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FEDERAL ENERGY REGULATORY COMMISSION

TRANSCRIPT OF SCOPING MEETING

EAGLE CREST ENERGY COMPANY

PROJECT NUMBERS 13123-000 AND 12509-001

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FRIDAY, JANUARY 16, 2009

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PALM DESERT, CA - FRIDAY, JANUARY 16, 2009 - 9:05 A.M.

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MS. NGUYEN: Merrill, can you hear me?

MR. HATHAWAY: Yes, ma'am.

MS. NGUYEN: Okay. Great. Thanks. Let me know if you can't and we'll try to speak up.

And I was wondering if maybe since we have a smaller group than was anticipated, if you maybe, Jan, want to move up or you -- just to help Mike out a little bit.

UNIDENTIFIED SPEAKER: We both have vision problems, so --

UNIDENTIFIED SPEAKER: We can move on that side.

MS. NGUYEN: That would be great. Thank you so much.

Welcome to the Federal Energy Regulatory Commission and the California State Water Resources Control Board's Joint Public Scoping Meeting for the Eagle Mountain Pumped Storage Project.

My name is Kim Nguyen. I'm a civil engineer with the Commission and also the project coordinator for this project.

Before we get started, this meeting is being recorded, as you can tell by our court reporter. So to help him, Mike, make a complete record of the meeting today, if you could just speak up when you speak for the first time,

spell your name and your affiliation, and that would help him make a complete record to be part in part of the record for the project.

There's also registration forms and our scoping document on this side of the room, if you'd like to follow along. Most of our presentations will be coming from the scoping document. And the registration will also help Mike with his record.

First I'd like to go through the agenda a little bit. And since we have Merrill Hathaway, who's counsel from the Office of General Counsel on the phone with us, and he's going to be here just the first hour, we'd like to change the agenda around a little bit and maybe get some of the issues, the legal issues, the policy issues out of the way before we get into the meat of the meeting and discuss the detailed resource issue, if you don't mind.

So, with that, I'm going to start with introductions and then go through the background a little bit and then go into any legal and policy questions that you might have for Merrill before we let him go and then continue with the rest of our agenda, which is talking about the request for information, the description of the project, the scope of cumulative effects, and then our schedules.

So, with that, let me start with some introductions.

MS. WILLIAMS: Camilla Williams, Divisional Water Rights, State Water Resources Control Board, unit chief of the Water Quality Certification Unit and project coordinator.

MR. IVY: Mark Ivy. Outdoor recreation planner for FERC.

MR. TURNER: David Turner. Wildlife biologist for FERC.

MR. MURPHEY: Paul Murphey, State Water Resources Control Board, Division of Water Rights. I am an engineering geologist.

MS. NGUYEN: Okay. Now for some background information.

On January 10th of 2008, Eagle Crest filed a pre-application document, or a PAD, with the Commission, and requested to use our traditional licensing process.

On June 16th of 2008, they also filed a draft license application with the Commission, and the Commission and interested stakeholders filed comments on that draft and that was filed in September of 2008.

Also in September, Eagle Crest applied to the Water Board for a water quality certification under Section 401 of the Clean Water Act.

On October 15th of last year, the Water Board accepted their application and it's now processing it.

The purpose of scoping and why we're here. The National Environmental Policy Act, or NEPA, and the Commission's regulation, along with the California Environmental Quality Act, or CEQA, and other applicable laws require an evaluation of environmental effects of licensing hydropower projects.

So at this time, we intend to prepare a draft and final EIS, or environmental impact statement, that describes and evaluates the probable impacts, including an assessment of site-specific and cumulative effects, if any, of the proposed project.

The scoping process is part of NEPA and CEQA and is used to help the Commission and the Water Board identify pertinent issues for analysis in their EIS and EIR.

In scoping, we invite participation of federal, state, local resource agencies, Indian tribes, non-governmental organizations or NGOs, and the public to help identify significant environmental and socioeconomic issues related to the proposed action.

Scoping helps us determine the resource area, the depth of analysis, and significant issues to be addressed.

Scoping can also identify how the project would or would not contribute to cumulative effects of the impact in the area. It can identify reasonable alternatives to the proposed action that should be evaluated. With scoping, we

solicit from participants available information on resources at issue and determine the resource area and potential issues that do not require detailed analysis.

Through scoping, we are asking for information that will help us, like I said, conduct an accurate and thorough analysis. The type of information we're looking for include, but are certainly not limited to, information, quantitative data, professional opinions that may help define the scope, identification of any information from any other EAs, EIS, or similar environmental studies that are that are relevant to the proposed project, any existing information and data that would help us describe the past, present, and future actions and the effects of the project on those developments, information that would help us characterize the existing environment and habitat in the area, any federal, state, local resource plans, and any future project proposals that might be affected in the resource area; for example, the proposal of the landfill, documentation that the proposed project would or would not contribute to cumulative adverse effects on any of the resources, documentation showing why any resource should be excluded from further analysis.

This information can be given to us today orally or it can filed written or electronically with the Commission and the Water Board.

We'd like to have a brief discussion of the project area by Eagle Crest at this time.

MR. HARVEY: Good morning. I'm Jeff Harvey. I'm the owner's representative for Eagle Crest. Thanks for coming today.

Just a brief overview of what the project actually includes. The project is a 1300 megawatt pumped storage hydroelectric project. It is essential as part of of storing energy and integrating renewable resources into California's utility system, generation and transmission system.

It is unique in that it will be developed in completed mining pits, the two reservoirs. There are multiple features of the project -- two reservoirs, the generation of the turbines, and there are tunnels connecting those, transmission out from the site and into the site to power the pumpback systems and then a well field and water lines. Those are the basic features.

The reservoirs are to be developed in the mining pits that are located at the Historic Mine site at Eagle Mountain. And at the surface -- most of the features will be subsurface. The wells will be at the surface but not as prominent features. Subsurface will be the pipelines from the wells to the lower reservoir, the -- all of the tunnel works -- and I'll show you the diagram in a moment -- are

underground and the powerhouse and turbines are underground, and then the transmission line out to the surface.

So at the surface, what you will see will be the two reservoirs, the transmission line, which is about ten to 12 miles from the Eagle Mountain site south to just north of the I-10 corridor, and then the reverse osmosis water treatment system that I'll talk about and the brine ponds that are associated that will also be at the surface. Even those will only be seen as a flyover feature. The transmission line will be the only thing you can see as you were driving around out at the property.

Very unique to this project for hydroelectric development, no streams; therefore, no fisheries, no fish bypass flows, no aquatic habitat, no wetlands. So we really have a unique environment for development of a hydroelectric project here.

This shows the map view of the mountain itself and of the two reservoirs. The upper reservoir, which is to be developed at the central pit of the mine site, will include two dams to augment that pit to be able to take the full capacity and 25,000 acre feet of water.

The lower pit, in the east pit as the mine refers to it, the lower reservoir, is of adequate capacity right now, does not need any supplemental dams. That will be connected by underground tunnel works, the powerhouse, and

then up the shaft and tunnel works to the upper reservoir. And what happens here is we'll have an initial fill from the well field. That water, 25,000 acre feet, over about two, three years to fill will fill the lower reservoir. Then that will be pumped up to the upper reservoir during off-peak energy periods. That energy stored for peak energy demand periods is dropped back down through four reversible turbines, 325 megawatts each, for a total of 1300 megawatts to produce electricity and water, then return to a reservoir. So you really have an operation here where once you get the working fluid, water in is working fluid, the reservoirs will operate back and forth as you're in either pumpback mode or in generation mode.

From the powerhouse here, the electrical transmission equipment also underground to a surface switchyard and that switchyard then, the 500KV transmission line, which will also be a surface feature, extending, as I'll show you on a map here to the I-10 corridor. The other feature here, in response to concerns that were expressed by the State Water Resources Control Board about water quality over the long term of the reservoirs, we do have evaporative losses from the reservoirs that would concentrate salts ultimately, that we have added a reverse osmosis treatment system to the -- to the project that will maintain the reservoirs at the same salinity as the input groundwater and

that will produce a brine salt residual and that will go to brine ponds as shown here.

Since -- this is only in the last couple of weeks, but we have made an adjustment in very recent discussions with Metropolitan Water District. They have expressed concerns about the location of the brine ponds relative to their Colorado River Aqueduct that delivers water from the Colorado River into the Los Angeles Basin, and so we are relocating the brine ponds from adjacent to their aqueduct over to a location probably here. It's going to be relocated. And they have multiple concerns -- seepage and what that might do to their aqueduct and wind-blown salt affecting quality of water in their aqueduct. We will be maintaining the brine ponds in a wet condition so it won't have a wind-blown problem. But to ensure them that we wouldn't have any issues with their aqueduct, we are going to relocate that.

Any features to point out there?

(Pause.)

On the map view here again, here's the Eagle Mountain site. The lower reservoir and the upper reservoir, transmission line out. Here's the 500KV line that comes out around the present town of -- town site of Eagle Mountain across the Metropolitan Water District's Pumping Plant, and then down along the Eagle Mountain co-located with the Eagle

Mountain Roadway to a new switchyard at the I-10 corridor.

In the draft license application that was circulated in June of 2008, we did show a different transmission corridor. Based upon our initial transmission planning, the original project showed transmission coming out and going 90 miles to the Devers Substation. That was years ago. The transmission has changed in this region and we originally thought that we were going to take our transmission out parallel with the Metropolitan Water District's 230KV line, cross the I-10 corridor, pick up the Devers Palo Verde corridor, 500KV corridor, and then come down to a new substation approved but not yet built for Southern California Edison, the Colorado River Substation. That alternative or that corridor has now been abandoned in favor of this route to the I-10 based upon our discussions with the California Independent System Operator, the Cal ISO, which is the operator of the transmission grid in California, and Southern California Edison, the primary utility that actually owns this portion of the transmission grid. And they recommended based on the number -- there's tens of thousands of acres of solar projects proposed in this region. There's also the Blythe Energy Project, the 1,000 megawatts total once the second phase gets built, and they recommended they had enough power at this switchyard already, they -- based on the number of solar projects in

this location and our project, they wanted to build a new switchyard here for our interconnection to the regional transmission grid.

So that is a change from what was shown in the draft license application and it will be shown going forward in our environmental documents.

We also input to the project -- we have a well field that will be developed out in the Chuckwalla Basin here along the 177 corridor. I don't have specific properties. We have numerous properties that we are in negotiations with right now. We're very close to finalizing those arrangements. But because we don't have them finalized, I'm not going to point to specific parcels. I can tell you that in this area, there are -- we will develop numerous parcels for wells. Those wells will be connected by pipelines that will be brought -- co-located again with the roadway corridor, brought down to the existing Metropolitan Water District's 230KV transmission line, so along that same utility corridor bring our water pipeline up to Kaiser Road and where it will also be co-located then with the road and then into the lower pit. The water lines only need to go to the lower pit. Once you get water into the lower pit, the pumpback is through the reversible turbines up to the upper reservoir.

Anything else here?

Oh, one other thing to show you here is the land ownership in the area. The purple is the Joshua Tree National Park. The yellow is Bureau of Land Management. Blue are state lands. White are private lands. So we do have a combination of private lands that we will acquire, BLM lands that we will need to obtain a special use permit for use of, private lands that we're acquiring here, Metropolitan -- well, I don't think we're actually going to be in their right-of-way, so perhaps not Metropolitan but private lands and Bureau of Land Management lands to acquire rights-of-way for the water pipeline in.

In a profile view, this line representing the ground surface, this is the lower reservoir, the upper reservoir, and the pressure tunnels that connect those two reservoirs with the powerhouse in between, the powerhouse containing four 325 megawatt turbines, reversible turbines, so we have the initial fill of water, 25,000 acre feet, as I said. That water then pumped up for storage into the upper reservoir during off-peak periods. During peak energy demand periods, that water dropped back down to generate electricity and then water returned and stored in the lower reservoir. Just back and forth on a daily basis with pumpback in evenings and weekend periods. Generation primarily daytime weekdays.

As I've said, the primary operations are peak

power generation on demand and off-peak power pumpback. Our role here in California's energy picture is to be able to capture renewable energy that is produced, for example, solar over the weekends during off-peak periods and wind which is prominent at night and weekends but is not reliable for generation during peak periods. We're able to capture that power and other residual power in the transmission grid and pumpback water, store it for use during peak demand periods, and make that renewable energy reliable and dispatchable source of power. And this is -- the California Independent System Operator has identified storage projects like this as essential to their ability to integrate renewables in the system and particularly at the level that California has called for, renewable portfolio standards of 33 percent by 2020, 11 years from now. Our present renewable portfolio is about nine percent, so we're talking about nearly quadrupling the amount of renewable energy that we put into our generation mix in the next 11 years and renewable sources that are not reliable, that cannot be depended on for reliable dispatch. They have to be backed up with other fossil fuel or nuclear power or with storage in hydro of this type.

It is a closed loop system, meaning that once we have the initial fill of water, we simply work that water back and forth. We do have seepage and evaporation,

particularly evaporation losses, and those we will have annual makeup water for, about 2500 acre feet of annual makeup water.

Our proposed environmental measures and studies. We have a number of environmental features that we have built into the project. This project was originally proposed in the early '90s, went through various permitting stages. And because of market conditions, electric -- restructuring of the electric utility industry, various reasons in California's energy markets, the project did not go forward at that time and is now an essential part of California's renewable portfolio standards.

The most important thing to understand in that context, though, is that because we have been through multiple permitting stages, we have been through a lot of studies. We understand what all of the issues are, environmental issues. We've also been apprised, through other environmental documents that have been prepared for Eagle Mountain, for the landfill project, for other transmission projects in the region, so we have a wealth of information that we've been able to draw upon and that -- we've also had extended conversations and consultations with State Water Resources Control Board, with FERC, with U.S. Fish and Wildlife Service, with the tribes, and the State Historic Preservation Office, with Bureau of Land

Management, so that we have now incorporated into our project numerous environmental features intended to address those environmental issues as we've understood them, and we understood that -- we understand that out of this process, we may have other issues to address as well.

But those features that are built in right now -- first of all, is location of this project in this depleted mine site. This is not a pristine environment. It is a site that has been subject to very extensive mining and the reservoir locations themselves are in disturbed habitat areas and disturbed environmental areas.

We also have co-located all of our linear features -- our transmission line, our well field and water lines -- with existing roadway and utility corridors, trying to minimize the impacts. We're not just going cross-country or through native habitat areas that don't already have some level of human modification and disturbance.

We've also tried to minimize the linears and, fortunately in our work with the ISO and Southern California Edison, we've been able to reduce our transmission, for example, from originally 90 miles and then 50 miles down to 12 miles now. So we've reduced our footprint on the land for those linears.

Relative to water, we have a number of features for water supply. We have developed our well field and the

properties that we're talking about have spacing of wells that are about a mile apart. That's our goal, is to be about a mile. It doesn't have to be exactly a mile, but in that area, so that our cone of depression, our drawdown of the local water table from individual wells does not overlap with -- our own wells -- doesn't overlap with anybody else's wells either so we prevent interference with anybody else's water supply.

We also have water quality monitoring at all of our wells and of course we'll be doing that at the reservoirs and at the monitoring wells around the reservoirs, and a number of measures to control seepage from our reservoirs. A concern that was raised by the State Water Resources Control Board with regard to potential water quality degradation in the down gradient aquifer and also raised by Metropolitan Water District as a concern for potential contamination of water in their aqueduct.

One other feature for Metropolitan Water District was not just water quality degradation but that seepage from the reservoirs could cause saturation of ground near their aqueduct that would result in sediments settling out, a process called hydrocompaction, that could interfere with the proper function of the aqueduct and its flow pad.

So in response to all those things, we have built in seepage control measures that start with the reservoirs

themselves, with -- once we get to final engineering design, we will investigate for where there are fissures and cracks that we can fill with concrete or grout and then grout curtains for the reservoirs using the fine sediments from tailings that are on the mine site and perhaps even using concrete face, particularly on the lower reservoir where there is contact between the bedrock and the valley alluvium. On the upper reservoir, we have -- we're really in solid bedrock. But at that point, we may, based on final engineering design, put a concrete face to prevent seepage into that alluvium layer.

We also have a series of wells, wells that will be upstream of each one of the reservoirs -- one well upstream of each reservoir for baseline control and then a picket fence, if you will, of wells below each reservoir to monitor for seepage losses and to recover those seepage losses, to pumpback and recover those -- that seepage water into our reservoirs. It's in our interest, beyond the concerns of the agencies, to not have seepage losses. It costs a lot of money to pump that water into the -- into the lower reservoir to start with. As much of that water as we can keep and maintain as a working fluid, we will have to do that. So -- so we have those seepage control for water and for water quality.

We also have, in response to concerns -- I

mentioned earlier about the RO systems -- concerns that have been brought up by the State Board. We have a reverse osmosis water treatment system to maintain the reservoirs and the salinity in those reservoirs. That would normally be an enormously expensive proposition because of the energy required to push water through the membranes in an RO system. We have 1500 feet of elevation difference between the upper reservoir and lower reservoir. We're going to use gravity as our source of energy to push that water through. So we can do this in a very feasible way and treat that water.

The brine pond that will be associated with that RO system is a double-lined brine pond to prevent leakage. It also has a leak detection drain system and a recovery pumpback. We'll have monitoring wells downstream of the brine pond as well to ensure that we don't have leakage and, to the extent that anything ever does leak, that we capture it and pump it back.

Other environmental features of the project, we have conducted extensive biological surveys and surveys for cultural resources. We have done records search and worked from existing documentation on the mine site itself. We have conducted ground surveys of all of the linear features. This spring, we have additional surveys to conduct for the changes that I indicated. We originally surveyed for the

transmission line from Eagle Mountain to the area near Blythe. We will now conduct surveys of this new alignment from Eagle Mountain down the 12-mile corridor down to the I-10. And we will have -- once we finalize our selection of properties for the well field, we will have both biological and cultural surveys done for the well field locations and the corridors bringing water from the well field into Eagle Mountain.

We understand that we will have mitigation for desert tortoise. We also understand that there are concerns about big horn sheep at the reservoirs, possible animals being attracted to the water source of the reservoirs, and that we will have wildlife fencing to prevent access to the reservoirs. And, finally, we do have a cultural resources consultant that's been engaged in the project and has been conducting these surveys for us. They also have been in contact with the tribes and with the State Historic Preservation officer and have initiated the tribal consultation and historic consultation processes that we need to engage in.

Am I missing anything? Those are the primary features.

Oh, other studies that we are conducting, a part of what's been asked. So in addition to those ongoing investigations, we have an investigation of hydrogeology

that is ongoing and nearly completed that includes the effects of our wells on other local wells, that includes the effects of our wells on the regional aquifer, and that includes the effects of our wells and our water use in relation to all other water users in the region, including the Chuckwalla prisons, all of the agricultural users, the landfill project, and all the residential users out there. So a comprehensive hydrogeologic investigation that has been developed in consultation with Metropolitan Water District and now will be completed in consultation with the State Water Resources Control Board as well.

We are also conducting an analysis. There is a landfill project that has undergone extensive environmental permitting on the Eagle Mountain site. The owners of that project have raised concerns about the compatibility of our project with their project and, in response, we have conducted an investigation and will be reporting as part of this environmental review process on how our projects can be compatible and that we do not believe that the projects are mutually exclusive in any way, that they are compatible projects, and we will document how we believe that that fits together.

Other resource issues that will be addressed in the EIS and EIR, air quality, noise, traffic. For the California Environmental Quality Act, a requirement starting

in 2008 that all projects consider their relation to air emissions and greenhouse gases relative to global climate change. That analysis will also be presented.

An analysis of -- well, those are the main ones -- air, noise, traffic, greenhouse gases. Those are the primary issues that we are -- that we have studies underway right now and are going to be presenting for use in the EIS and EIR.

Anything else that I should add? Very good. I'll turn it back to you.

Thank you very much.

MS. NGUYEN: Thank you, Jeff. The next item on our agenda is a discussion on the scope of the cumulative effects of the project.

Based on our preliminary analysis of the draft license application, we have identified water resources, the desert big horn sheep and desert tortoise, land use, and air quality as resources that could be cumulatively affected by the proposed project.

At this time, the proposed geographic scope for water resources is the Chuckwalla Valley Aquifer. The geographic scope cumulative effects on the big sheep horn -- desert big horn sheep and desert tortoise and land use and air quality would be the Chuckwalla Valley and the I-10 corridor to Blythe, California.

For temporal scope, we will look at a 30 to 50 year into the future, concentrating on the effects of -- to the resources from reasonable and foreseeable future actions.

And in the interest of time, we would like to -- before we get into the resource -- the detailed resource issue discussion, we'd like to see if there are any comments or questions from Merrill about Office of General Counsel in D.C. So I'd like to open it up at this time for those policy and procedural questions and comments.

(No response.)

Merrill, do you have any questions for us?

MR. HATHAWAY: No. I don't think so. I mean, the only thing I would say, just to respond to everybody, that we're still in the pre-filing stage. Under the Commission's rules, since this is now a traditional licensing process, there is no proceeding. There are no parties yet. We know that we anticipate that there will be -- there may very well be a contested proceeding, but we would have to cross that bridge when it arrives.

And so, basically, I would just urge everybody -- and I think there's a legal concern -- that if the Applicant finally decides, and it's its choice, to file a license application, a condition at that time would initiate the proceeding, would invite interventions and participation by

everybody and that any licensing decision, particularly to go forward with the project, to approve it, could only be based on substantial evidence.

So if there isn't substantial evidence in the record of the proceeding, then the project cannot be licensed. Otherwise, it would have to fulfill the standards of the Federal Power Act.

So hopefully, even though this is not an alternative licensing process, really this pre-filing scoping is in a spirit of trying to get more collaboration and cooperation. So I think I would urge everybody to just be aware they can have a consensus on the issue so that we wouldn't have a proceeding where people are fighting over every job submittal because I don't think that's in everybody's interest. So to try to help us anticipate, to produce an adequate record for decision, I think it would be in everybody's best interests. So that's all I have to say.

MS. NGUYEN: Anything else?

(No response.)

Okay. Then let's go into the resource discussion. From our agenda, you can see that I'm going to talk about geology and soils, aquatics, cultural, and the developmental resources, and then my colleagues will take over the rest of the other resource area.

At this time, for geology and soils, we'd like to

look at the effects of the project construction and operation on geology and soil resources, obviously, and then soil erosion and sedimentation.

As Jeff had said, for aquatic resources, we see no issues at this time since it is a closed system.

For cultural resources, the effects of the project, construction and operation, on any historical, archaeological, and traditional resources that may be eligible for inclusion in the National Register of Historic Places.

The effects of the project on the area -- the defined area of potential effects.

For developmental resources, we look at the effects of the proposed project and any of its alternatives, including protection, mitigation, and enhancement measures on the economics of the project.

Now we get into water quality and quantity and air quality from Paul.

MR. MURPHEY: Yes. For resources issues concerning water quality and water quantity, we will look at potential seepage from both of the mine pits, the former mine pits, and how that affects the groundwater, and as well as potential seepage from the brine ponds.

We will also look at the effects of the Chuckwalla Valley Aquifer from the pumping of the

groundwater, not only the local effects on other groundwater users but also the regional effects on water levels not only in the Chuckwalla Valley Aquifer but nearby aquifers, mostly the Pinto Basin Aquifer, which is up in Joshua Tree National Park.

And also with that evaluation, we will look at the potential subsidence and how that may effect Met's water conveyance system.

We will also look at the long-term effect of the water quality, but that will pretty much be addressed with the reverse osmosis.

And also during construction activities, any potential effects that construction activities will have on the water quality of the project.

And that's pretty much it for the water quality.

For the air quality, mostly that will be -- we will look at the effects during construction on the air quality in the area. The long-term air quality effects will be evaluated -- mostly there's a concern with the brine ponds if they go dry, there might be some air quality concerns there, so we will look at that.

With that, Dave.

MR. TURNER: We put together -- just kind of the background, we put together these issues based on the consultation record that was in the draft application and

what we gleaned from consultation record that's been on file with the Commission.

So we're really looking for your input on whether we've missed issues or not. Some of these issues we've identified are -- as Kim had said earlier -- are not issues. So please feel free to interject in this conversation. We'd like to make this more free-flow. So please feel free to interject these comments and let us know if we're missing something.

From the terrestrial resources perspective, we're going to be looking at how these reservoirs, which are basically an uncommon type of resource now, basically having a huge lake out in the middle of the desert, is going to be affecting the attraction and other -- attraction and other means -- the wildlife in the area, water fowl, bats, some of the predators that are particularly -- may target some of the more sensitive resources like desert tortoise.

We're going to be looking at the effects of construction such as disturbance and habitat fragmentation and lighting and those kinds of things on desert big horn sheep, their foraging habitat and patterns.

We're going to be looking at the -- how -- whether or not the project is going to represent an attraction to deer, big horn sheep, and desert tortoise, and whether those reservoirs may represent a drowning hazard or

something in terms of getting trapped in there.

The brine ponds could also represent another attraction and we're going to be looking at the measures that could be done to reduce that attraction.

We're going to look into how the project might be affecting surrounding vegetation as well as wildlife and how that might result in the spread of noxious weeds and what measures could be done to minimize that spread.

And we're also going to be looking at some very sensitive species for the purposes of BLM, their sensitive species and the State's threatened endangered species.

The Commission also has an obligation under the Endangered Species Act to ensure that its actions don't jeopardize the continued existence of federally-recognized and federally-listed species, and the two that have been identified here are the desert tortoise and the Coachella Valley milkvetch, so we're going to be looking at how construction and operation may be affected in these species.

Any comments, questions?

MR. COOK: So you get a Section 7 consultation?

THE REPORTER: Can you state your name, please?

MR. COOK: Terry Cook with Kaiser.

MR. TURNER: Say that again.

MR. COOK: You will be getting a consultation with the U.S. Fish and Wildlife?

MR. TURNER: We will -- once the application is filed with the Commission and we've undergone our analysis and review of that, we'll complete an environmental impact statement, a draft of that. We'll use that to initiate any formal consultations with the Fish and Wildlife Service as may be necessary to deal with these two species.

MR. COOK: So you're not doing it up front? You're just doing it in connection after the initial studies?

MR. TURNER: The action that we take is going to be defined on staff's recommendations. So if we -- while we are in coordination with the Fish and Wildlife Service early on to make sure we're gathering the information they need to try and undertake that consultation and identify any measures that might minimize that effect to get maybe a Board consultation, but I kind of doubt that, given some of the habitat, based on that, we'll define what we're proposing to be included in the license. That would be the action that we consult on. So, by necessity, it actually occurs after the application is filed. But we're still consulting with the Fish and Wildlife Service, early consultation on these other impacts.

I guess I just kind of want to let one thing -- oh, I'm sorry.

MR. DYOK: Wayne Dyok, a consultant for Buchhurst

(ph) Energy. Maybe we could, you know, mention FERC's process for the non-federal designee for purposes of consultation and status of that.

MR. TURNER: Good point, Wayne. We have designated Eagle Crest as our non-federal rep for that informal part of that consultation to talk with the Fish and Wildlife Service to find the measures that will help minimize the effects and include that in the application. So they have been designated.

With regard to the cumulative effects on the desert tortoise, we defined a area that included the I-10 corridor down to Blythe. That was in large part based on the earlier transmission corridor. I suspect unless we get comments to the contrary, we're going to be refining that analysis to withdraw that down now that we have a much different and shorter corridor, transmission line corridor.

And if nobody has anything else, we'll turn it over to Mark for recreation.

MR. IVY: Okay. First off, I was going to say there's a couple of you that came in late and we do have copies of the scoping document up here in front if you want to grab one. You can go through with us. We have the detailed comments in there.

So first I was going to cover the recreation and land use potential impacts. We're studying the effects of

project construction and operation on several issues, first being recreational use within the project area, including lands administered by BLM for disbursed recreation use and the Joshua Tree National Park.

Also looking at the effects on special designated areas, including BLM Chuckwalla Valley Dune Thicket area, a critical environmental concern, and the Chuckwalla Critical Habitat Unit, and I'm on page 14 if you're trying to follow along.

Additionally, we're looking at the effects of project construction operation on other land uses, including future mineral developments and a potential solar farm in the area.

And the effects of project construction and operation on the proposed Eagle Mountain Landfill and Recycling Center.

And then the last point in the recreation land use is the effects of the desalinization ponds that will be developed and the removal of 2,500 tons of salt from the upper reservoir on land use.

Any questions or comments on the recreation land use item?

(No response.)

Okay. Next we'll move on to aesthetics. And under aesthetic resources -- now on page 15 -- the effects

of proposed project facilities on visitors who view the landscape. Dave was just talking about Riverside County has designated Interstate 10 from Desert Center to Blythe as a scenic corridor and so, again, that may be narrowed in scope if we're only looking at that 12-mile transmission line.

The effects of project construction and associated noise on visitors to the area, including Joshua Tree National Park. And there are designated wilderness areas nearby and so we'll be looking at the potential impact on those visitors.

Any questions or comments on the aesthetics that we've identified? And also please let us know if we're missing anything.

(No response.)

Okay. The next piece is socioeconomics. We're looking at the effects of increased traffic and potential congestion on local roads due to existing mining-related traffic and project construction and operation, and the effects of the proposed project on local, tribal, and regional economies.

Any questions or comments on those?

(No response.)

Okay. Thank you.

MS. NGUYEN: Okay. Next thing we have on our agenda is a discussion of our tentative EIS preparation

schedule and, as you can see, we'll probably issue a scoping document, too, sometime in February, next month -- well, two months -- March, sorry -- March -- and then the next big filing we expect from the Applicant is their APEA, or applicant-prepared EA, and the license application, obviously, also to be filed in March.

And as you can see also by the schedule, we plan to issue two EISs, a draft and a final, with a comment period in between there for all of you and -- as well as any resource agency.

And there's also a detailed EIS schedule, an SD-1, if you're interested in getting the month-to-month schedule, but this is our tentative scheduled at this time.

MR. BENNETT: Excuse me. I notice the draft EIS is going to be issued in July 2010 but you're issuing new findings before that, in April 2010 according to your schedule.

MS. NGUYEN: That should be 2009. Thank you very much.

THE REPORTER: Can you state your name?

MR. BENNETT: My name is Mike Bennett. I'm with the Bureau of Land Management.

THE REPORTER: Thank you.

MR. TURNER: For the record, it's July 2009 for a draft EIS.

MS. GILLIN: I'm Ginger Gillin with GEI Consultants. The discussion about the schedule, could we just clarify exactly what the dates are because I'm not sure I'm quite following what has been said.

MS. NGUYEN: Yeah. It should be April 2011. Okay. We'll go through it.

Scoping Document 2, March of 2009.

The APEA and the license application filed March 2009.

Issue ready for environmental analysis notice June 2009.

The deadline for filing comments, recommendations, and agency terms and conditions, August 2009. And this is also just comments from interested stakeholders. It's definitely not limited to just the agencies, so please be aware of that.

The reply comments to the terms and conditions from the Applicant due December 2009.

A draft EIS issued July 2010.

The comments on the draft, September 2010.

And the final EIS issued April 2011.

MS. WILLIAMS: Okay. I'd like to -- this is Cam Williams, State Water Resources Control Board. I'd like to briefly go over the tentative schedule on the State side.

And the application for water quality

certification came in in September of this past year, and the following month we accepted it for processing.

The other key dates coming up is that the -- we're going to go forward with an Applicant-prepared EIR next month, in March of 2009, and then the most important date that the public and non-governmental agencies and other agencies should be aware of is May of 2009 we're tentatively proposing to release the draft EIR and the draft water quality certification.

And the State Water Resources Control Board has decided to use the CEQA public process to release the draft water quality certification to provide the opportunity to the public, to agencies, to non-governmental agencies -- organizations to see if there's anything that we may have missed in our conditions, in our certification to make sure that it is adequately protective of water quality. And that will be the key opportunity for these other entities to provide the comments.

So I would strongly encourage that you stay wired into our schedule, you know. We're going to try to be aggressive and stick with that, but please provide us comment because we have the opportunity to put in conditions that will be incorporated into the FERC license that are protective of different aspects of the environment.

Once we receive comments, under CEQA we've got to

provide comments, and so we'll be pretty busy responding to comments for the record and then the final, which will be incorporated into the final EIR, and any changes that we think we need for conditioning in the water quality certification and that would follow in September of 2009.

And that's our schedule, tentatively.

MR. TURNER: This is David Turner again. I was going to say this is really your opportunity to tell us if we've missed any issues. It's important to understand so that we understand what kind of record we need to develop to make an adequate licensing decision, so it's critical for you guys to review the information, let us know if there's things we still need to be considering that we've missed, things we've been characterizing that really aren't issues so that we don't waste folks' time and money and energy to develop information to deal with those.

And there's a number of opportunities to tell us and you'd be providing the opportunities to tell us. As Kim went through, there's -- right now, it's the scoping, which is the main point. Once we get the application in and we're ready to proceed with our analysis, we'll issue an REA notice. That's another point in time you need to be watching. Give us your comments and recommendations on how you think the project should be licensed or not. We'll issue an EIS that does our analysis and makes

recommendations to the Commission about how it should be licensed. You get a chance to review that, tell us where we missed the boat again. And we'll consider those comments in our final recommendations to the Commission on its licensing decision.

So there's a number of opportunities to provide us input, but we're starting early here to try to make sure we have the issues and the information we need to identify and to process this application.

MR. BENNETT: This is Mike Bennett with Bureau of Land Management. One of the key issues is the -- is the right-of-way grant. And actually I just talked to Jeff just a little bit this morning. Jeff will be meeting with the BLM Palm Springs, the old office, to basically discuss the grant and also the EIS requirements right there with our staff and that -- including a DWMA, the grant, and various other issues related to the tortoise.

So we have not had that meeting as of yet. We just anticipate in having that within the next few weeks. They're moving offices, so it's one of those type of situations, but I think that once we have a chance to sit down with Jeff and his staff, we would like to get back to you and, if we need any other refinements, any other issues, that we would like to bring forth in the EIS.

Thank you.

MR. HARVEY: And if I might just clarify. The DWMA that was referred to is an acronym, D-W-M-A, Desert Wildlife Management Area, and pertains particularly to desert tortoise, does it not, in our area?

MR. BENNETT: Yeah.

MR. HARVEY: And I believe -- right, the area that our transmission line corridor goes across is -- does cross through the Desert Wildlife Management Area that he's described.

MR. TURNER: Under the current alignment, it still does?

MR. HARVEY: That's correct.

MR. TURNER: Okay. When --

MR. HARVEY: To a much lesser extent than it did, but it does.

MR. TURNER: It does. When are you planning to talk?

MR. HARVEY: We've actually been trying to set a meeting with BLM for two months. They have been very busy with South Coast Air Quality Management District issues and now, with their move -- I've talked to John Kalish, the director of the local office, and of course to Mike as well, so it will be within the next few weeks we would hope to have that meeting.

When is your move complete, Mike?

MR. BENNETT: We're supposedly hopefully out of that office by the end of -- end of this month, so it will probably be the first week of February we should be -- we should be over. Well, I'll get together with you when I get back and talk to the -- talk to staff because I need my biologist and everything, culture folks and all that, too.

MR. HARVEY: Excellent. As we've indicated, we're eager to have that pre-application meeting with the Bureau.

MR. TURNER: As Kim will probably point out in the next slide, the comment date for scoping input is really February 16th for us, so we can incorporate those issues to the extent you can. This thing's moving along pretty quickly, but that doesn't mean that it's completely set in granite. As things crop up and information is developed between you guys, please just put it in on the record and we can continue to develop it as the application goes along. But we'd like to get at least the issues defined at this point, so if you get a chance to file by that February 16th date, it would be great, in terms of filing your comments and your concerns about the BLM process.

MS. NGUYEN: And if you need -- this is Kim Nguyen. If you need an extension, just file a letter with us saying that you need one and we'll probably give it to you, so --

MR. HATHAWAY: Kim, this is Merrill. I've got to bow out, okay? Goodbye to everybody.

MS. NGUYEN: Thank you, Merrill.

MR. HATHAWAY: Okay.

MS. NGUYEN: Anything else?

MR. COOK: Taking comments now?

MS. NGUYEN: Yes, please.

MR. COOK: All right. I'm Terry Cook. I'm the vice president of Kaiser Eagle Mountain, LLC and of Mine Reclamation, LLC, so I'm speaking on behalf of both companies, just so you're aware. And I'm sure you're aware of Kaiser and our Mine Reclamation at this point, given the history of the project.

As you know, Kaiser owns or controls the Eagle Mountain site. We own or control approximately 10,000 acres out there. And Mine Reclamation is the developer of the landfill project out at that site. Those lands are essential to the Eagle Crest Proposed Pumped Storage Project. But those lands aren't for sale and Eagle Crest currently does not have access to the site. And, obviously, the grant of a preliminary permit by FERC does not grant them access to the site.

And as I'm sure you're aware by now, the Eagle Mountain Landfill Project consists of about 6400 acres of that site and it is under contract to be sold to the Los

Angeles County Sanitation District.

Obviously, there's been a lot of time and money invested on that project. Approximately $80 million has been invested in that project and I've been in Kaiser for 15 years and it's been longer than my lifetime at Kaiser in that particular project.

The Bureau of Land Management and the Riverside County produced a joint EIS/EIR and that administrative record is over 50,000 pages. It includes a 900-page draft EIR/EIS and a 1600-page final EIR/EIS. And as I'll discuss in more detail below, we believe that the project is completely incompatible with the landfill project.

I want to commend the Commission and State Water Board because you've addressed a lot of the items we think are going to need to be addressed. So my comments are really going to be more general in nature. Obviously, I'm going to put a detailed comment letter by the deadline or, if we need an extension, we'll request an extension.

But I think it's valuable to put in context this particular project. As you've heard, ECEC, which is the acronym for Eagle Crest Energy Company, first became interested in the pumped storage project probably around 1989, 1990. They filed a first preliminary permit with FERC in 1991. FERC -- or ECEC is now in its fourth or fifth preliminary permit -- I've lost track -- so this project's

been kicking around for nearly 20 years. So I -- I myself need to step back and we think everyone needs to step back and say, Is this project really a viable project or has this preliminary process been used and perhaps, frankly, abused, as a placeholder for something in the future?

Kaiser's intervened in the FERC process and has made past filings in expressing its questions and concerns regarding the past proposed pumped storage project and will continue to do so. There are a lot of questions and concerns, many of which you've already identified, concerning the environmental matters, resource matters, economic matters, engineering matters, compatibility of the project to the landfill that remain unanswered and have remained unanswered for years.

You know, it's been -- it's also interesting to note to me that I don't believe a pumped storage project has been built in the United States in over 25 years. The reason is the economics just simply don't work. And I don't think they'll work again here in California.

In addition, I want to point out that ECEC really hasn't sought to forward off its proposal through a collaborative process, at least with Kaiser and the Los Angeles County Sanitation District to date. There may be historical reasons for that and we respect Mr. Lowe, but has not been an effort on that. For example, FERC's visit,

we weren't even asked about a possible site visit and so we had to say no to that on short notice.

So I want this opportunity to at least make a few general comments and correct a few things that perhaps have been said and -- just a few things.

First of all, who's from Washington, D.C.? If I postpone this meeting now till Monday, you'd be stuck here over the weekend. That would be a shame but, you know, that's just one comment I would make.

Just so you know, we do have a number of concerns and there are really five general categories: Incompatibility with the landfill, huge, huge item; development resource impacts; water resource impacts; wildlife impacts; cumulative impacts, and we have a number of miscellaneous other concerns, and of course we'll detail those in our comment letter.

First, incompatibility with the landfill. As has been discussed in previous comments, the design, construction, and operation of ECEC's proposed project is incompatible or incompatible with the landfill's approved design operation. It was interesting to note in the meeting last night, Mr. Harvey acknowledged that already some of the facilities are being -- at least some of the ancillary are being changed because of conflicts in the landfill project. Just today, he mentioned that the possibility of using the

fine tailings for possible grouting, if I understood him correctly, for the -- for the reservoirs, but those fine tailings are already dedicated for landfill liner, which is what? -- ten feet thick, at least?

MS. COOK: Twelve.

MR. COOK: Ten to 12 feet thick. So resources they plan on using already conflict with the landfill, even a minor issue such as that, which really isn't minor because of the problems involved.

So we believe it is incompatible. As Mr. Harvey said, we believe it's compatible. We've been waiting for the studies that have been promised to show that it is compatible, so those have to wait and see. But based on the information provided to date, it is not currently compatible.

Additionally, one just has to step back and say, Does this make common sense? One must ask -- why would you put all this water next to all this municipal solid waste. Generally, solid waste and water do not mix. With seepage and other concerns, it just doesn't make sense. But those are issues which will be prudently analyzed, I'm sure, and I'm sure we'll have extensive comments on the analyses that are performed.

Also, adverse impacts on the development process is another key concern. It must be recognized that while

ECEC's trying to fly under the banner that this is a green project, it really is not a green project. I don't think it -- I don't think it meets the current standards for renewable projects in the State of California. And so they're obviously going to have to study very closely the need for the project and how it fits into the power grid and how it is related to other projects, solar projects, the LEAPS Project, which is the Lake Elsinore Advanced Pumping Storage Project, which is very far along in the process, which is another pumped storage project. But the fact is that ECEC acknowledges that this project will use more energy. It tries to explain itself that this is off-peak power, but yet there has to be studies to see if that really is available, sources of that off-peak power.

Again, they try to fly the banner that it's a green project but it might use wind power, which is generally available at night. And yet they failed to identify the sources of that wind power and other green power sources that would be used to power that project. More likely than not, off-peak power will be generated often by fossil fueling, fossil burning emission plants. So the sources of off-peak power and the project's impact on greenhouse gases must be reviewed, which is one of the items that's already been mentioned in the scoping sessions.

So the impact on capacity and liability to the

local and regional transmission systems is required.

In addition, the financial analysis will be necessary to look at the project economics relative to the other alternative sources, the need for such projects. And I think you can find abundance of information already in proposed pumped storage projects that they don't pinch a lot unless there's subsidized rate-making involved.

Obviously, the next major impact is water resources impacts, which has been talked about a lot but -- and I don't need to belabor the point -- and it's difficult to analyze these impacts with the lack of information and the failure to have an adequate project description. We keep getting promises they may be here, they may be there. One of the critical things that is lacking here is an adequate and complete project description because comments are required on what a complete project description is. So they really haven't identified the exact location of sources, where they hope things -- and things, frankly, keep changing, such as the transmission line. That's to be expected, but we have to have a set project that we can focus upon.

So groundwater. In their draft application, they acknowledge that groundwater supply hasn't really been identified. They hope to be able to acquire suitable lands for purchase and so forth.

In addition, I want to highlight -- which was mentioned last night -- the proposed rule of the Bureau of Reclamation. This in itself may be a fatal flaw to the project, the Bureau of Reclamation rule and the impact of water in the Chuckwalla Basin on some of these wells. So that will have to be something that's certainly analyzed and I would suggest it be done quickly because that could be ultimately a very fatal flaw.

So the questions are: Is there sufficient water? It's clear there will be necessary water fill to continually refill the reservoirs and obviously that's going to be -- the impacts to local supplies will have to be studied, assuming that can be done.

The project also has risk of seepage, subsidence, in other related water land use projects in the area, particularly impacts to Metropolitan's Colorado River Aqueduct is primary concern, as well as the greener Chuckwalla Valley and Groundwater Basin.

There's obviously the wildlife and habitat concerns. It struck me with interest the proposed schedule for the EIS/EIR. They are very aggressive and I think, frankly, are unduly optimistic. And just from practical experience in dealing with the landfill project, for instance, we were required to do two years of biological monitoring before we could release the EIR/EIS for the

desert big horn sheep. So just as a practical point, you might want to get those things locked up first because there could be some very long lead time if the agencies make you do required monitoring so you can have accurate description of the impacts and possible mitigation.

So ours was what? -- two years? -- two years required lead time on some of these issues. So that's not being critical. It's just being realistic on what may be required.

Obviously, the biological studies will have to study the habitat, the entire project, including the areas surrounding the water wells, the route of the transmission lines, such as the BLM has discussed, the route of the water line and it also has to look at migration corridors as well as habitat which would be very critical, particularly for the desert tortoise.

Obviously, it's already been mentioned that the introduction of a large body of water in the desert produces some unique study challenges and some unique questions and impacts. You also need to address the areas of potential attraction of predators, putrification, putrification of the introduction of nutrients in an otherwise rendered environment which the water was produced, the new artificial wetland habitats, impacts to migratory water fowl, which has already been mentioned, the cumulative and -- and the

cumulative biodiversity impacts.

The brine ponds have been mentioned. Those could truly be an attractive and deadly nuisance to migratory water fowl.

So, obviously, all these mitigation measures will need to be discussed in detail, and we understand that situation.

Overall cumulative impacts. Obviously, the conflict with the landfill would be a cumulative impact. If for some reason FERC should decide there's a preference of this project over the landfill project, obviously a cumulative impact analysis would need to examine where municipal waste would go if not to Eagle Mountain, which is a cumulative impact which has not been mentioned today.

Beyond a study, the cumulative impacts associated with the landfill, ECEC should study the cumulative impacts associated with the other planned projects, including a substantial number of solar projects in the area which I think was mentioned today.

There are, as the BLM knows, thousands and thousands of acres proposed for solar projects.

There are some other matters that should be considered. Obviously, there will be significant acquisition of service damages associated with the acquisition of the Eagle Mountain property and business

interests, whether owned by Kaiser and/or the Los Angeles County Sanitation District. I'm not even sure how ECEC can prepare an adequate application without access to the site.

And then excessive alternatives, they also must scrutinize the project's economics and have real costs associated with the project, the acquisition of the fee ownership as opposed to the very inadequate assumed amounts currently in the financial projections.

There's a few other things that came up in the course of what I've heard. Again, I want to point out we need an accurate and complete project description. Things keep changing, and I understand they do change. But we can't be too heavy on this. And so we need to have a complete and accurate --

It was mentioned that the mines were depleted. That is incorrect. There's plenty of iron ore there. The steel mill went out of business for lots of reasons but it wasn't for the lack of iron ore. So one of the resource impacts you need to look at is the impact on the mineral resources. The State has a Section 36 mineral interest up there. That all has to be looked at.

In addition, Kaiser on just a portion of the property has 158 million tons of rock that's basically sort of been stockpiled and you need to determine what access will be limited to that resource. Kaiser does have mining

operations out there in shipping the rock and reclamation activities. So all those impacts will need to be analyzed.

It's going to be a very long road for the project. Again, I question whether it's currently really a viable project. We believe it truly is incompatible with the landfill, so we'll anxiously await the studies that we've been waiting for for 20 years to see that it is compatible, supposedly.

But we believe that there are inconsistencies with the project and some fatal flaws in the project.

Let's see. What else? That's it for the moment. As you would expect, we'll have an extensive comment letter which we'll file.

MR. TURNER: I've got a couple follow-up questions.

MR. COOK: Okay.

MR. TURNER: You've raised a number of real legitimate concerns that I think we've captured in our scoping document.

MR. COOK: I think many you have. Yes.

MR. TURNER: Please let us know what we didn't. One, you make a good point about adding information based on site access. The Commission will be making decisions based on what we have before us. We obviously don't have the authority under the preliminary permit to require or give

the rights to an applicant to go out and gather data where they don't have access to those lands.

So that's just kind of a head's up. If they can't do it, we'll do -- we'll have to base our analysis and our decisions based on the information before us.

MR. COOK: Well, I understand that.

MR. TURNER: And so if they don't have access, the -- part of your questions may be simply that it's based on less than perfect information.

MR. COOK: Well, it may be based on inaccurate information; for instance, some of the (indiscernible) back here don't accurately reflect the situation. They're more than 20 years old, 30 years old.

MR. TURNER: I would encourage you if that's the case and there's more information on which you want us to base that decision, put that in the record for the Commission to consider.

MR. COOK: We'll supply it.

MR. TURNER: The other question I have is you suggested that you still have mining operations ongoing there or in the sense of the stockpile; did I understand that?

MR. COOK: Yeah. We ship rock from there. It's not huge quantities, given the market and the collapse of the building market, given the distance from the market but,

yes, shipment of rock occurs.

Now, when I say "mining," there's no active iron ore mining where there's blasting and stuff. No. But the shipment of rock is considered mining and we have reclamation activities.

MR. TURNER: And those stockpiles are relative to this project and to the landfill are where?

MR. COOK: They're all throughout -- they're all throughout the site.

MR. IVY: Is that the tailings?

MR. COOK: Well, a lot of it is the overburden that was excavated. So, for instance -- for instance, I know we had an independent evaluation and stuff that's not part of the landfill project. There was 158 million tons above surface that's just sitting there. And there's potentially huge rock activity. For instance, if there's ever a Salton Sea restoration project, you know, we already asked if they had potentially 20 million tons of rock.

So the potential there and how it may impact other projects is huge, potentially. I don't know the answer to that.

MR. TURNER: I guess I'm trying to envision where is that information source that the Commission would be able to --

MR. COOK: We'll provide it.

MR. TURNER: You'll provide it in the sense of how that fits into the schedule for the landfill and your operations there and --

MR. COOK: We'll do the best we can. The problem is, again, we need a specific project description on what's going to impact and how the operations may impact on access.

MR. TURNER: But can you not provide us the information on where your plans are going for that area?

MR. COOK: For which area?

MR. TURNER: For the landfill, for the --

MR. COOK: Oh, yeah. I mean, like I said, there's already a 50,000-page administrative record on the landfill.

MR. TURNER: I guess -- I understand what you're saying. You needed to understand how to comment. But if you don't get it in a timely fashion -- the information I'm encouraging you provide the Commission is to say, Here is where we have all of the stockpiles. Here's where we envision extracting that if and when we need to use those stockpiles. So we can see it out --

MR. COOK: It often depends on the market, the type of rock desired, if it's rip-rap, what size, where, cost of transportation. It's kind of up in the air. So it would be really helpful to have a project description, their activity, to kind of know where we're going to be precluded

from.

I guess on the site visit, they mentioned the railroad was abandoned yesterday. That's not correct. The railroad's not fully usable because of a flood. But the railroad is still used. In fact, we have a locomotive up there that we do a lot of repairs and things like that, so -- yes?

MS. WILLIAMS: We'd like to ask you a question about your concerns about the addition of water in the surrounding two reservoirs with the landfill cells being in the center and what exactly would be your concern with the seepage? My position, looking at this as a hydrogeologist, and being familiar with Title 27 requirements and having worked at landfills, is I understand what the state requires for protection of groundwater seepage losses. And that's a concern if we're going to be putting water in abandoned mine pits. But one of the mitigation measures that we're insisting on is an extraction well gallery on the down gradient side that would collect any potential seepage. And if that being the case, with the landfill cells being in the center, any -- if the double liner leachate collection system that's required for the landfill fails, and I'm not exactly familiar with whether there's an extraction well field required for the landfill, but certainly there's an opportunity for a marriage there if you put two extraction

well fields.

So, you know, I really don't understand from a technical perspective what would be the concern there if you've got an extraction well field down gradient.

MR. COOK: Well, I'm not an engineer. I'm not an engineer. We have to get the engineers out there.

MS. WILLIAMS: Okay. But I'm just -- I just wanted to point this out to you, sir, as, you know, it's an issue for you.

MR. COOK: Yeah.

MS. WILLIAMS: And I'm just saying at first glance I don't understand it.

MR. COOK: Well, part of the concern was the seepage from the side slopes and the stability of the slide slopes on the line, not necessarily -- that's one of the big concerns.

MS. WILLIAMS: You're talking the fractured --

MR. COOK: Right.

MS. WILLIAMS: -- fractured bedrock more so than seepage from the lower reservoir which we're, you know, very concerned about into the alluvium where the groundwater supply is.

MR. COOK: Correct. Correct.

MS. WILLIAMS: Okay.

MR. COOK: If it's in the lower reservoir, it's

generally past. But in the upper reservoir, it's not. It's right in between there.

MS. WILLIAMS: Right. Okay.

MR. COOK: So -- but I -- trust me, we have lots of people we pay thousands of dollars to that will look at it.

MS. WILLIAMS: Oh, I understand. But that would help, you know, in your comments just to be really explicit about the -- that incompatibility of the water with the landfill going in and potential seepage losses because I wasn't quite understanding.

MR. COOK: Let me ask you: Will this transcript be available?

MS. NGUYEN: Yes.

MR. TURNER: It will.

MR. COOK: How soon?

MS. NGUYEN: Well, if you'd like to purchase it from them, as soon as Mike gets done transcribing or recording. But for our purposes, I mean, once they're done with that, we at FERC have -- get a copy, a first look at it, go over it, see if we have any corrections to be made, and then it gets filed.

MR. TURNER: It's usually in about --

MS. NGUYEN: Two weeks I would say.

MR. TURNER: Yeah, two weeks, ten days, two

weeks.

MS. NGUYEN: Right. But if you want it before then, --

MR. COOK: Two weeks? So before the comment period is over, obviously.

MS. NGUYEN: Yes.

MR. COOK: Okay. That's probably good enough. One other thing I want to mention, that all the addresses you're using for us, you have an incorrect suite number. It should be Suite 480 and not 850. Unfortunately, our mail does not often get there with an incorrect suite number because there's no such suite number anymore, so if you could just make a note of that and make that correction to all the mailings.

MS. NGUYEN: Address from within the scoping document is from our official service list. So if that's incorrect, then I -- I mean, I suggest --

MR. COOK: It is.

MS. NGUYEN: I suggest you e-mail our FERC Subscription people, and I can get you the e-mail address for that, and just tell them to make that correction. Because that has to officially be done by you.

MR. COOK: Okay. We haven't been there for like six or seven years.

MR. HARVEY: May I address two comments?

MS. NGUYEN: Yes.

MR. HARVEY: One, the adequacy of -- or our access to the site that was discussed. It is true we do not presently have access to the portion of the project that includes the reservoirs and of course the underground works we would have never had access to anyway. So we're really talking about the reservoirs.

We have had access to those sites in the early '90s and there were investigations that were done that we were still able to draw upon that were utilized here.

We also have a wealth of information, environmental information, based on the environmental investigations that were done for the landfill and all of that documentation we've been able to draw upon, and of course we're able to use current aerial photography to augment and verify our understanding about that site. Those sites are also not sensitive for wildlife or for cultural resources. So in terms of getting people out on the ground to look at those reservoirs sites, specifically we understand about big horn sheep and we understand about ravens and other things being attracted to the water bodies, but those aren't things that you need to go out and scour the existing mining pits to make analysis of.

So while we don't have access to those sites, we certainly have a complete ability to do the environmental

assessment of the issues that will pertain to cultural and biological resources for those sites and we have a very reasonable understanding of geology and the structures that we're dealing with out there to get us through the license process and then at final engineering, of course, we'll have to go out and determine where we have fissures and cracks and what we need to do for grouting and seepage control. But those analyses can be done right now without having access to the site with the wealth of information that is already available.

And the second thing I'd like to ask if -- Mr. Cook mentioned that 20 years ago and the landfill has been in process for 20 years as well, it would help us very much in our finalizing our analysis of compatibility between our project and their project to understand what is the status of the landfill and what is the -- and whatever bonding activities, as you requested, and, for example, what is the timing that they would expect to start development of the landfill and to actually be placing solid waste there, what kind of phases and maybe what are the initial preparation actions that go along with that timing so that -- what we want to understand if the landfill is going to begin development concurrent with our timing or that we're envisioning for construction of our project, then that's part of what we need to figure out for compatibility. If

they're five years or two years or however many years after or before, then that affects our analysis of compatibility as well. So it would help us very much to understand the current status of the landfill and what kind of timing for development of that.

MR. COOK: I can answer part of that question. The other part of the question needs to be responded to by the Los Angeles County Sanitation District because they will be the owner and the operator of the landfill so it will be up to them on timing as to construction.

The only thing I can relate to you is the Mesquite Landfill Project, which they also purchased, and they, once they purchase it, begin immediate construction to do that. It was like two or three years of construction. I think it's now open, not for rail haul, but I believe it's open for trash. So that's something you'll have to direct to them since we're not going to be the builder of the landfill project. Los Angeles County Sanitation District is.

And as far as the status, we're in litigation before the Ninth Circuit Court of Appeals. The landfill project has received all of its permits, received all of its federal approvals, received all of its state and local approvals. It was challenged at the state level under the CEQA. That went to the California Court of Appeals, which

we were successful in overturning the lower court. The lower district court, federal district court, found against us on the BLM portion of the land exchange. We had our hearing on December 6th of 2007, so we're awaiting a decision at any time. Frankly, we're very optimistic about it, if you were at the court hearing, from what the judges said about the -- about the case.

So that's where it's at. It's been in litigation for 15 years, longer, and this will probably be about the final case, but we're confident that it will be resolved in our favor.

And once that proceeds, there will be a closing with the Los Angeles County Sanitation District and then they will own the property and -- and the experience with Mesquite was they began construction immediately once they closed on it.

MS. NGUYEN: I'm sorry. What was that?

MR. COOK: They -- it's my understanding they immediately began construction on the project, which I've heard they spent over a hundred million dollars in preparing the site. You probably know more than I do about that, so --

MS. WILLIAMS: Only via the Regional Board.

MR. COOK: Okay.

MS. WILLIAMS: It was a big price tag. And I

just want to confirm my experience that it does take a couple years to build the cells to the line or leachate collection system. But once that's in place, then they can immediately start receiving the --

MR. HARVEY: May me ask one final point of clarification? Mr. Cook, you indicated that the landfill project is fully permitted. It's my understanding, and perhaps my confusion, that all of those permits are contingent upon the landfill so that none of those permits are actually final and that some of those permits had dates on them that have now passed. Is that correct or is that confusion with what I'm reading in the record?

MR. COOK: A little bit of confusion. All the permits were granted. All those are being renewed. The only one that I know of that may have lapsed that ther's a question where you need one now is a 404 permit. All the air permits and everything else is renewed. But, because of the current status of the landfill litigation, they're not invalid but they're in effect held in abeyance because you don't have a project until the litigation's resolved.

MR. HARVEY: Thank you.

MS. NGUYEN: Anything else?

MR. DYOK: I'm wondering if we can ask the BLM representative where they are on the programmatic EIS for the solar projects as we're going to be looking at the

cumulative impacts. If we could get a sense on the status of that?

MR. BENNETT: The programmatic is being -- it's been scoped and it's with the state and with the electric consultant. California, for the sake of basically all the solar projects we've got, we're still figuring out what to do because right now, as has been mentioned, I've got 127,000 acres under applications from Desert Center to Blythe and all the other field offices we have in Southern California -- I guess it's pretty close to half a million -- so we have a lot of work to do yet to get these things going.

MS. NGUYEN: Is there anything else? I have one comment I'd like to put on the record, and this is from the representative from the Fish and Wildlife Service on our site visit yesterday. And I'm helping out here, Jeff, because I know we discussed this at our site visit that I think we were possibly going to look into tapping into the existing transmission line possibly for the new transmission line corridor because there's an existing transmission line there, but there might be an engineering issue associated with that; is that correct?

MR. HARVEY: It's correct that the question was raised by the representative -- I don't remember Tanika's last name -- but the representative from U.S. Fish and

Wildlife Service whether or not we could tie our transmission lines to the existing Metropolitan Water District 230KV towers and simply run our transmission out that way. I explained to her that just by engineering design, those 230 kilovolt towers are holding all of the wires that they can hold and that we have a much larger transmission, 500 kilovolt transmission system, that actually takes us another route in addition. So there would be no way to simply tie our wires onto their towers structurally. It would be wonderful if it could happen but that's not the way it works, unfortunately. We have to have our own towers for -- and we also need to have the full amount of power. Our transmission lines are going to be fully committed for our project's needs for generation out and for pumpback power in.

So, unfortunately, there is not an opportunity for us to share those towers in engineering design. Thank you.

MR. IVY: I'd like to add to that. There's a further question she asked about if you could build a new tower in the same spot since you have to build new towers anyway. That might be able to accommodate both.

MR. HARVEY: Good point. That was her follow-up question, was could we simply replace Metropolitan Water District's towers with our towers and put their wires on our

towers and that we would still only have one line. Again, not really feasible from an engineering standpoint. For one reason, again, the route that their line takes is to go into the Julian Hine Substation, their Hayfield Pumping Station, and then on to the Devers Substation here in the north end of the wind farm. Our transmission route is very different to interconnect to the regional grid as the system has to function.

And the other factor is that those lines are in use -- the Metropolitan Water District's lines are in use and the only way you'd be able to construct our towers and put their lines there would be to put their towers -- their lines, excuse me -- for some period of time out of use and interrupt their service and they rely upon that as a constant need, not something that's interruptable power, so, again, from an engineering standpoint, just not a feasible solution.

But we wish it was. It would make our lives easier to have -- to be able to double up on someone else's system like that.

MR. IVY: Thank you.

MS. NGUYEN: So I guess the only parallel is that it's existing line for a while and not the entire 12-mile corridor?

MR. HARVEY: A very short section. In fact, then

we cross them and we follow the roadway corridor rather than their transmission corridor. That's correct.

MS. NGUYEN: Thank you.

MR. HARVEY: Thank you.

MS. NGUYEN: Anything else from BLM?

(No response.)

Hearing nothing else, I guess that's it for us. We'll adjourn the meeting and I'd like to thank you again for coming and for participating and we look forward to getting your comments and going forward. Thank you again.

MR. HARVEY: Thank you.

(Whereupon, at 10:36 a.m., the scoping meeting was adjourned.)

Document Content(s)