

NOTICE OF INTENT

TO APPLY FOR A SITE CERTIFICATE FOR THE

PACIFIC ETHANOL ENERGY PROJECT

Prepared for

Pacific Ethanol, Inc.

5711 N. West Avenue

Fresno, CA 93711

Prepared by

David Evans and Associates, Inc.

2100 SW River Parkway

Portland, OR 97201

February 2006

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EXHIBIT A: APPLICANT INFORMATION

OAR 345-020-0011

(a) *Exhibit A. Information about the applicant and participating persons, including:*

(A) *The name and address of the applicant including all co-owners of the proposed facility, the name, mailing address and telephone number of the contact person for the NOI, and if there is a contact person other than the applicant, the name, title, mailing address and telephone number of that person;*

RESPONSE

Response:

Tom Koehler, Vice President
Pacific Ethanol, Inc.
516 SE Morison, Suite 820
Portland, OR 97214
(503) 235-8251

Contact for person other than the applicant:

Dana Siegfried
David Evans and Associates, Inc.
2100 SW River Parkway
Portland, OR 97201
(503) 223-6663

(B) *The contact name, address and telephone number of all participating persons, other than individuals, including but not limited to any parent corporation of the applicant, persons upon whom the applicant will rely for third-party permits or approvals related to the facility, and persons upon whom the applicant will rely in meeting any facility standard adopted by the Council.*

Response: Not applicable.

(C) *If the applicant is a corporation, it shall give:*

(i) *The full name, official designation, mailing address and telephone number of the officer responsible for submitting the NOI;*

(ii) *The date and place of its incorporation;*

(iii) *A copy of its articles of incorporation and its authorization for submitting the NOI; and*

(iv) *In the case of a corporation not incorporated in Oregon, the name and address of the resident attorney-in-fact in this state and proof of registration to do business in Oregon.*

Response:

Tom Koehler, Vice President
Pacific Ethanol, Inc.
516 SE Morison, Suite 820
Portland, OR 97214
(503) 235-8251

Pacific Ethanol, Inc. was incorporated in Delaware on February 28, 2005. A certification to that effect is attached. The resident attorney-in-fact on the State of Oregon is:

Max Miller
Tonkin Torp LLP
1600 Pioneer Tower
888 SW Fifth Avenue
Portland Oregon 97204
503 221-1440

(D) If the applicant is a wholly owned subsidiary of a company, corporation, or other business entity, in addition to the information required by paragraph (C), it shall give the full name and business address of each of the applicant's full or partial owners;

Response: Not Applicable.

(E) If the person submitting the NOI is an association of citizens, a joint venture or a partnership, it shall give:

(i) The full name, official designation, mailing address and telephone number of the person responsible for submitting the NOI;

(ii) The name, business address and telephone number of each person participating in the association, joint venture or partnership and the percentage interest held by each;

(iii) Proof of registration to do business in Oregon;

(iv) A copy of its articles of association, joint venture agreement or partnership agreement and a list of its members and their cities of residence; and

(v) If there are no articles of association, joint venture agreement or partnership agreement, the applicant shall state that fact over the signature of each member;

Response: Not Applicable.

(F) If the applicant is a public or governmental entity, it shall give:

(i) The full name, official designation, mailing address and telephone number of the person responsible for submitting the NOI; and

(ii) Written authorization from the entity's governing body to submit an NOI;

Response: Not Applicable.

(G) If the applicant is an individual, the individual shall give his or her mailing address and telephone number;

Response: Not Applicable.

AUTHORITY TO TRANSACT BUSINESS

EXHIBIT B: PROJECT DESCRIPTION

OAR 345-020-0011

(b) Exhibit B. Information about the proposed facility, including:

(A) A description of the proposed energy facility, including as applicable:

(i) Major components, structures and systems, including a description of the size, type and configuration of equipment used to generate electricity and useful thermal energy;

(ii) Methods for waste management and waste disposal, including, to the extent known, the amount of wastewater the applicant anticipates, the applicant's plans for disposal of wastewater and storm water, and the location of disposal;

(iii) For thermal power plants and electric generating facilities producing energy from wind, solar or geothermal energy:

(I) A discussion of the source, quantity, availability, and energy content of all fuels (higher heating value) or the wind, solar or geothermal resource used to generate electricity or useful thermal energy. For the purpose of this sub-paragraph, "source" means the coal field, natural gas pipeline, petroleum distribution terminal or other direct source;

(II) Methods for disposal of waste heat;

(III) Approximate nominal electric generating capacity;

(iv) For transmission lines, approximate transmission line voltage, load carrying capacity and type of current;

(v) For pipelines, approximate operating pressure and delivery capacity in thousand cubic feet per day;

(vi) For surface facilities related to underground gas storage, estimated daily injection and withdrawal rates, horsepower compression required to operate at design injection or withdrawal rates, operating pressure range and fuel type of compressors;

(vii) For facilities to store liquefied natural gas, the approximate volume, maximum pressure, liquefaction and gasification capacity in thousand cubic feet per hour;

(B) A description of major components, structures and systems of each related or supporting facility;

(C) The approximate dimensions of major facility structures and visible features;

RESPONSE

Overview

The proposed project will produce 42 million gallons per year of ethanol from corn. The project is proposed for an approximately 25-acre site within the Port of Morrow Industrial Park. The site is served by rail for incoming shipments of grain. The ethanol will be transported to market via truck.

Major components

Structures and systems include a grain processing building, fermentation building and tanks, distillation, drying, and evaporation building, ethanol storage tanks, tanks for the storage of production materials, and natural gas-fired steam production facility (Boiler Building). See tables 1 and 2 below for details. There will be a parking lot for the approximately 25 employees who will work at the plant. In addition, a 4-inch, carbon steel, 3,500-foot natural gas pipeline will be constructed from the Cascade Natural Gas pipeline less than one mile to the south to provide fuel for the boilers. A conceptual site plan is shown in Exhibit G.

In the Main Processing Building, the corn will be made into mash by mixing the corn with water and enzymes such as alpha amylase. Aqueous ammonia is added to control the pH of the mixture. The mash will be cooked in a series of steam cookers to break down the complex sugars in the mash into simple (fermentable) sugars in this building. The steam for this process will be generated in the Boiler Building.

The mash is then cooled and then mixed with yeast and additional enzymes in a series of Fermentation Tanks. After about 48 hours of fermentation, the resultant liquid will contain approximately 10% to 15% ethanol by weight.

In the Distillation Building, the distillation process separates the ethanol from the carbon dioxide and water vapor and produces a liquid that is 95% ethanol and 5% water. Molecular sieves are used to remove the remaining water and produce 100% ethanol. The ethanol will be combined with a minimum of 2.5% gasoline to produce denatured ethanol. This product will be stored in carbon steel tanks to produce approximately 96,000 gallons per day.

Table 1. Structures

Structure	Dimensions	Height
Main Processing Building	150' x 220'	43'
Fermentation Building	32' x 154'	30'
Distillation building	85' x 90'	Open
Distillation tower		165'
Wet Cake Storage Building	140' x 120'	30'
Maintenance Building	40' x 60'	25'
Cooling Towers Area	102' x 44'	150'
Boiler Building	80' x 140'	35'

Table 2. Storage

Structure	Capacity	Height
Grain Storage Silos (2)	250,000 bushels	40'
Fermentation Tanks (4)	100,000	35'
Ethanol Storage (2)	250,000 gallons	35'
Liquids Storage (4)	12,000	15'
Gaoline Tank (1)	60,000	20'

Methods for waste management and waste disposal

The primary by-product of the fermentation process is distiller wet grains (DWGS), a high value animal feed. This material will be processed to an approximate 67% moisture level, mixed with standard feed materials, and marketed to local dairy farms. When the system is operating at capacity, approximately 800 tons of DWGS will produced daily. Approximately 2,000 tons of DWGS will be stored on-site. The DWGS will be hauled from the site in trucks on a daily schedule.

Approximately 300 to 400 gpm of water, provided by the Port of Morrow, will be required for the process. The applicant is contemplating either a no-discharge system or a conventional system of wastewater discharge. If the applicant selects a conventional system, approximately 100 gpm of process wastewater will be generated; this wastewater will be discharged to the Port of Morrow wastewater treatment system or an evaporation pond.

Approximately 15 acres of the site will be impervious. Storm water from these surfaces will be allowed to sheet flow off of pavements and cross undeveloped land prior to infiltrating into the ground.

For Thermal power plants and electric generating facilities producing energy from wind, solar or geothermal energy

Not applicable

For Transmission lines:

Not applicable.

For pipelines, approximate operating pressure and delivery capacity (thousand cubic feet per day):

A 3,500-foot pipeline will be installed to carry natural gas from the Cascade Natural Gas pipeline to the plant. The operating pressure of the line will be 58-60 psig delivery pressure the loads are as follows:

The maximum connected load will be 3,628,800 cubic feet per day; the average for the 42 million gallon-per-year plant will be 3,000,000 cubic feet per day.

For surface facilities related to underground gas storage:

Not applicable.

For facilities to store liquefied natural gas:

Not Applicable.

EXHIBIT C: PROJECT LOCATION

OAR 345-020-0011

(c) Exhibit C. A description of the location of the proposed energy facility site and the proposed site of each related or supporting facility, including the approximate land area of each and identification of the Oregon Building Code Seismic Zone designation;

RESPONSE

The project is located at the Port of Morrow, Township 4N, Range 25E, Section 2, as shown in Figure G-1. The project layout, including a scaled drawing that shows buildings, storage, parking, and other project facilities, is shown on Figure G-2. The site is approximately 25 acres, and is zoned Port Industrial (PI).

The gas pipeline will be located within the following T 4N, R 25E, and Sections 2 and 11.

The 2004 Oregon Structural Specialty Code, which adopted and modified the 2002 International Building Code, does not include a Seismic Zone designation. This is a departure from previous building codes.

EXHIBIT D: ALTERNATIVE SITES – TRANSMISSION AND PIPELINES

OAR 345-020-0011

(d) Exhibit D. If the proposed energy facility is a pipeline or a transmission line or has, as a related or supporting facility, a transmission line or pipeline that, by itself, is an energy facility under the definition in ORS 469.300, identification of at least two proposed corridors, as defined in OAR 345-001-0010, or identification of a single proposed corridor with an explanation of why alternate corridors are unlikely to better meet the applicant's needs and satisfy the Council's standards. The applicant shall include an explanation of the basis for selecting the proposed corridor(s) and, for each proposed corridor, the information described in subsections (e), (g), (i), (j), (k), (n) and (p) that is available from existing maps, aerial photographs, and a search of readily available literature;

RESPONSE

The proposed energy facility is not a pipeline or a transmission line. It has no transmission line as a related or supporting facility. The plant will require as a supporting facility a gas pipeline as an energy source to create steam. A 4-inch diameter carbon steel pipeline, approximately 3,500 feet long, will be constructed from the Cascade Natural Gas pipeline to provide the plant with natural gas.

E – Permits

No permits not associated with the ethanol project would be required for the gas pipeline.

G – Maps

The proposed pipeline is shown on maps G-1 and G-4.

I – Land Use

The proposed corridor for the gas pipeline was selected because it is primarily within county or port right-of-way and does not impact agricultural land. The applicant intends to satisfy the council's land use standard by obtaining local land use approval from Morrow County under ORS 469.504 (1)(a). The project will meet all local zoning regulations.

J – Environmental Impact Summary

The environmental impacts of the gas pipeline construction will be temporary, and be limited to short term erosion and habitat impacts. To minimize these potential impacts, following construction, the any disturbed areas will be returned to pre-construction contours, and seeded with a native grass and forb seed mix. The pipeline will not be visible following construction.

A survey of historic, cultural and archaeological resources will be conducted prior to submittal of the Application for Site Certificate.

No impact to air quality or groundwater or surface water availability or quality would result from construction of the pipeline.

K – Community Impact Summary

The gas pipeline will be located primarily in county or port road rights-of-way, and will not impact agricultural land. Impacts of the gas pipeline construction will be temporary; traffic plans will be implemented to minimize any short-term impacts to local traffic. No effect is expected to result to emergency services, schools, water supply or disposal, or other public services.

N – Statue Evaluation

Permits are discussed more fully in Section E. Gas pipelines are subject to regulation by the Oregon PUC under ORS 757.035 and 757.039 and OAR 860-024-020, which empower the agency to adopt gas pipeline safety rules and enter into agreements with the USDOT to enforce federal pipeline safety regulations found at 49 CFR Parts 191, 192, 193, and 199.

Contact: Jack Dent
Public Utility Commission of Oregon
550 Capitol Street N.E. Suite 215
Salem, Oregon 97301-2551

P – State Commission on Indian Services consultation

Consultation with the following tribes would be required: Confederated Tribes of the Umatilla Indian Reservation, Confederated tribes of Warm Springs, Yakama Indian Nation, and the Nez Perce Tribe. Refer to Section P for addresses and additional details.

EXHIBIT E: PERMITS

OAR 345-020-0011

(e) Exhibit E. Identification of all federal, state and local government permits needed before construction and operation the proposed facility, legal citation of the statute, rule or ordinance governing each permit, and the name, address and telephone number of the agency or office responsible for each permit;

RESPONSE

Federal Permits

U.S. Army Corps of Engineers

33 USCA 1344; 33 CFR parts 320, 323, 325-28, and 330.

Permit: Clean Water Act, Section 404, if fill occurs in waters of the US

Agency: Mary Hoffman, Permit Evaluator
U.S. Army Corps of Engineers, Portland District
333 SW First Avenue
Portland, OR 97204
(541) 962-0401

U.S. Fish and Wildlife Service

16 USCA 1536, 1539; 50 CFR 402

Permit: Potential incidental take statement.

Agency: Nancy Gilbert, Field Supervisor
U.S. Fish and Wildlife Service – Pacific Region
Bend Field Office
20310 Empire Avenue, Suite A-100
Bend, OR 97701
(541) 383-7146

Federal Aviation Administration

14 CFR 77.13, 77.15, 77.17

Proposed Construction

Permit: None. No structures are over 200 feet tall.

Agency: Don Larsen
Northwest Mountain Regional Office
Air Traffic Division, ANM-520
1601 Lind Avenue, SW
Renton, WA 98055-4056
(425) 227-2520

State Permits

Oregon Department of Energy; Energy Facility Siting Council

Energy Facility Site Certificate

ORS 469.300 *et seq.*; OAR Chapter 345, Divisions 1, 21-24.

Permit: Energy Facility Site Certificate.

Agency: Adam Bless, Energy Facility Analyst
Oregon Office of Energy
625 Marion St., NE
Salem, OR 97301
(503) 378-3194

Oregon Department of Environmental Quality

Water Quality

ORS 468 and 468B; OAR Chapter 340, Divisions 14, 41, 45, 52, and 55

Permit: Construction Storm Water Permit 1200-C

Agency: Oregon Department of Environmental Quality, Eastern Region
700 SE Emigrant, #330
Pendleton, OR 97801
(541) 276-4063

Water Quality

ORS 468 and 468B; OAR Chapter 340, Divisions 14, 41, 45, 52, and 55

Permit: Industrial Storm Water Permit 1200-Z

Agency: Oregon Department of Environmental Quality, Eastern Region
700 SE Emigrant, #330
Pendleton, OR 97801
(541) 276-4063

Water Quality

ORS 468 and 468B; OAR Chapter 340, Divisions 14, 41, 45, 52, and 55

Permit: NPDES permit not required. The plant will use a no-discharge system, or discharge to the Port of Morrow wastewater treatment plant. A third discharge option – discharge to an evaporation pond, would require a water pollution control facility (WPCF) permit (see below).

Agency: Oregon Department of Environmental Quality, Eastern Region
700 SE Emigrant, #330
Pendleton, OR 97801
(541) 276-4063

Water Quality

ORS 468 and 468B; OAR Chapter 340, Divisions 14, 41, 45, 52, and 55

Permit: Water Pollution Control Facility permit. If the plant discharges wastewater to an evaporation pond, a WPCF permit would be required.

Agency: Oregon Department of Environmental Quality, Eastern Region
700 SE Emigrant, #330
Pendleton, OR 97801
(541) 276-4063

Noise

ORS 467; OAR Chapter 340, Division 35

Permit: None required, but facility must meet state noise standards.

Water Quality Certification

33 USCA 1341, Section 401; OAR Chapter 340, Division 48

Permit: Water Quality Certification

Agency: Christine Svetkovich
Oregon Department of Environmental Quality
811 SW 6th Avenue
Portland, OR 97204
(503) 229-5046

Air Quality

33 USCA 1341, Section 401; OAR Chapter 340, Division 48

Permit: Air Contaminant Discharge Permit

Agency: Patty Jacobs
Oregon Department of Environmental Quality
700 SE Emigrant, #330
Pendleton, OR 97801
(541) 276-4063

Oregon Department of State Lands

ORS 196; OAR Chapter 141, Division 85

Permit: Removal-Fill if removal or filling occurs in waters of the state

Agency: Kevin Herkamp, Resource Coordinator
Oregon Department of State Lands
1645 NE Forbes Rd., Suite 112
Bend, OR 97701
(541) 388-6345

Oregon Department of Fish and Wildlife – Habitat Conservation Division

ORS 496, 506, and 509; OAR Chapter 635, Divisions 100, 415, and 425

Permit: None required, but state habitat mitigation standards must be met

Agency: Rose Owens, Habitat Special Projects Coordinator
Oregon Department of Fish and Wildlife – Wildlife Division
3406 Cherry Avenue, NE
Salem, OR 97303
(503) 947-6085

Oregon Department of Geology and Mineral Industries

OAR 345-021-0010(1)(h).

Permit: None required

Agency: Yumei Wang, Geotechnical Engineer, Geohazards Team Leader
Oregon Department of Geology and Mineral Industries
800 NE Oregon St., Suite 965
Portland, OR 97232
(503) 731-4100

Oregon Department of Land Conservation and Development

ORS 197, 215, and 283; OAR Chapter 660

Permit: None required. Agency provides technical review and recommendations on compliance with Council rule OAR 345-022-0030.

Agency: Oregon Department of Land Conservation and Development
635 Capitol St., NE, Suite 150
Salem, OR 97301-2540
(503) 373-0050

Oregon Parks and Recreation Department - Historic Preservation Section

ORS 97, 358, and 390; OAR Chapter 736, Division 51

Permit: Archaeological permit

Agency: Dr. Dennis Griffin, Lead Archaeologist
Oregon Department of Parks and Recreation, SHPO
725 Summer St., NE, Suite C
Salem, OR 97301
(503) 986-0674

Oregon Department of Agriculture – Plant Conservation Biology Program

ORS 564; OAR Chapter 603, Division 73

Permit: None required

Agency: Bob Meinke, Program Leader
Oregon Department of Agriculture – Plant Division
635 Capitol St., NE
Salem, OR 97301
(541) 737-2317

Oregon Water Resources Department – Water Rights Division

ORS 537 and 540; OAR Chapter 690

Permit: None required. Water for the facility will be supplied by the Port of Morrow, which has an existing water right.

Agency: Oregon Water Resources Department – Water Rights Division
725 Summer St., NE, Suite A
Salem, OR 97301-1271
(503) 986-0900

Local Permits

Morrow County Zoning Code

Port Industrial Zoning District § 3.073

Permit: Project is a permitted use

Agency: Morrow County Planning Department
Carla McLane, Planner
100 Court Street
Heppner, OR 97836
(541) 481 -2112

MCZC Article 4 - § 4.165 —Design & Improvement Standards and Requirements

Permit: Site plan review

Agency: Morrow County Planning Department
Carla McLane, Planner
100 Court Street
Heppner, OR 97836
(541) 481 -2112

EXHIBIT F: PROPERTY OWNER INFORMATION

OAR 345-020-0011

(f) Exhibit F. A list of the names and mailing addresses of all owners of record, as shown on the most recent property tax assessment roll, of property located within or adjacent to the proposed corridor(s) the applicant has identified in subsection (d) and property located within or adjacent to the site of the proposed facility. In addition to incorporating the list in the NOI, the applicant shall submit the list to the Office of Energy in electronic format suitable to the Office for the production of mailing labels. Property adjacent to the proposed site or corridor means property that is:

(A) Within 100 feet of the site or corridor, where the site or corridor is within an urban growth boundary;

(B) Within 250 feet of the site or corridor, where the site or corridor is outside an urban growth boundary and not within a farm or forest zone; and

(C) Within 500 feet of the site or corridor, where the site or corridor is within a farm or forest zone;

RESPONSE

The proposed site and supporting facilities are located outside of the urban growth boundary, and are not within a farm or forest zone. Therefore property owners within 250 feet of the project are listed. Within 250 feet of the plant site and gas pipeline, the only property owner is the Port of Morrow.

Port of Morrow
2 Marine Drive
PO Box 200
Boardman, Oregon 97818
(541) 481-7678

EXHIBIT G: PROJECT MAPS

OAR 345-020-0011

(g) *Exhibit G. A map or maps showing:*

(A) *The proposed locations of the energy facility site, and all related or supporting facility sites, in relation to major roads, water bodies, cities and towns, important landmarks and topographic features;*

(B) *The proposed locations of the corridors the applicant has identified under subsection (d) in relation to major roads, water bodies, cities and towns, important landmarks and topographic features;*

(C) *The study area(s) for the proposed facility as defined in OAR 345-001-0010;*

(D) *The topography of the study area(s) including streams, rivers, lakes, major roads and contour lines;*

(E) *All protected areas in the study area as defined in OAR 345-001-0010 for impacts to protected areas; and*

(F) *The location of any wetlands identified in the Statewide Wetland Inventory of the Division of State Lands that are on or adjacent to the site;*

RESPONSE

The project is located at the Port of Morrow, as shown in Figure G-1. The proposed site is located north of I-84 and Columbia Avenue along the south channel of the Columbia River. Access would be provided from Columbia Avenue. The community of Boardman (population 3,400) is the nearest urbanized area in the vicinity of the site, located west approximately one mile at I-84 exit 164. Access to the proposed site from I-84 is located at exit 165. This figure also shows topography at 20-foot contours.

The project layout, including a scaled drawing that shows buildings storage, parking and other project facilities, is shown on Figure G-2.

The applicable study areas are shown on figure G-3. Protected areas are also shown on this figure.

The Statewide Wetland Inventory map is attached as Figure G-4.

FIGURES G-1 – G-4

EXHIBIT H: NON-GENERATING FACILITY

OAR 345-020-0011

(h) Exhibit H. If the proposed facility is a non-generating energy facility for which the applicant must demonstrate need under OAR 345-023-0005, identification of the rule in Division 23 of this chapter under which the applicant intends to demonstrate need and a summary statement of the need and justification for the proposed facility;

RESPONSE

It is assumed that the proposed ethanol plant is not a non-generating facility for which the applicant must demonstrate need under OAR 345-023-0005.

EXHIBIT I: LAND USE

OAR 345-020-0011

(i) Exhibit I. A statement indicating whether the applicant intends to satisfy the Council's land use standard, OAR 345-022-0030, by obtaining local land use approval under ORS 469.504(1)(a) or by seeking a Council determination under ORS 469.504(1)(b).

RESPONSE

The applicant intends to satisfy the council's land use standard by obtaining local land use approval from Morrow County under ORS 469.504 (1)(a). The project will meet all local zoning regulations.

EXHIBIT J: ENVIRONMENTAL IMPACT SUMMARY

OAR 345-020-0011

(j) Exhibit J. Identification of significant potential environmental impacts of construction and operation of the proposed facility on the study areas, including those impacts affecting air quality, surface and ground water quality and availability, wildlife and wildlife habitat, threatened and endangered plant and animal species, historic, cultural and archaeological resources, scenic and aesthetic areas, recreation, and land use;

RESPONSE

Air Quality

The stationary emission sources at the facility include grain handling, fermentation, distillation, combustion, storage tanks, ethanol loadout, and fugitives. Best Available Control Technology (BACT) will be employed for all sources. The applicant has submitted an Air Contaminant Discharge Permit application to the Department of Environmental Quality.

Odors from the plant will be minimal. Common odor complaints about ethanol plants are associated with drying the distillers grains. This ethanol facility will not be drying the grains; therefore, no odor problem is anticipated.

Surface and groundwater quality

The plant will use either a Cold Lime Softener (CLS) no-discharge system or will discharge industrial wastewater (primarily cooling tower and boiler blowdown) to the Port of Morrow industrial wastewater treatment system. If a no-discharge system is used, no wastewater will enter surface or groundwater as a result of the project. If the plant discharges wastewater to the Port of Morrow treatment system, wastewater will be treated to meet state water quality standards prior to discharge to surface waters.

The Statewide Wetland Inventory shows no wetlands or waters of the state as occurring on the project site; therefore, no impacts to waterways or wetlands are anticipated.

Surface and groundwater availability

The project will obtain water from the Port of Morrow, which obtains the water from five deep wells. This project will use up to 400 gpm of water that is not currently used for other purposes. The project will not impact surface water availability. In granting the water right to the Port of Morrow, the Oregon Water Resources Department has determined that adequate water exists for this use. Therefore, no substantial impact is anticipated to the groundwater resource.

Wildlife and wildlife habitat

The site was formerly in agricultural production, but is now zoned for industrial use. Vegetation consists of common native and non-native forbs and grasses. Wildlife common to the area would be expected to use the site for feeding or resting. Within this region, retired agricultural lands are typically inhabited by the following avian species: meadow larks, grasshopper sparrows,

savannah sparrows, loggerhead shrikes, horned larks, and burrowing owls. The northern harrier, Swainson's hawk, and red-tailed hawk may fly over fields to forage. Other species that may occur within the project vicinity include the great basin spadefoot toad, jackrabbits, coyotes, mule deer, badgers, and various small mammal species.

Threatened and endangered plant and animal species

Database search requests have been submitted to ONHRIC and the US Fish and Wildlife Services. A copy of each of the letters is attached.

Historic, cultural and archaeological resources

A survey of historic, cultural and archaeological resources will be conducted prior to submittal of the Application for Site Certificate.

Scenic and aesthetic areas

The plant will be set in the Port of Morrow Industrial Park where existing facilities of equal stature are located near the existing grain silos. The tallest building will be approximately 40 feet high with two distillation towers approximately 150 ft high. Therefore, no substantial change to the scenic or aesthetic character is anticipated as a result of the project.

Recreation

No recreation currently occurs on the Port of Morrow industrial property. Therefore, no adverse impact to recreation is anticipated at the plant site. The 3,500-foot gas pipeline traverses only Port and County property. Since the pipeline will be within a developed industrial area, no adverse impact is expected from construction of the pipeline.

Land use

The project is a permitted land use within the Port Industrial Zone. No conversion of agricultural land will occur, and no adverse impacts to land use are anticipated. The gas pipeline will be primarily in county or port road rights-of-way, and will not impact agricultural land.

Noise

The plant will comply with state of Oregon noise standards. The ASC for this project will measure ambient noise, if needed, and model expected noise output on any nearby sensitive receptor.

LETTER TO CLIFF ALTON DATED FEBRUARY 9, 2006

SPECIES REQUEST FORM

EXHIBIT K: COMMUNITY IMPACT SUMMARY

OAR 345-020-0011

(k) Exhibit K. Information about significant potential adverse impacts of construction and operation of the proposed facility on the ability of communities in the study area to provide the services listed in OAR 345-022-0110;

RESPONSE

Sewers and sewage treatment

If the plant will discharge wastewater, the Port of Morrow has stated that process water, currently estimated to be 185 gpm, can be accommodated in the existing industrial wastewater treatment facility owned and operated by the Port under an existing Water Pollution Control Facility (WPCF) permit issued by the Department of Environmental Quality. If the port will use a no-discharge system, no impact to the Port's wastewater facility will result.

The facility would discharge domestic waste to a septic system on site.

Water

The Port of Morrow has stated that they can provide the required up-to-400 gpm for the plant. A letter to this effect will be provided in the ASC.

Storm water drainage

Storm water would run off impervious surfaces and infiltrate into the ground. There is no system of pipes or ditches within the parcel proposed for development. Therefore, no impact would be expected from the project.

Solid waste management

Sanitary Disposal, Inc. provides garbage collection for the Port of Morrow and Boardman area as well as portions of Umatilla and Morrow Counties. It operates one transfer station in Hermiston. Refuse is then shipped to Finley Buttes Regional Landfill, located in Boardman. Finley Buttes accepts refuse from the entire Pacific Northwest. Refuse collected from the site is expected to be small and would be accommodated through existing collection services.

Housing

The plant will employ approximately 35 people full time. Approximately 20 of these jobs would require hiring from outside of the county. Boardman is the largest community in the vicinity of the proposed project and would likely accommodate additional staff, although in migrant employees may also choose to live in another community or in rural areas in the vicinity of the proposed project. Considering the relatively small number in migrant staff, the proposed project is not anticipated to have an adverse impact or create a major demand for housing.

The construction workforce is anticipated to be about 250 people over approximately 12 months. These people are expected to come largely from outside of the project area and would require temporary housing. Construction workers hired from outside the area would stay in area motels or other rental units for the duration of their stay, which could affect the short-term availability of rentals in the vicinity of the project. Workers from outside the area would benefit the community and local businesses by renting rooms, eating at local restaurants, and purchasing goods and services.

Traffic safety

When construction is completed, the proposed project is not anticipated to generate significant traffic. The plant would employ approximately 35 people, which given the relatively low traffic in the area, would not affect traffic flow along Columbia Avenue or I-84. The majority of the ethanol and DWGS from the plant would be shipped via truck to the Portland area, and locally, respectively.

During construction, the primary delivery route would likely be from eastbound or westbound I-84 and would access the site at Exit 165, avoiding urbanized areas. Construction-related traffic would be concentrated in industrial areas where transportation facilities are designed to accommodate heavy loads. Some short-term delays could occur along Columbia Avenue when large equipment is delivered to the site, but those delays would be temporary and would only occur during construction. Impacts to the road system will be evaluated in the ASC.

Police and fire protection

Police services are provided by the Morrow County Sheriff's Department. The Morrow County Sheriff's Office has 17 employees, including 10 deputies. Fire protection services are provided by the Boardman Rural Fire District.

The project area will be fenced during construction and operation and will have a fire suppression system in accordance with the Oregon Fire Code. The proposed project is not anticipated to have any impacts on local service providers.

Health care

Good Shepherd Community Hospital in Hermiston is approximately 25 miles away from the proposed project, and would provide emergency health care for employees and their families.

The hospital provides a full range of medical, surgical, laboratory and nursing services; physical, occupational, respiratory and speech therapy; a full range of radiological services, (electroencephalography, electrocardiography, stress testing, radiology, nuclear medicine, ultrasound, bone densitometry, echocardiography, CT scanning, magnetic resonance imaging), and a wide variety of health education/information and wellness programs. The hospital is also a level III trauma center with a physician on duty 24 hours a day in the Emergency Center.

The additional people, both construction and permanent in-migrant employees, would receive treatment if needed at this facility. The hospital is the area's regional medical facility and would be able to accommodate the ethanol facility's short-term and permanent in migrant staff.

Schools

The Morrow County School District is located in rural north central Oregon, bordered on the north by the Columbia River and timbered by the Umatilla National Forest on the southern border. The district has eight schools and serves the four communities of Boardman, Irrigon, Heppner and Lexington, educating nearly 2,300 students in kindergarten through 12th grade. With the limited number of in migrant staff, the project is not anticipated to have a significant impact on educational facilities in the area.

EXHIBIT L: WATER SOURCES AND USE

OAR 345-020-0011

(L) Exhibit L. Information about water requirements the applicant anticipates for construction and operation of the proposed facility, including:

(A) A description of each source of water and the applicant's estimate of the amount of water the facility will need from each source;

(B) If a new water right is required, the approximate location of the points of diversion and the estimated quantity of water to be taken at each point;

(C) For operation, the source of cooling water and the estimated consumptive use of cooling water, based on annual average conditions;

RESPONSE

The facility requires approximately up to 300 to 400 gallons of water per minute, or 432,000 to 576,000 gallons per day. The applicant intends to obtain all of the water needed to construct and operate the facility from the Port of Morrow, which holds a water right of adequate size for this use. No new water right will be required.

If the applicant uses a no discharge system, water use will be up to 300 gpm. Of this, 85 gpm will be evaporated from the cooling towers, and 20 gpm will escape as lost steam from the boiler system. Approximately 95 gpm will leave the plant in the wet distillers grain cattle feed. All of these are consumptive uses of the water.

If the applicant discharges to the city wastewater treatment plant, the plant will use up to 400 gpm. Of this, 185 gpm will be cooling tower blowdown and boiler blowdown. Approximately 20 gpm will escape as lost steam from the boiler system. Approximately 95 gpm will leave the plant in wet distiller grain cattle feed.

EXHIBIT M: CARBON DIOXIDE EMISSIONS

OAR 345-020-0011

(m) Exhibit M. If the proposed facility would emit carbon dioxide, an estimate of the gross rate of carbon dioxide emissions, a table listing all the factors that form the basis for calculating the estimate, and a statement of the means by which the applicant intends to comply with the applicable carbon dioxide emissions standard under OAR 345-024-560, OAR 345-024-600, or OAR 345-024-630.

RESPONSE

Approximately 275 tons of carbon dioxide will be emitted daily (about 100,000 tons annually - from project description). The 42 million gallons per year of ethanol produced equates a reduction of approximately 120,000 tons annually.

EXHIBIT N: STATUTE EVALUATION

OAR 345-020-0011

(n) Exhibit N. Identification, by legal citation, of all state statutes and administrative rules and local government ordinances containing standards or criteria that the proposed facility must meet for the Council to issue a site certificate, other than statutes, rules and ordinances identified in Exhibit E, and identification of the agencies administering those statutes, administrative rules and ordinances. The applicant shall analyze and describe any problems the applicant foresees in satisfying the requirements of any such statute, rule or ordinance.

RESPONSE

If the proposed facility will connect to the Port's wastewater treatment system, it must meet pretreatment standards set out in Port of Morrow Ordinance 90-3. This ordinance sets standards for the following parameters in wastewater: solids, oils, total Kjeldahl nitrogen, total suspended solids, and chemical oxygen demand.

The proposed facility will discharge sanitary waste to City of Boardman's County's sanitary system. The connection to the system will have to be approved by the City, which owns and operates a Publicly Owned Treatment Works with a WPCF permit from DEQ.

EXHIBIT O: SITE CERTIFICATION SCHEDULE

OAR 345-020-0011

(o) *Exhibit O*. A schedule stating when the applicant expects to submit an application for a site certificate;

RESPONSE

The applicant expects to submit an Application for Site Certificate on or about June 1, 2006.

EXHIBIT P: STATE COMMISSION ON INDIAN SERVICES CONSULTATION

OAR 345-020-0011

(p) Exhibit P. Evidence of consultation with the State Commission on Indian Services to identify each appropriate tribe to consult with regarding the proposed facility's possible effects on Indian historic and cultural resources;

RESPONSE

A copy of the letter to the Commission on Indian Services requesting them to identify each appropriate tribe to consult with about this project is attached. A telephone response from the Commission (Karen Quigley) indicates that the applicant will need to consult with:

Confederated Tribes of the Umatilla Indian Reservation
PO Box 638
Pendleton, OR 97801

Confederated Tribes of Warm Springs
1233 Veterans St
Warm Springs, OR 97761

Nez Perce Tribe
PO Box 365
Lapwai, ID 83540

Yakama Indian Nation
PO Box 151
Toppenish, WA 98948

LETTER TO KAREN QUIGLEY DATED FEBRUARY 7, 2006

ATTACHMENT

OAR 345-020-0040

MAILING LIST

(1) As soon as is practical after the submission of the notice of intent (NOI), the applicant shall distribute, by hand delivery or mailing, copies of the NOI to the following officers, agencies and tribes:

(a) Department of Environmental Quality

(b) Water Resources Commission and the Water Resources Director through the Water Resources Department

(c) Fish and Wildlife Commission through the Department of Fish and Wildlife

(d) State Geologist

(e) Department of Forestry

(f) Public Utility Commission

(g) Department of Agriculture

(h) Department of Land Conservation and Development

(i) Northwest Power Planning Council

(j) Office of State Fire Marshal

(k) Department of State Lands

(L) State Historic Preservation Office

(m) Any other agency identified by the Office of Energy

(n) Any tribe identified by the State Commission on Indian Services as affected by the proposed facility

(o) The governing body of any incorporated city or county in Oregon within the study area as defined in OAR 345-001-0010 for impacts to public services

(p) Any special advisory group designated by the Council under ORS 469.480

(q) The federal land management agency with jurisdiction if any part of the proposed site is on federal lands.

(2) The applicant shall attach the memorandum from the Office described in OAR 345-015-0120 to the copies of the NOI distributed according to section (1).

(3) The applicant shall provide additional copies of the NOI to the Office upon request and copies or access to copies to any person requesting copies.