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MEETING  
STATE OF CALIFORNIA  
STATE LANDS COMMISSION

INAL

State Capitol  
Room 126  
Sacramento, California

Thursday, July 29, 1993  
1:00 p.m.

Janet H. Nicol  
Certified Shorthand Reporter  
License Number 9764

1 COMMISSION MEMBERS PRESENT

2 Honorable Leo T. McCarthy  
3 Lieutenant Governor  
4 Chairman

4 Mr. Gray Davis  
5 State Controller  
6 Commissioner

6 Mr. Thomas W. Hayes  
7 Director of Finance  
8 Commissioner

8

STAFF PRESENT

9

Ms. Cleatta Simpson

10

Mr. Robert Hight, Chief Counsel

11

Ms. Patsy Tomasello, Executive Secretary

12

Mr. Charles Warren, Executive Officer

13

14 PUBLIC SPEAKERS

15 Bill Bennett  
16 Ruth Blakeney  
17 Tim Cremins  
18 Susan Crosby  
19 Rick Laubscher  
20 John Miller  
21 Joseph Pasqualini  
22 Alice Ponti  
23 Mary Jane Slade  
24 Harold Somerset  
25 Scott Tandy

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P R O C E E D I N G S

1  
2 CHAIRMAN McCARTHY: Good afternoon, ladies and  
3 gentlemen. My apologies to those of you who have been  
4 waiting a little while. Please excuse the tardiness at the  
5 beginning of this meeting.

6 To my left is Commissioner Kolodney.

7 We'll be joined shortly by the Controller's  
8 office.

9 Minutes of the previous Commission meeting are  
10 approved if there is no objection.

11 Hearing none, they're approved.

12 On the consent calendar there's an amendment to  
13 Consent Item No. 4. A clerical amendment. The bottom of  
14 the page one, the paragraph beginning "current situation."

15 It will now read -- we'll cross the words "and has  
16 obtained," and insert the words "will obtain." "Lessee  
17 requires, and will obtain, indebtedness pursuant to a loan  
18 agreement."

19 And the second slight amendment is instead of the  
20 word "dated," we strike the word "dated" and insert the word  
21 "during."

22 If there are no objections from my fellow  
23 Commissioners, those amendments are adopted.

24 And now the only other thing I have to mention  
25 about the consent calendar is that we're pulling Item No. 5

1 off the consent calendar.

2 Now the rest of the consent calendar is before us.

3 Do either --

4 COMMISSIONER KOLODNEY: Move approval.

5 CHAIRMAN MCCARTHY: All right. Without objection  
6 the consent calendar is approved.

7 Now we're on to the regular calendar, Items 6 and  
8 7, and we will address those together, since they're on the  
9 same subject matter.

10 And I'd like to ask our Executive Officer,  
11 Mr. Charles Warren and our counsel, Bob Hight, to please  
12 lead off as assisted by Blake Stevens, Dave Plummer, and  
13 Nanci Smith, and some of the other staff people that have  
14 worked very diligently on this matter to try to access all  
15 parties and come out to some rational conclusions.

16 Mr. Warren, would you like to lead off?

17 EXECUTIVE OFFICER WARREN: Thank you,  
18 Mr. Chairman, Commissioners.

19 And first off we'd like to thank the Commission  
20 for agreeing to convene this special meeting to consider  
21 what is, we believe, to be a significant project for  
22 California, whose proponents had certain time constraints,  
23 which compelled -- which indicated the desirability for this  
24 meeting to be held at this time.

25 As the Chairman has indicated, Items No. 6 and 7

1 of the calendar before you concern a 240 megawatt  
2 cogeneration facility proposed to be sited on an existing  
3 industrial site on state sovereign lands in the Carquinez  
4 Straits at the Town of Crockett.

5 The applicant is Crockett Cogeneration, which  
6 intends to provide steam necessary for sugar refining to the  
7 host facility, which is C&H Sugar, and to provide  
8 electricity to the grid of Pacific Gas & Electric.

9 The energy source will be natural gas.

10 The project has been approved by all federal,  
11 state, regional and local regulating agencies.

12 The execution of the lease which is before you  
13 will enable the project to proceed toward financing and  
14 construction commencement.

15 The lead agency in the proceedings was the  
16 California Energy Commission which, after almost two years  
17 of review and scores of public hearings, approved the  
18 project unanimously.

19 The Energy Commission has graciously provided us  
20 here today with the project manager, Mr. Gary Heath, who may  
21 be -- will be able to answer any questions which you may  
22 have about the Energy Commission permit which contains a  
23 number of conditions and provisions.

24 I'd like to note that the time period for the  
25 legal challenge of state and regulatory actions has expired

1 and the last two formal interveners with the right to appeal  
2 such actions have elected not to do so.

3 Hence, at this time there is no known organized  
4 opposition.

5 The project will cost approximately \$250 million  
6 and will take approximately three years to build.

7 During the construction phase it will employ up to  
8 300 workers and during its 30-year design life of operation  
9 approximately 28 employees.

10 It reportedly will assure the continued economic  
11 viability of C&H's sugar refinery provisions at the site  
12 which presently employs approximately 900 employees who live  
13 both in Crockett and in the City of Vallejo, which is across  
14 the Carquinez Strait.

15 The lease is for a period of 33 years and will  
16 involve two acres of land which, as noted, is presently  
17 occupied by C&H Sugar, whose relinquishment of part of the  
18 leasehold is provided in calendar Item 6.

19 Calendar Item 7, then would be the lease of that  
20 relinquished lease to the Crockett Cogeneration for the  
21 facility.

22 Staff have worked with Crockett Cogeneration and  
23 C&H Sugar to dispel community concerns about a number of  
24 subjects, particularly noise and air pollution.

25 Further, at the request of the Benicia City

1 Council and as agreed by Crockett Cogeneration, we will be  
2 represented on the design-review committee to advise on the  
3 project.

4 Before and after photographs of the site are on  
5 display and are before you.

6 We have asked as part of our presentation to have  
7 Mr. John Miller representing Crockett Cogeneration's  
8 management to speak to you about the details of the project,  
9 which he represents.

10 After he concludes, Mr. Chairman, we would  
11 recommend that the Commission hear from Mr. Harold Somerset,  
12 who will represent C&H Sugar management, and Mr. Rick  
13 Laubscher, who will represent Bechtel, which is the  
14 contractor for construction of the facility.

15 Mr. Miller.

16 MR. MILLER: Good afternoon. I'm John Miller.  
17 I'm vice president of Energy National. We are the applicant  
18 in the Crockett Cogeneration project.

19 In the middle of 1991, a little over two years  
20 ago, we developed a strategy which we believed would  
21 conclude with a successful siting of Crockett Cogeneration  
22 plant.

23 There two elements to that strategy.

24 The first was to deal with the technical issues  
25 that surrounded the siting of the plant and the second was

1 to develop -- and to do the second only after we had  
2 concluded the first -- the second was the develop a package  
3 of community benefits that would be received by the area in  
4 which the plant was going to be sited.

5 To accomplish these objectives we began meeting  
6 with the community about two years ago with individuals and  
7 groups regarding the technical configuration of the plant.

8 We studied many different aspects of the facility,  
9 among them, storage, transmission, noise, EMF, traffic and  
10 transportation, visual aspects were all covered.

11 Each of these areas was the subject of intense  
12 scrutiny from the community.

13 An example is the transmission line, which the  
14 power from the plant is moved out of the site into PG&E's  
15 back own transmission line.

16 The original proposal was to put up overhead lines  
17 and move the power east of the facility to a 115 kV  
18 transmission lines.

19 After working with the community we found that  
20 this -- that there were environmental concerns, that there  
21 was an area east of the community that was of concern, and  
22 also the visual impact of overhead lines.

23 Our solution to that was to work with PG&E and  
24 develop a proposal for undergrounding the 230 kV line. So  
25 the line now runs through the town underground all the way.

1           This is a unique solution. It's a solution that  
2 was developed as a result of the input from the community.

3           As I mentioned, there were several other areas  
4 similar to that and similar solutions were developed.

5           In December of 1991 we started the process with  
6 the Energy Commission.

7           And through over a year's process we have  
8 concluded with the Energy Commission a set of conditions,  
9 203 total conditions addressing 26 different areas of  
10 analysis.

11           The Energy Commission process was extremely  
12 thorough. It involved hearings, data requests, and public  
13 input throughout.

14           At the same time that we were dealing with the  
15 California Energy Commission, we were also working with the  
16 Bay Area Air Quality Management District.

17           Their process runs concurrently. They oversaw the  
18 air quality permitting.

19           Because of their increased regulations over the  
20 last few years and the fact that this equipment is the best  
21 available today, this is going to be the cleanest natural  
22 gas-fired cogeneration plant in California.

23           On a socioeconomic side, after having developed  
24 solutions to the technical issues, we worked with the  
25 community and the county to create a method and arrangement

1 where this unincorporated community of Crockett could  
2 receive benefits from the property taxes of the project paid  
3 to the county.

4 In addition, Crockett Cogeneration and C&H have  
5 made arrangements to contribute directly to a community  
6 fund.

7 Crockett Cogeneration will contribute \$300,000 a  
8 year for the next 30 years into that fund.

9 C&H will contribute 30,000 a year.

10 And a portion of the property taxes of  
11 approximately \$450,000 per year will be returned to the  
12 community.

13 In addition, we have had a development fee that we  
14 crafted with John Swett Unified School District that we're  
15 particularly proud of.

16 The development fee typically is proportioned on  
17 the number of students that eventually show up over the  
18 threshold of the school district and in order to deal with  
19 that uncertainty, we worked with the Unified School District  
20 to address a current need. And we settled this development  
21 fee by agreeing to put a new computer lab in John Swett  
22 Unified School District high school, the John Swett High  
23 School in Crockett.

24 The computer lab there now consists of 30  
25 different models. After this project is approved they will

1 have 30 new stations and a couple of teaching stations.

2 We have also settled with the community of  
3 Benicia, working closely with the community, with the City  
4 Council there, and with the city attorney.

5 We have crafted a solution to their concerns about  
6 the environmental impact of the project and we will be  
7 installing metering for environmental concerns within their  
8 community.

9 Finally, recently, and as Mr. Warren mentioned, we  
10 have a settlement with the interveners regarding the  
11 California Energy Commission proceeding.

12 Throughout this proceeding we have had aggressive,  
13 intelligent intervention that has made this plant much  
14 different than it started out.

15 During the CEC process there were over 300 written  
16 data requests covering every conceivable aspect.

17 This is a very difficult place to site a plant,  
18 but it's not impossible.

19 The concerned thoughtful input that we had has  
20 changed this plant dramatically.

21 And the final settlement we believe will have a  
22 very positive impact on Glen Cove, who will be receiving the  
23 \$100,000, Crockett who will be receiving \$250,000, and most  
24 importantly the settlement includes C&H's move to acquire  
25 property along Loring and to convert now vacant buildings

1 into usable commercial space.

2 At this point we arrived at the State Lands  
3 Commission after having concluded that process.

4 Like to acknowledge the staff's effort in dealing  
5 with a difficult set of issues in the appropriate period of  
6 time.

7 The staff and our folks have worked very  
8 diligently to cover a couple of issues that were  
9 outstanding. There have been concerns about the visual  
10 impact of the facility. There have been additional concerns  
11 about the noise impact.

12 And working closely with the staff we have created  
13 conditions within this lease which coordinate with the  
14 conditions already imposed by the Bay Area Air Quality  
15 Management District and the CEC, but add to that list of  
16 conditions that we already have.

17 One point that I think should be made as a result  
18 of the State Lands work on this project, there's increased  
19 involvement from C&H in the community.

20 There's a MOU that has been crafted between  
21 ourselves, the State Lands, and will involve C&H as well,  
22 which outlines the method for this project to participate in  
23 a program which will plan and develop and coordinate the  
24 trails activities that is ongoing around the Carquinez  
25 Strait.

1           We believe this program will attract other  
2 industrial participants as time goes on and we actively will  
3 support that.

4           I'd like to address a very serious incident that  
5 occurred recently. An accident happened at the General  
6 Chemical Company several days ago.

7           The question could be asked could the same  
8 accident happen at this plant?

9           The answer is no.

10           General Chemical's accident involved a rail car  
11 filled with oleum. This is a pressure -- this is a liquid  
12 that's kept as a liquid under pressure in a rail car. It's  
13 very volatile. It makes sulphuric acid when it vaporizes  
14 into the air.

15           Crockett Cogeneration uses sulphuric acid along  
16 with sodium hydroxide for water treatment. The liquid is in  
17 a 98 percent concentration. It is not volatile. It is very  
18 stable. It can be stored at atmospheric pressure. It's  
19 safe for storage in an open container.

20           It is highly acidic.

21           A risk assessment, a very thorough risk  
22 assessment, was done as a part of California Energy  
23 Commission's process and concluded that in the event of a  
24 complete spill, virtually no adverse exposure or risk will  
25 result in the community.

1 I'd like to conclude my remarks by saying that  
2 your approval today is vitally important to this project.  
3 We are in the final steps of financing.

4 There is one more step. Pacific Gas & Electric is  
5 seeking approval from a California Public Utilities  
6 Commission for a long-term gas agreement to serve the  
7 project. That will occur on August 4th.

8 Your approval today is an absolute necessity for  
9 the project to keep moving ahead.

10 Thank you very much.

11 CHAIRMAN MCCARTHY: Thank you very much.

12 Are there any questions?

13 COMMISSIONER KOLODNEY: May I ask a question?

14 CHAIRMAN MCCARTHY: A question, please.

15 Mr. Miller.

16 Commissioner Kolodney.

17 COMMISSIONER KOLODNEY: When would you expect  
18 construction to start on this project?

19 MR. MILLER: Our current schedule has construction  
20 starting the beginning of September. We will conclude  
21 financing during August. As soon as that occurs we'll  
22 release Bechtel for construction.

23 The first visible activity will be the demolition  
24 of an existing oil storage tank on the site and that will  
25 probably occur or begin to occur in September.

1           COMMISSIONER KOLODNEY:  Would you know if this  
2 project qualifies for tax-exempt financing under  
3 California's alternate energy financing requirement?

4           MR. MILLER:  To our understanding it does not and  
5 we have looked at that.

6           COMMISSIONER KOLODNEY:  Thank you.

7           MR. MILLER:  You're welcome.

8           CHAIRMAN MCCARTHY:  Thank you, Mr. Miller.

9           Mr. Somerset.

10          MR. SOMERSET:  I'll keep my comments very brief.

11                 I'll start with saying that C&H does need this  
12 plant.  We have 900 C&H employees.  All but 65 of them are  
13 located at our Crockett facility.

14                 We provide them with quality jobs.  These are  
15 full-time jobs with a full set of benefits.  We pay a lot of  
16 taxes every year and our employees pay a lot more.

17                 We provide a lot to the community in which we are  
18 operating and to other communities in California.

19                 We have an aging boiler house and it uses older  
20 technology which will be replaced by the cogeneration plant.

21                 Energy is one of our four largest expenses.  In  
22 order they are raw sugar, which is our raw material, labor,  
23 energy and then everything else.

24                 Our energy is larger than everything else put  
25 together after raw sugar and labor.

1           This plant will allow us to be competitive and be  
2 viable and vigorous in the future.

3           We must address our energy costs. They are one of  
4 our biggest costs.

5           There are four other -- actually there are four  
6 total sugar companies that operate in California. Three  
7 beet companies and ourselves. Two of the beet companies and  
8 two that are headquartered in California are currently in  
9 Chapter 11 bankruptcy proceedings and one will close  
10 permanently after this summer season. The other hopes to  
11 emerge shortly and I actually hope they do also.

12           We need a viable sugar business in California.

13           These California companies are not C&H's principal  
14 competitors.

15           The third of the four that I had mentioned is  
16 headquartered in Texas. They announced recently they were  
17 closing one of their four California plants.

18           Our competitors are headquartered in Ogden, Utah,  
19 Fargo, North Dakota, and Denver, Colorado.

20           They have had opportunity to address their energy  
21 needs over the past ten years while we've been seeking a  
22 means of addressing ours.

23           They are extremely competitive. They're low-cost  
24 producers and we need to meet the kinds of costs, production  
25 costs, that they have in order to remain strong in the

1 future.

2 I think I'll just close with just a couple of  
3 comments on the community and one comment on our  
4 environmental posture.

5 We have -- we are located in the same area as a  
6 lot of other refineries and I'm sorry to say that our food  
7 plant is also referred to as a refinery and people do  
8 overgeneralize sometimes.

9 We produce a product that if we had a product  
10 spill you could eat your way through it without adverse  
11 consequences.

12 We do not produce products -- we do not use  
13 hazardous materials in our process. Our products are  
14 edible. We have to meet food plant sanitary standards and  
15 operating standards and we do meet them.

16 We have -- we're clean as far as the environment.  
17 I think it's fair to say that we have a very good  
18 environmental record.

19 We haven't been assessed a penalty as far as  
20 discharges to the strait or anything like that is concerned  
21 and as long as I can remember, I think I can safely say ten  
22 years.

23 We are conscious of it. We work on this sort of  
24 thing all the time.

25 We use -- we have a secondary wastewater treatment

1 plant that we share with the community of Crockett.

2           And we use small amounts of chlorine, SO2 and a  
3 ammonia in that plant and we're currently in the middle of a  
4 project, unsolicited and unrequired by regulation, to  
5 replace those materials with safer materials and operate  
6 that plant even with the small amounts of material we use  
7 there in a safer way.

8           A couple of comments on the community. We  
9 consider ourselves a responsible citizen of the community of  
10 Crockett. Our plant has been there in continuous operation  
11 since 1906.

12           We have had our ups and downs with the community  
13 relations over the years, but in general I think we're  
14 viewed as a positive element in the community. And I think  
15 the great majority of people feel that even though they  
16 can't agree with everything we do all the time, they feel  
17 we're a good citizen in the community.

18           Recently, as requested by community groups, we  
19 moved our corporate headquarters to Crockett as well. And  
20 my office now, I would say, within hundred yards of the  
21 plant site and I have direct line of sight view of where  
22 this plant will be built and I'm quite comfortable with it  
23 and our employees are as well.

24           One of the things that I have to say that has been  
25 quite a positive result of this whole process, in my

1 opinion, has been the kind of energy and organization that  
2 developed in the community around a previous project that  
3 was similar but quite different, as John Miller said, and  
4 really resulted, delivered a lot of improvements over the  
5 course of the multitude of hearings that have been referred  
6 to.

7 I've spent many many hours meeting with people in  
8 the community and with groups and I've gotten to know and  
9 respect many many of the people that I have dealt with over  
10 the last several years and consider a number of them my  
11 friends at this point.

12 I believe the community is much better organized  
13 now and I mean -- it was a negative issue for the community  
14 but nevertheless I think a positive result is the community  
15 has been energized and organized.

16 And we have within the past week we've reached a  
17 very comprehensive set of agreements and commitments to the  
18 community groups that were the most active in this process  
19 and I think we're both happy with the result.

20 We're committed to it and we're already --  
21 actually, we've have already launched a couple of the things  
22 that we made commitments on and I'm quite comfortable and  
23 happy with that, however this works out in the long run.

24 CHAIRMAN MCCARTHY: Thank you, Mr. Somerset.

25 Any questions by any members of the Commission?

1 Thank you very much, Mr. Somerset.

2 Mr. Rick Laubscher.

3 Now, do you want us to say Bechtel or Bechtel?

4 MR. LAUBSCHER: Maybe you should ask Mr. Bechtel.

5 Commissioner, you're free to call it whatever you  
6 would like. I have more restrictions.

7 Good afternoon, Commissioners. My name is Rick  
8 Laubscher, representing Bechtel Corporation.

9 Bechtel has been based in the Bay Area for almost  
10 90 years. It's been involved in the development of electric  
11 power facilities for almost 60 years and has played a major  
12 role in more than 15 cogeneration projects throughout the  
13 United States in the last decade, including two of  
14 California's most successful cogeneration plants in Gilroy  
15 and King City.

16 There are many reasons we are delighted to have  
17 been selected to build this plant. I'd like to share two of  
18 them with you.

19 First, it's an excellent facility demonstrating  
20 what could come of a genuinely sensitive and extensive  
21 outreach to affected communities.

22 After earlier efforts to develop this site were  
23 unsuccessful, this owner listened carefully, acted in good  
24 faith to meet the community's concerns.

25 Your approval of this project will send a positive

1 message, which sharply rebuts the prevailing attitude that  
2 California government is hostile to business.

3           The second reason we're delighted to be part of  
4 this project is jobs. From a regional perspective of up to  
5 300 peak construction jobs, as you've heard, plus the  
6 ongoing operating jobs, plus as Mr. Somerset said, the  
7 improved energy efficiency that will help C&H to keep its  
8 900 jobs in Crockett.

9           From Bechtel's perspective with 3,500 employees in  
10 the Bay Area, including 1,100 who live in Contra Costa  
11 County, it's critical for us that we keep winning projects  
12 in the region so we can keep these jobs in California.

13           We work all over the world and with California's  
14 current economic circumstances I can tell you that it is a  
15 stretch for us to keep our work force in tact in California.

16           That's why projects such as Crockett Cogeneration  
17 are so important to our employees and to our company.

18           I'd also like to note that our procurement  
19 activities associated with this plant will be aimed at  
20 optimizing participation of local business.

21           So there's many more jobs potentially affected  
22 there.

23           We expect procurement for this project to generate  
24 something like \$8 million in sales taxes, sales tax  
25 revenues, within the state.

1           The Bechtel people associated with this project  
2 have collectively worked on hundreds of industrial projects  
3 of many types in many places over many years.

4           And we have seen, frankly, many that were not  
5 developed very well, very sensitively, by their owners.

6           We were all very impressed with the high quality  
7 of this project, with the thoroughness and thoughtfulness of  
8 its owner, with the sensitivity shown to its host community  
9 and to the environment which we all share.

10           We feel that projects don't come any better than  
11 this one. We are proud to be part of it.

12           We ask for your approval of Crockett  
13 Cogeneration's application.

14           We pledge to you and to our neighbors in Contra  
15 Costa and Solano Counties our best efforts to build this  
16 plant in a sensitive manner, in accord with the community's  
17 desires, and the conditions of the California Energy  
18 Commission and your Commission.

19           Thank you.

20           CHAIRMAN MCCARTHY: Thank you.

21           Any questions?

22           Thank you very much.

23           Ruth Blakeney, Crockett Power Plant Committee.

24           MS. BLAKENEY: Ruth Blakeney, co-chairman of the  
25 Crockett Power Plant Committee, which I think is as we stand

1 here is dissolving.

2 It's a rather badly named group. It sounds like  
3 we were for the power plant, which is not true.

4 We were formed about nine years ago in the first  
5 two go-arounds of the power plant, and only a handful of us  
6 are still around from that original group.

7 It's because we're a grass-root volunteer group,  
8 it comes a time after a year or two that you can't keep  
9 taking on the work and we have to replace someone with  
10 someone else. So we were kind of an amorphous floating  
11 body.

12 At any rate, I think probably the oldest to begin  
13 with, but certainly we're the oldest survivors. And I see  
14 Mary Moutinho sitting out here in the audience. She was our  
15 own Rosa Parks. She blew the whistle on the application of  
16 the very first time around.

17 I'm not here to address you on the lease for three  
18 reasons.

19 One, Mr. Charles Warren, your executive director,  
20 told us recently that no matter what public testimony was  
21 made or what facts were brought to his attention he was  
22 going to recommend granting the lease.

23 And so that makes it seem not too worthwhile to  
24 bring any information to this or any other groups since  
25 shortly the lease we're going to go in to no matter what.

1           Also I don't really consider this a public hearing  
2 in the sense that we asked for a series of public hearings.

3           It's true that this is public. It's true that  
4 it's a hearing and there are members of the public here.

5           But since it's the one and only meeting and I feel  
6 it's a pro forma meeting, I don't feel that it's really a  
7 public hearing if anything that you say here is not going to  
8 affect the outcome.

9           I believe we're all here to rubber stamp the  
10 lease, so that's another reason I'm not addressing it.

11           But the third reason is I signed an agreement on  
12 July 21st representing the Crockett Power Plant Committee to  
13 stop fighting the applicant.

14           And we didn't lose. We bought peace at a price.

15           We have a photograph somewhere with me grabbing  
16 for Miller's wallet, so I think that that's the signing.

17           But so those three reasons.

18           I actually was asked as part of this agreement to  
19 talk about the agreement we came to, although Mr. Miller hit  
20 a lot of the high points of it.

21           I will say that in some ways this agreement did  
22 grow out of our participation with State Lands, although I  
23 can't be as flattering about participation as Mr. Somerset  
24 was to Mr. Warren.

25           I think it was after two or three months of

1 dealing with State Lands and realizing we were not going to  
2 get anything that we asked from them that we kind of led to  
3 the inspiration of going and making our own arrangement.

4           So I went and talked to Mr. Harold Somerset  
5 directly.

6           And we arrived at a agreement to stop fighting  
7 that's worth in excess of a million dollars in that it  
8 requires participation from C&H to purchase properties.

9           I'm a lot more excited about it than, you know,  
10 the million dollars. It's -- we have been a very divided  
11 community for many many years and I feel because Harold met  
12 us halfway that we have a possibility here of doing some  
13 healing in town, provided all of these things we've laid on  
14 the table and the hopes that we have here can be realized.

15           We're no longer a company town in any way, shape  
16 or form and we haven't been for many many years, but I think  
17 out of this we may have discovered a way for industry and  
18 the town to coexist on a completely different basis. At  
19 least that it certainly was my hope when I went into this  
20 agreement.

21           And my group did not -- was not unanimous on it.  
22 I think our vote was 16 to 9 and we did allow call-in votes.  
23 That's in -- we were pretty firm about only allowing people  
24 that are actually were at least in recent months  
25 participating in the actual hearings or, you know, doing

1 something material, not just contributors of money and that  
2 sort of thing.

3 So it was a very sad ending in many ways, because  
4 we were -- we have been a very unusual group. We've never  
5 had any money. We've been supported just by our little \$25  
6 checks here and there.

7 We still, we have managed to participate through  
8 three hearing processes at the Energy Commission.

9 And but I -- though none of this was planned this  
10 way, looking back in hindsight I feel that this is the best  
11 possible way we could have ended it other than, of course,  
12 killing it.

13 But I mean if we are going to stop it, this was --  
14 this gives us some hope for the town and for some genuine  
15 eye level to eye level participation with both the Energy  
16 National coming in and C&H has been there.

17 Because my greatest fear was that the power plant  
18 would be built, things would go on just as they were with  
19 the industry on one side of the railroad tracks and the town  
20 on the other.

21 C&H came through. They're putting their foot  
22 across the street and are going to -- we're all going to  
23 work together and implement a very long-range plan here.

24 I see a lot of rubber stampers here in the room,  
25 old ones and new ones.

1 I certainly pray to God the kind of toxic accident  
2 that happened this week can't or will not happen at  
3 Crockett.

4 But if a few years down the pike anything like  
5 that does occur in the -- I hope those of you here who  
6 rubber stamped the land use and a few other things will  
7 remember you had a chance not to do that.

8 Thank you.

9 CHAIRMAN MCCARTHY: Thank you, Ms. Blakeney.

10 Mr. Scott Tandy.

11 For the record Mr. Tandy has brought a letter.  
12 Mr. Tandy is the chief assistant county administrator for  
13 Contra Costa County and he has brought a letter from the  
14 county administrator, Mr. Phil Batchelor, which embodies the  
15 action taken by the County Board of Supervisors and we'll  
16 put his letter in the record.

17 Mr. Tandy, would you like to address it briefly?

18 MR. TANDY: Thank you, Mr. Chairman.

19 Very briefly I want to thank you and the  
20 Commission staff for allowing us the opportunity to present  
21 this background in hopes that it will provide clarification  
22 regarding the county's intentions and involvement with  
23 regard to the project, the power plant application.

24 Much of what I've planned to say I think has been  
25 already said, but let me at least highlight a couple of

1 items that I think should be clear for the record.

2 The Board of Supervisors recognized the importance  
3 of involving the Crockett community in this process back in  
4 June of 1992, over a year ago.

5 And there was a great deal of public discussion  
6 and negotiation around how the community benefits program  
7 would be constructed.

8 The board established an advisory committee called  
9 the Crockett Cogeneration Advisory Committee, and that was  
10 the vehicle that met primarily locally in the Crockett area  
11 on many occasions.

12 The intention of those discussions was that if the  
13 plant were to be approved by the Energy Commission it would  
14 be -- it could produce a win-win situation.

15 The community would receive a stream of revenue, a  
16 committed stream of revenue earmarked for central public  
17 services in the area and public improvements that would not  
18 otherwise be available and the county could benefit from new  
19 property tax increment produced from the plant during what  
20 we all know to be a very severe recessionary period, and  
21 when essential public protection and public health and  
22 social services are being threatened, not only in our county  
23 but throughout the region.

24 Based on the unanimous recommendation of that  
25 advisory committee, the Board of Supervisors adopted a

1 resolution which you've referred to, Mr. Chairman, in  
2 November which endorsed the power plant application with  
3 certain conditions.

4 Those conditions I think and the commitments that  
5 have been made both by the applicant, ENI, and the C&H are  
6 contained there.

7 The county's part of this bargain was to commit up  
8 to \$450,000 annually over the anticipated life of the  
9 project.

10 Again, those would be used for essential public  
11 protection, public health, social services, and other  
12 community activities that the community would want to see  
13 occur.

14 So my purpose today is to simply indicate to the  
15 Commission and the citizens of Crockett that they can be  
16 assured that the County of Contra Costa will abide by the  
17 contents of its resolution and will guarantee that our  
18 commitments contained therein will be adhered to.

19 So I thank you very much for the opportunity to  
20 speak here.

21 CHAIRMAN MCCARTHY: Thank you very much.

22 Any questions?

23 Thank you, Mr. Tandy.

24 We have some leaders of organized labor that I'd  
25 like to recognize here and any of them can testify if they

1 wish. Mr. Tim Cremins from the State Building and Trades  
2 Council, Mr. Joseph Pasqualini, representing the Pipe Trades  
3 and the IBEW, Mr. Bill Bennett, representing the Sugar  
4 Workers' Union, Local 1.

5 Gentlemen, you can all come up if you want or you  
6 can have two of you.

7 MR. CREMINS: If I may, Mr. Chairman, Tim Cremins,  
8 State Building Trades.

9 As most of you have heard, this is a project that  
10 would create approximately 300 construction jobs for  
11 construction workers in the area.

12 As most of you know we're in terrible recession  
13 here. Unemployment in our industry is ranging at 40 percent  
14 plus.

15 And I'd like to publicly thank the energy group,  
16 Mr. Miller, and Bechtel Corporation, for sitting down and  
17 talking to us, looking at some of our concerns.

18 And we, of course, support the project and I hope  
19 you will also.

20 Thank you.

21 CHAIRMAN MCCARTHY: Thank you, Mr. Cremins.

22 MR. PASQUALINI: Very briefly, Mr. Chairman. Joe  
23 Pasqualini representing the local unions on behalf of the  
24 United Association of Plumbers and Pipe Fitters and the  
25 National Brotherhood of Electrical Workers.

1 I'm sure there will be other trades that will be  
2 involved in the construction phase of this.

3 Again, as Mr. Cremins is indicating, we are  
4 suffering terrible unemployment levels in the State of  
5 California amongst building and construction trade workers,  
6 to such an extent that they are leaving the State of  
7 California, and they are leaving in great numbers, I might  
8 add, in order to find work.

9 This will keep 250 to 300 people in the Contra  
10 Costa area, highly trained folks, who will be paying payroll  
11 taxes, will be paying sales taxes, will be paying property  
12 taxes, will help support our schools, help support our local  
13 governments.

14 And we very strongly support that effort.

15 The project, we are very pleased to find that will  
16 be constructed and operated by union and in this day and age  
17 that's somewhat rare to find both.

18 And we thank everyone for that, making that  
19 happen.

20 We urge your support on this.

21 CHAIRMAN MCCARTHY: Thank you, Mr. Pasqualini.

22 COMMISSIONER DAVIS: Is that 250 number, is that  
23 the number of constructing the plant?

24 MR. PASQUALINI: That's in the construction phase.  
25 As I understand, between 250 to 300 workers in the

1 construction phase and probably between 25 and 30 permanent  
2 in the operating phase.

3 You can correct me if I'm wrong.

4 COMMISSIONER DAVIS: But it also, as I understand,  
5 makes economically viable the jobs next door at the  
6 refinery?

7 MR. PASQUALINI: Oh, absolutely. Absolutely.  
8 It's imperative.

9 CHAIRMAN MCCARTHY: Thank you.

10 Mr. Bennett.

11 MR. BENNETT: Thank you.

12 My name is Bill Bennett. I'm a vice president of  
13 the Sugar Workers' Local 1 in Crockett. I'm a 30-year  
14 employee of C&H. And we represent approximately 530 hourly  
15 workers at Crockett.

16 We are in favor of the project, the lease. We  
17 feel that it will enhance C&H's economic viability and  
18 thereby our economic viability.

19 And we also feel that the project will be more  
20 efficient and safer than what we have now.

21 And that's basically all I have to say and we will  
22 support it.

23 CHAIRMAN MCCARTHY: Thank you, Mr. Bennett.

24 Now, that's all the indications I have for those  
25 who wish to testify in support of the project.

1 I have Susan Crosby who wishes to testify in  
2 opposition.

3 And I have Mary Jane Slade, I'm sorry I can't tell  
4 from your witness sheet whether you oppose or support.

5 MS. SLADE: I oppose.

6 CHAIRMAN McCARTHY: Fine.

7 Let me start with Susan Crosby, please.

8 Would you like to step forward?

9 Thank you.

10 MS. CROSBY: I have a summary of my testimony.

11 May I approach the Commission?

12 CHAIRMAN McCARTHY: Sure.

13 Thank you.

14 MS. CROSBY: During the year I lived in Italy I  
15 learned whenever you step in something unpleasant it's  
16 supposed to bring you good luck. So I hope that's true.

17 I'm Susan Crosby. I'm a resident of Crockett.

18 I have lived in Crockett for almost three years  
19 now, so I'm a newcomer to the idea of the power plant.

20 And I strongly oppose it.

21 I would like to debunk the notion that the  
22 opposition to the power plant has dissipated and  
23 disappeared. It is strong and it comes from a variety of  
24 groups and individuals.

25 The citizens of Crockett oppose it in the number

1 of 735 people who signed the petition and this was after the  
2 mitigation proposals were made.

3 The Crockett Improvement Association, Crockett's  
4 main volunteer association, since we are an unincorporated  
5 town, opposes the construction of the power plant.

6 The Sierra Club and the Citizens for a Better  
7 Environment oppose the power plant.

8 Representatives of those groups wanted to be here  
9 today but could not because of the accident and the chemical  
10 spill in Richmond the day before yesterday.

11 The International Brotherhood of Electrical  
12 Workers, Local 1245, is strongly opposed to the construction  
13 of this power plant.

14 Mr. Jack McNally had hoped to meet with you,  
15 Mr. McCarthy, and you, Mr. Davis, to reiterate his  
16 opposition, but because of the short notice of this meeting  
17 he was unable to attend. He's in Hawaii now and presumably  
18 on business. And hard to say.

19 His union has 20,000 members and they are  
20 principally PG&E workers who clearly oppose not only this  
21 power plant but the policy of privatization of power plants.

22 The Union of Engineers and Scientists of  
23 California with 1,600 workers is opposed to this power  
24 plant.

25 Mr. Ben Hudnall wrote you a letter in opposition

1           This opposition has not changed in spite of the  
2 fact that they haven't been continually writing letters  
3 stating their opposition. They still oppose it. I've  
4 spoken to them recently.

5           Senator Daniel Boatwright is on the record as  
6 opposing it and a number of other legislators as I've noted  
7 here.

8           My second point is that the damage to the  
9 environment and to public health is a certainty if this  
10 power plant is constructed.

11           In the San Francisco Chronicle of July 19, 1993,  
12 which was just last Monday, there was an article identifying  
13 particulate matter of smaller diameter than ten microns,  
14 PM-10, as being the most serious health hazard of all the  
15 pollutants that are identified as coming out of automobiles  
16 and industrial locations.

17           It is by far greater than the next greatest  
18 pollutants and it is something that is not even limited, not  
19 even restricted by the current environmental protection  
20 quotas on pollution and yet 50,000 deaths are attributed  
21 annually in this nation to PM-10.

22           The people particularly at risk are children.

23           And I know that it promotes asthma.

24           It's also known to be a precursor of cancer.

25           Children and elderly and the ill.

1           And it's also a good way to become ill and  
2 eventually elderly and ill.

3           This plan will produce 58 tons of particulate  
4 matter 10 every year.

5           C&H presently produces 15 tons. And when it is  
6 required to retrofit its boilers that amount will decrease  
7 greatly.

8           So this was an item, a pollutant, that was not  
9 identified and not restricted when the CEC made its ruling.

10           And at the federal level this is -- this will be  
11 studied and one hopes that this terrible danger will be  
12 limited for the people of our country.

13           However, if this power plant is built it will be  
14 putting into effect a tremendous pollution source that all  
15 of us in the area will have to live with for the next 30  
16 years.

17           There will also be a net gain of 144 tons of  
18 nitrous oxide.

19           No local offsets are even remotely possible.  
20 Crockett is a small town. We have one dry cleaner. We have  
21 a public swimming pool that produces some chlorine. There's  
22 no way -- and if C&H were to close down its boilers entirely  
23 it would still make a very small dent in this number.

24           And we consider that offsets outside of our  
25 immediate area are really of no benefit to us.

1 I'm glad that there will a benefit to someone  
2 else, but I think the pollution credit idea is not the  
3 direction in which we should be going as a society,  
4 realizing that these toxics in our environment can make us  
5 sick and kill us.

6 It will also be 985,000 tons of carbon dioxide  
7 released annually. Carbon dioxide is known to be the major  
8 contributor to global warming.

9 And there's certainly more than a good scientific  
10 theory that indicates that global warming is disrupting  
11 global weather patterns with the consequences that we see in  
12 increased power and destructiveness of hurricanes and other  
13 tropical storms and the flooding currently in the Midwest.

14 These are things we could spend the rest of our  
15 lives trying to mend unless we start to take some action now  
16 in order to curb their creation.

17 My third point is that the industrial use of land  
18 in West Contra Costa County is no longer an appropriate use  
19 of land. This is a policy of allowing more industries to be  
20 built. It should go the way of the dinosaur.

21 West Contra Costa County used to be a rural area  
22 with very few residences. In the intervening, say, 20  
23 years, between the 1970s and the 1990s, there's been a  
24 tremendous amount of residential development in those areas,  
25 which might sadden those of us who prefer to see rural

1 areas.

2 But one is tempted to feel that we're being sold  
3 out in both directions. Our land is being turned under and  
4 made into housing developments.

5 But the people who make the policies and who grant  
6 the leases are still saying, yes, but it's historically it's  
7 been an industrial area, so have some more refineries, have  
8 another power plant.

9 And it seems terribly unfair to us to have a  
10 policy that allows for the double destruction of this area  
11 and also putting the jeopardy of the very people who buy  
12 those houses, putting their health into jeopardy.

13 Mr. Miller mentioned the toxic leak in Richmond.

14 My friend, Kasha Kessler, who couldn't be here  
15 today because she couldn't find a baby sitter, tells me that  
16 she walks down by the railroad tracks at C&H and she sees  
17 tanker cars pulled to the side and you'll never guess what's  
18 written on them, oleum.

19 So those cars, according to Kasha Kessler, are  
20 sitting in Crockett right now. They're not ENI's cars, but  
21 there on the tracks by Crockett.

22 This policy of allowing polluting plants to be  
23 built in residential areas is an unconscionable one.

24 I feel that it's a shame and it's a dismal enough  
25 situation if people move into an area where there are known

1 polluters and then find out to their detriment that they  
2 have made a very serious mistake in terms of their own  
3 health and their families' health.

4           However, to allow an industrial site to be located  
5 within 150 feet of residential houses seems to be an even  
6 more tragic and avoidable mistake.

7           I would also like to look at the criteria of the  
8 need. The need of this power plant has been demonstrated by  
9 the California Energy Commission by the narrowest margin  
10 possible. It's just barely managed to put its nose above  
11 the water in terms of qualifying as a benefit to cost needs,  
12 excess of need.

13           Over the course of 30 years we may see, according  
14 to their analysis, perhaps \$30 million of benefit.

15           In real money, in today's money, if we were to put  
16 \$1.9 million in the bank, in 30 years that's what we'd get.

17           But in the meanwhile 4.2 million PG&E ratepayers  
18 will be coming up with \$55 million a year extra to pay to  
19 ENI.

20           The CEC determined that it preferred to take the  
21 1990 needs assessment because the 1992 needs assessment  
22 criteria were one month away from formal adoption.

23           But as you might imagine with the changing tenure  
24 of California's economy, the 1992 projected need for energy  
25 would be lower than the 1990.

1           It's also our understanding that the first fourth  
2 of this power plant's life, the first seven years, it need  
3 not even produce energy in order to be paid and compensated  
4 in the full amount. It needs only to demonstrate the  
5 capacity of the payment. This makes a bad situation into a  
6 ludicrous one.

7           I would suggest that according to the criteria of  
8 the State Lands Commission that this project is not  
9 economically necessary, nor is it desirable.

10           The jobs that it would provide would be short term  
11 except for 28 permanent jobs. That's not enough to sell out  
12 a whole community and all the PG&E ratepayers.

13           To say that to look at the criteria of  
14 appropriateness for the local developmental mix it is not an  
15 appropriate addition to a residential community.

16           Although it is next door to C&H Sugar, adding  
17 another industry of equal size and of much greater polluting  
18 capacity is not the right way to go in an established town.

19           I feel that it is inconsistent with environmental  
20 protection.

21           And we feel that it is not in the best interest of  
22 the State.

23           The amount of income tax that the State would be  
24 able to appreciate from the presence of ENI comes at too  
25 high a cost to PG&E ratepayers.

1           It's essentially taxing us indirectly at a much  
2 higher rate in order to realize a very small return.

3           We also feel that the Board of Supervisors has  
4 sold us out short. They did not even conduct a study on the  
5 environmental impact or the other impacts that this power  
6 plant would have.

7           The City of Benicia did and we're not even under  
8 their stewardship. The City of Benicia determined that it  
9 would be environmentally a very unsound idea to recommend  
10 this power plant.

11           Mr. Scott Tandy is here today representing the  
12 Board of Supervisors. He did mention that an advisory  
13 committee of Crockett citizens was appointed by the Board of  
14 Supervisors.

15           They voted not unanimously on the mitigations  
16 package and they did not vote, they very pointedly  
17 restrained their vote from endorsing the power plant.

18           So to say that they support the mitigations is not  
19 to say that they support them unanimously and it is  
20 certainly not to say that they support the power plant.  
21 They did not.

22           Mr. Tandy also came to a public hearing in  
23 Crockett, one of the few that we had in Crockett, I might  
24 add, out of the over hundred hearings that we had by the  
25 CEC, and indicated that Crockett would be able to pay its

1 bills when all the other unincorporated towns were unable  
2 to.

3           So to Crockett this does not sound like a  
4 windfall. This sounds like a little town that will be  
5 expected to put the rather meager sum of \$300,000 a year to  
6 work to possibly repair streets and make other improvements  
7 that the county heretofore has been responsible for.

8           We don't see ourselves getting rich off of this.

9           Mr. Miller spoke about the workshops that were had  
10 to enlist the public support.

11           I would like to give an example of a workshop that  
12 I went to that was to discuss the visual impact of the power  
13 plant.

14           People who attended that workshop did -- for the  
15 majority did not want a power plant in Crockett. They were  
16 asked what color they would like the power plant.

17           And after some people voting and some people not  
18 voting and everyone saying paint it invisible, we don't want  
19 it, finally some people said, well, I guess an unobtrusive  
20 color would be better than paisley.

21           And so the message was they wanted an unobtrusive  
22 color.

23           The message never was transmitted that they don't  
24 want it. That seemed never to be a choice that we were  
25 offered.

1           And I'm afraid that that is also the same  
2 impression that I had when talking with members of some of  
3 the agencies that we have been involved in.

4           It's not a question of whether or not you're going  
5 to get it, it's a question will you get it -- will you get  
6 it in a lollipop or will you just get a power plant.

7           And the people who went for the mitigations  
8 packages did not in any way, shape or form endorse the power  
9 plant. They only felt that they would be better off and  
10 doing a more responsible job for the community to get some  
11 concessions.

12           But we all realized that the power plant is going  
13 to be devastating to our town.

14           There are people putting their houses on the  
15 market every day and it's a very sad thing to walk through  
16 the town and to see all of the for sale signs. And these  
17 people have not had potential buyers coming to look at their  
18 houses.

19           I don't know what the long-term effect will be on  
20 Crockett, but I know that this power plant will not improve  
21 the quality of life in our town and it will lower our  
22 property values and it will make it a place that many of us  
23 feel fearful about living in.

24           I came upon a rather archaic but a resonant  
25 quotation when I was preparing my notes for this meeting.

1 Adam Smith, who wrote On the Wealth of Nations in  
2 the late 1700s was speaking out about against what he termed  
3 the vile maxim of the masters of mankind. All for ourselves  
4 and nothing for other people.

5 I suggest that these tendencies, the tendency in  
6 our nation of the concentration of wealth in the hands of  
7 the few and of large corporations is terribly destructive to  
8 our democracy.

9 Only our government can prevent this from  
10 happening.

11 Many of us have come to fear for the true meaning  
12 of democracy in the course of these hearings.

13 I hope that you will entertain among the options  
14 open to you that option of denying the lease of land, of  
15 public land held in the public trust to Energy National for  
16 the purpose of building a power plant in our town.

17 Thank you very much.

18 CHAIRMAN McCARTHY: Thank you, Ms. Crosby.

19 Any questions?

20 Now, may we please hear from Mary Jane Slade, who  
21 is representing Mary Moutinho.

22 MS. SLADE: Moutinho.

23 CHAIRMAN McCARTHY: And Ms. Alice Ponti, would you  
24 please step forward.

25 Whatever sequence you want.

1 MS. SLADE: I'm going to start off by reading a  
2 letter that I wrote to Nanci Smith with the State Lands  
3 Commission. I wrote this letter on July 21st and it pretty  
4 much summarizes my feelings.

5 Dear Ms. Smith:

6 I'm writing in opposition to this proposed plant  
7 being the Crockett Cogeneration plant.

8 I was born and raised in Crockett. My mother's  
9 home, Mary Moutinho, is across the street from this project  
10 at 505 Loring Avenue. It is 150 feet from this proposed  
11 project.

12 I am gravely concerned that, one, a project of  
13 this magnitude is being placed in a residential  
14 neighborhood. Moss Landing has no homes around it. And  
15 that a project of this size has never been built near homes,  
16 let alone near a residential neighborhood.

17 At present, State Representative Boatwright has an  
18 amendment before the State Legislature that would prevent a  
19 project of this size from being placed a minimum of 500 feet  
20 from homes.

21 Hopefully our State Legislature will use sound  
22 judgment and pass this.

23 Number two. I am concerned regarding the site  
24 that is in an area of known fault lines with predicted  
25 earthquake activity of 7.1 within the next ten years.

1           This is not even considering the proximity of a  
2 Hayward fault line and its predicted 8.0 or greater  
3 magnitude earthquake.

4           This project will require that two ammonia bins be  
5 placed along the Carquinez Straits and also in front of my  
6 mother's home.

7           There are already two existing ammonia bins  
8 between the Carquinez Bridge.

9           I would like to mention that I was on the Pacific  
10 Garden Mall in Santa Cruz during the '89 Loma Prieta  
11 earthquake.

12           We had been predicted to have an earthquake of  
13 this magnitude, only a fault line that erupted was one the  
14 experts did not realize existed.

15           Had I been on the opposite side of the street I  
16 could have been killed. I take our earthquake predictions  
17 very seriously.

18           Also our State's liability is putting question in  
19 a situation of this kind.

20           The C&H is known to be a top ten bad polluter in  
21 the area.

22           The State Energy Commission's report, which seems  
23 like a rubber stamp, I don't feel it was well thought  
24 through and contained misrepresentations of the town  
25 people's comments, stated that the proposed project would

1 clean up the air and water.

2           How interesting that the C&H has not met  
3 requirements in place now. And with the \$6 million they  
4 reaped from their past projected cogeneration proposal that  
5 they did not modernize their existing cogenerator and their  
6 plant to meet the requirements.

7           It appears that the C&H has not demonstrated good  
8 faith in their environmental impact on the surrounding area.  
9 Why should they be trusted and given the responsibility for  
10 an even greater project?

11           I would like to add that the area suffers from  
12 severe pollution due to being in a pocket between two  
13 twin-span bridges and freeways that are clogged daily,  
14 six-plus oil refineries, the extremely toxic and hazardous  
15 Mare Island Naval Base waste and Pittsburg munitions.

16           The town has an extremely high cancer rate, a fact  
17 that may lead to future lawsuits.

18           The sale of energy to PG&E seems to be the real  
19 motive behind this project. How sad that the PUC forces  
20 PG&E to buy unwanted, unneeded energy when in fact PG&E has  
21 been on national TV, "Peter Jennings News Report," declaring  
22 that they do not want any new projects. They want to  
23 maximum energy production from existing facilities.

24           This project will be passing the cost on to the  
25 already overburdened consumer.

1 I do not feel that this is the best usage of state  
2 shoreline property.

3 I know that the powers that be are in a quandary  
4 over poor management of the state in the past 12 years and  
5 are attempting anything that would bring money into our  
6 dwindling coffers, but the long-term usage and benefit to  
7 our great state does not lie in this project.

8 And has anyone considered any type of recreational  
9 facility? Marine World/Africa USA is doing well and is  
10 drawing considerable crowds.

11 Perhaps the State should consider some other type  
12 of tourist attraction that would lessen the burden of  
13 pollution to the area and still keep the views for the  
14 people who purchased property for that purpose and still  
15 employ people in building.

16 When proper incentives are offered the private  
17 sector could rise to the occasion.

18 I feel using state shoreline, the consideration of  
19 quality of life, not only for humans, but for the life in  
20 the sea, should be considered. The chain of life starts in  
21 our waters. We are part of it. And I for one am tired of  
22 humans destroying our seas.

23 Monterey Bay has been declared a sanctuary. Too  
24 bad our other bodies of waters aren't considered with the  
25 same respect.

1           Lastly, my mother has made her livelihood with her  
2 property rentals. She will not be able to continue this.  
3 Already people have turned down rentals due to proximity to  
4 this project and to the disruption that will be caused when  
5 it is being built. All and all she has 12 rentals that will  
6 be affected.

7           Also my mother will not be able to live in her  
8 home of 40 years due to the noise, mess and dirt that will  
9 be caused by the excavation and building.

10           Not only for her safety but for the quality of  
11 life for the people that live along these shores, please  
12 address the long-term good for the State and its people.

13           MS. PONTI: I just have one thing to add. I'm  
14 Alice Ponti. My mother is Mary Moutinho, who is 150 feet  
15 away from this proposed site.

16           I grew up in Crockett also. When I grew up C&H  
17 was a benevolent company. It did take care of its town and  
18 it was a beautiful community.

19           In the '50s Crockett had a chance to vote for  
20 incorporation. They were assured by benevolent C&H that  
21 they would never divorce them and always be there for them,  
22 so the town believed them.

23           In the '60s they changed their mind. They sold  
24 off properties. They had their management people leave the  
25 community, move outside. It was a divorce of the town. The

1 town deteriorated. Businesses left. Everything went under.

2 Now again we're going to try to sell off another  
3 piece of land and it looks like you guys are going to go  
4 along with it.

5 At that time if Crockett had had the foresight,  
6 had voted for incorporation they wouldn't be here today.  
7 They would have made their own decision, not have been sold  
8 out by the county and possibly you people.

9 Look further. This is terrible. We look to you.  
10 You represent us. Do right by us.

11 MS. SLADE: I'd also like to remind you, on my way  
12 from Santa Cruz County up here today I went up Highway 80.  
13 The Cypress structure that used to be there was also built  
14 on filled-in land.

15 Thank you.

16 CHAIRMAN MCCARTHY: Thank you.

17 Is there anyone else in the audience who wanted to  
18 speak in opposition to this project, this application before  
19 the Commission?

20 Mr. Warren, you want to sum up or does Mr. Hight  
21 want to sum up any of the testimony on this matter?

22 Do the Commissioners want to ask any questions at  
23 this point?

24 COMMISSIONER DAVIS: When you sum up, could you  
25 deal with some of the apparent inconsistencies here relative

1 to the position of Electrical Workers, Sierra Club, and  
2 others that I believe either were in support of the project  
3 or not in opposition.

4 EXECUTIVE OFFICER WARREN: Responding to  
5 Commissioner Davis's question, I have examined the prepared  
6 statement of Susan Crosby in which specifics are set forth  
7 in that amplification of her testimony that there continues  
8 to be widespread opposition to the project.

9 We have been working on this application now for  
10 some six months. I have during that six-month period I have  
11 spoken with representatives of most, if not all, of those  
12 who were stated to be in opposition set forth in the  
13 document.

14 I spoke with the Sierra Club as late as today. I  
15 have not heard from -- we have never been notified by the  
16 Sierra Club representatives of opposition. They may at one  
17 time in the process have been opposed, but during the -- but  
18 no opposition has been expressed to me.

19 COMMISSIONER DAVIS: So we have no letter on file?

20 EXECUTIVE OFFICER WARREN: Same is true for the  
21 Citizens for a Better Environment.

22 I have met, I have seen correspondence written by  
23 the legislators to Energy Commission, and in the last few  
24 days I have placed telephone calls to each of the  
25 legislators, both in their Capitol office and the district

1 office, advising them of the pendency of this proceeding  
2 today and offering them an opportunity to be briefed on our  
3 recommendation.

4 I have received no calls except Assemblyman  
5 Campbell, whose name is mentioned here as an opponent, who  
6 congratulated us on a good result and our processing of the  
7 application.

8 I called Senator Boatwright, with whom I've had  
9 several personal meetings on this, Senator Mike Thompson and  
10 Assemblyman Tom Hannigan.

11 I did not call Senator Petris because I -- that  
12 was on oversight on my part. I do recall that he at one  
13 time did send a letter, but I had forgotten that fact  
14 because his district is not involved. I don't know the  
15 reason for his sending the letter at that time.

16 But we have no record, Mr. Davis, of opposition.

17 And indeed the only evidence we have since the  
18 interveners' settlement of only last week suggests that none  
19 exists other than those you've heard today.

20 I did -- we did receive a letter from a group of  
21 scientists, Union of Scientists, who are as I understand it  
22 employees of PG&E. Their argument was that they would not  
23 be able -- their opportunity to design power plants would be  
24 reduced if this plant were constructed.

25 But I don't -- I haven't heard from them since,

1 nor are they here.

2 On the environmental questions, Tim Cremins is  
3 here. He may have -- maybe that question as to the position  
4 of the --

5 MR. CREMINS. On the testimony before I had  
6 mentioned that IBEW 1245 was opposed. I spoke to a  
7 representative from their office yesterday and they're no  
8 longer opposed. They're neutral on the bill.

9 I cannot address the issue of the Engineers and  
10 Scientists. I'm not familiar with that issue.

11 But the electricians are in support and this  
12 specific Local 1245 is now neutral and they're not opposed.

13 Thank you.

14 EXECUTIVE OFFICER WARREN: I'd like to turn --

15 CHAIRMAN MCCARTHY: Before you leave, the question  
16 of whether unions have endorsed or not endorsed, we'll give  
17 Ms. Crosby one last crack at this.

18 MS. CROSBY: May I ask, who did you speak with at  
19 the union, Mr. Jack McNally yesterday?

20 MR. CREMINS: I spoke with his legislative  
21 advocate yesterday. He has a legislative advocate and a  
22 business representative here in town and he tells me he was  
23 on the phone with Mr. McNally yesterday and he is now  
24 neutral on the project.

25 MS. CROSBY: I would like to produce for you the

1 Sierra Club letter, the Citizens for a Better Environment  
2 letter, the letter from Mr. McNally addressed to Richard A.  
3 Bilas and the letter from Ben Hudnall, the business manager,  
4 Scientist and Engineers Union of California.

5 CHAIRMAN McCARTHY: What dates are those? Was it  
6 early in the process, was it in the last week or what? Just  
7 so we know what relates to that.

8 MS. CROSBY: Early in the spring.

9 EXECUTIVE OFFICER WARREN: The Sierra Club of San  
10 Francisco have a letter addressed to you, Mr. Chairman,  
11 dated April 19, 1993.

12 CHAIRMAN McCARTHY: Had any contact with them  
13 since, with any part of the Sierra Club? How about their  
14 lobbyist in Sacramento on this issue?

15 EXECUTIVE OFFICER WARREN: As I said, I spoke with  
16 the Sacramento office of the Sierra Club today and no  
17 mention of this subject was made.

18 MS. CROSBY: They doesn't mean they approve of it.

19 CHAIRMAN McCARTHY: Did you phone him asking about  
20 this subject?

21 EXECUTIVE OFFICER WARREN: No. Sorry.

22 But I have received, as far as I know, staff did  
23 not receive this letter from the chapter of the Sierra Club.

24 CHAIRMAN McCARTHY: That letter was addressed to  
25 me?

1 EXECUTIVE OFFICER WARREN: Yes.

2 CHAIRMAN McCARTHY: Where?

3 EXECUTIVE OFFICER WARREN: 1807 13th Street.

4 Signed by Mr. Pope and Mr. Mason.

5 CHAIRMAN McCARTHY: Okay. What about the others?

6 EXECUTIVE OFFICER WARREN: Citizens for a Better

7 Environment is a letter to the Energy Commission dated

8 November 5, 1992.

9 MS. CROSBY: Have you spoken with him lately, sir?

10 EXECUTIVE OFFICER WARREN: Denny Larson? No.

11 MS. CROSBY: We spoke with him yesterday. He

12 wished he could come, but he was doing press conferences and

13 work for the spill in Richmond.

14 CHAIRMAN McCARTHY: Okay.

15 EXECUTIVE OFFICER WARREN: That is a letter from

16 Jack McNally, business manager of Local Union 1245. That's

17 to the Energy Commission dated April 23, 1993.

18 MS. CROSBY: He wrote one to your office as well.

19 CHAIRMAN McCARTHY: About the same date?

20 MS. CROSBY: Same date.

21 CHAIRMAN McCARTHY: So about two and a half months

22 ago, three months ago?

23 MS. CROSBY: Yes. That's right.

24 EXECUTIVE OFFICER WARREN: Here's one from the

25 Engineers and Scientists, which I referred to earlier, dated

1 April 23, 1993. It was sent to you at our -- and with  
2 copies to me at the address of the Commission. Again that's  
3 April 23.

4 Since that time many changes in the proposal.

5 CHAIRMAN MCCARTHY: I think we should assume for  
6 purposes of making a judgment of the Union of Engineers and  
7 Scientists are still opposed.

8 Sounds like Mr. McNally might have gone neutral on  
9 his as of yesterday.

10 And Sierra Club, I think that question is open.  
11 They may still be opposed.

12 MS. CROSBY: I believe they still are opposed.

13 CHAIRMAN MCCARTHY: Thank you.

14 MS. CROSBY: I wanted to make one point.

15 I was notified, because my name was in the paper  
16 and in conjunction with one of the CEC hearings, I was  
17 notified by one of the members of an environmental group in  
18 our area and he advised me that there was going to be a  
19 meeting with the representative of the State Lands  
20 Commission, Mr. Charles Warren, and he was calling -- and  
21 Energy National, and they were calling a meeting of all the  
22 local environmental groups.

23 His feeling is they were trying to diffuse all of  
24 the opposition to the power plant and they were also trying  
25 to give the impression that there was no local opposition.

1           And when these people went to the meeting for  
2           which they sent me minutes, there was a strong sense of a  
3           deal being done and of a rat being smelled, to quote this  
4           man, the man who called me, Mr. Ron Brown.

5           He felt that the deal that was being done was the  
6           opposition was being dismantled in favor of a Carquinez  
7           regional planning trust, which I think is an excellent idea.  
8           I believe that our area is in a real tragic need of some  
9           regional planning and of some limits to industry and to the  
10          ruthless commercial and residential development that we've  
11          seen there.

12          I welcome the green belt. I welcome more trails.  
13          But I don't think that the green belt should go around  
14          another industrial presence, nor that the trails should look  
15          down on a power plant.

16          I also feel that the East Bay Regional Park  
17          District has committed a great deal of effort is acquiring  
18          land in the area.

19          Energy National is not the only one who can  
20          bankroll this. And the amount of money that they are  
21          willing to commit to extending the environmental  
22          desirability of our area is not enough to sell it out to  
23          this source of pollution.

24          The deals all along have been for mitigation,  
25          because there was this feeling that it's hopeless to fight

1 it.

2 CHAIRMAN McCARTHY: Ms. Crosby, excuse me.

3 I was welcoming your comments on who endorsed and  
4 who did not endorse it because that was a matter of dispute.

5 You gave very articulate testimony before. Unless  
6 I'm going to call on everybody else again --

7 MS. CROSBY: Thank you very much.

8 CHAIRMAN McCARTHY: The matter is before the  
9 Commission.

10 Any of the Commissioners have any questions or  
11 comments they want to make?

12 Let me say this as one vote on this Commission.

13 There were some comments about pro forma committee  
14 and the suggestion that --

15 (Telephone rings in the room.)

16 CHAIRMAN McCARTHY: Someone answer that call from  
17 the President.

18 Made in Hong Kong.

19 For those of you who have been at other meetings  
20 of this Commission you've had a chance to witness some  
21 rip-roaring fights, whether it's offshore oil drilling or  
22 developments along the rivers or any number of subjects, in  
23 which a class of -- clash of values, environmental versus  
24 economic, a whole range of values is introduced into the  
25 equation.

1           We always look to see what efforts an applicant  
2 before us is making, who is trying to go forward with some  
3 form of construction, new or expansion, what effort those  
4 applicants have made with local community people.

5           It's obviously some difference of opinion here how  
6 expansive that effort was or how sensitive or how  
7 outreaching that effort was.

8           But I hear at least from one community witness,  
9 Ms. Blakeney, that that group of Crockett citizens that  
10 apparently invested a lot of their personal time in trying  
11 to watch this, after spending some of it, quite a few years  
12 on it, came to the conclusion by a majority vote, as I  
13 recall her saying of 16 to 9, that they should accept this  
14 deal.

15           She didn't claim they were jumping up and down out  
16 of their chairs. She claimed on balance 16 out of the 25  
17 voting seemed to think this was on balance a pretty good  
18 deal for the community.

19           I hope I'm phrasing that correctly and  
20 characterizing accurately.

21           If there were no community support for this and  
22 everybody came in and opposed it, produced a lot more  
23 questions here, that's a very valuable thing.

24           Then the questions of whether there's any  
25 environmental harm coming out of this, I really think

1 there's some difference of opinion as the interpretation of  
2 what air contaminants are going to be produced here and what  
3 the potential for harm of those are and what the value of  
4 the offsets in the region is. Those are issues that always  
5 come up before this Commission on various matters.

6 And then there's the not insignificant issue of  
7 1.3 million people being unemployed in this state, most of  
8 them going day to day in a sense of desperation without  
9 being able to provide for themselves or their families.

10 Those of us in our line of work have talked to  
11 quite a few of those people in the last several years, and  
12 that has to be a factor in our thinking.

13 Now, my point of view on this is that from  
14 everything I've heard, and incidentally I went down there  
15 and I walked all around and I didn't go down toured by the  
16 company executives and so on, I went down with our own staff  
17 and I asked a lot of questions and I walked around.

18 I heard one comment from one of the witnesses on  
19 noise, incidentally. And I was there when a few trains went  
20 by. And I guess you can get used to the noise of those  
21 trains, but it seemed like some pretty good noise, I suppose  
22 as compared to whatever may be emitted from this  
23 cogeneration plant.

24 But I walked all around trying to see it from the  
25 angle of the property owners nearby who might be prejudiced

1 by this and their view blocked and I had the charts and  
2 where the height of it was.

3 And in these things not everybody is accepted or  
4 is treated in a very perfect way.

5 So you try to take all this evidence and try to  
6 say what is fair and what is reasonably balanced for this  
7 thing.

8 I come down on the side of applicant in this thing  
9 and I intend to vote yes if there is someone to make a  
10 motion on this Commission, because I think that the effort  
11 has been made to work with the community.

12 I don't treat some of the conditions I've read,  
13 which are fairly generous by any objective standard, don't  
14 treat them as insignificant.

15 I treat the issue of jobs as very important.

16 And I think the environmental considerations have  
17 been reasonably addressed.

18 That's why I'm going to vote yes on this.

19 Either of the other Commissioners want to address  
20 this?

21 Do I hear a motion?

22 COMMISSIONER DAVIS: I'll make a motion to approve  
23 the project and I would like to speak to it.

24 CHAIRMAN McCARTHY: All right. Motion is on the  
25 table.

1 COMMISSIONER KOLODNEY: Second.

2 CHAIRMAN MCCARTHY: Seconded by Commissioner  
3 Kolodney.

4 Commissioner Davis.

5 COMMISSIONER DAVIS: I think those of you who have  
6 been to these meetings know that I'm as vigorous a voice for  
7 the environment as any member and actually have been voted  
8 down on some recent occasions.

9 But I'm also the head of the Franchise Tax Board  
10 and I see what's happened to revenues. I've seen what's  
11 happened to employment in this state.

12 And this may not be a perfect project. I don't  
13 think anyone is suggesting it is.

14 But there does seem to be -- there does seem to  
15 have been a lot of work by a lot of people to try and make  
16 this project fit within the needs and the parameters of  
17 Crockett and the surrounding communities.

18 And I just want to share a story with you. I was  
19 back in New York in April with Kathleen Brown and the  
20 Finance director and the rating agencies were giving  
21 California a very hard time.

22 They said, you know, you elected officials in  
23 California think everything has to be milk and honey, that  
24 there's never any hard time.

25 They said in the Midwest in the '80s revenue

1 dropped and no one issued IOUs.

2 In the Southwest in the late '80s revenue dropped  
3 and no one issued IOUs.

4 In California revenue is still going up, barely,  
5 but it's going up, and you guys are just throwing up your  
6 hands, you can't manage the state, it's too tough for you.  
7 We want to see you prove you can manage in hard times.

8 We're living in very difficult times. These are  
9 very tough choices. Nobody wants to put anything next to  
10 anyone that can create any living person any harm.

11 On the other hand, that has to be balanced with  
12 the right of other people to earn a living, pursue their  
13 Constitutional right of happiness. In so doing they  
14 generate taxes. That affects everything we do.

15 I believe this is a project that warrants my  
16 support for those reasons and some others I don't have time  
17 to articulate, but I'd be happy to elaborate on privately if  
18 anyone wants to be specific.

19 CHAIRMAN MCCARTHY: All right.

20 By unanimous vote the Commission approves Item 6  
21 and 7.

22 The Commission meeting is concluded.

23 (Thereupon the meeting was

24 adjourned at 2:55 p.m.)

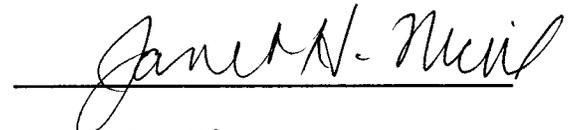
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## CERTIFICATE OF SHORTHAND REPORTER

I, JANET H. NICOL, a Certified Shorthand Reporter of the State of California, do hereby certify that I am a disinterested person herein; that I reported the foregoing meeting in shorthand writing; that I thereafter caused my shorthand writing to be transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, or in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of August 1993.



Janet H. Nicol  
Certified Shorthand Reporter  
License Number 9764