PUBLIC INFORMATIONAL HEARING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of the: Application for Small Power Plant
Exemption for the Santa Clara SC-1 Data Center Project

Docket No. 11-SPPE-01

SANTA CLARA FIRE TRAINING CENTER
1900 WALSH AVENUE
SANTA CLARA, CALIFORNIA

THURSDAY, JANUARY 26, 2012
12:30 p.m.

Reported by:
Richard Friant
Contract No. 170-09-002
COMMITTEE MEMBERS PRESENT
Karen Douglas, Presiding Member

HEARING OFFICER, ADVISORS PRESENT
Kenneth Celli, Hearing Officer
Eileen Allen, Technical Advisor on Siting
Jim Bartridge, Advisor to Commissioner Peterman (via WebEx)
Galen Lemei, Advisor to Commissioner Douglas
Jennifer Nelson, Advisor to Commissioner Douglas

CEC STAFF AND CONSULTANTS PRESENT
Arlene Ichien, Staff Counsel
Robert Worl, Project Manager
Chris Davis
Geoffrey Lesh

OFFICE OF THE PUBLIC ADVISER
Jennifer Jennings, Public Adviser

APPLICANT
Monica Schwebs, of Counsel
Sarah Barker-Ball
Bingham McCutcheon
Richard Waddle
DuPont Fabros
Ted Hellewell
Mark Fisher
Santa Clara SC-1 Data Center
Nora H. Monette
INTERVENORS
None

ALSO PRESENT
Payal Bhagat
City of Santa Clara

Mike Ryan
City of Santa Clara
# INDEX

<table>
<thead>
<tr>
<th>Proceedings</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introductions</td>
<td>1</td>
</tr>
<tr>
<td>Introduction to the Process</td>
<td>4</td>
</tr>
<tr>
<td>Hearing Officer Celli</td>
<td></td>
</tr>
<tr>
<td>Public Adviser's Presentation</td>
<td>10</td>
</tr>
<tr>
<td>Jennifer Jennings, Public Adviser</td>
<td></td>
</tr>
<tr>
<td>Presentations by the Parties</td>
<td></td>
</tr>
<tr>
<td>Applicant - Nora Monette</td>
<td>13</td>
</tr>
<tr>
<td>CEC Staff - Robert Worl</td>
<td>24</td>
</tr>
<tr>
<td>Proposed Schedule</td>
<td>29</td>
</tr>
<tr>
<td>Discussion Regarding Evidentiary Hearing</td>
<td>33</td>
</tr>
<tr>
<td>Opportunity for Public Comment</td>
<td>39</td>
</tr>
<tr>
<td>Closing Remarks</td>
<td>40</td>
</tr>
<tr>
<td>Adjournment</td>
<td>41</td>
</tr>
<tr>
<td>Reporter's Certificate</td>
<td>42</td>
</tr>
</tbody>
</table>
PROCEEDINGS

12:35 p.m.

PRESIDING MEMBER DOUGLAS: Good afternoon. We are here for this informational hearing and site visit for the Santa Clara Data Center Phase 2 Project. I'm just looking to make sure everybody's ready. We are missing staff.

HEARING OFFICER CELLI: We are waiting for Bob Worl. Bob, we're ready to begin.

MR. WORL: Right here.

HEARING OFFICER CELLI: Who is the attorney?

PRESIDING MEMBER DOUGLAS: Who is the attorney for staff, Arlene?

MR. WORL: Arlene is here somewhere.

PRESIDING MEMBER DOUGLAS: That's fine.

MR. WORL: Arlene Ichien. And also Dick Ratliff is the other attorney assigned to the case.

PRESIDING MEMBER DOUGLAS: All right. To get that on the record the attorneys for staff are Arlene Ichien and Dick Ratliff.

The Energy Commission has assigned a committee of two commissioners to conduct these proceedings and before we begin I'd like to introduce the committee. My name is Karen Douglas, I am the Presiding Commissioner on this case. The Associate Member was not able to be here today but her advisor, Jim Bartridge, is on WebEx. To my left --
ADVISOR BARTRIDGE: Good afternoon.

PRESIDING MEMBER DOUGLAS: Thank you, Jim. To my
left is Ken Celli, our Hearing Officer. To his left Eileen
Allen, a technical advisor on siting for the Commissioners.
On my right Galen Lemei. And sitting as if she were a
member of staff and yet not quite is my other adviser,
Jennifer Nelson.

I would like at this point -- I guess first of all
to thank Mike Ryan, the fire chief for the City of Santa
Clara, is that correct?

MR. RYAN: I'm a battalion chief, not the fire
chief.

PRESIDING MEMBER DOUGLAS: Ah, battalion chief for
the City of Santa Clara; I gave him a promotion.

MR. RYAN: Thank you.

PRESIDING MEMBER DOUGLAS: He appreciates it. For
the use of this facility.

At this point let me ask applicant if you could
introduce yourselves for the record.

MR. HELLEWELL: Yes. This is Ted Hellewell,
Director of Operations.

MR. WADDLE: Rick Waddle, Director of Construction
for DuPont Fabros.

MS. MONETTE: My name is Nora Monette, I'm with
David Powers and Associates, applicant's consultant,
environmental consultant.

  MS. SCHWEBS:  I'll have to speak loudly.  I'm  
  Monica Schwebs from Bingham McCutcheon, counsel for DuPont  
  Fabros.  
  
  PRESIDING MEMBER DOUGLAS:  So we heard Monica  
  Schwebs, counsel for DuPont Fabros.  
  
  MR. FISHER:  Mark Fisher, Mechanical Manager at  
  DuPont Fabros.  
  
  PRESIDING MEMBER DOUGLAS:  And Mark Fisher,  
  Mechanical Manager?  
  
  MR. FISHER:  Yes.  
  
  PRESIDING MEMBER DOUGLAS:  At DuPont Fabros.  
  
  And for staff, please?  
  
  MR. WORL:  My name is Robert Worl, Bob Worl.  I'm  
  the project manager for this project at the Energy  
  Commission.  And to my right is Arlene Ichien, she is the  
  attorney for the case.  Also Dick Ratliff is assigned to the  
  case as well as a counsel.  Also we brought with us the  
  Office Manager, Chris Davis, and Geoff Lesh, one of the  
  engineering staff.  Geoff is working on this case and Chris  
  is working on me.  
  
  (Laughter.)  
  
  PRESIDING MEMBER DOUGLAS:  Thank you.  I  
  understand we have -- I met the representative of the City  
  of Santa Clara, Payal Bhagat, so thank you for being here.
Are there any other representatives of federal, state or local government agencies here today?

It doesn't look like it, okay. I'd like to introduce the Public Adviser, Jennifer Jennings, in the gray jacket and red shirt. So she'll be able to assist members of the public who are interested in participating in this process.

And with that I'd like to turn this over to Ken Celli to give us some procedural background.

HEARING OFFICER CELLI: Thank you. Can you all hear me okay? Because I can yell. I'm going to give you a little procedural background.

Xeres, that's X-E-R-E-S, Xeres Ventures, LLC, a wholly-owned subsidiary of DuPont Fabros Technologies, who is the applicant in this case, submitted an application with the Energy Commission to obtain an exemption from the Energy Commission's usual power plant siting certification process to construct and operate the Santa Clara SC-1 Data Center Phase 2 at 555 Reed Street, Santa Clara, California.

Xeres Ventures proposes to install 16 diesel-fueled backup generators at the data center in addition to the existing 16 permitted diesel-fueled backup generators recently installed at the data center located in an industrial area in the city and county of Santa Clara, California. Each backup generator will have a capacity to...
generate 2.25 megawatts.

The purposes of today's hearing are to provide information about the proposed plant, to describe the Commission's process in reviewing the application and to provide information on opportunities to participate in the process.

Later in the hearing the Public Adviser's Office, Jennifer Jennings who you have met, will explain how the public can obtain information about the project and how to participate and offer comments during this review process.

Ms. Jennings will also explain how to intervene as a formal party should anybody wish to present evidence and cross-examine witnesses.

The applicant conducted a site visit so that the public could see the location where the project is proposed to be built. That took place immediately before our commencing this informational hearing this morning around noon-time today, and concluded prior to this informational hearing.

The California Energy Commission is a state agency that has exclusive jurisdiction to license, or as we say, certify, new power plants that generate 50 megawatts of electricity or more. Under state law, power plants with a generating capacity of up to 100 megawatts may be exempted from the Energy Commission's certification process if the
Energy Commission determines a project proposal qualifies for such an exemption.

The Small Power Plant Exemption, or today you're going to hear us talking about an SPPE all day long, that's Small Power Plant Exemption. The SPPE review process provides a public forum to participate in the Energy Commission's evaluation of the project's eligibility for an exemption under Public Resources Code Section 25541.

To qualify for a Small Power Plant Exemption the Commission must find that no substantial adverse impact upon the environment or energy resources will result from construction or operation of the proposed power plant. In other words, in this SPPE process the Commission does not determine whether to license a proposed project but instead determines whether and under what circumstances and conditions the project can qualify for an exemption from the state's normal licensing process.

If an exemption is granted the proposed Santa Clara Data Center Project will still need to secure appropriate licenses and permits from the various local, state and federal agencies, which may have jurisdiction over the components of this project.

On November 21st, 2011 the Energy Commission began a review of the SPPE for the Santa Clara SC-1 Data Center Phase 2 under the provisions, as we said, of Public
Resources Code Section 25541, which governs Small Power Plant Exemptions.

There we go. You should be looking at a Schedule of Events. The Committee will conduct an evidentiary hearing here at the Santa Clara Fire Training Center on February 22nd, 2012, next month. Also on February 22nd, 2012, that will be the last day for public agencies to submit comments for the Energy Commission to consider.

Each party's evidence must be served on all other parties, the Hearing Office and Dockets by close of business on February 13th, 2012.

Within 21 days of the publication of the Proposed Decision, which is now set for March 28th, 2012, the full Commission will hear final argument and then adopt or amend the Proposed Decision. Monica, do you need me to leave this up for a moment?

MR. SCHWEBS: Fine.

HEARING OFFICER CELLI: Okay. So this is the schedule we intend to keep.

The Committee's small power plant review incorporates requirements equivalent to those used for an initial study under the California Environmental Quality Act, or CEQA, and examines the relevant engineering and environmental aspects of the proposed project. In our process every meeting, hearing or other event sponsored by
the Commission must be noticed and open to the public and must allow the public to comment and participate. Members of the public will have ample opportunity to make their points of view known and to comment upon this proposed project. We're going to have time to do that later; and I'm happy to say we have members of the public here today.

All decisions made in this case, including whatever the final recommendations are, must be made solely on the basis of the public record. To ensure that this happens and to preserve the integrity of the Commission's process, Commission regulations and the California Administrative Procedures Act expressly prohibits off-the-record contacts concerning substantive matters between interested parties to the proceeding and the Commissioners, their advisors and the hearing advisor.

This prohibition against off-the-record communications between the parties and the Committee is known as the ex parte rule. This means that all contacts between the parties and the Committee regarding a substantive matter must occur in the context of a public discussion such as today's event, or in the form of written communication that is distributed to all of the parties. The purpose of the ex parte rule is to provide full disclosure to all participants of any information that may be used as a basis for a future decision on this project.
Additional opportunities for the parties and governmental agencies to discuss substantive issues with the public will occur in public workshops to be held by the Commission's staff at locations possibly here in Santa Clara and elsewhere.

Information regarding other communications between the parties and governmental agencies is contained in written reports or letters that summarize such communications. These reports and letters are distributed to the parties and are made available to the public.

Information regarding hearing dates and other events in this proceeding will also be available on the Commission's website. And Ms. Jennings will talk to you a little more about the website itself.

The application for a small power plant exemption process is a public proceeding in which members of the public and interested organizations are encouraged to actively participate and express their views on matters relevant to the proposed project. The Committee is interested in hearing from the community on any aspect of this project. Members of the public are also eligible to intervene in the proceeding. And if there are potential intervenors we encourage you to intervene as soon as possible to allow for full participation.

During the course of today's hearing we will
proceed in the following manner. First we will ask the
Public Adviser's representative, Jennifer Jennings, who is
the Public Adviser, to explain the public participation
process and to also provide an update on their efforts to
contact local residents and other interested groups and
organizations regarding this proceeding.

Following this we will then ask the applicant and
staff to make their respective presentations. These will,
in turn, be followed by comments and questions from the
public or agencies present. This will be a somewhat
informal process. We will provide time at the end of each
presentation for parties or members of the public to ask
questions today.

Following these informational presentations we
will turn to a discussion of scheduling and other matters
such as proposed evidence and witnesses, pending issues or
other papers filed by applicant and staff.

And before we begin I just want to know if there
is any question with regard to the way we are going to flow
as to the agenda today?

No questions? Seeing no questions then let's move
on to Jennifer Jennings, who is the Public Adviser.

MS. JENNINGS: Thank you. Welcome, everybody. I
am Jennifer Jennings, the Public Adviser for the California
Energy Commission. Next slide, please.
I am appointed by the Governor. I am an attorney and my duties are to help the public understand the process, recommend the best ways for the members of the public to be involved and also to assist in participation in Energy Commission proceedings.

There are two forms of public involvement in Energy Commission proceedings. The first is the informal participation. Public comments are welcome at every proceeding, either orally or in writing. And those comments are considered by the Commissioners and become part of the record. But they are not considered evidence, per se, under our current regulations and they cannot be the sole basis of a decision. Next slide.

The second level of participation, as referred to by Hearing Officer Celli, and that's becoming an intervenor. In order to become an intervenor you first file a Petition to Intervene. Those petitions are available on our website; you just fill out the form. The petition is then considered by the Committee considering the project, which in this case is Commissioners Douglas and Peterman.

And if approved you become a party to the proceeding and at that point you have the same rights and responsibilities as other parties. You can cross-examine witnesses at the hearings, both witnesses from the applicant and Commission staff witnesses. You do not have to be an
attorney to intervene. My office, myself and others in my office are available to help you both file the petition and to participate in the process once the hearings begin.

Things to do involve signing up to receive notices of upcoming events. That's available on our list serve on the Internet. If you do not have access to the Internet we can also assist with that.

You can submit written comments, provide oral comments, attend all public events, either in person, by WebEx or by conference call.

We do have assistance for those who do not speak English and we can provide accommodations for people with disabilities. Next.

The most important thing is to become, if you have Internet access, is to become familiar with our web presence on the projects. On the Commission's home page about halfway down there is a bar saying "Information About." The center bar refers to the power plant projects under review. If you click that and you go down to the Santa Clara SPPE link, you'll come to the page for this particular project.

The left hand column gives you all the possibilities for public participation. The right hand column, you can sign up for the list serve. And when you're on the list serve you will receive everything that is posted to the website regarding the project.
This is our contact information. Both myself and Lynn Sadler, the Assistant Public Adviser, are available at any time. Any contacts with staff that you're concerned about, you're welcome to call us. Any information that you need we will connect you with the right people. So please either call or email at any time. Thank you.

HEARING OFFICER CELLI: Thank you, Jennifer Jennings. I am just going to say to the members of the public who are here, it's great to have Jennifer. She is a great resource so I encourage you to use her.

Next let's hear from the applicant. The applicant would like to describe the project. So, Ms. Monette, please.

MS. MONETTE: Thank you, Hearing Officer Celli. My name is Nora Monette, I'm with David Powers & Associates, and we're assisting the applicant with environmental issues regarding the application. Again, this is the Santa Clara SC-1 Data Center Phase 2 application for a small power plant exemption.

As was mentioned earlier, DuPont Fabros staff is here and available for questions. And the staff includes Rick Waddle, Director of Construction, Ted Hellewell, Director of Operations of the Santa Clara SC-1 Data Center, Mark Fisher, Central Manager at the Santa Clara SC-1 Data Center, Monica Schwebs of Bingham McCutcheon, counsel for
the applicant, and also Sarah Barker-Ball, also from Bingham McCutcheon.

I'll start by going over a little background on Phase 2 and what I'm going to cover.

It is an existing data center and we'll take a look at some photos of the existing uses. There has been some regulatory permits issued by local and regional agencies and we'll go over those briefly. Then we'll go over the modifications under Phase 2 and also some of the incremental, environmental effects of the buildout of Phase 2 with the data center.

Today, both the City of Santa Clara and the Bay Area Air Quality Management District have undertaken environmental review as part of their permitting processes and have included conditions in their permits.

The Bay Area Air Quality Management permit to construct includes provisions on the allowed number of hours of reliability testing for backup generators and also a requirement that the California Energy Commission is satisfied regarding their regulations for facilities with power generation capacity of 50 megawatts or greater. The condition in the BAAQMD permit is the driver for the application for a small power plant exemption for Phase 2 of this data center project.

Okay. The existing data center building, for
those of you who did go on the site visit, it's a 312,000 square foot building and dedicated electrical substation. It was constructed mostly in 2010 and 2011 and Phase 1 was operational starting in September of 2011.

In this photograph the operational part of the building is on the left, the southern end of the building, and you can see the water storage tower, cooling tower, and the exhaust stacks for the generators that have been installed. On the right is the Phase 2 portion of the building and also on the right is the substation. Again, it's one building with two separate operational phases.

What is a data center? A data center houses computer servers and associated networking equipment in a secure, climate-controlled environment.

Some of the basic systems in this building are certainly the electrical system and the mechanical system. The electrical system includes the electric wiring and switchgear supporting the electrical demand in the computer server rooms, the mechanical equipment and the offices that are in the central portion of the building; also part of the uninterruptable power supply system. And another part of the electrical system are the backup generators.

The mechanical portion of the building includes chillers, a cooling tower, emergency water storage, the chilled water storage that we saw at the site, and certainly
pumps and piping for computer server room cooling. There also are two boilers for heating the building.

Here are some pictures that are examples of the on-site electrical system. The power is supplied by Silicon Valley Power, which is the municipal utility in the City of Santa Clara. On your left is a photo of the substation that faces Matthew Street at the northern end of the data center site. There's substantial electrical equipment at the substation including a switchgear and transformers. It's a three-bay substation. And then also the power is directed into the interior electrical rooms where the uninterrupted power supply in the electrical room helps with distribution of that power.

Some additional pictures of the electrical system. The switchgear for incoming utility service and also the backup generators. And on your right is a photograph of a backup generator that has been installed as part of Phase 1. You can notice, you know, it's a typical engine with a fan in the front for cooling. So the primary -- these are air-cooled, backup generators. And again, they're about 2.25 megawatt capacity.

The mechanical systems, some of the basic components. There's chillers in the mechanical room and also associated chilled water circulation pumps. For each phase there are 16 chillers that serve for cooling of the
computer server rooms. And in these pictures there's photos of the pipes that distribute the chilled water as well as the cooling towers and the 500,000 gallon chilled water storage tanks.

An important component of data centers is that they provide redundancy of some of the equipment for reliability of the computer server facility. The base amount of -- required to serve the design load of a facility is referred to in this equation as "N." And for Phase 2 of the data center design, N is equal to 14 electrical systems, corresponding to 14 backup centers -- generators, excuse me. So basically the computer rooms are fully occupied. The load would be for 14 of these electrical systems. And for the cooling system the basic load when fully occupied would be for six cells.

They are redundant systems that have been installed to ensure reliability and these are And the +2 in this slide. And the value can range from one to a higher number but for Phase 2 there will be two redundant systems. This allows for maintenance to be performed on a component such as a backup generator and still ensure an additional backup generator is available in reserve to operate should another engine fail to start during a power outage.

All backup generators, including redundant units, will be called into operation in the event of an
For the cooling system a maximum of six cells would operate if the data center computer server rooms are fully occupied.

Another item of particular interest to the Energy Commission is the interconnect of the system between Silicon Valley Power, the main electrical provider, and the backup generators. The electrical demand of Phase 2 will be supplied by Silicon Valley Power, the municipal utility in the City of Santa Clara.

And in the event of a power failure the UPS or uninterruptable power supply system, would allow for a transfer from Silicon Valley Power to power from the emergency backup generators. There's relay protection in the electrical system and switchgear in the data center and at the dedicated substation that's designed to prevent any export of diesel power to the utility.

So I'd like to briefly go over what are the modifications that are involved in Phase 2.

For the electrical system there would be 16 backup generators added along with associated air pollution control and noise attenuation. There would be 16 uninterruptable power supply systems.

And in the mechanical system area there would be chillers, there would be 16 chillers, pumps, piping, two boilers for building heating, a cooling tower with eight
cells, and again, a 500,000 gallon chilled water storage tank.

Also there would be buildout of the computer rooms as part of the interior building improvements. And the total construction period is estimated to be about ten months.

So in this photo, this is what the first floor currently looks like in the Phase 2 portion of the building. There's concrete and room for utilities, places for the electrical lines to go but it hasn't been built out. And so what would go in the first floor area, there would be a chilled water plant. And here's some piping that's installed currently in the Phase 1 part of the facility.

And there would also be the -- this is an example of a built out computer server room. And this is before the computer servers are in. The boxes on either side are electrical equipment and the vents in the floor are for distributing the cooled air through the chilled water system.

On the upper mezzanine floor, this is what it currently looks like in its unfinished state. And those of you who went on the site visit saw these louvers in the mezzanine area. And you can see there's spaces for the electrical conduits to be connected. And what would be installed again would be backup generators, there would be
day tanks for the generators and air pollution control equipment.

Again, some of the environmental controls associated with the improvements in Phase 2. There's selective catalytic reduction systems for nitrogen oxide control. There's also secondary containment for fuel tanks. And these facilities have been inspected by the City of Santa Clara Fire for conformance with local/state regulations. Also there are some limited quantities of water treatment chemicals associated with the chilled water system and those also have containment.

And important part of data centers is the energy efficiency measures that are built into them. One of the measures of how effective a data center is, is the power usage effectiveness or PUE. In this metric the total facility load, which consists of the critical load of the computer servers, so the amount of energy the computer servers need and their networking equipment, plus the air handling equipment load plus the mechanical plant load plus the house power load, which is, you know, the lights for the offices, that sort of thing. So that quantity of demand is divided by the critical computer server load.

The lower the PUE the more efficient a data center is deemed to be. The PUE for the SC-1 data center at its anticipated facility loads is 1.4. An important part of
this design, the clients do pay for the electricity use at the facility so they have an incentive for using a facility that's very efficient.

This facility was also designed to meet US Building Council LEED Gold Certification and the applicant is in the process of obtaining that certification.

So next I'd like to talk a little bit about what are the environmental effects of the proposed Phase 2 buildout. First there would be the temporary effects of construction. These include the construction trips to and from the site by construction workers and deliveries of equipment and materials.

There would be limited construction noise. Mostly there would be interior finishing delivery. There would be some outside installation of mechanical equipment but there wouldn't be any building demolition or site grading.

There also would be, as we pointed out in the site visit, a temporary driveway installed to facilitate keeping the construction activities separate from operation of the Phase 1. And in this slide we show the approximate location of the temporary construction driveway on the right with a star at the end of Matthew Street there to allow deliveries of the mechanical equipment and the backup generators, separate from going through the main, current driveways.

There are some incremental environmental effects.
These were -- the environmental effects of building the entire facility were addressed in an initial study and mitigated by the City of Santa Clara in 2008. And also BAAQMD, the Bay Area Air Quality Management District, did an environmental review as part of their permitting process for the backup generators. So these Phase 2 environmental effects have been looked at by two agencies but we wanted to go through the incremental effects remain for buildout of this site.

There would be some increased air emissions from reliability testing of the 16 generators and also the operation of the two boilers.

There are mitigation measures included in the project in terms of the air emission controls on the backup generators. And they are also limited in their hours of operation by the Bay Area Air Quality Management District.

And it's important to note that the emissions do not exceed BAAQMD's thresholds of significance for criteria pollutants such as nitrogen oxides or toxic air contaminants such as diesel particulates.

Operation of the generators also would have some greenhouse gas emissions, both direct from backup generators and indirect from client trips. As outlined in the application for the small power plant exemption, these emissions would be below EPA thresholds for permitting.
There would also be some incremental noise from testing the backup generators. There will be noise baffles installed to reduce noise during operation. And the baffles are designed so that the noise levels meet City of Santa Clara noise ordinance standards at the property line.

The cooling system utilizes recycled water rather than potable waters and so there wouldn't be a substantial impact to the potable water supplies of the City of Santa Clara. And also the applicant has worked with the City on controlling discharges from the cooling tower so that there wouldn't be a significant impact to the City's sanitary sewer system.

In closing, Phase 2 of the Santa Clara SC-1 Data Center Project is part of redevelopment of a former vacant industrial site in the City of Santa Clara. Buildout of the building would allow utilization of the northern half of the building for hosting computer servers in a highly managed data center near high-tech users in Silicon Valley.

The data center would use recycled water for building cooling in accordance with the policies of the City of Santa Clara and the San Jose/Santa Clara Water Pollution Control Plan.

And electric power from the local municipal utility, Silicon Valley Power.

So that's the conclusion of our presentation. And
if at the appropriate time there are questions we would be available to answer them, thank you.

HEARING OFFICER CELLI: Thank you, Ms. Monette, representing the applicant. Now let's hear from staff, the California Energy Commission staff. Is that microphone going to work for you, Bob?

MR. RYAN: I think it's, I think that one is out of commission.

HEARING OFFICER CELLI: Okay.

MR. WORL: It works intermittently.

MR. RYAN: Try it and see what happens.

MR. WORL: Well, my part of the presentation is basically the process that staff goes through in doing the evaluation for the small power plant exemption process.

Do we have the clicker? I think I've got a better angle here now. Okay.

The Energy Commission has authority for power plants capable of producing 50 megawatts or greater of electrical energy and also the related facilities, transmission lines, water supply systems, natural gas pipelines, waste disposal facilities and access roads. And in this process and for this particular case, most of these are already in place.

A small power plant exemption relates to thermal power plants. And as was already mentioned by Ken, Section
25541 of our regulations allow us to exempt a power plant
100 megawatts or less from our process, assuming it has no
substantial adverse impacts on the environment and there's
no substantial impacts on energy resources.

The SPPE process is an exemption from our
jurisdiction, not a permit or a license to build a project.
The SPPE process consists of the site visit, committee
hearing, conferences, all of which are noticed and open to
the public. And the Energy Commission's staff is preparing
an initial study and expects to prepare a mitigated negative
declaration as well.

Following hearings the Committee prepares a
proposed decision and the final decision is by a vote of the
full Energy Commission and the exemption is approved. If
the exemption is approved the applicant will apply for
appropriate permits from local, state and federal agencies
as necessary. And I believe in this instance those are in
place with the City of Santa Clara. And the Bay Area Air
Quality Management District has already provided an
authority to construct for the complete Phase 1 and Phase 2
facility and what's waiting is the permit to operate
specifically for the Phase 2 facility. And that's dependant
upon our exemption proceedings.

Initially staff begins doing a discovery and
analysis. A period of data gathering by staff, agencies,
intervenors. All parties analyze the project information and provide their review. The review of the proposed project mitigation measures are looked at. To facilitate public and agency participation is a big part of that and Jennifer Jennings mentioned how her process works.

And we then prepare an environmental document, in this case an initial study and proposed mitigated neg dec. And it's based on an environmental checklist format that's in the California Environmental Quality Act guidelines, Appendix G. It's also part of our process as well, it's in our regs.

A 30 day comment period is normal. In this instance we're going to have a 20 day, a 20 day comment period between the publication of our initial study and the hearing on this, which is allowable under CEQA.

Workshops to discuss documents and resolve issues are a normal part of this. But to date we have received absolutely no resistance or no lack of information from the applicant and no expressed questions from other parties and we don't, at this time, have a scheduled workshop.

Staff's final phase in the analysis is to make a recommendation to the Committee, represented by Commissioner Douglas here today, and Carla Peterman is the second commissioner on this case. And Ken Celli is the hearing officer that works with the Committee to work on preparation
and dissemination of the proposed decision documents.

The next phase is the evidentiary hearing and decision process. An evidentiary hearing is conducted by the Committee to hear findings and conclusions of staff, the applicant, agencies, other parties and comments from the public. The Committee conducts hearings on all information, considers all of the environmental documents, all of the evidence that's presented by parties in this case and then prepares and issues a proposed decision.

The proposed decision contains findings related to environmental impacts and mitigation, conditions of exemption if any are required, and whether or not to approve the exemption. A proposed decision hearing and Commission decision follows that.

Staff also works with local state and federal agencies and interested parties as well. Staff works closely when necessary with, in this instance, the City of Santa Clara who has already provided an initial study and mitigated neg dec for the project and was issued in 2008.

We also work with the Bay Area Air Quality Management District and the Department of Fish and Game. And also the staff usually works with the Environmental Protection Agency to ensure that we are following any of the requirements in regards to prevention of significant deterioration, air quality issues.
Public participation opportunities. Jennifer has mentioned these. You can submit written comments or statements to the Commission on the staff's initial study and on the Presiding Member's Proposed Decision, in this case Proposed Decision. Can provide oral comments at any of the public meetings, workshops or hearings. And again, you can become a formal intervenor. The process is somewhat complex but very quick. And Jennifer Jennings and the Public Adviser's Office assists anyone who wants to go through that process.

Public participation information. We try to make things open and available to staff, not only through these public meetings but also prior to any hearing or any other event. We try to notice them ten days in advance. We do -- we are required to notice them ten days in advance. There is a mailing list established for the project. We also send information to local libraries and interested agencies.

And as already mentioned, the List Server. There is one generally that gives you almost everything that's of interest on our Energy Commission processes. And there is also a specific one down below where all the information that's available is on the Santa Clara website. And that's the second one there.

HEARING OFFICER CELLI: Can I just interrupt for a second, Bob?
MR. WORL: Yes.

HEARING OFFICER CELLI: Just for everybody's
information, we are broadcasting through WebEx, it's
essentially a teleconferencing software. But they are only
going the audio and they are not getting the, they are not
going the PowerPoint so they're just listening to the
audio. So if you wouldn't mind reading it out so they can,
you're going to have to give the URL.

MR. WORL: I would be happy to do that.

HEARING OFFICER CELLI: Thank you.

MR. WORL: The URL is the -- this is for the
Energy Commission siting cases and Santa Clara, is
www.energy.ca.gov/sitingcases/santaclara. That's the URL
for this particular siting case, the small power plant
exemption for the Santa Clara Data Center.

Also information can be sent to or requested from
the Dockets Unit at the Energy Commission, 1516 Ninth
Street, MS-4, Sacramento, California, 95814-5512.

And the proposed schedule. I'm going to say right
now that there's a couple of errors on here that -- I don't
know. Some gremlin yesterday when this was being put
together at five o'clock made a mistake. So I'll point
those out to you.

This project was filed on 11/21/11, November 21st,
2011. This is the informational hearing and site visit,

We are planning to file the Initial Study on February 1st, 2012, which is next week. The Notice of Intent to Adopt a Mitigated Neg Dec also will be filed the same day that we file the Initial Study. I note on here that there's a 30 day comment period on the Initial Study and Mitigated Neg Dec Proposal. In this instance there's 20 days that will be available to comment on the document. Thirty days is usually our goal in the siting process. In this instance schedule constraints will limit us to the 20 days.

The agency, applicant, public comments on the Initial Study and Proposed Mitigated Neg Dec are due February 22nd, 2012.

And there is an evidentiary hearing scheduled on that date, February 2nd -- the 22nd, excuse me, February 22nd, 2012.

And the Committee is planning to file a Proposed Decision on March 28, 2012.

And the date for a Commission consideration of the Proposed Decision is April 2nd, 2012.

I just want to note the other error that I have up there is I have a 3/1/12 date that was -- apparently somebody's thumbs got up there and instead of typing a "2" I -- the date there should be 2/21/12 for the comment period,
the end of the comment period.

   All dates, you know, are again, usually decided early in a process and actual determination is by the Committee. In this instance the Committee has already noticed the February 22nd date for the evidentiary hearing. And also the April 2nd date for Commission consideration and the Committee Proposed Decision date of March 28th, 2012 are in the second notice that the Committee has issued for this case.

   Once again, the Energy Commission contacts here are: Karen Douglas is the Presiding Member. Carla Peterman is the Commissioner who is an Associate Member of this Committee. Ken Celli is the Hearing Officer assigned. His phone number is 916-651-8893. And Ken, you want me to ready your email?

   HEARING OFFICER CELLI: Please.

   MR. WORL: His email address is kcelli@energy.state.ca.us.

   And Robert Worl is the project manager. Can be reached at 916-651-8853. My email is rworl@energy.state.ca.us.

   Dick Ratliff is the staff attorney assigned to this case. He can be reached at 916-653-1653. His email is dratliff@energy.state.ca.us.

   And Jennifer Jennings and the Public Adviser's
Office are available. The toll free number is 800-822-6228. Their direct line, 916-654-4489. Now the email for the Public Adviser is PAO@energy.state.ca.us. That's it.

HEARING OFFICER CELLI: Thank you, Mr. Worl.

Now, ladies and gentlemen, where we are at in our schedule today is -- and I want to say this for the benefit of the public. Normally I would ask for public comment at this time except there's a little more business to take care of between the parties. And I think it would be best if we take care of all the business, you can hear all of this, and comment or question at the end of the everything rather than piecemeal it out. So if you'll just be patient with us on this regard. I just want to --

We normally would have an issues identification. We really don't have that here today. And I wanted to ask the parties -- and Ms. Schwebs, you may want to be able to get someplace where you can be heard on a microphone over here. Here we go. Chief Ryan is going to help you.

MR. RYAN: Yeah. We can go wireless so it will go through the room or through this system here.

HEARING OFFICER CELLI: She can just pull up next to Monica, perhaps, and can use that mic.

MR. RYAN: All right. What I'm going to do is I'm going to get a mic stand and I'll put that right in it.

HEARING OFFICER CELLI: Thank you. I am going to
ask some questions of the applicant and staff, which for at least at this moment in time they're the only parties in this project. So I wanted to know the kind of evidence the parties will be submitting. Will the parties be calling any witnesses? I'd be interested if the parties can identify those witnesses today. I want to suggest to the parties, I'm going to suggest that we prefile résumés, of course. Prefile as much as we can.

And anything the parties can stipulate to. You don't have to do it today. I'm just saying basically in general to facilitate the process. Any stipulations, any prefiling. I am going to ask the parties to be mindful that when we do take your evidence --

Because we are not going to have a prehearing conference in this matter because it's moving along. I know I'm handling things that are usually handled later at a prehearing conference. But I'm just giving you a heads up that I would -- if your evidence is to be submitted by stipulation I'm going ask that your stipulations include foundation and authentication. And really that's the only extraordinary thing.

So with that, let's go with the applicant first. If you can just give us a little background. How do you see the hearing going?

MR. SCHWEBS: Is this on?
(Affirmative responses.)

MR. SCHWEBS: It's, obviously, difficult to tell at this point because we haven't seen the staff's analysis. We have been able to talk with Bob frequently and it is our understanding that there are none or maybe a handful of issues. On the assumption that it will be none I am strongly hoping that we will stipulate to everything; there will be no need for any evidentiary hearings in this matter.

HEARING OFFICER CELLI: And staff, do you concur?

MR. WORL: Yes. And just clarifying one thing. And that is that staff has identified no issues of any real substance that are unresolvable or that could affect our scheduling. So that was the reason that we did not submit an Issues Identification Report.

HEARING OFFICER CELLI: Thank you, I appreciate that. And really just for the benefit of the public, that's what a small power plant exemption is all about. It is -- the Energy Commission certifies projects thousands of megawatts. And so for something this small to come along, in order for it to be exemptible it has to be pretty cut and dried, pretty simple. And as at this point it appears to be, anyway.

I just want to be clear on that. It sounds to me like the hearing, unless some unforeseen event shows up or you get some information you weren't ready for, would be
really rather short. Submission of evidence, I imagine the
study --

MR. SCHWEBS: And really the application.

HEARING OFFICER CELLI: The application.

MR. SCHWEBS: And the initial study from the City
of Santa Clara.

HEARING OFFICER CELLI: Right. Staff's analysis.

and really the stipulation is to their authentication and
legal foundation and that would be that, unless I'm missing
something.

MR. WORL: The staff's evidence will be the
initial study and the proposed mitigated neg dec and a list
of staff that are available. I would like to provide to you
electronically, and all parties electronically, and then
I'll docket that as well. So that everybody has access to
who has worked on this process.

And if there are any questions from the public or
from any other source, agency or the Committee, we'd be
happy to request that, that the appropriate witness come to
sponsor their section.

HEARING OFFICER CELLI: Excellent. So you will be
filing your prefiled résumés along with the --

MR. WORL: With the initial study.

HEARING OFFICER CELLI: -- the study. Excellent.

And the same with -- we'll be receiving résumés
from all the would-be witnesses.

MR. SCHWEBS: I don't think you're going to see
the same kind of conventional staff-type analysis. This is
obviously not broken down into areas the way an AFC would
be. It's an application, there's a lot of work that's gone
into it by a lot of people, but we will satisfy the
requirements.

HEARING OFFICER CELLI: Excellent. Okay, so
that's good. Really I have no further questions.

Ms. Schwebs, are you okay with the schedule that
we proposed?

MR. SCHWEBS: Yes, I have consulted with DuPont
Fabros and that schedule looked good to them.

HEARING OFFICER CELLI: Okay.

MR. SCHWEBS: I do note that if there are
intervenors or if the staff's position changes there may be
a need for more time. But at this time we have neither so
we're hopeful that this will actually be the schedule for
this proceeding. You know, we really need for this decision
to be issued on that schedule.

HEARING OFFICER CELLI: Very well. And staff, any
foreseeable changes?

MR. WORL: No. I have one question of the
applicant that might be of interest to the other parties.
And that is relating specifically to a potential
construction schedule. And that is, whether or not DuPont Fabros at this time knows what their proposed start date would be, assuming the exemption were to be provided? You had indicated a ten month schedule to do the buildout but we were curious regarding a potential start date.

MR. SCHWEB: Rick do we have one at this point?

MR. WADDLE: Not yet.

MR. SCHWEB: No, I don't think so. I have been previously told, and Rick can correct me here, that the way the data center business works, you always have to be ready since there can be a client that comes by that needs a lot of data space very quickly. But Rick can correct me if I'm wrong.

MR. WADDLE: Yeah, it's more of a just-in-time business so it's all based on leasing. But we don't have a start, we don't have a proposed start date yet for the new part.

MR. WORL: Thank you, that's very helpful.

HEARING OFFICER CELLI: And I just want the record to reflect that there is no start yet set in stone as yet. Because you're not on the microphone so I just want to make that clear.

MR. WADDLE: Correct.

HEARING OFFICER CELLI: The last day for a Commission Decision, which was day 135, we show as April
2nd, is really -- we put that out there to show that's the 135th day of the process. But if we are able to get final argument in front of the Commission on March 28th, which we have booked as a special hearing date, the decision could be out that day. So I just want to be clear with you on that.

MR. SCHWEBS: I do point out that part of the reason that we really need that date is that the BAAQMD air permits have been issued for Phase 2 to construct. There may be a need to get an extension on those. We want the next version of these permits to not have the current condition.

MR. WORL: This is Bob Worl speaking again. I was in touch with the Bay Area Air Quality Management District, Tomiko Endow, and she informed me that that date can be flexible upon application. So again, I just wanted to state that we had investigated that as a hard and fast need.

HEARING OFFICER CELLI: Anything further from applicant?

MR. SCHWEBS: No.

HEARING OFFICER CELLI: Okay. Or staff, regarding anything? Scheduling or anything.

MR. WORL: Oh, thank you for the lunch.

(Laughter.)

MR. SCHWEBS: I would like to thank Payal for coming from the City of Santa Clara. And also very much
thank the fire chief for being not only our host here but our tech support. You know, it's very unusual and I'm very impressed that the City of Santa Clara has such an adept person working here.

HEARING OFFICER CELLI: Thank you. I wanted to -- every so often something gets said and I just want the record to be clear. You mentioned lunch. Who supplied the lunch?

MS. MONETTE: DuPont Fabros.

HEARING OFFICER CELLI: Oh, DuPont Fabros, okay. Well thank you very much, I wasn't aware of that.

Okay, with that now it's time for the public comment. We'd like to hear from, we have a couple of members of the public, who would like to make a comment or a question. You don't have to. You don't have to identify yourselves. But we do like to hear from the public if they are interested in making a comment. Do we have any interest, Ms. Jennings, from the public --

MS. JENNINGS: No.

HEARING OFFICER CELLI: -- to comment?

MS. JENNINGS: No.

HEARING OFFICER CELLI: Okay, none. At this time I am going to hand the podium back to Commissioner Douglas.

PRESIDING MEMBER DOUGLAS: Thank you, Hearing Officer Celli.
At risk of prolonging this excellent informational hearing, hopefully not too much, I wanted to ask staff if you could talk about how you are using or benefitting from the environmental reviews that have already been conducted on this project and to what degree, if at all, you think any supplemental work needs to be done?

MR. WORL: Number one, the initial study that was done by the City of Santa Clara was very thorough and very good. It contained a great deal of excellent information. It was issued in 2008. We did work with the applicant to update that information and to provide us with more detail on Phase 2.

So the application itself -- prior to their deciding to file we had a number of prefiling meetings and discussions and were able to provide them with the types of supplemental information questions that staff generally asks. And they did an excellent job of providing that supplemental information in the application itself so that we didn't have to go through a period of data requests, response and the subsequent workshop process normally associated with that.

PRESIDING MEMBER DOUGLAS: All right thank you, that's helpful. Anything to add, applicant? Just giving you the opportunity. It looks like nothing to add.

So I appreciate that. I appreciate you,
obviously, working closely and well with the work that had already been done and efficiently supplementing where you saw the need due to the lapse of time and so on. So thank you for that.

I am really hoping that this project will stay on schedule. The Committee would like to hear right away if anything comes up that could impact the schedule. But from what I've heard so far it sounds like -- famous last words -- but it sounds like we are on track to keep the schedule and that's what we would like to see, so thank you for that.

Thanks to the members of the public who have accompanied us today in this informational hearing and with that we are adjourned.

(The Informational Hearing adjourned at 1:42 p.m.)

--oOo--
CERTIFICATE OF REPORTER

I, RICHARD FRIANT, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Informational Hearing; that it was thereafter transcribed.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, or in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of February, 2012.

RICHARD FRIANT, CERT**D-479

CERTIFICATE OF TRANSCRIBER

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.

RAMONA COTA, CERT**478

February 1, 2012