

**Application No.:** 15-08-027  
**Exhibit No.:** NEET West-13  
**Witness:** Michael Sheehan  
**ALJ:** Colette E. Kersten

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

In the Matter of the Application of NEXTERA  
ENERGY TRANSMISSION WEST, LLC for a  
Certificate of Public Convenience and Necessity  
for the Suncrest Dynamic Reactive Power Support  
Project.

A.15-08-027  
(Filed August 31, 2015)

**EXHIBIT NEET WEST-13**

**REBUTTAL TESTIMONY OF MICHAEL SHEEHAN ON  
BEHALF OF NEXTERA ENERGY TRANSMISSION WEST, LLC**

**PUBLIC VERSION**

**July 18, 2017**

## EXHIBIT NEET WEST-13

### REBUTTAL TESTIMONY OF MICHAEL SHEEHAN ON BEHALF OF NEXTERA ENERGY TRANSMISSION WEST, LLC

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**REFERENCE LIST OF NEET WEST EXHIBITS**

**Exhibits Served May 16, 2017:**

Exhibit NEET West-1	Opening Testimony of Michael Sheehan on Behalf of NextEra Energy Transmission West, LLC
Exhibit NEET West-2	Opening Testimony of Daniel Mayers on Behalf of NextEra Energy Transmission West, LLC
Exhibit NEET West-3	Opening Testimony of Michael Lannon on Behalf of NextEra Energy Transmission West, LLC
Exhibit NEET West-4	Opening Testimony of Aldo Portales on Behalf of NextEra Energy Transmission West, LLC
Exhibit NEET West-5	Opening Testimony of Kevin Brogan on Behalf of NextEra Energy Transmission West, LLC
Exhibit NEET West-6	Appendices A through J to the Application of NextEra Energy Transmission West, LLC for a Certificate of Public Convenience and Necessity for the Suncrest Dynamic Reactive Power Support Project
	Appendix A: Organizing Documents
	Appendix B: Project Map (Updated)
	Appendix C: Project Cost Estimate (Redacted)
	Appendix D: Project Implementation Plan (Updated)
	Appendix E: NextEra Energy, Inc. Financial Statement (Updated)
	Appendix F: NextEra Energy, Inc. Proxy Statement (Updated)
	Appendix G: Electric and Magnetic Fields Management Plan
	Appendix H: List of Permits Required
	Appendix I: List of Government Agency Consultations
	Appendix J: Annual Revenue Requirement (Corrected)
Exhibit NEET West-6C	Confidential Version of Appendix C to the Application (Project Cost Estimate)

Exhibit NEET West-13 (Sheehan) – PUBLIC VERSION

Exhibit NEET West-7	California Independent System Operator Corporation 2013-2014 Transmission Plan
Exhibit NEET West-8	California Independent System Operator Corporation 2016-2017 Transmission Plan (Relevant Portions Only)
Exhibit NEET West-9	California Independent System Operator Corporation Suncrest Reactive Power Project Sponsor Selection Report
Exhibit NEET West-10	Approved Project Sponsor Agreement between NextEra Energy Transmission West, LLC and California Independent System Operator Corporation
Exhibit NEET West-11	California Independent System Operator Corporation Suncrest 230 kV 300 MVar Dynamic Reactive Power Support Description and Functional Specifications for Competitive Solicitation
Exhibit NEET West-12	San Diego Gas & Electric Company's Responses to Data Requests from the Office of Ratepayer Advocates (March 31, 2017 and May 5, 2017) (Relevant Portions Only)

**Exhibits Served July 18, 2017:**

Exhibit NEET West-13	Rebuttal Testimony of Michael Sheehan on Behalf of NextEra Energy Transmission West, LLC – PUBLIC VERSION
Exhibit NEET West-13C	Rebuttal Testimony of Michael Sheehan on Behalf of NextEra Energy Transmission West, LLC – CONFIDENTIAL VERSION
Exhibit NEET West-14	Rebuttal Testimony of Daniel Mayers on Behalf of NextEra Energy Transmission West, LLC – PUBLIC VERSION
Exhibit NEET West-14C	Rebuttal Testimony of Daniel Mayers on Behalf of NextEra Energy Transmission West, LLC – CONFIDENTIAL VERSION
Exhibit NEET West-15	California Unions for Reliable Energy Responses to NextEra Energy Transmission West, LLC Data Requests Set One (June 21, 2017) – PUBLIC VERSION
Exhibit NEET West-15C	California Unions for Reliable Energy Responses to NextEra Energy Transmission West, LLC Data Requests Set One (June 21, 2017) – CONFIDENTIAL VERSION

Exhibit NEET West-13 (Sheehan) – PUBLIC VERSION

Exhibit NEET West-16      NEET West’s Revised Application Submitted October 17, 2014 to the CAISO and Produced on May 4, 2017 as Part of Second Supplement to Response to California Unions for Reliable Energy Data Requests Set One (Bates page NW-00000105 only) – PUBLIC VERSION

Exhibit NEET West-16C      NEET West’s Revised Application Submitted October 17, 2014 to the CAISO and Produced on May 4, 2017 as Part of Second Supplement to Response to California Unions for Reliable Energy Data Requests Set One (Bates page NW-00000105 only) – CONFIDENTIAL VERSION

**I. INTRODUCTION**

**Q. Please state your name, current position, and business address.**

A. My name is Michael Sheehan, and I am Vice President, Development of NextEra Energy Transmission, LLC (“NEET”), a wholly owned, indirect subsidiary of NextEra Energy, Inc. (“NextEra”). NEET is the immediate parent company of the applicant in this proceeding, NextEra Energy Transmission West, LLC (“NEET West”). My business address is 700 Universe Boulevard, Juno Beach, Florida 33408.

**Q. Are you the same Michael Sheehan who sponsored opening testimony dated as of May 16, 2017?**

A. Yes, I am.

**Q. Was this rebuttal testimony prepared by you or under your direct supervision and control?**

A. Yes, it was.

**Q. Have you prepared any exhibits in connection with your rebuttal testimony?**

A. Yes, I sponsor Exhibits NEET West-15 (Public) and NEET West-15C (Confidential), the public and confidential versions of the responses of California Unions for Reliable Energy (“CURE”) to NEET West’s first set of data requests to CURE.

**Q. Is NEET West submitting any other rebuttal testimony and supporting exhibits?**

A. Yes. In testimony submitted as Exhibit NEET West-14 (Public) and Exhibit NEET West-14C (Confidential), Mr. Daniel Mayers, Director of Transmission Engineering within the NextEra Energy Resources, LLC Engineering & Construction (“E&C”) organization, provides rebuttal testimony that:

- describes the additional work required to design, engineer, develop, and construct the alternative identified in the Draft Environmental Impact Report (“Draft EIR”)

as the “Suncrest Substation Alternative,” and the associated categories of additional costs that would be incurred;

- explains that it is not possible to quantify those additional costs at this time given significant uncertainties regarding where to locate the equipment and a lack of information regarding site conditions, as well as San Diego Gas & Electric Company’s (“SDG&E”) refusal to convey property or access rights to NEET West;
- explains which costs associated with NEET West’s proposed project, the Suncrest Dynamic Reactive Power Support Project (“Suncrest SVC Project” or “Proposed Project”), could be reduced, although not eliminated entirely, if the California Public Utilities Commission (“Commission”) were to require NEET West to build the Suncrest Substation Alternative; and
- explains that, contrary to assertions by CURE, NEET West’s binding cost cap assumed prevailing wage rates for labor, and NEET West continues to anticipate that it will pay prevailing wage rates for labor to construct the Suncrest SVC Project and therefore will not seek to increase the binding cost cap to reflect increased costs attributable to the passage of Senate Bill 350.

Mr. Mayers also sponsors Exhibits NEET West-16 (Public) and NEET West-16C (Confidential).

## II. PURPOSE OF REBUTTAL TESTIMONY

**Q. What is the purpose of your rebuttal testimony?**

A. My rebuttal testimony responds to a number of contentions in the opening testimony of Mr. David Marcus on behalf of the CURE, and the opening testimony of Mr. Charles Mee on behalf of the Office of Ratepayer Advocates (“ORA”). In particular:

- Suggestions by CURE’s witness Mr. Marcus that the dynamic reactive power support project proposed by NEET West in this proceeding could or should be built instead by SDG&E, and testimony by Mr. Marcus that seeks to reverse the result of the California Independent System Operator Corporation’s (“CAISO”) competitive solicitation process for this project by transferring responsibility for the project to SDG&E, are outside the scope of this proceeding and should be

1 rejected. The purpose of this proceeding is to address NEET West’s Proposed  
2 Project, the Suncrest SVC Project, and alternatives identified through the  
3 California Environmental Quality Act (“CEQA”) review process. The only  
4 alternative at issue is the Suncrest Substation Alternative, which the Draft EIR  
5 specifies would be constructed by NEET West if approved by the Commission  
6 instead of the Proposed Project. As described in the opening testimony of Mr.  
7 Mee on behalf of ORA, the focus of this proceeding should be whether to approve  
8 the NEET West Proposed Project or the potential NEET West Suncrest Substation  
9 Alternative. The Commission should reject all arguments and suggestions that  
10 SDG&E could or should build the project instead of NEET West.

- 11 • Parties have not demonstrated that the Suncrest Substation Alternative is a  
12 feasible alternative. In fact, the Suncrest Substation Alternative is infeasible for  
13 all of the reasons set forth in the opening testimony of NEET West and the  
14 opening testimony of the CAISO.
- 15 • Nor have parties demonstrated that the Suncrest Substation Alternative would be  
16 less expensive than NEET West’s Suncrest SVC Project. Mr. Mayers explains in  
17 his rebuttal testimony (Exhibits NEET West-14 and NEET West-14C) that NEET  
18 West would need to undertake a number of additional tasks to evaluate, design,  
19 engineer, develop, and construct a project at the Suncrest Substation, and  
20 describes the categories of additional costs that would be incurred. Mr. Mayers  
21 explains that NEET West does not currently have sufficient information to  
22 estimate these additional costs. Mr. Mayers also explains that NEET West has  
23 identified certain costs associated with its Proposed Project that could be reduced,



1 although not eliminated entirely, under the Suncrest Substation Alternative.  
2 Given the amount of additional work required to undertake the Suncrest  
3 Substation Alternative, the many types of additional costs, and the current  
4 uncertainty around these costs, Mr. Mayers explains that it is highly unlikely that  
5 NEET West could complete the Suncrest Substation Alternative under NEET  
6 West's current binding construction cost cap. Thus, parties have not supported  
7 their suggestions that the Suncrest Substation Alternative would be less expensive  
8 than the NEET West Proposed Project.

- 9 • I address Mr. Mee's testimony that the maximum prudent and reasonable cost  
10 ("maximum cost") for NEET West's Proposed Project should be established at  
11 the level of NEET West's binding construction cost cap of \$42,288,000. NEET  
12 West does not believe that the Commission is required to establish a maximum  
13 cost in this proceeding, because the expected costs are below the threshold in  
14 California Public Utilities ("PU") Code § 1005.5 of \$50 million. However, if the  
15 Commission determines to establish a maximum cost for the Suncrest SVC  
16 Project, NEET West requests that the maximum cost be established at  
17 \$49 million. Below I describe in further detail why this request is reasonable.
- 18 • I also address the potential maximum cost for the Suncrest Substation Alternative.  
19 NEET West's position is that the Suncrest Substation Alternative is infeasible for  
20 numerous reasons, as discussed in our opening and rebuttal testimony. If the  
21 Commission disagrees, however, and ultimately approves the Suncrest Substation  
22 Alternative, it likely would be necessary to establish a maximum cost that is  
23 higher than the \$49 million that NEET West requests for its Proposed Project. As

1 explained in Mr. Mayers' rebuttal testimony, it is not possible at this time to  
2 quantify the additional costs required for the Suncrest Substation Alternative. If  
3 the Commission were to reject NEET West's showing of infeasibility regarding  
4 the Suncrest Substation Alternative, and approve the Suncrest Substation  
5 Alternative, then NEET West would undertake the design, engineering and  
6 procurement work needed to evaluate whether the Suncrest Substation Alternative  
7 could be constructed at a total cost of less than \$50 million. If the total cost of the  
8 Suncrest Substation Alternative were to exceed the \$50 million statutory  
9 threshold, then NEET West would need to submit a cost estimate and maximum  
10 cost proposal after the design, engineering, and procurement work is completed.  
11 NEET West will request that this submission, if necessary, be in the form of an  
12 advice letter filing. NEET West will present that procedural proposal in its  
13 opening brief.

- 14 • Finally, I will also address testimony by Mr. Mee related to NEET West's  
15 requested exemptions from certain Commission reporting requirements. NEET  
16 West's requested exemptions are reasonable and consistent with other  
17 proceedings involving utilities that do not have retail ratepayers in California.

1       **III. THE COMMISSION SHOULD DISREGARD OR REJECT CURE’S**  
2       **SUGGESTIONS THAT SDG&E SHOULD BUILD THE PROJECT**

3       **Q. In his opening testimony, CURE’s witness, Mr. Marcus, suggests that SDG&E could**  
4       **construct the SVC Facility within SDG&E’s existing Suncrest Substation.<sup>1</sup> Please**  
5       **respond to this testimony.**

6       A. CURE’s suggestion should be rejected for a number of reasons. NEET West’s  
7       Application in this proceeding requested Commission approval for its Proposed Project,  
8       the Suncrest SVC Project. The Draft EIR issued in November 2016 identified the  
9       Suncrest Substation Alternative, which would also be constructed, owned, and operated  
10      by NEET West, as an environmentally superior alternative. Similarly, the list of issues  
11      identified in the Assigned Commissioner’s Scoping Ruling focuses on the Proposed  
12      Project and on alternatives identified through the Commission’s CEQA review, *i.e.*, the  
13      Suncrest Substation Alternative. SDG&E would not construct the Proposed Project or  
14      the Suncrest Substation Alternative. Therefore, Mr. Marcus’s various assertions that  
15      SDG&E could build an alternative project inside the Suncrest Substation are beyond the  
16      scope of this proceeding. I agree with Mr. Mee, who testified on behalf of ORA that  
17      “[w]hat is not at issue in this proceeding is which entity should construct this project.”<sup>2</sup>

18             Even if CURE’s arguments that SDG&E could construct the project were within  
19      the scope of this proceeding, Mr. Marcus’s statements on this issue in his opening  
20      testimony are speculative and unsupported by any evidence other than vague references  
21      to SDG&E data responses that are also outside the scope of this proceeding. For  
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<sup>1</sup> See Marcus Opening Testimony at 8:18-19, and 11:9-12:3.

<sup>2</sup> Mee Opening Testimony at 5:17.

1 instance, Mr. Marcus asserts that “SDG&E has recently identified the possibility of new  
2 technology that could be installed at the existing Suncrest substation that would be  
3 cheaper and electrically superior to the original SDG&E proposal.”<sup>3</sup> Mr. Marcus relies  
4 on SDG&E’s statements to conclude that “it is now possible that a SDG&E-built project  
5 at the Suncrest substation would end up being less costly than a NEET West-built project  
6 with an underground transmission line.”<sup>4</sup> Mr. Marcus’s only citation for this proposition  
7 is an SDG&E data response.<sup>5</sup>

8 **Q. Do you agree that an SDG&E-built alternative project would be cheaper than**  
9 **NEET West’s Suncrest SVC Project?**

10 A. No. That is certainly not what the CAISO found in its Selection Report in 2015, where it  
11 identified NEET West’s proposal as offering a “materially lower and more robust binding  
12 cost cap” and “more robust limitations on potential cost increases” than SDG&E’s.<sup>6</sup> As  
13 Mr. Neil Millar explains in the CAISO’s opening testimony, “[a]lthough SDG&E’s  
14 proposal included an SVC within the footprint of the existing Suncrest substation, NEET  
15 West’s materially lower cost cap and greater assumption of risk for cost increases  
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<sup>3</sup> Marcus Opening Testimony at 11:9-11.

<sup>4</sup> *Id.* at 11:18-12:1.

<sup>5</sup> *Id.* at 11, n.60. *See also* Exhibit NEET West-15C, Confidential Version of CURE’s Response to NEET West’s First Set of Data Requests, Request Nos. 14 and 15 (June 21, 2017) (explaining that the only documents reviewed in making these assertions were SDG&E’s data response, along with NEET West’s testimony and April 2017 construction status report).

<sup>6</sup> Exhibit NEET West-9 – California Independent System Operator Corporation Suncrest Reactive Power Project Sponsor Selection Report(“Suncrest Selection Report”) at 40.

1 outweighed any permitting or schedule advantages provided under SDG&E’s proposal.”<sup>7</sup>

2 With respect to Mr. Marcus’s assertions that SDG&E has subsequently identified  
3 a “new” technology that “would be cheaper” than NEET West’s Proposed Project,  
4 SDG&E refused to provide NEET West with any data to evaluate this claim. And in fact,  
5 it does not appear that CURE itself even undertook any real analysis to evaluate this  
6 assertion. Perhaps more importantly, however, the time for SDG&E to bid its costs for  
7 this project was in 2014, and not after the fact, when NEET West’s binding cost cap  
8 information was already public. As Mr. Mee testified, “NEET West’s project was  
9 selected as the most cost competitive bid and the Commission should reject any attempt  
10 by SDG&E to obtain approval for its losing and more expensive bid.”<sup>8</sup> Allowing  
11 SDG&E to essentially re-bid the project at this point would significantly undermine the  
12 CAISO’s competitive transmission solicitation process and discourage transmission  
13 developers from submitting bids into the CAISO’s process. For all of these reasons,  
14 unsupported speculation by CURE that an SDG&E-built project “would be” cheaper than  
15 NEET West’s Proposed Project should be disregarded or rejected.

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<sup>7</sup> Millar Opening Testimony at 10:7-11.

<sup>8</sup> Mee Opening Testimony at 5:22-6:1.

1 **Q. Mr. Marcus also asserts that the CAISO did not have a strong preference for NEET**  
2 **West, and that if the CAISO had taken environmental considerations into account,**  
3 **that could have changed the CAISO’s decision between NEET West and SDG&E.<sup>9</sup>**  
4 **How do you respond to this testimony?**

5 A. Here again, arguments about the CAISO’s selection process are outside the scope of this  
6 proceeding. Further, many of Mr. Marcus’s assertions are speculative and not supported  
7 by any evidence other than his own interpretation of the CAISO Selection Report.<sup>10</sup>  
8 These interpretations are shown to be incorrect by Mr. Millar’s opening testimony, which  
9 describes the CAISO’s reasons for selecting NEET West’s proposal, including NEET  
10 West’s materially lower cost cap and greater assumption of risk for cost increases.<sup>11</sup>

11 **Q. Mr. Marcus claims that “if one of the proposals is environmentally superior to the**  
12 **other, there can be no overriding non-environmental reason to reject that proposal**  
13 **and choose the other one.”<sup>12</sup> Do you agree with this claim?**

14 A. No. This claim by Mr. Marcus is contrary to the CAISO’s Selection Report and the  
15 opening testimony of Mr. Millar. As the CAISO has identified, NEET West’s lower cost  
16 bid and more robust cost containment were clear benefits that the CAISO sought to take  
17 advantage of in selecting NEET West’s proposal. For example, as Mr. Millar states in his  
18 testimony, if the project were to default to SDG&E, “the CAISO would have no authority  
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<sup>9</sup> Marcus Opening Testimony at 1:17-4:10.

<sup>10</sup> See Exhibit NEET West-15C, Confidential Version of CURE’s Response to NEET West’s First Set of Data Requests, Request No. 3(c) and (d) and Request No. 4 (June 21, 2017).

<sup>11</sup> Millar Opening Testimony at 10:1-11:8.

<sup>12</sup> Marcus Opening Testimony at 4:8-10.

1 under its tariff to unilaterally impose, or enforce, a binding cost cap or other cost  
2 containment measures on SDG&E.”<sup>13</sup> Thus I do not agree with Mr. Marcus’s assertion  
3 that there can be “no overriding non-environmental reason” for the CAISO to select  
4 NEET West’s proposal.

5 **Q. Mr. Marcus argues that the Commission should not be concerned about elimination**  
6 **of NEET West as the Project Sponsor.<sup>14</sup> Do you agree?**

7 A. No. From NEET West’s perspective, we want to develop the project that we were  
8 awarded. From a California ratepayer perspective, elimination of NEET West as the  
9 Project Sponsor would have impacts that the Commission should consider in its analysis.  
10 SDG&E’s proposed project was more expensive than NEET West’s proposal, which was  
11 the primary basis for the CAISO’s selection of NEET West as the Project Sponsor. Even  
12 if SDG&E could take over the project now as a “fallback option” as Mr. Marcus  
13 suggests, an SDG&E-built project would include SDG&E’s costs, plus the costs that  
14 NEET West has incurred to develop its Proposed Project to date, which costs would be  
15 recoverable through NEET West’s Federal Energy Regulatory Commission (“FERC”)   
16 rates as abandoned plant costs. As of June 30, 2017, NEET West has incurred  
17 approximately [CONFIDENTIAL – ██████████] in developing its Proposed Project.  
18 As I testified in my opening testimony, FERC has granted NEET West’s request for  
19 transmission incentives related to abandoned plant costs.<sup>15</sup> If NEET West is forced to  
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<sup>13</sup> Millar Opening Testimony at 13:2-4.

<sup>14</sup> Marcus Opening Testimony at 8:12-23.

<sup>15</sup> 154 FERC ¶ 61,009 at PP 26-27.

1 abandon the Proposed Project for reasons outside of its control and is therefore  
 2 “eliminated” as the Project Sponsor, NEET West would seek to recover its abandoned  
 3 plant costs through its FERC formula rate, which would ultimately be recovered from  
 4 customers through the CAISO Transmission Access Charge. NEET West’s abandoned  
 5 plant costs would be added to whatever costs SDG&E were to incur in constructing,  
 6 owning, and operating its own project, which as Mr. Millar testifies, would not be subject  
 7 to any cost controls under the CAISO Tariff.<sup>16</sup> Therefore, I do not agree with Mr.  
 8 Marcus that elimination of NEET West as the Project Sponsor should not factor into the  
 9 Commission’s decision on the merits in this proceeding. Elimination of NEET West as  
 10 the Project Sponsor will most likely cause California electricity consumers to pay for a  
 11 higher-cost SDG&E-owned project.

12 There are also significant policy reasons why the Commission should consider the  
 13 implications of eliminating NEET West as the Project Sponsor at this juncture, after  
 14 NEET West was selected as the winning Project Sponsor through a competitive  
 15 solicitation. As cited by Mr. Millar in his opening testimony, the Commission has  
 16 strongly advocated in the past for the CAISO’s competitive transmission planning  
 17 process.<sup>17</sup> This project, in fact, offers a clear example of the benefits of competition in  
 18 CAISO transmission development, *i.e.*, through the CAISO’s competitive process, the  
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<sup>16</sup> Millar Opening Testimony at 13:2-4 (testifying that, in the event the project is assigned to SDG&E, “the CAISO would have no authority under its tariff to unilaterally impose, or enforce, a binding cost cap or other cost containment measures on SDG&E.”).

<sup>17</sup> *Id.* at 14:6-13 (citing Motion to File Comments Out of Time and Comments of the Public Utilities Commission of the State of California, filed in FERC Docket No. ER13-103 (Dec. 14, 2014)).



CAISO was able to identify and select a bid that was less expensive than an incumbent participating transmission owner's ("PTO") proposed costs. Disregarding the results of that competitive process, and effectively giving a losing competitor a second bite at the apple, would send a strong signal to transmission developers that they could spend significant resources and time developing a project proposal and win the competitive solicitation, only to see the project given to a losing competitor once the project is before this Commission. This signal could discourage developers from submitting bids into the CAISO's competitive solicitation process, and thereby undermine the goals of the CAISO's competitive process and deprive California electricity consumers of potential transmission cost savings.

**IV. THE SUNCREST SUBSTATION ALTERNATIVE WOULD ADD COST, DELAY, AND RISK AS COMPARED WITH THE NEET WEST PROPOSED PROJECT**

**Q. Witnesses for CURE and ORA support the Suncrest Substation Alternative and ORA argues that it is feasible.<sup>18</sup> How do you respond to these witnesses?**

A. I disagree that the Suncrest Substation Alternative is a feasible alternative to NEET West's Proposed Project. As described in the opening testimony of NEET West and the CAISO, there are a number of reasons why the Suncrest Substation Alternative is infeasible. To summarize those reasons: (i) NEET West does not have and does not believe it can reasonably obtain site control from SDG&E, which has indicated that it is not willing to make space available to NEET West inside the Suncrest Substation for a

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<sup>18</sup> Marcus Opening Testimony at 5:20-24; Mee Opening Testimony at 6:18-18:23.

NEET West project;<sup>19</sup> (ii) the Suncrest Substation Alternative likely would add significant costs to the project and is not feasible under NEET West’s binding construction cost cap;<sup>20</sup> (iii) the Suncrest Substation Alternative would further delay this project and could not be achieved in a reasonable timeframe, particularly if NEET West is required to condemn SDG&E property;<sup>21</sup> (iv) the Suncrest Substation Alternative is not feasible for regulatory reasons, including consistency with FERC Order No. 1000 and the CAISO Tariff;<sup>22</sup> (v) SDG&E does not appear willing to cooperate with NEET West to enter into the types of agreements necessary to coordinate construction or ongoing operations of a NEET West project within SDG&E’s substation;<sup>23</sup> and (vi) the Suncrest Substation Alternative could result in the CAISO terminating NEET West as the project sponsor under NEET West’s Approved Project Sponsor Agreement.<sup>24</sup>

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<sup>19</sup> Exhibit NEET West-12, SDG&E Response to ORA Data Request 01, Request No. 5 (Mar. 31, 2017) (“SDG&E is not willing to permit NEET West to own, construct, operate and maintain the SVC facility within the Suncrest Substation.”); Exhibit NEET West-1, Sheehan Opening Testimony at 35:16-36:2.

<sup>20</sup> Exhibit NEET West-1, Sheehan Opening Testimony at 40:1-10; Exhibit NEET West-14, Mayers Rebuttal Testimony at 3:11-4:8.

<sup>21</sup> Exhibit NEET West-1, Sheehan Opening Testimony at 38:5-39:2; Exhibit NEET West-2, Mayers Opening Testimony at 21:17-22:15; Exhibit NEET West-5, Brogan Opening Testimony at 7:3-11:16.

<sup>22</sup> Exhibit NEET West-1, Sheehan Opening Testimony at 37:6-38:4; Millar Opening Testimony at 11:12-13:4.

<sup>23</sup> Exhibit NEET West-1, Sheehan Opening Testimony at 39:3-16; Exhibit NEET West-2, Mayers Opening Testimony at 21:12-22:8; Exhibit NEET West-3, Lannon Opening Testimony at 12:13-13:21; Exhibit NEET West-12, SDG&E’s Response to ORA Data Request 01, Request No. 5 (Mar. 31, 2017); and Exhibit NEET West-12, SDG&E’s Response to ORA Data Request 02 (May 5, 2017).

<sup>24</sup> Exhibit NEET West-1, Sheehan Opening Testimony at 37:8-38:4.

1   **Q.     Would the Suncrest Substation Alternative delay the project?**

2   A.     Yes, as even CURE concedes.<sup>25</sup> If NEET West were directed to construct the Suncrest  
3         Substation Alternative, that would require additional time for NEET West to redesign and  
4         re-engineer its current project, as Mr. Mayers explains in his opening testimony and his  
5         rebuttal testimony. NEET West would also require additional time to acquire property  
6         rights from SDG&E. Mr. Kevin Brogan estimated in his opening testimony that the time  
7         to litigate a condemnation proceeding against SDG&E would take three to four years.<sup>26</sup>

8             I am also concerned that, if the Commission selects the Suncrest Substation  
9         Alternative, there is a risk that SDG&E could choose to challenge the project through  
10        litigation, potentially by filing a complaint against the CAISO at FERC. SDG&E has not  
11        indicated any willingness to allow NEET West to construct its SVC facility inside the  
12        Suncrest Substation,<sup>27</sup> and SDG&E has raised concern about its rights under FERC Order  
13        No. 1000 and the CAISO Tariff regarding the Suncrest Substation Alternative.<sup>28</sup> Any  
14        such litigation by SDG&E would add even further delay, cost, and risk to the Suncrest  
15        Substation Alternative. If SDG&E were successful in challenging any CAISO decision  
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<sup>25</sup> Marcus Opening Testimony at 6:8-10.

<sup>26</sup> Exhibit NEET West-5, Brogan Opening Testimony at 9:8-21.

<sup>27</sup> Exhibit NEET West-12, SDG&E Response to ORA Data Request 01, Request No. 5 (Mar. 31, 2017) (“SDG&E is not willing to permit NEET West to own, construct, operate and maintain the SVC facility within the Suncrest Substation.”).

<sup>28</sup> *Id.* (“SDG&E is within its rights as stated by FERC as it ‘emphasized, however, that its action did not alter a utility’s right to construct upgrades to its own facilities or the use and control of its existing rights-of-way. The California Independent System Operator’s (CAISO) planning process tariff provisions give effect to this principle by stating that the ‘Participating Transmission Owner’ will have the responsibility to construct, own, finance and maintain...any upgrade or addition to an existing transmission facility.”).

1 to agree to NEET West's construction of its project inside the Suncrest Substation, then  
2 that outcome would result in elimination of NEET West as the Project Sponsor, leading  
3 to the consequences I describe above.

4 **Q. Mr. Marcus asserts that delays resulting from the Suncrest Substation Alternative**  
5 **will not result in reliability concerns because the project is policy-driven and**  
6 **therefore not a reliability project.<sup>29</sup> How do you respond to this testimony?**

7 A. While Mr. Marcus is correct that the Suncrest SVC Project is a policy-driven project, Mr.  
8 Weiwu Chen testified on behalf of the CAISO that the Suncrest SVC Project is needed in  
9 order to improve the deliverability of existing and planned renewable generation in the  
10 Imperial Valley, Baja, and Arizona areas and to provide a number of secondary reliability  
11 benefits that the CAISO has identified, and thus that the CAISO has determined it is  
12 important for the project to be in service as soon as possible.<sup>30</sup>

13 Further, Mr. Marcus's argument seems to be that, because the CAISO has not  
14 already canceled the project due to project delays, the CAISO cannot complain about  
15 further additional delays and that delay therefore should not factor into whether the  
16 Suncrest Substation Alternative is feasible.<sup>31</sup> This conclusion does not necessarily  
17 follow. Just because the project has been delayed beyond its original in-service date does  
18 not mean that further additional delays will not create concerns for the CAISO or would  
19 not render the Suncrest Substation Alternative infeasible. And indeed, Mr. Marcus's  
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<sup>29</sup> Marcus Opening Testimony at 6:10-13.

<sup>30</sup> Chen Opening Testimony at 15:10-19:7, 21:2-22:3.

<sup>31</sup> Marcus Opening Testimony at 6:14-7:15.

1 testimony is directly countered by Mr. Chen’s opening testimony that the project is  
2 needed as soon as possible.

3 **Q. CURE argues that the Suncrest Substation Alternative “may” be less expensive than**  
4 **NEET West’s Proposed Project. Is this accurate?**

5 A. No. Mr. Marcus testifies that it “may or may not be accurate” that selecting the Suncrest  
6 Substation Alternative could lead to increased project costs.<sup>32</sup> As an initial matter,  
7 CURE’s argument appears to be based on its misconception that the Suncrest Substation  
8 Alternative would be constructed by SDG&E.<sup>33</sup> As I testified above, arguments that  
9 SDG&E should construct the SVC and assertions relating to SDG&E’s proposed costs in  
10 its bid to the CAISO are outside the scope of this proceeding and should be disregarded  
11 or rejected. Setting that aside, Mr. Marcus does not offer any support for his assertions  
12 that the Suncrest Substation Alternative may be cheaper than the Proposed Project.

13 In fact, as testified by Mr. Mayers in his rebuttal testimony, NEET West would  
14 need to incur a number of additional costs to construct the Suncrest Substation  
15 Alternative. In his rebuttal testimony, Mr. Mayers describes the additional work required  
16 to design, engineer, develop, and construct the Suncrest Substation Alternative, and the  
17 associated categories of additional costs that would be incurred.<sup>34</sup> Mr. Mayers also  
18 explains that it is not possible to quantify those additional costs at this time given  
19 significant uncertainties regarding where to locate the equipment and a lack of  
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<sup>32</sup> Marcus Opening Testimony at 9:15-16.

<sup>33</sup> See Marcus Opening Testimony at 11:9-12:3.

<sup>34</sup> Exhibit NEET West-14, Mayers Rebuttal Testimony at 4:9-12:23.

1 information regarding site conditions, as well as SDG&E's refusal to convey property or  
2 access rights to NEET West.<sup>35</sup> Mr. Mayers also describes costs associated with NEET  
3 West's Proposed Project that could be reduced, although not eliminated entirely, if the  
4 Commission were to require NEET West to build the Suncrest Substation Alternative.<sup>36</sup>

5 Further, there are certain costs that NEET West has already incurred in  
6 developing its Proposed Project that could not be avoided and that NEET West would  
7 seek to recover even if it were directed to construct the Suncrest Substation Alternative.  
8 For example, NEET West has already incurred costs to secure site control for its  
9 Proposed Project site. These are sunk costs that were required to secure the right to  
10 purchase the project site, and are included in NEET West's binding construction cost cap,  
11 but would not be refunded if NEET West does not ultimately purchase the project site.  
12 Separately, NEET West has already paid costs to SDG&E to perform interconnection  
13 studies for its Proposed Project. These costs similarly would not be refunded if NEET  
14 West and SDG&E were required to revise the point of interconnection to be inside the  
15 Suncrest Substation.

16 For all of these reasons, I do not agree with parties' suggestions that the Suncrest  
17 Substation Alternative would be less expensive than the Suncrest SVC Project.  
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<sup>35</sup> *Id.* at 12:24-13:19.

<sup>36</sup> *Id.* at 14:13-17:13 & nn.12-14.

1 **Q. Could NEET West construct the Suncrest Substation Alternative under its current**  
2 **binding construction cost cap?**

3 A. No. There is substantial uncertainty regarding the costs that we would need to incur  
4 under the Suncrest Substation Alternative that precludes us from providing a detailed cost  
5 estimate. Mr. Mayers testifies regarding the types of potential additional costs that NEET  
6 West would need to incur under the Suncrest Substation Alternative in his rebuttal  
7 testimony. Because of the uncertainties described in Mr. Mayers' testimony, we are not  
8 able to estimate those additional costs at this time. Due to uncertainty regarding costs,  
9 we cannot guarantee that we could construct the Suncrest Substation Alternative under  
10 NEET West's binding construction cost cap.

11 **Q. NEET West also agreed to a binding cost cap on its O&M (inclusive of A&G) costs**  
12 **for the Proposed Project for the first five years. How would the Suncrest Substation**  
13 **Alternative impact NEET West's binding O&M cost cap?**

14 A. NEET West agreed to a binding O&M cost cap of \$360,000 per year for the first five  
15 years for the Proposed Project.<sup>37</sup> Similar to the uncertainty related to additional capital  
16 costs that Mr. Mayers describes, there is also uncertainty around what O&M costs NEET  
17 West would need to incur under the Suncrest Substation Alternative, and NEET West  
18 also could not guarantee that its O&M costs for that alternative would be consistent with  
19 its binding O&M cost cap for the Proposed Project.

20 Specifically, NEET West would need to develop and enter into coordination  
21 agreements with SDG&E for the operation, maintenance, safety, and reliability of NEET  
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<sup>37</sup> Exhibit NEET West-10 (Approved Project Sponsor Agreement) at Appendix E.

West’s equipment within SDG&E’s substation. However, it is not clear what additional coordination with SDG&E may be required. For example, NEET West expects it would need to negotiate a substation access agreement with SDG&E that would govern and specify the coordination protocols to enable NEET West to access its equipment within the Suncrest Substation. This coordination likely would add additional costs beyond what NEET West currently anticipates for coordination with SDG&E, since NEET West will not need to access the Suncrest Substation for its Proposed Project. The amount of these costs is not certain at this time because it is not clear, for example, what access arrangements would actually be required by SDG&E.

**Q. Has the CAISO indicated how it would respond to the approval of the Suncrest Substation Alternative?**

**A.** Yes. Under the Approved Project Sponsor Agreement:

If the siting agency orders the Project facilities to be sited within the substation footprint of the Interconnecting PTO [*i.e.*, SDG&E], the CAISO will consult with the Approved Project Sponsor and may take such action, including termination of this Agreement, as it determines to be necessary and appropriate in accordance with Section 24.6.4 of the CAISO Tariff.<sup>38</sup>

In Mr. Millar’s opening testimony, he testifies that in the event the Commission approves the Suncrest Substation Alternative, and NEET West is not able to secure necessary approvals or property rights within the Suncrest Substation, “the CAISO believes that the consequence would be that the Suncrest SVC would ultimately be assigned to the incumbent utility, SDG&E[,] either through a subsequent solicitation process in which

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<sup>38</sup> Id.



only SDG&E could participate, or by being directly assigned to SDG&E.”<sup>39</sup>

**Q. Should the Commission adopt the Suncrest Substation Alternative?**

A. No. NEET West’s Proposed Project is the most cost-effective solution, is ready to construct following approval by this Commission, and is not expected to have significant environmental impacts after mitigation, as described in the Draft EIR. In contrast, the Suncrest Substation Alternative is infeasible for a number of reasons, including the lack of site control, regulatory constraints under the CAISO Tariff and FERC Order No. 1000, and legal constraints under NEET West’s Approved Project Sponsor Agreement. If the Suncrest Substation Alternative could be built, it is expected to be more costly and to result in further delay to the project. Moreover, while the Suncrest Substation Alternative could potentially minimize certain environmental impacts of the Proposed Project, the environmental impacts of the Suncrest SVC Project are not expected to be significant after mitigation. For all of these reasons, NEET West requests that the Commission approve the Suncrest SVC Project, as proposed by NEET West.

**Q. What would happen if the Commission adopts ORA’s proposal and approves the Suncrest Substation Alternative?**

A. If the Commission disagrees with NEET West’s evidence of infeasibility and nevertheless approves the Suncrest Substation Alternative, then NEET West will do its best to execute that project, although NEET West expects that scenario would result in increased project costs and delay. This assumes that SDG&E complies with such a Commission order since significant opposition or litigation by SDG&E, either through

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<sup>39</sup> Millar Opening Testimony at 12:30-13:2.

1 the eminent domain process or before FERC or a court, could result in the CAISO  
2 terminating NEET West's Approved Project Sponsor Agreement. If the Commission  
3 adopts ORA's position, it would be important for the order approving the Suncrest  
4 Substation Alternative to include an express direction by the Commission under PU Code  
5 §§ 762 and 762.5 requiring SDG&E to cooperate with NEET West in order to site,  
6 construct, own, operate, and maintain NEET West's SVC Facility within the Suncrest  
7 Substation.

8 **Q. ORA advocates for bifurcation of the proceeding to confirm the Commission's**  
9 **authority to require this result. Do you agree with that proposal?**

10 A. No. We have concerns about additional procedural delay in this proceeding. Any order  
11 requiring SDG&E to cooperate with NEET West on a NEET West Suncrest Substation  
12 Alternative should be issued in this proceeding according to the procedural schedule  
13 already in effect. NEET West does not support bifurcation or additional procedural steps  
14 beyond those already provided for in the scoping ruling.

15 **V. THE MAXIMUM COST OF THE SUNCREST SUBSTATION ALTERNATIVE**  
16 **LIKELY WOULD BE HIGHER THAN FOR THE NEET WEST PROPOSED PROJECT**

17 **Q. In ORA's opening testimony, Mr. Mee states that ORA supports NEET West's**  
18 **binding construction cost cap as the maximum prudent and reasonable cost of the**  
19 **Suncrest SVC Project.<sup>40</sup> Do you wish to respond to this testimony?**

20 A. Yes. NEET West's binding construction cost cap for the Suncrest SVC Project under its  
21 Approved Project Sponsor Agreement with the CAISO is \$42,288,000 (in 2015

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<sup>40</sup> Mee Opening Testimony at 6:11-12.

1 dollars).<sup>41</sup> No party in its opening testimony has challenged the level of NEET West's  
2 costs for the Suncrest SVC Project.

3 As Mr. Mayers and I stated in our opening testimonies, NEET West does not  
4 believe that the Commission is required to set a maximum cost in this proceeding, since  
5 the estimated project costs for the Suncrest SVC Project are below the \$50 million  
6 threshold set forth in PU Code § 1005.5(a) and are not expected to exceed this amount.  
7 However, if the Commission nevertheless determines to set a maximum cost in this  
8 proceeding for the Proposed Project, NEET West requests that such maximum cost be set  
9 at \$49 million.

10 **Q. What is your response to potential criticism that a \$49 million maximum cost is**  
11 **higher than the cost cap in the Approved Project Sponsor Agreement?**

12 A. NEET West does not seek approval from the Commission to incur or recover  
13 \$49 million. All of NEET West's costs ultimately will be approved by FERC in a rate  
14 proceeding under the Federal Power Act, and must be consistent with the Approved  
15 Project Sponsor Agreement (which imposes the binding cost cap) and demonstrated by  
16 NEET West to be reasonable. The maximum cost set by the Commission thus would not  
17 authorize actual recovery of any amounts in excess of the binding cost cap. If it is  
18 necessary to set a maximum cost in this case, then we would request that the Commission  
19 set that maximum number at a level that is reasonable to accommodate any ultimate  
20 escalation costs, which the Approved Project Sponsor Agreement allows NEET West to  
21 recover, but which are not currently quantified, and any other cost increases that are  
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<sup>41</sup> Exhibit NEET West-10 (Approved Project Sponsor Agreement) at Appendix E.

1 allowed under the Approved Project Sponsor Agreement and approved by FERC. That is  
2 the reason for our request to allow an incremental amount above the cost cap.

3 **Q. Why is this level of maximum cost reasonable?**

4 A. Setting the maximum cost at \$49 million is reasonable in order to account for increases to  
5 the binding cost cap that are contemplated in and allowed under the Approved Project  
6 Sponsor Agreement. As set forth in the Approved Project Sponsor Agreement, NEET  
7 West’s binding construction cost cap is in 2015 dollars and is subject to adjustment to  
8 reflect the impact of inflation. The impact of inflation (*i.e.*, escalation) thus will account  
9 for some increase to the cost cap, although the amount is not yet quantified. The cost cap  
10 also does not include interconnection costs, which are determined through the  
11 interconnection process with SDG&E, and are not within NEET West’s control. It is thus  
12 possible that increased interconnection costs could increase the cost cap.

13 NEET West’s cost cap is also subject to adjustment prior to the completion of  
14 construction to reflect two potential types of changes to the Suncrest SVC Project: (1)  
15 “any additional specifications of the CAISO or Interconnecting [Participating  
16 Transmission Owner] beyond the functional requirements for the transmission facility  
17 that the CAISO issued for the competitive solicitation;”<sup>42</sup> and (2) “any changes to the  
18 [Suncrest SVC] Project directed by the [Commission] or other governmental or  
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<sup>42</sup> *Id.* at § 10.1.1.

1 regulatory body in accordance with Section 5.9.3 of this APSA, that impact project  
2 costs.”<sup>43</sup>

3 The requested \$49 million maximum cost would allow a reasonable cost  
4 contingency margin to accommodate escalation, potential interconnection cost increases,  
5 and any other cost increases that are allowed under the Approved Project Sponsor  
6 Agreement. Our proposed maximum cost for this proceeding represents a 15.9 percent  
7 increase above the cost cap, which is consistent with prior Commission decisions  
8 allowing for a cost contingency margin in setting the maximum cost for other  
9 transmission projects.

10 **Q. If the Commission adopts ORA’s proposal to approve the Suncrest Substation**  
11 **Alternative, what should be the maximum cost for that project?**

12 A. As Mr. Mayers and I describe, it is not possible at this time to quantify the additional  
13 costs required for the Suncrest Substation Alternative. If the Commission were to reject  
14 NEET West’s showing of infeasibility regarding the Suncrest Substation Alternative, and  
15 approve the Suncrest Substation Alternative, then NEET West would undertake the  
16 design, engineering, and procurement work needed to evaluate whether the Suncrest  
17 Substation Alternative could be constructed at a total cost of less than \$50 million. If the  
18 total cost of the Suncrest Substation Alternative were to exceed the \$50 million statutory  
19 threshold, then NEET West would need to submit a cost estimate and maximum cost  
20 proposal after the redesign, re-engineering, and procurement work is completed. NEET  
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<sup>43</sup> *Id.* at Appendix E. “Such changes by a siting agency could include changes in design, location, schedule, or other changes in the Project that forms the basis of the binding cost cap proposal.” *Id.*

1 West will request that this submission, if necessary, be in the form of an advice letter  
2 filing. NEET West will present that procedural proposal in its opening brief.

3 **Q. Mr. Marcus also argues that NEET West has incurred cost overruns and seems to**  
4 **imply that these will increase the cost of the Suncrest SVC Project above NEET**  
5 **West’s binding construction cost cap. Is this accurate?**

6 A. No. Mr. Marcus attempts to cast doubt on the binding nature of NEET West’s binding  
7 construction cost cap by arguing that NEET West’s current costs have exceeded their  
8 forecasted costs, arguing that this will increase project costs.<sup>44</sup> This ignores the express  
9 provision of our Approved Project Sponsor Agreement that the “Approved Project  
10 Sponsor may use its discretion in allocating Project costs to particular cost categories as  
11 needed during the term of this Agreement provided the total Project cost does not  
12 exceed” our binding cost cap of \$42,288,000 (in 2015 dollars).<sup>45</sup> So while costs in any  
13 particular category of costs may run higher or lower than our forecasted costs, NEET  
14 West is firmly committed to honoring our overall cost cap consistent with the provisions  
15 in the Approved Project Sponsor Agreement, which only allows for certain specified  
16 types of increases, as described above.

17 Mr. Marcus also asserts in his opening testimony that “whatever hope the CAISO  
18 originally had when it chose NEET West over SDG&E, of saving money by not having  
19 to pay the full contingency amount and the full cap price is therefore gone for the NEET  
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<sup>44</sup> Marcus Opening Testimony at 10:8-11 & n.56.

<sup>45</sup> Exhibit NEET West-10 (Approved Project Sponsor Agreement) at Appendix E.

1 West proposal.”<sup>46</sup> This argument is without merit. NEET West’s binding construction  
2 cost cap in its bid to the CAISO, which was incorporated into NEET West’s Approved  
3 Project Sponsor Agreement, was based on NEET West’s construction cost estimate.  
4 NEET West did not promise to the CAISO any lower cost below this binding cost cap,  
5 nor am I aware of any instance where the CAISO has suggested that it based its decision  
6 to select NEET West as the Approved Project Sponsor on some “hope” of having  
7 ultimate costs below the binding construction cost cap. Thus Mr. Marcus’s assertions are  
8 unsupported and inaccurate.

9 CURE also criticizes NEET West for agreeing to place the interconnecting  
10 transmission line underground, at a cost of \$5 million that NEET West has agreed not to  
11 seek to recover if that incremental cost were to cause the overall project cost to exceed  
12 the cost cap.<sup>47</sup> CURE asserts that this \$5 million cost effectively eliminates the  
13 contingency that NEET West built into the cost cap, but that fact actually illustrates the  
14 ratepayer benefit that will result from approval of the NEET West Proposed Project. If  
15 the Proposed Project is approved, NEET West will stand behind its cost cap and the  
16 limitations of the Approved Project Sponsor Agreement, notwithstanding the fact that  
17 building the line underground will add \$5 million in additional expenses. That cost cap  
18 protects California electricity consumers against additional unforeseen costs of the  
19 Proposed Project that might exceed the specified cap and are not allowable increases  
20 under the Approved Project Sponsor Agreement.

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<sup>46</sup> Marcus Opening Testimony at 10:8-11.

<sup>47</sup> *Id.* at 10:1-11.

1 **Q. Mr. Marcus asserts that NEET West’s costs for the Suncrest SVC Project may**  
2 **increase due to the payment of prevailing wages.<sup>48</sup> Do you agree?**

3 A. No, I do not. Mr. Mayers discusses this in further detail in his rebuttal testimony. In  
4 short, NEET West’s bid to the CAISO included an assumption that NEET West would  
5 pay prevailing wage rates to construct the Suncrest SVC Project. Thus there is no basis  
6 for Mr. Marcus’s assertions that NEET West has made no commitments to paying  
7 prevailing wage rates. Because the binding cost cap already includes an assumption that  
8 project labor costs would be paid at prevailing wage rates, NEET West does not  
9 anticipate any need to seek to increase its binding construction cost cap for the Suncrest  
10 SVC Project to reflect increased costs attributable to the passage of Senate Bill 350, and,  
11 for the avoidance of doubt, we will not increase our binding cost cap to reflect changes to  
12 wages required by Senate Bill 350. CURE is wrong in arguing otherwise.

13 **VI. NEET WEST’S REQUESTED EXEMPTIONS FROM COMMISSION**  
14 **REPORTING REQUIREMENTS ARE REASONABLE**

15 **Q. In Mr. Mee’s opening testimony, he represents that ORA opposes NEET West’s**  
16 **request for exemptions from certain Commission reporting requirements. Do you**  
17 **wish to respond to this testimony?**

18 A. Yes. In NEET West’s Application, it requested exemptions from certain of the  
19 Commission’s reporting requirements and affiliate transaction rules, consistent with  
20 NEET West’s status as a transmission-only utility that will be rate-regulated by FERC  
21 and will not have California retail customers.

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22  
<sup>48</sup> *Id.* at 4, n.25 & 10:19-11:8.



1           My understanding is that much of the information that is sought through the  
2 Commission's reporting requirements either is not directly applicable to NEET West or  
3 will be filed publicly with FERC through the FERC Form 1. For example, in the FERC  
4 Form 1, which is required to be filed on a quarterly basis, NEET West submits detailed  
5 information regarding: financial statements (including balance sheets, statements of  
6 income, retained earnings, and cash flows); transactions with affiliated companies;  
7 executive compensation; dues and political contributions; and meals and entertainment  
8 expenses. NEET West is willing to provide ORA with a copy of its FERC Form 1 in  
9 order to facilitate ORA's and the Commission's review of this information.

10           Additionally, I understand that the Commission has certain reporting requirements  
11 for affiliate transactions. NEET West has over one thousand affiliates, the vast majority  
12 of which will not interact with NEET West in any way. Therefore, NEET West requests  
13 that it be permitted to provide simplified information to the Commission consistent with  
14 the information that is required from other transmission-only utilities.

## 15                                   **VII. CONCLUSION**

16   **Q. Does this conclude your rebuttal testimony?**

17   A. Yes.

**Appendix A**

**Declaration of Tracy Davis Supporting Confidential Designation**

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

In the Matter of the Application of NEXTERA  
ENERGY TRANSMISSION WEST, LLC for  
a Certificate of Public Convenience and  
Necessity for the Suncrest Dynamic Reactive  
Power Support Project.

**A.15-08-027**

**DECLARATION SUPPORTING  
CONFIDENTIAL DESIGNATION  
ON BEHALF OF  
NEXTERA ENERGY TRANSMISSION WEST, LLC**

1. I, Tracy Davis, am Senior Attorney of NextEra Energy Transmission, LLC, the parent company of NextEra Energy Transmission West, LLC ("NEET West"), the applicant in this proceeding. My business office is located at:

NextEra Energy Transmission West, LLC  
5920 West William Cannon Drive, Building 2  
Austin, Texas 78749

2. I have been delegated authority to sign this declaration by Michael Sheehan, Vice President of NEET West.
3. NEET West is producing the documents identified in paragraph 4 of this declaration to the California Public Utilities Commission ("CPUC") or departments within the CPUC in connection with: Docket No. A.15-08-27: In the Matter of the Application of NEXTERA ENERGY TRANSMISSION WEST, LLC for a Certificate of Public Convenience and Necessity for the Suncrest Dynamic Reactive Power Support Project ("Application").

4. Title and description of documents (collectively referred to as “Confidential Exhibits”):
  - a. Exhibit NEET West-13C – Rebuttal Testimony of Michael Sheehan on Behalf of NextEra Energy Transmission West, LLC – CONFIDENTIAL VERSION
  - b. Exhibit NEET West-14C – Rebuttal Testimony of Daniel Mayers on Behalf of NextEra Energy Transmission West, LLC – CONFIDENTIAL VERSION
  - c. Exhibit NEET West-15C – California Unions for Reliable Energy Responses to NextEra Energy Transmission West, LLC Data Requests Set One (June 21, 2017) – CONFIDENTIAL VERSION
  - d. Exhibit NEET West-16C – NEET West’s Revised Application Submitted October 17, 2014 to the CAISO and produced on May 4, 2017 as part of Second Supplement to Response to California Unions for Reliable Energy Data Requests Set One (Bates page NW-00000105 only) – CONFIDENTIAL VERSION
5. NEET West’s Confidential Exhibits contain confidential information that, based on my information and belief, has not been publicly disclosed. This information is of economic value to NEET West’s competitors, because it discloses confidential cost information and commercially sensitive information regarding NEET West’s bid to the CAISO for the Suncrest SVC Project. Potential competitors, counterparties, and suppliers might be able to use this information to gain a competitive advantage in future transactions involving NEET West or its affiliates. NEET West does not disclose this information in this format to other parties or agencies without assurance that it will be protected from disclosure. Thus, NEET West has made reasonable efforts under the circumstances to maintain the secrecy of the information. NEET West’s Confidential Exhibits have been marked as confidential, and the basis for confidential treatment and where the confidential information is located on the documents are identified on the following chart. NEET West also is designating the Confidential Exhibits as “Protected Materials” in accordance with the Protective Order adopted in Docket No. A.15-08-027:

Check

Basis for Confidential Treatment

Where Confidential  
Information is located on  
the documents

☐ Customer-specific data, which may include demand, loads, names, addresses, and billing data  
(Protected under PUC § 8380; Civ. Code §§ 1798 *et seq.*; Govt. Code § 6254; Public Util. Code § 8380; Decisions (D.) 14-05-016, 04-08-055, 06-12-029; and General Order (G.O.) 77-M)

☐ Personal information that identifies or describes an individual (including employees), which may include home address or phone number; SSN, driver's license, or passport numbers; education; financial matters; medical or employment history (not including job titles); and statements attributed to the individual  
(Protected under Civ. Code §§ 1798 *et seq.* and G.O. 66-C)

☐ Physical facility, cyber-security sensitive, or critical energy infrastructure data, including without limitation critical energy infrastructure information (CEII) as defined by the regulations of the Federal Energy Regulatory Commission at 18 C.F.R. § 388.113  
(Protected under Govt. Code § 6254(k), (ab); 6 U.S.C. § 131; and 6 CFR §29.2)

☐ Accident reports  
(Protected under PUC § 315 and G.O. 66-C, 2.1)

☒ Commercial records that, if revealed, would place NEET West at an unfair business disadvantage, including market-sensitive data; business plans and strategies; long-term fuel buying and hedging plans; price, load, or demand forecasts; power purchase agreements within three years of execution; and internal financial information  
(Protected under Govt. Code §§ 6254, 6276.44; Evid. Code § 1060; Civ. Code § 3426 *et seq.*; and G.O. 66-C, 2.2 (b))

Exhibits NEET West-13C, -14C, -15C, and -16C reveal trade secrets that are protected under Govt. Code §§ 6254, 6276.44; Evid. Code § 1060; Civ. Code § 3426 *et seq.*; and G.O. 66-C, 2.2 (b)





Proprietary and trade secret information or other intellectual property

(Protected under Civ. Code § 3426 *et seq.*; and Govt. Code § 6254.15)

Exhibits NEET West-13C, -14C, -15C, and -16C reveal trade secrets that are protected under Govt. Code §§ 6254, 6276.44; Evid. Code § 1060; Civ. Code § 3426 *et seq.*; and G.O. 66-C, 2.2 (b)



Corporate financial records

(Protected under Govt. Code § 6254.15)



Third-Party information subject to non-disclosure or confidentiality agreements

(*See, e.g.*, D.11-01-036)



Other basis: Information regarding the location, character, or ownership of a cultural or paleontological resource.

(Protected under 16 U.S.C. § 470w-3 (National Historic Preservation Act); 16 U.S.C. § 470hh (Archaeological Resources Protection Act); 16 U.S.C. § 470aaa-8 (Paleontological Resources Preservation Act); Govt. Code § 6254(k); and CEQA Guidelines § 15120(d))

6. The importance of maintaining the confidentiality of this information outweighs any public interest in disclosure of this information. This information should be exempt from the public disclosure requirements under the Public Records Act and should be withheld from disclosure.
7. I declare under penalty of perjury that the foregoing is true, correct, and complete to the best of my knowledge.

8. Executed on this 17<sup>th</sup> day of July, 2017 at Austin, Texas.



Tracy Davis

Senior Attorney

NextEra Energy Transmission West, LLC