

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Southern California Edison Company (U 338-E) for a Certificate of Public Convenience and Necessity Concerning the Antelope-Pardee 500 kV (Segment 1) Transmission Project as Required by Decision 04-06-010 and as Modified by Subsequent Assigned Commissioner Ruling.

Application 04-12-007
(Filed December 9, 2004)

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER

Pursuant to Rules 6(a)(3) and 6.3 of the Commission Rules of Practice and Procedure,¹ this ruling establishes the category, sets forth the scope and procedural schedule, and assigns the principal hearing officer for this proceeding following a prehearing conference (PHC) held before Assigned Commissioner Grueneich and Administrative Law Judge (ALJ) Halligan on May 25, 2005. It also addresses discovery, service, and other procedural issues for the proceeding. This ruling is appealable only as to category of this proceeding under the procedures in Rule 6.4.

¹ All citations to Rules refer to the Commission Rules of Practice and Procedure, which are codified at Chapter 1, Division 1 of Title 20 of the California Code of Regulations.

Background

Southern California Edison Company (SCE) has requested a certificate of public convenience and necessity (CPCN) to construct the proposed Antelope-Pardee 500 kilovolt (kV) Transmission Line, to be located in Los Angeles County, California. The Antelope-Pardee Transmission Line would include the construction of a new 25.6-mile, 500 kV transmission line to connect SCE's existing Antelope Substation, located in Lancaster, with SCE's existing Pardee Substation, located in Santa Clarita. Initially, the transmission line would be energized at 220 kV. The project would also include an expansion of the Antelope substation and the relocation of several existing 66 kV transmission lines in the vicinity of the Antelope substation. The proposed Antelope-Pardee 500 kV Transmission Line project is also referred to as "Segment 1 of the Antelope Transmission Project" or "Phase 1 of the Tehachapi upgrades."²

Scoping Memo

In A.04-12-007, SCE stated that it filed this application pursuant to Ordering Paragraph 8 of Commission Decision (D.) 04-06-010, which required SCE to "file an application seeking a certificate authorizing construction of the first phase of Tehachapi transmission upgrades consistent with its 2002 conceptual study and the study group's recommendation within six months of

² SCE filed Application (A.) 04-12-008 for a CPCN for Segments 2 and 3 of the Antelope Transmission Project simultaneously with A.04-12-007, but A.04-12-008 is currently incomplete. SCE anticipates filing the completed application for Segments 2 and 3 of the Antelope Transmission Project in September, 2005. Therefore, the two applications will not be consolidated.

the effective date of this order.”³ That order was premised on Finding of Fact 18 of D.04-06-010 which found that the magnitude and concentration of renewable resources identified in the California Energy Commission’s (CEC) Renewable Resources Report⁴ justified a “first phase of Tehachapi transmission upgrades” to facilitate achievement of the renewable power goals established in § 399.11 *et seq.*

SCE further states that based on its obligation under Sections 210 and 212 of the Federal Power Act (16 U.S.C. Section 824(i) and (k)) and Sections 3.2 and 5.7 of the California Independent System Operator (CAISO) Tariff, SCE has determined that the project is needed to interconnect and integrate the generation from a proposed 201 megawatts (MW) wind project located 8.5 miles northwest of the Antelope Substation because the existing transmission path from Antelope to Vincent is fully loaded. Segment 1 would increase the transfer capability south of the Antelope Substation and allow the 201 MW to be safely transferred to serve system load. Segment 1 would also increase that transfer capability so as to accommodate more than the 201 MW in anticipation of additional generation north of Antelope.⁵

SCE states that its request for a CPCN for Segment 1 of the Antelope Transmission Project is conditioned on the establishment of clear cost recovery

³ By Ruling dated October 21, 2004, in Investigation (I.) 00-11-001, the Assigned Commissioner directed SCE to file two separate CPCN applications for the Tehachapi upgrades: one CPCN application for Segment 1 and one CPCN application for Segments 2 and 3.

⁴ “Renewable Resources Development Report,” CEC Publication Number 500-03-080F, November 2003.

⁵ SCE PEA, Volume 1, at page 2-2.

mechanisms in advance of construction. SCE has filed a petition with the Federal Energy Regulatory Commission (FERC) for a declaratory order finding that the cost of Segment 1 of the Antelope Transmission Project is eligible for recovery in transmission rates.⁶ Alternatively, if the FERC determines that the cost of Segment 1 of the Antelope Transmission Project is ineligible for recovery in transmission rates, SCE requests that the Commission find that the prudently incurred cost of Segment 1 of the Antelope Transmission Project qualifies for recovery in retail rates under Section 399.25(b)(4).

The Commission has previously determined in D.04-06-010 that the “magnitude and concentration” of renewable resources identified in the CEC’s Renewable Resources Report justified a finding that “[T]he first phase of Tehachapi upgrades should be considered necessary to facilitate achievement of RPS⁷ goals established in Public Utilities Code Section 399.14.” (D.04-06-010, *mimeo.*, p. 44.) However, the Commission stated that “the need determinations in individual CPCN proceedings will relate to the particular projects and upgrades associated with that specific proceeding. In this decision, we are making an initial need determination overall with respect to the necessary contribution of Tehachapi wind in general to meeting RPS goals. Thus, these need determinations are separate and severable.” (D.04-06-010, *mimeo.*, p. 17.)

⁶ See Southern California Edison Company Petition for Declaratory Order in FERC Docket No. EL05-80, March 23, 2005.

⁷ The Renewable Portfolio Standard, or “RPS” program was created by Senate Bill 1078, which, among other things, requires the state’s investor-owned utilities (IOUs) to increase electrical generation from renewable resources by at least 1% per year, until renewables comprise 20% of total IOU procurement.

The Commission also stated that “[t]he exact nature of the upgrades and the resource potential must still be established to determine if all of the resources can be developed in a way that is cost-competitive, taking into account transmission costs, and that Tehachapi projects are consistent with a best-fit procurement strategy.” (*Id.*, p. 16.) The Commission further stated that, “when a utility files a certificate application for Tehachapi upgrades, we will consider at that time the exact ratemaking treatment contemplated under Section 399.25 and will also address project financing, as well as any additions to the record regarding need, as necessary.” (*Id.*, p. 18.)

Consistent with the direction provided in D.04-06-010, the scope of this proceeding includes whether the proposed Antelope-Pardee Transmission project is “necessary” to facilitate achievement of RPS goals based, in part, on the results of the RPS procurement process and the GO 131-D considerations of alternatives to the proposed project. The Commission will also make Section 399.25(b)(1) findings regarding whether the transmission project will provide benefits to the transmission network.

The scope of this proceeding also encompasses the requirements of Pub. Util. Code §§ 1001, 1002 and the California Environmental Quality Act (CEQA). Section 1002 provides, in pertinent part, that the Commission, as a basis for granting any CPCN pursuant to § 1001, shall give consideration to the following factors: (1) community values, (2) recreational and park areas, (3) historical and aesthetic values, and (4) influence on environment.

The environmental impact report (EIR) to be prepared pursuant to CEQA must identify the significant effects on the environment of the project, identify alternatives to the project, and indicate the manner in which significant environmental effects can be mitigated or avoided. CEQA requires that the

Commission cannot approve the proposed project or an alternative unless it mitigates or avoids the significant effects on the environment, or finds that economic, social, or other conditions make it infeasible to mitigate those effects or that the agency is willing to accept potential significant effects because of the project benefits. The Commission's CEQA review⁸ process is expected to generate alternatives for the Commission's consideration based on the purpose and need and the CEQA/NEPA requirements. The CEQA/NEPA process will identify potential land use conflicts and cumulative or growth-inducing impacts. Applicability of Section 625, regarding eminent domain, is also within the scope of this proceeding.

GO 131-D further prescribes that prior to issuing a CPCN, the Commission must find that the project is necessary to promote the safety, health, comfort, and convenience of the public. In addition, Section X of GO 131-D requires that the applicant describe the measures taken or proposed by the utility to reduce the potential exposure to EMFs generated by the proposed facilities.

Issues surrounding general project cost-effectiveness, cost estimates and tradeoffs for alternative routes, right of way-acquisition costs, mitigation costs, and adoption of a cost cap are within the scope of this proceeding. In addition, SCE requests that the Commission issue a conclusion of law stating that if the FERC determines that the facilities are ineligible to be "recovered through general transmission rates," then the prudently incurred costs are eligible for

⁸ Since the proposed project would be located, in part, on land subject to the jurisdiction of the United States Forest Service, a joint Environmental Impact Report/ Environmental Impact Statement (EIS) will be prepared under CEQA and the National Environmental Policy Act (NEPA).

recovery under Pub. Util. Code § 399.25(b)(4). Therefore, the ratemaking mechanisms and procedures that the Commission may use to implement § 399.25 are also within the scope of this proceeding.

As discussed at the PHC, consistent with the direction provided in D.04-06-010, additional testimony is necessary in order to determine whether the Antelope-Pardee Transmission Line is a reasonable investment for California's, and SCE's ratepayers. Although the CEC report indicates that Kern County (Tehachapi) wind may alone satisfy much, if not all, of RPS demand, the study did not address the operational cost of integrating Tehachapi wind resources into the system, the cost-effectiveness of wind resources compared to other renewable resources, or the likelihood of wind projects succeeding in the utilities' RPS solicitations.

Recognizing the potential for wind development in the Techachapi area, as well as the fact that large-scale transmission upgrades capable of transporting power from multiple wind project will be needed if Techachapi wind is to contribute significantly to California's renewable power goals, the Commission concluded that the first phase, or segment, of the Techachapi upgrades should be considered necessary to facilitate achievement of RPS goals. The Commission did not approve a particular project; but left the determination of the particular project or configuration to propose in its CPCN to the utility.

In order to grant a CPCN in the instant application, we must make an affirmative finding that the Antelope-Pardee Transmission line project is likely to facilitate the achievement of the RPS goals. In order to make such a finding, we must, at a minimum, consider the results of the RPS process to date.

Furthermore, since the need for this project is based primarily on fulfilling the state's RPS goals, and is not limited to SCE's service area, thorough review of

this application will require testimony from the CAISO, SDG&E and PG&E as well as supplemental testimony from SCE on the progress of the RPS Program, including the number of offers or bids submitted by Tehachapi area wind developers, the number and content of informal requests or proposals received by the utilities prior to or between competitive solicitations, and whether any of the Tehachapi wind projects were successful bidders in the RPS or interim solicitations.

Finally, the scope of this proceeding will also include consideration of the adoption of some form of “trigger” mechanism whereby approval or construction of each phase of the Tehachapi upgrades would be triggered, consistent with D.04-06-010 and the Tehachapi Collaborative Study Group (TCSG) report, ordered in D.04-06-010.⁹

Supplemental SCE Testimony

I direct SCE to file supplemental testimony in response to the following questions:

1. How many bids or offers has SCE received from wind projects or other alternative energy developers located in the Tehachapi area through the RPS process, including both offers in response to SCE’s interim solicitation and unsolicited inquiries?
2. Has SCE signed interconnection agreements with wind projects or other alternative energy developers that would utilize the Antelope-Pardee Transmission line?
3. How many requests for transmission cost studies has SCE received as part of the RPS process?

⁹ Filed in I.00-11-001 on March 16, 2005.

4. How much capacity (total MW for all offers received) has been offered to SCE from Tehachapi-area wind projects to date?
5. Have any Tehachapi-area wind projects been winning bidders in SCE's RPS efforts?
6. Provide the total number of RPS bids or offers received through SCE's 2003 interim solicitation and unsolicited offers to date.
7. Provide the average price of the Tehachapi-area wind bids submitted to date, in cents per kWh.
8. Provide the average price of all bids submitted through the RPS process to date, in cents per kWh.
9. Does the RPS plan filed by SCE on March 7, 2005 in R.04-04-026 incorporate any amount of Tehachapi-area wind in meeting SCE's RPS requirements?
10. Is the Antelope-Pardee Transmission line project proposed in A.04-12-007 consistent with the TCSG Report recommendations?

Request for Information From Pacific Gas and Electric Company (PG&E) and San Diego Gas and Electric Company (SDG&E)

This ruling seeks information from PG&E and SDG&E, who are parties in this proceeding, in the form of testimony describing the status and results of PG&E's and SDG&E's RPS efforts to date. The testimony should include answers to the following questions:

1. How many bids or offers have PG&E and SDG&E received from wind projects or other alternative energy developers located in the Tehachapi area through the RPS process, including both offers in response to PG&E's and SDG&E's 2004 RPS solicitations and unsolicited inquiries?
2. How much capacity (total MW for all offers received) was offered to PG&E and SDG&E from Tehachapi-area wind projects?

3. Provide the total number of RPS bids or offers received through PG&E's and SDG&E's 2004 RPS solicitation and unsolicited offers.
4. Provide the average price of the Tehachapi-area wind bids submitted to date, in cents per kWh.
5. Have any Tehachapi-area wind projects been winning bidders in PG&E and SDG&E's RPS solicitations?
6. Do PG&E's or SDG&E's current RPS plans assume any amount of Tehachapi-area wind is necessary to meet its RPS goals?

Request for Information from the California Independent System Operator (CAISO)

This ruling also seeks testimony from the CAISO, which appeared at the PHC by telephone, in the form of responses to the following questions:

1. How many requests for System Impact Studies/Facilities Studies have been submitted by wind developers since January 1, 2003? (Number of requests, number of projects, project size.)
3. How many from the Tehachapi area? (Number, size, location.)
4. How many interconnection study requests have been received from new renewable resources generally?
5. Do the applications indicate whether or not the project has an executed contract? If so, have any of the applicants indicated that they have executed contracts?
6. Does the CAISO interconnection process operate in parallel to the participating transmission owner's interconnection study process?
7. Have any new wind projects in the Tehachapi area completed interconnection since 2003?

Schedule

The application was filed on December 9, 2004. Pub. Util. Code § 1701.5 provides that in a ratesetting proceeding, the issues raised in the scoping memo are to be resolved within 18 months from the date of the issuance of the scoping memo. I anticipate that completion of this proceeding will occur within 18 months. The schedule adopted below is driven by statutory requirements contained in CEQA and NEPA while affording interested parties a fair opportunity to participate in the proceeding. Any changes to the schedule will be reflected in subsequent rulings.

Application filed	December 30, 2004
Application deemed complete	April 6, 2005
Prehearing Conference	May 25, 2005
Notice of Preparation issued	June, 2005
CEQA scoping meetings	June/July, 2005
Scoping Memo issued	June 6, 2005
SCE supplemental testimony on need	July 6, 2005
CAISO, PG&E and SDG&E direct testimony on need	July 6, 2005
All other direct testimony	August 17, 2005
Draft EIR	September, 2005
Concurrent rebuttal testimony	September 14, 2005
Evidentiary hearings	October 11-14, 2005, as necessary
Public Participation Hearings for DEIR comments during 45-day review period	October, 2005
Concurrent opening briefs	November, 2005

Concurrent reply briefs and submission of record	November, 2005
Final EIR released	December 2005
Proposed Decision on CPCN/ Certifying Final EIR	February 2006
Final Decision on CPCN/ Certifying Final EIR	March 2006

Evidentiary hearings will take place in San Francisco. Public Participation Hearings will be held in the affected communities. Details regarding locations for Public Participation Hearings are still under discussion and will be verified in subsequent rulings. The ALJ may schedule a second PHC or require a case management statement prior to the evidentiary hearings.

Pursuant to Rule 8(d), parties requesting final oral argument before the Commission should include that request in their concurrent opening briefs.

Categorization, Need for Hearings, Ex Parte Rules, and Designation of Principal Hearing Officer

The Commission issued a preliminary finding in Resolution ALJ 176-3145, issued on January 13, 2005, that the category for the proceeding is ratesetting and that hearings are necessary. No party has disputed the Commission's preliminary categorization of this proceeding, and I affirm the preliminary categorization of ratesetting and the need for hearing. The ex parte rules as set forth in Rule 7(c) and § 1701.3(c) and the reporting provisions of Rule 7.1 apply to the proceeding.

In a ratesetting proceeding, Rule 5(k)(2) defines the presiding officer as the principal hearing officer designated as such by the assigned Commissioner prior to the first hearing in the proceeding. I have designated Administrative Law

Judge (ALJ) Julie Halligan as the principal hearing officer. The provisions of § 1701.3(a) apply.

Service and Mailing Lists

Two separate lists will be maintained related to each application: an official service list and an environmental review mailing list. The official service list for this proceeding is now available on the Commission's web site (www.cpuc.ca.gov). Parties should confirm that their information on the service list and the comma-delimited file is correct, and serve notice of any errors on the Commission's Process Office, the service list, and the ALJ. As mentioned at the PHC, the Commission's new electronic service rules shall apply to this proceeding. Parties serving documents in this proceeding shall follow Rules 2.3 and 2.3.1. Any documents served on the ALJ and Assigned Commissioner's office shall be both by e-mail and by delivery or mailing a copy of the document.

The official service list has three categories: Appearances, State Service, and Information Only. Those who are not already parties, but who wish to participate in this proceeding as parties must make their request by written motion to intervene. Those not already participating, but who wish to participate as nonparties and who want notice of hearings, rulings, proposed decisions, and decisions issued by the Commission may request that their names be added to the service list in the Information Only or State Service category by sending an e-mail to ALJ Halligan (jmh@cpuc.ca.gov).

In addition to the official service list, the Energy Division will maintain a separate environmental review mailing list for the application. All persons who filed protests or submitted correspondence to the Commission will be placed on the Energy Division's environmental review mailing list for this proceeding. For additions or changes to the environmental review mailing list, please contact the

Energy Division Project Hotline at 650-240-1720. All persons on the environmental review mailing list will be notified of environmental review activities, including public scoping meetings. They will also be notified of the public participation hearings. If your interest in this proceeding relates to the preferred route of SCE's proposed project, development of alternatives to the proposed project, or other aspects of the environmental review of this project, you should be on the environmental review service list.

Parties submitting comments in the environmental review process must follow the instructions included with the environmental document that is being commented on in order for their comments to be incorporated into the administrative record. Comments on environmental documents should not be addressed to the ALJ, the assigned Commissioner, or other Commissioners, or filed with the Docket Office. Comments in the environmental review process do not need to be served on other parties in this case.

Intervenor Compensation

The PHC in this matter was held on May 25, 2005. Pursuant to § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation no later than June 24, 2005.

Assistance in Participation in Commission Proceedings

The Commission has a Public Advisor who can assist persons who have questions about the Commission's decisionmaking process and how to participate in Commission proceedings. You can contact the Public Advisor's office by mail at the California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102 or by e-mail at public.advisor@cpuc.ca.gov. The toll-free telephone number is 866-849-8390.

Discovery

Parties may commence discovery at any time. Parties should raise any discovery disputes according to the procedure outlined in Resolution ALJ-164.

Therefore, **IT IS RULED** that:

1. The scope of this proceeding includes the following as to the proposed project using Southern California Edison Company's (SCE) preferred route and configuration, alternative routes and configurations, the no project alternative, and non-wires alternatives.

- Need for the project (Pub. Util. Code §§ 1001 and 399.11).
- Consideration of the following factors contained in Pub. Util. Code § 1002:
 - 1) Community values;
 - 2) Recreational and park areas;
 - 3) Historical and aesthetic values; and
 - 4) Influence on the environment
- Consideration of whether, pursuant to General Order (GO) 131-D, the project promotes the safety, health, comfort, and convenience of the public.
- Consideration, pursuant to GO 131-D, of measures to reduce the potential exposure to electric and magnetic fields (EMFs) generated by the proposed facilities.
- Consideration, pursuant to the California Environmental Quality Act (Public Resources Code § 21000 *et seq.*), of significant effects on the environment of the project, alternatives to the project, the manner in which significant environmental effects can be mitigated or avoided, and whether economic, social or other conditions make it infeasible to mitigate significant effects on the environment.
- Consideration of the ratemaking treatment for the project under Section 399.25.

- Consideration of the adoption of some form of “trigger” mechanism whereby approval or construction of Segment 1 of the Tehachapi upgrades would be triggered.
 - Impacts on the transmission grid and other transmission users.
 - Cost effectiveness and cost allocation.
 - Costs, and advisability and amount of a cap on project cost.
2. The schedule of this proceeding is as set forth above in this ruling.
 3. SCE supplemental testimony regarding need issues, as described herein, shall be served no later than July 6, 2005.
 4. Testimony from Pacific Gas and Electric Company, San Diego Gas & Electric Company, and the California Independent System Operator shall be served no later than July 6, 2005.
 5. This ruling confirms the Commission’s preliminary finding in Resolution ALJ-76-3145, issued on January 13, 2005, that the category for this proceeding is ratesetting and that hearings are necessary. This ruling, only as to category, is appealable under the procedures in Rule 6.4.
 6. The ex parte rules as set forth in Rule 7(c) of the Commission Rules of Practice and Procedure and Pub. Util. Code § 1701.3(c) and the reporting requirements of Rule 7.1 apply to this proceeding.
 7. Administrative Law Judge Halligan is the principal hearing officer.
 8. Parties shall follow the discovery, filing, service, and service list rules as set forth herein.

Dated June 7, 2005, at San Francisco, California.

/s/ DIAN M. GRUENEICH
Dian M. Grueneich
Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties for whom an electronic mail address has been provided, this day served a true copy of the original attached Scoping Memo and Ruling of Assigned Commissioner on all parties of record in this proceeding or their attorneys of record.

Dated June 7, 2005, at San Francisco, California.

/s/ **FANNIE SID**

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.