

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

In the Matter of the Application of San Diego
Gas & Electric Company (U 902-E) for a
Certificate of Public Convenience and Necessity
for the Sunrise Powerlink Transmission Project

Application No. 05-12-014
(Filed December 14, 2005)

**PREHEARING CONFERENCE STATEMENT OF SAN DIEGO GAS &
ELECTRIC COMPANY (U 902-E)**

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San Diego Gas & Electric Company (“SDG&E”) submits this statement to describe the issues before the Commission with respect to the application generally, and specifically at today’s (January 31, 2006) prehearing conference.¹

From the initial conceptual stages for the Sunrise Powerlink, San Diego Gas & Electric Company made a firm commitment to include its customers and seek a significant public input on the project throughout the entire process. As part of this commitment, SDG&E would like to thank Commissioner Grueneich and Administrative Law Judge Malcolm for holding the Prehearing Conference (“PHC”) here in Ramona.

Today’s hearing marks the sixth time since October 2005 that SDG&E has either hosted or attended public meetings on the Sunrise Powerlink in Ramona.

Issues under consideration today

We understand that, consistent with the Commission’s usual practice, this PHC is to take appearances and to discuss further procedures. The Commission will not consider today the merits of SDG&E’s application, except to note the positions of those

¹ SDG&E details its positions on the issues in a reply to protests of other parties filed today, and also in a response to a motion to delay the Commission’s consideration of the application.

present who have not yet indicated a position to the Commission. While SDG&E has a motion to defer certain filing requirements pending in this matter, Judge Malcolm on January 10 extended the time for protests to the application and response to the motion until February 17. Therefore this motion is not ripe for consideration at this PHC.

Conservation Groups and others have answered SDG&E's motion, and Conservation Groups ask that the Commission convene a second prehearing conference in San Diego on February 27 in order to further consider SDG&E's motion to defer. SDG&E submits that Conservation Groups' request for a second prehearing conference solely to consider the motion to defer should be denied as unnecessary, and we have filed concurrently with this statement a response to that effect. We have no objection to setting additional briefing dates prior to February 17, and our response includes a proposal to consolidate some of the dates and papers proposed by Conservation Groups. We believe the issue of any further procedures in response to SDG&E's motion and Conservation Groups' PHC request will be submitted and ready to decide on based on the papers to date, plus any comments at today's PHC.

The Sunrise Powerlink Application

This application asks the Commission for a Certificate of Public Convenience and Necessity ("CPCN") granting authority to construct and operate the Sunrise Powerlink, a 500 kV electrical interconnection with the Imperial Valley and related lower voltage upgrades within San Diego county ("Sunrise" or "Project") by 2010. Under the Public Utilities Code, the Commission must find that a project is in the "public interest" before granting a CPCN. And, under the California Environmental Quality Act ("CEQA"), the Commission must evaluate and compare the environmental impacts associated with the

Project and alternatives thereto and either adopt measures that mitigate significant impacts or find compelling reasons to override unavoidable significant impacts.

As detailed in the application, the Sunrise Powerlink includes a proposed 500 kilovolt (“kV”) alternating current transmission line that would be placed in service by the year 2010. The Project will connect the existing Imperial Valley substation near El Centro, California to a new “Central” substation located somewhere in central San Diego County. SDG&E will construct two new 230 kV lines connecting the Central substation to the existing Sycamore Canyon substation and one new 230 kV line between the Sycamore Canyon substation and the Peñasquitos substation. Where possible, SDG&E anticipates locating new facilities within or along existing rights-of-way, although specific routes will not be identified until April 2006 at the latest. Although the specific routes for most segments of the Project are not known at this time, we estimate the total mileage for the 500 kV portion of the project to be between 75 and 105 miles.

We note that the Commission has already found that it is likely that SDG&E may need a 500 kV interconnection by 2010, and it has encouraged SDG&E to move quickly to meet this electricity shortfall.²

² SDG&E’s most recently approved long-term resource plan identifies a need for a second 500 kV transmission interconnection to meet the grid reliability requirements of the California Independent System Operator (“ISO”) in 2010.² SDG&E’s plan also demonstrates that such a line would provide additional benefits such as supporting SDG&E’s ability to meet its 2010 renewables targets, and mitigating energy costs. Commission Decision 04-12-048 (December 16, 2004) approved SDG&E’s plan, and in so doing, specifically endorsed moving forward on a 500 kV interconnection (p. 228):

While we do not approve SDG&E’s 500 kV transmission line here, we do acknowledge the lengthy process needed to plan, license and construct transmission, and thus encourage SDG&E to continue its planning efforts and move forward with evaluating these transmission alternatives for meeting a local resource deficiency by 2010.

Nature of this proceeding and further procedures

We expect the Commission to shortly issue a scoping memo, which will set further procedures, including procedural dates. The application, protests, motions, and other public comment will inform the Commission's scoping memo. Based on the protests, we believe it is likely that the Commission will set this matter for evidentiary hearings. These hearings will allow parties to submit prepared testimony and other documents responding to the application, and parties will have the opportunity to cross-examine witnesses sponsoring such testimony at live hearings, which will be transcribed by a court reporter. Parties will then submit briefs to the Commission asking for specific findings based on the evidence in the record. Typically, this portion of the CPCN proceeding addresses need for the project, and project economics.

Once SDG&E identifies the route and submits its Proponent's Environmental Assessment ("PEA"), the Commission will commence its review of the Project under CEQA. Along with the PEA, SDG&E must provide comprehensive, route-specific notice of the Project by multiple media as required by General Order 131-D. As part of its review, we expect the Commission will hold several public scoping meetings and later public participation hearings in communities near the proposed route. We encourage the Commission to convene such local public meetings.

The Commission will take input received from the public, and from the results of its own evaluation of the PEA and the environmental effects of the Project, and publish a draft environmental impact report ("EIR") for comment. After consideration of public comments, the Commission will then issue a final EIR.

The presiding administrative law judge will take the record (including briefs) from its hearings, and the EIR, and issue, for comments and reply comments, a proposed decision. One or more Commissioners may also issue alternates to the ALJ's draft. The Commission will have before it the record, the EIR, the proposed decision and any alternates, and parties' comments and reply comments on the proposed decision and alternates. The Commission will then issue a decision deciding whether to grant the CPCN, including specific findings of fact and conclusions of law that it relied upon in reaching its decision.

Some parties have expressed concern about SDG&E's proposal to commence the adjudication of need before route selection is complete. We show in our response to protests filed today how this approach is completely consistent with Commission practice, and how it does not foreclose, but, indeed, facilitates full and fair consideration of all issues, including environmental issues. Even where applications tender route and need information at the same time, the purpose and need hearings takes place on a completely separate track from the CEQA review. Recently, there has been an acknowledgment by many agencies, including this Commission, CEC, California's Energy Action Plan and the ISO that California needs more transmission. This application responds to that call in a way that facilitates public involvement. By submitting purpose and need for determination before a specific route selection is completed, SDG&E asks the Commission accommodate an unprecedented public outreach effort. It is our intent to have a process that is fair to all customers and stakeholders, and there is ample time for everyone to express their input to the project.

SDG&E Public Outreach efforts to date

SDG&E acknowledges that the Sunrise Powerlink will affect many of its customers. One only has to look at a map to quickly realize that all of the potential routing options between San Diego and Imperial Counties create an impact. Recognizing this fact, SDG&E has embarked upon an unprecedented public outreach program designed to maximize customer participation in both the route selection and regulatory process.

At the outset, it is important to note that this application is the end result of Commission investigations and collaborative planning efforts among affected stakeholders. Even the technical alternative analysis used to develop the Sunrise Powerlink project was completed through a stakeholder process within the Southwest Transmission Expansion Plan (“STEP”) and Imperial Valley Study Group (“IVSG”). The stakeholders in STEP and IVSG were not just those in the electric utility business, but environmental groups, generation developers, various land and resource agencies, and representatives of this Commission. Indeed, an active intervenor here, the Sierra Club, participated in both STEP and the IVSG.

Traditionally, utilities do not engage the public on transmission projects until the route is identified and the environmental impact studies are submitted to the Commission. Meetings are then legally required as part of the Commission evaluative process and California environmental law. To encourage more public participation and give customers the opportunity to become involved in the actual siting process, SDG&E decided to go beyond the legal requirements and host meetings before any route was

selected or filed with the Commission. This will result in an estimated nine months of public involvement before the route is even filed with the Commission.

But even before the Sunrise Powerlink was officially announced in Aug. 2005, SDG&E had already begun discussions with community, business and environmental and political leaders about the best way to develop and implement a public outreach program. A brief overview of the public outreach program will highlight the extensive efforts SDG&E has gone to include residents and regional stakeholders in the development of this vital transmission project.

The public outreach program is divided into five segments:

1. Preliminary Outreach

Months before the project was announced, SDG&E began to make presentations to governmental bodies and community organizations about the need for additional transmission infrastructure in the region. SDG&E then hosted two moderated discussions with community leaders to gain feedback on developing an aggressive public outreach program for a major transmission line project. Anonymous interviews were also commissioned by SDG&E to gather input from more than 30 business, environmental and community leaders to gain input and perspective on transmission issues and ways SDG&E could improve its customer outreach efforts.

2. Community Working Groups

Once the project was announced, SDG&E invited over 150 regional stakeholders and local residents to participate in structured workshops to help plan the route for the Sunrise Powerlink. The input from the Community Working Groups has directly

impacted routing decisions. SDG&E has hosted four Community Working Group meetings to date with another two planned for late February or March 2006.

3. Open Houses

To give members of the public an opportunity to speak one-on-one with members of the Sunrise Powerlink project team, SDG&E hosted eight open houses throughout the study area and a minimum of six more a planned for March 2006. SDG&E made its best efforts to inform the public of these open houses by sending meeting notices to over 80,000 property owners, placing advertisements in 21 newspapers, posting informational posters in highly traveled public places and notifying the local media of all scheduled meetings.

4. Additional Meetings and Presentations

SDG&E has made presentations on Sunrise to over 120 community groups and individuals, including elected officials and governmental bodies in both San Diego and Imperial Counties. SDG&E has accommodated any group or individual that has requested a one-on-one or town hall style meeting.

5. Public Communications

Understanding that not all customers have the time or opportunity to attend multiple meetings, SDG&E has developed a comprehensive communication program to educate and inform customers on key elements of the Sunrise Powerlink. SDG&E utilized some of the traditional communication mediums by publishing project brochures, fact sheets, frequently asked questions, news releases and direct mail. However, SDG&E has also developed a project website (www.sdge.com/sunrisepowerlink) that is now a clearinghouse of project-specific information. Interested parties can download maps,

check meeting schedules and sign up for email notification via the Sunrise Powerlink e-alerts. An informational DVD on the project was also produced in addition to establishing a toll free project hotline.

Despite these extensive efforts to notify and educate all of SDG&E's customers about the Sunrise Powerlink, it is inevitable that some customers will still be unaware of the project – hence the allegations made in some of the protests. Fortunately, those customers are now fully engaged and aware of the Sunrise Powerlink a full six months before SDG&E is scheduled to submit the preferred and alternate routes for Commission consideration. SDG&E encourages those customers to stay involved, and we hope that participation in meetings like this will increase.

It is important to understand that this is not the end of the public process, but only the beginning. The Sunrise Powerlink must still go through a review of project alternatives and economics as well as a lengthy environmental review led by a very independent Commission that will include more public meetings, hearings, workshops and open houses. SDG&E looks forward to meeting with interested customers to make its case as to why the Sunrise Powerlink is needed for energy reliability, access to renewables and lower overall energy costs.

Conclusion

The Commission is aware of its own decisions, and of the collaborative stakeholder studies, that have identified a likely need for a new 500 kV transmission interconnection for the San Diego region by 2010. Moreover, the Commission has convened its own initiatives to develop transmission needed to support the state's renewable energy goals. SDG&E has presented a realistic schedule that will allow the

full and fair consideration of this application. To support its own recent policy and precedent, it is important that the Commission process this application in time to allow for the requested 2010 in-service date. Even if the Commission decides not to grant the application, it is important for that decision to issue in time for SDG&E to make other arrangements for reliability and to import renewable energy by 2010. Put differently, the Commission should not allow delay in its siting process to by default force SDG&E to pursue other power supply options for 2010.

Respectfully submitted,



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January 30, 2006

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true and correct copy of the **PREHEARING CONFERENCE STATEMENT OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)** to each party of record on the service list in A.05-12-014 via electronic mail. Those parties without an email address were served by placing copies in properly addressed and sealed envelopes and depositing such envelopes in the United States Mail with first-class postage prepaid.

Executed this 30th day of January, 2006 at San Diego, California.



Doris K. Reed