BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) for a Permit to Construct Electrical Substation Facilities With Voltage Above 50 kV: Mesa 500kV Substation Project	Application No. 15-03-003 (Filed March 13, 2015)

NOTICE OF *EX PARTE* COMMUNICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)

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Dated: October 12, 2016

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Pursuant to Rule 8.4 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), Southern California Edison Company (SCE) hereby gives notice of the following *ex parte* communication.

On October 10, 2016, at 1:30 p.m., SCE and the California Independent System Operator (CAISO) met with Leuwam Tesfai, Advisor, and Rachel Peterson, Chief of Staff, to Commissioner Liane Randolph, at the CPUC's San Francisco offices located at 505 Van Ness Ave., San Francisco, California, regarding the above captioned proceeding. In attendance for SCE were Caroline Choi, Senior Vice President, Regulatory Affairs; Pete Dietrich, Senior Vice President, Transmission & Distiribution; and Laura Genao, Director, CPUC Regulatory Affairs. In attendance for the CAISO were Neil Millar, Executive Director, Infrastructure Development; and Dennis Peters, External Affairs Manager.

During the meeting, SCE discussed the need for expeditious issuance of a decision in the Mesa proceeding for there to be a reasonable opportunity to complete construction of SCE's Mesa Substation Proposed Project by the planned December 31, 2020 on-line date. SCE addressed the need for consideration of significant schedule impacts of bird nesting season and issues related to a water line on the property. Additionally, SCE discussed its concerns with the

feasibility of project alternatives addressed in the CPUC's Final Environmental Impact Report released on Friday, October 7, 2016. The meeting lasted for approximately thirty minutes. A copy of the handout used during the meeting is attached as Attachment A.

Respectfully submitted,

/s/ Beth Gaylord

By: Beth Gaylord

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October 12, 2016

Attachment A

Mesa Sub 500 kV Upgrade

October 2016

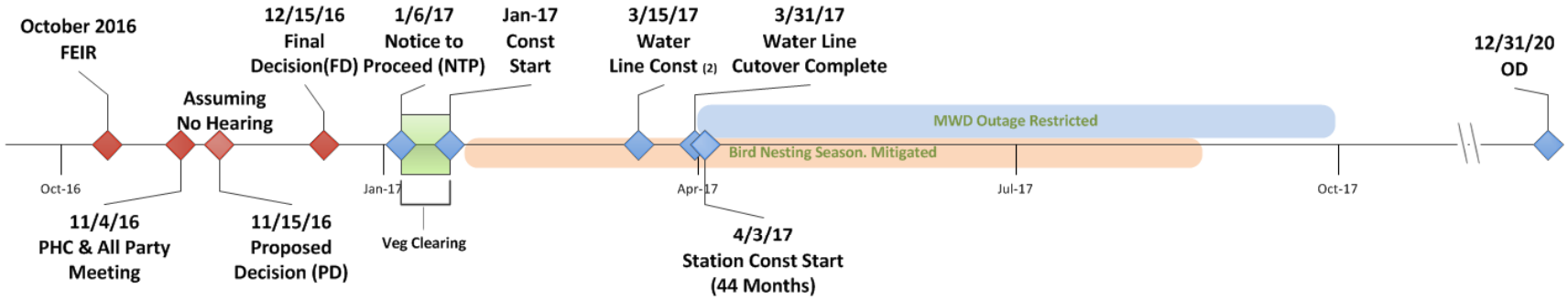
Background and Purpose

- March 2014 – CAISO approved Mesa Loop-in
  - Needed to address system reliability concerns associated with SONGS shutdown and expected closure of once-through cooling (OTC) generation units by 12/31/2020, per State Water Resources Control Board (SWRCB) OTC policy
- March 2015 – SCE filed CPUC Permit to Construct (PTC) A.15-03-003, to expand existing Mesa 220kV substation to 500kV (Proposed Project); for a 12/31/2020 Operating Date (OD)
  - Planned 2020 OD corresponds with the SWRCB's 12/31/2020 OTC compliance date
- April 2016 – Draft Environmental Impact Report (DEIR) identifies three Mesa alternatives which SCE's analysis determines are not environmentally superior to SCE's Proposed Project
  - Alternatives would require significant redesign; making the 2020 OD unachievable
- June 2016 – SCE and CAISO comments indicate flaws in the DEIR Alternatives
- October 2016 – Final EIR released 10/7/2016

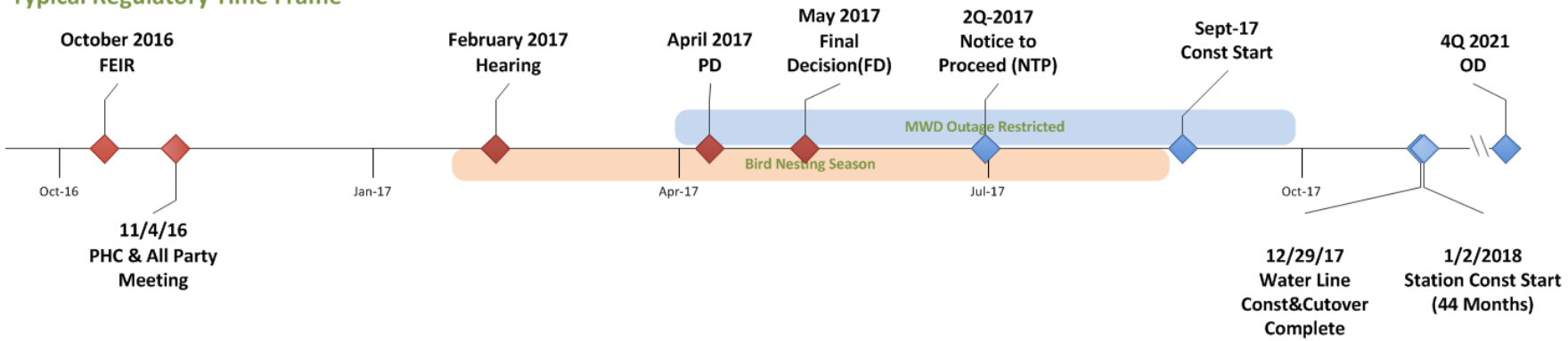
Key Point: Accelerated CPUC action needed toward CPUC approval of the Mesa Proposed Project—Final Decision needed in December 2016—to make January 2017 construction start possible and avoid delaying Mesa 2020 OD, not affect 12/31/2020 OTC compliance, and not adversely impact system reliability as soon as Summer 2021

Mesa Substation Regulatory & Procedural Scenarios

Schedule Needed for 2020 OD (1)



Typical Regulatory Time Frame



(1) A FD on 12/15/16 and a NTP by first week of January 2017 – failure to start construction in January will allow birds to occupy the area and likely delay construction start to September 2017

(2) If water line construction cannot be completed before MWD Outage Restricted window, OD is likely pushed to 6/2021+

Key Point: An NTP is needed in early January to mitigate schedule constraints of both the MWD Restricted Outage window and Bird Nesting Season; due to these lengthy constraints, delays beyond early January result in more than day-for-day schedule impacts and likely push the Mesa OD to third quarter of 2021

Proposed Project vs DEIR Alternatives

- SCE selected its Proposed Project as only feasible option which:
  1. Corresponds with CAISO's need approval of Mesa Loop-in,
  2. Meets project objectives (including need date), and
  3. Has fewest potential environmental impacts
- Regarding the three DEIR Alternatives; the first is technically not feasible and all three would require extensive redesign which would delay Mesa beyond 2020 and adversely impact system reliability due to Mesa not operating by Summer 2021
  1. 1 x 1600 MVA 500/220 kV Transformer bank, including implementation of a Remedial Action Scheme (RAS), versus Proposed Project of 3 x 1120 MVA Transformer banks
  2. 2 x 1120 MVA Transformer banks connected in parallel and switched as one; also including implementation of a RAS
  3. Construct a proposed substation utilizing Gas Insulated Switch Gear (GIS)
- SCE's DEIR Comments demonstrate that DEIR Alternatives fail to achieve basic project objectives and would result in greater, not less, potential for significant environmental impacts versus the Proposed Project (e.g., SCE analysis indicates DEIR Alternatives would increase air quality and transportation impacts due to need for additional imported soil)
- CAISO's DEIR Comments recommend the Commission, "… reject Alternatives 1 & 2 for failing to meet project objectives." and, "…carefully review whether Alternative 3 can be accomplished in time to facilitate the retirement of existing LA Basin generators in compliance with OTC regulations."

Key Point: DEIR Alternatives raise feasibility concerns, fail to achieve project objectives, and would result in delay and/or increased potential for significant environmental impacts

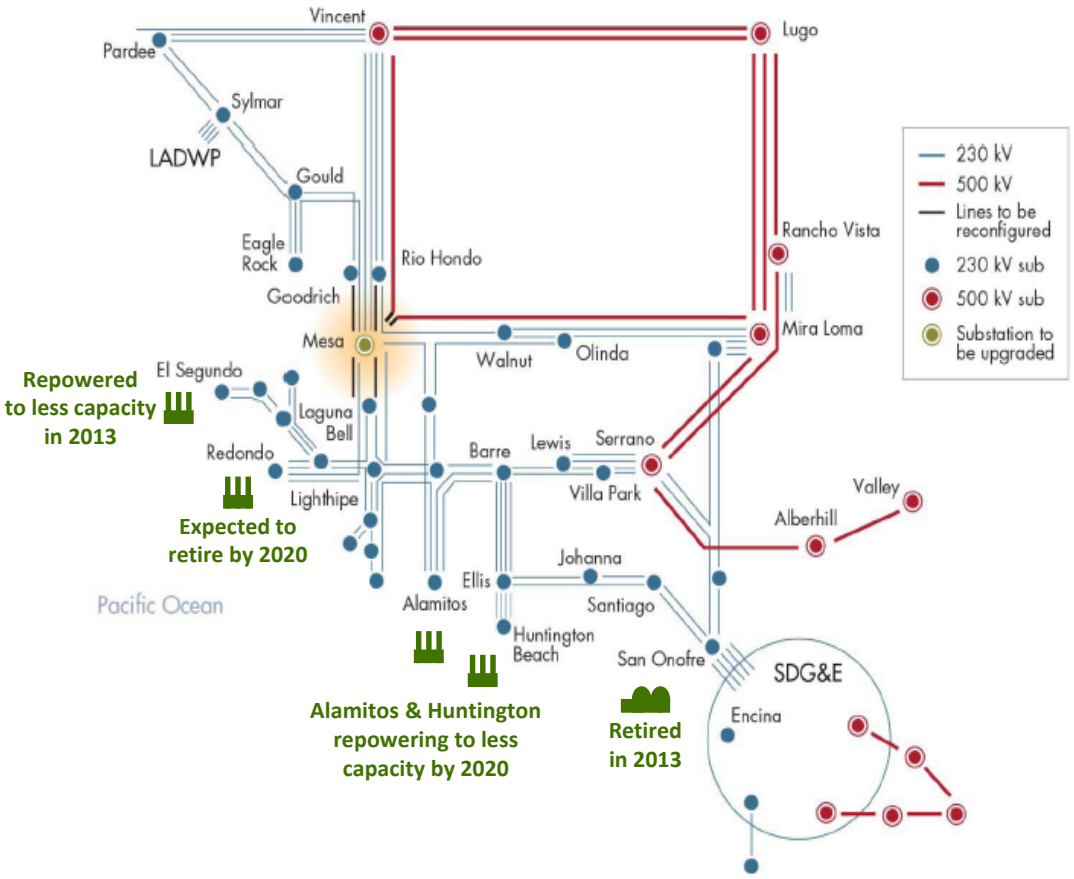
Conclusions and Next Steps

- Construction of SCE's Mesa Proposed Project must start by early January 2017, to have a reasonable chance of meeting the planned 2020 OD and avoid impacting OTC compliance and reliability
- Accelerated CPUC action needed toward CPUC approval of SCE's Mesa Proposed Project to make January 2017 construction start possible and avoid likely delay to the Mesa 2020 OD
- Next steps toward possible early January 2017 construction start include:
  - ALJ prehearing conference and/or ALJ/Commissioner Scoping Ruling needed soon after FEIR issuance (mid-October 2016)
  - If evidentiary hearings and/or briefs needed, January 2017 construction start is very unlikely and, therefore, delay to 2020 Mesa OD and OTC compliance is more likely
  - ALJ Proposed Decision by 11/15/16
  - Final Decision by 12/15/16 (i.e., last scheduled CPUC Business Meeting)
  - Initial Notice to Proceed by 1/6/17 (e.g., a limited or conditional NTP)

BACK UP

CAISO Determined Need for Mesa 500 kV Sub Project

- Half of SCE's load is served via its 230kV substations shown in the transmission diagram
- Predominant power flow on the transmission system during peak periods is toward the coast
- As OTC plants (in green) retire or repower to lower capacity, existing transmission import capability will be insufficient
- New Mesa 500kV Substation would fill need for significant new transmission import capability into the Western L.A. Basin
- If Mesa 500kV Substation is delayed, the OTC compliance deadline and grid reliability could be affected
  - If Mesa 500 kV Substation is delayed, at least one OTC generating plant (e.g. Redondo) will likely be required to continue to operate beyond current OTC compliance deadline (12/31/20) out to 2022 in order to maintain system reliability



DEIR Alternative Footprints Comparison

Key Point: CPUC Alternatives show reduced new sub footprints, but remove ability to transfer soil from the higher elevation (lower right area) of SCE's Proposed Project to the lower elevation (left area); resulting in a need to import soil via as many as 5,000 additional truck trips, which would substantially increase air quality and traffic impacts.