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BEFORE THE ARIZONA POWER PLANT
AND TRANSMISSION LINE SITING COMMITTEE

IN THE MATTER OF THE APPLICATION OF AGUA CALIENTE SOLAR, LLC, IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES 40-360.03 AND 40-360.06, FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING CONSTRUCTION OF THE AGUA CALIENTE SOLAR PROJECT, A 280 MW PARABOLIC TROUGH CONCENTRATING SOLAR THERMAL, OR A 425 MW PHOTOVOLTAIC SOLAR, GENERATING FACILITY AND ASSOCIATED TRANSMISSION LINE INTERCONNECTING THE GENERATING FACILITY TO THE ADJACENT PALO VERDE-NORTH GILA #1 500KV TRANSMISSION LINE IN YUMA COUNTY APPROXIMATELY 10 MILES NORTH OF DATELAND, ARIZONA.

) DOCKET NO.:
) L-00000JJ-09
) -0279-00145
)
) Case No. 145

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY, IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES 40-360.03 AND 40-360.06, FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING CONSTRUCTION OF THE APS Q43 500KV TRANSMISSION LINE AND SWITCHYARD INTERCONNECTION PROJECT AND ASSOCIATED FACILITIES INTERCONNECTING TO THE PALO VERDE-NORTH GILA #1 AND FUTURE PALO VERDE-NORTH GILA #2 500KV TRANSMISSION LINES APPROXIMATELY 10 MILES NORTH OF DATELAND, ARIZONA (SECTION 34, T5S, R12W, G&SRB&M, YUMA COUNTY, ARIZONA)

) DOCKET NO.:
) L-00000D-09-
) 0280-00146
)
) Case No. 146

CONSOLIDATED

EVIDENTIARY HEARING

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL
2009 JUL 24 P 2:27
RECEIVED

At: Dateland, Arizona and Wellton, Arizona
Date: July 21, 2009
Filed: July 24, 2009

Arizona Corporation Commission

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

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VOLUME I

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(Pages 1 through 162)

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LINE SITING COMMITTEE

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1 BE IT REMEMBERED that the above-entitled matter
2 came on regularly to be heard before the Arizona Power
3 Plant and Transmission Line Siting Committee, at the
4 Dateland Elementary School, 1300 South Avenue 64E,
5 Dateland, Arizona, and the Wellton Elementary School,
6 29126 San Jose Avenue, Wellton, Arizona, commencing at
7 9:52 a.m. on the 21st day of July, 2009.

8

9 BEFORE: JOHN FOREMAN, Committee Chairman

10 DAVID L. EBERHART, Arizona Corporation.
Commission

11 PAUL W. RASMUSSEN, Department of Environmental
Quality

12 JESSICA YOULE, Department of Commerce Energy
Department

13 GREGG HOUTZ, Arizona Department of Water
Resources

14 PATRICIA NOLAND, Appointed Member

JEFF McGUIRE, Appointed Member

15 MIKE WHALEN, Appointed Member

BILL MUNDELL, Appointed Member

16 MIKE PALMER, Appointed Member

BARRY WONG, Appointed Member

17

18

19 APPEARANCES:

20 For Agua Caliente Solar, LLC.:

21 MOYES, SELLERS & SIMS

By Mr. Jay I. Moyes

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Phoenix, Arizona 85004

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Certificate No. 5048

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1 (The Evidentiary Hearing convened at the Dateland
2 Elementary School.)

3

4 CHMN. FOREMAN: Let's go on the record.

5 My name is John Foreman. I'm Chairman of the
6 Arizona Power Plant and Transmission Line Siting
7 Committee. This is the time scheduled for a hearing in
8 the matter of the Agua Caliente solar project and APS Q43
9 switchyard, Cases Nos. 145 and 146 on the Committee's
10 calendar.

11 We are at the Dateland School, and we are in a --

12 MALE VOICE: It used to be the old cafeteria.

13 CHMN. FOREMAN: -- the cafeteria, thank you, of
14 the school office. We are without power.

15 I'm going to ask that the attorneys enter their
16 appearances, and we're going to do a roll call of the
17 Committee members. So let's start with counsel.

18 MR. MOYES: Thank you. Good morning,
19 Mr. Chairman. Jay Moyes of the firm of Moyes, Sellers &
20 Sims, representing the Applicant, Agua Caliente Solar,
21 LLC, in Case No. 145.

22 MR. CAMPBELL: Good morning, Mr. Chairman. Tom
23 Campbell of the Lewis and Roca law firm representing the
24 Applicant, APS, in line siting Case 146.

25 CHMN. FOREMAN: Let me briefly call roll here.

1 Member Eberhart.
2 MEMBER EBERHART: Here.
3 CHMN. FOREMAN: Member Houtz.
4 MEMBER HOUTZ: Here.
5 CHMN. FOREMAN: Member McGuire.
6 MEMBER MCGUIRE: Here.
7 CHMN. FOREMAN: Member Mundell.
8 MEMBER MUNDELL: Here.
9 CHMN. FOREMAN: Member Noland.
10 MEMBER NOLAND: Here.
11 CHMN. FOREMAN: Member Palmer.
12 MEMBER PALMER: Here.
13 CHMN. FOREMAN: Member Rasmussen.
14 MEMBER RASMUSSEN: Here.
15 CHMN. FOREMAN: Member Whalen.
16 MEMBER WHALEN: Here.
17 CHMN. FOREMAN: Member Wong.
18 MEMBER WONG: Here.
19 CHMN. FOREMAN: Member Youle.
20 MEMBER YOULE: Here.
21 CHMN. FOREMAN: Very good.
22 We have all gathered together here in a location
23 that is, unfortunately, as I indicated earlier, without
24 power, and it does not appear that it will be -- it will
25 have power for at least another 36 to 48 hours.

1 The temperature yesterday, I understand, was 113.
2 It is approaching 100 degrees here today. Because of
3 that, and because we have no air conditioning, we are
4 going to recess in a few moments this meeting and move to
5 a new location. Before we do that, I wanted -- and that
6 location will be in Wellton.

7 What I wanted to do before we do that, is there
8 anybody here, members of the public who are here who would
9 like to make a comment before we move to the new location?

10 (No response.)

11 CHMN. FOREMAN: We're going to reconvene at the
12 new location, which is at the Wellton Elementary school,
13 at 29126 San Jose Avenue in Wellton, Arizona, at 1:00 p.m.
14 today, and we will continue with the remainder of the
15 hearing.

16 I have been in contact with members of the
17 Attorney General's Office, the Open Meetings law
18 committee, and have been advised that the appropriate way
19 to ensure compliance with the Open Meetings law is to
20 leave a notice on the doors of the locations that were
21 previously on the agenda indicating the need for the move,
22 indicating the location of where the hearing will commence
23 and the time, and that that will satisfy the requirements
24 of the Open Meeting law.

25 Is there any other business that we need to

1 transact here now before we move?

2 MR. MOYES: Mr. Chairman, I would just ask with
3 respect to the noticed public comments session for
4 6:00 p.m. this evening, would you like an additional sign?
5 We can certainly have people here to direct. Would you
6 like to try to reconvene that later at Wellton Elementary
7 School today, or how would you like to handle that?

8 CHMN. FOREMAN: I think what I would like to do
9 is talk about that when we get there. I would be happy to
10 make myself available at 6:00 p.m. this evening at a
11 location that has air conditioning and hear public
12 comment. If we could have somebody come back here at 6:00
13 and see if anybody shows up to be involved in public
14 comment and then call us, because it's about a 35- or
15 40-minute drive to the new location, and then I would be
16 willing to wait if somebody was wanting to drive down
17 there and make public comment.

18 But let's think about that and talk about that.
19 For the time being, I think that's the way I would like to
20 handle it. Does anybody on the Committee have a --

21 MEMBER YOULE: Do you want to add that to the
22 notice that it may be relocated, or wait and talk later?

23 CHMN. FOREMAN: I think what we'll do is wait and
24 talk later on that.

25 Anyone else?

1 (No response.)

2 CHMN. FOREMAN: Very good. Thank you all. We'll
3 reconvene at 1:00 in Wellton.

4 (A recess was taken from 9:58 a.m. to 1:00 p.m.)

5 (The Evidentiary Hearing reconvened at the
6 Wellton Elementary School.)

7 CHMN. FOREMAN: This is the resumption of the
8 hearing of the Arizona Power Plant and Transmission Line
9 Siting Committee meeting on the applications of Agua
10 Caliente Solar and Arizona Public Service for a
11 Certificate of Environmental Compatibility for a solar
12 generation plant and a transmission line here locally.

13 My name is John Foreman. I am Chairman of the
14 Committee. Our meeting started this morning at 8:30 in
15 Dateland, the closest community to the location of the
16 projects. Unfortunately, there was a power outage which
17 prevented the operation of the air conditioners, and I'm
18 also advised that it created a problem with the operation
19 of the toilets in the building that we were originally
20 scheduled to be in.

21 So we have reconvened here in Wellton,
22 approximately 36 miles west at the next community of any
23 size closest to Dateland in the Wellton schools. And the
24 address that we are at has been left, along with
25 notification of what we've done, on the doors of the

1 facility where the hearing was originally scheduled.

2 Now, the record should show the presence of
3 counsel. The record should show the presence of all of
4 our Committee members.

5 We have a public comment session scheduled this
6 evening at 6:00 p.m. We're going to have someone go back
7 to the Dateland area, the Dateland location, and that
8 person will be there to refer anybody who has read the
9 original notice and was planning on going to the public
10 comment session. And I think we'll find out later who
11 that person will be.

12 Who is going to be over there?

13 MR. MOYES: Ms. Kenda -- can we bring up this
14 mike?

15 Ms. Kenda Pollio will take care of that
16 responsibility, Mr. Chairman.

17 CHMN. FOREMAN: All right. And Ms. Pollio has
18 also indicated that she will take with her written comment
19 forms. So if there's anybody there who wants to make a
20 written comment, they'll be able to do that also.

21 We have some housekeeping matters to take care of
22 before we start with the opening statements. It has been
23 my usual practice to wait until after opening statements
24 to have the public comment session that accompanies the
25 opening of the hearing, and I do that in order to allow

1 those who want to make public comment the opportunity to
2 get the outline of what is going to be presented.

3 Ms. Pollio has provided me with the names of
4 three persons who are present who would like to make
5 public comment. I'll give those folks an opportunity
6 either to make their comments now, or later after the
7 opening statements.

8 So Greg Ferguson, do you want to talk now or
9 later, sir?

10 MR. FERGUSON: Sure.

11 CHMN. FOREMAN: I'm sorry. Would you like to
12 talk now or later?

13 MR. FERGUSON: Is the mike on?

14 CHMN. FOREMAN: No.

15 MR. FERGUSON: Yeah, I would like to talk now.

16 CHMN. FOREMAN: Okay. Bob Sloncen?

17 MR. SLONCEN: Now.

18 CHMN. FOREMAN: Now, okay.

19 Julie Engel?

20 MS. ENGEL: Now, yes.

21 CHMN. FOREMAN: Okay. Somebody else? A
22 gentleman, okay. Somebody else was talking to me. Why
23 don't we go ahead, then, with public comment now.

24 As you each get up and speak, I would like for
25 you to spell your name for the court reporter, tell us

1 where you live, and then tell us what your interest is in
2 the project.

3 We'll start with Mr. Ferguson.

4 MR. FERGUSON: Yeah. I'm Greg Ferguson. It's
5 G-r-e-g, F-e-r-g-u-s-o-n. My address, business address is
6 198 South Main in Yuma. I'm chairman of the Yuma County
7 Board of Supervisors. I'm here today on behalf of the
8 board, and also the residents of Yuma County.

9 I wanted to welcome you here. You have seen
10 Dateland. You went through Tacna. You're here in
11 Wellton. By evening you may make it to Yuma, Somerton,
12 and San Luis. Who knows?

13 But anyway, and not to jinx it, but the last time
14 we had a hearing in this building the power went out here,
15 too, so we better hurry. You'll notice that's why Ellen
16 is taking that.

17 On behalf of the residents of Yuma County, I want
18 to welcome the board. We're always happy in Yuma County
19 to have an opportunity to look at you face to face, eye to
20 eye, and speak. I'm glad -- we're always glad when the
21 Commission and boards leave the great state of Maricopa
22 and come out to the real Arizona and listen to what we
23 have to say.

24 And I think you'll find the residents of Yuma
25 have a lot to say, and they're not afraid to tell you, but

1 what I think you're going to find is overwhelming support
2 for this project. I haven't heard anything negative about
3 it.

4 We can talk about the technicalities of solar,
5 but what I want to talk about are three important issues
6 to us. Number one is job creation here in eastern Yuma
7 County. The second one is the following economic
8 development that comes along with that. And thirdly, and
9 in some people's minds probably the most important, is the
10 raise and the -- raising the value of the tax base,
11 especially for the schools. You're in a school right
12 here. You were in one this morning. And these schools
13 have extremely high tax rates because the only thing here
14 is agriculture. So they're really looking forward to
15 projects like this.

16 And I think as you move forward during the day
17 and hear all of the positive comments today and tonight,
18 you're going to come to two conclusions. One, this is a
19 great project for the state of Arizona and Yuma County;
20 and two, you couldn't find a better place to put it.

21 When you drove from Dateland to here -- Yuma
22 County has 5,500 square miles. When you drove from
23 Dateland to here, you have seen just the teeniest little
24 bit of it, and you have seen all of that flat, desert land
25 that I think would make excellent solar, and solar, you

1 know, up and coming in the future.

2 And I really think -- and you may not want to
3 hear this -- but I think you're going to be back, because
4 I think there's more solar projects going to go in here,
5 and we'll probably become quite used to seeing each other.

6 So in closing, I just want to again thank you.
7 And I would be remiss if I didn't recognize a few of you
8 who were members of the legislature and also the
9 Corporation Commission. Some of you I know; some of you I
10 don't. Some of you I haven't seen in quite a while, and
11 I'm glad to have you back in Yuma County and I'm glad to
12 see you in good health.

13 And I just want to say, on behalf of the
14 residents of Yuma County, we have commissions and boards
15 and we know how hard it is to fill those positions, and I
16 want to thank all of you for giving your time to do this.
17 Thank you.

18 CHMN. FOREMAN: We appreciate very much your warm
19 welcome.

20 Bob Sloken or Sloncen?

21 MR. SLONCEN: I've learned to answer to anything
22 that is close. It's a very difficult name. My
23 grandfather made it up when he came from Germany. And I
24 always said if you're going to make up a name, it should
25 be easy, but he didn't do that.

1 My name is Bob Sloncen, S-l-o-n-c-e-n. I live at
2 9575 South Avenue 31E in Wellton, 85356. I grew up in
3 Phoenix, and 39 years ago I decided I would leave Phoenix
4 and come out in the country for a couple of years. I was
5 the seventh and eighth grade teacher, coach, and bus
6 driver at Dateland School. You were at a great little
7 school this morning where we don't have very great
8 generators and/or power sources continuously. So we're
9 sorry that we weren't able to host you out there. We
10 thank you for making an effort to come down and be part of
11 our community.

12 Hyder School District has one school in it. It's
13 called Dateland. We have about 850 square miles. Our
14 attendance since I've been there, when I got there we had
15 111 students in 1970. In 1985, we had 225. In 1990, we
16 had 190. As of this last year, we have 135.

17 As you can see, the economy of the area has not
18 prospered very well. When cotton prices were high, we had
19 a lot of kids. When cotton prices went away where nobody
20 could make any money out in that area, our numbers
21 decreased. We used to send one bus to White Wing Ranch to
22 pick up 72 kids. Now we pick up five.

23 So the importance of this project for our
24 community is very great. The school is everything out
25 there. We marry people there, we educate them there, we

1 bury them there. We do it all. If there's any complaints
2 about anything that's going to happen in the community, we
3 hear it. And we have not heard one negative comment in
4 regards to the proposed solar plant being built at White
5 Wing Ranch.

6 I had the -- when you're coaching and teaching,
7 you're always looking for a summer job. And for 25 years
8 I was involved in harvesting and marketing table grapes at
9 White Wing Ranch, so I know the ranch well and it's a
10 great ranch. It would be a wonderful site for the Agua
11 Caliente solar project.

12 One other issue I wanted to talk about is that
13 one of the things that the importers out there have always
14 told us is that sometimes it is difficult to get people to
15 move to that area because of their concern for the quality
16 of the education that they could receive.

17 I'm very honored to be able to tell you that on
18 the state-administered AIMS test, for the last five years
19 our seventh and eighth grades at Dateland School have been
20 in the top three for all of Yuma County. We're very proud
21 of that. We've got graduates that -- ones that I taught
22 and ones that I swatted and ones that I was principal
23 for -- that have graduated from Yale, from Harvard, from
24 Amherst. We now have a student this year in his third
25 year at the Air Force Academy, and we have an extremely

1 large number of students that have made it through the
2 state universities.

3 We think it would be a wonderful place for people
4 to live, we think this would be a great place for this to
5 be located, and we think it would be very wonderful for
6 Yuma County. We encourage you to support this project
7 because of all of the benefits that the state of Arizona,
8 the county of Yuma, and eastern Yuma County can receive
9 from this. Thank you for your time.

10 CHMN. FOREMAN: Thank you.

11 Julie Engel.

12 MS. ENGEL: Good afternoon. Thank you. My name
13 is Julie Engel. I'm the president and CEO of Greater Yuma
14 Economic Development Corporation. We reside at 170 West
15 16th Street, Suite 200, Yuma, Arizona 85364. Our
16 corporation represents --

17 CHMN. FOREMAN: And it's E-n-g-e-l?

18 MS. ENGEL: It is E-n-g-e-l, yes. Thank you.

19 Our corporation represents all of Yuma County.
20 It's a regional corporation, and so we have worked closely
21 with numerous projects that are introducing solar to our
22 unincorporated areas where we have available land and
23 close proximity to the transmission lines, and the land is
24 either fallowed or it's just not usable for ag.

25 And we see this as one of the best marriages of

1 the whole state for this type of project to go, because
2 it's not taking out active agricultural land, it's not
3 land that will ever be used for housing, and it's land
4 that's underutilized that now will be highly utilized.

5 And you got to see firsthand this morning one of
6 the direct benefits here of a project if it does go to
7 White Wing Ranch, it will be that school. They've done
8 very well with the limited resources they have, but the
9 tax base for ag land and the tax base for this higher use
10 are significantly different. It will increase their tax
11 base or their property tax by \$13 million in the first
12 year. That's revenue that will benefit that school. Job
13 creation will bring more people to that area and will
14 increase their student capacity as well. So this is
15 definitely a project that we completely support.

16 We've done a lot of due diligence. As a
17 representative of this region, we wanted to make certain
18 that this was a good use, a good fit for this region, and
19 that we're not just selling out for jobs, and that's not
20 the case. In this instance, this is a great, great
21 opportunity for this region. It makes sense to build in
22 that location, and we've had great experiences working
23 with the company, NextLight. They're a top-notch
24 organization. They've been very forthright with us. We
25 haven't had to do any behind-the-scenes work. They've

1 been very forthright in all of their representations, and
2 we just really would like to see this project happen here.

3 So I'm available for questions, and I appreciate
4 you taking the time to hear us today. And we graciously
5 implore that you consider this as a viable option for this
6 region. Again, you saw the direct benefactor, and you did
7 see that they have the need, and the increase in the
8 property tax would be very beneficial. So that's how it
9 will benefit this whole region. Thank you.

10 CHMN. FOREMAN: Member Wong.

11 MEMBER WONG: Thank you, Mr. Chairman.

12 Ms. Engel, you just said that your organization,
13 the Greater Tucson Economic Development Corporation --

14 MS. ENGEL: Greater Yuma.

15 MEMBER WONG: Excuse me. Greater Yuma.

16 MS. ENGEL: Yes.

17 MEMBER WONG: Sorry. Thanks for the correction.

18 MS. ENGEL: Yes.

19 MEMBER WONG: Are you satisfied with this project
20 regarding the maximum use and assemblage of the hardware,
21 the equipment, to benefit the community here in regard to
22 labor utilization from all levels of technology, technical
23 workers to basic skills, to professionals? Talk to me --
24 talk to us about to what extent this project is going to
25 benefit the labor force here.

1 MS. ENGEL: That's a very good question. Arizona
2 Western College, which is a community college located in
3 the community of Yuma, has implemented a curriculum that
4 is based on solar power and renewable energy technologies.
5 Primarily, we see the writing on the wall. We know we
6 make sense for the solar farm. So what the curriculum is
7 going to address is the maintenance applications, actually
8 assembly applications for solar panels, solar trough
9 technologies.

10 We have existing industries in Yuma right now
11 that compliment what is already -- it's already in
12 existence and operating. We have glass fabricators, we
13 have aluminum, and we know that these are all parts and
14 components that go into this technology, the trough
15 technology.

16 We see this as a way to go out and target those
17 particular manufacturers, bring them to this region based
18 upon the education level and the skills and the available
19 workforce due to the downturn in the economy. They would
20 have a work-ready workforce if they did come here. So
21 these are the things that we're doing when we're out
22 marketing.

23 We were at the Intersolar trade conference show
24 last week in San Francisco marketing ourselves to these
25 companies, and based upon the hope that we do have these

1 solar farms locating. Because we see this as our
2 opportunity to grow and enhance our manufacturing base to
3 support NextLight and support the technologies that
4 they're bringing to this region.

5 Does that answer your question, sir?

6 MEMBER WONG: Yes. That's in the right
7 direction. Will this company -- you mentioned a factory.
8 Would they be setting up a factory to build this, or will
9 that all be imported to Arizona for assemblage only?

10 MS. ENGEL: No. As a matter of fact, what we've
11 been told by NextLight is that some of their -- they
12 actually have a module that they manufacture on site.
13 Some of that will be done right on site, and it will
14 require several subs. So we're confident that our
15 subcontractors are going to benefit directly from the
16 manufacturing of these.

17 They come in several pieces. We're hoping some
18 of those pieces will be manufactured in Yuma as well, but
19 that's still an unknown. That's still relatively an
20 unknown, because until the project -- I'm sure NextLight
21 hasn't even decided who is going to supply them at every
22 step of the way. And so we're hoping to work in tandem
23 with them so we can work with the identified suppliers and
24 bring them here and have them locate here and start
25 operations in Yuma.

1 MEMBER WONG: I'm sure we'll hear the details
2 from the applicant as we progress.

3 But Ms. Engel, further is that you mentioned San
4 Francisco. I was at the legislature, and the Governor
5 just signed a bill giving greater and more competitive tax
6 advantages, incentives for headquarters and factory
7 locations in Arizona for --

8 MS. ENGEL: Primarily manufacturing.

9 MEMBER WONG: -- manufacturing facilities for
10 solar and renewable projects; is that correct?

11 MS. ENGEL: Yes. And we were heavily promoting
12 that while we were in San Francisco, heavily promoting
13 that. Because it is relatively new, and a lot of the
14 companies aren't even aware that it -- you know, I think
15 most of the companies do stay on top of those things, so
16 most of them probably were aware, but we were heavily
17 promoting the passage of 1403.

18 MEMBER WONG: Is it the intent or desire of your
19 organization to leverage, if this project is approved, the
20 company that's going to manufacture and assemble, to
21 leverage them to be your ally and hopefully be your
22 spokesperson?

23 MS. ENGEL: Absolutely. We're going to do
24 everything we can to become best friends and make sure
25 that they have a footprint here, that they're not in and

1 out. We want them to have a footprint here.

2 MEMBER WONG: I think that the Yuma area would be
3 a great location for these factories, because I don't
4 think Phoenix and the metro area owns that space. You
5 have a regional market here, including southern
6 California.

7 MS. ENGEL: We also have a workforce. We have a
8 fantastic workforce, and unfortunately we have some laid
9 off workers due to the downturn in the economy, so we have
10 an available workforce. And those are two things that
11 we're really touting when working with these companies is,
12 you know, when you get here, you're going to be ready to
13 go. You're not going to have difficulty whatsoever,
14 because we have the space, we have the assets, and we have
15 the resources, including workforce.

16 MEMBER WONG: And will you be partnering with NAU
17 down here as well as the community colleges?

18 MS. ENGEL: Yes. We do have those partnerships
19 in place already, and we work very closely with our
20 workforce investment board, which is the Yuma Private
21 Industry Council. And the Yuma Private Industry Council
22 was the recipient of a great amount of stimulus money, and
23 that stimulus money has helped to build some of the
24 curriculum and re-training of these laid-off workers so
25 that they're ready to go into the renewable energy

1 workforce.

2 MEMBER WONG: Very good. Good luck with building
3 this region into a solar vehicle.

4 MS. ENGEL: Thank you very much.

5 CHMN. FOREMAN: Member Palmer.

6 MEMBER PALMER: Thank you, Mr. Chairman.

7 You indicated in your earlier testimony that this
8 project would enhance local property tax revenue by about
9 \$13 million annually?

10 MS. ENGEL: Yes.

11 MEMBER PALMER: You agree that the county usually
12 receives between 22 and 25 percent of that, the school
13 district about 50 percent, and other special districts the
14 balance, library district, flood control, irrigation --

15 MS. ENGEL: Yes.

16 MEMBER PALMER: -- community college and so
17 forth.

18 MS. ENGEL: Yes.

19 MEMBER PALMER: So the impact on the school would
20 be very substantial, you would agree?

21 MS. ENGEL: Absolutely. That's why we see this
22 as such a valuable proposition for this area.

23 MEMBER PALMER: And the consequence of that is a
24 possible lowering of the tax rate for residents in that
25 school district.

1 MS. ENGEL: I can't speak on behalf of whether or
2 not their taxes will be lower.

3 MEMBER PALMER: Well, it's a possible
4 consequence.

5 MS. ENGEL: It's possible, yes.

6 MEMBER PALMER: Thank you.

7 MS. ENGEL: Yes, it is.

8 CHMN. FOREMAN: All right, very good. Thank you
9 again, Ms. Engel.

10 MS. ENGEL: Thank you.

11 CHMN. FOREMAN: All right. If there's anyone
12 else who is a member of the public who feels moved to
13 comment, please feel free to contact one of the ladies
14 near the front door and get a sheet and sign up, and we'll
15 give you the opportunity to make public comment later.

16 Let's move on now to an issue that has arisen
17 within the last 24 to 48 hours. I have received a
18 document that I think some of you members of the Committee
19 may be aware of, and I know that counsel for the
20 Applicants are aware of it. It's on a utility complaint
21 form of the Arizona Corporation Commission, and it's a
22 complaint by a David D. Frei, spelled F-r-e-i. And
23 Mr. Frei indicates in his complaint that this is my notice
24 of intent to be a party to the Agua Caliente solar project
25 known as White Wing Ranch.

1 Of particular interest in reading this is the
2 return address for Mr. Frei of the Yuma County Adult
3 Detention Center.

4 Is Mr. Frei present?

5 (No response.)

6 CHMN. FOREMAN: All right. Well, maybe he has
7 been detained.

8 As I think I indicated in our last hearing,
9 although there is some ambiguity in the rule, I think that
10 the statute pretty clearly indicates that the ultimate
11 decision about whether to allow someone to intervene is a
12 decision that must be made by the Committee and not by the
13 Chair.

14 In this case, I will recommend to the Committee
15 that the Committee deny the intervention of Mr. Frei, and
16 I'll do it for three reasons. Number one, he did not file
17 his request to intervene with the Commission as is
18 required by the Commission rules. Number two, he did not
19 file it more than 10 days before the scheduled hearing,
20 which violates the rules also. Number three, he did not
21 identify his interest in the hearing, which is a
22 requirement both of the rules and the statute.

23 Member Noland.

24 MEMBER NOLAND: Mr. Chairman, I move that we deny
25 the request of Mr. Frei to intervene in this case.

1 MEMBER PALMER: Second.

2 CHMN. FOREMAN: We have a second.

3 MEMBER EBERHART: Mr. Chair.

4 CHMN. FOREMAN: Member Eberhart.

5 MEMBER EBERHART: Just one comment. I'm looking
6 at the form, and your second comment about the timeliness,
7 his e-mail form to the Corporation Commission was actually
8 June 26, 2009, up in the top right-hand side. So he may
9 have filed it in time, but I still support the motion.

10 CHMN. FOREMAN: And you may be correct about
11 that. Apparently this was not docketed until -- it was
12 docketed on July 16, which was the date that I was going
13 by, which is less than 10 days before the scheduled date.
14 But if the date of the e-mail -- or I'm sorry. If the
15 date of the form, June 22, is accurate, then maybe you're
16 correct.

17 MEMBER EBERHART: Notwithstanding the date issue,
18 I do support the motion.

19 CHMN. FOREMAN: Are there other -- anybody else
20 want to speak to the motion?

21 (No response.)

22 CHMN. FOREMAN: All right. Then, no further
23 comments, all those in favor of the motion, which is to
24 deny the request to intervene of David Frei, signify by
25 saying aye.

1 (A Chorus of ayes.)

2 CHMN. FOREMAN: All those opposed, no.

3 (No response.)

4 CHMN. FOREMAN: The ayes have it. The request of
5 Mr. Frei to intervene is denied.

6 Now, we have had another public comment request
7 made by Roland Walker. Is Mr. Walker present?

8 Sir, would you like to speak now or after the
9 opening statements? Now, okay. Please step up there, if
10 you would. And give us your name, and please spell your
11 last name for the court reporter.

12 MR. WALKER: My name is Roland Walker,
13 W-a-l-k-e-r. The address is 1720 South Avenue 64E in
14 Dateland, Arizona.

15 I was requested to come in and show our support
16 from the Dateland area. I've been a resident there now
17 for 15 years. I'm a business owner. I own the businesses
18 on the freeway interchange, the Dateland Travel Center and
19 the RV park and date farm there.

20 We've been watching this project come to light.
21 Something I wanted to mention about the jobs that it would
22 create, you know, for the years that I have lived out
23 there, I employ some of the high school kids. And my wife
24 and I encourage them to graduate, get on to college and
25 get an education. The problem that Yuma County has is

1 once they get educated, there's nothing for them to come
2 home to for a job. Unless they work in an RV park or
3 Walmart or picking lettuce, there's really nothing here
4 for them.

5 So these types of projects like this are exciting
6 that we can continue to encourage those young kids to get
7 an education and then possibly have them come back to our
8 community and live in our community. And a project like
9 this where we're looking at three years probably before it
10 would even start up, you know, we can line up some of
11 those high school kids and get them going in the right
12 direction and get them educated, and then they can come
13 back and possibly start when the project starts.

14 You know, I've been up since 6:00 a.m. yesterday
15 morning, so I'm a little beat. As you all know, we're
16 without power in Dateland, and it's probably going to be a
17 couple of more days possibly before we get power back. So
18 I haven't been home to shave, I haven't been home to clean
19 up, so this is the way it is.

20 And, you know, I kept thinking there, God, I've
21 got to stay up there. I've got to keep these generators
22 and water and the problems back there, to keep the
23 business and my employees and everybody is looked after
24 there.

25 And I got to thinking, I've got to come down here

1 and say my piece about my support of this project. And I
2 get in the truck and started to drive down, and I'm
3 thinking: What can I possibly say that you don't already
4 know? Arizona has sunlight down in here. We know that we
5 have an overabundance of it. I'm surprised that the
6 government hasn't figured out an election tax to start
7 taxing us on the sunlight that we all enjoy living in this
8 area here.

9 We all know that we need to find a new, clean,
10 renewable energy source. We need to get off of fossil
11 fuels. We need to get moving in that direction, and what
12 a perfect project for it. When I heard solar was coming
13 into this area, I thought, you know, this is perfect.

14 As the other people have spoken about the
15 economic impact it will have on Dateland, it will be
16 tremendous. We need something like this to kick start
17 Dateland and get it going. But I've lived there for
18 15 years. I think this is an excellent project.
19 Everybody that I have spoken to -- I haven't spoken to
20 everybody in Dateland, but I have not heard of anybody
21 that does not support this as well.

22 And I just really encourage you to get through
23 the process that we have to go through and pass this so
24 these folks can get started and get going and get moving
25 ahead. Thank you.

1 CHMN. FOREMAN: Thank you, sir.

2 Question or comment?

3 (No response.)

4 CHMN. FOREMAN: All right, very good. Thank you.

5 All right. Let's move on. Now, are there any
6 other housekeeping matters that -- I think that we have
7 addressed them all.

8 Let's move, then, to opening statements. At the
9 prehearing conference that I had with counsel, you folks
10 indicated to me that you're going to present an integrated
11 case. So I will just turn the floor over to you and let
12 you present your opening statements as you wish.

13 MR. MOYES: Thank you, Mr. Chairman, members of
14 the Committee. Good afternoon. We're very pleased that
15 we can finally get together here. We appreciate very much
16 your accommodation of the circumstances with which we all
17 had to deal this morning.

18 This is my fifth generator case before this
19 Committee, but it's my first in this new era of
20 renewables. So I'm excited to be here today as we will
21 learn more about this new, clean, electric generation
22 fueled by the sun.

23 I want to be brief. I always try to be brief,
24 but there are a few points that warrant some emphasis as
25 we start out this afternoon.

1 First, Mr. Campbell and I do appreciate the
2 Chairman's consolidation of these cases, No. 145, the
3 solar plant, and Case 146 dealing with the transmission
4 interconnection and switchyard facilities. We requested
5 consolidation out of respect for your time in order to
6 simplify and shorten this process. These two projects are
7 very integrally related. They'll be constructed on the
8 same property, their environmental characteristics are the
9 same, and though separate certificates are required
10 because the two facilities will be separately owned, for
11 today's purposes they are essentially one undertaking and
12 they lend themselves readily to being reviewed together.

13 Secondly, as you have read from the applications,
14 we are seeking approval to build either one of two types
15 of solar generating plant, either concentrating solar
16 technology, generally known by the acronym CSP, or
17 photovoltaic technology, PV for short.

18 Our testimony will review CSP, which most of you
19 already heard about in the Abengoa-APS-Solana project, but
20 today we will also present to you for the first time the
21 basic elements of a utility scale PV generating plant.

22 NextLight needs the flexibility to develop either
23 technology, and the testimony will explain why that
24 flexibility is critical. Addressing both CSP and PV
25 options ensures full public review and environmental

1 analysis of both technologies that could be built on the
2 project site. There are some comparative advantages and
3 disadvantages to each technology, but the ultimate
4 decision will depend upon the specific configuration of
5 capacity of energy product and pricing needed by the
6 utility that purchases the plant's output.

7 Like most merchant generation, this project will
8 be constructed only pursuant to a long-term power purchase
9 agreement, or PPA as we refer to it, with a major utility.
10 Until a PPA process is completed, including regulatory
11 approval of the PPA itself, it would be premature and
12 potentially fatal to the project to foreclose the option
13 of building either CSP or PV on this site. You will learn
14 more about that from the ensuing testimony.

15 Thirdly, turning to the project site itself, as
16 you have heard referred to as the White Wing Ranch, vast
17 tracts of Arizona land, as you know, receive ample
18 sunshine to support solar generation, but I contend that
19 this project site is without equal as the perfect piece of
20 Arizona on which to build a solar generating facility.
21 You'll hear why in the detailed testimony about the
22 project site, but I'll simply preface that by noting that
23 it has all of the positive attributes ideal for a solar
24 plant, but none of the negative attributes that typify
25 much of Arizona's open land.

1 Before and after selecting the site, we evaluated
2 thoroughly the, quote, worst-case impacts of building
3 either a CSP or a PV project there. The detailed
4 applications of these cases make it clear and easy to
5 reach the conclusion that either the CSP project or the PV
6 project, as well as the APS transmission and switchyard
7 facilities, would all be environmentally compatible with
8 the selected project site in every sense of that term, and
9 the testimony that you will hear in this hearing will
10 reinforce that conclusion.

11 As you have heard mentioned, the name White Wing
12 Ranch invokes a lot of agricultural history for many
13 western Arizonans. Even after the solar project is built,
14 substantial acreage on the ranch will remain in active
15 agriculture under long-term lease to Del Monte's high-
16 value, drip-irrigated melon operation. That will help
17 sustain a big component of the current local agribusiness
18 economy.

19 But, of course, as you heard mentioned so
20 adequately by the public commenters, the material economic
21 benefits of the solar generation project, with capital
22 investment well over a billion dollars, are self-evident.
23 Among other benefits, it will bring a tremendous boost, as
24 you heard from the school officials, to the local Yuma
25 County tax beneficiaries such as Dateland School and this

1 school.

2 Let me move quickly just to review today's
3 hearing format. As described in the witness summaries
4 docketed and distributed to you last week, we have between
5 the cases nine witnesses organized into four panels. Most
6 will be very brief in their direct presentations. Panel 1
7 witnesses, Stan Barnes and Jim Woodruff, will briefly set
8 the policy and economic context of the projects, introduce
9 the NextLight organization, and address the market and
10 need issues. They will not get into any of the physical
11 characteristics of the project. So if you have questions
12 that you have raised during your preparatory reading about
13 the physical project, it's probably best that those be
14 deferred to Panel No. 2.

15 In Panel 2, Dana Diller will lead off with an
16 overview of the site selection process and the general
17 development project, the development of the project. She
18 will explain the need for the dual CSP or PV technology
19 flexibility, and she will then narrate a video virtual
20 tour of the project site. And I believe you'll find that
21 to be a more than adequate substitute for any actual
22 on-the-ground tour, although one has been arranged for
23 tomorrow if the Chairman so requests.

24 After the virtual tour, Steve Clark will present
25 an overview of the basic physical components and processes

1 of both the CSP and PV plant technologies from the
2 engineering perspective.

3 We'll then simply reference the brief prefiled
4 direct testimony of two witnesses, Marvin Glotfelty about
5 water and Mark Etherton about the gen-tie transmission
6 line, and the system impact study demonstrating compliance
7 with applicable transmission interconnection standards.
8 They will both be available to answer any questions about
9 their prefiled direct testimony, which was distributed to
10 each of you last week and is included in your exhibit
11 binder.

12 Panel 3 will be the solo testimony of Greg
13 Bernosky of Arizona Public Service Company addressing the
14 APS Q43 500kV transmission line and switchyard
15 interconnection project, which is the subject of Case 146.

16 Finally, as Panel 4, Randy Schroeder and Kenda
17 Pollio will testify about the detailed environmental
18 analyses and conclusions. Their testimony will apply to
19 both the solar generation projects and the switchyard and
20 interconnection projects. Ms. Pollio will conclude our
21 direct testimony by describing the public outreach program
22 we've conducted to ensure public involvement in these
23 projects.

24 As you have seen, we'll use the PowerPoint slides
25 and supporting graphics on the two screens in front of

1 you. Hard copies of those slides are included in the
2 exhibit binders in front of you. The testimony outlines
3 are organized under one tab in the same sequence as the
4 witnesses. The supporting graphic slides are identified
5 under or included under the next tab and may be shown in a
6 different order, especially during response to
7 questioning. But if that happens, we'll try to be sure to
8 identify the corresponding page numbers in your binder
9 when we put the slides up.

10 I'll try to keep my questioning of witnesses to a
11 bare minimum and allow them to testimony in an informal
12 narrative manner, if that's acceptable to the Chairman and
13 the Committee.

14 And obviously, your questions are welcome. The
15 primary reason we are here today is to answer your
16 questions. However, subject to the pleasure of the Chair,
17 I would encourage you to, if possible, note to yourself
18 any questions as witnesses testify and then ask them at
19 the conclusion of each panel, as earlier questions may get
20 answered by subsequent direct testimony. To the extent
21 that you can do that, it may help us expedite things here,
22 but more importantly, it will help to ensure that
23 questions get directed to the witness who is best able to
24 answer them. And, of course, the witnesses will do their
25 best to field your questions at any time that we are on

1 the record.

2 We will try to be brief enough in our direct case
3 that we can conclude the direct testimony and questioning
4 in short order. Obviously, we've been delayed in our
5 objective to try to complete all of that today, but we'll
6 try to move through things very quickly.

7 I do wish to express my own personal thanks to
8 each of you for your individual time and service. And on
9 behalf of my client, NextLight, we appreciate your
10 willingness to travel here so the local community has an
11 opportunity to participate, and particularly after we have
12 had to accommodate and adapt to changing circumstances
13 this morning. I'm sure the local citizens also appreciate
14 that effort.

15 We want to thank especially the Wellton
16 Elementary School for this facility, which we summoned at
17 the last minute. As you have heard, the project has
18 received tremendous local support; we appreciate that.
19 And we also express appreciation to those who have
20 scrambled to make this facility available to us today.

21 Let me just say a couple of things in conclusion.
22 We've all heard the enthusiasm of our political and
23 business leaders, and we'll hear today some of their words
24 urging that Arizona can and should become the solar energy
25 capitol in the nation, if not the world. Big words, and a

1 big vision of pretty grand magnitude. But if this grand
2 vision is to become a reality, its product can't simply be
3 confined to the borders of Arizona. A much broader import
4 and scope of that vision cannot be overstated as our
5 neighbors and our nation also grapple with depleting
6 reliability and affordability of fossil fuels and mounting
7 concerns over greenhouse gas emissions.

8 In today's society and economy, so totally
9 dependent on computerized electronics, as we've seen
10 firsthand today, electricity has become the new lifeblood
11 of our daily existence. This grand vision and Arizona's
12 unique opportunity is to become the heart that pumps a
13 new, clean, and renewable source of that lifeblood powered
14 by the free and inexhaustible fuel of the Arizona sun into
15 the arteries of the entire West and the nation. Today,
16 you have the opportunity to help Arizona take another
17 major step toward making that grand vision a reality.

18 Thank you. That concludes my opening statement,
19 Mr. Chairman.

20 CHMN. FOREMAN: Mr. Campbell.

21 MR. CAMPBELL: Thank you, Mr. Chairman. Good
22 afternoon, members of the Committee. Just a couple of
23 comments about the APS specific part of this. I can't add
24 much to Mr. Moyes' eloquent comments.

25 APS is seeking its own Certificate of

1 Environmental Compatibility for what is called the Q43
2 interconnection facility. It will allow APS to
3 interconnect to the existing Palo Verde to North Gila
4 No. 1 500kV transmission line, which exists right now, and
5 also to interconnect in the future to the Palo Verde No. 2
6 500kV transmission line, which was approved by this
7 Committee and by the Commission about two years ago.

8 Probably the easiest way to visualize the APS
9 portion of the case before you is to take a look at the
10 placemat that NextLight provided and turn to the side that
11 says Figure G-3, Artist's Rendering of Agua Caliente Solar
12 Project Using PV Technology. It's Figure G-3.

13 If you look at that figure, in the lower left-
14 hand corner you will see the Q43 interconnection project,
15 or at least a rendering of that project. Mr. Bernosky
16 will talk in a little bit more detail. It's down in the
17 lower left-hand corner on this particular placemat.

18 And if you look very carefully -- and this is
19 pretty hard -- just south of that you can see some of the
20 existing structures for the Palo Verde to North Gila No. 1
21 transmission line, and it will be interconnecting into
22 that transmission line. Both the Palo Verde No. 1
23 transmission line and the future Palo Verde to North Gila
24 No. 2 transmission line are, of course, located in the
25 heart of the area where there's going to be solar

1 renewable development. This project, the interconnection
2 project, you can view almost as an on-ramp to that
3 transmission highway that runs between the Palo Verde
4 nuclear power plant and the North Gila substation which is
5 right outside of Yuma.

6 We will talk a little bit more about the specific
7 facilities, but the interconnection facilities basically
8 consist ultimately of a switchyard, a substation, and some
9 fairly short transmission lines that loop in to both the
10 existing 500kV line and will loop in to the future 500kV
11 line that's in this precise area.

12 As Mr. Moyes indicated, we are appreciative that
13 you were willing to consolidate this case with the Agua
14 Caliente case because, frankly, the impetus for APS
15 bringing this case now is that Agua Caliente has requested
16 interconnection with APS, and APS is responding to that
17 interconnection request, and part of that response is to
18 get the CEC for this project.

19 In addition to that obvious need that's being
20 met, APS believes there's obviously potential for this Q43
21 interconnection project to have even larger benefit to the
22 state of Arizona. As mentioned by some of the public
23 commenters, this is an area where other solar facilities
24 may be built, and this on-ramp may be important for the
25 long-term future of Arizona.

1 We are going to also present a fairly brief case.
2 APS, as Mr. Moyes mentioned, will have one primary
3 witness, Mr. Bernosky, who is the project director. He's
4 testified before you in prior cases. He will talk about
5 the particular Q43 interconnection facility. And then we
6 are co-sponsoring, along with Agua Caliente, Mr. Schroeder
7 and Ms. Pollio, because the environmental analysis that
8 was done and public outreach that was done for the
9 interconnection project was done in connection with the
10 Agua Caliente solar facility, and those folks worked on
11 that.

12 So we appreciate your willingness to consolidate
13 again, and we will try to honor your time as we do our
14 presentation. Thank you.

15 CHMN. FOREMAN: All right. Member Eberhart, you
16 have an opening statement you want to make?

17 MEMBER EBERHART: Not an opening statement, but
18 one thing that I would like the Applicants' attorneys to
19 answer for me, if they could, a couple of legal questions
20 that are in my mind.

21 I believe the statutes are silent on the Line
22 Siting Committee granting CECs for photovoltaic, and I
23 just had a question if the Applicants believe that they
24 have to have that certificated by the Committee if it is
25 to be PV technology.

1 And then the other legal issue I would like them
2 to address is whether or not they feel legally that the
3 Committee can grant a CEC allowing them to do either
4 technology at their choice, or does the Committee have to
5 grant a CEC with only one technology permitted?

6 CHMN. FOREMAN: We discussed those issues at our
7 prehearing conference. And Counsel, why don't you expand
8 on what you told me.

9 MR. MOYES: Thank you, Mr. Chairman.

10 Mr. Eberhart, obviously, that question is one
11 that has come up many times in our own thinking, analysis
12 and preparation for today.

13 The precise definition of plant, which is sort of
14 the lead entrée to this Committee's jurisdiction and
15 responsibility, speaks solely in terms of -- I'm reading
16 here from A.R.S. 40-360, definition No. 9: Plant means
17 each separate thermal electric, nuclear, or hydroelectric
18 generating unit with a nameplate rating of 100 megawatts
19 or more.

20 Clearly, a CSP project, which entails a
21 traditional thermal steam generator, falls within that
22 definition. Like many parts of our statutes that were
23 written many years ago, the statute simply does not
24 contemplate the circumstance that we are faced with in the
25 context of proposing a PV project.

1 I don't know that this Committee wishes to reach
2 a formal legal decision about its jurisdiction, but the
3 way I have analyzed it is essentially as follows. First,
4 I think it's in the public interest, and the client
5 concluded that it was in the public interest that we
6 present to you the information about both alternatives.
7 Under a strict interpretation of the statute, because a PV
8 plant does not fall within the definition of a plant, I
9 believe that a party could, if it chose to do so, proceed
10 to construct a PV plant without a CEC from this Committee.

11 However, it also seems to me that for this
12 Committee to issue a certificate that speaks to both
13 options and makes an expression of support and a finding
14 of environmental compatibility in itself does no harm if,
15 in fact, there is some lack of jurisdiction that would
16 mandate that you do so or that we ask you for that.

17 Clearly, in this context the mandate is that we
18 come to you with the CSP project and that you have a
19 responsibility to deal with that. If the other -- if the
20 second half is not needed, then it seems to me it does no
21 harm and yet it serves a public interest for us to have
22 that part of this proceeding.

23 If by some interpretation that I don't find in
24 the law today -- but I don't want to foreclose any
25 arguments that the Commission or others might want to

1 make -- jurisdiction were to be required, then we would
2 have covered that base by being here with both projects
3 and having obtained a certificate that speaks to both
4 options.

5 We clearly will build only one or the other. In
6 the very earliest stages of public discussion about the
7 project, we contemplated CSP as the primary. As
8 Ms. Diller will address in her testimony later, changing
9 and evolving circumstances have caused us to feel it
10 appropriate that we include the PV alternative as well.

11 MEMBER YOULE: Mr. Chairman.

12 CHMN. FOREMAN: If I might enlarge on our earlier
13 discussions in that regard. We did discuss this. It is
14 my reading of the statute that no CEC is required for a
15 PV, solar PV facility.

16 My recollection of our discussions earlier was
17 that at that time your client, Counsel, had not decided
18 the percentage of PV as opposed to CSP that might be
19 involved, and that the inference I drew from that is that
20 it might be a combination project including both. Am I
21 understanding now that it's going to be either/or?

22 MR. MOYES: Yes. If we gave you the impression
23 that it would be a combination of both, that was my
24 mistake. It clearly would be an option of one or the
25 other.

1 CHMN. FOREMAN: We have now pending a gen-tie
2 transmission line application that I believe is Project
3 No. 148. That will be -- it's the Mesquite gen-tie
4 project. That will be from a planned PV field to a
5 transmission -- a 500kV transmission line, I believe.

6 I think this is clearly a problem with the
7 statute. We have a statute that was drafted before
8 renewable energy was a significant issue. It doesn't
9 contemplate either photovoltaic or wind turbine
10 generation, and that's a problem that I think needs to be
11 remedied, quite obviously.

12 I think that the Applicant is doing the right
13 thing in coming and seeking some sort of permission from
14 the certificating agency, our Committee, on this, just in
15 case they do wish to take the CSP technology.

16 And I can see no problem occurring for us in
17 certificating the CSP facility, and then if they're going
18 to build a PV facility, then they build a PV facility and
19 their certificate is not necessary for that facility, or I
20 guess you could say something they could keep in case they
21 wanted to change from PV to CSP.

22 I think the issue here is going to be at the CEC
23 drafting and what we do with the time limit with regard to
24 making the decision at the time with regard to
25 construction. And that's something that we'll want to

1 talk about later, I think.

2 Member Youle.

3 MEMBER YOULE: Thank you, Mr. Chairman. I had
4 the same question. And I think that there may be some
5 language that could be inserted into the draft CEC that
6 might be able to say, you know, to the extent that the
7 Committee has the jurisdiction over the PV. Because I
8 think you've got specific PV language in that CEC, draft
9 CEC. Some way to sort of split the baby and to make sure
10 that we're not prejudicing any other PV plant by making a
11 decision that this Commission has jurisdiction over PV
12 prematurely. I would be comfortable with that.

13 CHMN. FOREMAN: Any other members have something
14 they wanted to share?

15 Mr. Eberhart.

16 MEMBER EBERHART: Mr. Chairman, I don't know if
17 the second part of my question was answered. Does the
18 Committee have the authority to authorize both?

19 CHMN. FOREMAN: I think it has only the ability
20 to authorize the CSP.

21 Does the Applicant agree?

22 MR. MOYES: I think the Committee clearly has the
23 authority to authorize the CSP. I also believe as a
24 practical matter that the Committee has the opportunity,
25 and can if it so wishes, express whatever degree of

1 support it wishes to for an alternative here, the PV
2 project on this site. To the extent that that is not
3 required, then there's -- I suppose one could argue that
4 it's superfluous, but for the Committee to do so seems to
5 me to not run afoul of any legal principle.

6 CHMN. FOREMAN: Well, in trying to think about
7 this issue beforehand, and I have thought about it, this
8 seems to me is a fact-intensive question that I'm going to
9 be interested in hearing the testimony on.

10 If the environmental impact of the PV technology
11 is virtually identical to the environmental impact of the
12 CSP technology, with the exception of the cooling towers
13 and the water use addition that would be needed for the
14 CSP technology, then I think that's something that we can
15 note in passing that we see no additional environmental
16 impact from the PV technology over the CSP technology, but
17 I don't think we have jurisdiction. I don't think we have
18 the legal authority to authorize the building of a PV
19 facility.

20 We have the ability to authorize the building --
21 we have a statutory responsibility to make the decision
22 about the authorization of building a thermal electrical
23 generation plant, and a thermal plant would only be the
24 CSP technology, not the PV technology.

25 But as counsel indicated, we can certainly make

1 these observations as we go through. My hope is that the
2 legislature -- when the legislature is able to focus on
3 matters other than the budget, it might be interested in
4 reviewing the status of this statute. It seems to me
5 there are lots and lots of things that need to be
6 addressed in this statute, and this is clearly one of
7 those things.

8 If we are to be able to credibly make the
9 argument that the state siting process is superior to the
10 federal siting process that is being suggested, then it
11 seems to me we have to have a state siting process that is
12 in the 21st century, not in the 20th century. We have to
13 have a state siting process that accommodates a
14 significant part of the renewable energy technologies that
15 are available for use in electrical generating facilities,
16 and our statute presently does not do that.

17 Now, we'll try to do the very best that we can
18 with what we have, and it's not our -- we do not have the
19 ability to get the legislature to change this other than
20 to suggest to them that change is necessary, but it seems
21 to me this is clearly a problem area in Arizona's statute
22 that needs to be addressed.

23 And I, frankly, applaud the Applicant in this
24 case for its willingness to go the extra mile and place
25 both technologies before the Committee and provide -- and

1 ask for certification of the project at the very least as
2 a CSP project, and present testimony concerning the PV
3 impact so that we can be aware of that and hopefully
4 confirm on the record that the PV technology has no
5 greater environmental impact and perhaps less
6 environmental impact than the CSP technology.

7 Member Houtz.

8 MEMBER HOUTZ: Commenting on the Chairman's plan,
9 I agree with him that the CEC should focus on the CSP.

10 And I raise this to the attorneys to think about.
11 That if we were doing an alternative CEC, alternative
12 technologies, what does that do to our balancing test? Do
13 we have to make a comparable balancing of the
14 environmental impacts of each technology and choose one
15 over the other? Because, obviously, CSP has more impacts
16 than PV. And I just raise that as something to consider
17 in doing that.

18 And Mr. Chairman, if you are taking opening
19 statements, I did have some opening remarks as well.

20 CHMN. FOREMAN: I think this would be a good
21 point for Committee members, if they have particular
22 issues that they want addressed. Member Eberhart just
23 raised some key legal issues that I think need to be
24 addressed by the witnesses as they go forward. Yes, now
25 would be the time.

1 MEMBER HOUTZ: Okay. I look forward to this
2 hearing. I think that the technology will be interesting
3 to learn about. And for the members of Yuma County and
4 other local jurisdictions here, I work for Herb Guenther,
5 who some of you know, was a former Yuma County resident
6 for 20-plus years in the fine town of Tacna. I have now
7 had the opportunity to drive up and down every street in
8 Tacna, which gives me an up with the boss and now I can
9 tell him that I have seen his old house.

10 Another thing that's come up with solar, though,
11 there's been a lot in the news, there's been a lot of
12 studies, there's congressional hearings ongoing about the
13 relationship of solar power to the use of water. It has
14 raised the department's interest in balancing the use of
15 water for all power generation in that we know that CSP
16 doesn't get as much bang for the acre-foot. It takes more
17 water per megawatt than several other technologies.

18 But regardless of that, we've now been analyzing
19 sources of water and the ultimate user of the power
20 generated. It is not a formal policy, but we will be
21 raising questions as the testimony goes about whether the
22 power will be exported out of the state, locally used, and
23 will be weighed in how we determine is this a proper use
24 of a nonrenewable source of water, groundwater, when many
25 plants in the state are on renewable sources, either

1 Colorado River water, et cetera. Effluent runs Palo
2 Verde.

3 So I'm just opening that up to the attorneys and
4 witnesses that those are things that the department is
5 taking a higher interest in now than maybe previously. We
6 used to mostly look to see what are the legal
7 ramifications of water use as opposed to the policy
8 implications. But Mr. Guenther sends his regards to
9 everyone here, and he misses these days. Thank you.

10 CHMN. FOREMAN: Member Palmer.

11 MEMBER PALMER: Thank you, Mr. Chairman.

12 Applicant's counsel read from the statute,
13 Mr. Moyes, and found the word "generation" in the statute?

14 MR. MOYES: Generating unit.

15 MEMBER PALMER: PV does not generate electricity.
16 It transforms it from -- you take it from DC to AC, but it
17 doesn't actually generate -- the system doesn't actually
18 generate power. The power comes from the sun. So I'm
19 just wondering if that would make it exempt based on the
20 lack of the word "generation" in that system.

21 CHMN. FOREMAN: An interesting question. I'm not
22 sure what the answer is. The way I had read the data
23 concerning PV, it was considered a generating -- an
24 electricity generating technology generating electricity
25 from photons from the sun.

1 It's an academic question, I think, as far as
2 what we're doing, because if -- that would be a second
3 reason why the PV technology would not be covered by the
4 statute. And as long as we all agree that it is not
5 covered by the statute, the question is to what extent
6 should we address it in a CEC that we might generate and
7 that we might authorize.

8 MEMBER PALMER: We are charged with mitigating
9 environmental impact.

10 CHMN. FOREMAN: Correct.

11 MEMBER PALMER: And we can do that by siting this
12 CSP system. And if they choose then to opt for the PV
13 system, then that impact mitigation will have already
14 occurred, I would think, by conditions in the CEC. So
15 they have a default position with PV.

16 CHMN. FOREMAN: Yes, but that's a factual
17 conclusion. So long as the testimony does support the
18 conclusion that the environmental impact of PV is no
19 greater than the environmental impact of CSP.

20 MEMBER PALMER: On the surface it appears that
21 that's the case.

22 CHMN. FOREMAN: Yes.

23 MEMBER PALMER: In fact, PV would likely have
24 less impact because of absence of water consumption, which
25 is an issue for ADWR.

1 CHMN. FOREMAN: But that's something that we will
2 want the testimony to address.

3 MEMBER PALMER: Thank you.

4 CHMN. FOREMAN: Member Mundell.

5 MEMBER MUNDELL: Thank you, Mr. Chairman.

6 And Mr. Moyes, you read the statute. And I don't
7 have it in front of me, but refresh my memory. Is it
8 applicable to both this Committee and ultimately the
9 Commission on the jurisdictional issue?

10 MR. MOYES: Yes, I believe so. The statute uses
11 the term "plant" as the, as I said, the jurisdictional
12 entrée to the whole certification process. The
13 Commission's action on the certificate is then part of the
14 same statute as an affirmation of the actions of the
15 Committee.

16 MEMBER MUNDELL: And then I'm listening to what
17 the Chairman is saying and I'm listening to what you're
18 saying. And I'm not sure who to ask, but is it the
19 position that this is the type of jurisdictional question
20 that cannot be waived?

21 I'm not sure if you're waiving the argument or
22 not, and so I want to be clear about it on the record.
23 For purposes of this proceeding, are you waiving the
24 jurisdictional argument that this Committee does not have
25 jurisdiction over the PV portion of your application?

1 MR. MOYES: I think it's evident that we are
2 comfortable with the position that a certificate will be
3 found to be appropriate in this case for either CSP or PV.
4 If there are jurisdictional lackings or defects, I don't
5 think that a position by the Applicant can change the
6 legal result of that. It can't change -- we can't grant
7 you jurisdiction by simply saying that we're comfortable
8 with the position that you have it. So it's not a matter
9 of my, on behalf of my client, conceding jurisdiction
10 here.

11 I think we are, as the Chairman said, faced with
12 a situation that we have tried to grapple with and come to
13 the right conclusion to do the right thing. And I think
14 you first will find that the testimony clearly supports
15 the conclusion that the PV technology impacts fit well
16 within the same envelope, if you will, of impacts for CSP.

17 I think that, as I have said before, we are
18 comfortable that on a strict reading of the statute we
19 only need the CEC for CSP, but that there's nothing
20 inappropriate about expanding the scope of the process to
21 entail.

22 I do wish to -- and I'm not trying to divert away
23 from your question, Mr. Mundell. I do wish to also
24 respond for a minute about a couple of points that the
25 Chairman made with respect to a federal issue. And I

1 recognize that you were speaking in a broader scope than
2 just this case, but I want to make sure for the record
3 that we understand that there is no issue here of priority
4 over a federal proceeding or federal jurisdiction. That's
5 not an issue in this case.

6 We also don't wish to be either preempted or
7 deferred in any manner until the legislature were to act
8 on this issue. And I don't think that that's what you
9 were suggesting, but just wanted to make that note for the
10 record. Nor are we trying to prejudice or preempt any
11 other parties' positions or views about this
12 jurisdictional question.

13 The fundamental answer is jurisdiction is not,
14 per se, waivable by the Applicant. All we can do is cope
15 with the situation as we see it and do what we think is
16 the right thing and the best thing, and that's the
17 approach that we have taken.

18 MEMBER MUNDELL: Just a follow-up. I understand
19 your answer. And I haven't had a chance to research the
20 issue of submitting to jurisdiction or not. I just
21 remember that there are some issues that you can, in fact,
22 waive and there are some that you can't. And that's why I
23 was asking you if, notwithstanding the legal argument in
24 some other case, whether in this case you were waiving
25 those arguments, and I wasn't really clear about your

1 answer.

2 MR. MOYES: There are some kinds of jurisdiction,
3 and I know from your background and training and practice
4 experience, personal jurisdiction is often in some matters
5 waivable by the party over whom jurisdiction is being
6 asserted, but subject matter jurisdiction typically is not
7 something that we can bootstrap ourself into. So if you
8 don't have it, then we obviously also don't need it, and
9 to me that was the determinant here.

10 MEMBER MUNDELL: I appreciate your clarifying,
11 because your prior statement was a little too general
12 based on my recollection of the debate on jurisdiction,
13 and you have clarified it with personal jurisdiction
14 versus subject matter. That's all I was looking for. I
15 wasn't going to debate it. I just wanted to be clear what
16 we were talking about for the record. Thank you.

17 MR. MOYES: Thank you.

18 CHMN. FOREMAN: All right. Very good. Let's get
19 started then.

20 Oh, I'm sorry, Member Wong.

21 MEMBER WONG: Yes, just a few comments. Thank
22 you, Mr. Chairman.

23 Just some comments, and hopefully they will be
24 answered as we move forward in the panels and the
25 presentations. I applaud bringing this project forward,

1 and I, along with Commissioner Mundell and others, had
2 voted for adopting the Renewable Energy Standard at the
3 Corporation Commission in 2006, and utility-scale solar
4 renewables in conjunction with distributed renewables are
5 both major components of the Renewable Energy Standard.

6 As Member Houtz stated, I also would be
7 interested to hear about the environmental impact from the
8 usage of water and how that quantity of water in relation
9 to its -- the current use of that land. I think it's
10 agriculture, and using comparative figures of what the
11 agricultural use is versus this proposed use under the CSP
12 project.

13 And also I would like to learn more about the
14 technology, the hardware, is that CSP, I understand, is
15 the reflecting mirrors that reflect onto the pipes that
16 boil the fluids and turns the turbines, and similar to
17 another project that we had approved in the past.

18 In regard to PV, photovoltaic, I would like to
19 learn more about the type of PV panels being used, its
20 efficiency, and the proposal to -- or what type of
21 efficiency -- what type of -- how efficient will these
22 panels be, if that's what you choose to incorporate into
23 this plan, this project.

24 And also the sourcing of this -- the PV panels as
25 well as the CSP. Are they imported from a foreign

1 country? Are they U.S. produced? Are they Arizona
2 produced? Locally produced? I think those are important
3 issues as well.

4 And also, with regard to usage, what is the
5 demand for the power? Is this local, regional demand and
6 usage in Arizona, or is it going to be distributed
7 throughout Arizona, or regionally in Arizona, as well as
8 in southern California and other parts of the southwest
9 U.S., or even southwest North America. So please address
10 those issues as well. Thank you.

11 CHMN. FOREMAN: All right. We have had our court
12 reporter working hard here for a while. Let's take a
13 brief break, and we'll start at 2:30 with opening
14 statements.

15 (A recess was taken from 2:16 p.m. to 2:30 p.m.)

16 CHMN. FOREMAN: Let's go back on the record.

17 We have two additional folks who would like to
18 speak. I'm going to ask that you folks wait until after
19 the opening statements.

20 Counsel, I'm sorry. You finished your opening
21 statements. You're ready to go with testimony. So then
22 let's take our two public comments.

23 Is there a Gerald Lederthiel here? Gerald, was
24 there a comment that you wanted to make?

25 MR. LEDERTHIEL: No.

1 CHMN. FOREMAN: Okay. All right. Dennis
2 Burhans. Mr. Burhans, is there a comment that you wanted
3 to make?

4 MR. BURHANS: My only concern is --

5 CHMN. FOREMAN: If you would, sir, please come up
6 to the microphone if you want to make a comment. If you
7 would please tell us your name and spell your last name
8 for the court reporter.

9 MR. BURHANS: My name is Dennis Burhans. The
10 last name spelling is B-u-r-h-a-n-s.

11 CHMN. FOREMAN: All right. And what would you
12 like to tell us?

13 MR. BURHANS: I would like to know about -- we're
14 out of power at Dateland. How is this going to affect us
15 at Dateland when this goes on line and we lose power, but
16 yet you're generating plenty of power to sell? Are you
17 going to provide power to the school and to the public in
18 the local area of Dateland, Gila Bend, and where else in
19 this area?

20 CHMN. FOREMAN: Mr. Burhans, do you have a
21 position one way or the other on whether the Committee
22 should approve the applications in Project No. 145 or 146?

23 MR. BURHANS: I'm all for new energy for the
24 state of Arizona. I would like us to become number one,
25 because I was raised in Arizona, not born in Arizona. But

1 I would like to see this project go, because where else
2 can new children see projects like this being built? You
3 don't see it.

4 You know, I'm all for it. As I say, I hope that
5 it comes on line and everything goes good. I hope they
6 provide electric to the state of Arizona, to the local,
7 and to California who needs it real bad. But, you know, I
8 says, I just hope it goes through. I says, we need it.
9 It's going to bring taxes for the school. We all need
10 taxes. So, you know.

11 CHMN. FOREMAN: Thank you very much for coming
12 and talking to us.

13 MR. BURHANS: All right. Thank you.

14 CHMN. FOREMAN: All right. Now, let's proceed
15 with testimony.

16 Counsel.

17 MR. MOYES: Mr. Chairman, before we take our
18 first witness, I think for the sake of the record and just
19 sufficiency of the record and to demonstrate compliance
20 with the various procedural prerequisites to this hearing,
21 I would like to reference -- and it will take a moment to
22 work through these -- but several items that have been
23 provided and docketed in compliance with the various
24 applicable statutes.

25 The first of those being the notice of hearing,

1 which you signed on June 5 and was docketed by you, I
2 believe, or by your office at 10:00 a.m. on June 5.
3 Secondly, the agenda for this meeting, which was posted by
4 your office and docketed on June 8.

5 Then, on July 15, I docketed a package of
6 materials, some of which had been docketed before, but let
7 me just review them again for the record because they are
8 responsive to various statutory requirements. The first
9 of those was an affidavit of publication of the notice of
10 hearing pursuant to A.R.S. 40-360.04, and Arizona
11 Administrative Code or A.A.C. -- I'll use that
12 shorthand -- Rule 14-3-208(A)(1), evidencing publication
13 of that notice by the Yuma Sun the requisite two times.

14 Secondly, photographs that were taken of the
15 notice of hearing signs that we posted at the project site
16 in accordance with your procedural order dated June 5,
17 2009.

18 Thirdly, there was a thing called the 10-year
19 plan, for shorthand, under A.R.S. 40-360.02(A), which was
20 previously filed in the docket where those plans get filed
21 generically, Docket E-00000D-09-0020, on January 30, 2009,
22 and then that was re-docketed in this docket on July 15.
23 Likewise, the thing that we refer to generically as the
24 90-day plan, or advanced notice, pursuant to A.R.S.
25 40-360.02(B), which was filed earlier on November 12, in

1 the generic docket for those filings, E-00000M-09-0170.

2 Fifthly, the certified mail receipts reflecting a
3 mailing to Yuma County of the application for certificate
4 pursuant to A.A.C. Rule 14-3-208(A)(2).

5 Next, a confirmation of delivery of the
6 applications to the libraries at the Dateland Elementary
7 School and the Yuma County public main library, again
8 pursuant to your procedural order of June 5.

9 And finally, we docketed, again pursuant to that
10 procedural order, a proposed tour itinerary and protocol
11 map.

12 So I cover those simply so that the record
13 reflects those activities have taken place.

14 CHMN. FOREMAN: Very good.

15 MR. MOYES: Then we would wish to call our first
16 panel of witnesses, Mr. Stan Barnes and Mr. Jim Woodruff.

17 CHMN. FOREMAN: All right. Mr. Barnes, do you
18 wish an oath or affirmation?

19 MR. BARNES: No, it's not necessary,
20 Mr. Chairman. Affirmation is fine.

21 CHMN. FOREMAN: And Mr. Woodruff, oath or
22 affirmation?

23 MR. WOODRUFF: I'll take the oath. That's fine.

24 (Stan Barnes was duly affirmed and Jim Woodruff
25 was duly sworn by the Chairman.)

1 CHMN. FOREMAN: All right. Very good, gentlemen.
2 Please, starting with Mr. Barnes, tell us your name and
3 spell your last name for the court reporter.

4 MR. BARNES: Thank you, Mr. Chairman. My name is
5 Stan Barnes. B-a-r-n-e-s is how you spell my last name.
6 I'm with Copper State Consulting Group, and have been
7 involved with the Agua Caliente solar project and
8 NextLight since July of 2008. It's been a year already.

9 CHMN. FOREMAN: Mr. Woodruff, could you give us
10 your name and spell your last name, please.

11 MR. WOODRUFF: Yes. My name is Jim Woodruff.
12 The name is spelled W-o-o-d-r-u-f-f.

13 CHMN. FOREMAN: All right. Counsel, you may
14 proceed.

15 MR. MOYES: Thank you, Mr. Chairman.

16

17 STAN BARNES and JIM WOODRUFF,
18 called as witnesses on behalf of Agua Caliente, having
19 been previously duly affirmed/ sworn by the Chairman to
20 speak the truth and nothing but the truth, were examined
21 and testified as follows:

22

23 DIRECT EXAMINATION

24

25 Q. (BY MR. MOYES) Mr. Barnes, I appreciate your

1 being here and patiently awaiting this opportunity to
2 speak as the erstwhile politician that you have always
3 been. I know this is a great opportunity.

4 We do wish that you share with us briefly your
5 observations and opinions regarding the benefits of solar
6 power development, both in respect to the Agua Caliente
7 solar project and the broader public policy implications
8 of solar development in Arizona.

9 A. (BY MR. BARNES) Thank you, Mr. Moyes.

10 And again, good afternoon, Mr. Chairman, panel
11 members. Again, I'm Stan Barnes. I've been involved with
12 this project for just about a year now, and my
13 responsibilities involve public affairs, government
14 affairs, media relations, public relations, the external
15 communications for the project.

16 Everything I was going to say could be mercifully
17 shortened if you had paid attention to our public speakers
18 that came before us. Supervisor Ferguson, Ms. Engel,
19 Mr. Sloncen, Mr. Walker, and, yes, Mr. Burhans as well,
20 all said, very poignantly, some important things to note
21 about this project.

22 It's just not a normal project. It's not the
23 kind of thing that your panel is used to seeing. My role
24 today is to help set the context for what you're doing,
25 and those speakers that have gone before me have done that

1 well.

2 This is an opportunity for Arizona to lead the
3 world in a very important place in the world, and that is
4 the development of new energy resources. And leading the
5 world while making a dramatic, positive local addition is
6 what we're talking about. Arizona has been waiting for
7 clean renewable energy from the sun to align with national
8 priorities and economics for as long as I've been involved
9 in public service, and the Agua Caliente solar project is
10 here today to assert that that time has come. And indeed,
11 this project is exactly what Arizona desires in the way of
12 the new energy that we all seek to power our future.

13 A few facts and other comments, and I'll be
14 finished in just a brief moment. I just returned from the
15 Western Governors Association annual meeting. I've been
16 lucky enough to go to the last three of them. The last
17 one was in Park City. And energy is the front topic among
18 the western governors, and Arizona is always on the lips
19 of the various states that attend, because we have the
20 solar resource. It's estimated by the WGA, the Western
21 Governors Association, that we have about 22,000 megawatts
22 of available high quality solar in Arizona. That's more
23 than any other state.

24 The Agua Caliente solar project is here to use
25 that energy resource and to help utilities in the west

1 meet the Renewable Energy Standards. It is self-evident
2 in its alignment with federal policy goals and objectives
3 to minimize reliance on fossil fuels in order to reduce
4 dependance on foreign sources and enhance our own energy
5 security. Agua Caliente solar project is making use of
6 these multi-thousand megawatts that are available to us.
7 And that kind of solar generation can be a long-term hedge
8 against fossil fuel prices and their volatility and a cost
9 effective way to reduce greenhouse gas emissions as well.

10 It's been referenced earlier by some of our
11 public speakers the economic development benefits of this
12 project. They are enormous. They are measurable,
13 substantial. The capital investment is approximately one
14 and one half billion dollars. The construction jobs,
15 depending on the technology, will be anywhere from 300 to
16 400 using the PV technology, to upwards of 1,000
17 construction jobs utilizing the CSP technology.

18 The Arizona Department of Commerce says that the
19 unemployment rate in Arizona as of April was 7.7 percent
20 and rising. Yuma County has not been immune from this,
21 and these kind of jobs will be welcome, I believe I can
22 assert. The full-time jobs that would come from this
23 project are anywhere from 15 to 20 full-time jobs using
24 the PV technology, to upwards of 50 full-time jobs using
25 the CSP technology.

1 A recent study, the Arizona Solar Roadmap,
2 determined that the development of solar energy projects
3 in Arizona can result in 3,000 jobs by 2020, partly due to
4 Arizona's ability to export solar energy to those areas in
5 the western United States that do not have the solar
6 resource and would love to import that from Arizona to
7 wherever they happen to be.

8 Arizona can use its natural advantages, according
9 to the AERO report, the Arizona Economic Resource
10 Organization report. Those natural advantages include
11 high solar resource, abundant land, proximity to
12 California and other western states, to lead the solar
13 power export business. Indeed, it's an exciting project
14 to be a part of. In fact, if I can say so, it's an
15 exciting movement to be a part of.

16 Observing the panel that I'm speaking to, I'm not
17 telling you anything that you don't know, but this project
18 is very much aligned with the goals and objectives of
19 Arizona leaders. As Member Wong referenced earlier today,
20 he and Commissioner Mundell were there to promote and
21 defend the Renewable Energy Standard that has been set by
22 the Arizona Corporation Commission. This debate has been
23 going on for some time and is blossoming before our eyes.

24 This session of the Arizona legislature, with all
25 of its tumult and calamity that we got to witness wrapped

1 around the budget crisis, also produced two very important
2 bills relative to this topic. One was Senate Bill 1403
3 that was referenced earlier that incentivizes solar energy
4 manufacturers to bring their manufacturing facilities to
5 Arizona.

6 The legislature also passed House Bill 2341 that
7 provided a renewable energy production tax credit. The
8 governor vetoed that bill. She intervened and she said
9 that she liked the tax credit, but wanted to know that
10 there was some sort of cap on that tax credit, and it did
11 not have one in the legislation. And she amended the call
12 of the special session that is now happening at the
13 Arizona legislature to include an ability, should the
14 legislature care to, to readdress that topic as part of
15 her message, which I thought was a positive statement.
16 The governor said also that she wants Arizona to be a
17 leader in the sustainable industry sector, creating stable
18 jobs that will help diversify our state economy.

19 The Corporation Commission has been indeed at the
20 forefront of leadership on this issue. Commissioner,
21 Chairman Kris Mayes in January said that the Commission
22 has been at the forefront of efforts to make Arizona a
23 solar energy capitol of the country.

24 Newly elected Commissioner Paul Newman said,
25 referencing the Renewable Energy Standards, that he

1 believes that there needs to be an incentive to make the
2 public utility companies implement the beginning of
3 Arizona becoming a net export solar state.

4 And Commissioner Gary Pierce says the ability to
5 convert the sun's rays to electricity is more profound in
6 our state than virtually any place on earth, not only
7 because of our days per year of sunshine, but because that
8 sunshine is near existing transmission lines and corridors
9 which makes solar power less costly to transport.

10 And so it is with the Agua Caliente solar
11 project.

12 You're going to hear later from Kenda Pollio of
13 our widespread local support and our stakeholder outreach.
14 I will only quickly say that we have letters of support
15 from the Hyder School District, Dateland Elementary
16 School, and Greater Yuma Economic Development Corporation,
17 the Yuma County Chamber of Commerce, the communities of
18 Dateland and Hyder, and Arizona Western College. We also
19 have positive comments from our local political
20 leadership, including state legislators Senator Amanda
21 Aguirre and representative Lynne Pancrazi as well.

22 In conclusion, the Agua Caliente solar energy
23 project offers a substantial economic development plus for
24 Arizona and Yuma County, and it will be a long-term
25 community partner in this area, and it is aligned with and

1 advances Arizona and national policy for renewable energy
2 utilizing Arizona's premier solar resource.

3 And I'll end where we began with Arizona on the
4 verge of a historic energy breakthrough that we are lucky
5 enough to be a small part of. And I offer you good luck
6 in your deliberations on the project. Thank you.

7 Q. Thank you, Mr. Barnes.

8 Let me introduce Mr. Woodruff, then. You have
9 been sworn in, Mr. Woodruff. Would you like to review for
10 us your -- you have given us your name for the record.

11 Would you review for us, please, your current
12 capacity in connection with this project, and then briefly
13 describe your educational and professional experience.

14 A. (BY MR. WOODRUFF) Sure. First, let me thank the
15 Committee and the Chairman for being so flexible this
16 morning, and also members of the public who have followed
17 us around Yuma County to be at the Siting Committee
18 hearing.

19 My current role with NextLight Renewable Power is
20 vice president of regulatory and government affairs. In
21 that capacity, I monitor state and federal legislation
22 that impacts renewable energy policy. I also provide
23 support to project developers at the project level with
24 respect to community outreach, public affairs, and the
25 media.

1 A quick overview of my educational and employment
2 background. I received a bachelor of arts from Yale
3 University in 1978, followed by a J.D. from UCLA School of
4 Law in 1982. I'm licensed to practice law in California.
5 I was in private practice from 1982 to 1996, focused
6 principally on litigation.

7 At that time I moved to Southern California
8 Edison Company to join the law department. And during my
9 tenure as a lawyer at Southern California Edison, I
10 principally supported their effort in purchasing renewable
11 power and administering contracts for renewable and
12 alternative power.

13 In 2005, I moved to the business side of Southern
14 California Edison and took a position as manager of
15 regulatory and government affairs within their renewable
16 and alternative power business unit. My primary
17 responsibility there was implementation of California's
18 Renewable Portfolio Standard on behalf of Southern
19 California Edison Company.

20 I moved to NextLight in April of 2008, and was
21 part of what some have described as the great solar leap
22 of 2008. The business is very much at the forefront of
23 the market and many people's minds. Many people have
24 moved into the solar industry over the last year.

25 I have already described what my capacity is with

1 NextLight. My relationship to the specific project is to
2 act as a liaison between the NextLight company and the
3 project development team.

4 Q. Thank you. Mr. Woodruff, could you then move
5 directly to your more detailed testimony, beginning with a
6 description of the applicant entity, Agua Caliente Solar,
7 LLC.

8 A. (BY MR. WOODRUFF) Sure. We have a very
9 rudimentary visual up here, but I'll start at the bottom
10 and move up.

11 Agua Caliente Solar, LLC is a special-purpose
12 entity that was formed by NextLight. It is completely
13 owned by NextLight Renewable Power, LLC. The purpose of
14 Agua Caliente Solar, LLC is to develop, own, and operate
15 the Agua Caliente solar project.

16 Briefly about NextLight Renewable Power -- and I
17 will return in some more detail to NextLight -- but we are
18 a renewable energy development company focused principally
19 on developing utility-scale solar generating assets in the
20 western United States. We currently have a number of
21 projects in development throughout several of the western
22 states.

23 We were formed in 2007. We currently have, I
24 think at last count, 25 employees. We've grown very
25 quickly over the last year. We were formed by an entity

1 called Energy Capital Partners, which you saw in the
2 previous slide. Energy Capital Partners is 100 percent
3 owner of NextLight Renewable Power.

4 Actually, I'll go back a slide. We are a
5 portfolio company of one of the Energy Capital Partners'
6 funds. Energy Capital Partners manages a two-and-a-
7 quarter billion dollar private equity funds. Its sole
8 purpose is to invest in energy infrastructure and energy
9 generating assets in North America.

10 As a private equity fund, it has a number of
11 passive investors. These consist principally of state
12 pension funds, college endowments, and also private
13 investors. To give you an idea of who some of the
14 investors in the fund are, for example, we have the
15 California Teachers State Retirement System as a
16 10 percent investor in the fund. So some very large
17 pension and endowment funds.

18 As I mentioned -- we can move forward to the next
19 slide on the visual side -- NextLight Renewable Power is a
20 development company. We do not own any proprietary
21 technology. As my boss likes to say, we're not smart
22 enough to develop technology, but what we do know how to
23 do is to develop power plants.

24 NextLight personnel have over 8,000 megawatts of
25 on-line capacity that they have developed in past careers

1 in the western United States, both on the conventional
2 side and on the renewable side, and that is online
3 generating capacity today. That's not what is being shown
4 on this map. This map is showing projects in development,
5 but that's simply to give you an idea of the level of
6 experience that NextLight brings to the table.

7 We like to say that a solar project is, despite
8 all of its many wonderful attributes, just a power
9 project. And so what we bring is all of the core skill
10 sets necessary to get a power project across the finish
11 line. That's expertise in siting, permitting,
12 transmission, transacting both on the cost side for
13 contractors to build the project, and also on the power
14 sales side to find somebody to buy the power in a
15 long-term contract.

16 We have about 1,000 megawatts of solar projects
17 in development, one of which is the Agua Caliente solar
18 project. These are what I refer to as Phase II projects.
19 It means that we're in the permitting process. We're very
20 close to entering the permitting process. It means that
21 we have site control. And it means that we have been
22 short-listed by a buyer to provide an off-take contract
23 for the power. So those are three of the key elements
24 that need to occur before you can start building a
25 project. And as I said, we have about 1,000 megawatts in

1 Phase II development today.

2 I do want to talk a little bit about the market
3 for renewable power. Again, a fairly simple graphic here.
4 We've already heard a lot about Arizona's RES, and a lot
5 from Stan about the policy environment that's driving
6 markets for renewable power today. But obviously, there's
7 a greatly intensified focus on climate change and energy
8 independence. Over the last five years, this has been
9 implemented marginally at the state level. In the western
10 United States, what we have seen is renewable portfolio
11 standards or renewable energy standards implemented by
12 California, Nevada, Arizona, and others.

13 Many, many of you know there's federal
14 legislation currently under consideration that has passed
15 out of the House of Representatives that would include a
16 Renewable Portfolio Standard in the cap and trade program
17 that would largely augment the state programs.

18 Q. Jim, let me interrupt you just briefly, if I
19 might, just for the Committee's benefit. For those whose
20 eyesight might be a little like mine, if you can't read
21 the numbers, this corresponds to Page 3 under Tab AC-4 of
22 your exhibit binder.

23 A. (BY MR. WOODRUFF) I do apologize. I probably
24 ought to walk you through this slide since it's up there.
25 It may be a little bit of a distraction.

1 But what we've shown here is, in blue, current
2 deliveries of renewable energy in California and Arizona
3 and Nevada. Then we've shown the renewable portfolio
4 standard for each of those states. I have two bars for
5 California, because California is currently considering in
6 the California legislature increasing its portfolio
7 standard from 20 percent by 2010 to 33 percent by 2020.

8 What this slide shows very graphically is there's
9 a lot of renewable power that needs to be procured in
10 order for obligated entities, principally investor-owned
11 utilities and some of the public utilities, to meet the
12 goals of these renewable portfolio standards.

13 What the slide also shows, and we've already
14 heard some discussion about this from Stan and from
15 others, some of the Committee members have mentioned this,
16 but the simple fact of the matter is that Arizona is
17 sitting next to a huge power site. These standards are
18 measured by volume of deliveries. So we're looking at
19 megawatt hours here.

20 RPS standards are percentages of retail demand.
21 And because California has such an enormous retail demand,
22 as a practical matter, California, investor-owned
23 utilities in California are going to be the principal
24 buyers of renewable power in the west over the next
25 decade.

1 What this means for Arizona, I believe, is that
2 to grow this policy that we've heard discussed and to grow
3 this industry within the geographic boundaries of Arizona,
4 Arizona is going to need to look to California as one of
5 the principal markets to sell this power.

6 The investor-owned utilities implement their
7 renewable portfolio standards by conducting annual
8 auctions for renewable power. We did bid this project
9 into one of the California -- in fact, all of the
10 California investor-owned utility auctions last year in
11 2008 in the spring. It was selected by one of those
12 utilities for short listing, meaning that they are now
13 engaged with NextLight to enter into a long-term off-take
14 contract for the output of this project.

15 I anticipate that that -- well, the negotiations
16 are very advanced at this point, and it's our expectation
17 that that part of that will be concluded within the next
18 couple of weeks. It would then be presented to the
19 California Public Utilities Commission for approval.

20 We did market this project to APS, our colleagues
21 at APS, in early 2008, and they are under a similar
22 mandate from Arizona to conduct solicitations for
23 renewable power. I think there was interest in this
24 project, but a preference that it be bid into their
25 solicitation process, and that possibility for us was

1 superseded by being selected by the California utility.
2 The California utility, as one might expect, requires an
3 exclusivity agreement and also a nondisclosure agreement
4 with respect to the negotiations.

5 So that is an overview of NextLight, an overview
6 of the project and how it fits into this market, and a
7 little bit of what I see coming for the next decade from a
8 policy and market perspective.

9 I think Stan has done a very good job of already
10 introducing some of the key policy elements here that are
11 under consideration in Arizona. This is a great place to
12 do a solar project. It has some of the best solar
13 insolation on the planet. It has access to transmission.

14 You're going to be hearing from Dana and others
15 today about this site and why it is such an excellent site
16 either for a PV or CSP project. But I want to say on
17 behalf of NextLight that we are very delighted to be on
18 this site. We've gotten a tremendous reception from the
19 local community.

20 And that, I think, concludes my testimony. I'm
21 happy to answer any questions that the Committee has.

22 MR. MOYES: Mr. Chairman, that concludes our
23 direct testimony from this panel, and we would tender them
24 for questioning by the Committee.

25 CHMN. FOREMAN: Member Palmer.

1 MEMBER PALMER: Thank you, Mr. Chairman. This is
2 for Mr. Barnes.

3

4

EXAMINATION

5

6 Q. (BY MEMBER PALMER) During your testimony, you
7 had indicated a potential for 22,000 megawatts of power
8 generated by renewables. Do you base that on the capacity
9 of the current transmission system? It's certainly not
10 based on what the sun produces. It will produce sunshine
11 300-plus days a year. So what is that based on?

12 A. (BY MR. BARNES) Mr. Chairman, Member Palmer, I'm
13 not an expert on that study, but I did hear it discussed
14 at the western governors annual meeting. And I've thumbed
15 through the report, and the takeaway from it is that the
16 physical aspects of where the sun shines the most and the
17 most reliably is western Arizona.

18 You may be familiar with maps that have hot zones
19 in the entire Western Electric Coordinating Council area,
20 and the red zones are all in Yuma County, La Paz County,
21 western Maricopa County, and some other parts of southern
22 Arizona. And so that report, I believe what is important
23 particularly from it is that we have the most reliable
24 sunshine resource of all of the western United States, and
25 we ought to take advantage of it.

1 Q. Are you familiar with the output of Palo Verde?

2 That would be equivalent to five Palo Verdes.

3 A. (BY MR. BARNES) Mr. Chairman, Member Palmer,

4 yes.

5 Q. Generated by the sun.

6 A. (BY MR. BARNES) Yes, I am familiar with it, and

7 I think you're right in your contextual assessment. It's
8 an enormous resource, and it's -- to get to your first
9 point, I don't believe it is labeled 22,000 in combination
10 with its transmission ability. I think that's a separate
11 issue. I think it's more to the point of how the sun
12 shines and how often and when, and the hours of the day
13 and all of that in Arizona.

14 MEMBER PALMER: We're currently constrained by
15 six transmission lines that go into California that limits
16 the amount of energy that we can send to California, so we
17 have transmission issues in addition to power generation
18 issues. But thank you for your testimony.

19 CHMN. FOREMAN: Member Eberhart.

20 MEMBER EBERHART: Thank you, Mr. Chairman.

21

22

EXAMINATION

23

24 Q. (BY MEMBER EBERHART) The second speaker, I can't

25 recall your name, I'm sorry.

1 A. (BY MR. WOODRUFF) Jim Woodruff.

2 Q. Yes. I had a question. And I obviously don't
3 want to get into any proprietary information, but our last
4 solar hearing the Applicant had a PPA. It was a done deal
5 with, I believe, APS.

6 And as I understand the opening remarks that
7 there is no PPA in place at this time?

8 A. (BY MR. WOODRUFF) That is correct. We're at the
9 advanced stages of completing a PPA.

10 Q. I'm sorry. You were breaking up.

11 A. (BY MR. WOODRUFF) We're at the advanced stages
12 of completing a PPA. Negotiations have been underway for
13 over a year. And as I testified, we expect to complete
14 that within the next week or so.

15 Q. Without revealing any proprietary information,
16 could I ask is that with more than one utility firm, or is
17 it multiple energy providers?

18 A. (BY MR. WOODRUFF) I think I can answer your
19 question. It's with a single buyer.

20 Q. And is the PPA you're working on with an Arizona-
21 based energy provider or outside of Arizona?

22 A. (BY MR. WOODRUFF) It's with a California-based
23 utility.

24 Q. As far as financing, again, the last solar plant
25 we looked at was Abengoa, and my understanding is they had

1 not proceeded yet, even though they were granted a CEC,
2 because of financing issues. Which is disappointing to
3 me, and I think most Arizonans, because we fully embrace
4 the concept of solar power, I believe.

5 What assurance do we have, if any, that if a CEC
6 is granted that this plant is actually going to be built?

7 A. (BY MR. WOODRUFF) This is a very viable project
8 for a number of reasons that you're going to hear about in
9 greater detail later. But because of the insolation
10 resource here, because of the site itself has many
11 advantageous characteristics, we do expect to complete a
12 PPA, and we are certainly hopeful that we will proceed
13 through to completion of the environmental permitting.

14 This project will be development financed. We
15 will seek construction financing from third parties. What
16 is being invested now is largely risk capital from our
17 parent. They have quite a bit of capital in this and a
18 significant commitment to seeing it through conclusion.

19 There are no guarantees in life. This has been a
20 very turbulent financial market, as we all know. Cost of
21 funds has increased. Cost of borrowing, cost of letters
22 of credit has increased substantially over the last six
23 months.

24 The bottom line, though, is that when you have a
25 long-term power purchase agreement at a fixed price, which

1 this will be, you have something that you can take to the
2 bank. And we expect to have that document concluded very
3 shortly.

4 MEMBER EBERHART: Thank you.

5 CHMN. FOREMAN: Member Houtz.

6

7

EXAMINATION

8

9 Q. (BY MEMBER HOUTZ) I would like to start with
10 Mr. Woodruff. And maybe I'm dating myself on the
11 Committee, but years ago when we had a rash of merchant
12 plants coming into Arizona for peaking power and things,
13 we usually had economic analysis of the need assessment,
14 of what the plant could do to meet the needs for power of
15 Arizona utilities and of other utilities.

16 Did you do any kind of comparative analysis of
17 the plant meeting the needs of Arizona companies versus
18 California companies?

19 A. (BY MR. WOODRUFF) I'm not aware that we did, but
20 it doesn't mean that we didn't. And I'm certainly willing
21 to check on that for you.

22 Because of the timing of this solicitation
23 process that I described before, we wound up in a
24 negotiation progress, a short-listing and exclusive
25 negotiation with a buyer out of state. I do not know for

1 a fact that we prepared the type of or made the type of
2 comparative analysis that you're discussing, but I will
3 check.

4 Q. And I only mention that because at one point the
5 Corporation Commission was concerned about authorizing the
6 use of Arizona resources in a CEC and not benefiting
7 directly the power users in Arizona. And so if you could
8 provide additional information on that, I think it would
9 be useful.

10 Mr. Barnes, I have a couple of questions for you.
11 I would have liked to have gone to the western governors
12 meetings as well, but I didn't get to.

13 To the best of your knowledge, in your
14 discussions of solar energy, did they talk about the
15 water/solar nexus and the trade-off of water for solar
16 energy?

17 A. (BY MR. BARNES) Mr. Chairman and Member Houtz,
18 yes, the issue comes up. I think it's important to put it
19 in context, and the context that I have received from
20 witnessing some of these debates and reading some of the
21 material is that it's a factor, but it's not a factor that
22 eliminates the resource or is one that should be given
23 more than its due consideration.

24 But it is always followed up with: Water is a
25 factor in everything we do, from the development of energy

1 to any other production matter. And it seems to me as a
2 participating member of these meetings with our western
3 governors that it's talked about as an important
4 acknowledgement that you just can't talk about
5 infrastructure in the West without addressing the water
6 issue.

7 Q. And then I have got another line of questioning
8 here. And a phrase that you used hit me in remembering a
9 former role that you used to have. It was the proximity
10 to California phrase that you used in the context of
11 Arizona becoming a net exporter of solar.

12 If I remember correctly, in a former life you
13 were a member of the legislative rump group discussing the
14 groundwater transfer provisions that are now in statute.
15 And if I remember correctly also, that statute invoked
16 groundwater export prohibitions, or I should say a
17 permitting process, that made it very difficult for
18 Californians to come and pipe Arizona groundwater over to
19 California for their use.

20 Is use of Arizona's nonrenewable groundwater for
21 power production to be exported to California, is that
22 analogous to a policy decision made in '92 to try and
23 limit that export?

24 A. (BY MR. BARNES) Mr. Chairman, Mr. Houtz, I don't
25 believe it is. I believe it's more analogous to the kinds

1 of manufacturing and production done in other aspects of
2 Arizona's economy separate from the energy sector.

3 Sitting in Yuma County, most notably, I think,
4 that would be the agricultural analogy of the amount of
5 water it takes to grow a crop in this desert climate, and
6 where that head of lettuce makes its way and finally is
7 consumed by the consumer. That's, I believe, the proper
8 context. And the debate over where and how wet water as a
9 commodity moves between states I think is in a
10 stratosphere by itself and is not a part of the debate
11 we're having today.

12 CHMN. FOREMAN: Member Wong.

13 MEMBER WONG: Thank you, Mr. Chairman.

14

15

EXAMINATION

16

17 Q. (BY MEMBER WONG) I wanted to talk a little bit
18 about the issue of job creation. Mr. Barnes, you had
19 talked about construction jobs and also permanent jobs.

20 Would you restate how many jobs will be created
21 during the construction phase and also during the
22 permanent phase, please.

23 A. (BY MR. BARNES) I would, Mr. Chairman and Member
24 Wong. It is our estimation that if the PV technology is
25 used that the construction jobs will be in the magnitude

1 of 300 to 400 construction jobs. And if the CSP
2 technology is used, that that construction job number
3 would be in the -- approximate 1,000 construction jobs.
4 The full-time job count for the PV technology is 15 to 20
5 full-time positions, and for the CSP technology is
6 approximately 50 full-time positions.

7 Q. And what about the wage scales? Are the
8 construction more of the hourly wage? And then also the
9 full time, is that more of the professional, higher
10 salaried range? Could you talk about that, please.

11 A. (BY MR. BARNES) Mr. Chairman and Member Wong,
12 I'm probably the wrong person to answer that, because I'm
13 not equipped to answer it. Somebody else on our panel,
14 this or the next, will get to that for you.

15 Q. Okay. I will defer to that appropriate person,
16 Mr. Moyes.

17 Then, Mr. Woodruff, I wanted to explore further
18 about some of the discussion that you had with some of the
19 members on this panel, on this Committee.

20 You had previous experience with SCE and other
21 utilities, as well as a private law practice in the
22 utility and regulatory area; right?

23 A. (BY MR. WOODRUFF) Right.

24 Q. So you are very familiar with the utility
25 environment in California. You also talked about the

1 demand for solar and renewable energy in the various
2 states based on the portfolio standards of California,
3 Arizona, and other states.

4 What is the current requirement in California for
5 solar and renewable energy production as required by their
6 PUC, and what would be the deficit today based on the
7 in-state California production to meet that demand?

8 A. (BY MR. WOODRUFF) California has had a Renewable
9 Portfolio Standard since 2003. Southern California Edison
10 and the California utilities have been, I think, trying
11 very hard to meet that standard.

12 As I think you'll gather from further testimony
13 today, it takes a long time to build a power plant,
14 particularly a solar power project. It took quite a while
15 for California to implement its portfolio standard through
16 the PUC, as would be the case with any new legislation.

17 The bottom line is that there has not been a
18 significant increase in delivered power. There is a
19 tremendous amount of contracted for power. There is a lag
20 between contracting and delivery. If you took all of the
21 contracted for power, renewable power, solar power in
22 California today, it would more than meet the 20 percent
23 standard and come very close to the 33 percent standard.

24 Folks in California understand that not all of
25 those projects are going to become a reality. There's

1 technology risk, there's permitting risk, siting risk,
2 contract failure risk. So there's a lot more that needs
3 to be contracted for in California.

4 I think all three utilities in California have
5 publicly stated that they will not meet 20 percent by
6 2010. There are some rules in California that allow them
7 to get another three years to reach the 20 percent. But
8 there has been a lag, and California is not there yet and
9 has a long ways to go.

10 Q. So Mr. Woodruff, is it 20 percent of their power
11 production must be from solar and renewable by the year
12 2010; is that correct? Is that what you said?

13 A. (BY MR. WOODRUFF) Yes, that's what is stated.
14 That's the common understanding of the statute. The
15 statute in California has something called flexible
16 compliance rules in it, which are implemented by the
17 Public Utilities Commission there, which allow contracted
18 for power as late as 2013 C.O.D. to count for 2010
19 deliveries.

20 Q. What is the actual today? What percentage? Are
21 they meeting that?

22 A. (BY MR. WOODRUFF) I think in the aggregate,
23 California is at about -- just in excess -- just shy of
24 13 percent, somewhere between 12 and 13 percent. Southern
25 California Edison is currently at 15.7 percent. Sempra is

1 somewhat farther behind. They have farther to go. PG&E
2 is in a similar ballpark with Edison, I think off by a
3 couple of percentage points.

4 So when we're talking about these volumes, these
5 percentages of demand, we're talking about very, very
6 large volumes of power. It's 15 percent. To get to
7 20 percent is an enormous amount of delivered power in
8 California.

9 Q. So there's substantial -- a fair amount of
10 deficit between the 13 percent actual versus the
11 20 percent required goal.

12 So to meet that target, do you anticipate that
13 they, the California utilities, would need to import --
14 either produce -- find more land and produce in California
15 or import from other states; is that correct?

16 A. (BY MR. WOODRUFF) Absolutely.

17 Q. And I notice in your map that you had two or
18 three projects from your company in California, the one
19 proposed here today in Arizona, and two proposed in the
20 southern tip of Nevada; is that correct?

21 A. (BY MR. WOODRUFF) Right. We have actually three
22 projects in southern Nevada. I don't know if that shows
23 up on this slide very well.

24 Q. I see the two in the southern tip of Nevada.

25 A. (BY MR. WOODRUFF) I'm sorry. It's shown as two

1 projects here, but we have two separate applications
2 pending for one of them at the BLM. I think of them as
3 two projects, but it's one.

4 Q. And I was under the impression initially that the
5 proposal before us today, the power purchase agreement was
6 with the Arizona -- APS, and you said that that would --
7 you were in discussions with a California utility. I
8 thought I heard that; is that correct?

9 A. (BY MR. WOODRUFF) Yes.

10 Q. And is that the case with the proposed or actual
11 plants in the southern tip of Nevada also?

12 A. (BY MR. WOODRUFF) The current state of play is
13 that one of the projects is in a negotiation process with
14 a California utility, a different California utility. The
15 other project we're currently marketing very broadly to
16 the Nevada utility and also to California utilities.

17 Q. The proximity, the geographic proximity of the
18 Arizona proposed Agua Caliente, as well as the two in
19 Nevada, is that purposeful to be that close to California
20 to provide power to California? Is that by design?

21 A. (BY MR. WOODRUFF) Yes, it is. It's one of the
22 favorable characteristics of those projects. To count
23 towards the RPS goal in California, a project would have
24 to meet the eligibility requirements for that standard,
25 which means it either needs to be generated in California

1 geographically, or it needs to be interconnected to the
2 California ISO. Both the Arizona project, Agua Caliente,
3 and the Nevada projects can connect to the California ISO,
4 and are therefore deemed delivered within the meaning of
5 the RPS statute in California.

6 Q. The project at hand today, if your negotiations
7 move towards a successful conclusion with the
8 California -- proposed California utility, how would that
9 power generated here benefit the local region that needs
10 the power if the PPA is with a California utility?

11 A. (BY MR. WOODRUFF) I think there are a couple of
12 answers to the question. I think you specifically asked
13 about power. I think today may be a good example of the
14 need for a more robust system in this area.

15 But this project at this scale would provide
16 substantial grid support in this area. Electricity, as
17 you know, is like water; it flows to the nearest point.
18 And so even though the project will be under contract to a
19 California utility, where the electrons go will be in many
20 cases local. The California utility will pay for the
21 output, but much of the electrical support will be local.

22 Q. So what you're saying is that the power produced
23 from the Agua Caliente plant that's proposed would provide
24 some benefit to the local community here in Yuma County?

25 A. (BY MR. WOODRUFF) Right. I was limiting my

1 answer to your question about power flows. I think this
2 project will provide tremendous support for the local
3 community in the form of jobs, increased tax base,
4 benefits flowing to local business and schools.

5 Power flow is an issue that is, I think, beyond
6 my pay grade. There may be some in my company, perhaps
7 somebody testifying today, that could talk a little bit
8 more about the physics of how the power will flow here and
9 whether it will benefit the local Yuma area. But I think
10 I have probably exhausted my knowledge of that subject.

11 Q. The proposal before us, you are posing an
12 either/or situation. You're asking us to give you the
13 latitude to construct a CSP technology plant in its
14 entirety, or a photovoltaic plant on its own in its
15 entirety, at your discretion; is that correct?

16 A. (BY MR. WOODRUFF) Yes.

17 Q. Do you think that that would not be a potential
18 environmental -- I don't want to use the word "conflict,"
19 but the impact is different because one, as we've been
20 discussing here, it requires water, and I don't know what
21 quantity of water. I think you have an expert that's
22 going to talk about the quantity of water --

23 A. (BY MR. WOODRUFF) Yes.

24 Q. -- to operate that CSP plant. However, a PV,
25 photovoltaic system, as I understand it, would not require

1 water to operate. So I think that's an issue that we
2 really need to give some serious consideration to.

3 Mr. Woodruff, let me ask you further. You
4 provided us with a flow chart of the legal structure and
5 ownership of your company, including its investors.

6 You said private equity investors?

7 A. (BY MR. WOODRUFF) Yes.

8 Q. And the private equity investors, are they -- do
9 they include any California utilities or its affiliates,
10 or its major investors?

11 A. (BY MR. WOODRUFF) No.

12 Q. No?

13 A. (BY MR. WOODRUFF) None. As I testified
14 previously, I think are exclusively limited to state
15 pension funds or similar funds for state retirees, for
16 example. Also, the college endowments have invested funds
17 in this, have invested capital in this fund, and there are
18 private investors that invest as well.

19 To my knowledge, there are no publicly traded
20 companies, and certainly no California utilities involved
21 in this project at the finance level.

22 MEMBER WONG: Thank you, Mr. Chairman.

23 Mr. Woodruff, Mr. Barnes, thanks.

24 CHMN. FOREMAN: Member Mundell.

25 MEMBER MUNDELL: Thank you, Mr. Chairman.

1

2

EXAMINATION

3

4 Q. (BY MEMBER MUNDELL) Mr. Barnes, just to try to
5 complete the circle on the previous question on water
6 usage, because you used the term "wet water."

7

8 If I understand your answer, you're making a
9 distinction between just shipping water directly to
10 California for their use, as opposed to using it here in
11 Arizona for the growing of crops or the manufacturing of
12 widgets and then having it go out into commerce; is that
13 correct? That's the distinction?

14

15 A. (BY MR. BARNES) Mr. Chairman, Member Mundell,
16 yes. I might add, it's my own opinion. And I'm not the
17 water expert on this project, but that is my opinion, yes,
18 sir.

19

20 Q. Oh, no. I think your example -- I just want to
21 make sure I understood it, and I think there's a lot of
22 merit to it, you know, based on the commerce clause and
23 just based on economics. But I was just trying to make
24 sure, when you were using the term "wet water," I thought
25 I knew what you meant. Because he asked you about the
rump group of '92, and just directly transferring water to
California for use there, as opposed to using it here in
Arizona to manufacture, whether it's crops or widgets, or

1 growing crops or the generation of electrons. Is that --

2 A. (BY MR. BARNES) Yes, Mr. Chairman, and Member
3 Mundell. Closer to your home, it is a common analogy to
4 use the Intel story and all of the water Intel uses to
5 make its microprocessors, and how they run the whole
6 world, built in Chandler, Arizona, with a great deal of
7 water.

8 If we artificially hold up water use in
9 production as the end-all and be-all of how you judge an
10 issue, I think we would be limited in our scope and we
11 shouldn't do that. Again, it's my opinion.

12 Q. Thank you. Then could you put the slide back on
13 the different -- it shows the different states and the
14 percentages. That one. Just a couple of questions to put
15 this in perspective, since I do have a little pride of
16 ownership or authorship, along with Committee Member Wong.

17 Does California include hydro in their
18 percentages?

19 A. (BY MR. WOODRUFF) California has a definition of
20 hydro which allows only hydro projects under -- new hydro
21 projects under 30 megawatts. So California contains no
22 large hydro in the portfolio standard and only projects
23 under 30 megawatts would count. There are some effort
24 afoot to increase that to 50 megawatts in the legislature.

25 Q. Does it include any other generation in the

1 definition that you wouldn't, in general, think is
2 renewable?

3 A. (BY MR. WOODRUFF) You know, there's a constant
4 battle in Sacramento to define what renewable means. He
5 who controls the definition is very powerful.

6 The hydro limitation I just described, there have
7 been ongoing debates over municipal solid waste. I won't
8 get into the details. I believe there is a bill pending
9 this year that would attempt to include cogeneration as a
10 renewable resource. I am philosophically opposed to that,
11 but there's an effort being made. I don't believe it will
12 succeed.

13 Q. Well, the only reason I raise the issue is
14 because with the percentages showing Arizona and showing
15 California. Whenever I talk about this issue, you know, I
16 always say you have to start with the definition to make
17 sure you're comparing apples and apples. Because people
18 will throw around, you know, this state has 30 percent,
19 this state has 25 percent, Arizona has 15 percent. And I
20 always just say, first start with the definition so you're
21 not including hydro, whether it's small or large. Whether
22 you include, like you said, solid waste, whether you
23 include -- I mean, there's a lot of different -- people
24 have -- different people have different concepts of what
25 is renewable, so I just want to be clear about it.

1 A. (BY MR. WOODRUFF) No. The chart there for
2 California does not include large hydro. It includes some
3 Pacific Northwest hydro that is counted in California. A
4 good portion of that, the blue part that we're looking at
5 is base load geothermal, the SEGS power plant at Kramer
6 Junction, and a lot of wind. The reason the wind can push
7 this up is that there they're counting kilowatt hours, not
8 capacity.

9 Q. And I think that you alluded to this, but I just
10 wanted it to be a little clearer, at least for me.

11 Under the California portfolio, they can reach
12 their percentage by the generation of renewables in states
13 other than California?

14 A. (BY MR. WOODRUFF) That is correct. It's a
15 geographic limit I just described. It can be an out-of-
16 state resource like the Agua Caliente project, which is
17 out of state, interconnected to the California ISO, would
18 count.

19 There are more complex approaches that can be
20 taken to move power to California that is not on the ISO
21 system and have it count. There's some very arcane rules
22 around that that would not be very entertaining, but you
23 can still provide out-of-state power outside the ISO
24 system. That's also being debated very heavily in
25 Sacramento this year, whether they want to expand or

1 contract that.

2 MEMBER MUNDELL: I think a lot of states are
3 having that same debate. I appreciate your expertise. I
4 found your bio very fascinating, and I look forward to
5 hearing the testimony from all of the witnesses and
6 experts on the water issue. Thank you.

7 MR. WOODRUFF: Thank you.

8 CHMN. FOREMAN: Member Eberhart.

9 MEMBER EBERHART: Thank you, Mr. Chairman.

10

11

FURTHER EXAMINATION

12

13 Q. (BY MEMBER EBERHART) Just a couple of quick
14 follow-up questions. One, I wondered if you could talk
15 for a minute, Mr. Woodruff, about tax credits for solar as
16 far as is there a difference between the two technologies,
17 which technology benefits the company more as far as tax
18 credits go?

19 A. (BY MR. WOODRUFF) I could probably give you a
20 fairly misguided answer to that, but my colleague, Dana
21 Diller, tells me that she knows the answer, so I'll defer
22 to her.

23 Q. And I was just looking for a general -- what I'm
24 searching for is -- and I'm sure you will testify or
25 someone will talk about it. But on the surface of it, the

1 cost estimates for either technology are virtually
2 identical. So I'm trying to make, in my mind, which
3 technology the company is leaning towards at this point.
4 And so that's my question: Is there one technology as of
5 today at whatever time it is, 4:00 -- I can't see -- that
6 the company is leaning towards, CSP or PV?

7 A. (BY MR. WOODRUFF) I think the short answer at
8 this point is no, which explains why we're in the
9 permitting process for both technologies. We have not
10 selected suppliers for either technology. We have a lot
11 of visibility into the market, and, you know, the bottom
12 line is we need to provide value for our investors and
13 provide value for the buyer.

14 These are two very different technologies in
15 terms of delivery profile and delivery characteristics.
16 CSP with storage provides the customer something that PV
17 doesn't. PV can provide a lower cost. So there's really
18 a trade-off that we need to look at in terms of -- it's a
19 value proposition, cost/benefit analysis, and that's
20 ongoing. So our approach at this point was to seek
21 permits for both technologies because we haven't made that
22 decision.

23 MEMBER EBERHART: Okay. I probably will reserve
24 that question again for Ms. Pollio. Thank you.

25 CHMN. FOREMAN: Just a couple of questions.

1

2

EXAMINATION

3

4 Q. (BY CHMN. FOREMAN) Does your company operate any
5 solar plants?

6 A. (BY MR. WOODRUFF) We don't. We're too new to
7 have done that. We just started in late 2007.

8 Q. Who would operate this plant?

9 A. (BY MR. WOODRUFF) This plant would be owned and
10 operated by the Agua Caliente Solar, LLC. Effectively it
11 would be owned and operated by NextLight.

12 Q. Would it be operated according to the -- as
13 you're dealing with the business folks on the other side
14 of this power agreement, are you contracting or
15 negotiating with those folks' operation as well as supply?
16 In other words, is that one of the issues in the
17 contractual negotiations you're going through?

18 A. (BY MR. WOODRUFF) With the utility? No. There
19 is no provision that they would be operating the facility.

20 Q. Is one of the business options for your company
21 to sell the CEC to another operator?

22 A. (BY MR. WOODRUFF) That is certainly an option.

23 Q. Would you object to a provision in the CEC that
24 would require anyone who purchased one of these -- this
25 CEC to go to the Corporation Commission for approval of

1 that sale?

2 A. (BY MR. WOODRUFF) I think we would, and I
3 probably -- for a more complete answer on that, I would
4 need to defer to my counsel. I'm not sure that I can give
5 you all of the rationale and reasoning behind that, but I
6 think from our corporate parent's perspective, limitations
7 on the ability for them to realize value from their
8 investment would be something that they would not find
9 acceptable.

10 Q. Well, this Committee has no enforcement power.
11 It has no investigative power. The only organization that
12 can enforce the conditions that are placed on a CEC by
13 this Committee is the Commission. And I'm sure you can
14 see as a result of the questions that have been asked by
15 members of the Committee that there are concerns about
16 balancing the impact on Arizona's environment against the
17 sale of power to a source outside of Arizona. That might
18 change as a result of the contract that you're talking
19 about entering into, or might change if you sold the CEC
20 that you're applying for to some other entity.

21 Help me understand from a business point of view
22 why you would have a problem with Arizona regulatory
23 agencies, and the only one that's available is the
24 Commission, having an ability to regulate the sale.

25 MR. MOYES: Mr. Chairman, I don't wish to

1 interject an objection here, but I do wish to mention that
2 it appears to me that part of what you're looking for here
3 is some sort of legal conclusion on Mr. Woodruff's part
4 with respect to the issue.

5 We do have a legal position in connection with
6 this line of questioning, which I assumed we would get
7 into at the time of the negotiation of the conditions of
8 the CEC and one of your proposed conditions, and one we
9 have seen in another case, at least, that deals with this
10 issue. If we could defer that discussion in terms of at
11 least the legal aspect of it.

12 And then I would just say that we do have some
13 testimony in following panels that really goes to what I
14 think I considered to be sort of the foundational premise
15 of your question, which was that there might be different
16 environmental impacts from the project depending upon
17 which entity was operating it. And we will have some
18 testimony that will, I think -- I guess challenge, if you
19 will, that premise, if that was your premise.

20 CHMN. FOREMAN: Well, and you correctly note that
21 I noticed in the proposed CECs that you folks filed that
22 you did not include the paragraph that I had put in the
23 recommended starting points that included a requirement
24 that if this CEC was going to be sold, that the Commission
25 have the opportunity to approve that sale. And I

1 certainly hope that whoever is going to be typing the CEC
2 tomorrow has that language handy, because we are going to
3 be coming back to it.

4 MR. MOYES: That does not surprise me.

5 CHMN. FOREMAN: And if there's a legal reason,
6 I'll look forward to hearing the legal reason for it.

7 I was talking to Mr. Woodruff, or trying to learn
8 from Mr. Woodruff what business reasons there might be why
9 such an approval would be a problem. I know it's always a
10 problem when you have to go to a regulatory agency and get
11 approval for something, but I'm -- if the United Borat
12 Fellowship of Kazakhstan decided that it wanted to invest
13 in renewable energy in Arizona and decided it wanted to
14 buy the CEC interest that we're going to provide, and as
15 Mr. Woodruff has just said, his company is going to
16 operate that, and the Borat Fellowship from Kazakhstan was
17 going to start operating a power plant here in Arizona, I
18 think it's something that I think that the Commission
19 ought to be able to at least ask questions about. And
20 they're not going to be able to do that if the only
21 requirement is that a notice be filed with the Commission
22 that the sale has taken place. They are going to be able
23 to inquire into that if there is a requirement that the
24 Commission approve it.

25 MR. WOODRUFF: May I respond?

1 MR. MOYES: Yes, sure. Proceed.

2 MR. WOODRUFF: We could probably stipulate that
3 we won't sell it to Borat or anybody from Kazakhstan.

4 I think you answered the -- gave the answer that
5 I was going to give to your question, which is that any
6 time that there's a downstream requirement for regulatory
7 approval, it introduces uncertainty into the project,
8 whatever the best intentions may be as we all sit here
9 today.

10 We also know that regulatory environments change.
11 We know that policy environments change. I certainly have
12 seen that over my career. And I think that having that
13 sort of a clawback, if you will, over this project would
14 make it difficult potentially to finance, potentially make
15 it difficult to sell. My concern would extend not only to
16 a downstream sale, but also to financing, simply because a
17 party looking at that would be asking the same question,
18 is there uncertainty associated with this project?

19 Q. (BY CHMN FOREMAN) Can you understand that
20 there's uncertainty from our point of view also that if
21 we're granting a CEC to someone who appears to be
22 competent and financially capable of doing what is
23 contemplated by the CEC, but we don't know where that CEC
24 ultimately is going to end up, and whether the person that
25 is ultimately going to end up with it is somebody who is

1 competent or has the financial ability to it, that creates
2 some concern on our end about approval?

3 A. (BY MR. WOODRUFF) Yeah, I appreciate that
4 concern, and I think there's -- we have expressed our
5 concern, and so there is -- I don't know whether there's a
6 middle ground that can accommodate those mutual concerns
7 in a way that's acceptable. I think as you have posed it
8 to us, it would be a difficult condition for our parent.
9 I'm not sure I can answer beyond that.

10 MR. MOYES: I guess my sense would be that's, if
11 it is for the Chairman, an adequate response for the
12 moment. But recognizing, as you have indicated, that in
13 the CEC conditions drafting stage we would certainly
14 expect to have further discussion about this --

15 CHMN. FOREMAN: Okay.

16 MR. MOYES: -- if this has been responsive.

17 CHMN. FOREMAN: We'll come back and talk about
18 that later, but I wanted to get it on the table right from
19 the very beginning and give you the opportunity to talk to
20 us about it. Because, frankly, I have a problem with
21 granting the CEC to someone with the understanding that
22 they can assign it to whoever they wish without any
23 regulatory control by the State of Arizona.

24 Q. (BY CHMN. FOREMAN) Let me move on to another
25 area. When do you anticipate whomever you contract with

1 will want to build this project?

2 A. (BY MR. WOODRUFF) Well, I think to the extent
3 that you're talking about the buyer for the power that
4 I've been talking about through the testimony, they would
5 like to see that project built as quickly as possible.

6 Q. So would you have a problem putting in the
7 conditions for the CEC a limitation that the power plant
8 be generating power within five years of today's date?
9 Granting, again, the opportunity to go back to the
10 Corporation Commission for an extension of time if it was
11 necessary?

12 A. (BY MR. WOODRUFF) You know, I'm not sure that I
13 can answer that question given the timelines on this
14 project. I think that that would be overly restrictive.
15 I don't know if conditions in that limited time frame have
16 been imposed in the past.

17 Q. They have.

18 A. (BY MR. WOODRUFF) They have. Okay. I think I
19 would again have to talk to Mr. Moyes about that. I'm
20 not --

21 Q. Would six years be restrictive? I mean, is it
22 seven? Is there a time frame that you have in mind, or do
23 you just not want a time frame?

24 A. (BY MR. WOODRUFF) Well, there's a development
25 schedule for the project, and certainly it's our hope and

1 expectation that the project is going to be completed
2 according to schedule.

3 Q. And the schedule is?

4 MR. MOYES: Mr. Chairman, I believe Ms. Diller's
5 testimony in the next panel will address the schedule in
6 detail. And may I just also offer that it appears that
7 the number that we have proposed in our proposed form of
8 CEC isn't meeting your personal approval at least.

9 CHMN. FOREMAN: Seven years.

10 MR. MOYES: I think it actually provided for 15
11 at this point.

12 CHMN. FOREMAN: 15. I'm sorry.

13 MR. MOYES: But if I might offer that we would
14 agree to consult together as applicants and have a better
15 refined sense for what is an appropriate number. If 15
16 isn't the number that the Committee deems acceptable, what
17 different number we might find workable for the project
18 and address that later when we get to the actual drafting.

19 CHMN. FOREMAN: Okay, very good. Thank you.

20 Those are all of the questions that I have. We
21 appreciate, by the way, your interest in this project.
22 And I certainly am very supportive of the concept of
23 renewable energy and hope that Arizona will be able to
24 intelligently and effectively develop this resource.

25 MEMBER HOUTZ: Mr. Chairman.

1 CHMN. FOREMAN: Member Houtz.

2 MEMBER HOUTZ: As I pointed out to you earlier, I
3 have to leave no later than 4:00 for a previous
4 appointment that I have in Phoenix, and I wanted to make
5 an inquiry of Mr. Moyes, a procedural one, please.

6 Mr. Moyes, I know in the second panel
7 Mr. Glotfelty is going to be testifying. Will he be here
8 for questioning tomorrow as well?

9 MR. MOYES: Yes, he can be here tomorrow for
10 questioning.

11 MEMBER HOUTZ: I do have questions based on
12 reading his prefiled testimony and things, but I bet I
13 won't be here when he testifies.

14 MR. MOYES: Well, I appreciate you raising that,
15 because your being here, obviously, with all of the
16 members of the Committee, but because of your particular
17 background and training in this matter, it would certainly
18 be our preference that you also be here when
19 Mr. Glotfelty's prefiled testimony is presented and
20 questions that are asked.

21 MEMBER HOUTZ: I leave that for you to determine.

22 MR. MOYES: You will be here tomorrow; is
23 that right, Member Houtz?

24 MEMBER HOUTZ: Yes. I plan to be here the entire
25 day tomorrow.

1 CHMN. FOREMAN: All right, very good. Let's take
2 a brief recess. We'll resume at five after 4:00.

3 (A recess was taken from 3:51 p.m. to 4:06 p.m.)

4 CHMN. FOREMAN: Let's move on to the next panel,
5 unless, Counsel, you had some redirect examination.

6 MR. MOYES: Mr. Chairman, in fact, I did have --
7 I had written down a couple of redirect questions, but one
8 of them I believe Ms. Diller can effectively address and
9 from the same degree of credibility in her testimony, so
10 we will do that there. The other was a follow-up question
11 for Mr. Barnes, and very quickly.

12

13 REDIRECT EXAMINATION

14

15 Q. (BY MR. MOYES) Stan, you and I both probably got
16 more familiar with the Arizona Groundwater Transportation
17 Act than we wanted to be during the days of its
18 legislation.

19 In your opinion and understanding of that act,
20 does it address the export of any product or item except
21 actual physical wet water?

22 A. (BY MR. BARNES) Mr. Chairman, Mr. Moyes, no, it
23 does not.

24 MR. MOYES: Thank you. That concludes my
25 questions for this panel, and I think we're prepared to

1 dismiss this panel, then, Mr. Chairman.

2 CHMN. FOREMAN: Very good. I would hope that
3 Mr. Woodruff would stay around tomorrow so that if we get
4 into a discussion of the couple of issues that we raised
5 that he would be available.

6 MR. MOYES: I believe Mr. Woodruff is here for
7 the duration.

8 MR. WOODRUFF: I do plan to stay.

9 CHMN. FOREMAN: Very good. Let's move on, then,
10 to the next panel.

11 MR. MOYES: Thank you. Our next panel, as I
12 mentioned earlier, Panel No. 2 is comprised of Dana
13 Diller, Steve Clark, Marvin Glotfelty, and Mark Etherton.

14 CHMN. FOREMAN: Very good.

15 MR. MOYES: Perhaps I might, just from a seating
16 standpoint, because Ms. Diller and Mr. Clark are first, if
17 we wanted to swear in all four. And then whether we get
18 to Mr. Glotfelty and Mr. Etherton yet today I suppose
19 remains to be seen as to how long you would like to go
20 this afternoon.

21 CHMN. FOREMAN: All right. That is an issue.

22 Ms. Diller, would you like an oath or
23 affirmation?

24 MS. DILLER: An oath.

25 (Dana Diller was duly sworn by the Chairman.)

1 CHMN. FOREMAN: Give us your full name and spell
2 your last name for the court reporter, please.

3 MS. DILLER: My name is Dana Diller, D-i-l-l-e-r.

4 CHMN. FOREMAN: Mr. Clark, do you prefer an oath
5 or affirmation?

6 MR. CLARK: An oath, please.

7 (Steve Clark was duly sworn by the Chairman.)

8 CHMN. FOREMAN: And give us your name, and please
9 spell your last name for the court reporter.

10 MR. CLARK: My name is Steven Clark. The last
11 name is C-l-a-r-k.

12 CHMN. FOREMAN: Very good.

13 Counsel, you may proceed.

14 MR. MOYES: Thank you, Mr. Chairman.

15

16 DANA DILLER and STEVEN CLARK,
17 called as witnesses on behalf of Agua Caliente, having
18 been previously duly sworn by the Chairman to speak the
19 truth and nothing but the truth, were examined and
20 testified as follows:

21

22 DIRECT EXAMINATION

23

24 Q. (BY MR. MOYES) Ms. Diller, welcome. You have
25 given us your name and business address, I believe. Could

1 you just give us a little explanation of your employment
2 relationship with this project and your educational
3 background and experience?

4 And I would note that Ms. Diller has testified
5 before the Committee on some projects in the past.

6 A. (BY MS. DILLER) Yes. My name is Dana Diller.
7 I'm the owner of High Energy Resource Services, a
8 consulting firm focused on the electric power industry.
9 I'm contracted by NextLight Renewable Power to advance the
10 development of solar projects in Arizona. I serve the
11 role of development project manager for the Agua Caliente
12 solar project.

13 As far as educational background, I have a
14 bachelor of science in business administration from
15 American University and a master's degree in accounting
16 from George Washington University.

17 I have 17 years of power generation development
18 experience, and focused on Arizona really for the last
19 10 years. I've testified before the Siting Committee on
20 three prior cases. Back in 1998, Case No. 90, the
21 Griffith Energy project; Case 107 was a follow-on to that
22 for PPL Corporation and Sundance Energy project. And then
23 in 2007, Case No. 133, Northern Arizona Energy project.

24 Q. Ms. Diller, before we move into your overview
25 with respect to this specific project, could you explain

1 to us why you would be in a position to state, and then
2 state your understanding of whether or not, since the time
3 that NextLight has been in a position to credibly do so,
4 has it participated in each procurement opportunity
5 offered by the Arizona utilities for renewable power?

6 A. (BY MS. DILLER) Yes. I started work as the
7 Arizona development manager for NextLight in the first
8 week of January in 2008 just shortly after their
9 inception, and we formulated a business plan and strategy
10 and advanced sites here in Arizona.

11 And I wanted to supplement Mr. Woodruff's
12 testimony just to emphasize that NextLight has
13 participated in every solicitation from Arizona utilities,
14 with the exception of the JDG process. And those bids
15 were due on March 28, 2008, which was about eight weeks
16 after the company was formed. So we did push hard and we
17 tried to have all of our ducks in a row and be able to
18 participate in that process, but just given the short
19 timeline were not able to do so.

20 But since that bid date we did participate, as
21 Jim mentioned, in the California RFO processes in April
22 and May of 2008. Arizona Electric Power Co-op had bids
23 that were due on May 2, 2008. We provided proposals to
24 that solicitation.

25 APS's 2008 solicitation required proposals on

1 August 13, 2008. We did submit proposals, not from this
2 site, because by that time we were already short-listed
3 and precluded to do so, but we did provide alternate
4 projects on alternate sites to APS for their
5 consideration.

6 And then in September of 2008, TEP and UNS
7 Electric were also seeking proposals, and we responded in
8 their solicitation process.

9 So I just wanted to emphasize that while this
10 project was secured first by a California utility, that
11 NextLight Renewable Power has participated in every
12 Arizona solicitation.

13 Q. Thank you, Ms. Diller.

14 We have provided in this case an application,
15 which is Exhibit AC-1, or we have offered as Exhibit AC-1.
16 It has been provided to the Committee members as well as
17 docketed under a separate binder separate and apart from
18 the remaining exhibit items.

19 Was that application prepared under your
20 direction and control?

21 A. (BY MS. DILLER) Yes, it was.

22 MR. MOYES: And we would offer that exhibit, I
23 guess officially into the record at this time,
24 Mr. Chairman.

25 CHMN. FOREMAN: I guess I'll ask if there's any

1 objection.

2 (No response.)

3 CHMN. FOREMAN: And I don't hear any. It does
4 appear to be material and nonrepetitive as the statute
5 says, and so Exhibit AC-1 will be admitted.

6 MR. MOYES: Thank you.

7 (Exhibit AC-1 was admitted into evidence.)

8 Q. (BY MR. MOYES) Ms. Diller, could you then just
9 give us an overview of the application and the project
10 that it addresses.

11 A. (BY MS. DILLER) Yes. The application before you
12 today is seeking approval to build, at the owner's option,
13 either a utility-scale concentrating solar thermal
14 generating project, which we've discussed is named the CPS
15 project, or a utility-scale photovoltaic solar project,
16 referred to as the PV project. And while we've discussed
17 the legalities around that approach, I wanted to really
18 talk about the commercial reasons as to why we're
19 advancing both technologies on the site.

20 First, the CSP project and the PV project would
21 utilize the same 2,400-acre project site; therefore,
22 roughly equivalent land utilization. And on the graphic
23 screen on the right, you can see the 2,400 acres are
24 outlined in red in that figure.

25 Second, the application provides evidence, and

1 the environmental panel witnesses will provide testimony,
2 that the project site is environmentally compatible for
3 either technology.

4 Q. Let me just interject that the slide on the right
5 is Page 4 under Tab AC-4.

6 A. (BY MS. DILLER) Third, although not a thermal
7 resource, the PV technology has been included in this
8 application and proceeding voluntarily. Given the overall
9 size of the PV project, the inclusion of both technologies
10 that may be constructed on this project site provides full
11 disclosure to this Siting Committee, to the Commission, to
12 other state and local agencies, and to the general public.

13 Finally, the length of the development phase and
14 the shifts in market factors that impact the technology
15 selection throughout the development process require
16 flexibility, and I will expand on this reason further.

17 Over the past 18 months of development of this
18 project, key factors affecting the commercial reality of
19 various solar technologies have greatly impacted the price
20 to the customer. Factors such as the engineering
21 procurement and construction costs, which represent the
22 majority of the total project costs; availability of
23 performance guarantees from EPC contractors; availability
24 of bank debt to fund the project costs given the global
25 financial crisis that hit last year; and global supply and

1 demand of certain solar components. All of these factors
2 impact the viability and price of a solar project.

3 As Jim Woodruff mentioned, NextLight, the parent
4 of the Applicant, is a development company, and not a
5 technology company or marketing company focused on the
6 deployment of a single technology. Therefore, NextLight
7 can adapt to the changing solar market and has the
8 flexibility to advance either CSP or PV technology. We
9 believe this is foundational to be able to implement an
10 economically viable project that is acceptable to the
11 customer, and it will ultimately be the customer who
12 decides which technology, based on the product
13 characteristics from that technology, that is best suited
14 to serve their load and meet the need for renewable power,
15 and willing to pay the price that is associated with that
16 technology.

17 There is a significant difference, as was alluded
18 to earlier, in the nature of the generation product from a
19 PV plant and a CSP plant. This will be explained in even
20 greater detail by Steve Clark. But PV technology is an
21 intermittent product, meaning that it will simply track
22 the solar resource. When the sun is available, the
23 project will generate power. When cloud cover or darkness
24 occurs, the generation output will drop.

25 In contrast, the CSP project with the thermal

1 energy storage capability is not so highly correlated to
2 the solar resource. It can ride out short-term cloud
3 events with perhaps a small dip in generation output, and
4 the energy storage capability allows generation to be
5 shifted from morning hours to evening hours when the loads
6 are highest. This storage capability adds an element of
7 what is called capacity value to the project and is
8 considered by some utilities to be a semi-dispatchable
9 energy product. However, it adds cost to the project to
10 provide this storage capability as you need to increase
11 the size of the solar field and build the thermal energy
12 storage system.

13 Some utility customers place a very high premium
14 on this capacity value and the dispatchable nature of this
15 CSP project. Other customers are not willing to pay much
16 of a price premium for this capacity value. This is
17 driven by the market in which any particular utility
18 exists and the amount of other generation response units
19 available on its system.

20 The utility solicitation process, the PPA
21 negotiations and execution, the regulatory approval
22 process of an executed PPA can take multiple years. If
23 you wait for certainty in that process and then approach
24 the permitting effort, the development process is greatly
25 extended. Plus, the utility customers typically want to

1 have certainty that their project can be successful in the
2 permit process.

3 Therefore, the flexibility to offer multiple
4 solar technologies from the same project site offers the
5 greatest value to the customer. It shortens the
6 development period and provides the ability to adapt to
7 the changing market conditions to find the product and
8 price combination that meets customer needs.

9 The initial development plan for the Agua
10 Caliente solar project was to develop, build, and operate
11 a 280-megawatt solar thermal generating facility, the CSP
12 project. Given rising EPC costs of CSP, financial hurdles
13 that were both general to the financial crisis and some
14 financial hurdles unique to thermal energy storage,
15 NextLight Renewable Power decided to advance a dual
16 technology approach on this project site in January.

17 As mentioned, a key advantage of being a
18 technology agnostic development company is that the
19 development effort from any project site can be adapted
20 and adjusted to market conditions. While one technology
21 may appear to have an advantage over the other, at any
22 point in the development process that preference is market
23 and customer specific.

24 The critical objective for these hearings is to
25 demonstrate to the satisfaction of the Committee that

1 either CSP or PV technology are environmentally compatible
2 and that either technology could serve the growing demand
3 for solar resources.

4 Q. Thank you. Ms. Diller, would you then like to
5 move to focusing on the property and the project site
6 itself and its characteristics. Rather than me asking you
7 detailed questions about each component, why don't you
8 just tell us what you know about it.

9 A. (BY MS. DILLER) Since its inception in really
10 late 2007, NextLight advanced a detailed site screening
11 and selection process for projects all over Arizona,
12 California, New Mexico, Colorado, and Texas. This
13 property was one of the first to be selected for full
14 development.

15 The property and the project site are the subject
16 of this application and they were selected for the
17 following reasons. First, there obviously is a high level
18 of direct solar insolation. The sun shines here a lot.
19 There's available transmission to reliably interconnect
20 the project without the need for off-site network
21 upgrades. There is direct access to multiple utilities,
22 including APS and the California utilities, which
23 represent the largest buyers of renewable power in the
24 Southwest market.

25 The lands are active agriculture, and therefore

1 previously disturbed, which greatly limits the concerns
2 over cultural resources or impacts to species associated
3 with native desert land.

4 There's available groundwater outside of an
5 active managed aquifer with proven wells and historical
6 pumping ranging from 15,000 to 20,000 acre-feet per year,
7 laser-leveled fields from north to south slope, and a
8 remote location with existing roads for access. There was
9 also an early indication of public acceptance of this
10 project.

11 Once the detailed due diligence and environmental
12 surveys were conducted on this project site, we were able
13 to conclude that the site was also void of many of the
14 negative attributes such as rough terrain that's found in
15 the desert, undisturbed native soils and vegetation,
16 sensitive species, and residences or protected public
17 lands in close proximity to the site.

18 The project site is located between Gila Bend and
19 Yuma, Arizona, about 10 miles north of Interstate 8 at the
20 Dateland exit. The 3,800-acre property, named the White
21 Wing Ranch, is an active agriculture with three farming
22 operations. Within the 3,800-acre property, a 2,400-acre
23 project site has been identified. The remaining acres
24 will be leased to Del Monte Fresh Produce to continue
25 their melon operations.

1 If you look to the slide on the right, the area
2 surrounding the project site and the properties to the
3 west, to the north, and to the east, is BLM lands.

4 Q. So let me just clarify. When you're referring to
5 the property, you're including both that in the red
6 outline and the yellow outline being the White Wing Ranch
7 proper, and the red outline is what you would consider the
8 project site when you use that term; is that correct?

9 A. (BY MS. DILLER) That is correct.

10 Q. Thank you.

11 A. (BY MS. DILLER) And to the south of the project
12 site is private land that has had some historical
13 agricultural use.

14 Unique to this project is the fact that there are
15 no off-site transmission lines. There's no off-site
16 pipelines, roads, or other laterals that are required for
17 the project. Therefore, the environmental impacts are
18 contained within the property and the 2,400-acre project
19 site.

20 With the exception of a small water collection
21 system on the northern part of the property and a short
22 loop-in/loop-out of the existing 500kV transmission line,
23 which is represented in blue along the southern property
24 boundary, both the CSP and the PV projects are contained
25 within the 2,400-acre project site located on the southern

1 half of the White Wing Ranch property.

2 The transmission interconnection facilities, the
3 subject of the APS Q43 switchyard and interconnection
4 facilities CEC application, will also be located on the
5 White Wing Ranch, thereby further reducing the potential
6 environmental impacts from the project.

7 The CSP project will use approximately
8 3,000 acre-feet per year of groundwater from the existing
9 well field on the White Wing Ranch. The PV project will
10 use approximately 15 acre-feet per year. Both the CSP and
11 PV projects use significantly less water than the current
12 water use for irrigated agriculture.

13 The pre-project agricultural water use ranges
14 from 15,000 to 20,000 acre-feet per year over the past
15 10 years, and there have been historical peaks as high as
16 25,000 acre-feet per year. The worst case project water
17 use is just over 3,000 acre-feet per year, combined with
18 continuing farming operations to the north projected at
19 4,500 acre-feet per year. Therefore, that combined
20 7,500 acre-feet per year will represent more than half,
21 50 percent reduction in what is utilized today.

22 Mr. Glotfelty's prefiled testimony addresses the
23 hydrologic studies and modeling that reflect the positive
24 impact of that reduction on the local aquifer.

25 Q. Thank you, Ms. Diller. I know that at this point

1 you were expecting to go into the virtual tour, but I do
2 have a question for you that I think you're the
3 appropriate one to answer that was raised in Panel 1, and
4 that's with respect to the application of tax incentives
5 and whether there's a differential between the two
6 proposed technologies with respect to tax incentives.

7 Can you answer that question for us?

8 A. (BY MS. DILLER) As Stan Barnes mentioned in his
9 testimony, there was at this point legislation that did
10 offer some production tax credits against state income
11 tax, and therefore -- that was vetoed by the governor, but
12 is still under consideration potentially by the
13 legislature in this session. That is based on a megawatt
14 hour production tax credit and, therefore, would slightly
15 favor the CSP project that has a little bit more gross
16 megawatt hour production than the PV project, but very,
17 very close in terms of comparison of tax incentives.

18 In terms of property tax structure, the two
19 projects would line up very similarly. The capital cost
20 differential is not substantial, and to date, based on our
21 investigation, the rules would apply equally in terms of
22 personal property taxation on both the PV and the CSP
23 project.

24 In terms of the Arizona transaction privilege
25 tax, most equipment used in the production of electricity

1 is exempt, and we found that that is both for the PV
2 technology and the CSP technology. The only real
3 differential would come down to whether the facilities are
4 deemed to be permanent fixtures, in which case the labor
5 is either exempt or non-exempt.

6 So there could be, just given the modular nature
7 of the PV panel that Steve will get into, there could be
8 some small differences in the amount of sales tax or
9 transaction privilege tax that applies to CSP versus PV,
10 with PV being the smaller of the two numbers.

11 Q. Thank you. I know you have prepared, with the
12 assistance of Mr. Schroeder's company and others, a
13 virtual tour of the project. So at this time, I would ask
14 you if you would present that to us, please.

15 A. (BY MS. DILLER) Yeah. We have prepared a
16 virtual tour today, and this virtual tour of the project
17 will include actual photographic representation of the
18 existing location and site conditions through the use of
19 Google Earth graphics. Then, a virtual representation of
20 the post project condition by overlaying computer-
21 generated visual renderings of the project facilities.

22 Each technology will be represented from the
23 aerial vantage point, and then we will see ground level
24 actual photographs with and without visual simulations of
25 the CSP technology from four key observation points. This

1 demonstrates that with the use of the technology with the
2 highest visual profile, the project has very limited
3 visual impacts on the surrounding community.

4 And unfortunately for you, I have been nominated
5 as the tour guide. I say unfortunately since I don't
6 really have the radio voice of a Jim Woodruff, and I
7 clearly don't have the commenting skills of a Stan Barnes.
8 But I would just ask that before we take off that you
9 check to make sure that your seat belts are fastened and
10 that your tray tables are in their locked and upright
11 positions. For your own safety, please keep your arms and
12 legs out of the aisle. And in case of a water landing --
13 well, there's no surface water on this flight path today,
14 so we can probably just move right into the tour.

15 Our starting position is above Interstate 8 at
16 the Dateland exit. Looking north on Avenue 64E -- we're
17 all familiar with that this morning -- out of the left
18 side of the airplane you will see this educational complex
19 where we thought we would be today, generously offered for
20 our hearings. On the right, there is an airstrip that's
21 not visible from the ground.

22 Moving north on Avenue 64E, we travel
23 approximately 8.5 miles to the end of the road, then turn
24 east on the Palomas/Hyder Road. Once on Palomas Road, we
25 pass the Red River Farms, and about three-and-a-half miles

1 east we come to the entrance of a 3,800-acre private
2 property named the White Wing Ranch. This is colored in
3 red. From this aerial vantage point, you can see how the
4 ranch got it's name as it is shaped like the wing of an
5 airplane.

6 The project site, overlaid in purple, will use
7 approximately 2,400 acres of the White Wing Ranch. White
8 Wing Ranch has a rich tradition in various farming
9 operations, and the Del Monte operations will continue on
10 the lands to the north.

11 The rendering of the CSP project is presented
12 first with its major components labeled. We reflected the
13 solar field, the power block, the evap ponds, and the
14 solar assembly fabrication building. These will be
15 discussed by the next witness, Steve Clark.

16 Next we will zoom in to take a close-up view of
17 the power block area. The power block generation
18 components are represented in this rendering. We show a
19 close-up of the parabolic mirrors, the heat exchangers,
20 the steam turbine generator, the cooling tower, and the
21 molten salt storage tank that support the thermal energy
22 storage system.

23 Next we will fly to four key observation points
24 to demonstrate the limited visibility of the project to
25 the public. The project site is very remote, and is also

1 visually shielded by berms on the west and east, and a
2 railroad along the southern property boundary.

3 These simulations are also found in Exhibit E of
4 the application.

5 At Key Observation Point A, we are two-and-a-half
6 miles west of the project site. This location is the
7 nearest farming operation. The existing view on the top
8 is a picture from this location. The proposed view on the
9 bottom is a simulation, including the CSP project. To the
10 right of the proposed view, you can just barely see the
11 top of some of the project features in the power block
12 area.

13 Q. Maybe you can see them. I can't, but I'll let
14 you --

15 A. (BY MS. DILLER) Yeah, it's probably a little bit
16 better in your binder.

17 The project is very much shielded by the rise in
18 elevation between this key observation point and the
19 project site.

20 Q. As you indicated, these KOPs are in the
21 application, and the resolution may be a little bit better
22 there if you wish to see them.

23 A. (BY MS. DILLER) Key Observation Point B looks
24 northeast from the nearest residence and is located about
25 1.5 miles to the nearest point of the solar field and

1 2.25 miles from the power block. The power block area is
2 just barely visible on the left side of the picture, and
3 you can faintly see transmission lines on the horizon.

4 Key Observation Point C is a view from along
5 Palomas Road near the site entrance. And with the
6 exception of the transmission facilities, the railroad
7 screens the project features from view.

8 And finally, Key Observation Point D looks
9 northwest from a point along Palomas Road just east of the
10 project site. Like the previous key observation point,
11 most of the project is shielded by the railroad. You can
12 view the solar assembly fabrication building on the right
13 side of the proposed view, and you can just barely see the
14 tops of the parabolic trough mirrors over the railroad.

15 And that concludes the simulation of the CSP
16 project. Next, the virtual tour will present the PV
17 project. And as we transition from one technology to the
18 other, you can see that the land utilization of the
19 projects are nearly identical.

20 The PV project components are minimal, with the
21 solar field, the O&M area, and the project substation.
22 Also represented here is the APS Q43 switchyard and
23 interconnection facilities, the subject of Case 146.

24 We will now fly in for a little closer look at
25 the O&M building and the project's substation, which sits

1 just north of the APS Q43 switchyard.

2 The O&M building is represented on the left side
3 of this rendering and the project substation on the right,
4 which would feed directly into the APS Q43 switchyard.

5 And finally, the last stop on the visual tour is
6 the APS Q43 switchyard, the topic of Greg Bernosky's
7 testimony. And we are hopeful, maybe especially so me,
8 that the visual tour has provided adequate visual
9 information such that an actual physical tour may not be
10 necessary for the Siting Committee to conclude and
11 formulate their conclusions relating to the existing
12 characteristics of the site and any potential for visual
13 impacts.

14 MR. MOYES: Thank you, Ms. Diller.

15 Mr. Chairman, we're now prepared to move to our
16 second witness of this panel, Mr. Steven Clark.

17 Q. (BY MR. MOYES) Mr. Clark, you were sworn in a
18 few moments ago and you gave us your address. Would you
19 like to explain to us briefly your employment and
20 relationship to this project currently, and then your
21 professional and educational background.

22 A. (BY MR. CLARK) Sure. I'm employed by NextLight
23 Renewable Power as the vice president of engineering. And
24 I've been with NextLight since December of last year, so
25 eight or nine months.

1 And since joining NextLight, I've been
2 responsible for the engineering design and the engineering
3 procurement and construction, known as EPC, the EPC
4 contracting and bidding for the project.

5 As far as my background goes, I have a bachelor's
6 of science degree in mechanical engineering from Kansas
7 State University, and I'm also a graduate of the general
8 management program from Harvard University. I'm a
9 registered professional engineer in California and Kansas.
10 I've been in the power industry exclusively for my 30-year
11 professional life. And I've worked for major architect
12 engineering companies, Black & Veatch and WorleyParsons,
13 as well as independent power companies, Calpine
14 Corporation in that slide.

15 Q. Could you just give us a general description
16 first of the CSP project, recognizing that most of the
17 Committee, I believe with the exception of Ms. Youle and
18 Mr. Mundell --

19 You were not part of the Abengoa application
20 hearing process, were you?

21 MEMBER MUNDELL: Part of it.

22 MR. MOYES: Part of it at the Commission level.

23 Q. (BY MR. MOYES) But the others have heard the CSP
24 presentation before, but let's review that and give them
25 an opportunity to refresh their memories.

1 A. (BY MR. CLARK) Sure, absolutely. Well, a CSP
2 project again stands for concentrating solar power.
3 Another way to call it is a solar thermal power plant.
4 It's essentially the same as other forms of thermal power
5 plants that use natural gas or coal as a source of energy.
6 So in this case, the source of energy and the way that the
7 energy is collected is a little bit different. In this
8 case, we're using solar energy, sunlight energy as the
9 fuel, instead of a fossil fuel or using nuclear energy.

10 And you can break down a CSP power plant into
11 four fundamental blocks. We'll go through each of these.
12 The first is the solar collector field itself. It
13 comprises the vast majority of the acreage.

14 Associated with the solar field is a heat
15 transfer fluid system. In our case, we have a thermal
16 energy storage system that's part of the project that
17 allows the plant to operate more hours per day and extends
18 into the late afternoon and evening. And then there's the
19 power generation block itself where the electricity is
20 generated.

21 So first, talking about the solar field, if we
22 could, let's move to the next graphic. The next one, it
23 should be a schematic diagram. All right. Well, let's
24 move with the solar field area. There it is. That's the
25 one.

1 So this shows the four main blocks that I was
2 just talking about. Moving from left to right, the solar
3 trough field or solar collector field is on the left.
4 This is where the sunlight's energy is absorbed into heat
5 transfer fluid. And then moving -- what circulates that
6 heat transfer fluid is a set of circulation pumps.

7 In the middle of the illustration is the two-tank
8 thermal energy storage, and then to the right there's a
9 steam boiler where the heat from the -- thank you. The
10 thermal energy storage is in the center of the figure.
11 The steam generator is here. That's where the heat from
12 the heat transfer fluid is used to boil water, which then
13 in turn goes to the conventional steam turbine to drive it
14 and it creates the electricity.

15 We'll focus in first on the solar field itself.
16 In this case, the technology that we've selected is
17 parabolic trough collectors. They're the type of system
18 that's been used in most of the solar thermal plants built
19 to date in the world, so they're the most commercially
20 proven.

21 The solar trough collectors are comprised of
22 curved reflectors or mirrors that are shaped in the form
23 of a parabola. Here on the photo, this one was taken at
24 the SEGS plants in southern California. The SEGS plants,
25 there is different ways that people say that SEGS stands

1 for, but the most common is Solar Electric Generating
2 System. There's a set of nine separate units there that
3 comprise over 300 megawatts of power that's been in
4 operation since the mid-'80s.

5 You can see the mirror's surface. It's
6 conventional glass, and it's designed to reflect the
7 direct sunlight from the mirror surface up to a line
8 focus, and on the line focus it's called a heat collection
9 element, and it's a metal tube that has a black outer
10 coating. It's a carbon steel tube. On the inside of that
11 is circulated the heat transfer fluid. And I'll explain
12 what that fluid is here in a moment.

13 But the steel tube has an outer tube around it
14 that is made of glass, and the space in between the glass
15 and the inner steel tube is evacuated so that there's
16 minimal heat losses from the hot sun that's collected
17 there.

18 The structure of the parabolic trough is behind
19 it. In this case, you can see the steel frame there, and
20 it's mounted on a device that allows the whole trough to
21 move through the course of the sun, or move through the
22 course of the day and follow the sun. And so in the
23 morning these are facing to the east, and then they'll
24 follow the sun's position across the sky until it sets in
25 the afternoon.

1 These long solar troughs or parabolic troughs are
2 mounted or oriented in a long, north-south orientation.
3 So there will be many, many rows of these across the field
4 all running north to south.

5 They have both a computer tracking device that
6 knows the sun's position at any time, and there's also a
7 site meteorological station that can also check the sun's
8 position. They're driven by a hydraulic motor to position
9 these and move the troughs to follow the sun and to
10 accurately reflect the light onto the heat collection
11 element.

12 Now, through the center of the tubes, there's a
13 heat transfer fluid that's circulated. HTF is the acronym
14 for that. In all of the commercially proven systems to
15 date, HTF is a synthetic, oil-based material. There are
16 two common fluids that are available on the market today
17 and used in all of the operating solar thermal plants.
18 The two different fluids are Dowtherm A, and the second
19 one is Therminol VP. So they're available on the market,
20 and they're designed so they stay in the fluid state
21 through a wide temperature range. They freeze at a very
22 low temperature, and also they don't boil or vaporize
23 until a temperature well above 750 degrees Fahrenheit.

24 So in this system, the oil is circulated down the
25 heat collection elements and heated to approximately

1 740 degrees Fahrenheit. And the flow rate is controlled
2 so that temperature is not exceeded.

3 We can move to the next one.

4 For Agua Caliente, NextLight has chosen to add a
5 thermal energy storage on to work with the heat transfer
6 fluid and the power generation block. The advantage of a
7 thermal energy storage system is that we can effectively
8 ride out or have very minimal impacts of short-term
9 passing clouds, and it also allows us to move solar energy
10 that's collected during the morning and the midday to
11 mid-afternoon and early evening periods where there's peak
12 demands for electricity on the electrical grids.

13 The value of on-peak energy is for most utilities
14 significantly higher than base-load generation, so by
15 adding a thermal energy storage system we can create more
16 peak energy, and we can do so in a way that, as Dana
17 mentioned, is semi-dispatchable.

18 The type of thermal energy storage system that we
19 are envisioning and that we've planned for Agua Caliente
20 is a two-tank system. The photograph here is from a
21 50-megawatt plant that has been built and began operation
22 in the last year in Spain. This is the AndaSol-I solar
23 plant in southern Spain.

24 There's two tanks here. One is called the cold
25 tank and the other is the hot tank. And the salt, which

1 is heated well above its melting point, is simply pumped
2 back and forth between the two tanks to absorb the energy
3 coming from the HTF fluid and to save it for use later in
4 the day.

5 This figure on the right illustrates the concept
6 where we can take the excess heat that's coming from the
7 solar field and move it into storage during part of the
8 morning and the midday, and then draw from it in the later
9 afternoon and the evening to continue operation of the
10 power block at a base steady load.

11 The fourth part of the CSP plant is the power
12 generation block. This is the most conventional part of
13 the power plant. It works on a steam cycle and -- you
14 know, it's -- go to the one that shows the overall
15 diagram, the schematic diagram. One more. There you go.

16 So power generation blocks using steam turbines
17 have been used in commercial operation for well over 100
18 years. The components here are very well-known. It
19 includes the steam turbine generator itself, which
20 exhausts to a condenser.

21 The Agua Caliente site has adequate water to use
22 a wet evaporative cooling tower to condense the steam.
23 The condensed steam is then pumped back through the
24 circuit through a set of feedwater heaters back to the
25 steam boiler where it's generated into steam again. This

1 part of the plant also has conventional water treatment
2 equipment and water chemical feed systems to maintain the
3 high quality and purity of water that's used in the steam
4 cycle.

5 Beyond the four major blocks that we've spoke of,
6 the CSP plant also has a few ancillary facilities.
7 There's an evaporation pond, and that receives the
8 blowdown from the cooling tower. And with the hot arid
9 climate here, the evaporation pond is the means of
10 disposal of the cooling tower blowdown.

11 There will also be a large solar assembly
12 building and fabrication building that's built during the
13 construction period, and this is where the various
14 components for the parabolic troughs are delivered to the
15 site. There's a very automated process for assembling the
16 mirrors onto the steel structure with the drive tubes and
17 the motors, and then they are moved out to their
18 foundations in the solar field and mounted on foundations
19 there.

20 The heat collection elements, the glass tubes are
21 mounted in the field and then the assembly is completed.
22 But during the heart of the project construction, there
23 will be nearly continuous activity in the solar assembly
24 and fabrication building to continue assembling these
25 parabolic trough receivers and moving them to the field.

1 We also plan to have an administrative and water
2 treatment building that's part of the plant that's used in
3 the ordinary O&M of the power plant.

4 Q. Mr. Clark, you have alluded to the use of this
5 technology in some other places. Could you give us your
6 commentary with respect to the proven nature of this CSP
7 technology?

8 A. (BY MR. CLARK) Sure. First of all, the power
9 generation block that I spoke of as the fourth component
10 of the block is very conventional. It's been in operation
11 for more than 100 years at literally thousands of
12 installations. The steam cycle conditions, the pressure
13 and temperature used in this case are very, very
14 conservative. They're very much lower than that used in
15 many other plants, so there's -- it's very proven and very
16 little risk for that component of the plant.

17 For the parabolic troughs and the heat transfer
18 fluid system, these systems have been proven in commercial
19 operation at the SEGS units in southern California since
20 the mid-'80s. And I have mentioned that there are nine
21 separate SEGS units there totaling over 300 megawatts.

22 Then recently, about two years ago, the Nevada
23 Solar One project was put into commercial operation in
24 June of 2007 in southern Nevada, actually in Boulder City
25 just south of Las Vegas. That's a 64-megawatt project and

1 currently the largest CSP plant in the world.

2 There's also a number of solar thermal plants
3 using this technology that have been placed into service
4 in Spain in the last few years. They've had a fee and
5 tariff there that allows a very lucrative rate of money to
6 be spent for the electrical generation from solar thermal
7 plants up to 50 megawatts. And as a result, there's eight
8 to ten projects that are in the construction or early
9 operation in Spain at this time.

10 The molten salt thermal energy storage system
11 that we're proposing here does not have quite as much
12 commercial operation behind it. This type of molten salt
13 technology has been used in a number of other industries
14 with very similar operating conditions and size, but the
15 first one for a solar thermal application has been placed
16 into operation within the last year at the AndaSol plant
17 in Spain. That's the one that we showed you the photo of
18 earlier. It's a 50-megawatt plant.

19 Our project will have three modules of equal size
20 to the one that's being used at AndaSol. That project was
21 commissioned last winter and has been in commercial
22 operation since the spring of this year.

23 Q. When you use the term proven technology, as a
24 practical matter, what defines that from your perspective?

25 A. (BY MR. CLARK) Right. As a practical matter, a

1 proven technology means that the technology has been
2 utilized in multiple plants, it's been reliably operating
3 on a commercial scale for a significant duration of time,
4 and that's enough time to give both lenders and equity
5 participants in a project enough operating data to provide
6 a sound basis for their investment.

7 Q. Thank you, Mr. Clark. Let's now shift to the PV
8 project. And I'll ask you if you can describe the
9 technology and the physics of photovoltaic generation.

10 A. (BY MR. CLARK) I'll make my best attempt to
11 describe how photovoltaics work. As compared to solar
12 thermal projects, photovoltaic projects are remarkably
13 simple with virtually no moving parts, minimal O&M
14 requirements, no emissions and minimal use of water.

15 The PV project at Agua Caliente will use large
16 arrays of PV modules, often called solar panels, to
17 generate direct current DC electricity. The solar panels
18 will be mounted on either fixed tilt structures with the
19 panels facing south, or on structures that rotate during
20 the day to follow the sun's position in the sky. While
21 the fixed tilt systems are less expensive to build, solar
22 panels mounted on the tracking structures, called
23 trackers, collect more energy on both a daily and an
24 annual basis.

25 The DC electricity produced by groups of solar

1 panels is wired to an inverter, which converts the DC
2 electricity into grid quality AC electricity using the
3 same technology employed in conventional wind turbine
4 power converters. The AC electrical voltage is increased
5 by meeting voltage transformers from 15 and 35 kilovolts,
6 depending on which particular vendor's design is used, and
7 that electrical power is simply routed to power cables to
8 the plant substation where it's tied to the utility grid.

9 Although the power generated from this project
10 will be larger than any PV plant constructed to date in
11 the world, all of the proposed equipment and technology
12 has been proven in commercial operation for many years.
13 As each inverter provides AC power from the range of one
14 to three megawatts per inverter, PV plants are essentially
15 very modular. They're a series of the same types of
16 panels and modules and transformers just replicated many
17 times.

18 The PV modules that we have envisioned to use at
19 Agua Caliente will use either crystalline silicon solar
20 cells or thin film PV cells. Both of these have been
21 successfully proven by many years of operation. The
22 rooftop systems that you are seeing more and more commonly
23 on both homes and buildings are using the same type of
24 modules today.

25 And now we'll talk about the photovoltaic

1 principle, but the diagram on the right basically
2 illustrates how the photovoltaic principle works. Photons
3 from sunlight directed onto the panels move into this
4 semitransparent semiconductor material, and the photons
5 basically excite some electrons that are in the
6 semiconductor to a higher valence level. A voltage
7 applied across the PV panels will cause the electrons to
8 move to the anode, and you complete the circuit by
9 connecting both a negative side and a positive side
10 through a wiring circuit to the inverter.

11 So it's a very simple process. It's one that's
12 been known for upward of 100 years. What has been worked
13 on, though, in recent years is increasing the efficiency
14 and driving down the cost. The basic science of this has
15 been known for quite a while.

16 Okay. On the slide here to the left, this is
17 just, again, reemphasizing that the types of PV cells that
18 we're considering for our project are either crystalline
19 silicon or thin film. The crystalline silicon cells are
20 of two types. These are either called monocrystalline or
21 polycrystalline. And just as the name suggests, with a
22 monocrystalline there's a single crystalline structure,
23 whereas the poly has many crystals within it.

24 The monocrystalline cells have higher
25 efficiencies, ranging up to about 20 percent conversion

1 efficiency. They're more expensive to make because of the
2 higher quality of silicon material. A polysilicon are
3 slightly less efficient, but also less expensive. These
4 are the most traditional solar cells that have been on the
5 market for 20 to 30 years, so they're very, very proven
6 and very reliable.

7 In the last 10 to 15 years, there's been a move
8 from the R&D space to the commercial space for a new
9 technology called thin film photovoltaics. And thin film,
10 the primary advantage of these is they use significantly
11 less silicon or raw material that's in the cell. They're
12 literally just a few microns thick. And they're made by
13 essentially spraying an ionized composition of the
14 material onto a substrate, and so that way the quality and
15 the thickness can be controlled to very small amounts.

16 Up to this point, the conversion efficiency of
17 sunlight to electricity by the thin film has been fairly
18 low. In recent years and up to now, on the market there
19 are proven conversion efficiencies of 6 to 9 percent.
20 Those are moving up. There's a significant amount of
21 effort and R&D aimed at improving those efficiencies and
22 keeping the costs low.

23 The two types of thin film that are commercially
24 proven enough to use in this application are cadmium
25 telluride -- that's abbreviated sometimes as cad-tel --

1 and then amorphous silicon. Both of these are
2 commercially available from manufacturers such as First
3 Solar and Sharp Electronics. Whereas in crystalline
4 silicon, some of the manufacturers there, some household
5 names might be BP Solar and SunPower and Suntech. They
6 were all crystalline suppliers.

7 On the right there's a photo of a typical
8 crystalline silicon cell. Those typically measure about
9 six inches or so on a side. So that's about a six-by-six
10 individual solar cell that's there on the right.

11 And if you advance to the next one.

12 There's some typical PV modules. They're
13 typically -- these are -- the ones that we had in mind for
14 our plant are exactly the same or virtually the same as on
15 rooftop installations. So they're in the range of about
16 two feet wide by three to four feet long, and a matter of
17 an inch or two thick.

18 Okay. If you move on, now this one shows a
19 typical fixed tilt system. If you move to the next slide,
20 the next graphic, please.

21 This shows a typical fixed tilt system, and in
22 these systems there's a simple structure. You might think
23 of it as stadium bleachers for just a few rows. The
24 panels are clipped down to the structure -- you can see
25 the aluminum clips -- and there will be three or four

1 long, horizontal rows of the modules on a fixed tilt
2 system. They're tilted to face the sun in the southern
3 sky. And in this case, the panels just don't move. They
4 always are facing in the same position. There's no
5 tracking of the sun.

6 There's one more photo. This photo is from the
7 Nellis Air Force Base installation outside of Las Vegas.
8 It's currently the largest PV installation in the United
9 States. It is about 17 megawatts. And for this
10 particular system, a tracker PV system is employed. And
11 this shows a number of the trackers. It's a tilted type
12 of system. It's tilted up at 15 to 20 degrees from the
13 horizontal, and there's a tracking device so that the
14 structures will follow the sun from east to west across
15 the sky from morning to evening.

16 The advantage of this system is that it generates
17 more electricity over the course of a day because it's
18 following the sun and getting more sunlight on the plane
19 of this surface.

20 So for Agua Caliente, at this point we are open
21 to either of these types of systems, a fixed tilt or a
22 tracker type of operation.

23 If we go to the balance of the systems beyond the
24 PV panels and supports themselves, as I mentioned before,
25 groups of panels are wired together and tied to an

1 inverter. The inverters will range from 1 to 3 megawatts.
2 In the inverter, the DC or direct current electricity is
3 converted to alternating current electricity. This takes
4 place at a very high efficiency rate. There's very little
5 loss. And then direct coupled to inverters is typically a
6 medium voltage transformer. The picture on the right
7 shows an inverter. It's in the box to the right. They're
8 enclosed in a metal walk-in housing. The transformer is
9 to the left in this photo.

10 So a plant such as Agua Caliente will contain
11 literally hundreds of these types of sets of inverters and
12 transformers. The electrical output from each of these
13 transformers is tied together in a medium voltage
14 collection system and routed to the plant's substation.

15 Besides the plant substation, the other features
16 I have described that are common facilities include an
17 operations and maintenance building and roadways and
18 fencing, and that's simply what the plants consists of.

19 I know that one of the areas that the Committee
20 is interested in is the comparison of the solar thermal to
21 solar photovoltaic. And so the table on the right
22 provides a very high-level description of some of the
23 aspects of the two different types of plants.

24 The solar thermal plant at Agua Caliente is rated
25 at 280 megawatts. And that rating comes simply from the

1 operating of a steam turbine generator. I think you
2 probably are familiar with the steam turbines that are
3 part of conventional coal or combined cycle plants. So
4 the plant capability there is just determined by the
5 nameplate rating of the steam turbine generators, the
6 maximum the plant can produce at any given time.

7 A PV project, by comparison, on the same acreage,
8 the same 2,400 acres, can produce up to 485 megawatts.
9 We've not made a final determination of what the plant
10 capacity will be. Depending on which PV technology, if
11 it's thin film or crystalline, on fixed tilt or trackers,
12 it could be somewhat less than that, but it could be as
13 much as 485 if we pack the panels close to one another.

14 In terms of the estimated annual gross energy
15 output that it produces, this is in terms of megawatt
16 hours. The CSP project would produce an estimated 925,000
17 megawatt hours per year. And the PV project would be
18 somewhat less than that, depending again on the technology
19 and the sizing, how we fill the field, 650,000 to 890,000.

20 As I mentioned before, the acreage for the two is
21 the same at 2,400. That corresponds to the visual
22 simulations that Dana provided previously.

23 There's also been previous testimony about the
24 approximate annual water usage of the two plants. A CSP
25 plant is estimated to use up to 3,000 acre-feet per year,

1 whereas the PV project has much less water usage. It's
2 not none, but it's a small number. It's primarily used
3 just for washing the surface of the modules themselves.
4 On projects of this nature, depending on the dust that's
5 raised in the nearby environment, they can be washed two
6 times, perhaps more, per year to wash off the surface to
7 absorb and produce more electricity.

8 I need to talk a little bit about the quality of
9 the energy that's produced by the plants. As other
10 witnesses have testified, the CSP plant, particularly with
11 the molten salt thermal energy storage, provides a
12 semi-dispatchable. It's a more dependable supply of
13 electricity from minute to minute, hour to hour,
14 day-to-day. It also has the capability of shifting
15 generation to the afternoon and early peak demand time.

16 Whereas the PV project, it produces electricity
17 that's immediately tied to the amount of sunlight falling
18 on the field. There can be instances where a cloud passes
19 over the field and you get sharp, downward, quick
20 reductions in the power production. And then once the
21 cloud passes, the generation can then rise very quickly
22 back to the base load.

23 Another difference is that the PV projects can
24 produce electricity even when there's thin, high clouds
25 when the sunlight is what we call diffuse, whereas the

1 concentrating solar thermal can only produce electricity
2 when there's direct sunlight, direct from the sun onto the
3 field.

4 There's also been some testimony earlier today
5 about the approximate size of the construction workforce
6 when the projects are being built. So the numbers
7 there that are on the table show that at peak periods, the
8 CSP project could employ approximately 1,070 construction
9 workers and management personnel, with about 660 on
10 average, whereas the PV project -- and again, this depends
11 on the ultimate capacity and the technology that we
12 pick -- would be more in the 300 person workforce.

13 And then in terms of the O&M Staff, the CSP
14 project, again, is more complex. There's a lot more
15 moving parts. There's a steam turbine cycle and a lot of
16 moving parts. So to maintain that and operate it properly
17 would require a staff size of approximately 48. Whereas
18 the PV project, we've got it pegged here as 18, it would
19 be 15 to 20, depending on the size, the ultimate size of
20 the plant and the technology that we pick.

21 Q. Mr. Clark, let me interject here just in
22 reference to a question from one of the Committee members
23 earlier with respect to the jobs and salary ranges with
24 respect to the permanent employment.

25 Do you have the ability to give us some

1 information about that salary range question? You have
2 given us the approximate number of employees.

3 A. (BY MR. CLARK) For the PV plant or CSP?

4 Q. For either and/or both, I guess, to be more
5 precise.

6 A. (BY MR. CLARK) Okay. Well, for the PV plant,
7 the types of operating or maintenance staff that would be
8 required include plant manager. There will be maintenance
9 technicians that will probably have electrical skills
10 primarily. And then there will be, in addition to that,
11 there will be people needed for vegetation control, for
12 plant security, and also for performance monitoring of the
13 plant.

14 The PV plants are fairly passive in how they
15 operate. There's not a lot of active operator controls.
16 Some of the jobs I described will require very much
17 specific technical skills, the electricians and the
18 maintenance workers, while others will be more of an
19 unskilled nature.

20 For a CSP plant, on average, the skill needs, the
21 level of operator training and maintenance training and
22 special technician skills is somewhat higher. And so the
23 mix will probably have a larger mix of engineering and
24 technical skills, and as a result probably a higher
25 average wage range.

1 MR. MOYES: Thank you.

2 Mr. Chairman, Member Wong, I hope that that
3 addresses the question that you asked earlier. If not, we
4 can follow up on it more.

5 I believe that concludes our direct testimony
6 from Mr. Clark.

7 CHMN. FOREMAN: In view of the hour, I'm going to
8 suggest that we defer cross-examination or questioning
9 from the Committee members, however you would like to
10 characterize it, until tomorrow.

11 We do have one more issue that we need to decide
12 before we leave tonight, and that is the question of
13 whether anyone would like to go on the tour tomorrow.

14 MEMBER NOLAND: I would rather slit my wrists.

15 CHMN. FOREMAN: Pardon me?

16 MEMBER MUNDELL: She said it was unnecessary,
17 Mr. Chairman.

18 CHMN. FOREMAN: All right. Well, let me phrase
19 it this way. Is there any member of the Committee who
20 feels that they need to go on the tour tomorrow in order
21 to make an intelligent decision on this application?

22 (No response.)

23 CHMN. FOREMAN: I do not hear a response.

24 MEMBER EBERHART: I move that we dispense with
25 the tour for this case.

1 CHMN. FOREMAN: Okay. Well, this is a call that
2 I have to make, but I am seeking input from those who
3 would be most interested. And under the circumstances --
4 and I guess to put on the record also, Mr. Moyes, you
5 should indicate for the record in this hearing that you
6 have attempted to obtain the services of a court reporter
7 for the tour and have been unsuccessful; is that correct?

8 MR. MOYES: That is correct. And that includes
9 the services here in the Yuma area as well as in Phoenix,
10 and we were diligent in our efforts. And I frankly
11 understand the responses in light of weather conditions
12 and dust and the electronic equipment that is used by the
13 reporters.

14 CHMN. FOREMAN: All right.

15 Member Wong, you had a comment?

16 MEMBER WONG: Yes. Thank you, Mr. Chair. I just
17 wanted to comment that I felt that Ms. Diller's aerial
18 digital tour was comprehensive and sufficiently detailed
19 for me.

20 CHMN. FOREMAN: Okay. I think under the
21 circumstances we will forgo the tour. I found the aerial
22 tour to be helpful. The issues that are involved in this
23 case, it seems to me, do not suggest that actually going
24 out and viewing the location would be that helpful. We
25 have as yet not been advised that anyone is concerned

1 about the viewscape issues. And while it's always nice to
2 take a look at the locale, I just don't think that the
3 advantages of going out outweigh the logistical problems
4 that we would have. And also, we're behind a little bit
5 on our presentation, and I am hoping that we will be able
6 to conclude tomorrow.

7 So I think with that, my inclination would be
8 then to just recess this evening and begin again promptly
9 at 9:30 in the morning.

10 Are there other housekeeping matters that we need
11 to address tonight?

12 Member Eberhart.

13 MEMBER EBERHART: Thank you, Mr. Chairman. I
14 just wanted to ask Mr. Clark, before tomorrow's testimony,
15 if he could prepare during the evening how he came up with
16 the numbers in the second row of the table, the 925,000
17 and the 850 to 890.

18 MR. CLARK: 650 to 890.

19 MEMBER EBERHART: 650.

20 MR. MOYES: Mr. Chairman, may I just note for the
21 record, as was scheduled and noticed, there is a 6:00 p.m.
22 public comment session that was to convene at the Dateland
23 Elementary School. As we discussed earlier today,
24 Ms. Pollio has returned there and will be there at 6:00
25 and will stay until 6:15, and will identify anyone who

1 shows up at that location with the intent of giving public
2 comment. She will communicate to us at 6:15 if there are
3 any members of the public who wish to drive here and make
4 those comments orally. So I would request, I suppose, and
5 it's at your pleasure, that we would keep the reporter at
6 least available during that time frame if someone does
7 indicate that they wish to come here to present oral
8 comment.

9 She will also offer the opportunity for them to
10 fill out a written comment card, which we would then ask
11 Ms. Pollio to read into the record with appropriate
12 identification of the author of the comments tomorrow as
13 an alternative.

14 CHMN. FOREMAN: Yes. Obviously, any member of
15 the Committee who wishes to stay until 6:00 to be a part
16 of the public comment. I do not know whether we will have
17 any additional public comment or not. I will be here; the
18 court reporter will be here.

19 And we'll talk to Ms. Pollio about giving the
20 option to anyone who appears at the Dateland School either
21 to write something down that would be presented to us or
22 to drive over here. And I'm committed to stay until they
23 get here if they tell her that they want to drive over.
24 I'll stay until they get here. And if anybody else wants
25 to stay, that's fine.

1 MR. MOYES: Thank you.

2 CHMN. FOREMAN: All right. Is there anything
3 else that we need to address?

4 (No response.)

5 CHMN. FOREMAN: Very good. Then we'll see you
6 either at 6:00 p.m. this evening or at 9:30 in the
7 morning.

8 (The Evidentiary Hearing recessed at 5:20 p.m.)

9

10 (The Public Comment Session commenced at
11 6:15 p.m.)

12 CHMN. FOREMAN: We're going to go back on the
13 record. It's approximately 6:15. At 6:00, a public
14 comment session was noticed on the agenda for this
15 hearing.

16 As we earlier indicated in the record, because of
17 the power outage in Dateland, we had to move the location
18 of the hearing from Dateland to Wellton. However, Kenda
19 Pollio, who will testify tomorrow, graciously volunteered
20 to go back to the Dateland School where the original
21 hearing was noticed and stay to see if anyone came to that
22 location to give public comment. Now, as I understand it,
23 she has called.

24 Counsel, if you could put on the record the
25 results of her staying.

1 MR. MOYES: Yes. Mr. Chairman, Ms. Pollio did
2 call, and, as you indicated, was there from before 6:00
3 until after 6:15. No one appeared for any purpose. It's
4 therefore not -- certainly no one appeared for the intent
5 of giving public comment.

6 She also indicated that she added to the signs
7 that were posted pursuant to our move this morning
8 information about the reconvening of this hearing tomorrow
9 morning at this location, at the Wellton Elementary School
10 at 9:30 a.m., for those who may wish to come and make
11 further comment.

12 She took a photograph of that sign thus modified.
13 And she will be testifying tomorrow, and we can revisit
14 these to the extent there's any further question about
15 what she did there today.

16 CHMN. FOREMAN: Great. And the signs that were
17 left at the Dateland School indicated that the hearing
18 would resume in this location at 1:00 p.m.

19 There were members of the public here who
20 previously gave comment, and we announced at that time
21 that if they or anyone else wanted to make public comment
22 there would be a session here at 6:00 p.m.

23 We have been here since before 6:00 p.m. As I
24 indicated, it is after 6:15. No one has appeared. No one
25 has requested the opportunity to make public comment.

1 Under the circumstances, I think it would be appropriate
2 for us to recess, then, until tomorrow at 9:30, unless
3 there's any other matter that we need to address.

4 MR. MOYES: No.

5 CHMN. FOREMAN: All right, very good. Thank you
6 gentlemen.

7 (The Public Comment session concluded at
8 6:16 p.m.)

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I, MICHELE E. BALMER, Certified Reporter
No. 50489 for the State of Arizona, do hereby certify that
the foregoing printed pages constitute a full, true and
accurate transcript of the proceedings had in the
foregoing matter, all done to the best of my skill and
ability.

WITNESS my hand this 23rd day of July, 2009.

Michele E. Balmer

MICHELE E. BALMER
Certified Reporter
Certificate No. 50489