

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U 902 E) for a Certificate of Public Convenience and Necessity for the Miguel – Mission 203kV # Project.

Application 02-07-022
(Filed July 12, 2002)

**ADMINISTRATIVE LAW JUDGE’S RULING SOLICITING INFORMATION
FROM SAN DIEGO GAS & ELECTRIC COMPANY REGARDING
MIGUEL MISSION TRANSMISSION PROJECT**

This ruling directs San Diego Gas and Electric Company (SDG&E) to respond to several questions regarding the Mission Miguel transmission project in light of new information about the project and its construction.

1. Background

In Decision (D.) 04-07-026, the Commission approved SDG&E's request for a certificate of public convenience and necessity (CPCN) for the Miguel Mission Transmission Project which is the subject of this application. The decision also certified an environmental impact report (EIR) conducted by the Commission as part of its review of SDG&E's proposed project. The Commission approved the project substantially as proposed by SDG&E rather than with the project modifications recommended in the EIR.

On September 8, 2004, Marcie Edwards representing the California Independent Operator (ISO) sent the members of the Commission a letter expressing support for SDG&E's plan to modify the construction of the Miguel Mission project in ways that would provide relief from congestion fees

prior to July 2006, when the project is expected to be complete. The letter appears to assume that SDG&E had formally proposed project modifications to the Commission.

On September 10, 2004, Lee Schavrien representing SDG&E sent the members of the Commission a letter responding to the ISO letter and explaining that (1) SDG&E is studying a project configuration that might reduce congestion fees earlier than the original plan provided; (2) SDG&E does not have a proposal before the Commission to make those project modifications, and; (3) the project modifications "could yield significant savings to ratepayers" and would not deviate appreciably from the final project approved by the Commission.

2. Impact of Unspecified Project Modifications

This ruling directs SDG&E to respond to several questions about project modifications which the California ISO's letter suggests are both feasible and desirable because of the likelihood that the modifications would reduce the extraordinarily high congestion management fees SDG&E has been paying the ISO for many months. The project modifications would apparently entail the installation of a 230 kilovolt (kV) line on the new poles rather than a 69 kV line, as anticipated in the issued certificate of public convenience and necessity (CPCN). After other portions of the project are completed, SDG&E would replace the 230 kV line with a 69 kV line, as originally proposed.

The Commission has expressed its concern with the congestion in the San Diego area and associated costs Californians are incurring. In fact, while the CPCN application was pending, staff queried SDG&E on whether there were other actions SDG&E could take that would expedite the project's on-line date or ameliorate congestion fees sooner. At that time, SDG&E did not identify ways to expedite the project or ameliorate congestion fees that involved installing a

230 kV circuit on the new poles or any other interim solutions. Now it appears the project may be expedited with some relatively simple modifications. SDG&E should provide additional information to explain what appears to be a change in circumstances and why it was not proposed earlier.

SDG&E shall respond to the following questions not later than September 30, 2004. Other parties may file replies to SDG&E's responses no later than October 8, 2004.

1. Describe the project modifications that are currently under review by SDG&E and how they might affect the transmission of power in the area so as to reduce congestion and congestion fees. Explain how the project modifications might affect the construction schedule for the remainder of the project.
2. If the project modifications would relieve congestion and associated fees in the region earlier than June 2006, why has SDG&E not proposed this project modification previously so that it could begin associated construction immediately after receiving project approval?
3. If the addition of a 230 kV line would reduce congestion and associated fees in the region, can adding a 230 kV line to the vacant position on the existing line fulfill that objective? If so, why did SDG&E choose not to propose that project previously? Why did SDG&E withdraw this project modification in this proceeding and refile the project modification in an application to upgrade the project in anticipation of the Otay Mesa power plant?
4. What Commission approvals are required for the project modifications SDG&E is reviewing? Would they require an addendum or supplement to the final EIR? Would they require modifications to the approved CPCN? If so, what types of information would SDG&E need to provide to the Commission and what procedures would CEQA require? How, if at all, would these regulatory approvals affect the construction schedule for the project modifications and the

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project overall?

5. Why would SDG&E install the 230 kV circuit on the new poles temporarily and subsequently replace it with a 138 kV circuit rather than retain the 230 kV circuit? Is the project modification amenable to project undergrounding?
6. What are the possible effects of the modifications to the project in terms of EMF exposures? Provide specific estimates in the format used by the final EIR in this docket.
7. What are the estimated costs and cost savings associated with the temporary modifications to the project? The answer to this question should break down costs and savings separately and specify congestion fee savings by month.
8. Describe SDG&E's current plans for proposing project modifications to the Commission and, if relevant, other siting and permitting agencies.

IT IS RULED that:

1. San Diego Gas & Electric Company (SDG&E) shall respond to the questions posed herein no later than September 30, 2004.
2. Other parties may file replies to SDG&E's responses no later than October 8, 2004.

Dated September 22, 2004, at San Francisco, California.

/s/ KIM MALCOLM

Kim Malcolm
Administrative Law Judge

ATTACHMENT



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September 10, 2004

President Michael Peevey
Commissioner Geoffrey Brown
Commissioner Susan Kennedy
Commissioner Loretta Lynch
Commissioner Carl Wood
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear Commissioners:

On September 8, you received a letter from Marcie Edwards of the California Independent System Operator (ISO) in support of a proposal to modify the planned construction of the Miguel-Mission 230 kV #2 project in order to provide transmission congestion relief prior to July 2006. San Diego Gas and Electric (SDG&E) appreciates the ISO's support and shares their goal of saving ratepayers tens of millions of dollars. To date, however, SDG&E has not submitted a formal proposal to the Commission for consideration.

SDG&E is currently studying *temporary* configurations that would allow the new line to be energized earlier without deviating appreciably from the final project approved by the Commission in D.04-07-026. In particular, SDG&E is studying engineering solutions that would comply with all applicable environmental laws and regulations, and would not create new or more severe significant impacts than those analyzed in the already approved Miguel-Mission Environmental Impact Report. If the results of SDG&E's studies indicate that these minor technical changes are feasible, SDG&E intends to bring a proposal to the Commission for consideration and approval.

SDG&E has been in contact with the ISO in order to quantify the benefits of such a proposal and to plan for the operation of the Miguel-Mission line under a temporary configuration during construction. As noted by Ms. Edwards, the ISO concurs that a temporary operating change could yield significant savings to ratepayers.

This is an important project that will bring substantial benefits to our customers and to the entire state. We will continue to make every effort to complete our analysis and proceed in accordance with Commission procedures. On behalf of SDG&E, thank you for your continued support of this critical project.

With best regards,

//s//

Lee Schavrien

cc: California ISO
A.02-07-022 service list

(END OF ATTACHMENT)

