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November 16, 2015

Ms. Billie Blanchard, California Public Utilities Commission
c/o Panorama Environmental, Inc.
1 Embarcadero Center, Suite 740
San Francisco, CA 94111

Re: Draft Environmental Impact Report for the Sycamore to Peñasquitos 230kV Transmission Line Project

Dear Ms. Blanchard:

I have enclosed comments by San Diego Gas & Electric Company (SDG&E) in response to the Draft Environmental Impact Report (DEIR) prepared by the California Public Utilities Commission (CPUC) for the proposed Sycamore to Peñasquitos 230kV Transmission Line Project (Proposed Project).

SDG&E sincerely appreciates your efforts to conduct a thorough environmental analysis within the tight timeframe required by this important project. We understand what it takes to review the potential impacts of a project of this scope. SDG&E believes that the document is robust and comprehensive, even if some of our methodology and conclusions may differ.

As you know, the Proposed Project is critically needed to ensure long-term grid reliability. As originally identified by the California Independent System Operator (CAISO) and by Governor Brown's statewide task force, a new 230kV transmission line is necessary to ensure that Southern California has a reliable transmission grid due to the need to deliver increasing amounts of renewable energy reliably to load centers, the planned retirement of Coastal Power Plants that use Once-Through Cooling, and the unexpected loss of generation at the San Onofre Nuclear Generating Station. While SDG&E may disagree with certain aspects of the DEIR, SDG&E is very pleased that the CPUC has recognized this critical need and the basic scope of the required system upgrade: creating a new 230kV connection between the existing Sycamore Canyon and Penasquitos Substations.

Due to the CAISO's findings in the 2012-2013 Transmission Plan, the Proposed Project was identified as a reliability-driven project eligible for competitive solicitation because of its additional policy benefits. CAISO selected SDG&E's proposal as the winner of the competitive solicitation. SDG&E believes its balanced approach was a key element in the selection. SDG&E designed the Proposed Project to be cost-effective; meeting the critical grid reliability objectives while minimizing costs to customers, potential impacts to the environment, and protecting community values.

During the early planning stages, SDG&E relied on long-established principles for siting transmission infrastructure, which call for maximizing the use of existing public rights-of-way and transmission corridors. Based on these principles and other considerations, SDG&E identified a primarily overhead configuration within an existing electric transmission corridor and franchise position. SDG&E then conducted a detailed environmental analysis, which found that the Proposed Project would not result in any significant environmental impacts. In the absence of any significant environmental impacts, SDG&E determined that the potential additional costs to customers, environmental impacts, and other challenges associated with additional undergrounding were not warranted and would ultimately not balance all of these factors.

The DEIR reaches a different conclusion. Among other things, the DEIR identifies multiple alternatives that would be, according to the DEIR, “environmentally superior” to the Proposed Project; concludes that the Proposed Project would result in environmental impacts beyond those identified by SDG&E; and determines that additional mitigation measures beyond SDG&E’s Applicant Proposed Measures are required to comply with federal and state species laws.

The DEIR also states that SDG&E’s compliance with its Subregional Natural Community Conservation Plan (NCCP) is uncertain and that mitigation measures beyond implementation of the NCCP are needed for impacts to biological resources. This contradicts confirmation in a letter dated June 29, 2015, from the U.S. Fish and Wildlife Service and the California Department of Fish and Wildlife (collectively, the Wildlife Agencies) that sufficient take coverage under the NCCP is available for the Proposed Project. The Wildlife Agencies, which are the agencies charged with compliance with the NCCP, based this confirmation on an independent and comprehensive audit of take authorization under the NCCP.

SDG&E agrees with the Wildlife Agencies’ confirmation about the NCCP and disagrees with the DEIR’s treatment of the NCCP. SDG&E also notes that impacts to natural habitat would be substantially less for several alternatives, thereby making the remaining take authorization under the NCCP even larger. SDG&E urges the CPUC to clarify in the Final EIR that sufficient take coverage under the NCCP is available and that a separate take permit – which would unnecessarily and significantly extend the approval process and in-service date – is not required to comply with federal and state species laws.

For the reasons described in the attached comments, SDG&E respectfully disagrees with these conclusions in the DEIR. SDG&E did not propose the alternatives identified in the DEIR and did not anticipate that they would be determined to be environmentally superior. We do not believe that the approximate \$54 to \$152 million additional costs to customers, potential environmental impacts, schedule delays, and other challenges associated with additional undergrounding are warranted for this project. Nor do we agree that compliance with the NCCP is uncertain or that a take permit separate from the NCCP may be needed.

While SDG&E does not agree with all of the conclusions in the DEIR, SDG&E is committed to working with the CPUC to construct this critically needed project. Therefore, we have conducted a detailed review of the DEIR’s alternatives in anticipation that one may ultimately be approved. Our goal has been to evaluate these alternatives and bring to the CPUC’s attention any relevant concerns, costs, or other balancing considerations before a final determination is made. Because this evaluation has been conducted under the relatively tight timeframe of the DEIR comment period, it is foreseeable that additional information may come to light at a later date.

SDG&E’s overall response to the DEIR is as follows:

- **SDG&E does not support any undue costs to customers.** SDG&E estimates that the alternatives which include additional undergrounding could add approximately \$54 to \$152

million to the projects' overall cost depending on which alternative is selected. SDG&E also assumes that any increase to the project costs will not be approved unless the CPUC determines such costs are necessary for the customer to ensure safety and reliability, to mitigate environmental impacts or to address community values.

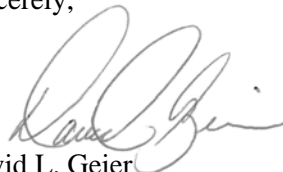
- **SDG&E does not support any undue delays.** Notwithstanding the apparent constructability of the alternatives, SDG&E is concerned that the additional investigation, design, and construction associated with additional undergrounding will delay the current CAISO in-service date for the new 230kV line. SDG&E is also concerned about the potential for unnecessary and significant delays associated with potentially requiring a take permit separate from the NCCP to comply with the federal and state species laws.
- **Additional undergrounding and alternative routes appear to be feasible.** Based on the information available to date, SDG&E believes that the alternatives identified in the DEIR as “environmentally superior” are feasible from a constructability and legal perspective, if ultimately approved by the CPUC.
- **SDG&E strongly urges the CPUC to consider community values.** SDG&E is aware that the Scripps Ranch and Mira Mesa Planning Groups, recognized advisory bodies to the City of San Diego, have submitted detailed written comments on the DEIR. SDG&E encourages the CPUC to consider whether community values require additional undergrounding.

SDG&E's remaining detailed comments include the following sections:

- Comment Letter
- Detailed Comment Table
- Minor Design Refinements

Again, we appreciate the CPUC's analysis and continued efforts to bring this critical project online. The project team stands ready to answer any questions or provide any additional information that would advance this mutual goal.

Sincerely,



David L. Geier
Vice President – Electric Transmission &
Systems Engineering
San Diego Gas & Electric Company