

**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 Tehachapi Renewable)
Transmission Project (Segments 4 through 11))

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

REPLY OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)
TO PROTESTS AND REQUESTS FOR HEARINGS

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Dated: August 13, 2007

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CALIFORNIA EDISON COMPANY (U 338-E))	Application No. 07-06-031
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**REPLY OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)
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Pursuant to Rule 2.6 of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure, Southern California Edison Company (U-388-E) (SCE) responds to the protests and requests for hearings from three entities, as well as a response from one entity, to the Application of Southern California Edison Company (U-388-E) for a Certificate of Public Convenience and Necessity Concerning the Tehachapi Renewable Transmission Project (Segments 4-11).

I.

BACKGROUND

SCE is proposing to construct the Tehachapi Renewable Transmission Project (TRTP) to provide the electrical facilities necessary to integrate levels of new electric generation, in excess of 700 megawatts (MW) and up to 4,500 MW, to the high-voltage transmission grid. The TRTP would consist of a series of new and upgraded high-voltage transmission lines and substation facilities that will allow generating resources, consisting primarily of wind generation, that are planning to locate in the Tehachapi and Big Creek Corridor areas to deliver electricity from new wind farms in eastern Kern County, California, to the Los Angeles Basin.

The TRTP will enable California utilities to comply with the State of California’s Renewable Portfolio Standard by providing access to planned renewable resources in the Tehachapi Wind Resource Area (TWRA) of Kern County, California. The TRTP will increase

the capability of proposed renewable generation projects to connect to the California Independent System Operator (CAISO) controlled grid, supporting compliance with the State of California's Renewable Portfolio Standard (RPS)¹ and California legislation requiring substantial reductions in greenhouse gas emissions.

On June 29, 2007, SCE filed Application No. 07-06-031 for a Certificate of Public Convenience and Necessity Concerning the Tehachapi Renewable Transmission Project (Segments 4-11). A Proponent's Environmental Assessment (PEA), which addresses each of the California Environmental Quality Act (CEQA) factors for the Proposed Project, was attached to the application. SCE noticed the filing of the application to certain public agencies, legislative bodies and property owners located within 300 feet of the Proposed Project in accordance with General Order 131-D, Section XI.A. During the public notice period, which ended on August 2, 2007, SCE received protests from the City of Chino Hills (City of Chino Hills or City), Aero Energy, LLC (Aero Energy), and the Division of Ratepayer Advocates (DRA). SCE also received a response from STG Communities II, LLC (Stratham Homes) and Richland Communities, Inc. (Richland Communities). The City of Chino Hills, Aero Energy, Stratham Homes and Richland Communities are concerned about the proposed project route and each would like to see the proposed route changed. The DRA is protesting SCE's request for approval of costs that the Federal Energy Regulatory Commission (FERC) does not allow, at least until the DRA obtains information sufficient to support such as condition. SCE addresses these issues below.

¹ The RPS program requires retail sellers of electricity to increase their sale of electricity produced by renewable energy resources to 20% by 2010.

II.

DISCUSSION

A. City of Chino Hills

The City of Chino Hills alleges that SCE failed to adequately consider alternative routes for Segment 8A. *See* Protest of City of Chino Hills, p.4. Section 2.0 of the PEA describes the process SCE used to develop the alternatives for the TRTP and to select the proposed Project for recommendation to the Commission. Section 2.0 also provides a description of each Project alternative and discusses the ability of each of the alternatives to meet the Project objectives, purpose, and need. Also included is the rationale for eliminating an alternative. The California Environmental Quality Act (CEQA) does not require in-depth analysis of all Project alternatives, but specifies that a reasonable range of alternatives be considered and evaluated.

For Segment 8A, SCE considered and evaluated two alternative options for routing new transmission lines through the Chino Hills area in addition to the alternative ultimately retained. *See* PEA, Section 2.0, pp. 2-72 to 2-76. The two options included replacement of existing transmission lines with a new transmission line in Chino Hills State Park and the addition of new transmission lines. Both options did not meet certain project objectives such as Objective 7 – Minimize Environmental Impacts, Objective 8 – Select the Shortest Feasible Route, and Objective 9 – Meet Project Needs in a Cost-effective and Timely Manner, as a result both options were eliminated from further consideration. Further analysis of the alternatives considered but eliminated for Segment 8A is contained in Section 2.0, Alternatives to the Proposed Project, of the PEA. SCE contends that the analysis included in Section 2.0 of the PEA complies with CEQA and adequately considers alternative routes for Segment 8A.

The City of Chino Hills is also concerned about the aesthetic impact and the geologic impact of the TRTP. *See* Protest of City of Chino Hills, pp. 10-13. These impacts are analyzed in the PEA and mitigation is proposed. *See* PEA, Section 4.2 and 4.7.

Ultimately, the City of Chino Hills requests that the Commission reject SCE's proposed route for Segment 8A and direct SCE to work with the City to devise an alternate route. *See* Protest of the City of Chino Hills, p. 13. At the time of the drafting of this reply, SCE is engaged in cooperative discussions with the City of Chino Hills regarding alternate routes to Segment 8A.

B. Aero Energy

Aero Energy states two main concerns regarding the TRTP: (1) that the proposed route of Segment 10 could impact Aero Energy's proposed intertie to the independently-owned Sagebrush transmission line and (2) that there could be adverse downwind impacts on Aero Energy's lower resource area. *See* Aero Energy Protest, pp. 1-2. First, the proposed location of the Segment 10 500 kV transmission line is east of Aero Energy's interconnection point with the Sagebrush line; as such, the Segment 10 500 kV line would not adversely affect the ability of Aero Energy to interconnect to the Sagebrush line because Aero Energy could either underground its corresponding wind park distribution facilities or cross under the required Segment 10 line. Second, SCE believes that there will not be adverse downwind effects because the TRTP facilities are located a greater distance than the developer-planned turbine row spacing; therefore, potential interference of wind flow would be unlikely. At the time of the drafting of this reply, SCE has made contact with Aero Energy's attorney and is willing to work with Aero Energy to obtain the best feasible outcome, while not adversely affecting other parties.

C. Stratham Homes and Richland Communities.

Stratham Homes and Richland Communities filed a response to the TRTP application. A portion of Segment 8 (specifically where new right-of-way (ROW) will need to be acquired to widen the existing ROW) appears to be on or adjacent to properties in the City of Ontario owned by Stratham Homes and Richland Communities and planned for future residential development. According to Stratham Homes and Richland Communities, SCE's need to acquire new ROW to widen its existing ROW in the area may impact the future residential development. Stratham Homes and Richland Communities need additional information before they can ascertain with

any certainty the extent to which the TRTP may impact the future residential development. As such, Stratham Homes and Richland Communities would like to meet with SCE to discuss alternatives to Proposed Segment 8 route. SCE has no objection to meeting with Stratham Homes and Richland Communities to discuss alternatives to the Proposed Segment 8 route or other accommodations as set forth in their response.

D. DRA

In its filing, SCE has requested the following:

“SCE requests that the Commission explicitly establish that, pursuant to Pub. Util. Code § 399.25, SCE can recover through CPUC-jurisdictional rates all prudently incurred costs associated with TRTP incurred by SCE that the FERC does not allow SCE to recover in general transmission rates.”² (emphasis added)

SCE’s request closely tracks the statute, which states that the Commission shall take all feasible actions to ensure that the transmission rates established by the Federal Energy Regulatory Commission are fully reflected in any retail rates established by the Commission, including but not limited to:

“Allowing recovery in retail rates of any increase in transmission costs incurred by an electrical corporation resulting from the construction of the transmission facilities that are not approved for recovery in transmission by the Federal Energy Regulatory Commission after the commission determines that the costs were prudently incurred in accordance with subdivision (a) of Section 454.”

Surprisingly, DRA has protested this request:

“DRA protests SCE’s request for approval of costs that FERC does not allow until DRA’s review and discovery are complete and information available for DRA is sufficient to support such a condition.”³

² Specifically, SCE’s Transmission Revenue Requirement (“TRR”) and the California ISO’s (“CAISO’s”) Transmission Access Charge (“TAC”).

³ DRA Protest, p.1.

DRA seems to have misunderstood SCE's request. SCE's application does not ask the CPUC in this proceeding to approve the amount of TRTP costs that SCE can recover in CPUC-jurisdictional rates under § 399.25. Rather, any such recovery would be addressed in some future filing SCE would make at the CPUC to the extent there are costs incurred for TRTP that ultimately are not allowed by FERC to be recovered in general transmission rates. For this to occur, however, SCE would first need to file for recovery of TRTP costs at FERC, and then receive an order from FERC not allowing SCE to recover 100% of the TRTP costs in general transmission rates. Until these events occur, there are no actual costs for the CPUC to review under §399.25.

SCE's request here is merely to obtain explicit CPUC concurrence that prudently-incurred TRTP costs are eligible for future recovery in CPUC-jurisdictional rates under § 399.25, if FERC does not permit SCE full recovery in general transmission rates of the TRTP costs it has incurred. This request is no different from SCE's earlier requests for Antelope Segment 1 and Segments 2 and 3, which were adopted by the Commission in D.07-03-012 and D.07-03-045. As in those dockets, the Commission should also here explicitly endorse § 399.25 recovery for TRTP costs.

III.

CONCLUSION

As stated above, SCE is currently meeting with the City of Chino Hills to discuss the feasibility of alternative routes to Segment 8A. SCE has also contacted Aero Energy's attorney

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and is willing to work with Aero Energy to obtain the best outcome feasible. In addition, SCE is willing to meet with Stratham Homes and Richland Communities to provide additional information and to discuss the Proposed Project.

Respectfully submitted,

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Dated: August 13, 2007

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of **REPLY OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO PROTESTS AND REQUESTS FOR HEARINGS** on all parties identified on the attached service list(s). Service was effected by one or more means indicated below:

Transmitting the copies via e-mail to all parties who have provided an e-mail address. First class mail will be used if electronic service cannot be effectuated.

Executed this **13th day of August 2007**, at Rosemead, California.

/s/ Cecilia R. Jones

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A.07-06-031

Monday, August 13, 2007

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