



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE
OF CALIFORNIA

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Application of San Diego Gas &
Electric Company (U 902 E) for
Approval Pursuant to Public Utilities
Code Section 851 to Lease/Transfer
Capability Rights to Citizens Energy
Corporation

A.09-10-010
(Filed October 9, 2009)

**PREHEARING CONFERENCE STATEMENT
BY THE DIVISION OF RATEPAYER ADVOCATES**

I. INTRODUCTION

In accordance with Rule 7.2 of the Commission Rules of Practice and Procedure, the Administrative Law Judge ("ALJ") Ruling dated December 3, 2009, and the Notice Resetting Prehearing Conference ("PHC") dated December 14, 2009, the Division of Ratepayer Advocates ("DRA") files this Statement.

II. THE ISSUE

In 2007, SDG&E agreed in a settlement ("Settlement") not to file for any transmission incentives, including but not limited to those identified in Order Nos. 679, *et seq.*, with regard to the Sunrise Powerlink Project ("Sunrise Project" or "Sunrise").¹ Citizens Energy Corporation ("Citizens"), the lessee for SDG&E's portion of the Border-East Line, is not bound by the Settlement and has petitioned FERC for transmission rate incentives, which was recently approved.² In addition to Citizens, SDG&E may bring other "diverse participating interests ... into the development of Sunrise."³

¹ Letter dated March 27, 2009, from G. J. Baker and J. F. Walsh, attorneys for SDG&E to P.J. Posey, FERC Act's Secretary, attached "Offer of Settlement," sec. III at 6-7.

² SDG&E Appl. at 56 and FERC Order re Citizens's Trans. Rate Incentives *et al.*, 129 FERC ¶ 61,242 (issued Dec. 17, 2009).

³ SDG&E Appl. at 61.

The issue is whether the Commission should proscribe SDG&E from bringing in other participants that would seek to obtain transmission rate incentives, other than Citizens? DRA is not objecting to SDG&E's 30-year lease with Citizens in the Sunrise Project, because *inter alia* this will give the ratepayers serviced by Citizens level rates and protection against possible capital cost increases over the lease period. Other unique benefits of Citizens's participation are described in DRA's Response, such as Citizens's commitment to dedicate half of its profits from Sunrise to assist low-income Imperial Valley residents and the other half to Citizens's other charitable programs for the elderly and the poor. Because of these circumstances, DRA supports Citizens role in Sunrise as a one-time exception to the Settlement.⁴

A. Whether any Disputed Factual Issues Exists in this Case.

With regard to the specific issue stated above, no factual issues are in dispute.

B. The Possibility of Settlement and whether Commission Mediation Would Be Helpful in Resolving the Disputed Issue.

DRA believes that Commission mediation would be helpful in resolving the disputed issue stated above.

C. Whether any discovery is needed.

Discovery by DRA will be unnecessary.

D. Whether a hearing is needed.

No evidentiary hearing will be needed.

III. CONCLUSION

Although Citizens's role in Sunrise may justify the need for obtaining transmission rate incentives, this should be the only exception made to the SDG&E Settlement. The Commission should restrict SDG&E from bringing in any other

⁴ See DRA's Resp. at 6.

participant that would seek transmission rate incentives, because otherwise this would in effect circumvent SDG&E's compromise in the Settlement.

Respectfully submitted,

/s/ CLEVELAND W. LEE

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Date: January 6, 2010

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of to each party of record on the official service list in “**PREHEARING CONFERENCE STATEMENT BY THE DIVISION OF RATEPAYER ADVOCATES**” in **A.09-10-010** via electronic mail.

Parties who did not provide an electronic mail address, were served by U.S. mail with postage prepaid listed on the official service list.

Executed on **January 6, 2010** at San Francisco, California.

/s/ HALINA MARCINKOWSKI

Halina Marcinkowski

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