

(a) Fresh Inland Water

Following is a summary of staff's testimony explaining why staff concludes the proposed cooling water is "fresh inland water." The State Water Resources Control Board in Resolution 75-58 defines brackish waters as "all waters with a salinity range of 1,000 to 30,000 mg/l and a chloride range of 250-12,000 mg/l" and fresh inland waters as those "which are suitable for use as a source of domestic, municipal, or agricultural water supply and which provide habitat for fish and wildlife", (emphasis added).

The State Water Resources Control Board Resolution 88-63 defines suitability of sources of drinking water. Pursuant to that Resolution, the total dissolved solids must exceed 3,000 mg/l for water not to be considered suitable, or potentially suitable, for municipal or domestic water supply. Staff's testimony is that the confined aquifer contains a TDS level of 820-1100 mg/l with a concentration of chloride at 47 mg/l. Therefore, the water is considered "fresh inland water," when the State Water Resources Control Board's definition is applied.

(b) Cost of Water Treatment

As for the cost of treatment for the water from the upper semi-confined aquifer, staff's testimony will show that a filtration system capable of processing the semi-confined aquifer water in the required quantities would cost \$4,912,000.00 for installation and have an annual operational cost of \$468,000.00. PEC estimates such a system would cost \$12,000,000.00 for installation with an annual operational cost of \$2,930,375.00. Under staff's proposal, the installation cost is not "economically unsound" in that it would be 1.5% of the estimated \$263,000,000.00 in capital costs for the entire facility. The primary reason for the difference is PEC's choice of technology, lime and soda ash softening verses staffs' proposed nano-filtration.

4. Staff's Witnesses, their Topic Areas, Qualifications, and Time for Direct

The staff witnesses for the contested area include: Somer Goulet, M.S.E.L., Linda D. Bond, P.G., John Kessler, P.E., and Richard Anderson. Witness qualifications can be found at the end of the FSA. Staff plans to conduct direct examination of the witnesses as a panel. It is estimated the direct examination will take about twenty minutes. PEC has indicated it will be sponsoring the San Joaquin Valley Air Pollution Control District's Determination of Compliance.

5. Topic Areas for Cross Examination, Summary of Cross, and Time Requested

Applicant has yet to file any testimony, but staff anticipates cross-examining witnesses on the subject of fresh water and water filtration systems. Staff estimates cross-examination will take twenty minutes.

6. Exhibits and Declarations

Staff will offer the FSA as exhibit 100.

7. Proposal for Additional Hearings

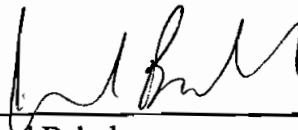
Currently there are no proposed additional hearings. If necessary, staff proposes October 31, 2007, as the due date for any post hearing briefs, provided transcripts from the Evidentiary Hearing are available.

8. Changes to Proposed Conditions of Certification

Currently there are no proposed changes to the conditions of certification found in the final staff assessment.

Date: September 28, 2007

Respectfully submitted,



Jared Babula
Attorney for Commission Staff

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

In the Matter of:)	DOCKET No. 06-AFC-5
)	
Modification of the Certification)	PROOF OF SERVICE
for the PANOCHÉ ENERGY CENTER)	(Revised 07/12/2007)
_____)	

INSTRUCTIONS: All parties shall 1) send an original signed document plus 12 copies OR 2) mail one original signed copy AND e-mail the document to the web address below, AND 3) all parties shall also send a printed OR electronic copy of the documents that shall include a proof of service declaration to each of the individuals on the proof of service:

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DECLARATION OF SERVICE

I, Julie Mumme, declare that on September 28, 2007, I deposited copies of the attached Staff's Prehearing Conference Statement in the United States mail at Sacramento, CA with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

I declare under penalty of perjury that the foregoing is true and correct.



Julie Mumme