

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED
02-11-11
04:59 PM

In the Matter of the Application of the Nevada Hydro Company for a Certificate of Public Convenience and Necessity for the Talega-Escondido/Valley-Serrano 500-kV Interconnect Project.

A.10-07-001
(Filed July 6, 2010)

**COMMENTS
OF THE DIVISION OF RATEPAYER ADVOCATES
ON PHASE 1 ISSUES**

I. INTRODUCTION

Pursuant to the Joint Assigned Commissioner's and Administrative Law Judge's ("ALJ") January 19, 2011 Phase 1 Scoping Memo Ruling ("ACR"), the Division of Ratepayer Advocates ("DRA") hereby submits its comments on the Phase 1 issues. Specifically, DRA's comments address the appropriate amounts of expert witness costs and an assurance that all of these costs will be paid by the applicant. In order to properly analyze this application, DRA will require significant expert witness assistance. To proceed with this analysis, DRA and its consultants need assurance from the Assigned Commissioner or Administrative Law Judge that the Nevada Hydro Company ("Nevada Hydro") will have to pay all of these costs pursuant to Public Utilities Code Section 631 and other Commission authority.

II. DISCUSSION

A. DRA Has Contracted With An Expert Witness To Perform Significant Technical Analysis Required By This Application

Because DRA requires technical expertise not currently available in DRA, DRA requires the services of an expert witness, outside of the Commission, to perform tasks involved in assessing this application. DRA has previously procured the services of expert witnesses in other CPCN projects. DRA received over \$375,000 pursuant to Public Utilities Code Section 631 from Southern California Edison Company for its participation in that company's Devers-Palo Verde transmission line project application.¹ DRA also received hundreds of thousands of dollars for expert witness and consultant work in San Diego Gas & Electric's Sunrise proceeding. DRA estimated contract cost in this proceeding is \$450,000. However, that price may change depending on how issues develop in this proceeding. DRA's expert witness contract provides the necessary services for DRA to adequately assess this application. The contract requires that the expert witness perform the following tasks: 1) Review the reasonableness of Nevada Hydro's proposed transmission line. (Analyze the benefits and costs of the proposed line); 2) Investigate whether the proposed line improves electric system reliability and provides access to renewable energy; 3) Analyze whether the proposed line is superior to alternatives (part of the PEA); 4) Calculate the proposed line's cost effectiveness; 5) Explore the potential impacts of the line, resulting from approval or denial of other transmission projects; 6) Prepare data requests, and review data request responses by applicant to all interveners; 7) Prepare expert witness testimony; 8) Testify during hearings; and 9) Assist DRA staff and attorney in the review and comment of testimony and briefs filed by the

¹ In the Matter of the Application of Southern California Edison Company (U 338-E) for a Certificate of Public Convenience and Necessity Concerning the Devers-Palo Verde No. 2 Transmission Line Project. D.07-01-040 (January 5, 2007); 2007 Cal. PUC LEXIS 55 at * 145.

applicant and other interveners. DRA believes its contract is reasonable and will enable DRA to adequately represent ratepayers in this proceeding.

B. DRA Proposes That The Expert Witness Costs Be Reimbursed Through Progressive Invoices; However, DRA Would Alternatively Support A Bond Or Other Guarantee Of Payment.

DRA proposes that its expert witness contract be reimbursable by the applicant, Nevada Hydro, consistent with the practices and procedures used in previous major transmission CPCN proceedings. These procedures include: 1) Expert Consultant performs work and submits invoices under the terms and conditions of the Department of General Services- approved agreement; 2) DRA's Contract Manager, the Commission's Contracts Office, and the Commission's Fiscal Office approve the invoice for payment; 3) Payment is delivered to the Consultant; 4) Contract Officer invoices the CPCN Applicant for reimbursement; 5) Applicant delivers reimbursement payment to the Fiscal Office; and 6) Fiscal Office directs the reimbursement payment to the DRA Budget.

A Commission Order (or Ruling) that specifically requires Nevada Hydro to comply with the Commission's reimbursable contract procedures, and to cooperate with all of the Commission's offices and agents in a timely manner should ensure a successful contracting process for this proceeding. DRA understands that Nevada Hydro is cooperating with the Commission's CEQA team, which employs an environmental consultant under a reimbursable contract process. With an Order or Ruling in place which makes clear that DRA's employment of an expert witness consultant is within the scope of the proceeding set forth by the Assigned Commissioner and ALJ, there should be no concerns about the authority of the Commission and the requirement that Nevada Hydro comply with the Order and reimburse the costs of the DRA consulting agreement.

DRA has no experience with a bonding process to ensure payment of a reimbursable contract. However, DRA would not oppose such a requirement here,

and would recommend that the bond be for \$450,000, which is the estimated cost of the contract.

Respectfully Submitted,

/s/ GREGORY HEIDEN

Gregory Heiden
Staff Counsel

Attorney for the Division of Ratepayer
Advocates

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 355-5539
Fax: (415) 703-2262
E-mail: gxh@cpuc.ca.gov

February 11, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON PHASE 1 ISSUES** to the official service list in **A.10-07-001** by using the following service:

E-Mail Service: sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

U.S. Mail Service: mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on **February 11, 2011** at San Francisco, California.

/s/ ALBERT HILL

Albert Hill

SERVICE LIST – A1007001

AirSpecial@aol.com;
CentralFiles@SempraUtilities.com;
Charity.Schiller@bbklaw.com;
Jennifer.Haley@bbklaw.com;
KO'Beirne@SempraUtilities.com;
Njacobsen@waterboards.ca.gov;
PSzymanski@SempraUtilities.com;
Podgorsky@wrightlaw.com;
ang@cpuc.ca.gov;
bca@cpuc.ca.gov;
case.admin@sce.com;
cem@newsdata.com;
dkates@sonic.net;
e-recipient@caiso.com;
environment@cox.net;
fmobasheri@aol.com;
garcia@electricpowergroup.com;
gfrick@cosmoaccess.net;
grasse@curegroup.org;
gxh@cpuc.ca.gov;
jbuse@biologicaldiversity.org;
jevans@biologicaldiversity.org;
john.brown@bbklaw.com;
johnpecora100@ca.rr.com;
jsanders@caiso.com;
k.estenger@jdlincoln.com;
liddell@energyattorney.com;
lmiles@adamsbroadwell.com;
merllr@verizon.net;
mey@cpuc.ca.gov;
morand@wrightlaw.com;
mrw@mrwassoc.com;
nms@cpuc.ca.gov;
rkanz@waterboards.ca.gov;
robert.kang@sce.com;
ryoung@evmwd.net;
stephen.velyvis@msrlegal.com;