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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  
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Luke Sabala	40

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

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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  
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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?

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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

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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  
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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,  
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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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