in my praise of various parties
3 and so forth; but, I would simply say that Mr. Campbell,
4 likewise, was an extremely conscientious participant, and
5 I believe attended every hearing (or very close to every
6 hearing) that dealt with the issues that he was concerned
7 with, and always with great patience and also with very
8 careful preparation. And on a personal note, I regret the
9 fact that we had...at least that we reached the judgement,
10 based upon just my feelings for you as an individual and
11 the way you conducted yourself.

12 MR. CAMPBELL: So do I.

13 CHAIRMAN IMBRECHT: That's not much consolation,
14 I know. But, in any case, I wanted to say that. Mr.
15 Campbell.

16 MR. CAMPBELL: As you understand, I disagree
17 with your recommendations to approve the Vaca-Dixon, the
18 1-B Corridor to the Vaca-Dixon Sub-station. I have some
19 of the same reason as Solano County and some that are also
20 a little bit different as to that disagreement.

21 I feel the environmental impacts in the V1-B
22 Corridor are very closely similar to the amount that is
23 in the Elverta route and are not close to the Williams.
24 Williams is far and above the best environmental route to
25 take of these links that we've studied.

1 The perceived benefits at the Vaca-Dixon are
2 from the transmission area. One is "line loss." I feel
3 that the record shows that the line loss to be on the order
4 of 3.5%. The other area would be "reliability." My
5 understanding of the reliability would be is there is less
6 line exposure going to Vaca-Dixon than there is to go to
7 Williams and then down Sacramento and on to Telsa. Now,
8 what I don't understand on this less line exposure is, how
9 much megawattage would be loss if the line went down? And
10 what is the rate per mile of line throughout the State
11 that are accidentally knocked out? Is that reliability
12 factor that much greater from Vaca-Dixon over Williams?
13 I don't perceive the line loss difference of 3.5% and this
14 reliability factor to be that great to make environmental
15 factors of going down to Vaca-Dixon acceptable.

16 The second point that I feel that Vaca-Dixon has
17 against itself in this proceeding is that the beginning
18 of it is original NOI links proposed by the applicant.
19 And the second half of it is links proposed by staff. I
20 feel that on these links, staff has had very poor planning
21 in relationship to their June 1985 IAR Report, which shows
22 that paralleling a diagonal line would be the worst case
23 that you can ever have in a transmission line. And if you
24 ever had to parallel a diagonal line and have at least a
25 half mile separation. So, in August 1984, staff proposes

1 to parallel the line that diagonal/bisects existing ground
2 down to Vaca-Dixon. At this time (by January) we come up
3 with the width of the corridor; and it's only one-third of
4 a mile. These two items contradict what they were
5 recommending back in June.

6 The second area that I feel is a major point on
7 this is 40-S where you come into the Vaca-Dixon airport.
8 Now, originally the 40-S was proposed to be south of Weber
9 Road and into Vaca-Dixon. This would only interfere with
10 the approach zone to Vaca-Dixon. Just before the
11 alternative testimony was presented by staff, they
12 presented that it was narrower than they perceived and
13 they wanted to increase the width of it. So, they increased
14 it one-third of a mile wider to the north. Now this took
15 in the whole airport as it approached Vaca-Dixon.

16 Now, that I feel is very poor planning to look at
17 a map and see that on the map it says: "AIRPORT ABANDONED."
18 The map could be wrong; it was done in 1957. I don't see
19 how our staff did any other follow-up on that to see if
20 the airport was in use or anything. If they widen the
21 corridor to the south of Weber Road more, it would then
22 be entirely out of the approach zones of Vaca-Dixon airport.

23 Also, at the alternative meetings in December,
24 detailed maps were supposed to be presented. As we can
25 see, one of these maps on Page 25-A, Map 3, this is the

1 only map that the public had access to from August all the
2 way into January. 40-S, if you really know the area, shows
3 that the termination point is one mile to the north of the
4 sub-station and above the airport. It doesn't even come
5 close to the sub-station. So if somebody looked at this
6 in the very beginning when they were told they were going
7 to be involved in this in that area, they wouldn't think
8 they were involved. Because the map doesn't show that
9 they are. It was only until January of 1985 that a detailed
10 map was presented to the public that shows exactly what
11 the lines are going into...through Solano County of 39-S
12 and 40-S.

13 Also, staff's testimony on the environmental
14 impacts of Vaca-Dixon I feel left out many omissions in
15 their aviation hazard, and on the airports, how many
16 airports are there, which would tend to show that the
17 impacts to Vaca-Dixon are less than what they actually
18 were. They don't change the ranking of them; but it does
19 change how close Vaca-Dixon is to the Elverta ranking.

20 Also I have feelings the same as Solano County
21 on the banking of alternatives. It's an indefinite time
22 period; and it puts a lien against the properties in this
23 area. People don't know how long it's going to be against
24 them. If they sell their property, the new owners will
25 never know. Because it's not recorded anywhere. And the

1 joint owners have never expressed any desire to build to
2 Vaca-Dixon; so they will always have this...a lien against
3 us. We have no recourse against it.

4 So, of the four areas, I feel that Vaca-Dixon
5 corridor should not be approved because of the poor planning
6 by staff, the banking of the alternatives which gives a
7 lien against the properties, also the burden of proof that
8 Solano County has brought up against it. And also, I feel
9 that the burden of proof was to be made also on the non-
10 adjudicatory sections which would have been the engineering
11 of structural/civil. And that would have given us the
12 information as to how the line could have been brought
13 into Vaca-Dixon within the corridor. Staff did not even
14 talk to PGandE as to how to get into the sub-station. The
15 only evidence staff presented on that by their witnesses
16 was that they reviewed the NOI and the alternatives
17 presented; and they had not changed their testimony that
18 they gave back in.... And I don't really know the dates
19 that they gave this testimony in the non-adjudicatory
20 hearings. But it did not address getting into Vaca-Dixon.
21 And I feel that's where the testimony is deficient.

22 And also, the fourth point is I don't feel the
23 perceived benefits of Vaca-Dixon justifies making
24 environmental impacts acceptable to get to that point.
25 That's all I have to say.

1 CHAIRMAN IMBRECHT: Thank you very much. Are
2 there questions or comments? Let me just offer two things
3 quickly.

4 Reliability goes beyond simply the issue of a
5 line being knocked down. It also reflects the issue of
6 system operation; and I think it's important to note that
7 factor as well. It has to do with loop flow and a broad
8 range of other kinds of issues--impedence and so forth.
9 And I would ask the staff.... I can't recall the
10 quantification of the financial impacts of the line loss
11 issue. Does anyone recall some of those numbers offhand?

12 MR. RATLIFF: Well, there was testimony that in
13 summer peak there would be a 30 MW deficit for a connection
14 as opposed to Vaca-Dixon. The exact financial penalty was
15 estimated to be between \$50 million and \$100 million over
16 the life of the project.

17 CHAIRMAN IMBRECHT: That's right. That's the
18 testimony that I just wanted to note as well. And yet, at
19 the same time, I don't take issue with any of the other
20 items that Mr. Campbell expressed or at least the ones
21 relative to agricultural impacts, etc. I just wanted to,
22 for the benefit of the other members of the Commission,
23 help you understand the reason for the dilemma, which the
24 Committee faced on that issue. Thank you very much. Ms.
25 Ada Merhoff, representing the Mother Lode Chapter of the

1 Sierra Club -- also a consistent and conscientious
2 participant in the proceeding.

3 MS. MERHOFF: I am Ada Merhoff, representing the
4 Mother Lode Chapter of the Sierra Club. This is repetitive,
5 but I feel I want to make these comments before the full
6 Commission. I am appalled by the Committee's acceptance
7 of the Vaca-Dixon route as an available alternative. I
8 am environmentalist. And I cannot handle the thought of
9 a transmission line coming down a little mountain range
10 that has, so far, not had any intrusion into it. Then
11 going over into a valley crossing that mountain range
12 -- going into a valley over an historically sensitive route
13 into Capay Valley which is a scenic corridor. Then going
14 out of the valley again, every time with the possibility
15 of skylining, of course, what is now a very beautiful view,
16 into Land Valley which is beautiful agricultural land,
17 hitherto untouched. This is breaking ground. And to me
18 this is very bad when there are alternatives. It is not
19 good environmental practice. And I wholly object. And I
20 plead that can't we have a small mountain range...can't
21 we have a little valley without transmission lines? Thank
22 you.

23 CHAIRMAN IMBRECHT: Thank you very much. You
24 have a question, Commissioner Gandara?

25 COMMISSIONER GANDARA: Nods -- No.

1 CHAIRMAN IMBRECHT: Okay. Thank you. Mr. Steve
2 Geringer, representing the California Farm Bureau
3 Federation.

4 MR. GERINGER: My name is Steve Geringer. I'm
5 representing the California Farm Bureau Federation. And
6 I'm also representing the County of Colusa. And I'd like
7 to clear up a little partial, I think, misunderstanding
8 on the record as to Supervisor Marsh's statements earlier
9 today, and also reiterate what Mr. Hopkins has indicated.

10 And that is, the portion of Supervisor Marsh's
11 statement according to what Supervisor Marsh had told me,
12 where he represents the County would be the same as mine.
13 And that is the County is opposed to the transmission line
14 based upon, at this point that there's, in their belief,
15 not been an affirmative showing that the line was needed.
16 The additional statements by Mr. Marsh, according to his
17 statement to me when we discussed it after his statements
18 before this Commission, is that they were addressed in his
19 own personal capacity and also representing an adjacent
20 land owner to him. I'd like to have the record speak as
21 to those points.

22 So as a representative of Colusa County, it is
23 Colusa County's position at this time, they are still
24 strongly opposed to the line and would be looking forward
25 to the AFC determination as to whether the line is needed.

1 CHAIRMAN IMBRECHT: Mr. Geringer, may I ask you
2 just as a matter of clarifying the record on this
3 definitively, since obviously we had a gentleman represent
4 himself as the Chairman of the Board of Supervisors of
5 Colusa County that you solicit from your client a letter,
6 signed either by him or the majority of the Board we could
7 submit into the docket and clarify this once and for all.

8 MR. GERINGER: Yes, we would. There will be a
9 meeting....

10 CHAIRMAN IMBRECHT: I think that would be
11 appreciated before next Tuesday.

12 MR. GERINGER: Yes. There will be a meeting
13 next Tuesday morning, which I'm planning to attend, which
14 we're planning to hold prior to this proceeding here so
15 that we can make both proceedings, so we can completely
16 clarify that issue.

17 CHAIRMAN IMBRECHT: Thank you.

18 MR. GERINGER: Now, speaking on behalf of the
19 California Farm Bureau and also on behalf of the County
20 of Colusa, I would like to first of all say that it's nice
21 to be back here with everyone. And it feels more like it's
22 a family now after all this time. And even though families
23 do have squabbles, I do think we've all come together
24 pretty close as friends. And first of all, say that we
25 believe that the Proposed Decision was one of the best

1 written decisions I've seen in a long time. And I think
2 it's quite evident by the small minority of comments that
3 are received in relationship to the document, and those
4 comments primarily going to different methodology and
5 different philosophy as to how things should be derived.
6 I, myself, have very few which I will be putting forth on
7 behalf of the California Farm Bureau.

8 First of all, we would strongly agree with the
9 Proposed Decision on the findings and conclusions as to
10 livestock and fully support those conditions. We believe
11 that fencing of the areas is imperative and must take
12 place, that any movement of the animals is not a proper
13 alternative, in that it costs us, first of all, additional
14 costs, time, expense, possibility of injury, and many other
15 situations that develop in the movement of livestock,
16 including the shrink of livestock.

17 We believe the only proper method that would be
18 a proper mitigation would be fencing the construction area
19 just as you would fence a construction area in a city to
20 keep unwanted individuals out. That would be the proper
21 method to do it in a rural area to keep out the livestock
22 that may encounter that area.

23 Secondly, we believe that it's highly important
24 that the area be dragged with a magnet to pick up any
25 metallic...material that may be left. It's extremely

1 important. One reason is just the problem of proving
2 liability at a subsequent time--possibly a year or even
3 farther down the road. And we just believe, as we stated
4 earlier, the proper mitigation would be to fence off the
5 areas.

6 As to the determination of need issue, we believe
7 that.... Well, we agree theoretically with the position
8 in the Proposed Decision that an affirmative finding of
9 need is not required at the NOI stage. We believe it's
10 logically consistent that that should be the case. But
11 setting that aside, we believe that, first of all, an early
12 need determination would be extremely advantageous to all
13 parties. It's something that we had stresses, I believe
14 the Commission has stressed, and almost every party has
15 stressed from the very beginning.

16 But, it doing so, I want to raise a couple of
17 concerns that we see may happen. First of all, from reading
18 the comments and some of the other data that I've been
19 able to obtain, it's my understanding that the applicant
20 and its entities of the applicant are planning on filing
21 in the CFM-6 proceedings as to their own independent service
22 area, which is different than under the present ER V. And
23 the AFC.... If it goes forward to an AFC, we have a
24 situation where possibly the decision could come out under
25 an ER VI determination.

1 The problem then develops is: what will happen
2 -- and I don't have an answer to this; but I just want to
3 call it to the Committee and the Commission's attention
4 -- what will be the case if we proceed in an early
5 determination of need under an ER V analysis and the case
6 has to be decided under the latest determination of the
7 Commission which could possibly ER VI? Will we then be
8 faced with an additional need analysis at the end of the
9 proceeding, based upon a change of circumstances with each
10 of the individual components, the joint owners having now
11 an individual (or possibly an individual) resource plan
12 and filing with the Commission. I don't have an answer
13 to that and it's just something that I'd like to point out
14 that may be a potential problem. And I'd like to hopefully
15 head it off before it may develop.

16 Secondly, in the areas of need determination,
17 we believe that the studies in relationship to
18 reinforcement and mitigation of the transmission systems
19 and inter-connected systems, must be fully analyzed prior
20 to the filing of the AFC. We've noted that there are two
21 options that are now being prepared by the Committee for
22 Commission approval -- either the fact of allowing that
23 information...requiring the information prior to the
24 filing or receiving it during the proceedings. We believe
25

1 it would be very detrimental to an analysis if it's received
2 after the proceedings.

3 But I understand the point of view from each of
4 the parties that have come before me that have expressed
5 the difference of opinions. I may...I would like to put
6 forth possibly a third option. And that would be according
7 to the Proposed Decision, there is at least a preliminary
8 report that is to be due out in November of 1985. And as
9 the Proposed Decision states, it would be the preference
10 of the Committee to have some information as to the possible
11 reinforcement and mitigation effects. It may be a wise
12 alternative to at least require that preliminary study for
13 a filing condition of an AFC and allow the future upgrade
14 studies to be brought in as soon as possible with of course
15 the applicant facing the potential delay if they are not
16 timely filed.

17 Further, as to the areas which are going to be
18 coming up within the need and transmission area is -- and
19 I don't know if I'll be characterizing this the same as
20 Mr. Ratliff, but I feel that my position is somewhat similar
21 to the staff's. And that is I believe that at this point,
22 according to the Proposed Decision, there are two possible
23 alternatives based upon finding that some additional
24 generation will be required out of the Geysers area over
25 the next twelve years or planning period. The question

1 is: how much? If.... I think we can all agree that if
2 we take the greatest amount (something over 2,700 MW on a
3 230 lines) as the ultimate amount that will be put on line
4 within the next twelve year period, then there is no doubt
5 that reconstruction is not a viable alternative according
6 to the evidence that's been presented so far.

7 However, we run a problem -- at least in the
8 need determination -- as to what happens if the amount
9 will be less than the 2,700 MW within the next twelve year
10 planning period. I believe that if we have the situation
11 where we are less than 2,700 MW or unless the applicant
12 at the filing time can take the position that it will be
13 without a doubt more that 2,700 MW out of the Geysers area
14 in the next twelve year period, then it is imperative for
15 all parties to have all information concerning the
16 reconstruction scenario at the time of the filing of the
17 AFC because the need determination, then, will shift. It
18 is not.... The need determination will not be as great.
19 In other words, the need determination may be that all we
20 will need to see coming out of the Geysers area and all
21 that we need to justify a line is somewhere less than 2,700
22 MW.

23 So, I would put forth that this may be a situation
24 where it should be an election by the applicant. Because
25 at the time of the AFC filing, that either they take the

1 position that a third outlet and only a third outlet line
2 will be required and thus that data is what is necessary
3 for the AFC filing, or that there is a potential that
4 either an upgrade or a new line could be used. And if that
5 is such, all information concerning the upgrade must be
6 supplied at the initial point in time so that we could
7 determine the actual sliding scale of need.

8 One last point on the transmission/need area,
9 which at times blends together is an areas that we're
10 becoming more and more concerned with. And that is the
11 other potential transmission projects in the Northern
12 California area. And we believe that as much data as
13 possible at the time of AFC filing relating to other
14 projects should be included and made a condition of filing.
15 Until just approximately two weeks ago, I was always under
16 the impression that the Oregon/California transmission
17 line (commonly called the Third Northwest Intertie which
18 is being proposed by a number of entities, but which is
19 before TANC, which of course the applicant is a portion
20 of) has always indicated from all literature I've read and
21 from everyone I've spoken with that the Third Northwest
22 Intertie would be using the existing WOPA transmission
23 line and restructuring the present towers.

24 In a recent meeting I attended in Woodland for
25 the public, it was for the first time called to my attention

1 that that determination of the feasibility of restructuring
2 transmission lines has never been proven at this time.
3 And there is no determination of whether it can be made. And
4 in fact, there is another alternative as to the potential
5 routing of the Third Northwest Intertie which happens to
6 affect a great amount of the area that we're now looking
7 at for the GPPL. And in fact the new or the other proposed
8 area or corridors are brand new corridors (there is a brand
9 new corridor for the Third Northwest Intertie) coming down
10 the east side of Sacramento Valley, going into Tracy.

11 Further, the applicant is involved -- at least
12 a portion of the applicant -- is highly involved in a
13 Trans-Sierra line which will also have some interaction
14 with the proposed GPPL, from at least being within the
15 same area. Believe that any information as to that should
16 also be included at the time of filing. Well, we're not
17 requesting that all information and the final determination
18 of how everything will work should be included, one
19 condition should be at filing that as much data that is
20 available should be included. And of course it should be
21 upgraded over the AFC process, if there is an AFC process.

22 Lastly, I need to comment on a statement by joint
23 owners today. And that is from the aspect, and I believe
24 the determination was that if, at least from their point
25 of view this line is needed. And that, if it is not put on

1 by certain date (and I hope I'm fairly characterizing this;
2 iif I'm not, I hope to be corrected), that they would have
3 to go "hat 'n hand" to PGandE to arrange some type of
4 transmission for their SMUD Geo 1 and CCPA 1 and 2. As
5 Mr. Ratliff clearly put forth, there are certain conditions
6 at this time, namely the Stanislaus commitments which
7 require the wheeling of power within the PGandE service
8 area.

9 But I think secondly and probably more important
10 is this simply is a non-issue as we, the Farm Bureau,
11 pointed out in other proceedings in which the applicant
12 was in. The choice to build a generating facility without
13 firm transmission was a business decision that they entered
14 into and made after a full examination of all the evidence.
15 To now come back and complain that they do not have firm
16 transmsion because they built a plant before they had
17 firm transmission is not my problem; it is their problem.
18 It is a business risk they took and one that they should
19 endure if it happens to cause problems to their ratepayers
20 of which I am one. And I'm sure the ratepayers would want
21 to express their feelings on that at the appropriate time
22 for the SMUD facilities.

23 And lastly -- and just wrap the whole thing up
24 -- I believe that....

25

1 CHAIRMAN IMBRECHT: In an election, I'm sure.
2 Right?

3 (LAUGHTER)

4 MR. GERINGER: Yes. I believe that one of the
5 most important things that we could put forth from now
6 until the end of these proceedings is that there can never
7 be too much information. Information and what we can learn
8 about the project are the most important thing. And the
9 one thing that we do not want to come about would be a
10 situation where we would be creating circumstances that
11 would be equal to what developed known as South Geysers.
12 I believe we need -- and the Commission and the Committee
13 needs every bit of information as far upfront as they can
14 to make an informed and intelligent decision on this matter.

15 And with that, I would be happy to answer any
16 questions, if you have any.

17 CHAIRMAN IMBRECHT: Thank you, Mr. Geringer
18 -- also, a consistent and very strong advocate for the
19 interest of his clients in the course of this proceeding.
20 And I want to thank you for a couple of suggestions today
21 that I think bear some further exploration during the
22 remaining week before we take this matter up next week.
23 The question of dealing with the Interconnection
24 Reinforcement Evaluation on a mid-range basis, is one that

25

1 I think merits mid-range in terms of timing of the case,
2 merits some evaluation and consideration.

3 On the matter of the applicant in essence
4 offering at the time of the AFC filing an election as to
5 the question of upgrade of the existing line, I think that
6 their position is relatively clear on that. It is their
7 expectation that such an upgrade is not a feasible
8 alternative; and that, in fact, they would pursue
9 exclusively the question of building the third outlet line
10 assuming that they could in fact demonstrate need as we
11 both understand the nuances of of that entire subject.

12 Finally, I would just not that with respect to
13 the Third Northwest Intertie, as one who has been heavily
14 involved in that entire process, I think that what you see
15 TANC going through is to some extent the dilemma that Mr.
16 Schaad made reference to earlier. And that is that the
17 CEQA process requires them to consider alternatives.
18 However, as a practical matter, the economic justification
19 of that project is very heavily dependent upon the viability
20 of the upgrade rather than an entirely new route. And it
21 is my -- I should be careful how I characterize this -- I
22 believe that that's the reason it's simply compliance with
23 CEQA that there is any discussion of alternatives during
24 the course of their consideration of their consideration
25 of that project.

1 Anyway, any questions from members of the
2 Commission? Commissioner Gandara.

3 COMMISSIONER GANDARA: First of all, I account
4 Mr. Geringer actually for the participants that I recall
5 when this proceeding started. There was a lot of concern
6 with the familiarity with the issues that the Commission
7 was going to deal with. I think that what this process
8 has done is creat a lot of expert people, as well out there
9 and to deal with all issues quite capably.

10 I have one question, Mr. Geringer. I'm not quite
11 sure I understood what you describe as an alternative
12 position or an in-between position (perhaps that's the
13 incorrect term) in which you said that there could be
14 a...you called it a "sliding scale." But it seemed to me
15 like an alternative condition or alternative scenario.
16 And I believe you characterize it the following way. That
17 if the applicant were to state at the outset that they
18 were going to pursue the separate transmission line, that
19 then they would have to file the information related only
20 to that and not to the reinforcement mitigation. And that
21 if they, on the other hand, filed...the other possibility
22 as well that they would have to then complete this
23 information.

24 I guess, if I understood that correctly, I don't
25 quite understand why it would not be consistent with what

1 the applicant has already proposed. But also not
2 necessarily address the issue that has been raised of data
3 adequacy; because I could simply choose to say that I am
4 going to only consider one alternative -- and that is the
5 construction of the line and let it be the staff's problem
6 that they come up with the alternative of the reinforced
7 mitigation and let them get the data. Did I understand
8 your proposal wrong? Because I see that as a possible
9 consequence.

10 MR. GERINGER: No. Yeah. I think you have seen
11 it correctly. Of course what would be the corolary to the
12 applicant making the election that they are only going to
13 pursue a third outlet would mean that at no time later in
14 the proceeding would they be allowed to come back and
15 pursue an upgrade unless they want to take a day for day
16 extension and file all that information prior to re-
17 examining the issue as to an upgrade alternative. So, I
18 see it simply as.... I guess the easiest way to say is
19 simply that if they make the election, they live with it.

20 COMMISSIONER GANDARA: Well, I guess I would
21 have to ask counsel. But, I don't see quite how you could
22 forbid the consideration of a reasonable alternative or
23 how you could condition that. And that, secondly, it's
24 not the question of them pursuing it. It might possibly
25

1 be the question of the staff and/or the Committee wanting
2 to pursue that or another intervenor.

3 MR. GERINGER: I grant you that, that that may
4 be the possibility of someone else. Of course, if someone
5 else wants to in all fairness to the applicant, I think
6 where we have been before, is that other party's
7 responsibility to put forth that data. I believe, and of
8 course the applicant is the one who could most easily put
9 forth that information and I prefer to see them do it. I
10 think in all fairness to all parties, if someone's going
11 to propose an alternative, it is that person's burden to
12 put forth the information. I'm not saying that if the
13 staff comes forth and says a reconstruction in their opinion
14 is the better alternative or a Farm Bureau does, that the
15 applicant can forestall the proceedings or do anything
16 that would not allow those parties to obtain the information
17 from the applicant. I still believe it would be my
18 responsibility or staff's responsibility to take the burden
19 to put forth that data. If it's found that the applicant
20 is being diligent...excuse me, being dilatory in not
21 putting forth the information pursuant to data requests
22 that are timely filed and completed, then I think that
23 would be grounds for a day-to-day extension.

24 COMMISSIONER GANDARA: Well, I understand your
25 proposal, Mr. Geringer. Thank you.

1 CHAIRMAN IMBRECHT: Thank you. I would say I'm
2 in general accord with some of those "sticks", if you will,
3 that you're suggesting as well as I've tried to indicate
4 earlier. Thank you very much for your presentation.

5 Now, just for the benefit of the party or the
6 individuals that are here, I think obviously to deal with
7 the next item on the Commission's agenda, I want to indicate
8 that we only have...we have one more witness on this
9 matter, then I'm going to afford a brief opportunity -- five
10 minutes hopefully, no more than that -- to both applicant
11 and staff if they care to respond to any of the other
12 comments which have been made.

13 The purpose of that is to ensure that the
14 Commission and the Committee has a full consideration of
15 this matter so that we can then repair and offer any
16 judgments in terms of modification as to our proposed
17 decision for the next Commission meeting. I think it's
18 in all of our interests to try to avoid a complete repetition
19 of today's hearing next week. And to the extent that we
20 can further crystalize the feelings of some of these issues,
21 I think would be helpful.

22 So with that, I'll call Mr. Richard Spitler,
23 from the City of Clear Lake. And as I indicate, invite
24 the others to offer any valedictory comments for the day.
25 Mr. Spitler.

1 MR. SPITLER: Thank you. I'm Richard Spitler
2 with the City of Clear Lake and Lake County. And I'm here
3 to stress before the Commission as a whole that the City
4 of Clear Lake is concerned about the Williams North route
5 and is against it, and prefers the Vaca-Dixon route.

6 CHAIRMAN IMBRECHT: I think that the members of
7 the Commission are beginning to understand a little more
8 clearly some of the dilemmas the Committee faced on this
9 matter.

10 MR. SPITLER: Before going into my reasons, I
11 just wanted to say that I'm sorry that I haven't been able
12 to attend all the hearings. I made an effort many times
13 to come down here. But, with limited staff and budget, I
14 just couldn't make it all the time. But, I should have.
15 We do care about this; this is very important to us. But
16 it's just a constraint we have to live with. Also, I would
17 like to say that throughout this complex and tedious
18 process, the CEC staff -- particularly the Public Adviser
19 and the joint owners -- have been very helpful to me and
20 very courteous about supplying me with information and
21 helping me try to understand these proceedings. I still
22 don't understand all of them. But, they've been very
23 helpful.

24 The City's concerns are in two main areas. One
25 is that the line -- the Williams North line -- would limit

1 the eastward expansion of the City. Lake County is one
2 of the, if that "the" fastest growing counties in the
3 State. And the City of Clear Lake is growing fast. The
4 route potentially could cut through an area that we see as
5 a planned development area. And we need that room to
6 expand to be a growing and viable city. Throughout in
7 these link selection areas, there's been a bias against
8 rural lands, undeveloped lands. I can understand that
9 -- the reason why you want to avoid urbanized centers.
10 But, I think an exception should be made for municipalities
11 because, even though it's undeveloped land we do need land
12 to grow to enhance our economic base.

13 Our second concern is that the line potentially
14 will cut through the east side of Quackenbush Mountain,
15 which the County of Lake is currently...it's one of seven
16 sites being studied as a possible airport site. There is
17 an airport within the City of Clear Lake; but they're
18 looking to relocate that. The only site that's in close
19 proximity to the City of Clear Lake is Quackenbush Mountain.
20 And without...the airport is an important part of our local
21 economy. So, if mitigation measures such as undergrounding
22 the line in that area--if it were to go through aren't
23 taken, then we're out of an airport sometime in the future.
24 At least we're out of consideration.

25

1 The other point I wanted to say is that we feel
2 that the Vaca-Dixon alternative should be seriously looked
3 at. I think if the joint owners were serious about caring
4 for the people that have to pay for this, they would look
5 at the Vaca-Dixon alternative because it, as stated before
6 or testified before, there could be savings up to \$100
7 million by going that route. The joint owners have already
8 said they want to go the Williams North route. And they
9 haven't given due consideration to the Vaca-Dixon route.
10 So, I feel that in the AFC process, either they should
11 delete Williams North or certainly keep Vaca-Dixon as an
12 alternative so that both can be considered.

13 I'll try to attend all the meetings in the AFC
14 process and give it my best shot. And I appreciate being
15 able to talk before you today.

16 CHAIRMAN IMBRECHT: Thank you very much.
17 Questions or comments from members of the Commission.
18 Alright, Ms. Schori, do you have anything you would like
19 to add.

20 MS. SCHORI: No. We have no further comments.

21 CHAIRMAN IMBRECHT: Alright, fine. Mr. Ratliff.

22 MR. RATLIFF: I believe we have no further
23 comments. Thank you.

24 CHAIRMAN IMBRECHT: Alright.

25

1 COMMISSIONER GANDARA: I have a question, but
2 no further comment.

3 CHAIRMAN IMBRECHT: Commissioner Gandara. Oh,
4 excuse me....

5 MR. PEREZ: Chairman Imbrecht, I do have....

6 CHAIRMAN IMBRECHT: Before you take your
7 question, let's allow Mr. Perez, on behalf of other members
8 of the public to speak.

9 MR. PEREZ: Exactly. Thank you very much. I
10 am presenting comments and the Secretariat is distributing
11 to you written versions of the comments by the County of
12 Lake on the Committee's final report and proposed decision.
13 They are extensive and I do not want to commence summarizing
14 them for you. A copy has been delivered to the Committee's
15 Hearing Advisor for consideration at next week's meeting.

16 In addition -- and I've also provided a copy of
17 that to the applicant's attorney -- in addition, I've been
18 authorized to make a statement on behalf of Magoon Brothers,
19 Limited who was an intervenor in the proceeding to the
20 effect that the current environmental studies may be out
21 of date if a new line is constructed after 1991 or if
22 reconstruction of the proposed line is proposed especially
23 since termination points are banked. That's a verbatim
24 presentation.

25

1 The final statement is presented for Martin
2 Steiner, representing Geoge Tsakoupolos Development
3 Company. And the statement is that: "We support the
4 Proposed Decision to the extent that it eliminates those
5 Elverta alternatives which would use Link 38-S2."

6 CHAIRMAN IMBRECHT: Commissioner Gandara.

7 COMMISSIONER GANDARA: Yes. Mr. Geringer in his
8 testimony, provided some alternatives which provoked both
9 some questions from you and I. And I was just curious
10 whether the applicant and/or staff who felt quite strongly
11 about their positions earlier really don't have any comment
12 or whether they wish to reserve their comment until some
13 future time. Can we expect some comment on that?

14 CHAIRMAN IMBRECHT: Commissioner Gandara, that's
15 the reason I offered the invitation to them.

16 COMMISSIONER GANDARA: I'll ask it directly,
17 then?

18 MS. SCHORI: I think I'm somewhat unclear as to
19 precisely what Mr. Geringer's offer was, so if you could
20 state for me what exactly it was he was offering as a
21 compromise. I think in my earlier statements, I indicated
22 that we are proposing a schedule. And I outlined the
23 results that would be available within 90 days after the
24 AFC filing. If you wanted to make a revision, that's
25 language we could live with; because that's the schedule

1 we're on right now and we could meet that. And I'm not
2 clear exactly what Mr. Geringer was proposing; because the
3 discussion tended...it seemed to me to be overlapping
4 between the reconstruction alternative scenario and the
5 transmission system evaluation studies, which are two
6 separate issues. We are going to be filing the
7 reconstruction information with the AFC. There's no
8 question we have system information losses. All of that
9 will be in the AFC filing. So reconstruction is not the
10 issue that I was discussing earlier. I was simply
11 discussing system reinforcement mitigation for impacts on
12 other utility systems.

13 CHAIRMAN IMBRECHT: I understood that. My
14 understanding of what he suggested was in essence setting
15 a date certain attached to a preliminary report that would
16 be needed in the AFC as a time for you to come forward
17 with the reinforcement mitigation. I think that probably
18 the best way to handle this, and I'm just going to suggest
19 another alternative to Commissioner Gandara's that we
20 direct our Hearing Advisor to communicate both with Ms.
21 Schori and Mr. Ratliff the remainder of this week and see
22 if there isn't some manner in which this problem can be
23 resolved.

24 Alright, that concludes the testimony on Item
25 No. 5, the proposed decision on the Geothermal Public Power

1 Line. As I indicated earlier, we will be taking this
2 matter up for potential final action on August 13th. And
3 I think, as you have had a brief look at this matter, you
4 can see as I said earlier about some of the many issues
5 that the Committee had to struggle with, and our Advisor
6 did as well in terms of putting this Proposed Decision
7 together. There are no easy or perfect answers. And I
8 have tried to make that clear throughout the matter.

9 Next we will turn to....

10 MR. VALKOSKY: Excuse me, Mr. Chairman. Could
11 I just have one final word on this?

12 CHAIRMAN IMBRECHT: Certainly, Mr. Valkosky.

13 MR. VALKOSKY: I would be interested, in addition
14 to the matter just discussed concerning the timing of the
15 preliminary system reinforcement study, I'd like to know
16 if it is the will of the Commission that there be any
17 further amendments explored at this time so that I could
18 prepare appropriate language in advance of the 13th?

19 CHAIRMAN IMBRECHT: I appreciate you raising
20 that. And actually, I was negligent. I had intended to
21 ask the other members of the Commission to communicate
22 either with you or myself or both before the end of this
23 week as to any issues that were raised today that caused
24 concern and that might necessitate preparation of other
25 documents by the Committee for the meeting. And so, if

1 we could hear from you if you have any concerns by close
2 of business on Friday, that would be greatly appreciated.
3 Okay thank you.

4 COMMISSIONER NOTEWARE: Mr. Chairman, could we
5 have a five-minute recess?

6 CHAIRMAN IMBRECHT: Certainly. At the request
7 of Commissioner Noteware, we'll take about a five-minute
8 recess and we'll reconvene promptly at 3:30.

9 (Whereupon the afternoon session of the Business
10 Meeting of the California Energy Resources Conservation
11 and Development Commission was adjourned for a recess at
12 3:25 PM.)

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L A T E A F T E R N O O N S E S S I O N

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3 VICE CHAIR CROWLEY: How would you like a
4 motion on the consent calendar?

5 CHAIRMAN IMBRECHT: I would love one. Thank
6 you. Item 7, Consent Calendar. Moved by Commissioner
7 Crowley, seconded by Commissioner Noteware that we
8 approve a special computer modeling routine for phase
9 change material, etc. Does anyone wish to be heard on
10 this item? Is there objection to unanimous roll call?
11 Hearing none, ayes: 3, nos: none.

12 Is there objection to approval of the minutes
13 as presented? Hearing none, they are approved as
14 presented.

15 Policy Committees' Reports. Okay. Policy
16 Comittees' Reports: Mr. Ward, we are going to take up
17 the budget...the work plan, I should say.

18 MR. WARD: We are not?

19 CHAIRMAN IMBRECHT/VICE CHAIR CROWLEY: We
20 are.

21 CHAIRMAN IMBRECHT: Commissioners choose not
22 to be present, that's there own choice.

23 VICE CHAIR CROWLEY: Mr. Chairman.

24 CHAIRMAN IMBRECHT: Okay. Well, we're going
25 to do Legislative first? I thought I was going to....

1 VICE CHAIR CROWLEY: Oh, I'm sorry. I
2 thought you just said we'd do....

3 CHAIRMAN IMBRECHT: ...take the prerogative
4 and do Budget.

5 VICE CHAIR CROWLEY: No. That's fine. I
6 thought you just asked me to do it.

7 CHAIRMAN IMBRECHT: No. I'll get to
8 Legislative in a second.

9 VICE CHAIR CROWLEY: Okay.

10 CHAIRMAN IMBRECHT: Excuse me. Can we ask
11 you all to please take your conversations outside. We
12 do have some items remaining that we need to conclude
13 here.

14 Okay. Somewhere in here is work plan
15 documents. Where are the work plan documents, Mr.
16 Ward?

17 MR. WARD: I had told my staff not to
18 anticipate doing Budget by virtue of the conversation I
19 had with you at the break. But, I'm reconciling that
20 right not. So, if you could go to Legislative Policy
21 Committee, then we will....

22 CHAIRMAN IMBRECHT: Alright, fine. Let's go
23 to Legislative.

24 VICE CHAIR CROWLEY: It's not easy. Mr.
25 Chairman, we have two bills at this time for our

1 consideration: AB 924, by Assemblyman Costa. It is
2 the solar and energy conservation tax credit measure.
3 And our recommendation is: support with the amendments
4 that are spoken to at the end of the discussion. It
5 has been.... The bill has been folded into the Senate
6 Bill 243; but the points that are made in 924 are
7 included in 243. And thus, the comment on "support
8 with amendments" is valid.

9 CHAIRMAN IMBRECHT: Fine. It's a revenue
10 neutral bill, consistent with the legislation signed by
11 the Governor. Is there objection to the Committee's
12 recommendation? Alright. That's ayes: 3, nos: none
13 -- support with amendments as specified. SB 1170.

14 VICE CHAIR CROWLEY: SB 1170 is a bond act
15 and involves a two-year bill that would put a measure
16 on the ballot regarding sale of up to \$500 million
17 worth of geo bonds for State resource recovery. And we
18 had comments on the bill even though at this point it
19 is being held, pending a study. We want the members of
20 the Commission to be aware of this and to kind of take
21 a look at it so that we will be able to deal with the
22 various issues that it brings forth. But there is no
23 vote to be taken at this time on it. But we did think
24 it was important enough to call it to your attention.

25

1 MR. ELLISON: Mr. Chairman, I have a brief
2 update on this measure.

3 CHAIRMAN IMBRECHT: Fine. Mr. Ellison.

4 MR. ELLISON: They have obtained a rule
5 waiver on this measure. And so, it's currently alive
6 as a one-year bill. And our recommendation would be to
7 treat this measure in the same fashion that the Natural
8 Resources Committee of the Assembly has dealt with a
9 companion measure--Assembly Bill 937--which is to make
10 it a two-year bill and await the results of the study
11 that that Committee has asked this Commission to
12 perform.

13 For that reason, I would ask that the
14 Commission vote a position on this measure based on the
15 analysis. The position is the same as that represented
16 in the analysis. The only difference is that the
17 Legislature has not, as we thought, already taken the
18 action of making this a two-year bill.

19 CHAIRMAN IMBRECHT: That's fine. I have no
20 objections to that. Although, I would note, since it
21 is still in the house of origin that even with that
22 rule waiver, Assemblyman's share in essence has or will
23 ultimately, (assuming the bill comes out) the Senate
24 has control over it. So, I think it's largely a moot
25 issue unless Senator Campbell were in some fashion able

1 to persuade the Speaker and others to discharge the
2 bill from his committee, which I think is slim to none
3 in terms of possibility. But I have no objection to
4 taking that position.

5 I just would also note for your interest
6 Commissioner Noteware that there are two major bonding
7 authorities already that have authority to finance
8 these projects. And one of our concerns is whether in
9 fact there is indeed a demonstrated need for yet a
10 third bond issuance.

11 COMMISSIONER NOTEWARE: Yeah. I understand.
12 And I can see that there probably is no need for it.
13 But I don't like to see us take a position in
14 opposition to.

15 CHAIRMAN IMBRECHT: Excuse me. I'm sorry.
16 That's not what you're recommending, is it?

17 VICE CHAIR CROWLEY: No. In fact, there....

18 MR. ELLISON: No. We're simply recommending
19 that the bill be put over for further study.

20 COMMISSIONER NOTEWARE: Okay. OGA
21 recommendation here is an oppose position. I....

22 CHAIRMAN IMBRECHT: I see what you're talking
23 about. Well, this is to uphold the Legislative
24 Committee position.

25

1 VICE CHAIR CROWLEY: The Committee suggested
2 that this bill be held, pending results of Assembly
3 Natural Resources Study in the Fall. And I do think it
4 would be appropriate if we hear what transpires on the
5 18th in the Senate Committee on the matter in
6 Appropriations...19th. Excuse me. But other than
7 that, I think our sense was simply to hold it and keep
8 an eye on it.

9 COMMISSIONER NOTEWARE: I agree that's the
10 way to go.

11 CHAIRMAN IMBRECHT: Okay, fine. Without
12 objection, ayes: 3, nos: none. That is the position.

13 Now turning to the report of the Budget
14 Committee, you have before you a summary of our three
15 long deliberations on work plans, all of which resulted
16 in the net movement of one personnel year from the
17 Development Division to the Conservation Division. The
18 purposes of that are principally to augment load
19 management activities within the Conservation Division.

20 In terms of any other shifts, I think the
21 only other one of significance -- and Mr. Smith can
22 correct me -- is within the Assessments Division, the
23 transfer of .7 PY from the Fuels Office to the Systems
24 Office to be assigned to out of state power and .3 of a
25 PY in Systems, originally allocated to regional system

1 integration analysis (I think is the description) be
2 reallocated to out of state power since the issues are
3 largely overlapping in nature.

4 MR. SMITH: Basically increasing the
5 resources for out-of-state power within the Systems
6 Office and consolidating all of the work within
7 Assessments Division on out-of-state power within that
8 single office.

9 CHAIRMAN IMBRECHT: ...within the Systems
10 Office, rather than allocations between two separate
11 offices in the same division.

12 MR. SMITH: Right.

13 CHAIRMAN IMBRECHT: And in addition, the
14 approval of contract for the inter-relationship of
15 natural gas prices and electricity which further
16 offsets .3 of a PY being taken from the Fuels Office
17 with...which would, as a practical matter result in a
18 reduction of .4 of a PY from the Fuels Office, but
19 which, in turn, would translate into in essence a 1 PY
20 augmentation of systems throughout the State.

21 In addition, we have decided to also
22 eliminate certain existing or anticipated functions in
23 the General Counsel's Office in order to dedicate an
24 additional PY to a hearing advisor position in
25 anticipation (or reflection, I should say) of our

1 existing siting workload and in anticipation of that
2 which we understand is likely to be filed in the near
3 future so that we will then have four hearing advisors
4 to work on the siting workload for the Commission.

5 I believe those are the sum and substance
6 of....

7 MR. WARD: I think that's correct. Mr.
8 Chairman, let me.... I feel compelled to clarify
9 Commissioner Commons' position. I informed his advisor
10 that we weren't going to be taking up Budget. And, at
11 his direction, she was going to read into the record a
12 memo; and it's dated August 7, 1985, to all
13 Commissioners and the Executive Director, signed for
14 Geoff, by Rosella Shapiro.

15 The concern here is primarily the load
16 management issue. He discusses what was originally
17 built into the Conservation Program (load management
18 effort) with an expanded number of PYs in to the
19 Conservation that had originally been proposed and was
20 subsequently not approved by the Budget Committee in
21 total. He feels very strongly that load management is
22 of critical importance. And this is an issue that has
23 been ongoing with him, as we're all well aware. And
24 basically feels that if we are not going to re-direct
25 staffing to, at a minimum, the baseline level, that we

1 ought to consider abandoning our load management
2 efforts and transferring those functions to the Public
3 Utilities Commission.

4 And I hope that accurately characterizes his
5 memo.

6 MR. SMITH: I think we'd want to point out
7 for the record that the recommendation of Executive
8 Office concurred in with...by the Budget Committee was
9 to augment how the work in Load Management by one PY
10 transferred from Development Division into Conservation
11 Division, because we are sensitive to the issue that
12 he's raising.

13 VICE CHAIR CROWLEY: I would like to explain
14 to Commissioner Noteware, if I may, that that was
15 discussed by the Commissioners involved with Loans &
16 Grants because it involved the 771 Program of biomass
17 R&D. And it was our belief that there are fourteen
18 projects in that arena at this time, and that we could
19 well defer a cycle and utilize the one PY in
20 conservation. So, we felt that was appropriate.

21 CHAIRMAN IMBRECHT: One other thing. I think
22 there is a gross inaccuracy in this memorandum that I
23 think also needs to be corrected just to set the record
24 straight. Unless I am wrong, what's represented here
25 is by mid-July, the Load Management Committee had come

1 to an agreement with staff and the Executive Office on
2 a work plan that would accomplish many of those tasks-
3 -referring to Load Management. That plan allocated 9.6
4 baseline PY within the Commission to do load management
5 work and then the representation is made that that fell
6 to two. To the best of my knowledge, there was never
7 any agreement between the Executive Office and the
8 Committee to allocate 9.6 additional PY to load
9 management.

10 MR. WARD: No. There was not.... And in
11 fact, I think with all Commissioners, the Executive
12 Office did not commit to any agreements. It's the
13 Budget Committee, as the policy committee that oversees
14 the budget. And we brought those issues before the
15 Budget Committee appropriately. I think there were
16 discussions with the division about the work that could
17 be accomplished with various levels of staffing in the
18 Conservation Division. Okay? So.... But, those were
19 not, based on any preconceived agreement or something
20 that we felt a commitment to in terms of representation
21 of the budget before the Budget Policy Committee.

22 CHAIRMAN IMBRECHT: The issue has been
23 debated indepth. And the obvious question is: If
24 you're going to add nearly 10 PY to Load Management,
25 from where to they come? And any such re-allocations

1 in turn means significant negotiations and problems
2 with other members of the Commission and other
3 Committee assignments, etc. as evidenced by the
4 difficulty we even had in finding the one PY in
5 development to be transferred to Conservation.

6 MR. WARD: I would add, Mr. Chairman, one
7 other thing. One of the things I think we've learned
8 through this process relative to Conservation is the
9 sheer number of policy committees that Conservation, as
10 a division, is divided to reporting probably ought to
11 be re-addressed in January during committee issues
12 -- when the committee issues are discussed.

13 CHAIRMAN IMBRECHT: I think that's a very
14 good recommendation.

15 VICE CHAIR CROWLEY: Excellent.

16 CHAIRMAN IMBRECHT: Although, I think you
17 also know the history of that.

18 MR. WARD: I understand the history. I'm
19 just pointing out the problem.

20 CHAIRMAN IMBRECHT: I understand. Alright.
21 I will move. And I assume Commissioner Crowley will
22 second, as the Second Member of the Budget Committee
23 -- that we adopt the work plan as presented. The
24 motion's properly before us. There's one final comment
25 and that is, it is our intention to re-visit some of

1 these issues at the first quarter when we are in a
2 better position to fully assess what the siting
3 workload is, and moreover, the necessity of moving some
4 of the Loan & Grant programs that have in essence been
5 deferred -- not cancelled. But, I think it's important
6 to get the semantics correct on that, as well.

7 Does anyone else wish to be heard on this
8 item? Is there objection to unanimous roll call?
9 Hearing none, ayes: 3, nos: none, the work plans are
10 adopted as presented.

11 That leaves us with General Counsel's....
12 Are there further Committee Policy Reports? General
13 Counsel?

14 MR. WHEATLAND: Nods -- No.

15 CHAIRMAN IMBRECHT: Nothing. Executive
16 Director?

17 MR. WARD: Yes. I have an item for Executive
18 Session. It will take about two minutes, at the most.

19 CHAIRMAN IMBRECHT: Personnel or litigation?

20 MR. WARD: It's potential litigation. And I
21 would like John to be there, as well. Because we may
22 need his advise.

23 CHAIRMAN IMBRECHT: Recess, then, for
24 Executive Session, in a moment. Does any member of the
25 public wish to address the Commission?

REPORTER'S CERTIFICATE

1
2 THIS IS TO CERTIFY that I, Dawn Lofton, have
3 duly reported the foregoing proceedings which were had
4 and taken in Sacramento, California, on Wednesday,
5 August 7, 1985, and that the foregoing pages constitute
6 a true, complete and accurate transcription of the
7 aforementioned proceedings.

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

11
12 
13 Reporter

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15 Dated this 22th day of August, 1985.
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