

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED

12-20-10
03:41 PM

In the Matter of the Application of
Southern California Edison Company
(U338E) for a Permit to Construct
Electrical Facilities: Red Bluff
Substation Project

Application 10-11-012
(Filed November 17, 2010)

**PROTEST
OF THE DIVISION OF RATEPAYER ADVOCATES**

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December 20, 2010

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I. INTRODUCTION

In accordance with Rule 2.6, subdivisions (a) and (b) of the California Public Utilities Commission (Commission) Rules of Practice and Procedure (Rule), the Division of Ratepayer Advocates (DRA) protests the Application of the Southern California Edison Co. (SCE) for a Permit to Construct (PTC)¹ the Red Bluff Substation Project (Red Bluff Project), which is dated November 17, 2010 (SCE Application).

DRA objects to the granting in whole or in part of any of the authority sought by the SCE Application. Set forth below are the basic facts and law constituting the grounds for this Protest; a description of the effect of the SCE Application on DRA; and the

¹ GO 131-D, section IX(B), available at <http://162.15.7.24/Published/Graphics/589.pdf/>, provides in pertinent parts for a PTC as follows:

- B. Power Line Facilities Between 50 kV and 200 kV and Substations Designed to Operate Over 50 kV Which Are Not Included in Subsection A of this Section.

Unless exempt as specified in Section III herein, or already included in an application before this Commission for a CPCN, an electric public utility desiring to build power line or substation facilities in this state for immediate or eventual operation between 50 kV and 200 kV or substations for immediate or eventual operation over 50 kV, shall file for a permit to construct not less than nine (9) months prior to the date of a required decision by the Commission unless the Commission authorizes a shorter period because of exceptional circumstances.

reasons DRA believes the SCE Application should be dismissed as a result of this Protest.

Notice of the SCE Application's filing first appeared in the Commission's Daily Calendar on November 19, 2010. This Protest is timely filed, since it occurred within 30 days after that date.² Considering the nature of the Red Bluff Project, DRA urges the Commission to issue its ruling on DRA's Protest at its earliest convenience.

II. THE PROTEST

As in the *SCE Alberhill Project* proceeding, A.09-09-022 (*Alberhill*), DRA protests the SCE Application for a PTC as unreasonable, inconsistent with the law, and not in the public interest. For the analogous reasons stated by DRA's protest of *Alberhill*,³ DRA requests that the Commission dismiss the SCE Application and direct the Applicant to file an application for a Certificate of Public Convenience and Necessity (CPCN), in accordance with GO 131-D, section IX, subdivision (A). Alternatively, SCE could amend its Application in this docket to change it into a CPCN application.⁴ This would give DRA and the Commission an opportunity to review the need for and economic costs of the Red Bluff Project.

III. BACKGROUND

The pertinent, major components of the Red Bluff Project consist of the following:

1. Red Bluff Substation: Construct a new 500/220 kV substation enclosing approximately 75 acres of land.
2. Transmission Lines: Loop the existing DPV 500 kV [Transmission Line] T/L (referred to as DPV#1 in the DPV2 CPCN) into the Red Bluff Substation by adding a total of approximately 5,000 to 7,000 feet of new T/L segments (two parallel lines ranging between 2,500 to 3,500 feet long each within a corridor approximately 1,000 feet wide), creating the Colorado River-Red Bluff No.1 and Devers-Red Bluff No.1 500 kV T/Ls.

² See Rule 2.6(a), available at http://docs.cpuc.ca.gov/word_pdf/RULES_PRAC_PROC/105138.pdf/.

³ See *DRA Alberhill Protest* at 1-2, available at <http://docs.cpuc.ca.gov/efile/P/109540.pdf/>.

⁴ See *A. 09-09-022 Rul'g* at 4, available at <http://docs.cpuc.ca.gov/efile/RULINGS/114422.pdf/>.

3. Transmission Lines: Loop the proposed Devers-Colorado River (DCR) 500 kV T/L (referred to as DPV2 in the DPV2 CPCN) into the Red Bluff Substation by adding a total of approximately 5,000 to 7,000 feet of new T/L segments (two parallel lines ranging between 2,500 to 3,500 feet long each within a corridor approximately 1,000 feet wide), creating the Colorado River-Red Bluff No.2 and Devers-Red Bluff No.2 500 kV T/Ls.⁵

The purpose of the Red Bluff Project is to interconnect with a proposed “550-megawatt (MW), nominal capacity, alternating current (AC), solar photovoltaic (PV), energy-generating project known as the Desert Sunlight Solar Farm (DSSF).” Desert Sunlight Holdings, LLC, a wholly owned subsidiary of First Solar Development, Inc. (First Solar), would construct and operate the DSSF. Further, the DSSF “would interconnect into the ISO grid at the site of the [Red Bluff] Project,” which would be located on lands administered by the US Department of Interior (DOI), Bureau of Land Management (BLM), the Palm Springs-South Coast Field Office. The Application states the estimated cost of the Red Bluff Project as \$217 million, which is expressed in 2010 constant dollars.⁶

IV. ARGUMENTS AND AUTHORITIES SUPPORTING THIS PROTEST

As the Commission stated in *Alberhill*:

[T]he reason for implementing the PTC procedure was that “under-200 kV projects pose little economic risk to ratepayers, and thus, absent the potential for environmental impacts and related California Environmental Quality Act obligations, would not otherwise trigger Commission pre construction review.”⁷

⁵ *SCE Appl.* at 1-2 (footnotes omitted) (DRA reserves the right to contest if necessary the other components of the Red Bluff Project listed *id.* at 2-3 but not stated in the text above), available at <http://docs.cpuc.ca.gov/efile/A/126666.pdf/>.

⁶ *Id.* at 3.

⁷ *Alberhill A. 09-09-022 Rul'g* at 2-3, available at <http://docs.cpuc.ca.gov/efile/RULINGS/114422.pdf/>, (citing *OIR re Transm'n Lines*, D. 94-06-014, 55 CPUC2d 87, 101, 1994 Cal. PUC LEXIS 453, at *32 (dated June 8, 1994)).

Accordingly, the PTC procedure “focuses solely on environmental concerns, unlike the CPCN process which considers the need for and economic cost of a proposed facility.”⁸ Thus if the SCE Application were granted, the PTC procedure would prevent DRA and the Commission from reviewing the reasonableness of and justification for the Red Bluff Project costs of \$217 million or more.

The Red Bluff Project, however, would pose significant economic risks to ratepayers. It would involve *inter alia* building a new 500/220 kV substation and two new transmission-line (T/L) segments. Each such segment would have an electrical capacity of 500 kV and add 5,000 to 7,000 feet of new T/L. When added together, the two segments would amount to a total of 10,000 to 14,000 feet of T/Ls.⁹

In A.09-09-022, SCE also sought a PTC for the Alberhill Project which consisted of major components analogous to those in the Red Bluff Project, such as the following:

- A new 1,120 megavolt ampere (MVA) 500/115 kV substation;
- Two new 500 kV transmission line segments;
- A new 115 kV subtransmission line and modifications to four existing 115 kV subtransmission lines; and
- Telecommunications improvements.¹⁰

The assigned Commissioner in A.09-09-022 ruled that the PTC procedure was inappropriate, because it

[D]oes not address the need for and economic cost of the project . . . [which] involves over-200 kV facilities that are presumed to pose economic risk to ratepayers.¹¹

Accordingly, in A.09-09-022, the Commission directed SCE to change its PTC request into a CPCN application under GO 131-D, section IX(A).¹²

⁸ *Id.*, D.94-06-014, 1994 Cal. PUC LEXIS 453; at *2 & *4.

⁹ *SCE Appl.* at 3.

¹⁰ *SCE A.09-09-022 Reply* at 1-2, available at <http://docs.cpuc.ca.gov/efile/REP/109961.pdf/>.

¹¹ *Alberhill Rul'g* at 2-3.

¹² *Id.* at 4.

As in *Alberhill*, the Red Bluff Project would also construct a substation of 500/220 kV and two new 500 kV transmission line segments but at an estimated cost of \$217 million. These facts show that the Red Bluff Project would pose material and considerable economic risks to ratepayers that warrant Commission pre-construction review in a CPCN proceeding. The PTC procedure would preclude such a reasonableness review, because it would only allow for an environmental impact review of the Red Bluff Project.

Therefore, the same policy purposes that motivated the Commission in A.09-09-022 to replace the SCE requested PTC procedure with a CPCN proceeding, apply in this proceeding. Before SCE may impose on ratepayers the burden of recovering the \$217 million costs of the Red Bluff Project, DRA and the Commission should have an opportunity to examine the need for and economic costs of the Project in a CPCN proceeding.

V. OTHER POTENTIAL ISSUES

Assuming a CPCN proceeding were ordered for the Red Bluff Project, DRA would present facts at the evidentiary hearing showing whether all or a portion of the Red Bluff Project’s \$217 million costs are unreasonable or unjustified. For example, a maximum cost cap may be needed.

Other issues unstated above may arise in the course of DRA’s discovery and review of SCE’s cost data. DRA reserves the right to present additional issues before or during the course of a CPCN evidentiary hearing or in a PTC proceeding if granted by the Commission. Further, DRA does not admit or waive any issues that may not have been addressed in this Protest.

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VI. CONCLUSION

Section 451 of the California Public Utilities Code prohibits SCE and other Utilities from imposing on ratepayers unreasonable and unjustified rate burdens. The State Constitution and statutes empower both DRA and the Commission to review in a CPCN proceeding the need for and economic costs of the Red Bluff Project.

If the SCE Application were granted, this would foreclose a Commission reasonableness review of the Red Bluff Project's \$217 million costs. As in *Alberhill* A.09-09-022, the Commission should direct SCE to substitute a CPCN application for its PTC request because of the material and considerable economic risks that the Red Bluff Project poses for ratepayers.

Respectfully submitted,

/s/ CLEVELAND W. LEE

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December 20, 2010

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of “**PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES**” to the official service list in **A.10-11-012** 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 **December 20, 2010** at San Francisco, California.

/s/ NELLY SARMIENTO
Nelly Sarmiento

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A.10-11-012

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