

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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In the Matter of the Application of
Pacific Gas and Electric Company
(U 39-E) for a Permit to Construct the
Shepherd Substation Project Pursuant to
General Order 131-D

Application 10-12-003
(Filed December 8, 2010)

PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES

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January 10, 2011

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I. INTRODUCTION

In accordance with Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) and California Public Utilities Code section 309.5(a), the Division of Ratepayer Advocates (“DRA”) submits this protest in the above captioned proceeding, the application of Pacific Gas and Electric Company (“PG&E”) for a permit to construct (“PTC”) certain sub-transmission facilities comprising the Shepherd Substation Project (“Shepherd” or “proposed project”). The notice of the filing of the application first appeared in the Commission’s Daily Calendar on December 9, 2010, and, therefore, DRA’s protest is timely filed. (*See* Rule 2.6(a).)

PG&E seems to imply that its application and the attached Proponent’s Environmental Assessment (“PEA”) support the purpose and need of the project.¹ DRA disagrees. DRA has several concerns regarding PG&E’s application, discussed below. Based on these concerns, DRA recommends that the Commission reject the application at this time and require PG&E to resubmit its application with the information necessary to resolve the issues DRA has raised in this protest.

¹ *See* Application 10-12-003, p. 2.

II. COMPLIANCE WITH GENERAL ORDER 131-D

As an initial matter, DRA agrees that the application for a PTC for the proposed project is appropriate under Section IX.B of Commission General Order (“G.O.”) 131-D. PG&E in its application seeks Commission approval to construct a three-transformer bank, 115 kV/21 kV, 135 MVA substation and 1.5 miles of 115 kV double transmission line based on a purported need to serve additional load.

DRA disagrees, however, that the application can be granted based on the information PG&E has provided thus far. DRA submits that the application raises several issues that should be resolved prior to a Commission decision regarding PG&E’s request for a PTC for Shepherd.

III. IDENTIFIED ISSUES

DRA’s concerns regarding the application are as follows:

A. Proposed Project Is Not the Same Project PG&E Presented to CAISO for Approval

PG&E refers to the California Independent System Operator’s (“CAISO”) 2009 Transmission Plan as proof of CAISO approval of the proposed project.² However, the project that PG&E has presented to the Commission in this application differs from the project that PG&E presented to the CAISO as the Shepherd Substation project. These differences include:

1. The project PG&E presented to CAISO was a single 45 MVA transformer bank to serve load with a 50 MVA capacitor bank, for a total capacity of 45 megawatts (“MW”).³ The project PG&E presents in its application to the Commission includes three transformer banks, each with 45 MVA capacity to serve load, for a total capacity of 135 MW.
2. The project PG&E presented to the CAISO shows an existing single line transmission line that is tapped into the Kerkhoff-Clovis-Sanger #1 115 kV Line

² See Application, Exhibit C, Project No. 37.

³ See CAISO, Transmission Projects Seeking Approval, San Joaquin Valley Area, Tim Schiermeyer, Regional Planning Engineer, 2009 CAISO Transmission Plan Stakeholder Meeting (“CAISO Presentation”), Feb. 27, 2009, Slide 10, available at <http://www.caiso.com/2360/2360f5d61b340.pdf>.

and goes to the Woodward Substation.⁴ This existing line is looped into the Shepherd Substation.⁵ The project PG&E presents here describes a new double line going from the Shepherd Substation to the Kerkhoff-Clovis-Sanger # 1 Line.⁶

3. The CAISO apparently found no Reliability Criteria violations for the project presented to the CAISO.⁷ Here, PG&E does not provide any evidence that increasing the power flow by a factor of three still results in no Reliability Criteria violations.
4. The estimated cost for the project that PG&E presumably provided to the CAISO is \$8 to \$10 million.⁸ The proposed substation PG&E presents here is three times larger than that in the CAISO-approved project and, therefore, would cost more. In addition, PG&E's application here includes a feeder transmission line that is 1.5 miles of double circuit line, rather than the simple loop in the project presented to the CAISO. No cost numbers have been provided on the proposed project in this application; however, DRA estimates that the cost of the proposed project would be between \$24 and \$30 million.⁹

These differences in project elements indicate to DRA that the project included in the CAISO Transmission Plan is not the same as the project proposed by PG&E in its application before the Commission.

B. Need for Proposed Project Has Not Been Shown

In its PEA, PG&E states that the purpose of the proposed project is to meet long-term capacity needs, construct a new substation to reinforce the existing system and construct a new substation near load growth.¹⁰ DRA submits that there is no need for the proposed project, for the following reasons:

⁴ See CAISO Presentation, Slide 10.

⁵ See CAISO Presentation, Slide 10.

⁶ See Application, p. 4, and Exhibit A.

⁷ See CAISO Presentation, Slide 10.

⁸ See CAISO Presentation, Slide 10.

⁹ DRA's estimate is based on the cost of two additional transformer banks as compared with one transformer bank in the project presented to the CAISO.

¹⁰ See PEA, p. 11.

As shown below, PG&E’s description of the current capacity of the Woodward Distribution Planning Area (“DPA”) as 339 MW is far less than the 360 MW determined to be available from the eight transformers at four existing DPA substations (capable of providing 45 MW each for a total of 360 MW capacity).

1. The Pinedale Substation has three 115/21 kV, 45 MVA Transformers serving the DAP.¹¹
2. The Woodward Substation has three 115/21 kV, 45 MVA Transformers serving the DAP.¹²
3. The Bullard Substation has one 115/21 kV, 45 MVA Transformer devoted to serving the Woodward DPA.¹³ Additional capacity may be available from the additional two transformers serving the Central Fresno DPA.
4. The Clovis Substation has one 115/21 kV, 45 MVA Transformer devoted to serving the Woodward DPA.¹⁴ Additional capacity may be available from the additional two transformers serving the Clovis DPA.

Thus, the projected overloads of 2.6 MW (0.8% of 339 MW) in 2014 and 7.5 MW (2.2% of 339 MW) in 2015¹⁵ will not exist. And, even if PG&E’s estimate of a 7.5 MW overload in 2015 is correct, a 135 MW substation to meet that projected overload would be a gross overbuild.

C. PEA for Proposed Project Is Inadequate

While PG&E in its PEA recognizes that the project lies outside city limits in an area targeted for potential annexation,¹⁶ the PEA analysis is made without regard to the area targeted for potential development and annexation in which the proposed project will be located. DRA finds that the PEA is inadequate for the following reasons:

¹¹ See PEA, p. 11.

¹² See PEA, p. 11.

¹³ See PEA, p. 11.

¹⁴ See PEA, p. 11.

¹⁵ See PEA, p. 12.

¹⁶ See PEA, p. 2.

1. It is DRA’s understanding that the area targeted for development and annexation is the City of Clovis Northwest Village Development. This a four-square mile development (not two-square miles as described in the PEA), bordered in the north by Cooper Avenue, in the south by East Shepherd Avenue, in the east by Sunnyside Avenue and in the west by North Willow Avenue. The area is not presently in the City of Clovis nor is it in the City of Clovis’s “sphere of influence.”¹⁷ The development project cannot go forward without the approval of the County of Fresno and the Local Agency Formation Committee (“LAFCO”) and, of course, the formal annexation process. According to the City of Clovis’s website, LAFCO requires that the property up for annexation must be in the City’s sphere of influence.¹⁸ Resolution of this issue is required if the development is to proceed.
2. According to the City of Clovis Director of Planning and Development Services, the Northwest Village Development will be comprised on 1,000 dwelling units that will house 40,000 people. Included will be some light commercial construction and “big box” stores in the East Cooper/North Willow area.¹⁹
3. This development is in the early study and planning phase and is not currently listed as a Major Project on the Planning Department page of the City of Clovis’s website. No Design Guidelines/Standards have been issued that relate to the Northwest Village Development nor has a Master Plan for the development been issued.²⁰

D. Issues in Letters of Support

PG&E refers to letters of support for the proposed project from the County of Fresno and the City of Clovis.²¹ Both entities’ letters state: “I understand the proposed

¹⁷ This information is from a December 2010 telephone conversation between Henry Pielage, DRA Senior Utility Engineer, and Dwight Kroll, City of Clovis Director of Planning and Development Services.

¹⁸ See “Annexations to the City of Clovis” page, available at: <http://www.ci.clovis.ca.us/Government/PublicDocuments/PlanningZoningDocuments/Pages/Annexations.aspx>.

¹⁹ This information is from a December 2010 telephone conversation between Henry Pielage, DRA Senior Utility Engineer, and Dwight Kroll, City of Clovis Director of Planning and Development Services.

²⁰ See “Current Planning Projects” page, available at: <http://www.cityofclovis.com/Government/PublicDocuments/PlanningZoningDocuments/PlanningProjects/Pages/MajorProjects.aspx>.

²¹ See Application, pp. 9-10.

project [is to/will] improve system reliability....”²² DRA submits that the contrary may be true. There may be reliability problems caused by the project that are presently unknown, because the project that was analyzed and approved by the CAISO was at one-third the power level than the proposed project now before the Commission. Moreover, the County states in its letter: “The Department ... appreciates that PG&E is investing in upgrading of the infrastructure in the County,” and the City states in its letter: “The Department ... appreciates that PG&E is making needed investments to upgrade the metropolitan area’s infrastructure.”²³ The implication that the costs of the proposed project will be borne by PG&E is misleading. As presented, the upgrade will be paid for entirely by ratepayers, and PG&E and its shareholders are not “investing” any dollars into the proposed project.

E. An Expedited Schedule Is Not Necessary

PG&E requests a “streamlined review and approval of this application.”²⁴ While DRA generally supports streamlining, DRA does not believe it should come at the expense of a complete application and thorough review. An expedited schedule should not be adopted here for the following reasons:

1. An estimated Project completion and operation by May 2013 is not substantiated by any load data or defined schedule for the possible Northwest Village Project.
2. DRA does not agree that this application supports a Negative Declaration as indicated in PG&E’s Preliminary Project Schedule.²⁵
3. PG&E is not including the Shepherd Substation project in the Environmental Impact Report (“EIR”) that the City of Clovis would be preparing for the Northwest Village project, because “[t]he timing of the City of Clovis’ EIR ...

²² PEA, Appendix C, pp. C-1 and C-2.

²³ PEA, Appendix C, pp. C-1 and C-2.

²⁴ Application, p. 12.

²⁵ See Application, Exhibit E.

was not conducive to PG&E meeting its schedule.”²⁶ DRA disagrees with this piecemeal approach.

IV. CATEGORIZATION AND NEED FOR HEARING

DRA agrees that this proceeding is appropriately categorized as “ratesetting.” DRA does not believe hearings are necessary at this stage.

V. CONCLUSION

For the foregoing reasons, DRA respectfully recommends that the application be rejected at this time, until the issues raised in this protest are resolved.

Respectfully submitted,

/s/ MARION PELEO

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January 10, 2011

²⁶ Application, p. 9.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES** in **A.10-12-003** by using the following service:

E-Mail Service: sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

U.S. Mail Service: mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on **January 10, 2011** at San Francisco, California.

/s/ IMELDA EUSEBIO

Imelda Eusebio

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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