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

In the Matter of the Application of SOUTHERN
CALIFORNIA EDISON COMPANY (U338E) for a
Certificate of Public Convenience and Necessity
Concerning the Tehachapi Renewable Transmission
Project (Segments 4 through 11)

Application No. 07-06-031
(Filed June 29, 2007)

**MOTION OF THE CITY OF CHINO HILLS
FOR AN ORDER DIRECTING SOUTHERN CALIFORNIA EDISON COMPANY TO
SUBMIT RATE RECOVERY AND CONTRACTING INFORMATION TO
FACILITATE TIMELY CONSTRUCTION OF AN UNDERGROUND TRANSMISSION
OPTION AND FOR MODIFICATION OF THE PROCEDURAL SCHEDULE**

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Date: November 2, 2012

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Pursuant to Rule 11.1 of the Rules of Practice and Procedure of the Public Utilities Commission of the State of California (Commission), the City of Chino Hills (the City or Chino Hills) moves for an order directing Southern California Edison Company (SCE) to submit a rate recovery proposal and a detailed report describing the cost and scope of the materials and service contracts, and the associated timing required for such contracts, that are required to install an underground transmission option for the section of the Tehachapi Renewable Transmission Project (TRTP) which traverses Chino Hills¹ while achieving a December 31, 2015 commercial operation date for the project. In addition, Chino Hills requests that the Commission modify the current procedural schedule in the proceeding in order to better assure timely completion of the TRTP.

In support of this Motion, the City states the following:²

1. In June 2007, SCE filed an application for a certificate of public convenience and necessity (CPCN) authorizing it to construct Segments 4 through 11 of the TRTP, including an

¹ Chino Hills is referring specifically to the portion of Segment 8A that would be undergrounded by SCE Options 10, 11, or 12 in the SCE Supplemental Testimony served February 1, 2012.

² Concurrent with this Motion, Chino Hills is filing a motion for a shortened response time.

overhead section of the line (Segment 8A) which traverses Chino Hills for approximately five miles (three and one-half miles of which goes directly through densely populated residential neighborhoods). At no time during the course of this proceeding has the City of Chino Hills challenged the need for this project nor attempted in any manner to have the project rejected. Rather the City intervened in the proceeding for the purpose of “protecting the safety and welfare of its residents” and “to assure that an alternate route for Segment 8A, as that segment travels through Chino Hills, is devised and ultimately approved by th[e] Commission.”³ At that time, Chino Hills expressed its “willing[ness] to work with SCE and the Commission to secure a solution which meets SCE’s need to construct the necessary transmission linkage between the Kern County wind farms and its high voltage transmission grid, while also assuring that residents of Chino Hills are not forced to live with the severe negative impacts from the Project.”⁴ Chino Hills has maintained this dual objective of protecting its residents while also allowing SCE to meet its renewable targets throughout this proceeding.⁵

2. Commission Decision 09-12-044 approved SCE’s construction of Segments 4 through 11 of the TRTP, including a finding that the overhead construction of Segment 8A through the a narrow right of way behind residences in Chino Hills was the Environmentally Superior Alternative under CEQA. The Decision predicted an on-line date of late 2015 for the TRTP. The City challenged this Decision through an Application for Rehearing, which is still pending before the Commission.⁶

³ See Protest of the City of Chino Hills to Southern California Edison Company’s Application for a Certificate of Public Convenience and Necessity Regarding Segments 4 through 11 of the Tehachapi Renewable Transmission Project, A. 07-06-031 (August 2, 2007) at pp. 2.

⁴ *Id.* at pp. 2-3.

⁵ See, e.g., Opening Brief of the City of Chino Hills, A. 07-06-031 (September 1, 2009) at pp. 6-7.

⁶ Application of the City of Chino Hills for Rehearing of Decision 09-12-044, A. 07-06-031 (January 25, 2010).

3. In October 2011, the City filed a Petition to Modify Decision 09-12-044.⁷ By way of that Petition, the City demonstrated that partial construction of the transmission structures through Chino Hills which had occurred since the Decision had unearthed additional facts that rendered certain of the Findings of Fact and Conclusions of Law contained in the Decision erroneous as they apply to the Commission's approved "Environmentally Superior Alternative" for Segment 8A of TRTP. Based in part upon the City's Petition, an Assigned Commissioner's Ruling was issued requiring SCE to prepare testimony on alternatives or solutions to the current approved route for the transmission line."⁸ Included among the required alternatives for SCE to explore were alternatives utilizing an underground transmission line through Chino Hills. SCE submitted testimony regarding several such alternatives on January 10, 2012, with additional testimony on further undergrounding options submitted on February 1, 2012. The testimony which was submitted by SCE demonstrates that due to continued refinements in underground cable technology since the initial SCE application five years ago an underground alternative through Chino Hills is not only feasible, it also represents the environmentally superior alternative. Based on SCE's initial evidence regarding underground alternatives, the Assigned Commissioner has directed SCE to develop prepared testimony based on preliminary engineering studies of two of the undergrounding options which SCE had presented in its earlier submittals.⁹ The ruling also set forth a schedule for additional process to allow the Commission to assess these options and make a final determination as to whether to

⁷ Petition of the City of Chino Hills to Modify Decision 09-12-044, A. 07-06-031 (October 28, 2011).

⁸ Assigned Commissioner's Ruling Directing Southern California Edison Company to Prepare Alternatives for Routing the Portion of Segment 8 that traverses Chino Hills, A. 07-06-031 (November 10, 2011) at pp. 2-3.

⁹ Scoping Memo and Ruling of Assigned Commissioner, A. 07-07-031 (July 2, 2012) (July 2 Scoping Memo) at pp. 4-5.

grant the City's Petition for Modification and modify the original decision to adopt an underground transmission option. The ruling contemplated that a final decision on the selection of a transmission option for the Chino Hills portion of TRTP would not be released until late in 2013.¹⁰

4. Subsequent to the release of the July 2 Scoping Memo, several renewable developers expressed concern to the Commission regarding the feasibility of achieving the scheduled commercial operation date for TRTP in late 2015. The developers noted that not only would they be adversely impacted by having relied on the schedule for the Tehachapi Project included in the Commission's original decision in negotiating and executing their contracts to sell renewable energy to the state's utilities, but that a delay in completing the TRTP could place the renewable projects needed to meet California's Renewables Portfolio Standard (RPS) goals at risk.¹¹ The City of Chino Hills sent a letter to the Commissioners on September 18, 2012 supporting the request of the developer parties for a more expeditious schedule to reach a final decision on the design of Segment 8A.¹² The concerns expressed by the developers were mirrored in an October 29, 2012 letter from SCE to Commissioner Peevey (October 29 Letter), which is attached to this motion.¹³

5. In its October 29 Letter, however, SCE also noted that for the purpose of preparing its ordered testimony, it is "undertaking extensive efforts to develop the design,

¹⁰ *Id.* at p. 6 (setting forth current procedural schedule).

¹¹ *See, e.g.*, Notice of Written Ex Parte Contact of the Independent Energy Producers, A. 07-06-031 (August 10, 2012); Notice of Written Ex parte Contact of the Large Scale Solar Association , A. 07-06-031 (August 31, 2012).

¹² Letter from Michael Day, counsel for the City of Chino Hills to Commission President Michael Peevey responding to correspondence from the Independent Energy Producers Assn., September 18, 2012.

¹³ Letter from Ron Litzinger, President, SCE, to Commission President Michael Peevey, Re Tehachapi Renewable Transmission Project (October 29, 2012). Attachment A hereto.

schedule and specifications” of an underground project. In particular, SCE states that in order to “facilitate as expeditious a construction schedule as possible, [it] is currently developing specifications for both cable product and civil construction and intend to solicit bids to provide more refined estimates of the actual costs of undergrounding.”¹⁴ Based on this work, SCE states that it “believes that reasonable contract terms and conditions could be negotiated that would allow certain critical work to proceed in parallel with the Commission’s ongoing process to evaluate whether to modify the CPCN.”¹⁵ To this end, SCE intends to request such terms in connection with the bid solicitation it is undertaking to prepare its testimony.

SCE’s letter goes on to state that “[i]f the Commission shares the concerns of SCE and the generators about slippage in the schedule for completion of TRTP, it may want to consider whether some of these activities should proceed in parallel with its process to assess whether or not to modify the CPCN.”¹⁶ Chino Hills strongly urges the Commission to take the opportunity provided by the new information in October 29 Letter and to make procedural changes in the schedule of this proceeding in order to increase the likelihood of a timely completion of TRTP, including an environmentally superior underground transmission option within Chino Hills.

In short, SCE has outlined specific steps that it feels would help facilitate timely completion of the TRTP in the event that an underground option through Chino Hills is ultimately ordered by the Commission. This appears to primarily involve negotiating and executing contracts with construction firms who can build an underground line and ordering the fabrication of the special transmission cable to be used in an underground transmission line. SCE notes, however, that it “would not contemplate entering into contracts without a direct order

¹⁴ October 29 Letter at p. 2.

¹⁵ *Id.* at pp. 2-3.

¹⁶ *Id.* at p. 3.

from the full Commission that provided reasonable assurance that the Commission will support rate recovery of the costs incurred should the Commission later decide to reject the CPCN modification request.”¹⁷

6. The Commission, SCE, Chino Hills, renewable developers, and indeed the entire State of California, share a common goal -- completion of the TRTP (1) in the environmentally superior manner, and (2) in a timely fashion so as to not place the state’s RPS goals at risk. Achievement of this goal now appears to require immediate action by both the Commission and SCE to preserve the ability to underground the TRTP through Chino Hills (should the Commission determine such is the appropriate action) while achieving the desired in service date for TRTP. Accordingly, Chino Hills requests that the Commission (1) modify the procedural schedule to allow for a final Commission order in this proceeding by early July, 2013, and (2) issue an order directing SCE to take two important steps to facilitate prompt resolution of this proceeding and prompt completion of TRTP:

(a) SCE should be directed to submit a proposal that clearly defines the “reasonable assurance” it requires “that the Commission will support rate recovery of the costs incurred [for undergrounding the TRTP through Chino Hills] should the Commission later decide to reject the CPCN modification,” (rate recovery proposal), and

(b) SCE should be directed to prepare and file a detailed report (contracting report) specifying the contracts for services and materials that it must enter into, the transmission cable and/or other materials it must order (including any necessary deposits), the deadlines for executing such contracts so that a December 31, 2015 commercial operation date for the TRTP can be met, and the current status of its negotiations to enter into such contracts.

¹⁷ *Id.* at p. 3.

The rate recovery proposal should set forth with specificity the findings of fact and conclusions of law that SCE contends must be rendered by the Commission in order to ensure cost recovery, through SCE's Federal Energy Regulatory Commission (FERC) regulated transmission rates, of expenses incurred by SCE to advance an undergrounding option through Chino Hills prior to a Commission determination on that matter. In addition, SCE should provide sufficient justification as to why such recovery should be allowed. Such rate recovery proposal should be submitted to the Commission in an expedited fashion (e.g., by the end of November), allowing parties the opportunity to comment.

The contracting report specifying the steps required to meet a December 31, 2015 TRTP commercial operation date and the status of SCE's negotiations should be filed as soon as possible, taking into account the large number of issues involved in contracting for the principal elements of the underground transmission line. Chino Hills believes that SCE should be able to obtain sufficient information to complete the report within approximately two months of the Commission's order requiring such a report. Again, all parties should be provided an opportunity to comment on the contracting report.

Only after all such information is ascertained and placed before the Commission and commented upon by stakeholders will the Commission have a sufficient record upon which to make an informed Decision as to whether SCE should proceed to execute certain contracts for materials or services so that pre-construction work on an underground option can proceed in parallel with the Commission's assessment of whether to modify the CPCN and how to address the cost recovery issues associated with a new transmission option. Under the schedule proposed below by Chino Hills, a Commission Decision authorizing SCE to execute key contracts for materials and services, while providing appropriate assurance to SCE regarding cost

recovery could be issued in the first quarter of 2013. Such an order would preserve the ability to underground the TRTP though Chino Hills (should the Commission determine such is the appropriate action) while achieving the desired in service date for the project.

7. Recognizing the need for expedition, Chino Hills recommends the following modified procedural schedule to the Commission for its consideration. The proposed schedule is divided into two separate tracks, one designed to result in an interim decision regarding the contracting and rate recovery issues, and one for reaching a final decision on the petition to modify.

Schedule Leading to Interim Decision re Rate Recovery Issues:

SCE submits Rate Recovery Proposal	November 30, 2012
Parties respond to Rate Recovery Proposal	December 14, 2012
SCE replies to Parties' Responses	December 21, 2012
SCE submits Contracting Report on Service and Materials Contracts and the Status of Negotiations	January 17, 2013
Parties respond to SCE's Report	January 22, 2013
SCE replies to Parties Responses	January 24, 2013
Interim Proposed Decision on Rate Recovery Proposal and Contract Negotiations	January 29, 2013
Opening Comments on Interim PD	February 19, 2013
Reply Comments on Interim PD	February 25, 2013
Commission Meeting to Vote on Interim PD	February 28, 2013

Schedule Leading to Final Decision re Petition to Modify

SCE submits Supplemental Prepared Testimony on Undergrounding as required by 7-2-12 ACR	December 3, 2012
SCE Amends 12-3-12 Supplemental Testimony as necessary, including information from the 1-17-13 Report on Contract Negotiations	February 28, 2013
Chino Hills submits Prepared Testimony on Undergrounding	March 20, 2013
Parties other than Chino Hills and SCE submit Prepared Testimony on Undergrounding	April 5, 2013
SCE submits Rebuttal Testimony, All other Parties submit Cross Rebuttal Testimony	April 12, 2013
Evidentiary Hearings	April 22-24, 2013
Concurrent Opening Briefs	May 6, 2013
Concurrent Reply Briefs	May 13, 2013
Proposed Decision Issued	June 11, 2012
Opening Comments on PD	July 1, 2013
Reply Comments on PD	July 8, 2013
Commission Votes on PD	July 11, 2013

WHEREFORE the above-stated reasons, Chino Hills respectfully requests that the Commission issue an order:

1. Directing SCE to submit a rate recovery proposal to the Commission as detailed above;
2. Directing SCE to file a contracting report as described above, detailing the results of its investigation into what contracts it must enter into (service and materials), what materials it

must order (including any necessary deposits) and on what schedule such contracts must be executed or materials ordered so that a December 31, 2015 commercial operation date for the TRTP can be met including an underground transmission option for the portion of the line within Chino Hills, as well as a description of the status of its negotiations to finalize such contracts;

3. Adopting the proposed procedural schedules set forth above.

Respectfully submitted November 2, 2012 at San Francisco, California.

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By: /s/ Michael B. Day
Michael B. Day

ATTACHMENT A

October 29, 2012

President Michael Peevey
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: *Tehachapi Renewable Transmission Project:* Response to the Scoping Memo
and Ruling of the Assigned Commissioner Michael Peevey, dated July 2, 2012

Dear President Peevey:

Southern California Edison Company (SCE) has received notices of ex parte communications from several parties expressing concerns about the procedural schedule adopted in the July 2, 2012 Assigned Commission Ruling (ACR). SCE believes that the predominant concern is that the current procedural schedule is not likely to result in a Commission decision responding to the City of Chino Hills' Petition for Modification of D.09-12-044, which decision granted the Certificate of Public Convenience and Necessity (CPCN) for the construction of the Tehachapi Renewable Transmission Project (TRTP), until late in the third quarter of 2013.

As noted in the schedule provided in SCE's February 1, 2012 testimony, the process from Commission decision to operation is projected to take approximately 39 months. Accordingly, if a final Commission decision modifying the CPCN is issued in the third quarter of 2013, the project would not be operational until late in 2016 or sometime in 2017, and certainly would not be in-service by the end of 2015, as projected in the ACR.

Such a delay may have a significant impact on generators interconnecting to TRTP. SCE remains concerned that the delay caused by the Commission's reconsideration of the project at this stage of construction threatens the viability of the potentially impacted renewable generation projects, and thus the ability of the State to fulfill its renewable energy goals. Beyond just the procedural delays, the Commission and all parties must recognize that there is no experience with 500 kV underground cable installation and operation in North America, and therefore no realistic predictors of the time it will take to successfully design, procure, manufacture, deliver, install and test. SCE and other parties can make reasonable guesses about timing, and make heroic assumptions that everything will fall into place to enable a path to operations by a selected date, but that approach fails to accommodate reasonably probable events and makes no allowances for the many technical and construction challenges that inevitably interfere with every construction schedule. SCE is concerned that even with heroic assumptions and effort, there is a significant likelihood that the operational date of the project will be delayed well beyond the end of 2015. SCE hopes that the Commission and all parties will rationally balance the important policy goals of the State as the Commission acts on the Chino Hills Petition for Modification.

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To be clear, SCE does not support a modification to the CPCN. If the Commission were to conclude that overhead construction remains the preferred alternative, SCE believes that the project could still be completed in a timely manner. However, SCE does respect the critical importance of TRTP in meeting the State's renewable policy goals, and the Assigned Commissioner's interest in assuring a fair and complete evaluation of the options for the Chino Hills segment. Accordingly, SCE offers below some additional considerations for the Commission's information.

In the ordinary course of events, SCE would wait until a final Commission decision before beginning the more refined engineering activities necessary to initiate the procurement process for construction activities, materials and equipment. However, in an effort to provide cost estimates that are derived from specific market information, SCE is currently undertaking extensive efforts to develop the design, schedule and specifications needed to prepare testimony responsive to the July 2 ACR. In particular, to facilitate as expeditious a construction schedule as possible, SCE is currently developing specifications for both cable production and civil construction and intends to solicit bids to provide more refined estimates of the actual costs of undergrounding. To do this, SCE developed a design that will accommodate full functionality of the right-of-way. SCE acknowledges that the ACR focused on a single circuit, two or three cables per phase design. Nevertheless, SCE has concluded that it is prudent to plan the right-of-way to accommodate up to a double circuit, three-cable per phase construction, to ensure that ultimately the full capability of the segment may be installed, consistent with the design and capability approved by the CAISO. This approach allows maximum flexibility to allow for future needs, and will facilitate upgrades when authorized by the Commission. SCE's testimony will address these issues.

Although SCE will seek bids to anchor the cost estimates in its ACR testimony, SCE would not enter into these contracts in the ordinary course before there is a final Commission decision modifying the CPCN. Entering into these contracts before a final Commission decision would allow certain necessary engineering and design work to progress during the pendency of the Commission's evaluation of whether or not to modify the CPCN to require undergrounding in the Chino Hills segment. However, accelerating certain contracting prior to a Commission decision would, of course, result in termination charges and other costs being incurred in the event that the Commission ultimately concludes that the existing project should go forward without the need to underground.

Despite SCE's strong belief that the previously-approved overhead construction is the most reliable, cost-effective and environmentally preferred alternative, SCE has, due to its concern about potential schedule impacts, begun the process of working with consultants and suppliers to develop the costs associated with detailed engineering and design activities for an underground construction option. Based upon very preliminary conversations, SCE believes that reasonable contract terms and conditions could be negotiated that would allow certain critical work to proceed in parallel with the Commission's ongoing process to evaluate whether to

modify the CPCN. SCE expects to request such terms in connection with the bid solicitation it is undertaking to prepare its testimony.

If the Commission shares the concerns of SCE and the generators about slippage in the schedule for the completion of TRTP, it may want to consider whether some of these activities should proceed in parallel with its process to assess whether or not to modify the CPCN. SCE would not contemplate entering into contracts without a direct order from the full Commission that provided reasonable assurance that the Commission will support rate recovery of the costs incurred should the Commission later decide to reject the CPCN modification request.

In conclusion, SCE assures the Commission that it is proceeding in good faith and with all deliberate speed to prepare a thorough record of the undergrounding alternatives to enable the Commission to make a thoughtful evaluation of whether the Commission should order the underground option. However, SCE feels compelled to ensure that the Commission is informed of the challenges associated with 500 kV undergrounding and the reasonably foreseeable potential negative impacts on project schedule. If the Commission adopts the underground option, it should be aware that it will require a heroic effort on SCE's part to achieve the 2015 operating date, including such things as around-the-clock construction activity, and having many activities proceed in parallel. This isn't the most efficient or cost-effective way to undertake a major construction project, and would require the surrounding community to accept substantial temporary disruption beyond core work hours. Nonetheless, if the Commission orders a full capability option based on realistic cost estimates, SCE is prepared to undertake the effort, but given the many unknowns, we cannot guarantee that the 2015 operating date will be met.

Sincerely

A handwritten signature in dark ink, appearing to read "Peter Zenger". The signature is fluid and cursive, with the first name "Peter" and last name "Zenger" clearly distinguishable.

cc: Mark Ferron, Commissioner
Michael Florio, Commissioner
Catherine Sandoval, Commissioner
Timothy Simon, Commissioner
Paul Clanon, Executive Director, CPUC
Ed Randolph, Director, Energy Division, CPUC
Frank Lindh, General Counsel, CPUC
Stephen Berberich, President and Chief Executive Officer, CAISO
Michael Picker, Senior Advisor to the Governor for Renewable Energy Facilities
All parties of record in A.07-06-031