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April 24, 2009

Via e-mail only

ALJ Jean Vieth
CA Public Utilities Commission
505 Van Ness Ave
San Francisco CA 94102-3214

Re: Sunrise Powerlink
D. 08-12-058

Dear Judge Vieth:

As you may recall, I represent Rancho Penasquitos Concerned Citizens (RPCC) in this matter. I am writing regarding the status of analysis concerning the need for a 230/138 kV transformer at the Encina substation as discussed within the adopted decision, in light of SDG&E's comments contained within its quarterly report on Sunrise on April 15th. Recall that this is a \$35.5 million dollar issue to ratepayers.

On December 24, 2008 the final decision was issued in this matter. In response to RPCC's testimony and comments to the proposed final decision, the final adopted decision, at page 275 states:

"RPCC argues that the \$33.8 million (\$35.5 million (\$2012)) Encina transformer included in SDG&E's plan of service for the Coastal Link Alternative is not necessary if CAISO will approve a remedial action scheme. CAISO is responsible for making the final determination regarding whether the Encina transformer is necessary. Given the uncertainty associated with the need for the Encina transformer, which will not be resolved until CAISO speaks to this issue, we include it in the maximum reasonable cost we adopt here today. However, the maximum reasonable cost shall be reduced by \$35.5 million (2012\$) if the CAISO finds that the Encina transformer is unnecessary."

Later, the decision reads at page 276:

"However, our ability to examine potential future cost increases for Sunrise does not translate into an approval at any cost, as discussed below. Further,

given that Sunrise is one of the largest and most complicated transmission projects in California's history, we shall require SDG&E to file quarterly Sunrise project status updates. Contained in these status reports shall be, at minimum:

- Comprehensive project development schedule, including estimated project in-service date;
- Any changes in project scope and schedule, including the reasons for such changes;
- **Specifically address the need for the Encina transformer, the cost of undergrounding in Alpine Boulevard, and the amount of undergrounding contemplated... .**

[Emphasis added]

Finally, at paragraph 13 at page 295 of the final decision, SDG&E was ordered to file quarterly Sunrise project status updates which address, among other topics, "the need for the Encina transformer."

In late January 2009, William Stephenson, RPCC's Transmission Engineering expert, attempted to contact the CAISO regarding the status of the CAISO's efforts concerning whether the Encina transformer was necessary as compared to a remedial action scheme to solve an overload on a 138 kV line under RPCC's plan of service. Counsel for the CAISO, Judi Sanders, responded by way of e-mail on February 10 as follows:

"David Le asked that I respond to your inquiry regarding the ISO's analysis of the need for the Encina transformer, as recommended by RPCC in the Sunrise proceeding. I assume that you are referring to the language of the Sunrise decision wherein the Commission indicated that the ISO would make the determination as to whether the transformer should be included in the final Sunrise plan of service. If so, the ISO will work with SDG&E on this matter during the course of developing the modifications to the original Sunrise plan of service in compliance with the Commission's final decision. We'll let you know once the process has been completed. RPCC continues its efforts to save ratepayers unnecessary expense."

SDG&E sent out its first quarterly status report on Sunrise on April 15, 2009. On the topic of the Encina transformer, SDG&E simply stated:

"The need for the Encina 230/138 kV transformer is part of the RPCC alternative as described in the final decision (p. 86-87) and SDG&E's testimony (Jontry 3/28/08 rebuttal testimony, p. 6.1). The transformer is scheduled to go into service in June 2012."

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On April 16 2009, I wrote Ms. Sanders, and included her February 10 e-mail to Mr. Stephenson to refresh her memory on the subject, as follows:

“SDG&E's Quartely report on the status of the Sunrise project, sent out yesterday by e-mail, says nothing about the CAISO's analysis on the need for an Encina transformer and flatly states the transformer is necessary; thereby ignoring both the evidence and the decision's mandate to have the CAISO to analyze this issue. Please let me know what work has been done at the CAISO since the decision on this issue.”

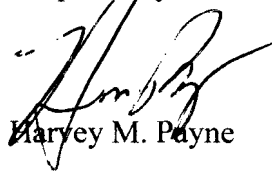
I did not receive a response to this e-mail, despite a follow up voice mail to Ms. Sanders on Friday April 17, 2009 requesting a response.

Because of SDG&E's language in the quarterly report, SDG&E clearly appears to be ignoring the mandate of the decision. Further, it appears the CAISO has not done anything in regards to the Encina transformer issue. As argued during the course of this case, there is plenty of evidence a remedial action scheme can be developed, saving ratepayers \$35.5 million dollars. Encina generation has been used in the past to solve contingency overloads on SDG&E's 138 kV system so there appears to be no reason it cannot be done here.

Given what has transpired over the last few months, RPCC is very concerned that SDG&E and perhaps the CAISO want to sweep this issue under the rug and move forward with a \$35.5 million dollar transformer, even though the benefits of installing the transformer almost certainly do not outweigh the substantial costs to ratepayers.

RPCC respectfully requests that the CPUC review this issue further.

Respectfully submitted,



Harvey M. Payne

cc: All parties by e-mail