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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

TRANSCRIPT OF SCOPING MEETING
EAGLE CREST ENERGY COMPANY
PROJECT NUMBERS 13123-000 AND 12509-001

7:00 P.M.

THURSDAY, JANUARY 15, 2009

UNIVERSITY OF CALIFORNIA, RIVERSIDE
PALM DESERT GRADUATE CENTER
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1 PALM DESERT, CA - THURSDAY, JANUARY 15, 2009 - 7:01 P.M.

2 --oOo--

3 MS. NGUYEN: Good evening. I'd like to welcome
4 all of you to the Federal Energy Regulatory Commission, or
5 "Commission" and the California State Water Resources
6 Control Board, or "Water Board" Joint Public Scoping Meeting
7 for the Eagle Mountain Pumped Storage Project.

8 My name is Kim Nguyen. I'm a civil engineer with
9 the Commission and project coordinator for the relicensing
10 -- for the licensing -- excuse me -- of this project.

11 I'd like to take care of some housekeeping items
12 before we get started. This meeting, as you can see, is
13 being transcribed or recorded by a court reporter, Mike
14 here. So to assist him in his report and to make sure that
15 we have a complete and detailed recording of this meeting,
16 please state your name, spell your last name before speaking
17 for the very first time so he can make sure he gets it into
18 the record, or come up to the mike. That would be a
19 preferred mode of communicating.

20 There are also registration forms on that side of
21 the room that you should also fill out if you're planning to
22 make comments today, and that will also be given to Mike
23 with his -- to help him with his recordkeeping.

24 Most of our presentation today is from Scoping
25 Document 1, which was issued last month, and I have extra
26

1 copies of that, too, so if you'd like to follow along.

2 Now, let's get started with our agenda. First,
3 we'll have some introductions of my colleagues on the panel.

4 Then I'd like to give you a background of the
5 filing for the project.

6 Next we'll discuss the purpose of scoping and our
7 request for information.

8 Then we'll have a presentation by Mr. Jeff Harvey
9 of Eagle Crest Energy Company. He's going to give us a
10 brief description of their proposed project, including
11 project features and operations, as well as their proposed
12 environmental measures and studies.

13 After that, we'll discuss the scope of cumulative
14 effects of the project, followed by our preliminary list of
15 environmental issues and concerns.

16 Next, we'll go over the processing schedule for
17 the Commission's environmental impact statement, or EIS, and
18 the Water Board's environmental impact report, or EIR.

19 Last and most importantly, we will give all of
20 you an opportunity to give your comments.

21 With that, I'd like to start with the
22 introductions.

23 MS. WILLIAMS: I'm Camilla Williams. I work for
24 the State Water Resources Control Board. I'm the unit chief
25 for the Water Quality Certification Unit and the project
26

1 coordinator.

2 MR. MURPHEY: And I am Paul Murphey. I work in
3 State Water Board's Division of Water Rights. I am an
4 engineering geologist.

5 MR. IVY: My name is Mark Ivy. I'm an outdoor
6 recreation planner for the Federal Energy Regulatory
7 Commission.

8 MR. TURNER: And I'm David Turner. I'm a
9 wildlife biologist for FERC.

10 MS. NGUYEN: Okay. Now some background.

11 On January 10th of last year, Eagle Crest filed a
12 pre-application document, or what we call a PAD, with the
13 Commission, and requested to use our traditional licensing
14 process, or TLP. I'm sorry for all the acronyms, but we're
15 from D.C.

16 On June the 16th of last year, they also filed a
17 draft license application, or an LA, with the Commission,
18 and the Commission and all the interested stakeholders filed
19 comments on that draft and that was filed in September of
20 2008.

21 Also in September, they filed with the Water
22 Board -- they applied with the Water Board for a water
23 quality certification under Section 401 of the Clean Water
24 Act.

25 On October 15th of last year, the Water Board
26

1 accepted their application for processing.

2 The purpose for scoping and why we're here. The
3 National Environmental Policy Act, or NEPA, the Commission's
4 regulations, and the California's Environmental Quality Act,
5 or CEQA, and other applicable laws require evaluation of
6 environmental effects of licensing hydropower projects.

7 At this time, we intend to prepare a draft and
8 final EIS that describes and evaluates the probable impact,
9 including an assessment of site-specific and cumulative
10 effects, if any, of the proposed project and alternatives.

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

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

19 Scoping helps us determine resource areas, depth
20 of analysis, and significance of issues to be addressed in
21 our EIS and EIR.

22 Scoping can also identify how the project would
23 or would not contribute to cumulative effects in the project
24 area. It can identify reasonable alternatives to the
25 scoping action that should be evaluated. With scoping, we
26

1 solicit from participants available information on the
2 resource and issues and determine the resource area and
3 potential issues that do not require detailed analysis.

4 Through scoping, we are asking for information
5 that will assist us in conducting an accurate and thorough
6 analysis. The type of information we request include, but
7 are certainly not limited to, information, qualitative data,
8 or professional opinions that may help refine the geographic
9 and scope of the analysis, identification of any information
10 from any other EAs, EIS, similar environmental studies that
11 are either previously, ongoing, or planned that are relevant
12 to the proposed project, any existing information and any
13 data that would help us describe past, present, and future
14 actions and the effects of the project on other
15 developmental activities in the area, information that would
16 help characterize the existing environment and conditions
17 and habitat, identification of any federal, state, local
18 resource plans, and any future project proposals that are
19 affected in the resource area; for example, the proposal for
20 the construction of a landfill, along with any
21 implementation schedules, documentation that proposed
22 project would or would not contribute to cumulative adverse
23 or beneficial effects of any of the resources, any
24 documentation showing why any resource should be excluded
25 from further consideration.
26

1 This information and documentation can be given
2 orally or written today or they can also be mailed and filed
3 electronically with the Commission and Water Board.

4 Now we'll have a brief presentation from Eagle
5 Crest.

6 MR. HARVEY: Good evening. Thank you. I'm Jeff
7 Harvey. I'm representing Eagle Crest Energy. And just a
8 couple of slides here to go through the project description.

9 The project is a 1300 megawatt pumped storage
10 hydroelectric project. That is large! Boulder Dam is about
11 800 megawatts just by comparison, so this is a large
12 hydroelectric project. It is essential for integration of
13 renewable energy resources in California because it has the
14 ability to store particularly wind and also solar energy
15 that is generated during off-peak periods when there is no
16 demand and delivers that power back to the grid during
17 periods when demand is high and those same wind generation
18 sources are not available.

19 The reservoirs. The project consists of two
20 reservoirs -- the interconnecting tunnel pipeline and the
21 turbines. And the reservoirs are going to be developed in
22 two existing depleted mining pits at the old Eagle Mountain
23 Iron Mine site.

24 The only feature on the project will be those two
25 reservoirs and switchyard and transmission line from the
26

1 site.

2 The other features of the project, the
3 underground tunnel works, the turbines, and the underground
4 power connection to the surface switchyard are all deep
5 underground. And then the water supply system -- we'll be
6 developing a series of wells in the middle of the Chuckwalla
7 Valley. All of those wells will be on the surface but
8 they're very small and most people wouldn't recognize them
9 as a project feature. They will all be underground
10 pipelines extending into the lower reservoir site for
11 filling that low reservoir.

12 The entire project is off stream. It will be
13 filled with groundwater as the initial fill and then we'll
14 make up water. There's no stream; therefore, no aquatic
15 habitat, no wetlands, no fisheries. All of those kinds of
16 issues don't create recreational conflicts. Those are all
17 very unique features of this project relative to traditional
18 hydroelectric development.

19 And where is the pointer? This is a map view
20 showing the two reservoirs, the lower reservoir to be
21 developed in the eastern pit of the Eagle Mountain Mining
22 site, the upper reservoir and then the underground tunnel
23 works with the penstock dropping down to the powerhouse.
24 Four 325-megawatt reversible turbines there to generate
25 electricity, and then the water is stored in the low
26

1 reservoir during off-peak periods. Energy used to pump that
2 water back up to fill the upper reservoir.

3 I've also shown here on the powerhouse the
4 underground transmission line to the surface switchyard and,
5 from that point, the surface -- there will be a 500-kilowatt
6 transmission line taking power out 12 miles to a new
7 switchyard on the north side of the I-10. I believe it
8 shows up on one of the next maps.

9 Another feature to point out here is the reverse
10 osmosis treatment system. Because of concerns that were
11 expressed previously by the State Water Resources Control
12 Board about salinity buildup in these reservoirs over time,
13 as water evaporates and the water input is concentrated, the
14 project added a reverse osmosis treatment system that is
15 intended to and designed to maintain the salinity in the
16 reservoirs at the same level as the input water is for all
17 the time. That will produce then -- as we take salt out of
18 the water to maintain salinity, that will produce a salt
19 residual that will go through the brine ponds and that's
20 where that will be collected.

21 The brine ponds also on this map -- this map is
22 only a couple of weeks old, but it's only in recent days in
23 our discussions with Metropolitan Water District they have
24 raised an issue about the brine ponds being so close to
25 their Colorado River Aqueduct and concerns that they might
26

1 leak or that salt would be blown out and affect water in
2 their aqueduct.

3 In response to their concerns, we are relocating
4 this brine pond closer up here to where the -- where the
5 R.O. treatment plant is with one small change from what you
6 see on this map.

7 Another thing I would point out on this map,
8 we've got just for schematic purposes both the reservoirs
9 shown as if they were full. In fact, because of the way the
10 pumped storage works with the water being worked back and
11 forth between the two reservoirs, both of the reservoirs
12 will never be full at the same time. One will be full and
13 the other one will be in the inlet pool and then they will
14 alternate to where the other one is full and the remainder
15 is at the inlet pool.

16 Here is another map showing the regional view.
17 This is the I-10 corridor. This point right here is Eagle
18 Mountain Road about 55 miles due east of where we are right
19 now on the I-10 and to show the -- first of all, land
20 ownership is shown on this map. The purple is Joshua Tree
21 National Park. The beige tone is BLM land. The blue is
22 state lands. And then the white are private lands. Project
23 works are to be located here with the two reservoirs and
24 that just shows you on the previous diagram in the Eagle
25 Mountain Mine site transmission line coming out, down Eagle
26

1 Mountain Road. We tried to co-locate it as much as possible
2 around the existing town site and along existing utility and
3 roadway corridors down to a new switchyard here on the north
4 side of the I-10.

5 Other features here are the water pipeline, the
6 -- out in this area, we have negotiations underway with
7 several property owners right now. In this general area, we
8 have multiple properties that we are negotiating to acquire
9 for development of project wells and those wells and a
10 collector pipeline brought down co-located again with the
11 State Route 177 to the existing Metropolitan Water District
12 transmission line, a 230K transmission line, and then
13 brought along that same corridor up to Kaiser Road and up to
14 the lower reservoir for the initial fill. The pipeline only
15 will go to the lower reservoir for input and then, from
16 there, water is pumped up to the upper reservoir through the
17 reversible turbines.

18 What else does this show on this map? I think
19 that's it.

20 MS. NGUYEN: I'm sorry, Jeff.

21 MR. HARVEY: Yes.

22 MS. NGUYEN: Before you go on, I see that you
23 have a transmission alternative, which is the dotted yellow,
24 --

25 MR. HARVEY: Thank you for bringing that up, Kim.

26

1 MS. NGUYEN: -- and the preferred one, which is
2 the red. So can you give us an idea of why those two are
3 different?

4 MR. HARVEY: I appreciate that. In the draft
5 license application which was released in June, at that time
6 as we were working with transmission planning, the notion
7 was to bring the transmission line out parallel to the
8 existing MWD transmission line crossing the I-5 and picking
9 up the existing 500KV Palo Verde to Devers corridor and out
10 just about ten, 15 miles west of Blythe to a new substation
11 that is approved but not yet built, the Colorado River
12 Substation, part of the Southern California Edison system,
13 and that was the most logical connection point.

14 As we now have worked over the summer with the
15 California Independent System Operator, the agency
16 responsible for development and management of the
17 transmission grid in California, and with Southern
18 California Edison, the utility that operates most of this
19 transmission grid, they recommended that we locate the new
20 switchyard in this location instead of coming over here and
21 their reasoning was that there are a number of solar wind
22 projects in this area and that it would take steps,
23 therefore, to connect all of those to their own switchyard
24 and there are a number of -- a large number of solar
25 projects proposed in this area that will be all the capacity
26

1 that this would -- this switchyard substation should have.

2 So for that reason, we have eliminated this route
3 in favor of the -- of the 12-mile route to the new
4 substation south of our site.

5 Profile view showing you the upper reservoir, the
6 upper reservoir tunnel to the vertical shaft and penstock
7 down to the powerhouse where the turbines are located and
8 then the tunnel out to the lower reservoir. This line is
9 the surface -- excuse me -- the ground surface contour and
10 the east pit or outer lower reservoir where water will be
11 filled. Water will be pumped in and up into the upper
12 reservoir where it will be stored and then during peak
13 energy demand on a daily basis, that water will be released
14 back down the reversible turbines generating electricity
15 rather than pumping water and brought back to the lower
16 reservoir.

17 General description of project operations is that
18 we generate electricity during periods of high energy demand
19 and pump water back during low energy demand.

20 The system is what we call a closed loop system,
21 meaning once you get the initial fill of water, there is no
22 new input of water. There's no diversion as, for example,
23 on a stream project. This is just working water back and
24 forth constantly between these two reservoirs. There is
25 some loss from evaporation. There is some loss from
26

1 seepage. I'll talk in a minute about how we're addressing
2 particular seepage and to minimize that, but there is some
3 loss from seepage. Together, those losses will be accounted
4 for with annual makeup water. So we have 25,000 acre feet
5 for the initial fill that will happen over a period of two
6 to three years and then with our 2500 acre feet of annual
7 makeup water to account for those evaporation and seepage
8 losses.

9 I've already shown you on the diagram the
10 reversible turbines. They are deep underground. Nothing
11 will be seen at the surface of those, and they're reversible
12 to pump up during off-peak and to generate electricity
13 during peak.

14 And one key about this project is that there's a
15 lot of renewable energy the State of California has
16 mandated, with what we call renewable portfolio standards,
17 that we have 33 percent of our energy comes from renewable
18 sources by 2020 -- that's only 11 years from now. Those are
19 not reliable sources. Wind is great when the wind is
20 blowing. And solar is great on sunny days, and it doesn't
21 do much on the weekends. We can take that wind energy
22 that's being generated at night when there's no demand for
23 it and we can take that weekend solar power and use that
24 power to pump water back up into the upper reservoir where
25 that energy is then stored to produce hydroelectricity on
26

1 demand, whatever is needed. We'd open a gate and during
2 peak energy periods produce electricity. So that is the
3 role that this project plays in helping with the
4 transmission grid operators and the utilities to help to
5 integrate those renewables and maintain a reliable energy
6 system in California.

7 Proposed environmental measures and studies. We
8 have actually a great number of studies that we have
9 undertaken and we have more that are underway right now and
10 we have several others that we have a scope developed for
11 but pending completion of this formal scoping process and
12 our determination of the whole range and the extent of what
13 those things should be that we are prepared to complete over
14 the next several months.

15 There are a number of features of the project
16 that we have built in in response to what we know are
17 environmental concerns. This project was -- went through
18 the FERC process in the '90s in an earlier iteration and a
19 lot of the same issues that we face today emerged at that
20 time, so that as we came back to this project after all the
21 uncertainty in the California energy markets in the '90s,
22 with electric restructuring and other things that happened,
23 we are now an integral part of California in making its
24 renewable standards -- we've been able to take the benefit
25 of all of those years of studies and at this site in
26

1 particular we have the Eagle Mountain landfill, all of the
2 environmental studies that were done for that that would
3 help us understand environmental parameters. We also have a
4 number of large transmission projects that have been
5 proposed and several of which have been approved in the
6 exact same corridors and area that we are looking at, so
7 we're able to draw upon those to identify environmental
8 issues and to identify the kinds of measures that are used
9 to address those.

10 As a result, we have a wide range of features in
11 our project that are intended to address environmental
12 concerns.

13 First of all, on water quality, the big concerns
14 were the salinity buildup and -- of the reservoirs and how
15 that could contaminate the downstream aquifer. There were
16 also MWD's concerns about possible contamination of that
17 aquifer by, I mentioned a moment ago, the brine ponds
18 possibly affecting seepage as a factor of saturating soil
19 below the aqueduct and that saturation causing the soil to
20 settle, called hydrocompaction, that would cause the flow of
21 their aqueduct to be impaired. So those are the kinds of
22 concerns that they had brought up. All of those we have
23 addressed.

24 First of all, I already mentioned the reverse
25 osmosis system, the most important feature, tremendously
26

1 expensive for most projects because you use a lot of energy
2 to force water through the membrane to get the reverse
3 osmosis treatment. In our case, we have 1500 feet of head
4 between the upper reservoir and the lower reservoir. We can
5 use that routing pressure to force water through those
6 membranes. We can treat that water. We don't have the
7 energy demand, therefore, so it makes it very feasible for
8 us to have the reverse osmosis treatment system and maintain
9 that water quality in order to prevent salinity buildup and
10 degradation of the water.

11 We also have a whole program of seepage control
12 both to address the State Water Resources Control Board's
13 concerns for groundwater quality, we had to address
14 Metropolitan Water District's concerns for an aqueduct, and
15 those include grout curtains in the reservoirs themselves to
16 minimize -- we use the fine materials that are in the mine
17 tailings around the site to actually create a barrier to
18 reduce the amount of seepage from the -- from the reservoirs
19 themselves, from the mine pits. We will have -- in some
20 places, we'll go in -- as we get to the final engineering
21 design, we'll go in and evaluate those pits and find where
22 there are cracks and fissures that we may need to fill first
23 with concrete before we do the grout curtains.

24 And then after those seepage control measures
25 within the reservoirs themselves, we also have a series of
26

1 wells or one well upstream of each one of the reservoirs and
2 then a series of wells, maybe three, maybe five. That will
3 be determined as part of the studies that we have ongoing
4 and it will be determined in consultation with the State and
5 with Metropolitan.

6 We will have a set of wells that basically line
7 the front of the reservoir that we will use to detect
8 seepage water and to recover that water, to pump it back and
9 put it right back into the reservoirs. And, remember, it's
10 in our interest, too. The more water we lose, the more
11 water we have to pump back in and that's in the project
12 expense so it's as much as in our interest as it is in
13 environmental interests for us to control that seepage and
14 to maintain the water in the reservoirs.

15 Other water quality measures -- construction
16 management. We will have tunnel boring for the tunnels that
17 I showed you in the system. We'll have other earth-moving
18 that will create spoils piles that we'll have to manage
19 during the construction period. The location of those will
20 have to be decided so that we avoid desert washes and we
21 also have to manage them in a way that indeed no runoff from
22 those discharges sediments into jurisdictional waters of the
23 State and of the U.S. We will have -- we have that list of
24 best management practices that we will be presenting in the
25 environmental document.

26

1 Last but not least -- I think last -- is on our
2 transmission -- the water pipeline will be buried. That
3 will be a simple trench and then the water pipeline buried.
4 So the temporary impacts during construction will be managed
5 again using best management practices. For the transmission
6 line, the transmission line -- the towers are large.
7 They're about 130 feet tall, but they're really only four
8 big concrete footings. That's the total footprint on the
9 ground. And we have the ability -- the spacing on those is
10 usually around 5- to 800 feet. We have the ability to
11 adjust that somewhat to make sure we're not putting footings
12 right in desert washes and so we can avoid sensitive
13 cultural resources and sensitive biological resources and
14 the waterways by varying the spacing of our towers as we do
15 the final layout of them.

16 Am I missing other water measures? I think
17 that's most of them.

18 We also will have a monitoring program for
19 groundwater in the -- in the Chuckwalla Valley and for all
20 of those seepage waters, so we'll have regular data
21 collection so we can confirm that we are managing the water
22 quality at the level that the water quality is at in
23 surrounding waters right now.

24 One other thing, in the selection of our well
25 field, we have identified lands that we can locate wells
26

1 that will be spaced about a mile apart. When a well starts
2 pulling groundwater, it makes a cone called a conar
3 depression out some distance from the well. We want to make
4 sure that those cones aren't overlapping with each other of
5 our own wells. We also want to make sure that our wells are
6 located distanced enough from other people's wells --
7 farmers and others that have wells out in the area -- so
8 that we're not interfering with the operations of their
9 wells with the going on of ours. So it's another one of the
10 water features that we've built into the project.

11 Sensitive species and cultural resources. We are
12 aware there are a number of state and federally listed and
13 protected species. There are a number of sensitive habitats
14 in our management plans and cultural resources are a very
15 important part of all of the Chuckwalla Valley. The mine
16 site itself is not sensitive, but obviously with the level
17 of excavation and disturbance that has occurred there, but
18 all of the lands around, that is an issue.

19 We have conducted surveys for both biology and
20 cultural resources of almost all the project features.
21 There are several more that we will be finishing this
22 spring, particularly of the new transmission line corridor
23 as we mentioned. We changed that alignment, so we need to
24 conduct spring surveys -- biological surveys need to get a
25 spring, cultural can be done without regard to season.

26

1 And we have that alignment now defined. We also
2 will have in the coming weeks as we finish negotiations on
3 our properties for wells, we'll be able to have surveys done
4 from the well sites along the water pipeline corridor and
5 into Eagle Mountain.

6 So those are the others. We understand that we
7 will have to mitigate for desert tortoise habitats and that
8 we may have to adjust footprints on some of our staging
9 areas, some of our routing in response to cultural and
10 biological resources. Those are very standard practices and
11 -- as has been done for other projects and other
12 transmission projects that I mentioned.

13 So those are the measures that we are proposing
14 there.

15 One of the other analyses that we are
16 undertaking, there is a landfill that has gone through a
17 whole environmental permitting process. It is now, as we
18 understand it, pending outcome of litigation as to whether
19 or not that landfill project will go forward or not. The
20 landfill owners have -- have raised questions about whether
21 or not our project is compatible with theirs and believe
22 that we may interfere with their landfill operations, so we
23 have undertaken an analysis to show our project features and
24 how we construct our project relative to how they would
25 operate and utilize their landfill and the timing that we'll
26

1 need to construct versus the timing of when they would
2 initiate their landfill. So all of that will be part of the
3 analyses that goes into the EIR and EIS to demonstrate
4 legally conclusively that our project is entirely compatible
5 and is not mutually exclusive with the landfill project.

6 Other resource issues that we addressed in the
7 EIS and EIR that we've either developed a scope on or
8 undertaken some traffic during construction. It's a
9 temporary impact. It's not a long-term impact of the
10 project but it's still one of the things we looked at, air
11 quality and air emissions during construction, noise of
12 construction. Most of where we are is very remote. The
13 roads into the site from I-10 don't go through urban areas.
14 This should be a pretty straightforward analysis, but
15 they'll be done.

16 State of California has also recently offered
17 changes to its California Environmental Quality Act
18 Guidelines that require now analyses of a project's
19 contribution to greenhouse gases and global climate change,
20 and that will be another one of the analyses that we
21 develop. This project began as a hydroelectric project.
22 Minimal issues for that. We will show a net benefit in
23 terms of how we integrate renewable energy sources, but the
24 analysis will be done and documentation needs to be
25 included.

26

1 Ginger, help me out. Am I missing anything
2 critical or is that the list?

3 Another one of the analyses that has to be done
4 that we've undertaken already for some, obviously, as I
5 pointed out, you're not going to see any of this project
6 unless you're flying over. You'll see the reservoirs. You
7 will see the transmission line and we do have an aesthetic
8 analysis particularly focused on that transmission corridor.

9 Any others? I think that's it. So that's where
10 we are in terms of studies and environmental features that
11 we've built into the project.

12 And, Kim, is this back to you for scope of
13 cumulative effects?

14 MS. NGUYEN: Yes.

15 MR. HARVEY: Very good. Thank you.

16 MS. NGUYEN: Next on the agenda, we would like to
17 discuss the scope of the cumulative effects. Based on our
18 preliminary analysis of the draft license application, we
19 have identified water resources, desert big horn sheep, and
20 desert tortoise, land use, and air quality as a resource
21 that could be cumulatively affected by the proposed project,
22 in combination with other activities in the Colorado River
23 Basin.

24 At this time, we also propose that the geographic
25 scope for water resources to be the Chuckwalla Valley
26

1 Aquifer, the geographic scope for the big -- desert big horn
2 sheep and the desert tortoise and land use and air quality
3 would be the Chuckwalla Valley and the I-10 corridor east to
4 Blythe, California.

5 For temporal scope, the temporal scope of our
6 cumulative effects will include a discussion of past,
7 present, and future actions and their respective effects on
8 each of these resources.

9 Based on the potential term of an original
10 license, the temporal scope will look at a range from 30 to
11 50 years into the future.

12 At this time, we'd like to -- we have identified
13 the following resources that may be affected by this
14 project, and I'd like to go over the first four -- geology
15 and soils, aquatics, cultural, and developmental -- and then
16 my colleagues, too, on the panel will discuss the rest.

17 For geology and soils, we'd like to look at the
18 effects of the project construction on geology and soil
19 resources of the area, obviously, and the effects of the
20 project construction on soil erosion and sedimentation.

21 For aquatics, as Jeff had said, there are no
22 issues associated with aquatic resources at this time.

23 For cultural resources, any effects on
24 construction and operation of the project on historic,
25 archaeological, and traditional resources that may be

26

1 eligible for inclusion in the National Register of Historic
2 Places.

3 The effects of the project construction and
4 operation on the project's defined area of potential
5 effects.

6 As far as developmental resources go, we always
7 look at the effects of the proposed project and the
8 alternatives, including any protection, mitigation, and
9 enhancement measures on the economics of the project.

10 We'll turn it over to Paul.

11 MR. MURPHEY: Yes. For the water quality and
12 water quantity effects, we will be looking at the effect of
13 the reservoir seepage on groundwater levels. We also looked
14 at the effects of groundwater pumping on the groundwater
15 users in the Chuckwalla Valley Aquifer. That would include
16 agriculture users in that aquifer.

17 We also will be looking at the effects of pumping
18 on the regional groundwater levels not only in the
19 Chuckwalla Valley Aquifer but also the joining of Pinto
20 Basin Aquifer, which is in Joshua Tree National Park.

21 We also look at the seepage from the reservoirs
22 on groundwater quality and the effects of the brine ponds on
23 groundwater quality, potential seepage from the brine ponds.

24 We will also look at the long-term water quality
25 in the reservoirs and the effects of the construction
26

1 activity on the water quality in the project area.

2 As for the air quality effects, we will be
3 looking at construction and operation of the project on air
4 quality in the region and also the effects of the project on
5 carbon production emission as well.

6 And for the terrestrial, I believe Mark -- oh,
7 no, not Mark.

8 MR. TURNER: We're going to be looking at a
9 number of resources, and I don't know if you've got the
10 scoping document in front of you but, rather than read it to
11 you, I'm just going to kind of summarize it. But on page 13
12 and 14 are the issues that we've been talking about, as well
13 as all these others that we've kind of reprinted for you or
14 kind of regurgitated.

15 But as all of you recognize, and this is
16 interjecting a new water system into basically a dry desert,
17 so it carries with it certain effects, and we're going to be
18 looking at how those new resources are affecting wildlife
19 and the vegetation and the critters that are inhabiting that
20 reach -- inhabiting that area of the desert.

21 We're going to be looking at how project
22 construction effects, including -- in terms of disturbance,
23 lighting, and all those other factors may be affecting
24 desert big horn sheep and other critters like deer and the
25 desert tortoise.

26

1 And there's some effects associated or been some
2 concerns raised with drowning associated with the project
3 reservoirs on desert big horn and deer and desert tortoise
4 as well.

5 The brine ponds themselves, as they develop
6 salinity, can represent some rather unique issues for
7 migratory birds, their attraction associated with that and
8 the salinity of those can actually be kind of harmful to
9 birds, so we are looking at those effects.

10 We'll be looking at the effects of project
11 construction and operation of all the other aspects of the
12 construction, including access roads and water pipeline and
13 the powerhouse and sewage disposal on vegetation and other
14 wildlife, as I said.

15 Any time you introduce construction and human
16 activity, you have the chance of spreading noxious weeds, so
17 we're going to be looking at those potential effects and
18 what measures might be used to minimize those effects.

19 And then we're going to be looking at -- and, in
20 particular, we're going to be looking at any special status
21 species associated with BLM or the State of California.

22 And we also have some obligations under the
23 Endangered Species Act to ensure that our actions don't
24 jeopardize the continued existence of federally-listed
25 species. And, in this case, we've identified the desert
26

1 tortoise and the Coachella Valley milkvetch as two species
2 that have been identified as potentially occurring in the
3 area and need to be addressed.

4 And, with that, I'll turn recreation and land use
5 over to Mark.

6 MR. IVY: Okay. Well, the recreation and land
7 use issues, so we are going to be assessing, first, looking
8 at how the project construction and operation are going to
9 impact recreational use of both the Joshua Tree National
10 Park or National Monument -- sorry --

11 MR. SABALA: National Park.

12 MR. IVY: It is National Park? Okay. Good. Get
13 that straight. That's an important distinction. Okay.
14 National Park, and the BLM.

15 And both of those have designated wilderness
16 areas in them, so we want to look at the impact of people
17 that are using those areas.

18 We also want to look at project construction
19 operation on the Chuckwalla Valley June Thicket area, a
20 critical environmental concern, as well as the Chuckwalla
21 Critical Habitat Unit.

22 Additionally, we'll be looking at the effects of
23 project construction and operation on other land uses,
24 including future mineral developments and there's about a
25 15,000-acre solar farm that has been proposed in the area.

26

1 Additionally, there's an effect of project
2 construction and operation on the proposed Eagle Mountain
3 Landfill and Recycling Center, which was also discussed
4 earlier, and the effects on the project related to
5 desalinization ponds and associated removal of an estimated
6 2,500 tons of salt from the upper reservoir on land use in
7 the area.

8 Additionally, I'm looking at aesthetic resources.
9 We'll look at the effects of the project facilities on
10 visitors who can view the landscape, like Riverside County
11 has designated the section of Interstate 10 from Desert
12 Center to Blythe as a scenic corridor, so how will this
13 project affect that scenic corridor?

14 The effects of project construction and
15 associated noise on visitors to the area.

16 And the final area we'll look at is
17 socioeconomics. That's the effects of increased traffic and
18 potential congestion on local roads due to existing mining-
19 related traffic and project construction and operation, as
20 well as the effects of the proposed project on local,
21 tribal, and regional economies.

22 MS. NGUYEN: Okay. Next on our agenda is our
23 tentative EIS preparation schedule and, as you can see,
24 after the comments that we'll get from here and tomorrow's
25 meeting, we probably most likely will issue a scoping
26

1 document, too, in March.

2 Also in March, the Applicant's going to be filing
3 their license application and, with that, an APEA, which is
4 an applicant-prepared EA, and then once they file that, we
5 issue what's called a ready for EA notice if the application
6 and the APEA has everything that we need to -- this is --
7 June 2009 is our way of saying, Okay, we have everything we
8 need and we're ready to do our analysis.

9 And then in August of next year -- this year --
10 we'll get comments, recommendations, and terms and
11 conditions from all the local agencies, local, state, and
12 federal agencies.

13 And then the Applicant has a time period to reply
14 to those comments.

15 And our draft EIS is tentatively scheduled to be
16 issued in July 2010, followed by a comment period then, and
17 then a final due out in April of 2010.

18 MR. TURNER: While we've kind of -- while Kim's
19 talked about that in terms of receiving comments on the --
20 in response to the REA notice from agencies, that also
21 includes the public and anybody else that wants to comment
22 on the application, and we'll be considering those.

23 There's a couple different places here that you
24 need to be aware in terms of commenting, and that is now in
25 terms of letting us know what your issues are, what things
26

1 we need to be considering, have we missed anything in
2 particular.

3 The REA notice, once the application comes in, is
4 again saying, We think we have everything we need. Now,
5 again -- once again, please tell us what you have based on
6 your review of their application, what you think still needs
7 to be addressed or your recommended measures for dealing
8 with those issues.

9 We'll prepare a draft environmental impact
10 statement. You get your chance then again to review our
11 analysis and our recommendations that we provide to the
12 Commission on how that we might license this project or not
13 license this project.

14 And we'll produce a final EIS that basically
15 takes all those comments into consideration and puts forth
16 our recommendations to the Commission. The Commission
17 ultimately makes that decision in terms of whether or not to
18 license a project, and the Commission is, most of you guys
19 probably do know, is a five-member board appointed by the
20 President representing both parties and they are the ones
21 that actually issue the license. Staff reviews this and
22 produces an environmental assessment or impact statement
23 that talks about -- under NEPA, it talks about the
24 environmental effects and makes recommendations to the
25 Commission. So, with that, they make their decision on the
26

1 license.

2 MS. WILLIAMS: With respect to the state
3 schedule, we're hoping -- the request for water quality
4 certification was made back in September and we evaluated
5 the preliminary request and decided that we could proceed
6 with processing.

7 We identified some preliminary areas of concern
8 and that's -- that included construction management as well
9 as water supply, water quality issues. A lot of those
10 mitigation measures had already been put forward.

11 So as we are moving forward with the water
12 quality certification process, we have -- it is -- the state
13 law and regulations require that we meet all the
14 requirements of the California Environmental Quality Act
15 and, as state lead agency, we are going to not only be
16 concerned with potential impacts to the groundwater, to any
17 potential surface water impacts, but also biological,
18 cultural, and related issues.

19 We are hoping -- we are working to -- on this
20 project and we're hoping to focus on this this year and get
21 out the -- the Applicant-prepared EIR will be submitted in
22 March. And then what we are planning to do as a state
23 agency, we are going to proceed forward, if everything stays
24 on schedule, with the draft EIR and, at the same time,
25 prepare a draft water quality certification and all of our
26

1 mitigation measures and conditions for protection will be in
2 that draft EIR and what we're going to do is take the public
3 review process that's required by CEQA and circulate the
4 draft EIR at the same time -- or circulate the draft water
5 quality certification along with the draft EIR so that any
6 of the interested parties and any of the other agencies can
7 look at it and provide us comment.

8 And as the Commission had stated, that that is
9 going to be a key opportunity for the public to make their
10 concerns known to us as well as agencies or NGOs, non-
11 governmental organizations, on that draft EIR and draft
12 water quality certification. And as lead agency, that's
13 really, really critical for us to get your input on that, so
14 we encourage you at that time to let us know what your
15 concerns are.

16 And then once we get that process and evaluate,
17 we have under the California Environmental Quality Act time
18 limitations and we have to respond to comments in order to
19 prepare the final EIR.

20 The regulations associated with the Water Quality
21 Certification Program require that we have a final CEQA
22 document before we issue a draft -- a final water quality
23 certification. So that's why we want to have the final EIR
24 go forward, at the same time the water quality
25 certification. We can't -- we could do the water quality
26

1 certification later but, again, I'm stressing the fact that
2 we want to take advantage of this public process under CEQA
3 to fine tune our water quality certification and we're
4 hoping that we can get all this done this September.

5 MS. NGUYEN: As Dave has already mentioned, this
6 is a good opportunity for you to provide comments. And if
7 you would like to do them in writing, they must be filed
8 with us no later than February the 16th and this is the
9 address and it's also in the Scoping Document 1. And just
10 to make sure you have the project name and number on --
11 clearly identified on the first page of this filing.

12 So February the 16th is the next big due date for
13 comments on the scoping document.

14 And now to the meat of the meeting, why we're
15 here. We're here to get your comments. We're here to
16 collect data to help us in our analysis. So I'd like to
17 open it up to comments from all of you, please.

18 MR. SABALA: May I ask a question?

19 MR. TURNER: Can you come up to the microphone?

20 MS. NGUYEN: Is that okay or can I give you a
21 cordless mike?

22 MS. CHIRIACO-RUSCHE: I can come right now.

23 MS. NGUYEN: Okay. Great. Thank you.

24 MR. TURNER: If you can come up to the
25 microphone. It goes straight into the dictaphone there, so

26

1 it would be great. It's a pain, but it gets part of the
2 record.

3 MS. CHIRIACO-RUSCHE: No. It's fine.

4 MS. NGUYEN: Thank you for accommodating.

5 MS. CHIRIACO-RUSCHE: Let's see. You want my
6 name spelled. It's Margit Chiriaco-Rusche, M-a-r-g-i-t,
7 C-h-i-r-i-a-c-o, R-u-s-c-h-e, and that's it.

8 Okay. And I'm from the Chiriaco Summit area. I
9 serve on the Chiriaco Summit County Water Board. And I want
10 to address this project as a concerned citizen for the area.
11 It sounds to me like it is a good means for alternative
12 energy, but is it really.

13 I haven't heard anything that this project, which
14 is proposed for Kaiser Mine, are they working with Kaiser
15 Mine? Is there an agreement? I haven't heard anything
16 about that. If not, how can you just come in and use their
17 property?

18 I know that for many years, there's been a
19 landfill planned for the mine. How are these projects
20 compatible? Trash and water don't seem to me like they
21 really go together. And how much water will it really take?
22 In California, water is gold. It's the liquid gold of
23 California, and no one knows it better than we that live in
24 the desert.

25 To me, it seems that the wells that they intend
26

1 to draw from will deplete the Chuckwalla Valley reservoirs
2 of water. It doesn't seem to make a lot of sense to take
3 water to make electricity in that way whereby they may be
4 depleting the water and producing energy at this time that
5 they could produce other -- in other ways in other areas.
6 We have lots of sun, there's lots of sun for solar out
7 there. It isn't just a weekend kind of thing. We have sun
8 every day of the year in our desert.

9 And I'm curious about how much power it would
10 take in fact if this were a viable project to pump the water
11 and will the product, the end product, actually be more or
12 less than what the cost is to pump. I feel like maybe --
13 maybe there is going to be -- that it won't be cost-
14 effective to do that.

15 It seems to me like you'll be pumping for a long
16 time just to fill the pits. How long would that be? Those
17 are huge pits. Is it possible that you will -- that they
18 will use more electricity than is created by the project?
19 And that's a very big concern.

20 Has an environmental engineering study been done?
21 What happens if one of the dams breaks in the area? Have
22 the potential consequences really, really been studied?

23 And that's just my concerns as just a concerned
24 citizen in the area. We've been watching some of this for a
25 long time. We have a small well at Chiriaco, too, that's
26

1 impacted. We know, too, that there were a lot of wells
2 drilled in the Valley between our place and Desert Center by
3 MWD. We know that didn't turn out to be a very viable thing
4 to do in terms of creating the underground aquifer or maybe,
5 you know -- maybe it is. I don't really know a lot about
6 that.

7 But there are I think serious concerns for the
8 water in our area and it seems to me like it's a very, very
9 big project if they're comparing it to Boulder Dam in terms
10 of energy. And I just -- it just seems a little bit off the
11 wall to me as -- I'm just an ordinary citizen, though, and
12 I'm not an engineer, but I need to ask those questions and I
13 hope that you will take those and study them and also the
14 idea that is Kaiser involved in this. I haven't heard
15 anything about that.

16 So I'd like that cleared up as well. Thank you.

17 MR. TURNER: Thank you.

18 MS. NGUYEN: Thank you very much.

19 MR. TURNER: You had a comment? You want to come
20 up?

21 MR. SABALA: I actually had a question before I
22 get up --

23 MR. TURNER: Can you come up to the microphone.

24 MR. SABALA: Pardon me?

25 MR. TURNER: Can you come up to the microphone.

26

1 MR. SABALA: Oh, sure. Might as well. It was
2 mentioned that this was a 1300 megawatt production facility.
3 After you subtract the energy it takes to pump the water up,
4 what is the net production of electricity?

5 MR. HARVEY: The 1300 megawatt rating is the
6 maximum amount of electricity to be generated at one time if
7 all four --

8 THE REPORTER: Can I get your name?

9 MR. SABALA: I'm sorry. Luke Sabala, S-a-b-a-l-
10 a.

11 THE REPORTER: Great. Thank you.

12 MR. SABALA: And I'm a physical scientist at
13 Joshua Tree National Park.

14 MR. HARVEY: The 1300 megawatt rating for the
15 project is the maximum amount of energy that can be
16 generated when all four of the turbines are in full spinning
17 mode 325 megawatts each. The comparison with Boulder Dam
18 was only to give that total amount of power generation
19 versus Boulder. In fact, Boulder might produce more energy.
20 It's up and running more often than this project is going to
21 be used. This project will be operating only about half the
22 day and then pumping back the other half of the day.

23 The pumped backup energy does require more energy
24 to pump water back than is produced. But the difference is
25 that you're taking energy that's in the system as baseload
26

1 that isn't being used and as off-peak renewable energy
2 that's wind turbines that are spinning or weekend solar
3 power -- I know the sun shines all the time -- we would not
4 be able to use any of the daytime weekday solar power
5 generated -- excuse me -- to pump our water back because it
6 wouldn't generate electricity at the same time. So I didn't
7 mean to say that there wasn't solar power during the week.
8 There is. It's just not that would be available to us. So
9 it's the difference in being able to make that energy that
10 otherwise is not useful to the system, make it useful to the
11 system. And then we'll also explain that you are using more
12 energy for the pump-back, but there is a price differential
13 on the peak versus off-peak. More important than that,
14 though -- that's not what is the role of this project --
15 there are four features of this project relative to
16 operation of the grid and of the generation utility system
17 that are essential to the performance of how we operate it
18 and what the project is compensating for and those are
19 called load following, spinning reserve, voltage regulation,
20 and black start, and those are features in an operating
21 system that as load demand goes up, utility systems has to
22 dispatch more power to meet that load. And there has to be
23 power plants that are online and ready to go or at least
24 ready to go. They can immediately be dispatched to follow
25 that load curve and can immediately be ramped down as that
26

1 load curve declines in off-peak periods. And many of those
2 are passed off in what's called spinning reserves. They're
3 up and ready to go so that when -- and get paid for that
4 spinning reserve. So you've got wind being generated, so
5 you have to have backup power. You have to have power
6 that's -- that's the way it gets paid for.

7 And then particularly wind but other parts of the
8 system, there's a flux in the air you can generate into the
9 system and you have to -- that's not the way that we want
10 our lights to be on. It's not the way we need our hospitals
11 to operate. We want consistent, clean -- our industries are
12 absolutely dependent upon that; for example, semiconductors
13 have to have not just energy but a certain frequency. So
14 there is voltage regulation that has to be done, and that's
15 another feature of this project.

16 By the way, if the whole system goes dark and you
17 lose -- power plants go offline, power plants need power to
18 turn back on. This plant, with water stored in that
19 reservoir, we open a gate and we're generating electricity
20 and we can recharge that system and, from black conditions,
21 help restart the system.

22 Those are all utility functions as well as
23 ancillary services that ratepayers pay for for utilities in
24 the California Independent System Operator to manage the
25 energy generation and transmission system.

26

1 MR. SABALA: Okay. Thank you.

2 MR. HARVEY: Sorry. It was too long an answer,
3 but it is a complicated question.

4 MR. SABALA: It's okay.

5 MS. NGUYEN: Before you go on, this is Kim
6 Nguyen. Let me follow up on that. Maybe you can tell us
7 how much energy is used to pump?

8 MR. HARVEY: About 1600 megawatts for pumping
9 backup versus 1300 at full generation.

10 MR. SABALA: Thank you.

11 MR. HARVEY: So about an 82 percent deficiency.

12 MR. SABALA: Okay. Well, my purpose here today
13 is to express the Park Service concern that should be
14 addressed through the NEPA and CEQA process and should show
15 up in the EIR and EIS reports.

16 One of our main concerns is with the hydraulic
17 conductivity between the Pinto Basin and the Chuckwalla
18 Aquifer from where you'll be drawing the groundwater. We'd
19 like to see some real actual estimates as to how much
20 groundwater you calculate to be in the Chuckwalla Valley.
21 There is a USGS open file report that was produced I believe
22 last year that was a gravity survey for which we, the Park
23 Service, were part of, and that is a public file report now.

24 That report actually characterizes the basin
25 geometry of Chuckwalla and the Pinto Basin. Using that with
26

1 potentiometric surface in the wells that you have already
2 throughout Chuckwalla, we'd like to see some actual
3 estimates as to what you anticipate to be the volume of
4 groundwater that's down there in Chuckwalla.

5 From that, we believe you should be able to try
6 and develop some kind of a water budget, recharge versus
7 drawdown and not just drawdown from the pumped storage
8 project but drawdown also from current use out there in the
9 reservoir or from the homeowners that live out there.

10 Also understand that you've already mentioned
11 that there's going to be some consumptive loss through
12 evaporation and seepage. What we're concerned is, is that
13 consumptive loss going to exceed the rate of recharge and,
14 if it is, there's going to be a net loss. And if there's a
15 net loss, you're going to deplete that source.

16 We're concerned about subsidence because we are
17 in hydraulic communication. And whatever happens in the way
18 of adverse impacts in Chuckwalla may be mirrored in the
19 Pinto Basin within our border.

20 A lot of this stuff was already covered earlier
21 and I know it's already going to be addressed.

22 We're also concerned with the leachate. Prior to
23 tonight's meeting, I had an opportunity to look at a geology
24 map from 1958, pre-excavation map of the area, and there are
25 some minerals of concern that could produce acid mine
26

1 drainage. We're concerned about that. We know that's
2 already going to be addressed.

3 Also understand that there's mitigations already
4 in place that you're going to employ to prevent that
5 seepage. My concern is what if those mitigations fail. You
6 know, what would be the adverse impacts if they do fail and
7 this is something that needs to be addressed and brought out
8 in this document.

9 The last concern that we have also which is going
10 to be addressed has to do with large body of water adjacent
11 to our park. We're also concerned with desert tortoise.
12 They are listed -- federally listed on a T&E. We're
13 concerned with drawing migratory birds, gulls and ravens,
14 and what that's going to do to our population. I know
15 that's already going to be addressed, but we just want to
16 officially state that.

17 Thank you.

18 MR. TURNER: Is that -- those reports and stuff
19 publicly available that you talked about?

20 MR. SABALA: The open file report? Are you
21 talking about USGS open file report?

22 MS. NGUYEN: Yes.

23 MR. SABALA: Yes, it is.

24 MR. TURNER: Okay.

25 MS. NGUYEN: Anyone else?

26

1 (No response.)

2 I have a couple questions. Going back to the --
3 our comments on the draft, I was wondering if Crest Energy
4 -- did I say that right?

5 MR. HARVEY: Eagle Crest Energy.

6 MS. NGUYEN: Eagle Crest Energy -- excuse me --
7 could give us an update on a more definitive proposal or
8 agreement on filling -- the initial filling of the water
9 supply?

10 MR. HARVEY: In general, we have taken all of
11 your comments and have inventoried those and we have
12 assignments for each one of those to be addressed in detail.
13 Your specific question is about water?

14 MS. NGUYEN: The initial fill and I would assume,
15 from our site visit today, that you're definitely going with
16 the wells; correct?

17 MR. HARVEY: Thank you for clarifying. Yes. In
18 the -- at the time in June, we developed and issued the
19 draft license application in an issue to development of
20 water from groundwater and wells. We were in discussion
21 with some parties and had discussions with Metropolitan
22 Water District about the potential to develop a surface
23 water purchase or exchange in which we would acquire water
24 that could be delivered to Metropolitan and, in exchange, we
25 would take delivery of the water from the Colorado River
26

1 Aqueduct surface water.

2 Those kind of exchanges have been done in
3 California. There are very large water transfers, but they
4 are very complicated transactions. And as we were talking
5 to Metropolitan, particularly in this drought period and
6 water shortage, it did not appear that there was any kind of
7 a surface water deal that was feasible for us to put forward
8 at this time. And, with that, we've withdrawn that -- that
9 element from our present planning proposal so that all that
10 we have before you in terms of our project description and
11 proposal is the use of groundwater for Chuckwalla for the
12 additional fill for the makeup part. We understand that if
13 some surface water arrangement does become feasible, that we
14 would need to come back and file an addendum or do some --
15 if it's after licensing, there would have to be an amendment
16 to the license. We understand that if that happens, it's at
17 some point in the future. Right now, there is nothing like
18 that. We don't have any plans for that and so we've
19 withdrawn that from our proposal for the time being.

20 MS. NGUYEN: And then my second question is
21 following up, maybe you can give us also an update on what
22 Margit touched about, is the agreement with Kaiser and the
23 landfill project.

24 MR. HARVEY: There is no agreement with Kaiser.
25 Under the Federal Power Act, Eagle Crest Energy has filed

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1 for a preliminary permit, filed and received. That permit
2 gives Eagle Crest Energy sole opportunity to study the site
3 for its uses of power generation project. And if the
4 Federal Energy Regulatory Commission grants a license for
5 that project, the Applicant would be able to -- Eagle Crest
6 Energy would be entitled to acquire that property. Our
7 preference would be as a negotiated acquisition with the
8 Federal Power Act and we also would have the ability to
9 acquire the property through federal eminent domain
10 proceedings as well.

11 So that is how the transaction goes there. We do
12 want to work with the landfill. We are right now conducting
13 analysis as part of our supporting analysis for your
14 environmental process showing the compatibility between our
15 project and the landfill and the areas where there are
16 incompatibilities, how we can solve that. For example, if
17 both projects are being constructed at the same time, what
18 do we do for construction management and traffic management.

19 If there are areas where there is overlap, we
20 actually have already relocated our surface switchyard where
21 the power comes from the powerhouse out to the surface. We
22 have moved that to avoid some conflicts with the potential
23 landfill operation. And there are other features like that
24 that we would look at as well.

25 So that's where we are right now with the
26

1 landfill. We had some very recent communication with the --
2 with Kaiser Ventures about how and whether we could access
3 their property and they have specified with a payment of a
4 daily fee of \$5,000 and then some other provisions for
5 security and for insurance that they would allow very
6 specifically defined access to the site.

7 And that has just happened within the last week
8 and we will continue that dialogue with them and determine
9 at what point that we would like to negotiate further with
10 them about that.

11 MS. NGUYEN: Can you give us a little bit of
12 description of the project boundary and as far as land
13 rights goes as far as the project features is concerned on
14 whose land those project features -- your project features
15 are located?

16 MR. HARVEY: The reservoirs are on the private
17 property owned by Kaiser Ventures and as are the underground
18 work -- the tunnel, the shafts, and penstock and the
19 underground powerhouse and turbines and the underground
20 works for transmitting the power from the turbines out to
21 the surface switchyard. And any combination of private
22 lands and primarily for the transmission corridor are lands
23 that are owned by the Bureau of Land Management, which we
24 understand we have to get a special use permit. We have met
25 with and opened with a discussion -- I believe the Bureau of
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1 Land Management will be here tomorrow and we have talked
2 with them and we are going to go forward with a pre-
3 application meeting for the special use permit and they have
4 a fee process that we need to compensate them for their --
5 for their involvement. They understand that FERC is the
6 lead agency. They are not the lead agency. And they -- in
7 the last ten years, they have been working on transmission
8 projects almost constantly. So they're very familiar with
9 how they will handle that.

10 The water -- properties for water wells are all
11 private properties. And I believe a combination of some
12 private land but primarily Bureau of Land Management lands
13 to bring the water pipeline parallel to roadway and then
14 parallel with the Metropolitan Water District's transmission
15 corridor to get into the site.

16 MS. NGUYEN: Thank you.

17 MR. HARVEY: May I just address one other
18 question by the National Park Service?

19 MS. NGUYEN: Sure.

20 MR. HARVEY: The comment was about conducting a
21 hydrogeologic investigation that included a transmissivity
22 analysis, an understanding of the USGS open file report and
23 a water budget and accounting for not only our project and
24 the Chuckwalla Aquifer project but also as a cumulative
25 effect of not only residential water use but farm water use,
26

1 the prisons, and at the eastern end of the Chuckwalla Basin
2 the landfill would be a water use in the area, and that we
3 are conducting that analysis. We have already undertaken
4 considerable analysis in that direction and we are now
5 completing that and we have taken into consideration all of
6 those points. All of those will be part of what we do
7 present in our final hydrogeologic investigation.

8 So just to note that for the record, that we do
9 agree with them. We do understand those are the issues and
10 that is what we're prepared to report.

11 MS. WILLIAMS: I'd also like to point out that
12 any analysis of the Chuckwalla Aquifer, we have to look at
13 the boundary conditions, so that would include the interface
14 with an adjacent basin such as the Pinto Basin, so we are
15 aware of that and so we would absolutely want to have that
16 considered.

17 MR. HARVEY: Metropolitan Water District raised
18 the same concerns and our analysis does extend to the Pinto
19 Basin and including their Hayfield Project Addition, and we
20 also considered how our project is related to the Colorado
21 River and the Bureau of Reclamation with its new accounting
22 surface policy and where we are relative to that.

23 MS. WILLIAMS: Thank you.

24 MR. TURNER: I've got a question. In developing
25 that analysis, have you involved the boards or any other
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1 entity in how you've approached that analysis in terms of
2 the methods?

3 MR. HARVEY: We have not yet fully. We have had
4 additional discussion with Ms. Williams about what we were
5 doing and about our discussions with the Metropolitan Water
6 District relative to their concerns. We are also fully
7 cognizant of the very similar concerns that were raised by
8 the Board in the late 1990s. So we have that as guidance.
9 And we've just talked with Ms. Williams today about having a
10 follow-up meeting with the Board to make an initial
11 presentation of where we are in that investigation and where
12 we intend to go, why we're using certain methods and why
13 Metropolitan has agreed with us about the use of certain
14 methods. You mentioned modeling methods, for example,
15 versus mathematically analytical methods and so we are eager
16 to have that meeting and to either have your concurrence or
17 have a discussion about what needs to be done to satisfy the
18 State's concerns and issues.

19 MR. TURNER: Okay.

20 MS. NGUYEN: Any other comments, questions?

21 (No response.)

22 MR. TURNER: Don't be shy.

23 (No response.)

24 MS. NGUYEN: Hearing none, we're adjourned.

25 Thank you very much again for coming and we appreciate the

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1 opportunity to meet with you.

2 (Whereupon, at 8:12 p.m., the scoping meeting was
3 adjourned.)

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