

MEETING
STATE OF CALIFORNIA
LANDS COMMISSION

PERFORMING ARTS & CONVENTION CENTER
THE OXNARD ROOM
800 HOBSON WAY
OXNARD, CALIFORNIA

MONDAY, APRIL 9, 2007

10:20 A.M.

JAMES F. PETERS, CSR, RPR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

BOARD MEMBERS

Mr. John Garamendi, Lieutenant Governor, Chairperson

Mr. John Chiang, State Controller

Mr. Michael Genest, Director of Finance, represented by
Ms. Anne Sheehan

STAFF

Mr. Paul Thayer, Executive Officer

Mr. Jack Rump, Chief Counsel

Ms. Barbara Dugal, Chief, Land Management Division

Mr. Curt Fossum, Assistant Chief Counsel

Ms. Mary Hays, Manager, Division of Land Management

Ms. Kimberly Lunetta, Executive Assistant

Mr. Mark Meier, Senior Staff Counsel

Mr. Dwight Sanders, Chief, Division of Environmental
Planning and Management

ATTORNEY GENERAL

Ms. Danae Aitchison, Deputy Attorney General

Mr. Alan Hager, Deputy Attorney General

Ms. Marian Moe, Deputy Attorney General

ALSO PRESENT

Ms. Sarah Abramson, Health The Bay

Mr. Nathan Alley, Environmental Defense Center

Ms. Lupe Anguiano

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APPEARANCES CONTINUED

ALSO PRESENT

Mr. Richard Baldwin, Air Quality Consultant, BHP Billiton

Mr. Russ Baggerly

Mr. Steve Bennett, Ventura County Board of Supervisors

Mr. R. Cameron Benson, Environmental Defense Center

Ms. Luz Bernardino, Centro Mujer

Mr. Paul Betouliere

Mr. Gordon Birr, Beacon Foundation

Ms. Janet Bridges, Earth Alert

Ms. Keely Brosnan

Mr. Pierce Brosnan, representing Jean Michel Cousteau

Assemblymember Julia Brownley

Mr. Barbara Burnett

Ms. Linda Gray Calderon

Mr. Andy Caldwell, COLAB

Congresswoman Lois Capps

Mr. Danny Carrilo, SEIU 721

Mr. Edward Castillo

Mr. Anthony Chavez

Ms. Maureen Christopher, Hospice Chaplain

Mr. Chris Coudert

Mr. Rory Cox, Pacific Environment

Dr. Bonnie Dean

Dr. Alessandra DeClario

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Mike DeMartino

Mr. Wayne Dey

Ms. Mary Dodd

Ms. Lauraine Effress

Mr. Conner Everts, Surfrider Foundation

Mr. Don Facciano, Ventura County Taxpayers Association

Ms. Erica Fernandez, Student, Hueneme High School

Mr. Steve Fleischer

Mr. Robert Fletcher, California Air Resources Board

Mr. Mark Flores, Airsheet Innovation R&D LLC

Mr. John Flynn, Ventura County Supervisor

Mr. Timothy Flynn, Oxnard City Councilmember

Mr. David Follin

Mr. Alez Garcia

Ms. Hilda Garcia, representing Senator Sheila Kuehl

Mr. Frank Gavaller

Mr. Ed Gillespie, Malibu Chamber of Commerce

Dr. Mortimer Glasgal

Mr. Larry Godwin

Ms. Shirley Godwin

Lieutenant Commander Peter Gooding, United States Coast
Guard

Mr. David Gottlieb, Resource Conservation District of the
Santa Monica Mountains

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Barry Halderman

Mr. Bob Handy

Ms. Jean Harris, Saviers Road Design Team

Dr. Jeff Harris

Mr. David Harvey

Mr. John C. Hazeltine

Ms. Ellen Bougher Harvey

Mr. Peter Hearst

Mr. Richard Heede, Climate Mitigation Services

Mr. Jim Hensley, Greater Oxnard Organization of Democrats

Mr. Kraig Hill

Dr. Tom Holden, Mayor, City of Oxnard

Ms. Laura Holtz

Mr. Jerome Hopkins

Ms. September Hopper, Environmental Defense Center

Ms. Cara Horowitz, Natural Resources Defense Council

Mr. David Howekamp, California Coastal Protection Network

Mr. Eugene Hubbard

Mr. Tam Hunt, Community Environmental Council

Ms. Clarissa Job

Ms. Susan Jordan, California Coastal Protection Network

Mr. Rachel Roderick Jones

Ms. Cheryl Karpowicz, Ecology and Environment

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APPEARANCES CONTINUED

ALSO PRESENT

Mr. Heikki Ketola, Santa Monica Software
Mr. Paul Kowalski, Tide Power Organization
Dr. Walt Keller
Ms. Christine Kemp, Ariach, LTD
Ms. Renee Klimczak, BHP Billiton
Mr. Karen Kraus, Environmental Defense Center
Ms. Linda Krop, Environmental Defense Center
Ms. Karol Kurtz
Mr. Hank Lecayo, Congress of California Seniors
Ms. Danusia Larsen
Ms. Ann Gist Levin
Ms. Nancy L. Lindholm, Oxnard Chamber of Commerce
Mr. Chung Liu, South Coast Air Quality Management District
Dr. Manuel Lopez, Former Mayor, City of Oxnard
Ms. Loretta Lynch, Pacific Environment
Ms. Barbara Macri-Ortiz
Ms. Alice Madrid, Ocean View School District
Dr. Matthew Margulies
Mr. David Maron, Maron Computer Services
Mr. Mark Massara, Sierra Club
Mr. John Mazza, Mailbu Township Council
Ms. Mary McClenning
Mr. Jim McComb

APPEARANCES CONTINUED

ALSO PRESENT

Ms. Shannon McComb

Mr. Bill Meeker

Mr. James A. Merrill

Mr. Jeremy Meyer, Humanity's Team of Ventura County

Ms. Deborah Meyer-Morris, Oxnard School District

Ms. Kathleen Misewitch, Port Hueneme Chamber of Commerce

Ms. Maricela Morales, Mayor, Port Hueneme

Ms. Bailey Morris, Student

Mr. Craig Moyer, Manatt, Phelps & Phillips

Ms. Trisha Munro

Ms. Herlinda Murguia

Mr. Jack Nicholl, American Lung Association

Mr. George Niznik

Mr. Denis O'Leary, Board Member, Oxnard School District

Mr. Alison Ayers O'Neill

Mr. Joseph O'Neill

Ms. Fran Pavley, Assemblymember(Ret.)

Ms. Nancy Pedersen

Ms. Maree Penhart

Mr. Pat Perez, California Energy Commission

Mr. John Pinard

Mr. Raymond Pinedo, Santa Paula High School

Mr. Shiva Polefka, Environmental Defense Center

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Bill Powers, Ratepayers for Affordable Clean Energy

Ms. Leslie Purcell

Ms. Carmen Ramirez, CAUSE

Ms. Irene Rauschenberger

Ms. Anne Ready

Mr. Will Reed, Santa Barbara Hispanic Chamber of Commerce

Mr. Tim Riley

Ms. Christine Rogerson, Malibu Association of Realtors

Ms. Gloria Roman

Mr. Francisco Romero

Mr. Murray Rosenbluth, Port Hueneme City Councilmember

Ms. Jean Rountree, The Beacon Foundation

Mr. Alan Salazar

Ms. Josie Salinas

Mr. Al Sanders, Ormond Beach Observers

Ms. Cynthia Scott, representing Los Angeles County Board
of Supervisor Zev Yaroslavsky

Mr. Dennis Seider, Latigo Cove Homeowner's Civic
Association

Mr. Tony Skinner, TriCounties Building and Construction
Trades

Ms. Terri Smith

Mr. Trevor Smith, Los Padres Chapter, Sierra Club

Mr. Kenneth Smokoska, Energy/Climate Change, Sierra Club
of California

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APPEARANCES CONTINUED

ALSO PRESENT

Ms. Natalie Soloway, MAR

Ms. Dineane Sperske

Mr. Larry Stein

Mr. Andy Stern, Malibu City Councilmember

Mr. Michael Stubblefield, Los Padres Chapeter, Sierra Club

Mr. Scott Tallal, Trancas Highlands Homeowners Association

Mr. William Terry

Ms. Jane M. Tohmach

Mr. Jesus Torres, representing Assemblymember Pedro Nava

Ms. Eileen Tracy

Ms. Pamela Conley Ulich, Malibu City Councilmember

Mr. Stuart Waldman, representing Assemblymember Lloyd
Levine

Mr. Michael White

Mr. Allan Widmeyer

Ms. Celia Williams, Environmental Defense Center

Mr. Innes Willox, Consul-General, Australian
Consulate-General

Mr. Damon Wing, representing Ventura County Supervisor
Linda Parks

Dr. Andrew Wolford, Risknology

Mr. Tom Wood, Air Quality Consultant, BHP Billiton

Ms. Donna Worley

Mr. Jim Yarbrough

Ms. Kathryn Yarnell, Malibu Business Roundtable

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1 PROCEEDINGS

2 COMMISSIONER CHIANG: Good morning. If I could
3 have everyone's attention. Thank you very much. I'd call
4 this meeting of the State Lands Commission to order. All
5 the representatives of the Commission are here or will
6 sooner be here. I am John Chiang, California State
7 Controller and am joined by Anne Sheehan who represents
8 the Department of Finance. We'll be joined shortly by
9 Lieutenant Governor John Garamendi.

10 For the benefit of those in the audience, the
11 State Lands Commission administers properties owned by the
12 State. Today we will hear proposals concerning the
13 leasing and management of these public properties as they
14 relate to a potential LNG terminal project. The first
15 item of business will be the adoption of the minutes from
16 the Commission's last meeting. May I have a motion to
17 approve the minutes?

18 ACTING COMMISSIONER SHEEHAN: Yes. So moved.

19 COMMISSIONER CHIANG: We have a motion and a
20 second. Without objection, the motion passes. The
21 minutes are unanimously adopted.

22 The next order of business is the Executive
23 Officer's report. Mr. Thayer, may I have your report.

24 EXECUTIVE OFFICER THAYER: Thank you, Mr. Chiang.

25 The executive officer has no report this morning.

1 COMMISSIONER CHIANG: The next order of business
2 will be the adoption of the consent calendar. I call on
3 our Executive Officer, Paul Thayer, to indicate if there's
4 any change to the consent calendar.

5 EXECUTIVE OFFICER THAYER: No, the item is as
6 prepared in the Commissioners' binders.

7 COMMISSIONER CHIANG: Okay. Is there anyone in
8 the audience who wishes to speak on this item on the
9 consent calendar?

10 If not, it will be taken up for a vote.

11 Anyone wish to speak on this item?

12 No. Okay. Is there a motion?

13 ACTING COMMISSIONER SHEEHAN: Yeah. I'll move
14 the consent calendar.

15 COMMISSIONER CHIANG: We have a motion.

16 Is there a second?

17 CHAIRPERSON GARAMENDI: Second.

18 COMMISSIONER CHIANG: Without objection the
19 motion passes.

20 We will now turn to the regular calendar Item C02
21 BHP Billiton concerning the environmental documents and
22 application for a lease for the Cabrillo Port Liquefied
23 Natural Gas Deepwater Port. May we have a staff
24 presentation, please.

25 EXECUTIVE OFFICER THAYER: Thank you, Mr.

1 Controller. The staff presentation will start with Dwight
2 Sanders. It will last probably about 35 minutes. We'll
3 include testimony from Commission staff, from the
4 consultant who prepared the EIR, some of the experts that
5 worked on that EIR and then finally representatives from
6 the Energy Commission and the Air Resources Board will
7 also speak.

8 But Dwight Sanders our Division Chief for Land
9 Management -- excuse me, for Environmental Review will
10 start the presentation. I should note that this is
11 probably Dwight's last meeting as he's in the process of
12 retiring. This is his final project.

13 (Laughter.)

14 ENVIRONMENTAL PLANNING AND MANAGEMENT DIVISION

15 CHIEF SANDERS: What a way to go, huh, folks?

16 (Laughter.)

17 ENVIRONMENTAL PLANNING AND MANAGEMENT DIVISION

18 CHIEF SANDERS: Thank you, Paul. And, in fact,
19 Paul, as any good executive officer, preempted the staff
20 in the presentation.

21 But let me just advise you, Mr. Chairman and
22 Commissioners that our presentation this morning will have
23 several components that are built around the issues that
24 have been prevalent in the analysis and review of this
25 particular project.

1 And specifically, the first speaker will be Ms.
2 Cheryl Karpowicz who is with the firm of Ecology and
3 Environment who are under contract with the State Lands
4 Commission and assisted us and the U.S. Coast Guard and
5 Maritime Administration in preparation of the joint
6 EIS/EIR.

7 Cheryl will be covering the major environmental
8 process that has been conducted for this particular
9 project and some of the remaining issues of which you are
10 now aware as elucidated in our staff report.

11 Next, after Cheryl, will be Mr. Andy Wolford.
12 Andy was the project manager for the Independent Risk
13 Assessment and focused primarily on the public safety
14 aspects of this particular project. And as a subset of
15 that presentation, we have asked Lieutenant Commander Pete
16 Gooding of the United States Coast Guard to provide the
17 Commission a context of their role in safety and security
18 for a project of this nature.

19 Next will be Mr. Bob Fletcher from the California
20 Air Resources Board, who we've asked to provide an
21 overview of CARB's role and responsibilities with respect
22 to this project and their involvement within the
23 environmental process.

24 Next to provide the Commission with a context of
25 the energy picture that plays into the evaluation of the

1 project of this nature will be Mr. Pat Perez, or Perez
2 rather, excuse me, who is with the California Energy
3 Commission.

4 And last, but certainly not least, will be Mary
5 Hays of the Commission's Division of Land Management who
6 will provide an overview of some of the key lease
7 provisions that are contained within the proposed lease,
8 in particular security arrangements and bonds and so
9 forth.

10 So with that introduction, I would like to
11 request, Cheryl, if you would begin for us, please.

12 MS. KARPOWICZ: Thank you, Dwight.

13 May I have the first slide, please

14 (Thereupon an overhead presentation was
15 Presented as follows.)

16 MS. KARPOWICZ: Okay, it looks like we have the
17 right one this time.

18 Good morning, Commissioners. Our job has been to
19 independently verify information that has been submitted
20 by BHP Billiton to analyze alternatives and potential
21 impacts to identify feasible mitigation and to assist the
22 lead agencies to prepare the joint Environmental Impact
23 Statement, Environmental Impact Report EIR for public
24 review and comment.

25 Now, I'd like to welcome the Spanish-speaking

1 community.

2 (Thereupon she spoke in Spanish.)

3 --o0o--

4 MS. KARPOWICZ: May I have the next, slide
5 please. Here is a map of the proposed project location in
6 the region. The deepwater port will be located about 14
7 statute miles or 12.1 nautical miles off shore to the
8 closest point to land and seaward of the coastwise
9 shipping lanes, which are used by more than 5,000 vessels
10 every year. The FSRU is the only place where LNG will be
11 handled.

12 The FSRU is more than 18 nautical miles from
13 Anacapa Island, the nearest point in the Channel Islands
14 National Park. And the FSRU and LNG carrier roots would
15 also be outside the boundaries of the marine sanctuary.

16 Next slide, please.

17 --o0o--

18 MS. KARPOWICZ: One or two LNG carries per week
19 will unload at the FSRU where the LNG would be heated and
20 stored before shipment to shore. Gas would be tested to
21 ensure it meets California standards at the FSRU and again
22 on shore at the metering station.

23 Underground pipelines would transport natural gas
24 to the existing southern California gas system.

25 Next slide, please.

1 --o0o--

2 MS. KARPOWICZ: Here is a schematic of the FSRU.

3 The tanks are about 200 feet above the waterline.

4 Next slide, please.

5 Next slide, please.

6 --o0o--

7 MS. KARPOWICZ: Here you can see the point at
8 which the optional pipelines would cross the shore. A
9 technique called horizontal directional boring would be
10 used to bore the pipelines deeply from a point about 4,000
11 feet off shore under Ormand Beach to a location on the
12 Reliant Power Plant property. The gas would be metered
13 and then be transmitted by SoCal Gas through new
14 pipelines. The two proposed on-shore pipelines -- next
15 slide, please.

16 --o0o--

17 MS. KARPOWICZ: The Center Road pipeline in
18 Oxnard in Ventura county and the line 225 pipeline loop in
19 Santa Clarita are shown here. SoCal Gas has franchise
20 agreements with the City of Oxnard with Ventura County and
21 with Santa Clarita that grant it the right to lay and use
22 pipelines in streets and other rights of way in lieu of
23 any additional existing or future local requirement to
24 obtain a permit.

25 Next side, please.

1 --o0o--

2 MS. KARPOWICZ: This aerial shows the rural
3 agricultural nature of the Center Road pipeline shown as
4 the red line. About 90 percent of this on-shore pipeline
5 would be on agricultural land in existing rights of way.
6 Although the on-shore pipeline originally would have used
7 the route of the existing large diameter gas pipeline that
8 serves the powerplant, the route was changed in response
9 to public comment --

10 Next slide, please.

11 --o0o--

12 MS. KARPOWICZ: -- in order to avoid a high
13 school at the northern end. And again it's the red line
14 here.

15 Next slide, please.

16 --o0o--

17 MS. KARPOWICZ: As you can see here, we have a
18 very successful public participation program including
19 translating the EIR into Spanish. As a result of public
20 comments, a number of changes were made in the proposed
21 project. For example, the primary gas odorization could
22 take place on the FSRU instead of on shore to aid in leak
23 detection, and the construction, equipment and engines on
24 the FSRU will be upgraded to burn more cleanly.

25 In addition, the use of a closed loop system for

1 cooling generators has reduced the use of sea water by
2 about 60 percent.

3 Next slide, please.

4 --o0o--

5 MS. KARPOWICZ: We received about 3,000
6 individual comments. And these are the topics that
7 received the most comments.

8 My colleague, Dr. Andy Wolford, will summarize
9 the results of the Independent Risk Assessment, and Paul
10 Van Kerkhove who independently reviewed all of the air
11 quality information and conducted the supplemental
12 modeling is also here and available to answer questions.

13 Next slide, please.

14 --o0o--

15 MS. KARPOWICZ: We analyzed the project based on
16 the project description including 57 applicant measures,
17 which are commitments by BHPB that exceed regular
18 requirements and are enforceable as part of the mitigation
19 monitoring program.

20 CEQA requires that we use the scoping process to
21 focus on the most important impacts. We identified 100
22 potential impacts and determined through our analysis that
23 66 required mitigation. We identified 87 mitigation
24 measures to avoid, minimize, reduce or compensate impacts.
25 All of the mitigation, both the applicant measures and the

1 mitigation measures, are legally enforceable through the
2 mitigation monitoring program. They would also be
3 incorporated in the CSLC lease and in the deepwater port
4 license.

5 We also evaluated the effectiveness of
6 mitigation. For example, after reviewing all of the
7 geotechnical studies for the mooring point and the
8 off-shore and on-shore pipelines and based on a thorough
9 review by the CSLC engineers, we concluded that the
10 pipelines could be safely designed that no significant
11 impact would result in the geotechnical area.

12 I would like to mention here that CEQA is just
13 one of the environmental regulatory processes that would
14 apply to the proposed project. Additional permits would
15 be issued in compliance with various environmental laws
16 and regulations. For example, the U.S. EPA would issue
17 air permits under the Clean Air Act and a national
18 pollutant discharge permit for discharges of treated waste
19 water.

20 The U.S. Army Corps of Engineers would issue
21 wetland permits and NOAA would issue marine mammal
22 permits. None of these agencies may issue a permit before
23 the environmental review process is complete. And
24 typically the permitting agency imposes conditions through
25 the permits in addition to the mitigation that is

1 described in the final EIS/EIR.

2 Now, I'd like to run through the 20 impacts that
3 would remain significant even after the mitigation is
4 applied.

5 We have 6 -- next slide, please.

6 --o0o--

7 MS. KARPOWICZ: We have six temporary impacts.
8 Temporary is defined as, "Returning to baseline conditions
9 after the activities stops." The six temporary impacts
10 are air, emissions and noise that would occur primarily
11 during construction.

12 Next slide, please.

13 --o0o--

14 MS. KARPOWICZ: Noise and vibration related to
15 the horizontal directional boring and other construction
16 activities for the on-shore pipelines would exceed local
17 standards during the construction periods. The
18 construction period off shore is about 50 days. The
19 horizontal directional boring across the shoreline would
20 be about 40 days -- 45 days and the on-shore pipelines
21 about 240 days.

22 Next slide, please.

23 --o0o--

24 MS. KARPOWICZ: Short term returns to baseline
25 conditions on its own within one year of activity.

1 The FSRU and project vessel would store diesel
2 fuel. They oil pollution contingency plans and existing
3 regulations require prompt clean up of any spills.
4 However, basically any reportable spill to water is
5 considered to be significant.

6 Next slide, please.

7 --o0o--

8 MS. KARPOWICZ: Long term is defined as,
9 "Returning to baseline conditions after restoration and
10 monitoring." And we have six long-term impacts primarily
11 related to accidental spills or releases of diesel fuel or
12 LNG. Dr. Wolford will talk about the low-risk of
13 accidents. But nevertheless, in the event of a fuel spill
14 or an accident involving LNG, marine biota, including
15 marine mammals that have special protection could be
16 injured or killed.

17 Although, the general public would not be
18 affected by small operational spills, since they would not
19 extend outside of the safety zone from which the public is
20 excluded, members of the public could be injured or killed
21 by release from a collision or intentional attack if they
22 were off shore in the zone of influence.

23 Next slide, please.

24 --o0o--

25 MS. KARPOWICZ: A pipeline accident affecting the

1 off-shore or on-shore pipelines could also result in
2 injury or death. However, pipeline accidents are regarded
3 as rare. The safety of natural gas pipelines is heavily
4 regulated and they are periodically inspected. In
5 addition, SoCal Gas would reduce the valve spacing and use
6 a thicker walled stronger pipe than required.

7 Next slide, please.

8 --o0o--

9 MS. KARPOWICZ: Permanent impacts are those that
10 never return to baseline we have seven permanent
11 impacts.

12 The FSRU would be visible to and change the
13 experience for recreational boaters in its vicinity. And
14 even though there are a lot of similar size vessels in the
15 shipping lanes, the FSRU would be permanent.

16 In the area of agriculture, although most of the
17 area affected by the pipeline construction would return to
18 agricultural use, there is a .1 acre of agricultural land
19 that would be permanently affected.

20 With regard to air quality, the regulatory
21 setting is quite complicated and controversial. We have
22 used existing regulations and guidance to evaluate the
23 construction emissions and the emissions from the FSRU and
24 LNG carriers while they're off-loading cargo. The
25 emissions of oxides of nitrogen and reactive organic

1 compounds are organic -- are ozone precursors. These are
2 chemicals that react with other chemicals in the
3 atmosphere to create ozone, or what we commonly call smog.

4 Ozone formation cannot be modeled on a
5 project-specific basis, and therefore, the approach is to
6 require emissions reductions of NOx to mitigate this
7 impact.

8 The applicant has proposed an emissions reduction
9 program that would achieve reductions of NOx by
10 retrofitting two tugs that are not project vessels with
11 cleaner burning engines. However, emissions from the
12 mobile sources, such as the LNG carriers, are not
13 regulated. For the purposes of this CEQA impact analysis,
14 we have used CARB's guidance that emissions within
15 California's coastal waters are about 90 miles off shore
16 could affect on-shore water quality -- or air quality.
17 And therefore the total reduction of NOx should be equal
18 to the total emissions from the LNG carriers.

19 Because BHP is about five tons per year short of
20 the required amount of emissions reductions, this impact
21 will be made significant.

22 As you know, no regulations have been developed
23 as yet to implement the recent greenhouse gas legislation.
24 However, the EIR does include calculations of the
25 greenhouse gas emissions that would result from the

1 proposed project and some of the measures to reduce air
2 pollution would also reduce the emissions of greenhouse
3 gases.

4 Next slide, please.

5 --o0o--

6 MS. KARPOWICZ: NOAA is the agency responsible
7 for enforcing the Marine Mammal Protection Act. We have
8 included the results of noise modeling and determined that
9 even with mitigation marine mammals could be adversely
10 affected. The U.S. Coast Guard is continuing the
11 consultation process with NOAA. And if it is determined
12 that a take permit -- an incidental take permit is
13 required, the project will not be allowed to proceed until
14 the conditions of the permit are met. Similarly, although
15 noise from service vessels would be sporadic, it will
16 occur throughout the life of the project.

17 And now I'd like to introduce Dr. Wolford, who
18 will discuss the Independent Risk Assessment.

19 DR. WOLFORD: Good morning, Commissioners.

20 Can we switch to the Independent Risk Assessment
21 slides, please.

22 (Thereupon an overhead presentation was
23 Presented as follows.)

24 DR. WOLFORD: Thank you.

25 I'm Andy Wolford and I'm Riskology Incorporated.

1 Our firm was hired to support Ecology and Environment in
2 the development of the Independent Risk Assessment to
3 support the public safety section of the environmental
4 impact process.

5 Next slide, please.

6 --o0o--

7 DR. WOLFORD: In terms of the organization of my
8 talk today, I'd like to give you a little background on
9 the reason for the study; how we scoped the issues; the
10 risk assessment process; I'll talk a bit about the key
11 technical elements of the approach; we'll review results
12 and hopefully give a feel for how to interpret those
13 results; the decision making; and then finally summarize.

14 Next slide.

15 --o0o--

16 DR. WOLFORD: A site-specific Independent Risk
17 Assessment was conducted to support the environmental
18 impact process for Cabrillo Port. The goal of that was to
19 determine objectively the valuation of public risk, public
20 exposure from potential LNG release scenarios. And just
21 something to keep in mind, while you understand the term
22 risk really refers to a scenario occurring, its likelihood
23 of occurrence and the consequences should that scenario
24 come to pass.

25 Next slide, please.

1 --o0o--

2 DR. WOLFORD: Now what I've shown here on this
3 diagram, on the right side is the normal environmental
4 impact process in flow chart form, highlighting public
5 comment and input at various stages along the way.

6 Matching up with that is a diagram showing the
7 Independent Risk Assessment process, which involves the
8 components of understanding the system as proposed and the
9 project application, hazard identification and evaluation,
10 the development of appropriate scenarios, evaluating their
11 frequency of occurrence and consequences should they occur
12 and integrating them into the risk assessment statement.

13 Along the way you can see that there were a
14 number of cases where public comment and scoping was
15 integrated into the process across both.

16 Next slide, please.

17 --o0o--

18 DR. WOLFORD: Just highlighting some of the
19 scoping activity. As is done in any risk assessment and
20 as is standard practice rolled over for quantitative risk
21 assessment, the hazard identification and scenario
22 development process is very reliant upon exhaustively
23 looking at history of accidents, formulating the
24 possibility of different accidents which have not occurred
25 and then finally soliciting and combining any expertise

1 available to determine the completeness of the hazards
2 model.

3 Public comment was incorporated as shown on the
4 previous slide, Riskology reviewed the incident history,
5 and some specialized workshops were held which were unique
6 to this project, in which a security vulnerability
7 assessment and hazard identification workshop totaling a
8 four-day period was conducted early on and it involved 55
9 technical specialists and 21 and 17 agency participants in
10 the respective meetings. So that there was a simultaneous
11 buy-in of the scenarios that were developed.

12 A consensus was reached then on major hazardous
13 accidents to model. And as one final note on the scoping,
14 as we progressed through the draft Independent Risk
15 Assessment to the one you have in your hands now, there
16 was a technical evaluation conducted by Sandia National
17 Laboratories. One component of that evaluation was to
18 assist in peer review of the credible accident scenarios
19 that were modeled and expert input into specific accidents
20 or intentional events.

21 Next slide, please.

22 --o0o--

23 DR. WOLFORD: Now this is not a technical
24 presentation. I just wanted to highlight some of the key
25 aspects of the technical approach.

1 We were looking for the types of hazards in which
2 there was a breach of LNG cargo, which had the potential
3 of having public impacts outside the exclusion zone.
4 Physical processes that are in play when this occurs are
5 the pool spread of LNG and the vapor dispersion of the
6 vapor coming off of the LNG.

7 These were both modeled with validated
8 Computational Fluid Dynamics software, CFD for short,
9 which is a state-of-the-art modeling tool used for this
10 type of analysis.

11 Now, it is also the recommended approach to model
12 exactly this type of risk assessment by Sandia National
13 Laboratories' guidance issued in December of 2004.

14 The second point to make is that with regard to
15 understanding the size of release, an aspect that needs to
16 be understood is how large of a hole or breach could occur
17 in the cargo. State-of-the-art finite element analysis
18 was used for ship collision damage modeling to determine
19 the containment system hole size of accidental events.

20 The third point to note is that there's been some
21 concern about understanding the cascading failure
22 possibilities aboard a vessel like this, that is in which
23 an initial fire involving some amount of inventory may
24 then escalate and encompass additional inventory.
25 Cascading failures were modeled for both escalations from

1 one primary breach to two and three tanks on this FSRU.

2 I want to leave you with a point that Sandia
3 National Laboratories was brought into provide a technical
4 peer review, which lasted nine months, in which technical
5 consensus was reached across all aspects of scoping and
6 modeling. And their report forms an appendix also to this
7 EIR/EIS.

8 Next slide.

9 --oOo--

10 DR. WOLFORD: This chart is one that's been
11 published many times in the executive summary of the risk
12 assessment and as well in the public safety section of the
13 EIR/EIS. And what you see here are two radiuses, two
14 circles drawn around the proposed location. And those
15 distances are 2.6 kilometers and 11.7 kilometers
16 respectively.

17 What this represents are the two worst credible
18 pool fires, that is in which a liquid spill which ignites
19 spreads on the ocean and casts a radiation level at a
20 distance of 2.61 kilometers and vapor cloud fire in which
21 a proposed, albeit much less likely, that in which a
22 breach occurs and the ignition does not occur immediately,
23 which allows the liquid to be released, the vapor to be
24 evaporated off the pool and then it encounters an ignition
25 source at some point down the wind. So this area has --

1 this volume has been filled with LNG vapor and the
2 ignition occurs later. And that one we reached 11.7
3 kilometers for the worst credible.

4 In both cases, these worst credible events were
5 associated with intentional threats and not accidental
6 events, such as ship collisions. These would be acts of
7 sabotage or terrorism.

8 To help you understand that we're actually not
9 comparing apples to apples when we draw these two
10 circles -- next slide, please.

11 --oOo--

12 DR. WOLFORD: -- I also want to show you -- I
13 think we can all relate to the idea of a liquid pool
14 burning. It's a fairly steady state understanding of
15 that. And we've seen it on our barbecue grills and things
16 of that nature.

17 But what we don't really relate to is the vapor
18 cloud fire. And what I've done here is provided some
19 animation that shows the area traced out as a result of
20 this flammable region of the vapor cloud.

21 Go ahead and run it. If you click it again, it
22 will run.

23 Don't click it twice.

24 There you go. And it grows to encounter the
25 shipping lane in 30 minutes. But now you see it's

1 beginning to move downstream and shrink at the same time,
2 encountering the second shipping lane, reaching its
3 maximum extent another 30 minutes later, and that circle
4 is drawn. As you can see, it includes both shipping
5 lanes. But in point of fact, there's no fuel left when it
6 reaches the second one to expose those mariners to the
7 same hazard.

8 Now let's talk about timing.

9 Next slide, please.

10 --o0o--

11 DR. WOLFORD: For our vapor cloud hazards the
12 time for that vapor cloud to reach the edge of the first
13 shipping lane was as shown 30 minutes. The time for the
14 vapor cloud to cross the southbound lane took another 30
15 minutes. So those mariners have a 30-minute exposure time
16 to that vapor cloud.

17 The time for the flame to burn across the
18 southbound lane altogether is two minutes. That's the
19 time in which the fire could be present from one side of
20 the lane to the other.

21 For the pool fire, it's slightly different,
22 because that fire occurs at a remote location and thermal
23 radiation is then exposed to that flame. And the duration
24 of that is nine minutes.

25 So I hope that will give you all a feel for the

1 differences in these hazards and what those circles
2 represent as worst credible.

3 And then our next slide --

4 --o0o--

5 DR. WOLFORD: -- highlights the few issues about
6 the results.

7 First of all, I'd like to make sure everyone
8 understands that this has been driven to be a conservative
9 analysis all along the way. With respect to the
10 technology model, that simple video that you just saw,
11 literally hundreds of spill and dispersion simulations
12 were run on this Computational Fluid Dynamic software to
13 arrive at the final one to use as our worst credible.

14 No credible impact reaches shore. So we are
15 therefore not looking at public safety impacts on
16 shore-based people. Operational events result in
17 absolutely no public impacts as we understand, and that
18 would be not to exclude a crew may have a potential
19 exposure, but we do not count them in the public.

20 Catastrophic events, worst credible, divide into
21 intentional and accidental scenarios. And as you see,
22 pool fires do not reach the shipping lanes. The vapor
23 clouds for that fire scenario reaches the lane, but it's
24 transient in its exposure time.

25 And finally an aspect from the finite element of

1 modeling with respect to the ship's collision scenarios is
2 that the Moss tank design, chosen by BHP in this
3 development, represents a very robust design against
4 marine collisions due to the structural steel, the outer
5 and inner hull as to the deformation before a breach can
6 occur cargo containment system.

7 Next slide.

8 --o0o--

9 DR. WOLFORD: And I'll leave you with this. The
10 Independent Risk Assessment was conducted and completed a
11 number of months ago, December of '05. And recently, the
12 GAO have come out with a survey report highlighting some
13 of the risks of LNG carriers. And by way of comparison,
14 just to show you the gray card on how we did on that,
15 first of all, we exhibited in the Cabrillo Port IRA a
16 greater conservatism than that found in all of the
17 surveyed results in the GAO survey study.

18 Specific items called out in the GAO report that
19 are focus areas, include LNG spill and fire model testing.
20 This would benefit all LNG permitting and essentially
21 benefit anyone involved with modeling of this phenomenon,
22 not specific to this particular port or application.

23 Cascading failures were in deed addressed.
24 Comprehensive modeling, interaction of physical processes
25 were not addressed in this report per se. But the lack of

1 the interaction and separating them into their own
2 physical processes leads to conservatism. An example of
3 that would be, we allow all of the pool to flow out to its
4 maximum radius before we start the evaporation process.
5 Whereas, in the real world, it would begin the minute the
6 pool started to form.

7 Risk tolerability assessments we mentioned. And,
8 in fact, this is something that is a regulatory issue to
9 determine acceptance criteria, both at the State and
10 federal level. So it's a timing issue of having that in
11 place before an application is submitted.

12 Vulnerability of containment systems should be
13 modeled specifically, and that was done in Cabrillo Port
14 using finite element modeling. The GAO report calls out a
15 suggestion to model the effective sea water inflow in a
16 hole which pierced through the outer shell of the hull.
17 All of our hole sizes -- all of our hull scenarios were
18 above the waterline, so this is not relevant to us.

19 And finally the impact of wind, wave and weather
20 should be looked into. And this is purely a scientific
21 matter. There's some history in attempting to do this,
22 and there is really no scientific consensus on how to
23 represent the effective ways on pool spread. There's a
24 lot of opportunity for research here.

25 So I thank you for your time today and I'm

1 available for questions throughout the day.

2 LIEUTENANT COMMANDER GOODING: Good morning, Mr.
3 Chairman and distinguished commissioners. I am Lieutenant
4 Commander Peter Gooding, Chief of the Waterways Management
5 Division at U.S. Coast Guard Sector Los Angeles - Long
6 Beach. It is my pleasure to appear before you today to
7 discuss the Coast Guard's role in providing safety and
8 security of the proposed Deepwater Liquefied Natural Gas
9 Port and associated LNG vessels.

10 The Commander of Sector Los Angeles - Long Beach
11 is responsible for the navigable waters that stretch from
12 the Orange County/San Diego County line to the San Luis
13 Obispo/Monterey county line and performs several
14 functions, including Captain of the Port to ensure safe
15 navigation. The Sector Commander is also the Federal
16 Maritime Security Coordinator, Officer in Charge of Marine
17 Inspections, Search and Rescue Coordinator and Federal
18 On-scene Coordinator for environmental response.

19 As the federal government's lead agency for
20 Maritime Homeland Security, the Coast Guard plays a major
21 role in ensuring all facets of marine transportation of
22 LNG, including LNG vessels and deepwater ports, are
23 operated safely and securely, and that the risks
24 associated with the marine transportation of LNG are
25 managed responsibly. Today, I will briefly review the

1 applicable laws and regulations that provide our authority
2 and the requirements for safe and secure operations of LNG
3 vessels and deepwater ports.

4 Today there are over 200 LNG vessels operating
5 worldwide and another 100 or so under construction. While
6 there are no longer any U.S. flag LNG vessels, all LNG
7 vessels calling in the U.S., including at a deepwater
8 port, must comply with certain domestic regulations, in
9 addition to international requirements. Our domestic
10 regulations for LNG vessels were developed in the 1970s
11 under the authority of the various vessel inspection
12 statutes that are now codified in Title 46, United States
13 Code.

14 Relevant laws providing the genesis for LNG
15 vessel regulations include the Tank Vessel Act and the
16 Ports and Waterways Safety Act of 1972, as amended by the
17 Port and Tanker Safety Act of 1978. Regulations located
18 in Title 46 Code of Federal Regulations, CFR, Part 154,
19 "Safety Standards for Self-Propelled Vessels Carrying Bulk
20 Liquefied Gases," specify requirements for the vessel's
21 design, construction, equipment and operation. Our
22 domestic regulations closely parallel the applicable
23 international requirements, but are more stringent in the
24 following areas: The requirement for enhanced grades of
25 steel for crack arresting purposes in certain areas of the

1 hull, specification of higher allowable stress factor for
2 certain independent type tanks and prohibiting the use of
3 cargo venting as a means of cargo temperature and pressure
4 control.

5 All LNG vessels in international service must
6 comply with the major maritime treaties agreed to by the
7 International Maritime Organization, such as the
8 International Convention for the Safety of Life at Sea,
9 popularly known as the SOLAS Convention and the
10 International Convention for the Prevention of Pollution
11 from Ships, known as the MARPOL Convention.

12 In addition, LNG vessels must comply with the
13 International Code for the Construction and Equipment of
14 Ships Carrying Liquefied Gas in Bulk, known as the IGC
15 Code.

16 Before being allowed to trade in the United
17 States, operators of foreign LNG carriers must submit
18 detailed vessel plans and other information to the United
19 States Coast Guard Marine Safety Center to establish that
20 the vessels have been constructed to the higher standards
21 required by our domestic regulations. Upon the MSC's
22 satisfactory plan review and on-site verification by Coast
23 Guard marine inspectors, the vessel is issued a
24 Certificate of Compliance. This indicates that it has
25 been found in compliance with applicable design,

1 construction and outfitting requirements.

2 The Certificate of Compliance is valid for a
3 two-year period, subject to an annual examination by Coast
4 Guard marine inspectors, who verify that vessels remain in
5 compliance with all applicable requirements. As required
6 by 46 U.S.C. 3714, this annual examination is required of
7 all tank vessels, including LNG carriers.

8 While conventional crude oil deepwater ports have
9 been in operation around the world for many years, LNG
10 deepwater ports were allowed when the Deepwater Port Act
11 was amended in 2002. Currently, there is only one LNG
12 deepwater port in operation in the United States. The
13 Coast Guard's regulations apply a "design basis" approach,
14 rather than mandate a series of prescriptive requirements.
15 Under a design basis approach, Cabrillo Port is evaluated
16 on its own technical merits, using relevant engineering
17 standards and concepts that have been approved by
18 recognized vessel classification societies and competent
19 industry technical bodies.

20 Since September 11, 2001, additional security
21 measures have been implemented, including the requirement
22 that all vessels calling in the United States must provide
23 the Coast Guard with a 96-hour advance notice of arrival,
24 increased 24 hours pre-9/11. This notice includes
25 information on the vessel's last ports of call, crew

1 identities, and cargo information. This notice is also
2 required before a vessel can call on a deepwater port.

3 From this information, the Coast Guard runs it
4 through various intelligence databases to ensure the crew
5 does not pose a threat to the deepwater port. If a vessel
6 does not provide the 96-hour advance notice of arrival, it
7 will not be able to arrive at the deepwater port until it
8 meets that requirement.

9 From this information, the Captain of the Port
10 reviews the vessel's history and conducts his or her own
11 risk assessment to determine if the vessel should be
12 boarded at-sea, where Coast Guard personnel would conduct
13 special "security sweeps" of the vessel and ensure it is
14 under the control of proper authorities before it is
15 allowed to moor with the deepwater port and offload its
16 cargo.

17 In addition to the requirements to provide the
18 96-hour advance notice of arrival, every SOLAS
19 certificated vessel is required to carry an Automatic
20 Identification System. This system gives the vessel's
21 name, course, speed and location on the waterway. We then
22 compare this AIS signal to the radar coverage and ensure
23 that the vessel is transmitting as we would expect.

24 Of course, one of the most important post-911
25 maritime security improvements has been the passage of the

1 Maritime Transportation Security Act. Under the authority
2 of MTSA, the Coast Guard developed a comprehensive new
3 body of security measures applicable to vessels, marine
4 facilities and maritime personnel. Our domestic maritime
5 regime is closely aligned with the International Ship and
6 Port Facility Security Code. The ISPS Code is a mandatory
7 requirement of the SOLAS Convention. It was adopted at
8 the IMO in December 2002 and came into effect on July 1st,
9 2004.

10 Under the ISPS code, vessels in international
11 service, including LNG vessels, must have an International
12 Ship Security Certificate. To be issued an ISSC by its
13 flag state, the vessel must develop and implement a
14 threat-scalable security measures for cargo handling and
15 delivery of ship stores, surveillance and monitoring,
16 security communications, security incident procedures, and
17 training and drill requirements. The plan must also
18 identify Ship Security Officer who is responsible for
19 ensuring compliance with the ship's security plan. The
20 Coast Guard rigorously enforces this international
21 requirement by evaluating security compliance as part of
22 our ongoing port state control program.

23 Another requirement under ISPS and MTSA is for
24 LNG carriers to have a ship security alert system. This
25 is a hidden button that only the crew of the vessel knows,

1 that if triggered, sends a radio signal that the vessel is
2 involved in a Transportation Security Incident, which the
3 Coast Guard has a predetermined response to this signal.

4 In order to ensure the deepwater port is
5 protected from external attack, the Coast Guard's
6 deepwater port regulations require that all LNG deepwater
7 ports develop and implement a security plan that, at a
8 minimum, addresses the key security plan elements provided
9 in Title 33 Part 106, "Maritime Security: Outer
10 Continental Shelf Facilities." A risk and consequence
11 analysis is completed as part of the risk mitigation
12 strategy.

13 Based on the results of the risk analysis, port
14 security measures are developed between the applicant and
15 the Coast Guard local Captain of the Port that represent
16 operational requirements and security procedures the
17 operator will have to follow as a condition of their
18 license. The Captain of the Port has the option of
19 utilizing additional assets as deemed appropriate. In
20 addition, the deepwater port must have a person in charge
21 of port operations who maintains radar surveillance of the
22 deepwater port and the area to be avoided. No port
23 operations would be permitted unless and until the local
24 Federal Maritime Security Coordinator is satisfied the
25 facility can operate in a safe and secure manner.

1 Further more, the deepwater port regulations
2 allow for the adjacent coastal states, in this case
3 California, to petition the Captain of the Port to require
4 the licensee to amend their operations and security plans
5 if we have failed to address any hazardous items.

6 The basis for the operations and security plan is
7 the Independent Risk Assessment, which Mr. Wolford spoke
8 about earlier. The purpose of this work is to develop a
9 stand alone technical report on the potential risk to the
10 public from the proposed project, in this case Cabrillo
11 Port. The primary objective of the IRA is to assess
12 impacts to humans and property not associated with the
13 deepwater ports from an event that compromises LNG
14 containment.

15 For the Cabrillo Port project, an IRA was
16 conducted and reviewed by Sandia National Laboratory. The
17 third party assessment was conducted in response to
18 Sandia's 2004 report, "Guidance on Risk Analysis and
19 Safety Implications of a Large Liquefied Natural Gas Spill
20 Over Water." The 2006 IRA included Sandia's
21 recommendations and mitigation measures were developed
22 from the IRA. These mitigation measures will then be
23 incorporated into the development of the operations and
24 security plans for Cabrillo Port.

25 Thank you for giving me this opportunity. I'd

1 ask that any questions be sent in writing.

2 Thank you.

3 CHAIRPERSON GARAMENDI: I do have a question.

4 Does the FSRU have the same requirements as a ship?

5 LIEUTENANT COMMANDER GOODING: It actually has
6 additional requirements, because of the Deepwater Port
7 Act.

8 CHAIRPERSON GARAMENDI: Are the staff on the FSRU
9 licensed and reviewed as to their security clearances?

10 LIEUTENANT COMMANDER GOODING: They are licensed
11 mariners to operate on the FSRU. And they are, as the
12 crew, required to go through the security checks.

13 CHAIRPERSON GARAMENDI: So every crew member on
14 the FSRU is -- their security clearance -- they are
15 cleared for security purposes?

16 LIEUTENANT COMMANDER GOODING: They're cleared
17 through our national database for a threat, but they don't
18 get a security clearance from the federal government.

19 CHAIRPERSON GARAMENDI: All right. How about the
20 staff on the ships that are bringing in the LNG?

21 LIEUTENANT COMMANDER GOODING: The 96-hour rule
22 applies to them, again.

23 CHAIRPERSON GARAMENDI: What kind of clearance do
24 they have?

25 LIEUTENANT COMMANDER GOODING: We run them

1 through our national database.

2 CHAIRPERSON GARAMENDI: Every crew member?

3 LIEUTENANT COMMANDER GOODING: Yes, sir.

4 They have to provide their passport number, their
5 date of birth, their names and then we randomly check the
6 individuals on board the vessels.

7 CHAIRPERSON GARAMENDI: Are there any
8 notifications between the -- was it 96 hours? -- and the
9 arrival of the ship at the FSRU?

10 LIEUTENANT COMMANDER GOODING: 96 hours is the
11 arrival notification. And then after that there's a --
12 basically they have to stick to their time. The
13 regulations require that if you want to change your time,
14 you have to update it.

15 CHAIRPERSON GARAMENDI: But there's no
16 requirement for further notification until they arrive at
17 the FSRU?

18 LIEUTENANT COMMANDER GOODING: If anything
19 changes on board the vessel, they're required to change
20 it. So if they change crew members before they get there,
21 if they change their arrival time, if they sell the ship
22 in the process, they have to update all that information.

23 CHAIRPERSON GARAMENDI: What's the travel time
24 between the FSRU and California?

25 LIEUTENANT COMMANDER GOODING: I'd have to take

1 that one in writing and run it through the environmental
2 processor.

3 CHAIRPERSON GARAMENDI: What's the speed of an
4 LNG ship?

5 LIEUTENANT COMMANDER GOODING: All that --

6 CHAIRPERSON GARAMENDI: Miles per hour not
7 nautical miles.

8 (Laughter.)

9 LIEUTENANT COMMANDER GOODING: I do not have that
10 with me, sir.

11 CHAIRPERSON GARAMENDI: Twenty?

12 LIEUTENANT COMMANDER GOODING: Usually max speed
13 is about 20 knots. And so if you convert it, 20 knots is
14 a little bit faster, so it's about 25 miles an hour.

15 CHAIRPERSON GARAMENDI: Thank you.

16 CA/ARB STATIONARY SOURCES DIVISION CHIEF

17 FLETCHER: Good morning, Commissioners. Thank
18 you for the opportunity to provide the Air Resources
19 Board's perspective on the air quality aspects of the
20 Cabrillo Port. My name is Bob Fletcher and I'm Chief of
21 the Stationary Source Division at the Board.

22 We have actively participated in the review of
23 the emissions and air quality impacts of the project. Our
24 goals are to ensure that the Environmental Impact Report
25 provided a full picture of the impacts of the project and

1 provided appropriate mitigation of those impacts.

2 As you may know, the Air Resources Board has no
3 direct permitting authority for the project. The U.S. EPA
4 must make the permitting decision and is required to do so
5 in a manner that is consistent with the rules of the local
6 air pollution control district, in this case the Ventura
7 County Air Pollution Control District.

8 ARB's staff role has been one of providing
9 technical and policy advice on various air quality issues
10 to the State Lands Commission, other interested parties
11 and the project proponents.

12 As part of our involvement, we have consistently
13 encouraged the project applicant to mitigate the oxides of
14 nitrogen impacts of the project, including vessel
15 emissions out to the California coastal waters boundary.
16 These are emissions that are not normally subject to
17 regulation as part of the air quality permitting process.

18 The California coastal waters were established
19 from air quality modeling studies a number of years ago
20 and generally represent the off-shore areas from which
21 vessel emissions may impact on-shore air quality. We have
22 sought mitigation of vessel emissions because these
23 emissions account for about half of the project's total
24 oxides of nitrogen emissions. And those emissions would
25 not necessarily be subject to mitigation via binding

1 permit.

2 Over time, BHP has expanded the mitigation and
3 has, we believe, now proposed NOx emission reductions in
4 an amount roughly equal to the project emissions. This
5 would be accomplished primarily through repowering of two
6 tugs that routinely travel along the California coast.

7 We are aware that the U.S. EPA has made a
8 preliminary determination that the proposed project is not
9 subject to the Ventura County New Source Review rule, and
10 that the county air pollution control district disagrees
11 with the interpretation of that rule.

12 As indicated in our February 2007 memo to the
13 State Lands Commission, if the U.S. EPA changes its
14 position on the applicability of the rule, the NSR
15 requirements would need to be applied and full offsets for
16 the stationary source project emissions would be required.

17 Regardless of how the final permit requirements
18 are determined, we would still advocate for the mitigation
19 of vessel emissions not associated with the directly
20 permitted portions of that project.

21 Again, thank you for the opportunity to comment,
22 and I'm available throughout the day for comments.

23 CEC SPECIAL PROJECTS MANAGER PEREZ: Good
24 morning, Commissioners. My name is Pat Perez. I'm
25 manager of the special projects office at the California

1 Energy Commission. And like the previous speaker, Mr.
2 Fletcher, the Energy Commission has no permitting, legal
3 or regulatory authority on the actual siting of LNG
4 facilities.

5 What I'd like to do is talk a little bit about
6 the context of why we're here today and a little bit about
7 California's current energy outlook and the work that
8 we're doing to update our last forecast with respect to
9 natural gas.

10 California enjoys a unique position in this
11 world. If California were an independent country, it
12 would represent the 7th largest economy in the world. And
13 energy, in all its forms, is a key component of our robust
14 economy.

15 Historically, California has attempted to provide
16 its citizens a diverse portfolio of energy options. We
17 have long supported renewable energy and energy efficiency
18 as energy supply options, and have sought to use our
19 native solar, wind and geothermal resources to provide our
20 citizens with environmentally friendly energy options. In
21 fact, California has aggressively pursued cost effective
22 energy efficiency improvements and led the way in
23 renewable energy in the United States. Since 1975
24 California's energy efficiency programs have reduced
25 natural gas use per household by more than 50 percent.

1 California must continue to promote and foster
2 efficiency improvements in the use of renewable energy to
3 provide electricity to California's growing population,
4 while achieving the emission reduction targets outlined in
5 the Global Warming Solutions Act of 2006, often referred
6 to as Assembly Bill 32. AB 32 establishes in California
7 law a requirement to achieve specific emission reduction
8 standards for greenhouse gas emissions, applying market
9 mechanisms and regulatory emissions to achieving those
10 goals.

11 California has established the renewable
12 portfolio standard, which directs the State to invest
13 their own utilities to increase the renewable portion of
14 their energy mix with a goal of 20 percent California's
15 energy generation coming from renewable resources three
16 years from now.

17 The Energy Action Plan adopted by the Energy
18 Commission and the California Public Utilities Commission
19 calls for evaluating and developing implementation paths
20 to achieving renewable goals beyond 2010, and that is 33
21 percent renewables by 2020 in light of cost benefits as
22 well as risk analysis.

23 In addition, under Assembly Bill 32, the Energy
24 Commission and the California Public Utilities Commission
25 will propose to the Air Resources Board specific

1 greenhouse gas emission standards for all electric
2 utilities in California. Further more, Senate Bill 1368
3 requires the Energy Commission to ensure that power
4 purchased under future contracts for the publicly owned
5 utilities emits greenhouse gases at no higher than the
6 rate of emissions of greenhouse gas emissions from what we
7 call combined cycle natural gas base load generation.
8 California's publicly owned utilities import portions of
9 their electricity from out-of-state sources.

10 Today, California's goals for renewable energy
11 are the most ambitious in the nation. However, natural
12 gas remains the primary fuel for electricity generation
13 and is used to create over 40 percent of the electricity
14 in California. That is up from 20 percent in the last 30
15 years.

16 Natural gas fire electric generation is one of
17 California's cleanest options for central station electric
18 power. However, California produces only about 15 percent
19 of the natural gas that is consumed in this state. The
20 remainder of that gas must be imported.

21 Imports currently come by way of eight major
22 pipelines from four major production areas in other parts
23 of North America, the western United States as well as
24 Canada. While sufficient pipeline capacity currently
25 exists to bring the natural gas to our state, California

1 is at the end of the pipeline and thus must compete with
2 our upstream customers and neighbors like Arizona and
3 Nevada whose use of natural gas is also increasing and at
4 a faster rate than California's. As a result, use of the
5 existing inter-state natural gas pipeline capacity can
6 vary year by year, as well as seasonal.

7 Gas-fired electricity generation in the United
8 States has more than tripled since 2000. The greatest
9 increase coming from the greater Texas area as well as the
10 southern states and, what we call, the Western
11 coordinating Council, which includes Canada and
12 California.

13 The rapid increase in natural gas use for
14 electricity generation in the U.S. will continue to
15 constrain California's ability and cost to secure
16 sufficient natural gas supplies.

17 Since 2001, the California Energy Commission has
18 licensed 36 powerplants. We have licensing authority for
19 powerplants of 50 megawatts or greater, totaling roughly
20 13,000 megawatts, all of which are fueled with natural
21 gas. Thirteen powerplant facilities are currently under
22 review at the Energy Commission. Of these projects, only
23 one facility is a combined hybrid powerplant using both
24 natural gas and solar thermal. An additional 14
25 powerplant project applications are expected in 2007. And

1 of these, about 60 percent will be fueled by natural gas,
2 if in deed approved and constructed.

3 In the past several years, California has
4 experienced volatile natural gas prices, a permanent
5 decrease in California natural gas production and an
6 increase in the cost of natural gas. To continue to
7 provide the citizens with a robust and growing economy,
8 California must assure that an abundant source of
9 reasonably priced natural gas is available. Liquefied
10 natural gas, a non-traditional supply source of natural
11 gas on the west coast, has the potential to provide new
12 natural gas supply opportunities and additional
13 infrastructure capacity into the west coast, while also
14 creating coastal industrial development challenges.

15 In 2005, the California Resources Agency with
16 participation of the California Energy Commission and the
17 California Public Utilities Commission held a two-day
18 workshop on liquefied natural gas, access issues and
19 deliverability for California.

20 From that, there were basically four major
21 objectives of that workshop. One was to explore ways to
22 maximize the potential cost-saving benefits to natural gas
23 consumers.

24 Secondly, identify what can be done to, A, ensure
25 that potential licensees for off-shore terminals operate

1 terminals in a manner that maximizes potential cost-saving
2 benefits to consumers and guards against potential market
3 problems.

4 Thirdly explore if LNG, whether imported directly
5 to California or indirectly through another state or
6 country, will be a secure source of supply. And what, if
7 anything, should be done to ensure a secure source of
8 supply.

9 And, finally, facilitate a discussion on these
10 issues in order to elicit additional information that
11 should be considered by the administration.

12 The Energy Commission's 2003 and 2005 integrated
13 energy policy report examined the supply and demand for
14 natural gas to meet California's energy needs. The 2005
15 report expanded on the previous work conducted back in
16 2003 that highlighted the need for the development of LNG
17 facilities and associated infrastructure to serve the
18 natural gas needs of the western United States.

19 And if I may pause for a moment, when we're
20 talking about west coast, we're covering from British
21 Columbia all the way down to Baja, California.

22 The 2005 report concluded that California should
23 support the development of LNG facilities on the west
24 coast, but that any proposal to provide LNG to California
25 must meet California's environmental and safety concerns.

1 The Energy Commission will continue to study this
2 issue as part of our work on the 2007 Integrated Energy
3 Policy Report. In fact, staff conducted a public workshop
4 on March 26th and received valuable comments from the
5 public and key stakeholders about crucial input needs,
6 assumptions and key issues for preparing the 2007 Natural
7 Gas Assessment Report. That report will include an
8 analysis of the demand, supply, infrastructure, production
9 and delivery cost of natural gas based on the reference
10 case scenario.

11 In addition, the report will evaluate results of
12 at least two sensitivities of natural gas price to changes
13 in crude oil prices. The Energy Commission staff is
14 pursuing a new approach for conducting its long-term
15 natural gas assessment. Single point forecasts that
16 natural gas prices, for example, will be used only as a
17 reference point for discussion in order to consider a
18 broader range and their implications on energy policy.

19 Other changes since the 2005 report include
20 lessons learned from Hurricane Katrina that demonstrated
21 how LNG and natural gas platforms are vulnerable;
22 secondly, security of LNG; the inclusion and updates of
23 LNG facilities under construction in North America; the
24 treatment of the South Coast Air Quality Management
25 District's challenge of the California Public Utilities

1 Commission's natural gas quality rules and what impact
2 that may have on LNG imports; and, finally, the impacts of
3 reducing greenhouse gas emissions on fuel use looking at
4 it from more of a regional North American approach.

5 A staff draft report is expected to be complete
6 in May and a committee hearing is scheduled for June 7th
7 to present the preliminary results. A committee draft
8 integrated energy policy report will be issued in
9 September followed by additional hearings to receive
10 comments from the public and interested participants.

11 The proposed new natural gas assessment should be
12 completed by this fall and adopted by the Commission in
13 November 2007 as required by Senate Bill 1389. Although
14 the impacts of recent legislation and the Governor's
15 Executive Order to reduce greenhouse gases may not be
16 fully reflected in the demand forecast that will be used
17 for this assessment, the impacts of these policies,
18 however, on both electricity and natural gas use will be
19 the subject of a workshop on July 9th to discuss the
20 policy implications of a separate analysis under the 2007
21 integrated energy policy report that is looking at various
22 electricity and natural gas scenarios. The results of
23 this scenario project will also be included in our final
24 November report.

25 Despite California's successful energy efficiency

1 programs, the growing use of renewable sources of energy
2 for electricity generation and the slower growth in
3 California natural gas demand compared to the rest of the
4 nation, imported natural gas is needed to meet growing
5 demand. LNG can provide an alternate non-domestic source
6 of natural gas with the potential of providing additional
7 supply sources and introducing more competition into the
8 west coast natural gas market.

9 Having access to a diverse portfolio of natural
10 gas suppliers to provide competitive prices and ensure
11 adequate supplies is what we believe is prudent. And
12 finally LNG from either the BHP Billiton project or some
13 other project proposed for the west coast could be an
14 important component of California's diversified energy
15 supply, but only if those projects fully comply with
16 California's high safety and environmental standards.

17 Thanks once again for your patience and time.

18 PUBLIC LAND MANAGER HAYS: Good morning, Mr.
19 Chairman and Members of the Commission. My name is Mary
20 Hays and I'm staff member with the Commission's Land
21 Management Division.

22 This morning's presentations provided an overview
23 of the environmental process reading to the final
24 Environmental Impact Report for the BHP Billiton Cabrillo
25 Port LNG Deepwater Port. I will be providing you with

1 information regarding the proposed right-of-way lease for
2 the Cabrillo Port project.

3 The lease application for the project was
4 submitted to the Commission in September of 2003 by the
5 applicant BHP Billiton LNG International a Delaware
6 Corporation. BHP LNG International is a wholly owned
7 subsidiary of BHP Limited Australia.

8 The application submitted by BHP is for the use
9 of State sovereign lands for the construction, use,
10 operation and maintenance of two 24-inch diameter subsea
11 pipelines that are proposed to be located off shore of
12 Ventura county.

13 The two pipelines are part of the overall project
14 that will be used to transport natural gas from BHP's FSRU
15 in federal waters crossing State waters and onto shore to
16 the new metering station to be located at the Reliant
17 Energy on Long Beach generating station.

18 The proposed lease area is a 200-foot wide
19 right-of-way approximately 4.53 nautical miles in length,
20 where the two pipelines will be constructed on seabed
21 approximately 100 feet apart. There is an exhibit in your
22 binder under Tab B of your materials.

23 The off-shore pipeline construction and
24 installation will consist of the following steps: The
25 pre-lay hazard survey in advance of the construction to

1 evaluate the ocean bottom for seismic and soil conditions
2 to determine final engineering design and placement of the
3 pipelines and the anchor rage areas along the root; the
4 transportation of materials to the site via tug and barge;
5 off-shore pipeline preparation, welding and testing on the
6 pipeline lay vessel and supporting vessels; the pipeline
7 laying itself; and a post-lay internal inspection to
8 verify that the pipelines were not damaged during
9 installation and hydrostatic testing to test for leaks.

10 The shore crossing portion of the pipeline's
11 construction will be completed using a Horizontal
12 Directional Boring, HDB, technology for the length of
13 approximately 4,265 feet. And the pipes will be buried to
14 a minimum depth of 50 feet from the entry point on shore
15 to the exhibit point off shore on the seabed in
16 approximately 42 feet of depth.

17 Most of the work area for the HDB will be on
18 shore at the entry points at the Reliant site. At the
19 off-shore exit points the pipeline vessel and support
20 vessel will be anchored in support of that process.

21 The lease contains certain provisions that
22 require the pipelines to be constructed and tested to meet
23 or exceed U.S. Department of Transportation construction
24 and safety standards, which are intended to protect the
25 public and to prevent natural gas facility accidents and

1 failures. We constructed using current seismic
2 engineering design standards at all fault crossings and
3 potential liquefaction areas and to comply with the
4 drilling fluid release monitoring plan, the hazard spill
5 prevention contingency plan and the vessel anchoring plan
6 prepared and approved for the project.

7 Once constructed the pipelines must be operated
8 and inspected and maintained in accordance with all
9 applicable federal and State regulations.

10 As the lead agency under the California
11 Environmental Quality Act, the Commission is responsible
12 for ensuring that the applicant will comply with a
13 mitigation monitoring and reporting program for the entire
14 project both on-shore and off-shore. The proposed lease
15 contains language that acknowledges the Commission's
16 authority to monitor and enforce the mitigation monitoring
17 program.

18 The lease also contains specific provisions that
19 outline the level of Commission staff involvement in the
20 engineering, design review, construction, operation
21 maintenance and inspection process beginning at the design
22 pre-phase, pre-construction phase through the
23 post-construction operational phase of the pipelines on
24 State lands as well as the FSRU anchoring, mooring,
25 transfer and pipeline facilities located in federal

1 waters.

2 The staff of the Commission's mineral resource
3 management division will review and approve all pipeline
4 engineering design calculations and drawings, project
5 specific construction reports and workplans and the
6 pipeline operation, repair and maintenance plan.

7 Staff of the Commission's Marine Facilities
8 Division will be involved in compliance and engineering
9 inspections of the FSRU and related facilities located in
10 federal waters and will be reviewing the safety
11 procedures, hazards analysis and emergency response plans
12 for these facilities.

13 In addition, the lease also contains provisions
14 that the applicant provide financial responsibility, which
15 includes the following: Liability insurance coverage of
16 not less than \$1 million; a performance bond in the amount
17 of eight million as security for the payment of rent and
18 to ensure compliance with all the terms of the lease; a
19 performance bond in the amount of \$47 million as security
20 for the costs associated with the construction of the
21 pipeline on State lands; a performance bond in the amount
22 of \$2 million as security for the construction mitigation
23 monitoring program for the entire project; a performance
24 bond in the amount of \$1 million as security for the
25 construction, revegetation and reclamation of the on-shore

1 pipeline portion of the project; and as additional
2 security the lease requires the fulfillment of all the
3 obligations under the lease to be guaranteed by BHP
4 Limited, Australia parent company of BHP LNG
5 International.

6 In summary, you have before you two actions to be
7 considered. First, the certification of the final
8 Environmental Impact Report that has been prepared as part
9 of the joint Environmental Impact Statement and
10 Environmental Impact Report for the Cabrillo Port LNG
11 Deepwater Port. And, second, the issuance of a general
12 lease right-of-way use to BHP Billiton LNG International
13 for construction, use, operation and maintenance of the
14 portion of the pipelines that will cross State sovereign
15 lands off shore of Ventura county.

16 This concludes the staff's presentation.

17 Thank you.

18 COMMISSIONER CHIANG: Thank you.

19 ENVIRONMENTAL PLANNING AND MANAGEMENT DIVISION

20 CHIEF SANDERS: Commissioners, the next matter
21 before the Commission, the applicant, BHP Billiton, will
22 be making a presentation on the project to the Commission.

23 COMMISSIONER CHIANG: Very good. Thank you.

24 EXECUTIVE OFFICER THAYER: And Before BHP starts
25 its presentation, just as a housekeeping matter, we

1 noticed of course that the Commissioners can't see the
2 slides appropriately. We're trying to get a monitor up
3 here so that you'll have them directly, but I would also
4 invite anybody who has slides that they would like the
5 Commission to have copies of, we do have copies facilities
6 here. And if they could go to the front desk and ask
7 Linda Smallwood we can arrange to have copies made so that
8 they can be given to the Commissioners prior -- or at the
9 time of the presentation.

10 COMMISSIONER CHIANG: Thank you, Mr. Thayer.

11 MR. MOYER: Good morning. My name is Craig
12 Moyer. I'm with Manatt, Phelps & Phillips, representing
13 today the applicant. I've been told the applicant will
14 have 20 minutes to make its presentation. I'd like to
15 reserve ten minutes and make this a ten-minute
16 presentation.

17 (Thereupon an overhead presentation was
18 Presented as follows.)

19 MR. MOYER: First, I'd like to start by thanking
20 the staff for all of their work over the last three and a
21 half years and pushing this project to reduce its
22 environmental footprint so dramatically. This project is
23 a much less significant impact to the environment than it
24 was a few years ago. We haven't always agreed with staff,
25 but I think that there is no question about their

1 diligence, their work ethic, their willingness to push
2 this applicant very aggressively. And I think that the
3 very limited impacts of the project and -- were leading
4 aspects of this project demonstrate that. We've been
5 through three and a half years of process, dozens of
6 hearings and workshops, millions of man hours, and we've
7 got a truly world leading project.

8 Today, if this environmental impact -- if your
9 commission certifies the Environmental Impact Report, many
10 more decisions by many other agencies will need to be
11 done. It is an amazing process to this point.

12 Next slide, please.

13 --o0o--

14 MR. MOYER: I'm going to very quickly march
15 through the Class 1 impacts and mitigation.

16 Next slide, please.

17 --o0o--

18 MR. MOYER: We've got a very conservative
19 document, Mr. Wolford mentioned early on and Cheryl
20 Karpowicz from E&E did a great job of describing the
21 remaining impacts. The one important point is that the 20
22 impacts that are referenced as Class 1 impacts are, in
23 fact, really -- many of the impacts have multiple Class 1
24 impacts. So I'd like to address that.

25 Next slide, please.

1 --o0o--

2 MR. MOYER: Next slide, please.

3 --o0o--

4 MR. MOYER: Cheryl talked about this so I'll go
5 on.

6 Next slide, please.

7 --o0o--

8 MR. MOYER: The main point on the impacts
9 associated with the release, I've broken out the impacts
10 of release in two categories. One associated with the LNG
11 itself out of the FSRU. The Independent Risk Assessment
12 indicates that an accidental collision would occur.
13 That's significant enough to cause a breach would be 1 in
14 every 417,000 years.

15 Obviously, the timing on an intentional release
16 couldn't be estimated because that's by definition
17 intentional.

18 Next slide.

19 --o0o--

20 MR. MOYER: On pipelines, this is the impacts
21 associated with the pipeline. I thought it was also
22 helpful to put that in context. The older pipelines, the
23 one we're talking about are newer pipelines with much more
24 rigorous standards than are otherwise required. And
25 you're looking at one fatality in 100,000 miles of

1 pipeline. That's on the old historical. Ours would
2 be -- this would be expected to be much much lower.

3 Next slide, please.

4 --o0o--

5 MR. MOYER: Next slide please. That just kind of
6 combines it.

7 --o0o--

8 MR. MOYER: And then this is sort of the other
9 impacts. Four of those impacts are really limited to
10 sailors. Really, it's recreational boaters, but because
11 power boaters unless their engines were off would not be
12 expected to hear it. They would certainly be able to see
13 it. But the top four impacts are associated with people
14 who are already, you know, recreationally boating.

15 The one I'd like to focus on is the emissions of
16 ozone precursors from project emissions operating in
17 California coastal waters.

18 But before I do that, I'd like to just focus on
19 the safety impact that we talked about just awhile ago.
20 Among the many changes that were made here was to improve
21 the safety elements of this project. Calling it robust is
22 I think an under estimation. We've got double hulled with
23 the ballast in between, so it is very difficult to breach
24 the FSRU or an LNG carrier, but in particular the FSRU.

25 The ozone precursors, what I wanted to focus on

1 there is the reason that's still a significant impact is
2 because CARB's estimate was that there's about a five ton
3 shortfall between the NOx emissions associated with the
4 FSRU, the carriers, the off-loading and everything else
5 associated with the project. So let me turn to that.

6 --o0o--

7 MR. MOYER: Next slide.

8 --o0o--

9 MR. MOYER: Next slide.

10 --o0o--

11 MR. MOYER: Next slide.

12 --o0o--

13 MR. MOYER: We're going backwards, I think.

14 There we go.

15 Next slide.

16 --o0o--

17 MR. MOYER: All right. Just so that everyone's
18 on the same page, because there's a lot of other numbers
19 running around. I have no idea where the number that
20 you'll hear sometimes today will be 215, sometimes larger.
21 I don't know what those are. The NOx emissions associated
22 with the subject to the permitting 61.6. These are
23 numbers out of the Air Resources Board's letter I believe.

24 Sources plus vessels out to the federal water
25 boundaries NOx 109.7 and sources out to the California

1 coastal waters boundary 145.4. What BHP has done has
2 added an additional six tons in the last week. We've
3 secured six tons of banked Ventura County NOx emission
4 reduction credits. They were banked about eight years
5 ago. We are under contract from a current owner of the
6 banked NOx emission reduction credit to close that
7 perceived shortfall between -- next slide, please.

8 --o0o--

9 MR. MOYER: Well, actually this is a comparison
10 to Rule 26.2. We've got NOx emissions. If they were
11 required at all, you'd have to provide NOx emissions in
12 the amount of 1.3 to 180 tons. The project mitigation
13 package is 146.4 tons now, with the additional six tons of
14 ERC. So you're looking at a net environmental benefit of
15 66.3.

16 Next slide.

17 --o0o--

18 MR. MOYER: Next slide.

19 --o0o--

20 MR. MOYER: One slide back.

21 --o0o--

22 MR. MOYER: There we are.

23 This is a comparison if hydrocarbons and NOx are
24 added together, you have 92.9 tons associated with the
25 stationary source the FSRU, meaning 120.8 tons reductions.

1 Here, 167 because the tug mitigation package, that Ms.
2 Karpowicz described earlier, will also reduce our ROCs.
3 We've got the six tons of emission reduction credits,
4 which again were acquired. Eight years ago they were
5 banked at a -- in Ventura county.

6 Next slide.

7 --o0o--

8 MR. MOYER: These are the elements that are
9 necessary -- when you have a mitigation package, an air
10 mitigation package, the emissions themselves must be real,
11 permanent, quantifiable, enforceable, in surplus. These
12 are terms of art that all air nerds understand. And I'd
13 like to go through them very quickly.

14 For real we have two tons --

15 --o0o--

16 MR. MOYER: And, again, this will be exclusive of
17 the six tons of emission reduction credits. They are
18 already banked in Ventura County's bank. But let's talk
19 about the other 140 tons of NOx reductions. We've got two
20 tugs that are currently emitting 267 tons per year of NOx.
21 There's been actual testing on their baseline emissions,
22 and the new emission rates have been certified and tested
23 by EPA.

24 CHAIRPERSON GARAMENDI: Excuse me.

25 MR. MOYER: If I can go through my

1 presentation --

2 CHAIRPERSON GARAMENDI: I do have a question.

3 MR. MOYER: Then could we stop the clock?

4 CHAIRPERSON GARAMENDI: I would ask the audience
5 to please keep their comments to themselves.

6 And when I have a question, it's on my time.

7 MR. MOYER: Thank you.

8 (Therepon audience members said they
9 couldn't hear.)

10 CHAIRPERSON GARAMENDI: Well, I don't control the
11 mikes here.

12 Thank you. It's on now.

13 You've been going through a series of numbers,
14 and I've been trying to keep track of those numbers. Do
15 you have a written document that you might share with us?

16 MR. MOYER: Yes, we've provided that to staff.

17 CHAIRPERSON GARAMENDI: Well, perhaps the staff
18 could share it with those of us that will ultimately have
19 to make a decision.

20 (Applause.)

21 (Cheering.)

22 CHAIRPERSON GARAMENDI: Okay. Listen, folks.
23 That is the last of any demonstration in this room. I
24 will not allow it. And I know how to enforce it. So if
25 you want to stay in this room, you'll keep your hands

1 apart and you're mouths closed. All right, do we
2 understand the game?

3 All right?

4 If I could identify who said that, they could
5 leave the room. I will not have any demonstrations in
6 this room. End of the discussion. I will identify those
7 who do so and they will be leaving. Okay?

8 Now, let us continue with this.

9 Please continue, sir.

10 MR. MOYER: Thank you, Mr. Chairman.

11 Turning to the issue of permanence. There is the
12 precedent for using tug engines. Tug engine repowerings
13 were certified as permanent in the Otay Mesa facility.

14 Diesel engines, especially in this off-shore use,
15 last for many decades. BHP is replacing these with clean
16 diesel engines that are expected to last for well over 30
17 years and have been -- these particular tugs have been in
18 service for many decades themselves. So they are
19 permanent and have been established. We're not breaking
20 any new precedent here as to the permanence.

21 Quantifiable. As I mentioned earlier, we are
22 using real values to determine those emission decreases.
23 Carbon was, at Mr. Fletcher said earlier, involved and
24 applied several methodologies to verify the reductions.
25 And from those reductions the numbers that I ran through

1 ever so quickly earlier were the 140.4 tons of NOx and
2 20.6 tons of ROC reductions that are associated with the
3 mitigation package. By the way, the tugs will also reduce
4 diesel particulate by seven tons.

5 --o0o--

6 MR. MOYER: They're enforceable. They'll be
7 conditioned on the lease.

8 --o0o--

9 MR. MOYER: And there are no current requirements
10 to reduce the emissions from the long-haul tugs. No
11 regulations exist to address the marine controls that
12 we're talking about.

13 --o0o--

14 MR. MOYER: Perhaps I should go back to the
15 slides that I went through so quickly, so that we can talk
16 about them a little more in case your Commission or others
17 have questions on that. It looks like my time has not
18 started running again, but I'm sure I've used up my ten
19 minutes at this time.

20 And I'll reserve the remaining ten minutes for
21 rebuttal.

22 CHAIRPERSON GARAMENDI: Just a question. Your
23 numbers are based on the air emissions or the emissions
24 that occurred within the 12 miles in the three miles
25 within what zone?

1 MR. MOYER: This chart, which we may be
2 challenged to see, addresses them at the different levels.
3 The source emissions, that is the FSRU itself, the loading
4 and unloading when -- or the hotelling emissions while
5 there is loading and unloading going on and the support
6 vessels in federal waters -- or is it State waters? --
7 total 61.6 tons.

8 When you add the LNG carriers in California
9 coastal waters, that's just the carriers, that takes it up
10 to the 109.7 tons, so you can see that that's up 48.1
11 tons.

12 CHAIRPERSON GARAMENDI: When you say California
13 coastal waters, those are 3 miles, 12 miles, 26?

14 MR. MOYER: Twenty-five miles. I could have Mr.
15 Fletcher come back if he -- it gets rather arcane,
16 especially when you add to the California coast -- the
17 federal water boundaries is 25 miles. When you go out to
18 the California coastal waters boundary, that's anywhere
19 from 80 -- it's 60 miles beyond and it could go up to 100
20 miles. It just so happens that where the carrier root, it
21 will be 88 miles out to California coastal waters.

22 CHAIRPERSON GARAMENDI: So the numbers that
23 you're presenting here are the emissions and the
24 mitigation for those emissions that are 88 miles off
25 shore?

1 MR. MOYER: Correct. The last number there, the
2 source and vessels out to California coastal waters
3 boundary, the NOx emissions total 145.4 tons per year.

4 CHAIRPERSON GARAMENDI: That's NOx. Carbon
5 dioxide other emissions?

6 MR. MOYER: Well, there are tons of ROCs as well,
7 hydrocarbons, which I don't know if we've calculated. But
8 I can tell you that for the FSRU, but I don't know if I
9 could tell you that for the California coastal waters.

10 CHAIRPERSON GARAMENDI: Greenhouse gas emissions?

11 MR. MOYER: Greenhouse gas emissions. Again, I
12 don't believe we've done any -- you could ask staff
13 calculation they've done on that issue.

14 CHAIRPERSON GARAMENDI: I believe greenhouse gas
15 emissions are now an issue before California.

16 MR. MOYER: Greenhouse gas emissions are in the
17 Environmental Impact Report are not considered to be a
18 significant impact, because the carriers would be going
19 somewhere in any event. But there's no question, but that
20 climate change and greenhouse gas is a very significant
21 issue worldwide.

22 CHAIRPERSON GARAMENDI: Significant?

23 MR. MOYER: Climate change is perhaps the most
24 significant issue facing us as a species.

25 CHAIRPERSON GARAMENDI: Does this project reduce

1 or increase greenhouse gases?

2 MR. MOYER: I think that this project will have
3 no significant -- and I think that the document, as staff
4 has put it together, indicates that it will not have a
5 significant adverse impact on climate change.

6 CHAIRPERSON GARAMENDI: Speak to the EIR.

7 MR. MOYER: Does that --

8 CHAIRPERSON GARAMENDI: Does the EIR address the
9 greenhouse gas emissions?

10 MR. MOYER: Yes, it does.

11 CHAIRPERSON GARAMENDI: Cheryl?

12 MS. KARPOWICZ: Yes.

13 CHAIRPERSON GARAMENDI: In what way does it
14 address it?

15 MS. KARPOWICZ: Can I have the mike on please.

16 CHAIRPERSON GARAMENDI: You do. It's on.

17 MS. KARPOWICZ: We have a section, and it's Table
18 4.6-14 of the document that --

19 CHAIRPERSON GARAMENDI: Which volume?

20 MS. KARPOWICZ: It's Volume 1. And in that
21 section we have a discussion of the greenhouse gas
22 emissions, both the total of carbon dioxide and methane
23 that would be emitted.

24 CHAIRPERSON GARAMENDI: The total project?

25 MS. KARPOWICZ: Yes.

1 CHAIRPERSON GARAMENDI: Now, what do you mean by
2 the total project here?

3 MS. KARPOWICZ: The total project, as we've
4 defined it, is the emissions that are directly related to
5 the project, so it would be the FSRU, the carriers and
6 anything that's directly related to the project.

7 We do not include the emissions from the actual
8 burning of natural gas at a powerplant or in people's
9 homes, because that is not part of the scope of our
10 document or project.

11 CHAIRPERSON GARAMENDI: Okay. So let's just
12 stick to what the total project is here for a moment. The
13 total project includes the drilling and the production of
14 the gas wherever that might be from?

15 MS. KARPOWICZ: No, it doesn't include that.

16 CHAIRPERSON GARAMENDI: I see. Does it include
17 the liquefaction of the gas?

18 MS. KARPOWICZ: No, it doesn't, because --

19 CHAIRPERSON GARAMENDI: Does it include the
20 transportation of the gas from wherever it is coming to,
21 into or up to the if FSRU.

22 MS. KARPOWICZ: No, it does not.

23 CHAIRPERSON GARAMENDI: So the total project then
24 only includes the ship at the dock or at the FSRU and the
25 gasification of the -- or the regasification of the LNG.

1 MS. KARPOWICZ: It also includes all vessels
2 operating in California coastal waters.

3 CHAIRPERSON GARAMENDI: So those would be the
4 tugs and the transportation?

5 MS. KARPOWICZ: LNG carriers, yes.

6 CHAIRPERSON GARAMENDI: And when operating in
7 California waters out there, I guess that's 88 miles, is
8 that it?

9 MS. KARPOWICZ: That's correct.

10 CHAIRPERSON GARAMENDI: So anything beyond 88
11 miles is not included?

12 MS. KARPOWICZ: That's correct.

13 CHAIRPERSON GARAMENDI: So insofar as greenhouse
14 gases are concerned, it does not include the initial
15 obtaining of the natural gas, the liquefaction of it, and
16 the transportation of that gas to within 88 miles of
17 California?

18 MS. KARPOWICZ: No, it does not.

19 CHAIRPERSON GARAMENDI: All right. And it does
20 not include anything with the burning or the consumption
21 of that gas in California?

22 MS. KARPOWICZ: No, it does not.

23 MR. MOYER: Perhaps counsel could address why
24 that was? It's my understanding that that is because
25 those emission are not associated with this project. That

1 is that if the LNG doesn't come to California, it will go
2 somewhere else. That's not to say that there -- and, at
3 this point, the project has committed to use natural gas
4 in the California coastal waters, and that has been deemed
5 to be the maximum extent feasible beyond the coastal --

6 CHAIRPERSON GARAMENDI: Excuse me. You brought
7 something up when you said that. I've been led to believe
8 that the development of the gas field in western Australia
9 is specifically for this project. Is that not the case?

10 MR. MOYER: If California declines to accept the
11 project, the natural -- the exploration production will go
12 forward and it will go somewhere.

13 CHAIRPERSON GARAMENDI: And therefore we're not
14 to be concerned about the greenhouse gas effect?

15 MR. MOYER: That's beyond -- I think you should
16 be concerned about the greenhouse gas effect. And I think
17 that that's something that we can do to try to mitigate
18 the maximum extent feasible is something that I mentioned
19 earlier. Climate change is a serious issue and we should
20 try to address those issues as much as we can. It's not
21 an impact of this project.

22 If, however, you wish to discuss how -- what
23 additional measures can be and should be taken by the
24 applicant, as I've told staff over the last three and a
25 half years, BHP is anxious to discuss how best to make

1 this project --

2 CHAIRPERSON GARAMENDI: Neutral or positive on
3 greenhouse gas?

4 MR. MOYER: At least mitigate it to the maximum
5 extent feasible, yes, sir.

6 CHAIRPERSON GARAMENDI: Okay. Questions?

7 COMMISSIONER CHIANG: The cradle to grave, the
8 production of the natural gas, is it net positive or
9 negative with the use?

10 MR. MOYER: I'm sorry, could you repeat that?

11 COMMISSIONER CHIANG: It doesn't directly
12 associate the production of the natural gas, whether it's
13 in Australia or there's been discussion that it takes
14 place elsewhere. I'm not, in fact, sure if that's true or
15 not when you account for this is for greenhouse gas
16 emissions? You know, sort of the same discussion with
17 ethanol, is it net negative or net positive?

18 MR. MOYER: Well, to the extent that it backs out
19 things like coal, which again even here in California,
20 many of our electrons, although not produced here in
21 California, are produced by coal. And so the idea of a
22 project that increases natural gas, which is a fossil
23 fuel, but it has much less impact than coal. So if this
24 natural gas were to back out coal, I think it would have a
25 net positive effect on greenhouse gas.

1 COMMISSIONER CHIANG: And then the purchase of
2 the credits, I believe you said, was that last week? Was
3 that directly from a particular company or is that out of
4 the bank and is that a permanent purchase in the event
5 that we identify different standards that you will go out
6 and purchase more ERCs?

7 MR. MOYER: The six tons of emission reduction
8 credits come from one seller. And they are under contract
9 and they are currently banked. They are not being created
10 for this project. They're already sitting in the bank for
11 someone to use that.

12 COMMISSIONER CHIANG: Thank you.

13 CHAIRPERSON GARAMENDI: Does California have a
14 greenhouse gas banking law for regulation in place?

15 MR. MOYER: Not yet. There is the California
16 Climate Action Registry. But AB 32 and the rest of these
17 regulatory regimes are in the making.

18 CHAIRPERSON GARAMENDI: When would this project
19 be completed and on line if it were to be allowed?

20 MR. MOYER: Cheryl will have to remind me the
21 date in the EIR that we talk about. I think it's 2011,
22 but if you'll give me one second I'll get it.

23 MR. MOYER: It could be 2011 or 2012, again
24 depending upon how -- a number of things including that
25 day.

1 CHAIRPERSON GARAMENDI: Well, the assumption was
2 that the project is allowed to go forward in an
3 expeditious manner could be, what that's, about five
4 years?

5 MR. MOYER: On line.

6 CHAIRPERSON GARAMENDI: On line in five years.

7 MR. MOYER: Well, I mean, it could be on line in
8 four or five years.

9 CHAIRPERSON GARAMENDI: Okay. That requires the
10 construction of a ship?

11 MR. MOYER: Correct. The FSRU, you mean?

12 CHAIRPERSON GARAMENDI: Yes.

13 MR. MOYER: Yes.

14 CHAIRPERSON GARAMENDI: And the construction time
15 for that is how long?

16 MR. MOYER: Forty-four months.

17 CHAIRPERSON GARAMENDI: Forty-four months. So
18 that's your longest period -- that's the single element
19 that has the longest period of time?

20 MR. MOYER: Construction-wise, yes, sir.

21 CHAIRPERSON GARAMENDI: Okay. And this project
22 is said, by some, to be a bridge project, that is one that
23 would bridge California from our current reliance on
24 fossil fuels of all kinds to a renewable future?

25 MR. MOYER: Well, the --

1 CHAIRPERSON GARAMENDI: Do you see it that way?

2 MR. MOYER: Well, the renewables will be a part
3 of the future. They have already been mandated by the
4 Legislature. We're already mandated to have 20 percent.
5 The Governor and others, yourself included, have made it
6 very clear that we will have renewables in our future. So
7 with or -- you know, without natural gas, we have to have
8 renewables.

9 I think the natural gas allows us to further
10 reduce our environmental footprint by allowing us to back
11 out things that are not currently clean burning, such as
12 coal.

13 CHAIRPERSON GARAMENDI: So this fuel is supposed
14 to be used to back out coal?

15 MR. MOYER: Among other things. It is, as the
16 California Energy Commission says, an alternative supply.
17 It's a matter of diversification of your natural gas
18 supply. And as far -- if I may go back to your question
19 about the bridge fuel. This project is one that is the
20 most definitionally a temporary project. It has a limited
21 life. The FSRU itself is -- the lease term is a 30-year
22 lease term. The project itself, the FSRU, is made so that
23 it is easy to decommission. It has almost, you know, very
24 little environmental impact associated with its movement
25 and decommission. So in that sense --

1 CHAIRPERSON GARAMENDI: So how long do you expect
2 the project to operate?

3 MR. MOYER: The project could go as long as 40
4 years. The project could go in 25 to 30 years. It
5 depends upon the market and many other things.

6 CHAIRPERSON GARAMENDI: Do the air emissions
7 quantifications go for 30 years?

8 MR. MOYER: Yes.

9 CHAIRPERSON GARAMENDI: IN the EIR, does it
10 anticipate a 30-year period of time or a 15-year period of
11 time?

12 MR. MOYER: I believe it's 40.

13 MS. KARPOWICZ: In the EIR it's 40. And the
14 startup --

15 CHAIRPERSON GARAMENDI: For the air emissions.

16 MS. KARPOWICZ: Well, the air emissions are
17 calculated on an annual basis, so we're assuming that they
18 would continue at the same rate over that period of time.

19 CHAIRPERSON GARAMENDI: But the numbers I think
20 are for 15 years not for 30 or 40 years.

21 MS. KARPOWICZ: Dwight, did you want to?

22 ENVIRONMENTAL PLANNING AND MANAGEMENT DIVISION

23 CHIEF SANDERS: Mr. Chairman, it's my
24 understanding that the precise contracts that affect the
25 converted tugs have a term of 15 years. However, we are

1 working from a total number of offset tons. And that
2 amount would need to be provided over the life of the
3 project, and it would be enforceable through our
4 mitigation monitoring program, because that is one of the
5 mitigation measures.

6 So I guess what I'm indicating is the timing of
7 the contracts is a of lesser consequence than the total
8 amount of emissions that would be required on an annual --
9 reductions that would be required on an annual basis
10 throughout the life of the project.

11 CHAIRPERSON GARAMENDI: I'm sorry. I didn't
12 understand that.

13 MR. MOYER: Could I take a whack at that?

14 EXECUTIVE OFFICER THAYER: The problem is that
15 the initial contract for retrofitting the tugboats with
16 the lower emission emitting engines for 15 years. But
17 it's staff's perspective we could legally correct, that
18 the requirement that's being imposed -- the mitigation
19 requirement is for a certain number of tons. And so when
20 those contracts expire at the end of 15 years, if they're
21 not renewed, then they would have to obtain new contracts
22 either with those tugs or additional tugs, so that there
23 would be an ongoing emission credit or emission reduction
24 in that area. But the 15-year figure, I believe, applies
25 specifically to the contracts they have right now with the

1 tugs, but it doesn't limit the application of the issue.

2 CHAIRPERSON GARAMENDI: Does the EIR take into
3 account the utility company's 2006 estimate of natural gas
4 requirements?

5 ENVIRONMENTAL PLANNING AND MANAGEMENT DIVISION

6 CHIEF SANDERS: Mr. Chairman, I think Pat can
7 also add to this, but the basis for the energy supply
8 demand is the 2005 report of the California Energy
9 Commission as it was updated, that is the latest
10 information of that type that's available through that.

11 CHAIRPERSON GARAMENDI: So the 2006 utility
12 company estimates of natural gas demand for the next ten
13 years, that's until 2016 is not part of the EIR; is that
14 correct?

15 MS. KARPOWICZ: That's correct.

16 CHAIRPERSON GARAMENDI: Why is it not part of the
17 EIR? Is it not relevant?

18 MS. KARPOWICZ: No, it's not that it's not
19 relevant. It's that the EIR uses the energy action plan
20 and other publicly -- other information that's been
21 through the public process and approved by both agencies
22 as the basis for the analysis.

23 CHAIRPERSON GARAMENDI: So the utility company's
24 estimate is not useful or accurate or --

25 MS. KARPOWICZ: Well, it's potentially not

1 accurate. It's not been through a public process to vet
2 it.

3 CHAIRPERSON GARAMENDI: Is there any other thing
4 in the EIR that has not been through the public process?

5 MS. KARPOWICZ: Nothing that important.

6 CHAIRPERSON GARAMENDI: I see. So the estimate
7 that has been made by the utility companies for natural
8 gas need in the state of California is not useful,
9 reliable, correct, is that what I'm -- that's what I hear
10 you saying, simply because it hasn't been through the
11 public process?

12 MS. KARPOWICZ: Well, I think that we thought it
13 was better to rely on a document that represents the work
14 of both agency staff and public comments in our analysis
15 because it would be more valid than a range of other sorts
16 of documents.

17 CHAIRPERSON GARAMENDI: I see. Then the analysis
18 relies upon a 2003 estimate of gas supply needs for the
19 State of California; is that correct?

20 MS. KARPOWICZ: To the extent that the 2005 --

21 CHAIRPERSON GARAMENDI: Well, why don't you tell
22 us you to what extent the 2005 California Energy
23 Commission report is based upon 2003 estimates of need.
24 The answer is totally, correct?

25 MS. KARPOWICZ: I think maybe the Energy

1 Commission should respond.

2 CHAIRPERSON GARAMENDI: Well, you wrote the
3 report.

4 MS. KARPOWICZ: Yes.

5 CHAIRPERSON GARAMENDI: Yes or no? It is, in
6 fact, the case, is it not?

7 MS. KARPOWICZ: I can't say that it's totally. I
8 do know that it was heavily relied on. I can't say that
9 it was totally relied on and that there was no other
10 input.

11 CHAIRPERSON GARAMENDI: We'll settle on the word
12 heavily relied on then.

13 MS. KARPOWICZ: Yes.

14 CHAIRPERSON GARAMENDI: Now, that is four years
15 old; is that correct? I think, that's about right.

16 Three, yeah, about four years, three and a half.

17 MS. KARPOWICZ: My math agrees with yours.

18 CHAIRPERSON GARAMENDI: Three and a half years
19 old, and does not -- and therefore cannot take into
20 account any recent policy developed in the State of
21 California with regard to conservation, alternative
22 renewables, and the rest; is that correct?

23 MS. KARPOWICZ: Well, it's my understanding that
24 the Energy Commission does and has considered renewables
25 and conservation in their projections of need in terms of

1 the Energy Action Plan.

2 CHAIRPERSON GARAMENDI: But the 2005 report,
3 which is the basis for the needs question, could not take
4 into account recent California policy, which has occurred
5 since 2005?

6 MS. KARPOWICZ: Well, that's correct of course.

7 CHAIRPERSON GARAMENDI: Yes, of course, it is
8 right.

9 And therefore the foundation for the needs
10 assessment is, in fact, based upon old data and old
11 estimates, which, 1, do not take account of the current
12 public policies as stated both in law and Gubernatorial
13 Executive Orders, and does not take into account the most
14 recent estimate by the utility companies themselves as to
15 the need for additional natural gas supplies; is that
16 correct?

17 MS. KARPOWICZ: Yes.

18 CHAIRPERSON GARAMENDI: Thank you.

19 COMMISSIONER CHIANG: Well, short and simple,
20 we're using old numbers.

21 CHAIRPERSON GARAMENDI: You get right to the
22 point don't you?

23 ACTING COMMISSIONER SHEEHAN: Can I ask a
24 question.

25 COMMISSIONER CHIANG: We're using old numbers,

1 and then we're undertaking a study to identify what the
2 new need would be.

3 MS. KARPOWICZ: Yes, that's correct.

4 EXECUTIVE OFFICER THAYER: If I could respond to
5 some of his questions. I think the reason the Energy
6 Commission's numbers were used in terms of why not --

7 (Thereupon members of the audience could
8 not hear.)

9 EXECUTIVE OFFICER THAYER: How about now?

10 Better?

11 I think the reason that the Energy Commission
12 numbers were used is because there are a variety of
13 numbers out there, and some of the opponents to the
14 project and other entities have come up with a variety of
15 estimates, but it seems that the Energy Commission was the
16 assigned public entity to come up with unbiased numbers
17 and do energy planning for the state. There certainly are
18 conflicts both with the utility estimates and with other
19 estimates that people in good faith come up with, but that
20 seemed to be a good starting point.

21 The information we have from Pat Perez -- who I
22 think he's still around -- could elucidate this better,
23 was that even the 2005 report was based in part on the
24 2003 report. It was still their best estimate in the 2005
25 of what the demand was going to be in the future. But I

1 think Pat will totally agree with the Commissioners that
2 that data is two years old, and, as his presentation went
3 into, there have been changes. And so I think the Energy
4 Commission staff would agree that the process being gone
5 through this year that will lead to the 2007 report will
6 be better. Although, even Pat's testimony indicated that
7 it won't yet reflect totally the effect of AB 32, because
8 those regulations won't be adopted by the Air Resources
9 Board until 2011.

10 So it's a reiterative process after awhile. But
11 what we're using is 2005 data from the Energy Commission
12 that we think was valid at that time. It's the best data
13 from the energy experts that work for the State, but it is
14 certainly limited. And undoubtedly the 2007 report will
15 look different.

16 CHAIRPERSON GARAMENDI: Anne.

17 ACTING COMMISSIONER SHEEHAN: I guess the
18 question I have is we use what is the most -- what is the
19 most up to date and, you know, certified information from
20 the Energy Commission. It is a constantly dynamic
21 changing market. Annually, the numbers are going to
22 change. So in order to get the equal numbers, because we
23 have to use it at a point in time in order to get the
24 process to move forward for this.

25 So while -- I mean it's changing as we speak

1 right now in terms of energy uses in the state. But I
2 think as Paul said, we had to use what the Energy
3 Commission have was -- what we could get in terms of what
4 were the most reliable figures at the time.

5 MS. KARPOWICZ: I think that's correct. And also
6 I would like to point out that we did take into account
7 the electric utilities, in the sense that we looked at the
8 signed contracts that they have for renewable capacities
9 since 2002. And that information came to us from the
10 Energy Commission in 2006.

11 So that is more recent. And so to the extent
12 that gas consumption is reflected in the electricity
13 -- the electric utilities renewable portfolios, then we
14 have considered that in the document.

15 So there is a section in Chapter 1 that addresses
16 it. It comes from the Energy Commission that identifies
17 how renewable energy has been incorporated in their
18 projections and their analysis.

19 ACTING COMMISSIONER SHEEHAN: Well, and I guess
20 one other clarification is, yes, the Governor signed AB
21 32. The Air Board is currently now going through the
22 regulatory process. But that still will take -- I don't
23 know if the Air Board gentleman is still here. I know
24 from my experience, that's still going to take a little
25 while to develop those full regulations to put those

1 targets into place and then to develop the mechanisms to
2 achieve those, because it was just signed last year.

3 MS. KARPOWICZ: Yes, that's correct.

4 ACTING COMMISSIONER SHEEHAN: And the Air Board
5 is quickly going through the regulatory process.

6 MS. KARPOWICZ: And this is actually one of the
7 first documents that discloses the amount of greenhouse
8 gas emissions that are related to the project.

9 ACTING COMMISSIONER SHEEHAN: Thanks.

10 CHAIRPERSON GARAMENDI: Any questions, John?

11 COMMISSIONER CHIANG: Yes. Following up on your
12 line of questioning regarding the use of the tugs. If we
13 do strict compliance with 26.2, we would include the tugs,
14 because they're not permanent, even though there's a
15 contract and legally you think that you could use --
16 continue to require the petitioner to seek additional
17 contracts, that those tug contracts, at this point in time
18 are not permanent.

19 EXECUTIVE OFFICER THAYER: I think the situation
20 undoubtedly would be changed if the on-shore rules were
21 applied. There are a variety of different requirements
22 that occur in that context. But again, if the tug
23 emissions are considered to be mitigation that they're not
24 limited by the contract. In other words, we're
25 imposing -- the Commission is imposing a CEQA requirement

1 that these reductions occur, and their 15-year approach to
2 how to deal with that are these tugboats, but we're not
3 accepting that as ultimate compliance, they'll have to
4 then continue to meet that requirement. So it's a
5 performance standard, if you will, that they've met so far
6 with the 15-year contract.

7 But tugs die. One of these might sink even in
8 less than 15 years, they'd still be on the hook for both
9 the 15 years and the longer period of time to meet these
10 reductions.

11 But in terms of changing air quality
12 applications, I'm not sure, and we would need, I think,
13 either the California Air Resources Board to explain some
14 or somebody work on that for the Environmental Impact
15 Report.

16 COMMISSIONER CHIANG: Thank you.

17 CHAIRPERSON GARAMENDI: Sir, a couple of
18 additional questions. I'd asked earlier about the length
19 of time to build the FSRU as it related to the issue of a
20 bridge, that is this LNG is necessary as a bridge. In
21 your presentations to us prior to this meeting, you
22 indicate that LNG is a bridge to a renewable energy
23 future. In that presentation you do not tell us how long
24 that bridge is going to be in place. Do you have some
25 sense of that?

1 MR. MOYER: The --

2 CHAIRPERSON GARAMENDI: Let me just frame the
3 issue even more so, because I'm trying to understand when
4 your project comes on line, you said perhaps it would be
5 2011 or 2012 and it takes 44 months for the FSRU to be
6 built. I assume that means that you start the FSRU on
7 completion of this process, which I think is about, I
8 don't know, 120 days or so; is that correct? So you'd
9 immediately begin construction of the FSRU, so we'd be
10 looking at 44 months beyond mid-summer?

11 MR. MOYER: It wouldn't be started right at the
12 end of this process, no. I mean, you'd have to do some
13 more detailed engineering to know exactly what you were
14 getting.

15 CHAIRPERSON GARAMENDI: So that additional
16 engineering is not included in the 44 months?

17 MR. MOYER: That's correct. That's the
18 construct.

19 CHAIRPERSON GARAMENDI: I understand that most
20 every shipyard is full building those 100 additional
21 tankers.

22 MR. MOYER: Right.

23 CHAIRPERSON GARAMENDI: And you have to have
24 space or I guess reserve a slot.

25 MR. MOYER: That's correct.

1 CHAIRPERSON GARAMENDI: Have you reserved a slot?

2 MR. MOYER: No. The company has been in
3 discussions with each of the places where it can be
4 located or where it could be --

5 CHAIRPERSON GARAMENDI: How long do you suppose
6 it would be for a slot to be obtained and the 44 months to
7 begin running?

8 MR. MOYER: I'm sure that the company can get the
9 project constructed in time to have it in place given
10 where the production -- exploration and production is and
11 timing on the ultimate permitting. And that's how you get
12 to that 2011/2012 timeframe.

13 CHAIRPERSON GARAMENDI: So has production been
14 started in western Australia?

15 MR. MOYER: There's exploration that's going on,
16 not production.

17 CHAIRPERSON GARAMENDI: I see. Do you intend to
18 use a floating drilling platform or a permanent
19 attached-to-the-floor platform?

20 MR. MOYER: I don't know the answer to that
21 question.

22 CHAIRPERSON GARAMENDI: Has a gasification --
23 excuse me, liquification facility been --

24 MR. MOYER: There would be a liquefaction
25 facility that would need to be constructed.

1 CHAIRPERSON GARAMENDI: Is that --

2 MR. MOYER: And so the gas would just be coming
3 out of the ground in gaseous form.

4 CHAIRPERSON GARAMENDI: I understand the field is
5 about 170 miles off shore.

6 MR. MOYER: Yeah, that's kilometers. I think you
7 have -- that number that you have is kilometers.

8 CHAIRPERSON GARAMENDI: And how would the gas
9 be -- would it be liquefied in the ocean -- on the ocean
10 or would it be --

11 MR. MOYER: No, it would be piped -- we would
12 have a pipeline that would bring it to one location. That
13 location that we chose.

14 CHAIRPERSON GARAMENDI: Now, is that also
15 included in this issue of 44 months or is that in addition
16 to or separate from or --

17 MR. MOYER: It is not on that same track. It's
18 on parallel tracks. You would be doing exploration and
19 production on the one hand and this Cabrillo Port facility
20 on the other.

21 CHAIRPERSON GARAMENDI: And they are in
22 synchronization?

23 MR. MOYER: They are.

24 CHAIRPERSON GARAMENDI: So that at the end of 44
25 months the gas lives?

1 MR. MOYER: It would be very nice to think that
2 that could happen that way, but I'm sure we both know that
3 the projects rarely go so smoothly so that they are timed
4 on the same day to begin.

5 CHAIRPERSON GARAMENDI: So that the bridge is not
6 entered upon until a minimum of four years?

7 MR. MOYER: This project will not be on line
8 before 2011 that is that correct, sir?

9 CHAIRPERSON GARAMENDI: And you have no real
10 estimate of exactly when it would be on line thereafter
11 because of all these contingencies?

12 MR. MOYER: When you say exactly, I think we've
13 put it in the 2011/2012 timeframe. And as the engineering
14 becomes more refined, then we can come to a more exact
15 date and probably could do that within a matter of months.

16 CHAIRPERSON GARAMENDI: I'm trying to understand
17 this bridge as it relates to the demand for natural gas,
18 which the utility companies tell us is going to be flat
19 for the next ten years. So I'm kind of curious exactly
20 when and how this gas, this LNG, fits into that?

21 MR. MOYER: A couple of thoughts on that
22 response. One of the things the Energy Commission and
23 this and staff's Environmental Impact Report point out is
24 that a project that brings in additional natural gas
25 supply is good from a purely a perspective of

1 diversification. Even if you did not believe, and I do,
2 that natural gas usage will increase even if you thought
3 it were to decline, isn't it a smart idea not to be at the
4 end of the pipe where diminishing reserves are our only
5 source from Canada to the Rocky Mountains and the Gulf
6 coast?

7 CHAIRPERSON GARAMENDI: Did you forget about
8 Baja?

9 MR. MOYER: The facilities in -- the LNG facility
10 in Baja is expected to use most of that natural gas in
11 Mexico.

12 CHAIRPERSON GARAMENDI: Where did you get that
13 information?

14 MR. MOYER: Well --

15 CHAIRPERSON GARAMENDI: I would assume you'd be
16 curious about that fact.

17 MR. MOYER: I think we've done -- the market
18 analysis is that the need -- that Mexico continues to be a
19 net importer of natural gas. And I don't think that we
20 should assume that we'll be able to bid away that natural
21 gas from that facility. I don't think they're
22 constructing it so that they can supply all of the natural
23 gas to -- but you'd have to talk to Sempra about that.

24 CHAIRPERSON GARAMENDI: I have a question for
25 Cheryl, if I could. Does the EIR spend -- does the EIR

1 analyze the Sempra project?

2 MS. KARPOWICZ: We include information about the
3 Sempra project in the alternatives section in Chapter 3.

4 CHAIRPERSON GARAMENDI: I see, could you
5 summarize that, please.

6 MS. KARPOWICZ: Well, our understanding is that
7 some part of the --

8 CHAIRPERSON GARAMENDI: Excuse me. Before you
9 begin that, could you refer me to that portion of the EIR
10 that --

11 MS. KARPOWICZ: Yes, I'd be happy to.

12 CHAIRPERSON GARAMENDI: -- has that.

13 MS. KARPOWICZ: It would be Section 3.3.5.

14 CHAIRPERSON GARAMENDI: Which volume?

15 MS. KARPOWICZ: Volume 1.

16 CHAIRPERSON GARAMENDI: Volume 1.

17 MS. KARPOWICZ: Yes, it would be page 3-11 in
18 Chapter 3.

19 CHAIRPERSON GARAMENDI: Please continue.

20 MS. KARPOWICZ: The Sempra project is proposed to
21 have a capacity of 1,000 -- well, a billion cubic feet per
22 day. However, it could be expanded and to increase the
23 capacity with a peak of 2.6 billion per day. Once the
24 operations begin, Sempra/Shell anticipates that about half
25 a billion per day would be used to serve the needs of

1 Mexico, and the remainder would serve the south western
2 U.S.

3 CHAIRPERSON GARAMENDI: So the present capacity
4 is 800?

5 MS. KARPOWICZ: The present capacity is -- yeah.

6 CHAIRPERSON GARAMENDI: Eight hundred million
7 cubic feet.

8 MS. KARPOWICZ: No, I think the present capacity
9 is about a billion.

10 CHAIRPERSON GARAMENDI: All right. And Mexico
11 anticipates?

12 MS. KARPOWICZ: Using about half of that or half
13 a billion.

14 CHAIRPERSON GARAMENDI: So maybe there's 500,000
15 -- 500 million cubic feet available capacity?

16 MS. KARPOWICZ: That's correct.

17 CHAIRPERSON GARAMENDI: And that's for somewhere
18 in the southwest, including southern California.

19 MS. KARPOWICZ: Yes, sir.

20 CHAIRPERSON GARAMENDI: What's the capacity of
21 the Cabrillo project?

22 MR. MOYER: Eight hundred million cubic feet
23 average.

24 CHAIRPERSON GARAMENDI: So roughly two-thirds or
25 less than two-thirds.

1 EXECUTIVE OFFICER THAYER: Mr. Chair, if I may?

2 CHAIRPERSON GARAMENDI: Yes.

3 EXECUTIVE OFFICER THAYER: To further flesh out
4 the direction that you're going, as the Chair probably
5 knows, we're in the middle of preparing an Environmental
6 Impact Report for a gas pipeline that would assist moving
7 Mexican gas north of the border to California or Arizona.
8 So the proponents of that project are working on that
9 specifically for the possibility of bringing gas in from
10 Mexico. So it's more than just theoretical, they're going
11 through that now.

12 CHAIRPERSON GARAMENDI: Does the EIR take that
13 into account?

14 In fact, it does not; is that correct?

15 The Environmental Impact Report before us does
16 not take into account that the State Lands Commission is
17 in the process of finalizing the EIR that would allow
18 additional gas to flow from the Sempra plant across the
19 California -- across the United States border and hook up
20 with the pipelines that supply gas to California; is that
21 correct?

22 MS. KARPOWICZ: No, sir. We do acknowledge that
23 fact in the document. Well, it's right in the same
24 chapter where we were just discussing those.

25 CHAIRPERSON GARAMENDI: And what effect does that

1 have on the supply of gas to California?

2 MS. KARPOWICZ: Well, that would depend on if it
3 comes to California or if it goes to one of the other
4 areas.

5 CHAIRPERSON GARAMENDI: I suppose the EIR
6 then -- this EIR then discusses the need to retrofit the
7 El Paso facility so the gas can flow eastward when
8 presently it only can flow westward? I suppose, that's
9 discussed in this EIR.

10 It's not.

11 Okay.

12 ACTING COMMISSIONER SHEEHAN: Can I ask --

13 CHAIRPERSON GARAMENDI: Excuse me, for a moment,
14 Anne, then, if I might just complete this thought.

15 The discussion concerning the Sempra facility and
16 the potential for Sempra to supply gas to California
17 appears to me to be somewhat incomplete.

18 Anne, you had a question.

19 ACTING COMMISSIONER SHEEHAN: Yes. I just have
20 question. Does the staff know, apart from the Energy
21 Commission, does California have any contracts that we
22 know of with the Sempra facility? Have they -- do we have
23 any assurance that gas is coming to California?

24 EXECUTIVE OFFICER THAYER: No.

25 ACTING COMMISSIONER SHEEHAN: No. Okay. So it

1 may come. It may not come. We're hopeful, because I
2 think the more supply in terms of to meet our immediate
3 needs while we move into some other alternatives would be
4 good. But we have no assurance that that gas is coming to
5 California. We know, you know, it stands a good chance,
6 but there are no signed contracts, Dwight, is that what
7 you --

8 ENVIRONMENTAL PLANNING AND MANAGEMENT DIVISION

9 CHIEF SANDERS: We are not aware of any contracts
10 that, for example the pipeline. The Baja pipeline company
11 has the folks to receive gas ultimately come through that
12 system.

13 ACTING COMMISSIONER SHEEHAN: Okay, but we do
14 know for this project, the gas would come to the
15 California utilities.

16 MR. MOYER: That's correct.

17 CHAIRPERSON GARAMENDI: Excuse me. On that
18 point, do you have contracts for the delivery of gas to
19 anybody, any entity in California or beyond?

20 MR. MOYER: There are letters of interest with
21 users in California that exceed the capacity of the
22 facility. It would not be commercially prudent to enter
23 into contracts to provide natural gas for a facility that
24 hasn't yet been permitted.

25 CHAIRPERSON GARAMENDI: So with regard to my

1 colleague's comments, the situation, your situation is
2 similar to Sempra's situation in that there are no
3 contracts.

4 MR. MOYER: Logistically, there is only one place
5 this natural gas can go and that's into the California
6 system.

7 CHAIRPERSON GARAMENDI: In your testimony a few
8 moments ago you said to California and beyond. Now,
9 you're telling me it's only for California.

10 MR. MOYER: The natural gas is for California.
11 The electrons and the other fossil fuels that would be
12 backed out would have extra territorial impacts into those
13 coal-burning and other plants that are constructed east of
14 California.

15 CHAIRPERSON GARAMENDI: I'm sorry. I don't
16 understand how that works. So the gas would have to be
17 transported out of California?

18 MR. MOYER: No.

19 CHAIRPERSON GARAMENDI: But the gas that would
20 otherwise come to California is going to wind up
21 repowering those coal plants?

22 MR. MOYER: Correct.

23 CHAIRPERSON GARAMENDI: And those coal plants
24 will then deliver electrons to California?

25 MR. MOYER: Without burning coal to get there.

1 CHAIRPERSON GARAMENDI: Is that in the EIR?

2 It's not.

3 Okay.

4 But it seems to be an important point.

5 My analysis, it's an important point.

6 MR. MOYER: That makes it an important point.

7 (Laughter.)

8 CHAIRPERSON GARAMENDI: It makes it a very

9 important point.

10 (Laughter.)

11 CHAIRPERSON GARAMENDI: With regard to the
12 Mexican project, apparently Mexico is going to use half of
13 the gas. Do we have any information about how much gas
14 Mexico currently imports for its current facilities?

15 In fact, the EIR does not speak to that.

16 So we know that Mexico imports gas. We don't
17 know how much it imports. We think they're going to use
18 500,000 of the potential billion -- excuse me 500 million
19 of that potential billion. And so there's additional
20 capacity. And I believe the EIR does say that they intend
21 to expand, basically more than doubling the capacity.
22 They have an application into double -- what 2.25.

23 MR. KARPOWICZ: That's correct. They do have an
24 application, but they communicated with the Energy
25 Commission and indicated that they won't make a decision

1 about that for two years.

2 CHAIRPERSON GARAMENDI: For two years?

3 MS. KARPOWICZ: Yes.

4 CHAIRPERSON GARAMENDI: What is the construction
5 time if they do make that application?

6 MS. KARPOWICZ: I would say it's probably -- just
7 based on the construction rate for the existing plan, it's
8 probably a couple years.

9 CHAIRPERSON GARAMENDI: So it's approximately the
10 same as the completion of this project should this project
11 go forward?

12 MS. KARPOWICZ: Yes, sir.

13 CHAIRPERSON GARAMENDI: Paul, could you tell me
14 what the capacity is for the pipeline that is for the EIR?
15 I think it's the Trans-Canada pipeline?

16 EXECUTIVE OFFICER THAYER: The North Baja
17 pipeline?

18 CHAIRPERSON GARAMENDI: Yes, the current we're
19 working on.

20

21 ENVIRONMENTAL PLANNING AND MANAGEMENT DIVISION

22 CHIEF SANDERS: It would double, sir, the
23 capacity of the existing line. And the existing line
24 currently has a capacity of 500 million cubic feet per
25 day.

1 CHAIRPERSON GARAMENDI: So potentially Mexico
2 could wind up with all the gas that they need from the
3 Sempra facility and an additional capacity of 500 million
4 cubic feet. Now, should the pipeline be expanded -- wait
5 a minute, the pipeline could handle that since Mexico
6 doesn't need to import on that pipeline. So that pipeline
7 could handle the current 500,000 unused -- excuse me, I
8 said thousand. Please excuse me. Just call that million.

9 Go back and change all those, would you, please.

10 (Laughter.)

11 CHAIRPERSON GARAMENDI: Five hundred million
12 cubic feet per day.

13 And should we approve the EIR on the pipeline, it
14 would provide a billion, which then is twice what Mexico
15 currently uses.

16 COMMISSIONER CHIANG: Can I ask a question. Are
17 we at capacity for that pipeline?

18 ENVIRONMENTAL PLANNING AND MANAGEMENT DIVISION

19 CHIEF SANDERS: No, sir. The current information
20 that we have, in fact, from as recently as a couple of
21 weeks ago from the Energy Commission indicate that gas --
22 approximately 265 million cubic feet of gas per day are
23 going south into Mexico via the existing north Baja
24 pipeline, which has the capacity of, as we indicated, 500
25 million cubic feet per day.

1 COMMISSIONER CHIANG: For the contracts, the ones
2 that currently exist for usage in Mexico, are they legally
3 executed contracts? Do we know, are they legally
4 committed? And then let me explain my line here. What
5 I'm trying to do is I'm trying to get at the pricing
6 mechanism, I mean, that they're legally bound to use that
7 development in Mexico. For instance, if they could make
8 significantly more profit here in the United States, would
9 they change how much they allocate?

10 ENVIRONMENTAL PLANNING AND MANAGEMENT DIVISION

11 CHIEF SANDERS: I'm not aware of the answer to
12 that, Commissioner. We have been told by the Energy
13 Commission staff that utilities in Mexico have contracted
14 for the 500 -- for approximately 500 million cubic feet
15 per day from the Phase 1 development of the Shell/Sempra
16 facility, which is approximately 50 percent of that
17 facility's capacity. That, as we've indicated, could be
18 doubled, but in approximately four years.

19 COMMISSIONER CHIANG: And then so that I have a
20 better sense of what has taken place in the southwest, do
21 we see a significant pricing differential for the cost of
22 the natural gas in the event that they do create a
23 pipeline going into the southwest states, and here in
24 southern California versus what would take place in
25 Arizona or elsewhere?

1 ENVIRONMENTAL PLANNING AND MANAGEMENT DIVISION

2 CHIEF SANDERS: We have no information on the
3 pricing, Commissioner. It sounds trite, but it's market
4 driven.

5 EXECUTIVE OFFICER THAYER: Although, the Energy
6 Commission staff, Pat Perez, has opined that the
7 increasing demand from the midwest and the east is
8 likely -- which is projected at higher rates than
9 California's own demand, is likely to create an increased
10 demand on the sources that we use. So, you know, western
11 Colorado surplus gas could end up going east where they
12 now go west.

13 A couple other clarifying points. In terms of
14 the question about how much Mexico imports right now, the
15 figure that Dwight gave is not necessarily comprehensive,
16 but it certainly indicates that right now they're
17 importing that 265 million on the pipeline. And I think
18 that's only half the capacity of that, which leads to the
19 possibility at least, technically, that that pipeline
20 could be used bi-directionally and there would be some of
21 that gas into California.

22 And the other issue that I wanted to explore a
23 little bit because the Chair had raised this as to the
24 start-up time for the BHP project. I had understood in
25 the last couple weeks that there was a reassessment of

1 what that was and that the actual start-up date
2 potentially was later more like 2013. And since it's of
3 concern to the Commission about whether or not this is
4 going to be a rapidly achieved bridge, I wonder if you
5 could comment on that.

6 MR. MOYER: Our internal estimates are still
7 2011/2012. It is possible -- and I should also clarify
8 that that 44 month timeframe that we -- that I mentioned
9 earlier is the beginning of fabrication to being on line
10 here in California, not just the construction.

11 And on the need issue, it's certainly not for the
12 applicant to say whether or not the State of California
13 needs this facility. But since you were mentioning the
14 global warming issues, natural gas -- there will be
15 increasing pressure on current reserves of natural gas
16 since it is a more clean burning greenhouse gas than coal.
17 And that's why I kept going back to that issue, that
18 you'll see others pressure that. And I think the
19 diversification of supply that the Energy Commission makes
20 has some significance.

21 CHAIRPERSON GARAMENDI: The principal argument
22 here for the facility is diversification of supply.

23 MR. MOYER: It is not for the applicant to tell
24 you whether you need this facility. I think the
25 Environmental Impact Report does a more thorough job of

1 need, but it is their document. It is not the applicant's
2 document, Mr. Chairman.

3 CHAIRPERSON GARAMENDI: I'm astounded by that.
4 You're telling me that it's not for the applicant to
5 determine whether there's a need for the project?

6 MR. MOYER: We absolutely -- the company would
7 not be on this path if it did not see a marketplace here.
8 There's no question. And if you believed that the market
9 should -- you know, those of us who believe that the
10 market should have some impact, there is no question but
11 that this facility is needed. My point was to the need
12 assessment done in the Environmental Impact Report.

13 The company will not proceed on a billion dollar
14 project if it does not believe that there is a market for
15 the natural gas. And that's why I mentioned the letters
16 of intent that have been executed to date that show --
17 letters of interest that show a tremendous interest in the
18 gas.

19 CHAIRPERSON GARAMENDI: Do you have one of those
20 letters with you?

21 MR. MOYER: I don't. I'm running kind of light.
22 We have provided a number of them --

23 CHAIRPERSON GARAMENDI: Do we have those in our
24 record -- any of those letters of interest?

25 MR. MOYER: And I believe you'll be hearing

1 testimony about that issue later as well in public
2 testimony from some of the customers -- potential
3 customers.

4 CHAIRPERSON GARAMENDI: Give me some preview
5 since you're here.

6 MR. MOYER: I haven't been involved in crafting
7 their testimony, Mr. Chairman, so I wouldn't have any --

8 CHAIRPERSON GARAMENDI: Have you seen the
9 letters?

10 MR. MOYER: Have I seen the letters? Yes.

11 CHAIRPERSON GARAMENDI: Can you share with me
12 some idea of what they -- your assessment of what they
13 are.

14 MR. MOYER: The letters of interest are
15 substantially more than the volume of the facility.

16 CHAIRPERSON GARAMENDI: And are they -- they said
17 we'll buy the gas at the right price at the right time?

18 MR. MOYER: Yes.

19 CHAIRPERSON GARAMENDI: All right. Who wouldn't?

20 (Laughter.)

21 MR. MOYER: Well --

22 CHAIRPERSON GARAMENDI: Okay. So we know that
23 there are customers for gas at the right time and the
24 right price.

25 MR. MOYER: And I think you'll be hearing more

1 testimony about the need as the evening goes on.

2 CHAIRPERSON GARAMENDI: Has BHP Billiton done a
3 cost estimate of the delivery of gas to the shores of
4 California, that is into the California pipeline system?

5 MR. MOYER: I do not know. I can find that
6 information out.

7 CHAIRPERSON GARAMENDI: Well, certainly BHP --

8 MR. MOYER: I can come back and respond to that
9 in my remaining testimony. I'll find out the answer of
10 that.

11 CHAIRPERSON GARAMENDI: I think it would be most
12 useful in determining the usefulness of those letters of
13 interest to know what the delivery cost is.

14 MR. MOYER: Well, my guess is that it would not
15 be possible to establish a delivery cost without having
16 more thoroughly engineered the exploration and production
17 side, because you're really saying --

18 CHAIRPERSON GARAMENDI: You mean to tell me BHP
19 Billiton has been at this four years and has no idea what
20 the delivery cost is to the coast of California?

21 MR. MOYER: I'm saying --

22 CHAIRPERSON GARAMENDI: This is a major
23 international company and surely that would have been the
24 first thing they'd done.

25 MR. MOYER: One can certainly guess that the cost

1 of production within a range and I think you can perhaps
2 estimate the production cost and add to that some
3 transportation cost and you might be able to get into a
4 range. Without doing more engineering, it won't be
5 possible to know that. It is clearly a project that --

6 CHAIRPERSON GARAMENDI: I find it difficult to
7 accept that.

8 That's fine, you're not under oath.

9 Let's move on.

10 Thank you very much.

11 MR. MOYER: Thank you.

12 Paul.

13 EXECUTIVE OFFICER THAYER: At this point we're
14 ready to move on to public testimony. Staff notes that
15 when we checked about a half an hour ago we have about 122
16 requests to speak. I think those are handed to you there.
17 We've tried to divide them up. I think we've got the
18 public officials who have been waiting to speak,
19 Congresswoman Capps is in the front row there. And so
20 we're recommending you take those first, since they have
21 other public service.

22 CHAIRPERSON GARAMENDI: It appears as though we
23 have two elected officials here and we have several staff
24 people. Without harming the staff people's egos, we will
25 simply take the elected officials and then the rest later.

1 Congresswoman Lois Capps.

2 CONGRESSWOMAN CAPPS: Good morning and welcome to
3 Oxnard and to the 23rd District, which I have the honor of
4 representing in the United States House of
5 Representatives. Thank you Chairman Garamendi,
6 Commissioners Chiang and Sheehan for being here today.

7 I have a signed statement to submit for the
8 record. And I have enjoyed working with the State Lands
9 Commission on efforts to protect our State's coastline
10 from new off-shore oil and gas drilling in federal waters.
11 Today, I'm please to share with you the serious concerns
12 of our coastal communities about the Cabrillo Port
13 Liquefied Natural Gas or LNG project.

14 I am convinced that Cabrillo Port represents an
15 unacceptable risk to our central coast communities. It
16 will cause at least 20 Class 1 significant and unmitigated
17 impacts to air and water quality, public safety, marine
18 wildlife and many more. These impacts will degrade our
19 environment, negatively impact our region's economy and
20 harm our state's coastal resources.

21 I urge you to deny certification of the
22 Environmental Impact Report and to deny the lease for the
23 proposed LNG project. And here are some of the reasons.

24 First, the report does not adequately explore
25 either the need for or the alternatives to this project,

1 to which you referred previously, Mr. Chairman. This
2 failing alone should result in the project being denied.

3 For instance, the report excludes consideration
4 of domestic natural gas supplies and other existing LNG
5 proposals. And it does not include an analysis of energy
6 alternatives that are currently available. There are
7 faster, cheaper and longer term energy solutions such as
8 conservation, efficiency, and renewable energy that are
9 available now. These alternatives will not endanger
10 public safety or our economically valuable coastal
11 environment.

12 Now second, as you are well aware, the air
13 quality in southern California suffers from high levels of
14 pollution. Cabrillo Port would violate the federal Clean
15 Air Act and degrade our air quality even with mitigation
16 measures. Cabrillo Port will be the largest smog producer
17 in Ventura county and interfere with its efforts to
18 achieve clean air standards.

19 As a public health nurse, I am keenly aware that
20 air pollution resulting from Cabrillo Port will impair the
21 health of all Californians. Further more, EPA, the
22 Environmental Protection Agency, has recently proposed
23 exempting Cabrillo Port from strict clean air standards,
24 which require the applicant to find offsets for its
25 increased pollution. A colleague of mine in Congress has

1 begun oversight of the EPA for this decision.

2 It's unfair that this project would not be held
3 to the same rigorous standards that would apply to any
4 other facility emitting similar levels of air pollution in
5 our area.

6 It's also unwise, I believe, to approve a project
7 which is under investigation for highly irregular
8 activities on the part of the applicant.

9 The report also fails to adequately address
10 global warming impacts. According to some estimates, this
11 project would be responsible for up to 25 million tons of
12 global warming pollution per year. Now, California's
13 played a leading role in efforts to curb global warming
14 pollution. It appears that Cabrillo Port jeopardizes
15 those efforts.

16 In addition, this project would also seriously
17 impact our water quality and the marine environment on the
18 central coast. The proposed facility would be sited
19 adjacent to a national park, a national marine sanctuary.
20 Discharges, including vessel oil spills, would damage
21 these fragile marine ecosystems. And according to the
22 National Marine Fisheries Service, noise and collisions
23 resulting from Cabrillo Port represent a significant
24 threat to marine animals.

25 Finally, Cabrillo Port would be located near

1 major shipping lanes and could impact commercial,
2 recreational and Naval navigation. An accident at the
3 facility or on a tanker, for example, could engulf
4 shipping lanes and threaten humans, marine wildlife or
5 vessels caught in the range of an explosion.

6 A recent GAO report indicates that the risk
7 assessment models used for Cabrillo Port, this project, do
8 not go far enough to protect public safety. Moreover,
9 according to the FEIR the specifications of the floating
10 storage and regasification unit, the first of its kind in
11 the world, will be submitted after approval of the project
12 and issuance of the license.

13 Deferring the review of these critical pieces of
14 information prevent stakeholders from thoroughly assessing
15 the implications of this project. I find this offensive
16 to the hundreds of thousands of people directly impacted.
17 These are my constituents.

18 This project flies in the face of the commitment
19 that the California -- legislation and the Governor has
20 recently turned into a project as a goal of ours.

21 A month ago -- and this is my final point --
22 after the EIR was released, I went back to the U.S.
23 Geological Survey and asked them to update their review
24 regarding the treatment of potential seismic hazards in
25 the recently released final impact report. The letter was

1 just received back from the USGS this morning.

2 The many geologic hazards a pipeline would face
3 were it to follow the route proposed in the draft EIR has
4 now been updated.

5 COMMISSIONER CHIANG: I'm sorry, could you repeat
6 that last line. I missed it.

7 CONGRESSWOMAN CAPPS: After the EIR was released
8 a month ago, I asked the USGS to update its evaluation.
9 We just received this letter this morning, which I would
10 like to also submit for your record being analyzed. But
11 it indicates that they have serious concerns about the
12 many geologic hazards a pipeline would face and do remain
13 even despite the EIR.

14 In sum, you should deny certification of this
15 report and the lease, because of the proposed Cabrillo
16 Port LNG project's impact on our environment. It poses
17 serious threats to the public safety, air and water
18 quality and the precious coastline of our community.

19 As I mentioned just now, the State of California
20 recently has affirmed its commitment to emphasizing
21 renewable energy sources. And this project flies in the
22 face of that commitment. Before we embark on this
23 potentially harmful and irreversible project of such a
24 dubious nature, I believe we should first concentrate on
25 reducing out energy needs and increasing our use of safer

1 alternative energy sources.

2 And, again, I thank you very much for conducting
3 this hearing in this community and for allowing me to make
4 my statement.

5 Thank you.

6 (Applause.)

7 CHAIRPERSON GARAMENDI: Thank you very much.

8 Now, now, now. Do I need to repeat my earlier
9 point about demonstrations of all kinds?

10 I don't think so. You're all very, very well
11 behaved. So thank you very much for not doing that again.

12 Congresswoman, thank you for your testimony.

13 There are six members of the local governments in
14 the area. We'll take these in an order that has to do, I
15 think, with reverse alphabet of the location.

16 I would ask you to hold to the time limit, which
17 I believe is three minutes.

18 EXECUTIVE OFFICER THAYER: (Nods head.)

19 CHAIRPERSON GARAMENDI: So Damon Wing, Ventura
20 County Supervisor. Representing? No, no, Damon, you get
21 to sit down.

22 MR. WING: You're the boss.

23 (Laughter.)

24 CHAIRPERSON GARAMENDI: I am. That's correct.

25 (Laughter.)

1 CHAIRPERSON GARAMENDI: As Barbara Boxer says,
2 "I've got the gavel".

3 (Laughter.)

4 CHAIRPERSON GARAMENDI: Supervisor John Flynn, I
5 believe you're here.

6 Please.

7 We're going to take staff after our lunch break.

8 VENTURA COUNTY SUPERVISOR FLYNN: Good morning,
9 Mr. Chairman and good morning, Mr. Chiang and Ms. Sheehan.
10 We welcome you here to Oxnard.

11 Mr. Garamendi, I helped you several years ago
12 when you came to Oxnard. I helped you with a meeting.
13 And ever since then I've been getting Christmas cards.

14 (Laughter.)

15 CHAIRPERSON GARAMENDI: That's good.

16 VENTURA COUNTY SUPERVISOR FLYNN: I put my
17 Christmas card from you on the piano. And several years
18 ago, my son, who's now a City Councilman here in Oxnard,
19 said Dad, "Is he a real important person?" I said, "Yes
20 he is." "Is he more important than you are?" "Yes, he
21 is."

22 (Laughter.)

23 VENTURA COUNTY SUPERVISOR FLYNN: Thank you for
24 being here.

25 CHAIRPERSON GARAMENDI: It all depends upon the

1 forum.

2 VENTURA COUNTY SUPERVISOR FLYNN: I associate my
3 comments with those of Congresswoman Lois Capps. But mine
4 is going to be more of a general kind of a decision making
5 presentation more on what my constituents are telling me.
6 They sent me here today. I represented the constituents
7 here in Oxnard for 30 years. I'm on my 31st year. This
8 is a community that is 80 percent none Anglo, so I'm very
9 happy and proud to be able to represent them for such a
10 long time.

11 This is a watershed time and issue that we face
12 here. I hope that we can think globally here and act
13 locally. I've looked at that phrase for a long time and
14 this really fits it very well. We need to send a signal
15 to the world. California is looked at as a great leader
16 throughout the world. We impact all kinds of cultures and
17 all kinds of people and we do that because we have such
18 great respect from those throughout the world. So
19 California is a leader. They're going to look at the
20 signal that you send them in your decision that you make.

21 I have several comments to make. One is
22 conservation and alternative renewable energy sources are
23 the future. That's our future and the future begins now.

24 Conservation works. Several years ago I worked
25 with then Supervisor Sunne Wrigt McPeak. I was from the

1 south. She's from the north. We developed with a
2 committee a conservation water program. Conservation
3 works. We got the big water purveyors to agree, and one
4 million acre feet of water was produced from that program.
5 So conservation works.

6 Momentum is building among the population and
7 institutions. Global warming is heard every day. It's a
8 term people understand today. The pictures of ice melt
9 and polar bears drowning is like the canary and the mime
10 only more important. People are not at a panic stage as
11 yet, but they are very very concerned.

12 I have people coming up to me in the marketplace
13 and say, "What are we going to do and what are you doing,
14 John Flynn?" What are we going to do about this issue of
15 global warming?

16 People are not in a panic yet, but they are very
17 very concerned. One can debate that we are in a crisis.
18 We're very close. This issue complicated -- this issue is
19 complicated and the people want leadership.

20 The Supreme Court decision on EPA is a great
21 strong signal for us. They ordered EPA to do more
22 emissions reduction. And in an article in the New York
23 Times, it must have been presented to the Supreme Court,
24 the United States produces 25 percent of the world's
25 emissions. The U.S. has 5 percent of the world's

1 population. Time magazines had 51 ways we at the local
2 level, all of us, all of you, can do to try to attain this
3 problem.

4 The Star, the Ventura County Star, they don't
5 always get along with me, but they endorsed the idea that
6 you should vote no on this issue. The LA Times also.

7 Oxnard is a very religious city. You go to every
8 church in this city and they're packed. So they have
9 great respect for God's creation and we are the steward --
10 we provide the stewardship for the earth. It's not ours
11 to destroy.

12 You are in the most significant position of
13 anyone in California today. That's how important this
14 decision is. I can't think of a more demanding question
15 before you and the issue is so so important.

16 I have voted a few times in my career as a
17 Supervisor and I know I voted wrong on an issue. When I
18 wake up in the night and think about you really didn't do
19 what you should have done. My conscience won't allow me
20 to stop thinking about an issue where I voted the wrong
21 way. It hasn't happened a lot, but it has happened.

22 The people in my district are putting their
23 future and their sons, their daughters, their
24 grandchildren in your hands. They sent me to ask you to
25 lead us. You are the leaders. We are the followers and

1 we will help in any way.

2 I'll close my comments by saying you're very
3 important guests to us. If we can serve you in any way,
4 my office can serve you in any way, please call on us and
5 we will accommodate you.

6 Thank you very much, Mr. Chairman.

7 CHAIRPERSON GARAMENDI: Thank you very much, Mr.
8 Flynn.

9 Murray Rosenthal. Excuse me, Rosenbluth.

10 I'm going to call about five people and if you
11 can come up and stand one next to the other, then we'll go
12 through these as quickly as we can. Please pay attention
13 to that little red light there. Generally red lights mean
14 stop.

15 (Laughter.)

16 PORT HUENEME CITY COUNCILMEMBER ROSENBLUTH:

17 Honorable Chair --

18 CHAIRPERSON GARAMENDI: Excuse me, just one
19 moment, if you would.

20 John Zaragoza from the City Council of Oxnard;
21 Andy Stern City Council of Malibu; Pamela Conley Ulich
22 Malibu City Council, if you'll come up and make yourselves
23 stand there and we'll go one after another.

24 Please continue.

25 PORT HUENEME CITY COUNCILMEMBER ROSENBLUTH:

1 Honorable Chair, Commissioners, ladies and
2 gentlemen, good afternoon. My name is Murray Rosenbluth.
3 For the past 11 years I've been a member of the Port
4 Hueneme City Council. Port Hueneme is a city of some
5 22,000 souls, just up the coast from the Oxnard.

6 I am also a Registered Professional Engineer in
7 the State of California. Prior to elected office I had a
8 30 year career with a multi-national company. And I have
9 direct experience with gas fired turbine cogeneration
10 technology.

11 The Port Hueneme City Council voted on April 4th
12 to oppose BHP Billiton Cabrillo Port. The reason is to
13 protect the health and safety of the Port Hueneme
14 residents, protect the environment and preserve
15 surrounding coastal natural resources. These concerns are
16 very valid, but some LNG proponents charge that opposition
17 is based on NIMBY, Not In My Backyard.

18 As a Port Hueneme City Council Member, my issue
19 is not based on NIMBY. The issue is much better than
20 that. The major pro-LNG argument is diversity, because we
21 will need LNG in the future because natural gas usage will
22 increase without a corresponding increase in natural gas
23 supply on our continent.

24 This often claimed future North American natural
25 gas supply demand imbalance, as a justification for

1 importing LNG, is in my opinion, a fiction, a myth. It's
2 not just opinion. Reputable engineering and financial
3 analyses showed that there is and will be ample North
4 American sourced natural gas for the foreseeable future.
5 As an engineer I have reviewed these analyses and I am
6 convinced that they are correct.

7 The claim of natural gas shortage is used to
8 justify more expensive LNG, an expense that we will all
9 feel in our energy billings for heating, cooking, and
10 electrical energy. We will feel it in the same way that
11 we feel the cost of gasoline well over \$3 per gallon.
12 Think of that the next time you put gas in your tank.

13 Even if the alleged future of domestic gas
14 shortage were true, there are ample viable alternatives.
15 For example, conservation, renewable energy and More
16 efficient technology. Two examples, converting existing
17 gas-fired electrical generating plants by retrofitting
18 them with combined-cycle technology. And secondly,
19 offering financial incentives for cogeneration technology.

20 I voted no for our imported gas, because it will
21 not be needed and because our natural gas eating, cooking
22 and electricity bills will be stabilized without LNG, not
23 escalating if Cabrillo Port LNG is authorized.

24 I ask you to please join me with a no vote.

25 Thank you.

1 CHAIRPERSON GARAMENDI: Thank you. Murray, we
2 appreciate that.

3 Mr. Zaragoza.

4 OXNARD CITY COUNCILMEMBER ZARAGOZA: Thank you,
5 Chairman Garamendi and the Commissioners. I'm John
6 Zaragoza Council Member here for the City of Oxnard. I've
7 been a council member for about 11 years, Mayor Pro Tem
8 for about four years for the great City of Oxnard. And
9 I'm here this afternoon, Mr. Chairman, on behalf of the
10 Oxnard City Council and on behalf of the community of
11 Oxnard.

12 And I have a letter that I'd like to read on
13 behalf of the City Council and a couple of comments,
14 personal comments on my own.

15 "Now that the BHP Billiton LNG gas
16 project is nearing the final stages of
17 the federal and State permitting
18 process, the City Council of the City of
19 Oxnard is concerned that the project may
20 be approved and permitted over the
21 objections of the Oxnard City Council
22 and the community.

23 "Even though the residents of Oxnard
24 will be mostly impacted by the
25 construction and operation of the LNG

1 facility off the coast of the City of
2 Oxnard, the City Council has no
3 representation or the City for the
4 federal State decision-making process.

5 "The only discretionary permit that
6 the City has is the opportunity to
7 consider a permit to determine whether
8 the proposed facility and land-based
9 pipe that enters the shore of Oxnard are
10 in the California Coastal Commission.

11 "The City Council has a long history
12 of expressing concerns over the proposed
13 LNG facilities. We've held numerous
14 public hearings and received public
15 input to review the findings of the
16 Draft Environmental Impact Report and
17 also the Environmental Impact Study
18 EIR/EIS issued on the project.

19 "On July 13, 2004, the City Council
20 passed a resolution Stating that the
21 City Council of the City of Oxnard
22 opposes BHP Billiton and Crystal Energy
23 projects unless and until the proponents
24 can demonstrate to the satisfaction of
25 the City Council that the adverse

1 effects upon the environment, safety and
2 health and the economy of the City of
3 Oxnard has been mitigated.

4 "After thorough review of the
5 EIR/EIS, we have concluded that the
6 proponents have not fully mitigated all
7 of its significant negative impacts in
8 the Final EIR/EIS. It is for this
9 reason, Mr. Chairman, that the City
10 Council of the City of Oxnard is
11 restating our opposition to the
12 construction and the operation of an LNG
13 facility off the coast of the City of
14 Oxnard."

15 And Chairman Garamendi, I'd like to share a
16 couple of my just personal opinions for one minute.

17 The City of Oxnard, Chairman -- and by the way
18 I'd just like to share with you that I was happy to meet
19 you when you were campaigning here in Oxnard at the
20 Marriott. And I voted for you.

21 (Laughter.)

22 CHAIRPERSON GARAMENDI: I was going to point out
23 earlier that both Mr. Chiang and I do represent the City
24 of Oxnard.

25 OXNARD CITY COUNCILMEMBER ZARAGOZA: Thank you so

1 much.

2 And the City of Oxnard has been a host to three
3 landfills for Ventura county. We have two huge electrical
4 powerplants off of Mandalay and off of Ormond. We're
5 currently now being proposed a peaker plant here in the
6 City of Oxnard off Oxnard shores. We're faced with a huge
7 radioactive slag piled here at Halaco just a couple of
8 miles from here. And we had hearings like this before and
9 the said we're going to be safe and now it's radioactive.
10 And it's affected our population.

11 Please, as a resident of Oxnard for three
12 generations -- we've been here for three generations, I
13 would ask you please to the Cal State Commission do not
14 approve this LNG. It will affect over 400,000 people
15 starting from Ventura, Oxnard, Hueneme, El Rio, two bases
16 and the great city of Malibu. Please do not approve this
17 LNG.

18 Thank you so much.

19 CHAIRPERSON GARAMENDI: Thank you very much, Mr.
20 Zaragoza.

21 OXNARD CITY COUNCILMEMBER ZARAGOZA: And I have a
22 letter here from the City Council that I do share with
23 you.

24 CHAIRPERSON GARAMENDI: Put it on the table and
25 we'll add it to the file. Thank you very much.

1 Andy Stern and Pamela Conley Ulich.

2 MALIBU CITY COUNCILMEMBER STERN: Good afternoon,
3 Chair Garamendi and Commissioners and staff. It is a
4 privilege to be before you this afternoon. I very much
5 appreciate this opportunity. This is an historic day.
6 Never before have the cities of Port Hueneme, Oxnard and
7 Malibu join together on any cause. But I am proud to
8 stand with them today in solidarity in asking you to deny
9 certification of the EIR and do not issue a lease for the
10 BHP Billiton Cabrillo Port.

11 I've been to several of these hearings by
12 different organizations. I want to give you a little
13 preview of what some people are going to say. There are
14 certain people who are going to say we really need this so
15 our rates we'll go down. We can't afford higher rates.
16 I've seen no evidence to that. I asked these people, I've
17 seen no evidence at all of that.

18 I was going to speak to whether or not -- I'm
19 actually looking at that little clock right there. I was
20 going to speak to whether or not this BHP Billiton
21 Cabrillo Port is even needed, but I appreciate the Chair
22 and the Commissioners questions and staff's responses to
23 that, so I won't get into that.

24 I'm not a technical guy. I'm one of the elected.
25 And you're going to hear lots of technical stuff today.

1 But I look at this, and the one thing that I really get
2 out of it is the best case scenarios are what I want to
3 talk about. It seems to me the best case scenario is a
4 significant increase in air pollution. That just doesn't
5 affect Oxnard, Port Hueneme and Malibu. Know there are
6 hundreds of thousands of people. Air pollution knows no
7 borders. And the City of Malibu is privileged to house
8 over 15 million beach visitors per year. There are 50
9 million visitors that visit LA county beaches per year, 15
10 in Malibu alone. That's LA county beaches and harbors
11 statistics. That's the good news. That's the best case
12 scenario.

13 The worst case scenario is this thing catches
14 fire. It goes into the shipping lanes. There's an oil
15 tanker going by and I cannot imagine the consequences of
16 that. And that again just doesn't affect our areas. So I
17 would ask that this evening you not certify the EIR. You
18 not issue the lease to be BHP Billiton, because I would
19 say the only way -- the only way to really protect the
20 health and safety of our residents is to not do so.

21 Thank you.

22 CHAIRPERSON GARAMENDI: Thank you very much.

23 MALIBU CITY COUNCILMEMBER ULICH: Good morning --
24 or good afternoon. I know you're hungry, so I'll try to
25 make this quick so you can get out of here and eat.

1 My name is Pamela Conley Ulich. I'm on the
2 Malibu City Council. More importantly I'm a mother of two
3 young children. I come to you -- I biked here today from
4 Malibu. So I could remember why the 15 million visitors
5 and all of us out here enjoy coming to the ocean every
6 day. I saw the surfers. I saw some dolphins. I was able
7 to breathe the beautiful air we have without the smog.

8 You three people here today are going to make
9 history. I guess I wanted you to ask yourself, when you
10 make your decision today, are you going to make the world
11 better or are you going to make the world worse? I mean,
12 that's really what it goes down to. It boils down to that
13 question. Is this facility going to make the world
14 better?

15 I am not going to belabor the points that were
16 made by Congresswoman Capps. I think she eloquently told
17 you all the reasons to oppose this. I'm really glad, I
18 have to say, that you're having this hearing today,
19 because when I did pick up Thursday's issue of the LA
20 Times, I read something by BHP. This is from Renee
21 Klimczak, the president of BHP. And I'm going to quote
22 you what was said in the open letter to the community of
23 LA.

24 "The California Air Resources Board and the
25 California State Lands have reviewed and signed off on

1 this project." They have signed off on this project. I'm
2 concerned about this misrepresentation by the president.
3 And I'm asking you, if they're able to put this in
4 misrepresentation in the LA Times for the world to see,
5 what else have they misrepresented here today?

6 I'm so glad that you come here with open minds,
7 open hearts, and I know -- and I trust you're going to
8 make the right decision in denying this.

9 This facility, if you do uphold it, is an -- it
10 would be unconscionable to sign off on this. This
11 facility is not a solution to our problems. According to
12 the EDC, energy conservation and efficiency could provide
13 California with twice the energy that this project would
14 give us. So let's conserve. Let's take it to the people.
15 Let's take it to my kids that I teach them you can bike
16 here. You don't have to drive everywhere.

17 You know what, put another blanket on at night.
18 You don't have to turn on the heat. Eat something for all
19 those people out there who are anorexic. You won't get as
20 cold.

21 (Laughter.)

22 MALIBU CITY COUNCILMEMBER ULICH: You know do the
23 right thing for us. We trust you. Please deny this. We
24 can do better. California needs to go forward. We need
25 to be here for the future.

1 There's one point that I'm going to agree with,
2 that the Manatt Phelps said in his presentation, which is
3 no, you keep going back. He was referring to his
4 PowerPoint. But I agree with that, don't go back here
5 today. Do not go backwards. Go to the future. Do not
6 allow this to happen. The world will thank you. I will
7 thank you. And thank you for your time and have a good
8 lunch.

9 CHAIRPERSON GARAMENDI: Thank you.

10 MALIBU CITY COUNCILMEMBER ULICH: Oh, can I quote
11 Robert F. Kennedy real quick. This is in the Outdoor
12 Magazine and the Governor's on the cover. And as you make
13 your decision tonight, he equivocated. "The Hudson River
14 pollution is a theft. It was the act of a big shot with
15 political clout stealing from the rest of us. Stealing
16 publicly owned resources from the public. We've got to
17 protect the air we breathe, the water we drink, the
18 wildlife, the public lands, the waterways that enrich us
19 that connect us to our past, that provide context to our
20 communities, and that are the source ultimately of our
21 values and virtues and character as a people."

22 Thank you.

23 CHAIRPERSON GARAMENDI: I can't make up his mind
24 about that project.

25 MALIBU CITY COUNCILMEMBER ULICH: That's why I

1 quoted this.

2 CHAIRPERSON GARAMENDI: There are two people that
3 I want to take immediately when we get back from our lunch
4 break. They are former members of the legislature and
5 dear friends Hannah-Beth Jackson and Fran Pavley. And
6 then we'll move through the staff of the various
7 legislators and members of the council and supervisors
8 here. Then we'll go to the general public. We're going
9 to take a 45-minute break. We're going to be back here
10 promptly at two o'clock. Don't leave yet. We may change
11 my mind.

12 (Laughter.)

13 CHAIRPERSON GARAMENDI: We'll be back at two
14 o'clock.

15 (Thereupon a lunch break was taken.)

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1 AFTERNOON SESSION

2 CHAIRPERSON GARAMENDI: Good afternoon, everyone.

3 EXECUTIVE OFFICER THAYER: If we could have the
4 mikes back on, please.

5 CHAIRPERSON GARAMENDI: It's two o'clock or
6 shortly thereafter. I know, so much for leadership.

7 We're ready to go into our afternoon session.
8 There were representatives of elected officials that I
9 said we'd get to immediately. The staff calculates that
10 we have -- they're very good at numbers, despite what I
11 was saying earlier this morning. We have about 120 people
12 signed up to speak. I assume most of them are still
13 around, but not in the room at the moment.

14 In three hours we'd like to be finished near five
15 o'clock with those folks. So we're going to limit
16 testimony this afternoon -- Paul, what would you suggest?

17 EXECUTIVE OFFICER THAYER: The only way it will
18 work will be a minute and a half a piece.

19 CHAIRPERSON GARAMENDI: Oh, let's see if we can
20 stay as close to a minute and a half as possible. There
21 are some people that I know have more detailed testimony
22 and we're aware of that and we'll deal with that as we go
23 along. Many of you are going to say you don't like the
24 project or you do like the project. I would recommend
25 that if you're not adding new information, that you make

1 your comments very quick about old information that's
2 already on the record, and you can drive that point home
3 more quickly and it will certainly keep the Commissioners
4 happier, either side of the question whatever you may be
5 on.

6 Okay. Let's see if we can go through this. I
7 understand that Fran Pavley had to leave and is not with
8 us this afternoon.

9 EXECUTIVE OFFICER THAYER: She's right there.

10 CHAIRPERSON GARAMENDI: Well, hello, Fran.

11 (Laughter.)

12 CHAIRPERSON GARAMENDI: How about Hannah-Beth, is
13 she around? Well one of the two of you that were gone.
14 So, Fran, you get to start us off, if you would please.
15 I'm going to call up two other people. I think
16 Hannah-Beth Jackson did leave. Hilda Garcia, if you'll
17 come up and Stuart Waldman from Mr. Levine's office.
18 Damon, I called you up earlier, then I told you to sit
19 down, so my apologies on that, but it's time to stand up
20 again.

21 Damon Wing from Supervisor Parks Office and Denis
22 O'Leary, Oxnard School District. And finally among those
23 representing the public here Deborah Meyer-Morris, Oxnard
24 PTA.

25 Hello, Fran.

1 RETIRED ASSEMBLYMEMBER PAVLEY: Hello.

2 CHAIRPERSON GARAMENDI: I think we're talking
3 about some of your legislation earlier.

4 RETIRED ASSEMBLYMEMBER PAVLEY: I recognized
5 that. Thank you very much. And good afternoon, everyone.
6 And I'll keep my comments relatively brief with 120
7 speakers.

8 CHAIRPERSON GARAMENDI: You can have more than a
9 minute and a half.

10 RETIRED ASSEMBLYMEMBER PAVLEY: Well, I
11 appreciate that. Just by way of background. I
12 represented the Oxnard, Port Hueneme and Malibu areas in
13 the State Legislature for six years from 2000 to 2006. So
14 I'm very familiar with this particular project and watched
15 it go through the process.

16 I'm going to ask you to today in my presentation
17 though your consider and deliberation, denial of the
18 certification of the EIR for the following three primary
19 reasons:

20 One there's never really been an adequate
21 analysis in the EIR determined if this facility is really
22 needed. And your questioning earlier this morning was
23 right on track given the LNG terminal in Baja. And also
24 the role of alternative measures, particularly renewable
25 fuels, as meeting our energy needs in the future.

1 I'm well aware that the CEC, our Energy
2 Commission, has documented that our per capita consumption
3 of California's State level for the past 20 years. And we
4 have measures in place to increase our efficiency plus
5 capture more renewable energy.

6 But I wanted to talk specifically today about
7 global warming. I was the author of 1493, that's the
8 clean car regulation bill to reduce tailpipe emissions by
9 30 percent by 2016 subject to the Supreme Court direction
10 that the EPA has the authority to grant a waiver under the
11 Clean Air Act. I'm also the author of AB 32, the Global
12 Warming Solutions Act of 2006.

13 And I want to be very clear, because some of the
14 questions alluded to the fact that since this project EIR
15 process predated the signing of the bill that somehow it
16 shouldn't be relevant to the discussion here today, but I
17 think it directly is.

18 First of all, the bill was signed into law
19 September of 2006. It will require a cap on greenhouse
20 gas emissions and a reduction back to 1990 levels. That's
21 in law. That's in statute. The Air Resources Board over
22 the next several years will do the following things:
23 Require mandatory reporting of all significant emitters to
24 establish a baseline; and then they'll also require sector
25 by sector reduction of emissions.

1 As you know, natural gas like oil and coal are
2 fossil fuels and are the main contributors to global
3 warming. We should be, as a state, reducing not
4 increasing our reliance on fossil fuels. This project is
5 going in the wrong direction and is consistent with the
6 goals of AB 32 as I wrote it.

7 The full life impact of the 90 plus ships
8 traveling halfway around the world to this terminal off
9 our coast each and every year, along with cumulative
10 impacts of all the support vessels for this off-shore
11 facilities and the energy used and emitted through the
12 extraction, liquefaction, transportation and
13 regasification processes should be measured and also
14 mitigated.

15 Global warming, like one of your previous
16 speakers stated, is the most important environmental and
17 potentially economic crisis of the 21st century. We can
18 and we must do better.

19 Last week the Supreme Court recognized greenhouse
20 gas emissions from mobile sources as pollutants under the
21 Clean Air Act and subject to regulation. The State Lands
22 Commission should be very concerned about global warming.
23 Sea level rise, extreme weather episodes, increased air
24 pollution, impacts on marine ecosystems, your wetlands and
25 our coastlines will have dramatic consequences,

1 specifically to your area of jurisdiction.

2 Finally, I have a great deal of concern regarding
3 the unmitigated local impacts of air pollutants,
4 particularly NOx, that will be caused by this proposed
5 project. Two tugboats operating for less than half the
6 time of the project up and down the coast do not
7 adequately address the potential direct health impacts to
8 Ventura county and LA county residents.

9 And I notice the blinking red light in front of
10 me. So with that, I will just end with I've talked to
11 many people in California, and what Californians want is a
12 clean, secure energy future. This project does not meet
13 that goal. I ask you to deny the certification of the
14 EIR.

15 Thank you.

16 CHAIRPERSON GARAMENDI: Thank you. Just a
17 question, if I might. You spoke of AB 32. Did you say it
18 has a mandate to reduce greenhouse gas emissions back
19 19 -- to 1990 levels?

20 RETIRED ASSEMBLYMEMBER PAVLEY: Correct, by the
21 year 2020 a reduction to 1990 levels. It's about a 25
22 percent reduction. It involves primarily stationary
23 sources, but also mobile sources as directly relevant to
24 AB 1493 on tailpipe emissions.

25 CHAIRPERSON GARAMENDI: I see.

1 RETIRED ASSEMBLYMEMBER PAVLEY: So if this sector
2 adds to that emission reduction, someone's going to have
3 to be required to reduce their emissions under that cap in
4 that sector.

5 CHAIRPERSON GARAMENDI: Interesting.

6 Thank you.

7 COMMISSIONER CHIANG: Fran, I have a question. I
8 asked that line of questioning that you just raised
9 earlier. Do you have a sense of the discharge that takes
10 place in the production of natural gas and its
11 transportation here to the U.S.?

12 (Thereupon members of the audience said they
13 could not hear.)

14 COMMISSIONER CHIANG: Do you have a sense of the
15 discharge of emissions from the production of natural gas
16 from Australia, Indonesia or Singapore both direct and
17 indirect to Cabrillo?

18 RETIRED ASSEMBLYMEMBER PAVLEY: I do not have
19 that in mega tons. But I know some of these speakers that
20 will be following me can answer those technical questions
21 on the total amount of tonnage that will be emitted to the
22 atmosphere. It's really important to know that you look
23 at the full life-cycle costs of not only the
24 transportation of the fuel, but at the other end in
25 Australia as well as this end and the whole process,

1 because, as you know, global warming is in deed a global
2 issue and can't be looked at as just defined in State
3 waters.

4 COMMISSIONER CHIANG: Thank you.

5 CHAIRPERSON GARAMENDI: Thank you very much. I
6 believe that is the last former member of the Legislature
7 to be here. Hence the termination of the courtesies and
8 back to a minute and a half. Staff members of various
9 staff I asked you to come up in whatever order.

10 Okay, Hilda Garcia.

11 Is Hilda here?

12 Damon.

13 MR. WING: Good afternoon, Chair Garamendi and
14 Commissioners. I'm Damon Wing representing Ventura County
15 Supervisor Linda Parks, who serves as Chair of the Board.
16 And thank you for the opportunity to comment.

17 Simply put, this proposed project does not comply
18 with Ventura County's air quality standards. Ventura
19 County Air Pollution Control District Rule 26.2(b)
20 requires that nitrogen oxides and reactive organic
21 compounds be offset. There are not sufficient emission
22 reduction credits available to offset the massive amounts
23 of emissions from this project.

24 Certification of the EIR and approval of this
25 project would be contrary to Ventura County's air quality

1 standards and would be contrary to the State of
2 California's efforts to reduce greenhouse gas emissions.

3 Ventura County is a leader in its efforts to
4 protect its environment and its citizens. We protect our
5 open space. We plant trees. We encourage responsible
6 building practices. We try, as best we can, to protect
7 our land and our air.

8 It is unacceptable to increase our health risks
9 and for the residents of Ventura County to bear that
10 burden. Please do not buy into the rhetoric that this is
11 a bridge to the future or that this will prevent an energy
12 crisis. In California, we already burn natural gas to
13 power our plants. LNG is not diversification. LNG is not
14 a bridge. It would be staying the course.

15 Our promise for our future is not to continue to
16 rely upon polluting fossil fuels. The promise for our
17 future comes from the more energy efficient -- for the
18 more efficient use of energy from clean renewable and
19 sustainable energy.

20 Please do not lead us down the path of
21 vulnerability to another market manipulated energy crisis.
22 We Californians deserve the serious consideration and
23 analysis of our energy future. Rather than hastily
24 approved projects, consider what we will realistically
25 demand, what is the best source of energy, how best to

1 distribute the energy, and how best to preserve
2 California's environmental integrity.

3 Thank you.

4 CHAIRPERSON GARAMENDI: Thank you very much.

5 COMMISSIONER CHIANG: I have a question.

6 Damon, you said they're not in compliance with
7 Ventura County's rules. There's not enough ERCs, Emission
8 Reduction Credits. How many more would they need to
9 purchase?

10 MR. WING: I think that's still being determined.
11 I know that the applicant is in the middle of trying to
12 secure a few more. But my understanding is there is still
13 several million left. But probably someone with more
14 technical knowledge could give you the specific amount
15 that's still required. And this is, under what we have,
16 under Ventura County APCD's Rule 26.2(b) to offset these
17 emissions.

18 COMMISSIONER CHIANG: And Ventura County
19 currently is in nonattainment according to Federal law.
20 So is it true that you're seeking an extension for
21 compliance?

22 MR. WING: I can't answer with certainty what the
23 APCD's actions are currently. But this is one of the
24 reasons why this is of great concern, because of the
25 nonattainment.

1 COMMISSIONER CHIANG: Thank you.

2 CHAIRPERSON GARAMENDI: Thank you. Stuart
3 Waldman.

4 MR. WALDMAN: Hi. Members of the Commission, my
5 name is Stuart Waldman. I'm Chief of Staff to State
6 Assemblymember Lloyd Levine, who's chair of the Utilities
7 and Commerce Commission.

8 Assemblymember Levine feels the BHP terminal is
9 the wrong project at the wrong time. California's headed
10 in a vastly different direction than it was four years
11 ago, and that direction is toward green, clean and
12 renewable energy sources.

13 Because of information contained in the
14 Environmental Impact Report, identifying more than a dozen
15 harmful effects on marine life, air quality and the
16 coastal environment, we know that this project is not in
17 compliance with our Clean Air Act. This proposal is a
18 giant step backward for California. Assemblymember Levine
19 urges your opposition.

20 CHAIRPERSON GARAMENDI: Shocking, 30 seconds.

21 (Laughter.)

22 CHAIRPERSON GARAMENDI: Moving on.

23 Thank you.

24 Denis O'Leary.

25 OXNARD SCHOOL DISTRICT BOARD MEMBER O'LEARY: I'd

1 like his 30 seconds, please.

2 ACTING COMMISSIONER SHEEHAN: No, you can't.

3 CHAIRPERSON GARAMENDI: You don't get his time.

4 OXNARD SCHOOL DISTRICT BOARD MEMBER O'LEARY:

5 Thank you for coming to Oxnard, Commission. My
6 name is Denis O'Leary and I'm an elected board member of
7 the Oxnard School District.

8 Earlier, we heard from Supervisor Flynn that 80
9 percent of our community is minority. I want to go a step
10 further. In my school district that I represent, we have
11 over 15,500 students. It's a K-8 school district.
12 Ninety-three percent of those students are minorities.
13 Seventy-five percent of them receive free or reduced
14 lunches.

15 And I say this because this is exactly the
16 characteristic of the communities that receive projects
17 such as this LNG plant. Unfortunately, poverty has
18 everything to do with location of these unsafe and
19 unhealthy sites.

20 This is a population that can least provide
21 health care or relocate out of hazardous zones after such
22 a base has been placed in their community.

23 Also off our coast in Oxnard, it has been
24 mentioned, that we've had the Halaco Engineering Company
25 since 1965. This place, it has been denied and has been

1 fought in court for years that this was detrimental to our
2 community.

3 In 2004, Halaco was find \$150,000. Today,
4 unfortunately, we have to clean up the mess of Halaco that
5 has been created there over the last 40 years. And it is
6 now being proposed as a Superfund National Priorities list
7 project. The American taxpayers are going to wind up
8 paying more money to clean up Halaco than the private
9 company made in profits over the last 40 years.

10 The people of Oxnard have lived with that problem
11 over the last 40 years and now we're going to have to
12 suffer the financial burden as well while the private
13 company has now relocated to another state. I hope that
14 we do not have to replace Halaco with another promise
15 energy project that is proposed to help us.

16 I do ask that the Lands Commission not certify
17 the EIR. The children here, their parents and their
18 grandparents have already suffered through environmental
19 hazards of the past. I would like to go a few generations
20 with some clean air.

21 Thank you.

22 CHAIRPERSON GARAMENDI: Thank you very much.

23 Deborah Meyer-Morris.

24 I called Hilda Garcia earlier.

25 There is a group of people that were the

1 principal opponents to this project. I'd like to call
2 upon them. I understand they want to come up in some
3 order and that they've worked all of this out ahead of
4 time.

5 Susan Jordan, would you like to lead off and
6 let's see if we can get this -- again, I'd like to keep it
7 to a minute and a half apiece, judging from the size of
8 this

9 MS. JORDAN: I'm going to do my best. I'll try
10 be very quick.

11 Susan Jordan, Director of the California Coastal
12 Protection Network. The first thing I want to do is thank
13 you for coming to Oxnard and for holding an evening
14 hearing. I think it's extremely important. We do have an
15 organized presentation.

16 Our unanimous belief is that this is a fatally
17 flawed project, that the final Environmental Impact Report
18 is highly deficient and the State Land's staff report
19 provides, what we feel, is incomplete and insufficient
20 information for the State to make a fully informed legal
21 and scientific decision.

22 That said, I want to thank the staff for doing,
23 what I think, was their sincere best under a difficult
24 situation.

25 Let me start by focusing on the applicant's

1 proposed design. Many of the most egregious problems and
2 impacts derived from this project stem solely from the
3 design they chose. Instead of looking to a design that
4 minimizes its industrial footprint and has an operational
5 track record like the one that operates in the Gulf of
6 Mexico, they chose a massive floating factory, storage and
7 regas LNG terminal that would be moored off the coast. It
8 was a deliberate choice and I believe it was a mistake.

9 I see my time is running out, so what I want to
10 focus on is that this company knew back in 2004 that this
11 project would not comply with the rules of the Clean Air
12 Act. EPA did their very best to hold them to the letter
13 of the act. This company lobbied all the way to the White
14 House. This isn't a maybe. We have the documents. And
15 it has led to them being the subject of two high level
16 congressional investigations. We think that's a very
17 serious issue.

18 They argue that the law doesn't apply to them.
19 They sent a letter as of November 28th, 2006 insisting
20 that Ventura county's on-shore air rules do not apply to
21 them. I think last minute promises, unanalyzed
22 information at the last minute is unacceptable. We urge
23 you to not certify this Final Environmental Impact Report,
24 because it's deficient and it will compromise your future
25 evaluation of any LNG terminals that come before you in

1 the next years.

2 Thank you.

3 CHAIRPERSON GARAMENDI: Thank you very much.

4 Right on schedule.

5 Thank you. I think you said you had it
6 organized.

7 MS. JORDAN: Yes, I had it numbered, but do you
8 want me to call people up?

9 CHAIRPERSON GARAMENDI: Why don't we do this, I'm
10 going to call up -- they are numbered, okay.

11 Tam Hunt, why don't you come up. I'm going to
12 call five of you and you can kind of stand to one side.

13 Bill Powers, Rory Cox and Loretta Lynch.

14 MR. HUNT: Thank you, Chairman and Commissioners
15 and staff. My name is Tam Hunt. I'm the energy program
16 director at the Community Environmental Council in Santa
17 Barbara.

18 I've looked at the need issue for quite some time
19 now in California and wrote a report last year, April of
20 least year, looking at this issue in some detail. And we
21 found that the existing goals and mandates for renewables
22 and energy efficiency in California would far more than
23 substitute for the projected additional natural gas demand
24 supplies in California at that time.

25 Without belaboring the details, we found that if

1 these existing goals and mandates were met, we would have
2 130 to about 400 percent of the projected additional
3 natural gas demand met from renewables and energy
4 efficiency. The discrepancy here is because the Energy
5 Commission does not include all the relevant goals and
6 mandates. We did a comprehensive review, tallied all the
7 numbers and found different results.

8 Since it was issued last April, AB 32 was passed
9 into law reaffirming the State's strong commitment to
10 renewables and energy efficiency. It's almost a certainty
11 that additional goals and mandates will be imposed in
12 California between now and 2020.

13 A 33 percent RPS by 2020 is currently pending in
14 the Legislature, AB 94. There was a similar bill last
15 year that did not make it through with that goal. Again,
16 I think it's almost a certainty that bill will become law
17 fairly soon in California.

18 AB 32 also requires an analysis of life-cycle
19 emissions, cradle to grave emissions for natural gas and
20 everything else. There is some debate right now with the
21 relevant agencies as to what that means exactly. But the
22 ARB, the lead agency, has affirmed, they will be following
23 a life-cycle emissions analysis for implementation of AB
24 32. And this means that when you look at LNG, a report
25 was done last year, not yet published, by Carnegie Mellon

1 University that found that LNG imports, when you consider
2 the life-cycle emissions for greenhouse gases, who are on
3 a par with coal potentially. So the perception that
4 natural gas is much cleaner than coal is, in fact, true.
5 Natural gas and LNG are not the same thing. LNG, because
6 it has much higher energy requirements, has much higher
7 emissions.

8 Last, a word on the utilities report that
9 Chairman Garamendi brought up. Since our report was
10 issued last year, the utilities completed their report
11 finding not an increase in natural gas demand in
12 California through 2015 but 2016, instead a decrease. A
13 stark difference. And the report details why they're
14 coming down with different numbers.

15 Last, a word on economics. LNG is often touted
16 as a lower cost option. When you look at official data
17 over the last two years, every month has been tracked, LNG
18 in the U.S. is more expensive than natural gas.

19 Thank you.

20 CHAIRPERSON GARAMENDI: Thank you very much.

21 MR. POWERS: Thank you, Commissioners. Bill
22 Powers, professional engineer, Ratepayers for Affordable
23 Clean Energy.

24 BHP and the State Lands Commission, based on CEC
25 data, say high prices reflect declining domestic supplies.

1 Therefore, LNG is necessary to mitigate price volatility.

2 There's clearly sufficient domestic natural gas
3 supplies without LNG for the 10 to 20 year planning
4 horizon used by energy planners. An unregulated natural
5 gas commodity market is the issue. Throwing LNG at a
6 broken market will not control the price volatility.

7 A hyped market briefly collapsed in September of
8 2006 when the physical reality of a super abundance of
9 domestic gas trumped the hype. Spot prices dropped below
10 \$4 a million BTU, which was a normal price just a few
11 years ago. Major hedge fund trader Amaranth Advisors went
12 bankrupt betting the wrong way. They lost billions of
13 dollars.

14 One statement that's made repeatedly is that the
15 growth in electric generation is causing it -- will cause
16 a demand in natural gas demand. All of these gas plants,
17 modern, efficient are replacing old inefficient plants.
18 We have seen no growth in gas demand because of
19 modernizing our fleet of natural gas fired powerplants.

20 The federal government is saying domestic output
21 will increase 7.5 percent by 2015, 14 percent by 2020.
22 Canada is saying -- telling a similar story of continued
23 production from Canada in an environment where they're
24 making an effort to produce as opposed to sitting back and
25 doing nothing.

1 High volatile natural gas prices are a symptom of
2 a broken natural gas market not a problem with supply.

3 Thank you.

4 CHAIRPERSON GARAMENDI: Thank you very much, Mr.
5 Powers.

6 Mr. Cox.

7 MR. COX: Hello. And thank you very much. My
8 name is Rory Cox. I'm the lead facilitator at the
9 Coalition of Ratepayers For Affordable Clean Energy or
10 RACE. This coalition is made up of over 20 community
11 groups representing communities from Baja, California to
12 Washington state. And as you can imagine, we are opposed
13 to this project and urge a no on the EIR.

14 The Cabrillo EIR states that LNG is necessary to
15 ensure a reliable alternative energy source. Yet the
16 Cabrillo Port Project will place the Pacific coast energy
17 grid at the mercy of global politics and international
18 stability. There is no guarantee -- the company often
19 touts the Australian gas field, but there's no guarantee
20 that this natural gas is going to come from those gas
21 fields. It has not been permitted and there is a growing
22 environmental movement opposed to that drilling.

23 So another possible source is Indonesia. Well,
24 in Indonesia, there are environmental and human rights
25 abuses associated with natural gas production and resource

1 extraction, and that's led to wide-spread discontent
2 especially on the Island of West Popua where separatist
3 tendencies run rampant. It's entirely possible that these
4 conditions will lead to LNG production being shut down or
5 interrupted or taken over by local forces. At the same
6 time, Indonesia has considered increasing LNG supply to
7 its Japanese and South Korean customers at the expense of
8 what they've promised to Sempra's Baja project.

9 So at the same time this is going on, the
10 countries that are already importing LNG are making higher
11 and higher prices for those LNG contracts. And China has
12 recently raised the bar quite high by setting the
13 benchmark price for natural gas in their country at \$6.30
14 an MBTU.

15 The natural gas producing countries realize that
16 they have a hot property on their hands and actually
17 today, they're meeting in Qatar to talk about this. The
18 countries that represent 70 percent of the world's natural
19 gas supplies are talking about forming a possible cartel
20 to set the price of LNG. So you can see that it is tying
21 ourselves to something that is less stable and more risky
22 and more volatile than what we already have. So given
23 these trends, it's pretty clear that this is a bad choice
24 for this region and for California.

25 CHAIRPERSON GARAMENDI: In your opening you said

1 that you represent those who are opposed to LNG up and
2 down the west coast from Washington to -- or Seattle to
3 Baja.

4 MR. COX: Washington state along the Columbia
5 River down to Baja, we represent communities that are
6 fighting LNG terminals along the coast. So that's, you
7 know, here in the Oxnard area, down in the Tijuana area
8 Ensenada.

9 CHAIRPERSON GARAMENDI: My question is -- I'm
10 aware of all of those. My question has to do with since
11 the EIR does not speak to the detail to those facilities
12 located north of the California border, would you please
13 give me a brief rundown of the status of those facilities?

14 MR. COX: They under the permitting process. I
15 believe Jordan Cove is going to file with the FERC over
16 the summer. And then the Northern Star project along the
17 Columbia River, I believe was a little farther ahead. I
18 don't know exactly where they're at. There are five
19 proposals, but two that are really first out of the gate
20 at this point. And those projects are largely driven by
21 California.

22 CHAIRPERSON GARAMENDI: Sorry, they are?

23 MR. COX: Largely driven by the California energy
24 market. Oregon doesn't need those projects.

25 CHAIRPERSON GARAMENDI: Thank you.

1 MS. LYNCH: Good afternoon, Commissioners. I'm
2 here to discuss the needs analysis, energy pricing and
3 supply diversity in a minute and a half. I'm not here
4 being paid by anyone.

5 CHAIRPERSON GARAMENDI: Oh, take 2.

6 (Laughter.)

7 MS. LYNCH: Thank you.

8 I'm here volunteering my time, because the PUC
9 rushed to judgment in 2004 without the facts. I know I
10 was on the PUC. The PUC simply had no tested evidence
11 that California needed then or needs now to shift its
12 current stable sources of supply from North America to a
13 volatility priced unreliable and highly polluting foreign
14 fossil fuel, liquefied natural gas. The key distinction
15 the liquefaction of it.

16 In 2004, the PUC refused to hold a public under
17 oath evidentiary process as it had done in the past and
18 was and is now the usual procedure. The PUC's flawed and
19 unusual need determination forms the basis for need here
20 relied upon in this EIR.

21 The utilities own California demand estimates
22 from 2006 show reduced California natural gas demand for
23 the next ten years. I'm not usually in the position of
24 defending the utilities data, but I can tell you that
25 their data is in deed different from the research analysis

1 of the CEC. Their demand data at the PUC is submitted
2 under oath, fully vetted and, in fact, in a public
3 evidentiary proceeding. It is, in fact, the best
4 available data, because it both determines -- because the
5 utilities must determine how to keep the lights on at a
6 just and reasonable cost.

7 The utilities cannot afford, like a research
8 entity like the CEC can, to over estimate and then
9 overbuy, because that drives up the price of electricity
10 in California and harms the California economy. The
11 Energy Commission's analysis overstates both California
12 and national natural gas demand. It does not adequately
13 account for the over \$3 billion California has already
14 spent in energy efficiency, nor the \$500 million we spend
15 currently that the PUC has already committed for the next
16 several years. Nor does the Energy Commission's analysis
17 adequately account for other states recent laws mandating
18 increased use of both energy efficiency funds and
19 renewable sources.

20 Thus, the CEC's analysis focuses on importing
21 natural gas, but there's a key and critical distinction
22 whether you import from other states and Canada or whether
23 you have to liquefy it and then gasify it and import it
24 from other third world and foreign sources.

25 I see my time is up. I'd be open to answering

1 any questions you have about the energy market or this
2 issue of the fact that we are at the end of the supply
3 pipeline or anything else. But I can assure you that do
4 not rely on people's pricing models of the market. This
5 market is created by regulation, just as with renewables
6 where the California Legislature had to open a market for
7 renewables. So, too, is the PUC opening a market for LNG.
8 That's why these companies are here, because they know
9 that against all pricing normality, the PUC will open a
10 market and we will be the ones to pay.

11 CHAIRPERSON GARAMENDI: I do have a question that
12 relates to some issues I raised earlier. And that's the
13 2006 public utility companies' report. You went through
14 it very quickly, and that's because of the time limit.
15 But you said it was a report to the PUC under oath and in
16 a public --

17 MS. LYNCH: An evidentiary process. It's a very
18 formalized almost quasi-judicial process. It's an
19 administrative judicial proceeding, where the PUC does
20 rate making, meaning the PUC opens businesses and families
21 checkbooks in California --

22 CHAIRPERSON GARAMENDI: Excuse me. That I don't
23 need to know.

24 (Laughter.)

25 CHAIRPERSON GARAMENDI: But I what I do need to

1 know is that this was a document that was prepared for a
2 public agency, delivered under oath to that agency, and is
3 a public record.

4 MS. LYNCH: Most specifically under oath. If
5 that data is incorrect, the utilities can be fined.
6 Unlike any of the data in the PUC's prior proceeding,
7 these workshops are not under oath and people can say
8 anything they want without accountability. The same with
9 the Energy Commission, people can say or assert anything
10 they want. The utilities, in that particular proceeding,
11 cannot. They'll be fined if they're inaccurate.

12 CHAIRPERSON GARAMENDI: I think Cheryl knows
13 something about the jump up and down on this issue, but I
14 think you've said enough about the validity or the point I
15 was making earlier about the public utility company's
16 report.

17 Thank you.

18 MS. LYNCH: Thank you.

19 CHAIRPERSON GARAMENDI: Anne has a question.

20 ACTING COMMISSIONER SHEEHAN: Now, where are
21 you -- you brought up a couple things that the PUC had
22 done. One was you talked about some rush to judgment.
23 Obviously, I hope that wasn't the -- where they got the
24 information that you were referring to. Can you tell me
25 what the process was? Was it a specific rate-making case

1 or company or was it the workshop for, you know, future
2 energy needs of the state? I want to make sure that --
3 because, one, I understand if a company is coming in for a
4 filing for that, you know, they have to make sure that all
5 the information is correct, and they have to swear to it
6 and, you know, verify it and all.

7 So I want to make sure in terms of that
8 information that you were talking about, I understand
9 we're talking apples to apples here.

10 MS. LYNCH: Sure. For the last 96 years, the
11 PUC, in its procurement rule makings, have held
12 quasi-judicial administrative hearings, public evidentiary
13 processes where the utilities and all other comers have to
14 submit their testimony under oath or have the equivalent
15 effect of it being under oath and have it up for
16 cross-examination. It's like a mini-administrative trial.

17 Until 2004 that always happened at the PUC when
18 we looked at natural gas demand. In 2004, the PUC changed
19 all its rules, and instead said we're not going to have a
20 public evidentiary process. We're going to have an
21 informal workshop process that is not under oath, where
22 evidence is not tested, and we're just going to make a
23 decision based on what people happen to tell us. That was
24 unusual and flawed.

25 In the scenario where the utilities have

1 submitted their demand data, that's in what's called the
2 general procurement or resource procurement rule-making.
3 Those rule-makings are still under the old, and generally
4 accepted, in all other 49 states' rules, of a public
5 evidentiary process where your data is subject to
6 cross-examination by the other parties and you have a mini
7 trial.

8 The PUC suspended those rules only to look at
9 whether LNG was needed in California. And I submit, and I
10 was there and I saw the data, the reason we did that was
11 because the banks came to the individual Commissioners and
12 said, we will not fund these projects until we know that
13 you, California PUC Commissioners, will put the ratepayer
14 on the hook for the price. And the way you do that is to
15 declare, administratively, that LNG is needed and to
16 declare that the utilities shall buy LNG once it's
17 available. So the PUC changed 96 years of procedure and
18 our current procedure, under which the 2006 gas demand
19 forecasts were submitted by the utilities, specifically to
20 be able to make the finding that LNG is needed.

21 I submit it's because they could not have made it
22 if we would have followed the normal public evidentiary
23 processes in that one case.

24 ACTING COMMISSIONER SHEEHAN: Okay, but let me
25 ask a question. What's the process you used on the

1 renewables and the new requirements on renewables, because
2 many of them may not be as economically attractive as we
3 think of them because the production price may be more
4 expensive. So explain to me the process the PUC made sure
5 they go through, because they have to take into account
6 that that energy price is, in fact, like you're saying
7 about LNG, more expensive?

8 MS. LYNCH: It's a benchmark price for
9 renewables. The renewables process is set in statute by
10 the Sher bill of 2001. I think that was 1071 or 1074.
11 And so that Sher bill has a renewable portfolio standard
12 procedure, which the PUC must follow by statute. It is
13 similar to the normal public evidentiary process, which is
14 under oath. So the renewable process is also under oath,
15 public and tested in that normal administrative
16 quasi-judicial rule-making format.

17 However, the definition that the PUC uses to
18 determine efficacy or economic viability of a renewable
19 project are different and set specifically for renewables
20 versus the definition it had used in the past. Why?
21 Because renewables were not becoming part of our portfolio
22 in the past precisely for these cost issues that were
23 confronting us. So that is set by statute. It's more
24 similar to that normal judicial hearing process than the
25 truncated, flawed, from my perspective, sham that the PUC

1 used in its natural gas procurement rule-making in 2004,
2 the decision from which I dissented.

3 ACTING COMMISSIONER SHEEHAN: Thanks.

4 CHAIRPERSON GARAMENDI: Thank you very much.

5 I'm going to call up another five people. Karen
6 Kraus, David Howekamp, Richard Heede, and Nathan Alley.
7 That's four. September Hopper.

8 MS. KRAUS: Good afternoon, Commissioners. My
9 name is Karen Kraus, and I'm staff attorney at the EDC.
10 My testimony will address the significant and unmitigated
11 air quality impacts to the Ventura County and south coast
12 air basin ozone nonattainment areas.

13 Mr. David Howekamp, who formally worked at EPA's
14 Region 9 office for over 30 years, 18 years as Director of
15 the Air Division, will address the substantial lack of
16 adequate mitigation in the areas most impacted by this
17 project. In preface to his testimony, I would just like
18 to make a few clarifications regarding some items that may
19 not have been clear from the earlier presentation.

20 First, when you're talking about ozone, there are
21 two ingredients: Nitrogen oxide and reactive organic
22 compounds. Both of those must be mitigated to alleviate
23 ozone impacts. The EIR identifies 59.8 tons per year of
24 reactive organic compounds from the project, but does not
25 identify any mitigation for those emissions.

1 Second, the EIR and BHP improperly divided the
2 impact analysis for FSRU emissions from the impact
3 analysis for vessel emissions. For Cabrillo Port there is
4 no legal or technical basis for this distinction. All of
5 the off-shore project emissions are likely to travel on
6 shore and effect air quality.

7 Lastly, I'd just like to quickly speak to some of
8 the more recent commitments, one of which we heard about
9 today, the new emission reductions for NOx. These are
10 11th hour commitments. Last minute promises like these
11 were also made for the revised EIR, including an
12 announcement the day of that hearing that project impacts
13 would be mitigated by retrofitting tug engines. As you
14 have seen in the Final EIR and you will soon hear from Mr.
15 Howekamp, the considered analysis of that proposal over
16 the last year has shown that it falls far short of the
17 promised mitigation. Please do not be taken in by these
18 belated promises. No one, including the staff, has had
19 sufficient time to confirm the claims. And even accepting
20 them at face value, they still do not correct the
21 substantial lack of mitigation for the air quality impacts
22 in Ventura county and the south coast air basin.

23 Thank you.

24 CHAIRPERSON GARAMENDI: Thank you.

25 MS. KRAUS: And I actually have a handout to

1 accompany Mr. Howekamp's testimony.

2 MR. HOWEKAMP: Good afternoon, Commissioners. My
3 comments today focus specifically on the mitigation
4 proposed by the applicant. The vast majority of the
5 on-shore impacts from the project occur in the south coast
6 air basin and Ventura county, because the winds blow
7 towards and directly deposit the project emissions over
8 these areas a great majority of the time.

9 I'll wait for you to get the table.

10 As shown in the table in the first column, all
11 159.9 tons per year of the project NOx emissions will
12 occur off of Ventura county and the south coast. This
13 includes emissions from vessels operating within the full
14 extent of California coastal waters within 90 nautical
15 miles as required by CARB.

16 In contrast, looking at the last column of the
17 table, and using EPA's calculations, which I believe are
18 correct, only 44.6 tons per year, at most 64.2 tons per
19 year by CARB calculations, of the tugboat NOx reductions
20 will actually occur off the coast of Ventura and the south
21 coast, far less than 159.9 tons per year of project
22 emissions.

23 Even taking into account the new information in
24 the staff report about reduced emissions from the FSRU,
25 and focusing only on vessel emissions within 24 nautical

1 miles, which is contrary to CARB's requirements, the
2 tugboat emission reductions are still far less than the
3 recalculated 110 tons per year of project emissions. And
4 adding in the six tons that we heard about this morning
5 will not alter that fact.

6 Consequently, the ozone precursor impacts in
7 Ventura county and the south coast air basin will be
8 substantially unmitigated contributing to increased ozone
9 concentrations and adversely impacting the health of the
10 residents. These two nonattainment areas have made major
11 progress, but are still far short of meeting the health
12 based ozone standard.

13 Based on our 30 years of experience in working
14 with Ventura and the south coast agencies, I know how
15 difficult it was to achieve the progress to date. Failing
16 to mitigate this project's emissions would add another
17 obstacle to their already daunting task. The unfortunate
18 result would be that the attainment of health goals may be
19 delayed or some other source will be required to make up
20 the emissions from this project.

21 Thank you.

22 CHAIRPERSON GARAMENDI: Thank you very much.

23 MR. HEEDE: Good afternoon, Commissioners. My
24 name is Richard Heede. I was retained by the Coastal
25 Protection Network and the Environmental Defense Center to

1 estimate the supply chained emissions -- we've had some
2 questions about that earlier -- sometimes called cradle to
3 grave emissions for the Cabrillo project.

4 I am somewhat mystified why the State Lands
5 Commission failed to account for direct emissions that
6 flow out of Cabrillo, namely by the combustion of the
7 natural gas that flows through the facility. But I was
8 also asked to include upstream sources of emissions, such
9 as that flowing from production platforms, although that's
10 not built or even designed yet; pipelining to the
11 liquefaction facility on shore 280 kilometers subsea
12 pipeline; and the intense energy and CO2 and methane
13 emissions from the liquefaction facility.

14 Following that, across the CO2 and methane
15 emissions for the, what is likely to be, an 11 best sold
16 LNG fleet, not yet ordered, that will transport liquefied
17 natural gas 7,100 nautical miles across the ocean, 9,000
18 miles, in essence, and then received at the terminal,
19 regasified through the additional use of natural gas to
20 heat the frozen liquid. And then transport it by pipeline
21 onto shore and distribute it, albeit with some losses in
22 energy and emissions, to ultimate customers, which then
23 come bust it. That last element is not surprisingly the
24 largest.

25 And in total the whole supply chain is 66 times

1 or so larger than the estimated emissions for the Cabrillo
2 facility itself. So taking a wide view, I think the whole
3 supply chain is important to consider in terms of gases
4 emissions. And the Commission should be commended for
5 inviting this testimony.

6 Thank you.

7 CHAIRPERSON GARAMENDI: So the entire supply
8 chain you estimate to be 66 times larger than the --

9 MR. HEEDE: Than the emissions from the Cabrillo
10 facility. Roughly we're talking in metric tons about
11 350,000 tons for the Cabrillo facility per annum. And the
12 whole supply chain is about 23 million metric tons of CO2.

13 COMMISSIONER CHIANG: Mr. Heede, your written
14 submission provides all the documentation and your source
15 material for this?

16 MR. HEEDE: That and the full report filed in May
17 of last year, with worksheets and notes explaining the
18 methodology, the assumptions. I used industry benchmarks.
19 I used BHP data when available. But this facility has not
20 been designed, so engineering data is not available.
21 Feasibility studies haven't even been filed with the State
22 of Western Australia.

23 And a follow-up to that. I also made a low and
24 high estimates and I could only use industry performance
25 data where available to estimate emissions. And my

1 numbers tend to be the average of the high and low.

2 CHAIRPERSON GARAMENDI: Thank you very much.

3 Please.

4 MR. ALLEY: Good afternoon. My name is Nathan
5 Alley. I'm a staff attorney with the Environmental
6 Defense Network. I'm going to be delivering testimony
7 that was helped prepared by Dr. Spicer, Dr. Tom Spicer
8 who's an expert on LNG safety. Unfortunately, he could
9 not be here with us today.

10 But fortunately the GAO report, which you saw
11 referenced earlier, really concludes that all of Dr.
12 Spicer's analysis of the FEIR are correct and there needs
13 to be a lot more analysis done before the public safety
14 consequences of the project can really be known.

15 For instance, the GAO report concludes that
16 experts disagree that the heat threshold used in the
17 Sandia report is properly protective of public safety. A
18 heat threshold as low as 1.6 kilowatts per meter squared
19 is proper use. That measure should be the standard for
20 predicting thermal impacts in the Final EIR.

21 Experts do agree that existing LNG released
22 studies are inadequate for proper risk assessment and
23 management. In particular, the GAO experts identified ten
24 areas for further research, including large scale spill
25 testing on water and large scale fire testing. These are

1 actual real world experiments. The Sandia report relies
2 on computer modeling, and that is not adequate for the
3 purposes of protecting our safety.

4 Sandia is actually currently preparing a revised
5 study that will address many of these issues. That study
6 will not be completed until 2008 and we would urge you to
7 wait for that study and use its conclusions based on your
8 analysis.

9 One example of what I'm talking about, at present
10 the ATBA, the Air To Be Avoided, has been set within the
11 hazard distance. In other words, the fire that could
12 result from a vapor dispersion would actually reach beyond
13 the ATBA. We believe that the ATBA should be extended in
14 order to give proper warning to ships that are traveling
15 in the shipping lanes.

16 Even if it was impossible to expand the ATBA as
17 pointed out in the report, that shows that the ATBA should
18 be extended.

19 Let me conclude by saying that we also continue
20 to be concerned with the ability of the Coast Guard and
21 State and local emergency teams to respond to an emergency
22 at the port. I apologize. I know I'm running out of
23 time. I've been trying to be brief here.

24 Congress has recently raised the question of the
25 Coast Guard's ability to respond in a Homeland Security

1 hearing. The Coast Guard has also not prepared a
2 waterways suitability assessment. That document is
3 considered crucial for siting on-shore facilities under
4 the FERC requirements. We don't why the Coast Guard has
5 chosen not to do it in this case. Part of the reason may
6 be that the Coast Guard has deferred its security planning
7 until after the license will be issued. That's simply not
8 acceptable.

9 In sum, I'd like to urge you to deny the
10 certification and deny the project.

11 Thank you.

12 CHAIRPERSON GARAMENDI: Thank you very much, Mr.
13 Alley.

14 Mr. Hopper.

15 Excuse me, apparently he's Ms. Hopper.

16 MS. HOPPER: Yes, it is. Thank you very much,
17 Commissioner.

18 My name is September Hopper, and with the
19 Environmental Defense Center. My comments will address
20 Section 4.7 of the Final EIR, marine biological resources.

21 Unfortunately, Section 4.7 fails to achieve the
22 CEQA adequacy requirements. The main reason for this
23 inadequacy is that the project's permitting agencies have
24 deferred formal consultation with the National Marine
25 Fisheries Service. Also, because NMFS has already

1 identified several gaps in the EIR, this consultation will
2 likely bring to light additional information on the
3 affected environment and could help correct three major
4 flaws in the EIR.

5 First, the geographic extent of the proposed
6 project's impacts is poorly defined and persistently
7 underestimated. Instead, the EIR must clearly acknowledge
8 the full breadth and depth of ocean that will be
9 insonified to harmful levels by project activities and the
10 full extent of the new LNG carrier shipping lanes.

11 Second, the EIR grossly underestimates the
12 presence of numerous special status marine species which
13 regularly occur throughout the project area. Rather than
14 incorporating data from the site-specific and local
15 research efforts, the document relies on one or two
16 general studies ill-suited to determining local population
17 dynamics.

18 And finally, because the EIR's conclusions on
19 impacts to special status marine species are based on
20 data-deficient analysis, the EIR's proposed mitigation
21 measures are also inadequate.

22 NMFS has repeatedly called for the submission of
23 detailed mitigation plans and this is yet to occur. The
24 few mitigation measures proposed in the EIR do not
25 adequately address the disclosed impacts to marine

1 species, nor do they withstand scrutiny from marine mammal
2 monitoring experts who have commented on them.

3 These three factors indicate that NMFS
4 consultation would result in significant changes to the
5 substance and conclusions of the EIR. Therefore, this
6 process must be completed and its results integrated into
7 the CEQA impact analysis before the EIR can be considered
8 for certification.

9 I think thank you very much.

10 CHAIRPERSON GARAMENDI: Thank you.

11 I'm going to set up another round here. And this
12 should conclude the presentation by the organized portion
13 of the opposition.

14 Celia Williams, Shiva Polefka, Cara Horowitz,
15 Cameron Benson and Linda Krop.

16 MS. WILLIAMS: Honorable Commissioners, my name
17 is Celia Williams and I'm speaking on behalf of the
18 Environmental Defense Center also.

19 Section 4.7 of the EIR emits enumeration of
20 annual sea water intake volume associated with LNG carrier
21 ship ballasting and cooling. According to the California
22 Coastal Commission, docked LNG carrier ships would take in
23 more than 1.6 billion gallons of sea water per year,
24 meaning that the project will actually require more than
25 twice as much sea water intake as the 1.4 billion gallons

1 per year disclosed in what is supposed to the Final EIR.

2 Sea water intake is generally known to impact
3 plankton communities by causing extremely high rates of
4 mortality among the invertebrates, fish eggs and fish
5 larvae caught in the intake flow and Subjected to
6 impingement and entrainment.

7 The EIR cannot be considered complete until
8 project intake is accurately disclosed, nor can it be
9 considered complete until a critical baseline on plankton
10 richness at the site is established. Yet, despite
11 numerous calls for such information from experts in the
12 public, the EIR still lacks any site specific data on the
13 numbers, types or temporal variations plankton that occur
14 at the site. Despite the economic and ecological
15 importance of the effected fisheries, the EIR's
16 conclusions on how they will be impacted thus remains
17 speculative at best.

18 Finally, the EIR must provide meaningful
19 consideration of a range of reasonable project
20 alternatives, especially those that could mitigate or
21 identify adverse environmental impacts. In this case, the
22 EIR is remiss for failing to consider an alternative
23 off-shore LNG project that does not require an FSRU. Such
24 is a proposal based on ship-board regasification. As
25 deployed by the applicant, this alternative could yield a

1 nearly 50 percent reduction of required sea water intake,
2 as well as several other environmental benefits, a truly
3 significant impact mitigation measure.

4 Thank you.

5 CHAIRPERSON GARAMENDI: Thank you.

6 Whichever one wants to come next.

7 MR. POLEFKA: Commissioners, thank you for your
8 time. My name is Shiva Polefka. And I also will
9 addressing Section 4.7.

10 This section of the EIR provides only superficial
11 discussion on the impacts to marine wildlife from the
12 project's proposed night lighting. Unfortunately, the
13 unsupported analysis and conclusions that comprise the
14 discussion are egregiously inadequate, relative to the
15 impacts project lighting will have. Night lights are
16 known to attract and disorient sea birds, causing them to
17 circle the lights and feel exhausted, collide with
18 structures, separate from dependents and expose them to
19 increased predation.

20 The preponderance of scientific data both on the
21 impacts that lighting has on avian species and on the
22 likelihood that light-sensitive species occur at high
23 densities in the effected area, including the California
24 ESA-listed Xantus's Murrelet, indicate that the project
25 could have profound adverse impacts.

1 Yet, rather than objectively considering these
2 impacts, relative to intensity data for the FSRU's 15
3 Halogen flood lamps and numerous hazard beacons, the EIR
4 simply presents inappropriate misleading comparisons to
5 car headlights and small vessels.

6 The EIR then concludes that impacts to sea birds
7 would be insignificant, relying only on groundless,
8 dubious assumptions on sea bird densities and impact
9 extent.

10 In contrast to the EIR's two paragraphs of
11 assumption based analysis, the California Coastal
12 Commission staff report required more than five pages to
13 review the data it deemed relevant to light impact
14 analysis. Finally, concluding quote, "Given the high
15 diversity and density of sea birds at the proposed FSRU
16 location as well as the recognized vulnerability of many
17 of these species to adverse impacts from night lighting,
18 such as that required by Cabrillo Port, the proposed
19 project would adversely affect the California listed
20 Xantus's Murrelet, several California species of special
21 concern and a variety of other sea birds."

22 In short, the EIR fails to adequately identify or
23 consider what is likely a Class 1 impact to California
24 protected species, a failing that leaves the document
25 incomplete and inadequate.

1 Thank you so much for your time.

2 CHAIRPERSON GARAMENDI: Thank you.

3 MS. HOROWITZ: Thank you, Commissioners. I'm
4 Cara Horowitz with the Natural Resources Defense Council.
5 I'm here today on behalf of my organization and our more
6 that 124,000 California members.

7 I'm here to state NRDC's strong opposition to
8 this project. Though NRDC recognizes the potential for
9 LNG to play a role in our energy mix, no matter what you
10 think of LNG, it's critical that we choose the right
11 project for California, one with the smallest
12 environmental footprint, one that minimizes impacts for
13 our coastline and to nearby communities.

14 After review of the Final Environmental Impact
15 Report and related documents for Cabrillo Port, NRDC has
16 concluded that this project is the wrong choice for
17 California. Projects with potentially smaller
18 environmental footprints have not been adequately
19 considered, either in this FEIR or otherwise. This
20 contravenes CEQA's central requirement that an EIR
21 consider alternatives that might lessen impacts of a
22 project.

23 In contrast to BHP's proposals of building a
24 massive LNG storage platform off shore, recent proposals
25 by other companies would eliminate the need for a platform

1 altogether in favor of a docking pipeline or eliminate
2 storage by regasifying and transferring the gas to a
3 pipeline, but no such alternatives were considered here.

4 Proceeding with this project without first
5 assuring that it's the least harmful to the environment
6 and to local communities is irresponsible and wrong. This
7 is especially true given the severe air quality impacts
8 that this project will have. While BHP has come forward
9 with some 11th-hour mitigation proposals to offset NOx
10 emissions, it's proposed mitigation is still woefully
11 inadequate. Most importantly, only about a third of the
12 project's NOx emissions would be offset in the Ventura
13 county and south coast districts, as opposed to elsewhere
14 in the state, meaning that nearby communities already
15 suffering some of the worst air pollution in the state
16 would see air quality worsen substantially, despite the
17 mitigations.

18 I'll refer you to NRDC's and EDC's other comment
19 letters and comments with respect to poorly mitigated
20 impacts to marine wildlife.

21 And in sum, I'll urge you to take very seriously
22 the significant concerns of affected community members
23 being expressed here today. Whatever the right LNG choice
24 looks like, this isn't it.

25 Thank you very much for your time.

1 CHAIRPERSON GARAMENDI: Thank you.

2 MR. BENSON: Good afternoon, Chairman Garamendi
3 and Commissioners. My name is Cameron Benson and I'm the
4 executive director of the Environmental Defense Center.
5 I'd like to address three sections of the Final EIR.

6 With respect to on-shore biological resources,
7 the EIR has inappropriately deferred many baseline surveys
8 of species and wetlands. Most plans for mitigation and
9 monitoring have also been deferred. We're assured that
10 the project will not cause serious impacts but specifics
11 are left out. According to state law, the project may not
12 proceed without a better understanding of how species and
13 habitats will be protected.

14 The Final EIR similarly defers site-specific
15 geotechnical and seismic hazard studies. Underwater
16 pipelines would overlay areas of the seabed that are prone
17 to violent seismic activity. An earthquake of any
18 significant magnitude could interrupt gas service and
19 release large quantities of pollutants into the ocean and
20 on shore.

21 The United States Geological Survey pointed out
22 deficiencies in the project review in 2004. Today, as
23 Congresswoman Capps mentioned, the USGS submitted has
24 additional comments on the Final EIR criticizing the
25 analysis of geologic hazards and pointing out the need for

1 additional study of false peak ground acceleration, slope
2 stability, turbidity currents, sediment liquefaction and
3 Tsunamis. The project cannot be approved without this
4 analysis to ensure that risks associated with the
5 off-shore pipelines are addressed.

6 The project will also result in numerous
7 violations of State and federal water quality standards.
8 A draft NPDES permit for the project reveals that State
9 thermal standards will be violated, discharges of copper
10 and chlorine will be inadequately regulated and the
11 proposed mitigation relies on untested and potentially
12 infeasible closed-loop cooling system.

13 In conclusion, we, the public, and you, the
14 decision makers, are left without enough data to properly
15 judge this project safe and environmentally sound. For
16 these reasons, the Cabrillo Port project must be denied.

17 Thank you.

18 CHAIRPERSON GARAMENDI: Thank you very much.

19 MS. KROP: Good afternoon. I'm Linda Krop, Chief
20 Counsel of the Environmental Defense Center. We represent
21 the California Coastal Protection Network.

22 Given the project's 20 Class 1 impacts to air and
23 water quality, public safety, marine mammals and more, it
24 is especially critical that the EIR give you a range of
25 alternatives to choose from as required by CEQA.

1 You have already heard about alternatives that
2 can meet California's energy needs, which helps me stick
3 to my minute and a half, but these include conservation,
4 efficiency, renewables, domestic gas supplies, and gas
5 from Baja, but none of these alternatives were addressed
6 in the EIR. Nor were other LNG projects already proposed
7 off shore of California reviewed or LNG technologies, such
8 as ship-board regasification, ambient air regasification
9 and selected catalytic reduction, all of which would
10 significantly reduce project impacts.

11 Rather than focusing on all of these alternatives
12 that already exist or are being proposed, instead the EIR
13 selected one alternative from a 30-year old study that is
14 no longer relevant and will never be constructed or
15 approved. Accordingly, the EIR offers you no
16 alternatives, a violation of CEQA and must not be
17 certified.

18 Even if the flaws in the EIR were to be fixed,
19 however, the project still should not be approved. Simply
20 revising the EIR again will not resolve the fact that the
21 project will pollute our air and ocean and pose
22 unacceptable risks to public health and safety.

23 Fortunately, denying the project will not result
24 in an adverse effect on the state's energy needs. As the
25 Final EIR itself points out, if the project is denied, the

1 state's demand will be met by other energy projects.
2 Hopefully, a denial will result in a process by which
3 California finally analyzes and compares its various
4 energy options.

5 Thank you for your consideration.

6 CHAIRPERSON GARAMENDI: Thank you very much.

7 We're going to now move on to a lengthy list of
8 110 people that want to testify. We're going to adhere
9 very closely to the minute and a half. I would suggest
10 you not repeat what has already been said, other than to
11 reference it, add new information if you would be so kind
12 as to do so.

13 I'm going to read five names, and if those people
14 will come and -- looks like there's a table with four
15 chairs that leaves one person at the podium and four
16 seated. Then move to the podium one after another. Kraig
17 Hill, Paul Kowalski, Gary Cushing, Brian Mock and George
18 Niznik.

19 If you'll come up, take your places, start with
20 Kraig, who somehow got the first of the list. For those
21 of you that are in the next bunch of five people Hank
22 Lecayo Don Facciano, Jean Harris, Tony Skinner. Don't
23 come up yet, just be prepared.

24 Ready, set, go.

25 MR. HILL: Good afternoon, Commissioners.

1 Listening to all the comments so far, I'm shocked to hear
2 how much what I've heard conforms with what I have found.
3 I have degrees in law and ocean policy. I've consulted
4 for both environmental and industry groups. I've been
5 following this proposal for four years. My 90-page
6 analysis was prominently cited in the Coast Guard's data
7 gaps letter. And I still see lots of red flags,
8 everything that's been said.

9 New information. The seismic risks are
10 understated. The EIR ignores CalTech data showing a
11 greater number of known active faults than stated.
12 Billiton suggests that during a quake, the pipelines would
13 safely shift on the seabed, but they don't acknowledge
14 that the hydrostatic pressure would marry the pipelines to
15 the seabed, such that the ground shift would also be
16 experienced by the pipe. They've doubled the length of
17 pipe in revising their application, so now you've doubled
18 the risk of a seismic incident. The short crossing still
19 looks problematic with regard to sedimentary perturbation.
20 Relatedly, I pointed out that a NOAA map shows that the
21 pipes would cross near a hazardous dumpsite. Billiton's
22 response, that's not where the site is. It just says that
23 on the map.

24 And overall they failed to assess many of the
25 potential cumulative and long-term impacts that CEQA says

1 must be addressed. In particular, they have ignored
2 compound failures. For example, if a storm were strong
3 enough to rip the FSRU from its mooring, it would likely
4 also be strong enough to disable the attending vessels.

5 Diversity? No. Diversity would be diminished by
6 exchanging the current system where multiple competing
7 suppliers share the pipelines for a regime where 15
8 percent of the state's supply would be locked into a
9 single supplier, who might or might not be able to keep
10 its pipeline flowing.

11 So in sum, there are more unmitigable impacts
12 than stated. Billiton hasn't established project need nor
13 reasonably addressed alternatives.

14 Thank you.

15 CHAIRPERSON GARAMENDI: Thank you very much.

16 Mr. Kowalski.

17 MR. KOWALSKI: Thank you, Mr. Chairman.

18 Distinguished Commissioners, my name is Paul Kowalski.
19 I'm the founder of tidepower.org, an organization designed
20 to promote the research and adoption of wave and tidal
21 power generation.

22 As a society we're at a cross-roads. And I
23 believe many difficult decisions face us. And we need our
24 commissioners to continue to increase their requirements
25 for and prioritization of renewable and sustainable

1 practices as a factor in the decision-making process.

2 My position is that the densely populated and
3 fault riddled earthquake zone of southern California is
4 not the right place for the impacts of this LNG terminal.
5 And because of the new regulatory changes and the
6 deficiencies identified in the EIR/EIS, the Commission
7 deny the certification of the EIR Report.

8 CHAIRPERSON GARAMENDI: Thank you.

9 Mr. Cushing?

10 Mr. Mock?

11 Mr. Niznik.

12 MR. NIZNIK: Mr. Niznik is right.

13 Dear members of the Commission, only in a America
14 can people wake up, make their breakfast on the gas stove
15 and come in here and protest against natural gas, but
16 that's what's happening apparently this afternoon and this
17 morning.

18 What I want to address today was the
19 misconception being bantered about that we have enough
20 natural gas and what we don't have we can get from Canada.
21 However, I uncovered some very frightening facts.

22 North America, and that includes Canada, has only
23 4 percent of the world's known natural gas reserves.
24 Russia has 32 percent. The Middle East has 41 percent.
25 That means that 73 percent of the natural gas reserves in

1 the world lie in the hands of unfriendly nations.

2 In contrast, North America uses 24 percent of the
3 natural gas produced. By 2020, North America, and we
4 heard about Mexico already, is going to be a net importer
5 of natural gas. Thirty-nine percent of all natural gas
6 used will have to arrive by ship as liquid throughout the
7 world. The exporting regions will be Australia, South
8 America, the Middle East, Russia, and North Africa.

9 Where did we want to buy our energy?

10 And the two countries competing most for the
11 Liquid Natural Gas will be China and the United States.

12 So these are facts which should be apparent to
13 all, and it's not if Liquid Natural Gas will be needed in
14 Ventura county, it's when.

15 CHAIRPERSON GARAMENDI: Thank you very much.

16 We're going to go through the next five people.

17 Mr. Lacayo, Mr. Facciano, Ms. Harris, Mr. Baldwin
18 and Mr. Skinner.

19 While they're coming up, I'll read the next five
20 so that you can be prepared: Mr. Margulies, Mr.
21 McLaughlin, Ms. Abramson and Mr. Caldwell. That's four.
22 Five would be Ms. Munro.

23 Mr. Lacayo.

24 MR. LACAYO: Good afternoon, Commissioners.

25 Thank you for allowing me the opportunity to speak to you.

1 My name is Hank Lacayo. And I'm currently serving a
2 second term as state president of the Congress of
3 California Seniors. It's sort of hard for me to cut my
4 remarks down, so I'll try to do my best, Mr. Chairman.

5 We wouldn't endorse a project that we believe did
6 not and could not make a commitment to ensure that public
7 safety in the environment are a top priority. And we're
8 not alone in supporting Cabrillo Port. I'm pleased today
9 to add my voice to the State Building and Construction
10 Trades Council, California Hispanic Chamber of Commerce,
11 the Asian Business Association, California Black Chamber
12 of Commerce, the Regional Legislative Alliance of Ventura
13 and Santa Barbara County, and many other groups and
14 citizens that support Cabrillo Port here and now.

15 It's a fact that the California Energy Commission
16 and the Public Utilities Commission support the
17 importation of liquefied natural gas. And the prior
18 speaker, Mr. Niznik pretty much said it all. In fact,
19 natural gas is clean, emitting 40 percent less pollutants
20 than coal and oil. Some in this audience will have you
21 believe that renewable energy will meet all of our state's
22 need for energy today. Unfortunately, we're far from that
23 reality.

24 However, natural gas can serve the bridge to
25 California renewable energy. It's a fact, according to

1 Terra Pass, an average car emits five tons of greenhouse
2 gases per year. Fifty opponents in this audience emit
3 more emissions today with their cars right here in Oxnard
4 than Cabrillo Port would annually 14 miles off shore. Are
5 these the same project opponents trying to mitigate their
6 own emissions today?

7 Just as much as BHP Billiton will commit to in
8 its entire project's mitigation package?

9 There would be many more supporters in this
10 audience today would it not be for intimidation tactics to
11 discourage them from taking a position with the public.

12 And we cannot let a few speak on behalf of the
13 entire state. So I speak for those who cannot be here
14 today, because I feel everyone should have a voice. I
15 speak for many seniors, hard working families, Latinos,
16 consumers, veterans and laborers to say that we need the
17 energy today and we need it now.

18 Commissions, let's keep the lights on.

19 Thank you.

20 CHAIRPERSON GARAMENDI: Mr. Lacayo, you've given
21 me and I suspect Mr. Chiang more additional time. If
22 you'd like a few additional seconds, you're welcome to
23 them.

24 MR. LACAYO: Well, I could -- it's kind of hard
25 to raise and stand in front of you after hearing so many

1 of my friends take the other side of the question. But as
2 you all know, I in my heart feel that I'm taking the right
3 decision. I support an open and constructive and
4 reasonable dialogue about Cabrillo Port because I believe
5 that when people have the facts and read the final EIR
6 report, they will understand that this project will be
7 built to the highest public safety and environmental
8 standards of all other project alternatives to provide
9 clean and safe and affordable energy.

10 I know you have a difficult decision to make. I
11 know you've been pressured a lot by different
12 organizations and individuals.

13 Please keep an open mind and let us go forward
14 with a good project that will provide the necessary fuel
15 to continue with the lights on and being able to cook our
16 food.

17 Thank you.

18 CHAIRPERSON GARAMENDI: Thank you very much.

19 Mr. Facciano.

20 MR. FACCIANO: Don, Facciano, President of the
21 Ventura County Taxpayers Association.

22 We represent businesses and jobs that rely upon a
23 ready supply of clean burning and efficient natural gas.
24 We are concerned about its increasing price and we support
25 expanding the state's supply of natural gas. Increasing

1 access to natural gas supplies is critical to the success
2 of the business community and the economic health of our
3 working families here in Ventura County.

4 Both the California Energy Commission and
5 California Public Utilities Commission say that liquefied
6 natural gas should be a part of California's energy
7 supply. We agree Cabrillo Port will lead to increased
8 access and stabilized prices for all Californians, for
9 additional direct economic benefits to local businesses
10 and residents without any taxpayer support or public
11 subsidy.

12 If we're to prevent another energy crisis, we
13 need a new energy infrastructure. California should make
14 every effort to ensure reliable sources of clean energy.
15 With coal, oil and nuclear energy being decreased in use,
16 natural gas is needed as a source of cleaner and reliable
17 energy to fill this energy gap so that business can
18 continue to operate and succeed in this state and region.
19 Renewable and conservation if implemented in a way that
20 does not unfairly burden the taxpayer can play a part.
21 But alone those measures cannot address the magnitude of
22 California's energy challenges.

23 We encourage you to grant the necessary permits
24 to BHP Billiton.

25 I brought -- I would have brought all three

1 copies of the report up, but I didn't want to get a
2 hernia. So I just brought the one. This is the proof
3 right here in the three volumes, and the staff did a good
4 job.

5 Thank you.

6 CHAIRPERSON GARAMENDI: Thank you very much.

7 Ms. Harris.

8 MS. HARRIS: If you're available for a little
9 comedic relief, I wore my Mardi Gras beads because they've
10 performed magic on -- every time I've spoken on some
11 subject.

12 And actually, Mr. Garamendi, you provided the
13 first magic this morning, because I admire everything that
14 the EDC came up with. But you convinced me with your
15 questions to the staff that the EIR was inadequate, and
16 that was very quickly taken care of for me.

17 California is leading the country in the
18 protection against greenhouse gases. We -- the
19 Legislature has passed such good laws, that we're very
20 proud of that.

21 And if we grant BHP, we would be flying in the
22 opposition to what California's doing. California is such
23 a good example. And here if we accept BHP, it's like we
24 were the opposite. And I know the Lands Commission is
25 not.

1 So Mr. Garamendi, Mr. Chiang, and Ms. Sheehan, we
2 want to be proud of you tonight as you vote.

3 CHAIRPERSON GARAMENDI: Thank you very much.

4 Mr. Baldwin, followed by Mr. Skinner.

5 MR. BALDWIN: Than you, Mr. Chairman,
6 commissioners. My name is Richard Baldwin. I'm an air
7 quality consultant for BHP Billiton on Cabrillo Port to
8 find emission offsets for the project.

9 When I was hired, I was told to leave no stone
10 unturned in the way of finding offsets for this project.

11 I worked over 30 years in government air
12 pollution control, with my last 20 years as a Ventura
13 County air pollution control officer, which I retired from
14 in 2002.

15 The Air Resources Board in its February letter to
16 the State Lands Commission indicated they are most
17 concerned about NOx emissions. While ARB has stated the
18 emission reductions from this project exceed what is
19 required under the current applicable regulations, BHP has
20 committed to fully offset all project NOx emissions.

21 Until recently there were 19 tons per year
22 shortfall in BHP's commitment to fully offset all NOx
23 emissions, even though it is not required under the EPA
24 permit.

25 BHP has now found enough NOx reductions to fully

1 offset NOx emissions from the proposed project based on
2 ARB's calculations. ARB's calculations look at emission
3 impacts on California coastal waters, which go out over 60
4 miles beyond 25-mile -- the 25-mile federal waters limits.
5 As of today, the end result of this project will be a net
6 reduction in NOx emissions.

7 The final 19 tons per year of emission offsets
8 were achieved by reducing the submerged combustion
9 vaporizer emissions by 15 tons per year and by purchasing
10 six tons per year of NOx emission reduction credits.

11 The vaporizer reduction occurred as a result of
12 long-term engineering studies to find ways to reduces its
13 emissions.

14 I'm pleased to answer any questions you may have.

15 COMMISSIONER CHIANG: Yes. You mentioned the NOx
16 reductions. How about ROC?

17 MR. BALDWIN: At this point I haven't finished
18 looking at that because all the focus has been on NOx.

19 COMMISSIONER CHIANG: You have to meet both,
20 correct? Interpretation 26.2

21 MR. BALDWIN: Without getting into analysis, I
22 was hired to get NOx credits and that's what I've been
23 working on for a couple weeks.

24 COMMISSIONER CHIANG: I think there's more
25 concern about the other one.

1 MR. BALDWIN: Okay.

2 CHAIRPERSON GARAMENDI: Thank you.

3 Mr. Skinner.

4 MR. SKINNER: My name is Tony Skinner and I
5 represent the TriCounties Building and Construction Trades
6 Council. I'm here in support of the natural gas project
7 at Cabrillo Port.

8 But no matter where you stand on the issue, you
9 must respect the work that the staff has done in response
10 to the public comment on the environmental report. I
11 don't claim to be an expert, but I truly believe they've
12 done their due diligence in presenting this report. I
13 also believe that most of their concerns have been
14 addressed. I believe the natural gas project will provide
15 a bridge between fossil fuels and alternative energy
16 sources.

17 The biggest problem I see is the consumption
18 habits of the people in California. With gas prices where
19 they are, we're still surrounded with SUVs with one person
20 in them.

21 I urge the Commission to adopt the staff
22 recommendation and approve Cabrillo Port.

23 Thank you.

24 CHAIRPERSON GARAMENDI: Thank you very much.

25 MR. MARGULIES: I have a home in Port Hueneme.

1 I've practiced pulmonary medicine for 35 years. And I'll
2 go back to calling it smog, the air pollution that we're
3 concerned about today, and public safety.

4 I'm going to give you some new information that
5 has its roots in half a century ago. In the 1950s from
6 the upper floors of Los Angeles County Hospital we could
7 see the visible smog and we began to recognize when the
8 emergency room would have increased entrance of patients.
9 And it was probably not until the sixties that the
10 association was made because there was a gap between the
11 time the smog occurred and three or four days later when
12 the people got sick enough to come to the hospital and
13 ultimately got admitted.

14 The current issue of the Ontario Medical Journal
15 has made correlations stepping beyond that. They not only
16 are finding that the epidemic of childhood asthma and the
17 epidemics of increased mortality of people with chronic
18 ongoing lung disease is related to the air pollution, to
19 smog, and they are recognizing that this is a fossil fuel
20 and they're recognizing that it's primarily the coal and
21 oil industries that are responsible for it; but they are
22 now recognizing that heart disease and excess cardiac
23 mortality is related to the peaks in air pollution, smog,
24 and they are recognizing that this correlates with
25 hospital admissions and deaths in people who are

1 considering themselves as healthy who have not already had
2 cardiac diagnoses, and this portends a new look at public
3 safety for the future.

4 Thank you.

5 CHAIRPERSON GARAMENDI: Thank you very much.

6 Anne, do you want to take over --

7 ACTING COMMISSIONER SHEEHAN: Yeah, I'll take
8 over.

9 The next speakers: Charles McLaughlin, Sarah a
10 Abramson, Andy Caldwell, and then Trisha Munroe.

11 Is Charles McLaughlin here?

12 No.

13 Ms. Abramson, you want to come up.

14 MS. ABRAMSON: Good afternoon, Commissioners. My
15 name is Sarah Abramson and a staff scientist with Heal The
16 Bay.

17 Today I urge you to deny both certification of
18 final EIR and issuance of a general lease for this
19 project.

20 We find the EIR inadequate in several areas,
21 including impacts to water quality and biological
22 resources.

23 Furthermore, the EIR identifies an incomplete
24 baseline which fails to include numerous data sets that
25 represent existing marine resources in the area. The

1 National Marine Fishery Service has identified the need to
2 consider additional existing data sets for baseline
3 determination. Yet the EIR fails to include Cascadia
4 Research, the Ocean Conservation Society database and
5 numerous others for the region.

6 For example, the Ocean Conversation Society has
7 conducted numerous marine mammal surveys in the project --
8 nearby the site in the past five years. And there were
9 frequent sitings of fin, blue and humpback whales as well
10 as off-shore bottle-nosed dolphins. However, the EIR
11 glosses over these and other readily acceptable data, and
12 instead provides a skeletal misrepresented baseline marine
13 mammals in the area.

14 Although Heal The Bay is not opposed to LNG in
15 general, we are opposed to this project on its
16 environmental merit.

17 We further believe that the only reason this
18 project has progressed this far in permitting is because
19 the State of California has failed to provide the clear
20 framework for evaluating LNG projects. This failure has
21 resulted in a rat race of LNG proposals in California,
22 none of which are collectively evaluated on their
23 environmental merit.

24 There is a clear need for uniform criteria to
25 compare this hodgepodge of LNG proposals in California.

1 Based on these and the written comments we
2 submitted early last week, I urge you to deny the
3 proposals before you today.

4 Thank you.

5 ACTING COMMISSIONER SHEEHAN: Thank you.

6 Andy Caldwell and Trish Munro.

7 MR. CALDWELL: Commissions, I'm Andy Caldwell
8 representing COLAB, the Coalition of labor, Agriculture,
9 and Business of Santa Barbara County. And we're here
10 because this is a project of statewide importance.

11 Some of the questions we feel from the Chair were
12 a little bit unfair in terms of asking for the footprint,
13 the environmental footprint and impact of this project,
14 because they don't ask the same question of some of the
15 alternatives. You know, as far as windmills don't come
16 from methane and wind machines impact aquatic life -- I
17 mean the wave machines. And windmills can, you know,
18 damage birds as well. And there often seems to be an
19 unlevel playing field when we discuss project impacts in
20 the real world.

21 The unescapable fact is that we can only supply
22 15 percent of what we need in the State of California, and
23 natural gas is a relatively clean fuel and we should
24 encourage its use.

25 As the California Energy Commission staffer

1 indicated today, we need more supplies, we need more
2 competition, and it is prudent to have a diversified
3 portfolio to meet California's energy needs.

4 The "no project" alternative that people are
5 asking for should also include a continued dependence upon
6 coal and oil. If we're going to be talking about the
7 impacts -- or the benefits of alternatives, we need to
8 consider the impacts of the "no project" alternative,
9 which is the status quo. And we believe that if you
10 looked at everything together, that as the California
11 energy staffer said, it makes sense to increase our
12 supplies and increase competition.

13 And, finally -- I'm sorry that Mr. Garamendi is
14 not here on this. But on page three of the staff report
15 today, there is an indication that Southern California Gas
16 has agreed to buy the natural gas that would be delivered
17 by this project at market rate.

18 Thank you.

19 ACTING COMMISSIONER SHEEHAN: Thank you.

20 CHAIRPERSON GARAMENDI: Let me list off a few
21 more names while you're getting ready.

22 It looks like Larry Godwin, Shirley Godwin,
23 Trevor Smith, and Michael --

24 MR. STUBBLEFIELD: -- Stubblefield.

25 ACTING COMMISSIONER SHEEHAN: Correct. Good.

1 Go ahead.

2 MS. MUNRO: Thank you.

3 Yes, my name is Trisha Munro and I'm a resident
4 of Oxnard, and I pretty much represent myself.

5 I have a lot of concerns about getting anything
6 from a foreign country. We've already gone down that
7 path. And I think that the Governor has made a really
8 great stride towards us going more green. There's
9 millions of grooves in California, and we could put solar
10 panels on them if they were available. We could have more
11 industry doing solar panels. But those are unavailable.

12 The other -- the other thing I heard this morning
13 on the radio was that they're going to try to regulate
14 natural gas like OPEC. And I thought that was kind of
15 serendipitous since we're having these hearings and
16 everybody's talking about cheap energy. If they regulate
17 it like OPEC, we're going to be paying like we do for
18 OPEC.

19 And my last concern involves and abalone. The
20 National Park has been working about 20 years on
21 protecting and getting the abalone not to go extinct. And
22 this emissions -- and actually something from your own
23 office told me that all of the swimming forms, the babies,
24 will be killed by the LNG platform when they suck in the
25 water. They did say that they would try not to put any

1 pipelines on any place where there would be abalones.

2 But that's just one concern that wasn't really
3 addressed properly, and I would really like you to think
4 about all the little minor issues and hope that you would
5 send this back to the drawing board.

6 Thank you.

7 CHAIRPERSON GARAMENDI: Mr. Godwin, I believe
8 you're up next.

9 MR. GODWIN: I'm Larry Godwin. I'm a long-term
10 resident of Oxnard. And I urge you not to certify the
11 final EIR and not to approve the lease of state lands for
12 the sub-sea pipelines for Cabrillo Port at LNG terminal.

13 The EIR is presently and likely to remain legally
14 and scientifically inadequate. It is indisputable that
15 the safety hazard zone numbers are fabricated using
16 unvalidated computer models and that the computer
17 modeling -- computer-generated safety zones cannot be used
18 to assess the risk to the public.

19 I retired after 40 -- working 40 years as a
20 civilian physicist at Point Magu Naval Base. I designed
21 infrared measurement systems for flight on military
22 aircraft. I regularly submitted documentation to aircraft
23 safety boards for certification of flight.

24 The EIR violates every standard that is used by
25 safety boards when determining safety. Some of these

1 standards are, number 1, assume nothing, prove and
2 validate everything; number 2, your past safety record
3 does not count for anything; number 3, the worst possible
4 event, no matter how improbable, will happen and it will
5 be much worse than you thought; and, number 4 and last,
6 there must be no compromise when it comes to public
7 safety.

8 Thank you.

9 MS. GODWIN: My name is Shirley Godwin. I'm a
10 45-year resident of Oxnard.

11 Clearly we can do better than tie our state to a
12 new fossil fuel source. We have the technological
13 resources to create a vibrant, clean, alternative energy
14 economy and be leaders in this area.

15 The State of Oregon plans to use their greatest
16 natural resource, the Pacific Ocean, to provide clean,
17 dependable and economical energy locally through wave
18 energy.

19 The first electricity-generating buoy could be
20 operational by this summer. A buoy floating in the ocean
21 would pick up electromagnetic energy from the rising and
22 falling of the ocean swell. The buoy would be anchored to
23 the sea floor via a tethered system that delivers the
24 energy downward and then to the coast along cables.
25 Doesn't this sound a lot better than what BHP proposes?

1 Wave energy research is rapidly moving forward
2 and it is being looked at as an economic boon for the
3 coastal cities and counties of Oregon.

4 California shares the same ocean as Oregon. Our
5 state can be one of the leaders in wave energy too. And
6 of course we have the sun, the wind and geothermal areas.
7 California could lead the nation and the world to a
8 cleaner energy future.

9 Supporting LNG would be a giant step backwards.

10 Thank you.

11 CHAIRPERSON GARAMENDI: Thank you very much.

12 Four more names -- five more names.

13 Trevor Smith, Michael Stubblefield, Mr. Everts,
14 and Maria Ortiz, if you'll come forward. And Mr.
15 Wilcox -- or Willox.

16 Can you start with -- whomever -- Trevor.

17 Mr. Smith.

18 MS. SMITH: Good day, Mr. Lieutenant Governor,
19 members of the Board. Thank you for allowing --

20 CHAIRPERSON GARAMENDI: Thanks a lot for coming
21 up. Let's hear what you have to say.

22 MS. SMITH: Good day, Lieutenant Governor and
23 members of the Board.

24 I have a little -- I've modified my speech
25 because of the new time constraint, but I have some old

1 news and some new business.

2 The old business is an answer to your question to
3 Damon Wing about the amount of ROC credits needed by the
4 company. I have with me a letter dated March 29th, 2007,
5 from Mike Villegas, the head of the Ventura Air Pollution
6 Control District, to the Coastal Commission staff. And
7 there's a lot of different numbers in here, so I'm going
8 to submit it and you guys can look at it. But from what I
9 can determine, they are saying that they need 97.5 tons
10 per year of NOx credits and 40.3 tons per year of ROC
11 credits.

12 It goes on to say that there are possibly 142
13 credits of NOx and 162, but none of them are for sale.

14 And Mr. Villegas concludes that the necessary
15 amount of NOx and ROC ERCs in the Ventura Air Pollution
16 Control District bank are not available for purchase for
17 Cabrillo Port project. So I'll submit that.

18 Hopefully that can answer questions.

19 New business. I googled Australia, largest
20 emitter of greenhouse gases per capita in the world. And
21 I would ask all of you to do that, anybody in the
22 audience, that the answer you'll find is several newspaper
23 articles from last week in Australia where Australia is
24 the largest emitter of greenhouse gases -- per capita in
25 the world of greenhouse gas. And that's primarily because

1 they rely on burning coal for their own electric power.

2 So while they're over here talking to California,
3 which is a country -- or a state that's almost as
4 populated as Australia, they're not doing in their own
5 country what they preach, I think they should maybe look
6 into using natural gas.

7 If I had time I could try to address a couple
8 specific things that I noticed in the EIR because I
9 thought this was what was sort of about to come -- and the
10 EIS.

11 Cumulative Impact Section 4.20, they don't seem
12 to address the cross impacts of the 20 significant Class 1
13 impacts and the 60 other minor impacts. Usually in our
14 local EIRs that I'm involved with usually if you have --
15 according to CEQA, well, if you have two or three
16 significant impacts, then they have to be cumulatively
17 analyzed. I don't think there's a sufficient analyst of
18 all the possible combinations of events and impacts.

19 Thank you.

20 CHAIRPERSON GARAMENDI: Thank you very much.

21 Mr. Stubblefield.

22 MR. STUBBLEFIELD: Commissioner Garamendi, State
23 Lands Commissioners, ladies and gentlemen. Good
24 afternoon. I'm Mike Stubblefield. I'm the Chair of the
25 Los Padres Chapter of the Sierra Club, which represents

1 7,000 members across Ventura and Santa Barbara counties.
2 I have also served as the chapter's air quality chair for
3 over a decade.

4 Back in September of 2004, Southern California
5 Gas and San Diego Gas and Electric, both of which belong
6 to Sempra Energy, asked the California PUC to approve the
7 termination of 1.4 billion cubic feet per day of natural
8 gas contracts with two of the four North American bases
9 that provide natural gas to California. PUC granted
10 Sempra's request, because, they claimed, California just
11 was not consuming all of its allocation.

12 At the time this decision hardly caused a ripple.
13 Yet those of us who recalled the so-called energy crisis
14 that followed deregulation wondered if perhaps our natural
15 gas market was about to be manipulated again.

16 Sure enough, a year later despite an annual
17 increase in natural gas consumption that has hovered
18 somewhere between 0 and 0.7 percent year after year and,
19 according to PG&E, SoCal Gas, and San Diego Gas and
20 Electric at a CEC/CPUC natural gas workshop in December
21 2003, is projected to do so through 2016; and yet, PUC and
22 CEC and Sempra and Billiton would have us believe that we
23 are now on the verge of a natural gas crisis from which we
24 can save ourselves only by importing LNG from 12,000 miles
25 away. Now, suddenly we are so desperate for natural gas

1 that we have no choice but to live with Billiton's
2 dangerous, noisy, smelly, ugly,
3 criteria-pollutant-emitting Cabrillo Port for the next 40
4 years.

5 Cabrillo also has 20 class -- you know,
6 Cabrillo's Class 1 air impacts make the likelihood of
7 Ventura County ever achieving attainment of state or
8 federal standards for ozone levels a virtual
9 impossibility. We have never achieved attainment for
10 ozone in this country. And if this project is approved,
11 in my opinion, we never will.

12 Ozone, which is harmful to the human respiratory
13 system, is a primary cause of asthma, bronchitis, and
14 emphysema, particularly in the young and the elderly.
15 Ground level ozone is produced when you mix oxides of
16 nitrogen with volatile organic compounds and sunlight.
17 Here in southern California we just call it smog.

18 Cabrillo and its 100 LNG tankers a year running
19 their engines while pumping LNG into big tanks on Cabrillo
20 will also pump hundreds of tons of hydrocarbons, carbon
21 monoxide and NOx into the atmosphere every year for the
22 next 40 years.

23 But it gets worse. The Sierra Club estimates
24 that Cabrillo and its 100 tankers will also spew 22.8
25 million metric cubic tons -- metric tons, excuse me, of

1 carbon dioxide into the earth's atmosphere annually as
2 they make their way back and forth on the 14,000-mile
3 round-trip voyage.

4 In the aftermath of the Supreme Court's recent
5 ruling that the EPA must start treating CO2 and other
6 greenhouse gases as a pollutant that can indeed harm human
7 health, it would seem prudent at this point to step back,
8 take a deep breath and ponder the effects of this
9 incomprehensible amount of CO2 on global warming. It
10 can't be good.

11 But even if Billiton's project didn't --

12 CHAIRPERSON GARAMENDI: Mr. Stubblefield --

13 MR. STUBBLEFIELD: I'll wrap it up. This is it.

14 CHAIRPERSON GARAMENDI: Thank you.

15 MR. STUBBLEFIELD: But even if Billiton's project
16 doesn't emit an ounce of CO2, it will still be pumping
17 so-called hot gas into our natural gas pipelines. Hot gas
18 has a much higher percentage of propane than the natural
19 gas we use right now. Not only is it incompatible with
20 our water heaters, dryers, and stoves, it's up to 60 times
21 more effective as a greenhouse gas than CO2. Unfortunately
22 the effects of CO2 and propane have not yet been studied,
23 which means that in addition to all the criteria
24 pollutants it will emit, Cabrillo will also be a
25 greenhouse gas nightmare.

1 So what's the hurry? As the Ventura County Star
2 editorial opined on March 17th, California will not run
3 out of energy by May. I ask you to kill Cabrillo today.

4 CHAIRPERSON GARAMENDI: Thank you.
5 Please.

6 MR. EVERTS: My name is Conner Everts. I'm here
7 today speaking on behalf of Joe Geever, the Southern
8 California Regional Manager of Surfrider Foundation. He
9 actually called me when I was out Kayaking on Point Dume,
10 which would be in sight of this facility. I actually saw
11 a gray whale that day. He's in the hospital and called me
12 before his surgery.

13 He wants you to know that Surfrider Foundation
14 supports the comments of the California Coastal Protection
15 Network and urges you to reject this final EIR impact
16 report.

17 The State Lands Commission, FEIR found that the
18 proposed project would result in over 20 significant
19 impacts that cannot be mitigated, including the project's
20 contribution to air quality violations in L.A. and Ventura
21 counties. Furthermore, the alternatives section was
22 fatally flawed because it does not consider alternative
23 technologies that are currently available that can
24 significantly reduce environmental impacts. For example,
25 other proposed LNG technologies can continue cooling water

1 from power generation with gasification to significantly
2 reduce air emissions. We request that you reject this
3 proposal.

4 Further, a statewide analysis should be conducted
5 to develop a strategic approach to LNG used in California
6 that will minimize environmental impacts.

7 I would like to say briefly for the Southern
8 California Watershed Alliance and the de-sal response
9 group that I work with, after 30 years of doing energy and
10 water efficiency programs, we are not done. This is a
11 bridge to the past. If you bring more supply instead of
12 dealing with the demand-side solutions, we are only
13 industrializing the coast and not solving the problems.

14 Thank you very much.

15 CHAIRPERSON GARAMENDI: Thank you.

16 My fellow Commissioner, Anne Sheehan, has
17 suggested that it's time for a bit of compassion for our
18 court reporter.

19 That doesn't mean you get a massage. But it does
20 mean you get a ten-minute break.

21 Thank you.

22 (Thereupon a recess was taken.)

23 CHAIRPERSON GARAMENDI: Ten minutes having
24 passed, we're ready to roll again.

25 Barbara Macri-Ortiz, you're up next, followed by

1 Innes Willox.

2 Ms. Ortiz?

3 Okay. Mr. Willox.

4 I know how much fun all of you are having. But
5 I'm going to work here.

6 Ms. Ortiz

7 MS. MACRI-ORTIZ: Is that Barbara Macri-Ortiz?

8 CHAIRPERSON GARAMENDI: That would be it.

9 Barbara Macri-Ortiz, you're up.

10 MS. MACRI-ORTIZ: Thank you very much,
11 Commissioners. My name is Barbara Macri-Ortiz. I'm an
12 attorney in town. I've worked for the last about 20 years
13 representing farm workers and minority very low income
14 workers primarily in Oxnard. I live and work in Oxnard.
15 And a couple of things I wanted to bring to your
16 attention.

17 First, I was at a meeting on Friday with
18 Assemblyman Pedro Nava regarding the bond funds. And I
19 discovered that in the Prop 1B funds there's \$1 billion
20 that is committed for port freight air quality. This is
21 money for emissions reductions from activities relating to
22 movement of freight along our trade corridors. And that's
23 port freight. And it seems kind of incongruous that we're
24 putting a billion dollars to clean it up on the one hand
25 and on the other hand putting -- you know, actually

1 offering our shore -- our own state lands to increase our
2 pollution.

3 I want to speak specifically today about the
4 Section 4.19, the environmental justice section of the
5 report. I think this is area of the report is very, very
6 flawed. For one thing, for some reason which I can't
7 figure out, they just talk about Hispanics and they forget
8 to include the rest of minorities in Oxnard. And as you
9 heard from Supervisor Flynn, Oxnard is 80 percent
10 minority -- 80 percent. Sixty-six percent of that is
11 Latinos. The others are Asian Americans and all other
12 minorities.

13 Now, in reading this chart, they try to explain
14 that around the pipeline that there's actually less
15 minority there than throughout the city; and, frankly,
16 it's just ridiculous.

17 Just taking in the map, I mean -- and I work out
18 here. These are my clients. Because the poor are the
19 ones that live out here. So we're not only just talking
20 about minorities but also poor.

21 You know, here we've got four elementary schools
22 there right on the corner. We've got two big mobile home
23 parks, they're virtually all -- a hundred percent farm
24 worker and I'd say 99 percent minority.

25 Going up here there isn't anything. And going in

1 here of course you've got the CYA, which is predominantly
2 minority, unfortunately. And you have Mason Union High
3 School.

4 I don't know how they got their figures. It's
5 definitely flawed. I think from health and safety and
6 every other area, you really need to take a look and say,
7 "What is going to be the impact?" Because if there is
8 going to be any health and safety ramifications of this,
9 it is going to be minority. And that's the reason they're
10 here. You've heard from our legislators in terms of what
11 we have to face here and now you want to put more.

12 Thank you very much.

13 CHAIRPERSON GARAMENDI: Thank you very much.

14 Mr. Willox?

15 MR. WILLOX: Good afternoon, Commissioners. It's
16 a pleasure to be here. My name is Innes Willox. I'm
17 Australia's consul-General to Los Angeles. How are you
18 all?

19 I cover all of the western United States. I'm
20 here today not to talk on behalf of the company but rather
21 to give perspective from the Australian point of view.

22 Australia is a major global producer, user and
23 exporter of natural gas. We find it to be one of the
24 cleanest burning and most environmentally friendly forms
25 of hydrocarbon energy available in the world today. It is

1 not a new technology, nor is it an experimental technology
2 to us, nor it is new or experimental in the United States,
3 which receives natural gas shipments already on the U.S.
4 coast.

5 The decision on the development of BHP Billiton's
6 proposed Cabrillo Port project is of course a matter for
7 California and Californians and Californian law makers.

8 However, I'll just give you a bit of background
9 from Australia's perspective.

10 Most of our natural gas is from the northwest
11 shelf off northern Western Australia. The gas that would
12 be shipped here is from this region, not from the Far
13 East, as some people have said. It would be from northern
14 Western Australia.

15 Fields off the Western Australian shelf produce
16 about 10 percent of the world's export capacity. We have
17 several additional fields soon to come on line. And if
18 all the fields come on line as currently planned,
19 Australia's annual natural gas capacity could be around 50
20 million tons by early next decade.

21 Essentially we would not be producing these
22 fields if there was not a global demand. Our main
23 competitors of natural gas exporters include Algeria, the
24 United Arab Emirates, Nigeria, Qatar, and Trinidad and
25 Tobago.

1 Australia's three existing markets, Japan, South
2 Korea, and China, all receive Australian natural gas to
3 power their industries, homes and increasingly their
4 transportation. Japan is our biggest market, south Korea
5 is next, and then China.

6 We also have potential markets in India and
7 Mexico -- and Mexico, which is attempting to increase its
8 gas imports to meet its growing demand.

9 Australia has proved itself to be a good reliable
10 energy partner. We've not missed a scheduled natural gas
11 shipment since we began exports in 1987. We'd adhere to
12 contracts and agreed prices, even though the global gas
13 price has risen substantially since our contracts were
14 first signed. On deliveries and price, we are as good as
15 our word.

16 I should point out that Australia has itself been
17 a major natural gas consumer for over 35 years. Natural
18 gas is a part of our lives, generating heat for our
19 showers in the morning and powering our homes, industries
20 and public and private transport.

21 There's a massive gas conversion project taking
22 place now in Australia to convert private cars to gas from
23 petrol. Why? Because it's roughly one-third of the
24 price, it's a much cleaner energy source, and has -- and
25 it links to a drastic reduction in greenhouse gas causing

1 pollutants such as carbon dioxide.

2 I'd just like to finish on this note for you.

3 Why Australia? We're a reliable partner which has a lot
4 in common with California. We have the common gold rush.

5 I look outside here and I see eucalyptus trees and gum
6 trees all part of the Californian landscape. They are
7 from Australia.

8 We speak the same language, sort of.

9 (Laughter.)

10 MR. WILLOX: Our troops have fought together in
11 every major conflict since World War I. In fact, American
12 troops first fought in World War I under an Australian
13 commander.

14 Australia gave to the world the black box flood,
15 the core to the heart pacemaker, the ultrasound scanner,
16 aspirin in the -- ear. We've won seven Nobel Peace
17 Prizes. We're the world's sixth longest continuously
18 operating democracy. We and the United States have had a
19 mutual defense treaty since 1951. We're not a third-world
20 country.

21 In conclusion, let me say this: The approval
22 process is a matter for United States state and federal
23 authorities. However, I'd like to assure you that our
24 framework of laws and regulations requires that any
25 company, any company extracting and exporting natural gas

1 from Australia or Australian jurisdictional waters does so
2 in compliance with our world class environmental and
3 operational standards. All companies involved in
4 Australian natural gas exploration and development are
5 required to comply with Australian state and federal laws
6 concerning environmental impacts, ecological
7 sustainability, workplace relations, indigenous and
8 cultural issues, infrastructure development and
9 transportation.

10 Australian-based companies including BHP Billiton
11 have a strong and demonstrable record in environmental
12 responsibility. Australian companies have delivered over
13 2,000 cargoes of LNG without incidence since 1987.

14 I wasn't here for California's rolling blackouts.
15 But everyone I've spoken to since I have been here has
16 said the last thing they want to do from a domestic,
17 commercial, environmental, or political perspective is
18 relive those days.

19 The Australian Government is a longstanding
20 economic and defense partner of the United States. We
21 would like to hope that we too can become a longstanding
22 energy partner of the United States generally, in
23 California especially.

24 Thank you very much.

25 CHAIRPERSON GARAMENDI: Thank you.

1 A couple of questions, if I might.

2 Earlier this morning we had a discussion with the
3 BHP Billiton representatives about the development of the
4 gas field. And it was unclear to me from their responses
5 exactly what the status of that gas field is.

6 I know that it's some 170 miles off shore and
7 it's not yet developed, and that there are some
8 environmental lawsuits concerning that.

9 Could you please clarify, amplify, or otherwise
10 set straight the record.

11 MR. WILLOX: We have several gas fields under
12 development: Browse; Gorgon; Timor Sea, which we caught
13 right in conjunction with the conjunction the Timorese
14 Government. These are all fields that have been
15 discovered sometime ago. There have been explorations
16 take place. And they are currently under development and
17 will be developed -- it's a, if I can put it to you this
18 way, a national development project.

19 And all I can say to you about environmental
20 objection is that in any case, such a system there will
21 often be questions asked. These have to be tested through
22 the courts. The fact is that we are a long-term LNG
23 exporter.

24 CHAIRPERSON GARAMENDI: I'm still not clear.
25 This is a -- I'm told that BHP Billiton and the Shell have

1 a new field to be developed some distance off the
2 northwest coast of Australia.

3 MR. WILLOX: There are a range of fields that
4 open to development at the moment. There's one that
5 Chevron -- Chevron are involved in, Shell is involved in,
6 BHP, Woodside -- a range of companies are developing,
7 sometimes exclusively, sometimes in a combined joint
8 venture for these fields.

9 CHAIRPERSON GARAMENDI: Specifically where is BHP
10 Billiton's field?

11 MR. WILLOX: Where? The ones they're looking
12 at --

13 CHAIRPERSON GARAMENDI: Yes.

14 MR. WILLOX: -- to send gas to this market is, I
15 understand, 170 kilometers off shore, off northern Western
16 Australia.

17 CHAIRPERSON GARAMENDI: Is it a developing field?

18 MR. WILLOX: It's a developing field.

19 CHAIRPERSON GARAMENDI: Has any production taken
20 place there?

21 MR. WILLOX: You'd have to ask the company. I'm
22 not a company representative.

23 CHAIRPERSON GARAMENDI: I see.

24 Well, then I shall ask the company.

25 MR. WILLOX: Certainly.

1 CHAIRPERSON GARAMENDI: Thank you very much.

2 MR. WILLOX: Thank you.

3 CHAIRPERSON GARAMENDI: We're going to continue
4 on our way here. I'd like now to -- Mr. Chung Liu, if
5 you're here, be prepared to testify.

6 And then a series of Chamber of Commerce folks.
7 Mr. Gillespie from the Malibu Chamber of Commerce. Ms.
8 Misewitch from the Port Hueneme. And then Ms. Lindholm
9 from the Oxnard Chamber of Commerce.

10 MR. LIU: You have had my handout.

11 CHAIRPERSON GARAMENDI: I believe we do have your
12 handout. I've been wondering since early this morning
13 where that came from.

14 Mr. Liu, if you will please, sir.

15 MR. LIU: My name is Chung Liu. I'm the Deputy
16 Exec Officer for the South Coast Air Quality Management
17 District; also the chief scientist for the agency.

18 Thereupon an overhead presentation was

19 Presented as follows.)

20 MR. LIU: We'll show the next slide really
21 quickly.

22 --o0o--

23 MR. LIU: This slide provides the air pollution
24 problems facing the South Coast. The right side of the
25 pie chart actually shows very clearly that South Coast

1 even though it only has five percent of the population in
2 the United States, we have 52 percent of the health damage
3 caused by fine particulates.

4 Next slide please.

5 --o0o--

6 MR. LIU: The first bullets indicates that 52
7 percent of burden is proportionately imposed on our
8 residents, translating to 5400 premature deaths every
9 year. I would call this a public health crisis we're
10 facing here.

11 Nitrogen oxide emission we talk about today, the
12 whole day are causing the problem most. It contributes to
13 the fine particulate problems, also the ozone smog
14 formations. And we need a lot of emission reduction to
15 achieve that.

16 We have a lot of problems dealing with the staff
17 response on the BHP major proposal. But I want to
18 concentrate on one other issue here to call to your
19 attention.

20 Next slide please.

21 --o0o--

22 MR. LIU: This chart depicts all the proposed
23 projects bringing LNG to California. As indicated on the
24 bottom, the south -- southern California used 2.5 billion
25 cubic feet per day -- 2.5. The bottom project we're

1 talking about all day long's 1. And this proposed project
2 is .8. Add it together, it's 1.8. Southern California --
3 Central energy's already started process -- started their
4 process. So we know where the gas is going. It's going
5 to southern California, make no doubts about it.

6 Next slide please.

7 --o0o--

8 MR. LIU: The issue we want bring to your
9 attention to -- other people has mentioned this -- that
10 LNG import here has higher BTU contents most the time
11 compared to what we have now from interstate. The chart
12 shows that the hotter the gas, the more NOx emission is.
13 The red line actually shows the state standard -- district
14 standards for this equivalence. And you're getting
15 hotter, our facility cannot meet requirements.

16 Next slide please.

17 --o0o--

18 MR. LIU: There are ways to do it. Choose your
19 fuel very carefully to have a low BTU gas. Or you have to
20 treat a gas or you have to plan a gas.

21 Next slide.

22 --o0o--

23 MR. LIU: I want to skip to the next one and the
24 next one. Come to the next one.

25 --o0o--

1 MR. LIU: The district had proposed a working
2 number of hidden value for respondents of 1360. At this
3 time we think a 1360 would help us to keep our natural gas
4 quality, not causing a problem worse, just stay put.

5 And next slide please.

6 --o0o--

7 MR. LIU: The Lieutenant Governor keep on asking
8 where the sources are coming from, this company's. The
9 parent company of applicants have an exclusive right on
10 the Scarborough -- which have very good quality. They
11 just don't want to commit to it because they want to have
12 the flexibility to bring natural gas from anywhere else.
13 And we just don't think that's fair, because we want to
14 keep the natural gas quality as good as what we can do
15 here because we need additional reduction here.

16 So I just come conclusion here that we really --
17 next slide please --

18 --o0o--

19 MR. LIU: -- that we really want the Commission
20 to consider to mitigate this hot gas issue by imposing a
21 1360 working number on the gas so we can keep the natural
22 gas quality as we have now and not getting worse.

23 I'd be glad to answer any questions. Thank you
24 for your indulgence for giving me a little bit more time.
25 We still -- we may have concern on the mitigation measures

1 at this time.

2 CHAIRPERSON GARAMENDI: Go back to the previous
3 slide, the one before the recommendation.

4 MR. LIU: Yes.

5 That's it.

6 CHAIRPERSON GARAMENDI: Go ahead.

7 COMMISSIONER CHIANG: Mr. Liu, your expertise is
8 central to my decision-making process.

9 Can you tell me the impact of this project
10 specifically on the southern California basin and its air
11 quality and our ability to reach attainment? And then if
12 you -- to the extent that you have the knowledge as it
13 applies to Ventura County, if you can elaborate in that
14 area.

15 MR. LIU: I want to concentration on our basin of
16 course. We need 31 percent emission reduction -- we know
17 how to do at this time for NOx.

18 COMMISSIONER CHIANG: For NOx?

19 MR. LIU: Yes.

20 COMMISSIONER CHIANG: How about ROC?

21 MR. LIU: ROC we need about 20 percent or so.
22 But this is just for the fine particulates. For ozone, we
23 need a lot of more. And the Federal Clean Air Act should
24 give us a leeway to have designed long-term control
25 strategies. And we really have a lot of emission

1 reduction we need and we don't know how to do it. Not
2 only we don't know how to do it. The State Air Resources
3 Board doesn't need -- we work very hard to come to every
4 tons that we have.

5 Projects like this is not even in our baseline,
6 because we assume any of those kind of projects that have
7 to mitigate not have a net increase. And this project is
8 increasing the emission for our basin's concern. I just
9 want to give you a clear statement.

10 Even the source is located one mile out of water,
11 which by design is to really -- kind of a get-away-from
12 regulation, because we have a much higher offset ratio
13 than Ventura County.

14 But even at this time we believe the emissions
15 from Ventura County is going to all end up in basin, even
16 go over land or go over waters.

17 So not to mitigate in our area is a concern.

18 The tugboat project we've been told is statewide,
19 up and down. And emissions is close by. I don't know how
20 that's going to be mitigated. Maybe the state think they
21 can mitigate statewide.

22 But to us, we have a crisis here we cannot
23 afford.

24 COMMISSIONER CHIANG: Is there a difference in
25 the impact in terms of ROC and NOx? Because they said

1 they don't need to mitigate NOx. I'm looking at the
2 numbers. And, you know, the big caveat is they haven't
3 been able to mitigate ROC according to what I can tell.

4 MR. LIU: We are short on both NOx and ROC. ROC
5 and NOx are the building blocks for ozone. And to some
6 extent both contribute to our fine particulates,
7 especially NOx.

8 COMMISSIONER CHIANG: And then is there any way
9 to quantify the harm that occurs in a community by
10 this -- well, I don't -- I don't have the scientific and
11 technical expertise. So it's 5400 deaths that occur. I
12 mean what type of particulate penetration do you need to
13 have and how does it affect the public health?

14 MR. LIU: We have a wide basin, large area, a lot
15 of emission sources. If you do impact analysis by using
16 photochemical aerosol models, any specialty sources are
17 very, very small. But together that causes huge problems
18 here.

19 I also want to give you just a sense of
20 emissions. Our estimation because of the hot gas issue
21 along, the emission of NOx from this project almost equal
22 to all the powerplants generating NOx in our basin.
23 They're just standing. We control very tight. If you
24 wanted to do anything like this to increase our emissions,
25 you're going to make our job really difficult.

1 COMMISSIONER CHIANG: Would you repeat that
2 again. If I understood you clearly, this project alone
3 would be equivalent to the emissions from all current
4 operating powerplants in the southern California basin, or
5 what basin?

6 MR. LIU: In our area, in-basin generation, the
7 current natural gas --

8 COMMISSIONER CHIANG: Sorry for interjecting.
9 Can you -- for my edification, how do you define what's
10 included in that basin?

11 MR. LIU: Our district's composed of four
12 counties area, most urbanized area: The entire Orange
13 County, urbanized area of Los Angeles County, San
14 Bernardino and Riverside counties.

15 COMMISSIONER CHIANG: And how many powerplants is
16 that?

17 MR. LIU: There are -- powerplant units, totally
18 about close to 30 -- 20 something, 30. I don't have the
19 exact number, but I can provide that.

20 COMMISSIONER CHIANG: Okay. And what remediation
21 efforts do you have taking place with those powerplants?

22 MR. LIU: Those have the so-called best available
23 control technologies. All the units have been modernized
24 in the past five years. They all have what we call SCR,
25 selective catalytic reduction -- reductions. That's why

1 they are so clean. A project like this, it just -- just
2 give you an example that it's significant to us.

3 COMMISSIONER CHIANG: Is this project using all
4 the best available technology available?

5 MR. LIU: Not to my understanding.

6 COMMISSIONER CHIANG: Where do you find it
7 materially deficient?

8 MR. LIU: For example, the top tugboats which
9 were talked about this morning to make up the last
10 shortfall, that they account 40 years credit of the state
11 fund tugboats. Our district has funded close to 200
12 vessels -- marine even vessels in the past five years.
13 And we know we take only three-year credits. For Carl
14 Moyer fund, which is still funding projects like this,
15 takes seven-years credits.

16 I want to also offer to you the calculation was
17 based on 16 standards.

18 Last month, the U.S. EPA just promulgated draft
19 rules for marine vessels, which would take effect next few
20 years. So calculate based on existing requirements and
21 taking credits for 40 years. I guess it's all in the
22 footing of how do you implement in that four-star
23 combination documents, which I don't see that.

24 COMMISSIONER CHIANG: Mr. Liu, see if I could
25 follow your standing again.

1 So the newly promulgated rules by the federal EPA
2 would provide for what? And how are they different than
3 what currently exists?

4 MR. LIU: It's not a promulgated -- a promulgated
5 draft for rule making. But they have a schedule for the
6 next few years, different sites, different type vessels
7 will come in play.

8 But once the regulation's there, the credits to
9 our calculation for all these incentive programs we
10 manage, that has to come down also. You cannot assume
11 right now based on existing regulation.

12 COMMISSIONER CHIANG: Well, so for my
13 information, so is the EPA increasing standards which
14 would require additional credits on top of what we have
15 now or are they reducing standards?

16 MR. LIU: It's as not it would require additional
17 credits. Indirectly, yes, because the standard's getting
18 tight, so you cannot take as much credits this year
19 compared to maybe three years later.

20 COMMISSIONER CHIANG: Okay. Thank you very much.

21 CHAIRPERSON GARAMENDI: Question about the two
22 air quality basins, the Ventura and the South Coast. Now,
23 this project is located, you said, one mile north of the
24 northern boundary of the South Coast Air Basin, correct?

25 MR. LIU: I'm saying, yes, in the water.

1 CHAIRPERSON GARAMENDI: In the water, understood,
2 off the coast.

3 Now, Ventura we're told has credits available
4 that would offset the NOx emissions. We were told that
5 earlier today.

6 What does that mean to the South Coast, if
7 anything at all?

8 MR. LIU: You would really have to see where they
9 come from. Let's say, it goes to the tugboats, they
10 generate emissions south and all the way to San Diego.
11 And what the impact of this project, it's just adjusting
12 to us. I don't think you can comment just on the total.
13 You have to look at the locations.

14 CHAIRPERSON GARAMENDI: So the wind blows west --
15 blows from the west into the South Coast Basin?

16 MR. LIU: Unfortunately all the prevailing wind
17 for the past hundreds of years, they go to our area. It
18 is land goes to San Fernando Valley, plus the water goes
19 to the Long Beach and just to the mountain area.

20 CHAIRPERSON GARAMENDI: So the effect of this
21 project, even though it may have obtained offsets for
22 Ventura County, makes it worse for the South Coast Basin?

23 MR. LIU: I comment -- only answer, if the source
24 moves just one mile in our areas, we'll go in there and
25 require higher ERC offset. We have much higher regional

1 because we -- our air quality is much more severe. So
2 we're going to require a lot more emission reduction. And
3 so if it's not -- since it's not just by that technicality
4 of one mile, we lost chance to really offset that.

5 CHAIRPERSON GARAMENDI: And, therefore, the
6 project has an adverse effect?

7 MR. LIU: I believe so.

8 CHAIRPERSON GARAMENDI: Thank you.

9 COMMISSIONER CHIANG: Let me ask you -- follow
10 along on your line of questioning, John.

11 Your last answer was "I believe so." Can you
12 explain so that I better understand the nonattainment in
13 the southern California basin. You know, do you see a
14 certain concentration in certain areas in the basin? And
15 if you've done the modeling based on the different
16 scenarios that would take place if this project was
17 approved, what do you envision occurring to the southern
18 California basin and then pragmatically what the effects
19 are?

20 MR. LIU: Mathematically, like what I said
21 before, it's very difficult to quantify each individual
22 project in this kind of a reactive modeling, because this
23 is really a nonlinear process. So what we did is
24 aggregate all the emissions. For a lot of control
25 measures we know how to do it, since the emission

1 reduction requirements. That's why we calculate. And we
2 need a 31-percent emission reductions. And this is not
3 even accounted at 31 percent.

4 COMMISSIONER CHIANG: Okay. Going back to the
5 first part of that question.

6 Can you explain the nonattainment in the
7 California basin? Is it --

8 MR. LIU: We are extremely -- I'm sorry.

9 COMMISSIONER CHIANG: And tell me if my approach
10 is not entirely accurate. Do we see more NOx in an area
11 or more ROC in an area? Or across the basin is it the
12 same? And how is it -- if it is different, how is it
13 different than other nonattainment areas in the U.S. or
14 the other -- what makes Los Angeles or southern California
15 special?

16 MR. LIU: We have the highest concentration
17 nationwide. We're not proud of it. We made a lot of
18 improvement. Air quality getting better. But we still
19 have the worst air quality of both ozone and PM.

20 In terms of emissions, they are very homogeneous
21 distributed by species, NOx and hydrocarbons, and where a
22 majority are related to mobile sources. But it's very
23 clear the coastal are the source areas, the inland are
24 the -- area.

25 CHAIRPERSON GARAMENDI: Anne.

1 Are you finished, John.

2 COMMISSIONER CHIANG: What's its relationship to
3 the project? What's the PM?

4 MR. LIU: PM is particulate matter. And what
5 we're concerned -- there's -- there's a standard for
6 PM2.5, is fine particulates with diameter less than 2.5
7 microns. Really tiny particles. The human hair on meter
8 are like a 7. Okay. Those are the federal standards. We
9 are violating that big time. We're the highest
10 concentration.

11 NOx emissions in the -- they can form --
12 transform into nitrates, become particles. And most are
13 those fine particles. Nitrate is probably the single
14 largest piece of pie for PM2.5 from --

15 COMMISSIONER CHIANG: So that in this project
16 they remediated and used the best available technology.
17 They -- would we still see as significant an impact or --
18 I mean is there any way to remediate with Cabrillo?

19 MR. LIU: The way I understand, the time and
20 place and really the enforcement stringency, all the
21 factors has been placed into it. But what I see now is
22 not adequate mitigatively.

23 COMMISSIONER CHIANG: Okay. And then how
24 significant is the Scarborough LNG in terms of PM in terms
25 of the NOx and ROC, you know, having below the index?

1 MR. LIU: This field is, what I'd say,
2 exclusively controlled by BHP Billiton. And we have
3 talked to them in the past two or three years on this
4 project. They indicated to us that gas quality there
5 produced from that is almost 99 percent methane. And that
6 should be able to meet with our requirements. Not, again,
7 our best quality or the worst. But this EIR, it didn't
8 require that.

9 And the staff response, they just say, "Because
10 we don't know where it's come from, we don't know where
11 it's going, we don't know if it's coming to South Coast
12 Air Basin or not" -- I can tell you it's coming to us.
13 There's just no doubt. There's no other people -- no
14 other place has more demand than us. And it's to replace
15 interstate gas that we have at this time.

16 So we really want -- this company probably has
17 the best chance to meet the requirements compared to all
18 the other LNG proposals. And we welcome them to come into
19 it if they can help us to do that.

20 COMMISSIONER CHIANG: Another comment you made at
21 the outset of your presentation, you said there is no
22 doubt that the gas is coming to southern California.

23 Can you give me the foundational interpretation
24 for that statement?

25 MR. LIU: Can we go back to the table on page two

1 really fast.

2 Go back one more.

3 As you can see, southern California has a 2.5
4 cubic -- billion cubic feet per day demand, which in the
5 past few years has actually come down a little bit. The
6 Sempra Shell Baja project that deliver one, that means we
7 replace one of the 2.5 billion cubic feet right now we're
8 receiving from out of state through the El Paso lines.

9 And this project is .8. And Sempra is going to
10 propose expand the project. They already started to talk
11 to us. Just a sheer quantity, 1.8, this project plus
12 what's going on be operation first quarter next year in
13 Baja, 1.8 of a 2.5. Who else in southern California
14 except our basin have that kind of demand? It's going to
15 come to us.

16 COMMISSIONER CHIANG: Okay. I'm not clear. You
17 said demands 2.5. They're going to bump the 1.8?

18 MR. LIU: No, they're going to replace 2.5.

19 COMMISSIONER CHIANG: They're going to replaces.

20 Okay. So how do we know all of that's coming
21 into southern California? And that's still the length
22 that I haven't established.

23 MR. LIU: What I'm trying to say is that I don't
24 see anybody can take that 1.8 out of that. The gas is --
25 to our understanding, is the same as crude oil. It's

1 treated in commodity markets. You don't see actually gas
2 going to East Coast from here unless the total replacement
3 is done.

4 So they can treat it for the gas -- the physical
5 gas in the pipeline. It's going to become soon here.

6 COMMISSIONER CHIANG: Okay. And then I wasn't
7 quite clear. So what's the practical effect of the PMs?
8 I mean as a person who just doesn't -- is an Angelino,
9 tell me practically how PM impacts my health, how it
10 impacts my neighbor's health.

11 MR. LIU: The PM, we're talking about PM2.5, is
12 so fine, it can really penetrate your lung defenses and
13 large stripping to your lungs. That's where most of the
14 problem coming here.

15 The number I've quoted here that we have 5400
16 additional premature deaths, definition of that is really
17 the life span is shortened by 14 years of either -- and
18 those are children, those are our senior citizens. And so
19 we're really -- this to us at AQMD is really a public
20 health crisis we're facing.

21 COMMISSIONER CHIANG: How about impacts less
22 severe than death? I used to serve on the advisory
23 council of the American Lung Association of Los Angeles.
24 How about -- they talk about kids in Los Angeles having
25 reduced lung capacity. Is this part of this?

1 MR. LIU: The children health study conducted by
2 the State Air Resources Board and U.S. EPA actually
3 indicate there are seven to nine percent reduction in lung
4 capacity in kids growing up in our areas -- in some of the
5 really polluted areas. And most recent study even tied to
6 a lot of the other health impacts and we really have more
7 and more concern.

8 But this fine particulate premature death
9 estimate is really -- something that really concerns us.
10 We really try to push as much reduction as we can.

11 COMMISSIONER CHIANG: Thank you. I've concluded
12 my questions.

13 CHAIRPERSON GARAMENDI: Thank you very much.

14 MR. LIU: Thank you.

15 I note that presence of a legislator.

16 And according to our rules, Julia, you have the
17 next opportunity.

18 ASSEMBLYMEMBER BROWNLEY: Thank you very much.
19 And good afternoon to all of you. I'm Julia Brownley and
20 I represent the 41st Assembly District and very proud to
21 be here to stand with my constituents in south Oxnard and
22 Malibu in strong opposition to the Cabrillo Port
23 application.

24 (Applause.)

25 ASSEMBLYMEMBER BROWNLEY: The stated

1 justification --

2 CHAIRPERSON GARAMENDI: Excuse me. That one was
3 for you.

4 (Laughter.)

5 ASSEMBLYMEMBER BROWNLEY: Thank you.

6 CHAIRPERSON GARAMENDI: And it's not going to
7 happen again, right?

8 ASSEMBLYMEMBER BROWNLEY: All right.

9 (Laughter.)

10 ASSEMBLYMEMBER BROWNLEY: The Stated
11 justification for this project is that California needs
12 their LNG. BHP Billiton stands virtually alone in making
13 such a claim. The California Energy Commission's
14 estimates in the EIR/EIS is that California's demand for
15 all natural gas may grow by a minuscule .7 percent
16 annually. As recently as yesterday, Loretta Lynch, the
17 former President of the California Public Utilities
18 Commission, said that there is an ample supply of natural
19 gas available from the United States and Canadian sources
20 for the next 40 to 50 years. We should be conserving and
21 planning our future in environmentally sensitive and
22 sustainable ways, not increasing our reliance on more
23 imported fossil fuels.

24 The environmental review tells the real story.
25 This novel and totally untested technology is fraught with

1 risk: Twenty identified impacts in the final
2 environmental documents which will remain even after
3 mitigation measures are applied.

4 I am concerned with the consequences of worst
5 credible events from the platforms such as pool fires or
6 vapor cloud fires that extend well into the shipping
7 lanes, interfering with critical operations of the United
8 States Navy and the Port of Hueneme.

9 I'm concerned that the EIS/EIR minimizes the
10 likelihood of the worst credible scenario, given that my
11 constituents will be the objects of the Cabrillo Port
12 experiment. I'm concerned about the potential public
13 safety impacts from a high energy marine collision or
14 damage to sub-sea pipelines, to say nothing of the water
15 quality impacts from any spill or release.

16 The mere fact that this project would become the
17 number 1 contributor of smog-producing pollution in
18 Ventura County is reason enough to say no.

19 Twenty class impacts that cannot be mitigated to
20 less than significant levels is simply unacceptable and
21 far exceeds what can reasonably qualify for a statement of
22 overriding considerations.

23 The EIR should not be certified. This high risk
24 project must be rejected. I respectfully, but most
25 strenuously, urge you to vote no tonight.

1 Thank you for caring for the health and welfare
2 of the good people of the 41st Assembly District.

3 Thank you.

4 CHAIRPERSON GARAMENDI: Thank you.

5 That's good when you get your applause before you
6 speak.

7 (Laughter.)

8 (Applause.)

9 CHAIRPERSON GARAMENDI: That was not an
10 invitation, please. Don't let me break my own rules.

11 Thank you very much.

12 ASSEMBLYMEMBER BROWNLEY: Thank you very much.

13 CHAIRPERSON GARAMENDI: We're going to go back to
14 pick up these Chambers of Commerce.

15 So, Mr. Gillespie you're up first.

16 MR. GILLESPIE: Thank you very much, Mr.
17 Garamendi.

18 CHAIRPERSON GARAMENDI: And we're going back to
19 one and a half minutes.

20 MR. GILLESPIE: Okay. I have a handout with the
21 question mark at the top, if everyone has that.

22 CHAIRPERSON GARAMENDI: We do have that. Thank
23 you.

24 MR. GILLESPIE: My name's Ed Gillespie. I'm the
25 President of the Malibu Chamber of Commerce. And for 30

1 years I've been sailing these waters. And many times I've
2 had to reef my sails because I'm in 45 miles an hour of
3 wind.

4 Now, what I'd like to make my observation on --
5 and you have the handout -- is the worst case scenario for
6 a pool fire is 4.5 miles an hour of wind. When this was
7 addressed by the Sandia report, they said increasing --
8 increased wind is an opportunity for research. Now, being
9 a sailor, increased wind means a lot to me. And this pool
10 fire, they have -- if you go to 3A and 3B in your handout,
11 they've got this pool fire with 4.5 miles an hour wind
12 going two miles and it's half a mile wide. And this is a
13 partial spill from one tank.

14 Now, I want to know, and I think everybody should
15 want to know on this EIR, if I'm out there sailing and
16 there's 45 mile an hour winds and this spill happens, is
17 it going to go 20 miles, is it going to go ten times that
18 far? Now, according to the GAO report, this wind is going
19 to push this pool fire. And ahead of that pool fire, like
20 a flame on a candle, it's going to proceed with the heat.
21 And this is from -- this heat is hotter than any gas fire.
22 This heat is going to precede it. As it goes ashore, it's
23 going to go through your ATA, it's going to go into your
24 shipping lanes. And hopefully it won't go ashore, but I
25 think it may. And I don't think we can wait for this to

1 happen before we decide what's going to happen.

2 Thank you very much.

3 CHAIRPERSON GARAMENDI: Thank you.

4 (Applause.)

5 CHAIRPERSON GARAMENDI: Folks, please.

6 Apparently some of you are new. Those of you
7 that are new, you may not have heard the instructions. We
8 will have no disruptions. And about this, I'm very
9 serious. I let you get by with your Assemblywoman, fine.

10 Any more clapping, any more demonstrations and
11 you are out of here. Okay?

12 You just take time and you won't be heard and
13 you'll be outside this building. Do we understand?

14 Did I hear somebody say no? I'll repeat it.
15 There is no demonstration in this building. That's it. I
16 find a demonstrator in this building, I mean clapping,
17 cheering, whistling or anything else, you're out the back
18 door. That's that.

19 Thank you, Mr. Gillespie.

20 MR. GILLESPIE: Thank you.

21 CHAIRPERSON GARAMENDI: Let's move on.

22 Please.

23 MS. MISEWITCH: Hello, members of the commission.
24 Thank you for the opportunity to speak to you about
25 Cabrillo Port. My name is Kathleen Misewitch and I'm the

1 President and CEO of the Port Hueneme Chamber of Commerce.

2 We support the Cabrillo Port.

3 Port Hueneme Chamber of Commerce is dedicated to
4 the business community. We represent 153 businesses and
5 over 1200 jobs that rely upon our regular support of clean
6 burning and efficient natural gas. We are home to the
7 Port of Hueneme, that generates more than \$550 million in
8 economic activity in Ventura County as well as 4,000
9 direct and indirect jobs.

10 We have hundreds of employees who make these
11 businesses a success. And we very much value those people
12 and want them to be able to live and work in this
13 community.

14 California should make every effort to ensure
15 reliable supplies of clean energy. Both the California
16 Public Utilities Commission and the California Energy
17 Commission cite the need for more natural gas and mainly
18 LNG to help meet California's growing energy demands.

19 Cabrillo Port will increase availability of
20 reliable energy sources, which is critical to the
21 continued success of the business community in Ventura
22 County as well as throughout California.

23 We encourage the State Lands Commission to grant
24 the necessary permits to BHP Billiton so the business
25 community and residential Ventura County can have a

1 reliable source of natural gas in the near future.

2 Thank you for your time.

3 CHAIRPERSON GARAMENDI: Thank you.

4 Ms. Lindholm.

5 MS. LINDHOLM: Good afternoon. Nancy Lindholm,
6 President and CEO of the Oxnard Chamber of commerce.

7 The Oxnard Chamber of Commerce strongly supports
8 the Cabrillo Port project proposed by BHP Billiton.

9 We've been studying this project since the
10 original draft EIR/EIS was released in 2004. The Oxnard
11 Chambers of Commerce believes the following:

12 BHP Billiton is a responsible corporate supplier
13 of energy solutions for California's growing population
14 and its economy.

15 The availability of reliable energy sources is
16 critical to the continued success of the business
17 community locally as well as throughout the state and
18 country.

19 Energy costs represent an increasing expense to
20 the business community, particularly agriculture,
21 manufacturing, and other energy reliant companies. BHP
22 Billiton has incorporated extensive air quality mitigation
23 measures into the project.

24 As stated in the EIR, the California Energy
25 Commission has recommended that California secure and

1 diversify its sources of natural gas to ensure a
2 sufficient and reliable supply of natural gas.

3 So I ask you today, if not now, when? If not off
4 shore, then where?

5 The Oxnard Chamber of Commerce urges the
6 Commission to approve the lease application and move this
7 project forward.

8 Thank you for your time and thank you for
9 listening.

10 CHAIRPERSON GARAMENDI: Thank you very much.

11 I'll call up our next five participants and then
12 we'll move to some elected officials.

13 Jeff Ketelsen, Ojai Valley Municipal Council;
14 David Gottlieb; Pierce Brosnan, Keely Brosnan.

15 I assume you want to testify. So if so, the
16 chairs are over there.

17 And, Mr. Ketelsen, you're first.

18 Apparently he is not here, so we'll go to Mr.
19 Gottlieb.

20 MS. GOTTLIEB: Mr. Chairman, Commissioners. My
21 name is David Gottlieb. I've been on the Board of
22 Directors of the Resource Conservation District of the
23 Santa Monica Mountains for 26 years. I am also the
24 President of the South Coast Region of Resource
25 Conservation Districts. I am also on the Board of

1 Directors of the California Association of Resource
2 Conservation Districts. And I wanted to address today
3 some of the inadequacies of analysis in the EIR.

4 We deal a lot with watershed issues. And in
5 doing that we've done a lot of watershed studies, mostly
6 in conjunction with the Natural Resource Conversation
7 Service, which is a service of the USDA.

8 One of the more famous watershed studies was the
9 Chesapeake Bay watershed study, one of the biggest in the
10 United States. And that was about a quarter of a century
11 ago. And one of the findings was rather shocking. They
12 discovered that 25 percent -- I'm sorry, it was actually
13 more than a third -- so it was 33 1/3 percent of the
14 pollution -- the water pollution in the Chesapeake Bay as
15 it affects the fisheries and the basic water quality was
16 from air deposition. And what that means is it comes from
17 the air pollution goes up and lands on the water.

18 I have not seen any of that element addressed in
19 the EIR. The EIR is over-compartmentalized. And so
20 there's very little of attaching the dots. And I find
21 that a problem. I also find it a problem, for instance,
22 when we're talking about air pollution, that we're not
23 talking about the effect on marine mammals. What is the
24 effect -- the health effect on marine mammals from air
25 pollution?

1 I think that there's a lot of improvements that
2 need to be done on the EIR to show an overall picture of
3 what the environmental situation is.

4 Thank you.

5 CHAIRPERSON GARAMENDI: Thank you very much, Mr.
6 Gottlieb.

7 Mr. Brosnan.

8 MR. BROSAN: Good afternoon, ladies and
9 gentlemen.

10 I'd like to read a letter here from Jean Michel
11 Cousteau, who is the Founder and President of the Ocean
12 Future Society.

13 "Members of the State Lands
14 Commission: Thank you for the
15 opportunity to address you today on this
16 important and precedent-setting issue.

17 "You are in a unique position to set
18 precedent and establish a standard on
19 the world stage as leaders and
20 innovators. By denying the license to
21 the BHP Billiton LNG project, the
22 Commission can declare that the people
23 of California are committed to energy
24 solutions that do not pollute the air
25 with noxious and harmful gases.

1 "Do not add greenhouse gases to a
2 warming atmosphere. Do not put
3 magnificent and already endangered
4 whales, dolphins, seals and sea lions at
5 risk from noise and shipping traffic.
6 And do not interfere with the natural
7 and necessary patterns of life for
8 millions of sea birds and fish.

9 "By denying the license for this
10 off-shore LNG platform, the Commission
11 can wisely follow the recommendations to
12 reject this project by the California
13 Coastal Commission, whose creation over
14 40 years ago was a bold and innovative
15 declaration in favor of public
16 protection over unnecessary development.

17 "By rejecting this application, the
18 Commission can set a new standard which
19 the world sorely requires, that
20 acceptable alternatives to energy needs
21 can and must be found through locally
22 appropriate solutions and through
23 conservation. Effective solutions to
24 energy consumption already exist that do
25 not require a platform three football

1 fields long anchored off shore.

2 "A report just released by the
3 Inter-Governmental Panel on Climate
4 Change, the United Nations network of
5 2,000 scientists, reports that the
6 continued release of greenhouse gases
7 puts at risk one-third of the world's
8 species and millions, possibly billions
9 of human lives. It is a time when every
10 decision, including the one before you
11 on this massive greenhouse gas LNG
12 project, counts and there is no time to
13 lose in setting this precedent by
14 denying this proposed project.

15 "The BHP Billiton LNG project is the
16 wrong approach at the wrong time and in
17 the wrong place. It is, however, the
18 right time for the Commission to make
19 the right decision.

20 "Thank you.

21 "Respectfully submitted, Jean Michel
22 Cousteau."

23 And I as a working man and a father of small
24 children stand before you today, a day such as this, which
25 is a David and Goliath day in the history books, beg you

1 and urge you to listen to the hearts of the people and to
2 oppose this massive mining company, BHP Billiton.

3 Thank you.

4 CHAIRPERSON GARAMENDI: Thank you, Mr. Brosnan.

5 Ms. Brosnan.

6 MS. BROSNAN: Good afternoon, Commissioners.

7 Thank you for your time today. My name is Keely Brosnan
8 and I'm a resident of Malibu.

9 As a former environmental journalist I have spent
10 a considerable amount of time over the last 18 months
11 researching BHP's LNG project, and I am seriously
12 concerned about the impacts the proposed terminal will
13 have on the health, safety and welfare of our communities
14 and, in particular, our air quality.

15 Although BHP maintains that this project will
16 have little environmental impact, everything I've read,
17 including the EIR report, is contrary to their position.
18 And I know why. They stand to make billions.

19 The terminal, which has curiously been cited in
20 National Park, would threaten migrating whales and other
21 marine life, as well as coastal wetlands and sea birds, as
22 it spews tons of smog pollutants on our coast each year.

23 In an attempt to relieve BHP Billiton of their
24 responsibility of having to comply with county and state
25 air emission laws, the EPA has found a loophole in the

1 1994 air quality management plan for Ventura County, which
2 exempted the United States Navy from using best available
3 control technology on its diesel generators at San
4 Nicholas Island. This outrageous decision by the EPA
5 amounts to a very generous gift to EPA -- I mean from EPA
6 to BHP. And it is at the expense of our communities and
7 our children.

8 In short, whatever emissions are produced by
9 Cabrillo Port will end up in Ventura County and in Los
10 Angeles County because of the general on-shore wind flow
11 patterns. Unfortunately, these are emissions that neither
12 county can afford to deal with, especially if you consider
13 the high rate of asthma, over 10 percent in both children
14 and adults who reside there.

15 The question is why the EPA has offered this
16 unjustified and illegal exemption to the Clean Air Act to
17 benefit BHP Billiton and their project.

18 California's first priority must be to reduce our
19 reliance on fossil fuels, to break our addiction on
20 foreign oil as we transition toward renewable energy.

21 Commissioners, I respectfully urge you not to
22 approve this project, which will leave an indelible
23 environmental imprint on southern California and saddle us
24 with a dangerous, dirty and outdated industrial LNG plant
25 that will be a step backward and not forward for our

1 state.

2 Thank you.

3 CHAIRPERSON GARAMENDI: Thank you very much.

4 We are going to move now to elected officials, as
5 has been our practice. And a change in the previous
6 practice, you're limited to a minute and a half. It is
7 the intention of this Commission to complete our work
8 today, to take a vote on the project. And I suspect most
9 of you would like to see us do that.

10 If I take the 150 people that remain to be --
11 that would like to speak, chances are that we would not
12 complete our work today. And that would be against our
13 own intentions as Commissioners.

14 So, if you have heard other people speak your
15 piece, then keep your peace. I think if you'd be so kind
16 that you do that, it would allow us to move towards a
17 conclusion today.

18 Okay. Here we go. Ventura County Board of
19 Supervisor Steve Bennett; Tom Holden, Mayor, City of
20 Oxnard -- Steve, you only get to speak once -- Rick
21 Miller, Oxnard School District; Dr. DeVries, Oxnard School
22 District.

23 Sir, please.

24 MR. BENNETT: Ladies and gentlemen. Thank you
25 very much for this opportunity and your patience. Many

1 things have been said. I can easily keep my comments
2 under ninety seconds even though I had two speaker cards.
3 I was hoping maybe I could get task done.

4 There's just one point that has not been
5 emphasized much today, and that --

6 COMMISSIONER CHIANG: I'm sorry. For my
7 education, could you introduce yourself for the record.

8 MR. BENNETT: I'm sorry. Steve Bennett, Ventura
9 County Supervisor, 1st District.

10 And one thing that has not been emphasized much
11 today for you -- I sit on both the Ventura County Board of
12 Supervisors and our air pollution control district. And
13 this project has been exempt from our Rule 26, which is
14 our new source review rule. And it is a decision that we
15 think is just a completely inappropriate and unfair
16 decision.

17 If you in the exact same site were going to put
18 an oil and gas platform, they would have to comply with
19 our rule 26 guidelines here in Ventura County. And this
20 project has just been inappropriately and unfairly
21 accepted. And I think that by itself is a significant
22 issue.

23 In addition to that, if they were not exempt, our
24 air pollution control district then would be able to
25 assist in enforcement of the air quality issues that are

1 going to be hotly debated in terms of mitigation.

2 Thank you very much for your time.

3 CHAIRPERSON GARAMENDI: Thank you very much.

4 OXNARD MAYOR HOLDEN: Mr. Chair, commissioners.

5 Good afternoon. Thank you for taking the time to be here
6 in Oxnard. I have to tell you that I spent the morning
7 being treated for back spasms as a result of shagging fly
8 balls for my three boys practicing little league. So if I
9 gasp, it's nothing to do with this presentation.

10 (Laughter.)

11 I want to just give you a little background about
12 myself. My family came to Oxnard in 1906. I have three
13 young boys. And I'm extremely proud to be the Mayor of
14 Oxnard. And I would say that this is one of those
15 defining moments for our community.

16 This is about a community, this is about an
17 extremely proud community. We're hardworking individuals
18 here in the City of Oxnard. And Oxnard embraces
19 everything about our community.

20 And I think it's important to say a little bit
21 about what we've done in the past. We've accommodated
22 three major landfills. We continue to accommodate two
23 energy-producing plants. We have accommodated a regional
24 material transfer station and a site soon to be put on the
25 cleanup fund.

1 And this is an exciting time for the City of
2 Oxnard. Our community has come together to take on things
3 like youth violence, clean up our neighborhoods, make
4 every neighborhood proud of who they are and what they're
5 doing here in the community.

6 But we're being asked to take on this LNG
7 facility. And we're here to say enough is enough.

8 We've been good neighbors to the county, we've
9 been good neighbors to the state. And now it's time for
10 us to move on and turn this project down.

11 Our children, my children, your children, our
12 grandchildren, this is about creating a community for
13 them.

14 And in closing what I'd like to say is that I'm
15 confident that you will provide the leadership to make the
16 decision that will benefit the community of Oxnard by
17 turning this project down. I'm also confident that
18 although you will leave here today and go to your
19 respective communities and your families and your
20 grandchildren, you will continue to look at this project
21 as if it was in your backyard.

22 So thank you very much.

23 CHAIRPERSON GARAMENDI: Thank you very much,
24 Mayor.

25 Let's see. Please. I've shuffled the cards.

1 I'm not sure which of you is next. But help yourself.

2 Just introduce yourself.

3 DR. MILLER: Well, I'm Dr. Rick Miller. And it's
4 nice to be here this afternoon. Thank you for the time.

5 I have with me two of my board members. I'm the
6 Superintendent of the Oxnard School District. We have
7 about 15,000 students as well as obviously a number of
8 families that we represent.

9 We looked at this issue over a year ago and, in
10 fact, held a public hearing November of 2005; and at that
11 time had presentations from representatives of BHP
12 Billiton as well as California State Department of
13 Education and as well as the Environmental Defense Center.

14 Subsequent to that time our board in fact did
15 adopt a resolution of opposition to this particular
16 proposal. And I brought that with me today, if I can
17 leave that for your distribution

18 And with that there was also a mailing list.
19 And, again, our position is opposition to this based on
20 the hearing and the representation we have of the many
21 students in this particular school district.

22 DR. DeVRIES: Hello. I'm Dr. Deborah DeVries.
23 I'm one of the board members for the Oxnard School
24 District. And not to take a lot of time, but just to
25 share our passion.

1 One of the great things about living in the
2 community is that you can be part of democracy in action.
3 And my understanding is that locally we're at least 2 to 1
4 against having BHP Billiton here. We've had incredible
5 support of people stopping their work, coming here today
6 and coming around to share with their neighbors what we
7 can do to make our community air, environmental issues and
8 our seas protected for our future generations, for our
9 children.

10 I think it's significant that the school
11 districts and the city councils for the local areas have
12 all voted resolutions opposed to this. And I think that
13 shows the basic premise of democracy in action. The
14 people that have been elected to represent the individuals
15 are opposed to this and have gone on the record for doing
16 that. I hope that you keep that in mind as you make your
17 consideration. Thank you very much.

18 CHAIRPERSON GARAMENDI: Thank you.

19 Is Mr. Flynn here from the City of Oxnard?

20 OXNARD CITY COUNCILMEMBER FLYNN: Good evening,
21 Commissioners. Welcome to the gold coast, not the gas
22 coast.

23 (Laughter.)

24 OXNARD CITY COUNCILMEMBER FLYNN: And I'd like to
25 say very briefly that I realize as State Lands

1 Commissioners that you have some very specific and
2 narrowly defined issues that you have to adjudicate or
3 decide upon this evening. And I'd like to just read a few
4 statements that were made by some of your predecessors two
5 years ago in a press conference.

6 The first statement is: "The health to our
7 fragile ocean ecosystem and California's tourist industry
8 rely on the continuation of the oil and gas leasing
9 moratorium."

10 Another statement: "Permanent environmental
11 protections must be retained to improve and protect
12 California's ocean and coastal resources."

13 Additional statement: California's coastal
14 communities account for 86 percent of our economy, making
15 off-shore drilling a threat to our beaches and
16 California's livelihood."

17 Finally: "The federal government needs to focus
18 on clean energy sources and conservation, not more
19 drilling."

20 Now, all of us realize that the LNG proposal does
21 not involve drilling. However, to remain consistent,
22 Commissioners, for the last 20 years this Commission has
23 opposed off-shore oil drilling for a purpose, because of
24 its environmental or its potential environmental adverse
25 impacts.

1 And there are so many environmental impacts
2 and/or adverse impacts with this project, we don't need to
3 detail them. But this is an issue of consistency. And an
4 oil spill is one thing. Imagine a gas spill.

5 Secondly, I'd like to say that Governor
6 Schwarzenegger has made it a top priority to deal with
7 global warming on a statewide level, be the leader of the
8 nation. California is a leader in this nation, right?
9 And I would like to ask: How would this proposal meet and
10 be -- or be consistent with meeting the needs to arrest
11 global warming?

12 And, finally, Mr. Lieutenant Governor, your
13 website articulates a position that you would like to
14 reinvigorate the Governor's Office, and I -- or Lieutenant
15 Governor's Office. No pun intended -- no Freudian slip
16 there.

17 (Laughter.)

18 OXNARD CITY COUNCILMEMBER FLYNN: And, sir, I
19 would suggest that you begin this evening by making
20 history -- politics is history in the making -- and you
21 turn down this proposal. It is a David and Goliath day.
22 Make these history commissioners make us proud of you.

23 Thank you.

24 CHAIRPERSON GARAMENDI: Thank you.

25 (Applause.)

1 CHAIRPERSON GARAMENDI: No, no, no, no, no. You
2 don't want to do that.

3 Jesus Torres representing Pedro Nava, and
4 followed by Hilda Garcia representing Senator Sheila
5 Kuehl.

6 MR. TORRES: Hello. My name is Jesus Torres.
7 I'm here on behalf of State Assemblymember Pedro Nava, who
8 represents the 35th Assembly District, which includes
9 beautiful Oxnard. And I have a statement I'd like to read
10 on his behalf. And it goes:

11 "Dear Chairman Garamendi, Honorable
12 Commissioners: As Assemblymember of
13 this district and former California
14 Coastal Commission, I'm opposed to inn
15 cuss our coast with an LNG floating
16 factory, with 20 Class 1 significant
17 impacts that threaten safety and
18 security of our residents and cause
19 irreparable harm to our quality of life,
20 environment, and marine sanctuary.

21 "Every year Cabrillo Port project,
22 an experiment untried and untested and
23 unproven, will disgorge over 200 tons of
24 pollutants into the air over Ventura and
25 L.A. counties. For at least the next 40

1 years it will deter progress made in
2 advancement of renewable energy, and
3 shackle us to yet another foreign import
4 energy source.

5 "Further, the project would directly
6 impact the predominantly working class
7 Latino community that imposition of
8 these risks is unacceptable.

9 "Please join me, Assemblymember
10 Julia Brownley, State Senator Sheila
11 Kuehl, Assemblymember Lloyd Levin;
12 Congresswoman Lois Capps; the L.A.
13 Times; the Intercom Star, the cities of
14 Oxnard, Port Hueneme, and Malibu; the
15 Oxnard School District; the Oxnard PTA
16 Council; ACIU Local 721 representing
17 89,000 workers; and many, many families
18 in Oxnard in opposing the 14-story high,
19 three football fields Long BHP Cabrillo
20 Port project.

21 "I respectfully urge you to not a
22 project on land lease and not certify a
23 final environmental impact report.

24 "Sincerely, Pedro Nava."

25 And thank you for your time.

1 CHAIRPERSON GARAMENDI: Thank you.

2 MS. GARCIA: Hi. I'm here on behalf of Senator
3 Kuehl to share with you that Sheila opposes the BHP
4 Billiton LNG terminal and would like you to deny the
5 certification and the land lease today.

6 Thank you.

7 CHAIRPERSON GARAMENDI: Thank you for your
8 excellent testimony.

9 (Laughter.)

10 No, no, no. No outbursts.

11 (Laughter.)

12 CHAIRPERSON GARAMENDI: Okay. Let's move along
13 here. I'll read five more names.

14 And let me once again say this, that if you've
15 heard it, you don't need to repeat it. We do know who you
16 are. You'll all be on the record as being either
17 supporting or opposing. But we would like to complete
18 this before this day ends.

19 Okay. Cara Horowitz, Herlinda Murguia, Linda
20 Calderon, and Walt Keller.

21 MS. HOROWITZ: This is Cara. I gave my testimony
22 earlier. Thank you.

23 CHAIRPERSON GARAMENDI: Thank you.

24 MS. MURGUIA: Good evening. Thank you for
25 coming, and welcome to the City of Oxnard.

1 I'm Herlina Murguia.

2 You got it?

3 I have been a resident of Oxnard all of my life.
4 And I am in opposition to this project that I am speaking
5 to you about. Everybody has already said what I needed to
6 say.

7 The only thing I would like to say is that the
8 Port of Hueneme's the only deep sea water port between
9 L.A. and San Francisco. And why do we want to place a
10 flowing bomb within reach of this port?

11 Also, the big picture. Shifts caused in the
12 Pacific will adversely affect the environment and global
13 warming and greenhouse gas emissions. I want to emphasize
14 again that the Governor has stated he wants California to
15 be the first green state. Let's do that and say no to the
16 proposed terminal. What kind of earth are we going to
17 make our children and grandchildren? That is up to you.
18 Please vote no on this proposed terminal.

19 Thank you.

20 CHAIRPERSON GARAMENDI: Thank you.

21 Next up.

22 MS. CALDERON: Hi. I'm Linda Gray Calderon. And
23 I'm trying to pick out here what not to say actually.

24 Where is the written guarantee that California
25 would receive this gas if another state bids a higher

1 price, that's one question?

2 And estimates are that the LNG project will
3 provide about ten percent in our gas supply. It seems
4 that ten percent is not worth gambling the health of our
5 children.

6 Also, this winter, which wasn't maybe the right
7 year to try, but I did an experiment, I did not turn on my
8 gas heaters at all. However, I still used small electric
9 heaters in the bedrooms. And I want you to know that my
10 price of electricity only went up about \$10 a month. It
11 was around \$66. This is a four bedroom two bath house.
12 And the gas price was \$20, about the same as it is in the
13 summer. Even though I have a gas drier, stove and water
14 heater. So that's one way to cut down on the energy use.

15 About 27 years ago, I worked in the energy
16 program office of the Navy, and they already had a test
17 house using just solar and wind energy. I want to know
18 what happened in those 27 years? Why have we not moved
19 forward? The only reason I can say is the gas and oil
20 companies have a vested interest in keeping it as it is.

21 And I want to say how could anyone state that
22 building this is in the public interest, when it's going
23 to bring smog. I don't believe that. I think we've
24 forgotten why we had the blackouts, and that was because
25 of energy regulation. So I think we need to keep our eyes

1 on what really is a problem. We haven't had blackouts
2 that I know of since 2001, so we haven't had an energy
3 shortage.

4 CHAIRPERSON GARAMENDI: Thank you.

5 Mr. Keller.

6 DR. KELLER: Thank you. I've been here since
7 quarter to ten.

8 I'm Walt Keller, speaking in opposition. As a
9 resident of Malibu. Most of all, I'm a retired aerospace
10 engineer with experience in cryogenic liquids.

11 But first I need to address the claim of project
12 benefits and the terms of increased natural gas supply.
13 And I'd like to address the myth of that. And I've given
14 you some facts -- I left them with the nice young lady
15 that sitting there. I don't know if you got them. But
16 the bottom line is that according to the Natural Resources
17 Defense Council in 2004, which is the last time we had
18 data, the U.S. consumed 22.42 trillion cubic feet of NG to
19 satisfy all needs. Available supply in 2004 was over 25
20 trillion cubic feet. And the forecast for 2015 is 32
21 trillion feet and 35 trillion feet in 2025.

22 Now, if that's not enough evidence of adequate
23 supply, I might note also in looking at the stock of San
24 Juan Basin/Mesa Royalty Trusts, both major suppliers of
25 natural gas. And one of them has been going down for the

1 last four years and the other hasn't moved either, unlike
2 the gasoline companies.

3 So as an engineer I'd like to point out that it
4 will be continuous venting from these storage tanks at the
5 port's facility, because -- and carried to the land by the
6 off-shore breeze. And the reason is that there's no such
7 thing as a totally heat impermeable container for liquid
8 products. Some has to get in there. And when it gets in,
9 it boils the LNG. And when the LNG boils, you have to let
10 it out or you'll over-pressurize the tank.

11 I've scrapped a whole bunch of stuff from quoting
12 Sandia, but I did want to note that they state that there
13 are no standards of guidance for evaluation of safety or
14 consequences for LNG spills over water. And that's what
15 the recent General Accounting Office panel of experts also
16 agreed to.

17 So, in closing, California doesn't need those
18 risks, and we certainly won't need that gas by the time
19 they have it aboard.

20 Thank you.

21 CHAIRPERSON GARAMENDI: Thank you very much, Mr.
22 Keller.

23 (Applause.)

24 CHAIRPERSON GARAMENDI: Okay, five more.

25 Cynthia Scott, Jim Hoagland. I'll leave that at

1 Oagland for now. You can change it when you get up here.

2 Norman Eagle and Mr. Neubauer.

3 MS. SCOTT: Good evening, Commissioners. I'm
4 Cynthia Scott. And on behalf of your Board of
5 Supervisor's Chair, Zev Yaroslavsky from the third
6 district, where this proposal is being discussed, I would
7 like to register his firm --

8 CHAIRPERSON GARAMENDI: That would be L.A.
9 County.

10 MS. SCOTT: L.A. County. I would like to
11 register his firm opposition to this proposal. And if you
12 would indulge, I'd just like to read this parting shot and
13 I'll leave this letter with you to register.

14 "In all, the Cabrillo LNG Port is the wrong
15 project in the wrong place. I urge the California State
16 Lands Commission to join me and numerous environmental
17 organizations and other elected representatives in
18 opposing this ill-sighted and ill-planned proposal."

19 "Thank you."

20 CHAIRPERSON GARAMENDI: Thank you very much.

21 I believe I mispronounced the Nemburger, is that
22 closely enough?

23 Perhaps you know who you are, even though I can't
24 read the name.

25 Jim Hoagland.

1 Moving on. Mr. Eagle.

2 Neubauer.

3 Well, if you find yourself, let me know.

4 (Laughter.)

5 CHAIRPERSON GARAMENDI: Mr. Eagle?

6 Betty Eagle.

7 Mr. Madrid -- Alice Madrid?

8 John Pinard?

9 Go ahead, Alice. And, Mr. Pinard, if you're out
10 there.

11 MS. MADRID: Good afternoon. I'm Alice Madrid
12 from Ocean View School District. Dr. Carroll, our
13 Superintendent, was not able to be here, so she asked me
14 to read this letter for her.

15 "This letter is written in response
16 to the Final Environmental Impact
17 Statement/Environmental Impact Report
18 for the Cabrillo Port Liquefied Natural
19 Gas Deepwater Port. My comments are in
20 response to Section 4.13-18 and 4.13-19,
21 the proposed pipeline route for the
22 Center Road pipeline location.

23 "The Final EIR/EIS states on page
24 4.13-19 that, 'it appears that the
25 provisions of Title 4, 140010 need to be

1 addressed by the Ocean View School
2 District regardless of whether the
3 proposed project is approved. And the
4 District would have to conduct a
5 pipeline risk analysis if they were to
6 pursue this site.'

7 "However, the Final EIR/EIS
8 acknowledges that the site for the new
9 elementary school is selected and is
10 within the Hearthside Homes plans of
11 division to the north of Heuneme Road,
12 shown as proposed school location from
13 the Notice of Preparation for the Ormond
14 Beach specific plan proposed Ocean View
15 School District site on Figure 4.13-6.

16 "As stated in our prior letter to
17 the California State Lands Commission,
18 dated April 6, 2006, Ocean View School
19 District and Hearthside homes are
20 currently in the mitigation process
21 developing the final agreement for the
22 financing of the school to be built.
23 The location for the elementary school
24 within the Hearthside Homes plans
25 subdivision to the north of Hueneme Road

1 in the northern subarea of the Ormond
2 Beach Pacific Plan area has been
3 determined."

4 CHAIRPERSON GARAMENDI: Excuse me, ma'am. If you
5 would give us the letter, we could probably read it
6 ourselves here. And you're out of time.

7 MS. MADRID: Oh, okay. Can I just read this one
8 last line awe. Routing the pipeline adjacent or near
9 existing school sites and proposed school sites remains of
10 great concern.

11 CHAIRPERSON GARAMENDI: Thank you.
12 For those of you that would like to read a
13 letter, I can assure you that the three Commissioners are
14 perfectly capable of doing so, and we'd be happy read it.

15 Sir, go ahead.

16 MR. PINARD: Good evening. My name is John
17 Pinard. And I'm a veteran, senior and grandfather. I'm
18 here on my own. Nobody has paid me to be a spokesman for
19 special interest. I live in Port Hueneme, which is a
20 small city nearest the project composed of minority
21 working class people and middle class retired people.
22 It's a town that has no newspaper, no radio stations, no
23 TV station and no car dealership.

24 Now, one of the impacts that has not been
25 mentioned, I would like to call to your attention. About

1 a year ago the EIR became known to a few of us. Some of
2 my neighbors became alarmed and started selling their
3 homes. Prices have declined. In Port Hueneme in the last
4 year, market prices of homes have declined 11 percent. In
5 Oxnard, nearby, homes have declined 8 percent. The state
6 average for the same time period is three percent. Why is
7 there such a disparity? Three percent statewide, 11
8 percent in Port Hueneme.

9 I say it's because people are afraid with the
10 little information they have, and from what I've heard
11 here today, if this project is approved, more people are
12 going to be fleeing. So I request that you deny this
13 project.

14 Not only is it affecting my property values, but
15 it will affect the property tax base and affect every
16 branch of government that relies on property taxes. And
17 I'm willing to provide support to my contentions.

18 Thank you.

19 CHAIRPERSON GARAMENDI: Thank you very much, Mr.
20 Pinard.

21 The next five, Sandy Padose, Michael Brill,
22 Dorothy Scott, John Mazza, and Dr. DeClario. If you'll
23 come up and we'll take your testimony.

24 Mr. Padose -- excuse me, Ms. Padose?

25 Michael Brill?

1 Dorothy Scott?

2 John Mazza?

3 MR. MAZZA: John Mazza. I'm representing the
4 Malibu Township Council, which is a 60-year old
5 organization that represents the interests of the greater
6 Malibu area. And first I'd like to say that I've been to
7 many, many hearings, and this is the first hearing I
8 genuinely felt that the Commission was interested in
9 actually learning something.

10 (Clapping.)

11 MR. MAZZA: So no clapping please.

12 (Laughter.)

13 MR. MAZZA: Malibu is a very different place, and
14 we've followed issues there for years. This issue happens
15 to be the issue that has brought the most interest of the
16 residents since Southern California Edison tried to put a
17 nuclear powerplant on an earthquake zone going through
18 Malibu. And that's 37 years ago.

19 There is a very big interest in Malibu. And this
20 is the first time Malibu has joined with Oxnard in an
21 issue. We have different demographics, but we have the
22 same issue, and that's we're human beings interested in
23 our environment and where we live. Because we live on the
24 coast, we're blessed with having relatively clean air.
25 And nobody has addressed today the fact that the biggest

1 impact on the southern California area of individuals is
2 these people on the coast.

3 Because we are all of a sudden going to have --
4 going to go from the city, the ocean protecting us and
5 blowing clean air at us, because, as Bob Dylan said, we
6 all know where the weather goes, or whatever it was.

7 (Laughter.)

8 MR. MAZZA: But we don't need a weather man to
9 know where the weather blows.

10 And it blows on shore 90 percent of the time. So
11 we are going to go from a situation where we have
12 relatively clean air to relatively dirty air. And it is a
13 very important issue for us locally. I know you consider
14 State issues, but this is a very important thing to the
15 local population.

16 Thank you.

17 CHAIRPERSON GARAMENDI: Thank you very much.

18 (Applause.)

19 CHAIRPERSON GARAMENDI: No, no, no, no.

20 We have Dr. DeClario.

21 DR. DeCLARIO: My name is Dr. Alessandra
22 DeClario, and I am a CERT volunteer, environmentalist and
23 animal activist. And I can list hundreds of valid and
24 documented reasons why this project would be so
25 detrimental to our environment, sea creatures and our

1 safety. Others have already done that.

2 I'd like to approach this issue mainly as a
3 doctor of psychology. In an ideal society, the citizens
4 are happy and at ease. While you listen to today's
5 testimonies, please hear the fear from both supporters and
6 objectors. The citizens are not happy. This project has
7 created discord.

8 Although, we generally think of terrorism in the
9 form of physical attacks, the constant fear of pending
10 disasters and putrid pollution that this project is
11 certainly capable of causing, has already created terror
12 in the hearts and minds of our citizens. These are the
13 most dangerous places. A terrified mind cannot think
14 without paranoia and a terrified heart cannot find peace
15 or hope.

16 I would like you to think what it's like to have
17 a fearful mind and then hear a BHP public relation agent
18 claim that this polluting project would provide the people
19 of California with what they want and what they need. The
20 statement is pure arrogance and takes advantage of a
21 confused mind. We all know that their reports and studies
22 have found many of BHP's claims to be incorrect.
23 California doesn't need another country to tell us what we
24 want and need and create fear in our citizens.

25 The bottom line is that this floating terminal

1 would be a massive polluter and a step backwards for
2 global warming. California can create its own energy,
3 hiring its own citizens. This will encourage a high
4 spirit, hope for the future and generate income. The
5 project is not for California. Californians know what we
6 really want and need and it's not a polluting LNG floating
7 factory that may be a target for a terrorist attack. It
8 will continue to cause fear and there will be economic
9 consequences. We have to continue to be green and to lead
10 the country, and be more aggressive with the use of solar.
11 We're Californians. Let's light up with the sun.

12 I just want to show you. I promise --

13 CHAIRPERSON GARAMENDI: I promise you we will
14 look at it. Pass up it here please.

15 DR. DeCLARIO: Okay. I'll pass it you then,
16 because that's from a 17-year old high schooler.

17 CHAIRPERSON GARAMENDI: I understand the fear of
18 not completing this task.

19 (Laughter.)

20 DR. DeCLARIO: Thank you. Say no.

21 CHAIRPERSON GARAMENDI: There's clarity in the
22 last word.

23 It looks to me like we've gone through that.

24 If you've heard it before, you need not repeat it
25 again. Please, help us finish before this night is done.

1 We started sometime around 10:30 and it looks like we --
2 we're going to finish long before 1030.

3 Michael White, John Rennell, Diane Rennell, Lyn
4 Hicks, Mike DeMartino.

5 Okay, that's the next five.

6 Sir.

7 MR. WHITE: Thank you very much. My name is
8 Michael White. I reside in Malibu. I chose a source of
9 statistics that I'll present to you today. They come from
10 the Department of Energy, Energy Information
11 Administration. They were published in February of '07
12 for the most part.

13 First, the natural gas management is a regional
14 and national issue. It's not a statewide issue. That's
15 true because six states have 79 percent of the proven
16 reserves. Therefore, the vast majority of states are
17 energy dependent as is California.

18 The DOE forecasts that in the next 25 years gas
19 consumption will increase by .7 percent per year. The
20 western U.S. will increase by .3 percent per year. U.S.
21 production, contrary to CPUC statements in 2004, will
22 increase by .6 percent per year, so that LNG imports,
23 which the DOE does forecast, are going to -- intended to
24 be replacing pipeline imports from Canada.

25 The need for LNG, therefore, is to replace those

1 imports, 77 percent of which go to the eastern half of the
2 United States. So I'm not sure why BHP would propose to
3 site the project off the California coast.

4 Referring please to page 7.

5 CHAIRPERSON GARAMENDI: No, I'm afraid you're
6 finished. And I thank you very much, but we do have the
7 written testimony here and we thank you for that.

8 MR. WHITE: Thank you.

9 CHAIRPERSON GARAMENDI: Mr. Rennell.

10 Diane Rennell?

11 Lyn Hicks?

12 Mike DeMartino?

13 MR. DeMARTINO: Good evening. I cut two
14 paragraphs out, just down to one little spot.

15 As the EIR illustrates, Cabrillo Port has air
16 pollution problems that preclude it from operating at full
17 capacity. The best interests of the people of California
18 are not served by approving a project with serious design
19 errors that can't be corrected. BHP Billiton insists that
20 LNG is a clean fuel. And, in fact, its extraction
21 releases carcinogenic air pollution.

22 Australian film maker, Malcolm Douglas, says no
23 to Cabrillo Port. He is conducting a campaign to stop the
24 invasion of the LNG industry into the most pristine areas
25 of western Australia. I would like to join Malcolm and

1 insist our governments heed the warnings of the world's
2 brightest scientific minds and find a cleaner way to keep
3 on the lights. I'd like to submit the rest for you too.

4 CHAIRPERSON GARAMENDI: Yes, please do.

5 Thank you.

6 Well, I want you to know, folks, that you just
7 fattened the stack. Oh, no but it's true. We've doubled
8 the capacity of the time.

9 We may very well wind up here with a show of
10 hands of support and kind of divide the room. All of you
11 in opposition on one side, and all of you in support,
12 because I intend to finish this meeting before this night
13 is done. I'm going to say it once again, if you've heard
14 it, I don't need to hear it again.

15 Mr. Handleman, Jeff Harris, Scott Tallal, if
16 you'll come up. Richard Francis and Ann Levin.

17 MR. HARRIS: My name is Jeff Harris. I'm a
18 Malibu resident and physician for the past 30 years, a
19 former researcher at the Rand Institute and a graduate of
20 the UCLA School of Public Health and Medical School.

21 I have just a couple of quick points. The EIR
22 did not specifically look at our local weather conditions
23 here in terms of combining smog with the Catalina eddy
24 fogs that we have. When those combinations result, we can
25 easily have the killer fogs of London with very public

1 health consequences.

2 Also, the EIR did not include the -- if all three
3 storage vessels of LNG were involved in a specific way,
4 the threat of an explosion could easily reach the
5 shoreline. And also the pipelines need to be studied in
6 terms of whether they would be a fuse carrying the fire
7 and the explosion on shore. This was not done properly in
8 the EIR.

9 Finally, Loretta Lynch has pointed out, but I
10 haven't heard that today, that further upgrades to our
11 electric generating plants will reduce our needs for
12 natural gas by 30 percent and that we can -- also, there's
13 a proposal right now by the Governor of Alaska to bring a
14 pipeline from Alaska, new gas fields, into Canada, which
15 would relieve our national needs.

16 CHAIRPERSON GARAMENDI: Thank you very much.

17 Mr. Tallal.

18 Richard Francis.

19 When I call your names for the first time, if
20 you'd come up and take a chair, we'll move more quickly.

21 MR. TALLAL: Thank you for being here. I'd like
22 to dispel some myths right upfront.

23 CHAIRPERSON GARAMENDI: We'd like to know your
24 name.

25 MR. TALLAL: My name is Scott Tallal.

1 CHAIRPERSON GARAMENDI: Thank you

2 MR. TALLAL: I'm the President the Trancas
3 Highlands Homeowners Association.

4 If this project is not approved, the lights are
5 not going to go out. And we are not going to start using
6 more oil and we're not going to start using more coal.
7 One thing I'm really surprised about is that there's been
8 no testimony today, drawn from the Department of Energy or
9 from the Natural Gas Association Producers. According to
10 these organizations, we have enough natural gas to last in
11 this country for 75 years. This is available on their
12 website. Unfortunately, I didn't bring enough copies of
13 their report for you, but I do have it available. I do
14 have five copies available if you'd like to see that.

15 Chances are a child born today will be dead by
16 the time this country runs out of the existing supply of
17 domestic natural gas.

18 There was a window about two, three years ago
19 open for about five seconds when natural gas prices
20 suddenly spiked. When that happened, we started getting
21 all of these applications in for LNG plants. However, an
22 investigation by four Attorneys General in the states of
23 Iowa, Indiana, Missouri and Wisconsin found that that
24 price spike was not the result of any shortage. It was
25 the result of Enron style manipulation.

1 I'm glad the Australians keep reminding us about
2 the rolling blackouts, because that should remind us about
3 how easy it was for Enron to muck California. Maybe we
4 couldn't prevent it from happening back then, but the
5 Commission certainly has a chance to keep it from
6 happening again.

7 Thank you.

8 CHAIRPERSON GARAMENDI: Thank you very much.
9 Well, folks they're standing up over there. You are about
10 to create a fire hazard, and I'm not referring to LNG.

11 (Laughter.)

12 CHAIRPERSON GARAMENDI: I'm referring to the Fire
13 Marshal who is probably going to force us all out of this
14 room and further delay this hearing. So as much as you
15 might like to stand, you are blocking the aisles and the
16 Fire Marshal has sent me one note and I know another one
17 is on its way. So either find a seat or stand outside.
18 We'll see if we can -- in fact, we do have speakers
19 outside. Oh, you want me to speak louder.

20 Okay, folks, sit down, clear the aisles or we get
21 out of here. So we don't have much of a choice.

22 (Thereupon a member of the audience spoke.)

23 CHAIRPERSON GARAMENDI: No, no, no, no. Okay,
24 we're taking a few moments here, but please clear the
25 aisles. I don't want to have to stop this meeting because

1 of the Fire Marshal taps me on the shoulder and shuts us
2 all down. And that refers to those of you in the back
3 room. There are speakers outside. You can listen outside
4 if you care to stand.

5 Okay. There goes three speakers while we make
6 the room -- there are some seats in the middle -- on the
7 left-hand -- my left-hand side, your right-hand side.

8 Okay. Lets move on. Mr. Richard Francis, Ms.
9 Ann Levin, and Mr. Haldeman.

10 Okay.

11 If I called your name, take the microphone.

12 MS. LEVIN: Thank you. My name is Ann Gist
13 Levin. And I only want to speak very quickly about the
14 effect it had on all of us to discover that the air
15 quality that we have in Ventura County, the number -- the
16 program 26.2 was being used as a designation for the FSRU.
17 So that it gave us the impression that BHP Billiton and
18 their workers were designating the Cabrillo Port as having
19 no need to be mitigated for air pollution. And I would
20 think that one of the -- the reasons it's important for us
21 to know is because it was very difficult to read and
22 interpret this in the EIR. And it was in the 2006 EIR.
23 And we don't -- we want to get back to taking back our
24 ownership of the 26.2 in the county.

25 Thank you.

1 CHAIRPERSON GARAMENDI: Thank you very much.

2 Okay. We'll go with five more names. When I
3 call your names, please take one of the chairs up here.
4 The first person I call will be the speaker. And the
5 other four, if you'll please sit down, we'll move more
6 quickly.

7 Ms. Sperske, Jim Hensley, Christine Kemp, Leroy
8 Steppin, I think, and Mark Flores.

9 MS. SPERSKE: My name is Dineane Sperske. I live
10 here, work here and I'm active in my community here. At
11 the same time I also claim a connection through common
12 interest with the residents of Australia who do not want
13 fossil fuel remains extracted out of their ground any more
14 than we want them delivered here by the energy-making
15 force.

16 Our beautiful, peaceful, clean Oxnard, Malibu,
17 and Ventura coast may appear to be positioned today as
18 sacrificial lambs for the foreign and domestic mini-gods.
19 And the people who plan to foreclose ours and our
20 children's right to a fossil-free future and with \$155,000
21 per year to lease the little strip of land to enable this
22 billion dollar project, then the environmental
23 organization such as Sierra Club or the Environmental
24 Defense Center would also have the right to a similar
25 rate, lease the land, put an end to this, and overfill the

1 bank with clean credits.

2 I add my voice with others and request that this
3 Commission and Governor Schwarzenegger reject the project.
4 Even though there's an alternate piece of this already
5 named Arnold Road, I would think the Governor would want
6 to be distanced from millions of tons of pollution spewed
7 for years by tankers crossing the Pacific to both
8 hemispheres and terminating here. It makes no sense to be
9 linked to political and financial dinosaurs at the end of
10 the oil age. We would rather leave a legacy of leaving
11 California to a fossil-free future.

12 CHAIRPERSON GARAMENDI: Thank you very much.

13 Jim Hensley -- oh, excuse me.

14 Please stand up, introduce yourself.

15 MS. KEMP: Christine Kemp. I'm a land-use
16 attorney. I represent Ariach, Limited.

17 I'm speaking today opposed to the project,
18 representing agricultural interests. That hasn't been
19 heard today, so I felt it was important to speak.

20 We represent 200 -- or own 239 acres along
21 Pleasant Valley Road, in which the pipeline -- the center
22 road pipeline is going to build through. That will be
23 disruptive to the tiles, to the drains and everything that
24 are in the ag land. That's two significant impacts that
25 are not mitigated conversion of significant ag land and

1 also the on-shore pipeline. I think the safety statistics
2 are somewhat flawed because they talked about 12 deaths.
3 That was in New Mexico where we didn't have the kind of
4 population you have here. So I think there are impacts to
5 agricultural land and the on-shore pipeline threat which
6 have not been discussed yet this morning.

7 Thank you.

8 CHAIRPERSON GARAMENDI: Thank you very much.

9 (Applause.)

10 CHAIRPERSON GARAMENDI: Wait a minute. Knock
11 that off.

12 Apparently we have some newcomers that haven't
13 heard the rules. There are no demonstrations in or
14 outside please. When people speak, we listen. And we
15 don't clap and we don't cheer, we don't whistle or
16 otherwise demonstrate. Otherwise you're out of here.

17 Okay. Sir.

18 MR. FLORES: My name is Mark Flores and I'm a
19 resident of Oxnard, second generation. And I'm also an
20 inventor. And I'm also a longshoreman out of the Long
21 Beach/Los Angeles Harbor. And I've actually seen the --
22 that the Long Beach and Los Angeles Harbor has done by
23 using Long Beach shipping industry. The shipping industry
24 does leave a residue, it does leave a track of, I guess
25 you could say, of environmental particulates, including

1 the environment as a compass of any global warming issue.

2 I am an inventor of a smog decontamination device
3 that I believe can be utilized any time someone should
4 happen to come into California and wanted to do some kind
5 of a business.

6 Possibly the technology would be owned by the
7 State of California in a period of about 20 years. And in
8 that fashion, I would say that perhaps maybe California
9 should consider considering my device being utilized in
10 the State of California to reduce the greenhouse gas
11 effects with a lucrative experiment however. I guess you
12 could say this is not the only corporation in the world
13 that likes to continue, I guess, to do business in the
14 State of California.

15 Again, I guess I'd like to offer I guess my
16 package of information to your panel. And perhaps maybe
17 you'll consider what could be done in the form of actually
18 creating a greenhouse device that could actually reduce
19 and create what I call recyclable TRIPARS and also
20 recyclable on the white -- or the black -- what I call
21 black coke dust. But black coke dust has actually been
22 floating around the State of California and all over this
23 country since the Model T. It actually needs to be
24 reduced and actually needs to be replaced. Black coke was
25 actually sold by Union Carbide in Long Beach 212. So we

1 could actually truck it from Terminal Island down the
2 street. We could actually sell it.

3 CHAIRPERSON GARAMENDI: Thank you very much, Mr.
4 Flores.

5 Mr. Hensley.

6 MR. HENSLEY: Yes, sir.

7 Mr. Chairman, Mr. Chiang, commissioners. Thank
8 you so much for hearing us.

9 In the Army we have a saying when you're on the
10 firing line. And if there's a round that jams into the
11 chamber, we call it hang fire. The range master calls out
12 and says, "Cease firing. We need to cease fire." Because
13 this is not a safe situation. We need to think globally,
14 because what's going to happen on the other end? We don't
15 know where BHP is going to get all the gas. They tell us
16 one spot. I don't trust BHP.

17 You go on line and you find out BHP started out
18 in South Africa supporting apartheid. You find out that
19 they merged with Billiton who chased the natives off of
20 Australia for land. So they're not a nice company. I
21 don't think they've changed that much in the last ten
22 years.

23 They're ruining lands on all their mining
24 operations around the world. We're thinking globally, but
25 we need to act locally. If you look at the way they mine

1 for natural gas, they leave ponds of toxic materials, the
2 water that comes up from fracturing. This is not safe for
3 the environment, not safe for the people. So I'd say
4 this: We don't need to import more gas. We need to deal
5 with the United States itself.

6 So think locally, act globally, or vice versa.

7 Thank you so much.

8 (Laughter.)

9 CHAIRPERSON GARAMENDI: Thank you very much.

10 MR. HENSLEY: I was running, sir.

11 CHAIRPERSON GARAMENDI: Yeah, you've done a job.

12 Dineane Sperske.

13 Larry Stein.

14 Dennis Seider.

15 Okay. We're going to go through five names.

16 And I suppose this you coming up, Dennis.

17 Nancy Snooks, Brittany Thompson, Joseph Gilbert,
18 Kathryn Yarnell. And let's take one more. Kelley
19 Rasmussen.

20 If you'll come up, take a seat.

21 You're up next, Mr. Seider.

22 MR. SEIDER: Thank you very much, commissioners.

23 I'm a maritime lawyer. I practiced for 39 years. And the
24 Malibu appointee to the Advisory Board, Santa Monica
25 Mountains Conservancy.

1 As a maritime lawyer I was a witness and a
2 participant and was a representative in the San Sanilla
3 disaster. And I mention this only for one reason: The
4 size of the explosion from leaking fuel -- or leaking gas
5 is dependent on the amount of wind you have. If the wind
6 disperses the gas, it's not a big danger. If you have a
7 day when the wind is still and the gas accumulates in a
8 specific area and there's a source of ignition, the
9 explosion is a function of the size of the gas cloud
10 that's formed before it ignites. And there's really no
11 information in the EIR about that.

12 There's also no information in the EIR about the
13 possible alternatives. So it's difficult to weigh the
14 benefit and burden analysis of other types of sources of
15 power.

16 But, third, and a point I found most confusing
17 about the EIR, is a total lack of analysis of alternative
18 source of LNG. In other words even if you assume you need
19 the LNG, it doesn't mention the fact that there are eight
20 proposed and currently under construction LNG import
21 facilities in Canada who want to continue supporting and
22 supplying the United States.

23 Two of those are in British Columbia. And I'm
24 operating start dates of 2008 and 9, either of which have
25 been mentioned.

1 CHAIRPERSON GARAMENDI: Sir, I thank you very
2 much for your testimony. Your time is up. Thank you.

3 CHAIRPERSON GARAMENDI: Nancy Snooks.

4 Yes, I'm running a tight ship. We've got
5 another -- too many people to go through.

6 Nancy Snooks.

7 Brittany Thompson.

8 Joseph Gilbert.

9 Kathryn Yarnell.

10 MS. YARNELL: Hi, Mr. Chairman and commissioners.

11 It's good to see you again. And I have a new one what
12 goes up must come down. You've got NOx, you've got ROCs,
13 you've got acid rain. They're going to come down in
14 Oxnard, in Ventura. Big agricultural business concerns.

15 I personally am here representing the Malibu
16 Business Roundtable. We've got property value concerns up
17 the wazoo.

18 If we go backwards on foreign fuel, we are
19 crowding out the alternatives. The money that we would be
20 spending on alternatives is going to be going for the
21 infrastructure of this company, for the monitoring of the
22 safety of this company. I don't think -- I don't think we
23 can protect this floating platform from someone stowing
24 aboard, coming from Indonesia or Africa with terror on
25 their minds, stowing aboard and hijacking the transport

1 ships that could easily run up on Santa Monica Pier. And
2 then, you know, we've got a 14-mile huge bomb delivered to
3 a big population.

4 There are about a thousand protesters out there
5 that can't get in that came in the evening. It's too bad
6 we didn't pick a bigger venue. But I do appreciate you
7 holding it in the evening so that these people could at
8 least come and see.

9 Also another black mark against BHP Billiton,
10 they were supplying --

11 CHAIRPERSON GARAMENDI: Thank you for your
12 testimony.

13 MS. YARNELL: -- during the embargo.

14 Thank you.

15 CHAIRPERSON GARAMENDI: Apparently I called your
16 name.

17 MR. STEIN: A ways to get there, I'm sure.

18 Lawrence Stein?

19 CHAIRPERSON GARAMENDI: Larry Stein, would that
20 be you?

21 MR. STEIN: Thank you very much, Lieutenant
22 Governor and members of the Commission. My name is
23 Lawrence Stein. I live in Oxnard, California. I have
24 some notes I'll be passing along. Most of these have been
25 covered already.

1 One thing that has not been addressed fully -- or
2 two issues not been addressed. But one is the effect of
3 earthquakes on the underground -- on the underground
4 pipes. We're going to have high-pressure pipes, till we
5 have the explosion along the unknown fault lines. These
6 pipes are going to burst and create havoc, as you can
7 imagine, similar to what's been going on in San Francisco
8 in the past.

9 The other issue is the fact that this facility
10 will be generating a potential target not necessarily
11 against get the United States but possibly against BHP
12 themselves. Again, we have potentially six containers
13 full of natural gas posing as a potential target. This
14 has not been fully analyzed.

15 And I thank you for your time. I've been here
16 since ten, but I've had numerous breaks. And I appreciate
17 your patience. You've been here longer and had fewer
18 breaks. Again, thank you for your time and just
19 consideration.

20 Here are my notes.

21 CHAIRPERSON GARAMENDI: Thank you very much for
22 the information.

23 I am told that some of the names that I have
24 called may be outside. And as those outside and inside
25 can see, is that the doors are closed. The fire marshal

1 has said enough already. There are microphones and
2 speakers out -- excuse me. There are speakers outside.
3 I'll try to call these names twice. If you knock on the
4 door, I'm sure somebody might open it.

5 So here we go.

6 Kelley Rasmussen.

7 Kelley Rasmussen.

8 Lupe -- well, Lupe, I'm not sure I can read your
9 writing -- Anguiano.

10 Lupe Anguiano.

11 Gordon Birr.

12 Alicia Thompson.

13 Carole Davis.

14 I'll read these names just one more time, see if
15 we can get them.

16 Gordon Birr.

17 Lupe Anguiano.

18 Kelley Rasmussen.

19 Alicia Thompson.

20 Carole Davis.

21 MS. ANGUIANO: My name is Lupe Anguiano.

22 CHAIRPERSON GARAMENDI: Lupe, pull that

23 microphone right up close and get personal.

24 MS. ANGUIANO: Okay. Thank you very much.

25 My name is Lupe Anguiano. I'm a 60-year resident

1 of Oxnard in the area. Since 1981, I managed and
2 organized a company that dealt with assisting companies
3 to -- assisting companies in their -- in implementing
4 their good neighbor and corporate responsibility policies.
5 I had the honor of serving under President Reagan and
6 served in his Advisory Committee on Corporate
7 Responsibility and advisory council.

8 I'd like to -- I guess I'd like to say that I am
9 totally opposed to this project for many reasons that have
10 been demonstrated today. But more importantly, because
11 BHP Billiton has failed to really do needs assessment and
12 also follow the corporate responsibilities of this nation.
13 I have -- through President Reagan I've worked with many
14 CEOs of this country. And every one dealt with testing of
15 the product, making sure that when they came to a
16 community that product provided value to that community.

17 BHP Billiton has consistently -- has consistently
18 failed, and really lobby against the State of California's
19 ability to do needs assessment.

20 CHAIRPERSON GARAMENDI: Ms. Anguiano, thank you
21 so very much for your testimony.

22 MS. ANGUIANO: And I offer you --

23 CHAIRPERSON GARAMENDI: Yeah, we have your
24 written testimony. Thank you.

25 MS. ANGUIANO: Thank you.

1 Gordon Birr.

2 MR. BIRR: Honorable Chairman and Commissioners.

3 I'm Gordon Birr. Beer is fine with me. Fosters is one of
4 the great things that comes out of Australia. I'm also a
5 director of the Beacon Foundation, which has no
6 affiliation with the Australia foundation of the same
7 name.

8 I hope that this Commission will ask BHP Billiton
9 to waltz back to Canberra with their proposal and attempt
10 to get their own parliament to approve a similar
11 experimental project north of Sidney off of their Gold
12 Coast; and ask them to convince their parliament to accept
13 all of the associated risk of having an experimental
14 factory ship off of their Gold Coast.

15 Australia's Gold Coast mimics our Gold Coast,
16 which extends from Malibu to Santa Barbara. Surface
17 Paradise north of Sydney is their Malibu.

18 Further north is Queensland -- in Queensland is
19 the City of Cairn that mimics -- that mirrors Oxnard with
20 its dependence on agricultural surrounding -- surrounded
21 by sugar fields and also depends on migrant labor to
22 harvest their fields.

23 Cairn is also a stepping-off point for the boat
24 trips at the Great Barrier Reef, which is Australia's
25 National Marine Sanctuary. I can envision the uproar from

1 their local councils and their citizens if this proposal
2 was located off of their coast.

3 Thank you very much.

4 CHAIRPERSON GARAMENDI: Thank you very much, Mr.
5 Birr. Right on the money with one and a half minutes.

6 Those of you that are coming up to testify, it
7 would sure make my life easier if you stuck to a minute
8 and a half as Mr. Birr did. Then I wouldn't have to be
9 impolite and cut you off. But I will.

10 (Laughter.)

11 CHAIRPERSON GARAMENDI: Mr. Rasmussen -- or
12 Kelley Rasmussen.

13 Kelley Rasmussen.

14 Alicia Thompson.

15 Carole Davis.

16 The next five. Christine Rogerson.

17 Dean Wood.

18 Mortimer Glasgal.

19 And James Vega.

20 John Chiang is translating. So I've just got a
21 script here.

22 COMMISSIONER CHIANG: Jane Tohmach.

23 Jane Tohmach, former officeholder.

24 CHAIRPERSON GARAMENDI: Jane Tohmach.

25 Okay. Please, go ahead.

1 MS. ROGERSON: Good evening, Chairman and
2 commissioners. Thank you. My name is Christine Rogerson
3 and I am the President of the Malibu Association of
4 Realtors.

5 I'm here today to convey to you that our
6 association is adamantly opposed to the BHP Billiton
7 liquefied natural gas terminal proposed to be located off
8 of the shore of Malibu and Oxnard.

9 Our organization of over 900 members is concerned
10 that this project will have a negative impact on the
11 property values, which will have an immediate and
12 detrimental local effect economically. This will
13 ultimately impact the state by creating lower revenue
14 collected from property taxes.

15 One of the main reasons that people choose to
16 move to Malibu is to enjoy the clean air. We believe this
17 benefit will be significantly reduced by the pollution
18 that will be generated by this project. This in turn can
19 only negatively impact the 15 million tourists that visit
20 Malibu each year.

21 The Malibu Association of Realtors assures you
22 that our concerns regarding the project transcend our
23 local interests. Malibu is not only for those who live
24 there. It is an asset to the State of California and
25 indeed the nation, known all over the world for its

1 pristine beaches.

2 To visually and literally pollute the sunspoiled
3 environment is surely not in the best interests of all the
4 citizens of California. Please help to preserve our
5 precious coastline by voting against this LNG project.

6 And thank you for your time and your patience
7 during this long day.

8 CHAIRPERSON GARAMENDI: Thank you very much.

9 Dean Wood.

10 MR. WOOD: Good afternoon. My name is Dean Wood
11 and I wish to speak as an advocate for the use of natural
12 gas, both as a commercial user and as a consumer.

13 As a commercial user, I work for EVO Limousine.
14 EVO Limo is currently the only limo service in the
15 southland that operates exclusively with natural gas. Our
16 vehicles were converted from standard internal combustion
17 engines to CNG. The result has been a drop in fossil fuel
18 emissions of over 95 percent. In other words, one typical
19 SUV on the road today emits the same amount of exhaust as
20 20 of our CNG vehicles.

21 So when you leave here today and start your
22 petroleum-powered engine, I'd invite you to consider that.

23 It would also be worthwhile to note that numerous
24 city and county government agencies also have converted
25 their fleets to CNG, from metro buses, government

1 vehicles, et cetera. These agencies' businesses haven't
2 landed any secret. They simply enjoy lower fuel costs,
3 clean burning vehicles, and the comfort of knowing that
4 each of these vehicles is displacing a significant amount
5 of fossil fuel emissions, each and every one, and we all
6 can too, whether you feel that this LNG depot is right or
7 not or is the answer.

8 From the consumer's respect in me, that impact
9 exists right now on my pocketbook or everyone here, while
10 the price of gasoline is approaching \$4 per gallon. In
11 order for me to come here today I had to fill my tank with
12 CNG, and my bill came to \$18.78.

13 Thank you.

14 CHAIRPERSON GARAMENDI: Thank you very much.

15 Mr. Glasgal.

16 DR. GLASGAL: Yes. Thank you for showing up here
17 like we showed up. I'm Dr. Mortimer Glasgal.

18 I've worked with -- practiced with children for
19 over 40 years. And I think you have to bear in mind what
20 consequences the children will have in the decisions that
21 we make. In the indian -- what affects us seven
22 generations before and seven generations to come. So that
23 what we consider here now will affect us in the long run.

24 We have to bear in mind that this is paradise.
25 And this will be paradise lost when something like this --

1 of this consequence will affect us in every way.

2 I feel that we should know credentials of the
3 people who represent this company, Billiton, which has
4 left a scorch wherever it's been anywhere in the world,
5 whether it was South America, Malaysia or anywhere else
6 but Indonesia, or wherever it has done business. Is this
7 somebody you want to do business with, when you know what
8 this person is about, where they've been and how they've
9 never been nice with any dealings they had before? I
10 would ask that you all consider that, because that's very
11 important to all of us to know what we can expect and what
12 we can conceive from what has happened before this, to
13 give us an indication of what we we're dealing with.

14 Thank you for your time.

15 CHAIRPERSON GARAMENDI: Thank you very much.

16 James Vega.

17 James Vega?

18 Jane Tohmach.

19 MS. TOHMACH: Commissioners, thank you for having
20 this hearing.

21 CHAIRPERSON GARAMENDI: Please pull the
22 microphone down.

23 MS. TOHMACH: Okay. Thank you very much for
24 having this hearing. And I appreciate speaking with you
25 Commissioners.

1 This project, Cabrillo Port LNG Terminal, the
2 most recent -- is the most recent attempt to burden
3 our -- burden us with an unnecessary dangerous polluting
4 facility that would delay the development of aggressive
5 preservation -- conservation, excuse me -- and renewable
6 energy sources, such as solar, wind and wave action. We
7 have plenty of those here.

8 I was on the Oxnard City Council in the 1970s
9 when the first LNG plant was proposed. We hired a strong
10 company to do the EIR. We fought the State Senate to hold
11 a committee hearing in Oxnard. And legislation was passed
12 prohibiting an LNG facility near a large population. That
13 eliminated Oxnard and Los Angeles.

14 The project was dropped because the threat that
15 there was a shortage of natural gas was false, as it is
16 today.

17 An issue that has not been discussed enough is
18 the location of the FSRU, very -- in the deep water, quite
19 close to the Pacific missile range, a part of the Naval
20 Base Ventura County.

21 BHP expects three super tankers of LNG a day.
22 Today it discussed only one or two a day -- they found it
23 being a day -- a week. They mentioned one or two a week.
24 But their hope had been for three.

25 CHAIRPERSON GARAMENDI: Thank you very much for

1 your testimony. And I may be the only person in this room
2 that voted on that 1978 legislation.

3 Thank you very much. I appreciate your
4 testimony.

5 MS. TOHMACH: Okay. Thank you.

6 CHAIRPERSON GARAMENDI: Okay. I'm going to do
7 this: I'm going to call out five more names. I'd ask
8 them to come forward and have a seat. The rest of you I
9 suggest you keep your seat unless you don't want to get
10 back into the hall.

11 We're going to take a ten-minute break to avoid a
12 workers' compensation claim by my court reporter, who
13 desperately needs a break after two hours of hard work
14 here.

15 So I'm going to call these names. And if you'll
16 come up and cool your heels for the next ten minutes. The
17 rest of you, if you want to lose your seat, you can get up
18 and roam around. I wouldn't recommend it.

19 (Laughter.)

20 CHAIRPERSON GARAMENDI: Raymond Pinedo.

21 Raymond Pinedo.

22 Michelle Hoffman.

23 Gail Osherenko.

24 Gail Osherenko.

25 Heikki Ketola.

1 And Marcia Hubbard.

2 Marcia Hubbard.

3 Break time.

4 (Thereupon a recess was taken.)

5 CHAIRPERSON GARAMENDI: All right. If you'll
6 take your seat, we're going back to work here.

7 All right. Our court reporter is back in his
8 seat. He's busy banging on the keys. And we need quiet.

9 Please take your seat.

10 Thank you very much for your courtesy, for
11 clearing the aisles, making it possible for us to
12 continue.

13 Earlier I called Mr. Haldeman. Apparently he was
14 one of the gentlemen enjoying the beautiful weather here
15 today outside.

16 Mr. Haldeman is now here. I'll take him up
17 first. And then I'll go to the four people that I -- five
18 people that I identified before we broke.

19 Mr. Haldeman, if you're here. Somewhere around.

20 There you are.

21 MR. HALDEMAN: Thank you very much.

22 My name is Barry Haldeman. I've lived in Malibu
23 for 30 years.

24 I know you've heard a lot of testimony today, so
25 I'm going to yield my time back to the Commission. And

1 I'm going to urge everybody here who wants to talk, if
2 they could, to yield their time back, so that you have a
3 chance to vote.

4 But the one thing I'd like to do is just say, all
5 of those who are opposed to this terminal, would you
6 please stand up.

7 (Standing.)

8 MR. HALDEMAN: And a thousand more outside.

9 Thank you very much. I yield my time back to the
10 Commission.

11 CHAIRPERSON GARAMENDI: I suppose given the
12 normal way we do things, all those in support could stand
13 up also.

14 They must be standing outside.

15 I guess all those standing outside are in
16 support.

17 MR. HALDEMAN: Thank you.

18 (Laughter.)

19 CHAIRPERSON GARAMENDI: Okay. Enough fun.

20 We do have about a hundred more people that have
21 signed up. And it's been suggested that we may have heard
22 most of the arguments thus far. I would ask those
23 people -- and I'm going to go through these names as
24 quickly as I can -- if you have heard what you're about to
25 say from somebody else, then you can be sure that we have

1 heard it also. So please do not repeat. You can simply
2 say you're in opposition or in support, as the case might
3 be. And we might be able to actually get to a discussion
4 and a vote.

5 Okay. Raymond Pinedo.

6 Raymond.

7 Your last name, please.

8 MR. PINEDO: Oh, my name is Raymond Pinedo. I am
9 from Santa Barbara. I'd like to welcome you all.

10 The main thing I'm here for is that we -- I as a
11 native Chicano Indian indigenous from Mexico. And the
12 people here, the natives also, I think I represent them
13 also.

14 As you know, in Australia the aboriginal -- or
15 both aborigines have, you know, been devastated by this
16 corporation.

17 As you know, DDT -- we barely got our first eagle
18 egg has hatched. And that's because of the DDT that has
19 been poured on this event. After 30 years we also had oil
20 spills here. We've had sewage spills where our kids can't
21 even go to the beaches. And if we're going to have more
22 of these kind of projects, what's it going to do to mother
23 earth? So I'm just asking you to support our vote against
24 this project.

25 Thank you.

1 CHAIRPERSON GARAMENDI: Thank you very much.

2 Michelle Hoffman.

3 MS. SMITH: Hi. I'm actually Terri Smith.

4 Michelle Hoffman was here since 10 o'clock and had to
5 leave.

6 I have a lot to read here, but I'm going to cut
7 it short with the time. She did wait a long time.

8 And basically cutting it down. It's time for
9 California and our nation to promote the incentives and
10 encourage the use of alternate power. I feel that BHP
11 should not be able to skirt the air pollution guidelines
12 for Ventura County. That is what is happening.

13 And I'm also concerned about the safety of all of
14 us living here if this dangerous terminal and boats
15 carrying this fuel is allowed. And the reason I'm
16 bringing that up again is not because we have not heard
17 it, but because personally right after 9/11 I showed my
18 rental to a person that I was suspicious enough of to call
19 the FBI. And the FBI, it took them a month, but they
20 called me back. And they had been looking for him, but he
21 had moved on. Luckily I didn't rent it to him and he
22 didn't take off with something.

23 Thank you.

24 CHAIRPERSON GARAMENDI: Thank you very much.

25 Gail Osherenko.

1 Gail Osherenko.

2 Heikki Ketola.

3 MR. KETOLA: My name is Heikki Ketola. I've been
4 living near -- going on 15 years. I have some comments on
5 the EIS/EIR.

6 My relevant background with this is that for the
7 last six years I've been associated with UCLA's understudy
8 graduate school management that they're -- their GAP
9 program, Global Access Partners. We analyze and evaluate
10 their business plans.

11 So I started looking at this report here. And a
12 normal way is trying to find the easy stuff, whether
13 that's being done correctly. And then go from there.

14 So I studied on Section 4.4, Volume 1, which is
15 estimates. Basically I have some questions: How does
16 this thing look like? What is the visual impacts?

17 On page 20, lines 3 through 10, it's mentioned
18 that from Mugu Rock you cannot see Cabrillo Port because
19 it's below the horizon and, therefore, it's not even
20 visible in a clear plant.

21 I have a picture here of a ship from Zuma Beach
22 at 14 miles away, which clearly shows. So the report here
23 is factually wrong in this point.

24 Furthermore, on page 25, lines 3 through 10, the
25 report says that -- let me open it.

1 CHAIRPERSON GARAMENDI: I'm sorry, sir, but your
2 time is up.

3 MR. WILLOX: Anyway, two factual error --
4 identifications on the total quality of the report.

5 CHAIRPERSON GARAMENDI: Thank you very much.
6 Marcia Hubbard.

7 MR. HUBBARD: Lieutenant Governor, my name is
8 Marcia Hubbard. I respectfully yield my time for all of
9 the victims of this project, including everyone here, you,
10 and the over thousand people who are standing outside.
11 The victims are marine mammals. The gray whale, which
12 will be driven into extinction, by the decibels that will
13 go all the way to shore. And the 1,282,000 adults with
14 asthma in Ventura and L.A. County. These figures are 2003
15 Center for Disease Control. And of those, 326,000 in L.A.
16 and Ventura County are children.

17 Thank you very much.

18 CHAIRPERSON GARAMENDI: Thank you.

19 Next five names, if you could come up. Mark
20 Massara, Carol Keener, Leslie Purcell, Lauraine Effress,
21 and Nancy Pedersen.

22 Mark Massara.

23 MR. MASSARA: Honorable Chair, distinguished
24 Commissioners. I'm Mark Massara. And I have the distinct
25 pleasure of directing Sierra Club's coastal programs, and

1 will plead guilty in part to educating the public and
2 encouraging the thousands of people here today to attend
3 this historic and critically important hearing.

4 But I did not act alone. Sierra Club along with
5 dozens of other environmental organizations, community
6 groups, labor, businesses, students and citizens, all are
7 responsible for this historic public turnout and
8 participation here today.

9 You've heard and seen for yourselves the
10 unacceptable, permanent, and irreversible impacts of BHP's
11 LNG terminal and what it would unleash.

12 We'd like to change gears now and thank you for
13 your patience, and ask that all of those in support of the
14 rejection of this lease and EIS forego testimony and cede
15 their time to this Commission in order to ensure you time
16 to deliberate and facilitate a final decision here
17 tonight.

18 And with the permission of the Chair, I would
19 like to now recognize the thousands here tonight, inside
20 and outside, and ask those who cede their time to this
21 Commission to stand in solidarity and opposition to this
22 project.

23 Thank you.

24 (Applause.)

25 CHAIRPERSON GARAMENDI: I very much appreciate

1 that. And I'm not sure it's going reduce the number of
2 people that have signed in. But if it does, it's much
3 appreciated.

4 Continuing on. Carol Keener.

5 Carol Keener?

6 Leslie Purcell.

7 Leslie Purcell?

8 MS. PURCELL: Good evening. I was just on my way
9 out and I heard my name, so I ran back in.

10 I would like to bring up -- I don't know if
11 somebody mentioned this. I asked somebody to mention
12 about the Bald Eagle nesting out there on the Channel
13 Islands. This is something I haven't heard in the EIR.
14 You know, there's a webcam, you can look and see them.
15 There are federal -- you know, our national bird. It's
16 endangered. I think it's just indicative of one of the
17 impacts that does not address in terms of the wildlife and
18 the animals. And I think that, you know, this is
19 obviously defective and you guys should not go on
20 approving this; that the Navy does its exercises out
21 there. A couple people spoke about how dangerous it is to
22 have this kind of flammable toxic, you know, situation
23 with the Navy's exercises. And I think that's another
24 thing that has not been significantly addressed.

25 I heard on the radio in San Barbara there was

1 another sperm whale. It mentions in the EIR only three
2 had been seen in the Santa Barbara Channel. This is the
3 third one, and it washed up dead. And I don't know why.
4 But, you know, these kinds of impacts are not what we need
5 for the marine life and for the human life in this area.
6 So respectfully ask you to vote against it.

7 Also, I tell you, \$155,000 a year is a terrible
8 bargain for the people of the State of California if
9 that's really what, you know, we're getting back as rental
10 fee to use the state lands for, you know, a billion dollar
11 project with this company.

12 So, again, please vote against it.

13 CHAIRPERSON GARAMENDI: Thank you very much.

14 Lauraine Effress.

15 MS. EFFRESS: Thank you. My name is Lauraine
16 Effress. I've lived in Oxnard for the last 16 years. And
17 I've been here since 10:30, so I welcome this opportunity.

18 I'd like to bring a few unsaid things to your
19 attention. You talked about the coast guard this morning.
20 I'm not sure you're aware, but the coast guard missed its
21 April 1st, 2007, deadline to develop their long-range
22 tracking system to be able to track all of the ships
23 coming to shore from the thousand or two thousand miles
24 out by GPS. They're dependent on radio traffic, which
25 enables them only to track from 12 to 20 miles out. And

1 our project is cited at 14 miles out.

2 On the East Coast --

3 CHAIRPERSON GARAMENDI: I don't recall them
4 saying that this morning.

5 MS. EFFRESS: They said -- they didn't talk about
6 that. They talked about a 96-hour rule, but that requires
7 voluntary compliance. Bad guys are not going to say,
8 "Here I am."

9 And the East Coast, they were required to do a
10 waterway suitability analysis. You've heard about that.
11 But a quirk in the procedures for EIR/EIS on the West
12 Coast and where our project is sited means that they don't
13 have to do this until after the project is licensed. The
14 security plan is a secret. A secret means that there are
15 always surprises.

16 My own concerns have to do with the Port of
17 Hueneme and the West Coast Pacific Missile Testing Range.
18 We've worked very hard to keep the Navy here. They wanted
19 to move a lot of jobs to China Lake. They did move jobs
20 to China Lake. Our BRAC Task Force knocked themselves
21 out. If they close down like they do in Boston for
22 offloading and they close that range and the Port Hueneme,
23 economically we will really feel that in our area.

24 Thank you.

25 CHAIRPERSON GARAMENDI: Okay. Thank you for the

1 new information.

2 Nancy Pedersen.

3 MS. PEDERSEN: My name is Nancy Pedersen and I
4 yield my time. I ask that you do not certify.

5 Thank you.

6 CHAIRPERSON GARAMENDI: Thank you.

7 Okay. Five more names.

8 Jean Rountree, Bill Terry, Lora Lowe, Peter Lowe.

9 Peter and Lora, could you get your act together
10 here and maybe one of you could speak for the other?

11 Cesar Diaz.

12 Please, go ahead.

13 MS. ROUNTREE: My name is Jean Rountree and I
14 speak today for the Beacon Foundation -- grass roots, all
15 volunteer, hard working. In our 13 years of service to
16 Ventura County we have never encountered an abuse like
17 this one.

18 BHP Billiton has chosen to bring this untested,
19 unsafe project to the Oxnard community. Oxnard is the
20 12th most densely populated city in this nation.
21 Sixty-two percent of the population is Hispanic, Latino,
22 and 15.1 percent of the population is below the poverty
23 level, highest of anywhere in Ventura County.

24 This international corporation behaves like this.
25 They have a distinct preference for environmental projects

1 in communities where they expect to encounter least
2 resistance and where their corporate money buys the most
3 support.

4 I will mention only three places in this world
5 where this has happened.

6 In Pujada Bay, Philippines, two or three local
7 governments opposed Billiton's incursion into protected
8 lands and endangered species habitat. Eight hundred
9 residents signed a petition to get out.

10 In Columbia, families that were evicted from
11 their homes for a Billiton mine expansion at El Cerrejon
12 are still homeless after five years.

13 CHAIRPERSON GARAMENDI: I thank you very much for
14 your testimony. Thank you.

15 MS. ROUNTREE: Okay. And I would like to just
16 pass this along, if someone will take it out, because it
17 tells you of another abuse that is immediate.

18 CHAIRPERSON GARAMENDI: I thank you very much.
19 Thank you.

20 Bill Terry.

21 MR. TERRY: Good evening, commissioners. I
22 appreciate your taking the time to come down here to
23 listen to the little people.

24 I think it's a gross miscarriage of justice --
25 environmental justice.

1 The rest of my time I yield.

2 CHAIRPERSON GARAMENDI: Thank you very much, Mr.
3 Terry.

4 Lora Lowe.

5 Lora Lowe?

6 Peter Lowe.

7 Peter Lowe, Lora Lowe?

8 Cesar Diaz.

9 Cesar Diaz?

10 Okay. We're going to go ten names at a time.

11 Chris Coudert, Tom Nielsen, Carmen Ramirez,
12 Rachel Jones, Mary Dodd, Peter Hearst, Keith Smokoska.

13 That's close to ten.

14 MS. DODD: I'm Mary Dodd. I'm a resident of
15 Oxnard, retired. I'm speaking as a consumer and I only
16 want to make one point.

17 If I'm going to buy something, I want to know
18 whether I need it. I always ask myself that. And then I
19 ask myself, "How much will it cost?" Okay. I don't know
20 whether I need LNG and I don't know whether California
21 does. And the State Legislature in California denied me
22 to find out. They voted against Senator Simitian's bill.
23 There's no hard evidence that we need LNG. There's no
24 facts.

25 And so I have no idea whether we need natural gas

1 or not. I also don't know how much we're going to have to
2 pay for natural gas if it comes here. So, consequently,
3 without that vital information, I think that this project
4 should be turned down.

5 Thank you.

6 CHAIRPERSON GARAMENDI: Thank you very much.

7 MR. COUDERT: My name's Chris Coudert and I live
8 in Oxnard. I'd like to rescind most of my time. But I
9 would just like to say for all those people outside, the
10 thousands of people, they've done their civic
11 responsibility by going to their local representatives.
12 And local representatives have come to you. And now you
13 are our local -- not our local, but our representatives
14 that need to represent us and those thousand people out
15 there. That sea of blue is out there telling you to do
16 the right thing, and that's to vote this down.

17 Thank you.

18 CHAIRPERSON GARAMENDI: Than you very much, Mr.
19 Coudert.

20 Tom Nielsen.

21 Carmen Ramirez.

22 MS. RAMIREZ: Good evening. Thank you for coming
23 to Oxnard and thank you for your patience.

24 I'm going to yield the rest of my time to whoever
25 to make the decision.

1 We're waiting for Jack Nicholl from American Lung
2 Association to read a letter to you.

3 CHAIRPERSON GARAMENDI: I don't see him on my
4 list.

5 MS. RAMIREZ: Okay. He's there somewhere.

6 We want you to be accountable. But we have to be
7 accountable to the seventh generation.

8 Thank you.

9 CHAIRPERSON GARAMENDI: Thank you.

10 Rachel Jones.

11 MS. JONES: Good evening. I'd like to cede my
12 time. And I'd like you to turn down this project.

13 Thank you.

14 CHAIRPERSON GARAMENDI: Thank you very much.

15 Peter Hearst.

16 MR. HEARST: I'm Peter Hearst. I'm a retired
17 research chemist.

18 And the final environmental impact report for the
19 Cabrillo Port project does not discuss the large amounts
20 of greenhouse gases that would be produced by all the
21 operations of the project. That is a great failure of
22 this report.

23 Natural gas produces less pollution than diesel
24 fuel or gasoline. And it produces less pollution that
25 affect our health. But all of these fossil fuels are

1 hydrocarbon fuels that produce the same amount of carbon
2 dioxide, which is not dangerous to health but which is a
3 greenhouse gas for which it has no available mitigation.

4 If the super tankers require ten tons of diesel
5 fuel for coming back and forth -- and I don't know how
6 much they do require. That's not in the envir -- that
7 should be in the environmental impact statement. But if
8 they need ten tons of diesel fuel per ship, there would be
9 more than 6,000 tons of greenhouse gas per year.

10 And whether this greenhouse gas -- excuse me --
11 whether this greenhouse gas is produced --

12 CHAIRPERSON GARAMENDI: Mr. Hearst, I thank you
13 very much for your testimony. Thank you very much.

14 MR. HEARST: Regardless, it was produced in the
15 effective load.

16 CHAIRPERSON GARAMENDI: I thank you.

17 Keith Smokoska.

18 Not even close, was it?

19 MR. SMOKOSKA: Not even close.

20 Good evening, Chairman Garamendi and members. My
21 name's Ken Smokoska and I represent the Sierra Club of
22 California's 250,000 plus members as Chair of our Energy
23 Climate Change Committee. So I'm not going to be
24 redundant, but I'll limit it on clarifying a couple of
25 things.

1 To add to the South Coast Air Quality Management
2 District hot gas issue, they've joined the Grace Coalition
3 as the litigant in another CEQA action regarding LNG along
4 with the City of San Diego.

5 On the climate change, the Carnegie-Mellon report
6 with life cycled greenhouse gas emissions, assuming the
7 overall life cycle carbon emissions of LNG are coal, are
8 much closer than generally accepted according to this
9 report. And in future continued IGCC and NGCC plants with
10 carbon sequestration, carbon emissions from both fuels are
11 virtually equal, if not higher, with LNG regarding
12 greenhouse gases. And then if you look at the TIAX
13 report -- T-I-A-X -- the well to wheels on greenhouse gas
14 emissions versus gasoline our significantly higher with
15 LNG.

16 Now, as far as alternative. LNG to China, India,
17 versus their coal would probably be very good at that
18 solution for Australia's natural gas. And then solutions
19 with community choice law, which is Assembly Bill 117 by
20 Carol Mignon, allows communities to choose which type of
21 energy is being generated and produced in their
22 communities. And San Francisco, Chula Vista and 14 other
23 communities have evaluated that 50 percent plus renewable
24 portfolio standard are possible with no increase in rates.

25 Thank you.

1 CHAIRPERSON GARAMENDI: Thank you very much.

2 The next ten names: Paul Betouliere, Nathaniel
3 Soloway, David Maron, Konrad Ulich, Jeremy Meyer, Neal
4 Michaelis, Rabbi Lynn Gottlieb.

5 Go ahead, sir. Introduce yourself and --

6 MR. BETOULIERE: My name is Paul Betouliere.
7 Good evening Commissioners.

8 I'd just like to say that the pipeline that's
9 going to come across these lands -- the state lands, the
10 pipeline is going to be 24 inches high, two of them. It's
11 going to be filled with 1600 psi, pounds per square inch
12 of pressure. This pipeline, one 22 miles long, we're
13 never going to be able to protect that pipeline from any
14 kind of an intrusion or any kind of catastrophic
15 development.

16 I've not seen any evidence at all as to what
17 would happen if the LNG Cabrillo Port and the offloading
18 tanker and the pipeline simultaneously were to erupt into
19 an explosion. I've seen no evidence as to what would
20 happen in some kind of a catastrophic meltdown of that
21 nature. And it seems to me that we've missed a lot of
22 data.

23 Secondly, one little last thing, and I'll see if
24 I have any extra seconds left. But to go into the Santa
25 Monica Mountains where I have grown up and raised my

1 children and to look out at the ocean, you can see no
2 Man-made objects between Anacapa and Catalina. And it
3 would be wonderful if we could keep that pristine
4 environment and the air for our children and grandchildren
5 and your children and grandchildren.

6 Thank you.

7 CHAIRPERSON GARAMENDI: Thank you.

8 Natalie Soloway.

9 MS. SOLOWAY: Just had a sex change.

10 (Laughter.)

11 MS. SOLOWAY: Anyway, thank you, commissioners,
12 for having this time tonight. I think I was Nathaniel and
13 I would have been if I'd been a boy.

14 But at any rate, I'm here tonight to just ask you
15 to please take an account all of these people to united
16 communities. And I cede my time with this sincere request
17 that you take in all that you've heard today and see the
18 earnestness of this crowd and deny this project and this
19 lease and this EIR.

20 Thank you.

21 CHAIRPERSON GARAMENDI: Thank you.

22 David Maron.

23 MR. MARON: It's David Maron. And I'll be And
24 I'll be brief. I understand you want to move along.

25 So four points: Number two -- because I'm going

1 to skip one -- this project because of the way Cabrillo
2 Port is structured, there's nothing I find in the EIR that
3 allows California to accept LNG from any other source but
4 BHP. So I believe this project, if approved, would
5 actually reduce our energy independence.

6 And, number four, I'd just remind the Commission
7 that after Hurricane Rita there was an oil platform that
8 broke loose in the Gulf of Mexico, eventually crashed on
9 shore. We've all seen the pictures. The developers of
10 that project said, "We don't understand how this happened.
11 We designed it to withstand a hurricane." And that
12 project was designed by BHP.

13 I cede the rest of my time.

14 (Applause.)

15 CHAIRPERSON GARAMENDI: You know you're not
16 supposed to do that.

17 (Laughter.)

18 CHAIRPERSON GARAMENDI: Konrad Ulich.

19 Jeremy Meyer.

20 MR. MEYER: Good evening. Thank you for your
21 time. I've been here about seven hours. But I'll try to
22 keep this brief.

23 I'm Jerry Meyer. I'm Director of Humanity's Team
24 of Ventura County, which is a spiritual activism group.
25 Lifetime California resident, nine years here in Oxnard.

1 And what I think I could add to the abundant evidence of
2 why this is not a good idea and why to oppose it is just a
3 consideration of paradigms.

4 There's two paradigms going on here. One is,
5 say, here's continued growth on and into the future
6 forever and ever. The only example I see of that is
7 something called cancer, and it happens in our bodies and
8 it continues until it kills your head and then it dies
9 too.

10 So the other paradigm is sustainability. And so
11 we do that locally here with those to the best of our
12 ability by buying organic, by buying local, by buying
13 California oranges instead of Florida oranges, by buying
14 produce from here instead of from Chile. And it's the
15 same idea with buying more domestic supplies than buying
16 something that is trucked over, eight, nine thousand miles
17 across the world.

18 There's so many other reasons. But that's just
19 one more that I hope will be helpful to you.

20 Thank you.

21 CHAIRPERSON GARAMENDI: Thank you very much.

22 Neal Michaelis.

23 MR. MICHAELIS: Hi. My name is Neal Michaelis.
24 I'm a coastal resident of Ventura County, and I urge this
25 Commission to oppose the Cabrillo Port project.

1 Since this Commission as an agent of the state
2 must comply with the California Environmental Quality Act,
3 let's look at what CEQA says. It is the intent of CEQA
4 and thus the policy of the state to maintain a high
5 quality environment and take all necessary action to
6 protect that environment.

7 I would like to point out the proposed project
8 location is certainly in a high quality environment. Its
9 close proximity to the Channel Islands National Marine
10 Sanctuary makes it quite clear that this area is of high
11 environmental value to not only the State of California
12 but to the nation as well. It is therefore not a suitable
13 area for a large untested, highly pollutant industrial
14 facility.

15 CEQA states that all the agencies of the state,
16 such as this Commission, which regulate corporations which
17 are found to affect the quality of the environment, shall
18 regulate such activities so that the major consideration
19 is given to preventing environmental damage. The final
20 EIR/EIS clearly shows that this proposed port project will
21 cause significant environmental damage which can not be
22 mitigated.

23 CEQA also states that it is the policy of the
24 state to take all necessary actions to provide the people
25 of the state with clean air and water and enjoyment of

1 aesthetic natural and scenic environments. EIR/EIS shows
2 the proposed project will be the largest air pollution
3 source in Ventura County; and, as such, will be placed in
4 one of the highest quality environments in the state.
5 Certainly that puts the proposed project at odds with the
6 intent of CEQA.

7 CEQA, which this Commission must comply with,
8 also requires the long-term protection of the
9 environment --

10 CHAIRPERSON GARAMENDI: Mr. Michaelis --

11 MR. MICHAELIS: -- shall be the guiding criterion
12 for making public decisions.

13 CHAIRPERSON GARAMENDI: Thank you very much.

14 MR. MICHAELIS: Thank you for your time.

15 CHAIRPERSON GARAMENDI: Rabbi Lynn Gottlieb.

16 MS. GOTTLIEB: Shalom to you all.

17 Fellow human beings of planet earth, stewards of
18 the land and the sea. I speak to you as a mother; a
19 religious leader, one of the first ten women rabbis in
20 Jewish history who has had the honor to serve the Jewish
21 community for 34 years; and as a National Council Member
22 of the Fellowship of Reconciliation; and in behalf of the
23 recent death of a wonderful environmental activist, Janet
24 Bloomfield of England.

25 The FOR has enjoyed the support of such esteem

1 members as Albert Einstein, Martin Luther King, Jr., Cesar
2 Chavez, and Dorothy Day. Therefore, as a member of the
3 Board of the FOR, I want to bring to your concern, a
4 national concern considering environmental racism. No one
5 has actually stated this word, "environmental racism."

6 Environmental racism is a form of structural
7 violence in which people of color bear the brunt of
8 terrible environmental decisions time and time again by
9 people who do not receive directly those brunts and who
10 make the decisions for people with whom -- in communities
11 where they do not live.

12 And so as stewards of all of California, I ask
13 you to consider the 80 percent of the people-of-color
14 community that you are making a decision for. And it is
15 also the site of other hazardous places which you have --
16 we've already spoken about.

17 We look at the history of BHP. We know their
18 record of environmental racism, in South Africa and other
19 places. May you have the compassion and the courage to
20 make a decision that does not bring any more environmental
21 racism to the shores of America.

22 Thank you.

23 CHAIRPERSON GARAMENDI: Thank you very much.

24 (Applause.)

25 CHAIRPERSON GARAMENDI: Okay. It's not okay.

1 We've had very strict rules from the beginning
2 and we're not getting it out of control just because it's
3 seven o'clock at night. Okay?

4 (Laughter.)

5 CHAIRPERSON GARAMENDI: The sun's going down, but
6 we're still going to behave. There'll be no
7 demonstrations of any kind in this room. If you want to
8 go outside, that's fine, whatever you'd like to do out
9 there.

10 Do we understand?

11 Is there any doubt in your mind about how we're
12 going to proceed?

13 (Noes.)

14 CHAIRPERSON GARAMENDI: Good. Then let's move
15 on.

16 If you've heard it, so have we, and it's not
17 necessary to repeat it. If you have something really new
18 to add, you should do so. But if you don't, well, then
19 just let it go.

20 Bob Handy, Alan Salazar, Jerome Hopkins, Laura
21 Holtz, Caroline Ball, Cruz Bernardino, and Danny Carrilo.

22 MR. HANDY: Mr. Garamendi. My name's Bob Handy.
23 I'm here representing nobody but my grandchildren and my
24 children.

25 In 1952, at the tender age of 19, I was

1 transferred in the Navy to Port Hueneme, and
2 I understood -- that's the first time in my life I
3 recognized unintended consequences. Across the street now
4 there's housing tracts. Back then there were fields.
5 When the farmers would till their fields and the wind
6 would blow, the wind did not respect the gates of Port
7 Hueneme, and the dust and dirt would come across the base
8 and contaminate us. It would create problems for our
9 allergies and various other things.

10 My grandchildren depend upon me, your
11 grandchildren depend upon you to protect them. So I ask
12 you, please do not allow the unintended consequences of
13 the LNG plant to pollute our children and our
14 grandchildren.

15 Thank you.

16 CHAIRPERSON GARAMENDI: Thank you very much.

17 Alan Salazar.

18 MR. SALAZAR: Thank you.

19 I think I bring something new, also something
20 old. I could say I find it very interesting when I hear
21 people talking. I've been here for 30 years and I'm a
22 second generation, third generation.

23 I represent the people that have been here for
24 over 10,000 years, the Chumash people, and I represent the
25 Brotherhood of Tomol for one, the traditional Chumash

1 paddlers that for over three or four thousand years have
2 built plank canoes in this area and paddled out to the
3 islands up and down the coast. And for approximately 150
4 years we stopped doing it. Not because we didn't want to,
5 but we stopped. And in 2001 we started again. And we
6 built a traditional canoe, this one here. It's about
7 27-feet long. And we've made four crosses from the
8 mainland out to Santa Cruz Island, going right by where
9 this proposed docking station is going to go.

10 And we leave from Channel Islands Harbor here in
11 Oxnard and we paddle out to Santa Cruz Island, the home of
12 the Chumash people.

13 So for our traditional paddlers, for the Chumash
14 people that love this land, you've had a long day and I've
15 been very impressed with your patience and your listening
16 to all the scientists and politicians. And to all those
17 politicians that I made fun of when I talked about the
18 Chumash people and our three levels of world, I apologize.
19 That it's your chance to take and to make the right
20 decision, which is no.

21 And I've been listening. We're very impressed
22 with your leadership skills, Mr. Garamendi. And in a
23 couple years we hope to see more of you.

24 Thank you.

25 CHAIRPERSON GARAMENDI: My skills are only

1 matched by my two colleagues.

2 Alan Salazar.

3 That was you. Excuse me, Alan.

4 MR. SALAZAR: Well, I was hoping you guys would
5 ask a question.

6 (Laughter.)

7 MR. SALAZAR: Feel free to go ahead. I have
8 stories about how we were created here.

9 CHAIRPERSON GARAMENDI: Alan.

10 MR. SALAZAR: Thank you.

11 CHAIRPERSON GARAMENDI: Yeah, It's been a long
12 day.

13 Jerome Hopkins.

14 Jerome Hopkins?

15 Laura Holtz.

16 MS. HOLTZ: I'm very privileged to be here. And
17 I wanted to tell you that you -- I'm a grandmother. And
18 ever since Enron occurred, I've been devoting myself to
19 moving away from fossil fuels, putting in contact
20 fluorescent bulbs, solar tubes. And today I'm having a
21 solar hot water heater put on my roof. And my plan is to
22 put a solar panel on my roof and to take my Toyota Prius
23 and put a plug on it and plug it in so I am fossil fuel
24 free. And I -- there are scores of people in Oxnard in
25 all of this area that are as dedicated as I am. And they

1 have already taken many, many kinds of actions and -- you
2 know, insulating action, double pain windows. Please give
3 them a longer time. We want to go off fossil fuels.
4 Please give us that chance.

5 Thank you for listening.

6 CHAIRPERSON GARAMENDI: Thank you. And Gandhi
7 would approve. Apparently you are the changes you would
8 like to see in the world.

9 Caroline Ball.

10 Luz Bernardino.

11 Or is it Gus? Or is it neither.

12 MS. BERNARDINO: Good evening. My name is Luz
13 Bernardino and I live in Oxnard for more than 22 years.
14 I'm the leader of Centro Mujer. My community, which is in
15 south Oxnard, would be the most affected with this project
16 of LNG that they are wanting to build.

17 We come here to ask the Commission of California
18 Land that they deny the license to BHP Billiton at
19 Cabrillo Port and that they not certify the Environmental
20 Impact Report. We do not want the installation of LNG on
21 our coast.

22 According to the report of environmental impact
23 of the contamination, it would affect and increase the
24 cases of asthma and respiratory illnesses. I have lived
25 with asthma for more than 20 years. I also have two

1 children who suffer with the same problem. Do you know
2 what it is to suffer with asthma? Do you know what it
3 feels like to not be able to breathe, not be able to take
4 oxygen? My children and I do. It feels like you're a
5 fish out of water. It's painful to not be able to
6 breathe.

7 There you have the instruments that I need to use
8 when I suffer with my asthma.

9 Thank you very much.

10 CHAIRPERSON GARAMENDI: Thank you.

11 And you've been translating this entire time.

12 Now, there's a piece of work.

13 We can clap for you and your translation.

14 (Applause.)

15 And so let's get it all out of our system for our
16 court reporter.

17 (Applause.)

18 CHAIRPERSON GARAMENDI: Yes, lots of clapping.

19 Danny Carrilo.

20 MR. CARRILO: Good evening. My name is Danny
21 Carrilo. I'm a county resident, specifically the City of
22 Ventura for over 40 years. I'm also the member
23 representative work site organizer for Service Employees
24 International Union Local 721. We represent 85,000
25 members, includes the local chapters for the City of

1 Oxnard and the City of Port Hueneme.

2 I bring to you tonight another segment of the
3 labor market, of the labor voice that stands for quality
4 of life issues. Our members provide vital services that
5 serve these cities and continue to. We don't believe --
6 SEIU does not believe in jobs today, gone tomorrow. We
7 believe in jobs that will be here as the city has been
8 here, because these -- our members provide, again, vital
9 services. Our families live here, our grandchildren live
10 here, our parents live here. We go to the local schools,
11 we trade here, we go to the local churches.

12 So, again, on behalf of the 85,000 members of
13 SEIU Local 721, we strongly oppose this project as a
14 quality of life issue.

15 Thank you.

16 CHAIRPERSON GARAMENDI: Thank you very much.

17 My colleague, John Chiang, our State Controller,
18 said that this stack kind of reminds him of Sisyphus. No
19 sooner do I get down to a manageable level, then somebody
20 adds another 20 to the bottom of it.

21 Perhaps that's necessary.

22 Okay. Another ten. Here we go.

23 Jim McComb, Shannon McComb. Could the two of you
24 kind of get it together here.

25 (Laughter.)

1 CHAIRPERSON GARAMENDI: Erica Fernandez, Gloria
2 Roman, Marcela Morales, Chris Hernandez -- excuse me --
3 Cesar Hernandez, Beatriz Garcia, and Nancy Shuman.

4 MR. McCOMB: Thank you for coming. My name's Jim
5 McComb. I'm a resident of Oxnard.

6 I just wanted to say one thing. And that was,
7 the Chamber of Commerce has been a bit against this
8 project. They're doing a small group of people and they
9 vote -- the full population of these Chamber of Commerces
10 don't vote. I belong to some of these Chamber of
11 Commerces and it's contrary in its knowledge of business
12 people here -- that are here tonight do not believe in
13 these projects and do not endorse their Chambers'
14 policies.

15 And I cede the rest of my time. Please vote this
16 evening.

17 Thank you.

18 MS. FERNANDEZ: Good evening. My name is Erica
19 Fernandez. I'm a student from Hueneme High School. I
20 live in Oxnard. I'm here representing the youth. I'm
21 just one of many people that are against liquefied natural
22 gas polluting our coast.

23 We, the young people of Ventura County, are the
24 ones who are going to live with this polluting project,
25 not you. This will not only affect health but also well

1 being. Our school's running path to the beach was closed
2 just a few weeks ago due to the polluted Halaco standing
3 next to urban beach.

4 Do we deserve another grossly polluting project
5 in Oxnard? Do we really need to host another powerplant?
6 Is my hometown not worth having beautiful beaches and
7 beautiful views of that ocean? When has Oxnard chosen to
8 run this pipeline through.

9 These are just a few of the questions that I and
10 all of us in blue T-shirts have about this dangerous
11 project.

12 I'm 16 years old and I have big plans for my
13 future and I want to make them a reality.

14 If you allow this project to come into my
15 community, our future will be dependent on a company which
16 has become wealthy at any cost. Do they live here? No.
17 Do they vote here? No. Do their children go to school
18 with me? No. Would you allow us to become their
19 experiments?

20 Commissioners, tonight you are charged with
21 making a very important decision. I ask you, making that
22 decision, I'm asking you to think about the young people
23 of this community. People like me. Look around. That
24 community is present. We are young, old, black, brown,
25 white, rich, middle class, and poor. We are from Oxnard

1 and Malibu. We are united against this project.

2 I ask you once again, we ask you to deny the
3 lease with Cabrillo Port and deny the Environmental Impact
4 Report.

5 Thank you.

6 (Applause.)

7 CHAIRPERSON GARAMENDI: Well, sometimes you just
8 can't contain yourselves, can you.

9 (Laughter.)

10 MS. McCOMB: Hello. My name is Shannon McComb
11 and I'm 12-years old.

12 Please do not forget about the long-term effects
13 your decision will have upon the children. We want you to
14 reject the BHP releases and do not confirm the EIR. I am
15 asking you to do the right thing and consider the future
16 impacts of this decision.

17 Please listen to the children of California and
18 protect our health and environment. California can truly
19 be the leader in reducing greenhouse gases by rejecting
20 LNG. LNG is too costly at any price. Protect our coast
21 or eat burnt toast.

22 Thank you.

23 (Laughter.)

24 CHAIRPERSON GARAMENDI: Okay. Got a lot of slack
25 there.

1 (Laughter.)

2 CHAIRPERSON GARAMENDI: John, do you remember
3 your 16th year?

4 COMMISSIONER CHIANG: It's been a long time ago.

5 CHAIRPERSON GARAMENDI: Yeah, it was a long time.

6 But I thought that was my glory year, but I don't know.

7 (Laughter.)

8 CHAIRPERSON GARAMENDI: I should of stuck closer
9 doing that

10 (Laughter.)

11 CHAIRPERSON GARAMENDI: They were good.

12 COMMISSIONER CHIANG: They're great kids.

13 CHAIRPERSON GARAMENDI: Thank you.

14 Awe, 16.

15 Okay. Here we go. Back at it.

16 Gloria Roman.

17 MS. ROMAN: Good evening, gentlemen. I also have
18 a long -- I'm going to make it short too out of respect
19 for everyone and yourselves.

20 I'm not an expert, gentlemen, or a scientist on
21 this LNG. This is -- you haven't heard this. But I am a
22 woman and a grandmother. And I have four beautiful
23 grandchildren, two of which are here with me watching
24 democracy in progress. They are the reasons why I'm here.

25 Ask the women in your life. We women have a 6th

1 sense. A lot of sense in here, gentleman, is danger.
2 Danger for my grandchildren and my community. We are
3 living in an -- at an age of terror.

4 Just tell me who in their right mind would think
5 of stationing an exploding terminal too close to two
6 military bases and their test range? You heard the rest.

7 Thank you.

8 CHAIRPERSON GARAMENDI: Thank you.

9 I do have five daughters and a wife.

10 (Laughter.)

11 CHAIRPERSON GARAMENDI: And I have a fair
12 understanding of that 6th sense.

13 (Laughter.)

14 CHAIRPERSON GARAMENDI: At least I heard it
15 before.

16 (Laughter.)

17 CHAIRPERSON GARAMENDI: Okay. Maricela Morales,
18 Mayor of Port Hueneme.

19 MAYOR MORALES: Good evening, members of the
20 California State Lands Commission. Chair Garamendi,
21 Member Chiang, Member Sheehan.

22 Hueneme stems from a native Chumash word meaning
23 resting placing. This region has not rested for the last
24 four years under the threat of this experimental unsafe,
25 unhealthy project.

1 You have heard from staff. You have heard from
2 the applicant. You have heard from experts. The people
3 the community, the public are now here. This community
4 comprises the taxpayers and voters entrusting you to
5 protect the public safety, to protect the public's health,
6 to protect the natural environment. We believe you three
7 decision makers, including Member Sheehan, who's not here
8 at this moment, will stand with the community.

9 Today we are asking you to vote on the side of
10 air quality. Today we are asking you to vote on the side
11 of fossil fuel independence. Tonight we are asking you to
12 vote on the side of the environment. Tonight we are
13 asking you to vote in solidarity with the people of
14 California.

15 Mr. Garamendi, will you stand with this community
16 and deny the certification of the EIR and the lease of
17 public lands?

18 Mr. Chiang, will you stand with this community
19 and deny the certification of the EIR and lease of lands?

20 And for the record, Member Sheehan, will you
21 stand with this community and deny the certification of
22 the EIR and the lease of public lands?

23 Tonight, the community is eager to hear on behalf
24 of who and what you stand.

25 Thank you.

1 CHAIRPERSON GARAMENDI: Thank you, Mayor.

2 Cesar Hernandez.

3 Beatriz Garcia.

4 Nancy Shuman.

5 Thank you.

6 Mark Shuman.

7 Carol Kurts, Alez Garcia, Eugene Hubbard, Avie

8 Guerra, Linda Coudert.

9 If I call your name, just come on up. I'm just
10 going to keep running through these names. And there's
11 some seats up here.

12 I guess I better stop and give everybody --

13 MS. GARCIA: I don't have to get up, but -- as
14 you can tell what side I'm on. And I just want you to
15 consider social and environmental.

16 Thank you for being here. Thank you for your
17 patience.

18 CHAIRPERSON GARAMENDI: Thank you.

19 I'll go through these quickly.

20 Mark Shuman.

21 Carol Kurts.

22 MS. KURTS: I'm Carol Kurts. And I am opposed to
23 the project.

24 And I'd like to yield my time to my husband, Jack
25 Nicholl, who would like to speak on behalf of the American

1 Lung Association.

2 CHAIRPERSON GARAMENDI: We could do that.

3 MR. NICHOLL: Okay. Thank you very much.

4 The American Lung Association of California
5 issued a position paper this morning on this project.
6 I'll briefly cover it.

7 The association is concerned about the adverse
8 air quality impacts that will be generated by the Cabrillo
9 Port. In the most recent American Lung Association State
10 of the Air Report, both Ventura and Los Angeles Counties
11 were listed in the top 25 most polluted counties in the
12 nation for ozone air pollution, ranked number 5 and 13
13 respectively. The American Lung Association is concerned
14 about the prospect of adding to the already overburdened
15 air pollution load in these two counties.

16 Ozone air pollution is a powerful respiratory
17 irritant that can actually cause chemical burns of lung
18 tissue. Symptoms include shortness of breath, chest
19 pains, wheezing, and coughing. Long-term exposure can
20 lead to significant reductions in lung function and can
21 exacerbate lung diseases like asthma.

22 Asthma is a serious problem in Ventura and L.A.
23 counties, with more than 90,000 people in Ventura County
24 that have asthma and 1.1 million people in L.A. County
25 that have asthma.

1 The American Lung Association of California would
2 like to request you to address the issues that have been
3 raised in the letter which I will give you and by other
4 agencies regarding the air quality impacts of this
5 project.

6 Thank you.

7 CHAIRPERSON GARAMENDI: Thank you very much, Mr.
8 Nicholl.

9 COMMISSIONER CHIANG: Quick question.

10 Where was Ventura County ranked and where was Los
11 Angeles?

12 MR. NICHOLL: Los Angeles was number 5 of all
13 counties in the United States and Ventura County was
14 number 13 of all counties in the United States.

15 CHAIRPERSON GARAMENDI: Thank you.

16 Thank you very much.

17 Alez Garcia.

18 Eugene Hubbard.

19 MR. HUBBARD: Eugene Hubbard. I yield my time.

20 And please vote no.

21 CHAIRPERSON GARAMENDI: Thank you.

22 Linda Coudert.

23 Manuel Lopez -- I'm going to go through another
24 ten names here. Manuel Lopez -- Dr. Manuel Lopez, Will
25 Reed, Reed Pakes -- excuse me, it's getting late -- Jean

1 Pakes -- I think it's P-a-k-e-s, is that -- Mary

2 McClenning, Alison O'Neill -- Alison Ayers O'Neill, Scott
3 McClenning.

4 Ah, yes, Scott and Mary. Apparently they live at
5 the same place. And I'm sure they communicated a similar
6 message.

7 Donna Worley.

8 Okay. Let's go. Who's up first? Who's here at
9 the microphone?

10 Dr. Manuel Lopez.

11 DR. LOPEZ: Thank you very much. I'm Dr. Manuel
12 Lopez. My family has been in the area since the 1890s.
13 And I was involved with the City of Oxnard as an appointed
14 and elected official since 19 -- from 1965 to three years
15 ago when I did not run for mayor after serving as the
16 mayor for 12 years.

17 The City of Oxnard has always been criticized. A
18 lot of it is self-criticism because our turnouts have
19 always been -- has always been very low. But the
20 importance of the issue that is being discussed tonight is
21 very apparent to me because of the tremendous turnout that
22 we have had here today and throughout the process.

23 And All I -- I'm not going to repeat any of the
24 things that have been said, mercifully. But I would just
25 like to encourage you to listen to the testimony that has

1 been presented, to look at your staff report. There are
2 ample reasons why the project should be denied and
3 encourage you to deny it.

4 Thank you very much.

5 CHAIRPERSON GARAMENDI: Thank you.

6 William Reed.

7 MR. REED: Hello, Chair, members of the Board.

8 My name is Will Reed. I am a resident of the City of
9 Oxnard. I am the President of the Santa Barbara Hispanic
10 Chamber of Commerce. And I am speaking on behalf of the
11 California Hispanic Chamber of Commerce.

12 First, I want to thank the California State Lands
13 Commission and their staff for the past three years of
14 their work. And I am speaking in support of this project.

15 The California State Hispanic Chamber of Commerce
16 represents some 600,000 businesses throughout the State of
17 California and also many hard working families. And we
18 are very much in support. We know that there needs to be
19 some alternatives to the fuel and other sources of energy.
20 But we've not had any other alternatives presented to us,
21 not very many.

22 Currently the City of San Monica and LAX shuttles
23 all at once -- particularly Santa Monica, their city buses
24 run on liquefied natural gas right now. All of the buses
25 within Ventura County run on what's called CNG, compressed

1 natural gas, which is another form of natural gas.

2 And what we -- we're just supporting this project
3 because evidently we need to find some other alternative
4 sources of energy, and right now this is the best thing we
5 have.

6 Thank you.

7 CHAIRPERSON GARAMENDI: Thank you very much.

8 Jean Pakes.

9 MS. BURNETT: Jean Pakes had to leave. She ceded
10 me her time. My name is Barbara Burnett.

11 A couple of years ago I came before another
12 committee in the community at another meeting and asked
13 the same question I'm going to ask tonight. The facts as
14 I understand them are these: California's population is
15 increasing at an alarming rate and it's estimated by the
16 year 2010 that 40 million residents will be putting
17 increased demands on our infrastructure. I'm not here
18 tonight to debate the right or wrong of this border issue.
19 But I'm just stating that the results are an established
20 fact. And the results of this issue's problems have
21 already caused hospitals to close their emergency rooms,
22 our schools are overpacked. And I have read somewhere
23 recently that we have to build one school every day just
24 in order to keep up.

25 Now, these same million people are also going to

1 be making demands on our energy. And I just want to know:
2 Where are we going to get it if we don't go with this
3 project? I understand about wind. I understand about
4 solar. But they're not up to speed at this point. So
5 where do we go from here? Right now this project seems to
6 be the best that we've got on the board. And I lived in
7 the real world. I've got to have energy there to cook my
8 food and to heat my house. And I need to ask: Who's
9 going to be there for my grandchildren? These people are
10 all asking about their grandchildren, what they're going
11 to need to keep their homes and feed their families too.
12 So I do support this program.

13 Thank you.

14 CHAIRPERSON GARAMENDI: Thank you.

15 Mary McClenning.

16 MS. McCLENNING: Excuse me while I've been
17 talking an hour out there. So I'm hoping for a tragedy.

18 My name's Mary McClenning and I'm representing
19 also my husband Scott McClenning. And I am for this
20 project because, as Barbara said, "Where are we going to
21 get our energy?" Solar, wind? I live in a apartment.
22 I'd like to know how in the world I am going to put solar
23 on my balcony. I can't even get my manager to let me have
24 a little disk for my TV. I mean I have to go through
25 hoops just to get anything to put on my balcony, or

1 anything. When you don't own your own home and you have
2 to have -- you have to have heat and you have to have --
3 you have to cook. Where are we going to get this?

4 And also, the way I feel about getting it from
5 Australia, they're our allies. They're our friends. Why
6 won't we if they're going to -- if it's clinical and it's
7 clean and it's scientifically safe from what all I can
8 understand from all I have read, then why, why is all of
9 this nonsense about it's going to blow up, we're going to
10 have an earthquake? Well, I had more chance to get hit
11 out in the parking lot or someone to pop me over the head
12 because I'm for LNG. You know, I just --

13 CHAIRPERSON GARAMENDI: Thank you very much for
14 your --

15 MS. McCLENNING: That's the way I feel.

16 CHAIRPERSON GARAMENDI: Thank you very much.

17 Donna Worley.

18 MS. WORLEY: Thank you for allowing me to speak
19 to speak to you today.

20 What I'm going to say is that -- you probably
21 have heard it, but you haven't heard it today, so I'm
22 going to say it again really loud and clear. I'm not
23 buying all this hype. I don't think you should either. I
24 don't think this is about environmental issues. I don't
25 think it's about the fish. I think it's about some people

1 down in Malibu that don't want their ocean view blocked
2 and I think they've spent a lot of money to scare a lot of
3 people to death.

4 I think that LNG is the cheapest, the safest,
5 most efficient way that California can have energy. And
6 we can't allow our energy costs to keep going up. It's
7 not good for our ag -- we have 25,000 ag workers here in
8 Ventura County, we have 25,000 in Santa Barbara county.
9 And those people can -- that's the people that virtually
10 put the food on our tables. They cannot afford for their
11 costs to keep going up the way the energy costs are going
12 up.

13 These people are being just scared to death by
14 some people that have spent a lot of money to influence
15 them that this is going to be a bad, bad thing. We all
16 know that it's going to be a good thing for California.
17 We need natural gas.

18 Thank you for your consideration.

19 CHAIRPERSON GARAMENDI: Thank you very much.

20 Alison O'Neill.

21 MS. O'NEILL: Good evening.

22 I'm opposed to the BHP terminal. I'm a
23 third-generation Californian. My great grandfather
24 arrived in Ventura County on January 1st, 1876.

25 I've been hearing about earthquakes ever since

1 I've been a young child. My father told me the 1925 Santa
2 Barbara earthquake was responsible for the fireplaces in
3 our family home in Santa Paula being destroyed, so we can
4 no longer have a fireplace.

5 In 1970 I was a freshman at UCSB. There was an
6 earthquake that caused the eucalyptus trees to lean over
7 so significantly they were almost kissing the earth.

8 I've also been here for the Northridge
9 earthquake.

10 I believe these are significant issues. I think
11 in Ventura County the issue is not if there'll be another
12 earthquake. It will be when.

13 Thank you very much.

14 CHAIRPERSON GARAMENDI: Thank you.

15 Okay. We're going to go through another ten
16 names.

17 Let me just remind you you're not compelled to
18 speak.

19 (Laughter.)

20 CHAIRPERSON GARAMENDI: Ellen Harvey, Francisco
21 Romero, Sol Porras, Roger -- come on, Roger, you could
22 have done better here. James Merrill, Gerald Levy, David
23 Rodriguez, Bailey Morris, Michael Chega.

24 COMMISSIONER CHIANG: Edward M. Castillo, and
25 Roger Pariseau, who's Chair of the Fremont North

1 Neighborhood Council.

2 CHAIRPERSON GARAMENDI: Well done, John.

3 (Laughter.)

4 MR. MERRILL: I guess I'll go.

5 And good evening. My name's James Merrill. I'm
6 a member of the Ocean View School District Governing Board
7 and a past Chair of the Terra Vista Neighborhood Council.

8 I'm speaking this evening though as a private
9 citizen however and not representing either of those
10 bodies.

11 My primary concerns nevertheless are about the
12 negative effects of the LNG project on my neighbors,
13 especially the negative effect on the educational
14 opportunities for the children in the Ocean View School
15 District.

16 Cut that paragraph, cut that paragraph, cut that
17 paragraph, cut that paragraph. Just such good stuff.

18 Okay. Thank you.

19 CHAIRPERSON GARAMENDI: Written testimony
20 accepted.

21 (Laughter.)

22 MR. MERRILL: My more particular concerns are
23 more specific than many that I have heard tonight, and
24 they're with the Center Road pipeline, the high pressure
25 pipeline proposed to run in part down Hueneme Road. I'm

1 not going to address the fear of explosions, which is
2 always hypothetically a possibility. The very real and
3 existing problem with the pipeline is it will make it very
4 likely impossible the Ocean View School District as well
5 as the high school district to locate new schools to serve
6 expected growth in the southland of Oxnard, forcing
7 overcrowded schools serving large Latino Mexican Chicano
8 communities for the high percentage of free and used --
9 this is environmental injustice.

10 Superintendent Carroll's letter, which you have,
11 provides some specific details. And I'm going to be more
12 direct. The EIR includes information about clarified
13 homes plans to develop southshore communities to the north
14 of Hueneme Road directly to the south of existing service
15 neighborhood. This plot of land has high voltage
16 powerlines on one side and pipelines on another side. The
17 high pressure gas pipeline will make it almost impossible
18 to site schools.

19 Thank you.

20 CHAIRPERSON GARAMENDI: Thank you very much.

21 Sol Porras.

22 Francisco Romero.

23 MR. ROMERO: Thank you. I'll be yielding my
24 time. I just want to mention a document I'll be turning
25 in.

1 Sol Porras is not here. She gave me the Luisa
2 Moreno - Human Rights Committee and the articles of the
3 numbers of declaration of human rights that we believe are
4 being violated with this project, one. Two is just a
5 personal letter from my family and myself as lifetime
6 residents here. I'll hand that over.

7 Thank you, sir.

8 And last week we brought a document entitled --
9 92 pages entitled "Our Responsibilities to the 7th
10 Generation - Indigenous People with Sustainable
11 Development." Please look at pages 70 through 80 in your
12 thoughts for today.

13 Vote no. Please consider those words.

14 Thank you.

15 CHAIRPERSON GARAMENDI: Excuse me, sir. We need
16 your name.

17 MS. ROMERO: Sorry about that.

18 My name is Francisco Romero. I live in Oxnard.

19 CHAIRPERSON GARAMENDI: Thank you.

20 We're using your time. What's your name?

21 MR. CASTILLO: Good evening, sir.

22 Mr. Lieutenant Governor, Mr. State Controller,
23 members of the Commission. My name is Edward Castillo,
24 proud resident of State of California, proud resident of
25 the City of Oxnard. I'm here tonight with my daughters,

1 Vanessa and Marissa are with me. And they're the reason
2 why I'm here tonight.

3 I respectfully request the record to show that my
4 family is a hundred percent against the approval of BHP
5 off our coastline. The reason being, there is no
6 mitigation measure in place guarantying the safety,
7 health, and welfare of our children in our community.
8 Beings the successful terrorist attack -- there is no
9 guarantee the loss of lives, especially that of our
10 children, our future. Therefore, I respectfully request a
11 "no" vote to take place prior to this Commission
12 adjourning this evening.

13 Someone said earlier they're scared to death,
14 yes. No one thought those two towers were coming down
15 back in 9/11. Anything could happen as well if the
16 terrorists really wanted to.

17 Not too long ago I stood in front of the room --
18 I won't mention any names -- they asked for my support.
19 And I gave them that support, a vote of confidence. And I
20 stand here before you tonight requesting that same
21 courtesy in return, a "no" vote for LNG.

22 With that, thank you for your time and your
23 patience and your attention. Good night.

24 CHAIRPERSON GARAMENDI: Thank you.

25 Ellen Harvey,

1 COMMISSIONER CHIANG: Roger Pariseau.

2 MS. HARVEY: Hi. My name's Ellen Harvey and I
3 live here in Oxnard. I'm a native Californian. I'm a
4 teacher and representing the teachers of the children of
5 our community and California.

6 I'd just like to say I have your letter answered,
7 so I already wrote all the details why we shouldn't have
8 it, so I'll make it real quick.

9 You said you would like to look at the needs of
10 the public. I think it's clear here what the needs of
11 public is. If you look at the facts of the situations, I
12 think it's clear that the facts are that there's no proven
13 need for this project. It's an experimental project, and
14 it has too many problems and too much pollution to keep
15 the quality of life in our environment.

16 And I have 17 letters from my students with
17 pictures, that they want a beautiful California for their
18 generation, generations to come. They all say, "Please
19 don't do this," to keep our coast beautiful and our
20 community.

21 CHAIRPERSON GARAMENDI: Thank you.

22 MS. HARVEY: Thank you.

23 CHAIRPERSON GARAMENDI:

24 Roger Pariseau.

25 Francisco Romero.

1 Michael Chega.

2 Bailey Morris.

3 David Rodriquez.

4 Gerald Levy.

5 BAILEY MORRIS: Hi. My name's Bailey Morris. I
6 also have asthma. It is hard to -- I take medicine every
7 day. It is hard to for me. And if you put in LNG, it's
8 going to be hard too.

9 My mother will cede the rest of the time.

10 MS. MEYER-MORRIS: Hello. My name is Deborah
11 Meyer-Morris. I'm President of Oxnard Council PTA. I
12 turned in a speaker card at 9:10 this morning and I have
13 not heard my name called.

14 I'll make it brief.

15 I represent 16,000 children from PTAs in the
16 Oxnard area. We've previously taken a position against
17 this because of the air quality and the health risk.

18 I sat through the morning briefing. And I wanted
19 to point out a couple of things I was not quite certain
20 were adequately addressed. One was Dr. Wolford's
21 analysis. He did a risk analysis, but it's all off shore.
22 And I'm asking: Where is the on-shore risk analysis, the
23 risk analysis of the pipeline exposure for my children and
24 for the other children in the city of Oxnard? I didn't
25 hear that in the report. No analysis of acts of God, such

1 as earthquakes, either.

2 Also, we heard from the attorney representing the
3 BHP Billiton that he had somehow purchased six tons of
4 banked emissions from an unknown entity. I think we
5 should have a full disclosure of that. And I'm wondering,
6 how is the purchase of six tons of banked emissions that
7 are eight years old consistent with AB 32 and the
8 California legislative intent to reduce greenhouse
9 emissions?

10 Thank you for your consideration. Please deny
11 the permit.

12 CHAIRPERSON GARAMENDI: Thank you very much.

13 (Applause.)

14 BAILEY MORRIS: Thank you.

15 CHAIRPERSON GARAMENDI: You're more than welcome.

16 Thank you.

17 Gerald Levy.

18 David Rodriquez.

19 Michal Chega.

20 Francisco Romero.

21 Roger Pariseau.

22 The stack's going down.

23 John Evans, Ryan Hart -- Ed Hart rather, Maree

24 Penhart, John Osmand, Jill Martinez, Frank Gavaller, Jean

25 Rountree, Russ Baggerly.

1 Apparently two of you are here.

2 John Evans, or whomever you are.

3 MR. FLEISCHER: Good evening. My name is Steve
4 Fleischer. I turned in a card about 10 o'clock. You
5 haven't called my name.

6 CHAIRPERSON GARAMENDI: Well, I'll call your name
7 in a few moments then.

8 MR. FLEISCHER: All right. Thank you.

9 CHAIRPERSON GARAMENDI: Are you speaking out of
10 order? Apparently.

11 (Laughter.)

12 MR. FLEISCHER: Yeah, yeah. My card hasn't come
13 up.

14 CHAIRPERSON GARAMENDI: Well, it's here in the
15 stack. Why don't you sit down for a few moments and I'll
16 get to you.

17 MR. BAGGERLY: Chairman Garamendi and members of
18 the Commission. Thank you for being here. My name is
19 Russ Baggerly.

20 I'm a southern California native. That means I
21 have a lifetime of investment in my state. I'm also a
22 California voter. And I know that my vote was invested in
23 two of you that sit on this Commission, along with many
24 other people.

25 Our investment in you is trust that you will

1 protect the people here in Ventura and Los Angeles County
2 and our public trust values. You've heard much credible
3 evidence today. You have enough to deny this project.
4 Actually if you don't certify the EIR, the project is
5 dead. Please do so.

6 Thank you.

7 CHAIRPERSON GARAMENDI: Thank you very much.

8 I'll go through this list of names again.

9 Maree Penhart.

10 John Osmand.

11 Introduce yourself.

12 MS. PENHART: My name is Maree Penhart. And I
13 would like to cede my time, ask you to vote against the
14 project, along with many, many thousands of others
15 Australians.

16 But I'd like to make a suggestion perhaps that
17 will make things move along. Perhaps when you call our
18 names, rather than moving on to the next one, could we
19 stand up in our place and state our point of view, and
20 then cede our time if we want to, to move along?

21 CHAIRPERSON GARAMENDI: I've tried that twice
22 before and it seems to have not diminished the stack of
23 names here.

24 MS. PENHART: Okay.

25 CHAIRPERSON GARAMENDI: But thank you very much

1 for the offer. I wish it were true.

2 John Osmand.

3 Jill Martinez.

4 Frank Gavaller.

5 Jean Rountree

6 MS. ROUNTREE: I've already spoken.

7 CHAIRPERSON GARAMENDI: Beacon Foundation.

8 Did you put in three cards?

9 (Laughter.)

10 MS. ROUNTREE: Only two.

11 (Laughter.)

12 CHAIRPERSON GARAMENDI: Sir, please, go ahead.

13 MR. GAVALLER: My name is Frank Gavaller. I'm a

14 resident in Ventura County. I'm a retiree from the

15 Southern California Gas Company. I believe it is good

16 evening. I'll cut to the chase on the introductions.

17 I believe it is disingenuous to say that there's

18 a shortage of gas, as we are importing over 85 percent at

19 this time. We're it not for the utility companies

20 installing large inch high pressure gas lines over 50

21 years ago, this community in a large part would not exist.

22 Most of California -- southern California at least would

23 not exist because it would not be developed. Most of the

24 people here would not be here because this would not have

25 been developed.

1 The problem of contamination over the years,
2 industry has been weaned off of number 2 and number 6 oil
3 and replaced with cleaner burning -- much cleaner burning
4 natural gas. And that has reduced emissions by -- I
5 remember the smog back in the early fifties. That is for
6 all intents and purposes gone.

7 CHAIRPERSON GARAMENDI: The asthma that has been
8 alluded to here has been here before LNG. LNG is still in
9 the planning state.

10 Frank, thank you very much for your testimony.
11 We appreciate it.

12 Jill Martinez.

13 Steve, we're going to get to you in a few
14 moments. If we don't find your name in here, we'll get to
15 you.

16 John Osmand.

17 Russ Baggerly.

18 MR. BAGGERLY: Already spoke.

19 And John Evans.

20 Okay, Steve. Just because you've been so nice.

21 MR. FLEISCHER: Thank you. I've been called
22 other things.

23 (Laughter.)

24 CHAIRPERSON GARAMENDI: Me too.

25 MR. FLEISCHER: I'll reserve my judgment.

1 (Laughter.)

2 MR. FLEISCHER: I was going to say something that
3 hasn't been said today. I too am against it for a reason
4 that hasn't been mentioned, or it was touched on briefly.

5 We have in Oxnard on our east border an airport,
6 right in the heart of our city an airport, right cutting
7 through the middle of our city a railroad. For these
8 reasons, we can't site a school almost any place. We now
9 have the Halaco superfund site down on the south end of
10 Pettit that exacerbates things.

11 If this new monstrosity is put through our
12 agriculture land, you're taking away another ten-mile
13 strip that we can't -- we have no choice of what to build
14 on.

15 We're down to where siting schools now is -- it
16 takes us forever. And then we're turned down a couple
17 times.

18 So thank you for your time. I know you'll do the
19 right thing.

20 CHAIRPERSON GARAMENDI: Thank you.

21 Well, I think I have Jaime here, but I can't make
22 out the last name. So if there's somebody out there by
23 the name of Jimmy or Jaime and you really want to speak --

24 MS. SALINAS: Josie, sir.

25 CHAIRPERSON GARAMENDI: No, that's not Josie.

1 But I can't -- Wayne Dey.

2 Wayne Dey, Rebecca Ralph, John Yarbrough --
3 excuse me -- Jim Yarbrough, Danusia Larsen, Anthony
4 Chavez, George Shaw.

5 You're ready to speak?

6 MR. DEY: Yes, I'm ready.

7 CHAIRPERSON GARAMENDI: Please do so.

8 MR. DEY: Hello. My name is Wayne Dey. I'm a
9 civil engineer. And in the past I've been on national
10 committees of alternative energy systems.

11 And 25 years ago up in Seattle there was -- some
12 companies had 125, 150 vehicles on natural gas. And also
13 important on the taxicabs were all running on natural gas.

14 And I think this project -- the people don't see
15 the thing. They're talking about pollution. This thing
16 could prevent 85 percent of the pollution in Ventura
17 County and L.A. County. I used to live at the east end of
18 Los Angeles. You couldn't see across the valley for six
19 months during the summer because of the pollution. And
20 they said 85 percent of it was from cars. If they used
21 natural gas -- if everybody used natural gas and if they'd
22 eliminate using gasoline, diesel fuel and eliminate 99
23 percent of the pollution that we have in Ventura County
24 and in Los Angeles County.

25 So I think the project would be good in the end

1 and would prevent a lot of asthma that people are
2 complaining about that we have right now.

3 Thank you.

4 CHAIRPERSON GARAMENDI: Thank you very much, Mr.
5 Dey.

6 Rebecca Ralph.

7 Jim Yarbrough.

8 Danusia Larsen.

9 Did I even get close?

10 MS. LARSEN: I'm Danusia Larsen.

11 I'll be short, I promise.

12 I'm a business owner of four companies and --

13 CHAIRPERSON GARAMENDI: And your name is?

14 ACTING COMMISSIONER LARSON: Danusia Larsen --
15 Danusia.

16 I'm a taxpayer and an active voter. And as we
17 all are here, we are asking you -- how you vote on this
18 project will send a message loud and clear as to how much
19 you care for those who pay your salary and about how you
20 consider global warming and where you stand about this
21 planet.

22 We ask you please, please just say no.

23 CHAIRPERSON GARAMENDI: Thank you.

24 Rebecca Ralph.

25 Jim Yarbrough.

1 Anthony Chavez.

2 MR. YARBROUGH: I have my statement prepared.

3 But we want to see how you're going to vote so I'm ceding
4 my time.

5 CHAIRPERSON GARAMENDI: Yeah, but your name is?

6 MR. YARBROUGH: Jim Yarbrough, and I oppose the
7 LNG port.

8 CHAIRPERSON GARAMENDI: Thank you.

9 Thank you for coming to the Oxnard Planning.
10 I've been here since I was two years old.

11 I'm going to make this short.

12 When this first developed with BHP I dumped all
13 my oil stocks and purchased solar energy stocks. I trust
14 you will show the same kind of example, at least I hope
15 you do.

16 And there's a gentleman here who's been waiting
17 here since ten o'clock this morning who's not yet been
18 heard.

19 Thank you.

20 CHAIRPERSON GARAMENDI: An wait a minute. We
21 need your name.

22 MR. CHAVEZ: I'm sorry. Anthony Chavez. I'm
23 from the Oxnard Planning. And I definitely oppose this
24 proposition.

25 CHAIRPERSON GARAMENDI: Thank you very much,

1 Anthony.

2 Is there somebody at the end whose name hasn't
3 been called?

4 Okay. Rebecca Ralph.

5 You keep raising your hand, but I don't see your
6 name here.

7 MS. SALINAS: Josie Salinas.

8 CHAIRPERSON GARAMENDI: Do you want to come up
9 and just testify? You've tried five times already.

10 MS. SALINAS: Thank you, sir. My name is Josie
11 Salinas. I'm not here to represent any corporation. I
12 don't have a luxury home.

13 I speak for mother earth and the next generation.
14 I hope that I speak from my heart. We all come from the
15 same tree, the human race. My mother taught me not what's
16 right or wrong. But to do right.

17 And I'm going to thank you in advance for not
18 passing this, sir and ma'am. Women are safer because we
19 are all life givers. We were all once in our mother's
20 water bag. Do not pollute the waters, for she is sacred.

21 I beg of you, I beg of you, and I thank you in
22 the same sentence. I ask my brothers and sisters out here
23 to give up your time, because I know all of you brothers
24 and sisters in front of me are tired, so that you can
25 vote, so that you can vote. And I thank you in advance

1 for not passing this. I thank you from my breath.

2 Thank you, sir, for your patience, ma'am, too.

3 Let's go home. Let's thank them in advance for
4 not passing this.

5 CHAIRPERSON GARAMENDI: Okay. Now, we're not
6 demonstrating inside. If you feel the need to
7 demonstrate, the doors are on the side and the back and
8 you can just go outside.

9 George --

10 COMMISSIONER CHIANG: George Shaw, Field
11 Representative, Department of Education.

12 CHAIRPERSON GARAMENDI: Okay. Neither of us know
13 how to pronounce it.

14 Shaw?

15 George, if you're around, it's your turn.

16 Okay. Bonnie Dean, Marcia Marcus, Michael
17 Rhodes, Ruth Jensen, David Follin.

18 Well, you guys must be getting tired too, because
19 your writing has really gone downhill.

20 (Laughter.)

21 CHAIRPERSON GARAMENDI: Josie.

22 COMMISSIONER CHIANG: She's already been called.

23 MS. SALINAS: Have a nice evening. Thank you.

24 CHAIRPERSON GARAMENDI: You had your turn, Josie.
25 Thank you, thank you.

1 Go ahead.

2 DR. DEAN: My name is Dr. Bonnie Dean. And I
3 thank you for your time.

4 Proposition 65 was crystal clear: Natural gas is
5 not only hazardous and a toxic pollutant, but on the
6 state's list of substances known to cause cancer and
7 reproductive harm. Again, it's on the state's list of
8 substances known to cause cancer and reproductive harm.

9 My philosophy is prevention. I read the
10 disclaimer that Sempra sends in my gas bill. Do you?

11 People say they just throw the inserts away. I
12 asked them. Yet they say no more pollution.

13 When you say no to BHP LNG, I will breathe
14 easier.

15 Thank you. I cede the rest of my time.

16 CHAIRPERSON GARAMENDI: Thank you.

17 I notice there are several perhaps dozen or a
18 hundred people standing outside. There looks to me to be
19 about 50 chairs inside. If any of you would like to enjoy
20 the atmosphere inside this building, you're welcome to
21 come in, because there are chairs.

22 Okay. Marcia Marcus.

23 Michael Rhodes.

24 Ruth Jensen.

25 David Follin.

1 MR. FOLLIN: Good evening. I'm David Follin.
2 And I'd like to say history seems to always repeat itself.
3 If we do not learn from history, we have a lot of
4 difficulties.

5 The combination of the energy companies and
6 government has never quite worked. Whenever we've had
7 promises that the energy is good, there'll be no gas
8 leaks, no oil leaks, the oil tankers never leak, the
9 pipelines are as good, it's never that way.

10 We had the Valdez oil tanker in Alaska when we
11 were in Alaska.

12 We had the oil slick that we have in Santa
13 Barbara in the 1970s. It ruined Santa Barbara for quite a
14 period of time.

15 We had nuclear energy problems too, where
16 everybody leaks with nuclear energy.

17 What we need is something that's going to be safe
18 for the people. We need not just promises from the big
19 companies and from the government. We would need proof to
20 show what can be done and how we can be protected. And
21 unfortunately that doesn't often happen.

22 I hope for once we try to learn from the past, we
23 try to put it in to perspective, and we realize that what
24 is happening with the energy companies who've made
25 promises about no leaks, pipelines being safe and

1 everything else, it's not true.

2 We need more study on this. We need more people
3 to be involved in this. And I just hope that we learn
4 from the past and history does not repeat itself.

5 Thank you.

6 CHAIRPERSON GARAMENDI: Thank you very much.

7 Okay. Let's see where we are.

8 Michael Villegas.

9 Michael Villegas.

10 Okay. Ten more names coming up -- well, I
11 suppose this might be -- is this Michael?

12 MR. VILLEGAS: Yes, it is.

13 CHAIRPERSON GARAMENDI: Introduce yourself and go
14 for it.

15 MR. VILLEGAS: Chair Garamendi, members of the
16 Commission.

17 CHAIRPERSON GARAMENDI: Pull that microphone up
18 and let's hear from you.

19 MR. VILLEGAS: Chair Garamendi, members of the
20 Commission. I'm Mike Villegas, Air Pollution Control
21 Officer for the Ventura County Air Pollution Control
22 District.

23 I'm here this evening to advise your Commission
24 of the position of the district and our board. We believe
25 our Rule 26, New Source Review, applies to this project.

1 This position has been articulated in our letter of
2 November 14th, 2006, to the United States Environmental
3 Protection Agency. We believe that compliance with this
4 rule will address the air quality concerns related to this
5 project.

6 Thank you.

7 CHAIRPERSON GARAMENDI: So if Rule 26 applies,
8 what does that mean to this project?

9 MR. VILLEGAS: It would require -- there are two
10 main requirements of new source review. The first is best
11 available control technology. And EPA, who's been the
12 lead permitting agency, will be making that determination.
13 And I believe that EPA and the project proponent are quite
14 close on that final determination.

15 It would also require emission offsets for the
16 stationary unit regarding the storage of a gasification
17 unit and the emissions from a tanker while they're
18 actually pumping LNG into the stationary unit at a ratio
19 of 1.3 to 1 in Ventura County, our new nonattainment area.

20 CHAIRPERSON GARAMENDI: Well, let me make sure I
21 understand. You're suggesting that the EPA may actually
22 apply Rule 26?

23 MR. VILLEGAS: At this time I'm not certain on
24 that determination. What I was stating is it looks like,
25 from a best available control technology, things are going

1 to work out to that effect. The remaining issue would be
2 emission reduction credits.

3 CHAIRPERSON GARAMENDI: If rule 26 were to apply,
4 then the mitigation in this is not sufficient?

5 MR. VILLEGAS: At this point the mitigation would
6 not meet the strict interpretation of our rule.

7 CHAIRPERSON GARAMENDI: Mr. Chiang.

8 COMMISSIONER CHIANG: No.

9 CHAIRPERSON GARAMENDI: Thank you very much.

10 All right. Ten more names.

11 Maureen Christopher, Jasmin Cadena, Laura Ocampo,
12 Yuliana Gonzalez, Marybel Perez.

13 You shouldn't write your name so small. This
14 looks like Sides, S-i-d-e-s, and Donovan -- Donovan Sides.

15 And if I turn the lights up a little bit, that
16 helps.

17 (Laughter.)

18 CHAIRPERSON GARAMENDI: Karen Acevedo, Miguel
19 Nuno, Blanca Espinoza.

20 Apparently one of those folks have arrived.

21 MS. CHRISTOPHER: Good evening. I'm Maureen
22 Christopher.

23 If it's a contest, my family's been in California
24 since 1842. So I am -- all --

25 CHAIRPERSON GARAMENDI: But then with the

1 Chumash, you lose.

2 (Laughter.)

3 MS. CHRISTOPHER: But then I am also a hospice
4 nurse and chaplain. And I spend every day with people who
5 are dying and people who are mourning those who have died.
6 And the cancer especially, since I am also a cancer
7 survivor, is a very high concern to me.

8 And Dr. Candace Purt as well as many other
9 researchers have said that it is the environment that we
10 must look to as the cause of most of the cancers in our
11 lives. And I urge you to vote no on this.

12 Thank you.

13 CHAIRPERSON GARAMENDI: Thank you very much.

14 Jasmin Cadena.

15 Laura Ocampo.

16 William Gonzalez. Excuse me. Yuliana. I think
17 that's closer.

18 Marybel Perez.

19 Donovan Sides.

20 Karen Acevedo.

21 Are you getting tired? Is that what's going on
22 here?

23 Miguel Nuno.

24 Blanca Espinoza.

25 Thank you all.

1 Juan Vasquez, Tim Riley, Clarissa Job.

2 MS. JOB: Thank you for your time. But I cede
3 you my time.

4 Thank you, Clarissa.

5 Bill Meeker, Tom Wood.

6 MR. MEEKER: Bill Meeker gives you my time.

7 CHAIRPERSON GARAMENDI: You're my man, Bill.

8 Thank you.

9 Okay. Let's just see where we are here.

10 Sir, if you'd introduce yourself.

11 MR. RILEY: Yes. Good evening. I'm Tim Riley,
12 attorney from Oxnard Shores. My wife Haden and I have
13 produced not a cheap documentary film, "Risks and Danger
14 of LNG," and we host LNGdanger dot com. And if you go to
15 our website or watch our film, you would know quite
16 profoundly how we feel about LNG.

17 I think enough has been covered from many of the
18 speakers, and I'd like to help a little bit with
19 management and get to the vote. So I'd like to just focus
20 on a question.

21 I'd like you all before you vote tonight to
22 consider if you really want to industrialize our precious
23 coastline and beaches with risky foreign fossil fuel
24 factories. And before you answer that question, ask
25 yourself a second question: Do you want that to be each

1 of your individual legacy, as well as your collective
2 legacy, to start industrializing our precious coastline
3 and beaches with risky fossil fuel factories?

4 Before I suggest the answer, which is no, I want
5 to suggest how profound the answer should be, because it's
6 a time management issue.

7 You've conducted yourselves beautifully. I've
8 been charmed. And I look forward to doing this again.
9 But do you? Because the Platform Grace LNG application is
10 going into the hopper. We'll be back for them. The
11 Woodside LNG proposal is going to be going into the
12 hopper.

13 So for time management I'm willing to cede the
14 rest of my time here and cede my time for the hearing on
15 Platform Grace and the hearing on Woodside so long as you
16 make your "no" so clear that these other applications will
17 stop before they get rolling.

18 (Applause.)

19 CHAIRPERSON GARAMENDI: No, no, no, no. You know
20 better than doing that.

21 We appreciate you taking your allotted time when
22 Grace and Woodside and others come up.

23 MR. RILEY: Thank you.

24 CHAIRPERSON GARAMENDI: Thank you very much.

25 COMMISSIONER CHIANG: We can't comment on those

1 projects in the future. It violates due process and it
2 violates the law. So that you understand we don't take
3 positions in advance.

4 CHAIRPERSON GARAMENDI: Juan Vasquez.

5 MR. WOOD: Tom Wood.

6 CHAIRPERSON GARAMENDI: I did call your name.

7 MR. WOOD: You called me before, yes.

8 CHAIRPERSON GARAMENDI: I did.

9 MR. WOOD: So good evening. Name is Tom Wood.

10 I've worked on the past three years on the air
11 permitting for this project for BHP. I'm here to address
12 two particular questions that have been raised. One is
13 the NOx emission levels from the project --

14 CHAIRPERSON GARAMENDI: Tom.

15 MR. WOOD: Yes, sir.

16 CHAIRPERSON GARAMENDI: If you don't mind, I'd
17 like to finish up the general public. I assume you're
18 speaking on behalf of the BHP, or are you just an
19 individual here?

20 MR. WOOD: I'm speaking in both capacities, both
21 as individual --

22 CHAIRPERSON GARAMENDI: If you could wait. I
23 want to give BHP an opportunity to respond to many of the
24 things that have been said today. So if you don't mind
25 waiting --

1 MR. WOOD: No.

2 CHAIRPERSON GARAMENDI: Thank you.

3 Irene, you're name's -- it's difficult --
4 Rauschenberger. Is that possible? Are we even close
5 there.

6 MS. RAUSCHENBERGER: That's fine.

7 You live in Oxnard.

8 Rauschenberger?

9 MS. RAUSCHENBERGER: I'm right here. I yield my
10 time.

11 CHAIRPERSON GARAMENDI: You yield the time.

12 You want to learn how to spell this, Mr. Court
13 Reporter?

14 It's on the list. You can pick it up later.

15 I've got a very small number of here, about six.
16 Can you last five or six? And then we're going to take a
17 useful break. And then we'll come back and back up with
18 final comments from BHP and others.

19 Al Sanders.

20 Thank you, Al.

21 Ralph Volpi.

22 This might be Al. Or is it Ralph?

23 MR. SANDERS: You can call me Al.

24 CHAIRPERSON GARAMENDI: Oh, yeah. Okay.

25 MR. SANDERS: Al Sanders, President of Ormond

1 Beach Observers.

2 I just want to thank you for your patience
3 tonight. You've already heard the best argument, that
4 there is no need for more gas supplied in California by
5 way of the decision made by PUC to eliminate two
6 pipelines. And I think that's telling.

7 Thank you.

8 CHAIRPERSON GARAMENDI: Ralph and Betty Volpi --
9 Betty Volpi-Moore and Ralph Volpi, allan Widmeyer, david
10 Harvey.

11 David Harvey?

12 Tom Thunder Eagle.

13 Bonnie Dean, we did hear from you already.

14 Anne Ready.

15 Okay. Apparently there's an Anne Ready.

16 MS. READY: There is. I am she.

17 CHAIRPERSON GARAMENDI: Tom Thunder Eagle and
18 David Harvey.

19 Anne, please.

20 MS. READY: Thank you very much for allowing me
21 to speak to you, Mr. Chiang, Mr. Garamendi, Ms. Sheehan.

22 I would like to just speak as a Malibu Beach
23 homeowner. I'd like to speak on behalf of the wildlife at
24 Malibu Beach. We enjoy the dolphins, we enjoy the whales,
25 we enjoy the starfish.

1 CHAIRPERSON GARAMENDI: Certainly glad that you
2 clarified wildlife.
3 (Laughter.)
4 MS. READY: Yes, and Malibu Beach.
5 Thank you very much.
6 CHAIRPERSON GARAMENDI: Thank you, Anne.
7 Sorry, but it's time for a little levity.
8 Tom Thunder Eagle.
9 David Harvey.
10 Okay. Somebody added their names to this list.
11 I'm going to read these name while -- is this
12 David Harvey?
13 MR. HARVEY: Yeah.
14 CHAIRPERSON GARAMENDI: Hang on, David. Don't
15 run away.
16 Eileen Tracy.
17 MS. TRACY: I yield my time.
18 CHAIRPERSON GARAMENDI: Thank you, Eileen, for
19 yielding your time.
20 Robert Burnett.
21 Robert Burnett?
22 Phil McClain-Tehaney.
23 Excuse me. Johnny said it's Patti. That happens
24 to be my wife's name.
25 Patti McClain-Tehaney.

1 Barbara Burnett, O'Neill -- it's not necessary to
2 add new names to the -- Joseph O'Neill.

3 Joseph O'Neill?

4 You may be wondering why I'm calling all these
5 names. We are required by law and regulation to hear from
6 everybody that wants to be heard.

7 But it's not necessary that everybody be heard.

8 (Laughter.)

9 CHAIRPERSON GARAMENDI: Only those who want to be
10 heard.

11 Mark Mollman.

12 If I call your name, come on up and we'll listen
13 to you.

14 Tammie Gaynor.

15 Tammie Gaynor?

16 Barry Gaynor.

17 George, we're recycling you. We've now
18 discovered that you are George Shaw.

19 Janet Bridges.

20 Okay. Stand up and introduce yourself. And
21 we're down to --

22 MS. BRIDGES: I'm Janet Bridges.

23 CHAIRPERSON GARAMENDI: Hello, Janet.

24 MS. BRIDGES: I'm a coastal activist, and very
25 proud to say that I'm the daughter of the man who designed

1 and built the world's first commercial solar-heated
2 building 50 years ago.

3 I just wanted to add one thought. The
4 alternatives in the EIR do not mention how imminent many
5 solar technologies are. Thin film solar, which can reduce
6 the cost of solar by to about 20 percent of what it has
7 been. Many other technologies that are within a year or
8 two of coming on board and being developed by California
9 companies and other U.S. companies.

10 Thank you.

11 CHAIRPERSON GARAMENDI: Thank you very much,
12 Janet.

13 I'm going to read this name or try to read this
14 name, because I'm obligated to do so.

15 I think it's Jaime or Jimmy -- Jaime Cruz.

16 Jaime, your penmanship is marginal. But so is
17 mine.

18 Jaime.

19 I don't want to embarrass you, Jaime. You got to
20 see my writing.

21 Okay. Sir, go ahead.

22 MS. HARVEY: I am Dave Harvey. I'm just going to
23 keep this very short. I just wanted to -- I just wanted
24 to say I'm another Oxnard resident here definitely opposed
25 to the project. I don't think it's proper use of our

1 plans for local waters here. And I'm going to forfeit the
2 rest of my time and hope that you guys can make a decision
3 here this evening.

4 Thanks.

5 CHAIRPERSON GARAMENDI: Thank you very much.

6 Please introduce yourself and take your minute
7 and a half.

8 MR. WIDMEYER: My name is Al Widmeyer and I urge
9 you to find this report not credible. The belief for
10 which they used to determine wind direction and wave
11 height is eight miles directly out to sea from the project
12 site. I don't know why they didn't do analysis from the
13 location where the project will be located.

14 The worst case scenario for an explosion or
15 whatever indicates only two of the three tanks exploding
16 or having a breach causing fire. So two of the three --
17 if two of them blow up, the third one's also going to go
18 up. But it does not even consider if there is an adjacent
19 off-loading vessel, which may have the content of two
20 additional tanks on it. So, in essence, you're talking
21 about a possibility of five tanks instead of just two
22 going up. I think that's -- their decision not to
23 consider that condition terrible, unbelievable.

24 It is also based on a condition of a wind speed
25 of 4.5 miles per hour. And for the testing, the Federal

1 Energy Commission, FERC, determined the fire spread or
2 fire speed ratio calculations used for this project. And
3 there's some concern that they're very low and do not
4 represent the actual speed. Appendix D in Volume 3 --

5 CHAIRPERSON GARAMENDI: Excuse me. You see that
6 little red blinking light there?

7 MR. WIDMEYER: Yeah.

8 CHAIRPERSON GARAMENDI: You know what that means?

9 MR. WIDMEYER: Yeah. Anyway, please view Exhibit
10 D. It's all backed out.

11 CHAIRPERSON GARAMENDI: Thank you. My apologies
12 for interrupting, but...

13 Sir, your turn.

14 MR. HAZELTINE: Thank you for recognizing me. I
15 put my name in about three o'clock. I've been setting
16 back there waiting for it to be called. I guessed we
17 would take a rest break.

18 My name is John Hazeltine. I live in Ventura.
19 And I'd like to address a couple items -- one item that
20 was not addressed in EIR/EIS. They talked about the fire
21 pool and the fire ball. But nothing was mentioned
22 concerning what caused those. And normally that is caused
23 by a release of energy. And the release of energy has
24 normally caused explosion. And when they have an
25 explosion, a lot of things can take place.

1 People who live in Oxnard and Ventura had an
2 opportunity to feel and realize this during this Point
3 Mugu Air Show. At that timeframe we had what was called a
4 wall of fire. And less than 50 pounds of explosives were
5 used, probably 100, at the most 150 gallons of diesel
6 fuel. And the blast was felt as far as Ventura, which
7 would be about 10 to 12 miles, straight line, from Point
8 Mugu. We're talking now 50 pounds of explosive, not a
9 release of a large fire ball or a couple tanks of LNG.

10 And so I think this should be addressed in the
11 EIR and the EIS, because the blast effect can affect the
12 shore facilities within Ventura County and Malibu.

13 Thank you.

14 CHAIRPERSON GARAMENDI: Well, you would suppose
15 there'd be a bit of a concussion out there?

16 MR. HAZELTINE: That is correct, because it did
17 shake the building, some of the windows rattled, and
18 people outside and the people at the air show definitely
19 felt it.

20 Thank you.

21 CHAIRPERSON GARAMENDI: Thank you.

22 Sir.

23 MR. O'NEILL: Good evening, Lieutenant Governor.

24 CHAIRPERSON GARAMENDI: It won't do any good.

25 You can't cover that. I can see right through your

1 paneling.

2 MR. O'NEILL: And, ladies and gentlemen of the
3 Panel, I appreciate you being here tonight. My name is
4 Josephy O'Neill. I'm a resident of the City of Oxnard.
5 And I don't live in Malibu, I don't have an oceanfront
6 home. I just have a house here in town. I've worked for
7 a long time like many people.

8 There are many people who think that this plan
9 has been proposed, Mr. Garamendi, because Oxnard would be
10 the path of least resistance. I only ask, not to repeat
11 anything that anyone has said here tonight, but I ask you,
12 please, take back to Sacramento and the Governor that
13 Oxnard is biggest and best city in this county. We are
14 not prepared, nor do we want, to be an experimental layout
15 for some type of potentially dangerous situation but
16 something on the status that's really not going to be good
17 for our community, for our investments, and we don't want
18 it here. And we intend to protest every time it comes up.

19 Thank you very much for your time.

20 (Applause.)

21 CHAIRPERSON GARAMENDI: Okay. Well, why don't we
22 all do this: Why don't we all have one big clapping
23 period.

24 (Applause.)

25 CHAIRPERSON GARAMENDI: Stand up and shout.

1 (Shouting.)

2 CHAIRPERSON GARAMENDI: Let's have a serious
3 release of energy.

4 (Laughter.)

5 CHAIRPERSON GARAMENDI: Oh, you're late, sir.

6 COMMISSIONER CHIANG: Did you sign up?

7 MR. MINTER: This morning.

8 CHAIRPERSON GARAMENDI: That's George. Where
9 have you been, George?

10 (Laughter.)

11 CHAIRPERSON GARAMENDI: We've all been waiting
12 for you, now that all the energy's released.

13 Please.

14 MR. MINTER: Mr. Chair, Commissioner. George
15 Minter, Los Angeles.

16 I have a long history in energy policy and
17 progressive politics in California. And I support this
18 project, and I don't do it lightly. We need to utilize
19 natural gas. We need to displace dirtier fuels. That
20 means utilizing natural gas. We need to achieve air
21 quality objectives. We need to be consistent in our
22 energy policy of the state.

23 I notice that a lot of the opposition here is
24 local opposition. If we're going to bring in more
25 supplies of natural gas, it's going to have to come

1 somewhere. It's going to have to come into California
2 somewhere, and it will be at some locality.

3 I also notice that most of the opposition are
4 coastal activists.

5 I notice that many air quality activists and many
6 energy activists who support LNG and who support this
7 project are not here at the national level and broadly at
8 the state level. It concerns me that they're not here.
9 And they're not here because of the process that we've
10 been through through the activist organizations, that have
11 done a very good job in mobilizing the local constituency.

12 But this is a statewide issue. I implore you to
13 think about policy, not politics; not about fear, but
14 about what's right for the state; what we need to do here
15 in the State of California for our energy policy and to
16 clean our air. The history of utilization of natural gas
17 has resulted in reduced emissions and improved air
18 quality.

19 Thank you very much.

20 CHAIRPERSON GARAMENDI: Thank you very much,
21 George.

22 Okay. We're going to take a 20-minute break.

23 Is there a masseuse in the audience for my
24 reporter?

25 COMMISSIONER CHIANG: You can sign up with a

1 message therapist.

2 CHAIRPERSON GARAMENDI: Oh, really. I missed
3 that.

4 (Laughter.)

5 CHAIRPERSON GARAMENDI: Run it back here.

6 Okay. We're going to come back in 20 minutes and
7 hear from the final witnesses. We offered BHP Billiton
8 the opportunity to speak this morning. They wanted to
9 divide their time. And I think it's appropriate that we
10 hear from them at the end of this hearing and then we will
11 consider what to do.

12 And hang on just a second.

13 Yeah, having completed the public comment period,
14 we are now closing the public comment period. We will
15 have a recitation of how many people spoke just so we feel
16 good about ourselves.

17 And you want me to stop so you can take your
18 break. Okay.

19 (Thereupon a dinner break was taken.)

20

21

22

23

24

25

1 EVENING SESSION

2 CHAIRPERSON GARAMENDI: Good evening. Tomorrow
3 is rapidly approaching. So let's see if we can wrap this
4 thing up before tomorrow arrives.

5 If you'll take your seats, clear the aisles,
6 bring in the absentees.

7 (Laughter.)

8 CHAIRPERSON GARAMENDI: That's an old Senate
9 saying. "Sergeant, lock the doors, bring in the
10 absentees." They actually had the power to go out and to
11 drag somebody in from the local bar or wherever they
12 happened to be.

13 (Laughter.)

14 CHAIRPERSON GARAMENDI: Speaking of where they
15 happened to be, where's John?

16 Mr. Chiang is on his way, I think.

17 You have become a very, very polite audience. A
18 little less than early this morning. We thank you for
19 that. A couple of reminders throughout the day. If only
20 my grandchildren could be as good.

21 Marvelous little creatures.

22 Are we ready?

23 I understand Mr. Chiang will be along in a few
24 seconds.

25 What we have in mind for the rest of the evening

1 is to complete our task. Earlier today, BHP Billiton
2 wanted to open, which they did, and then to reserve some
3 time at the end, which we thought -- or I thought would be
4 just the right way to wrap this thing up.

5 So I want to go back to BHP Billiton and hear
6 from them. I believe that the panel here will have some
7 questions and we will then take a vote.

8 We said 10 minutes, so why don't you take, oh,
9 20, plus maybe some questions.

10 That's okay. You need to understand that there's
11 a potential for lawsuits and therefore we want this thing
12 done properly. That's why we listened to more than 200 of
13 you. Okay?

14 BHP, please introduce yourself and make your
15 presentation.

16 MS. KLIMCZAK: Thank you very much, and good
17 evening. I'm Renee Klimczak, the President of BHP
18 Billiton LNG International.

19 I'm going to do some closing comments on a few
20 items. But before I get to that I'd like to reintroduce
21 Tom Wood, who is our air expert. And he just has a few
22 comments in regards to that topic. And then I'll get on
23 to the other items and close. Thank you.

24 CHAIRPERSON GARAMENDI: Thank you very much.

25 MR. WOOD: Tom Wood. That's loud.

1 Tom Wood, and I'm back again.

2 As I said before, there had been a number of
3 questions --

4 CHAIRPERSON GARAMENDI: That's Arnold's line.

5 (Laughter.)

6 MR. WOOD: As I said, and he said before, I'm
7 back again here to talk in terms of the ROC mitigation. A
8 number of questions had come up in that regard as to why
9 it was that we were focused on NOx. And the reason that
10 we're focused on NOx comes down to the chemistry of ozone
11 formation and guidance that we got specifically from the
12 agencies in that regard. Ozone is formed when you have
13 three things: When you have sunlight; when you have ROCs,
14 reactive organic compounds; and when you have NOx. If
15 you're missing any of those three -- there are three legs
16 on the stool -- you don't get ozone formation.

17 The one that has been targeted repeatedly as the
18 most effective way to really combat ozone formation is to
19 go after NOx emissions. And that was the direction, that
20 was the guidance we got early on. That is why back in the
21 February 9th, 2007, memo to State Lands that the
22 California Air Resources Board said NOx is the pollutant
23 of concern here. They know if they can really focus in on
24 the NOx, that is going to address the issue.

25 Now, I want to point out, and we didn't mention

1 before, that that did not stop us from getting ROC
2 mitigation as well. We got a total of 146.4 tons of NOx
3 mitigation. We got a total of 20.6 tons of ROC
4 mitigation. So it almost sounded before like there was
5 not any particular amount of ROC mitigation. And we do
6 have that chunk of mitigation. That takes us to a total
7 of 167 tons of mitigation. As composed to the permitted
8 source, which is 92.9 tons. So 92.9 versus 167 tons of
9 mitigation. That is for the permitted source.

10 Any questions in relation to that? Otherwise
11 I'll turn it back over to Renee Klimczak.

12 COMMISSIONER CHIANG: We were given -- I don't
13 know if the source -- was the source submission subject to
14 permitting?

15 MR. WOOD: Uh-huh.

16 COMMISSIONER CHIANG: When it talks about the
17 Cabrillo Port emission reduction evaluation, the NOx
18 emissions had 61.6 through reduction required if Rule 46.2
19 applied and it goes through those numbers.

20 If you will just go through all those numbers
21 again and note your efforts.

22 MR. WOOD: Okay. If Rule 26 applied, is that
23 what you're saying in relation to?

24 COMMISSIONER CHIANG: That's right.

25 MR. WOOD: We would have 61.6 tons of NOx

1 emissions. That is, the total NOx from the FSRU, the
2 ships operating in district waters, and the unloading of
3 LNG from the carriers. That's what the permitting folks
4 call the stationary source, even though it's not all
5 stationary stuff. But it's 61.6 tons.

6 If you then add in the carriers as they come in
7 from the edge of federal waters into the FSRU -- they
8 don't come in on the FSRU, so they're just in that zone --
9 that would take us up to 109.7 tons a year of NOx
10 emissions.

11 If you went, which is highly unusual in any
12 project to consider this, if you went all the way out 88
13 miles out on the trip for the carriers to the point they
14 leave California coastal waters, that would take you to
15 145.4 tons of NOx. Again, our NOx mitigation is 146.4.
16 So we believe that we have addressed the request that we
17 had which was put to us by the agencies with the expertise
18 in air permitting, which was cover your NOx completely,
19 make sure that you have all of those NOx offset, and then
20 we will feel like you had addressed our concerns.

21 And, again, I'd refer back to that February 9th,
22 2007, memo, where it was not us making that statement.
23 That was the statement that we had from the California Air
24 Resources Board.

25 COMMISSIONER CHIANG: Okay. And then if you'll

1 go through your mitigation efforts in regards to ROC.

2 MR. WOOD: Our mitigation there, again we are
3 repowering these engines for these diesel-fired tubs.
4 These tugs go on forever. Several of the engines are 1965
5 vintage. And they just -- that's the problem with diesel.
6 It lasts forever and ever and ever. So we are paying
7 people to go out there and replace these ancient engines
8 with engines that meet all the current standards. And
9 that decreases quite a bit of NOx. It also decreases the
10 ROC emissions as well.

11 In addition, it also decreases particulate. And
12 it decreases particulate two ways. One, you have less
13 particulate directly coming out of the engine. But it was
14 mentioned before, one reason that we attacked the NOx is
15 also because the NOx forms in the secondary particulate,
16 the PM2.5, later on as well. And so we get double bang
17 for the buck as we focus in there on the NOx. You get
18 both the NOx, you get the ozone, and you also get the
19 particulate.

20 COMMISSIONER CHIANG: Okay. And so under this
21 project how much ROC creation do you have and how much
22 have you mitigated?

23 MR. WOOD: Of the permitted source -- it always
24 goes in terms of what are you referring to? The permitted
25 source is 31.3 tons of the ROC, as compared to we have

1 20.6 ROC in mitigation.

2 COMMISSIONER CHIANG: Okay. And as I pointed out
3 earlier, the testimony that was very critical in the
4 formation of my decision was provided by Mr. Liu from the
5 South Coast Air Quality Management District. When you
6 think about the nonattainment here in Ventura County, when
7 you think about the significant nonattainment in Los
8 Angeles County, that I'm concerned about any creation of
9 additional hazards -- is the inappropriate term, but, you
10 know, I'll use it at the moment -- added to Ventura County
11 in the southern California basin.

12 So I wanted to give you a chance to respond to
13 that.

14 MR. WOOD: That is exactly why we were going to
15 get the maximum number of tons that we could get in terms
16 of mitigation here. And that's why we ended up with 167
17 tons total of ozone precursors that we're going to pull
18 out of the air. These are ozone precursors, they're
19 emitted right close into shore. These tugs cut right
20 along the shipping channel, east -- as you remember the
21 drawing earlier in the day, east of where the FSRU will
22 be -- FSRU will be located. So these emissions are closer
23 to the people in this room. And they are what's going to
24 be removed by us repowering these tug emissions.

25 So a tremendous benefit to get emissions out of

1 the air that are happening today that are closer in to
2 shore than what's going to be happening from vessels of
3 our own that we inventory that are up to 88 miles off
4 shore.

5 COMMISSIONER CHIANG: So if I understand, that
6 the significant amount of benefits accrue to the northern
7 counties, north of Ventura County, like the -- my
8 articulated concern is obviously the globe. Like I say,
9 I don't want increasing global warming. That's why I like
10 questions about, you know, is this -- this is net negative
11 in terms of what's occurring to the environment or is it a
12 net positive?

13 But the tugs provide benefit to San Luis Obispo,
14 to Monterey. And a lot of the harm remains here in the
15 community even though it's -- you try to make significant
16 mitigation efforts and into Los Angeles.

17 MR. WOOD: None of the reasons why the South
18 Coast and south Central Coast, this area, Ventura County
19 and Los Angeles County, have had such challenges air
20 permitting wise and air quality wise are marine vessel
21 emissions. You look at the emission inventory for Ventura
22 County, for example. One-third of the NOx emissions in
23 the most current inventory are from marine vessels. They
24 get blown in shore. These are not just emissions that
25 happen along the county lines. The air does not really

1 listen to the county denominations of where it stops and
2 where it starts.

3 What you have is along the coast you have the
4 winds that transport the air emissions down. And
5 ultimately the end of the pipe for this pipeline is down
6 in Ventura and South Coast. That's one of the reasons
7 they have such a challenge, is that you have emissions
8 that may occur off of Santa Barbara, may occur off San
9 Luis Obispo, that then get washed down in here. That was
10 one of the reasons why the tugs were so important, because
11 we're really going for these emissions that are upstream
12 from where those counties are. And, again, that's
13 reflected in that February memo from the California Air
14 Resources Board as they talked to their modelers, who are
15 the experts in the state in terms of what are the
16 transport patterns. And they've called them couplets.
17 How do you move the air in from one area into the area
18 where ultimately you'll have the ozone formation?

19 COMMISSIONER CHIANG: That concludes my
20 questioning at the moment.

21 ACTING COMMISSIONER SHEEHAN: Wait. I've got a
22 question.

23 Can you address the other issue that he brought
24 up at the South Coast in terms of the Wobby index --

25 MR. WOOD: Can I defer that to Ms. Klimczak?

1 ACTING COMMISSIONER SHEEHAN: Sure.

2 MR. WOOD: Thank you.

3 CHAIRPERSON GARAMENDI: Don't go, Tom.

4 MR. WOOD: I keep trying to get away.

5 CHAIRPERSON GARAMENDI: I know. You came up here
6 voluntarily. But you're not leaving --

7 (Laughter.)

8 CHAIRPERSON GARAMENDI: The Ventura Air Pollution
9 Control District was upset about this Rule 26 and the
10 application of it, and was I believe claiming that if it
11 were to apply this project, it would not meet the
12 standard. Is that correct?

13 MR. WOOD: We do not agree on that. That is a
14 point where -- the way that the Deep Ports Act is
15 structured -- we're being permitted under the Deep Ports
16 Act -- is that you're required to then -- EPA, the
17 permitting authority, was required to look to the rules of
18 the on-shore air district.

19 CHAIRPERSON GARAMENDI: That's not my question.
20 My question is not which rule applies. But if it did
21 apply, if Rule 26 did apply, would the project as
22 presented to us now meet the requirements of that Rule 26?

23 MR. WOOD: Two requirements, as Mr. Villegas
24 talked about. Best available control technology. And I
25 believe he was in agreement -- I believe he was in

1 agreement -- I don't want to put words into Mr. Villegas's
2 mouth -- but that we will install best available control
3 technology. That is our commitment. I can assure you
4 that EPA has been holding our feet to the fire to make
5 sure that that is absolutely honored.

6 CHAIRPERSON GARAMENDI: You mean EPA back in
7 Washington DC?

8 MR. WOOD: No, EPA in San Francisco.

9 They have reviewed --

10 CHAIRPERSON GARAMENDI: Federal EPA?

11 MR. WOOD: Federal EPA.

12 They had reviewed our project in great detail and
13 accepted comments on the best available control
14 technology. So that portion of the rule, in my mind, no
15 question on.

16 The portion of the rule where there's question is
17 the offset provisions. It is, how do you determine what
18 an offset is that applies for a project that's off shore?
19 Do you take the same approach to offsets that you use for
20 a facility that by definition under the rules -- because
21 Ventura County doesn't permit sources off shore and
22 require them to be offset, do you permit it based on the
23 same concepts but transport it out to make sense for a
24 facility that's marine? Their rules do not require any
25 offsets from any facility that's not located on shore

1 within Ventura County. So trying to do a literal
2 application of those rules to a facility 14 miles off
3 shore is lumpy, to say to that --

4 CHAIRPERSON GARAMENDI: I thought you just said
5 that there's something called air transport.

6 MR. WOOD: Um-hmm.

7 CHAIRPERSON GARAMENDI: And you were talking
8 about the marine ships and other tugs and so forth, that
9 their emissions are transported on to land?

10 MR. WOOD: Correct. There's a reason why a third
11 of the emission inventory is from marine vessels. The
12 marine vessels can't be regulated by the on-shore air
13 district. That's why as they just tighten the noose on
14 all these other sources, your stationary industrial
15 sources, they can sit there and just crank down the vice
16 as tight as they want.

17 CHAIRPERSON GARAMENDI: In any case, why should
18 we allow an additional source of off-shore pollution?

19 MR. WOOD: Because at the end of the day, we're
20 going to be part of the solution for air quality by making
21 sure that we have more emission offsets, more reduction in
22 the critical pollutant, the NOx, which is the pollutant of
23 concern for ozone formation, that if this project does not
24 go forward. Because those marine vessels will keep going.
25 There was reference earlier to the idea that there was a

1 federal standard that was coming. It does not apply to
2 existing vessels.

3 CHAIRPERSON GARAMENDI: I must have missed the
4 mathematics here. But is the mathematics here being
5 discussed with my colleague -- I didn't understand that
6 there was a reduction in NOx as a result of this. I
7 thought there was a slight variance.

8 MR. WOOD: I'm glad you asked the question,
9 because that gets to a confusion that has gone through
10 much of the discussion this evening. Under the Rule 26,
11 you do not offset out the 88-mile mark. When we talk
12 about the 88-mile mark --

13 CHAIRPERSON GARAMENDI: No, I'm not talking about
14 the rules right now. I'm just thinking of some simple
15 concepts.

16 MR. WOOD: Okay. The simple process is 92.9 tons
17 versus 167 tons. We would not be required to offset that
18 much if Rule 26 applied.

19 CHAIRPERSON GARAMENDI: So you're offsetting
20 significantly more than you generate?

21 MR. WOOD: Out 42 -- well, under Rule 26 I would
22 be required to offset 30 percent more than what my
23 stationary source -- the 61.2 on the NOx and the 31 on the
24 ROC, I would be required to offset 30 percent more than
25 that quantity, but not all the rest of the emissions that

1 you hear talked about.

2 CHAIRPERSON GARAMENDI: Okay. The rules are of
3 interest to me, but so is the total pollution.

4 So if we were to consider the total pollution
5 that's going to be affecting California, which I assume --
6 may I assume that it goes beyond the 12 miles, 14 miles,
7 24 miles, 80 miles?

8 MR. WOOD: No. Beyond the -- if you look at the
9 Air Resources Board standards, there are standards for
10 marine sources to the extent they evaluate them, and
11 typically stop at the 25-mile mark. They talk about the
12 88-mile mark. But both in the FEIR and their rules they
13 talk about the 25-mile mark as the key boundary.

14 CHAIRPERSON GARAMENDI: Let's put aside all of
15 that.

16 Is there pollution to California that comes from
17 88 miles out?

18 MR. WOOD: I think that is a technical matter.
19 No --

20 CHAIRPERSON GARAMENDI: Well, you're a
21 technician. What's the answer?

22 MR. WOOD: No, if you'd believe the -- depending
23 on your pollutant, if you have something like particulate,
24 it falls out long before you make it on shore. If you're
25 talking NOx, there's a recent study that was done in this

1 area off shore by NOAA that indicates that those
2 pollutants break down long before they get to shore.

3 If we approach this as if nothing breaks down,
4 because that's the most conservative way to go -- is that
5 what the scientists say? No. But is that how we've
6 approached it? Yes.

7 CHAIRPERSON GARAMENDI: John, you had a question.

8 COMMISSIONER CHIANG: Yeah. Is my understanding
9 incorrect? I thought under Rule 26.2 you had to mitigate
10 both NOx and ROCs.

11 MR. WOOD: You do.

12 COMMISSIONER CHIANG: Okay. So under -- in
13 application of 26.2, you don't -- you wouldn't qualify
14 because you don't completely mitigate -- or actually you
15 have to -- 1.3 to 1 you have to mitigate the ROC. Am I
16 correct or not correct?

17 MR. WOOD: As the rules are written today,
18 correct. Many air districts allow you to transfer between
19 pollutants. The penalty is if I tried to use ROC
20 reductions to credit for NOx reductions. The incentive
21 that most air districts put into their rules when they
22 have rules like that is to try and encourage people to
23 have their mitigation occur with NOx. That's what we've
24 done. But there is not a provision like that in the
25 Ventura County rules. Many air districts have that exact

1 provision.

2 COMMISSIONER CHIANG: So under the Ventura County
3 rules you wouldn't have to --

4 MR. WOOD: I think you're right, in terms of
5 Ventura County rules say you do an offset of both NOx and
6 ROC.

7 COMMISSIONER CHIANG: Okay. Thank you.

8 CHAIRPERSON GARAMENDI: Any other questions?
9 Otherwise I'll turn it over to --

10 CHAIRPERSON GARAMENDI: Are the Ventura County
11 rules more stringent than South Coast Air Basin?

12 MR. WOOD: I would say they're different.

13 CHAIRPERSON GARAMENDI: What does that mean?
14 Different as they're more stringent or less stringent or
15 more --

16 MR. WOOD: Well, they are probably -- you've got
17 a different standard. It depends what standard you're
18 talking about. I mean I'd say by and large probably South
19 Coast is a little more stringent than what you've got in
20 Ventura. But you've got --

21 CHAIRPERSON GARAMENDI: I thought that was the
22 testimony of the Chief Deputy, Mr. Liu.

23 MR. WOOD: That South Coast is more stringent?

24 CHAIRPERSON GARAMENDI: Um-hmm.

25 MR. WOOD: Most air districts like to think that

1 their rules are more stringent than any other air
2 district.

3 CHAIRPERSON GARAMENDI: What do you think? What
4 do you know?

5 MR. WOOD: I would say that in certain ways South
6 Coast is more stringent and in certain ways it is less
7 stringent. It is more stringent to the extent that, as he
8 pointed out, it has a higher offset ratio. It is less
9 stringent to the extent that they ensure that they have an
10 actual working market for people to be able to engage in
11 offsetting, which is something that Ventura County does
12 not have.

13 COMMISSIONER CHIANG: I'm sorry. Could you say
14 that again.

15 MR. WOOD: I said that South Coast ensures that
16 there's an active working market for transactions in these
17 offsets. That is not possible in Ventura at this point in
18 time.

19 COMMISSIONER CHIANG: And how do they -- what
20 activity -- what actions do they take to establish that
21 active working market?

22 MR. WOOD: I think it has been a history of
23 ensuring a more -- they have a larger pool, much larger
24 pool of sources. So that enables more liquidity within
25 the market. And I think the general approach of the

1 program has been one always where you make sure that their
2 transfers occur. It's just in Ventura you don't have that
3 history and you don't have that large pool. There are
4 fairly few big stationary sources left in the county.

5 CHAIRPERSON GARAMENDI: Does the pollution from
6 this permitted facility or perhaps permitted facility
7 affect the South Coast Basin?

8 MR. WOOD: Some of the emissions go into South
9 Coast, no question. That's why much of our mitigation
10 occurs in the South Coast as well.

11 CHAIRPERSON GARAMENDI: What's the ratio? What's
12 the --

13 MR. WOOD: I could tell you the exact ratio in
14 terms of where the vessels are located. But, again, it
15 goes back to the idea if I have emissions that are blown
16 in from north -- if I have emissions in Ventura County
17 such as our project, they're going to get blown, some of
18 them, into South Coast. So being able to say -- this tug
19 operates out of the Port of Long Beach. Both of these
20 tugs are based in the Port of Long Beach. Saying that it
21 operates out of the Port of Long Beach and the point that
22 it crosses over to Ventura it's X number of tons, those
23 numbers are in the FEIR. I could pull them off my laptop
24 and tell them to you. But they're somewhat meaningless or
25 misleading because of the fact that the air does not stop

1 at the border. It moves right on through. And the
2 counties, often times counties, as with states, have
3 geographic features to form the boundary. You don't have
4 that on the ocean. That's why it's very different in the
5 ocean than you are when you're on shore and you have
6 topographical features.

7 CHAIRPERSON GARAMENDI: Why is this project
8 located one mile north of the Los Angeles County
9 boundaries

10 MR. WOOD: I would defer that to Ms. Klimczak.
11 I'm an air --

12 CHAIRPERSON GARAMENDI: That question is
13 specifically to you. Does it make a difference on air
14 quality regulations that it be one mile north or just --
15 either one mile south?

16 MR. WOOD: It was situated where it is for
17 reasons having nothing to do with air permitting. By the
18 time I came along in terms of doing the air permitting
19 work, that was the decision that was made.

20 EPA is the one who ultimately made the choice in
21 terms of how to associate the facility on shore. That was
22 a decision they made. But that was the position --

23 CHAIRPERSON GARAMENDI: You realize EPA doesn't
24 have much standing around here.

25 (Laughter.)

1 MR. WOOD: If it makes you feel better, I don't
2 always like them either.

3 CHAIRPERSON GARAMENDI: No, it doesn't make me
4 feel better at all. I find EPA to be rather
5 disappointing.

6 Any questions?

7 Thank you.

8 MR. WOOD: Thank you.

9 MS. KLIMCZAK: Well, I'd like to thank you for
10 allowing us to close.

11 I want to thank California and this community for
12 this celebration of democracy we've had here tonight.

13 We know this is hard. The project is hard to
14 understand because the science is hard to understand. But
15 that's why we have CEQA and that's why we have independent
16 experts.

17 There are many theories about the motives that we
18 have. Yes, we are a commercial enterprise. But we also
19 have proven ourselves to be good corporate citizens. And
20 we think there is a need for natural gas in California.
21 And we wouldn't have insisted and stuck with this process
22 for so many years if we didn't feel there was a need here.

23 I wanted to cover off on some points that have
24 been referred to a few times throughout the evening:
25 Location, the need, and some of the environmental areas as

1 well.

2 Location first. The science actually chose the
3 location. Science chose the position in the ocean,
4 whether it be one mile north or south of any county line.
5 Because when you choose a location for a facility like
6 this, there are a whole number of variables: Sea states,
7 bathymetry, distance to and access to pipelines and
8 markets. And factoring all of those things, and there
9 really were only maybe two to three spots maximum that
10 this facility could have been placed. And we believe
11 we've chosen the best spot. And I think that was
12 validated through the work and the analysis that's been
13 done.

14 We start with --

15 CHAIRPERSON GARAMENDI: Excuse me. It had
16 nothing to do with the difference air quality use?

17 MS. KLIMCZAK: It had absolutely -- I can assure
18 you it had absolutely --

19 CHAIRPERSON GARAMENDI: Did that question cross
20 your mind?

21 MS. KLIMCZAK: No, because we didn't make that
22 decision. EPA at the end of the day made that decision.
23 And we had no idea when we chose that position where it
24 was relative to either -- you know, if we were going to
25 be -- I think if we were going to be back to you about it,

1 we'd have made sure we were a little bit closer than the
2 one mile. I don't think that had anything whatsoever -- I
3 mean you need to understand the bathymetry of the area,
4 the location, the seismic conditions. And all of those
5 things were factored into the decision.

6 CHAIRPERSON GARAMENDI: Please continue.

7 MS. KLIMCZAK: We firmly believe that we are part
8 of California's solutions to provide a California-based
9 energy solution and help California to curb greenhouse gas
10 emissions.

11 California has chosen natural gas to follow
12 renewables as the most environmentally sensitive energy
13 source available for now. Last year AB 32 and Senate Bill
14 1368 set the dual goal of reducing California's greenhouse
15 gas emissions to 1990 levels by 2020 and reducing
16 dependence on coal. With coal, nuclear and oil off the
17 table, the least carbon-producing energy is natural gas.

18 State laws require that the fuels used to
19 generate California's base-load power must be at least as
20 clean as burning natural gas. The CPUC and the California
21 Energy Commission agree we need reliable sources of
22 natural gas.

23 The 2006 utilities report that was referred to
24 earlier today estimates demand for natural gas for
25 powerplants only. It's a study done by powerplants. It

1 is therefore a subset of what was evaluated by the CPUC
2 and the Energy Commission. While the 2006 utilities
3 report projects a slight decrease in gas needed by these
4 utilities in '08 and '09, importantly, and more
5 importantly, the long-term projection is similar to that
6 in other reports.

7 CHAIRPERSON GARAMENDI: That's the long term
8 after 2016?

9 MS. KLIMCZAK: No, after 2009.

10 CHAIRPERSON GARAMENDI: Please continue.

11 MS. KLIMCZAK: Notwithstanding all of this, if
12 there is no demand, there will be no project built.

13 There was a lot of discussion this morning about
14 gas coming from Mexico. That gas is intended to fuel
15 Mexico's future industrial growth. Mexico is a net
16 importer of gas and they will continue to be.

17 By 2025 Mexico will require approximately 2 BCF
18 per day of additional imports over and above what it
19 already receives from its one import terminal, Altimera,
20 which is on the east coast, and what it will also be
21 receiving from the Sempra facility that was referred to
22 earlier.

23 And I think interestingly as well, Mexico has 14
24 years of production remaining before it exceeds its
25 current stated proven reserves, which means it's going to

1 have a bigger problem in 14 years.

2 CHAIRPERSON GARAMENDI: Where is that reserve
3 now?

4 MS. KLIMCZAK: It's --

5 CHAIRPERSON GARAMENDI: Where is it anywhere, now
6 or later or -- where is that reserve?

7 MS. KLIMCZAK: It's in Mexico, the Mexican
8 production.

9 CHAIRPERSON GARAMENDI: Mexico's a big country.
10 Where in Mexico?

11 MS. KLIMCZAK: Well, it would be in several
12 locations. I don't have a map with me to explain where
13 the various regions of production are.

14 CHAIRPERSON GARAMENDI: It's on the west coast or
15 the east coast of Mexico?

16 MS. KLIMCZAK: It's more in the central
17 actually -- central north, and to the south as well --
18 southeast. Those two locations that I can think of.

19 CHAIRPERSON GARAMENDI: So your argument is that
20 Mexico's natural gas runs out in 14 years?

21 MS. KLIMCZAK: That's the current
22 reserves-to-production ratio, yes.

23 CHAIRPERSON GARAMENDI: Is any of that gas
24 finding its way to west coast, Baja?

25 MS. KLIMCZAK: No, as a matter of fact, they're

1 net importers. So they're importing today from states
2 west. So, you know, from the Rockies, that's imported
3 today. So in addition to the imports they get --

4 CHAIRPERSON GARAMENDI: I'm just trying to figure
5 out the relevance of your argument.

6 MS. KLIMCZAK: Show they're a net importer,
7 they're not a net -- they will need additional imports.
8 So if you want to assume that there will be additional gas
9 imported into Mexico, that would be available for other
10 states. My point is that there are other studies that say
11 that is not the case, that Mexico itself will be a net
12 user, an importer of a substantial amount of natural gas.
13 They are today and they will continue to be in the future.

14 CHAIRPERSON GARAMENDI: Please continue.

15 MS. KLIMCZAK: Any gas imported to Mexico is also
16 available to other markets in addition to California,
17 namely, Arizona and Nevada, both states whose demand is
18 also increasing. So, for example, Semptra's upgrading its
19 pipelines to deliver to those states as well.

20 CHAIRPERSON GARAMENDI: And also to California?

21 MS. KLIMCZAK: As well. That's why I said as
22 well. Unlike any other natural gas supply, the gas in
23 Cabrillo Port will be devoted to California. California
24 will have first access to that gas. It will come into
25 California, and the intension is for that to be used here.

1 That was one of the choices of the location, to get it
2 into the southern California market, which is the largest
3 market in the state. That's why it makes sense. That's
4 one of the choices -- that's one of the reasons for the
5 choice of location.

6 CHAIRPERSON GARAMENDI: Excuse me. Back to
7 Mexico.

8 Why is Mexico using just 265 million cubic feet
9 per day?

10 MS. KLIMCZAK: Well, I didn't say that. I'm
11 sorry. Two BCF -- 2 BCF, which is 2,000 MCF per day
12 additional imports over what they need today. They
13 actually use today about --

14 CHAIRPERSON GARAMENDI: About 2025?

15 MS. KLIMCZAK: About 2025. Today they use about
16 6 BCF of natural gas.

17 CHAIRPERSON GARAMENDI: We were told it was 265
18 million.

19 MS. KLIMCZAK: No, that's imported. That's
20 imported from Arizona. I think what you're thinking of is
21 that is the amount of gas that they import from the
22 states -- from the United States.

23 CHAIRPERSON GARAMENDI: Into Baja?

24 MS. KLIMCZAK: Into California -- I mean into
25 Mexico.

1 CHAIRPERSON GARAMENDI: Mexico's a big country.

2 We're talking Baja here.

3 MS. KLIMCZAK: No, Baja doesn't --

4 CHAIRPERSON GARAMENDI: I'm talking Baja or we're
5 not communicating at all.

6 MS. KLIMCZAK: Ask the question again. Perhaps I
7 misunderstood.

8 CHAIRPERSON GARAMENDI: I think there was -- I
9 know there was testimony earlier today that there's 265
10 million cubic feet per day consumed in Baja.

11 MS. KLIMCZAK: Oh, that's at the powerplant --
12 there's a powerplant that CFE has which will be part of
13 what is fueled out of the Semptra facility. And that gas
14 is currently coming out of the U.S. at the moment.

15 But that's not the total demand for gas in
16 Mexico.

17 CHAIRPERSON GARAMENDI: In Baja, Mexico?

18 MS. KLIMCZAK: Well, it's actually not in Baja,
19 but it's near Baja. It's to the east of Baja.

20 CHAIRPERSON GARAMENDI: Well, we're confusing
21 each other. You should continue.

22 MS. KLIMCZAK: Okay. Thank you.

23 And on the environment, we are rich to getting to
24 a renewable energy future. What does that mean exactly?
25 It means that for the time being until the capacity for

1 wind, solar, geothermal, or nuclear is more developed,
2 natural gas is the brainstorm of energy to meet the
3 state's needs. Natural gas is 30 percent cleaner than
4 coal. Almost every credible environmental organization
5 has said you need natural gas to meet AB 32 and SB 1368
6 goals and to get to a renewable future. They believe it
7 will take 20 to 30 years to meet and get to, you know, a
8 future where you don't rely on as much and extensive
9 fossil fuels.

10 Another question that came up was timeline. The
11 project will take approximately four years to get on line.
12 There are a number of things that have to occur that you
13 simply cannot do until you have a permit. For example,
14 you cannot credibly contract with customers. You
15 cannot -- a company would not credibly enter into
16 contracts for the construction of a billion dollar
17 facility without knowing if it's permitted to do so.

18 So there are just steps in the process. And one
19 of the key steps is the permit. And then there are a
20 whole lot of other things that will transpire as soon
21 thereafter as possible. But we will do it in a safe way
22 and we'll do it in a way to ensure that when we do deliver
23 it's a secure supply and a safe supply.

24 There's also been comments about 11th hour
25 efforts on mitigation. Well, let me just tell you, our

1 mitigation efforts have been ongoing and they will not
2 stop. They will not stop tonight as a result of a
3 decision. One way or the other, they will not stop. We
4 will continue to find ways to make California's air
5 cleaner and the project the most environmentally sound
6 project in the world.

7 In closing, I'd like to speak briefly to why we
8 are here tonight. It is the law that California analyze
9 the environmental impacts of this project. That has been
10 done, and that has been done very well. Thank you.

11 The legal standards have been met. Yet we ended
12 up talking about all sorts of factors not found in the
13 law. We understand that it's the nature of public fate.
14 Yes, there are unrelated impacts from international
15 shipping. As you know, we have been in discussions about
16 a world precedent-setting option to reduce greenhouse
17 gases through LNG tanker fueling across the pacific.
18 California's known for setting environmental precedent.

19 Tonight we need to preserve that option. Mexico
20 is not a solution. Canada is not a solution. Doing
21 nothing is not a solution. California needs a solution
22 designed specifically for California that can meet or
23 exceed its environmental standards and set even higher
24 standards. We are offering that. We are committed to
25 that. The EIR is complete. It is comprehensive. It

1 meets all legal standards. It should be certified, as
2 staff has recommended. And we should continue our
3 discussion about whether we can set new precedent for
4 California and perhaps the world.

5 Thank you for your time today and thank you for
6 your consideration. Please vote to continue this
7 processes.

8 Thank you.

9 CHAIRPERSON GARAMENDI: Questions from the panel?
10 Anne?

11 ACTING COMMISSIONER SHEEHAN: I'm fine.

12 CHAIRPERSON GARAMENDI: There were a series of
13 questions asked earlier about the availability of gas from
14 Australia, off shore. Would you care to comment on those
15 issues that were raised early on about -- earlier today
16 about the ability, the process, the timeliness, and the
17 overall effort to gather gas from western Australia.

18 MS. KLIMCZAK: Mr. Chairman, these projects are
19 very complex multi-billion dollar projects.

20 CHAIRPERSON GARAMENDI: Share with me the
21 complexity.

22 MS. KLIMCZAK: Sure. Well, for example, there is
23 a resource in Australia that we have had dedicated for
24 this project for some years throughout the process.

25 We have been evaluating the options for

1 development of that particular resource and we have been,
2 you know, working through the process on that particular
3 piece, in parallel --

4 CHAIRPERSON GARAMENDI: Could you -- excuse me.

5 MS. KLIMCZAK: Sure.

6 CHAIRPERSON GARAMENDI: You've got to hone me in
7 on the location. Which resource are you referring to
8 here?

9 MS. KLIMCZAK: It's the Scarborough field in the
10 western part of Australia. And it has about 18 CF of gas,
11 which is a lot of gas.

12 CHAIRPERSON GARAMENDI: I just want -- just this
13 one, if I might, John.

14 COMMISSIONER CHIANG: Yes.

15 CHAIRPERSON GARAMENDI: What is the current
16 status of the development of that field?

17 MS. KLIMCZAK: We're probably in a similar place
18 to where we are with this project in that it's in the
19 process of being permitted, it's in the process of working
20 through all of the feasible options for how you would
21 develop that project. For example, with the on-shore
22 facility, there are also many other fields around that
23 area that could join in and do a joint development or we
24 could do our own development. So there are a number of
25 options that you consider when you go through that

1 process. There are design options for the facility.

2 CHAIRPERSON GARAMENDI: What do you anticipate
3 the timeframe for the development of that field and the
4 delivery of LNG from that field?

5 MS. KLIMCZAK: Well, at this point we expect that
6 these two processes are moving in parallel. They have
7 been luckily. You know, this -- we may have had to make a
8 decision to that upstream facility a lot sooner, which
9 would have been a challenge giving our permitting process
10 here. And so luckily the two are moving in tandem. We
11 had originally expected that decision to be a lot sooner,
12 as we had expected to have our permits here a lot sooner.

13 CHAIRPERSON GARAMENDI: Is that parallel as in a
14 railroad track with the train going down it, that their
15 two wheels are going to arrive at the same time; or is it
16 parallel as in, you know, one being a day late and the
17 other a day early?

18 MS. KLIMCZAK: I would say they're within a few
19 months apart, you know, with that sort of precision on
20 these type of projects. But they're definitely within a
21 period of time that we believe would be feasible to allow
22 the two projects to operate together.

23 CHAIRPERSON GARAMENDI: Okay. There was a
24 discussion earlier today about the timeframe, that it was
25 4 years, 44 months, or perhaps 2013, which I think's a

1 little longer than four years.

2 MS. KLIMCZAK: No, it's not 2015.

3 CHAIRPERSON GARAMENDI: Thirteen.

4 MS. KLIMCZAK: Oh, 13. Well, again, the process
5 is once we have our permit, then we can go into the next
6 stage, which is a very detailed design that is a design
7 capable of being constructed. And in that process -- that
8 will take about a year. And in that process we will also
9 be doing things like contracting with the contractor who
10 will build the facility. And so you will be working
11 those. But we couldn't -- we would need a permit and we
12 would have to have a permit before we'd enter any type of
13 agreement for construction.

14 So we expect that will take a year. And then the
15 construction will probably be about 36 months -- the
16 construction and installation. So that's where you get
17 the, you know, four to four and a half year timeframe.

18 CHAIRPERSON GARAMENDI: Thank you.

19 John, you had a question?

20 COMMISSIONER CHIANG: What percentage of the
21 natural gas would come from Scarborough and what
22 percentage would come -- or do you envision or have a
23 sense would come from the adjoining areas?

24 MS. KLIMCZAK: Well, our partner in -- our
25 partner in that field will have to make the decision as

1 well as to, you know, where they want their gas to go.
2 But assuming that all the gas comes into this market, then
3 that would be the only source that would be required for
4 Cabrillo Port.

5 COMMISSIONER CHIANG: Okay. Give you a little
6 sense of where I'm -- Mr. Liu indicated that a Wobby is
7 below 1628 in Scarborough. And I'm trying to get a sense
8 of the quality of the gas that comes from the adjacent
9 areas.

10 MS. KLIMCZAK: Okay. Yeah, well, that's an
11 interesting question because it's actually one of the
12 reasons why the west coast has become an extremely
13 attractive place for this gas. The gas in Scarborough is
14 99.5 percent methane. There are not many fields in the
15 world -- there may be one other that is naturally
16 occurring that pure of methane. And that means we can
17 extract it and liquefy it and ship it straight to
18 California, and it will more than meet any standard that
19 anyone -- that anyone has set because it's virtually pure
20 natural gas.

21 So it would meet the South Coast requirement. It
22 would meet any other requirement that exists. And we have
23 committed to meet any standard or regulation that exists
24 when we put the process in place.

25 COMMISSIONER CHIANG: Thank you.

1 CHAIRPERSON GARAMENDI: Any questions, Anne?

2 ACTING COMMISSIONER SHEEHAN: I want to make sure
3 I'm understanding.

4 So it does meet the standard that they had
5 recommended, that South Coast --

6 MS. KLIMCZAK: The gas from Scarborough
7 absolutely meets it. It would be one of the only fields
8 in the world that would naturally occur and do, yes.

9 ACTING COMMISSIONER SHEEHAN: All right. I just
10 wanted to clarify that.

11 Thanks.

12 CHAIRPERSON GARAMENDI: Then that's a commitment
13 that this gas will come from Scarborough?

14 MS. KLIMCZAK: That is where we plan to bring the
15 gas from. That is the whole purpose that the project was
16 developed.

17 CHAIRPERSON GARAMENDI: That's not the question I
18 asked.

19 I'd plan to be out of here earlier today. But it
20 doesn't always work out.

21 (Laughter.)

22 MS. KLIMCZAK: Mr. Chairman, the only problem I
23 have with committing that at this point is until the
24 development project is worked through and the company
25 actually makes the decision on investing, for me to commit

1 to that I would be committing the company to something
2 that I cannot commit the company to today, because it has
3 not made the investment decision.

4 CHAIRPERSON GARAMENDI: But you were arguing that
5 the high quality gas from Scarborough is one of the
6 advantages of this project and yet you're not committing
7 or can't commit or won't commit and dah, dah, dah to
8 Scarborough gas. So with that argument that Scarborough
9 is the best and therefore good for California doesn't
10 hold.

11 MS. KLIMCZAK: What I'm saying is we're
12 developing these projects in parallel paths. Okay? We
13 intend to do that. But there are lots of -- let me
14 finish -- there are a lot of choices along the way. For
15 example, if we could not get this permit. And so for us
16 to now have committed to a development there and not have
17 a market to develop it into would not be a prudent
18 decision for the company to make.

19 CHAIRPERSON GARAMENDI: Mr. Chiang just asked if
20 you could meet the Wobby requirements of the South Coast
21 Basin. You said, yes, because you're going to use this
22 gas. And then when I asked if you're going to deliver
23 this gas, you said, well, maybe not. Which way is it?

24 MS. KLIMCZAK: What I'm saying --

25 CHAIRPERSON GARAMENDI: You can't have it both

1 ways. Either you're going to be able to meet it because
2 it's such high quality or you can't meet it, you don't
3 want to. You can't say that you're going to meet it and
4 then not meet it.

5 MS. KLIMCZAK: No, we've said -- we have said we
6 will meet any standard or regulation that exists when we
7 bring this gas in, without question.

8 CHAIRPERSON GARAMENDI: Okay.

9 MS. KLIMCZAK: If the gas comes from somewhere
10 else, for example, it would have to be treated upstream to
11 make sure we met it. Scarborough naturally occurring
12 makes it so we don't have to treat it.

13 CHAIRPERSON GARAMENDI: I understand.

14 MS. KLIMCZAK: Okay.

15 CHAIRPERSON GARAMENDI: Further questions?

16 COMMISSIONER CHIANG: But if I understand, sort
17 of the treatment's different. For instance, when you have
18 to mitigate in Ventura County because it creates NOx and
19 ROC and so -- you know, I mean ultimately my concern here
20 is about the public health of the people who are subject
21 to the NOx and ROC and to the ozone. That's why I was
22 asking a line of questioning about Scarborough. And, you
23 know, so it's a --

24 MS. KLIMCZAK: Well, most of those emissions are
25 generated as a result of the power generation of the

1 facility and the vaporization process, which doesn't
2 change, you know, regard -- it doesn't change if you have
3 different gas at the facility.

4 But, as I said, we will meet any regulation or
5 standard that exists in the state. We have committed to
6 that. It is in the EIR. We absolutely will do that
7 regardless -- and if it changes between now and then,
8 we'll meet whatever it changes to.

9 ACTING COMMISSIONER SHEEHAN: You know, she -- I
10 thought it was clear what she said when she talked about
11 the partner in development, that it was their intention to
12 bring in Scarborough and that, that is, it's -- in terms
13 of the purest form of methane. But at least for this
14 member, she was clear that they are still working with the
15 developer. It's their intention to bring that in because
16 it is. But if not, they would meet whatever requirement
17 that South Coast says. So at least for this member, it
18 was clear in terms of what their intention was and where
19 the status of the negotiations were on development of that
20 field.

21 CHAIRPERSON GARAMENDI: Who is the developer of
22 the field?

23 MS. KLIMCZAK: BHP Billiton and Exxon/Mobil.

24 CHAIRPERSON GARAMENDI: And --

25 MS. KLIMCZAK: Exxon/Mobil.

1 CHAIRPERSON GARAMENDI: Who has control?

2 MS. KLIMCZAK: Exxon/Mobil controls the
3 development and we currently control the liquefaction
4 facility.

5 CHAIRPERSON GARAMENDI: Exxon, I've heard that
6 name.

7 (Laughter.)

8 COMMISSIONER CHIANG: So what does that mean,
9 when you work with them in development?

10 MS. KLIMCZAK: Well, because we own the
11 resources --

12 COMMISSIONER CHIANG: When you're discussing
13 this, you're talking about development of fields, or I
14 guess -- I'm not in natural gas exploration or production.
15 When you engage with -- when BHP engages with Exxon, well,
16 when you say you're working with them, are you looking at
17 fields or how to develop these projects? Operationally
18 how does that work?

19 MS. KLIMCZAK: Well, because you're jointly on
20 the development, then you make those decisions together.
21 Otherwise you wouldn't really make an economic project.
22 And so you explore the options together and you agree as
23 to which way you're going to go with the development of
24 that -- of the reserves.

25 COMMISSIONER CHIANG: Okay.

1 MS. KLIMCZAK: It's a process that you're going
2 to have to --

3 COMMISSIONER CHIANG: That's okay.

4 CHAIRPERSON GARAMENDI: In your view, is there an
5 obligation for the State of California to be concerned
6 about the total greenhouse gas emissions of this project?

7 MS. KLIMCZAK: Well, in my view we have tried to
8 work with all of the agencies to understand what those
9 requirements are and to do whatever we possibly could to
10 mitigate and to deliver over and above, even if we didn't
11 believe something was required.

12 In regard to your specific question, no one has
13 even raised that until very, very recently in discussions.
14 It has not been part of our discussions in terms of
15 anything that is required or, you know, any data that we
16 had to produce, because it really was not part of what
17 was, you know, considered in terms of the EPA or CARB or
18 any of the other --

19 CHAIRPERSON GARAMENDI: So we now have a law in
20 the State of California about reducing greenhouse gases to
21 the 1990 level. Are you aware of that?

22 MS. KLIMCZAK: Yes, I am.

23 CHAIRPERSON GARAMENDI: How does this project
24 further the attainment of that goal?

25 MS. KLIMCZAK: Well, without natural gas, you

1 will not be able to have additional fuel for the -- to
2 replace coal for power generation. Gas is also very
3 effectively used for motor vehicles. Gasoline use --
4 instead of using gasoline, using CNG or LNG. Motor
5 pollution is 80 percent of your pollution in California.

6 CHAIRPERSON GARAMENDI: Forty.

7 MS. KLIMCZAK: Forty. Okay. Well, I just said
8 80, but you've corrected me.

9 It's a significant contributor. And I would love
10 to see natural gas being utilized in motor fuels as well
11 as in power generation. Through all of those means
12 natural gas definitely reduces greenhouse gas emissions
13 that are currently being used because of other sources.

14 CHAIRPERSON GARAMENDI: I have no other
15 questions.

16 COMMISSIONER CHIANG: No comments.

17 ACTING COMMISSIONER SHEEHAN: Thank you.

18 CHAIRPERSON GARAMENDI: Thank you.

19 COMMISSIONER CHIANG: Thank you very much.

20 Well, partners, it's time for decisions.

21 Comments?

22 ACTING COMMISSIONER SHEEHAN: I think, Paul --
23 well, I would like to hear from staff in terms of, just
24 sort of briefly -- some of the comments that came up
25 during the day that had addressed some of the issues in

1 the EIR. Not extensive, but we had heard a little bit
2 about the air stuff. But some of the other issues I know
3 that were brought up -- safety, some of the seismic stuff
4 that staff can address and how they felt the EIR
5 sufficiently addressed those issues. I don't know if,
6 Paul, or -- would you like to take that on?

7 EXECUTIVE OFFICER THAYER: I can give it a shot.

8 I'm not going to try and answer every point that
9 was raised. There's a lot to be said. But let the
10 Commissioners ask if there's some particular point about
11 some subject that they want to know on. We'd be glad to
12 provide that information.

13 But just sort as an overview of the response,
14 especially to a couple of things that just came out
15 recently. I think I was the one generated the confusion
16 over the 265 million cubic feet per day being introduced
17 into Mexico. That's a figure that comes through the north
18 Baja pipeline to serve several -- which had been approved
19 by the Commission, by the way. And the Commission was the
20 lead agency on that EIR. Most of that gas is being used
21 in powerplants right over the border. Those powerplants
22 aren't in Baja. But the misnomer is that the pipeline is
23 called the north Baja pipeline, but the gas is actually
24 used by powerplants that are a little bit east of Baja.

25 And that 265 million cubic feet per day is the

1 amount that they use. We have no idea though how that
2 relates to the overall importation of gas into Mexico.
3 That was just illustrative of the path that Mexico's an
4 importing country with respect to gas, that we could see
5 in just one pipeline that there were imports.

6 A little bit more on air quality. I think the
7 discussion today illustrates some of the inherent problems
8 for a non-air quality regulatory agency who's a lead
9 agency under CEQA. There were at least four different
10 standards that have been applied by the people speaking
11 today and that we've looked at in the analysis on the EIR.
12 They include the standards that EPA is proposing to use,
13 which also include the -- actually two different standards
14 that the air pollution control district has for their area
15 of non-attainment and the attainment areas. CARB has
16 expressed its own views about how mitigation could occur
17 there. And finally CEQA has its own set of standards.

18 In general, CEQA defers to -- or the CEQA process
19 is intended to take advantage of specialty environmental
20 programs like those implemented by the Water Board or the
21 Air Board, and generally relies on them to take care of
22 specific concerns dealing with specific environmental
23 issues there. However, the courts and really the law
24 indicate where there are shortfalls even though there's
25 specialized programs, and California's air quality

1 programs are very specialized, they're very focused.

2 But as we've heard today, they don't regulate
3 multiple sources very much. And so part of the problem
4 is, as the gentleman from the local air pollution control
5 district indicated, even if their tougher standards would
6 be applied, they would apply only to the FSRU and the
7 carriers when they were alongside the FSRU. They would
8 not apply to the carriers out to the 88 miles.

9 And it was pursuant to a different set of
10 requirements from the California Air Resources Board
11 pursuant to their 1984 report, which indicated there were
12 real impacts -- and this gets to the question of the
13 commissioners, I think the Chairman was asking, is the
14 state impacted from production of NOx 88 miles out? And
15 the answer from CARB as of '84 was, yes, it is. And yet
16 that's an unregulated impact. So that is nonetheless a
17 CEQA impact. That's something that we've looked at doing
18 here and had never been done before. So this is really a
19 frontier mitigation measure to look at vessel impacts --
20 air quality impacts particularly outside of the state
21 lines.

22 CHAIRPERSON GARAMENDI: Excuse me for a moment,
23 if I might.

24 It's not the air board's local and -- or regional
25 and state could not require it. But as a result -- could

1 not require mitigation. But because this is a CEQA issue,
2 that we could?

3 EXECUTIVE OFFICER THAYER: Yes. And CARB is
4 using that mechanism, then asking us to implement it that
5 way.

6 So there are different ways to figure the offsets
7 and how much mitigation is being achieved. But the
8 standard that staff and the consultant's looking at is in
9 context of the CEQA impact and not under any particular
10 board or EPA set of standards. It's trying to identify
11 the impacts and trying to see how they can be mitigated.

12 We're certainly guided by some of the information
13 from the air boards and ultimately CARB, which got us into
14 looking at the carriers, wrote the letter in February
15 which indicated they're satisfied with the mitigation and
16 for the impacts that they had asked us to look at.

17 But, nonetheless, under some of those standards,
18 particularly the EPA math, with respect to the mitigation
19 and the impacts, there is not yet sufficient offsetting.
20 And if you -- particularly -- that's the case even under
21 the off-shore rules, the nonattainment rules, and would be
22 even more the case if we apply or if the EPA applies the
23 on-shore rules, the 26 rules.

24 So staff, in spite of the fact that BHP has come
25 up with these more recent mitigation measures, would still

1 recommend -- and that those measures appear to reach the
2 balance between mitigation and offsets advocated by CARB,
3 in light of the shortfall under the EPA standards and in
4 light of the potential shortfall if the on-shore rules are
5 ultimately applied, we'd still recommend to the Commission
6 who want to approve this, and in spite of the new
7 regulation of carriers that hadn't occurred before, would
8 still believe that there's a significant -- potential
9 significant impact remaining after all that mitigation and
10 still recommend that the Commission adopt the statement of
11 overriding considerations for that impact.

12 With respect to state safety, there was a lot of
13 debate back and forth as to which models were used and
14 that kind of thing.

15 We believe that the expert hired by the
16 consultant, the work that was done by Sandia, is state of
17 the art and it exceeds the focus, the resolution, the
18 efficacy of earlier used models. We believe that the risk
19 of the kinds of pool fires, vapor cloud fires, that kind
20 of thing that have been discussed today, is extremely
21 remote. But it's sort of like rabies. The chance of
22 catching rabies is minimum. But once you got it, the
23 results are pretty fantastic. And so having been bitten
24 once by a cat that might -- it didn't take me long to go
25 down and get the shot. And so I think that that remains a

1 significant impact in the FEIR and therefore something
2 worth consideration by the Commission in making its
3 decision, because we're talking about adverse impacts to
4 people -- and the fear of those impacts to people who want
5 to use the waterways out here. So that remains a
6 significant impact.

7 With respect to alternatives. CEQA does provide
8 for reasonable alternatives to be discussed in the
9 Environmental Impact Report. The problem is that the CEQA
10 requirements are really focused on the particular project
11 that's proposed. They don't provide the sorts of
12 alternatives that I think everybody in this room and the
13 Commission is interested in pursuing: What's the best
14 thing for the state in terms of determining in a wider
15 sense what energy source in general is going to be used,
16 whether it's renewable or whatever, or a more focused --
17 in a more focused way how it's going to import more
18 natural gas.

19 Staff believes that the final EIR does meet the
20 CEQA requirements for alternatives. But the fact that it
21 doesn't deal with these larger issues, trying to develop
22 the best possible energy source or natural gas source for
23 the state, is reflected in the fact that back in the
24 seventies when the state last faced this issue,
25 legislation involved, Halaco was hauled through the

1 process and legislation was enacted to set up the same
2 sort of process that this Commission has been advocating,
3 which is to set up one agency, in that case it was the
4 Coastal Commission and the Energy Commission, to pick the
5 best spot for the state. That process was repealed and
6 doesn't exist currently, although a Senator's committee
7 has been trying to enact that process. It doesn't exist
8 right now.

9 Ultimately I think the demand analysis is
10 significant. If we accept that there are impacts that
11 will remain significant in spite of mitigation that's been
12 developed, the Commission cannot approve this project
13 unless it adopts a statement of overriding considerations.
14 And it cannot adopt a statement of overriding
15 considerations unless it determines the benefits from this
16 project outweigh or justify accepting the significant
17 adverse environmental impacts.

18 In the draft statement environmental -- excuse
19 me -- draft statement of overriding considerations that
20 s-t-a-f-f has provided for the Commission's consideration,
21 we identify meeting natural gas demand as the primary
22 reason -- or the primary benefit. And there are
23 several -- there are three aspects of that.

24 It remains true that the Energy Commission as
25 recently as today from a representative and as largely

1 confirmed by staff at -- prepared December of last year by
2 the PUC staff, that California has an increasing demand,
3 that the rest of the country has an even faster increasing
4 demand and therefore may demand -- or may compete for
5 supplies that California's presently using.

6 And, finally, that the more flexible we are in
7 the kinds of sources we have for our supply, i.e., we
8 presently don't import LNG, and if we did it would be a
9 new source; all of these things are of benefit in staff's
10 view and is a reason for staff's recommendation for
11 approval and adoption of that statement of overriding
12 consideration because it will assist California's need to
13 meet this increased demand for natural gas, will help it
14 even if that natural -- if that demand was not increasing,
15 the demand for the same supply we are using is increasing
16 from other parts of the country, so we can expect
17 potential price rises and finally the diversification of
18 sources.

19 But having said all of that, ultimately that's up
20 to the Commission to decide. And as staff -- as was
21 pointed both by the adherence of the opponents to this
22 project, the final impact report voices the opinion that
23 if this project were not approved, there are a number of
24 other ways to bring natural gas into California. And
25 staff would warn you that some of these are speculative.

1 Some of them that have been discussed today have had no
2 applications made yet, and we're not sure how firm they
3 are. But it's clear -- I think the Energy Commission's
4 testimony said the same thing -- that there are other
5 options available to the state. And the problem for this
6 Commission is that the CEQA process does not generate the
7 analysis and the Commission doesn't really have
8 jurisdiction over a lot of those different alternatives.
9 In essence, from my opinion, it cries out the kind of
10 legislative direction that would enable the state to
11 better deal with these issues.

12 So that concludes staff's wrap up. But we'd be
13 glad to answer any questions.

14 CHAIRPERSON GARAMENDI: Any questions, Anne?

15 ACTING COMMISSIONER SHEEHAN: No, I think my
16 questions have been answered in terms of that, you know.
17 But I would defer to my Commissioners before we start a
18 discussion in terms of other issues, where we go from
19 here.

20 COMMISSIONER CHIANG: (Shakes head.)

21 CHAIRPERSON GARAMENDI: I think we have no
22 further questions.

23 Well, it's time for a decision.

24 ACTING COMMISSIONER SHEEHAN: Do you want me
25 to go first?

1 CHAIRPERSON GARAMENDI: You can -- whichever one
2 of you want to go first. I can't make the motion myself.
3 If I could, I would.

4 ACTING COMMISSIONER SHEEHAN: Well, I'll
5 certainly defer to the Controller.

6 COMMISSIONER CHIANG: Sure. Before I make my
7 motion, let me make a public acknowledgement. I want
8 to -- this is Dwight Sanders' last project or role of
9 operation, for a distinguished career in public service.
10 Obviously it is a very significant and important project
11 to the general well being of California. And so, Dwight,
12 for a distinguished career in public service I just wanted
13 to thank you for your extraordinary work for the citizens
14 of California.

15 (Applause.)

16 COMMISSIONER CHIANG: Chairman Garamendi,
17 Commissioner Sheehan, I'd like to make a motion at this
18 time to deny the lease. And as a part of that motion,
19 that we not certify the EIR. Let me explain why.

20 There are 20 significant unavoidable impacts
21 identified in the EIR. But I think based on today and
22 tonight's testimony, there may be a few more.

23 If we were to approve this lease, we'd have to
24 find that these significant unavoidable impacts are
25 overridden by the benefits of the project. And I don't

1 believe that's true. I also don't believe this project is
2 in the best interests of the state or its residents.

3 While BHP --

4 (Applause.)

5 CHAIRPERSON GARAMENDI: Now, you've been very
6 good throughout the evening. Please stay that way.

7 (Laughter.)

8 COMMISSIONER CHIANG: While BHP has made
9 significant and great efforts to reduce the impact of the
10 project's emissions, I have strong environmental justice
11 and public safety concerns that I want to share. And I
12 believe we need further exploration of the alternatives.

13 Specifically I'm worried about air quality and
14 the emissions from these LNG tankers at the terminal
15 itself. We know that the terminal is exempt from Ventura
16 County's clean air rules under the EPA's recent decision.
17 BHP states that the total project will contribute 145.4
18 tons per year of NOx emission. That includes BHP's recent
19 reduction of 15 tons per year.

20 With the tug improvements, at most reductions in
21 Ventura and the South Coast Air Basin will be 64.2 tons
22 per year. Adding the 6 tons per year of NOx credits that
23 the BHP identified today, that means 70.2 tons per year in
24 NOx reductions.

25 EPA's credit numbers are much lower than those

1 provided by CARB. Yet even using the high numbers that
2 CARB identified, the reductions are still only 48 percent
3 of the project's emissions off-shore Ventura and the South
4 Coast Air Basin.

5 The EIR identified 59.8 tons per year in ROC
6 emissions that the project will produce. No ROC credits
7 were identified in the EIR. It is just as important to
8 mitigate the ROC emissions, in my belief, as it is in the
9 NOx emissions. As I said before, I'm concerned that the
10 people who live here, residents who Supervisor John Flynn
11 noted are 80 percent emerging community -- some people use
12 the term "minority" -- and many who have turned out in
13 force tonight to voice their concerns and fears, will bear
14 the brunt of the impacts in air quality.

15 I remain concerned about the people this
16 pollution will affect, especially the kids and the seniors
17 whose lungs can be especially sensitive.

18 As I understand it, the prevailing wind currents
19 will blow the majority of the project emissions directly
20 on the communities in and south of Ventura County.

21 I think retrofitting the two tugboats that go up
22 and down the coast is a good and welcome environmental
23 decision. I appreciate the thinking. But those who will
24 suffer the lion's share of the impacts will only receive
25 some of the benefits of those reductions.

1 If you can count credits for the tugboats'
2 journeys up and down the coast north of Ventura County,
3 this isn't going to clean the air in the area most
4 affected by the project. Specifically, only a portion of
5 the tug reductions are in Ventura and the south county air
6 basin, while the rest will benefit residents north of
7 Ventura County.

8 I also have major concerns about approving an LNG
9 terminal off our beautiful California coast, which is
10 partially responsible for our \$50 billion statewide
11 coastal economy. We all know the Governor and the
12 Legislature have enacted statutes to reduce California's
13 carbon footprint and move us away from fossil fuels,
14 toward cleaner renewable alternatives. I do not think
15 this project is something that carries out the great
16 promise of these groundbreaking laws.

17 This is the first of several similar off-shore
18 projects that are in the pipeline. I think it would serve
19 us well to develop a long-term comprehensive plan that
20 looks at all of these projects in context so we can
21 determine the best path for California's future. I
22 understand Senator Joe Simitian has legislation to address
23 this need.

24 I am also concerned about the clear threats to
25 marine life as well as human safety. This project will

1 impact marine life just from the normal operations, let
2 alone the possibility of spills, the EIR discloses, and
3 testimony tonight only added to these concerns. From a
4 safety perspective, even if the risk is low, the potential
5 of danger to human life is significant, as we heard,
6 interestingly enough, from a rabies example.

7 (Laughter.)

8 COMMISSIONER CHIANG: And that we must be careful
9 here. I don't think this project adequately addresses in
10 entirety public safety.

11 Finally, the testimony from elected officials has
12 been compelling, from local, school, city and county
13 officials to state legislator and Congressman Lois Capps,
14 a public health nurse who called the proposed project the
15 largest smog producer, end of quote, in the area. Their
16 testimony showed the concern of the communities they
17 represent.

18 Dr. Liu, as I've mentioned numerous times before,
19 of the South Coast Air Quality Management District,
20 testified that the non-desert areas of Los Angeles,
21 Orange, Riverside, and San Bernardino counties shoulder
22 the burden of 52 percent of the entire nation's
23 particulate matter exposure. He said particulate matter
24 is linked to more than 5400 premature deaths each year in
25 the South Coast Air Quality Basin alone. These statistics

1 are devastating.

2 This project will contribute to that problem,
3 unfortunately -- I don't know how you eliminate it -- if
4 not adequately mitigate it. This is unacceptable.

5 No less compelling is the testimony from all of
6 you. The affected community residents who have turned out
7 tonight who are spending your precious off-hours
8 participating in our democracy, voicing the views of your
9 families, friends. And so I greatly appreciate your
10 participation and your patience.

11 I thank you for coming tonight and I thank you
12 all for your time and commitment.

13 CHAIRPERSON GARAMENDI: Thank you.

14 We now have a motion before us to not certify the
15 EIR and to deny the lease.

16 Anne, do you have comments?

17 ACTING COMMISSIONER SHEEHAN: I would oppose the
18 motion. And let me go through in terms of some of my
19 thoughts on today and to comment on Mr. Chiang's.

20 I don't know if you'd want to put in a --

21 CHAIRPERSON GARAMENDI: Well, you can either
22 comment on his points or you can do a substitute motion.
23 Either way.

24 ACTING COMMISSIONER SHEEHAN: Then I would put a
25 substitute motion to certify the EIR and approve the lease

1 at this point in time.

2 Let me talk about in terms of, as we sat here
3 today for the many hours that we have -- and I guess as
4 someone who's been on -- I guess I'm the veteran on this
5 Commission, having served for the last three and a half
6 years, I first of all do also want to compliment Dwight
7 and the staff of this Commission for the work that they
8 did on the EIR.

9 But we've heard a lot of disagreement about what
10 was in the EIR and some other things. I'd have to say,
11 the Lands Commission has one of finest staffs that I have
12 ever worked with. And I served, as many of you know, on
13 upwards of 50 commissions, the Department of Finance, and
14 we've been in a lot of issues with the Lands Commission.
15 Sometimes I agree with staff, sometimes I do not. But I
16 have to say they have always, always carried out their
17 mission in the most professional way possible. So I have
18 to compliment them on the work that they've done on this
19 EIR.

20 I know there were a couple of speakers who felt
21 that certifying this EIR would be harmful to any future
22 natural LNG projects. I would say I would disagree with
23 that, because I think much of the work that was done
24 helped lay the groundwork for the debate on natural gas
25 going forward and the need for LNG in this state.

1 In terms of a couple of other things -- as I say,
2 the staff has done a superb job on this document. An EIR
3 is a legal requirement that takes into account those
4 things that they've looked at at that point in time. We
5 talked about -- Paul talked about some of the
6 alternatives. We would love to go into more detail on the
7 alternatives. That's not the job of the Commission in
8 this document at this point this time.

9 In terms of our energy, one of the things that
10 really hits me is in terms of our energy needs for this
11 state going forward. We are running out of natural gas
12 supplies. You look at the -- basin, you look at the Rocky
13 Mountains. We are going to need natural gas. While I
14 know my fellow Chair and some of the commissioners may
15 disagree, I do see this project as a bridge. I work for a
16 Governor who signed AB 32, who pushed the solar roof
17 initiative, and who also has been very supportive of the
18 greenhouse gas and the renewable energies. But he also
19 has said, well, having taken a position on this project,
20 and would not until he has to legally, has said LNG is
21 part of our future energy supplies in this states.

22 We have got to move forward. There was a lot of
23 discussion about the project in Mexico. I think that's
24 great. We don't have our contract. We don't have letters
25 of intent. But I also don't think that we can relegate

1 all of those projects to south of the border. We in
2 California have got to also step up and provide some of
3 the projects here. Are all of them going to go? No, I
4 don't think so. Only a couple of them will, because we
5 know what the demand is going to be.

6 But I don't think it's right for us sitting north
7 of the border to say, "You guys can have the project down
8 there, but we'll take your gas." I think we also have to
9 be responsible for some of our energy needs in
10 this state.

11 As I say, I think that we need to move this
12 project forward. It has many other steps to go. There
13 are future things that the sponsors have said that they
14 would do for this project. I think for the future of the
15 state and the energy needs we've got to move it forward.
16 I understand the local concerns. It's extremely difficult
17 living here. You all live in a beautiful place. But I
18 also have to think about the other 36 million Californians
19 whose lights have got to go on. And we have an obligation
20 to take that into account.

21 I think the project sponsors have put together
22 some mitigation. There's disagreement over which rule.
23 But they have said they will meet whatever air control
24 district requirement is in effect. I take them at their
25 word. I think they've gone beyond to show that they are

1 looking for additional things. But if we stop it now, I
2 think we send a signal that we do not want to look at
3 natural gas -- LNG as another resource for California.
4 And I think we've got an obligation to do that.

5 So I would oppose the motion and offer a
6 substitute motion to certify the EIR and approve the
7 lease.

8 CHAIRPERSON GARAMENDI: Is there a second to that
9 motion?

10 There not being a second, that motion dies and
11 we're back on the first motion, which was Mr. Chiang's
12 motion.

13 I suppose it's my turn now, and I will take it.

14 Your statement, John, was right to the point in
15 virtually every way. There are a couple of things that I
16 would like to focus on, however.

17 First with regard to the EIR. The EIR in my view
18 relies almost exclusively on the California Energy
19 Commission's analysis to justify the need for this
20 project. In my view, there has not been sufficient or
21 adequate analysis by the California Energy Commission to
22 establish the need for LNG.

23 The analysis is based on old data. New data is
24 in the process of being developed, but it's not yet at
25 hand and it's not part of this report.

1 The California Energy Commission's analysis does
2 not incorporate the dramatic changes in California
3 policies that have been enacted in the last three years
4 and signed by Governor Schwarzenegger and passed by the
5 Legislature, AB 32 being the principal but not the only
6 policy change that is now in place. Clearly those
7 policies put California in a different path -- on a
8 different path than the 2005 Energy Commission report.

9 The natural gas pipelines coming into California
10 currently have a significant amount of unused capacity.
11 Arguments that that capacity would not be used and not
12 available to California I think are just plain fallacious.

13 The natural gas -- the U.S. natural gas
14 consumption has in fact declined over the last couple of
15 years. And there are some indication that's been made
16 available at this hearing that there will be adequate
17 supplies. California will probably have to bid for them.
18 But nonetheless the supplies seem to be there.

19 This project does not fulfill an immediate need.
20 I spent a good deal of this day trying to get at the
21 length of the bridge, that is, the timeframe in which this
22 presumed bridge would be available to us. It appears that
23 it's somewhere out there, by the last testimony of the CEO
24 of this project, that it is four to four and a half years.
25 There's some indication it may actually be 2013. There is

1 time enough in the future for this entire LNG issue to be
2 analyzed with up-to-date and with current law and
3 California policy available for that analysis.

4 Now, the LNG can be met from numerous sources.
5 The CEC and the CPUC both said that it's a bridge and we
6 need one or more, which is anything but a clear indication
7 of what is really needed. One should fault the CEC and
8 CPUC for that kind of analysis, which is about as useful
9 as -- well, let it go.

10 The next point has to do with the alternatives.
11 Unfortunately, the way in which this project is presented
12 to us, we do not have the opportunity to look at all of
13 the alternatives to judge which is most technologically
14 advantageous to the State of California or which location
15 is most advantageous or at least harmful. We don't have
16 that. But what we do have available to us is the fact
17 that the EIR does consider 18 different options and then
18 promptly rejects them as being not useful for the
19 analysis. I strongly disagree with that portion of the
20 EIR; that in fact if they take up 18 to be considered,
21 then those 18 should indeed should have been considered in
22 detail, whatever detail was readily available at that
23 time.

24 The role of reasonableness governs the
25 alternative evaluation. Under both NEPA and CEQA

1 guidelines we are to look at reasonableness when
2 considering alternatives. To simply reject 18 different
3 options as being not reasonable, I don't buy it.

4 The project's objectives and purposes also raise
5 some questions in my mind as to its -- as to how this fits
6 into the need for LNG in the State of California. And we
7 had a discussion at the end of this hearing about that and
8 to what -- exactly what is this project and exactly when
9 will it come on line.

10 Now, having said all of that, I will second the
11 motion that Mr. Chiang made that we would reject the
12 EIR --

13 (Applause.)

14 CHAIRPERSON GARAMENDI: -- and not certify it.

15 That takes me to the lease -- did I forget to
16 once again admonish you to keep your emotions to yourself?

17 (Laughter.)

18 CHAIRPERSON GARAMENDI: The next has to do with
19 the second portion of his motion, which is to deny the
20 lease. That for us to approve the lease, we would first
21 have to have an EIR, I think. At least that's my view.
22 And, secondly, we would have to accept the overriding
23 considerations that the 20, perhaps more, as John said,
24 unmitigated impacts we would simply have to waive aside
25 and say that nevertheless we absolutely have to have this

1 project and therefore we override those considerations. I
2 am not prepared to do that, for reasons that I've already
3 cited with regard to the EIR.

4 There's a balancing test that we have to put in
5 place, that is, that the benefits of this project outweigh
6 those problems and those unmitigated problems. I do not
7 believe that this has occurred. And that the balance is
8 clearly in favor of not -- clearly in favor of denying the
9 lease.

10 There are several reasons for that, some of which
11 I've already discussed and we'll certainly have in more
12 detail when my written review of this project is made part
13 of the record.

14 So I second the second portion of John's motion
15 to deny the lease.

16 Now, we should probably move to other comments
17 that you might have.

18 Mr. Chiang or Ms. Sheehan, if you have other
19 comments, then now is the time to make them. And then we
20 will go to a vote on the project.

21 COMMISSIONER CHIANG: No comments.

22 ACTING COMMISSIONER SHEEHAN: No.

23 CHAIRPERSON GARAMENDI: Well, then let us poll.
24 Your vote is?

25 ACTING COMMISSIONER SHEEHAN: My vote is to

1 oppose this project.

2 CHAIRPERSON GARAMENDI: To oppose the motion on
3 the adequacy of the EIR as well as the lease?

4 ACTING COMMISSIONER SHEEHAN: Right.

5 CHAIRPERSON GARAMENDI: Okay. And you support
6 your motion, I suppose?

7 COMMISSIONER CHIANG: Aye.

8 CHAIRPERSON GARAMENDI: And I support your
9 motion. Therefore, the action of this --

10 (Cheering.)

11 CHAIRPERSON GARAMENDI: You are so good.

12 Therefore the action of this Commission is to not
13 certify the EIR and to deny the lease.

14 Thank you very much.

15 (Applause.)

16 (Cheering.)

17 CHAIRPERSON GARAMENDI: We now adjourn the
18 hearing.

19 (Thereupon the State Lands Commission
20 meeting adjourned at 10:19 p.m.)

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1 CERTIFICATE OF REPORTER

2 I, JAMES F. PETERS, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing California State Lands Commission meeting was
7 reported in shorthand by me, James F. Peters, a Certified
8 Shorthand Reporter of the State of California, and
9 thereafter transcribed into typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said meeting nor in any
12 way interested in the outcome of said meeting.

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 7th day of May, 2007.

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22 JAMES F. PETERS, CSR, RPR
23 Certified Shorthand Reporter
24 License No. 10063
25