

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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In The Matter of the Application of San Diego
Gas and Electric Company (U 902 E) for a
Certificate of Public Convenience and Necessity
for the South Orange County Reliability
Enhancement Project

Application 12-05-020
(Filed May 18, 2012)

PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES

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In The Matter of the Application of San Diego
Gas and Electric Company (U 902 E) for a
Certificate of Public Convenience and
Necessity for the South Orange County
Reliability Enhancement Project

Application 12-05-020
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PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES

Pursuant to Rule 2.6 of the Commission’s Rules of Practice and Procedure, the Division of Ratepayer Advocates (“DRA”) hereby submits its Protest to the Application of San Diego Gas & Electric (“SDG&E”) Company (U 902 E) for a Certificate of Public Convenience and Necessity (“CPCN”) for the South Orange County Reliability Enhancement Project (“SOCREP” or “Proposed Project”). SDG&E filed this Application including its Proponent’s Environmental Assessment (“PEA”) on May 18, 2012.

SDG&E’s stated purpose for the project is to provide increased electric network reliability and to reduce the risk of a potential system-wide outage affecting all of SDG&E’s customers and substations in the South Orange County area.¹ In order to address to these stated goals, SDG&E essentially proposes two costly undertakings:

- 1) SDG&E seeks to rebuild and upgrade the existing 138/12kV Capistrano Substation with a new 230/138/12kV substation;² and
- 2) SDG&E seeks to replace the existing 138kV transmission line (TL13835) with a new 230kV double circuit extension between SDG&E’s Capistrano and Talega Substations.³ The new 230kV double-circuit extension would bring a new 230kV transmission source into the South Orange County area.⁴

¹ Application at 2-3.

² Application at 3.

³ Id.

⁴ Id.

DRA will evaluate the need for the proposed project and the cost of the proposed project. DRA’s analyses will seek to assist the Commission in determining whether or not the CPCN should be approved or denied, as well as any modifications or conditions that should be applied if the CPCN is approved. DRA also reserves the right to review all other aspects of this Application in order to assist the Commission with its decision.

I. IDENTIFIED ISSUES

A. Project Need

SDG&E states that the project is needed to comply with the mandatory North American Electric Reliability Corporation (“NERC”), Western Electric Coordinating Council (“WECC”), and California Independent Systems Operator (“CAISO”) standards.⁵ SDG&E states that it has identified several areas of concern to be resolved in order to meet its obligation to serve and to maintain reliable customer service in the South Orange County area.⁶

First, SDG&E asserts that the Proposed Project would reduce the risk of an uncontrolled outage of all of South Orange County load.⁷ This is a broadly-termed risk, and SDG&E has not provided an adequate analysis in its application to quantify and support its assertion. SDG&E also failed to establish in its application why the Proposed Project is a cost-effective approach towards resolving such a broad risk. DRA will conduct discovery to ascertain whether or not SDG&E has met its burden on this issue. Second, SDG&E posits that the Proposed Project would reduce the more narrow risk of a controlled interruption of a portion of the South Orange County load.⁸ SDG&E has not provided adequate information in its application to support this assertion. DRA will conduct discovery to ascertain whether or not SDG&E has met its burden on this issue.

⁵ Id.

⁶ Id.

⁷ Id.

⁸ Id.

Third, SDG&E states that the Proposed Project is needed to comply with mandatory NERC, WECC, and CAISO transmission and operations standards.² Specifically, in Section 2 of the PEA, SDG&E states that the need to upgrade the existing transmission network in South Orange County has been identified in both SDG&E's and CAISO's long-term assessments of South Orange County.¹⁰ SDG&E states that SOCREP is the result of work done independently by both CAISO and SDG&E staff working toward a common goal: service reliability¹¹ through compliance with mandatory standards.¹²

SDG&E further notes that SOCREP was included in the CAISO 2010-2011 Transmission Plan and presented to the CAISO Board of Governors for approval.¹³ The CAISO Board of Governors approved the CAISO 2010-2011 Transmission Plan, along with SOCREP, at its May 18, 2011 meeting.¹⁴ Yet, approval by the CAISO Board of Governors is not dispositive or necessarily persuasive as to the regulatory actions to be taken by the Commission. DRA will conduct discovery on both SDG&E's and CAISO's long-term assessments of South Orange County to determine their value in this proceeding and to ascertain whether or not SDG&E has met its burden on this issue.

Fourth, SDG&E states that the Proposed Project is needed to replace aging equipment and to increase capacity.¹⁵ DRA will conduct discovery on SDG&E's assessment of its current infrastructure to ascertain whether or not SDG&E has met its burden on this issue.

Fifth, SDG&E states that the Proposed Project is needed to improve transmission and distribution operating flexibility. For example, SDG&E states that the current 138kV

² Id.

¹⁰ PEA at 2-5 (Public Version).

¹¹ DRA notes that "service reliability" in this context is distinguishable from the NERC/WECC reliability requirements that are the basis of the CAISO's annual reliability studies.

¹² PEA at 2-5 (Public Version).

¹³ Id.

¹⁴ Id.

¹⁵ Application at 3.

transmission network leaves South Orange County vulnerable to bulk power system failures, such as outages of lines, transformers, or buses, which may lead to the interruption of power to customers.¹⁶ SDG&E warns that if a failure occurs, power flow to South Orange County would be interrupted.¹⁷ However, SDG&E fails to offer sufficient evidence to substantiate these statements. DRA will conduct discovery to ascertain whether or not SDG&E has met its burden on this issue.

Sixth, SDG&E states that the existing Talega Substation configuration restricts the conditions under which maintenance can be done and creates 18 different outage scenarios that could cause uncontrolled loss of customer load in South Orange County.¹⁸ SDG&E's identification of these scenarios, however, does not form a sufficient basis to substantiate SDG&E's argument. DRA will conduct discovery to ascertain whether or not SDG&E has met its burden on this issue.

Seventh, SDG&E states that the Proposed Project is needed to accommodate customer load growth in the South Orange County area.¹⁹ SDG&E states that the South Orange County area has been experiencing continuing load growth of over 15 percent in the last ten years and has an expected load growth of 10 percent in the next ten years, and that the SOCREP is needed for additional capacity, reliability, and operational flexibility.²⁰ Furthermore, SDG&E states that the 138kV system has reached maximum capacity.²¹

However, DRA is not persuaded on these points, and believes that SDG&E should have provided more data to substantiate the bases of its projection. DRA will conduct discovery to ascertain whether or not SDG&E has met its burden on this issue.

¹⁶ PEA at 2-1 (Public Version).

¹⁷ Id.

¹⁸ PEA at 2-5 (Public Version).

¹⁹ Application at 4.

²⁰ PEA at 2-5 (Public Version).

²¹ Id.

Eighth, SDG&E states that it would locate the Proposed Project facilities within existing transmission corridors, SDG&E's rights of way, and utility owned property.²² DRA will conduct discovery and investigate the accuracy of SDG&E's statement on this issue.

Furthermore, in PEA Section 1, SDG&E states that elected officials and members of the community have requested the undergrounding of some of SDG&E's electric facilities.²³ The proposed facilities identified for undergrounding include the 138kV transmission and 12kV distribution lines.²⁴ In addition, SDG&E is proposing to underground a small portion of the 230kV transmission lines near Rancho San Juan where the existing 138kV transmission lines are currently undergrounded.²⁵

The undergrounding of transmission lines is a very expensive process, especially when it involves transmission lines at the 138kV and 230kV voltage levels. DRA will conduct discovery and investigate the accuracy of SDG&E's undergrounding cost estimates and evaluate the total scope of the undergrounding portion of the project. DRA further reserves the right to raise arguments regarding the proper allocation of such costs.

This Protest does not specify undergrounding cost estimates marked confidential by SDG&E, solely because of that designation. However, DRA believes that the confidential designation for such costs is improper. Such cost information needs to be made public in order to ensure meaningful public scrutiny of the analysis to determine if the proposed project is needed and cost-effective.²⁶

B. Project Cost

SDG&E provided a total "proposed project cost estimate" in its PEA at page 3-17, under "confidential cover." This Protest does not specify the cost estimate marked confidential, solely because of that designation by SDG&E. However, DRA believes that

²² Application at 4.

²³ PEA at 1-14 (Public Version).

²⁴ Id.

²⁵ Id.

²⁶ See Cal. Pub. Util. Code §§ 1001, 1002.3, 1003, 1003.5; see also GO 131-D, at IX.d.

SDG&E's confidential designation for costs is improper. All cost information, including contingency information, needs to be made public in order to ensure meaningful public scrutiny of the analysis to determine if the proposed project is needed and cost-effective.²⁷

Further, DRA believes that the total project cost estimate is not sufficiently detailed, and does not adequately reflect the scope of the project. DRA will conduct discovery and investigate the actual stage of the project design, the sufficiency of the cost details, the accuracy of the cost estimates, and whether a less costly alternative is possible, in order to ascertain whether or not SDG&E has met its burden on this issue.

II. PROCEDURAL AND SCHEDULING TOPICS

DRA agrees with SDG&E that this proceeding should be classified as "ratesetting." DRA requests that it be given at least 60 days to conduct discovery and further evaluate the application. DRA reserves the right to propose a schedule at the upcoming PHC, incorporating the opportunity to fully evaluate the need and cost issues described in this pleading. DRA also reserves the right to address additional issues that may arise during the discovery process, including the need for testimony and evidentiary hearings.

III. CONCLUSION

DRA has identified contested issues of both need and cost in this application. DRA requests that the Commission adopt a procedural schedule that provides adequate time for discovery and analysis of the application to address these issues.

²⁷ Id.

Respectfully submitted,

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