

MINUTES

**STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL**

July 8, 2002 - Regular Meeting
Rowe Six Conference Center, Building 1
4224 6th Avenue S.E., 1:30 p.m.

ITEM 1: CALL TO ORDER

CHAIR LUCE: The Monday, July 8, meeting of the Washington State Energy Facility Site Evaluation Council will be in order.

ITEM 2: ROLL CALL

EFSEC Council Members

Community, Trade and Economic Development
Department of Ecology
Department of Fish & Wildlife
Department of Natural Resources
Utilities and Transportation Commission
Walla Walla County -Wallula
Port of Walla Walla - Wallula
Grays Harbor County – Satsop II
Port of Grays Harbor – Satsop II
Chair

Dick Fryhling
Chuck Carelli
Jenene Fenton
Tony Ifie
Jeffrey Showman
Pam Ray
Paul Gerola
Dick Dixon
Isabelle Lamb
Jim Luce

MR. FIKSDAL: I note the presence of the Chair, and there is a quorum.

CHAIR LUCE: Thank you, Mr. Fiksdal.

EFSEC Staff and Counsel

Allen Fiksdal
Irina Makarow
Robert Fallis, AAG, EFSEC

Mariah Laamb
Michelle Elling

EFSEC Guests

Steven Bates, Tractebel Power Inc.
Laura Schinnell, Energy Northwest
Kirk Deal, Carpenter's Union
M.S. Pierce, Citizen
Lauri Vigue, WDFW
Carolyn Pronty, Citizen
Mark L. Anderson, CTED – Energy Policy

Karen McGaffey, Perkins Coie
Katy Chaney, URS Corp.
Jerry Lee Dierker, Media Island International
Sherry Rudrud, Citizen
Diane M. Ellison, Satsop PDA
Charlie Butros, Satsop PDA
Mike Lufkin, AAG

Chris Lammence, Citizen
Chris Mulick, Tri-City Herald
Nancy Morris, Citizen

Ted Kay, South Sound Watershed Coalition
Alex Rae, Citizen
David Linford, Citizen

ITEM 3: ADOPTION OF THE PROPOSED AGENDA

CHAIR LUCE: The third item is the adoption of the proposed agenda. I have one recommended change myself. If there are others, I would certainly entertain them, but I would recommend that the status report on the Wallula Power Project be taken out of order and moved up. Pam and her colleague from the Port are on the phone and they have other meetings. Is there any objection to reordering the agenda in that manner to accommodate our colleagues from Walla Walla County?

COUNCIL MEMBERS: No.

CHAIR LUCE: Are there any other recommended changes to the agenda? Hearing none, the agenda as amended will be approved.

ITEM 7: WALLULA POWER PROJECT

CHAIR LUCE: Irina do you have a report on the Wallula Power Project?

MS. MAKAROW: Yes, just a brief report. The settlement agreement with Walla Walla County and the Applicant is in the process of being signed by all the parties. It will be e-mailed to Council staff tomorrow, and we will forward it on to all the Council members, so that if it does get delayed in the mail, you would have it prior to the hearings. The adjudicative hearings have been set for July 16, 17, and 18, and on August 16 we will hear settlement agreements for Walla Walla County, Port of Walla Walla, the Walla Walla Watershed Alliance, the Confederated Tribes of the Umatilla Indian Reservation, the Association of Washington Business, and Counsel for the Environment. On the evening of the 16th we will hold the public witness testimony session, and on the 17th and 18th we will hold the adjudicative hearings proper. Staff is working on pulling together a witness list and taking a stab as to when we expect different portions of the testimony to occur, and we will hopefully have all of that to you by the end of this week. As for the Draft Prevention of Significant Prevention (PSD) Permit, that is being issued by staff today. For those of you who are involved in the Walla Walla Project, you will be receiving a packet including the Draft PSD Permit, the Draft Notice of Construction Permit, and the fact sheet. Those documents are also going to be mailed today to stakeholders and then the general notice will also be mailed today to other interested persons. Unless we have any other questions, that is the end of my report.

MS. RAY: What are the expectations for participation by Council members? Am I pretty much to be available those three days?

MS. MAKAROW: Yes.

MS. RAY: Okay. That's my understanding, and I just wanted to confirm that.

MS. MAKAROW: Mr. Showman?

MR. SHOWMAN: I'm shaking my head no. I thought you said August 16, 17, 18, and I wanted to clarify it was July 16.

MS. MAKAROW: Yes, it is July 16-18. However, I did forget one other date, which is August 8, when we will be holding a public hearing on the Draft PSD and Notice of Construction Permits. Staff will be contacting Council members about attending that hearing. Attendance is optional; however, for all those who do want to go to Walla Walla, we'll arrange transportation.

MS. MAKAROW: Yes, Jenene.

MS. FENTON: Don't we have a standards meeting scheduled on August 8 as well?

MS. MAKAROW: We might. The public hearing is in the evening.

MS. FENTON: I feel much better knowing that it's in the evening.

CHAIR LUCE: We'll catch the last train to call Walla Walla.

MS. MAKAROW: Unfortunately we are on a very tight schedule, and we had to get this meeting in as quickly as we could, and that was the day that it was going to happen.

CHAIR LUCE: Are there any other questions from Council members? I assume, Mr. Gerola, Port of Walla Walla representative, that you will also be available on the 16th, 17th, and 18th.

MR. GEROLA: That's correct.

CHAIR LUCE: Hearing no questions from the Council members, are there any comments from the public? Hearing no comments from the public and no additional questions from Council members, we will move on to the next item. Pam and Paul, thank you very much.

MS. RAY: Thank you for accommodating us.

MR. GEROLA: Thank you very much.

CHAIR LUCE: Bye.

ITEM 4: SATSOP COMBUSTION TURBINE PROJECT

CHAIR LUCE: The next item on the agenda is the Satsop Combustion Turbine Project, Phase I Progress Report by Laura Schinnell from Energy Northwest. Laura, would you please come forward.

MS. SCHINNELL: Thank you. For this month's progress report we are at about 30 percent complete and remain slightly ahead of schedule for construction. Commercial operation remains scheduled for July 7, 2003. We have approximately 400 employees on site. That includes all Duke, Energy Northwest, and core constructors, and all of the subcontractors. In the past month we've received both gas turbines on site. We have been setting those in place, as well as the steam turbine. We have been erecting steel for the heat recovery steam generators. We've also completed installation of the auxiliary boiler, and the boiler stack has been installed. We have been working on construction of the raw water tank. The top of the tank has now been set as well, and we've begun installation of the de-mineralized water tank. The cooling tower, that's the nine cell cooling tower for Phase I is about 50 percent erected in terms of the wood forms. Underground piping and electrical duct banks are complete. The shell of the administration building is complete and finishing work is underway. We've also been working on setting various pumps, motors, and heat exchangers. In the past month we've also begun the landscaping of the Keys Road berm. That's the aesthetic berm in front of the noise wall. We've been planting native shrubs, ground cover. We've also included some Rhododendrons in there because we needed some additional plantings and they're the state flower, so we chose some of those. The Douglas Fir trees won't be planted until next February, which is their optimum month for planting. So that has basically been the work that we have completed in the past month.

CHAIR LUCE: Thank you. Questions from Council Members? Jenene.

MS. FENTON: How's the traffic situation?

MS. SCHINNEL: We do have the sheriff coming out about three days a week depending on his schedule to monitor the traffic. Obviously when the sheriff is there, we have higher compliance with not taking a left turn to go down Keys Road, but we have not seen the recent traffic count numbers from the Department of Transportation. I believe the most current we have is two to three weeks in terms of the actual counts, but visually, yes, there's still a handful that are going to turn left even though we tell them not to.

MS. FENTON: I have just one other question. I see that we have the proposed greenhouse gas mitigation plan for Phase I. Do we have that scheduled or are we going to schedule it for discussion at a subsequent meeting?

CHAIR LUCE: We are going to schedule that for discussion at a subsequent meeting. I think that would be appropriate. We just received it, and we haven't had time to fully digest it.

MS. FENTON: Thank you.

CHAIR LUCE: Thank you. Any comments from members of the public on Satsop Phase I? Excuse me, yes. We have a member of the public in the back that raised her hand.

MS. MORRIS: Hi, I'm Nancy Morris. I'm just curious. Are they installing scrubbers at this plant for emissions for sulfur?

MS. SCHINNEL: For a natural gas-fired power plant such as this the primary pollutant of concern is NOx or nitrogen oxides. We will be using what's called a catalytic converter in order to reduce those emissions. If you'd like further information, perhaps Katy Chaney could address the specifics or Mike Sotak.

MS. MORRIS: But you haven't addressed the sulfur issue.

MS. SCHINNEL: Sulfur is not really an issue in a gas-fired power plant using natural gas.

CHAIR LUCE: I think it's more commonly associated with coal plants.

MS. MORRIS: Yes, but it exists.

MR. FIKSDAL: Yes, I think the general opinion is the coal is a high-sulfur content. The Centralia plant put in so-called scrubbers to do that. Sulfur will be addressed under the PSD permit process, and it will be limited to whatever the requirements are for the PSD or the air emissions permit through new source review.

CHAIR LUCE: Thank you. I would ask you if you have further clarifications to meet with Duke Energy. I'm sure they would be more than willing to go into that. As Allen said we will be dealing with that in the PSD permit.

MR. FRYHLING: Jim.

CHAIR LUCE: Yes.

MR. FRYHLING: Maybe someone could explain what that acronym is for.

MR. FIKSDAL: Yes, I'm sorry. The term PSD actually refers to the Notice of Construction and Prevention of Significant Deterioration air emission permits that EFSEC would issue if this project is approved, and sulfur is one of the criteria pollutants that will be addressed through those processes.

CHAIR LUCE: We are talking about Phase I, right?

MR. FIKSDAL: Phase I, correct.

CHAIR LUCE: Yes.

MR. DIERKER: Member of public wishing to ask question.

CHAIR LUCE: Would you please identify yourself for the record.

MR. DIERKER: My name is Jerry Dierker, and I live at 1720 Bigelow Street, in Olympia, 98506. Just this is in the same vein here because the emissions report has just basically been it

sounds like it's just been given to the Council on the carbon dioxide issue especially. Is that still, is the PSD for the Phase I still sort of up in the air because that's part of the thing that would be looked at? I don't know who I should ask that question to.

MS. MAKAROW: The Prevention of Significant Deterioration Permit has actually already been issued for Phase I, and Phase I is being constructed under the existing permit. With their request to amend the site certification agreement for Phase II, Duke Energy and Energy Northwest also submitted a request to revise the PSD permit to incorporate the emissions from Satsop Phase II. The Prevention of Significant Deterioration program and regulation of air emissions under Washington State Rules does not include regulation of carbon dioxide emissions. Mitigation of carbon dioxide emissions is solely under the jurisdiction of the Council, and it's a Council decision. So the PSD Permit covers only criteria pollutants and state regulated toxic air pollutants. So the Phase I permit has been issued, and all of the required controls are already in place. And for Phase II, the review is still ongoing and a Draft PSD permit will be issued for public comment in a number of weeks.

MR. DIERKER: I think that sort of answers it. Where does that carbon dioxide mitigation report fit then in the process?

MS. MAKAROW: It is a requirement of the existing site certification agreement that exists right now for that plant, and Duke Energy, Energy Northwest submitted that report to fulfill the requirement of the existing site certification agreement.

MR. DIERKER: Thank you.

CHAIR LUCE: Any other comments, questions, regarding Phase I? Thank you very much, Laura. Hearing none, we will move on to Phase II. Mr. Fiksdal, you have a report for the Council.

MR. FIKSDAL: Thank you, Mr. Chair. As the Council knows, Energy Northwest and Duke Energy (Applicant) have applied to the Council to site the Satsop Combustion Turbine Phase II project. In their application they requested the Council conduct this review under expedited processing rules. Today's meeting was identified as the meeting where the Council would potentially take action on whether to grant expedited processing or not. I have a memo in your packet that is addressed to the Council members from the staff that recommends that the Council grant expedited processing for the reasons that are cited in it. I don't know if you would like me to go through that memo or if you would like to have some discussion. The Council had discussions about this at the Executive Committee last week. I know members Carelli and Fenton have prepared a paper on the same subject, and whether they would like to go first and discuss it, I don't know quite your approach.

CHAIR LUCE: I am not going to speak for the whole Council, but it seemed to me there's some members of the public here who might be benefited by having you walk quickly through what the contents of your report for the Council are.

MR. FIKSDAL: Okay. EFSEC staff recommends that the Council grant expedited processing for the Satsop Combustion Turbine Project Phase II consistent with RCW 80.50.075 and WAC 463-43-030. We've reviewed the information regarding the project, and the criteria under state law and rules for granting expedited process and recommend that the Council find the environmental impact of the area potentially affected; cost and magnitude of the facility; and the degree to which the proposed energy facility represents a change of use of the proposed site; are not significant enough to warrant a full review of the application for site certification - and recommend that the Council grant the request for expedited processing. The rest of the memo goes through the four criteria in more detail. It is based on not only staff's evaluation, but the

review by the Council's independent consultant, Jones & Stokes, of these criteria for expediting processing, as documented in their review document that was presented to the Council earlier this year. If we go to the second page, the four criteria are listed. The first is environmental impact. As the responsible SEPA official, I issued a Mitigated Determination of Non Significance (MDNS). In Jones & Stokes' report, Jones & Stokes suggested that a determination of Non Significance would likely foster a conclusion that the environmental impacts were not significant. Staff agrees with that evaluation, and because of that staff determined that there would not be significant environmental impacts. If the mitigation was implemented as proposed, the environmental impacts are not significant, and therefore the Council would be able to grant expedited processing on the basis of that environmental criteria. Next is the area potentially affected, criteria number two. In their review, Jones & Stokes looked at the area affected and essentially did a "wide area" review. They looked at the Satsop airshed, discharges to the Chehalis River, traffic near the project, and the WNP 3 & 5 mitigation site, as the area potentially affected. Considering all of these resources staff and Jones & Stokes agreed that the impact to those areas from this project would not be significant. For criteria number three, cost and magnitude, there is no definition for cost and magnitude in our rules or in the law. Jones & Stokes compared the costs of the Satsop Phase II to large base load plants, typical coal or nuclear or other combustion turbine projects, and found that the cost and magnitude of the Phase II project was similar to the other combustion turbine projects, but was not quite as costly or have the magnitude as a large coal plant or a nuclear power plant. Staff agrees with Jones & Stokes analysis, although, I think that our interpretation also considers that when the law was first implemented, the legislature was talking about magnitude of projects at that time such as large coal plants and nuclear plants. Combustion turbine projects at that time [the early 1970's] were very small. If you look at this project in terms of magnitude and relative to a nuclear power plant or a large coal plant that may take hundreds of acres to site, the magnitude is not significant and the cost is a relative term. And I think there is no real justification to say or deny that this is significant compared to others. Criteria four is the degree to which the proposed energy facility represents a change in use of the proposed site. I think that the Council is aware that there is already a combustion turbine project under construction on the site. The area was originally permitted as an energy facility to begin with, and therefore this isn't a change of use for the proposed site. So going through the four criteria listed in the law and the rules, we have determined, and recommended that, the Council find that these aren't significant and that you should grant expedited process.

CHAIR LUCE: Thank you. Comments from the Council? Mr. Carelli, do you have a comment you would like to offer?

MR. CARELLI: I do. As Allen suggested we've looked at this from a number of different vantage points I guess, and I think from my standpoint for the most part I tend to agree that an expedited process is probably appropriate for the project, but I do have some questions. I have some concerns with respect to some of the impacts that other agencies and other organizations have identified, and I think we still need to hear some additional information on the proposed project. If we are going to grant expedited processing I would like some understanding, some assurance, that we are able to establish a process where we can actually hear that additional information or hear a discussion from those interested in the topic and use that to base our decision. Now, exactly how we go about doing that, I think is yet to be defined, and I don't know of any requirements under expedited processing for the types of hearings that the Council holds other than the fact that the Council can hold hearings and/or including more than one

hearing on the subject, so I would like to be assured that we have that opportunity. The one thing that I am kind of concerned about also is the schedule for actually completing the expedited process. As you know, once we take an action today and if we approve expedited processing, we are to make a decision within 60 days. I think that is problematic. I am not sure that we can reach a decision within that 60-day time period, and I note in the material that Allen provided to us that he's of that same view. My guess is that it would take us approximately 90 days to make that decision – I came up with 97 days. What happens if the company is not willing to accept a longer schedule? Are we bound to a 60-day turnaround? If that's the case, our hands are somewhat tied in the type of information that we have before us to make a decision. From a common sense standpoint, we want to make the best decision that we can, and if it takes an extra month to do that, I guess I would strongly encourage that we work to find the time, that extra 30 days, to be able to collect the necessary information.

CHAIR LUCE: I think your points are well taken. The latter point I believe is in one sense a legal issue, and I think that the regulation says 90 days, provided however, correct me if I'm wrong, Allen, but provided however that the Council and the Applicant can agree to the additional amount of time if necessary.

MR. FIKSDAL: I believe the Council is required to make a recommendation to the governor within 60 days, unless the Applicant requests and the Council agrees to extend that time period. I just want to mention the controlling time limit here is really the issuance of the NPDES and PSD permits, the air and water discharge permits. Each of those requires a 30-day comment period under federal law, and we are working on those permits. Those permits won't be ready to be issued for about a week or two, and then we are required to have a 30-day comment period on the drafts. So even if we try to hurry, I think those two permits and their required comment periods are very controlling. Once the comments are in for those permits, we have to prepare a responsiveness summary of the comments and that takes additional time. That isn't the Council, but our consultants that are working on the responsiveness summary to those permits. So not only is there a 30-day comment period, but there's maybe a two or three-week period we need to allow for those comments to be addressed and the responsiveness summaries prepared. Again, I think the permits are more the controlling factor, rather than the Council just getting on with its business.

CHAIR LUCE: Right.

MR. CARELLI: If I might, that roughly comes out to almost a 60-day time period without really an opportunity for full deliberation or looking at everything that we are going to have to, including the preparation of a site certification agreement. If I am not mistaken, we do have to have an order that comes out of the Council on this, or do we just do a site certification agreement under the expedited process?

MR. FIKSDAL: I don't know if there's a requirement, but I think the Council issues an administrative order on their finding, and if it's for approval, then they attach a site certification agreement.

CHAIR LUCE: If an order is required based on what we do here today, then I would ask our legal counsel to assist us in preparation of the order.

MR. FIKSDAL: I would think that the order documents your processing and review, and how you came to your conclusions.

CHAIR LUCE: And the record before us.

MR. FIKSDAL: And the record before us.

CHAIR LUCE: I would agree with you, Mr. Carelli, that expedited processing is appropriate as long as we identify or direct our attention to certain specific issues that have been raised. One of those is greenhouse gas emissions. Another one is low flow conditions in the Chehalis River, as it effects water supply, salt water intrusion, flushing, and sedimentation. And the last one is the equalization pond and water storage, and I think that those three need some discussion in a public meeting. In a public meeting forum, we can frame the exact process, but I think that is very important.

MR. CARELLI: I don't know. I might add that there is still some question about noise meeting the appropriate noise standard, and whether the Applicant can receive a waiver of the noise standard. Traffic as we've heard, is currently an issue with construction of the Satsop I facility, and at some point in the future with two facilities being constructed, may also continue as a larger issue down the road.

CHAIR LUCE: It may be, and we may need to impose some conditions. Hypothetically, were we to issue a site certificate agreement we probably would look very hard at conditioning that permit in terms of the issues such as you've discussed.

MR. CARELLI: Traffic is probably the lesser of the issues. There's still in my mind confusion over the NPDES permit and where the discharge actually takes place; whether it's the river or into the blow down waste water pipe that eventually leads to the river, and how that is covered in the NPDES permit.. But the ultimate responsibility is for when it goes into the river. I am not sure where that might lead, so there needs to be some clarity.

CHAIR LUCE: I agree. Any other comments from any other Council members? Jenene.

MS. FENTON: I share the comments that Mr. Carelli has stated, and I can't even think of voting for expedited processing without assurances that the Council will have the ability to receive an adequate record for putting together a potential site certification agreement. The Chair has indicated the concerns specifically that I have dealing with greenhouse gas and the low flow conditions. Without having more information on those points, and having assurances that we'll be able to get more information on those, I can't vote for an expedited process. It sounds as though that is the direction that you would like to see us go.

CHAIR LUCE: I would like to see a motion at some appropriate time, and we have some further discussion, but a motion perhaps that would capture what you and Mr. Carelli have said with respect to those issues.

MS. FENTON: There are other issues that I think you and Mr. Carelli alluded to as well that I feel comfortable can be addressed during the NPDES hearings dealing with the mixing zones and the diffuser and those kinds of things that Chuck talked about. So I feel comfortable with those, but there is missing information as far as I am concerned.

CHAIR LUCE: I understood. Other Council member comments?

MR. IFIE: I have a comment. My comment is, and I am kind of leaning like Chuck said towards this, the expedited process; however, when Allen made the determination of non-significance that was based on the information that was out there at that time. My question to you is now that more information has come out since that time, would that sway your decision one way or the other or reverse what you decided at that time?

MR. FIKSDAL: The shorter answer is no. Since that time we have discussed traffic issues with Duke Energy and Energy Northwest and have implemented a traffic mitigation plan for Phase I already, and as Laura Schninnell noted earlier, involves having the county sheriff being up on the site and ensuring that the traffic is using the correct roads or the preferred roads. I don't believe that there is any additional information that would change the finding that the

impacts are not significant enough to warrant an environmental impact statement. That isn't to say that there aren't issues the Council shouldn't address and find out more information on, but I don't believe that any of the information that we've seen would cause me to change my mind.

MR. IFIE: Okay. I have a different comment back to the issue of schedule. It appears to me if we are going to be approving this project for expedited processing that we should be sure that it could be done within the required timeline; then that could be easily approved. If it's more complicated to approve, then it might take a longer time. It seems like we are saying we should approve it, when we know that it's not going to happen, and we don't have the capability of doing it within that time frame. I'm assuming it would say "expedited process", but that's really not according to the rule. We should proceed according to the Council rule. That says that the project decision should be made within 60 days. Now, I'm looking at the schedule staff has come up with, which is similar to the schedule that Chuck discussed earlier. We seem to be saying that it couldn't be done within a 60-day period. My question is, is there any process in place? Have we contacted the Applicant to see if an extension of time would be acceptable to them? In other words, are we approving something that is not doable?

MR. FIKSDAL: I haven't spoken particularly with the Applicant on that matter. The Council needs to discuss the process. I think the Council should work diligently to come to a conclusion. Again, if it is impossible to do that, I don't think that it's a deal breaker or show-stopper. I think the Council should work as diligently as possible. This is a possible schedule, that based on today's discussion, we can hear from the Applicant if they have any comments on it. I think the Council should proceed as being as diligent as possible. I think that everyone knows that these things take some time, and the Council should proceed in a full faith effort to get it done as soon as you can. I think if you do that, then I don't think you will be faulted for going over the time limit. We could ask the Applicant if you've granted expedited processing, and if we have absolutely determined that's going to take longer, that they could request that the Council take longer, and the Council could move on that action. I don't know if you need to make this determination now or worry about that.

MR. IFIE: I would prefer to get some input from the Applicant on this issue to find out their position on it. Are they willing to grant us, to consent to an extended period based on a reasonable schedule like one the staff has prepared?

MR. FIKSDAL: We haven't shared this schedule with the Applicant. Again, I think that if the Council grants expedited processing, we can work with the Applicant and the Council. Again, this is a guess, the schedule that I passed out today. It was a guess on how long it may take. I think it could be up for discussion whether we could shorten it or not. And I am sure in discussions with the Applicant we will try to work as diligently as possible.

MR. FALLIS: Mr. Chairman, I think it would be inappropriate for the Council to condition its decision on expedited processing on some schedule. Timing is not one of the four criteria. It is a practical issue. At some point, in theory at least, it could become a legal issue in terms of complying with your rules, but the amount of time that it takes to process the application is not one of the criteria under the expedited processing determination. For that reason, I don't think that it is appropriate as a basis for you to decide whether to grant expedited processing. I agree with Allen. Once you've made that decision, hopefully it becomes a matter of pragmatism and good faith trying to meet the requirement that's set out in the rules. By the way, that's not a statutory requirement. It's one that the Council imposed on itself. I would like to think that cool heads will prevail, and there will be a way for you to get the information you need. And I think you have the legal authority to get the information you need to make an informed decision.

CHAIR LUCE: Thank you. Comments from other Council Members? Do you understand, Tony?

MR. IFIE: That's from the legal advisor; however, that doesn't preclude us from getting input from the Applicant to give us an idea on whether they are willing to give us consent. Maybe it doesn't have to be done now. It could be done later at some stage. At some point, it would make sense to get some consent from the Applicant. It is not something that EFSEC would want re-heard in the future. You knew your own rules say you have to do it in 60 days. You knew it going in, and you are not meeting it.

MR. FIKSDAL: Again, I think that's my recommendation is the same as the Assistant Attorney General; that this is an issue that we can work on with the Applicant after you've made a decision. It's irrelevant. It's not even a legal point. It's irrelevant if you don't grant it.

CHAIR LUCE: Any other comments from Council Members? Members from the Port or Grays Harbor County?

MS. LAMB: I have no comment.

MR. DIXON: No question.

CHAIR LUCE: Hearing no more additional comments from the Council or staff, I'll open this for any comments that the public may wish to make. Recognize, members of the Public, that you will need to identify yourself for the record.

MR. FIKSDAL: I think we have a sign-up sheet in the back.

CHAIR LUCE: Do we have a sign-up sheet? That would probably be the most expeditious way to proceed.

AUDIENCE MEMBER: I didn't know there was a sign-up sheet. Not for speaking. I think it's just attendance.

CHAIR LUCE: All right. The first hand in the air was the gentleman here to my immediate right, so come forward and make whatever statement you would like to make.

MR. DIERKER: I'm Jerry Dierker. My address is 1720 Bigelow Street N.E., Olympia, Washington 98506. I'm here representing myself and I'm also representing Media Island International. It's a nonprofit organization here in town. A couple things here. Although, I don't have the memo that you guys got, so that I can actually respond to each point, I am just going to take it off the top of my head and from what I've listened to comments from the Council members up here. One, I believe that the portion on impacts, one of the four criteria here, as made there is a mistake. In that one it did not consider the regional impacts. It apparently only took care of impacts on the immediate area specifically around the site. The regional impacts here include those carbon dioxide emissions and other emissions and also include any emissions of materials to the Chehalis River and downstream to the Pacific Ocean. Those are regional impacts that need to be covered, and apparently neither EFSEC nor the consultant work got regional impacts. Those are required to be reviewed under SEPA and also under NEPA. Two, I am quoting out of a newspaper here. This is yesterday's paper.

CHAIR LUCE: Are you sure that's an authoritative source?

MR. DIERKER: Oh, I'm sure it is. This is supposedly a quote from Assistant Attorney General Michael Lufkin in a June 7 letter to EFSEC challenging Energy Council's decision to not require a full blown environmental review for the second Satsop plant. He says cumulative harm associated with carbon dioxide emissions from fossil fuel fired power plants is now well established, but that's as stated here, and as it seems to have been from the information that I got here today, those things haven't been considered as of yet because they haven't been put in as of yet for the second phase. Now, I also have an administrative appeal of the SEPA decision on this

plant, and this portion of the plant, pardon me. And that it appears, at least I couldn't find in your rules where you combine both pieces for your administrative appeal, both of the substantive and the procedural issues. So I went ahead and because SEPA and the case law decision on SEPA state that for jurisdictions it is a good idea for jurisdictions to apply a review of the SEPA process in the earliest stages of the review of a project, so that they can take and identify certain problems at that time and then be able to get additional information to update their SEPA. So I believe that there's maybe some procedural problems, a cart before the horse issue by the Council making a decision by that. Now, I'm not sure, but that just appears to be the case. All right. Also, because there is a number of other issues involved, as a number of the Council members noted there was missing information. Apparently information that still hasn't been brought forth maybe the most serious or most potentially serious of the possible impacts from this site. These possible impacts I mean, you know, a thousand tons of pollutants into the air is a serious significant impact I believe. Whether or not those things can be mitigated, it does not appear those things are going -- that portion of it is going to be mitigated specifically. That is what the emissions are going to be, over 2,000 tons for both sets. So because there is missing information here that appears to show significant impacts or potentially show significant impacts that requires under SEPA withdrawal of the Determination of Non Significance or Mitigated Determination of Non Significance. Because of that additional or that requirement for the need for additional information to make a determination whether or not those impacts are significant or not. That's under WAC 197-11-340, Section 3, I think. That's actually under the determination of Non Significance. NPDES doesn't specifically have that part. It refers back. But that is how those things work, and then they require a determination of significance to be made and an EIS, in this case a supplemental EIS for the second portion of the project or something of that nature. So that is why I say it appears there's a problem here with the impacts portion of it. I am sorry, there were a couple of other criteria, and I was trying to pick it all up, but like I said, I don't have it in front of me. There are other problems involved with this site that have not -- not just this site but this project -- that have not been adequately adjudicated or reviewed by the many different agencies that are involved. And not just here, but also the federal agencies that are involved. Because the project was broken up into several pieces -- Phase I of the one first turbine, the pipeline which was taken off by FERC which supplies both plants, and now the Phase II project. Those portions have been broken up on what's called fragments, and that's not a way that is legal under the State Environmental Policy Act or the National Environmental Policy Act according to either the statutes or regulations, and the case law on those things. I have detailed some of that. Although the information that I received today, I have not put in there, and so I'm just like I said throwing this off the top of my head. But I believe that there is a problem with that too. So I would urge the Council to not grant expedited review here, specifically because you will not have enough time to properly consider this. You don't have the information yet to consider whether or not the impacts have been adequately addressed, and that way this project would just go right along without the public or anyone else being able to actually review what's really going on because the information wasn't there to review at the time you needed to review it.

CHAIR LUCE: Thank you. Are there other members of the public wish to offer testimony with respect to this issue? Yes, please come forward, state your name, address.

MS. PRONTY: Hello. My name is Dr. Carolyn Pronty. I live at 91 Lower Falls Creek Road in Elma, Washington. That's about two miles as the wind blows from the Satsop Power Plant. And I am a little intimidated by the circumstances, but I am going to give my heart felt public

testimony. I am a concerned citizen. I'm with no organization, but have been following in a less informed manner, and I appreciate that level of concern and information. So I want to just make a few general comments. I am concerned that an expedited review will not allow you to answer the questions that I've appreciated that others have been presenting. The thoughtfulness that you're bringing to this is very important, and in this day and age I think it's critical that we take the time, that you as people in public responsibility, take the time to do what you're doing. I think that the time factor is exactly the right question to be bringing up. Do you have the time to answer the questions that you have heard adequately? And my greatest concern is absolutely on the environmental impact of the people who are living, those of us who are living in that area. As a veterinarian, I know very well the environment that's around there, and I guess the last piece, specific piece of concern that I have, is about the Applicant's financial status. From what I understand, they are not necessarily in the best financial shape, and a company that's making decisions with that kind of pressure is not necessarily always going to be making the best environmental decisions. I know that a farmer that I was talking to was talking about how they're actually proceeding with the pipeline, this is not making a lot of sense to me, but they're going to be crossing his creek three times as opposed to once, because that's how they happen to be putting things together. It's like that kind of thing. You know, how that kind of thing is happening. That's what I think. That's on a very small level of what needs to be looked at. So just my general comments are that I really appreciate the questions that you're asking, and I think it makes complete sense that the public and you have the maximum ability to make sure that this is done well and done with the minimum environmental impact. In the year 2002 there's no excuse not to make sure that this is the cleanest plant that it can be. Thank you.

CHAIR LUCE: Thank you. Other members of the public wish to testify? Please come forward and state your name and address.

MS. RUDRUD: My name is Sherry Rudrud. I live at 173 Newman Middle Branch in Elma. I also appreciate the fact that you are thinking about this and deliberating about it. And I would ask what's the rush? If you still have questions, if you don't have all the information you need, then I think it's your civic responsibility to delay the decision until you have all the information. I haven't heard anything that explains how you're going to get around the noise factor. The traffic is still a problem. The air quality for those of us who live there is a great concern. I don't feel that rushing a decision would be beneficial to the citizens of Washington. While it may benefit Duke Energy in some manner, I feel that most of you are employees of the citizens of Washington and hopefully have our best interests at heart. So I would urge you to not grant the expedited process. Please delay a determination until you have all the cards on the table. Keep asking the questions that you're asking until you get enough information to make an informed decision. This is the future health of our environment that you're dealing with, and it's very precious here. You're talking about one of the last areas in this state that's clean and has clean air and it's quiet. And it's not unusual to have to stop in the road to let an elk go across or a deer or a bobcat for that matter, and these things are very precious to those of us who live there. So please don't grant expedited processing.

CHAIR LUCE: Thank you. Other comments from the public?

MR. KAY: Could I raise a point of process? Are we going to be hearing from the Applicant as well?

CHAIR LUCE: We will hear from any member of the public that wishes to speak.

MS. VIGUE: My name is Lauri Vigue. It's V - as in Victor- i-g-u-e. I'm with the Washington State Department of Fish and Wildlife. The Satsop Phase II project has a number of outstanding

environmental issues, and EFSEC has not used the expedited process on a proposal that has this number of outstanding environmental issues. The department does not know how the Council will hear and address these important issues through continued use of the expedited process. Overall the department is concerned that the Phase II proposal provides less environmental protection than the governor has required for Phase I. The major outstanding environmental issues that impact fish and wildlife resources have been documented in two department letters that I sent to the Council on June 4, regarding the MDNS and also the June 28 NPDES (National Pollutant Discharge Elimination System) waste water discharge permit comments. In summary, the department has concerns over these issues -- water rights, discharge temperature into the Chehalis, hydraulic project approval (HPA) permit for the diffuser, engineering report for the C1 pond, revision of spill prevention plan for the operation of the project's outfall discharge, and salt drift. Thank you very much. Do you have any questions regarding these issues?

CHAIR LUCE: Thank you. Please come forward.

MR. LUFKIN: Good afternoon, Council Members. My name is Mike Lufkin. I'm an Assistant Attorney General. I serve as Counsel for the Environment (CFE) on this project. I appreciate you providing me the opportunity to comment this afternoon. I will try to keep my comments relatively brief as I know you've already heard quite a bit. I just wanted to note before I start that I have provided comments on this in the past, in two previous instances. One when there was comment requested on this expedited processing and again on the MDNS determination. Some of my comments will be repeated from the earlier comments, but I would like to put them on the record anyway. As you'd probably guess, my comment for this afternoon deals with the environmental factor of the expedited processing decision; that being whether there are environmental impacts of the proposed facility that are not significant enough to warrant a full review. Before I get into the specifics, I primarily had two environmental issues that I thought were worthy. I must admit that with this project I'm kind of betwixt and between a little bit. I think it has the potential that expedited processing would work. I guess my greatest concern is as Council member Carelli pointed out, what that process would look like, and I still haven't heard an articulation of that by the Council. Secondly, to be completely honest, just the manner in which the information on this project has flowed in. It hasn't been such that an evaluation could have been made based upon a complete record. It seems over and over again the information that was received trickled in, such that to piece together what the impacts would be took quite a bit, and it's still being determined as we speak. I think a perfect example of that is the mitigation proposal for carbon dioxide (CO₂), which was submitted by the Applicant. I received a copy via e-mail this morning, and I am sure the Council members have as well. I guess I'm a little troubled by that; how that can work its way into a discussion this afternoon, when I am certain the public probably hadn't seen that document. I don't know to what extent the Council has had the opportunity to look at it. I certainly haven't had time to really look at it closely, so it just raises concern about how the issue of whether there are significant impacts still associated with this facility, in this instance CO₂ issues, how you can make that determination as we sit here today not having an adequate opportunity to review that proposal. The two issues that I would like to address are the greenhouse gas issue, and, you know, realizing that the Applicant did submit a proposal this morning, and these comments were prepared before that. I will note that the project when completed will be one of the largest sources of CO₂ emissions in the State of Washington. It has the potential to emit almost 2.4 million tons of CO₂ per year. Such emissions contribute to global warming and will have serious consequences for human health and the environment. I think at this junction the problem of global warming has been

acknowledged even in the most conservative quarters. The Council has previously addressed this in its previous orders and has stated its belief that it has the authority to address mitigation for CO₂, and it has done with in one form or another, and I won't get into the details of those, in Chehalis, Sumas, and the Satsop I proposal. Therefore, given the scientific evidence and the Council's past actions on this issue, it was somewhat surprising upon receiving the Mitigated Determination of Non Significance issued for this project, to learn that CO₂ was not addressed in any form in that document. In this way, the Council's action in addressing CO₂ has been somewhat confounding to the public. On one hand it seeming to be a serious concern and an environmental impact to the Council; yet, on the other, it not being addressed in the SEPA documents which are designed to enlighten the public and the decision-maker as to what environmental impacts are associated with the project. As I said, I have not had the opportunity to look over the Applicant's proposed mitigation that was submitted this morning, so I don't know what that contained and whether that would be an adequate mitigation measure for this project. But I feel that because it was just submitted this morning, and because there seems to be a need for further information on the issue, I would adhere to the opinion of Council member Carelli that a clear process needs to be defined as to how that information will be provided. And absent that process being set forth this afternoon, I don't think I can agree with an expedited process. I would advocate against an expedited process decision. The second main issue that I would just like to briefly touch on is the issue of the NPDES permit. At the time the NPDES was issued for the project I was operating under that assumption, and I think many other members of the public and perhaps even members of the Council were, that water quality effluent limitations, as well as thermal effluent limitations would be met at the end of the pipe; meaning that there would not be a mixing zone needed for the project. It was based on that statement or that concept that the MDNS was issued for the project, as I understand it. And now based upon the Draft NPDES and the facts sheet that has come out, it appears that the Applicant is either requesting that the effluent limitations that are contained in the draft document be lowered, because they are a little bit different from what was in the previous permit, and/or a mixing zone be utilized for the NPDES permit. Both of these present significant new issues that haven't adequately been addressed at this point, particularly in regard to the mixing zone. It isn't clear whether it would be a discharge at the end of pipe or whether the diffuser would be used. If the diffuser is used, the fact sheet adequately raises some important issues in terms of turbidity issues, sediment issues, not to mention impacts on fish habitat, that would result from both studying the diffuser or perhaps even repairing it if such were needed. Those are two primary issues that I wanted to address today. On the whole, I would just say that I'm concerned based upon what I am hearing. Thus far I have heard the issues of noise, water quality, CO₂, traffic, flow conditions in the Chehalis, and conditions concerned with water quality such as damage to that diffuser. It seems to me that the list grows and grows. And while I'm not sitting here today saying that in one form or another expedited process wouldn't be appropriate, it certainly seems at this juncture that the need for more information is telling, and that perhaps a fuller review is appropriate, so I guess with that I would just ask the Council if we could have or I would appreciate some further discussion on what that process would look like before a decision is made. Thank you very much.

CHAIR LUCE: Thank you. Other comments from the public?

MR. PIERCE: I am Mike Pierce. I live on the Wenzel Slough Road in Elma, about a mile and a half downwind and a couple hundred feet below the stack that the people in Denver say is not going to have a significant impact on the air I breathe. I would like the people in Denver to be at

my house now and then later when the plant opens up and then they can tell me whether it's significant. I consider it's inevitably going to be significant, and I would like the people on this committee to take all precaution and all the time necessary to weigh that significance. I would like to know more.

CHAIR LUCE: Thank you.

MR. PIERCE: Thank you.

MR. ANDERSON: Mr. Chairman and members of the Council, my name is Mark Anderson, and I'm with the Energy Policy Division of the Office of Trade and Economic Development. I will make my comments very brief. They are reflected almost entirely with the comments that Mr. Lufkin made previously, oriented around greenhouse gases, and I would just add a couple of things. We were very surprised that greenhouse gases were not addressed in the MDNS. The Council has found at least in the last two applications that greenhouse gases were significant, and that there was some sort of requirement, or in the last case a recommendation has been made to mitigate. It seems hard for us to understand how it can come out as a Mitigated Determination of Non Significance when it isn't guaranteed at this point to be mitigated. I think I heard staff correctly say if the mitigation takes place, there is no significant impact of greenhouse gases. We are simply not sure that that is the case and have not had an opportunity to look at the report. The application as amended, the Phase I application as amended, requires the Applicant to produce and implement a Council approved greenhouse gas plan. Maybe you're going to come up with a great substantive quality plan. We don't know that yet. We haven't had an opportunity to even see the Applicant's proposal to see what kind of changes you would like to make to it and then have an opportunity to comment ourselves on that. One thing that has confused us a bit is in the standards development process that folks have been going through, there's been a lot of talk about trying to deal with issues up front and get as much taken care of up front before you need to go into a formal process, whether it's expedited or not expedited. And at this point at least as far as greenhouse gases go, which are our major concerns, we simply don't know whether or not that significant impact is going to be mitigated or to what degree it's going to be mitigated. It would really be nice if we could have an understanding going into a decision about expedited process, what actually was going to be the substance and content of that greenhouse gas mitigation if indeed it's going to occur. It is also just at the very end here you've talked about some of the decisions that you need to make taking up to 90 days or 97 days. A two-month process, a 60-day process is a very, very short period of time compared to a whole year. I'm not sure in the next month if we had an opportunity to look at the greenhouse gas plan, -- I can't address the other issues -- but if we have a chance to look at the greenhouse plan, if you make some determination about what that plan is going to have in it, if we can agree about that. It appears you could go into your meeting next month and take a vote on the expedited processing issue. You'd still meet your 90-day period of time perhaps. So it seems a bit of a rush to be making a decision about expedited right now in light of the information that is not available and the processes that need to be dealt through. Any questions?

CHAIR LUCE: Thank you.

MR. ANDERSON: Thank you.

CHAIR LUCE: Anyone else like to comment? Please come forward and state your name and relationship with this project.

MS. McGAFFEY: My name is Karen McGaffey, and I'm speaking on behalf of the certificate holder, Duke Energy and Energy Northwest. This morning we sent a letter to the Council that I believe Mr. Fiksdal has distributed which addresses some of these issues, so I am not going to

repeat everything that's in that letter. But I do want to hit a few highlights in light of some of the comments that have been made today. First of all, both the state's facility siting statute and the Council's regulations set forth a process for expedited processing. That statute and the regulations presuppose that there is a category of projects within the Council's jurisdiction for which expedited processing is appropriate. Some of the comments that I've heard today suggest that some people believe that expedited processing would never be appropriate. But that's not the statute in Washington, and that's not what the Council's regulations say. Instead, both the statute and regulations identify four factors that the Council is to consider in determining whether expedited processing is appropriate. I should emphasize that, of course, expedited processing doesn't mean that the Council wouldn't consider all the issues being talked about today. It's just a question of whether a full adjudicatory hearing is required in order for the Council to consider that. In Allen's presentation earlier he briefly touched upon the four factors that are supposed to guide the Council's decision. The first one is environmental impact. I differ to some extent with the comments that have been made today that suggest that the Council does not have information about environmental impacts. Seven months ago, the Applicant filed a detailed application with detailed environmental information on all of the issues that have been identified today. In the subsequent seven months, we worked closely with Council staff and tried to respond to Council and their consultant's questions to provide further information to address these issues. While it may have seemed to some that information was trickling out over time, I think that reflects our diligent efforts to respond to questions as quickly as they arose by providing the information that was requested. With respect to the first factor of environmental impacts, this project is very different from most projects the Council considers. It is being built on an already permitted site. It will have no associated facilities, which typically the Council sees as extended linear facilities like pipelines and transmission lines. Those require the Council to consider a wide array of environmental impacts that are just not the case here. In this case, all of that infrastructure and the site itself has already been permitted. There may be some questions the Council and the public has about environmental impacts, but I am confident that those issues can be addressed within the context of an expedited process, and I'm glad to hear what I think I heard was the Counsel for the Environment agreeing with that.

The second factor is the area potentially affected. Again, it's closely related to that environmental factor. The site has already been permitted, so there's a relatively small site that's already being used for an energy facility that is the site being affected. The third factor is the cost and the magnitude of the project. As I think we can all recall, the Jones & Stokes analysis of this issue in which they compared the size of the facilities and the cost of facilities, showed that this facility is at the low end of the scale. It's well within the range of the type of facility that the Council has previously granted expedited processing for. Finally, the fourth factor is whether there is a change in use of the proposed site. This factor strongly weighs in favor of expedited processing. The site is already used for a natural gas generating facility that the Council has approved. All of these factors favor expedited processing, and we urge the Council to grant that request.

We heard comments today asking questions about what would be the process if expedited processing was granted and could information be provided. We're confident that we can work with the Council and with other interested parties to develop a process that would give the Council the information it needs. We note at the Executive Committee last week there was discussion about possible panel discussions that could be set up. It seems to me there are a number of ways in which information could be presented to the Council from a variety of

perspectives and questions could be answered. That could all be done within the expedited processing. Secondly, there have been questions today about timing, and the apparent assumption that there is no way we could complete this processes within 60 days. I agree with the Council's attorney that that is not an appropriate factor in your decision about whether or not to grant expedited process, but it will undoubtedly be a practical consideration if expedited processing goes forwards, and we have to come up with a process that works for everyone. I suppose it would be appropriate to say we are optimistic in thinking that the type of process that was discussed during the Executive Committee meeting could in fact be conducted within 60 days. If that is not the case, however, I think we can all work hard to try and do it as quickly as possible. As I think has been reflected by the past seven months of us working through this process, the certificate holders have in the past been willing to agree upon reasonable accommodations to that schedule. Although we haven't seen the draft schedule that either the staff or Mr. Carelli has put together, I think that's something we could work through in this case as well. What I do think is important is that we start that process quickly, as early as meeting with the Counsel for the Environment and EFSEC staff after today's meeting, to try and figure out how that process is going to work and how we could move forward.

Finally, I note that as Mr. Lufkin has already alluded to, our earlier letter today outlined a greenhouse gas mitigation proposal for the Phase II project. We understand that is one of the issues that has been of some concern to Council members, and, again, we've tried to address that issue at the earliest possible time by presenting an outline of a proposal here for the Council's consideration. In light of all of the factors that we've discussed, I think an expedited processing decision is appropriate. We urge the Council to go ahead and do that and to move forward expeditiously in trying to formulate how that process would work in practice and to get started with it. Thank you.

CHAIR LUCE: Other comments from members of the public? Thank you. Please come forward and state your usuals.

MR. LINFORD: My name is David Linford. I've never done this before or whatever, and I can't speak like she can. I didn't get paid to speak like that. I am one of the neighbors, and you have to really be patient with me because I have stuff wrote down. So you can see my notes aren't too good. Let's see. Let's start with you're dealing with Williams that is not in financial good shape. They have threatened -- I can't tell you how many people that I know that they have threatened, went to their property and threatened people. We will take your property if you don't put a pipeline through it. Nice people. You're dealing with Duke, which just got fined 122 million dollars for their practices, their practices now. The only thing that keeps them from us is you, so, you know, you want to expedite this.

I'll tell you stuff that they've done. If I could read my own writing. This was supposed to be a small plant. It wasn't even supposed to be there. It was a lay down area. Seven years ago they changed that. It wasn't even supposed to have been -- if you go back, way back it wasn't even supposed to be built there. They changed that, the fact that Energy Northwest changed it, and they decided to put these plants in. That area was supposed to go back to woods and it's not. They've changed the size of the plants two or three times I believe, and changed the pollution three times. So every time they go come on, well, we're only going to do this, and then next week we're only going to do this, and then another week we are going to do that. You can't even believe, you can't even believe anything that they say.

Let's see. What else? They moved a bunch of dirt. They were only going to build one plant, but they moved enough dirt for two plants, thousands and thousands up and down the hill. I don't

know how many thousands of truck loads. They put it down by -- and I know you know where it is, the rock pit, and it doesn't have permits. They're going to have to move the dirt again. Now if I had done that, I would be in jail, but they got away with it, no problem. It's still down there, and I asked the county commissioners and they, go, well, okay. Fish and Wildlife is suppose to get that property. When that's done they still have to move it. These people rammed the stuff just down there over and over and over again. Traffic, yes. I got a \$5,000 dog ran over down there because we show dogs. I waited five years for it. Now, it shouldn't have been in the road. It ran down the driveway and got slammed, but the guy didn't even stop. They're going 70 miles an hour down my road all day long. Now they can say, well, we can't take a left at that stop sign. Well, I know two people that have got tickets that live up there because they work on that site. So as far as traffic goes, they haven't done a damn thing with traffic. They're going to spend a half a billion dollars down there and haven't put a penny towards an overpass. It ain't going to get any better.

Now, as far as the plants, they were going to have one. One is actually three. Right? Everybody knows that. So now they are going to add two, which is actually six. Now they wanted to put -- they started with this picture and it looked really nice. Well, yes, it was just a little plant. No problem. Now, it's got big curves in the sky for to keep the noise down. It isn't even close to what they started with. I mean you wouldn't even know they were the same plant. Now they also have 20 or more acres after this, so that's nice. So let's say you guys say okay. I mean, they already knew they were going to be there. They had already broke ground for the second one. I mean that's bad. So now what they want to do is they want to go and they want to build two more. Well, everybody says, no, no, no. You know, I talk to a lot of people. They want to build more of them. They're going to build until you guys stop them. You can't get four million gallons of water everyday. Where do you get it? Where can you find a place to put water tanks? Our county commissioner won't say this because there are jobs. Thirty stinking jobs for 30 years of pollution.

There's nobody that's going to save us. You've got to save us, and that sounds really tacky and that sounds terrible. And I know you have to have energy, but we're not getting the energy. We are getting the pollution, and we are getting five percent or ten percent whichever person you talk to. You know, but it's three times the price of our energy. All we're doing is we're just getting killed. Now, if you guys expedite this, does that mean when they go for the next one -- has anybody been there? I mean you have to go out there and look. Then are you guys going to expedite the next one or the next two or the next three? What for? A few jobs? They build them; they go home. Are those people from there? No. I mean there are people I know that are working there, and I feel really bad about that. But, you know, where do you go from there? You see what I'm trying to say? They have 20 more acres. They have 20 acres they're building on. They have 20 more acres after that, and they're going to build more. And they're going to keep building until somebody pushes back. Well, there's nobody pushing back out there. They just keep doing whatever they want to do.

As far as using four million gallons a day. Do you really think that that's not going to have any affect on anybody? The pipeline is 24 inches, 26 inches, burning all day long. It's not going to affect anybody? I don't understand how you guys can go, whoa, it's no problem. That doesn't make any sense to me. You're doubling the amount of stuff in the first one to the second. That doesn't make any sense. It doesn't make any sense. I know, I am just going on and on, but I have to live with it.

This board, you guys don't have anybody from that area. You've got the county commissioner, but the county commissioner really can't go to the people and say we won't do it. They really can't. Not in a depressed area. They wouldn't be county commissioners anymore. So anyway if you give them a permit, who's going to keep us safe from them? That's all I am saying. And who is going to check what they're doing? I can tell you that there's some problems with their building. I mean big major problems, and we can't say because we are afraid we're going to get the people fired out there. So we have to go back and deal with Duke, and we tried to deal with them. We've talked to Duke. But when our neighbors after five years or ten years are living there five generations, and they come up and they say we are just going to move you off your land. These are the people you're dealing with, and then you're going to say, oh, no, give them the permits. Are you going to say that the next time they want another one? Because they are going to want another one. There is no place else they can go that people are just going no problem. You know what happened in Blaine. You know what happened in California. You know what happened every place they went. Are you guys just going to go here's another permit? And who's going to clean up their mess in 30 years? In 30 years these people aren't from here. They don't care about us. They don't care about nothing except money. And when they're gone, they will be gone, and we'll have these wonderful things. Sorry. That's all I've got to say. And I probably, but I am not a lawyer, I can't sound like that gal and say everything is just wonderful, because it ain't. Thank you very much.

CHAIR LUCE: Any other comments? Come forward and state your name for the record.

MS. MORRIS: Hi, I'm Nancy Morris. I live at 9937 Old Highway 99 S.E., Olympia, Washington 98501. I'm here as just a citizen. I am very concerned about this. I've lived here my whole life, and I feel like this is just being gone through and expedited just to hurry it through for their convenience. They come here to build these things. These are private companies. Duke Energy, Williams Pipeline, these are private companies in it for the money. This is the big business you hear about. They come through here, build this stuff, and leave it. And we're to deal with it. We're the ones that are going to get all the emissions from this stuff. The prevailing winds from that area come this way. We'll have to live with it for the rest of our lives. All these things that come from this, it's bound to be affecting us, all these emissions. The sulfur, and the different things that come from this, are going to be a big affect on us and our children, and it's going to go on for a lot of years.

Then the power that is going to be created here, is all going to go out of state predominantly. Maybe five percent stays here. It goes to California. Why do we have to breathe all this stuff? Why does it all fall on our shoulders when it's going out of state? Up in Sumas, British Columbia doesn't want to allow this [type of plant] to go in because there was too much impact from another plant similar to this because the emissions were too bad, and now it's going to go in here and we are going to be dealing with it. What's in it for the State of Washington? What's in it for our citizens? This is strictly a private company, and what's in it for us, 27 people employed? That's nothing. Nothing. I just would encourage you that this is not right. It's not right for us to have this. All this goes on our shoulders, when it's going someplace else. There are not benefits for us, and it should certainly not be expedited. You should look at it through and through because it's so important. It's so important for our children. It's so important for all of us to really consider this. Look at it. Are we turning our heads? These gas lines going through Bellingham, three people are killed. Carlsbad, New Mexico, 11 are killed. This is dangerous stuff. It has got to be a concern. I worry about my kids. Do I have to run from this? The power goes to California. California has got -- if they want it, if they need the power --

build the plants down there. They wouldn't allow it there. That's why it's here because they wouldn't allow it there, so I would encourage you not to expedite this and take your time. You have a very important decision here, and I would encourage you to use it because you are the voice for the state, for the citizens. Thank you.

CHAIR LUCE: Other comments from the public? There's been a number of legal issues raised here today by the commenters.

MR. KAY: I have a comment.

CHAIR LUCE: All right. Come forward. State your name and address.

MR. KAY: My name is Ted Kay, and I'm with the South Sound Watershed Coalition. It's a group that formed to fight the Williams Gas Pipeline that's going through Thurston County and Grays Harbor County. My address is 2129 Bethel Street N.E., Olympia, Washington. Firstly, I would like to address a few things that I heard mentioned by the members of the board here. One was something that the Attorney General from the Attorney General's Office, Mr. Fallis, mentioned, and also the lawyer representing Duke mentioned this. That it's not in your jurisdiction or it's not something that you should look at as to whether or not you have enough time to adequately address all or adequately look at all the different concerns that are raised by this project. And I think that the amount of time is intrinsic to that process. If you don't have enough time to do things, and you set out this amount of time because that's how much you need, then at the end maybe you didn't get to two-thirds of what you really wanted to look at. So by saying that because it doesn't stipulate that when you're going to grant expedited review that you must make a schedule and then see if that schedule could fit into the time line for review. It doesn't mean the time doesn't exist as both of these lawyers have stated. You know everything occurs in time and when you do not account for that, you are ignoring a significant part of our world.

The second issue was something that Mr. Fiksdal said or raised in the report that he was reading from, and that was that I think this was also mentioned by the attorney for the Duke Energy Corporation, and that is that this isn't a change of use because there is already a power plant on this site, and we are just putting in another one. It's the same thing. Well, it's a change of magnitude if nothing else. You're doubling the size of this facility. How could that not be a change of use? Like I've been to the Capital Mall before. If there was another one there the next day, I would probably notice it. It's a change. Those are the two things that I heard today. I didn't do a whole lot of review for this. I have been spending a lot of my time looking at the Williams Gas Pipeline, which was supposed to start construction today.

I wanted to know if in any of the review done by the staff, if there was a look at the precedent of having two power plants in the same area because, you know, you can have one there and look at it like, okay, well, what's going to happen if we put a power plant here? But in this situation, we have to look at what's going to happen if we put a power plant somewhere where there is already a power plant of equal size that hasn't even been operating yet. We don't know what effects it's going to have in reality because we haven't actually seen it operating. Maybe we could wait a year. Once that one starts operating and see some of the effects it has on that community, and then we could decide whether or not to have a second power plant. That seems a little bit more responsible decision-making to be done in this case.

I also wanted to raise the fact that the first power plant has started construction, and this speaks for the atmosphere of the federal government, which I know that we don't have here., because this is a state and county issue, but the federal government in this case is the Federal Energy Regulatory Commission (FERC). They're approving these projects left and right. They

approved Williams. Our county denied Williams the permits to build the pipeline, but they were going to be sued, and they don't have the resources in the county, as I'm sure you all know, to take a billion dollar corporation to court for years and years. The company is going to spend the county out in three months probably. The resources aren't there, so the county buckled and they gave the permits.

This power plant, the one that's already under construction, was started in October of 2001. At that time or shortly thereafter, Williams and Duke signed a contract to supply natural gas to their power plant, but Williams didn't gain the permits even from the federal government until April of 2002. So why is the company building a 300 million dollar facility when the person that they have a contract with to supply them with their fuel to run it, doesn't even have permits to build the pipeline yet? They obviously know the atmosphere in the federal government, and they know that if they're denied on the county level, then the federal government will have some law and they can out spend the county in court if need be. And it's a system that's set up to benefit them.

So in addition to that, the pipeline that they're building it's designed to -- the other gentleman was speaking of where they cleared the site before they actually started wanting to bring in the second power plant.-- supply fuel for two power plants, so I have a feeling that this was in the plan all along. And if they are going to say anything different, I think they're trying to fool us. And, I, along with everyone else that I have heard speak here today that wasn't a representative of Duke Energy Corporation, I don't think that expedited review is the best option in this case in today's decision. The company is being sued by their employees. If you go to www.dukeemployees.org, an employee web site, there's articles they update everyday. There are articles from the past two years about this corporation; whether they're being investigated by California, whether they're being sued by California, investigated by the same Federal Energy Regulatory Commission that's granting them permits. On the other hand, it's a good resource if you want to find out more about a company that's operating in our community and asking you for approval or even expedited approval.

They're also being sued by their shareholders for Enron-type operations. You know, if you look at their stock recently, it's not doing too hot. Yes, and they're also being sued by the State of California and being investigated by the federal government for manipulation in the California market. Ask if this is the type of company that we're dealing with, why would you be so eager to invite them into this area? At least if we could look at it in a traditional review process. But these are the facts about this company. I don't think that this is an overwhelming cause to give them an expedited review. Thank you.

CHAIR LUCE: Thank you.

MR. DIERKER: Jerry Dierker, 1729 Bigelow Street, in Olympia, Washington 98506. Just quickly. On the air pollution problems, I forgot to mention that I have a service connected disability of asthma, allergies, and I also have damage to my lungs, and I also have what's called apnea from a neurological condition which causes me to have problems breathing. I also forgot to mention that I testified in front of this body on this -- the first time I testified in front of this body on this plant, on the Satsop plant -- was in Spring of 1974 when I lived in Satsop, and I've been involved or watching this plant for a long period of time. And one of the things that I believe that because of my asthma, and because of other people with asthma, and those types of respiratory problems that a lot of the elderly have, as well as a lot of the young, as well as just a lot of just regular people, that this increase in pollution, air pollution specifically, into this area

will significantly impact the disabled people in this area. I do not believe that the impacts to the disabled have been looked at on this.

CHAIR LUCE: Thank you. There have been a number of legal questions or issues raised by some of the presenters. I would ask our legal counsel, Rusty Fallis, from the Attorney General's Office, do you have any comments, Rusty, with respect to some of these issues that have been raised?

MR. FALLIS: Yes. First of all, I want to clarify my prior comments on the expedited processing criteria. I think Mr. Kay may have misunderstood what I said. I didn't say that time or the ability to make a rational informed decision was not important. It certainly is. The Council's recommendation to the governor needs to be rational and informed. And I think it has the legal authority to make itself informed through whatever process it designs. My comment was simply that the Council's ability to guarantee a recommendation within 60 days pursuant to its rule, is not one of the statutory criteria for determining whether to grant expedited processing. Mr. Dierker raised a couple of issues in the memorandum that he submitted to Mr. Fiksdal in connection with the Mitigated DNS, and he mentioned a couple of those issues here today. One was the administrative appeal, as he called it, that he filed with EFSEC. SEPA permits, but does not require, agencies to provide opportunities for administrative appeals of procedural determinations. EFSEC has not adopted a rule providing that opportunity, so I respectfully disagree with Mr. Dierker's contention that the cart is before the horse here. He doesn't have a right to insist that the Council administratively review that Mitigated DNS. Secondly, in my opinion the threshold determination in this case does not constitute improper segmenting. The Council's responsibility here is to consider the impacts from this proposal, and Mr. Fiksdal has done that. The Council can't turn the clock back and change the prior Environmental Impact Statement. The important point is that the responsible official has reviewed the impacts from this particular proposal. And for that reason I respectfully disagree with Mr. Dierker's conclusion that this Mitigated DNS constitutes segmenting of an environmental analysis.

CHAIR LUCE: Thank you. Mr. Fiksdal.

MR. FIKSDAL: Can we take about a ten-minute break?

CHAIR LUCE: I was getting to that. We've heard from members of the public. We've heard from the Council. I think the Council will be in recess for 15 minutes and we'll return at 3:25. Thank you very much. (Recess taken.)

CHAIR LUCE: The Council will come back to order. We have had an opportunity to hear from the public, and the Council has had an opportunity to discuss the request for expedited processing. Is there a motion that any member of the Council would like to make regarding this issue?

MR. CARELLI: Yes. I would be glad to make a motion concerning expedited processing, and want to note at the present time I don't feel that I have enough information to be able to approve or reject a recommendation. Let me correct that. That I have enough information to be able to make a recommendation to the governor one way or the other for this project, and that I need more information before I can feel comfortable in reaching a decision to make that recommendation. I have to point out for my own benefit, because I've had to do this a couple times, expedited processing says that we're willing to move ahead with the decision-making process, to make a recommendation to the governor that supports approval or recommends denial of this project, and I think that we can put ourselves into a position of reaching that decision without going through a trial-like adjudicative proceeding. I am concerned that we need more information on some topics. I believe an expedited process would provide that information for

us. In my opinion, we can clarify many of the remaining and outstanding issues through a process other than an adjudication. So that being the case, I would like to:

Motion: Move that we approve expedited processing for the Satsop Phase II energy project. The expedited process will include one or more public hearings where the Council will hear information related to the issues and where the Council finds that additional information would be helpful to assist the Council, make a rationale and informed decision to approve or reject this project.

[Parenthetically, I have to say that in making that motion that it is premised on the finding that the environmental impact area potentially affected, the cost and magnitude, and degree of change in use by the proposed energy facility, are not significant enough to warrant a full review of an application for certification under the provisions of 80.50 RCW.]

CHAIR LUCE: Thank you. Do we have a second to that motion?

MR. FRYHLING: Second it.

CHAIR LUCE: Council discussion? Jenene.**MS. FENTON:** Just a question. At the executive meeting, Mr. Fallis, I thought I had understood you to say that we have to vote on each one of the criteria or maybe I just misunderstood. Do we have to do them separately, or can we do them all in one motion?

MR. FALLIS: It can all be one motion.

MS. FENTON: It can all be in one motion?

MR. FALLIS: Yes.

MS. FENTON: Then I also have a point of clarification. I've provided a list of 11 issues that the Council has seen. Today we've heard a number of issues from the Department of Fish and Wildlife, Counsel for the Environment, and members of the public. Some of those issues I know will be specifically addressed in the PSD and NPDES permit, but I would like to make sure that we have a complete compilation of those issues to make sure that we do in fact maintain and develop an adequate record to make a decision one way or another.

CHAIR LUCE: I think maybe I will ask my counsel to give me some legal advice, but I think maybe we can discuss the specific process and how we formulate the process after we act on the motion. I think we don't want to condition the motion on the process. The motion is what the motion is, and then we are going to have discussion on the process.

MS. FENTON: I'm just asking for clarification on what the issues were left to be resolved, not the process.

CHAIR LUCE: I've seen the issues that you provided, and I think that they have been discussed and are generally agreed upon, consistent with the comments received today.

MS. FENTON: I want to make sure that that's part of the motion. I just need to know.

MR. FALLIS: My advice would be not to intermingle an issues list with the motion. I think the issues list is a separate matter. I don't think there's any reason to believe all issues that the Council deems important cannot be adequately addressed.

MS. FENTON: Okay.

CHAIR LUCE: Yes, sir.

MR. DIXON: Because we haven't participated in this type of procedure previously, a point of information. If one or more hearings as you have moved to include are held, are they typically held in the area of the site? As an example, would the hearings be held in Elma or , Montesano? I am just asking as I guess as a representative of the county that we make it as accessible to members of the county, being a public hearing, rather than here in this meeting place in an afternoon. I am just asking what typically is done. Will you have them in the evening, near the

site location? I think you've had one hearing already in Montesano prior to us coming on the Council.

CHAIR LUCE: I think Allen or Rusty can answer the legal question. The policy has been to hold the hearings as close to the location as possible and to structure them in such a way that it would be accessible to the greatest number of public parties that wish to participate. That does and can include evening meetings.

Mr. FIKSDAL: I think it's up to the Council to decide how they want to conduct those meetings or hearings. If the Council feels it's most appropriate to do it in Elma or Montesano, that's entirely appropriate. If there are certain issues that the Council wants to hear and set up a panel and wants specific people to come and hear, they might want to have it in Olympia if they thought the majority of people would be here in Olympia and wouldn't have to travel. It's up to the Council to decide how they want to do this.

MR. DIXON: That answers the question. Thank you.

CHAIR LUCE: Any other comments?

MR. FIKSDAL: And I'm sure that the Council would welcome your suggestions.

CHAIR LUCE: Mr. Carelli.

MR. CARELLI: I would like to confirm with Jenene that we have identified a list of I think 11 issues that we think additional information is warranted on. Not everybody agrees on the exact makeup or nature of that list, and we would be willing to work out a list of issues and provide that within that week to ten days. Does that work?

CHAIR LUCE: I think a week to ten days is reasonable and we could also, after we dispose of this existing motion, we could perhaps ask the Applicant and certainly the Counsel for the Environment, representing the public interest, to work on a comparable set of issues. I think we can get our own act together and get an issues list within I would say a week.

MR. DIXON: One last question. The timing issue of being within 60 days, just for clarification, can be amended if approved by the Applicant and the Council; is that correct?

CHAIR LUCE: Yes.

MR. DIXON: So just as scenario, if the Council feels like we haven't had time to gather enough information on certain points within those 11 that have been written down now and any other points that might come up during a hearing process, the Council then would request additional time from the Applicant.

CHAIR LUCE: There are a number of different options that could be pursued. I guess what I would say is the Council will take whatever time is necessary.

MR. DIXON: The Council has the hammer.

CHAIR LUCE: The Council will take whatever time is necessary to produce a record that provides adequate information to answer all of the questions that the Council members may have.

MR. DIXON: Okay.

CHAIR LUCE: Mr. Showman.

MR. SHOWMAN: I just want to offer a few observations. First of all, I want to thank the members of the public who took the time to come here today and offer their thoughtful ideas. It can be very daunting to stand up, but I think that exercising the first amendment rights of free speech is one of the most important rights people have as a citizen, so thank you all for sharing your thoughts with us. Second of all, I've looked at the statute on expedited processing in Chapter 80.50.075 of the Revised Code of Washington and basically as far as I can tell, the primary advantage of expedited processing is that we don't have to hold adjudicative

proceedings. At the Utilities and Transportation Commission we hold lots of adjudicative proceedings and those are an extremely difficult, contentious, and often an awkward way to develop a record. I believe that even within expedited processing, I, too share Council Member Carelli's and Fenton's concerns about some of the issues that we don't have enough information yet, so I'm looking forward to having more information gathered through something less than an adjudicative proceeding to give us enough information upon which we can make a site certification recommendation to the governor.

CHAIR LUCE: Thank you. Other Council members have comments? Is there a second to the motion?

MS. FENTON: Just a question.

CHAIR LUCE: I'm sorry. Jenene.

MS. FENTON: As the hearing that Council Member Carelli referred to was specific to developing a record on these issues, then I'm assuming that you're also having hearings on the PSD and NPDES permits.

MR. FIKSDAL: Yes. And the Council after disposing of this motion may want to consider trying to time any additional hearings with those hearings that we are having for the about NPDES and PSD permits, so that it all happens essentially at the same time.

MS. FENTON: Thank you.

CHAIR LUCE: I'll ask for the question again. Is there a second to the motion?

MR. FIKSDAL: Mr. Fryhling has already seconded it.

CHAIR LUCE: There's already been a second. Call for the question? I'll call for the question. Mr. Fiksdal, Would you please call the roll.

MR. FIKSDAL: You want to do an individual roll call or just do an aye or nay, whatever it is?

CHAIR LUCE: Let's do an individual roll call.

MR. FIKSDAL: Department of Fish and Wildlife.

MS. FENTON: Aye.

MR. FIKSDAL: Department of Ecology.

MR. CARELLI: Aye.

MR. FIKSDAL: Department of Natural Resources.

MR. IFIE: Aye.

MR. FIKSDAL: Department of Community Trade and Economic Development.

MR. FRYHLING: Aye.

MR. FIKSDAL: Utilities and Transportation Commission.

MR. SHOWMAN: Aye.

MR. FRYHLING: And Ms. Lamb is a member of the Port, and I don't believe they are allowed to vote on this.

MR. FIKSDAL: Grays Harbor County.

MR. DIXON: Aye.

MR. FIKSDAL: The Chair.

CHAIR LUCE: Aye.

MR. FIKSDAL: There is a unanimous vote in favor.

CHAIR LUCE: Thank you. Having approved expedited processing, do we want to talk briefly about the process for expedited processing?

MS. FENTON: Well, I have not been shy about saying that I have concerns about information that I would like see developed, and I think that the Applicant has been trying to answer questions. But unfortunately we have only heard for the most part one side of the issues. One of

the things that I proposed at last Monday's Executive Committee meeting was potentially to have some kind of panel discussion where you have a point, counter point, so we can hear the arguments on both sides of the issues. In order to make an informed decision it's important to hear the concerns of both sides, and that is one of the recommendations that I would make, that we consider that type of approach. Ms. McGaffey suggested that the Applicant could potentially just provide information in writing, but in order to facilitate a quicker process, and rather than putting things in writing, that it would be advantageous for the Council to be able to ask questions both of the Applicant and the people who may not share the Applicant's view. An in-person live panel, in front of the public, I think would have an advantage and help us move through the process at a more rapid pace, so that's what I would suggest. I think that we have a good start on the issues, and I've heard comments today about additional comments on the NPDES permit, and I don't think this Council has seen those comments yet. And there may be others that may need to be added to the list, but I feel that we've got a fairly good start on the list of issues, and I would suggest that Council staff look at the NPDES permit and the list the Council has already put together and work with as suggested by the Chair, the Applicant and Mr. Lufkin to make sure the list is adequate?

CHAIR LUCE: I was going to suggest a slight modification of that and suggest that the Applicant, Counsel for the Environment, and our staff, Allen or Irina and, you, Jenene, participate in developing that issues list and thinking about the structure of the public meeting(s) that we will have and how we can best have that information presented to us.

MS. FENTON: Could Rusty also sit in?

CHAIR LUCE: This is a non-adjudicative process and lawyers are not allowed. No, absolutely, Rusty will be there.

MR. FIKSDAL: Yes. We would be more than happy in putting this together. I think the issues list that you want, can be provided by staff, with input from those noted earlier. The structure of the panel, who is going to be on it, who gets to choose the members, and exactly how it might work, are the things that I would like to talk more with Council members, CFE, and the Applicant about. As I suggested earlier, I think we should try to coordinate any informational/issues hearings with the required NPDES and PSD hearings, and I think we are about to put out the NPDES draft permit in a week or two. Both of those have a 30-day comment period, so mid to late August would be the general time frame that I'm thinking of for a hearing or hearings; either that or the first part of September. Just for everybody's information, that is kind of a broad schedule.

MR. FRYHLING: Could Jenene explain a little bit on her plan. I've never seen a public hearing where we had panel discussions. I am not sure you can take public testimony in that process. It's a good process to get information out for discussion, but I think at some point we'll have to have testimony given. I don't know. Is that right? You're not looking at that as being part of the public hearing. It's a public meeting process, but it's not a public hearing process.

MS. FENTON: No, I imagine it would be a public hearing, where you've got the Applicant providing information; you've got persons with different opinions [from the Applicants] providing information; and the Council having the opportunity to ask questions of both sides.

MR. CARELLI: I think it would be possible in that case to actually frame a question(s) that the Applicant and another member on a panel would openly discuss and bring out information on both sides of that particular issue. And in doing so, give us information, while providing that same information to any public members that might be present at that time, and then certainly it

would have to be followed with an opportunity for all parties and the public to provide information to the Council on what is actually proposed.

CHAIR LUCE: I would envision a public meeting where the public could testify and offer views or comments on any subject that they want to, and that we would have panels that would address the key issues that are to be identified by Council staff, members, the Counsel for the Environment, and the Applicant. Whether you characterize it as testimony or not, I think the characterization is less important than the substance that's actually produced by the panel.

MR. FRYHLING: When you say a public hearing, it has certain connotations. It's different than a public meeting and how things are recorded, how things are said and so forth, and so that's what I'm asking.

CHAIR LUCE: That is what I think the subcommittee will work out, and come back to the Council with a plan on how to proceed.

MS. FENTON: I think we would have to have another Council member.

CHAIR LUCE: Well, Mr. Carelli is sort of interested in issues like that, so maybe if Mr. Carelli has time, he can join with Ms. Fenton.

MS. FENTON: That would be wonderful.

MR. CARELLI: Just something based on practical matters. Earlier it was stated that these hearings could be held the week of August 20th at the very soonest. I would just note other possible scheduling commitments in that time frame, and the fact that a good number of people are on vacation during that period as well.

CHAIR LUCE: Okay. We've got a plan for developing the steps necessary to complete the expedited process, that will have the subcommittee getting together within one week, and that group will include the Applicant and the CFE, if they agree to participate, but I assume they probably would. The subcommittee will put together a plan on how to proceed for public meetings and/or hearings, whatever the characterization may be.

CHAIR LUCE: Great. Council Member Carelli raises a good point, maybe before we all leave here today the subcommittee could have a small side-bar discussion about that.

ITEM 5: SUMAS GENERATION FACILITY - APPLICATION 99-1

CHAIR LUCE: The next item is the Sumas 2 Generation Facility, Application No. 99-1, with a status report by Mr. Fiksdal.

MR. FIKSDAL: Thank you, Mr. Chair. The Governor has not made a decision yet.

CHAIR LUCE: I think the Applicant may have some additional information on the process.

MS. McGAFFEY: It's my understanding the Governor is holding a hearing or a meeting on the 18th of July, that was described in a letter issued by the Governor's Office about a week ago that described that process in which members of the public can apply to speak. There will also be presentation by all the parties in that process. I don't know if that is what you wanted me to summarize.

CHAIR LUCE: Great. Thank you.

ITEM 6: BP CHERRY POINT

CHAIR LUCE: Michelle Elling will provide a status report on the BP Cherry Point application.

MS. ELLING: I just wanted to touch base with the Council to let them know that tomorrow is the first public and scoping hearing for the BP project. We are going to an agency meeting at two o'clock at the refinery, and then the evening meeting will begin at 6:30.

MS. FENTON: When are we supposed to be at the airport?

MS. ELLING: You're supposed to be at the airport at 11 o'clock and the flight should be returning at 10 o'clock in the evening.

MR. FIKSDAL: The plan is to fly up there and have lunch because the meeting doesn't start until 2:00 in the afternoon.

ITEM 8: CHEHALIS GENERATION FACILITY

CHAIR LUCE: Next we have a report on the Chehalis project. Will Tom Schneider be giving the report? **MR. BATES:** Actually Tom is finishing up his vacation, so it's Steve Bates giving the report today.

CHAIR LUCE: I'm sorry. You look a little younger.

MR. BATES: Yes, I'm a little younger.

CHAIR LUCE: Oh, yes. You're right.

MR. BATES: This report is for the month of June. Construction of the facility is currently 27.2 percent complete; engineering is at 96.7 percent; and procurement is at 79.8 percent; and that gives us a total for the whole project of 65.9 percent complete at this time. We have a work force of about 275 people on site. Activities that we began this month were the installation of the two modules for No. 1 and 2 heat recovery steam generators; erection of the switchyard electrical dead end towers; erection of the switchyard control building; erection of the turbine building structural steel; and underground on-site sewer and water lines that will connect to the city sewer system. We also set the air compressors and water treatment equipment on their foundations in the water treatment area of the services building this month. We are continuing to erect air-cooled condenser structural steel and continuing to work on the steam turbine building structural steel as well. We are still working on step-up of transformer fire-wall cores, and the services building interior walls have been painted. And we are just finishing up some painting, plumbing, and heat and ventilation equipment in that building. We are still working on the heat recovery steam generator panels, and I think you can see some of that work in the pictures that we have provided, aerial photographs of the site. We've completed our underground piping for drains and water treatment area; erection of the de-mineralized water tank; hydrotesting for fuel oil tanks; and equipment foundations in the main switchyard area.

As far as our overall schedule goes, we are still actually ahead of schedule and our announced commercial operations date of _____. It looks like we may come in a little bit early if the equipment delivery forecasts come out as they seem to be right now, so there's a possibility of those getting completed early. As far as the water rights go, we currently have an option agreement in place to possibly purchase some water rights from a local water right holder, and we are still pursuing other water rights for the facility. Environmental monitoring has been ongoing during the month with no incidents to report. That completes the report and I'd be happy to answer any questions.

CHAIR LUCE: Thank you.

MR. BATES: Thank you.

ITEM 9 - ENERGY NORTHWEST COLUMBIA GENERATING STATION & WNP-1/4

CHAIR LUCE: The next item on the agenda is Energy Northwest Columbia Generating Station WNP 1 and 4. Allen, do you have a Columbia operations and security report for us?

MR. FIKSDAL: Yes. A yellow piece of paper that was handed out to you there's a plant status and security update. As the hour is getting late, I will just let you read the report. [Report indicated that Columbia Generating Station (Columbia) is has been on line for 134 consecutive days. Several times during June, power was maneuvered between 45% and 100% for load following at the request of the Bonneville Power Administration. Columbia remains at a heightened level of security and Energy Northwest is on track to complete federally mandated security upgrades by the Nuclear Regulatory Commission Order completion date of August 31, 2002.]

CHAIR LUCE: Thank you. I have a brief report on WNP 1 and 4 site restoration. We met with representatives of Energy Northwest and the Bonneville Power Administration (BPA) last week, in Tacoma. We had a good exchange of views, and we agreed that we would get back together with them within the next two to three weeks to see if we could reach closure on this issue. I will be talking to Council members between now and the time that we make our offer to BPA and Energy Northwest. I want to get this wrapped up, and I think the sooner the better. Any questions about that?

ITEM 10: CHAIR'S REPORT

CHAIR LUCE: The Standards Group meets this Friday, June 14th, starting at 8:00 a.m., at the St. Placid Priory in Lacey.

A subcommittee has been formed on the retreat. Mr. Showman, I extended this retreat to a sufficient point in time when he would have been relieved of his duties, which was very clever on your part. MS. FENTON: I know you punted to me, and we are still waiting on the availability of the people you want to attend. We are waiting for Mariah to check schedules for those colleagues.

CHAIR LUCE: Okay. Will you talk to Mariah about that?

MR. FIKSDAL: Sure.

CHAIR LUCE: Thank you.

ITEM 11: OTHER

CHAIR LUCE: Is there anything under the category of other? Hearing nothing under the category of other, we are adjourned.

Council Meeting adjourned at 3:57 p.m.