



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE **FILED**
STATE OF CALIFORNIA

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In the Matter of the Application of SOUTHERN)
CALIFORNIA EDISON COMPANY (U 338-E))
for a Certificate of Public Convenience and)
Necessity for the West of Devers Upgrade Project)
and for an Interim Decision Approving the)
Proposed Transaction between Southern)
California Edison and Morongo Transmission)
LLC)

A.13-10-XXX
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**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT THE
WEST OF DEVERS UPGRADE PROJECT AND FOR AN INTERIM DECISION APPROVING
THE PROPOSED TRANSACTION BETWEEN SOUTHERN CALIFORNIA EDISON AND
MORONGO TRANSMISSION LLC**

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Dated: **October 25, 2013**

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I.

INTRODUCTION

Pursuant to Sections 1001, 1003.5, and 1004 et seq. of the California Public Utilities Code, the California Environmental Quality Act (“CEQA”) (Public Resources Code § 21000 *et seq.*), the California Public Utilities Commission’s (“Commission”) General Order 131-D (“G.O. 131-D”), and the Commission’s Rules of Practice and Procedure, Southern California Edison Company (“SCE”) requests a Certificate of Public Convenience and Necessity (“CPCN”) to permit SCE to construct the West of Devers Upgrade Project (“WODUP” or “Proposed Project”). SCE also respectfully requests an Interim Decision, in consideration of the public interest benefits that would be realized, for authority to lease transfer capability rights in a

portion of the WODUP upgraded and reconfigured transmission lines¹ to Morongo Transmission LLC (“Morongo Transmission”)² pursuant to the Development and Coordination Agreement (“DCA”) by and between SCE and Morongo Transmission that provides Morongo Transmission with an option to invest up to \$400 million at the time of commercial operation in exchange for 30-year lease rights. (“Proposed Transaction”).

The WODUP is needed to facilitate the full deliverability of new electric generation resources being developed in eastern Riverside County, in an area designated by the California Independent System Operator (“CAISO”) for planning purposes as the Blythe and Desert Center areas. The Proposed Project will increase the power transfer capability west of Devers Substation (“WOD”) by approximately 3,200 megawatts (“MW”) by upgrading existing 220 kilovolt (“kV”) transmission lines between Devers, El Casco, Vista, and San Bernardino substations (“Existing Facilities”). The Proposed Project, planned to be operational by 2019/2020, would be constructed primarily within disturbed rights-of-way (“ROW”).

As part of the WODUP, approximately 48 corridor miles of Existing Facilities would be upgraded and reconfigured. A portion of SCE’s Existing Facilities crosses the tribal-trust lands of the Morongo Tribe (“Reservation”) pursuant to existing rights-of-way which will expire in the near future and tribal temporary-use permits previously granted by the Morongo Tribe to SCE for already-expired ROW. The DCA, which provides Morongo Transmission with an investment option in the form of a transfer capability lease (“Lease”), was a key factor in the negotiation of a

¹ The portion of the transfer capability in the WODUP upgraded and reconfigured transmission lines consists of newly constructed 220 kV transmission lines that will operate as network transmission facilities under the operational control of the CAISO, and that are eligible for cost recovery under the CAISO’s Transmission Access Charge (“TAC”). The portion of the WODUP subject to the transfer capability lease does not include any switchyard or substation facilities, subtransmission or distribution lines or facilities, telecommunications facilities, or costs of removing existing facilities.

² Morongo Transmission is a venture between the Morongo Band of Mission Indians (“Morongo Tribe”) and Coachella Partners LLC, (“Coachella Partners”) a Delaware limited liability company formed for the purposes of the Proposed Transaction, for which the Morongo Tribe owns the majority interest.

new rights-of-way agreement³ (“ROW Agreement”) between SCE and the Morongo Tribe that permits the Existing Facilities and the WODUP to cross the Reservation. The ROW Agreement provides SCE with rights to continue operating the Existing Facilities and to construct and operate the WODUP in a modified corridor across portions of the Reservation for a 50-year period. The DCA provides that Morongo Transmission’s Lease will be contingent upon receipt of regulatory approvals required by both the Federal Energy Regulatory Commission (“FERC”)⁴ and the CPUC. Under the terms of the ROW Agreement, if such FERC and CPUC regulatory approvals are not obtained, the Morongo Tribe would have the right to terminate the ROW Agreement and, if that occurred, SCE would lose its ability to site the WODUP and other facilities across the Reservation. Without the ROW Agreement, SCE would have to develop a new project that bypasses the Reservation, which would be comparatively more expensive, and SCE would have to seek a new agreement with the Morongo Tribe for the right to continue to operate the portion of its Existing Facilities on the Reservation until such time the new project could be constructed and the Existing Facilities that cross the Reservation could be removed.

Typically, SCE would apply under California Public Utility Code Section 851 for Commission authorization after a CPCN has been issued⁵ or completion of the Proposed Project’s construction. Here, SCE is seeking an Interim Decision to secure approval of the Proposed Transaction and find that it is in the public interest prior to the determination of the CPCN because regulatory approval of the Proposed Transaction is a prerequisite for obtaining the critical property rights via the ROW Agreement that are essential to the Proposed Project’s

³ See Appendix J, The Agreement Related to Grant Easements and Rights-of-Way for Electric Transmission Lines and Appurtenant Fiber-Optic Telecommunications Lines and Access Roads Across Lands of the Morongo Indian Reservation.

⁴ FERC has issued an order authorizing pursuant to Section 203 of the Federal Power Act the disposition of FERC jurisdictional facilities resulting from the lease of a portion of the WODUP transfer capability from SCE to Morongo Transmission. *Southern California Edison Company*, 144 FERC ¶ 61,178 (2013).

⁵ In D.11-05-08, the Commission approved a similar transaction granting Section 851 approval for a proposal by San Diego Gas & Electric Company (“SDG&E”) to lease the transfer capability in a portion of the Sunrise Powerlink Transmission Project (“Sunrise”) to Citizens Sunrise Transmission LLC, and such approval was granted post the Sunrise CPCN and prior to completion of the project.

route. Put another way, because the Proposed Project requires crossing the Reservation and because there is no ability to condemn the tribal lands at issue here via eminent domain, the ability to license and construct the WODUP depends on securing regulatory approval of the Proposed Transaction under which the Morongo Tribe will provide the necessary ROW. Absent such approval, the WODUP will not be feasible.⁶ Thus, obtaining CPUC regulatory approval of the Proposed Transaction via an Interim Decision is a necessary prerequisite to SCE's instant request for a CPCN to construct the WODUP. Additionally, SCE requests the Commission to authorize, as part of the Interim Decision, the future requirement to provide notice of the final, executed Lease between SCE and Morongo Transmission (consistent with the principal terms contained in the DCA) via a Tier 1 Advice filing requiring no further action by the Commission. Accordingly, as set forth in greater detail in Section III below and in the testimony served currently with this Application, SCE requests that the Commission issue an Interim Order finding that the Proposed Transaction is in the public interest, prior to the determination of the CPCN and CEQA issues in the instant Application and pursuant to the proposed schedule in Section IV of this Application.

II.

BACKGROUND AND SUMMARY OF CPCN REQUEST

A. Overview

The Proposed Project would allow SCE to increase the power transfer capability of the WOD transmission facilities by approximately 3,200 MW (from approximately 1,600 MW to 4,800 MW) to enable the full deliverability of electrical power from generation resources being developed in eastern Riverside County that have requested to interconnect to the CAISO-controlled electrical grid. The Proposed Project has been identified by the CAISO and SCE in the

⁶ See D.07-01-040, p. 77, "Because the Morongo Tribe has informed SCE that the proposed upgrades to SCE's existing 230 kV transmission lines west of Devers are not acceptable, we agree with SCE that the West of Devers portion of SCE's proposed DPV2 project is not feasible."

Transition Cluster Phase II study as a required Delivery Network Upgrade⁷ for generation projects located in SCE’s eastern area (from Devers to Colorado River substations). The CAISO approved the Proposed Project under its generation interconnection process by approving Large Generation Interconnection Agreements (“LGIAs”) that have identified the project as needed to safely interconnect new generation.⁸ The CAISO and SCE have completed subsequent cluster studies for subsequent interconnection requests that continue to identify the Proposed Project as a needed Delivery Network Upgrade. In addition, the CAISO Transmission Planning Process (“TPP”) has confirmed that the Proposed Project is needed to facilitate California’s achievement of the 33-percent Renewable Portfolio Standard (“RPS”) goal by 2020.⁹ As a result, the Proposed Project has been modeled as a baseline project in the CAISO TPP since 2010. This means that since 2010, the CAISO has modeled the electrical system with the assumption that the Proposed Project would be in service starting in 2017.

The objectives of the WODUP, planned to be operation in 2019/2020, are to (1) allow SCE to meet its obligation to integrate and fully deliver the output of new generation projects located in the Blythe and Desert Center areas that have requested to interconnect to the electrical transmission grid, (2) maximize the use of existing transmission line rights-of-way to the extent practicable, consistent with prudent transmission planning, (3) meet the project need while minimizing environmental impacts, (4) facilitate progress toward achieving California’s RPS goals in a timely and cost-effective manner by SCE and other California utilities, (5) comply with applicable Reliability Standards and Regional Business Practices developed by the North American Electric Reliability Corporation (“NERC”), Western Electricity Coordinating Council

⁷ The term “Delivery Network Upgrade” defines the “Transmission facilities at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve Constraints on the California ISO Controlled Grid.” See <http://www.caiso.com/Pages/glossary.aspx> (last visited October 21, 2013)

⁸ See FERC Docket Nos. ER11-4358-000, ER11-2318-000 and ER11-2455-000.

⁹ See 2012–2013 TPP, at Table 2, p. 17, <http://www.caiso.com/Documents/BoardApproved2012-2013TransmissionPlan.pdf> (last visited October 21, 2013).

(“WECC”), and the CAISO; and design and construct the project in conformance with SCE’s approved engineering, design, and construction standards for substation, transmission, subtransmission, and distribution system projects, and (6) construct facilities in a timely and cost-effective manner by minimizing service interruptions to the extent practicable.

The Proposed Project would upgrade the Existing Facilities by replacing the existing 220 kV transmission lines and associated structures with new, higher-capacity transmission lines and structures; installing new and/or upgraded substation facilities; and making telecommunication improvements. In particular, the Proposed Project would:¹⁰

- Upgrade substation equipment within SCE’s existing Devers, El Casco, Etiwanda, San Bernardino, and Vista substations in order to accommodate increased power transfer on the upgraded WOD 220 kV transmission lines. Upgrade SCE’s existing Timoteo and Tennessee 66/12 kV substations to accommodate 66 kV subtransmission line relocations.
- Remove and upgrade the following existing 220 kV transmission lines and structures with new transmission lines and structures utilizing double-bundled 1590 kcmil Aluminum Conductor Steel-Reinforced (2B-1590 ACSR) conductor:
 - Devers – El Casco (approximately 30 miles);
 - El Casco – San Bernardino (approximately 14 miles);
 - Devers – San Bernardino (approximately 43 miles);
 - Devers – Vista No. 1 and No. 2 (approximately 45 miles each);
 - Etiwanda – San Bernardino (approximately 3.5 miles); and
 - San Bernardino – Vista (approximately 3.5 miles).
- Remove and relocate approximately two miles of two existing 66 kV subtransmission lines.
- Remove and relocate approximately four miles of existing 12 kV distribution lines.
- Install telecommunication lines and equipment for the protection, monitoring, and control of transmission lines and substation equipment.

¹⁰ See PEA, Chapter 3 for a detailed description of the Proposed Project.

B. Project Need

As discussed more fully in the accompanying PEA,¹¹ the WODUP is needed to (1) integrate and interconnect generation resources within the Blythe and Desert Center areas, (2) comply with executed LGIAs, (3) support integration of generation resources with executed Purchase Power Agreements (“PPAs”), (4) facilitate integration of renewable generation resources being developed in the Coachella Valley area, (5) comply with Reliability Standards, and (6) facilitate progress toward achieving California’s RPS Goals.

As of May 15, 2013, there were 10 active interconnection requests listed in the CAISO Interconnection Queue for the Blythe and Desert Center areas. These requests account for approximately 2,480 MW of new renewable generation interconnections. The CAISO Cluster Interconnection Studies demonstrate that the existing WOD transmission lines are inadequate to meet the level of service needed by these generation interconnection requests and identify the Proposed Project as needed to safely and reliably accommodate the full deliverability of these interconnection requests for the Blythe and Desert Center areas. The CPUC has recognized that the quantity of renewable generator interconnection requests can be an indicator of need for transmission projects serving renewable generation.¹²

With respect to the interconnection requests for the Blythe and Desert Center areas described above, three LGIAs (totaling 1,485 MW of new solar generation) have been executed that identify the Proposed Project as the required transmission line delivery project needed to achieve the Full Capacity Deliverability Status requested by the generation facilities.¹³ The

¹¹ See PEA, Chapter 1 for a detailed description of the Purpose and Need.

¹² See D.10-12-052 (December 16, 2010) at 27. See also D.11-04-034, Order Modifying D.10-12-052 and Denying Rehearing (April 15, 2011), at 4-8 (reinforcing the evidentiary weight of PPAs and interconnection requests to the CAISO-controlled grid to support the need for a proposed transmission project).

¹³ CAISO Queue # 193, LGIA filed on August 24, 2011, Docket No. ER11-4358-000; CAISO Queue # 294, LGIA filed on December 8, 2010, Docket No. ER11-2318-000; CAISO Queue # 365, LGIA filed on December 21, 2010, Docket No. ER11-2455-000.

Proposed Project is needed for SCE to comply with the LGIAs and to enable full deliverability of the generation output of these projects.

Need for the Proposed Project is also demonstrated by executed PPAs for new generation that would utilize the transmission upgrades of the WODUP. SCE and other electric utilities have entered into multiple PPAs, per the interconnection requests described above, to deliver new solar energy generation that would utilize the transmission upgrades planned as part of the Proposed Project. Based on the large volume of interconnection requests in those areas, SCE anticipates that additional PPAs would be executed and submitted for approval to the appropriate agencies. The CPUC has also emphasized that executed PPAs provide a strong indicator of the need for transmission upgrades to support renewable generation.¹⁴ The Proposed Project would support integration of generation facilities with executed PPAs and help SCE and other utilities satisfy obligations under those PPAs.

On May 18, 2011, the CAISO approved a separate joint transmission line upgrade project between SCE and the Imperial Irrigation District (“IID”) to expand the transmission capability in the Coachella Valley between the SCE-owned transmission system and the IID-owned transmission system. The intertie between these two systems is known as Path 42. The upgrade of Path 42 (“Path 42 Upgrade Project”) would improve transmission facilities between the Devers and Coachella Valley substations, in addition to transmission facilities between the Mirage and Ramon substations. The Path 42 Upgrade Project would increase the transmission capability between SCE and IID transmission systems by an additional 900 MW to enable delivery of geothermal and solar resources located in the Coachella Valley area, and would contribute to meeting the RPS goals. The Proposed Project has been identified by the CAISO as a required upgrade to facilitate the increased power flows that would result from the Path 42 Upgrade Project, which is intended to deliver new renewable generation resources located in the

¹⁴ See D.10-12-052 at 27.

Coachella Valley area.¹⁵ As of October 2013, there are 11 active projects in the Coachella Valley area totaling approximately 1,090 MW that would utilize the capacity increase resulting from the Path 42 Upgrade Project and, therefore, would utilize the increased transmission capacity provided by the Proposed Project.

The Proposed Project is needed to deliver energy from generation resources located in the Blythe and the Desert Center areas in compliance with the Reliability Standards and the Regional Business Practices developed by NERC and WECC. Transmission lines must be planned in accordance with Reliability Standards and the Regional Business Practice developed by the NERC, WECC, CAISO, and the individual utility. Without construction of the Proposed Project, the Existing Facilities would not be able to remain in compliance with these Reliability Standards following the addition of new generation resources being developed in the Blythe and Desert Center areas.

The Blythe and Desert Center areas have also been identified by State and Federal agencies as having significant potential for the generation of renewable resources.¹⁶ As noted above, without the Proposed Project, capacity constraints with the Existing Facilities substantially limit SCE's ability to deliver electricity from these renewable-rich areas. As a result, the Proposed Project has been identified by California energy agencies as a critical

¹⁵ <http://www.caiso.com/Documents/BoardApproved2012-2013TransmissionPlan.pdf> at 129 (last visited October 21, 2013).

¹⁶ See RETI Phase 2B Maps, Proposed Competitive Renewable Energy Zones, http://www.energy.ca.gov/reti/documents/phase2B/CA_CREZ_Conceptual_Transmission_Segments_Phase_2B_final.pdf; RETI Phase 2A Final Report (2009) (last visited October 21, 2013), <http://www.energy.ca.gov/2009publications/RETI-1000-2009-001/RETI-1000-2009-001-F-REV2.PDF>; Renewable Energy Action Team (REAT) Starting-Point Map Narrative, March 23, 2010 (last visited October 21, 2013), http://www.drecp.org/maps/Starting_Point_Maps.pdf; DRECP, Transmission Impacts in the DRECP (corrected June 11, 2012) (last visited October 21, 2013), http://www.drecp.org/meetings/2012-04-25-26_meeting/background/Transmission_Planning/Transmission_Technical_Group_report_final_4_16_12.pdf; U.S. Department of Energy (last visited October 21, 2013), Energy Efficiency and Renewable Energy Program and the U.S. Department of the Interior, Bureau of Land Management, Final Solar Energy Development Programmatic Environmental Impact Statement, Volume 2 <http://solareis.anl.gov/documents/fpeis/index.cfm> (last visited October 21, 2013); Draft Solar Energy Development Programmatic Environmental Impact Statement: Riverside East SEZ Analysis, http://solareis.anl.gov/sez/riverside_east/index.cfm (last visited October 21, 2013).

transmission upgrade needed to facilitate progress toward California's RPS goals.¹⁷ The renewable generation interconnection requests for the Blythe and Desert Center Areas would facilitate progress by SCE and other utilities toward meeting the RPS goals.¹⁸

C. Eligibility For 399.2.5 Recovery

Similar to previous Commission decisions, specifically, D.07-03-012, D.07-03-045, and D.09-12-044, SCE requests that the Commission explicitly establish that, pursuant to Pub. Util. Code § 399.2.5, SCE can recover through CPUC-jurisdictional rates all costs associated with the WODUP prudently incurred by SCE that the FERC does not allow SCE to recover in its general transmission rates.¹⁹

D. Project Cost

In compliance with Public Utilities Code § 1005.5(a),²⁰ SCE developed estimated costs for the WODUP. For purposes of determining a maximum construction cost,²¹ SCE estimated the costs for the Proposed Project's direct costs and contingency ("Construction Costs"). The

¹⁷ CEC, Renewable Power In California: Status And Issues, Publication No. CEC-150-2011-002-LCF-REV1, December 2011, <http://www.energy.ca.gov/2011publications/CEC-150-2011-002/CEC-150-2011-002-LCF-REV1.pdf> at 83-84 and at F-4 (last visited October 21, 2013); CPUC, 33% Renewables Portfolio Standard Implementation Analysis Preliminary Results, June 2009, <http://www.cpuc.ca.gov/NR/rdonlyres/1865C207-FEB5-43CF-99EB-A212B78467F6/0/33PercentRPSImplementationAnalysisInterimReport.pdf> at 34; RETI Phase 2A Final Report (2009) (last visited October 21, 2013), <http://www.energy.ca.gov/2009publications/RETI-1000-2009-001/RETI-1000-2009-001-F-REV2.PDF> at 3-95 (last visited October 21, 2013); *see also* D.10-12-052 at 27 ("it is often the case that transmission must be planned and permitted before generation fully commits to an area ... generation developers, and by extension, their financial backers, need assurance that if generation is built, their projects will be able to bring their energy to market").

¹⁸ CEC, Renewable Power In California: Status And Issues, Publication No. CEC-150-2011-002-LCF-REV1, December 2011, <http://www.energy.ca.gov/2011publications/CEC-150-2011-002/CEC-150-2011-002-LCF-REV1.pdf> at Chapters 3-4 (last visited October 21, 2013); CPUC, 33% Renewables Portfolio Standard Implementation Analysis Preliminary Results, June 2009, <http://www.cpuc.ca.gov/NR/rdonlyres/1865C207-FEB5-43CF-99EB-A212B78467F6/0/33PercentRPSImplementationAnalysisInterimReport.pdf> at 34, 46 (last visited October 21, 2013).

¹⁹ Specifically, SCE's Transmission Revenue Requirement (TRR) and CAISO's TAC.

²⁰ *See* Cal. Pub. Util. Code § 1005.5(a) provides that: "Whenever the commission issues to an electrical . . . corporation a certificate authorizing the new construction of any addition to or extension of the corporation's plant estimated to cost greater than fifty million dollars (\$50,000,000), the commission shall specify in the certificate a maximum cost determined to be reasonable and prudent for the facility."

²¹ *See* Cal. Pub. Util. Code § 1005.5(a) provides that: "The Commission shall determine the maximum cost using an estimate of the anticipated construction cost, economic inflation, and any known engineering difficulties associated with the project."

following describes the estimated Construction Costs for the WODUP broken down by cost type. All costs are provided in 2013 constant dollars, unless otherwise noted. As shown in Appendix I, the total estimated maximum Construction Costs for the Proposed Project is \$955 million, in 2013 constant dollars.

Consistent with SCE's request in A.09-05-027 (Eldorado-Ivanpah Transmission Project), and the resulting Commission decision (D.10-12-052), SCE proposes the use of deflation factors to convert actual expenditures in future years to their equivalent value in 2013 dollars. The purpose of using deflation factors is to properly compare future recorded costs against the estimated maximum Construction Costs presented here in constant dollars. SCE believes the deflation factors should be calculated using an index such as the Handy-Whitman Index of Public Utility Construction Costs and considering other factors that influence the cost of the project.

1. Estimated Direct Costs

Estimated direct costs include costs for siting, environmental surveys, licensing, preliminary and final engineering, construction, labor, materials, real estate, telecommunications, environmental monitoring and mitigation, and project support based on preliminary scopes of work for the project components. The primary components of the WODUP are described in Section II above.

The scope of work for the primary components is discussed in detail in the PEA.²² The estimated costs were developed based on the scope of work described in the PEA and SCE's experience in estimating and constructing similar recent projects. SCE's estimated direct costs include labor, materials, equipment, and real estate. Labor costs include construction personnel and various project support functions. Construction personnel are comprised of the many crews required to safely and effectively construct the WODUP's components. Project support personnel represent resources required to design, plan and support construction activities,

²² See PEA, Chapter 3 for a detailed project description of the WODUP.

including but not limited to engineering, project management, cost engineering, environmental monitoring, and permitting. Material and equipment costs include but are not limited to estimates for steel, concrete, transformers, insulators, transmission and distribution conductors, and optic grounding fiber wires. Estimated real estate costs are also included for expected ROW required from private and public lands. Estimates of the expected direct costs by the primary components are listed in Appendix I.

2. SCE's Contingency Estimate

Cost estimates for a project of this magnitude are subject to multiple uncertainties, especially where, as here with the WODUP, the estimates are based on preliminary scopes of work. As such, it is reasonable and prudent to assume a level of contingency to help mitigate the risks and uncertainties given this early stage of project development.

“Contingency” is defined by the Association for the Advancement of Cost Engineering (“AACE”)²³ as “specific provision for unforeseeable elements of cost within the defined project scope.” Similarly, the Electric Power Research Institute (“EPRI”) defines contingency as a reasonable necessity to address scope uncertainty. In addition to AACE’s and EPRI’s standards, SCE’s contingency standards are based on the professional judgment and experience of SCE’s engineering and construction professionals. Based on SCE’s experience, it is appropriate to apply a 35-percent contingency for a project at this stage.

For the WODUP, SCE’s cost estimate includes a contingency assumption of 35 percent based on the preliminary scope of work and schedule. SCE’s contingency attempts to account for uncertainties related to the following:

- Unforeseeable elements of cost within the defined project scope
- Material quantity variances within the defined scope

²³ Formerly known as the American Association of Cost Engineers (“AACE”); see AACE’s *Project and Cost Engineers’ Handbook*.

- Minor material cost uncertainties
- Labor hour variances within the defined scope
- Minor labor cost uncertainties
- Minor fluctuations in currency exchange rates
- Reasonable outage scheduling risk
- Reasonable impacts from environmental restrictions (e.g., bird nesting)

Contingency estimates cannot reasonably provide for the following:

- Major project scope changes, for example:
 - SCE is directed to build a different transmission line route
 - SCE is directed to use a different transmission line technology
 - SCE is directed to use different substation technologies
 - SCE is directed to underground a transmission line segment
- Major schedule changes
- Major price increases for material and labor
- Significant regulatory approval delays
- Subsurface conditions that are significantly different from presently available information
- Unforeseeable environmental conditions and/or mitigation requirements, including, for example, significant bird nesting related delays
- More restrictive condemnation requirements that prevent or significantly limit SCE's ability to acquire properties needed for new transmission line right-of-way
- Intervenor and/or property owner legal challenges leading to significant project delay
- Unavailability of skilled labor due to nationwide and worldwide demand, and/or strikes

- Unavailability of materials and/or equipment due to nationwide and worldwide demand, late delivery or faulty materials
- Contractor nonperformance
- Force majeure events, property or casualty losses

3. Cost Summary

The Construction Costs associated with the Proposed Project's scope of work are broken down in the project cost table, Appendix I. The left side of the table lists the scope elements grouped by the following categories: licensing, substation, transmission lines rated 200 kV or greater, transmission lines rated below 200 kV, distribution line work, telecommunication elements, real estate, and environmental work. The estimated direct costs are provided next to each element. The estimated contingency costs are then added to the total direct costs at the bottom of the project cost table. As noted in Appendix I, the direct cost estimates are represented in 2013 constant dollars. Including contingency, the total WODUP Construction Costs are estimated to be \$955 million in 2013 constant dollars.

Consistent with recent CPCNs, corporate overheads and financing costs during the project development and execution phases and, once in-service, operation and maintenance (O&M) costs should not be included in a CPCN's maximum cost. However, for informational purposes and as part of the cost effectiveness analysis on the Proposed Transaction, SCE is providing an estimate of the SCE capital corporate overheads, financing and O&M costs.²⁴ The estimated capital corporate overhead costs are approximately \$62 million in constant 2013 dollars. The estimated financing costs during project development and execution are estimated to be approximately \$159 million in nominal dollars. The estimated annual O&M costs, once the project is in-service, are approximately \$18 million in 2013 constant dollars. Actual SCE capital

²⁴ SCE's estimates here do not include any incremental development and financing costs nor operating-related administrative expenses Morongo Transmission would incur if they exercise the Lease option. *See* Exhibit SCE-01, testimony supporting SCE's Interim Decision request, served currently with this Application that explains the additional Morongo Transmission costs related to the Lease.

corporate overheads, financing and O&M costs may vary and will be based on actual spend and schedule.

Capital corporate overhead costs include administrative and general (“A&G”) and payroll loadings for such items as pension and benefits (“P&B”). SCE estimated capital corporate overhead costs of approximately \$62 million (constant 2013 dollars) based on applying a rate of approximately 6.5 percent to the direct cost estimates included in Appendix I. The 6.5 percent rate was developed based on (1) A&G average recorded rates (from SCE’s financial system) from January through August 2013 and (2) the same time-period average recorded rates for payroll loadings applied to an approximate 2.5 percent SCE labor factor based on recent experience.

There are two methods by which SCE can recover financing costs: (1) Allowance for Funds Used During Construction (“AFUDC”), and (2) Construction Work in Progress (“CWIP”) in rate base. FERC has authorized CWIP, which is applicable to the qualified elements of scope contained in SCE’s petition.²⁵ SCE estimated financing costs during project development and execution of approximately \$159 million in nominal dollars based on the project cost estimate in Appendix I and the project schedule in Appendix A.

The WODUP is expected to have assets in-service for decades. SCE estimated annual O&M costs, once the project is in-service, of approximately \$18 million in 2013 constant dollars based on a simplified system average calculation consistent with previous SCE transmission rate filings at FERC.

²⁵ See 134 FERC ¶61,181 in Docket EL11-10-000, issued March 11, 2011.

E. Public Utilities Code §1005.5 And Adjustment Of The Maximum Reasonable And Prudent Cost Estimate

In D.07-01-040, the Commission recognized that the FERC will ultimately decide how much of the costs the utility may reflect in its transmission rates.²⁶ However, SCE recognizes that the Commission believes it is obligated by Public Utilities Code Section 1005.5(a) to specify “a maximum amount determined to be reasonable and prudent for the facility.”²⁷ In past proceedings, this “maximum reasonable amount” has been incorrectly called a “cost cap,” even though the requirement under Section 1005.5 that the Commission consider the “maximum reasonable costs” of a project does not serve as any sort of “cap” or “restraint.” Rather, the clear language of the statute demonstrates that the purpose of assessing a “maximum” finding of cost is to determine whether a project with such possible maximum cost provides sufficient benefits as to meet the burden of showing that the project is in the public interest, need, and convenience.²⁸

The Commission has, in fact, recognized that the costs submitted in a CPCN application are based on preliminary design estimates, and that after the CPCN is granted, the cost estimates may be adjusted based on the route selected by the Commission, the final engineering design, final environmental mitigation requirements, and many other factors. As such, in several past transmission licensing matters, the Commission has reduced the level of contingency lowering the maximum estimate and invited SCE to file an advice letter to adjust the cost upon completion

²⁶ See D.07-01-040 (“DPV2”) *mimeo.*, p. 45 (“While FERC will ultimately decide how much of the costs for this project SCE may recoup in transmission rates, we have jurisdiction pursuant to Pub. Util. Code § 1005.5(a) and the responsibility to specify in the CPCN a “maximum cost determined to be reasonable and prudent for the DPV2 project.”).

²⁷ See Cal. Pub. Util. Code § 1005.5(a) provides that: “Whenever the commission issues to an electrical . . . corporation a certificate authorizing the new construction of any addition to or extension of the corporation's plant estimated to cost greater than fifty million dollars (\$50,000,000), the commission shall specify in the certificate a maximum cost determined to be reasonable and prudent for the facility.”

²⁸ See Cal. Pub. Util. Code §1005.5(a) In specifying the *maximum* cost at which the project is within the public’s convenience and necessity, the Commission is not setting a limit for actual spending or cost recovery, as to do such would be outside the CPUC’s authority and jurisdiction.

of final engineering. It would be more accurate and efficient for the Commission to simply make its initial cost finding based on SCE's maximum cost estimate.

The only reason to adjust the Commission's finding of "maximum prudent costs" is to confirm that costs have increased and to then affirm that the Commission still finds that the project is in the public's convenience and necessity despite the higher associated cost:

After a certificate has been issued, the corporation may apply to the commission for an increase in the maximum cost specified in the certificate. The commission may authorize an increase in the specified maximum cost if it finds that the cost has in fact increased and that the present or future public convenience and necessity require construction of the project at the increased cost; otherwise, it shall deny the application.²⁹

Thus, if the Commission arbitrarily sets a maximum cost finding too low (such as reducing the cost for compliance with the Commission's own environmental mitigation measures, reducing costs for project management, or reducing costs for contingencies that are likely to occur), this does not provide SCE with the option of not complying with the environmental mitigation requirements, not managing the project prudently, or not paying the costs when a contingency occurs. An insufficiently low specification of maximum costs at which the Commission finds a project within the public interest, will inevitably require a future true up to confirm that the Commission still finds the project itself is in the public interest, despite the increased estimate of maximum cost.

Public Utilities Code Section 1005.5(b) specifically allows the utility applicant to seek to increase the maximum cost estimate after the decision granting the CPCN has been issued, if the utility determines that the cost, in fact, has increased.³⁰ Any future adjustments would be based

²⁹ See Cal. Pub. Util. Code §1005.5(b).

³⁰ As set forth in Cal. Pub. Util. Code § 1005.5(b): "After the certificate has been issued, the corporation may apply to the commission for an increase in the maximum cost specified in the certificate. The Commission may authorize an increase in the specified maximum cost, if it finds and determines that the cost has in fact increased and that the present or future public convenience and necessity require construction of the project at the increased cost; otherwise, it shall deny the application." (Cal. Pub. Util. Code § 1005.5(b).)

on changes in cost estimates, once SCE completes final, detailed design-based construction estimates, necessary to reflect such items as:

1. Adjustments in project costs because of any unanticipated delays in starting the project and/or inflation;
2. Adjustments in project costs as a result of final design criteria;
3. Additional project costs resulting from the adopted mitigation measures and mitigation monitoring program; and
4. Events related to equipment and raw materials, for example, the price of steel, concrete, other raw materials, and equipment that, in fact, increase the cost of the project.

For all the above reasons, SCE requests that the Commission (1) adopt a maximum reasonable and prudent cost estimate based on the specific estimated cost elements and scope presented in this filing (without reducing the maximum estimates for costs related to contingencies, environmental, etc.) and (2) authorize SCE to seek any adjustments to the estimate through the advice letter process if the cost increases in the future.

III.

BACKGROUND AND SUMMARY OF INTERIM ORDER REQUEST

A. Overview

On November 27, 2012, SCE entered into the DCA with Morongo Transmission that provides Morongo Transmission with an option to invest up to \$400 million to lease a portion of the transfer capability in the WODUP's upgraded and reconfigured transmission lines. Morongo Transmission was formed for the purposes of the Proposed Transaction and will file an application with the CAISO to become a PTO before the commercial operation date of the WODUP. The Morongo Tribe owns a majority of the interests in Morongo Transmission. The remainder of Morongo Transmission is owned by Coachella Partners. As discussed in Section I above, this investment option was a key factor in the negotiation of the ROW Agreement between SCE and the Morongo Tribe that permits SCE to continue operating the Existing

Facilities that cross the Reservation and to construct a critical portion of the WODUP that also crosses the Reservation.

The ROW Agreement is contingent on the FERC and CPUC approving the Proposed Transaction. Without the ROW Agreement, SCE would be forced to remove the Existing Facilities that cross the Reservation and build a new project that would need to bypass the Reservation, which would be comparatively more expensive than the WODUP and likely result in greater environmental impacts.³¹ SCE submits the request for an Interim Decision to secure approval of the Proposed Transaction and find it is in the public interest in order to avoid an extended delay and lost resources and in order to proceed with the Proposed Project, which is more cost effective than an alternative project that would need to bypass the Reservation. Additionally, SCE requests the Commission to authorize, as part of the Interim Decision, the future requirement to provide notice of the final, executed Lease between SCE and Morongo Transmission (consistent with the principal terms contained in the DCA) via a Tier 1 Advice filing requiring no further action by the Commission.

The terms of the Proposed Transaction are set forth in the DCA between SCE and Morongo Transmission, attached to this Application in Appendix J. The form of the Lease is attached to the DCA as Exhibit B. The ROW Agreement is related to the Proposed Transaction, and it is also included in this Application in Appendix J.³² The DCA provides Morongo Transmission with an option to invest up to \$400 million in the 220 kV transmission line portion of the Proposed Project in exchange for 30-year lease rights to a pro rata portion of the transfer capability in the WODUP's upgraded and reconfigured transmission lines. Upon its exercise of the Lease option, Morongo Transmission will enter into the Lease with SCE and make an

³¹ See Final EIR/EIS for the proposed DPV2 Transmission Line Project, Executive Summary, Section 5.2.2, issued in October 2006. In determining the environmentally superior route for DPV2, the Final EIR/EIS found that that the proposed West of Devers upgrades were environmentally superior unless determined to be infeasible, in which case the Devers-Valley No. 2 Alternative would be constructed.

³² The DCA is attached to the ROW Agreement as Exhibit D.

advanced rent payment proportionate to its percentage investment in the upgraded and reconfigured transmission lines. On a going-forward basis, Morongo Transmission will be responsible for an allocated portion of SCE's ongoing costs associated with operating and maintaining the upgraded and reconfigured transmission lines.

B. An Interim Decision Is Appropriate Pursuant To The Issues In The Instant Application

The Proposed Transaction was modeled upon the transaction approved by the Commission in an Application of SDG&E to lease the transfer capability in a portion of Sunrise to Citizens Sunrise Transmission LLC.³³ Similar to that application, the Proposed Transaction is contingent upon receipt of regulatory approvals by both the Commission and the FERC. The FERC issued an order on September 3, 2013 ruling that the disposition of FERC-jurisdictional facilities resulting from the lease of a portion of the WODUP transfer capability from SCE to Morongo Transmission is consistent with the public interest pursuant to Section 203 of the Federal Power Act.³⁴ SDG&E's application was authorized under PUC Section 851. Here, SCE is seeking an Interim Decision to secure approval of the Proposed Transaction prior to the determination of the CPCN and completion of the CEQA review in order to prevent unnecessary waste of SCE and Commission resources. Pursuant to G.O. 131-D, an application for a CPCN must include a PEA or equivalent information on the environmental impact of the project, and accordingly, SCE has prepared a PEA for the WODUP. Development of the PEA has consumed significant SCE and contractor resources over a period of approximately 11 months. Likewise, the CPUC's Energy Division has already procured an environmental consultant to review SCE's PEA (upon filing this application), conduct further environmental review, and develop a joint EIR/EIS. SCE estimates it will take approximately 12 months for the Energy Division and their environmental consultant to develop and issue the Draft EIR/EIS and several more months to

³³ See D.11-05-048 issued October 9, 2009.

³⁴ See Order Authorizing Disposition of Jurisdictional Facilities, 144 FERC ¶ 61,178 (2013).

issue a Final EIR/EIS. This process is both time consuming and expensive. Issuing an Interim Decision early in the process ensures the most effective use of SCE and Commission resources because if the Commission does not approve the Proposed Transaction, SCE would have to restart and develop a new project that bypasses the Reservation.

SDG&E filed its Section 851 application after it had secured a CPCN from the Commission for Sunrise which is consistent with the plain language of Section 851 that contemplates the property in question, which is to be sold, leased, assigned, mortgaged, encumbered, “or otherwise dispose[d] of,” already presently exists.³⁵ The WODUP, however, only exists as a planned project until such time the Commission approves a CPCN to construct it. As such, an encumbrance on necessary or useful utility property as it relates to the WODUP does not yet exist. Early authorization of the Proposed Transaction through an Interim Decision, however, is crucial for the transmission line route studied for the Proposed Project and would conserve SCE, contractor and Commission resources if an adverse Interim Decision requires SCE to develop a new project.

SCE believes that an Interim Decision on the Proposed Transaction prior to a decision on the CPCN and completion of the CEQA review in the instant Application is the most viable and efficient procedural path, given that the WODUP, as it is currently configured, will be infeasible if an adverse Interim Decision is reached. Such an Interim Decision, along with the subsequent Tier 1 Advice filing once SCE and Morongo Transmission have executed the Lease, should obviate the need for SCE to file a future application for approval of the Lease pursuant to the California Public Utilities Code Section 851. The Commission has issued interim decisions in other applications, so the request here is not unprecedented and will not prejudice the outcome of the instant request for a CPCN. The Commission should recognize here that the Proposed

³⁵ See Cal. Pub. Util. Code § 851 (“A public utility . . . shall not sell, lease, assign, mortgage, or otherwise dispose of, or encumber the whole or any part of its railroad, street railroad, line, plant, system, or other property necessary or useful in the performance of its duties to the public . . . without first having either secured an order from the commission authorizing it to do so for qualified transactions valued above five million dollars . . .”).

Transaction is a necessary prerequisite to SCE's instant CPCN request and the issuance of an Interim Decision will simplify the issues and avoid potential unnecessary delays and unnecessary costs.

C. The Proposed Transaction Provides Benefits And Protections For Ratepayers And Should Be Approved As Being In The Public Interest

In its determination of whether the Proposed Transaction is in the public interest, SCE requests that the Commission consider the following benefits of Morongo Transmission's participation in the Proposed Project and associated protections against adverse impacts:

- The Proposed Transaction allows SCE to build the Proposed Project, which entails fewer environmental impacts and is more cost effective than an alternative project that would need to bypass the Reservation. Morongo Transmission's investment option provided for in the DCA was a key factor in the negotiation of the new ROW Agreement between SCE and the Morongo Tribe that permits the WODUP to be built across the Reservation. Without the new ROW Agreement, SCE would be forced to remove the Existing Facilities that cross the Reservation and build a new project across a different route that does not cross the Reservation, an alternative that is more costly and would likely result in more significant environmental impacts.
- The Lease to Morongo Transmission for a portion of the transfer capability of the Proposed Project will assist with delivering reliable renewable energy to the power grid in order to support Federal and State of California public policy objectives, including the RPS, in addition to reducing greenhouse emissions.
- In addition to the goal of obtaining a cost-effective right-of-way for the Proposed Project, an important objective of SCE in negotiating the DCA, the Lease, and the ROW Agreement was to protect ratepayers. Accordingly, the DCA includes a model designed to generate what is called the "SCE Representative Rate," which is intended to approximate the capital cost recovery rate SCE would charge ratepayers at the time the Lease is executed for Morongo Transmission's capital investment. Pursuant to the DCA, the SCE Representative Rate helps protect against adverse impacts to customers. Additionally, SCE's future filings at the FERC will ensure that the Proposed Transaction cannot result in SCE recovering rates for the Proposed Project from both Morongo Transmission and utility customers within the CAISO balancing authority.

- The Proposed Transaction secures, for the benefit of the customers within the CAISO's balancing authority, perpetual rights to 100 percent of the transfer capability on Morongo Transmission's portion of the Proposed Project in order to ensure that SCE's ratepayers will realize the full benefits of SCE's portion of the Proposed Project. So long as Morongo Transmission remains a PTO entitled to cost recovery under CAISO's FERC tariff, ratepayers will have access to Morongo Transmission's portion of the Proposed Project at reasonable rates. In the event that Morongo Transmission is no longer participating in the Proposed Project, ceases to be a PTO, or upon a breach of Morongo Transmission's obligations, Morongo Transmission's entitlement in the Proposed Project will revert to SCE and be placed under the CAISO's operational control.
- The Proposed Transaction secures, for the benefit of the customers within the CAISO's balancing authority, the remaining useful life of the upgraded transmission facilities after the expiration of the Lease. While the capital cost component of Morongo Transmission's rate would be capped during the Lease term if Morongo Transmission exercises the Lease option, at the end of the Lease, Morongo Transmission's capital costs for its transfer capability portion of the upgraded transmission facilities will be fully depreciated and the customers within the CAISO's balancing authority will have the benefit of many years of the remaining useful life for these facilities.
- The Proposed Transaction also provides for a new investor into the California transmission industry, Morongo Transmission. The Proposed Transaction sets the stage for a long-term cooperation. The CPUC has taken note of the value to Californians of new entrants into transmission development in its support of previous arrangements. The Commission should accord similar merit to the fact that Morongo Transmission has the option to invest significant capital in the WODUP.

In order to develop the Proposed Project, it was necessary to obtain or retain, as applicable, rights-of-way across the Reservation for a portion of the WODUP. As a part of the consideration for the Morongo Tribe entering into a new ROW Agreement and providing SCE with rights-of-way across the Reservation, SCE deemed it reasonable and appropriate to enter into the DCA with Morongo Transmission providing for the Lease option. The Proposed Transaction allows SCE to build the WODUP, which is more cost effective than an alternative project that would need to bypass the Reservation and the Lease option, by limiting the capital cost rate Morongo Transmission may recover allows SCE to secure the most feasible rights-of-way for the cost-effective development and operation of the Proposed Project.

IV.

PROCEEDING CATEGORY, NEED FOR HEARINGS, AND SCHEDULE

In compliance with Rule 2.1(c) of the Commission's Rules of Practice and Procedure (California Code of Regulations Title 20), SCE is required to state in this Application "the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule." SCE proposes to categorize this Application as a ratesetting proceeding. SCE anticipates that hearings will be necessary. This proceeding involves the Commission's (i) issuance of an Interim Order authorizing the Proposed Transaction and the future filing of a Tier 1 Advice Letter providing notice of the final, executed Lease between SCE and Morongo Transmission (consistent with the principal terms contained in the DCA); (ii) environmental review of the Proposed Project in compliance with CEQA and the Commission's G.O. 131-D; and (iii) issuance of a CPCN authorizing SCE to construct the Proposed Project.

SCE suggests the following proposed schedule for this Application that assumes the Commission will address the Proposed Transaction and CPCN requests by issuing an Interim Decision in June 2014 authorizing the Proposed Transaction and issuing a CPCN in April 2015.³⁶ The schedule also provides for the Commission to approve the Environmental Impact Report at a Commission Meeting following shortly after the expiration of the one-year period following the Commission's acceptance of a complete application as required by Public Resources Code § 21100.2.

³⁶ This schedule assumes the 18-month timeframe for issuing a CPCN set forth in California Public Utilities Code § 1005.1.

Event	Date
Application / PEA Filed	10/25/2013
Last Day for Protests	11/25/2013
Application / PEA Found Complete	11/25/2013
Replies to Protests Due	12/5/2013
Prehearing Conference	1/8/2014
Intervener Testimony re: Proposed Transaction	2/7/2014
Rebuttal Testimony re: Proposed Transaction	2/21/2014
Evidentiary Hearings re: Proposed Transaction	3/11/2014
Opening Briefs re: Proposed Transaction (Concurrent)	3/26/2014
Reply Briefs re: Proposed Transaction (Concurrent)	4/8/2014
Draft Interim Decision re: Proposed Transaction	5/8/2014
Final Interim Decision re: Proposed Transaction	6/12/2014
Draft EIR/EIS Circulated	10/24/2014
Comments on DEIR/DEIS	12/8/2014
Opening Testimony re: CPCN (Concurrent)	12/18/2014
Rebuttal Testimony re: CPCN (Concurrent)	1/6/2015
Evidentiary Hearings re: CPCN	1/20/2015
Final EIR/EIS Issued	1/22/2015
Opening Briefs re: CPCN (Concurrent)	2/4/2015
Reply Briefs re: CPCN (Concurrent)	2/18/2015
Proposed Decision re: CPCN	3/20/2015
Final Decision re: CPCN	4/23/2015

V.

DEPOSIT FOR COSTS

Pursuant to Rule 2.5 of the Commission's Rules of Practice and Procedure, SCE sent the filing fee of \$75.00 to the CPUC Docket Office on October 25, 2013. Additionally, SCE has complied with Rule 2.5 by sending a deposit in the amount of \$186,500 to the Commission's Docket Office on October 25, 2013, to be applied to the costs for the Commission to prepare an EIR/EIS for the Proposed Project. The remaining deposits will be sent to the Commission according to the schedule, which is set forth in Rule 2.5(c).

VI.

**LOCATION OF ITEMS REQUIRED BY PUBLIC UTILITIES CODE SECTION 1003,
COMMISSION’S RULES, AND GENERAL ORDER 131-D**

The Public Utilities Code, the Commission’s Rules of Practice and Procedure, and the Commission’s General Orders require various items of information to be submitted with CPCN applications. The table below lists the items, the authority which dictates the submittal, and references where the information is included in SCE’s filing.

<u>CPCN APPLICATION FILING REQUIREMENTS</u>			
Requirement	Authority	Appendix	PEA
A detailed description of the proposed project	G.O. 131-D, IX.A.1.a; Rule 3.1(a); Public Utilities Code 1003(a)		3.0
A project map	G.O. 131-D, IX.A.1.b; Rule 3.1(c)		Figure 3.1-3
A purpose and need statement	G.O. 131-D, IX.A.1.c; Rule 3.1(c)		1.0
Project Implementation Plan	Public Utilities Code 1003(b)	Appendix A Project Plan	
Design, Construction Management and Cost Control Plan	Public Utilities Code 1003(e)	Appendix A Project Plan	
A detailed statement of the estimated cost	G.O. 131-D, IX.A.1.d; Rule 3.1(f); Public Utilities Code 1003(c)	Appendix I	
Route selection including comparison with alternative routes	G.O. 131-D, IX.A.1.e		2.0
A project schedule showing the program of right-of-way acquisition and construction	G.O. 131-D, IX.A.1.f	Appendix A Project Plan	
Governmental Agency Consultations	G.O. 131-D, IX.A.1.g		Appendix D
PEA	G.O. 131-D, IX.A.1.h		Submitted with Application
EMF Field Study	G.O. 131-D, Section X.A	Appendix B	
Notice of Application	G.O. 131-D, XI.A	Appendix C	
Articles of Incorporation (Rule 2.3)	CPUC Information and Criteria List Appendix B, 2.2; Rule 2.2,	Appendix D	

CPCN APPLICATION FILING REQUIREMENTS

Requirement	Authority	Appendix	PEA
	Public Utilities Code 1004		
Financial Statement (Rule 2.3); Statements and/or exhibits showing financial ability of applicant to render service; Annual Report and/or Proxy Statement	CPUC Information and Criteria List Appendix B, 2.3; Rule 3.1(g) and (1); Rule 2.3	Appendix E	
Names/addresses of all utilities, corporations, persons, or entities with which the proposed construction is likely to compete, and names of cities and counties within which service will be rendered.	Rule 3.1(b)	Appendix F and Appendix G	
List identifying the permits required	Rule 3.1(d)		Appendix M
Annual revenue requirement	Rule 3.1(h); Public Utilities Code 1003(d)	Appendix H	

VII.

CONCLUSION

SCE respectfully requests the Commission (1) issue an Interim Decision, authorizing the Proposed Transaction to lease transfer capability rights to Morongo Transmission described herein, (2) authorize, as part of the Interim Decision, the future requirement to provide notice of the final, executed Lease between SCE and Morongo Transmission (consistent with the principal terms contained in the DCA) via a Tier 1 Advice filing requiring no further action by the Commission, (3) grant SCE a CPCN to construct the WODUP and certify the EIR, and (4) granting such other and further relief as the Commission deems proper.

Respectfully submitted,

LAURA RENGER

/s/ Laura Renger

By: Laura Renger

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

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E-mail: laura.renger@sce.com

October 25, 2013

VERIFICATION

I am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this **25th day of October 2013**, at Brea, California.

/s/ Kevin R. Cini

Kevin R. Cini

Vice President, Major Projects

SOUTHERN CALIFORNIA EDISON COMPANY

6 Pointe Drive

Brea, California 92821

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of **Southern California Edison Company Notice of Application for a Certificate of Public Convenience and Necessity on the West of Devers Upgrade Project** on all parties identified on the 300 Foot List. Service was effected by means indicated below:

- Directing Prographics to place the copies in properly addressed sealed envelopes and to deposit such envelopes in the United States mail with first-class postage prepaid to all parties.

**West of Devers Upgrade Project
300 Foot List**

Executed this 25th day of October, at Rosemead, California.

/s/ Monica L. Romero

Monica L. Romero

Project Analyst

SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of **Southern California Edison Company Notice of Application for a Certificate of Public Convenience and Necessity on the West of Devers Upgrade Project** on all parties identified on the Interested Party List. Service was effected by means indicated below:

- Directing Prographics to place the copies in properly addressed sealed envelopes and to deposit such envelopes in the United States mail with first-class postage prepaid to all parties.

West of Devers Upgrade Project Interested Party List

Executed this 25th day of October, at Rosemead, California.

/s/ Monica L. Romero

Monica L. Romero

Project Analyst

SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of *Southern California Edison Company Notice of Application for a Certificate of Public Convenience and Necessity for the West of Devers Upgrade Project* on all parties identified on the attached agency service list(s) A.13-10-XXX West of Devers Upgrade Project. Service was effected by means indicated below:

- Placing copies in properly addressed sealed envelopes and depositing such copies in the United States mail with CERTIFIED postage prepaid to all parties for those listed on the attached Agency Service List.

**West of Devers Upgrade Project
Agency Service List**

Executed this 25th day of October 2013, at Rosemead, California.

/s/ Monica L. Romero

Monica L. Romero

Project Analyst

SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of "**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT THE WEST OF DEVERS UPGRADE PROJECT AND FOR AN INTERIM DECISION APPROVING THE PROPOSED TRANSACTION BETWEEN SOUTHERN CALIFORNIA EDISON AND MORONGO TRANSMISSION**" by:

- Placing the copies in sealed envelopes and causing such envelopes to be delivered by hand or by overnight courier to the offices of the Commissioner(s) or other addressee(s).

**Karen Clopton
Chief ALJ
CPUC
505 Van Ness Ave
San Francisco, CA 94102**

**Rob Oglesby
Executive Director
California Energy Commission
1516 9th Street, MS 3-39
Sacramento, CA 95814-5512**

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed this 25th day of October, at Rosemead, California.

/s/Monica L. Romero

Monica L. Romero
Project Analyst
SOUTHERN CALIFORNIA EDISON COMPANY

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Rosemead, California 91770