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Date: 8/8/2007 11:44 PM
Subject: AESop is spinning to you

Dear California Energy Commission:

Hello again. My name is Herman Hilkey, GT resident for 20+ years and City Council Member for 16 years ending last fall. Please listen closely, this won't take long. For 20 years myself and other parents have been working toward a High School in our town. The Colton Joint Unified School District has been working on a High School in this part of this large District for a little less than 20 years and extensively for the last 10 years when we passed a bond to build a new High School. If AESop gets to you, and is permitted to build on the old Highgrove site we lose the High School. That's what it is all about to most of us in GT.

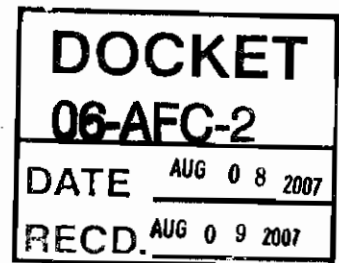
School Board Members are too close to us every day to risk the question of "Who in their right mind built a High School next to a power plant?" There are other better places in our City and closer to the the BIG Edison PX terminal in GT. Please don't take our hope of a High School away. Please

We are all big people now and you know AESop is spinning this. I'm going to give you a firm footing to do what is right for a small town. A couple of insights are: 1) AESop uses flamboyant friendly language when they really want something from YOU:

1) AESop told the GT City Council that the CEC wanted to hear from us and CEC would "come after us for comment" and that we would all be personally invited to meetings. At that time when I was on the Council and opposed to the plant, I was not personally invited and was not even notified of the first meetings. I found out about the first two meetings to be held IN RIVERSIDE COUNTY AT 2:00 PM (during most workdays) not from AES nor CEC but from a phone call from a friend in Highgrove because the notice was in the Highgrove Happenings Newspaper. Immediately I contacted Tom Schwab and expressed my concerns about meetings not being in this city and not even in this county. My statement about AES's misstatements from the very first is my effort to bring to everyone's attention that the things AES promised our City Council that first night HAS NOT, WILL NOT, AND WILL NEVER come to fruition. People who misstate little things (you will be personally invited, you do have say in the process), misstate about big things. The only reason that the meetings have been moved to Grand Terrace is because of my aggressive complaints to CEC.

2) AESop tells little white lies or re-defines or spins words like operational:

2) AESop claims that the old power plant was operational until 2001 and may be started up again. This is bull. The plant has not been fully operational since I have been on the Council. There may have been some



activity that AESop is calling OPERATIONAL, but that plant has not been fully operational for years. The Grand Terrace City Council was told by Tom Schwab years ago that it was "de-commissioned" and will never be used again. AESop needs the status as "operational" for a foot in the door to continue its application and to use as a threat to Grand Terrace. It hasn't been fully operational for 10 to 15 years; it is just an AESop way of trickery toward the City and CEC for their personal gain. I have included below CEC documents of that "Stand-by" status and was not "operational."

This DIRECT QUOTE is taken from the CEC web site from 1998 and 1999:

On April 1, 1998, SCE sold its Highgrove Generating Station to Thermo Ecotek, which renamed it, Riverside Canal. At the owner's request, the plant was placed in a standby status and SCE personnel vacated the site in 1998. The plant did not operate during the summer of 1998. However, SCE staffed and operated the plant, at the owner's request and on behalf of the owner, for several months during the summer of 1999 under an Operating and Maintenance (O&M) Agreement with Thermo Ecotek. Subsequently, the facility was again returned to standby status and SCE personnel again vacated the site.

Because the Riverside Canal plant is not currently operating and Thermo Ecotek does not intend to operate it this summer, SCE believes its proposal would provide additional power to the California electricity market and would not displace any generation currently bid into the CALPX market. Therefore, SCE asserts the lease would be consistent with the Commission's Preferred Policy Decision, Decision No. 95-12-063, as modified by Decision No. 96-01-009, and would not violate the buy/sell requirement of the Preferred Policy Decision. SCE recommends that any additional regulatory review caused by this lease should be minimal.

In its comments, Dynegy states that SCE's request does not go far enough to provide SCE incentives to be a full market participant like Dynegy or any other merchant generator. Dynegy recommends that SCE should not be required to track the costs and revenues associated with operating the plant in a memorandum account. SCE should be free to decide how the proceeds should be distributed, e.g. transition cost recovery or dividends to shareholders.

Similarly, SCE should bear the risks associated with potential losses. Dynegy claims its proposal has the dual benefits of reducing regulatory oversight and providing SCE market signals as the basis for its decision-making process.

Dynegy notes AL 1468-E is silent on the issue of bidding power into the PX Block- forward market. It requests the Commission clarify that SCE is permitted to sell power in the PX Block- forward market.

Dynegy acknowledges that SCE's proposal poses the difficult policy decision of whether the shift of all risks to SCE's ratepayers is offset by the benefit of the incremental availability of power. Dynegy believes that its recommendations would increase the liquidity of the market, benefit all participants, and are better than regulatory-based rules because they rely on market-based choices.

In response to Dynegy , SCE states that under the Preferred Policy

Decision, it is obligated to sell all of its generation output to the CALPX and to track the costs and revenues associated with that production. Net revenues are then credited towards SCE's transition costs. If SCE is to operate the Riverside Canal generating facilities, a memorandum account is needed to track its costs and revenues.

With respect to recovery of losses, SCE responds that the approval of the memorandum account does not mean a guaranteed recovery of losses. SCE states it may seek to recover the losses and entries in the account would be reviewed for reasonableness in the Annual Transition Cost Proceeding (ATCP). There is no guarantee that the excess costs would be found reasonable in the ATCP. SCE, however, adds that it should not be at risk for excess costs because its proposal is a voluntary temporary action to provide capacity during the summer which would reduce the likelihood of Stage II and II Emergencies to the benefit of all California.

SCE does not object to Dynegy's request for clarification that SCE be allowed to sell the output of the Riverside Canal facility to CALPX Block-forward markets. SCE indicated that it is unlikely to sell Riverside Canal's power to the Block -forward market because it does not intend to operate the facility for a protracted period of time. (Herman's obvious; how can it be 'operational' if the personnel were vacated)

The big issues are yet to come: 3) low level noise can not be contained and will travel to the High School Classrooms.

4) The combined risks of Ammonia leaks , natural gas explosions next to a High School, acid baths of towers next to a High School, un-containable low frquency noise level and 5) the distruction of a 10 year long effort to build a High School in the small town of Grand Terrace is destroyed by AESop, Worl, Chandler, Pfannenstiel, Byron and Kramer.

Please don't let ASEop put you in that spot. Herman Hilkey