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<td><strong>Document Title:</strong> Transcript of 08/19/2016 Status Conference</td>
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<td><strong>Description:</strong> N/A</td>
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<td><strong>Filer:</strong> Cody Goldthrite</td>
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<td><strong>Organization:</strong> California Energy Commission</td>
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CALIFORNIA ENERGY COMMISSION

Petition to Amend:  
)  Docket 12-AFC-02C
HUNTINGTON BEACH ENERGY PROJECT  )
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STATUS CONFERENCE

CALIFORNIA ENERGY COMMISSION
CHARLES IMBRECHT HEARING ROOM
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

FRIDAY, AUGUST 19, 2016
11:00 A.M.

Reported by
Peter Petty
APPEARANCES

COMMISSIONERS
Andrew McAllister, Presiding Member
Karen Douglas, Associate Member

ADVISERS
Pat Saxton, for Commissioner McAllister
Le-Quyen Nguyen, for Commissioner Douglas
Jennifer Nelson, for Commissioner Douglas
Kristy Chew, Adviser to Committee

HEARING OFFICER
Susan Cochran

CEC STAFF
Kevin Bell, Staff Counsel
John Heiser, Project Manager
Timothy Singer
Matt Layton, Engineering Office Manager
Eric Knight, Environmental Office Manager

PETITIONER
Melissa A. Foster, Esq., Stoel Rives
Stephen O’Kane, AES Southland Development LLC
Jerry Salamy, CH2M Hill
Robert Mason, CH2M Hill
APPEARANCES (Continued)

INTERVENORS
None present

ALSO PRESENT
Andrew Lee, Southern California Air Quality Management District
Dan Rocole, Keiwit Corporation

PUBLIC
None present
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PROCEDINGS
AUGUST 19, 2016  11:06 A.M.

COMMISSIONER MCALLISTER: Let’s get started. So here we are at the status conference for the Huntington Beach Energy Project Amendment. Thanks everybody for coming.

Let’s see. So the Commission has assigned a committee, obviously, of two commissioners to conduct these proceedings. I’m Andy McAllister, the Presiding Member. Commissioner Karen Douglas, the associate member, is unable to be with us today, so in her stead her advisers, Jenny and LeQuyên.

On my left is Ms. Cochran, the Hearing Officer. She’ll mostly run the proceedings today.

Let’s see. Kristy Chew on LeQuyên’s right is our technical adviser to the Commission on siting matters.

To Susan’s left, Bryan Early, my adviser. And to his left is Pat Saxton, my other adviser.

So let’s go around and have the parties introduce themselves quickly, starting with the applicant.

MR. MASON: Robert Mason, CH2M Hill, with the applicant.

MS. FOSTER: Melissa Foster with Stoel
Rives, counsel to the project owner. And Stephen O’Kane with AES is on the telephone.

Stephen, can you hear us okay?

MR. O'KANE: (inaudible) Yes. Hi. Stephen

O'Kane from AES is here. I'll probably be asking clarifying questions as it’ll be hard to hear unless you’re speaking directly into the microphone. Thank you.

COMMISSIONER MCALLISTER: Okay, great. Can you hear me as I talk?

MR. O'KANE: Yes. Thanks, Commissioner, I can hear you perfectly.

COMMISSIONER MCALLISTER: Okay, great.

MR. SALAMY: Jerry Salamy, CH2M Hill, consultant to the applicant.

MR. BELL: Kevin Bell, Senior Staff Counsel on behalf of staff. With me here is John Heiser, Project Manager. And we also have other staff present. We have Officer Managers Matt Layton and Eric Knight.

COMMISSIONER MCALLISTER: Is there anybody else on the phone?

(Inaudible)

THE REPORTER: I didn't get any of that.

MR. ROCOLE: Two parties on the phone, Dan
Rocole, Project Manager, Kiewit, Kein Blunt and Bryant Garden.

MR. LEE: This is South Coast Air Quality Management District.

COMMISSIONER McALLISTER: And who is representing South Coast?

MR. LEE: This is Andrew Lee, Bhaskar Chandan, and Chris Perri.

HEARING OFFICER COCHRAN: Could you spell the last two names for us, please?


HEARING OFFICER COCHRAN: Thank you.

MR. LEE: You’re welcome.

COMMISSIONER McALLISTER: So prior to South Coast I think we still haven’t heard exactly who that is.

MR. SINGER: Keiwit.

COMMISSIONER McALLISTER: Who is it?

MR. SINGER: Keiwit. I believe, Commissioner, you’re asking about the Keiwit constructors who introduced themselves.

COMMISSIONER McALLISTER: Oh, here we go. So we see you actually on the phone now. So who is representing Kiewit?
MR. ROCOLE: Dan Rocole.

COMMISSIONER McALLISTER: Could you spell, if that’s Dan, D-A-N? Could you spell your last name?

MR. ROCOLE: Yes, sir. R-O-C-O-L-E.

COMMISSIONER McALLISTER: Okay, great. Anybody else on the phone?

Okay, let’s move on. Let’s see. Those are the public agencies, I think we’ve heard from everyone.

Are there any -- there aren’t any Native American tribes or nations on the phone, definitely not in the room.

And no elected officials, I take it. Or cities. Is Huntington Beach on the phone? Okay. Sounds like not.

Okay. Great. So I’m going to hand it over to Susan to continue with the proceedings, and thanks very much for being here.

HEARING OFFICER COCHRAN: Thank you. And good morning.

Again I want to remind you that in this hearing room we can only have four microphones on at a time. You’ll know your mike is on when the red light is lit.
I was told that the microphones broadcast
no matter how far away from them you are, but
apparently that’s not true. So if you hear it
amplified in the room it will be loud enough to be
broadcasting over the airwaves.

This status conference is being held to
discuss the schedule of the proceedings and to share
the Committee’s comments on the preliminary staff
assessment that I’m probably going to call the PSA
from here on out.

These proceedings are based on the Petition
to Amend filed by AES Southland LLC. Since the
filing of the Petition to Amend, AES Southland LLC
petitioned to change ownership to AES Huntington
Beach Energy LLC. The Energy Commission granted that
request, but for ease I’m going to refer to AES
Huntington Beach Energy LLC as AES for the
petitioner.

AES is seeking permission to amend the
previous license granted in October 2014 for the
Huntington Beach Energy Project. The petition
proposes to reduce the nominal generation capacity
of the project from 939 megawatts to 844 megawatts,
with 644 megawatts generated from combined cycle
technology and 200 megawatts from simple cycle
technologies. And I’m going to call that the amended project.

The project site is located in the city of Huntington Beach just north of the Pacific Coast Highway and Newland Street. The project would be located entirely within the footprint of the existing AES Huntington Beach generating station and operating power plant.

I think the first topic I’d like to talk about is the schedule, and we may have to come back and revisit that after I share the committee’s initial responses to the preliminary staff assessment, PSA.

First, on July 28, 2016, the committee filed an Amendment Scheduling Order. The schedule indicated that the South Coast Air Quality Management District was scheduled to issue a Final Determination of Compliance on August 8, 2016.

I know in its last status report the Air District indicated that the Final Determination of Compliance, or FDOC, would be filed sometime in August.

Mr. Lee, do you have any indication or timing on when we might expect to see the FDOC?

MR. LEE: Based upon the amount of comments
that we received, at this particular time we’re still reviewing and there’s a strong possibility that we would have to amend one particular piece of our analysis before the FDOC is issued, so at this particular time I can’t give you a very good indication of when that will be completed.

HEARING OFFICER COCHRAN: Okay. Thank you very much, and we appreciate your participating today to give us that information and your timely filings of status reports. That helps the committee a great deal.

According to the July 28th schedule, the final staff assessment is due August 22nd, or Monday. The August 22nd date was based on comments from staff at the last status conference that it would take two weeks to write the FSA after receipt of the FDOC from the Air District.

I’m going to look at staff at this point because I know that in recent filings by staff you’ve now indicated that instead of two weeks you’re going to require 30 days to produce an FSA following receipt of the FDOC. Is that on track; what are we looking at?

MR. HEISER: That is correct, we’re still recommending or requesting the 30 days after
publication of the FDOC.

This is John Heiser, Project Manager from the Energy Commission.

It’s based on staff allocation resources and staff will need to take a look at the FDOC to update the information in the FSA and get the requirements or the information in the FDOC, which takes time.

HEARING OFFICER COCHRAN: Okay.

Applicant.

MS. FOSTER: Thank you. Stephen, if you're there as well. I think we would like to have a broader discussion about the schedule generally and what AES needs to meet timing wise before we can provide specific comments on the FSA timing.

But I will lead off by saying it is the project owners position that we think that staff can issue the FSA with the CEC’s air quality and public health analysis included, even without the FDOC. They did it in the underlining C proceeding and the FDOC was issued Friday night before evidentiary hearings on Monday, some six weeks after the FSA was published.

So we would really like to see the FSA. It sounds like it’s not coming on Monday, but as soon
as practical from staff regardless of the timing of
the FDOC so we can move in to the evidentiary
hearing phase and toward a final decision by
whomever.

I’ll turn it over to Stephen now to speak a
little bit toward schedule.

MR. O’KANE: Okay. Thank you. Am I coming
through loud and clear?

HEARING OFFICER COCHRAN: Yes.

MS. FOSTER: Yes.

MR. O’KANE: Well, just have to reiterate
to the committee, which we have done numerous times
at previous status conferences. We’ve been very
transparent and open about the schedule (inaudible)
what we’ll need to meet (inaudible)reliability -
functional reliability in summer of 2020.

So, we'll need the November or December
decision by the CEC to maintain schedule but
mobilize and meet our construction milestone dates.

I’d also like to remind the committee we
are approaching one year in the Petition to Amend
process. This amendment was filed September of 2015,
now we’re approaching one year on the amendment for
combined cycle plants at the site of the power
plant.
So I'm afraid, with all due respect to staff, I just cannot accept that they need an additional 30 days going forward to finish up their FSA and urge this committee to set a schedule so we can reach a decision by the end of the year.

HEARING OFFICER COCHRAN: Mr. Lee, I’m going to put you back on the hot seat for just a minute. Can you give me a sense of the issue that you say may require amended analysis and how long it may take?

MR. LEE: Yes. There was a comment made by Helping Hand Tools which basically said that our (inaudible) analysis for one of the contaminants was not founded and therefore would be (inaudible) technical research and some coordination with the other Air District in California that has that particular piece of equipment with those types of (inaudible) analysis.

So we’re trying to do some verification before we go forward amend or basically change the PDOC to the FDOC with the new findings that we receive, so it is taking some time to do that.

And in addition, I just wanted to add that there was -- Mr. O’Kane is correct that the applications were submitted well over a year ago,
but I’d like to remind the Commission that there was a change in March of this year to where we had to make adjustments as well because of those changes. So that is my statement.

HEARING OFFICER COCHRAN: Okay, Thank you Mr. Lee.

Staff, now it’s your turn on the hot seat. If the committee were interested in bifurcating, as suggested by Mr. O’Kane, to let the air quality and public health sections trail from the rest of the FSA, how long would it take to produce that Part 1 of the FSA as we sit here today, cold start today?

MS. FOSTER: Can I -- sorry to jump in and interrupt. I just want to clarify the AES’ position is that staff could actually issue the complete FSA with air quality and public health, and then amend or issue an errata depending on what comes out with the FDOC, if necessary. But I just wanted to make that clarifying point.

HEARING OFFICER COCHRAN: Mr. Layton.

MR. LAYTON: Good morning, Hearing Officer. This is Matt Layton.

What I hope we could do is also ask AES if they want Alamitos or Huntington Beach to proceed. I think that is a more relevant question.
And I appreciate Mr. O’Kane’s and Ms. Foster’s direction to staff. I guess we could go ahead and produce a FSA. I guess we recommend denial on air quality because we do have some concerns. The District has been very cautious and thoughtful, and so we’re reluctant to say that we understand exactly what the District’s going to issue in the way of their LORS compliance given the changes that keep happening.

And again, Mr. O’Kane had emphasized that back in March -- or excuse me, maybe not that long ago, that it was a trivial change even though the District had to remodel everything.

I’m just very frustrated. We are trying to produce this. We can produce it. I think the bifurcation wastes time and exacerbates the schedule.

COMMISSIONER MCALLISTER: So just to clear, you would recommend seeing, basically getting it ready and set to go on that as much as possible and all the different issues, and then when the FDOC comes out kind of get to the finish line altogether and no bifurcation.

MR. LAYTON: I guess I would ask AES again if they want Alamitos or Huntington to proceed. They
would like both of them to be done by December of this year, I understand that. Staff is working toward that.

We would appreciate any assistance that AES can provide. Doesn’t all seem to be forthcoming. If they could give us direction which is to proceed, then we will step up and work on that particular project. Obviously this is the Huntington Beach status conference, not the Alamitos, but they’re linked.

If the District can also again understand that direction, because I think currently the District is working on Huntington Beach and then Alamitos. I’ll let the District speak to that, but if that’s the sequence that AES wants or doesn’t want, they need to speak up.

But I think the bifurcation would take staff time and additionally exacerbate the schedule. It would spill over into the hearings and I think then the committee would suffer the consequences of a bifurcation.

HEARING OFFICER COCHRAN: Okay, let’s stop the schedule discussion for just a minute so that I can share with you the thoughts that the committee has on the PSA that may also then impact the timing
for the FSA.

And the first sort of overarching comment I have relates to the Plains tank site, and in several of the sections it refers to application of the conditions of certification from the October 2014 decision as applying to work to be done on the Plains tank site.

It was my understanding that there’s an existing permit for the Plains tank site that would control the development of that parcel.

And I want to make sure that I’m still understanding how all of these pieces fit together because it’s not clear to me in the PSA. I don’t need an answer today, but as we’re moving forward.

I know that the applicant was quite clear that they don’t control that parcel, it’s owned by someone else, and it has its preexisting permit. So if someone can answer, they may, but I’m not expecting an answer today.

And I know for sure that this was discussed in both the conditions related to bio and to cultural resources, and I see Mr. Knight.

MR. KNIGHT: I think I can answer the question.

HEARING OFFICER COCHRAN: Come on down. The
price is right.

    MR. KNIGHT: Eric Knight, Environmental Office Manager.

    I think what we mean the conditions apply to the use of that site during construction of the project, they’re proposing to use that for lay-down and construction worker parking. So the conditions don’t apply to the future development of that site if that occurs, but the conditions apply while AES is using it for construction of the HVAC project.

    HEARING OFFICER COCHRAN: And does that also then apply to the demo of that site?

    MR. KNIGHT: I would say no.

    MR. SINGER: The LCP pertains to the demolition of the tank site.

    HEARING OFFICER COCHRAN: I’m sorry, if you could come up to the microphone and please identify yourself. Mystery guest.

    MR. SINGER: Tim Singer, staff analyst for biological resources. I have the LCP right here, and the LCP pertains. The LCP was granted to Plains All-American and it pertains to demolition of the onsite tanks as well as removal of ancillary pipelines and I believe grading the site.

    So anything beyond that, the conditions
would apply to.

HEARING OFFICER COCHRAN: Okay. So I think that that needs to be clarified, then, in the analysis contained in the FSA as you have worded it, that was very unclear.

MR. SINGER: I can’t speak for those sections, but biological resources section has clarified that.

HEARING OFFICER COCHRAN: Okay. Very good. So the next comment I have, then, is a very specific picky one, which you expect from me. On page 4.1-143 in the air quality appendix, we need to update to reflect the new renewable portfolio standard from SB350, which is 50 percent not 33 percent. It still references the 33 percent.

Turning now to bio resources.

MR. BELL: I’m sorry.

HEARING OFFICER COCHRAN: Go ahead.

MR. BELL: Could we have that page cite again?

HEARING OFFICER COCHRAN: 4.1-143.

MR. BELL: Thank you.

HEARING OFFICER COCHRAN: That was where I saw it, there may be others. I usually do a global
search and replace for stuff like that.

Biological resources brings up another topic, and that’s the Coastal Commission report that we’ve received. And I know that the conclusion in the bio resources section of the PSA was that no further supplementation was required. In light of the Coastal Commission report, are we still holding to that?

I know that the Coastal Commission believes that are noise and vibration impacts and that the visual enhancement, which is the spheres on the cables, may result in predator roosts that could affect the nearby sanctuary.

Mr. Bell.

MR. BELL: Their conclusions that staff reached in the PSA are consistent with the conclusions that staff reached in the underlying licensing case as well.

The Coastal Commission’s report, that they’ve erroneously labeled as a 30413(d) report, doesn’t change any of that. Much of what the Coastal Commission has submitted, without getting into all of the report, I can say much of what they’ve submitted has already been addressed in the underlying proceeding and there’s no further action
required by staff or by the Commission to address any of those concerns because all of the potential adverse environmental impacts that were raised in the underlying proceeding were already taken care of through our conditions of certification or didn’t rise to the level of creating any sort of impact or any sort of LORS non-compliance.

HEARING OFFICER COCHRAN: I know that during the last proceedings we got the Coastal Commission report and I’m not going to wade into the morass of 30413(d) or not. Though we also talked about the Memorandum of Agreement between the Coastal Commission and this agency as also affecting the way in which we discuss and analyze that. And so I think the committee will be looking for an analysis of the proposed mitigation measures from the Coastal Commission report so that, regardless of whether we denominate it 30413(d) or however --

MR. BELL: Subsection.

HEARING OFFICER COCHRAN: -- Yeah. We need to address some of their concerns.

MR. BELL: We’ll be addressing their concerns -- or their comments that they filed in the FSA.
MR. BELL: And the issue, I expect we’ll brief it as well --

HEARING OFFICER COCHRAN: Okay.

MR. BELL: -- before we get to hearing, just so the committee and everyone else has an idea exactly where we need to be on that report.

HEARING OFFICER COCHRAN: Okay. That would be very helpful and we’ll expect both parties to weigh in on that.

MS. FOSTER: Yes. AES provided a comment letter to the Coastal Commission when the draft report came out. We’ve docketed that, and we will be providing additional response into the docket for this proceeding as well.

HEARING OFFICER COCHRAN: Okay. Thank you very much.

Turning now to traffic and transportation. I did not see much evidence regarding the impacts of using the pedestrian walkway access if permitted by the Conservancy.

I also note that the PSA says that if it’s not -- if the use is not permitted by the Conservancy, that it’s covered by the existing conditions. That is discussed in the project
description but there’s not a lot of analysis of
that in the traffic and transportation section, so
maybe if you could circle back and look at that,
that would be helpful.

Also, and looking at the applicant now,
what is the status of discussions on using that
existing bridge?

MR. O'KANE: Hi, this is Stephen O’Kane,
with AES. I’ll respond to that one.

No, we have not received permission from
the Conservancy so it is no longer part of our plan
to walk pedestrians from the Plains tank area over
to the construction site, and we will continue with
the original plan as per the underlying license and
analysis that workers from that site would be bussed
around Magnolia to Newland.

HEARING OFFICER COCHRAN: Okay. Does that
also then mean that you’re not going to be doing the
roadway improvements at Magnolia and Banning?

MR. O'KANE: No, no. The roadway
improvements at Magnolia and Banning provide access
into the site, construction lay-down and worker
parking. They still need to get into that site and
use it, they just won’t be walking across the
pedestrian bridge or the utility bridge that’s over
the canal.

HEARING OFFICER COCHRAN: Okay. Because I noted in the traffic and transportation section there was not a lot of discussion about the impacts of those roadway improvements, saying that we would just defer to the existing conditions of certification that were written to remediate any damage caused by heavy loads over local roads.

And I guess my question there is why wasn’t there any analysis, and particularly anything that may be related to growth inducement?

Also, if you were to get an encroachment permit from the City, those generally don’t have any environmental review, though it’s my understanding from previous discussions that we’ve had in these status conferences that this isn’t part of the city roadway master plan or anything like that, so some type of analysis needs to be done to say that there are no impacts or what those impacts are and how they’re mitigated.

And if we are going to just say yes, you’re going to go get an encroachment permit, the city of Huntington Beach takes care of whatever the environmental impacts are, then I think that the committee is going to be looking for the usual
information that staff includes, which is that there is effective mitigation by that other agency, that they will assess those impacts and that whatever conditions the City would impose we impose through our conditions of certification. And if there’s any unmitigated impacts that we will mitigate those ourselves. So I think the committee’s going to be looking for that in traffic and transportation in the FSA.

Any questions, comments?

MR. O’KANE: A little bit surprised about that comment. Yeah. Certainly as part of the discovery we did submit (inaudible) traffic analysis, (inaudible) analysis including traffic analysis assuming the redesign of the Magnolia/Banning entrance.

And also discussed that there’s certainly a need for us to get our (inaudible) traffic planning and conduct the turn lanes analysis and whatnot that the City requires for their permitting process.

But as far as the environmental impact analysis, I do believe that was included, perhaps not written up clearly in the PSA, and I’ll let Stoel Rives, my counsel, maybe expand on that.

MS. FOSTER: Yes. Some of our PSA comments
indicated that we have provided additional traffic
analysis, as Mr. O'Kane mentioned, and we referenced
that initial analysis in the docket in our PSA
comments, as well as the proposed conditions of
certification that AES is willing to adhere to as
well related to the new intersection, and we’re
requested that staff incorporate that information
into the FSA.

HEARING OFFICER COCHRAN: Thank you.

I also would echo the comments that the
applicant made regarding land use, and that is that
we need to update it in light of the City’s
resolution, particularly because there are increased
heights in this.

I know in Carlsbad that was a big issue
because the whole reason for the height limitations
was to protect scenic vistas, and so I want to make
sure that there’s no bleed-over here as well for
visual resources, so we need to have findings
regarding the variance, coastal development permit,
and so forth.

One question I am going to put out there,
and again, I don’t expect an answer today, is
regarding the water supply assessment and how does
Water Code Section 10910(h) apply, if at all.
Subsection (h) says, “Notwithstanding any other provision of this part, if a project has been the subject of a water supply assessment that complies with the requirements of this part, no additional water supply assessment shall be required,” and then there are some conditions on that.

But we did do a water supply assessment last time, so it seems as though we could have escaped having to do the analysis that staff did this time, which I appreciate by the way.

Also, I couldn’t find any discussion of wetlands in bio, in soil and water, or anywhere else, and so that troubled me a little bit, particularly in light of the Coastal Commission’s comments.

MR. BELL: I'd like to address that quickly. In the underlying license proceeding there were no wetlands found on the project site. There’s no information that’s before staff that would change that previous determination.

I know the Coastal Commission has a different view on that, and also that they have a different view on what constitutes the actual project site. Even at the very beginning of their
report they reference the 60-acre project site. I’m sure the committee is well aware that the project site is nowhere near 60 acres.

So there are no wetlands on the project site and no wetlands that would be affected by this project, and nothing has changed from the underlying licensing proceeding until now.

HEARING OFFICER COCHRAN: Okay. So I’m assuming, then, that this will be part of how we address the report from the Coastal Commission.

MR. BELL: We’ll be responsive to their comments.

HEARING OFFICER COCHRAN: Okay. Thank you.

Finally, turning to alternatives. I’m sure you’ve all seen the Cal ISO letter of August 10 that talks about the fact that they believe there is merit to having clutch capability at Huntington Beach, and that the project site could be designed to accommodate clutch installation in the future should the need arise.

And I just want to make sure that that is at least mentioned, discussed, somehow put forward. I know that that won’t be part of the combined cycle, I think that this is referring specifically to simple cycle for the reasons that Mr. O’Kane has
been very clear about in our prior discussions on synchronous condensers that I won’t mention so it won’t cause him to speak out again.

MR. O’KANE: Appreciate that.

HEARING OFFICER COCHRAN: I heard your message loud and clear.

So that was all the comments we have. So now that you know what our comments are, let’s go back to the schedule discussion that we were having. And I’m not sure where we’re going to shake out on bifurcation or not bifurcation, but I’m going to again ask the question.

I know Mr. Layton would prefer us not to bifurcate but if we were to, I guess my question would be how long to prepare everything except for public health and air quality, taking applicant’s contention and putting it aside as well?

MR. BELL: On the subject of bifurcation, I know Mr. Layton from his perspective as the office manager for the engineering department - he does have some real concerns about bifurcation.

HEARING OFFICER COCHRAN: I’m sorry.

MR. BELL: He does have some real concern about bifurcation and how that would affect his staff.
I can say from experience, I’ve been involved in proceedings where we’ve bifurcated before, and I can say that nothing good has come from bifurcation. It does not advance the schedule. In fact, it has the effect of delaying the schedule. We could put out part of a document at one point and then part of a document at another time. That also creates other issues. We have more docket entries as we go along in the docket. Makes it much more confusing for third parties and sometimes even for the parties themselves to wade through the docket and through the evidentiary proceedings. And on the issue of evidentiary proceedings, when we bifurcate on issues, oftentimes we will have contested issues in both segments of the evidentiary hearings.

I think the only time that bifurcation would make sense, if we had a chunk of the proceeding that has no controversy and no issues whatsoever and a chunk that does have controversy and issues. But you still end up with the problem of multiple docket entries over time and multiple hearings as well.

As the committee knows, we have a fairly
strong contingent of local folks who have been following this down in Huntington Beach. One of the missions of the Commission is to involve local communities. If we bifurcate we’re looking at multiple hearings, possibly in that community if we want to carry on the mission of involving that local community, which is more time and more expense for everybody involved.

What it comes down to, if you look at all the advantages versus disadvantages, the disadvantages of bifurcating far outweigh the advantages.

Of course, there could be other reasons to bifurcate which has to do with possible timing issues for the applicant in what they have to do on their end, but from staff’s perspective, we don’t see the advantage of bifurcate.

That being said, if the committee does prefer to bifurcate we’ll do everything we can to meet our schedule in that.

HEARING OFFICER COCHRAN: Is it possible to then shorten the 30 day request so that while we’re waiting for the FDOC from South Coast the rest of the document could be written, and then it would just be however much time it takes to incorporate
the FDOC into air quality and public health?

MR. BELL: Well, of course from the times that we’re waiting for another agency to contribute their part -- for example, the Air District we’re waiting on the FDOC -- that doesn’t mean that we’re not working other sections. Much of what we’ve written from the PDOC should roll over to the FDOC in much the same form that it already is.

The 30 days that we typically ask for, that we almost always ask for from the time that an FDOC is completed to the time that we publish the FSA is strictly for internal management of staff resources. We have different levels of review that we have to do before we get a document out, and 30 days is really the minimum time that we can do that comfortably.

That’s not to say the staff can’t go forward uncomfortably if another schedule is absolutely necessary, and of course staff will do everything they can to meet whatever schedule is met as best we can with the resources we have available.

But 30 days is typically what we ask for. If a shorter time is set by the committee, staff will do everything they can to meet that shorter timeframe.
HEARING OFFICER COCHRAN: And I look to specifically the suggestion that the applicant made that an FSA could be produced and then errata issued once the FDOC is released by South Coast.

MR. BELL: Of course, I’m loath to refer to it as an errata because an errata of course is correcting errors, so we wouldn’t be filing an errata. If we had to we’d file a supplement to whatever we have in the FSA, or an amended FSA.

But again, we’re still waiting for that final word from the Air District before we do anything. It really doesn’t make sense to put out a document and then wait and wait and wait until we get something final, you know, whereas if we wait just an extra week or two, we could have the final document all docketed at the same time.

It just makes for a cleaner record and I think it’s much easier to process like that instead of piecemealing staff’s analysis.

COMMISSIONER McALLISTER: My experience the last, and maybe the only time that I’ve been involved in one that got bifurcated, it was kind of a cluster. It really required amendments and amendments and changes and changes and then at the Business Meeting we were reading in final changes.
It was just not a fun thing.

So, personally I’d be hoping to avoid that. It just makes life easier for everybody and decreases the risk I think generally, so I would like to make it simple.

But I also wish Mr. Layton was participating and sitting here. I think having as much of the document on deck so that we can kind of work around the FDOC and push it across the finish line and get it out as soon thereafter as possible should be our goal. And what those dates are I think we should decide on.

MR. BELL: I don’t recall if I was the attorney on the case that you had that bifurcated, but I can tell you that your experience has been my consistent experience in those cases that I’ve worked on that were bifurcated, it really doesn’t help.

It may get parts of the project over the finish line a little faster, but I don’t see an advancement in scheduling. I certainly don’t see it making for a cleaner record.

MS. FOSTER: And to clarify the position of the applicant. We wouldn’t be asking to bifurcate the hearings or that sort of thing, we would just be
asking for the FSA that’s supposed to come out on Monday but for the absence of the FDOC to be published as soon as possible, and like the previous proceeding, when the FDOC is issued it’s incorporated in however it’s necessary.

We only went through -- we did have two days of hearing last time but not because of a bifurcation issue but because of a timing schedule issue and flight issues.

But that would be the request, is to see staff’s analysis as soon as possible to make sure we stick on schedule.

And also to the schedule is on the back end from the time the FSA is issued going into testimony, prehearing conference and the scheduling of the evidentiary hearings and the PMPD timing, we would want those dates that were in the issued schedule condensed as well.

MR. BELL: I can point out one thing, though. The difference between the underlying proceeding and now with respect to air quality is I understand there have been some changes in the modeling that’s now being used by the Air District.

I recall during the underlying license proceeding that there didn’t appear to be issues
with the Air District, and I think in that case that staff felt more comfortable putting out what we believed was what was going to mesh with what the Air District was doing.

Staff’s not in that same position at this point; there has been a change in the air quality, at least by the Air District, and staff is much less comfortable doing that.

There are also noticing issues as well. If we were to put out an FSA with what we think will mesh with what the Air District is proposing, and the Air District indeed comes out with an FDOC after that, we would have to supplement our FSA with any new information we get from the Air District, and that would have to be out for comment period before we get to hearings. The last thing we want to do is create an issue for a third party to come in and say we didn’t have enough time to consider this.

But I can say that staff is working diligently to meet the schedule as best we can, and is rather enthusiastic to get this out.

MR. KNIGHT: Hearing Officer Cochran, if I could just make one comment?

HEARING OFFICER COCHRAN: Yes, Mr. Knight.

MR. KNIGHT: Thank you. Eric Knight again.
So I wanted to assure the committee and AES that staff is working on the FSA for Huntington. We’re not waiting, at least my staff is not waiting for the FDOC, it doesn’t affect our technical disciplines. But as what’s already been mentioned here is that these documents require a lot of review by a lot of people and that includes the managers, and the managers right now are reviewing three other documents that we’re trying to publish, one of those being the other AES project, Alamitos. We’re committed to try and publish by the end of the month.

We also have Palmdale FSA that’s due next week, and then there’s also the Pomona draft initial study. So there are a lot of documents that are in review right now that we’re trying to get out, but staff is working on Huntington Beach, and so we will do our best to get our ducks lined up in a row and ready when the FDOC is finally published.

Thank you.

COMMISSIONER MCALLISTER: So it sounds like there are many things in the FSA in whatever sections that you will need to respond to (inaudible); it sounds like there is concerns, is
that fair?

MS. FOSTER: I think the concern is with the schedule that was issued in early July, the timing post FSA. Of concern is if the FSA slips too far beyond the August 22nd date and if the dates that are in the current order stay, it’s about six weeks to PMPD from evidentiary hearings, we will not have a final decision in November of ’16, which is absolutely critical for the project as Stephen has noted at the beginning of the status conference.

So our concern is the longer it takes the FSA, we know that the other dates trail along that as well, so if there’s a way to condense those dates of the hearing phase, the timing for submission of testimony, hearing, and the timing to PMPD on the back end if the FSA comes out a little later, that would be fine as long as we can have a decision this year.

COMMISSIONER MCALLISTER: Yeah, it seems like there’s a lot hinging on when the FDOC comes out, so I guess (inaudible), so it would be nice if we have some better idea of when the FDOC might be released.

Mr. Lee, I’m not going to put you on the spot to give us a date now, but if you could maybe
do a little bit of planning and figure out what the likely timeframe is, that would be helpful, I think, for us to know.

MR. LEE: We are still on. Indeed we will look at our resources as well and we are working on it very diligently to get that FDOC and we have been working overtime and I believe (inaudible) as well, so we are trying the best we can.

Unfortunately, as you mentioned earlier, the AES Alamitos facility as well, we just received the public comments August 9th, so we have been working on that as well and we are very consistent in regard to the questions that were asked by Helping Hand Tools for the Alamitos project, so we’re trying to work with them currently.

Hopefully, the Alamitos will be done almost at the same moment as the Huntington Beach facility, so I’m not sure if that’s good news or not for Stephen O’Kane, but we are trying to work as diligently as possible and we will try at the next monthly update to give you a better idea of the time we believe we would have it completed.

COMMISSIONER MCALLISTER: Okay. Thanks very much.

MR. LEE: Sure.
COMMISSIONER MCALLISTER: I wanted to just quickly go back to make sure we’ve bottomed out in terms of alternatives to how we want to move forward, any alternatives at staff level.

And Mr. O’Kane, I’m not going (inaudible) problems, but I think we do need to (inaudible) to the PUC and some of the issues there related to the PUC’s job and I think we do have to work in concert so that we don’t have a disconnect that requires us to bounce back and forth between agencies.

So anyway, I wanted to just sort of express my interest in seeing a little bit of the bigger picture here and understanding the position of our sister agency and to the extent that it relates to our work here.

HEARING OFFICER COCHRAN: Mr. Layton.

MR. LAYTON: Commissioner McAllister, this is Matt Layton. We’ve tried to address the clutches inside the siting cases. So what are we missing that you think we could provide? Because we were so stuck on is there a need.

Obviously it’s a commonsense thing to do, but the need assessment is still not something we do, so we’ve been hard pressed to say yes, you should put this clutch in because it’s needed,
because we can’t say it’s needed. So we’ve struggled.

Is there some thought that you think that we could -- how can we address this inside of a citing case?

HEARING OFFICER COCHRAN: I think it’s more in the site plan to leave space between the simple cycle structures to put the synchronous condensers in.

I don’t think that this gets to the question of Cal ISO specifically said that in their current transmission system planning that there is no need for additional synchronous generation, but that they also know that this plant will have a longer useful life than ten years.

And so they want to make sure that as that planning horizon continues to move and the economic useful life of this facility moves along with it, that the facility is flexible enough to be able to accommodate whatever those changes in technology may be.

COMMISSIONER MCALLISTER: So to split that into slightly different terms. We looked at the transmission plan and we wrote a letter saying, look, has anything changed and essentially no,
however, we are looking ten years out and this
things going to go beyond that, so commonsense
dictates that it ought to be able to accommodate
that.

So I’m not implying on need, that’s really
the PUC’s job, but if they -- let’s say years down
the road the simple cycle piece starts to get
implemented, can that site accommodate what -- and
let’s say, just for conjecture, that PUC wants to
sort of include that in there.

Well, it would be nice to know that that
looks like in an anticipatory way versus having to
redo the whole project. We should be thinking about
that (inaudible) ideas rather than just sort of
letting the chips fall ten or fifteen years down the
road, so I think it’s worth thinking about now. But
what simple things could be done on this site to
make it more responsive to future realities that we
don’t know right now.

MR. LAYTON: I had forgotten that the
simple cycles may not get built right away. I think
in our looking at it, you would be hard pressed to
install, build a simple cycle with space in between
to put a clutch in later. We don’t think that would
be practical, because by the time you put in the
spacer, an extra long shaft and maybe some support, you might as well put the clutch in. So it’s hard to say you design it and build it with the anticipation of putting a clutch in later.

However, I think what you’re asking is, is there 20 more feet that you could, when you finally do decide to configure and build this, that you could actually have 20 more feet to expand it. That, I think we can address.

And I think it’s pretty straightforward because it’s a pretty disturbed site and therefore, the conditions that we’re applying, I think would just apply for that 20 foot additional foundation and moving the generator foundation.

From an environmental review standpoint, obviously the cost and the need is up to the applicant.

MS. FOSTER: This is Melissa Foster and I’ll let Stephen speak as well, but I just want to reiterate in our PSA comments we appreciated the informational information about the clutches in the alternative section, but we just want to reiterate the point that there’s been no impacts that have been identified that require mitigation or clutches to be installed or even evaluated as an alternative
to the project.

There’s no significant impacts associated with this project that would necessitate a change in design or addition of a clutch to even a portion of the project down the road.

Stephen, is there anything else you would like to add?

MR. O'KANE: Yeah, I think we have to, Commissioner McAllister said we need to take a look at the bigger picture. We have to understand how in parallel procurement, planning and procurement process in this whole siting case, so you are -- we have not talked at all about (inaudible) what are the other technologies that could provide the same sort of particular condenser? Battery storage? How about the existing generators that are there today and already operating, could they remain in operation?

I think it’s completely out of the scope of this Committee and this (inaudible) to sort dictate the technical specifications of the project if there is no defined impact or need. So doing what ifs or what sort of engineering specifics we’d have in five or six years when it comes time to build would probably never be built without procurement and the
procurement is going to dictate the design and the need that the utilities and the system administrators want.

(inaudible) by Cal ISO is merely speculation and has no technical need and a ten year report may or may not be deemed. So I think this is a highly inappropriate discussion, quite frankly, for this siting committee.

MR. KNIGHT: I’d just like to add and echo what Ms. Foster had mentioned.

In response to the committee’s request to address clutches in these proceedings, we have stuck that analysis in the alternatives section because we didn’t know where else to put it. But it’s not truly like a CEQA alternative. It was an identified impact that we were going to try to avoid or lessen. So we just put it there because we didn’t know where else to stick it.

COMMISSIONER McALLISTER: Okay.

MR. LAYTON: This is Matt Layton again. I agree with Mr. O’Kane that I don’t know what’s going to happen in five years, but I think the committee is asking could you, staff, do an analysis of potential clutch.

I think we can. We’re not making any
assertions about whether it’s needed, viable, economic or anything like that.

COMMISSIONER MCALLISTER: And I certainly acknowledge that there was some uncertainty here. I mean what is the market (inaudible) going forward. There are lots of, certainly with all due respect, Mr. O'Kane, I agree with parts of what you said, but I also said as a public servant and trying to figure out how to anticipate what things are going to be, I think it’s actually not a far off bet to -- you know, we’re all struggling with reliability, we’re all struggling with system issues. We’re all across the agencies talking about these issues around planning.

And so while you’re correct that procurement will dictate the details of any given project, if we limit ourselves by not doing commonsense things with a relatively low cost, we may not be talking about the same levels of cost, but our understanding of what’s an appropriate cost might be different. But I think if we don’t have some of this conversation to think about what are probably relatively likely possibilities in the future as we move forward toward highly renewable systems, when we’re not doing ourselves any favors.
So this isn’t how I think we need to looking at here, obviously that’s the PUC, but if they find themselves wanting to do something and they cannot physically because of limited planning now, then that won’t be a good thing.

So nobody’s saying we’re going to force you to put in a clutch today, but if there are relatively simple, relatively low cost things that can be planned for and not implemented today but planned for and we keep the option open, then that’s a good thing. And I think hopefully you would agree with that statement.

MR. O’KANE: Well, we’ve listened to the last hour. We saw the train wreck coming with (inaudible) tight schedules. That sort of analysis and design if it does anything to change that footprint takes the schedule way off track. Let’s keep that in mind.

COMMISSIONER MCALLISTER: Thanks, duly noted.

So anybody have anything else to say about the schedule? Do we think we have enough information to (inaudible) into the last schedule?

MR. BELL: At some point will the hearing officer be requesting availability of the parties? I
HEARING OFFICER COCHRAN: I think at this point it’s going to be more in the nature of a once this, then that type of schedule, because not having any idea when the FDOC may be coming out, I don't know how, even if we accepted applicant’s suggestion that we issue the FSA now and then some sort of amendment, addenda, supplemental, subsequent supplement to the FSA --

MR. BELL: As long as you don’t call it an errata.

HEARING OFFICER COCHRAN: I carefully didn’t, I used all my other favorite CEQA words instead. That I don't know how we schedule or even start thinking about an evidentiary hearings.

If South Coast had said we’re going to have the FDOC out by August 31 or September 4 or pick a date, then I think I would be saying what does everyone’s calendar look like this week.

I understand the applicant’s need to have a decision by the end of this year, but I also understand that this committee has a need to put out a full and complete PMPD, and that does take time. Much the same way that staff takes time to do its
writing and review, I also take time to write and review, and that’s just how it is. So to continually shorten the amount of time I have with that, I learned fool me once, shame on me.

So at this point I don’t know what the schedule is going to look like except probably if/then because, again, it’s too unknown and unknowable at this point, I think, unless someone has a crystal ball they didn’t bring and aren’t showing.

I see Mr. Salamy reaching into his coat pocket. So I think that’s where we are.

If parties do know of times that they won’t be available - I think you could find somebody that says I know already I’m not going to be available the last two weeks of November because I’m going to Italy for Thanksgiving. But let us know -- not me personally, that was an if -- then we’ll take it from there.

MR. LAYTON: Hearing Office Cochran?

HEARING OFFICER COCHRAN: Yes.

MR. LAYTON: This is Matt Layton. I thought the schedule AES had indicated that it was December for both projects. I’m now hearing that Huntington Beach they would like to have done by November,
otherwise their schedule falls apart. I guess I would hope for clarity on that.

And I still hope that AES could provide some direction if there is a priority, a preference, or if there is no preference or priority between the two projects, it would help staff. Or they don’t have to help staff, I guess.

HEARING OFFICER COCHRAN: I think it would help the committee.

MR. O’KANE: Stephen O’Kane again. Well, they’re on the same schedule. They’ve got the same spring 2020 and the same very tight window for (inaudible) work to be done in the winter of ’19/’20. They have essentially the same schedule so call it November, call it end of year. December 31st is like our drop dead date for both of those projects.

Yeah, it does mean overtime and weekends and paying for consultants, all those things are going to have to be done. It’s been done before. Energy crisis 2001 (inaudible) out in six months or we’re not going to do it now. Either that or do we start writing letters looking at the alternatives if those units are not online by that time?

My hair’s on fire here, guys. I don't know
what else I can say.

HEARING OFFICER COCHRAN: Understood.

Anything else?

COMMISSIONER MCALLISTER: Do we have any members of the public? I don’t see any in the room, but on the phone or online, do we have any members of the public that would like to comment?

(Inaudible) Everybody’s unmuted so go ahead and speak.

Okay, not hearing any members of the public who want to speak, so thanks everybody for coming. We will - do we have any timetable of when we're going to get the schedule out? So we’re going to give ourselves until the end of next week to put out a new amended schedule, updated schedule, and so we’ll need a few days to figure it out. Appreciate everybody in the conversation and trying to be flexible going forward. Certainly we’ll (inaudible) this thing (inaudible) as soon as possible. I see (inaudible) nodding his head vigorously there.

Once again, thanks very much for coming.

(Adjourned at 12:06 p.m.)
I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of March, 2017.

PETER PETTY
CER**D-493
Notary Public
TRANSCRIBER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of March, 2017.

Barbara Little
Certified Transcriber
AAERT No. CET**D-520