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

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

**REPLY COMMENTS OF FOREST RESIDENTS OPPOSING NEW
TRANSMISSION LINES ("FRONTLINES") ON THE ADMINISTRATIVE
LAW JUDGE'S PROPOSED DECISION DISMISSING THE NEVADA HYDRO COMPANY'S
CPCN APPLICATION FOR THE TALEGA-ESCONDIDO/VALLEY-SERRANO ("TEVS")
INTERCONNECT PROJECT AND DENYING PETITION TO MODIFY DECISION 11-07-036.**

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Dated: April 30, 2012 PDT

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Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, Forest Residents Opposing New Transmission Lines (“FRONTLINES”) hereby submits its reply comments on the Administrative Law Judge’s Proposed Decision Dismissing the Nevada Hydro Company’s (“TNHC’s”) Application and Denying Petition to Modify D.11-07-036 (“Proposed Decision”). Specifically, FRONTLINES replies to the TNHC’s opening comments. FRONTLINES notes that TNHC’s opening comments contain inaccuracies and misrepresentations too numerous to be addressed within the page limit imposed by Rule 14.3. Nonetheless, FRONTLINES attends to the most grievous deficiencies herein.

TNHC’S CLAIM THAT CAISO “RECOGNIZES A NEED” FOR TEVS IS ABSURD ON ITS FACE.

In its opening comments, TNHC declares (on page 10) that dismissing the TEVS CPCN application will “harm the public interest” because the California Independent System Operator (“CAISO”) “recognizes the need” for TEVS. To validate this *ridiculous* statement, TNHC offers a sliver of testimony addressing San Diego Local Capacity Requirements (“LCR”) that CAISO recently submitted to the Commission (in A.11-05-023) and which refers to CAISO studies conducted half a decade ago in the Sunrise Powerlink Proceeding (A.06-08-010). TNHC takes a narrow portion of CAISO’s testimony (addressing whether a

new 500 kV line between SCE and SDGE is a viable alternative to mitigate the San Diego's projected 2021 LCR) completely out of context and ignores subsequent testimony (clarifying that this alternative "was found to increase the generation needs in the Los Angeles area" and therefore provides no mitigation). Worse yet, it ignores CAISO's foundational conclusion from Sunrise that TEVS cannot reduce San Diego LCR without creating a corresponding increase in Los Angeles LCR¹. The fact is, both Sunrise and CAISO's recent testimony firmly establish that TEVS cannot satisfactorily address LCR issues in Southern California, and it is certainly not necessary for this purpose.

THE LACK OF A SOUTHERN TERMINUS IN THE TEVS CPCN APPLICATION IS A SUBSTANTIAL DEFICIENCY BY EVERY COMMISSION STANDARD.

Currently, TNHC has absolutely no idea where the southern terminus of, and substation for, the TEVS line will be located. It also has no idea how TEVS will be routed to the southern substation, nor does it know how the southern substation will be connected to SDGE's Talega-Escondido line. Incredibly, TNHC refers to these gaping holes in its CPCN application as mere "modifications" which occurred over time, and argues that these "modifications" do not constitute a deficiency. However, TNHC's argument fails to address the key issue: namely *any* CPCN application that omits substantive information required by General Order 131-D ("GO-131") and the Commission's Rules of Practice and Procedure is deficient *regardless of when the omission occurs*. There is no doubt that the descriptions of the southern substation, the TEVS termination, and the connection to SDGE's Talega-Escondido line that are currently provided by the TEVS CPCN Application are not accurate and therefore do not comply with either GO-131² or the Commission Rules³. TNHC became

¹ See Tables 1.B, 2 and 49 from CAISO Phase 1 Initial Testimony Part V (Exhibit I-5), CAISO Phase 2 Direct Testimony of Robert Sparks (Exhibit I-8) and Rens Orans (Exhibit I-12). CAISO even considered increasing the Path 44 rating (south of SONGS) by 350 MW to address San Diego LCR, but, like TEVS, this alternative increased LA Basin LCR by 350 MW, and so was not beneficial (see page 47 of CAISO Phase 1 Rebuttal testimony, Exhibit I-6).

² GO-131 Section IX. A.1.a clearly states that a CPCN application must include: "A detailed description of the proposed transmission facilities, including the proposed transmission line route and alternative routes, if any; proposed transmission equipment; such as tower design and appearance, heights, conductor sizes, voltages, capacities, **substations**, **switchyards**, etc." (emphasis added).

³ Rule 3.1(a) states that applications to construct facilities shall contain "A full description of the proposed construction or extension, and the manner in which the same will be constructed". Rule 3.1(c) states that these applications shall also provide "A map of suitable scale showing the location or route of the proposed construction".

aware of these inaccuracies (deficiencies) more than a year ago⁴, but has failed to address them in since that time. The Commission was made aware of these inaccuracies (deficiencies) nearly 10 months ago, when FRONTLINES filed initial comments on the Phase 1 Proposed Decision⁵. The Commission has provided TNHC with ample time to make its TEVS CPCN Application “whole” by addressing these inaccuracies (deficiencies), but TNHC has not done so, and the TEVS CPCN application remains inaccurate (deficient) to this day. The Proposed Decision determination that the TEVS CPCN Application should be dismissed because it is deficient is reasonable, appropriate, and fully supportable.

MATTERS PERTAINING TO THE TEVS INTERCONNECTION TO SCE AND SDGE SYSTEMS CANNOT BE RELEGATED TO THE CAISO LGIP OR THE FERC.

TNHC argues that the concerns raised in the Proposed Decision pertaining to TEVS interconnections with SDGE’s and SCE’s systems are unfounded because TNHC will facilitate these interconnections either by the CAISO’s Large Generator Interconnection Procedure (“LGIP”) for LEAPS or by a FERC interconnection order issued pursuant to 16USC § 824i. These claims have no substantive basis and, from an engineering perspective, are technically insupportable.

FRONTLINES points out that the LEAPS LGIP is based on a 500 MW delivery to either SDGE or SCE, and this 500 MW engineering constraint is implicit in SCE’s and SDGE’s system interconnection plans for LEAPS. Therefore, the LEAPS LGIP is insufficient to accommodate the 1,000 MW transmission capacity that TNHC claims TEVS will provide. The Commission cannot proceed with a 1,000 MW TEVS CPCN application if it is known ahead of time that the transmission capacity is actually limited to 500 MW due to interconnection constraints. Under such circumstances, the Commission’s consideration of TEVS would be based on a 500 MW transmission capacity, rather than 1,000 MW.

⁴ These CPCN application was rendered inaccurate in April, 2011 when the Fallbrook Land Conservancy (“FLC”) notified TNHC (by mail) that the Santa Margarita Preserve would not be available to support the TEVS Project.

⁵ FRONTLINES provided a copy of the FLC letter in our initial comments on the Proposed Decision issued for Phase 1 of this proceeding.

FRONTLINES also points out that there is NO LEAPS license application pending before the FERC. In fact, FERC has not even issued a Preliminary Permit for LEAPS. In essence, TNHC is arguing that the Commission should disregard TEVS interconnection issues and instead rely on the LGIP for a highly speculative future generation project which has not even begun the FERC licensing process. It appears to FRONTLINES that TNHC is trying to convince the Commissioners to dive into an empty swimming pool based on a mere promise that the pool will magically fill with water just before impact.

Finally, TNHC's assurance that the TEVS interconnection to SDGE's and SCE's systems can be accomplished via a FERC order pursuant to 16 U.S.C. § 824i rings hollow. As the Commission is perhaps aware, the Alberhill substation proposed by SCE (A.09-09-022) has been specifically configured to accommodate the LEAPS project⁶. Thus, upon approval of the Alberhill project, the Commission will secure a LEAPS interconnection strategy and obviate any perceived need for a FERC interconnection order pursuant to 16 U.S.C. § 824i. Moreover, TNHC offers no evidence that it would ever be necessary for SDGE to accommodate LEAPS after SCE has already done so. Thus it appears doubtful that the FERC would be ever persuaded to order any sort of LEAPS/TEVS interconnection pursuant to 16 U.S.C. § 824i.

TNHC HAS STATED THEY INTEND TO RESUBMIT THE SAME TEVS PROJECT TO THE COMMISSION IMMEDIATELY AFTER A.10-07-001 IS DISMISSED.

In a newspaper interview published after the Proposed Decision was issued, a spokesman for TNHC stated that, if the Commission tosses out the TEVS CPCN Application, "we'll turn around and file again"⁷. This statement, taken together with TNHC's comments on the Proposed Decision, clearly indicate that TNHC contemplates a perfunctory re-submittal of the same TEVS project in the event the Commission unconditionally dismisses the instant application. It is precisely this situation that FRONTLINES sought to forestall in

⁶ Through FRONTLINES' exhaustive discovery efforts, SCE eventually admitted that the surplus 500 kV line positions included in the Alberhill project were specifically intended to interconnect the LEAPS project.

⁷ The following is an excerpt from the Press Enterprise newspaper article that was written about the Proposed Decision and published April 4, 2012: 'David Kates, project manager for Nevada Hydro, said the company was not pleased. "We feel we met every condition, including posting \$550,000 in cash," he said. If the commission tosses out the application, "we'll turn around and file again," he said'.

recommending that the Commission condition the TEVS CPCN dismissal to prevent TNHC from merely repackaging and resubmitting the same TEVS project⁸. Why? Because FRONTLINES has already expended *tremendous* resources in the current proceeding⁹, and upon dismissal of TNHC's current TEVS application, these efforts shall come to naught. There is no doubt that FRONTLINES will be forced to repeatedly expend this same level of effort to respond to each and every repackaged TEVS CPCN application that is submitted to the Commission. There is also no doubt that stakeholders like FRONTLINES will be unable to sustain such efforts if the Commission simply allows TNHC to repeatedly and unconditionally resubmit perfunctory TEVS CPCN Applications. For this reason, the Commission should reject all of TNHC's arguments. The conditions imposed in the Proposed Decision will ensure efficient and effective stakeholder participation in future TEVS proceedings, and are therefore in harmony with the California Legislature's stated intent in adopting PUC 1801 et seq.

For these reasons, FRONTLINES urges the Commission to reject all of TNHC's arguments, and adopt the Proposed Decision with the revisions recommended by FRONTLINES in comments filed on April 23, 2012.

Respectfully submitted;
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⁸ FRONTLINES suggestion that the Commission impose conditions on the dismissal of TNHC's CPCN application was made in comments filed December 16, 1011 in response to ALJ Minkin's ruling addressing whether the TEVS CPCN application should be dismissed and if so, whether it should be dismissed with prejudice.

⁹ In Proceeding A.10-07-001, FRONTLINES has expended many hundreds of hours reviewing TNHC's initial testimony, revised testimony, initial PEA, revised PEA, initial CPCN application, revised CPCN application, briefs, FERC docket filings, CAISO documents, and prior Commission filings. not to mention propounding multiple discovery requests upon SCE, SDGE, EVMWD, DRA, and TNHC and prosecuting information requests to the CAISO, the CTPG, the CPUC, the US Marine Corps, the US Navy, the California Department of Fish and Game, the Wildlife Conservation Board, The Trust for Public Lands, Eastern Municipal Water District, and the County of San Diego in addition to participating in hearings, filing briefs, motions, and comments and coordinating FRONTLINES member participation in public scoping meetings.