Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company, a California corporation, for a Permit to Construct the Santa Cruz 115 Kilovolt Reinforcement Project Pursuant to General Order 131-D (U39E).	Application 12-01-012 (Filed January 25, 2012)

DECISION GRANTING PACIFIC GAS AND ELECTRIC COMPANY'S MOTION TO DISMISS APPLICATION FOR A PERMIT TO CONSTRUCT WITHOUT PREJUDICE

Summary

This decision grants Pacific Gas and Electric Company's Motion to Dismiss its Application for a permit to construct the Santa Cruz 115 Kilovolt Reinforcement Project (Project), without prejudice, on the grounds that the California Independent Systems Operator has determined that this Project is no longer needed at this time.

This proceeding is closed.

1. Background

1.1. The Application

On January 25, 2012, Pacific Gas and Electric Company (PG&E), filed this Application for a permit to construct (PTC) the "Santa Cruz 115 Kilovolt Reinforcement Project" (Project) pursuant to General Order (GO) 131-D. The Project will add a second 115 kilovolt (kV) circuit between the Green Valley

Substation and the Rob Roy Substation in Santa Cruz County. PG&E asserts that the Project is needed in order to increase reliable electrical service and to prevent potential service interruptions if there are overlapping outages in the existing electricity-supply system.

As this Project has been pending before the Commission for over four years and has gone through various permutations in response to public and Commission staff concerns, it will be helpful to explain how the Project got to the juncture where its dismissal is, for now, appropriate.

1.2. Public Concerns

Though PG&E had done some public outreach prior to filing the application for a PTC, community members learned much more about the Project after the application was filed via PG&E notices pursuant to GO 131-D to property owners and via the Commission's Project website and notices associated with the environmental review. Public interest grew in 2013 as more community members learned about the project from each other. In response to public concerns, Commission staff and the environmental consultant responsible for drafting the environmental documents met with Santa Cruz Second District Supervisor Zack Friend in July 2013 to discuss public concerns and to provide clarification regarding the Commission's and the California Environmental Quality Act's (CEQA) processes.

1.3. The Mitigated Negative Declaration

Consistent with CEQA, the Commission's staff first prepared and released to the public an Initial Study (IS) and Mitigated Negative Declaration (MND) in October 2013. The IS/MND was circulated for an extended 49-day comment period to allow extended time for public review. Key areas of controversy raised

by the public prior to and during the public review of the Draft IS/MND were primarily related to visual impacts, community values, and traffic and safety impacts. Concern came mostly from residents in the Day Valley area along Cox Road, McDonald Road, and Day Valley Road, where up to 89-foot tall wooden poles would replace the existing 39-foot tall wooden poles. Members of the public felt the poles would degrade the visual and aesthetic quality of the area and would not be consistent with the rural and agricultural visual characteristics of the area. The Project would also require removal of up to 165 trees, 60 percent of which would be along the Cox Road to Freedom Boulevard segment. The community was concerned with the visual impacts of tree removal and trimming.

1.3. The Rationale for Preparing an Environmental Impact Report (EIR)

The Commission decided to prepare an Environmental Impact Report (EIR) after review of public comments on the Draft IS/MND revealed the public's concern over the visual impacts of the Project. An EIR (as opposed to an MND) requires consideration of alternative means to meet the project need. Alternatives considered and evaluated in the Santa Cruz EIR included:

- An undergrounding alternative for part of the alignment (Partial Underground Alternative);
- A separate routing alternative along another 115 kV circuit (the Southern Alignment); and
- A partial routing alternative that avoided the heart of Day Valley by following Freedom Boulevard, a major arterial (Freedom Alternative).

Other alternatives were considered but determined infeasible, such as reconductoring the existing power lines, creating energy storage project adjacent to Paul Sweet Substation, and system alternatives.

1.4. The California Independent Systems Operator (CAISO) Involvement

PG&E submitted the project to the CAISO in 2009 based on the load forecasts at the time. The CAISO approves projects submitted by the Investor-Owned Utilities (IOUs) that are less than $50 million. The PTC application was prepared and submitted to the Commission two and a half years after approval of the Project by the CAISO in January 2012. In response to public opposition and to questions from the Commission about alternatives to the Project, PG&E revisited the load forecasts made in 2009 on which the need for the Project was based. PG&E had, as well, installed equipment at a local substation to reinforce its system in the area. PG&E found these measures effective and also found that the load levels were not as high as initially predicted. PG&E requested the CAISO re-evaluate the need as the CAISO had previously determined that the Project was needed and included it in the amended 2009 CAISO Transmission Plan. In the December 17, 2014 letter forwarded to the Commission on December 23, 2014, the CAISO agreed that the Project "is not needed within the 10-year planning horizon, and therefore has approved cancellation of this [P]roject."

2. Prehearing Conference (PHC)

A PHC was held on June 11, 2013, to identify issues that may require evidentiary hearings, and to establish a proceeding schedule. The parties filed a Joint PHC Statement on June 10, 2013.

Via e-mail ruling dated October 28, 2014, the assigned Administrative Law Judge (ALJ) set a further PHC for December 12, 2014. In their PHC Statements, the parties were instructed to address the following questions:

- Should this application for a permit to construct be dismissed, without prejudice, while PG&E and the CAISO re-evaluate the need for the Santa Cruz 115 kV Reinforcement Project?
- Will there be any negative impacts in the Santa Cruz area if the application for a permit to construct is dismissed, without prejudice?
- If this application for a permit to construct is not dismissed, without prejudice, what is the timeline for when this matter should be put to the Commission for a vote?

PG&E filed its PHC Statement on December 5, 2014 and advised that the CAISO would provide its reassessment of the need for the Project within a few weeks. Neighbors Organized to Protect Our Community also filed a PHC Statement and asked for the dismissal of the application, without prejudice, if the CAISO reassessment was not forthcoming by the end of December 2014.

The PHC was held on December 12, 2014, and the parties' positions were consistent with the positions taken in their respective PHC Statements.

3. PG&E's Motion to Dismiss, without Prejudice

On January 27, 2015, the assigned ALJ issued an e-mail ruling instructing PG&E to file a motion to dismiss the application, without prejudice.

In response, on February 9, 2015, PG&E filed its motion to dismiss the application, without prejudice. PG&E reasoned that first, it had reassessed its own load forecasts for the Santa Cruz are and determined that the Project, while needed, might not be needed within five years; and second, CAISO determined that the Project is not needed within the 10-year planning horizon.[1]

[1] Motion to dismiss at 2.

4. Waiver of Comment Period

As the parties have agreed that the application should be dismissed without prejudice, the 30-day comment period required by Pub. Util. Code § 311 is waived. This decision shall be published 10 days before the scheduled vote by the Commission.

5. Assignment of Proceeding

Liane M. Randolph is the assigned Commissioner and Robert M. Mason, III is the assigned ALJ in this proceeding.

Findings of Fact

1. On January 25, 2012, PG&E filed this Application for a permit to construct the Santa Cruz 115 Kilovolt Reinforcement Project (Project) pursuant to GO 131-D.

2. The Commission's staff first prepared and released to the public an IS and MND in October 2013. The IS/MND was circulated for an extended 49-day comment period to allow extended time for public review.

3. The Commission's staff decided to prepare an EIR after review of public comments on the Draft IS/MND revealed the public's concern over the visual impacts of the Project.

4. PG&E submitted the Project to the CAISO in 2009 based on the load forecasts at the time. The PTC application was prepared and submitted to the Commission two-and-a-half years after approval of the Project by the CAISO in January 2012.

5. In response to public opposition and to questions from the Commission about alternatives to the Project, PG&E revisited the load forecasts made in 2009 on which the need for the Project was based.

6. PG&E requested the CAISO re-evaluate the need as the CAISO had previously determined that the Project was needed and included it in the amended 2009 CAISO Transmission Plan.

7. Per the CAISO's December 17, 2014 letter, the CAISO agreed that the Project "is not needed within the 10 year planning horizon, and therefore has approved cancellation of this [P]roject."

8. On February 9, 2015, PG&E filed its motion to dismiss the application, without prejudice.

Conclusions of Law

1. The motion to dismiss is appropriate under Rule 11.1 of the Commission's Rules of Practice and Procedure and should be granted, without prejudice.

2. In light of PG&E's revised load forecasts and CAISO's reassessment of the amended 2009 CAISO Transmission Plan, the Project is not needed at this time.

3. No hearings are needed.

O R D E R

1. Pacific Gas and Electric Company's motion to dismiss its application for a permit to construct the Santa Cruz 115 Kilovolt Reinforcement Project pursuant to General Order 131-D, without prejudice, is granted.

2. The 30-day period for comments is waived. This decision shall be web published 10 days before the scheduled vote by the Commission.

3. No hearings are needed.

4. Application 12-01-012 is closed.

This order is effective today.

Dated _____, 2015, at San Francisco, California.