As concerned homeowners and residents of Ladera Ranch and the surrounding communities we appreciate your willingness to hold this evening's Public Consultation Meeting regarding the proposed construction of the peaker power plant known as the "Margarita Energy Center" in Ladera Ranch (the "Project"). We are grateful for the opportunity to gain a better understanding of the air quality and health impacts of the Project. We also believe it is important for our community to learn about the South Coast Air Quality Management District's ("SCAQMD") role and responsibilities in protecting public health. We appreciate your willingness to give our community the opportunity to ask questions about the Project and have those questions answered in this forum. In the interest of allowing everyone the opportunity to ask questions and be heard, we understand and appreciate that the time allotted to Ladera Hope to ask questions and raise concerns may be limited. Consequently, we are hereby submitting our issues to you in writing. We look forward to your response.

Issues Relating to Terms and Conditions of SCAQMD Permit for the Project

1. We understand the US Environmental Protection Agency (the "EPA") commented on certain Title V permit conditions in December 2007. Has the SCAQMD responded to the issues raised by the EPA and, if so, is SCAQMD's response in writing? May we receive a copy of that response?
2. Once the SCAQMD has made the determination to approve the permit application of Wellhead Power Margarita, LLC ("Wellhead"), is there a deadline for issuing the permit? Is the SCAQMD required to respond to the EPA's comments prior to the issuance of their permit?
3. Did the SCAQMD receive a verification from Wellhead regarding their compliance with AQMD Rule 212 and the applicant's obligation to notify residents within a quarter mile of the Project?
4. Under New Source Review, the existence of PM2.5 emissions triggered the Best Available Control Technology ("BACT") requirement. For this Project, the SCAQMD determined that exclusive burning natural gas is the BACT for controlling PM2.5. We realize that SCAQMD is currently seeking technology to control PM2.5 emissions from gas turbine power plant (AQMD RFP# P2008-09). If the studies conclude that the technology exists to control PM2.5, will SCAQMD revisit this determination?
5. We understand that the US EPA and Environmental Appeal Board requires that BACT be applied at all times during the operation of the Project, including start-up and shut-down. Why did the draft permit not impose such a requirement on Wellhead?
6. The draft permit for this Project allows a start-up time of sixty minutes. This seems excessive and the EPA agrees, as evidenced by their comments to the SCAQMD regarding the issuance of this permit. Significantly shorter start-up times – ranging from ten to thirty minutes – have been imposed on other similar peaker units (see projects referenced in EPA's comment letter). How did SCAQMD respond to the EPA's concerns in this regard? We urge the SCAQMD to consider limiting the permitted start-up time for this Project to thirty minutes or less.
7. The permitted number of start-ups in an hour for this Project is four, whereas we understand SCAQMD has limited the start-ups for other similar projects to two per hour. Would SCAQMD please explain this discrepancy? We urge SCAQMD to consider restricting the applicant's permit to two or fewer start-ups in an hour in order for this Project to be consistent with the other projects.

8. The turbine NOx and CO emission rates seem higher for this Project than the rates required for other similar projects. We urge SCAQMD to consider imposing the following limitations in their permit: 15 lb/hr for NO2 and 14 lb/hr for CO.
9. In addition, the number of start-up/shut-down events per year is 225 for this Project versus 120 for other similar projects. Would you please explain this discrepancy? We urge the SCAQMD to consider limited start-up/shut-down events per year for this Project to not more than 120.
10. Why is there no limit on the daily operation of this Project when other similar peaker power plants have been limited to 11 hours per day? Would you consider imposing such a limit for this Project?
11. The permitted Internal Combustion Engine is 500 hrs/year for this Project and 7 hours/year for other similar projects. Would you please explain this discrepancy and consider a imposing a 7 hours/year limit?
12. Letters from the US EPA to SCAQMD dated December 23, 2005 and December 20, 2007 stated that 2 ppm CO concentration has been determined as the BACT for gas turbine with SCR. But the draft permit to Wellhead has 6 ppm CO limit. We urge SCAQMD to revise the condition on Wellhead's permit to limit CO concentration to 2 ppm.
13. You have provided separate health risk assessments for the gas turbine and the internal combustion ('IC") engines. However, the SCAQMD does not restrict the use of both the gas turbine and the IC at the same time. What is the combined health risk impacts if you analyze the gas turbine and the IC together? We believe the SCAQMD should provide a combined risk assessment for these two units as the California Environmental Quality Act ("CEQA") threshold is incremental and not per equipment. Also, we note that the combined chronic hazard index is 0.92, which is very close to the significant threshold of one (see Oct 9, 2007 memo from Ms. Jill Whynot to Mr. Mike Mills).
14. We understand that the applicant did not use AERMOD, a more recent version of the Ambient Air Modeling software approved by the EPA, in their air modeling and analysis. In addition, we understand that the applicant used only one year of meteorological data versus five. What is the SCAQMD's position on the failure to use AERMOD or five years of meteorological data? Does SCAQMD believe the conclusion regarding air impacts would have been different if one or both of these changes had been made?
15. Is the SCAQMD planning to add a condition to its permit to require Wellhead to perform and document an inspection each time the aqueous ammonia tank is filled to ensure that the vapor recovery equipment is consistently and properly used? We urge SCAQMD to require Wellhead to keep records of such inspections and to include such a requirement in its permit.
16. As you are probably aware, there is a large Public Owned Treatment Works just beyond the Project to the east. Were any combustion sources included from this facility in the Project's modeling (that is to say, what is the cumulative analysis when considering these two facilities together)?
17. Did the turbine screening analysis look at different ambient temperatures (i.e., hot summer day, cold winter day) besides just considering turbine load with one ambient air temperature?
18. SCAQMD has stated that the federal Acid Rain regulation (40 CFR 72) applies to the Project. Do you know whether or not Wellhead submitted a Title IV (Acid Rain) permit application? Part 72 requires a specific certification statement in the Acid Rain permit

application and it must be signed by a designated representative. Per Part 72, the permit application must be submitted at least 24 months before the facility reaches it design capacity. Please explain why this Project appears to have been exempted from this requirement.

19. Could you please provide us with a copy of the ISOPLETH map generated from the dispersion model run?
20. Could you please explain the rationale behind the determination for a 50-foot exhaust stack? We appreciate the competing concerns of preserving aesthetics with a lower stack and enhancing dispersion with a higher stack. However, there are homes as close as a quarter mile of the Project with rooflines which appear to be above the top of the exhaust stack. Please help us understand why this does not present a health risk for those homeowners.