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

In The Matter of the Application of SAN DIEGO GAS
& ELECTRIC COMPANY (U902E) for a Certificate of
Public Convenience and Necessity for the South Orange
County Reliability Enhancement Project

A. 12-05-020
(Filed May 18, 2012)

**OPENING COMMENTS OF
THE CITY OF SAN JUAN CAPISTRANO
ON PROPOSED DECISION
GRANTING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

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Dated: October 17, 2016

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In accord with Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the City of San Juan Capistrano (the City) submits its Opening Comments on the Proposed Decision Granting Certificate of Public Convenience and Necessity issued in the above captioned proceeding on September 26, 2016 (Proposed Decision).

I. INTRODUCTION

The Proposed Decision, by rejecting the project as advanced by San Diego Gas & Electric (SDG&E) Company (the Proposed Project) and, in its stead, approving Alternative J, has properly executed the Commission's statutory obligations as set forth in both the Public Utilities and Public Resources Codes. The Commission should expeditiously approve the Proposed Decision, with the suggested modifications set forth below.

In determining whether to grant a certificate of public convenience and necessity (CPCN) for a transmission project such as the South Orange County Reliability Enhancement Project, the Commission has an obligation under Public Utilities Code Section 1001 to assess "whether there is a reliability need under a reasonably foreseeable supply and demand forecast

based on today's best information within an appropriate planning horizon.”¹ In this regard, the Proposed Decision appropriately recognized that the record does not support a finding that the Proposed Project is needed within an appropriate planning horizon.² Rather, as determined in the Proposed Decision, the Proposed Project is excessive to meet its stated objectives,³ being largely premised on an a load forecast that simply will not be realized during any reasonable planning horizon.⁴ Conversely, the Proposed Decision appropriately determined that Alternative J meets all project objectives and “is expected to provide safe and more than sufficiently reliable service for the foreseeable future.”⁵ That said, as discussed below, the Proposed Decision’s approval of Alternative J should be refined such that the two transformer variant, which is supported by expert testimony in the record, is adopted.

In addition, as part of its deliberations on a CPCN, the Commission has a separate obligation under the California Environmental Quality Act (CEQA) to assess the environmental impacts of the Proposed Project and implement mitigation measures or alternatives to diminish those environmental effects that are potentially significant. Specifically, as the lead agency under CEQA, the Commission is required to implement the policy of the state to not approve projects as proposed if there are feasible alternatives or feasible mitigation measures available that would substantially lessen the significant environmental effects of such projects.⁶ By adopting Alternative J, which has been determined to be the environmentally superior alternative, the Proposed Decision has correctly executed the Commission’s statutory duties under CEQA.

¹ *In the Matter of the Application of San Diego Gas & Electric Company (U 902-E) for a Certificate Of Public Convenience & Necessity Valley-Rainbow 500kV Inter-Connect Project*, Decision 02-12-066, p. 8.

² Proposed Decision, p. 2.

³ *Id.*

⁴ *Id.*, p. 22.

⁵ *Id.*, p. 2.

⁶ See Pub. Resources Code, § 21002 (“[I]t is the policy of the state that public agencies should not approve projects as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen the significant environmental effects of such projects.”).

Nevertheless, because Alternative J will still result in significant and unavoidable impacts on the environment, the Proposed Decision should be modified to include additional Findings of Fact regarding Alternative J's impact on the environment and why overriding considerations outweigh Alternative J's environmental impact.⁷

Finally in assessing whether to grant a CPCN, the Commission must execute its duty under Section 1002 of the Public Utilities Code to consider the community values of the communities impacted by the project. In its selection of Alternative J, the Proposed Decision implicitly fulfills the Commission's obligation under Section 1002 through the selection of an alternative that will not denigrate the community values of the only community that has participated in the proceeding since its inception, i.e., the City of San Juan Capistrano, with the goal of preserving those values. In contrast, approval of the Proposed Project would have significantly denigrated the City's core values. Despite its tacit acknowledgement of the City's values, the Proposed Decision should be amended to clearly reflect the Commission's consideration of those values in its selection of Alternative J.

II. THE PROPOSED DECISION SHOULD BE MODIFIED TO ADOPT THE TWO TRANSFORMER VARIANT OF ALTERNATIVE J

In its recommendation of Alternative J, the Proposed Decision sanctions the variation in the Draft Environmental Impact Report (one transformer) instead of the variant supported in the record through expert testimony (two transformers) *and* the Final Environmental Impact Report (FEIR).⁸ In this regard, the Proposed Decision provides that "San Diego Gas & Electric Company shall undertake to identify any legal and regulatory requirements, specify any

⁷ State CEQA Guidelines, §§ 15091, 15093.

⁸ The Final EIR revised the description of Alternative J set forth in the Draft EIR. Thus while the Draft EIR called for including "two 230-kV/138-kV transformers (one required and spare)" the Final EIR modified this description to "two parallel 230-kV/138-kV transformers ." See FEIR, p. 3-16.

necessary upgrades to its 138 kilovolt system, and file an application for the two transformers related to Alternative J.”⁹ This additional step is unnecessary as the record of the proceeding supports the adoption of the two transformer execution of Alternative J.

As testified by the City’s witness, Dr. Shirmohammadi, with respect to Alternative J, having two 392 MVA 230/138 kV transformers in the new 230 kV switchyard of the Trabuco Substation to operate in parallel “would not only improve the reliability of the supply into the South Orange County transmission loop due to both transformers being continuously available under normal operation but also would work consistently with the [breaker and a half] BAAH configuration intended for the SCE’s 230 kV line looping into the substation.”¹⁰ There is no record evidence that contradicts Dr. Shirmohammadi’s attestation as to the enhanced reliability of the two transformer configuration. To the contrary, the record illustrates that any potential overloads on the South Orange County transmission loop that could result if Alternative J is implemented, as analyzed by the CAISO, can be mitigated by the addition of a second transformer.¹¹

Moreover, while the Proposed Decision states that “a significant element of the cost of Alternative J is the potential addition of a second 230/138 transformer at Trabuco Substation,”¹² the addition of a second transformer will not add significant additional cost over the life of the Proposed Project. First, all variants of Alternative J in the record include a second transformer, whether operating in parallel or being available off-line. In other words, two transformers would need to be purchased irrespective of whether both were used. Second, operating with just one transformer at a time shortens the life of that transformer. As the use of only one transformer

⁹ Proposed Decision =, p. 58.

¹⁰ Exhibit SJC -304, p. 3.

¹¹ Tr. Vol. 3 (CAISO-Sparks), p. 348, line 5 to p. 349, line 7.

¹² Proposed Decision, p. 43.

dictates that all flows go through that transformer, increasing the temperature of the transformer exponentially. Continual usage at elevated temperatures shortens the life of a transformer, necessitating its replacement on a more expeditious timetable.

Given that the environmentally superior alternative as described in the FEIR calls for the inclusion of two transformers, the record evidence supports the enhanced reliability engendered by the use of two transformers, and there will be no increased project cost as two transformers will need to be purchased irrespective of use, the Proposed Decision should be modified to approve the two transformer variant of Alternative J.

III. THE PROPOSED DECISION SHOULD BE MODIFIED TO CLEARLY REFLECT THE COMMISSION'S ANALYSIS PURSUANT TO PUBLIC UTILITIES CODE SECTION 1002

The Proposed Decision should be amended to include the required analysis under Public Utilities Code Section 1002. Public Utilities Code Section 1002 mandates that the Commission, “as a basis for granting any certificate pursuant to section 1001[,] shall give consideration to” among other things “community values.” In its selection of Alternative J, the Proposed Decision implicitly recognizes the community values of San Juan Capistrano, the only community with the possibility of being adversely impacted by the Proposed Project and the only community that has participated in the proceeding with the goal of preserving its values since the Proposed Project’s inception. The Proposed Decision should be amended to clearly reflect the Commission’s consideration of those community values in its selection of Alternative J.

Specifically, the record reflects that the City’s values are centered around its historic past. The City is a unique community grounded in a history of native American culture, the Mission established by Franciscan missionaries in 1776, and an agrarian past.¹³ The City spends

¹³ See Protest of the City of San Juan Capistrano, A. 12-05-020 (June 21, 2012).

significant efforts to preserve the historic nature of its community. The Proposed Project, as advanced by SDG&E, would demolish the 138 kV Capistrano substation, including the 1918 historic utility building located on the site. The historic Capistrano substation building is of extreme importance to the City given the building's prominent location and contribution to the historical timeline of population growth in the area.¹⁴ The Proposed Project would replace that important historical resource with a much larger 230 kV substation in the heart of the City's historic district.¹⁵

Moreover, the record reflects that replacing the current Capistrano substation with a much larger substation would leave an aesthetic mar on the City. Specifically, the design of the new substation incorporates two new large steel framed, metal-sided buildings - one of those buildings is designed to stand fifty feet tall and the other is forty-five feet tall, both to be located on pads considerably above the grade of the adjacent roadway and residences.¹⁶ The City of San Juan Capistrano has a maximum building height of thirty-five feet for all districts. The impact of the new substation towering above all other buildings will be disproportionately felt in what is a densely populated residential area that is in and around the historic district.

Finally, the record shows that the need for additional capacity on the South Orange County transmission loop is not being driven by the residents and businesses of San Juan

¹⁴ EIR, Appendix M, p. 32 (“[T]he development of gas and electric services throughout the county can be considered significant, as the utilities helped to move the general population into the "modern age" and provided added services that permitted various areas to support larger populations. This particular building is associated with the regional connection between San Diego and Los Angeles and the merging of utilities provided by Southern California Edison and the San Diego Gas & Electric Company (and its predecessors)”).

¹⁵ As stated by the City in its initial protest of SDG&E's application: [The City] is a real historic community with a long history of Native American communities long before the colonization of the State by Spain, Mexico and its incorporation into the United States. The Capistrano Substation is not far from the historic Mission San Juan Capistrano and the Los Rios District, the oldest residential neighborhood in the State, and is along the El Camino Real, where the Project proposes to erect 10-foot walls to house 50-foot tall buildings. *See* Protest of the City of San Juan Capistrano, A. 12-05-020 (June 21, 2012).

¹⁶ EIR, pp. 2-12 and 2-13.

Capistrano.¹⁷ Given the significant impact to the core values of the community that would result from the Proposed Project, the community and City should not be made to shoulder the brunt of the reliability upgrade to the South Orange County transmission loop.

The Proposed Decision's approval of Alternative J tacitly gives consideration to the community values of the City, as required under Public Utilities Code Section 1002. This consideration, however, should be clearly reflected in the final Commission decision.

IV. CONCLUSION

The Proposed Decision, by rejecting the project as advanced by SDG&E and, in its stead, approving Alternative J, has properly executed the Commission's statutory obligations in the Public Utilities and Public Resources Codes. The Commission should expeditiously approve the Proposed Decision, with the suggested modifications described above.¹⁸

Respectfully submitted this 17th day of October, 2016, at San Francisco, California.

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¹⁷ Exhibit SDG&E 2.2 (Jontry), p. 55, Table 2-1.

¹⁸ Appended to these Comments are proposed changes to the findings of fact, conclusions of laws and ordering paragraphs necessary to effect the proposed modifications to the Proposed Decision.

Recommended Changes to Findings of Fact

~~49. — A potentially significant element of the costs of Alternative J is the addition of a second 230/138 transformer at Trabuco Substation~~

57. **With the changes at Talega and the installation of two parallel transformers at Trabuco** Alternative J will enhance the safety and reliability of service to the South Orange County service area.

58. Notwithstanding implementation of all feasible mitigation measures, Alternative J would result in significant and unavoidable air quality impacts during construction. The safety, reliability and economic benefits outlined above present overriding considerations that merit approval of Alternative J.

Recommend Changes to Conclusions of Law

23. Alternative J, **with the installation of two parallel transformers at Trabuco and the changes at Talega,** meets or exceeds all Commission standards for the issuance of a certificate of public convenience and necessity

26. Alternative J is consistent with the community, historic, and aesthetic values of the area.

~~26. — SDG&E should be directed to undertake the studies to identify any legal and regulatory requirements, specify any necessary upgrades to its 138 kV system, and file an application for the two transformer addition related to Alternative J.~~

Recommended Changes to Ordering Paragraphs

1. The San Diego Gas & Electric Company is granted a Certificate of Public Convenience and Necessity for, and shall begin to implement, Alternative J (the Trabuco Alternative) with **two parallel transformers** and the Talega modification set forth herein.

~~3. The San Diego Gas & Electric Company shall undertake to identify any legal and regulatory requirements, specify any necessary upgrades to its 138 kilovolt system, and file an application for the two transformer addition related to Alternative J.~~