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COMMITTEE HEARING
BEFORE THE
ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION OF THE STATE OF CALIFORNIA

In the matter of,)
) Docket No. 79-AFC-04C
)
Petition to Amend the Bottle)
Rock Geothermal Power Plant)
Decision)

COBB MOUNTAIN LION'S CLUB
COMMUNITY CENTER
15780 BOTTLE ROCK ROAD
COBB, CALIFORNIA

MONDAY, NOVEMBER 18, 2013

3:30 P.M.

Reported by:
Kent Odell

APPEARANCES

Commissioners

Karen Douglas, Presiding Member

Janea Scott, Associate Member

Hearing Officer, Advisors Present

Paul Kramer, Hearing Officer

Jennifer Nelson, Advisor to Commissioner Douglas

Eli Harland, Advisor to Commissioner Douglas

Lezlie Kimura Szeto, Advisor to Commissioner Scott

Eileen Allen, Commissioners' Technical Advisor for
Facility Siting

CEC Staff Present

Kevin W. Bell, Staff Counsel

Camille Remy-Obad, Compliance Project Manager

Matthew Layton

Edward Brady

Public Adviser's Office

Alana Mathews

Parties and Interested Agencies

Petitioner/Project Owner, bottle Rock Power, LLC
Kristen T. Castanos, Esq.
Brian Harms
Fred Glueck

Intervener David Coleman
Donald B. Mooney, Esq.
David Coleman

Intervener Friends of Cobb Mountain
Hamilton Hess
Donald B. Mooney, Esq.

APPEARANCES (CONT.)

Project Landowner, V.V. & J. Coleman LLC
Mark Peterson, Esq.
Robert Francisco

Lake County APCD
Douglas Gearhart

Public Comment

Randall Fung

Hamilton Hess

Linda Fung

Robert Stark

Sharon Matzinger

John Hess

Kelly Fletcher

Gail Weiss

Gladdys Gransford

Gerri Finn

Joan Moss

Ronald Fidge

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P R O C E E D I N G S

1
2 NOVEMBER 18, 2013

3:39 P.M.

3 PRESIDING MEMBER DOUGLAS: I'll make -- got too
4 tangled up in the cord here.

5 So, good afternoon everybody, thank you for
6 being here today.

7 This is the Amendment Hearing for the Bottle
8 Rock Committee.

9 And I wanted to introduce myself, first. My
10 name's Karen Douglas, I'm the Presiding Member of this
11 Committee. At the moment because the Hearing Officer is
12 standing up, to my right, is Janea Scott, she's the
13 Associate Member, and the Hearing Officer is Paul
14 Kramer.

15 To my left are my advisors, Jennifer Nelson and
16 Eli Harland.

17 And to Commissioner Scott's left her advisor,
18 Lezlie Kimura Szeto, and to Leslie's -- I'm sorry, I
19 said left. I meant right. To Leslie's right is Eileen
20 Allen, the Commissioner's Technical Advisor for Siting.

21 So, I just want to start by asking the parties
22 to introduce themselves, beginning with the Petitioner.

23 MS. CASTANOS: Good afternoon Commissioners, my
24 name is Kristin Castanos, C-a-s-t-a-n-o-s, and I am
25 counsel for Bottle Rock.

1 With me today is Brian Harms and Fred Glueck.

2 PRESIDING MEMBER DOUGLAS: Thank you. Staff?

3 HEARING OFFICER KRAMER: Why don't you give that
4 to Mr. Bell, for now?

5 MR. BELL: Kevin Bell, Senior Staff Counsel, on
6 behalf of Energy Commission staff.

7 With me here today is Project Manager Camille
8 Remy-Obad. I also have Ed Brady and Matt Layton.

9 PRESIDING MEMBER DOUGLAS: Thank you.

10 Now, we'll go to the interveners. Let's see,
11 Intervener David Coleman. Mr. Mooney?

12 MR. MOONEY: Hi, Donald Mooney on behalf of
13 Intervener David Coleman, who's here with me. And also
14 Friends of Cobb Mountain, who are also here in the --
15 the Board Members are here in the audience.

16 PRESIDING MEMBER DOUGLAS: Okay, thank you.

17 Is the Project Landowner, let's see, V.V. & J.
18 Coleman, LLC, are you representing --

19 MR. PETERSON: Mark Peterson for V.V. & J.
20 Coleman, LLC.

21 PRESIDING MEMBER DOUGLAS: Thank you.

22 MR. PETERSON: And, hopefully, Robert Francisco
23 soon.

24 PRESIDING MEMBER DOUGLAS: Excellent.

25 Is there anybody here from the Department of

1 Water Resources?

2 What about the Department of Conservation?

3 Is anybody here from any other State agencies or
4 Federal agencies?

5 Do we have any representatives of Lake County
6 here?

7 Could you introduce yourself, please?

8 MR. GEARHART: Doug Gearhart with the Lake
9 County District.

10 PRESIDING MEMBER DOUGLAS: Thank you.

11 All right and the Public Adviser's Office?
12 Let's see, do we have a Public Adviser?

13 MS. MATHEWS: Over here.

14 PRESIDING MEMBER DOUGLAS: There you are. Alana
15 Mathews --

16 MS. MATHEWS: Alana Mathews.

17 PRESIDING MEMBER DOUGLAS: -- is here from the
18 Public Adviser's Office.

19 So with that, I'll turn this over to the Hearing
20 Officer.

21 HEARING OFFICER KRAMER: Thank you. The purpose
22 of -- let's see, let me just review it and make sure
23 I've got all of it.

24 I think I did, except that Ms. Mathews, our
25 Public Adviser, has blue cards if you want to speak,

1 later, towards the end of the agenda in our public
2 comments portion.

3 The first item on today's agenda for today's
4 hearing was to consider pending motions, if there were
5 any, and as far as I know there were none.

6 So, we'll move to topics and issues to be
7 presented. And it's really pretty simple, I think, in
8 this case. It seems to be all about whether there
9 should be a bond for the expenses of closure of the
10 power plant. And, if so, what the amount of that bond
11 should be.

12 And then after that we want to just briefly
13 confirm with everyone the status of the environmental
14 impairment insurance.

15 It's our understanding that that requirement is
16 going to continue. And if anybody feels otherwise, that
17 will be the time to speak to that.

18 And then, as far as I know, the compilation of
19 previous conditions updated per all the amendments that
20 have occurred over the years was acceptable to all the
21 parties, with maybe an exception or two, minor
22 exceptions, so we'll go over that briefly.

23 And then we will hear argument about any of the
24 issues that are before us, but I suspect most about the
25 bond, and then take public comment.

1 In case some of you leave before the end, the
2 Committee has scheduled another Committee conference
3 tomorrow, in Sacramento. And the purpose of that is
4 mostly to allow the Committee to deliberate on its
5 decision in this matter.

6 So, there would be certainly no reason for
7 anybody to come over to Sacramento basically to just
8 watch us go into a back room and deliberate because, of
9 course, that's done in private.

10 But you can call in, if you want, to the
11 meeting, the information is in the notice, and listen.
12 But I'll warn you, again, there will be a long silent
13 period in the middle.

14 Right, and at the end we won't announce any
15 particular decision, we'll just tell you that
16 instructions were given to me to prepare the draft that
17 the Committee considered.

18 So, the first time you'll know what the
19 Committee is recommending will be when a written
20 proposed decision comes out. It could be as early as a
21 week. It might be longer than that. Until we see
22 exactly what the issues are, we don't know for sure.

23 So with that, let's begin with the first issue,
24 which is -- well, let me ask, do the parties have any
25 procedural issues or anything else they want to raise?

1 Mr. Mooney looks like he wants to.

2 MR. MOONEY: I have one question in terms of the
3 submission of the evidence. Is there going to be a time
4 after the testimony where you're going to determine or
5 hear any objections to any of the evidence that is being
6 proposed?

7 HEARING OFFICER KRAMER: If that's satisfactory
8 to you, that's the way I normally like to do it is just
9 do them all together in one fell swoop.

10 MR. MOONEY: Okay.

11 HEARING OFFICER KRAMER: Anything else?

12 Okay, so as we said in the notice, we were going
13 to conduct a relatively informal hearing. And in this
14 case that means having a panel of the parties' witnesses
15 on the topic of the bond.

16 So, let's see, we have four -- for staff we have
17 Mr. Brady, Matt Layton, and Ms. Obad.

18 And for Mr. Coleman and the Friends we just have
19 cross examination, so they'll be asking questions of the
20 panel.

21 For Bottle Rock we have -- is Mr. Harms going to
22 be involved in that? I presume he's probably going to
23 be. Okay, is that Mr. Glueck or "Gluck"?

24 MR. GLUECK: Glueck.

25 HEARING OFFICER KRAMER: Glueck, okay. So, Mr.

1 Harms and Mr. Glueck are sitting there. Maybe, Ms.
2 Castanos, if you could move to Mr. Glueck's left so they
3 don't have to keep passing the microphone over to you.
4 Temporarily, that might work better.

5 The reason I'm seating people all over the place
6 is because of spacing and our microphone capacities.

7 HEARING OFFICER KRAMER: Okay, so gentlemen, try
8 not to get the reporter's mic when you're passing it
9 back and forth because apparently that rings his bell.

10 (Laughter)

11 HEARING OFFICER KRAMER: Let's see, so now we
12 just need a place for Mr. Francisco, I believe. Is he
13 here?

14 Okay, could you sit next to the court reporter?
15 Was he going to testify?

16 MS. CASTANOS: So, we offered Mr. Francisco's
17 testimony, his written testimony. We don't need to
18 present it, really, today unless the Committee requests
19 it.

20 Or, you know, we're happy to have him testify if
21 they ask to hear his testimony.

22 HEARING OFFICER KRAMER: Okay, the way the
23 panels work is a question gets asked of all the panel.
24 You can ask it to a particular person and that person
25 basically gets to go first and answer.

1 So, but the other panelists then, if they have
2 something relevant to say in response to the question,
3 they can also speak up. So, I think it would be good to
4 have Mr. Francisco near a microphone in case he needs to
5 do that.

6 All right, so we have everyone seated except Mr.
7 Francisco doesn't really have a microphone.

8 MR. PETERSON: He can probably -- his
9 testimony's going to be very limited. And I think since
10 he's here, he can use that one.

11 HEARING OFFICER KRAMER: Okay. Why don't you go
12 sit by --

13 (Laughter)

14 MR. FRANCISCO: I didn't know it was going to be
15 so much work.

16 HEARING OFFICER KRAMER: Well, at least I
17 didn't -- and don't sit down, yet, because we're going
18 to have to stand up and be sworn.

19 Okay, so is there anyone else who's a witness,
20 who's not close to a microphone right now?

21 All right, then if you would all raise your
22 right hand and stand up. I guess that's part of it.

23 (Group Swearing In)

24 HEARING OFFICER KRAMER: Okay, all six witnesses
25 have sworn. Thank you. Be seated.

1 Let's then go -- we'll go in order around the
2 room, have each of you say your name and spell your last
3 name for our court reporter, starting with Mr. Harms.

4 MR. HARMS: Brian Harms, B-r-i-a-n H-a-r-m-s.

5 MR. GLUECK: Fred Glueck, F-r-e-d G-l-u-e-c-k

6 MR. FRANCISCO: Robert Francisco, that's R-o-b-
7 e-r-t F-r-a-n-c-i-s-c-o.

8 MR. LAYTON: Matthew Layton, L-a-y-t-o-n.

9 MR. BRADY: Edward Brady, B-r-a-d-y.

10 MS. REMY-OBAD: Camille Remy-Obad, C-a-m-i-l-l-e
11 R-e-m-y O-b-a-d.

12 HEARING OFFICER KRAMER: Okay, thank you.

13 Ms. Castanos, did you want to ask any particular
14 questions of any of your witnesses? So, just push the
15 play button and then let them go or --

16 MS. CASTANOS: I was anticipating questioning
17 them by direct examination, so I think I'll proceed in
18 that manner.

19 So, I just would like to ask Mr. Harms, did you
20 prepare the testimony that was submitted in this
21 proceeding -- (inaudible) --

22 MR. HARMS: Yes.

23 MS. CASTANOS: And is that written testimony
24 true and correct to the best of your knowledge?

25 MR. HARMS: Yes.

1 MS. CASTANOS: Can you please state your
2 position?

3 MR. HARMS: I'm the General Manager for Bottle
4 Rock Power, LLC.

5 MS. CASTANOS: And what are your
6 responsibilities?

7 MR. HARMS: I have management responsibilities
8 for all aspects of running the business of Bottle Rock.
9 And I also serve as the officer of the company in the
10 position of President.

11 HEARING OFFICER KRAMER: All right, do you hear
12 him okay?

13 PRESIDING MEMBER DOUGLAS: You need to talk
14 directly into the microphone.

15 In fact, if you could repeat that?

16 MR. HARMS: My responsibilities and job duties
17 are all management responsibilities for the running of
18 the business of Bottle Rock Power. And I also serve as
19 the officer of the company in the position of President.

20 MS. CASTANOS: When did Bottle Rock Power, LLC
21 acquire the permit?

22 MR. HARMS: The project was purchased in 2005.

23 MS. CASTANOS: And was the project operating
24 when you acquired it?

25 MR. HARMS: No, it was not.

1 MS. CASTANOS: Is it currently operating?

2 MR. HARMS: Yes.

3 MS. CASTANOS: And how much power is it
4 producing?

5 MR. HARMS: Today we're operating at about 12
6 megawatts gross, approximately 10 delivered to the
7 customer net.

8 MS. CASTANOS: And can you explain the
9 availability rate of the project?

10 MR. HARMS: Since the project was restarted,
11 Bottle Rock's availability has averaged about 96
12 percent.

13 MS. CASTANOS: And what does that mean?

14 MR. HARMS: Availability is a term that relates
15 to the reliability of an operating project.
16 Essentially, for those hours that you intended or
17 schedule to operate how many of those were available to
18 operate.

19 Bottle Rock is a baseload facility so what we
20 basically do is we take out the hours in the calculation
21 for planned maintenance, and the rest of the time we're
22 expected to be operating, and we operate at about 96
23 percent.

24 MS. CASTANOS: What steps did Bottle Rock Power
25 take to restart the facility?

1 MR. HARMS: The power plant had to be basically
2 refurbished, modern controlled systems had to be
3 installed, most of the equipment had to be rebuilt to
4 operate, including the turbine generator set.

5 In the well field, wells that had existed had
6 plugs removed and, additionally, new wells were actually
7 drilled to bring more steam into the project.

8 That's a short summary.

9 MS. CASTANOS: And what is the expansion project
10 that's been talked about at Bottle Rock?

11 MR. HARMS: In addition to the existing lease,
12 where the power plant is located, we also have a lease
13 that is adjacent to the property, to the north.

14 The expansion project that is permitted is
15 intended to increase the steam supply to the plant from
16 that adjacent piece.

17 MS. CASTANOS: And what steps has Bottle Rock
18 taken in furtherance of that expansion project?

19 MR. HARMS: All the permitting efforts necessary
20 for that expansion project are complete and we actually
21 have the permits in hand to perform that. Those were
22 granted by the County of Lake.

23 MS. CASTANOS: And does Bottle Rock have a power
24 purchase agreement to deliver power?

25 MR. HARMS: Yes, Bottle Rock has a power

1 purchase agreement to deliver power to Pacific Gas &
2 Electric.

3 MS. CASTANOS: And what's the term of that power
4 purchase agreement?

5 MR. HARMS: The term is for 20 years beginning
6 in 2012, which is when the power purchase agreement was
7 executed.

8 MS. CASTANOS: And was that power purchase
9 agreement -- was it then approved by the California
10 Public Utilities Commission?

11 MR. HARMS: Yes, it was approved in September of
12 2012 by the Public Utilities Commission.

13 MS. CASTANOS: So, in your opinion why has
14 Bottle Rock been -- the current owner been successful at
15 restarting and operating the project when the prior
16 owners could not operate it?

17 MR. HARMS: The existing owners were able to
18 bring the financial resources necessary to perform the
19 activities that I described, including refurbishing the
20 power plant and opening the well.

21 They also were able to bring in the technical
22 skills necessary to restore a power plant and a well.
23 So, basically, those are the significant differences
24 that the previous owner did not have.

25 MS. CASTANOS: I don't have any further

1 questions for Brian.

2 Did you want me to continue questioning with Mr.
3 Glueck?

4 HEARING OFFICER KRAMER: Yes, go ahead.

5 MS. CASTANOS: Mr. Glueck, can you tell me your
6 occupation and how long you've held that position?

7 MR. GLUECK: Yes, I am the President, General
8 Manager, and Owner of Plant Operation. I've been in
9 that position since 1987.

10 MS. CASTANOS: And can you describe your
11 education?

12 MR. GLUECK: I have a bachelor's in business
13 administration from UC Berkeley, graduated in 1976.

14 And I received an MBA from Golden Gate
15 University in 1981.

16 HEARING OFFICER KRAMER: Ms. Castanos, could you
17 please get a little closer to the mic?

18 MS. CASTANOS: Yes. Can you describe the scope
19 of services that your company provides?

20 MR. GLUECK: Land Reclamation provides
21 dismantling, demolition, remediation activities,
22 equipment, recycling and sales, specialty extractions of
23 difficult equipment.

24 We do recovery in the chemical, the power
25 industry, the steel industry, lumber facilities, all

1 heavy industrial dismantling, remediation, and recovery
2 of assets of the facility.

3 MS. CASTANOS: And can you provide some examples
4 of projects that your company has worked on?

5 MR. GLUECK: Projects similar to the Bottle Rock
6 project, we were the dismantlers for the CCEPA project,
7 various other geyser projects for PG&E.

8 We have dismantled their oil-fired facilities in
9 San Francisco, Oakland, Eureka, Sacramento, various
10 other locations throughout California at similar type
11 facilities.

12 MS. CASTANOS: Are you familiar with the July
13 29th estimate procured by Glueck Reclamation for the
14 decommissioning cost for the Bottle Rock project?

15 MR. GLUECK: Yes, I am.

16 MS. CASTANOS: And what was your role with
17 respect to that estimate?

18 MR. GLUECK: I visited the site and reviewed
19 information provided me by Bottle Rock in an effort to
20 prepare an order of magnitude estimate for the
21 decommissioning of the facility within the
22 (inaudible) --

23 MS. CASTANOS: And are you also familiar with
24 the April 15th, 2013 plant reclamation cost estimate?

25 MR. GLUECK: Yes, I am.

1 MS. CASTANOS: And what was your role with
2 respect to that estimate?

3 MR. GLUECK: It was the same type of activity.

4 MS. CASTANOS: Can you describe the activities
5 that are contemplated in your cost estimate?

6 MR. GLUECK: Within the cost estimate we were
7 asked to come up with an order of magnitude
8 decommissioning for the equipment removal and
9 dismantling within the fence line of the power plant,
10 exclusive of certain items such as the turbine
11 generating building, the fire protection building, a
12 small maintenance facility. But the removal of the
13 cooling tower and all other equipment and what that
14 order of magnitude cost would be.

15 MS. CASTANOS: Are there any unusual aspects
16 with respect to decommissioning of this project as
17 compared to your experience with other projects?

18 MR. GLUECK: No, it's actually not a very large
19 project from our observation. It's very straight
20 forward in the scope of work that was laid out to be
21 performed. And I didn't see any unusual aspects to the
22 project at all.

23 MS. CASTANOS: And are there any significant
24 environmental concerns related to the decommissioning
25 efforts?

1 MR. GLUECK: No, there's nothing unusual that
2 would be significant being that they're a geothermal
3 facility.

4 MS. CASTANOS: The July estimate does not
5 include a cost for backfilling the turbine generator
6 building. Can you explain why?

7 MR. GLUECK: On the basis that the building was
8 going to be retained and have a potential future use,
9 there is no reason to backfill the basement which would
10 take away part of the accessibility and usability of the
11 building.

12 MS. CASTANOS: Can you explain the basis for
13 your estimated salvage value in the July estimate?

14 MR. GLUECK: What I did was I reviewed the site,
15 walked the site, looked at all the various equipment,
16 piping, operating gear, looked at drawings with respect
17 to the turbine generator unit and estimated the weights
18 of materials that were on-site, within the scope of
19 work.

20 I took the values for what would be considered a
21 fair of steel. There's the non-steel materials such as
22 the stainless and the copper, and you equate a value for
23 those items.

24 Then I also, when I became aware that the
25 transformer on site had a (inaudible) -- I then inquired

1 as to what the potential resale value would be for those
2 assets. Some of them have greater value, obviously, as
3 reuse rather than scrap, so I calculated what their use
4 would be in place for the transformer, as well as for
5 the generator.

6 MS. CASTANOS: And how did you develop your
7 estimate of the reuse value of the transformer and the
8 turbine generator?

9 MR. GLUECK: I contacted other people within the
10 industry, across the country, that we've done business
11 with in the past, gave them the specifics on the permit,
12 their operating criteria, and then created an
13 environment that said if they were just sitting here in
14 place what would what the -- would the value be for
15 those for the purposes of resale value, and got an
16 impression as to their resaleability.

17 MS. CASTANOS: So, in your experience is it
18 appropriate to assume reuse and salvage value with --
19 when preparing a decommissioning estimate?

20 MR. GLUECK: In every project we do salvage and
21 recovery value of the assets is a primary portion of the
22 work. It's a standard criteria. We have to assess the
23 value and then that value is factored into the cost of
24 the project as a credit, then we give our estimates or
25 our bids to our client then.

1 MS. CASTANOS: And does the location of the
2 project impact that value; that salvage value?

3 MR. GLUECK: Project location doesn't really
4 impact salvage value. The value of recovery is what it
5 is when it gets to the recovery locations.

6 And in some locations the cost of transportation
7 and delivery to those facilities is a little bit greater
8 than other facilities.

9 The Bottle Rock facility is by no means that
10 much different than any other geyser facility that we've
11 been in, in terms of transportation, and those factors
12 are taken into consideration.

13 MS. CASTANOS: And does the potential that the
14 salvage material is contaminated affect your estimate of
15 the salvage value?

16 MR. GLUECK: For scrap recycling purposes, the
17 ability to decontaminate steel and other materials for
18 the purpose of recycle is actually not a very
19 complicated procedure. There are certain criteria that
20 we are obligated to for the recycle facilities, remove
21 free-flowing materials and loose product.

22 But all geysers' materials and other power plant
23 materials we've recovered in other projects have all
24 been salvageable.

25 MS. CASTANOS: Did you consider including a

1 contingency in your estimate?

2 MR. GLUECK: I didn't consider it because if the
3 value of the project was going to be revised over
4 several years, I didn't see a need for a contingency
5 factor. I figured that if we were going to go ahead and
6 renew that estimate every two to three years, that
7 contingency -- the changes in market and conditions of
8 performing the work wouldn't change that drastically in
9 that short time frame.

10 MS. CASTANOS: And have you seen the Caltrans
11 manual that staff cited as support for including a
12 contingency fee on the decommissioning estimate?

13 MR. GLUECK: Yes, I did.

14 MS. CASTANOS: And do you agree that it provides
15 support for including a contingency with respect to the
16 decommissioning estimate?

17 MR. GLUECK: No, I don't think so. I think it's
18 sort of an apples and oranges type of environment where
19 the Caltrans is looking at construction projects, build-
20 to-design, changes that occur in conditions during the
21 construction process.

22 With respect to our dismantling process it's a
23 very small site, there's not a tremendous amount of
24 material there. And the scope of work was pretty well
25 defined.

1 So, I think that the conditions that Caltrans
2 was using and assessing in construction projects,
3 compare that to the scope of the dismantling work that
4 would be associated with Bottle Rock, it's not an
5 apples-to-apples type of comparison.

6 MS. CASTANOS: I don't have anything further.

7 HEARING OFFICER KRAMER: Thank you. Mr. Bell,
8 did you want to get your witnesses started or just have
9 them respond to what's been said so far or --

10 MR. BELL: Why don't we get started real quick.

11 First, to my left, could you please state your
12 name and spell your name for the record?

13 MS. REMY-OBAD: Sure. Camille Remy-Obad, C-a-m-
14 i-l-l-e R-e-m-y O-b-a-d.

15 MR. BELL: Ms. Remy-Obad, by whom are you
16 employed and what capacity are you employed?

17 MS. REMY-OBAD: I'm the Compliance Project
18 Manager -- I'm the Compliance Project Manager for the
19 Energy Commission.

20 MR. BELL: And are you assigned in terms of the
21 Bottle Rock project?

22 MS. REMY-OBAD: Yes, I am.

23 MR. BELL: To my right, could you please state
24 your name and spell your last name for the record?

25 MR. BRADY: Edward Brady, B-r-a-d-y.

1 MR. BELL: Mr. Brady, by whom are you employed
2 and in what capacity are you so employed?

3 MR. BRADY: I'm a mechanical engineer for the
4 California Energy Commission. I work in the STEP
5 Division, in the Engineering Department.

6 MR. BELL: And the STEP Division, what does STEP
7 stand for?

8 MR. BRADY: Siting, Environmental Transmission
9 and Protection.

10 MR. BELL: And to Mr. Brady's right, could you
11 please stake your name and spell your name for the
12 record?

13 MR. LAYTON: My name's Matthew Layton, L-a-y-t-
14 o-n.

15 MR. BELL: And Mr. Layton, by whom are you
16 employed and what do you do for that entity?

17 MR. LAYTON: I work for the California Energy
18 Commission. I'm the Office Manager for the Engineering
19 Office, for the Siting, Transportation and Environmental
20 Protection Division.

21 MR. BELL: I have a single question for the
22 three of you, if you can answer in unison.

23 Did the three of you either prepare or assist in
24 preparing staff's analysis in the Bottle Rock matter?

25 MS. REMY-OBAD: Yes.

1 MR. LAYTON: Yes.

2 MR. BRADY: Yes.

3 MR. BELL: And did the three of you either
4 prepare or assist in preparing the response to comments
5 made by staff in the Bottle Rock matter?

6 MS. REMY-OBAD: Yes.

7 MR. LAYTON: Yes.

8 MR. BRADY: Yes.

9 MR. BELL: No further questions.

10 HEARING OFFICER KRAMER: Okay. Well, that -- I
11 guess that's the sum total of the witnesses expect we'd
12 have some questions, if nobody else does.

13 But let me let Mr. Mooney go first.

14 MR. MOONEY: Is Mr. Francisco going to -- did he
15 testify? Is he going to testify?

16 HEARING OFFICER KRAMER: There was no record
17 from Mr. Francisco, correct.

18 MR. MOONEY: Okay.

19 HEARING OFFICER KRAMER: But feel free to ask a
20 question of him or anybody.

21 MR. MOONEY: Okay. I don't have any questions
22 for him.

23 (Laughter)

24 MR. MOONEY: Mr. Harms, you testified that the
25 Bottle Rock acquired the project in 2005, yes, Mr.

1 Harms, and then it started operations in 2007; correct?

2 MR. HARMS: That is correct.

3 MR. MOONEY: Okay. And how much capital was
4 expended to restart the project?

5 MR. HARMS: In excess -- in total, in excess of
6 a hundred million dollars.

7 MR. MOONEY: And how was that capital acquired?

8 MR. HARMS: The private entity.

9 MR. MOONEY: And is that Bottle Rock's -- did
10 Bottle Rock provide that equity?

11 MR. HARMS: That was provided by the owners of
12 Bottle Rock.

13 MR. MOONEY: Okay and the owners are?

14 MR. HARMS: The owners are US Renewables Group,
15 LLC and Riverstone Holdings, LLC.

16 MR. MOONEY: So, of that hundred million dollars
17 of equity, is any of that equity held by Bottle Rock?

18 MR. HARMS: The assets are held by Bottle Rock,
19 which is owned by Riverstone and then US Renewables.

20 MR. MOONEY: Were any loans taken out to restart
21 the project?

22 MR. HARMS: The project has no debt and did not
23 have any debt during the course of the existing owner's
24 project restart.

25 MR. MOONEY: Is the project currently making a

1 profit?

2 MS. CASTANOS: I'm going to object. I'm not
3 sure what the relevance is of these questions.

4 HEARING OFFICER KRAMER: Do you have an offer of
5 proof, Mr. Mooney?

6 MR. MOONEY: Well, I think it's relevant in
7 terms of they're asking to be relieved of a bond
8 requirement. They have, you know, limited assets. If
9 the project's not making -- if the project's not
10 operating at a profit, it raises concerns about the
11 ability, as an emergency decommissioning, to have funds
12 available to go toward decommission.

13 They've also said -- state that -- Mr. Harms'
14 testified that they have no debt. But if they're
15 operating at a loss, then that would go to this
16 testimony of whether or not they have debt.

17 HEARING OFFICER KRAMER: That is a variation on
18 a question the Committee has, which is trying to
19 reconcile this Bottle Rock's assertion that it -- having
20 to have the bond in place makes it hard for it to raise
21 capital to expand. It's being presented, it seems, as
22 an either/or proposition.

23 And so, we'll overrule the objection.

24 MR. HARMS: I think if we're going to answer a
25 question on profitability, we have to go down a path of

1 by accounting rules what is profitability. I mean if
2 we're taking into account depreciation and things like
3 that, that's probably a more complicated matter to
4 answer.

5 Maybe a simpler answer in the short term, which
6 would be simpler for everyone to understand is cash
7 flow. In other words, on an annual basis -- but on an
8 annual basis we have approximately neutral cash flow,
9 which means my operating expenses are approximately
10 equal right now, because of my present output, to my
11 operating income. I don't know if that's helpful.

12 MR. MOONEY: Well, does Bottle Rock produce, at
13 the end of its fiscal year, a profit/loss statement?

14 MR. HARMS: We produce our financials, which are
15 then audited, which has been required by my owners. But
16 we don't -- we don't produce that for public
17 consumption.

18 MR. MOONEY: So, is it your testimony that
19 Bottle Rock does not intend or will not produce any
20 documentation as to its -- whether or not it's
21 profitable, its operations are profitable?

22 MR. HARMS: I cannot produce my private finance.

23 MR. MOONEY: What evidence can you produce to
24 show the Committee that you're operating at a profit or
25 a loss, other than your statements?

1 MS. CASTANOS: I think that question's been
2 answered. We're not providing that information.

3 MR. MOONEY: That wasn't my -- my question was
4 not whether or not you're going to provide it. My
5 question is what documentary evidence could you produce,
6 do you have to show that you're operating at a profit or
7 operating at a loss, not whether or not you're going to
8 produce it.

9 Do you have such evidence and what evidence --
10 or do you have such documents and what documents are
11 those?

12 MS. CASTANOS: I don't know that it's relevant
13 that we discuss what documents are available for
14 evidence if we're not going to be providing them.

15 HEARING OFFICER KRAMER: Yeah, the objection is
16 sustained.

17 Although, I think Bottle Rock needs to know that
18 this uncertainty on this take-it-on-faith, if you will,
19 approach that you're going to be able to take care of
20 your closure obligation without having something put
21 away is -- is certainly one of the key questions in this
22 decision.

23 MR. HARMS: Well, perhaps I can offer another
24 explanation, realizing I'm handicapped, to some extent,
25 by the limitations that are placed on me because of --

1 because of my position.

2 I would point out that financial information,
3 even if it weren't confidential, which it is in my case,
4 it's transient. If I were to provide you financials
5 today, indicating that I was profitable to some
6 substantial degree, it might provide some comfort, but
7 it is certainly not an indication of what my financials
8 would be five years or ten years from now.

9 And since we're making a substantial decision, I
10 would prefer that we focus on those things that are not
11 transient. Financial results really are a transient
12 condition.

13 MR. MOONEY: Since 2007, since the project's
14 operated through present, has the project turned a
15 profit?

16 MR. HARMS: I think we answered that, that I
17 wasn't going to provide that type of financials.

18 But I would say that any small business starting
19 up, in the early stages have difficulties turning a
20 profit. Although I'm a very small business, there are
21 very large entities that even go into conditions of
22 going into IPOs on the stock exchange that are not
23 turning a profit.

24 So, again, I'm not able to answer that question.

25 MR. MOONEY: Knowing that this issue has been

1 before the Committee with regards to Bottle Rock's
2 assets and the financials, and your claim of
3 confidentiality did you have any discussions with the
4 owners of Bottle Rock about whether or not they would be
5 willing to release the financials associated with the
6 company?

7 MR. HARMS: My conversations with the owners are
8 basically between the owners and myself. I'm the face
9 of the business that answers those questions in the
10 public domain, to the extent that I can.

11 MR. MOONEY: That was not -- I would ask that he
12 be directed to answer.

13 The question was whether or not he had such
14 discussions?

15 MR. HARMS: I imagine I can basically just say
16 yes, we've had conversations on matters such as this.

17 MR. MOONEY: And did they direct you not to
18 disclose that such information, financial information?

19 MR. HARMS: I understand the restrictions that
20 are on my position.

21 HEARING OFFICER KRAMER: Mr. Mooney, I think
22 it's fair to say the Committee is going to have to
23 consider, as part of its decision, the degree of
24 certainty we have regarding Bottle Rock's financial
25 information, but we're not going to --

1 MR. MOONEY: I'll move on. You're asking me to
2 move on, okay.

3 HEARING OFFICER KRAMER: We're having to get out
4 our accountant's surgical tools and dissect them.

5 MR. MOONEY: On the lease agreement that you
6 submitted as an exhibit, it was severely redacted. Can
7 you point to me in that lease agreement where there's a
8 confidentiality statement?

9 Can you identify that? Because I looked through
10 it and I did not see any confidentiality statement in
11 the lease agreement.

12 MR. HARMS: We have confidentiality agreements
13 that exist outside the lease.

14 MR. MOONEY: So, there's no confidentiality
15 statement within the lease, itself?

16 MR. HARMS: I would have to check the document.
17 I don't recall exactly whether there's a confidentiality
18 in that because we have separate confidentiality
19 agreements, but we will check.

20 HEARING OFFICER KRAMER: For those of you who
21 are standing in the audience, we do have a few chairs up
22 front if you do want to sit down. I just want to make
23 sure you're happy where you are.

24 MR. HARMS: It does not appear to be in the
25 actual lease document. We signed mutual nondisclosure

1 agreements when we began those negotiations.

2 MR. MOONEY: And has that document been produced
3 in this proceeding, that nondisclosure document?

4 MR. HARMS: No.

5 MR. MOONEY: And who did the redaction of the
6 lease agreement, who actually performed the redaction;
7 do you know?

8 MR. HARMS: A combination of myself and my legal
9 counsel, with the approval of the land owner and their
10 legal counsel prior to submittal.

11 MR. MOONEY: You also testified that there is a
12 power purchase agreement with PG&E; is that correct?

13 MR. HARMS: That is correct.

14 MR. MOONEY: And has that power purchase
15 agreement, has that been submitted as evidence in this
16 proceeding?

17 MR. HARMS: No, it has not.

18 MR. MOONEY: And do you know why it has not
19 been?

20 MR. HARMS: For the same confidentiality reasons
21 that we have with handling both the Public Utilities
22 Commission and PG&E. There are commercial terms in
23 there that are not -- actually not allowed, not by my
24 choice, even, but by the regulations on the utilities
25 regarding commercial considerations and power purchase

1 agreements.

2 MR. MOONEY: Who has copies of the power
3 purchase agreement, do you know?

4 MR. BRADY: Other than myself and my customer, I
5 assume the Public Utility Commission, and my legal
6 counsel, I don't know who has a copy of it exactly.

7 MR. MOONEY: In your testimony, you testified in
8 the testimony and the exhibits about other bonds that
9 Bottle Rock has with regards to the (inaudible) bonds
10 and the well bonds; is that correct.

11 MR. HARMS: Yes, we have bonds in place for
12 portions of the project that are not the areas of the
13 project that are under discussion today.

14 MR. MOONEY: And for those areas that are not
15 under discussion, because does Bottle Rock have a
16 decommissioning or closure estimate for those portions
17 of the project?

18 MR. HARMS: We have, basically, what is in place
19 for bonds as required by regulation. In the case of
20 division of oil, gas, and geothermal resources because
21 of the wells, and in accordance with the use permit,
22 we're accountable that we have bonds in place that are
23 based on both the permit, in the case of the county, and
24 in the case of (inaudible) -- it's by the statute.

25 MR. MOONEY: I understand that. But my question

1 was have you had performed an estimate of what it would
2 take to decommission, and for decommissioning and
3 closure of the non-Energy Commission facilities, the
4 jurisdictional facilities?

5 MS. CASTANOS: I'm going to object as being
6 outside the scope of this proceeding.

7 HEARING OFFICER KRAMER: Where are you going
8 with this, Mr. Mooney?

9 MR. MOONEY: Well, where I'm going with this,
10 and I kind of raised this in my rebuttal, is that at the
11 time that there's going to be a decommissioning of
12 the -- presumably of the project as a whole, there's
13 going to be a lot of costs associated. And with the
14 uncertainty of their financials, from Mr. Harms'
15 testimony, that at that time there's going to -- they're
16 going to be relieved of the bond requirement, period.

17 And so at that time there's going to be
18 essentially competition for the funds for
19 decommissioning. And if those bonds are inadequate, and
20 it's not to sit here and have a trial on those, but if
21 there's not an estimate on those for those closure
22 costs, and those additional non-Energy Commission
23 closure costs are significant, and those bonds don't
24 cover those, then there's going to be limited resources
25 for the Energy Commission, for the portion of the

1 project that's under the jurisdiction of the Energy
2 Commission.

3 And they introduced the bonds into this
4 proceeding so I think I should be allowed to -- they're
5 representing that those bonds are going to cover those
6 closure requirements.

7 MR. BELL: May I --

8 HEARING OFFICER KRAMER: Yes, go ahead.

9 MR. BELL: This was an identical line of
10 questioning that I was going to pose to Mr. Harms. Mr.
11 Mooney got there first.

12 However, this issue was brought up by Mr. Harms
13 in his testimony. And the only reason it becomes
14 relevant is because he has mentioned what he has termed
15 the existing non-CEC decommission obligations.

16 The fact that he has raised that in his
17 testimony makes this line of questioning relevant.

18 HEARING OFFICER KRAMER: I agree, although Mr.
19 Harms did, to my understanding answered your question,
20 Mr. Mooney, because he said it was based upon
21 requirements of, I guess, Lake County's regulations and
22 also the Department of Oil and Gas regulations.

23 Whether those have any relationship with the
24 actual costs, we can go ahead and explore that, if you
25 want.

1 MR. MOONEY: Well, yeah, and that's what my
2 question was really directed at was does Bottle Rock, as
3 of today, have an estimate for the closure costs of the
4 non-CEC portion of the project?

5 MR. HARMS: I don't have the exact estimate for
6 those but I can say that they are under the jurisdiction
7 of other entities. So, to the extent that there's a
8 competition for funds, whether bonds or otherwise,
9 there's still the rest of the project is now what we're
10 here to discuss in our petition to amend.

11 If the county, who has stated in the public
12 domain that those funds that are in the bond, that they
13 are satisfied that it's adequate, that's not an official
14 estimate but they have actually stated that in the
15 public domain.

16 Whether or not that's adequate at the time that
17 that becomes necessary, whether it's a competition or
18 not, that's the County of Lake's responsibility.

19 The same would be true for wells and the
20 plugging and abandonment of those wells, that would be
21 the responsibility of the Division of Oil, and Gas, and
22 Geothermal Resource to deal with that issue at Bottle
23 Rock.

24 So, I don't see how, regardless of whether it
25 was entered as part of my testimony, that it really

1 affects the petition to amend that I have before the
2 Commission.

3 MR. MOONEY: Certainly, Mr. Harms has provided
4 testimony and I'd like to ask him, again, of whether or
5 not you have a written estimate as to the non-CEC -- the
6 closure of the non-CEC jurisdictional portions of the
7 project?

8 MS. CASTANOS: And I would like to refer the
9 Committee to our Exhibit Number 14, which is a letter
10 from the county stating they believe that the bonds in
11 place for the county are adequate to cover their costs,
12 the costs that are required of the complainant.

13 HEARING OFFICER KRAMER: Okay. Well, Mr.
14 Mooney, you've asked them a couple of different ways
15 whether they had performed any particular estimate and
16 they've said no, so --

17 MR. MOONEY: Okay.

18 HEARING OFFICER KRAMER: I thought one of
19 your -- I thought one of your directions might be then
20 to compare the methodologies with the estimate that's
21 before us but, obviously, that can't be accomplished
22 because there is nothing to compare.

23 MR. MOONEY: That was -- if there was an
24 estimate that would have been a -- there would have been
25 a question with regards to that, yes.

1 How much additional -- you've testified that you
2 need additional capital to expand. How much additional
3 capital does Bottle Rock need to expand under these
4 permits?

5 MR. HARMS: A rough estimate, depending on what
6 level of expansion we basically get to, is in excess of
7 \$30 million.

8 MR. MOONEY: And the private equity companies
9 that own Bottle Rock, they've paid \$100 million so far?

10 MR. HARMS: In excess of \$100 million has been
11 invested.

12 MR. MOONEY: Is there a reason they can't
13 provide the funding for the expansion?

14 MR. HARMS: Equity funding works in a way where
15 an individual, or an institution, or a group of
16 investors put money into funds which cover a quality of
17 collection of assets.

18 When those funds are invested, those funds are
19 invested. And in the case of Bottle Rock, on both
20 sides, the funds, because of the number of different
21 entities for which that money was invested, those are
22 exhausted.

23 And even though it's private equity, it's not
24 their money. They're managing the money of others. And
25 so that's what creates the difficulty in trying to bring

1 in additional capital, there has to be another source of
2 capital.

3 MR. MOONEY: Have you attempted to get
4 additional capital from those -- from the owners, from
5 those private equity firms that own Bottle Rock?

6 MR. HARMS: Yes, and others as well.

7 MR. MOONEY: And to date they've rejected you?

8 MR. HARMS: We are in negotiations with a number
9 of parties to bring in equity in a number of
10 different -- a number of different ways.

11 But these negotiations have taken place for
12 quite a while. We had to do our permitting efforts. We
13 had to basically deal with challenges to those efforts,
14 which were successful, and we had to solve a number of
15 other issues.

16 The power purchase agreement that we've just
17 discussed was absolutely essential to have a revenue
18 stream that supported the additional investment.

19 And solving obstacles like financial burdens,
20 such as the bond that we're discussing today, were all
21 other items which needed to be resolved, which is why
22 we're here trying to resolve it.

23 MR. MOONEY: If Bottle Rock expands its
24 production that, presumably, would increase Bottle
25 Rock's profits; correct?

1 MR. HARMS: Yes, it increases the cash flow. A
2 geothermal power plant's operating costs are
3 approximately fixed. Unlike a power plant that's
4 burning fuel, where fuel is the variable cost, at Bottle
5 Rock the cost of my employees, the cost to some extent
6 of taxes, the cost of chemicals, the cost of fixing
7 broken things are pretty much the same.

8 And so as the output increase then, yes, we
9 become -- our cash flow becomes greater and we become
10 profitable.

11 MR. MOONEY: And that profit flows back to the
12 private entity firms that invest in Bottle Rock; is that
13 correct?

14 MR. HARMS: That is the hope when we get to that
15 point.

16 MR. MOONEY: And those private equity firms have
17 made a determination not to further invest in Bottle
18 Rock; is that accurate? I'm not trying to
19 mischaracterize it. Does that accurately reflect your
20 testimony?

21 MR. HARMS: I would say that it's not that
22 they're not willing to invest or don't want to, it's
23 that they're waiting for a better valuation of both the
24 risk profile and the burdens, you know, such as having
25 large amounts of money tied up in bonds that are not

1 being able to be put into the project. That has to be
2 considered to get a return.

3 So, again, to say that they're not interested, I
4 would be speculating to try to get into the heads of
5 either my owners or others, for that matter.

6 MR. MOONEY: Have the owners -- have Bottle
7 Rock's owners, these private equity firms, have they
8 requested that the bond be -- that the bond be lifted?

9 MR. HARMS: My task, as the officer of the
10 company, is to resolve that long list of -- the long
11 list of items that were basically obstacles to bringing
12 in additional money, including the power purchase
13 agreement.

14 Including, for example, we had performance
15 penalties from our previous power purchase agreement.
16 Those had to be eliminated because they've set -- along
17 the balance sheet is a large negative even though there
18 was no intention to ever pay them.

19 We had to do permits to do our expansion. We've
20 established rights to wastewater.

21 So, all of these are things on my list. So, did
22 they directly say do that? No, they said do everything
23 that's on your list. That's basically what I was
24 directed to do and, yes, it includes removing this --
25 the bond obligation.

1 Again, the primary problem with the bond
2 obligation is that it's -- for Bottle Rock's
3 circumstances it's necessary to back it with cash. It's
4 not specifically the bond, itself.

5 MR. MOONEY: On the power purchase agreement
6 with PG&E, did you ask PG&E if they would object to you
7 providing a copy of the power purchase agreement in this
8 proceeding?

9 MR. HARMS: The issue is not necessarily with
10 PG&E, but with the Public Utility Commission. However,
11 the Public Utility Commission's decision on our power
12 purchase agreement, in September of 2012, is in the
13 public domain. That indicates that they did, in fact,
14 approve a power purchase agreement.

15 MR. MOONEY: Did you request of PG&E the ability
16 to produce a redacted version of the power purchase
17 agreement?

18 MR. HARMS: I did not make that request of my
19 customer.

20 MR. MOONEY: That's all I have.

21 HEARING OFFICER KRAMER: Thank you. Anything
22 from the -- Mr. Peterson shakes his head no.

23 MR. BELL: Mr. Kramer, is this time for cross
24 examination, as well?

25 HEARING OFFICER KRAMER: Just questions. I'm

1 trying to call it something less formal than cross
2 examination, but it's not quite worked out that way.

3 But go ahead, Mr. Bell, you were going to be
4 next.

5 MR. BELL: Thank you.

6 I know Mr. Mooney's a tough act to follow, he
7 asks all the good questions, but we have a couple of
8 follow-up questions for Mr. Harms.

9 You mentioned that the project currently has an
10 availability of 96 percent?

11 MR. HARMS: That's approximately what we've
12 averaged over the last several years, yes.

13 MR. BELL: And currently you're now -- what
14 would you say the yearly average of output from the
15 facility is around 10 and a half percent?

16 MR. HARMS: Capacity? You want me to calculate
17 the capacity relative to our contractual obligations,
18 we're only running at about 40 percent. Again, that's
19 not based on a 55 percent -- a 55 megawatt nameplate,
20 that's based on our contractual capacity.

21 MR. BELL: And just to be clear, not just a 55
22 megawatt for the nameplate, but 55 megawatts for what
23 you're licensed for by the Commission?

24 MR. HARMS: Correct, which is -- I think
25 averages now at less than originally became under the

1 jurisdiction of the Energy Commission, was its original
2 nameplate being greater than -- greater than 50
3 megawatts or greater.

4 MR. BELL: Okay. The power purchase agreement
5 that you're currently operating under was negotiated in
6 June of 2011; correct?

7 MR. HARMS: We began negotiations in June of
8 2011, but it took until March of 2012 to actually
9 execute it because it was a rather lengthy negotiation.

10 MR. BELL: No, that's right, thank you. And
11 that was the third amended power purchase agreement?

12 MR. HARMS: Yes.

13 MR. BELL: Isn't it true that as part of that
14 third amended power purchase agreement that PG&E waived
15 significant non-performance damages that were owed to
16 PG&E under the second amendment and restated power
17 purchase agreement?

18 MR. HARMS: That's correct.

19 MR. BELL: And isn't it also true that under the
20 current third amended power purchase agreement that the
21 facility is required to reach 15 megawatts for early
22 2018?

23 MR. HARMS: That's correct. The power purchase
24 agreement under which we operate today, which is
25 actually an amendment, restated PPA, or power purchase

1 agreement, requires us to deliver 15 megawatts net by
2 the end of contract year six, which you're correct is in
3 2018, and as determined by the capacity test which was
4 spelled out in the power purchase agreement.

5 MR. BELL: Is it not also true that PG&E has the
6 right to terminate that power purchase agreement if you
7 do not reach that production?

8 MR. HARMS: It was not the only criteria. They
9 can terminate the power purchase agreement if we don't
10 meet that performance criteria. However, if we have
11 invested a certain amount of money and we don't meet
12 that, then that meets the performance criteria because
13 the intent of the performance was to encourage Bottle
14 Rock to make the appropriate investment.

15 MR. BELL: Correct. And my next question, a
16 follow up to that is isn't it true that that power
17 purchase agreement, the third amended power purchase
18 agreement requires that you invest a minimum amount in
19 steam field expansion, at least to meet the minimum
20 qualifications of that power purchase agreement?

21 MR. HARMS: Yes, there is an amount that we have
22 to invest. If we invest that amount of money, however,
23 even if we're not successful at reaching the 15-megawatt
24 number we are -- we essentially -- they do not have the
25 right to terminate the contract. We have met the

1 conditions.

2 MR. BELL: Thank you. And what is that minimum
3 amount that you have to invest?

4 MR. HARMS: \$72 million.

5 MR. BELL: I just wanted to fill out a little
6 bit of your testimony here in section C, the history of
7 DWR, required decommissioning bond. One thing that's
8 left out, would you not agree, is the requirement that a
9 change in the bond amount had to be justified by a
10 decommissioning estimate?

11 MS. CASTANOS: I'm going to object. The terms
12 of the -- the requirements in the lease agreement with
13 regarding the -- in the first agreement, with respect to
14 modification of the bond amount, are not relevant to
15 this proceeding.

16 We're here in a petition to amend requesting the
17 Committee consider the modification to the Energy
18 Commission's --

19 MR. BELL: If I can respond?

20 HEARING OFFICER KRAMER: Go ahead.

21 MR. BELL: In that case I would move to strike
22 paragraph C from Mr. Harm's testimony for two reasons.
23 Number one, if you accept the BRP's contention that it's
24 not relevant, then it should be stricken for relevance
25 grounds.

1 On the other hand, if it is relevant, under the
2 rule of completeness the other terms that were left out
3 of the testimony, which would include both the
4 requirement for an estimate, and also that satisfy the
5 Energy Commission's requirements. That would have to be
6 fleshed out for this portion of the testimony to remain.

7 So, either it's not relevant or it has to be
8 completed.

9 HEARING OFFICER KRAMER: Okay, well, he was
10 speaking about Exhibit 18, which was Mr. Harms' direct
11 testimony?

12 MR. BELL: Correct, Exhibit 18, in the first
13 section under "status of the plant and project owner,"
14 paragraph C, "history of the DWR required
15 decommissioning bond."

16 MR. HARMS: I'd like to answer the question.

17 HEARING OFFICER KRAMER: Okay, so you're waiving
18 the objection right now?

19 MR. HARMS: Yes.

20 HEARING OFFICER KRAMER: Go ahead.

21 MR. HARMS: There were provisions and actual
22 instructions in the purchase and sale agreement for
23 making changes to the bond amount. And we follow those
24 procedures.

25 What has been, of course today, and why we're

1 here today is that we made those changes with those who
2 have signatures on the purchase and sale agreement.

3 So, what we agreed to do, as directed by the
4 Energy Commission, was to file for a petition to amend
5 which gets to the conditions. And so that's really what
6 I think we should focus on.

7 So, the purchase and sale agreement procedure we
8 modified and the Energy Commission agreed that the
9 Department of Water Resources could modify it, but they
10 took a position that we still had to keep a bond in
11 place, which is why we're here today trying to make this
12 right.

13 HEARING OFFICER KRAMER: So, Mr. Bell, were you
14 going to go somewhere with this?

15 MR. BELL: Yes.

16 HEARING OFFICER KRAMER: Go ahead and then we'll
17 see if there is an objection.

18 MR. BELL: Yes. I'm going to read section 214
19 to you and I want to see if you agree that this is what
20 it says. The only reason this is relevant is because
21 it's brought up in your testimony.

22 "If DWR receives a complete release of
23 reliability under the Francisco lease, then buyer may
24 adjust the amount of the bond to the amount of an
25 independent engineering estimate, approved by DWR, of

1 costs to decommission the plant and steam field required
2 to meet the requirements of the California Energy
3 Commission, the County of Lake, and any other regulatory
4 agency with jurisdiction."

5 Is it your testimony that you did prepare an
6 independent engineering estimate prior to eliminating
7 the bond?

8 MR. HARMS: We prepared an engineering estimate.

9 MR. BELL: Prior to the elimination of the bond?

10 MR. HARMS: Yes.

11 MR. BELL: Where is it?

12 MR. HARMS: We prepared that prior to the --
13 prior to the elimination of the bond as part of the
14 negotiations with the landowner in order to understand
15 what the scope would be and to work with the Department
16 of Water Resources.

17 So, we did not present that because we did not
18 see a need to present that.

19 MR. BELL: Was that the \$20 million estimate
20 that's prepared by the Department of Water Resources?

21 MR. HARMS: No, our estimate was less. But I
22 would remind the Commission that we were preparing
23 estimates and negotiating with the landowner and the
24 Department of Water Resources on a purchase and sale
25 agreement, and a condition on the lease which covered

1 the entirety of the property.

2 So, as was discussed with Mr. Mooney, in
3 attempts to answer his questions, it involved wells, it
4 involved what was happening in the well field, itself,
5 as well as the power plant.

6 What we were trying to do was determine an
7 acceptable scope of decommissioning and how the property
8 would remain that was agreeable to the landowner.

9 So, there were estimates done and there were re-
10 estimates done. But it is not the \$20 million. I can't
11 speak for the Department of Water Resources. They did
12 an estimate and then I believe the provisions of the
13 purchase and sale agreement, when those conditions
14 existed in that agreement, were to add 25 percent to
15 that number. So that's, I believe, how they came up
16 with a number of \$20 million.

17 But again, that was for the entirety of the
18 property so that included other things that were outside
19 of the discussion today.

20 MR. BELL: Is it not true that you previously
21 represented that you did not prepare an engineering
22 estimate prior to changing the purchase and sale
23 agreement?

24 MR. HARMS: I'm sorry, sir, repeat the question,
25 please?

1 MR. BELL: Is it not true that you have
2 previously represented to the Commission that you did
3 not prepare an engineering estimate before eliminating
4 the bond?

5 MR. HARMS: I don't recall ever stating that we
6 didn't have engineering estimates.

7 MR. BELL: I have no further questions.

8 HEARING OFFICER KRAMER: Thank you.

9 MS. CASTANOS: Can I ask one follow-up question?

10 HEARING OFFICER KRAMER: Please go ahead.

11 MS. CASTANOS: Mr. Harms, in the purchase and
12 sale agreement is there also a provision in that
13 agreement that allows the parties to modify that
14 agreement at any time they'd like?

15 MR. HARMS: Yes, and we followed that procedure
16 and that involved the Department of Water Resources and
17 actually involved the landowner. Because he was under a
18 modifying purchase and sale agreement between Bottle
19 Rock and the Department of Water resources the landowner
20 had to be involved in the entire settlement transaction
21 because they had to go over the release of liability.

22 HEARING OFFICER KRAMER: Well, hold on a second.

23 Okay, any -- Mr. Mooney, do you want to ask
24 something else?

25 MR. MOONEY: No.

1 HEARING OFFICER KRAMER: Okay.

2 MR. LAYTON: Mr. Kramer, can I ask Mr. Glueck
3 some questions?

4 HEARING OFFICER KRAMER: Sure. Go ahead, Mr.
5 Layton.

6 MR. LAYTON: This is Matt Layton speaking.

7 You said you had called some people who had done
8 salvage work around the country about this transformer?

9 MR. GLUECK: That's correct.

10 MR. LAYTON: And did you call out the steam
11 turbine as well?

12 MR. GLUECK: Yes, I did.

13 MR. LAYTON: And were these in California or
14 outside of California?

15 MR. GLUECK: The steam turbine information came
16 from an individual I did work with in California.

17 The transformer information came from a group in
18 the East Coast.

19 MR. LAYTON: And one of the concerns we have
20 about the steam turbine is it's very specialized for
21 geothermal work, and there's a very limited number of
22 geothermal opportunities in this State and outside of
23 the State.

24 So, I guess how many -- would you imagine using
25 this steam turbine in an industrial facility to raise

1 steam for use?

2 MR. GLUECK: The highest and best use for the
3 steam turbine would be offshore use to another country.

4 MR. LAYTON: And would that be a geothermal
5 application?

6 MR. GLUECK: Yes.

7 MR. LAYTON: And so that would be a lot of
8 shipping and you included that in your calculations?

9 MR. GLUECK: No, my calculation was an as-is
10 purchase in place.

11 HEARING OFFICER KRAMER: Thank you. So then
12 that accounts for the transit costs?

13 MR. GLUECK: The purchaser would be responsible
14 for the purchase and the removal costs and that is
15 calculated with the net value that would go to the sale
16 of the machine.

17 So, the estimate that's provided was a net to us
18 or to the owner.

19 HEARING OFFICER KRAMER: So, selling to this
20 foreign market then would be somewhat far away?

21 MR. GLUECK: It would be sold to an entity,
22 whoever would be responsible for the removal,
23 preparation of the machine, shipping and the
24 installation with the end-user,

25 HEARING OFFICER KRAMER: Okay, thank you.

1 Could we go off the record for a minute?

2 (Off the record)

3 HEARING OFFICER KRAMER: Okay, back on the
4 record.

5 The first question and I'll ask it -- I mean
6 this to go to all of the -- probably Mr. Layton, Mr.
7 Brady and Mr. Glueck, but I'm going to ask Mr. Glueck,
8 first.

9 Is it fair to say that over time the resale
10 value of the turbine, and the transformer and the other
11 components will decrease and at some point the scrap
12 value will be greater than the resale value?

13 MR. GLUECK: I would say that is entirely
14 possible. However, when you look at used equipment and
15 the availability of the resource it's speculative that
16 if an entity needs that unit, and the components of that
17 unit, the availability of that, no matter what it's age,
18 might provide a value that would be far in excess of
19 scrap value.

20 That are some of the benefits of the resale and
21 usable market.

22 HEARING OFFICER KRAMER: So, unlike one of these
23 cellular telephone things, which is obsolete tomorrow,
24 some of these pieces of equipment might be kept running
25 for many years?

1 MR. GLUECK: Very much so. Very much so. We
2 have done projects where we have sold equipment in
3 excess of 30 years that has found homes in markets for
4 reuse and modifications, and have value far in excess of
5 scrap value.

6 HEARING OFFICER KRAMER: Okay, are you
7 familiar -- did anyone else want to respond?

8 Okay. Are you familiar with the improvements to
9 the site within the CEC's jurisdiction that are proposed
10 for the expansion?

11 MR. GLUECK: I'm not aware of those at this
12 time.

13 HEARING OFFICER KRAMER: Okay, let me ask Mr.
14 Harms, would those increase, if they were made, would
15 they increase the cost of the decommissioning?

16 MR. HARMS: The improvements to the project will
17 be made in the well field, in the steam flow, there's no
18 significant change to the power plant, itself.

19 I mean there would be normal things that you do
20 in terms of, you know, improving pump efficiencies and
21 things like that over the life of a project, but nothing
22 that would change the cost of decommissioning, the 2013
23 dollars.

24 HEARING OFFICER KRAMER: So, Mr. Mooney may have
25 asked this, but to be clear, Mr. Glueck, the cost of

1 decommissioning or demolishing -- well, I guess would
2 that have been the cost of demolishing that you would
3 have included in your estimate because you were --
4 believed its resale value was higher than its scrap
5 value?

6 MR. GLUECK: You're referring to the turbine
7 generator?

8 HEARING OFFICER KRAMER: Yes.

9 MR. GLUECK: That would be correct.

10 HEARING OFFICER KRAMER: I know the building is
11 not proposed to be torn down. It's proposed for some
12 kind of re-use. But what thoughts do any of you have
13 about how realistic that is given the zoning in the
14 area, given the constraints on the access road, and
15 other factors?

16 MR. HARMS: The building can remain. The county
17 has even stated that. Even if zoning and codes changed,
18 if the building were to remain in that condition, it
19 would just be a nonconforming use, not unlike any other
20 building that doesn't meet certain codes.

21 Now, its future use would be dependent on
22 whatever permits and regulations were required. But for
23 the building itself, as a structure, it can remain.

24 And the landowner has accepted that they will
25 take that ownership and do with it what they will in

1 accordance with regulations that are in place at that
2 time.

3 MS. CASTANOS: Mr. Kramer, I would also, again,
4 refer the Committee to Exhibit 14, which is the county's
5 letter where they also state that there are a number of
6 available uses for that structure under current zoning.

7 MR. LAYTON: Mr. Kramer, this is Matt Layton.
8 There is some confusion. In our most recent testimony
9 we talked about bringing in fill because the turbine
10 building would not be demolished.

11 And were interpreting this to be -- we're saying
12 that the turbine building will be filled. We're not
13 saying that.

14 Some of the earlier estimates talked about for
15 enough fill for the site they would have to use rubble
16 from the turbine building demolition. We're not
17 proposing that that building be demolished. No one else
18 is proposing it.

19 So, what we were concerned about is without the
20 demolition of that building you wouldn't have enough
21 fill. So, what we were proposing is that additional
22 fill be brought in.

23 Now, Mr. Glueck, again, and others seem to be
24 thinking that we're suggesting that we're going to fill
25 the turbine building. We're not.

1 HEARING OFFICER KRAMER: So, what kinds of
2 spaces is it that would need this fill?

3 MR. LAYTON: The cooling tower basin, for one.

4 HEARING OFFICER KRAMER: Any others?

5 MR. LAYTON: The Stretford.

6 HEARING OFFICER KRAMER: What was that last?

7 MR. LAYTON: The Stretford unit.

8 HEARING OFFICER KRAMER: Okay.

9 MR. LAYTON: When they pull it out. There's
10 going to be some holes.

11 HEARING OFFICER KRAMER: All right. When I
12 first read the estimate it said rubble was going to be
13 used as fillers. I thought that was a little odd. Is
14 that normal in any case?

15 MR. LAYTON: It seems reasonable to me as long
16 as it's clean.

17 HEARING OFFICER KRAMER: Oh, okay.

18 MR. LAYTON: Again, if there is enough. That
19 was the concern that we were raising. So, we augmented
20 the estimate that Mr. Glueck had prepared, his July
21 estimate, and suggested that more fill would have to be
22 brought, again of uncertain cost to bring in that fill.
23 We don't know how much fill's needed.

24 HEARING OFFICER KRAMER: Mr. Glueck, did you
25 want to respond?

1 MR. GLUECK: In our estimate it was presumed
2 that there are on-site fill locations that we would be
3 using to fill in beyond whatever excess material came
4 off, such as the walls of the cooling tower, or rubble
5 from the Stretford structures.

6 But it was on-site material and so it was
7 presumed that we would be removing material from those
8 on-site sites, transporting it up to the site and using
9 it for backfill of the basin of the cooling tower and
10 the Stretford.

11 MR. LAYTON: Again, earlier estimates had said
12 that they would use the rubble from the turbine
13 generator building. In this case it will not be
14 available.

15 Again, I'm just taking your estimates at their
16 face value and they were estimates of what they expected
17 the tasks to be at that time.

18 HEARING OFFICER KRAMER: So, Mr. Glueck, did you
19 provide any details to staff about where the fill would
20 come from?

21 MR. GLUECK: It was my understanding that we
22 would use on-site spoils. I wasn't planning on using
23 building demolition rubble that wasn't going to be
24 demolished to go put it in a hole. It's going to be
25 from on-site spoil sites.

1 HEARING OFFICER KRAMER: Anything else on that,
2 Mr. Layton?

3 MR. LAYTON: Again, this is Matt Layton. We
4 believe it was from the April estimate. In that April
5 estimate, also, Mr. Glueck also assumed that the value
6 of the turbine would be a million, plus or minus 25
7 percent.

8 So, I guess, again, like we said earlier, you
9 did use it back in April when you prepared that
10 recommendation and estimate.

11 And again, it is from Mr. Glueck. But I cannot
12 find the specific site where you talk about building
13 rubble. We interrupted it perhaps incorrectly in this
14 April that it was part of the generator demolition clean
15 rubble that would be used as fill.

16 So, we added an estimate in ours that included
17 bringing in some fill.

18 HEARING OFFICER KRAMER: Okay, but for the
19 record which exhibit is the April report?

20 MR. GLUECK: If I could just respond one second,
21 the building rubble was never part of my estimate
22 because the building wasn't coming down and it wasn't
23 part of my estimate.

24 So, it was the on-site spoils that was planned
25 on being used to fill those voids.

1 HEARING OFFICER KRAMER: Okay, that's Exhibit
2 Number 3. What page was that, Mr. Layton, you were
3 reading from?

4 MR. LAYTON: It is Exhibit 3. It's the April,
5 of this year, building reclamation cost estimate.

6 Included in there, 16 through 30, you were
7 proposing to backfill the turbine building. Again, I
8 don't understand that. But move equipment in turbine
9 building -- this is on page -- Appendix A, second page
10 of Appendix A.

11 Again, it's -- we're confused as to if the
12 building was not coming down, why are you backfilling
13 the building?

14 MR. HARMS: I can answer that. Our original
15 intention of the April estimate was basically to quickly
16 provide a sort of order of magnitude of what it would
17 cost and what the considerations would be.

18 We provided that estimate because the Commission
19 asked us to provide that. We did not know at that time
20 that it was going to be the basis for a specific
21 obligation. We thought it was just to give an idea of
22 what would be contemplated in the scope of
23 decommissioning that was agreed to by the landowner.

24 So, he has some things in there, like filling
25 the basement which, admittedly at this point doesn't

1 make much sense, which is why we took it out when we did
2 a more accurate assessment.

3 We thought, well, we'll bring everything up to
4 grade. But giving that more thought, it didn't make
5 sense to fill the basement when the landowner would make
6 the determination in the future.

7 And also a part of it was to reduce the cost.
8 And, quite honestly, there was no need. It was an
9 optional task and we removed it in the July estimate.

10 HEARING OFFICER KRAMER: Well, I'll note that I
11 spotted in -- it's maybe the third page of that April
12 report, under "assumptions" the top heading on the page,
13 number 5 is backfill of pits, voids and basins will be
14 performed with the use of on-site borrow source
15 materials. The import of fill material is not included.

16 I don't know if that means there was none
17 necessary or it simply wasn't in the cost. Which would
18 it be?

19 MR. LAYTON: No, the assumption was that there
20 would be enough on-site, borrow source material to
21 provide the service of filling the pits and voids that
22 were identified. There was no need to bring in off-site
23 material.

24 HEARING OFFICER KRAMER: Mr. Bell?

25 MR. BELL: Yes. Well, without the demolition of

1 the main turbine building where's that fill going to
2 come from?

3 MR. GLUECK: Well, for instance, the cooling
4 tower basin. The cooling tower basin is not a very deep
5 structure and when the walls come down, and though the
6 interior of the structure slopes to the center for water
7 recirculation, the material that would come down off the
8 walls to bring the structure down to low-grade level, so
9 that when it got backfilled and the entire site was at
10 grade, the concrete wall material would be part.

11 And then the other material comes from on-site,
12 on the facility properties, it would be removed from a
13 borrow-source site, transported up the hill to the
14 cooling tower basin, dumped into the basin, and then
15 compacted into that basin.

16 That's what the plan was for the material and
17 where it was coming from.

18 MR. BELL: So, it would be coming from a borrow
19 site?

20 MR. GLUECK: That's correct, on-site.

21 MR. BELL: Where is that borrow site?

22 MR. GLUECK: There are several spoils piles left
23 from original construction up on the site. When the
24 roads and pads were built there's a number of different
25 locations which were actually just at -- there was

1 excess material that was moved out of the way and
2 basically left in a pile, so we refer to it as a spoils
3 pile. That will be the source of the dirt.

4 And again, this is a very small amount. When
5 you're not filling the basement -- the cooling tower is
6 not very deep. People think that that's a deep basin.
7 It's not.

8 It is a deep section in order to provide the
9 necessary net positive suction at the circulating pumps,
10 but it's not very deep.

11 And the other basement which would be under the
12 Stretford is relatively small. We're not talking about
13 a large amount of material that needs to be moved.

14 MR. BELL: When I reviewed the difference in the
15 estimate from April 15th to July 30th -- July 29th, I
16 assumed you were following the rules of cut and fill
17 from the April -- or the April estimate, taking down the
18 turbine building was going to provide a source of rubble
19 for a portion of the Stretford, the degasification and
20 the cooling tower.

21 Now, the cooling tower is not, you know, three
22 feet tall, it's three stories tall. So, it's -- it is
23 substantial.

24 So, my assumption was if you're not going to
25 take down the turbine building, you're going to have to

1 get rubble from somewhere else and that was
2 unidentified. So, we used your number, because you're
3 the expert, to simulate the amount of rubble that would
4 be available if the turbine building came down.

5 So, that's my main explanation of what I assumed
6 was the difference between the April and July estimate.

7 MR. GLUECK: I'm not really -- you mean the
8 difference? I'm not really sure there's a labor
9 difference in there with regard to processing the
10 cooling tower for disposal offsite, the material in the
11 cooling tower.

12 But with regard to the spoils, there's not that
13 big of basin there. If I look at this, there's walls
14 coming down on-site, borrow source material transported
15 up to the basin to make the fill.

16 The building, the turbine generator building was
17 never an item that was being demolished in order to fill
18 that basin. And so that was never, again, in the
19 speculation on all that.

20 MR. BELL: Okay, it's just simply a matter of
21 that -- excuse me -- it was simply a matter of making
22 things very complicated or very simple.

23 You know, the assumptions that we made in the
24 April estimate were those that you would make, or change
25 for -- in the July estimate.

1 So, I'm going to give you this by way of
2 explanation. You know, you wrote it, you can interpret
3 it any way you want.

4 MR. GLUECK: Yeah, I -- the number that was
5 placed in the estimate for April was done for coming up
6 with a number that if that item were to be performed,
7 that was where that number came up with.

8 The cooling tower fill estimate was a different
9 number. That was based on the cooling tower basin being
10 filled regardless of what happened with the turbine
11 generator building, and that material was coming from
12 the on-source site.

13 HEARING OFFICER KRAMER: Well, let me ask the
14 staff, then, does this discussion change in any way your
15 recommendation that the bond include a component for
16 off-site fill?

17 MR. LAYTON: This is Matt Layton.

18 I think what -- really, what this discussion
19 illuminates to me is the need for a contingency. There
20 are differences.

21 We've had multiple estimates. I appreciate that
22 one estimate was done for one particular reason and a
23 different estimate was done for a different reason.

24 The most recent estimate is what Bottle Rock has
25 suggested is the most accurate.

1 We don't argue with the estimate. We were
2 confused about where, if there was adequate fill on
3 site. They're providing assurances that there is.
4 Again, I don't know. I haven't gone out to the site and
5 measured the spoils piles that exist to know that they
6 actually would be enough for the cooling tower.

7 Again, I'm still not clear if there is a need to
8 fill the basement in the turbine building or not.
9 Further estimates discuss that, leaving the building
10 mothballed and not with backfill of the basement is
11 probably more workable for the secondary use of that
12 building.

13 But if there is a need to bring things back to
14 grade, then you need more fill.

15 And again, we don't see the salvage value for
16 the components being as high and, therefore, we just
17 come to -- we take a value of what their estimate of the
18 bond would be, and do not give them the salvage.

19 And the amount of fill that we suggested was
20 pretty minor. It's a minor correction.

21 HEARING OFFICER KRAMER: Well, it was over
22 \$100,000, wasn't it?

23 MR. LAYTON: It was \$185,000. And I assumed
24 that would be minor.

25 HEARING OFFICER KRAMER: Okay, to answer one of

1 Mr. Layton's implied questions, is it the plan to fill
2 the basement or not?

3 MR. GLUECK: It was not the plan to fill the
4 basement.

5 HEARING OFFICER KRAMER: And that's the current
6 plan is not to fill the basement.

7 MR. GLUECK: Correct.

8 HEARING OFFICER KRAMER: Okay, so Mr. Layton,
9 you were speaking of the contingency and the fill. At
10 this point do you think you need both?

11 MR. LAYTON: This Matt Layton. I would expect
12 that you would not need both.

13 Mr. Glueck has been out there and looked at the
14 spoils pile and Mr. Harms has a good estimate of the
15 spoils pile. If they believe they're adequate for the
16 void, then perhaps they are.

17 Again, my concern is that there's a lot of
18 uncertainties once you start decommissioning. Any
19 construction project or deconstruction project there's a
20 lot of uncertainties that crop up, even on a site this
21 small.

22 HEARING OFFICER KRAMER: Okay, so let's address
23 the contingency then. Mr. Glueck already spoke about it
24 in his opening remarks.

25 Do you have anything more to add by way of

1 justification of your staff's request for a contingency
2 component?

3 MR. BRADY: Yeah, the contingency I feel is
4 legitimate because this whole project of closure, the
5 discussion today demonstrates how uncertain it is. The
6 25 percent contingency was -- as Caltrans would define
7 it, it is a project that is at the last steps of
8 feasibility before it gets into actual construction.

9 And I assume Caltrans, since they're in the
10 process of tearing down the truss section of the East
11 Bay Bridge knows something about demolition.

12 So, I used them as authority for establishing
13 what contingencies to use. And I used my judgment in
14 deciding what point in the progress of decommissioning
15 or closure would be adequate.

16 So, I feel that it's a reasonable estimate.
17 Twenty-five percent is a reasonable contingency level of
18 detail that's been provided in the assessment.

19 HEARING OFFICER KRAMER: Do you have anything to
20 add, Mr. Glueck?

21 MR. GLUECK: Yes, I would state that the area of
22 the site is not very large. The amount of the
23 structures that are being removed and the amount of
24 equipment being removed is not that substantial.

25 I have been in the dismantling business now for

1 over 40 years. The scope of work is very plain with
2 regard to within the fence line activities. And a 25
3 percent contingency, so adequate for Caltrans work, with
4 the activities being assigned in this decommissioning
5 inside the fence line, and with the fact that the
6 numbers are being updated every three years I don't
7 believe is necessary.

8 I would expect the Caltrans --

9 HEARING OFFICER KRAMER: Okay, thank you.

10 MS. CASTANOS: Mr. Kramer, can I ask some
11 follow-up questions of the staff?

12 HEARING OFFICER KRAMER: Go ahead.

13 MS. CASTANOS: Does staff know whether Caltrans
14 has a guidance document for estimating the costs of
15 decommissioning as opposed to construction projects?

16 MR. BRADY: I would assume that demolition is
17 the inverse of construction. Closure is -- closure is
18 determined, again, to the timing of the demolition.

19 I'm not saying it's equivalent hour per hour. I
20 think it's a contractor that performs physical work and
21 one is the inverse of the other. One is building and
22 one is tearing down.

23 MR. GLUECK: In some projects, if the work
24 requires a surgical procedure due to close constriction
25 of workplaces, or safety issues, or items that are

1 specific I would tend to agree with you.

2 But in a gross demolition project of this
3 nature, of the materials outside of the turbine
4 building, there is not -- the demolition activities
5 involved in that would not be inverse construction. In
6 the timing, the equipment used, the activities, the
7 planning it is nowhere similar to the activities for
8 construction, in my experience.

9 MR. BRADY: Yeah, there is one thing I get from
10 you, the decontamination of the materials on site.
11 You're not going to move that turbine building without
12 sandblasting and (inaudible) -- before you put it on the
13 road.

14 MR. GLUECK: But the turbine building is not
15 being dismantled and --

16 MR. BRADY: Excuse me, turbine generator.

17 MR. GLUECK: Yeah, there are pieces of machinery
18 and equipment that need to be removed and removed while
19 they are in place, where the material is able to go
20 ahead and be contained and constrained. Those
21 activities are done prior to dismantling activities and
22 then that changes, I presume, the philosophy you have
23 with regard to removal of the equipment and machinery.

24 MS. CASTANOS: I would also like staff to
25 describe their experience in estimating the cost of

1 decommissioning a power plant.

2 HEARING OFFICER KRAMER: Go ahead.

3 MR. BRADY: That's precisely why we used this
4 estimate, okay, with some conditions. I worked for
5 Pacific Gas & Electric Company back in 1978, and we were
6 using on Unit 16 and 18. Excuse my numbers, I don't
7 know whether they're active or not, and which was
8 dismantled.

9 And in every case there was -- the cost of the
10 process was much higher than we originally estimated.

11 So, I would use that same concern and
12 reservation about the same process going on today's
13 initiative.

14 HEARING OFFICER KRAMER: Okay.

15 MR. LAYTON: This is Matt Layton. To answer
16 your question I have very limited experience. I have
17 none on decommissioning.

18 However, I've been in the power line business
19 for about 30 years. Again, I see limited utility for
20 this particular steam turbine because it's so specific
21 to this particular -- these steam conditions.

22 HEARING OFFICER KRAMER: And that means you give
23 it a resale value of zero?

24 MR. LAYTON: I think the testimony said that,
25 yes.

1 HEARING OFFICER KRAMER: And no scrap value,
2 either?

3 MR. LAYTON: Again, we have concerns and so the
4 contingency tries to address the concerns. The
5 estimates of decommissioning for this particular project
6 over the years have been all over the place.

7 Mr. Glueck says that today this is the most
8 accurate, best, only. It's hard to understand why the
9 other ones were so wrong, I guess.

10 (Laughter)

11 MR. BELL: Can I ask staff a couple of follow-up
12 questions here?

13 HEARING OFFICER KRAMER: Go ahead.

14 MR. BELL: Mr. Layton, do you know that the
15 turbine won't have value someday?

16 MR. LAYTON: I'm not sure I understand the
17 question.

18 MR. BELL: Will it have some value, at least as
19 scrap, in say ten years? Without telling me what the
20 value is, will it be worth something in ten years?

21 MR. LAYTON: I think that Mr. Glueck alluded to
22 this, that there may be a buyer out there, either as
23 scrap or as an operator of a geothermal plant that might
24 need this turbine.

25 I currently own a '99 Windstar. I'm sure

1 someone out there will want to buy this off me
2 eventually.

3 (Laughter)

4 MR. LAYTON: Even though I still own it today.

5 MR. BELL: So, your answer is in ten years the
6 turbine, for use as scrap, will have some value in ten
7 years?

8 MR. LAYTON: Yes.

9 MR. BELL: Would it then still have some value
10 in, say, 20 years?

11 MR. LAYTON: Yes.

12 MR. BELL: Would it have some value in 30 years?

13 MR. LAYTON: Yes.

14 MR. BELL: In ten years, do you have any idea
15 how much that turbine's going to be worth?

16 MR. LAYTON: I do not.

17 MR. BELL: How about in 20 years?

18 MR. LAYTON: I do not.

19 MR. BELL: Would you have a different answer for
20 30 years?

21 MR. LAYTON: I would not.

22 MR. BELL: Is it safe to say that it will have
23 some value, but there's no way to tell how much it's
24 going to be worth over time?

25 MR. LAYTON: Well, I think you could attempt to

1 market it.

2 MR. BELL: How much is your Windstar going to be
3 worth in ten years?

4 (Laughter)

5 MR. LAYTON: Well, if I have my way a lot
6 because I still have it.

7 (Laughter)

8 MR. BELL: And over time would that turbine,
9 itself, whether it would be purchased by somebody or
10 just sold for scrap value, wouldn't that value decrease
11 over time or would it increase over time?

12 MR. LAYTON: Well, I think that's still
13 speculative because --

14 MR. BELL: We're not talking about the Windstar.
15 We're talking about the turbine.

16 MR. LAYTON: We are talking about the turbine.
17 And as Mr. Glueck said, there may be one of the sister
18 plants in the geysers that might need that turbine in 20
19 years. And so I don't know, but it's real speculative.

20 And so, again, we do not think we can assign a
21 value today.

22 MS. CASTANOS: And, Mr. Layton, do you not
23 believe that updating the cost estimate every three
24 years will capture the potential changes in scrap value
25 of those materials?

1 MR. LAYTON: I think updating the cost to
2 decommission every three years will be quite helpful to
3 the owners and to the Commission to understand how those
4 costs are changing.

5 Again, our concern is once you've started a
6 demolition project conditions can change on site. This
7 is an operating geothermal plant, but more
8 interestingly, it's a plant that also was mothballed and
9 then started operating again.

10 The constituents that come out of the steam and
11 brine that's pulled up can be pretty nasty. And how
12 well the site was mothballed, how well all those fluids
13 were controlled, how well they're being controlled
14 today, we don't have any problems that we've seen,
15 however there are known leaks, and things like that that
16 perhaps can contaminate the soil, therefore, the
17 contingency.

18 It would still be -- even though you update the
19 labor costs, the scrap value costs every three years,
20 the contingency covers the unknowns and uncertainties in
21 the demolition of a geothermal plant.

22 MS. CASTANOS: All of these things that you're
23 talking about, these uncertainties, is Bottle Rock
24 unique from other power plants that are like this by the
25 Energy Commission, with respect to those factors?

1 MR. LAYTON: I'm not sure I understand the
2 question.

3 MS. CASTANOS: So, isn't it the case that with
4 virtually every CEC licensed power plant in California
5 you don't know how well it's being held -- taken care
6 of, and held up, and you don't know what the extent of
7 contamination may be and you don't have information
8 about the uncertainties that may occur at the time of
9 decommissioning?

10 MR. LAYTON: I'm sorry, I still don't understand
11 the question.

12 MS. CASTANOS: So, how is Bottle Rock Power
13 Plant different from other CEC licensed power plants in
14 California?

15 MR. LAYTON: Well, I'm having a hard time
16 understanding your question. So, I would love to answer
17 it. The original question is the contingency on the
18 bond for this plant and that's the question at hand, and
19 I would recommend that we add a contingency to Mr.
20 Glueck's estimate.

21 MS. CASTANOS: Okay, so my question now is
22 how is this project different from other CEC licensed
23 projects in California with respect to
24 decommissioning?

25 MR. LAYTON: So, are you asking me about a

1 specific power plant that you want me to suggest whether
2 or not a contingency is needed in that particular power
3 plant?

4 HEARING OFFICER KRAMER: Can I take a stab and
5 you can tell me --

6 MS. CASTANOS: Sure.

7 HEARING OFFICER KRAMER: So, if you were
8 proposing a bond requirement of a generic, other power
9 plant in California, would you ask for the same
10 contingency for the same reasons or is there something
11 specific to Bottle Rock that means you want a
12 contingency --

13 MR. LAYTON: I would consider a contingency to
14 be a useful attachment if you're trying to estimate the
15 cost of decommissioning a power plant.

16 HEARING OFFICER KRAMER: Was that what you were
17 looking for?

18 MR. LAYTON: In three years when you look at,
19 when you update the closure, the cost of the closure the
20 contingency will still be there, but if you're not one
21 day closer to the decommissioning of a plant.

22 So, the estimate and the basis, and the reasons
23 for a contingency remain the same.

24 HEARING OFFICER KRAMER: Okay, a timing
25 question. First of all, do we agree the latest -- well,

1 there were counter proposals for the financial assurance
2 condition.

3 Staff's latest consists of its version in its --
4 I think in its response to comments, plus the
5 modification as contained in its pre-hearing statement.

6 Or, Mr. Bell, does the pre-hearing statement
7 version completely eclipse the earlier version that was
8 proposed?

9 I'm looking at it again. And so I want to --

10 MR. BELL: Yes, that's okay. I just had to see
11 whatever -- the initial staff assessment was -- sorry,
12 the conditions included in the staff assessment, with
13 the exception of Com 16, which has been reworded in
14 staff's response to comments, those are the conditions
15 as staff proposes them, that's correct.

16 HEARING OFFICER KRAMER: Wasn't that also later
17 reworded in your pre-hearing conference statement then?
18 That's Exhibit -- well, actually, it's not currently an
19 exhibit.

20 So maybe we should make this, for purposes of
21 the record, as the Petitioner did, and make it an
22 exhibit.

23 So, again, for the record that's going to be
24 Exhibit 104 and it is transaction number TN, number
25 201164.

1 MR. BELL: Yes, and just for clarification, the
2 Com 16, as proposed in the pre-hearing conference
3 statement, I would ask to strike that.

4 The Com 16 version which appears in the staff
5 response to comments is the correct version.

6 HEARING OFFICER KRAMER: Oh, okay. Then I guess
7 we don't really need to make it an exhibit.

8 MR. BELL: And I don't have an explanation as to
9 why that difference -- I don't have an explanation as to
10 why the -- where the confusion came from there. I'll
11 accept responsibility for that since I prepared the pre-
12 hearing conference statement.

13 But it's the Com 16, including staff's response
14 comments that is the proposed language that's correct.

15 HEARING OFFICER KRAMER: Okay, thank you.

16 MS. CASTANOS: Just to be clear on that, I think
17 what we relied on is Com 16-A. And what Kevin provided
18 was also a summary of Com 16-B, which is including the
19 environmental impairment insurance.

20 So, I think that's where the confusion came
21 from, so I just wanted to point that out.

22 HEARING OFFICER KRAMER: Okay. We've had a
23 request for a break, which seems like a reasonable
24 request. And so let's talk about that during the break,
25 off the record, because I'm still a little confused.

1 And then I'll explain it all, my understanding
2 afterwards.

3 So, I have 5:32, so let's go for ten minutes.

4 And we'll be off the record.

5 (Off the record)

6 HEARING OFFICER KRAMER: Okay, we'll go back on
7 the record.

8 During the break I spoke to Ms. Remy-Obad and
9 what she tells me is that the condition Com 16, that is
10 in the staff's compilation of conditions of approval,
11 which we'll be discussing for other reasons a little
12 later, that's the version that staff currently
13 recommends with the change in the amount of the bond,
14 and then there's a paragraph that starts "within 60 days
15 of CPM approval", et cetera, et cetera, the surety bond
16 amount currently says "may be adjusted" but it should
17 say "shall be adjusted."

18 And then the applicant or the petitioner has
19 their own alternative proposal in their rebuttal, if I
20 recall correctly.

21 MS. CASTANOS: It's actually in an attachment to
22 our pre-hearing statement.

23 HEARING OFFICER KRAMER: Okay, the original pre-
24 hearing statement.

25 Okay, so the only thing I noticed in reading the

1 staff's version was that it's a little bit unclear about
2 exactly when the bond has to be provided, if one is
3 required. And so I wanted to clarify that.

4 Actually, this perhaps says within 30 days
5 following the CPM approval the project owner secures
6 provisional closure plans pursuant to Commissioner, Com
7 15, that the project owner has to establish the security
8 bond and it has to stay in their trust fund.

9 Just given that one of the points of this
10 exercise is to decide how much the bond should be, if
11 there's going to be one, going through another round of
12 approving of a closure plan doesn't seem appropriate.
13 It would seem to delay things and possibly lead to more
14 argument and the need to settlement of a dispute, which
15 we're about to make (inaudible) --

16 So, I wanted to solicit comments from the
17 parties about that, how that could be improved, if you
18 think it could stand some improvement.

19 So, staff?

20 MR. BELL: Probably the easiest way to do that
21 is to pick a time certain, say within 60 days or 30 days
22 of the Committee's -- or the Commission's decision on
23 the petitioned matter.

24 HEARING OFFICER KRAMER: Petitioner?

25 MS. CASTANOS: So, we would be agreeable to 30

1 to 60 days.

2 HEARING OFFICER KRAMER: Did you say 30 or 60?

3 MS. CASTANOS: Well, we could probably do it in
4 30 but 60 would be better.

5 HEARING OFFICER KRAMER: Okay. Can I have staff
6 specialist's review, first. Slightly before the portion
7 of the condition I just read, where it talks about bonds
8 to finance the interim operation of the facility closure
9 and post-closure site care.

10 And I was wondering, did you intend in the
11 interim operation element, and if so could you explain
12 what that entailed?

13 MS. REMY-OBAD: The reason that we included it
14 in loan operations is based on the idea of the early
15 closure scenario and third-party closure.

16 So, in a situation where we have to do an early
17 closure and we require a third party maintain property
18 until the time that it can be decommissioned that's what
19 that is, that's what interim cost is driving at.

20 HEARING OFFICER KRAMER: Okay. Would that add
21 to the cost of closure, if that had to be done?

22 MS. REMY-OBAD: Yes, that is our assumption is
23 that usually there's a -- or at least on some of the
24 other examples that we've seen, there's an estimate of
25 about six months' of interim operations before

1 decommissioning can commence.

2 It depends on a lot of factors and, you know,
3 often timing, litigation, things of that nature.

4 HEARING OFFICER KRAMER: So, then that could
5 leave the bond insufficient if those expenses used up
6 too much of the monies. Is that a possibility?

7 MS. REMY-OBAD: That is a possibility.

8 HEARING OFFICER KRAMER: Okay. The insurance
9 referred to in Com 16, paragraph subpart B, does that
10 include site cleanup or is it just for off-site
11 releases, or accidents?

12 MR. BELL: I can answer that one. I believe
13 that the original intent that was included in section
14 2.5, I believe, of the version was for environmental
15 impairment insurance, which would cover spills,
16 releases, things of that nature. It's not meant to
17 cover decommissioning activities.

18 HEARING OFFICER KRAMER: Okay, and you're
19 satisfied with the language as it is?

20 MS. REMY-OBAD: Well, in -- I'm sorry, this is
21 Camille. In the November 15th response by Bottle Rock,
22 they mentioned some proposed revisions of C, page 7.
23 And the first one is a striking of the words "mechanism
24 for sudden, accidental occurrences."

25 Staff doesn't have a problem with their proposed

1 language nor their use of the term "environmental
2 impairment."

3 But they also are requesting the striking of the
4 language "at a minimum the insurer must be licensed to
5 transact business insurance or eligible to provide
6 insurance as an excess of surplus lines insurer in one
7 or more states."

8 That language staff would recommend remains.

9 HEARING OFFICER KRAMER: I'm just having trouble
10 finding that. I know if I --

11 MS. REMY-OBAD: It was proposed by Bottle Rock
12 in their revised pre-hearing statement on November 15th.

13 HEARING OFFICER KRAMER: Okay, the revised, page
14 7.

15 MS. REMY-OBAD: Page 7. So, it wouldn't be in
16 our compilation.

17 MS. CASTANOS: And we're -- this is Kristin
18 Castanos on behalf of Bottle Rock. We're comfortable
19 with the modifications that staff is requesting. We
20 were just seeking clarification that this is intended to
21 cover the environmental impairment insurance requirement
22 that was in the purchase and sale agreement and not
23 something different than that.

24 HEARING OFFICER KRAMER: Okay, so the change of
25 the name to environmental impairment insurance, that's

1 okay with staff.

2 And add the words "environmental impairment"
3 that's okay.

4 And then adding them in that same paragraph and
5 then at the beginning of the next paragraph that's okay.

6 But staff disagrees with the requiring of the
7 insurer to be licensed -- or removing that requirement.

8 MS. REMY-OBAD: Correct.

9 HEARING OFFICER KRAMER: And you're --
10 Petitioner okay with leaving that in?

11 MS. CASTANOS: Yes, we'll agree to leave that
12 in.

13 HEARING OFFICER KRAMER: Can I ask why the State
14 of California wasn't mentioned as the licensing agency
15 for the insurer? Is that not important? They can be
16 licensed anywhere?

17 MS. REMY-OBAD: Well, that's what -- no, what we
18 state, that's why we have that language is that they
19 have to be insurance -- be licensed to provide
20 insurance.

21 HEARING OFFICER KRAMER: Well, it says in one or
22 more states.

23 MS. REMY-OBAD: Correct.

24 HEARING OFFICER KRAMER: So, it's you're happy
25 if it's one of the 50 states?

1 MS. REMY-OBAD: Yes.

2 HEARING OFFICER KRAMER: Okay.

3 Okay, Mr. Harms, there was a time where you
4 described an alternative financing mechanism.
5 Basically, well, in your petition you proposed that you
6 come up with a plan after approval of the amendment at
7 some point in time.

8 And I don't think perhaps it was going to be to
9 salt away a certain amount of money every year. Could
10 you just describe, in general terms, what you were
11 envisioning?

12 MR. HARMS: I mean the concept of developing a
13 trust or building up the fund over time basically was a
14 way of building the financial mechanism to eventually
15 deal with decommission of the facility at a time that
16 would be appropriate for decommissioning the facility.

17 I think, as we've tried to describe, the
18 facility has a value right now. But even if Bottle
19 Rock, you know, the finances which we've, basically,
20 somewhat argued at length, if the finances were such
21 that Bottle Rock were to not be successful as a business
22 that does not mean that the facility doesn't have value.
23 It would be owned and operated by someone else. Too
24 much has been invested.

25 So, our intention was that we have a power

1 purchase agreement that has a value, we have an
2 operating facility that is reliable and because of that
3 we would intend to build funds up over time, allowing
4 for periodic revisions to the estimate of that
5 decommissioning.

6 We've argued today whether or not Mr. Glueck's
7 estimate was adequate in terms of scrap value, or
8 contingencies, or filling basements.

9 But the point we would -- our intention and our
10 concept was that we would come to some agreement on a
11 number, we would do that periodically and we would build
12 the fund up over time, some period of time that we would
13 negotiate with the staff.

14 You know, I would initially think maybe
15 something like the life of a power purchase agreement.

16 But in the event that we wanted to have the
17 funds earlier, perhaps over ten years, but it would be a
18 building mechanism up over time to an amount that was
19 based on the scope and the intended cost of
20 decommission.

21 So, again, that slope, that build-up curve could
22 change because we've changed the estimates.

23 HEARING OFFICER KRAMER: Thank you.

24 Mr. Harms, for you, again. You talked about the
25 calculation, if you will, that the potential investors

1 are making, that they're looking at helping you fund the
2 expansion.

3 Is it fair to say that one aspect of that is
4 getting a final answer about whether there's going to be
5 a bond or not and how much it's going to be, if there is
6 one?

7 In other words, not knowing whether they're
8 going to have to go back to \$5 million or something
9 greater or something lesser makes them a little bit less
10 certain about their investment terms and whether they're
11 willing to invest. Is that fair to say?

12 MR. HARMS: I think that's generally correct. I
13 think their biggest concern is having someone come in
14 with a number, whether it's \$2.7 million or whatever
15 number is being floated and it's being put to a
16 nonproductive use.

17 The problem is that in each case, with which I'm
18 aware, the business has to cover that up front before
19 the investors, because they don't want to have to do
20 that, and that creates a cash challenge for the
21 operating business to do that.

22 HEARING OFFICER KRAMER: Thank you.

23 Okay, we're ready to move on to -- the next
24 topic I had written down is confirm that the insurance
25 requirement continues, and we just spoke about that

1 condition so that that's answered in the affirmative.

2 Staff, Bottle Rock, in their pre-hearing
3 statement, proposed changes to the condition of Com 13.
4 And I'd like to hear your responses to those proposals.

5 MS. REMY-OBAD: The first thing that, as we
6 understand it, Bottle Rock was proposing was for Com 13.

7 And as where we requested one-hour notification
8 for incident reporting, catastrophic incident reporting,
9 they were proposing 24 hours.

10 Staff does not agree with that. We don't
11 recommend the 24-hour notification. If an emergency
12 happens at the site, we need to know much sooner than 24
13 hours what has happened and why.

14 So, staff does not agree with that and would
15 recommend that it remain one hour.

16 HEARING OFFICER KRAMER: Petitioner want to
17 settle that?

18 MR. HARMS: Well, one hour is, quite honestly,
19 just not reasonable for an operating facility. An
20 operating industrial facility, at two o'clock in the
21 morning, is not staffed by people like myself, or a
22 manager, or somebody that really handles that type of
23 communication.

24 Further, the reduced number of staff that are
25 typically on a facility, and particularly at Bottle

1 Rock, if they're dealing with a steam leak, or a fire,
2 or an injury their concerns during an hour, two hours,
3 potentially longer, are not in notifications.

4 While I can certainly appreciate that the staff
5 doesn't want to be blindsided from calls from the -- you
6 know, from the media in the instant information age that
7 we have today, where everybody has one of these,
8 essentially every local observer becomes a reporter and
9 that's a pretty difficult race to try to win.

10 While I understand the need for information, I
11 also have to make sure that the priority of my staff,
12 and with directing the skills that they have is to
13 protecting assets and, more importantly, what can --
14 what can actually be lives.

15 So to me an hour is not reasonable. We asked
16 for 24. Perhaps there's something reasonable that
17 allows for enough information to be presented so that
18 when you are informed of a situation you're not given
19 bad information, which could very well be worse than no
20 information at all.

21 So, maybe there's a compromise position that
22 allows the shift to end maybe get in touch with you in
23 six hours, or something like that.

24 But we put 24 in there because we knew that we'd
25 have all the information to make a proper and accurate

1 report, but perhaps there's some compromise to be had.

2 HEARING OFFICER KRAMER: All right.

3 MR. BELL: I could speak to a little bit of the
4 history behind this. Another facility, within the last
5 couple of years, in Southern California had a fire on-
6 site and that facility had a requirement to notify
7 Commission staff within 24 hours of an incident.

8 Only by the involvement of a local interested
9 party did staff find out in the 23rd hour that a fire
10 had taken place.

11 And, in fact, I know that there were certain
12 folks on the Commission that were hearing from other
13 outside sources about the fire before the facility ever
14 notified us.

15 I'm not sure that what staff is looking for is a
16 complete report of an incident within one hour. That's
17 not realistic.

18 But simply notifying the CPM by phone or by e-
19 mail that a significant incident has taken place, within
20 one hour of that incident, I think is just, from the
21 stand point of sharing information with the staff of the
22 licensing agency, I think is reasonable.

23 As with the other facility, and Palomar's the
24 one that I'm talking about, you know, we do expect a
25 full report at some later time.

1 We would accept a full report even within 24
2 hours. But just being notified that an incident's
3 taking place, by the project owner, I think is fairly
4 reasonable within a one-hour time frame just to let us
5 know that something has occurred.

6 The last thing that staff wants to do is find
7 out about an incident from one of the neighbors and
8 still be in the dark from the power plant operator, who
9 is in probably the best position to let us know that an
10 incident is taking place.

11 HEARING OFFICER KRAMER: I'll note that
12 currently the condition says telephone and e-mail, not
13 or e-mail.

14 But I wonder, is there any value to getting that
15 notice in the middle of the night? Staff isn't going to
16 be there to receive it, right?

17 MS. REMY-OBAD: Actually, that is why we
18 included e-mail, both notification by e-mail and by
19 telephone, was because of the office managers often have
20 devices that allow them to see their e-mail and see that
21 a notice like this has come forth.

22 MR. BELL: And I have to say that there are
23 individuals who work for our organization who actually
24 do check their e-mails.

25 (Laughter)

1 HEARING OFFICER KRAMER: Okay, so staff believes
2 or is unwilling to lengthen that beyond one hour?

3 MS. REMY-OBAD: What we're looking for is an
4 incident report. We understand that the information
5 that we're going to get is going to change over time.
6 And I don't, as Mr. Harms has said, staff's not
7 interested in putting anybody at risk in order to get
8 the report. That's not our point.

9 What we're just trying to emphasize with the
10 time frame is that we need to be notified as quickly as
11 possible about these kinds of events so that we can
12 understand what's going on and know whether a
13 contingency -- the contingencies, the proper
14 contingencies are being taken care of.

15 HEARING OFFICER KRAMER: Okay. Well, we'll
16 write you down as agreeing to disagree and we'll look at
17 that.

18 They also crossed out "property damage off-site"
19 is one of the triggering events for a notice. What do
20 staff feel about that?

21 MS. REMY-OBAD: Staff would not recommend that
22 change. Specifically for things like geothermal drift,
23 that's one of the things that's especially specific to
24 Bottle Rock that we would want to know.

25 HEARING OFFICER KRAMER: Okay, the full incident

1 report ten business days as opposed to one week, within
2 one week of the incident.

3 MS. REMY-OBAD: Staff does not agree with that.
4 We would like to keep it at one week.

5 An example would be if an incident happened some
6 time before Veteran's Day, do you consider holidays and
7 things like that, staff might not know until the end of
8 the month, might not have a report in their hand until
9 almost the end of the month. So, we would like to keep
10 that at one week.

11 HEARING OFFICER KRAMER: Okay, then we have in
12 Attachment A to that first statement. Does the
13 Petitioner propose changes to the Commission (inaudible)
14 --

15 The first two proposals are to remove
16 restrictions on some of the assumptions in the enclosure
17 cost estimate. One being that picking the most
18 expensive time in the project's life as the time of the
19 closure and the other is not allowing any use of salvage
20 value to offset the closure costs.

21 MS. REMY-OBAD: Staff does not agree with the
22 removal of the language in either of these.

23 HEARING OFFICER KRAMER: Okay. They proposed
24 removing references to post-closure maintenance in
25 several places, and I think they actually may have

1 missed one, which would be 10-B. The phrase is "long-
2 term site maintenance activities."

3 I wondered if that was not also post-closure,
4 but how do you feel about that, staff?

5 MS. REMY-OBAD: Staff -- our thoughts on it is
6 if the term "post-closure" is the offensive term to
7 Bottle Rock because it is something akin to hazardous
8 waste remediation language from some -- another one of
9 the State agencies, such as the Department of Toxic
10 Substances Control, that's not what staff intended.

11 So, the term "post-closure" in that reference,
12 then, we would agree to striking that terminology, the
13 term "post-closure".

14 HEARING OFFICER KRAMER: Okay. What does long-
15 term site maintenance activities intend to be?

16 MS. REMY-OBAD: Long-term site maintenance
17 activities will depend on the future use of the
18 facility. But sometimes, at the very least, it requires
19 fencing and maintenance, things like lighting and a
20 security guard, to prevent attracting nuisance.

21 HEARING OFFICER KRAMER: So, that's more just a
22 one-time setup than maintenance, isn't it? Well, did I
23 go overboard in identifying the issue for the
24 Petitioner?

25 MS. CASTANOS: No, you didn't. This is Kristin

1 Castanos, Mr. Kramer. We agree that that provision, we
2 overlooked that in making our recommended revisions.

3 Our object is to the extent that this condition
4 contemplates that Bottle Rock Power would be obligated
5 to do anything on the site after the plant is closed and
6 decommissioned is inappropriate because at that point in
7 time Bottle Rock power will no longer have any rights or
8 obligations with respect to the land.

9 It is private property and the property owner
10 will have all the rights and responsibilities with
11 respect to maintaining and using that land in accordance
12 with the county's rules.

13 And so any suggestions in here that Bottle
14 Rock's obligation continues post-closure and
15 decommissioning is problematic for us.

16 MR. BELL: And that was one of the reasons why
17 we specifically avoided the use of the term
18 "decommissioned". Of course, Bottle Rock does have
19 obligations towards the site even post-closure.

20 Just the shuttering of the plant at Bottle Rock
21 doesn't relieve Bottle Rock of its obligations to
22 decommission the facility and remediate the site, to the
23 extent the parties have agreed.

24 HEARING OFFICER KRAMER: So, staff's saying that
25 this can stay in?

1 MS. CASTANOS: So, with that clarification from
2 staff, I guess we would just request that maybe we can
3 come up with clarifications so that it's clear this
4 isn't intending to address post-decommissioning
5 obligations.

6 HEARING OFFICER KRAMER: Okay. Request 10-C,
7 staff, and just put in (inaudible) -- with respect to
8 closure.

9 MS. REMY-OBAD: Staff would recommend that that
10 language remain, the reason being that staff has a
11 responsibility to look at local LORS. So, specific
12 actually to Bottle Rock, Lake County has geothermal --
13 that say that there has to be an identified use for the
14 property or it has to be demolished.

15 HEARING OFFICER KRAMER: Petitioner?

16 MS. CASTANOS: So, our objection to that
17 language is the same as our prior objection. At the
18 point in time when the project is decommissioned, the
19 county has jurisdiction over the property and so we
20 don't think it's -- we don't think it's relevant to the
21 Commission's jurisdiction.

22 HEARING OFFICER KRAMER: Well, what they seem to
23 be saying is speculate about what you might -- what the
24 new owner -- the newly, again, in-charge owner might do
25 with the property to a degree that will keep the county

1 from asking that the site be cleared. So protect your
2 request to keep the building there by making a
3 reasonable case that you can do something appropriate
4 with that.

5 MS. CASTANOS: Except that what it asks for is
6 land uses. It doesn't ask about the scope of
7 decommissioning and what leaving the building in place
8 is (inaudible) -- our decommissioning plan would
9 identify the scope of decommissioning. And if the
10 building were still to remain in place, it would
11 identify that the building will remain in place and
12 staff can evaluate, based on the county LORS, whether
13 leaving the building in place complies with the county
14 LORS.

15 But speculating about the landowner's future use
16 of that building is outside the scope of the
17 Commission's jurisdiction.

18 HEARING OFFICER KRAMER: Well, it sounds like it
19 may be necessary in order to actually apply the LORS to
20 make that determination to know that there are options
21 that are going to be acceptable, at least for the county
22 requirements.

23 Okay, request that the word "during a
24 closure" -- the phrase "during a closure" in paragraph
25 12. Staff?

1 MS. REMY-OBAD: Staff actually does not
2 understand the need for the line on 12. So, staff I
3 guess at this time would recommend the document.

4 MS. CASTANOS: And this is Kristin Castanos.
5 This gets back to our concern about clarifying the post-
6 decommissioning operation.

7 HEARING OFFICER KRAMER: It would seem to me
8 "during closure" is a helpful limiter within your
9 perspective.

10 MS. CASTANOS: I guess I don't really understand
11 what it means, "during closure." I'm not sure what that
12 phrase means.

13 HEARING OFFICER KRAMER: Okay, well, we'll take
14 that under submission.

15 Staff, in the second part of paragraph 15 wanted
16 to change the word "implemented" to "initiated".

17 MS. REMY-OBAD: This is Camille Remy-Obad.
18 Staff is fine with that.

19 HEARING OFFICER KRAMER: Okay, thank you. I
20 think that takes care of those changes.

21 Ms. Castanos, do we have any other proposals
22 from the Petitioner that we should solicit feedback
23 regarding?

24 MS. CASTANOS: If we could go back to Com 13, I
25 apologize, there was an additional revision that was

1 intended to be requested in Com 13. And that was to --
2 no, I'm sorry, it's in the insurance. It's in Com 16.

3 In Com 16, with respect to the environmental
4 impairment insurance, which is subsection B of Com 16 --

5 HEARING OFFICER KRAMER: So, you're looking at
6 your proposal or the staff conditions?

7 MS. CASTANOS: Either one.

8 HEARING OFFICER KRAMER: Okay.

9 MS. CASTANOS: At the end of the first paragraph
10 it says "amount of at least \$10 million per occurrence
11 exclusive of legal defense cost."

12 And our current insurance requirements, pursuant
13 to the purchase and sale agreement does not exclude
14 legal defense costs, so we would request that that
15 phrase, "exclusive of legal defense cost" be stricken.

16 MR. BELL: I don't recall that language being in
17 the -- I think maybe I recall the language being in the
18 original requirement.

19 HEARING OFFICER KRAMER: Okay, we'll have to
20 take that under consideration and file something in the
21 next couple days?

22 MR. BELL: Yeah, let's do that.

23 HEARING OFFICER KRAMER: Okay.

24 And that was it, Ms. Castanos?

25 MS. CASTANOS: That's it.

1 HEARING OFFICER KRAMER: Thank you. Okay.

2 MS. ALLEN: I had a question for Petitioner
3 related to Com 13.

4 HEARING OFFICER KRAMER: Your mic.

5 MS. ALLEN: This is for the Petitioner. Related
6 to Com -- sorry, related to Com 13, how many people
7 would you anticipate would be working on the swing shift
8 at night and how many people on the graveyard shift?

9 MR. HARMS: We work 12-hour shifts, so what I
10 call the night shift, you can refer to that as a
11 graveyard.

12 MS. ALLEN: Sure.

13 MR. HARMS: There are only two people at the
14 power plant. The entire facility, the well field and
15 the plant is operated by two people.

16 MS. ALLEN: Thank you.

17 HEARING OFFICER KRAMER: Okay. I think everyone
18 has said otherwise that they had their own corrections
19 to be compiled, conditions of certification beyond some
20 clarifications that staff provided in its pre-hearing
21 statement, with which everyone agreed. Is that correct?

22 Okay, everyone responded yes, so thank you.

23 Okay, so now's the -- we have some people in the
24 public here who have been waiting for a while. So, what
25 we're going to do is move the public comment portion up

1 and then we'll have the arguments from the parties after
2 that.

3 So, Ms. Public Adviser, can I have the cards?

4 And with a show of hands, about how many people
5 wanted to make public comment? Okay.

6 Okay, what we're going to do is give everyone
7 three minutes. What I'll do is I'll call two names and
8 if you can come up to the chair next to our court
9 reporter and sit down, and speak into the microphone
10 that's got the red light on it.

11 So, the first name I'll call to come up right
12 away and then I'm going to call the second name so that
13 they could be getting ready to sit down, as soon as they
14 get up.

15 The first name would be Randall Fung. Mr. Fung.
16 Followed by Hamilton Hess.

17 MR. FUNG: My name is Randall Fung, that's F-u-
18 n-g. I submitted a paper on Friday. I hope you've all
19 had an opportunity to read it. And if there's any
20 questions, you could ask me at this time.

21 Following proceedings from postly, I have a few
22 comments for folks at the hearing today. One issue is
23 the spoil site. I did make a call to (inaudible) water
24 quality and Bottle Rock, right now, currently has a
25 petitioned to -- well, they haven't filled in

1 yourselves in 2012, and filed for an extension in 2013.

2 We spoke to Mr. Childs (phonetic) and Bottle
3 Rock has recently filed another extension. And the soil
4 from the sites might have to go filling in the subs, so
5 that might be a consideration in the cost evaluation for
6 the spoil sites that we were discussing earlier.

7 I have a number of questions concerning protocol
8 because one of the bases for requiring of the power and
9 purchase agreement was the catastrophic scenario that
10 Bottle Rock would fail and no longer exist. And I
11 believe that cost analysis by Plant Reclamation is kind
12 of based upon the idea that Bottle Rock would be able to
13 (inaudible) --

14 So, my question is let us look at the scenario
15 that Bottle Rock no longer exists in determining the
16 actual follow up.

17 My question is -- sorry -- my question for that
18 is what is the protocol and procedures if Bottle Rock
19 were to suddenly fail and no longer exist? With Bottle
20 Rock out of the picture what entity has jurisdiction
21 over the left-over property and required deconstruction?

22 Where, in the estimates, are the funds to cover
23 the cost of an external third-party entity?

24 Does that entity have the right of way through
25 High Valley Road, seeing that Bottle Rock would no

1 longer exist, since Bottle Rock is the only entity that
2 has right of way through Bottle Rock, High Valley Road.

3 If alternative road rights are required, for
4 example, on Cold Water Creek Road, and would have to be
5 purchased, does the bond cover those costs?

6 I believe the court recommended the estimate
7 assumes that the deconstruction would take place through
8 High Valley Road and you've seen how narrow that is.

9 What if the deconstruction requires a permit
10 through the County of Lake (inaudible) -- the Lake
11 County use permit requires a guard to be from Bottle
12 Rock to High Valley Road through all phases of
13 construction.

14 Did the estimate consider those elements of only
15 working during, I believe it's 7:00 to 7:00 and five
16 days a week, or is it unlimited access?

17 And did the process include a cost of the guard
18 at the gate as required by the regulations by the
19 county?

20 As a co-discharger with V.V.& J. Coleman Family
21 Trust, if Bottle Rock were to totally dissolve would it
22 then be the sole responsible party for the
23 decommissioning of Bottle Rock?

24 The proposed amendment states that there is an
25 agreement with V.V.&J. Coleman Family to take over the

1 buildings. What are the terms? It's all been redacted.
2 How can the CEC approve this with that redacted version,
3 not knowing the exact terms of the responsibility of
4 each of the parties?

5 By having V.V. & J. Coleman Family Trust take
6 over the possession of the building does that
7 essentially reduce decommissioning?

8 Have these particular environmental impacts with
9 leaving the building standing ever been studied?

10 I believe ER -- originally ER did not state
11 that. If so, where and when was this study?

12 So, can the CEC approve this amendment for
13 reduced reconditioning -- decommissioning without
14 considering CEQA?

15 This was addressed a little bit under post-
16 closure. Who will pay for the maintenance of the
17 building?

18 We've been through that building and we see that
19 it's a huge building. It would require huge maintenance
20 for the ongoing maintenance. Where is the funding for
21 that?

22 We don't want some building that's going to end
23 up being -- maybe we do, whatever, I don't know.

24 Why should V.V. & J. Coleman Family Trust be
25 required to hold a bond for this, as well?

1 Are V.V. & J. Coleman Family Trust named as co-
2 dischargers under the current -- are they under the
3 current jurisdiction of the CEC as co-dischargers?

4 And if so, can the CEC require them to hold a
5 decommissioning or maintenance bond?

6 In closing, I implore the California Energy
7 Commission to ponder the statements and questions, and
8 to reevaluate whether all these questions have been
9 answered and all the costs have been covered.

10 Thank you.

11 HEARING OFFICER KRAMER: Thank you.

12 Mr. Hess.

13 Oh, Linda Fung, is she going to be leaving with
14 you?

15 No, let Mr. Hess go first. Okay, we'll put you
16 up next, then.

17 MS. FUNG: Thank you.

18 MR. HESS: Hamilton Hess, H-a-m-i-l-t-o-n
19 H-e-s-s.

20 I have a very brief statement of issues.

21 Further, I'm on -- I represent the chair of the
22 organization and are very much concerned with matters of
23 disclosure, two in particular.

24 One is the disclosure of the financial situation
25 of Bottle Rock Power, as has been discussed already. We

1 don't see how the -- how a fair resolution to a question
2 of bonding could be reached without access to the
3 financial.

4 Secondly, the disclosure of what is known about
5 the expansion area, the expansion area is some half to
6 three-quarters of a mile, I believe, from the present
7 supply area for the power plant.

8 And there's been no evidence given that there is
9 a certainty of adequate steam production in the
10 expansion area in order to increase the power plant and
11 to thereby be involved in the matter of non-performing
12 for the (inaudible) -- that's in place for the --

13 I'm aware and I think everybody who's around the
14 dais is certainly aware that the expansion area has been
15 mildly explored before and I believe the results have
16 been fairly negative, or at least not very positive. So
17 that is a disclosure question that people could address
18 as to the reasonable certainty of significant steam
19 production from the expansion area.

20 Thank you.

21 HEARING OFFICER KRAMER: Okay, Ms. Fung,
22 followed by Robert Stark.

23 MS. FUNG: Well, my name is Linda Fung, F-u-n-g,
24 and my question is similar to Hamilton's. And today I
25 was listening to NPR Radio and they were talking about

1 the Monterey Shale fracking and I have a feeling in
2 another year from now you will all be sitting here with
3 all the big oil companies, discussing that.

4 So, I'm asking myself, will the CEC accept these
5 kind of redacted, nondisclosure answers from them, the
6 big oil and gas companies? And that's my question, it's
7 actually a question?

8 I mean I'm just curious, you let that sort of
9 thing happen where there's -- the facts are all hidden
10 and then you make decisions on that? I don't
11 understand.

12 And the other thing I wanted to tell you about
13 is the fact that if there were a spill, or something of
14 that sort, the High Valley Creek, which is right up
15 going through their property, and has been messed with
16 before, if chemicals were to spill into that it goes
17 down into Alder Creek, right past where our house is,
18 and then it crosses a road and would go into Kelsey
19 Creek, which runs all the way down to Kelseyville.

20 And it's been estimated that if poisons were in
21 that creek it would go down so quickly and a lot of
22 people use that as their drinking water.

23 And we brought this up once at a meeting, I
24 think it was a supervisor's meeting, and Brian Harms
25 said that wasn't his problem, that would be for the

1 county to work out.

2 But that, you know, happens very quickly. So, I
3 believe your wanting to have a more efficient, quick
4 alert of a problem has a lot to it.

5 And thank you very much.

6 HEARING OFFICER KRAMER: Thank you.

7 Mr. Stark, followed by Sharon Matzinger.

8 MR. STARK: Good evening, my name is Robert
9 Stark. Robert, as in Robert, Stark as in S-t-a-r-k.

10 I thank the Commission for coming here today and
11 appreciate the opportunity for the public to speak
12 before you.

13 I just have a few points that I think are the
14 public concern. And how you should approach this matter
15 is to look at the history of the plant.

16 Although Mr. Harms mentioned reliability, the
17 plant's not reliable. It's been anything but reliable.
18 The steam fail has been a constant source of
19 consternation of BRP.

20 Historically, the supply has been bad, both in
21 quantity and in makeup, and which ultimately led to the
22 closure for a two-decade period.

23 So, when you look at that and you have to look
24 at this as an LLC, and I fully respect the privacy
25 afforded an LLC in not disclosing its finances, but the

1 point is that it's your job to protect the taxpayer, as
2 well as regulate the industry. You can't honestly make
3 decisions that are based on only partial information.

4 Therefore, you have to find an alternative
5 method of protection, which is in the form of a bonding
6 that protects the taxpayer, protects the citizenry, and
7 ultimately causes the proper closure, should that become
8 necessary.

9 We've discussed a lot about, well, the building
10 and whatnot, and what will happen to the building.
11 Well, there's only one use for the building and that's a
12 power plant. There is no other use. It can't be
13 converted into apartments and be turned into a movie
14 theater, or any other similar.

15 It is -- I reject, patently, the assertion that
16 this is a small business in that you can't brag that
17 there was a hundred million dollar plus investment made
18 in the company, and that you can't afford a bond because
19 you are a small business owner.

20 The coffee shop is a small business owner, the
21 gas stations, not Bottle Rock Power and US Renewables.

22 And in closing, because I don't want to go on --
23 see, I read all these notes, but that's because I have
24 developed attention deficit disorder. I drew a picture
25 of a couple of you.

1 (Laughter)

2 MR. STARK: But let me -- but in the absence of
3 some level of protection shown by the financiers of the
4 project, the only other alternative is insurance.

5 Yes, is it productive? No, it is not. Mr.
6 Harms is right, it's not productive. Automobile
7 insurance is not productive until you get in a wreck and
8 then it's very productive.

9 And, yeah, I could afford to insure myself, but
10 I can't afford the limits of liability required by the
11 State to have tucked away in a bank so, therefore, I
12 have to have insurance.

13 If the financial side of the BRP and US
14 Renewables can't put up the money, then the alternative
15 is to put up a prophecy upon a prophecy (phonetic) --

16 And again, thank you very much. And I'm
17 available for the Lion's Club any time -- and from the
18 Lion's Club, let me express our condolences to your
19 derrieres for providing the cold chairs. And it is not
20 very warm in here, but we realize that maybe you don't
21 come from cold Cobb, where it's always cold, and in this
22 neighborhood where the sun comes up at 11:15 and sets at
23 1:45, here in the woods.

24 (Laughter)

25 MR. STARK: Thank you.

1 HEARING OFFICER KRAMER: Thank you.

2 Ms. Matzinger followed by John Hess.

3 MS. MATZINGER: Sharon Matzinger, M-a-t-z-i-n-g-
4 e-r. This kind of thing is very (inaudible) on me. I
5 can't speak to the reports as the people who have
6 preceded me. But I have a very simple request and
7 that's on behalf of my family, we're in support of the
8 bond.

9 It made sure of the Cobb Mountain area, as the
10 infrastructure, for us here in the Cobb community. If
11 we want to continue to provide our children with the
12 opportunities to enjoy the fresh, clean spring water
13 that we've become so accustomed to, and the fertile
14 soil, in certain places, that's suitable for vegetable
15 gardening comparable to that that we've received since
16 we came here, we must protect our environmental
17 infrastructure that connects us with our past, and gives
18 context to our community that's the source of our
19 values, our virtue, our character as Cobb Mountain
20 residents.

21 Bottle Rock Power's been breaking our hearts
22 since they first arrived, with their strong words and
23 broken promises.

24 My late husband's family came here in 1914 and
25 bought the property in 1918. I promised our family that

1 I would continue to fight to keep the integrity of the
2 land the same as it was, as closely as it could be when
3 four generations ago they purchased it.

4 Of course, we understand that for progress
5 things do have to change. But as much as we can, we owe
6 them the highest quality protection that we can afford.

7 I understand that you have voted in support of
8 Bottle Rock Power's request from Senator Mike Thompson,
9 and I have no doubt that he supports geothermal because
10 he believes it's clean power, and in a lot of ways it
11 is.

12 But I've never known Senator Thompson to support
13 degradation of the environment with irresponsibility.
14 So, I believe that perhaps he doesn't have the whole
15 story, so I would just request that you -- yeah, thank
16 you very much for coming.

17 HEARING OFFICER KRAMER: Thank you.

18 John Hess followed by Kelly Fletcher.

19 MR. JOHN HESS: My name is John Hess, H-e-s-s.
20 I didn't realize you were going to be filming this for
21 all of us, but I appreciate that. If it's not of your
22 doing, I understand as to why.

23 I just wanted to say I really appreciate the
24 thoroughness and the completeness of staff's report, the
25 way they've conducted themselves over the last several

1 months. I believe it will be to their credit that a
2 fair end is brought about by this. And so I want to
3 state and I want to thank you for that.

4 HEARING OFFICER KRAMER: Thank you. And we
5 don't know this man, with the recorder, for the record.

6 Okay, Mr. Fletcher or Ms.?

7 MR. FLETCHER: Ask me later, sir.

8 HEARING OFFICER KRAMER: Okay, we'll come back
9 to you.

10 Gail Weiss?

11 MR. WEISS: Yeah.

12 HEARING OFFICER KRAMER: And then Gladdys
13 Grandsford.

14 MR. WEISS: My name's Gail Weiss, G-a-i-l W-e-i-
15 s-s.

16 But anyway, I've been in the oil business for 22
17 years, retired to come up to beautiful Cobb. Well, I
18 have some concerns on Bottle Rock.

19 My background is environmental analyzers,
20 chromatography, astomatographs (phonetic), taught 16
21 years at the University of Reno, Nevada.

22 To give you a little -- I've got gas down at my
23 house, H2S -- excuse me -- and I know what H2S is, and I
24 know what Stretford is.

25 Now, I don't if your tanks are full, or covered,

1 or Stretford, being a metallurgy guy, Stretford is
2 metaled up pretty good. It kills plants and everything
3 else.

4 Turbines are very expensive, it's a soft metal
5 (phonetic), more than likely (inaudible) -- fired by H2S
6 surrounding.

7 But I have a concern for outdated analyzers.
8 You run a Houston Atlas (phonetic), lead acetate,
9 bubblers, inaccurate.

10 You only have three analyzers up there. This
11 whole area should be blanketed, not just for H2S and CO,
12 if you're using Stretford solution.

13 A lot of money should be put into that before I
14 would issue anything to be built up here. That is my
15 opinion, worked with it for a long time.

16 Unfortunately, I wouldn't be here if I could get
17 gassed out in the middle of June. That's all I have to
18 say.

19 HEARING OFFICER KRAMER: Thank you. To be
20 clear, you're talking about air quality monitors?

21 MR. WEISS: Yes, H2S monitors updated for
22 (inaudible) -- not the 1960's stuff. They need brand-
23 new stuff. You know, it is 2000, the year 2000. It's
24 not 1960 running these little lead acetate analyzers
25 that I understand you have up there.

1 HEARING OFFICER KRAMER: And are you talking
2 about the Air District's monitors or the projects?

3 MR. WEISS: No. No, I'm sure they have area
4 monitors in those units; don't you? They do?

5 MS. REMY-OBAD: There's someone from the Air
6 District here.

7 MR. WEISS: Oh, yeah, they're doing a good job.

8 HEARING OFFICER KRAMER: So, I'm just not clear,
9 are you talking about monitors saying in close spaces
10 protecting the workers?

11 MR. WEISS: Yes.

12 HEARING OFFICER KRAMER: Safety monitors, okay.

13 MR. WEISS: In the public, an hour is not enough
14 to alert the public, either. If they have an H2S
15 problem, because the H2S will lay in a low pocket and
16 you get a wind come over and it could build up, build
17 up, build up, build up to the point anymore where you
18 can't smell it anymore and it's too late.

19 That's the concerns I have and some money should
20 be directed towards that. That's all I have to say, and
21 I appreciate it, and I hope it came out okay.

22 HEARING OFFICER KRAMER: Okay, thank you.

23 We have Gladdys Grandsford. And Gerri Finn, did
24 you -- you gave us a written statement. Did you want to
25 say something, too?

1 MS. FINN: I do, yes.

2 HEARING OFFICER KRAMER: Okay. Well, Mr.
3 Grandsford then Gerri Finn.

4 MS. GRANDSFORD: My name is Gladdys Grandsford
5 and I'm known as Gladdy, and the Rose Lady on Cobb,
6 sometimes by my friends.

7 I thank the Commission for being here and this
8 is the first time I've ever testified before a
9 Commission.

10 I used to work for the Bay Area Air Quality
11 Management, then my husband and I bought a couple of
12 parcels in Cobb, where we put our effort into gardening
13 and raising very special roses. Those special roses
14 mean a lot to me.

15 And the Air Quality District in the San
16 Francisco Bay Area meant a hell of a lot to be because I
17 was there for over 35 years.

18 I, too, have smelled the H2S down as far as
19 Clover (phonetic) Drive. And I am very concerned about
20 not having proper monitors.

21 I am also very concerned about our environment.
22 That's why we (inaudible) in the State of California.

23 Basically, I think that all companies as large
24 as Bottle Rock and as profitable as Bottle Rock may or
25 may not be, they owe the public in their community the

1 best possible that they can give, and that they should
2 be bonded with bonds that will protect the people in the
3 community, the taxpayers of the whole county, and it
4 goes on to protect taxpayers in the whole State,
5 potentially, if we have a tragedy.

6 So, that's about all I can know to say is please
7 make sure they are bonded with an environmental bond so
8 that the people are protected.

9 And I thank you very much for giving me the
10 opportunity to discuss it myself. I'm not used to doing
11 this very well. Thank you.

12 HEARING OFFICER KRAMER: Okay, Ms. Finn and Mr.
13 Fletcher, are you -- all worked out?

14 MS. FINN: Hello, my name is Gerri Finn, G-e-r-
15 r-i, Finn, F-i-n-n. And I did give you some copies of
16 this, if you wanted to refer to this later. I believe
17 that it will (inaudible) -- comments.

18 Thank you for allowing a public meeting or
19 hearing to include Cobb. I'm very interested in the
20 outcome of your decision because it affects myself, my
21 family and my neighborhood.

22 I also want to thank the Committee for their
23 diligent work in reviewing the proposed amendment and
24 cost. From my lay, personal perspective, it appears
25 that the Committee did a thorough and comprehensive

1 review of the decommissioning plan and I support the
2 Committee's recommendation.

3 I'd like to give you a history of Bottle Rock
4 Power Plant's effect on me and my family, as well as the
5 neighborhood and environments that you understand my
6 position on the decommissioning plant requirement.

7 Robert Stark started about history and
8 reliability. I want to talk about that, also, but with
9 a little different view.

10 First of all, I've moved from High Valley
11 because the emissions affect the health of my whole
12 family and, in particular, my child.

13 The symptoms we have are headaches, earaches,
14 sinus congestion, including nose bleeds. My youngest
15 son has persistent sinus congestion and occasionally he
16 has shortness of breath.

17 One other nuisance is also a significant effect,
18 our house, cars and garage all stink after high levels
19 of H₂S are released from the plant in the steam field.

20 The levels are almost always high near my house.
21 You can refer to the PANS 2 Monitor (phonetic), to see
22 what yourself what those levels are. It's the monitor
23 that's close to my house and detects the emissions that
24 funnel through the mountain ridge, then to High Valley
25 neighborhood, before the odors reach the Glenbrook damp

1 monitoring station.

2 The BRPP doesn't care enough about the air
3 quality that affects me and my family and ensures that
4 the levels are low. They never try to reduce their
5 levels, as far as we can tell, because they're always
6 high.

7 As far as decommissioning and restoration goes,
8 I'd like to continue with a history of BRPP's practices
9 and their pattern of practice.

10 Prior to BRPP, High Valley Creek in particular,
11 the stretch that goes from the power plant to the
12 Binkley (phonetic) property, it's the headwaters of the
13 creek, was great habitat for aquatic life. They have
14 all the features you would expect in a health creek,
15 including lots of pools.

16 The pools were deep for a headwater creek. They
17 were up to four feet deep and may two- to three-feet
18 deep pools.

19 The effects of the creek became evident after
20 the winter following the plant's start-up activity,
21 which included illegal grading, excavating some ponds,
22 building illegal pipe pad and dumping sump mud.

23 The pools in High Valley Creek are gone in that
24 stretch near the power plant interactive area. They've
25 filled with sand and gravel. I don't know how the creek

1 can be restored.

2 I believe that this is a permanent degradation
3 of a once health environment.

4 When the neighbors reported the other illegal
5 and environmental harmful practices that BRPP was
6 conducting, agency required restorations and
7 remediations to those areas. These are the actions and
8 responses by BRPP.

9 The excavating through the protective clay liner
10 of the sump ponds; it was required that they fill in the
11 sump ponds. They haven't been filled in, yet.

12 The excavating occurred many, many years ago.
13 BRPP argues and delays getting it done rather than doing
14 the right thing and filling them in, and protecting the
15 water quality for those ponds.

16 The illegal pipe pad was built using sub-mud to
17 create a huge pad for pipe and parking. The spoil site
18 is immediately adjacent to High Valley Creek. They
19 didn't do the right thing and remove it after being
20 caught. It sits there and any spoils dumped that has
21 been a model for erosion control. It drains into the
22 creek and into the meadow.

23 The sub-mud was dumped on the meadow. They were
24 required to remove the spoils and re-vegetate. This was
25 also next to the creak and a seasonally wet meadow. The

1 tar grass cover that was used to restore the meadow is
2 very different than the native grasses and (inaudible)
3 that were there prior to the disturbance.

4 BRPP has created extensive pollution to our air,
5 water and soil in the neighborhood. They've negatively
6 impacted wildlife and human life. They resist any type
7 of agency or public request for restoration or
8 restitution, as you can see with this bonding
9 requirement.

10 They haven't proven themselves to be trustworthy
11 or even responsible for their actions by following laws
12 or permit requirements.

13 Without a bond, it's apparent that the
14 decommissioning and the restoration will not be done or
15 not be done to a reasonable environmentally responsible
16 standard.

17 BRPP is unique in the geyser's region. They
18 like to call themselves unique and a small business.
19 But they aren't one of the long-standing geothermal
20 companies that have good public relations. At least the
21 other power plants attempt to resolve community issues.

22 They are also geographically different. They
23 are within a residential area in a neighborhood. And so
24 understanding that issue, they've forced the residents
25 to be part of an industrial area. That makes them

1 unique and it needs to be taken into consideration when
2 restoration and decommissioning are evaluated.

3 It needs to be taken into consideration when
4 evaluating ongoing operations.

5 If you're not going to enforce the requirement
6 to have a \$5 million bond, as it states, then I hope
7 that you're at least requiring a \$2.67 million bond that
8 your Committee is proposing, so that there's some
9 assurance that the negative impacts of the power plant
10 site will be addressed at closure.

11 Again, I thank you for your time and your
12 consideration of this matter. I appreciate that you
13 came to our town to hear our comments. Thank you.

14 HEARING OFFICER KRAMER: Thank you.

15 Mr. Fletcher followed by Joan Moss.

16 MR. FLETCHER: Thank you. Kelly Fletcher, F-l-
17 e-t-c-h-e-r.

18 I'm going to talk about the building. I just
19 wonder what the taxes on the building would be after we
20 get rid of it. So, a multi-million building that the
21 homeowner -- or again, that building, the taxes would be
22 horrendous, I would think.

23 When they're drilling, my spring water goes down
24 almost to nothing. I have eight feet of water in the
25 spring box and when they started drilling, they pumped a

1 tremendous amount of water down those holes to help
2 drill and my spring box goes down to about six inches at
3 the bottom, which is really scary because I've got no
4 other water.

5 And I've been there for, I think about 15 years
6 now, and in the first ten years I've never had a
7 problem, in any drought, or anything until they started
8 drilling, and then that's the only time that that spring
9 box goes down. It always overflows every day until they
10 start drilling.

11 The air quality is what really started the
12 trouble with me in the beginning. At night, as a matter
13 of fact that was when air quality -- Doug Gerhardt
14 (phonetic) -- when he had his first -- his wife had a
15 baby and he was off for a week, and that particular week
16 the gap station at Lynbrook, I think it was up to 24 to
17 30, or something.

18 And at my house it was just horrendous, awful,
19 awful, and so I called 911. I got the guys out there.
20 We all went up there and there was a leak in the pipe
21 and the controller came out and he said we had to -- we
22 can't shut it down, we're going to fix it in the
23 morning.

24 Well, the whole area was just completely fogged
25 in and just god-awful rotten egg smell and just -- after

1 already getting headaches and things, and waking up at
2 night, because I'm in a kind of a basin there where all
3 of this comes over and flows down like water right down
4 into the valley. And I've got some pictures to show how
5 it leaves and where the Lynbrook station is at.

6 And the last time you were here I was thanking
7 you for taking my comments and I was talking about the
8 air quality, and I was saying how high it was the day
9 before at the gap station. And Doug got up right after
10 I was and he corrected me and he said, no, it was really
11 low that day.

12 And he's right, the gap station was low. I was
13 talking about PAMS 2, at the project line behind my
14 house. Now, that station apparently is not a legal
15 station, so it's not -- you can't really take the -- I
16 don't really understand it. It's taken like three or
17 four years to get this station there and I've never been
18 able to get them to test at my house. They always say
19 that the air quality is the same a mile away or at my
20 house.

21 And, finally, I got the supervisors to authorize
22 to put a station behind the house, on the property line,
23 where it was supposed to be in the beginning, but it's
24 not a -- I don't know how to -- it's not a legal
25 station. I believe it's the same type of station, but

1 it's not legal.

2 So, this -- I've got a chart that shows what
3 it's been for the last week. This chart, it shows that
4 the gamp station that this thing uses, the legal one,
5 shows at a four part per billion pretty much all week.

6 And the one across, up on Fox, I think it is, is
7 putting this four parts per billion.

8 Okay, the one behind my house, which I'm a
9 quarter mile from the plant, instead of a mile, and it's
10 higher than 30 parts per million, which is higher than
11 the State allows, is what this chart says.

12 Now, Bill can probably explain what this means,
13 but I don't know. But I know we get (inaudible) -- we
14 don't live there.

15 So, in trying to get that fixed there's been
16 numerous problems with Mr. Harms in causing trouble for
17 the neighbors. Like when I complained about that up
18 there, they turned around and made a legal slap suit on
19 me. It cost me about \$4,000 to try to answer to it and
20 then, anyway, it's a long ordeal, and it's been really
21 bad.

22 And the thug has gone. We've got a new sheriff
23 and the thug is gone and everything's been really smooth
24 out there since this guy has left, his number one man.

25 And I'm sure the neighbors can attest to what

1 they were doing out there, and I don't want to get into
2 that.

3 But anyway, the air quality is awful. This
4 shows that it's awful. And all I want is just to have
5 clean air so I can go live in my house.

6 And I think that's about it. I can show you on
7 the Google maps here where the -- the Gamp station is
8 actually way up above the bottom of the valley. My
9 house is in the bottom of the valley where it flows
10 down. And it should be -- the legal one should be on
11 the property line.

12 And the Lake County doctor, Karen Tate, sent me
13 an e-mail, after having a meeting with her, saying that
14 five parts per billion can be a nuisance. A nuisance is
15 side effects that create headaches, nausea, nose bleeds,
16 and anything over four.

17 So, at my house it's continually way high and I
18 just -- it's awful. It's awful. If you lived there --
19 if I could sell it, I would. It's awful.

20 So, make sure that they clean it all up.
21 Thanks.

22 HEARING OFFICER KRAMER: Thank you.

23 Joan Moss followed by Ronald Fidge.

24 MR. FLETCHER: Can I give you these?

25 HEARING OFFICER KRAMER: Sure.

1 MS. MOSS: My name is Joan Moss, J-o-a-n
2 M-o-s-s. And we don't live near Bottle Rock, but I've
3 gone through a lot of the hearings and we're very
4 grateful today that Coleman and Hamilton Hess, that time
5 and time again these people have come up and it sounds
6 like you're listening. And I'm so grateful.

7 Lake County is the lead agency for Bottle Rock
8 Power and I'm wondering if that constitutes a possible
9 conflict of interest because I have seen the supervisors
10 turn deaf ears to these people.

11 I would like to know what the duties and
12 responsibilities of a lead agency are.

13 The Regional Water Quality Control Board is
14 mandating that Clear Lake gets cleaned up and they're
15 testing for phosphorus.

16 I'm concerned if Mr. Glueck, it sounds like he's
17 a real professional as far as decommissioning scrap
18 metal, but I'd like to know what State agencies and what
19 experts are here to clean up the river, and to test the
20 dirt, and to test the water?

21 As far as incidents, I was going to mention
22 Kelly's experience. All he did is call the fire
23 department about the leak. The leak had been going on
24 for three days from this, and it was a part that goes to
25 the power plant. It wasn't a pipe full of steam that

1 had been cleaned.

2 And then he gets -- he gets legal action against
3 him for trying to do the right thing.

4 I'm wondering if we could get a (inaudible) or a
5 wind power plant in place of the steam. I do like
6 electricity, but not at the expense of the lake, and the
7 air, and people's health.

8 Kelly has a picture of a pink cloud over
9 Lakeport. And Ron Fidge has spoken about the pink
10 steam. This steam that comes up from the ground near
11 Bottle Rock is not all clean. As Ron Fidge said, it's
12 stinking, rotten, it's smelly and dangerous steam. It's
13 the bad steam.

14 I hope that Mr. Glueck does have a way of
15 measuring the toxics and the chemicals, and does have a
16 competent way of dealing with them because people here
17 found Bottle Rock carting sump waste to the local
18 disposal sites instead of disposing the waste, and
19 dumping in the meadow as Gerri said, instead of
20 disposing them properly in a proper class.

21 And as far as incidents, I'd love to get your
22 phone number, and maybe you have a record of all the
23 incidents.

24 Kelly called 250 times and then we're told that
25 we're not complaining in the correct way that were on

1 paper.

2 I also want to know -- it is unfortunate that
3 heavy industry, it tried to exist in a residential area.

4 And as far as incidents, I'm very curious about
5 cancer. I spoke about it at a public hearing and
6 everybody that got up and spoke after me, they all lived
7 near the power plant and they all had cancer.

8 So, I think I've said about what I said, but I
9 think it should be CEQA, and the Regional Water Quality
10 Control Board, the Department of Water Resources, and
11 why isn't the lead agency representative of Bottle Rock
12 here tonight? Was he invited?

13 And the Lake County supervisors, it's like --
14 I'm losing a little bit of hearing, but it's like that
15 they don't have ears.

16 I'm very glad that you are here and I know that
17 you have ears. It's going to take State coordination to
18 clean up what's been done. Thank you.

19 HEARING OFFICER KRAMER: Thank you.

20 Mr. Fidge. And that's the last blue card I
21 have. Does anybody else want to make a public comment?

22 Okay, go ahead Mr. Fidge.

23 MR. FIDGE: Ron Fidge, that's F-i-d-g-e, for
24 good, to do good eventually.

25 I have enough complaints to keep you guys here

1 until sunrise. The Fletcher family, who just spoke, was
2 hit hard for no good reason.

3 In my life I've had a lot of friends, very few
4 enemies. But I want to speak a warning to each one of
5 you sitting here today, beware of that man. Please, for
6 the government's sake, beware of that man.

7 He's using my easement. They put rocks in the
8 middle of an easement I was using. For four years I've
9 been using that easement.

10 I've spent nine months in court battle because
11 of this man right here, though I've got a squeaky clean
12 record, called a sterling record. Couldn't see anything
13 bad happening to another one of his neighbors to make
14 life hell for us (inaudible) --

15 I am the only member here of the Binkley
16 (phonetic) Family land of which a small portion of where
17 the extension is going to go onto by Bottle Rock Power.

18 As Joan Moss spoke, back in the seventies when
19 they were drilling on our land, they hit basically
20 nothing or, if they did hit something, it was dead brain
21 gray steam, or a vile pink steam, the Lessmont pad,
22 which is the closest pad by Calpine standards, or their
23 pads as close to Mr. Harm's operation.

24 Most of the wells on that pad produced very
25 nasty steam.

1 Where the Binkley extension is right at the edge
2 of the steam field, there's nobody in their right mind
3 that would want to invest money in this project if they
4 knew what was two miles down. There was nothing really
5 good down there.

6 As was brought up earlier, the reason this steam
7 field was abandoned by the state of Richmond (phonetic),
8 when it brought down the ten megawatt, it was not a
9 viable operation. It didn't make sense.

10 My concern, I guess, to cut this thing short and
11 not spend too much time here, because Brian and I do
12 wave at each other. I'm not mad at him. I'm just that
13 type of person.

14 It's that this whole discussion here this
15 evening has been about a bond. Please, be very careful
16 in what you allow this man to do because he's basically
17 been one of the worst neighbors to us High Valley folks
18 I've ever experienced. Watch out for him.

19 Thank you very much and I really appreciate you
20 guys being here today.

21 HEARING OFFICER KRAMER: Thank you,

22 (Applause)

23 HEARING OFFICER KRAMER: Okay, one more time,
24 does anybody else want to make public comment?

25 Okay, seeing none, we'll return to where we left

1 off in our program, and that was the discussion and
2 argument portion.

3 And does the Petitioner want to go first?

4 MS. CASTANOS: Thank you. Again, for the
5 record, Kristin Castanos on behalf of Bottle Rock Power.
6 I, too, want to thank you all for taking the time to be
7 here and to consider the petition that we filed with
8 you.

9 Before I address the issues on the table today,
10 I have to play the lawyer and do a little bit of a legal
11 disclaimer. And that is just simply to say, as you all
12 know, we have filed an appeal of the decision on the
13 complaint proceeding, and I just want to be clear for
14 the record that nothing we say in our characterization
15 of the bond requirement is intended in any way to waive
16 our claims in that appeal.

17 But that's not why we're here. We are here to
18 request modification of the \$5 million bond requirement,
19 and based on the Committee's decision that that is a
20 condition of certification.

21 Pursuant to section 1769 of the Energy
22 Commission's regulations, we are requesting this
23 modification because there's new information that
24 changes the assumptions and circumstances that were in
25 place when the bond was opposed.

1 Bottle Rock understands the concerns that were
2 expressed by the Commission in 2001, when the bond
3 requirement was imposed.

4 At that time, DWR was the owner of the project,
5 but the project had been shut down for, and not
6 operating for many years.

7 DWR was requesting to transfer the project to a
8 newly formed company with no history of power plant
9 development.

10 There were, understandably, significant concerns
11 about the ability of that new owner to restart the
12 facility and a reasonable expectation that if the
13 project could not be successfully restarted, it would
14 remain closed and be decommissioned.

15 So, the 2001 order made clear that the
16 facility's poor performance history and the new owner's
17 uncertain financial capability to fund closure in the
18 short term, if a restart was not successful, justified
19 requiring maintenance of a closure bond.

20 Five years later, in 2006, the project still was
21 not operating. The picture really, frankly, had not
22 changed that much.

23 The new owner had not been successful in
24 restarting the project and they had made no technical
25 progress in that regard.

1 The viability of the project remained uncertain.

2 It hadn't been decommissioned during that five-
3 year period, however, and it had retained value. The
4 new owners invested, as you heard, a hundred million
5 dollars in the project. It was acquired by the Bottle
6 Rock Power, LLC.

7 But even in 2006, when Bottle Rock Power
8 acquired the project, there still was uncertainty about
9 the ability of the project to restart and to
10 successfully operate.

11 There was still risk at that time about
12 immediate need to decommission, if the project could not
13 be restarted.

14 Today the picture has changed dramatically.
15 Today Bottle Rock Power has achieved successful restart
16 of the project and been operating for six years.

17 Bottle Rock invested significant resources to
18 achieve this restart. As the evidence in this
19 proceeding demonstrates, Bottle Rock has obtained a
20 power purchase agreement with PG&E as the off-taker.
21 That power purchase agreement was recently approved by
22 the California Public Utilities Commission.

23 Bottle Rock has recently received county
24 approval to extend the term of the use permit for the
25 active steam field for the project, as well as county

1 approval of a new use permit to expand the steam field
2 to increase the generation of the facility.

3 Bottle Rock's worked very hard, not only to
4 restate the project, but made efforts to expand the
5 generation of this renewable baseload power source.

6 In 2001 and even in 2006 it made sense to be
7 concerned that the project might require immediate or at
8 least near-term decommissioning because it wasn't
9 operating. And if it couldn't be successfully
10 restarted, it would have to be dismantled.

11 It's no longer appropriate to assume that worst-
12 case scenario that decommissioning might reasonably be
13 required in the short term because the project has been
14 successfully restarted and it continues to reliably
15 operate.

16 It's notable that after almost 15 years of being
17 shut down the project was not decommissioned and
18 dismantled, it was acquired and restarted, and it's been
19 producing green power ever since.

20 In its current condition as an operating
21 renewable power plant, with a power purchase agreement
22 and valid permits, the project has greater value than it
23 did in 2001 and in 2006. And it's not reasonable to
24 assume that the project will be decommissioned in the
25 short term.

1 Bottle Rock is not asking for special treatment.
2 The Commission does not have a policy or standard
3 requirements for closure funding. This type of
4 requirement is not typically imposed on CEC-licensed
5 facilities.

6 In fact, we're aware of only one currently
7 licensed power plant with a closure funding requirement,
8 and that's the Loose Sex 9 and 10 Power Plant at Harper
9 Lake, which has a closure fund requirement of \$100,000
10 per unit.

11 There is no other CEC-licensed power plant in
12 California that has a closure fund requirement of the
13 magnitude that staff is proposing.

14 Since 2001, the project's been treated
15 differently than most every other power plant in
16 California and we understand the concerns that generated
17 that different treatment.

18 But now, based on the successful restart, the
19 history of reliable operation, and the investment in
20 expansion Bottle Rock believes the time has come for it
21 to be treated more like other power plants that are
22 licensed by the Energy Commission.

23 It's important to note that even though the
24 Energy Commission does not typically require financial
25 assurance for closure, Bottle Rock's petition proposes a

1 financial assurance mechanism.

2 We're not asking for complete release of this
3 obligation. We're offering to still do more than most
4 every other plant in California, but we request that
5 that assurance be built over time.

6 We also ask, based on the testimony that you've
7 heard today, that salvage and reuse value not be ignored
8 when estimating the closure costs.

9 Staff has acknowledged that there will be value
10 in this facility 5 years, 10 years, 20 years, 30 years
11 down the line. Although the actual value is uncertain,
12 we believe updating that estimate every three years will
13 capture that uncertainty and account for fluctuations in
14 cost estimates.

15 We also believe that updating that estimate
16 every three years captures the issues that are related
17 to a contingency.

18 And we would assert that the Caltrans manual is
19 not specific to these types of projects. It's not
20 relevant to determining the appropriate contingency for
21 a decommissioning project, and note that the manual,
22 itself, identifies ranges of contingencies based on the
23 definition of the project and how certain the project is
24 at any point in time in project planning, down to as low
25 as a 5 percent contingency.

1 We believe our proposal is a reasonable approach
2 that will provide security for future closure and
3 decommissioning, without detracting from Bottle Rock's
4 ability to invest in and grow the business.

5 We believe Bottle Rock's proposal appropriately
6 balances the low risk of an immediate shutdown and
7 decommissioning with a significant environmental benefit
8 from increased geothermal production and expansion of
9 renewable energy generation, as well as the economic
10 benefits to the county from the continued operation of
11 the facility.

12 We believe it's good public policy and
13 consistent with past agency support of renewable energy
14 for the Commission to approve our petition to amend and
15 decommissioning proposal. Thank you.

16 HEARING OFFICER KRAMER: Thank you. Staff?

17 MR. BELL: Thank you. The one thing that we've
18 heard from BRP is that this isn't the type of
19 requirement -- this isn't the type of requirement that's
20 typically imposed. And to support that assertion,
21 throughout these proceedings BRP has -- when I say "BRP"
22 I'm referring to Bottle Rock Power -- has submitted
23 examples of other cases from the Commission with respect
24 to bonding.

25 I would submit that this argument is 12 years

1 too late. This is a requirement that was imposed by the
2 Commission in 2001. It's not a new requirement that's
3 being asked by staff. It's a current requirement and a
4 current obligation of Bottle Rock Power.

5 The first question we have to address is whether
6 or not a bond is even required. Through these
7 proceedings, BRP has suggested that it is not.

8 Staff asserts and has shown through these
9 proceedings that the 2001 decision is still valid.

10 We have to ask ourselves have the underlying
11 assumptions made by the Commission in the 2001 decision
12 changed?

13 BRP says, in their summation, that there is new
14 information, but BRP won't give it to you to consider.
15 They won't give you the information about their
16 finances. They claim a privilege of confidentiality.

17 Whether or not an item is confidential is up to
18 you, as a Committee, to decide. It's not for them to
19 decide on their own. You're entitled to see that
20 evidence and they didn't provide it.

21 BRP is still not performing to its licensed
22 capacity of 55 megawatts. The evidence of -- or I'm
23 sorry, the unfortunate lack of evidence of financial
24 stability is something that you have to take into
25 consideration.

1 BRP has the burden to produce the evidence and,
2 as I said, refuses to do so. On the one hand, BRP says
3 that they are now financially stable. On the other
4 hand, they say that even though they're financially
5 stable, they can't afford the bond.

6 And, yet, on a third hand they say that even if
7 they can afford the bond, they can only afford it to
8 \$709,000, and they can't afford any more than that.
9 They can't have it all three ways.

10 If they are more financially stable, they can
11 afford the bond.

12 If they have issues with their finances, that's
13 all the more reason to have a bond or to continue this
14 bond requirement.

15 And as to that bond requirement, the bond is
16 required now. It was required from the Commission's
17 original 2001 order. This isn't a future requirement.

18 Allowing gradual buildup of that bond amount is
19 wrong for two reasons. Number one, it doesn't protect
20 for an unplanned closure in the near future.

21 But remember, in the recent -- the third
22 amendment, the amended PPA, as Mr. Harms admitted, part
23 of that amended PPA is a requirement that BRP reach 15
24 megawatts by early 2018 or PG&E has the right to
25 terminate the contract.

1 If the PPA terminates at that time, what happens
2 to BRP?

3 Additionally, PG&E waived significant
4 nonperformance damages that were owed to PG&E under the
5 second amended power purchase agreement, which further
6 shows the instability of this profit. It's not
7 operating as it should and we don't have evidence before
8 the Committee of BRP's financial stability.

9 So, once we determine that a bond still is
10 required, then we have to ask ourselves the question
11 what amount should the bond be?

12 Well, the bond, as it is, the current obligation
13 of Bottle Rock Power is \$5 million. That's what the
14 bond requirement is today.

15 When we look at a couple of factors to determine
16 what that requirement should be lowered to, whether it's
17 \$5 million or even down to zero, we looked at a couple
18 of different things.

19 The staff has, after reviewing several different
20 estimates for decommissioning, both from a plant
21 reclamation, prepared specifically for this proceeding,
22 and also other estimates that were prepared for other
23 cases to get an idea of what the estimate would be, what
24 a realistic estimate would be.

25 There are some things that staff disagrees with

1 about the current estimate that we have, and is the most
2 current and the one which we should take a look at.

3 One of those is as to salvage. In testimony of
4 BRP, Mr. Glueck says that he considers contamination to
5 be a part of pre-decommissioning activities and,
6 therefore, that's not considered as a part of the
7 overall salvage value.

8 The staff respectfully disagrees with that.

9 The geothermal brine and steam contain
10 constituents that can contaminate power plant materials
11 and equipment. If those materials or equipment are sold
12 and immediately transported off site, then the salvage
13 value should contain and consider potential
14 decontamination costs. And also the -- oh, I'm sorry,
15 the potential decontamination costs of the turbine
16 assembly, as well as the other -- the other items that
17 would be removed from the project site, such as the
18 Stretford units, the degasification plant, and other
19 piping materials.

20 Now, Mr. Glueck says that decontamination is not
21 complicated. But I would submit that just because it's
22 not complicated doesn't mean that it's free. That's a
23 cost that has to be factored into it, whether or not
24 you're going to allow for salvage value. And that
25 simply wasn't done.

1 As to transportation, again, that's something
2 that's not taken into consideration as to how much
3 salvage value should be allowed for the equipment.

4 Again, transportation is not free. If you make
5 the assumption that at some date, whether it's 5 years,
6 10 years, 20 or 30 years from now that a buyer for this,
7 just the turbine, we'll talk about the turbine, a buyer
8 for the turbine's going to be found.

9 Then is it safe to assume that the buyer is
10 going to be purchasing that turbine equipment for full
11 market value and is willing to come in and transport it
12 off site for free?

13 That's just not reasonable, staff can't agree to
14 that.

15 And as to the equipment value, itself, exactly
16 how much value should we assign to that equipment for
17 some unknown future date?

18 The used car analogy that Mr. Layton used is a
19 good one. Who knows how much this equipment is going to
20 be worth to the right buyer at some time in the future?
21 It's just far too speculative.

22 That's not to say that the project owner, BRP,
23 shouldn't be given some value for salvage. But that
24 value accrues to them at the time that they sell it at
25 some time in the future. It's to their benefit at that

1 time to offset whatever their other costs are, which is
2 all the reason why we shouldn't give them the salvage
3 value now. We don't know what the salvage value's going
4 to be.

5 Simply, the project owner hasn't factored in
6 those expensive activities and conditions which would
7 significantly reduce or eliminate that proposed salvage
8 credit.

9 The other area was the import rubble fill. It
10 was not addressed, initially, by BRP in the
11 decommissioning estimate.

12 We heard some testimony back and forth here as
13 to whether or not there would be sufficient fill on site
14 for other areas, besides the turbine building.

15 Remember, the initial estimate was only as to
16 the turbine building. But there are others, such as the
17 cooling tower, the Stretford system, and the
18 degasification plant that originally weren't considered
19 in the latest decommissioning report.

20 What we have here, without any sort of
21 quantitative analysis, was a statement, unsupported
22 statement from Mr. Harms that, oh, there's enough
23 materials on site to use.

24 But we actually haven't had anybody go out there
25 and take a look at it. It certainly wasn't included in

1 the latest decommissioning estimate that was prepared,
2 that staff thought would be a good idea to use for our
3 calculations and for consideration.

4 The turbine building, itself, that's just a red
5 herring. In the previous, I think it was in the April
6 estimate that we didn't end up using, all focuses on
7 that turbine building, but the turbine building is going
8 to remain.

9 We're looking for enough fill to fill those
10 other areas, besides the turbine building, itself.

11 So, what we get to is whether or not the project
12 owner has justified the lowering of the bond amount.

13 1769 requires that any time you're going to have
14 a change in the design, performance, or operation of one
15 of the facilities that we license, that the project
16 owner has the burden of justifying the changes that are
17 being requested.

18 Based on what's been submitted by the project
19 owner, we've shown that a bond amount, as justified to
20 do reclamation, is \$2,698,750. And again, that's not a
21 new requirement.

22 That is taking the current requirement of \$5
23 million right now and reducing it to that amount.

24 And basically, with the information that the
25 Committee has in front of it, that's the only conclusion

1 we can come to.

2 HEARING OFFICER KRAMER: Thank you. Mr. Mooney?

3 MR. MOONEY: Thank you. First of all, I'd like
4 to thank the Committee for coming up to Cobb Mountain.
5 I know a lot of us are down in the Sacramento area. But
6 behalf of my clients and probably the community here,
7 it's nice when an agency comes to the people that are
8 being affected, and also scheduling it at a time that
9 people can attend.

10 And too often at a lot of State agencies, you
11 know, 9:00 a.m. on a Monday morning in Sacramento, and
12 they just think everybody else should be able to adjust.
13 So, thank you very much.

14 And one of the things, I think, that you've seen
15 from hearing the people during the public comment period
16 was that this community is really looking to the
17 Committee and to the Commission to provide them some
18 assurances for protecting the environment, protecting
19 their way of life, and that one of the ways of doing
20 that is to maintain a bond in place so that there is
21 some assurances to this community that at the time of
22 decommissioning, at the time of closure, whether that be
23 in two years, three years, or 30 years that they know
24 that there will be the funds there to take care of it.

25 And with a company that -- you know, within the

1 community Bottle Rock has -- well, I won't get into what
2 was said. But with the uncertainties that you've heard
3 about today, and the testimony, and the evidence to not
4 have a bond requirement creates even more uncertainty
5 for this community and for the future.

6 With that being said, I wanted to talk about the
7 petition to amend in that -- and some of this was
8 covered, so I'll try not to be too redundant.

9 The Bottle Rock has the burden of proof here.
10 It is their burden to demonstrate how these -- how there
11 are changed circumstances, how they can meet their
12 obligations with decommissioning and closure without a
13 bond requirement.

14 They elected to purchase this property and
15 project with knowing full well that the bond requirement
16 was there.

17 And so to now have -- to request it be removed,
18 it is their burden.

19 And, fortunately, they have failed to meet that
20 burden and it's not that they can't produce the evidence
21 maybe, it's that they have -- as Mr. Bell said they have
22 refused to produce the evidence.

23 They will not tell us, or the Committee, whether
24 or not they have operated at a profit or a loss, a
25 profit or a loss over the seven years.

1 They will not release their financials. They
2 will not -- they made statements that they are debt
3 free, but they offer no evidence that they are debt
4 free.

5 They invested a hundred million dollars into
6 this project. We don't know how much they still owe
7 their investors or what the investors' expectation of a
8 return is. We have none of that information.

9 They shouldn't be allowed to benefit from their
10 willful refusal for nondisclosure. If it's a
11 confidentiality issue, it's their confidentiality issue
12 that they can waive. They've made no effort to do that.

13 They've also, as Mr. Bell alluded to, there is a
14 procedure within your own rules for them to submit
15 confidential information to you, for you to make that
16 determination of whether or not it's confidential. They
17 did not avail themselves of that. They did not even
18 make an effort to do that.

19 They didn't do that with the redacted lease,
20 they didn't do that with any of their financial
21 information, they didn't do that with their power
22 purchase agreement.

23 That is their failure, their failure to meet
24 their burden.

25 I would point out that they -- when they bought

1 this project they had the \$5 million bond requirement
2 and they were able to -- their parent companies were
3 able to invest a hundred million dollars with a \$5
4 million bond requirement.

5 They now say they can't move forward without the
6 bond requirement being removed because they can't get
7 the investment of \$30 million with the bond requirement.

8 But they've already demonstrated that, yes, they
9 can go out in the marketplace and have people invest in
10 their project, their parent companies investing in their
11 project to the tune of a hundred million dollars.

12 If they want to increase their investment,
13 increase their return, then it would seem to me that
14 they can continue to make their investment with a bond
15 requirement, a bond requirement that is now almost 50
16 percent less in terms of based upon staff's
17 recommendation of what the original bond requirement
18 was.

19 I'd also note that they say they can't afford
20 bond requirements, but they have bond requirements. The
21 county has a bond, they've indicated with the county,
22 and submitted evidence -- their county permits require
23 bonds. And I think they're in the neighborhood of,
24 correct me if I'm wrong, but this was in the complaint,
25 I think, in the complaint hearing, that they're in the

1 neighborhood of seven hundred or eight hundred thousand
2 dollars on those bonds.

3 DOGGR requires a bond of \$100,000.

4 So, they have bond requirements and they're not
5 asking that those bond requirements be removed. They're
6 not asking that those agencies take a risk with them,
7 but they're only ask that this Commission take that risk
8 in removing the bond requirement.

9 We've raised, in our revised pre-hearing
10 statement, the issue of what in California's called a
11 secondary evidence rule, and what might some might have
12 referred to it in the past as the best evidence rule.

13 And that is that when you're talking about a
14 document, when you're having testimony about a document
15 that the best evidence of that document is the document,
16 itself.

17 They have, with respect to the power purchase
18 agreement, with respect to the lease agreement they've
19 refused to produce those documents. The lease agreement
20 they've refused to produce in the full document.

21 So, while I know that the agency, or the
22 Committee, the Commission doesn't follow the strict
23 rules of evidence in California, but that those rules of
24 evidence are -- they're there for a reason.

25 They're there because they go to -- they allow

1 the other parties the opportunity to look at those
2 documents, to question what they're saying.

3 What Bottle Rock has done here is they've simply
4 asked this Committee and the public to take their word
5 at it. And that does not constitute substantial
6 evidence upon which to make a determination.

7 And I'd also point out that by -- and one of the
8 things that came across in Mr. Bell's testimony, or Mr.
9 Bell's closing statement, but also in his questions --
10 we won't call it cross examination, but his questions of
11 Bottle Rock and Mr. Harms is that when they were talking
12 about the power purchase agreement what became very
13 evident to me was Bottle Rock, by their willful -- by
14 their refusal to put that document into evidence that
15 they have -- they're selectively leaking out information
16 within their documents, the selective use of evidence
17 without giving the Committee or the public the benefit
18 of the whole document.

19 And by the various questions that Mr. Bell had
20 asked clearly indicated that there's a lot more in that
21 purchase power agreement that this Committee needs to
22 know about, especially when it comes with respect to the
23 uncertainties of the project.

24 What happens if they don't meet their goals
25 under the power purchase agreement? Their power

1 purchase agreement can at least terminate.

2 But they didn't tell you that. Mr. Harms did
3 not tell you that in his testimony. That came out in
4 cross examination. They didn't tell you that by
5 providing you the document for the Committee and the
6 public to review.

7 With regards to the bond, now, my clients, Mr.
8 Coleman and Friends of Cobb Mountain were supportive of
9 the staff recommendation. Granted, our preference would
10 be to see the \$5 million bond stay in place because
11 that's what was agreed upon when they -- that's what the
12 Commission ordered. That's what they knew they
13 purchased at the time and they've been able to invest a
14 hundred million dollars with a \$5 million bond.

15 But that being said, we do support the staff
16 recommendation of the 2.6 and something in change, the
17 \$2.6 million bond requirement.

18 We agree with staff with regards to the salvage
19 issue. It's speculative. The sale and reuse, this is
20 unique equipment, there's a lot of uncertainty as to
21 where it would be used, how it would be used, when it
22 would be -- or how it would be transported and what the
23 value would be. And there's just too much uncertainty.

24 And that uncertainty also creates the need for
25 the contingency. And we believe that, you know, this

1 Committee -- well, I also want to say that with respect
2 to the contingency that the original staff analysis that
3 came out, the \$4.15 million bond requirement that
4 identified all of the different estimates over time just
5 shows that this is kind of all over the ballpark with
6 regards to estimates, and many of them from the same
7 company.

8 So, I think that also constitutes a basis for
9 the uncertainty for the -- for keeping that 25 percent
10 contingency.

11 So, with that I will close and just reiterate
12 that, again, the burden of proof is upon Bottle Rock.
13 They have elected not to provide you the evidence that
14 you need. And so their failure to provide that evidence
15 should not be rewarded and we'd request that you deny
16 the petition to amend.

17 HEARING OFFICER KRAMER: Thank you.

18 Mr. Peterson, did you have anything?

19 MR. PETERSON: So, thank you very much. We're
20 glad to be here. And on behalf of V.V. & J. Coleman,
21 there's been a lot of talk tonight about the uncertainty
22 that can exist. But one thing that hasn't been
23 discussed is the fact that what staff has done to -- the
24 estimate that we feel is the best estimate that we can
25 use, that deals with the approved scope of

1 decommissioning, is they've gone in and they've put
2 their own judgments on it.

3 They say, you know, this guy doesn't know what
4 he's talking about, we think it should be this.

5 And if we're talking about doing one of these
6 every three years, and the landowner is going to
7 ultimately inherit the building, as we've talked about a
8 lot, I think, we don't -- the landowner can't have any
9 certainty that staff in three years is going to say, you
10 know what, I think it's really uncertain, now, let's
11 give them a 50 percent contingency and all of the sudden
12 cause issues and raise problems for Bottle Rock, and
13 force them into closure.

14 If we have an expert that has said this is the
15 amount, and if staff wants to add a contingency, you
16 know, there can be an argument about how much is
17 appropriate and I know that Bottle Rock will have
18 something to say about it.

19 But to go in and wholesale dismantle the pieces
20 that they don't like in an effort to raise the estimate
21 to where they think it should get closer to the original
22 \$5 million that was in place. Which as I understand it,
23 because I wasn't involved 12 years ago, was picked out
24 of a hat more or less.

25 To try and get to that level is what it feels to

1 the landowner like that's what staff is doing is they're
2 just trying to get closer to that \$5 million, and coming
3 up with reasons to do that.

4 And that creates a significant uncertainty for
5 the landowner, V.V. & J. Coleman going forward because
6 we have no idea what we can plan for and what we should
7 plan for three years from now, when the estimate has to
8 be redone.

9 And it makes it difficult for any business,
10 Bottle Rock, V.V. & J. Coleman, who are technically a
11 business. I mean, you know, they don't operate, don't
12 do anything other than own the land, but they have
13 responsibilities that they're going to have to take care
14 of and they can't plan for those if we're waiting every
15 three years for staff to come up with their next changes
16 to the estimates.

17 We support, certainly V.V. & J. Coleman supports
18 the neighbors in their efforts to make sure that the
19 property is decommissioned properly. We want our land
20 to be clean. We don't want to inherit a problem.

21 But with all the discussion tonight about the
22 things that Bottle Rock has done wrong, we come at it
23 with a perspective that we had some issues with them,
24 initially, that frankly the neighbors brought to our
25 attention.

1 We went and talked to Bottle Rock about it and
2 they dealt with it. And since then they've been very
3 good tenants.

4 And the fact that their neighbors have problems
5 dealing with different issues, I mean that happens at
6 times and I think Bottle Rock could probably do a better
7 job at public relations.

8 But that is not really the point of the
9 Committee's hearings here. We're talking about
10 decommissioning and what should be required.

11 And we have an expert that's come in and given
12 us a number, and said this, in my professional opinion,
13 is what the number is.

14 And staff, who by their own admission, has very
15 little experience in this area has gone in and chopped
16 it up, and created this uncertainty that now the
17 landowner is going to have a hard time figuring out how
18 long is this going to be there?

19 Is staff going to come in and create some other
20 unrealistic expectation three years down the road that
21 we're not able then to deal with because we have an
22 expectation that it will last for 20 years, like their
23 power purchase agreement does.

24 so, we're concerned that we want to make sure
25 that the process is done properly now, and also in the

1 future so that we don't have this uncertainty that will
2 last for the rest of the term, that pops up every time
3 that a new estimate comes in.

4 So, with that I think we're done, thank you.

5 HEARING OFFICER KRAMER: Okay, any quick
6 rebuttal argument from the Petitioner?

7 MS. CASTANOS: Two quick points. One is I would
8 refer the Committee to Exhibit 7, which is the July
9 estimate, and on page 5 it does delineate specifically
10 all the backfill costs for the areas that will require
11 the backfilling, not including the turbine generator
12 building, but all the other areas of property that are
13 required -- will require backfilling are specifically
14 identified there and costs allocated for those.

15 And then, finally, I would just reiterate that
16 our evidence of changed circumstances is not in our
17 profit and loss statement. It is in the operating
18 history of the project. And it is that the risk of
19 unexpected decommissioning is low.

20 And the project, now, should be viewed in a
21 different light than it was in 2001 and even in 2006.

22 HEARING OFFICER KRAMER: Thank you.

23 I just had one last item of business and that's
24 the exhibits.

25 So, if nobody objects, I propose that we talk

1 about the exhibits that somebody does not want to be
2 admitted, and I'm sure that's a shorter list than going
3 exhibit by exhibit.

4 Staff, do you have any exhibits that you are
5 desiring to keep out of the exhibits.

6 MR. BELL: I have no additional exhibits. But
7 at this time, if you're entertaining a motion, staff
8 would move its exhibits, and I believe that's Exhibit 1
9 through 103 in order, and move those into evidence.

10 HEARING OFFICER KRAMER: Any objections?

11 MR. BELL: If I can inquire, did you add an
12 Exhibit 104?

13 HEARING OFFICER KRAMER: I started to and then
14 you eliminated the need for it.

15 MR. BELL: Okay.

16 HEARING OFFICER KRAMER: So, okay, seeing no
17 objection --

18 MR. MOONEY: Wait, this was for staff's
19 exhibits?

20 HEARING OFFICER KRAMER: Yeah, just 100 through
21 103.

22 I think most of them you actually have on your
23 list, as well.

24 MR. MOONEY: Yes, okay.

25 HEARING OFFICER KRAMER: Okay, so staff exhibits

1 are in.

2 (Staff Exhibits 100 through 103 were
3 received into evidence.)

4 HEARING OFFICER KRAMER: Let's go to -- Mr.
5 Mooney, do you want to make a motion for yours?

6 MR. MOONEY: Yes, I'll move that my exhibits,
7 which are 200 to 203 be entered.

8 HEARING OFFICER KRAMER: Any objection?

9 MR. BELL: None on behalf of staff.

10 HEARING OFFICER KRAMER: Petitioner?

11 MS. CASTANOS: Yes, I would move Petitioner's
12 exhibits --

13 HEARING OFFICER KRAMER: No, do you object to
14 the --

15 MS. CASTANOS: Oh, no. No objection.

16 HEARING OFFICER KRAMER: Okay. Mr. Peterson?

17 MR. PETERSON: No.

18 HEARING OFFICER KRAMER: Okay, he says no, for
19 the record.

20 (Intervener Exhibits 200 through 203 were
21 received into evidence.)

22 HEARING OFFICER KRAMER: Then, Ms. Castanos,
23 your exhibits?

24 MS. CASTANOS: I would move Petitioner's
25 Exhibits 1 through 26 into the record.

1 HEARING OFFICER KRAMER: Okay, are there any
2 objections?

3 MR. MOONEY: Yes, I do object. I object to I
4 think it is -- yeah, with regards to the lease
5 agreement, the 15, that since they've failed to produce
6 the document in its entirety I think it should be
7 rejected.

8 They've provided absolutely no legal basis for
9 providing a redaction. They didn't follow the board's
10 rules or the Commission's rules with regards to
11 submission of confidential information.

12 So, on those grounds I would move that it be
13 redacted. Plus, they provided no evidence in terms of
14 documentary evidence that there is a confidentiality
15 agreement. There was oral testimony to that, but oral
16 testimony does not, under the secondary evidence rule,
17 does not suffice.

18 MR. BELL: I would join in the objection, but on
19 different grounds. The rule of completeness, we don't
20 have complete documents.

21 HEARING OFFICER KRAMER: Okay, we're going to
22 overrule those objections, noting that we'll give it the
23 weight that it has. We don't -- there's missing
24 information that you all mentioned, with the observation
25 that it doesn't -- it really doesn't prove anything

1 because what you need is missing, you know, the
2 financial information.

3 So, we will --

4 MR. MOONEY: Well, but the --

5 HEARING OFFICER KRAMER: We will take them in.
6 We understand your point, Mr. Mooney, but --

7 MR. MOONEY: And I also object to the -- Mr.
8 Harms' written testimony on similar grounds, or at least
9 the portions of it that refer to the lease agreement,
10 the portions of it that also refer to the power purchase
11 agreement, the portions of it that refer to -- that they
12 have no debt because there is no documentary evidence
13 that. Again, it's the secondary evidence rule. That
14 there are documents out there that would speak to that
15 information and they have -- they have refused to
16 produce those documents.

17 Again, it is not -- they've made no showing of
18 unavailability of these documents. They have provided
19 no legal basis for those documents not being provided.
20 And so his testimony, to the extent that it relies upon
21 those documents, I would either move to strike the
22 testimony in its entirety, or certainly strike those
23 portions of the testimony.

24 HEARING OFFICER KRAMER: We'll take it all in,
25 but we'll give the appropriate weight to the statements

1 that are -- after your request for documents and your
2 cross examination are not supported by additional
3 information. So, it will affect the weight of the
4 document.

5 Were there any others that you object to?

6 MR. MOONEY: I believe that's all.

7 HEARING OFFICER KRAMER: Okay, so then all of
8 the Applicant's Exhibits 1 through 26 will be admitted.

9 (Applicant's Exhibits 1 through 26 were
10 received into evidence.)

11 HEARING OFFICER KRAMER: And that means we have
12 exhausted the list.

13 Are there any other matters the parties wish to
14 raise?

15 Seeing none, just a reminder that the Committee
16 has scheduled a Committee conference, it's a separately
17 noticed meeting, tomorrow at noon in Sacramento. The
18 start may be delayed because Commissioner Douglas will
19 be just finishing up, hopefully, another area raised at
20 that time.

21 But I'll start up the phones and so it will be
22 ready to go as soon as she's available.

23 But also remember my caveat from earlier that
24 this meeting is mostly -- there will be a public comment
25 section on it because all meetings require that but,

1 basically, it's for the purpose of the Committee in
2 conducting its deliberations in Closed Session.

3 So, there's really not going to -- nothing's
4 going to happen after the Closed Session ends and they
5 come back on to say that nothing is going to happen.

6 So, you know, plan accordingly. Unless you have
7 another reason to go to Sacramento, this is --

8 MR. MOONEY: I do have one. You did have on the
9 agenda the briefing schedule, if necessary.

10 HEARING OFFICER KRAMER: Oh, that's correct.

11 MR. MOONEY: Are you making the determination
12 that it's not necessary?

13 HEARING OFFICER KRAMER: Well, that's good you
14 brought that up. Previously, nobody had mentioned that
15 they thought briefs would be necessary.

16 We don't think so at this point. Does somebody
17 feel the need to write a brief?

18 (Laughter)

19 HEARING OFFICER KRAMER: If not, we've --

20 MR. BELL: Well, I suppose I could come up with
21 something, if you need it.

22 HEARING OFFICER KRAMER: No, no, that's good.
23 I'm good.

24 So, with that said, I'll turn it over to
25 Commissioner Douglas.

1 PRESIDING MEMBER DOUGLAS: So, I just wanted to
2 thank the parties, thank the community for being here
3 tonight. We'll move forward as expeditiously as we can
4 to get this matter resolved. But sometimes these
5 processes seem to take a long time and a lot of work
6 goes on to make that happen. It's not always visible.

7 But appreciate your attendance tonight.

8 Let me ask Commissioner Scott if she has
9 anything she'd like to add?

10 ASSOCIATE MEMBER SCOTT: I would just second my
11 appreciation for folks' attendance and participation.

12 HEARING OFFICER KRAMER: Well, we should ask, I
13 suppose, was there anybody on the telephone who wanted
14 to make a public comment?

15 It looks like maybe the phone line disappeared
16 on us.

17 Okay, is anybody on the phone that wants to
18 speak to us?

19 Seeing none thank you.

20 PRESIDING MEMBER DOUGLAS: All right, the
21 meeting is adjourned.

22 (Thereupon, the Committee Hearing was
23 adjourned at 7:56 p.m.)

24

25