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SACRAMENTO MUNICIPAL UTILITY DISTRICT

TRANSCRIPT OF PUBLIC HEARING

Re

DISCUSSION OF CEQA DOCUMENT
AND RELICENSING OF THE UPPER AMERICAN RIVER PROJECT

Date: Monday, June 2, 2008

Time: 7:00 p.m.

Held at: Apple Mountain Golf Resort
Camino, California

Reported by: Thomas J. Lange
Certified Shorthand Reporter No. 4689

1 ATTENDEES

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RICHARD PARADISE
LOIS BAILEY-HACKER
RICH JACKSON
JIM SUMMERS
MIKE DeBORD
BOB PENN
CHRISTA CAMPBELL

2 --o0o--

3 MS. RAINWATER: Regarding the CEQA document and
4 the process, the document is available on CD on the
5 table if you don't have one of these with the document
6 on it. I want to emphasize again this is just one
7 opportunity to provide comments on the CEQA document
8 with oral comments tonight.

9 We have a court reporter over here. I'm sorry.
10 Let me remember your name. Tom Lange.

11 So he's going to be taking down comments
12 verbatim. When it's your turn to comment, we will hand
13 you the mic so he can hear clearly, if you can start by
14 stating your name.

15 There also comment cards on the table that are
16 preaddressed. If you want to take it home and do it or
17 if you want to give a comment tonight, you can turn it
18 in tonight. Also, if you have more significant or
19 nuanced or robust comments, I highly encourage you to
20 write them in a letter format and get those in, and
21 those are always welcome during the comment period.

22 Jim? I'm just wondering, I'm just touching on
23 the comment period. Was there a decision regarding the
24 comment period?

25 MR. SHETLER: There was.

1 MS. RAINWATER: For those of you who may have
2 joined late, there was a request of the meeting just
3 prior to having extension of the comment period, and Jim
4 said he would consider it and talk to Leslie and said he
5 would come to a decision.

6 MR. SHETLER: I'm willing to extend it to
7 June 30th.

8 MS. RAINWATER: That is about two additional
9 weeks and then you'll make notification on the mailing
10 list and on the Web site and so folks will know that.

11 With that, I'll turn over to Dave to give the
12 overview.

13 MR. HANSON: I hope everyone has one of these
14 because I think the light is just about worthless right
15 now. Everyone else have one?

16 (Off the record).

17 MS. RAINWATER: If you attended the first
18 meeting, there is a second, separate sign-in sheet, so
19 make sure you sign in again, even if you signed in for
20 the first meeting, sign in for this meeting to make sure
21 we have your information.

22 MR. HANSON: This is the CEQA meeting. I'm
23 here to talk about the CEQA document that was released
24 back on May 2 pertaining to the relicensing of the Upper
25 American River Project. The relicensing of the Upper

1 American River Project incorporates the continued
2 operation of seven existing developments that comprise
3 the Upper American River Project, plus the addition of
4 one new development, the Iowa Hill Pump Storage Project.

5 Let me give you a little history on the
6 relicensing of the Upper American River Project, the
7 environmental review process that has gone on during
8 that relicensing. During the years 2001 and 2005, SMUD
9 conducted something that we called the alternative
10 licensing process. This was a process of developing a
11 license application for the project, which we submitted
12 to FERC. In early 2001 we actually started a scoping
13 session, identifying issues that various parties had.

14 It was a public process. Anyone who wanted to
15 get involved in the relicensing was welcome to come into
16 the process. It ended in 2005 when we submitted the
17 license application, as I said, to FERC. FERC is
18 Federal Energy Regulatory Commission. We went through
19 formal NEPA and CEQA scoping in the years 2003 and 2004
20 for this project, although as I said a second ago, there
21 was scoping and issue identification pretty much
22 throughout the entire 2001 to 2005 time frame.

23 In 2005, we also reached an agreement with El
24 Dorado County. This was the El Dorado SMUD Cooperation
25 Agreement. We formed the Iowa Hill Joint Advisory

1 Committee, meeting in around June of 2006. This was to
2 take comments from the public on that aspect of the
3 relicensing.

4 A settlement agreement was reached in February
5 of 2007 on the UARP, plus some Iowa Hill related topics.
6 This was a settlement agreement with many of the
7 stakeholders that had engaged in the process from 2001.
8 It dealt with a variety of issues, ranging from flows
9 below our reservoirs, these would be flows for aquatic
10 resources, flows for white water boating, flows for
11 river geomorphology.

12 And then in 2008, the earlier part of this
13 year, FERC and the U.S. Forest Service wrote their final
14 EIS, issued it in March, and that is the document upon
15 which our CEQA document that we are here to talk about
16 tonight is based. Next slide, please.

17 The document has a very lengthy title. You'll
18 see it on the documents that you may have received in
19 the mail. We call it in short the Draft Supplemental
20 Analysis. It is a supplemental analysis to the EIS work
21 done by FERC and the U.S. Forest Service. That is the
22 Environmental Impact Statement that is done pursuant to
23 the National Environmental Policy Act.

24 But in order to provide for additional actions
25 taken by state agencies, not by federal agencies, we

1 have to follow CEQA guidelines. We have to be
2 consistent with CEQA law. The actions that this
3 document prepares for are: No. 1, the State Water
4 Resources Control Board in California has to prepare a
5 401 Water Quality Certificate. They need a CEQA
6 document in order to do that. That's one action taken
7 by a state agency.

8 SMUD, another state agency, has to accept the
9 new license that would be granted by FERC. That action
10 of accepting the new license also has to be based on an
11 environmental document through the State of California.
12 The contents of the document that we prepared include
13 issues raised by the State Water Resources Control
14 Board.

15 These are new issues raised by the State Board
16 that were not discussed during that 2001 to 2005 time
17 period, primarily related to concerns about turbidity in
18 Slab Creek Reservoir, associated with the operation of
19 Iowa Hill, and potentials for mercury in the sediment
20 stirred up by these turbid moments. So we address that
21 in the document.

22 The document also addresses the range of
23 mitigation measures that were proposed by the Iowa Hill
24 Joint Advisory Committee; and lastly the document
25 analyzes a couple of areas that are not typically

1 included in the FERC Environmental Impact Statement,
2 particularly the area of growth-inducing impacts and
3 asbestos. These are requirements of CEQA, but not
4 necessarily requirements of NEPA.

5 Public comments on this document: We will
6 receive written documents due by June 30th, 2008. You
7 can also make verbal comments tonight as Marie has
8 pointed out. Next slide, please.

9 What were the findings of this document? From
10 the perspective of the water quality in Slab Creek
11 Reservoir that I mentioned, the analysis done on this
12 project found that the impacts on turbidity were less
13 than significant due to the design of the intake
14 structure and the location of the intake structure.
15 Also this is the intake structure where water would be
16 pumped up from Slab Creek Reservoir and then later
17 released from Upper Reservoir into Slab Creek Reservoir.
18 The operation of that intake structure was found not to
19 have significant impact, less than significant impacts
20 on turbidity and also on mercury by accumulation in
21 aquatic organisms.

22 With respect to growth-inducing impacts, the
23 document found that impacts on growth inducement in
24 Sacramento County were less than significant, partly due
25 to the fact that the project is of short-term duration,

1 that is, construction of the Iowa Hill Project. Impacts
2 on the El Dorado County were also found to be less than
3 significant in the document. The effects on asbestos
4 were found to be there was no impact on asbestos,
5 because there is no asbestos in the area of Iowa Hill
6 and the general project in UARP. Next slide. All
7 right.

8 When we met the Iowa Hill Joint Advisory
9 Committee, for most of you sitting in the room, as I
10 mentioned in my last presentation, we had a series of
11 recommendations that were defined as potential CEQA
12 mitigation documents. You can see the numbers on your
13 sheet or on the screen for noise, fire, socioeconomic,
14 visual, and transportation.

15 The total number of measures that we identified
16 was 185; that's down from 246 from the total measures
17 that I talked about in my last presentation. We then
18 went through a process of consolidating those measures
19 into a discreet number of measures for each of these
20 areas. Some of the measures were repeated in some
21 cases, there was duplicative information; sometimes it
22 was the same basic idea in most of the measures, so we
23 consolidated, for example, from 31 down to 13 in the
24 noise and this is shown in our tables in the CEQA
25 document.

1 With respect to socioeconomics, you can see
2 there were 12 items that were considered to be CEQA
3 mitigation measures. Those were consolidated but not
4 into the socioeconomic section, but these 12 measures
5 all pertained to either noise, fire, visual, and
6 transportation. However, you'll see them identified in
7 the CEQA document in the various tables that we have for
8 each of these categories: Noise, fire, visual, and
9 transportation.

10 So we were working with a total of about 66
11 discreet measures, CEQA measures, and what we came up
12 with was a number of recommendations that SMUD staff has
13 to the Board for the adoption or modification or the not
14 adoption or not adopting these measures.

15 Here's how the numbers broke out with respect
16 to that. And we will show each of these measures later
17 on in my presentation. With respect to noise, for
18 example, of the 13 measures that were evaluated, 11 of
19 them were recommended for adoption; one was modified,
20 and one was not adopted, and so on and so forth.

21 If you go over to this column on the far right,
22 you can see the totals. There were a total of 66
23 measures, 46 adopted, 9 modified and then adopted, and
24 then 11 not adopted. I think the 46 and the 9 is 55,
25 and that's around 82 or 83 percent of the total measures

1 that we evaluated. Next slide, please.

2 Here are the summaries of the documents that
3 were adopted, modified and not adopted, related to each
4 of the four basic areas. And you can find a more
5 detailed discussion of these measures in the various
6 tables. As mentioned here, Table 3.3.3.2-1 in the
7 document is the table dealing with the visual issues,
8 and you will find again a more detailed discussion of
9 these. I'm not going to go through all these.

10 I might point out that what do I mean by
11 modified? I will talk about this one for a second. The
12 berm of the Upper Reservoir, there were several
13 suggestions made to make that berm less visible. One
14 was to plant the berm; one was to color the berm; one
15 was to put boulders on top of the berm, make it wavy or
16 contoured so that it meets the background contours of
17 the mountains.

18 When we modified these, we adopted some of
19 these, not all of these. For example, we didn't adopt
20 the boulder, placement of the boulders on the berm.
21 There were others that we did not adopt. But, in fact,
22 issues like this one, which was to build a smaller berm
23 is another way of making it less visible, and we felt in
24 the CEQA document that these measures of playing with
25 color and contrast and visibility reached the same goal

1 that was intended in the building the berm smaller
2 representation or the building of a skirt berm. Next
3 slide, please.

4 Here's the table of transportation measures and
5 those that we adopted, those that we modified, and those
6 that we didn't adopt. So you can see the vast majority
7 of the recommendations were adopted. They were
8 excellent recommendations. Some of them were modified.
9 Litter bags was modified to have a litter control system
10 rather than actually placing litter bags in advance.
11 That may be done, but we proposed a broader concept of
12 dealing with litter in a variety of ways. And then some
13 that were not adopted.

14 Next table, please, Joe.

15 This is the table for noise. You can see many
16 of the measures were adopted on the noise. Banning the
17 use of jake brakes; I might make a statement about that.
18 Jake brakes, according to our specialist who did the
19 work on the CEQA document, folks at CH2M Hill, are a
20 braking system used in all trucks. And when you hear
21 that noise, that duht, duht, duht noise that can be
22 irritating, it's generally they said because the truck
23 has poor maintenance on the muffler system, so it makes
24 a loud noise when it does that with that braking system.

25 You have to have the braking systems for safety

1 in trucks like this. Hydraulic or whatever kind of
2 braking systems they are. But what we have and the way
3 we modified this is not to ban jake brakes but to ensure
4 that the trucks that are used in the transportation to
5 the site and back have adequate maintenance of mufflers
6 and other devices that would make them less noisy.

7 Next slide, please, Joe.

8 Here is the presentation of the fire measures.
9 We adopted these fire measures and modified some of
10 these: Ban smoking, restrict smoking but not
11 necessarily outright ban it. That was a recommendation
12 of our consultants and we would go to the SMUD board,
13 and then here's a series of measures that we proposed to
14 the board that we would not adopt in the document. All
15 right.

16 So the next steps in this overall relicensing
17 process and the CEQA document is there will be a final
18 supplemental analysis when we receive comments either
19 tonight orally or later in writing, by June 30th. We
20 will prepare a final CEQA document or supplemental
21 analysis; we will go as Jim said probably in the
22 September time frame of this year to our board for
23 approvals and certification of that final document and
24 its recommendations.

25 Sometime after that the State Water Resources

1 Control Board will issue a 401 water quality
2 certificate. We estimate that the time frame of that is
3 probably 2009. There is also still, in our relicensing
4 process, an Endangered Species Act exercise that is
5 going on between the U.S. Fish & Wildlife Service and
6 FERC. They are consulting over the production of a
7 document that's called a biological opinion about
8 impacts in this relicensing relative to endangered and
9 threatened species.

10 We anticipate that will end sometime in 2009.
11 FERC will likely grant our license in 2009, and then the
12 board would accept the license or not accept the
13 license. Once it's issued by FERC, if we accept the
14 license, we will immediately begin implementation of
15 certain license conditions like these flows I talked
16 about, like upgrading the campgrounds. That's probably
17 going to be about 50 or 60 projects to upgrade the
18 existing campgrounds and other recreational facilities.

19 During the period of 2009 to 2012, we will
20 finalize the plans for Iowa Hill. This is assuming that
21 FERC grants us the right to move forward with Iowa Hill.
22 And during that period, as Jim was saying earlier
23 tonight, we would be providing information for the board
24 to make decision as to whether to move forward with the
25 construction of Iowa Hill, roughly in the 2012 time

1 period. And if we get to that point, the construction
2 of Iowa Hill will be a four to five-year period, 2013 to
3 2017.

4 Those are the major steps in the remaining
5 portion of this relicensing process and license
6 implementation. Is that it?

7 Is there another slide after that?

8 That is my presentation.

9 MS. RAINWATER: I've got six cards here. Is
10 there anyone else who has a card that wants to talk?

11 MR. HANSON: We have a microphone.

12 MS. RAINWATER: Anyone else have a card?

13 Richard Paradise, do you want to kick us off.

14 MR. PARADISE: Yes.

15 MS. RAINWATER: If you can start by stating
16 your name.

17 MR. PARADISE: Richard Paradise. I would like
18 to know that if, in the document, it's stated there is a
19 third party other than SMUD to be an enforcement group
20 to all of the mitigations that are accepted?

21 That's it.

22 MS. RAINWATER: Okay. Thank you. I'm quickly
23 numbering these so Thomas will have them in order.

24 Thank you, Richard.

25 So No. 2, Lois Bailey-Hacker. If you could

1 hand the mic to Lois. Thanks.

2 MS. BAILEY-HACKER: My name is Lois
3 Bailey-Hacker. I have a question. If there are major
4 changes in the design of the project from what was
5 submitted to FERC, will there be a new CEQA document
6 drawn up?

7 MR. HANSON: Yes, there could be. If the
8 changes are such that they would modify the conclusions
9 drawn in the CEQA document as it now stands, then we
10 would prepare a supplemental CEQA document to address
11 those changes and potential impacts on the
12 environmental.

13 MS. BAILEY-HACKER: One question I have is in
14 your document, you talk about a new road up to the Upper
15 Reservoir, but that is not in the application to FERC
16 and it's not in any of the studies that you did. So
17 have you already planned to do new studies that would
18 cover the impact of that new road on erosion, plant
19 life, wildlife? Was that planned?

20 MR. HANSON: That might be something that would
21 trigger a supplemental analysis as we look at that road.
22 I believe you're talking about a road that we call the
23 Southwest Connector.

24 MS. BAILEY-HACKER: Yes.

25 MR. HANSON: That road if it moves forward,

1 would have additional studies that we would have to
2 consult with resource agencies on, and that might -- the
3 results of that might trigger a supplemental document.

4 MS. BAILEY-HACKER: Would you notify the public
5 of that?

6 MR. HANSON: Yes.

7 MS. BAILEY-HACKER: Us in particular?

8 MR. HANSON: Yes.

9 MS. BAILEY-HACKER: Okay. My other question
10 is: I'm concerned about what little you wrote in your
11 document about land use. In your 2005 report on land
12 use, you said that your use of this land is compatible
13 with the general plan of El Dorado County. However, the
14 land up there is either El Dorado National Forest or
15 SMUD-owned residential estates, ten acre.

16 How would you consider that being in any way
17 compliant with the general plan?

18 MR. HANSON: I would have to rely on the EIS.
19 We didn't deal with issues that the EIS already
20 addressed, and I haven't reviewed that issue. The EIS
21 written by FERC addresses the land-use issues, and we
22 are supplementing and building off the EIS. I can't
23 give you an answer as to what our view is. We are
24 working off of what FERC's view of that issue of the
25 land-use issue was.

1 MS. BAILEY-HACKER: The 2005 report was written
2 by SMUD. It does state that this use of the land is in
3 compliance with the general plan.

4 MS. RAINWATER: When you say the 2005 report,
5 what report are you referring to?

6 MS. BAILEY-HACKER: On land use.

7 MR. HANSON: We would have written a 2005
8 report. I would still stand that we view that as
9 correct, that it is in compliance with land use.

10 MS. BAILEY-HACKER: The parcels that SMUD owns
11 are zoned for residential estate ten acre. How does the
12 Upper Reservoir fit into that?

13 MS. RAINWATER: What I'm hearing Dave say and I
14 just want to make sure you're hearing it. He's going by
15 what was done in the EIS and the NEPA process.

16 MS. BAILEY-HACKER: And I'm going by --

17 MS. RAINWATER: Lois, if you just let me finish
18 my statement. I'm just trying to clarify what I'm
19 hearing. Dave is saying he's not an expert on that;
20 your understanding that was dealt with in NEPA document,
21 and you aren't prepared or don't have intimacy of the
22 particulars that were done in the NEPA document, so
23 you're restating and reasking Dave the question. I
24 don't think you're going to get an answer. You're
25 saying that you are relying on your understanding, which

1 is a general understanding, of what is in the NEPA
2 document.

3 MS. BAILEY-HACKER: Is there anyone else here
4 from SMUD who can answer my question?

5 MS. RAINWATER: Is there anyone who is more
6 familiar with that document?

7 MS. DUNSWORTH: I have a suggestion.

8 MS. RAINWATER: Yes.

9 MS. DUNSWORTH: We will take this as a comment
10 and respond in the final document. I mean --

11 MS. RAINWATER: There will be a response-to-
12 comments table that will be generated based on all these
13 comments.

14 MS. DUNSWORTH: Yes. Questions don't need to
15 be answered. We will find the answer and that will be
16 in the document.

17 MS. RAINWATER: Did you have more?

18 MS. BAILEY-HACKER: No, I didn't get answers to
19 my question.

20 MS. RAINWATER: I understand that. What I'm
21 hearing Leslie say is their intention is to have an
22 answer when --

23 MS. BAILEY-HACKER: I would think after all
24 these years, somebody would have an answer.

25 MS. RAINWATER: I understand your frustration

1 but I'm saying that's the plan given someone here
2 doesn't.

3 Okay, Rich Jackson.

4 Let's get you the mic to make sure that Thomas
5 can hear you.

6 MR. JACKSON: In the presentation document
7 tonight, it says ban smoking. I'm wanting to make sure
8 that that includes not only the work site but the
9 transportation routes and smoking inside of vehicles.
10 And the reason I say that in particular is I'm always
11 out on a lot of these roads. There is a pedestrian or a
12 cyclist and I'm constantly seeing people throw
13 cigarettes out of these vehicles, lit, unlit, or
14 whatever.

15 It's just asking for disaster and this thing
16 needs to be taken care of by county ordinance or
17 whatever, signage put out that smoking is prohibited in
18 vehicles in this area on this route. Also, there will
19 be another little issue if this goes through of struck
20 animals out on the roadway, and it might be deer. It
21 could be whatever type of animal, and the county will
22 have to send out somebody from Animal Control to remove
23 the carcass. And I think that the county should be
24 reimbursed for all this extra expense.

25 And my next thing I wanted to bring up is the

1 whole viability of this project. A number of years ago,
2 Rancho Seco was built in 1974 for \$342 million. A lot
3 of money was dumped into it. SMUD was able to write off
4 \$660 million because it only was 40 percent of the
5 capacity that they thought it would actually produce.
6 It was raising rates.

7 There is no indication for sure that this is
8 going to come off the way that they think they want it
9 to come off, and it could easily be the same route as
10 Rancho Seco and they're still spending money in my
11 understanding, a \$460 million clean-up job. And my
12 concern too is if this becomes that type of project,
13 that as far as the environment goes, that with this
14 project we will have a big mountain of rocks sitting
15 there, and it will be there like the towers down at
16 Rancho Seco, so I'm hoping that there will be a plan
17 that if this fails, it becomes economically nonviable,
18 that this whole situation will be cleaned up.

19 MS. RAINWATER: Thanks, Richard. Jim Summers.

20 MR. SUMMERS: My name is Jim Summers. My wife
21 Nancy and I live off of Chute Camp Road overlooking the
22 American River canyon, and Slab Creek Reservoir Road
23 runs through our property.

24 I'm going to read this, these comments, and I
25 have a copy for the court reporter. These comments

1 regarding the proposed Environmental Impact Report
2 prepared by SMUD, these comments relate only to the
3 proposed Iowa Hill Pump Storage facility and are
4 sponsored by the final environmental statement prepared
5 for FERC and the draft CEQA supplement.

6 First of all, some words about the advisory
7 committee. The main committee was broken into several
8 subcommittees whose purpose was to study the potential
9 significant impacts and make recommendations as to
10 mitigation measures that might be employed to reduce
11 those impacts.

12 The significant impacts were identified as
13 visual, noise, transportation, fire protection, and
14 socioeconomics. There were two significant impacts that
15 are conspicuous in their absence: The reduction of air
16 quality and the large negative carbon footprint this
17 project will create.

18 The subcommittees consisted of one
19 representative of the developer, SMUD, one
20 representative of the El Dorado County government that
21 had already approved the project, and one person
22 representing the general citizenry. In other words, the
23 subcommittees were stacked in favor of the developer.

24 The document in question relies very heavily on
25 the recommendations -- and that's in quotes -- of these

1 committees, even though SMUD has made it clear that all
2 advisory committee recommendations can be implemented or
3 rejected at the sole discretion of the developer. These
4 documents do not make clear which recommendations SMUD
5 intends to implement and which recommendations it
6 intends to reject.

7 Be that as it may, CEQA guidelines and case law
8 dictate the following, which I have referred to as EIR
9 rules.

10 Rule No. 1: An EIR must identify both feasible
11 mitigation measures and feasible alternatives that could
12 avoid or substantially lessen the project's negative
13 environmental effects. As mentioned above, most of the
14 specific mitigation measures are recommendations, while
15 identified, have not been adopted by the developer.
16 There are simply not enough solid commitments and
17 statements of agreement to mitigation measures in this
18 document to develop an assessment of the final impacts.

19 Rule No. 2: An EIR must discuss a reasonable
20 range of alternatives to the proposed project, including
21 its location that would meet most of the project's goals
22 while reducing or avoiding significant impacts.

23 And Rule No. 3, the discussion of alternatives
24 should include sufficient information about each
25 alternative to allow evaluation, analysis, and

1 comparison with the proposed project.

2 These documents do not meet either criterion.
3 The project goals as stated in the final EIS prepared
4 for FERC, are to produce a net 400 megawatts of power
5 during peak hours. This would allow SMUD to meet six to
6 seven years of peak growth and to, quote, compete in the
7 power market, end quote.

8 To meet these goals, SMUD contends that a new
9 reservoir must be built atop Iowa Ridge and is not
10 feasible elsewhere. However, the US Energy Department,
11 through its facility at the Livermore Laboratory,
12 published a report in 2004 entitled "Increasing Pump
13 Storage in California By Linking Existing Facilities."

14 SMUD has a number of existing reservoirs in the
15 UARP that could be used to meet their goals and, were
16 they to do that, the significant impacts related to
17 visual, noise, transportation and fire protection, or
18 fire avoidance, associated with the Iowa Hill Project
19 would be eliminated or at least lessened into
20 insignificance.

21 However, this government report is never
22 mentioned. And in fact, there is virtually no
23 discussion regarding alternative sites anywhere. These
24 alternative sites must be identified and the studies of
25 their positives and negatives made public and

1 specifically why these alternate sites were rejected.

2 With regard to the proposed project on Iowa
3 Hill, while several recommendations are made and
4 alternatives are presented in some of the significant
5 impact areas, no final decisions have been made. As an
6 example, no final traffic routes have yet been chosen.
7 Therefore, no final impact assessment can be made.

8 None of the alternative routes listed mitigate
9 the impact of traffic. They just move the same impact
10 from one corridor to another. The alternative routes
11 that would lessen impacts are not listed. The fact is
12 SMUD has spent the last 18 months buying properties to
13 accommodate accessing both the upper and lower portions
14 of the project via Slab Creek Road, and the only
15 uncertainty is how they would access Slab Creek Road.

16 In addition, none of the methodology used to
17 determine traffic counts are divulged so one could
18 compare truck trips to construction material quantities,
19 et cetera.

20 Rule No. 4: If one or more significant impacts
21 in the project will not be avoided or substantially
22 lessened by adopted mitigation measures, alternatives
23 described in the EIR that could reduce the impacts must
24 be proven infeasible if they are to be rejected.

25 Many recommended mitigation measures are

1 rejected out of hand by SMUD without finding them
2 infeasible. As an example, an 80-foot berm atop Iowa
3 Ridge is a very significant visual impact. Two
4 mitigation measures were suggested that would reduce the
5 visual impact. One was to lower the berm height while
6 leaving the reservoir volume the same, by increasing
7 excavation on the ridge top; and the other was to build
8 a secondary outside berm on which trees and other hiding
9 landscape could be planted.

10 Suggestion 1 was rejected because it would
11 create more rock spoil than could be used in the berm.
12 And suggestion 2 was rejected because there was not
13 enough rock spoil to create the secondary berm.
14 Obviously combining the two suggestions would greatly
15 reduce a significant impact.

16 However, SMUD rejects both suggestions with
17 very little discussion and most certainly without
18 proving their infeasibility. This is counter to EIR
19 requirements.

20 With regard to air quality, which incredibly is
21 not listed as a potential significant impact, there is
22 no mention of the rock crusher plant that will operate
23 on the site, nor the cement batch plant that will also
24 be included in the project. Surely, both of these
25 facilities will have an impact on the noise levels and

1 the air quality potential. In fact, while the truck
2 traffic trip estimates have been increased by 40
3 percent, no mention is made of an update of the air
4 quality study associated with the traffic. And, again,
5 no traffic methodology is discussed to assure us that
6 current estimates are accurate.

7 Finally, with regard to the negative carbon
8 footprint the project creates: Even SMUD cannot avoid
9 the laws of physics. The energy it takes to pump the
10 water from Slab Creek Reservoir to the Iowa Hill
11 Reservoir will be at least 20 percent greater than the
12 energy the water produces when it is returned through
13 the powerhouse. That loss is estimated to be at least a
14 quarter of a million megawatts. That means that at
15 least 250,000 megawatts of additional gas fired or dirty
16 energy, along with its attendant emissions, will have to
17 be produced to support this project.

18 In the EIS, it is stated that it's likely that
19 the addition of the Iowa Hill Project might allow a
20 power producer to shut down a gas-fired power plant.
21 That is pure irresponsible hogwash and should not be
22 allowed in a serious document. The fact is that this
23 project will increase the demand for energy that can
24 only be produced by dirty generators.

25 In a pump storage facility, nothing can be done

1 to reduce or eliminate the energy deficit. However,
2 there is a way that SMUD could reach its goal of 400
3 megawatts of peak time power without creating a negative
4 carbon footprint. They could take the billion dollars
5 this project will cost and subsidize solar installations
6 with storage battery packs in the homes of their
7 customers. These installations would provide power to
8 operate the homes during the daylight hours, as well as
9 charging the batteries.

10 During peak demand hours, the batteries would
11 be dumped into the system to augment the demand. If the
12 solar hours are not enough to recharge the batteries,
13 they could be fully charged from the normal power source
14 during the night when power is cheaper. This is an
15 additional alternative to the proposed project that
16 meets the stated goals, with little or no significant
17 impact. It is a legitimate alternative that must be
18 openly discussed.

19 In conclusion, this document does not meet the
20 criteria established in the CEQA guidelines and in case
21 law and should be rejected until it does. It continues
22 to be our belief that this project is proposed for the
23 wrong location, and the supporting documents do not
24 provide evidence that an alternative site or sites are
25 infeasible. That proof is a must.

1 Once again, we respectfully suggest that all
2 agencies accept the documents as appropriate insofar as
3 the existing facilities are concerned and reject the
4 application for the Iowa Hill Project until it meets all
5 the necessary and legal requirements in a separate
6 application.

7 MS. RAINWATER: Mike, Mike DeBord.

8 MR. DEBORD: Mike DeBord. One question I asked
9 Jim Shetler during the break was with the addition of
10 the southwest corridor because I wanted to know if that
11 would eliminate the materials handling escalator that
12 had been discussed in the prior -- prior to that
13 southwest corridor connector being included in the
14 process. So I still have that as an open question.

15 One of my prime concerns from the get-go, and
16 it remains that today is the concern for a potential
17 catastrophic fire as a result of this project, the
18 construction of this project.

19 When I look into the review of alternatives to
20 see how we got to this site, and that's probably the
21 most inadequate area of my review of this whole process,
22 is that I don't find information in the review of
23 alternatives that addresses environmental issues, and
24 the whole point of the CEQA document is environmental
25 issues.

1 When we have the opportunity to review what was
2 submitted to FERC and also supplemented by the
3 presentation by Scott Flake of SMUD on the evaluation of
4 sites, the only issue on environment that was included
5 was no new dams on streams. Everything else was
6 operational or cost.

7 And there is other sites. And so with that in
8 mind, I want to reference a couple of things, and I'll
9 turn in my document before the June 30th date rather
10 than tonight.

11 But the recent Angora Fire in Tahoe provides a
12 glimpse of the significance a catastrophic wildfire can
13 have on the environment and the community. This is in
14 El Dorado County, so it's real close at hand here. This
15 fire started on June 24th, 2007 and was contained on
16 July 2nd, 2007, after burning 3,100 acres. It required
17 2,180 firefighters. It destroyed 242 homes, 67
18 commercial structures and damaged another 35 homes.

19 It cost \$10 million to fight. It cost \$141
20 million in damage estimates and an estimated 1 billion
21 lost in local tourism. With this in mind, how can SMUD
22 not take fire risk into consideration when evaluating
23 alternatives to the Iowa Hill Pump Storage Project.
24 Based on SMUD's submittal to FERC, the only
25 environmental factor considered by SMUD was no new dam

1 or impoundment on any unimpaired stream or reach.

2 All other factors involved in the review of
3 alternatives were either cost or operational. Based on
4 SMUD's own analysis, the area where Iowa Hill Project is
5 to be located has an extreme fire risk designation.
6 Their own information says it has 3 to 19 times higher
7 risk of a fire starting than the other five segments in
8 the in the UARP.

9 This extreme fire risk designation for Iowa
10 Hill area appears to pose a significantly higher risk to
11 the environment over other alternatives. If you read in
12 the county, El Dorado County's general plan EIR, they
13 talk about direct causes. And especially in wildland
14 areas, the risk of fire increases when you have human
15 activity, such as smoking which, by the way, the
16 mitigation for smoking is a three foot barren soil.

17 And I've watched people smoke cigarettes, and I
18 think a three foot barren space on wildland is not going
19 to make it. I see a lot of igniters, and that is
20 clearly one of them.

21 But the human activity such as smoking, debris
22 burning, which they intend to do when they clear all
23 that brush, and equipment operation, which the whole
24 thing is equipment operation, is the major causes of
25 wildland fires. According to the CDF, more than 90

1 percent of wildland fires in CDF's jurisdiction are
2 started by people, while less than 10 percent are by
3 lightning. Other places say it's 97 percent.

4 And included in the county's EIR also says that
5 the potential in the long, hot, dry summers in El Dorado
6 County, combined with poor road access, inadequate
7 clearance between structures and vegetation, flammable
8 vegetation and steep topography, which we have here,
9 results in severe wildfire conditions, you know.

10 So even in the information that is submitted by
11 SMUD, it talks about man-caused fires account for 97
12 percent of fires. So we have wildland; this is the most
13 dangerous area possible to put a site. There isn't
14 anything that is higher rated than this site itself.

15 See, look in the alternatives, you think has
16 the potential to really damage the environment, let
17 alone kill us. And we're part of the environment, too.
18 So, as is consistent with the prior speaker, my
19 understanding of the CEQA-EIR process in a lead agency
20 includes the following:

21 The EIR must identify feasible alternatives
22 that could avoid or substantially lessen the project's
23 significant environmental effects. An EIR must discuss
24 a reasonable range of alternatives to the project or its
25 location -- that is what we are talking about here --

1 that would feasibly attain most of the project's basic
2 objectives while reducing or avoiding significant
3 impacts.

4 The discussion of alternatives should include
5 sufficient information about each alternative to allow
6 evaluation, analysis and comparison with the proposed
7 project. The alternative analysis can be onsite or
8 offsite -- different locations for the same use.

9 An EIR must focus on alternatives that can
10 reduce or avoid significant impacts. Only locations
11 that would be environmentally superior need to be
12 included in the analysis. Generally, the alternatives
13 analysis contained in a separate section of the EIR
14 conduct an impact-by-impact analysis. EIR must identify
15 environmentally superior alternatives.

16 My opinion is that the draft document that we
17 are looking at for the Iowa Hill location is inadequate
18 or deficient in the review of alternatives. I find
19 nothing in the alternatives in the original submittal or
20 in this draft document that addresses alternatives and
21 especially issues related to environment. I don't know
22 how we can be this far down the line without having that
23 alternatives discussion.

24 I also have concerns with respect to the
25 referenced use of wind power to push this water up to

1 the new site. And the wind power, we have never got
2 clarity over what it would take to move that water from
3 a lower Iowa Hill or from the Lower Slab Creek area
4 reservoir to the Iowa Hill Project because if they get 3
5 megawatts out of a wind mill, we only have like 21 in
6 the current thing, I mean we're woefully inadequate to
7 provide the energy to move this water from one reservoir
8 to another.

9 So where will it come from? Where will the
10 energy come from? Hopefully not from gas-fired plants
11 which you don't read anything about in this EIR, because
12 if they do and it's an inefficient process by design,
13 why would you use a gas-fired plant to generate, to get
14 10 kilowatts to get back 8? It doesn't make any sense.
15 I don't understand how that's not part of this whole
16 process for review for the EIS.

17 Now also I don't see the costs of the and the
18 commitment or the linkage between the wind turbines that
19 were being discussed through all of this talking about
20 this project and how they will be used, how much power
21 they will supply or the cost, which will be a couple of
22 hundred million dollars, is not part of this project.
23 Somehow we're missing the generator of the energy to get
24 this process working.

25 Those are my comments. Thank you.

1 MS. RAINWATER: Thanks, Mike. Bob Penn is
2 next. Bob?

3 MR. PENN: Thank you. My name is a Bob Penn,
4 and I live just at the south of Slab Creek Reservoir and
5 have for the last 32 years and enjoy it immensely. I
6 find myself to be very fortunate to live in this
7 community. I'm not going to have a lot of comments
8 because I think the approach I want to take has been
9 covered very nicely by the previous two commenters on
10 alternate site selection.

11 I recall a couple of years ago at EID, Scott
12 Flake gave us a presentation on site selection process.
13 He had the matrix on the board that talked about
14 distance to the next, to the transmission lines, how far
15 we would have to go with elevations and other
16 engineering and topographical considerations that
17 evidently made Iowa Hill the preferred site for this
18 project.

19 It did not include -- and what confuses me and
20 maybe I will get some help here -- it did not include a
21 column that was entitled public objections to the site
22 and the project and the environmental issues that this
23 particular site would bring up and raised the hair on
24 the back of the local residents. I note at that time
25 also we were at a great disadvantage because we were

1 fighting our elected representatives as well, since they
2 had signed on to the agreement.

3 But encouraging our neighbors to press on and
4 continue to fight this thing, we continue to come back
5 to the site selection process. If in fact, as my
6 colleague here Mike said, if in fact we can take SMUD's
7 definition of extreme fire danger that the Iowa Hill,
8 the Iowa Hill and the Slab Creek canyons present to us,
9 plus all the negative impacts this project is bringing
10 upon the communities, I would like to know if Iowa Hill
11 is by far the superior site for this power plant.

12 I don't think it is. Are the others; No. 2
13 site, No. 3 site, whatever they were on that list, are
14 they so far inferior to the Iowa Hill selection that
15 SMUD and the County wants to put these communities at
16 this huge risk of a catastrophic event? I for one would
17 hate to be someone on the SMUD board or SMUD management
18 to worry about a fire taking place and wiping out some
19 homes and some communities and, hopefully, no lives.

20 I was going to talk about some other issues,
21 fire and noise and things like that, but I think it's
22 somewhat moot at this point. It's been covered a lot.
23 I assume most of you saw following along with Mike's
24 comments about air quality and others' comments about
25 air quality, the effort in the valley to cut down on

1 pollution and air-quality improvements.

2 That should concern us all. If in fact the
3 energy source to move this water up to the top site is
4 going to be by gas-fired units, and it's a negative
5 impact -- not a negative impact -- but a net energy
6 loser, we really have to do some rethinking on this.

7 I would specifically like to ask, without going
8 to other things, and noise I wanted to address, but I
9 wanted to specifically ask that we get a response and a
10 detailed -- please -- detailed reanalysis of the site
11 selection. I think that would help us all if you could
12 demonstrate to us that there is no other viable
13 opportunity or site to take this power plant location.
14 Thank you.

15 MS. RAINWATER: Thanks, Bob. If you hand it to
16 Christa, she's next.

17 MS. CAMPBELL: Thank you. Christa Campbell.
18 I'm going to formulate my response as written mostly. I
19 just have one question before I do that to clarify for
20 myself as I go through the document again what's
21 forthcoming.

22 The purpose of the CEQA document is to measure
23 fiscal impacts and reduce impacts to less than
24 significant. Correct, Mr. Hanson?

25 MR. HANSON: Yes.

1 MS. CAMPBELL: My question is about
2 methodology. You're looking to go reduce impacts to
3 less than significant, below the level of significant,
4 no significant impacts, and that gets us to the point
5 where the sentence becomes because the impact is less
6 than significant, no mitigation is required. My
7 question is: There must be a formula about how you
8 figure out, how you establish what is significant and
9 what is less than significant. Do you have a chart or
10 something and say this is significant and so many more
11 times it's insignificant, so then it's -- I don't know
12 how you measure it. That's just because I don't deal
13 with these kind of projects, so --

14 MS. RAINWATER: How does the CEQA process
15 designate significant?

16 MS. CAMPBELL: How does it designate
17 significant? There must be an objective way to do it.

18 MR. HANSON: Well, if you identify -- the first
19 step is to identify thresholds and/or issues that would
20 create a significant impact. You'll notice in the first
21 portion of each section of each resource section, there
22 are identifications of things that would lead to
23 significant impacts or maybe four or five different
24 thresholds and different events that would lead to a
25 significant impact.

1 That's the objective criteria that you use to
2 identify whether the project does have a significant
3 impact or a less-than-significant impact or no impact.
4 If you find that it has a significant impact and you
5 identify mitigation measures that would drop it from
6 significant level to a less-than-significant level,
7 that's the process within CEQA that you use to reach
8 those conclusions.

9 Not every threshold is a quantitative
10 threshold. If it's 10 versus 12 versus 3 versus 2. In
11 fact, in most cases if you read CEQA documents you won't
12 see quantitative estimate, but you will see these
13 criteria that are required to be addressed that define
14 the significant level, and you can see them in our
15 document.

16 MS. CAMPBELL: Well, you define the significant
17 level, but then the less-than-significant level is
18 somewhat objective. It's not quite quantitative.

19 MR. HANSON: That's true in most cases.

20 MS. CAMPBELL: Thank you. I didn't know.

21 My second question is along that's same level
22 about methodology. For example, the noise general plan,
23 the blasting will exceed our general plan noise
24 ordinance. You call this an unavoidable impact; it's
25 unavoidable, temporary, and intermittent. So, blasting

1 will go on because it's unavoidable. Is that something
2 that is acceptable within this process, that some things
3 are unavoidable, so because they are unavoidable, they
4 are just unavoidable?

5 MR. HANSON: Yes. That is true in both NEPA
6 and CEQA that there are. You would notice in the FERC
7 EIS, there was identification of adverse impacts,
8 unavoidable adverse impacts. You will see a section on
9 that in the FERC document that talks about that. That
10 is an acceptable procedure.

11 The concept of CEQA is that you have to discuss
12 them. You don't have to solve them all. CEQA has a
13 phrase that is called overriding consideration; that is
14 despite the fact that you can have significant impacts,
15 the overriding consideration says the benefit of the
16 project overrides those significant impacts.

17 MS. CAMPBELL: Thank you. That helped.

18 MS. RAINWATER: Is that it? That's all the
19 cards I have for tonight, unless anyone else has a card.
20 Okay.

21 I think you've already articulated the next
22 step. All these comments will be put into a table.
23 There will be response to comments prepared that will be
24 attached to the document. Correct? That will be
25 submitted to the SMUD board. It's targeted for

1 September. The comment period for written comments has
2 been extended to June 30th.

3 Is there anything else that we need to touch on
4 tonight in terms of process or follow up?

5 AUDIENCE MEMBER: To whom do we submit those
6 written comments by June 30?

7 MS. RAINWATER: Is that listed on the Web site.
8 To Dave Hanson.

9 MR. HANSON: It's on the Web site.

10 MS. RAINWATER: It's on the post card.

11 I want to make sure that Thomas got that, so
12 one at a time, folks, because we have a court reporter
13 here. And in deference to him, I want to make sure that
14 we allow him to be able to record things.

15 Paul, you have another comment?

16 MR. BENDER: Just announce to everybody that
17 the address is on the cards for written comments. If
18 your written comment is longer, obviously you don't want
19 to just use that card. That's the correct address to
20 use to submit your written comments.

21 MS. RAINWATER: It's also on the Web site.

22 MR. BENDER: Yes.

23 MS. RAINWATER: Any other process before we
24 shut down?

25 MR. PENN: Should anyone else be included on

1 that address other than Dave's office? Any other state
2 official or federal officials or anybody else?

3 MR. HANSON: Not necessary.

4 MS. RAINWATER: If it gets to Dave, it will be
5 part of the official report.

6 MR. DEBORD: Could send it to Jack from the
7 County standpoint.

8 MS. RAINWATER: Just in terms of the official
9 process, if it gets to Dave, it will be part of the
10 official record. If you choose to send that to anybody
11 else for whatever reasons, then of course it's always
12 your prerogative.

13 Okay. Anything else processwise?

14 Thanks, everyone. Have a good night. Drive
15 safe. We will see you at the next one, whenever that
16 is.

17 (The proceeding was adjourned at 8:13 p.m.)

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REPORTER'S CERTIFICATE

I certify that the foregoing proceedings in the within-entitled cause were reported at the time and place therein named; that said proceedings were reported by me, a duly Certified Shorthand Reporter Of the State of California, and were thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for either or any of the parties to this matter, nor in any way interested in the outcome of the matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of June, 2008.

THOMAS J. LANGE
Certified Shorthand Reporter
State of California
Certificate No. 4689