

October 5, 2010

Mr. Raj Naidu  
Water Division, Tariff Unit  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4005  
San Francisco, CA 94102

**SUBJECT:** Joint Sur-Reply of Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company to Water Utilities' Reply to Protest of Four Advice Letters Seeking Commission Authority for In-Conduit Hydro-Turbine-Generator Projects Using Operational Energy Efficiency Program Funds

Dear Mr. Naidu:

Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), and San Diego Gas & Electric Company (SDG&E) (Joint Energy IOUs) hereby submit this sur-reply regarding Golden State Water Company Advice Letter 1409-W, California American Water Company Advice Letter 853-W, California Water Service Company Advice Letter 1997-W, and San Jose Water Company Advice Letter 419-W (Advice Letters, Water IOUs). On August 17, 2010, the Joint Energy IOUs filed a Protest in response to these Advice Letters (Protest). Subsequently, the Water IOUs responded to the Protest on September 20, 2010 (Reply). This Joint Energy IOUs' sur-reply addresses the September 20 Water IOUs' Reply (Sur-reply).<sup>1</sup>

As discussed in the August 17 Protest, the Joint Energy IOUs were concerned with certain inconsistencies in protocol and policies related to the Water IOUs' Advice Letters seeking authorization to fund in-conduit hydro-turbine-generator projects (HTG Projects) through the Operational Energy Efficiency Programs (OEEP) funded in D.08-11-057 and related decisions. In their Reply, the Water IOUs addressed Joint Energy IOUs' concerns over the appropriateness of filings for Commission approval of these projects via an Advice Letter in the Energy Efficiency (EE) proceeding.<sup>2</sup>

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<sup>1</sup> By email dated September 21, 2010, Mr. Raj Naidu of the Division of Water and Audits directed the Joint Energy IOUs, DRA, and TURN to "[p]lease provide the response to the Water Utilities response... to the protests filed by Electric Utilities, DRA, and TURN for PRV AL's within 10 days – by October 5, 2010."

<sup>2</sup> Concerns addressed in the Joint Energy IOUs' August 17 Protest included: (1) the apparent definition of HTG projects as EE measures, (2) the lack of substantial or fully-vetted project data to ensure proper due diligence, (3) the "pending" status of similar projects before the Commission, (4) the appropriateness of proposing new technologies via the Advice Letter process, (5) the appropriateness of approving non-EE projects, possibly with private interests, in an EE proceeding as improper precedent for the Commission, and (6) the improper serving of the Advice Letters.

The Water IOUs' Reply appears to indicate that the Water IOUs have determined that the HTG projects are not EE projects and that HTG projects should not be funded with EE funds.<sup>3</sup> The Joint Energy IOUs agree. As such, the HTG projects should not be pursued further in any EE proceeding or funded (partially or in whole) using EE funds.

### **Conclusion**

The Joint Energy IOUs are satisfied that the Water IOUs now appear to share a similar understanding that HTG projects should not be considered EE measures, should not be funded with EE funds and should not be considered in any EE Proceeding. Because the protests from the Joint Energy IOUs, TURN and DRA all had the same understanding of the Water IOUs' request, to avoid any further misunderstanding of the Water IOUs' proposals, the Joint Energy IOUs request that the Commission require the Water IOUs to file supplemental Advice Letters to reflect that HTG projects are not EE measures (with supplemental information on funding, grid connection, and project timeline) with service in the proper proceeding.

**Southern California Edison Company**

/s/ AKBAR JAZAYERI

Akbar Jazayeri

cc: Raminder Kahlon, Director, CPUC Division of Water and Audits  
Ronald Moore, Golden State Water Company  
David P. Stephenson, California American Water Company  
Palle Jensen, San Jose Water Company  
Darin T. Duncan, California Water Service Company  
Dave-Isaiah Larsen, CPUC DRA  
Danilo Sanchez, CPUC DRA  
Mikhail Haramati, CPUC Energy Division  
Service List A.07-01-024  
Service List R.09-11-014

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<sup>3</sup> Reply of Water IOUs to Joint Energy IOUs' Protest, dated September 20, P. 1-2 ["the Water Utilities do not contend that the HTG Projects qualify as 'energy efficiency' projects as such term is used in the Operational Energy Efficiency Program ("OEEP") and do not propose that the Energy Utilities use their energy efficiency budgets to fund the HTG Projects."]