

Comment Set CC1 Barona Band of Mission Indians

Miguel-Mission 230 kV #2 Project

From: Dave Baron [drbaron@cox.net]
Sent: Friday, May 14, 2004 2:38 PM
To: miguelmission@aspeneg.com
Cc: David Baron
Subject: CPUC HEARING

I am David Baron, and I am the Director of Government Affairs for the Barona Band of Mission Indians. I spoke at the Hearing on Monday, May 10th, and I would like to reiterate my remarks.

- As we experienced on Monday, May 3, we had record temperatures, and in turn a transmission emergency here in San Diego. I understand that our region was very close to reaching maximum capacity in terms of our power supply, and the main reason was that we did not have enough capacity in our transmission lines to bring in the power we needed. On a day like that, the East County is particularly hard hit, as we are the people who are enduring temperatures above 100 degrees.
- A great deal of our employees live in Santee, and throughout east county. And, we have many Tribal Elders who can be harmed when exposed to extreme heat. During the summer, when we can have day after day of 90+ temperatures, it is absolutely critical that we have reliable electricity to ensure the health and safety of our tribal members, and of the community at large.
- The Barona Indian tribe, its 500 residents, Barona Indian Charter School, well and sewerage system and associated infrastructure and the commercial activities on our land that benefit our people, and the entire community, depend greatly on a reliable source of electricity. The threat of repeated service outages impacts our ability to conduct our business, and it impacts the more than 3000 people employed by our businesses.
- I strongly urge you to approve this project, and move forward as expeditiously as possible.

If I can answer any more questions, please feel free to contact me. I can be reached at 619-443-6612.

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Responses to Comment Set CC1

Barona Band of Mission Indians

- CC1-1 The commenter's support for the Proposed Project and an expeditious schedule is noted. Reducing transmission constraints and providing reliability benefits and operational flexibility for SDG&E's electric system are two of the three project objectives. The project Purpose and Need and the Statement of Objectives can be found in Section A.2 on page A-2 of the Draft EIR. Please also see General Response GR-1.

Comment Set CC2 San Diego Regional Chamber of Commerce

May 17, 2004

President Michael R. Peevey
Commissioner Geoffrey F. Brown
Commissioner Susan P. Kennedy
Commissioner Loretta M. Lynch
Commissioner Carl W. Wood

California Public Utilities Commission (CPUC)
505 Van Ness Avenue
San Francisco, CA 94102

Re: Miguel Mission #2 Transmission project -- Draft EIR Approval

Dear Commissioners:

On behalf of the San Diego Regional Chamber of Commerce, which represents approximately 3,000 businesses within the San Diego region, as well as 19 businesses within the City of Santee, I am writing to express my support for reliable power and reasonable electricity prices. Specifically, I am writing to support the original routing for the 230 KV Mission-Miguel transmission line as proposed by San Diego Gas and Electric Company (SDG&E), which will bring additional power to the entire San Diego region. The Chamber recognizes the significant need for additional transmission throughout the region and because each of the alternatives proposed in the draft EIR will delay the project and result in significant cost impacts and delayed energy savings to our local businesses, the Chamber supports construction of the original proposal by SDG&E as soon as possible.

CC2-1

There were a number of causes that fueled the California energy crisis of 2000-2001, when electricity prices skyrocketed from \$40 per megawatt hour to \$1,500 per megawatt hour. One of these was our significant lack of energy infrastructure. The construction of this line will substantially increase the supply of power to our region. Further, there were two major concerns during that crisis: volatile prices and service interruptions. The new transmission line that SDG&E is proposing is a critical component of a long-term resource plan that will ensure that residents and businesses have an ample supply of electricity. It will help to ensure that the potential for devastating rolling blackouts is reduced.

CC2-2

In defense of the businesses and citizens of the San Diego region, the Chamber strongly urges the CPUC to make every effort to approve the draft EIR for the originally proposed project in a timely manner in order to keep energy costs down. Thank you for your consideration of our position. I look forward to your response.

Sincerely,

Jessie J. Knight, Jr.
President and CEO

JJK/rjg

Cc: Supervisor Dianne Jacob
Mayor Randy Voepel, City of Santee
Stuart Wells, SDG&E

Responses to Comment Set CC2

San Diego Regional Chamber of Commerce

CC2-1 The commenter's support for the Proposed Project and an expeditious schedule is noted. Reducing transmission constraints and providing reliability benefits and operational flexibility for SDG&E's electric system are two of the three project objectives. The project Purpose and Need and the Statement of Objectives can be found in Section A.2 on page A-2 of the Draft EIR.

In accordance with CEQA Guidelines §15131, to consider economic or social effects in a CEQA document, there must be an indirect physical effect to the environment resulting from the economic or social effects. As such, CEQA does not consider cost a factor in the evaluation of the Proposed Project or alternatives. However, cost issues associated with the Proposed Project and alternatives can be considered by the CPUC in the General Proceeding on the project. Please refer also to General Response GR-1 and Responses to Comments SD-1 and SD-2. Significant delays to project schedule are considered during the screening process and alternatives evaluation and are noted in the impact discussion for the individual alternatives in Section 4 of Draft EIR Appendix 2.

CC2-2 Please refer to Response to Comment CC2-1. A determination of need for the project has already been approved by the CAISO and the CPUC. The Purpose and Need for the Proposed Project is discussed in Section A.2 of the Draft EIR, but it is not an issue specifically determined by CEQA. One of SDG&E's objectives of the Proposed Project (see page A-3 of the Draft EIR) is to reduce transmission constraints within SDG&E's electric system, which would reduce system congestion costs.

**Comment Set CC3
Border Generation Group**

BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U 902 E) for a Certificate of Public Convenience and Necessity for the Miguel-Mission 230 kV #2 Project.

A.02-07-022

**COMMENTS OF THE BORDER GENERATION GROUP
ON THE DRAFT ENVIRONMENTAL IMPACT REPORT**

John W. Leslie
Micah D. Parzen
Luce, Forward, Hamilton & Scripps LLP
11988 El Camino Real, Suite 200
San Diego, California 92130
Tel: (858) 720-6352
Fax: (858) 523-4320
E-Mail: jleslie@luce.com

Attorneys for the Border Generation Group

Date: May 17, 2004

**Comment Set CC3, cont.
Border Generation Group**

BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U 902 E) for a Certificate of Public Convenience and Necessity for the Miguel-Mission 230 kV #2 Project.

A.02-07-022

**COMMENTS OF THE BORDER GENERATION GROUP
ON THE DRAFT ENVIRONMENTAL IMPACT REPORT**

In accordance with Rule 17.1 of the Commission's Rules of Practice and Procedure, the Border Generation Group ("BGG")¹ files its comments on the Draft Environmental Impact Report ("DEIR") that was issued by the Commission's Energy Division on April 1, 2004. The DEIR assessed the environmental impacts of the San Diego Gas & Electric Company ("SDG&E") proposed Miguel-Mission 230 kV #2 transmission upgrade project, and assessed alternatives to SDG&E's proposed project.

The DEIR concluded that the "environmentally superior alternative" for the Miguel-Mission transmission upgrade is SDG&E's proposed project, with mitigation, plus two partial "undergrounding" alternatives: the Jamacha Valley 138 kV/69 kV underground alternative; and the City of Santee 138 kV/69 kV underground alternative. The DEIR failed to address the substantial additional costs that SDG&E would have to expend, however, and failed to address

¹ The members of the Border Generation Group are Coral Power, L.L.C., InterGen Services, Inc. ("InterGen"), and Sempra Energy Resources ("SER").

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**Comment Set CC3, cont.
Border Generation Group**

the ratepayer benefits that would be lost, if the Commission were to adopt the so-called environmentally superior alternative. The DEIR improperly concluded that the undergrounding alternatives would “feasibly attain” the basic objectives of the Miguel-Mission transmission project. The DEIR erroneously failed to give sufficient consideration to whether these alternatives are economically feasible within a reasonable period of time. See 14 California Code of Regulations (CEQA Guidelines) § 15364.

The estimated cost of the Miguel-Mission transmission upgrade is \$31.4 million.² The so-called “environmentally superior alternative,” if adopted, would add \$13.1 million (42 percent) to the cost of the project.³ In addition, SDG&E reported to the Commission that adoption of either one of the undergrounding alternatives would delay by at least eight to ten months SDG&E’s estimated two-year construction schedule for the Miguel-Mission project.⁴ The combination of additional congestion costs and lost energy cost savings (assuming even as little as an eight month construction delay) would impose a burden on SDG&E ratepayers of approximately \$17.0 million, and a burden on all CAISO ratepayers of approximately \$60.8 million.⁵

Any construction delay would add unnecessarily to the two-year delay that already has been experienced in this proceeding due to delays in the Commission’s review process. In view

² A.02-07-022, “Declarations of San Diego Gas & Electric Company,” Table 3, p. 2 (filed March 31, 2004).

³ A.02-07-022, “Declarations of San Diego Gas & Electric Company,” pp. 2, 9 (filed April 16, 2004).

⁴ In its May 12, 2004 comments on the DEIR, SDG&E stated that the delay of eight-to-ten months could increase if SDG&E is required to condemn property as part of its acquisition of new right-of-way. See SDG&E DEIR Comments at p. 9.

⁵ Id. at pp. 2, 14-15.

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of what are at best marginal environmental benefits associated with the two underground alternatives, and in view of the substantial benefits associated with timely completion of the Miguel-Mission transmission project, the BGG urges the Commission to reject the undergrounding alternatives and to approve the Miguel-Mission transmission project as proposed by SDG&E.

CC3-3

I.

INTRODUCTION

The members of the BGG own, operate and purchase power from three new generation facilities located near Mexicali in Baja, California. The three generation projects are SER's 600 MW Termoeléctrica de Mexicali S. de R.L. de C.V. ("TDM") plant, InterGen's 750 MW La Rosita Power Plant ("LRPP"), and InterGen's 310 MW La Rosita Expansion Plant ("LREP").

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These three new generation projects, with total combined generation capacity of 1660 MW, were placed in commercial operation in the summer of 2003. As much as 1070 MW of electric power from these power plants flows directly into SDG&E's Imperial Valley ("IV") substation, and from there to consumers throughout the CAISO control area.⁶

The members of the BGG have an interest in this application proceeding because their generation facilities have suffered from congestion at the Miguel substation. The combination of 6600 MW of new generation in the Palo Verde area and 1660 MW of new generation in the Mexicali area contributes to considerable intrazonal congestion at the Miguel substation. In the absence of the Miguel-Mission transmission upgrade, congestion at Miguel will continue to

⁶ An additional 590 MW of electric power from these plants flows into CFE's control area. A portion of the power that flows into CFE's control area (90 MW of the 590 MW) normally is delivered to the CAISO system over Path 45 to the Miguel substation. In addition, the remaining 500 MW permits CFE to sell, from time to time, power to the CAISO that is delivered over Path 45.

**Comment Set CC3, cont.
Border Generation Group**

prevent customers in the CAISO control area from enjoying the benefit of new, competitively-priced generation that is located east and south of the Miguel substation.

Members of the BGG have worked closely with SDG&E, the CAISO, FERC, and this Commission over the past three years to gain approval of the Miguel-Mission transmission upgrade. Delays in the Commission's review of the Miguel-Mission transmission project, however, have prevented the delivery of power to southern California markets from new generation and have led to the incurrence of intrazonal congestion costs at the Miguel substation.

From July 2003 through March 2004, total intrazonal congestion costs at Miguel amounted to \$34.5 million.⁷ These costs are borne by southern California ratepayers. The CAISO reported that if the Miguel-Mission transmission upgrade had been in place in July 2003, \$27.9 million of these intrazonal congestion costs (81 percent) would have been avoided.⁸ Unfortunately, in view of repeated delays that have been encountered in A.02-07-022, SDG&E has reported that the earliest possible date that the Miguel-Mission project can be placed in-service is June 2006.⁹

II.

HISTORY OF THIS PROCEEDING

Beginning in June 2001, the BGG and its members urged SDG&E and this Commission to approve an upgrade to SDG&E's Miguel-Mission transmission line in order to relieve congestion at the Miguel substation. At that time, a number of entities sent a letter to the ISO

⁷ A.02-07-022, "Declaration of Michael Martin on Behalf of the California Independent System Operator," p. 3 (filed April 5, 2004).

⁸ *Id.* at p. 4.

⁹ See I.00-11-001, "Status Report of San Diego Gas & Electric Company for April 2004," Appendix at p. 8 (filed May 3, 2004).

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requesting that the ISO undertake an economic analysis of a reinforcement of SDG&E's 230 kV transmission system west of Miguel.

In a Ruling issued in July 2001, the Presiding Judge in Phase 3 of the Commission's AB 970 proceeding (I.00-11-001) directed SDG&E to perform an analysis of the costs and benefits of a proposed Miguel-Mission 230 kV transmission upgrade and a proposed IV substation upgrade.¹⁰ In direct testimony submitted in September 2001, SDG&E's witness testified that a Miguel-Mission transmission upgrade was economically justified. The witness also testified that the projected in-service date for the Miguel-Mission transmission upgrade was June 2004.

The evidentiary hearing on the Miguel-Mission and IV upgrades in Phase 3 of I.00-11-001 was completed in October 2001, and the case was submitted in December 2001. SDG&E filed its application for a certificate of public convenience and necessity ("CPCN") for the Miguel-Mission project in this docket (A.02-07-022) in July 2002. Unfortunately, a Phase 3 proposed decision in I.00-11-001 was not issued until January 2003. Review of SDG&E's CPCN application was effectively suspended until long after the Commission issued its I.00-11-001 Phase 3 decision on February 27, 2003 (D.03-02-069).

By the time the Commission issued its decision in Phase 3 of I.00-11-001 (more than fourteen months after the close of the record in the case), other agencies already had taken action concerning the Miguel-Mission project. On March 27, 2002, the FERC granted SDG&E's request for rolled-in rate treatment for the costs of the Miguel-Mission transmission upgrade and

¹⁰ I.00-11-001, "Administrative Law Judge's Ruling Regarding Fall Hearings in Phase 2" (issued July 19, 2001).

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the IV substation modification.¹¹ The FERC ruled that "the upgrades will provide system-wide benefits," and that the cost of the projects "should be borne by all users of the system."¹²

Within three months after the issuance of the FERC's Order, on June 25, 2002, the CAISO's Board of Directors approved a finding that the Miguel-Mission transmission upgrade and the IV substation modification are "necessary and cost effective additions to the ISO-controlled grid." The CAISO Board directed SDG&E to "proceed with design and licensing for these upgrades."

When, in February 2003, the Commission finally issued its decision in Phase 3 of I.00-11-001 (eight months after the CAISO made a determination of economic need), the Commission found that the economic studies presented by SDG&E showed that the Miguel-Mission transmission upgrade would produce substantial cost savings for the ratepayers of SDG&E, as well as for ratepayers throughout the CAISO control area. See D.03-02-069 at pp. 21-22. Based upon its own finding of economic justification for the Miguel-Mission project, the Commission stated that it would "expedite" the CPCN process for the Miguel-Mission transmission project. The Commission ruled that it would permit SDG&E to file its CPCN application under G.O. No. 131-D Section IX (A), "absent the information required by subparts (c) [need], (d) [detailed estimate of project cost], and (f) [schedule showing right-of-way acquisition]." Decision at p. 30.

Notwithstanding the Commission's determination in its February 2003 decision, the CPCN process for the Miguel-Mission transmission upgrade was not expedited. The Notice of Preparation of an EIR (NOP) was not issued until September 5, 2003 (fourteen months after the

¹¹ San Diego Gas & Electric Co., 98 F.E.R.C. ¶ 61,332 (March 27, 2002).

¹² Id., mimeo at p. 5.

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application was filed). See DEIR at p. A-4. As a result of these delays, on May 28, 2003, during a prehearing conference in this proceeding, SDG&E reported that the projected in-service date for the Miguel-Mission transmission upgrade would be delayed (from the original date of June 2004) until June 2006.

On March 24, 2004, more than 20 months after SDG&E filed its CPCN application in this docket, the Assigned Commissioner and the Presiding Administrative Law Judge issued a “Scoping Memorandum” that established the “scope, process and schedule” for SDG&E’s CPCN application. Contrary to the Commission’s clear direction in D.03-02-069 that the Commission will not address, in the CPCN application process, issues of “need” or “cost,” the Scoping Memorandum stated that “[t]he tentative nature of the cost-benefit analysis applied to the project in D.03-02-069 and changes in circumstances since the issuance of D.03-02-069 suggest the uncertainty of the project’s economic benefits.” Scoping Memorandum at p. 3. The Assigned Commissioner and the Presiding Judge directed SDG&E (and invited other parties) to submit additional information (“in the form of a declaration and subject to penalty for perjury”) concerning the economic benefits of the Miguel-Mission project (need) and the costs of the project. Id. at pp. 4-5.

The additional process set forth in the March 24, 2004 Scoping Memorandum presents the potential for further delays in this proceeding, even without regard to the environmental review process. SDG&E’s current plan to place the Miguel-Mission transmission upgrade in-service by June 2006 is in serious jeopardy.¹³

Further delays in the Commission’s consideration of the Miguel-Mission project will lead to tens of millions of dollars of additional intrazonal congestion costs. These congestion costs

¹³ See R.04-01-026, “Comments of San Diego Gas & Electric Company on Order Instituting Rulemaking,” p. 3 (filed April 6, 2004).

**Comment Set CC3, cont.
Border Generation Group**

are likely to exceed the projected cost of the Miguel-Mission project (\$31.4 million).¹⁴ In the absence of compelling environmental reasons, the Commission should approve SDG&E's CPCN application without modification. The Commission should not require any changes to the proposed project that could delay further the in-service date of the Miguel-Mission project.

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III.

**THE OBJECTIVES AND BENEFITS OF THE
MIGUEL-MISSION TRANSMISSION PROJECT**

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The DEIR identified the major objectives of SDG&E's proposed Miguel-Mission transmission upgrade, including: a) to reduce intrazonal congestion at Miguel and reduce associated redispatch costs; b) to improve SDG&E's existing transmission infrastructure and enhance reliability; and c) to improve the regional transmission system infrastructure in order to facilitate the reliable transfer of power from new generation facilities east and south of the Miguel substation. DEIR at p. A-3. The DEIR stated that the Miguel-Mission project is "designed primarily to remove electric transmission constraints consistent with the objectives of the CAISO and to increase competition among electric generators, which could lower electricity costs to the consumer." DEIR at p. F-2.

In D.03-02-069, the Commission evaluated the economic benefits of the Miguel-Mission project and found the project to be economically justified. See Decision at pp. 21-22. SDG&E provided an update to the economic benefit analysis in a "declaration" that SDG&E filed in this proceeding on March 31, 2004.¹⁵ In its declaration (as updated on April 16, 2004), SDG&E

¹⁴ See A.02-07-022, "Declarations of San Diego Gas & Electric Company," Table 3, p. 2 (filed March 31, 2004).

¹⁵ A.02-07-022, "Declarations of San Diego Gas & Electric Company" (filed March 31, 2004).

Comment Set CC3, cont. Border Generation Group

reported that the annual net economic benefit of the Miguel-Mission project will be \$6.8 million for SDG&E's ratepayers, and \$54.9 million for all CAISO customers.¹⁶

SDG&E emphasized, in its declaration, that its calculation of the net economic benefit does not reflect the savings that will result from reduced congestion costs (decremental bid payments to generators and RMR costs resulting from CAISO dispatch orders to generators to mitigate congestion) when the Miguel-Mission project is placed in-service.¹⁷ As noted above, from July 2003 through March 2004, these redispatch costs amounted to \$34.5 million. On an annualized basis, congestion costs at Miguel amount to \$46 million. These costs can be largely avoided once the Miguel-Mission project is complete.

The substantial benefits of the Miguel-Mission project will not be realized, however, until the Miguel-Mission transmission upgrade is constructed and placed in-service. Any further delay in the regulatory review process or in the SDG&E design, engineering, right-of-way acquisition or construction process will both delay the economic benefits of the project and perpetuate the congestion costs that currently are being incurred by all CAISO customers, including the customers of SDG&E. For all CAISO customers, the total lost opportunity costs associated with delay could amount to more than \$100 million per year.¹⁸

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¹⁶ See footnote 3, *supra*, Amended Declaration at p. 2.

¹⁷ *Id.*

¹⁸ This figure (\$101 million) reflects the combination of annualized intrazonal congestion costs at Miguel (\$46 million) plus annualized foregone economic benefits (\$54.9 million) of the Miguel-Mission transmission upgrade.

Comment Set CC3, cont.
Border Generation Group

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IV.

THE DEIR

The DEIR was issued on April 1, 2004, nearly twenty-one months after SDG&E's CPCN application was filed, and more than fourteen months after SDG&E's application was deemed to be complete.¹⁹ The DEIR described SDG&E's proposed Miguel-Mission transmission project, five alternatives that the Energy Division's consultant (Aspen Environmental Group) chose to analyze, and the "no project" alternative.

A. SDG&E's Proposed Miguel-Mission Project

The DEIR explained that SDG&E's Miguel-Mission project, as proposed, will be constructed entirely within SDG&E's existing 35-mile right-of-way between the Miguel and Mission substations. See DEIR at p. B-1. The DEIR noted that SDG&E's project includes three major components: a new 230 kV circuit, relocation of the existing 138 kV and 69 kV lines, and modifications to existing substations. Id.

It is important to note, in connection with the environmental review, that the Miguel-Mission transmission upgrade largely builds upon existing facilities. Specifically, the DEIR explained that the new 230 kV circuit between the Miguel and Mission substations will be installed entirely within the existing right-of-way, and will be installed either on new steel poles or on existing steel lattice tower structures (or poles replacing the lattice structures) that currently support 138 kV and 69 kV circuits. DEIR at p. B-1.

For the 11 miles between Fanita Junction and the Mission substation, the new 230 kV circuit will be installed in a vacant position on existing steel lattice and steel pole structures.

¹⁹ SDG&E reported that the CPCN application was deemed to be complete on January 27, 2003. See I.00-11-001, "Status Report of San Diego Gas & Electric Company for April 2004" (filed May 3, 2004).

Comment Set CC3, cont. Border Generation Group

Over this portion of the right-of-way, no additional towers or structures will be constructed. DEIR at p. B-2. Over the remaining 24 miles of the right-of-way, the 138 kV/69 kV circuits will be removed and relocated to a newly constructed alignment of wood and steel pole structures, all within the existing right-of-way. DEIR at pp. B-1, B-2.

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The proposed project also includes modifications to the Miguel and Mission substations that are necessary to accommodate the new 230 kV circuit. DEIR at p. B-2. The DEIR did not address alternatives to the substation modifications.

B. Alternatives to the Proposed Project

Under the California Environmental Quality Act (“CEQA”), the lead agency (in this case, the Commission) is required to analyze “alternatives” to the proposed project. The DEIR cited CEQA guidelines (Section 15126(a)) that provide as follows:

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An EIR shall describe a reasonable range of alternatives to the project, or to the location of the project, which would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project.

DEIR at p. ES-8 (emphasis added). The term “feasibility” is defined in the CEQA guidelines (Section 15364) as:

... capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social, and technological factors.

Id. (emphasis added).

The DEIR stated that it initially evaluated nineteen project alternatives, including many alternatives that would not meet basic project objectives. See DEIR at pp. ES-8-ES-28. The DEIR fully evaluated five alternatives to SDG&E’s proposed project, each of which maintained most of the basic features of the proposed project, with modifications to specific segments of the project. The five alternatives included the following:

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First, the Jamacha Valley 138 kV/69 kV underground alternative would underground approximately 3.5 miles of the existing 138 kV and 69 kV circuits outside the existing right-of-way. Under this alternative, fourteen proposed new poles supporting the 138 kV and 69 kV circuits would not be constructed, but two transition poles would be required within the right-of-way. In addition, the new 230 kV circuit would be installed on modified towers within the existing right-of-way. See DEIR at p. C-9.

Second, the Jamacha Valley Overhead A alternative would move the 138 kV and 69 kV circuits to new steel mono-poles to be located on the east side of the right-of-way, for a distance of approximately 6000 feet between the Herrick Center (Steele Canyon Road and Jamul Drive) and the intersection of the Miguel-Mission right-of-way and Hillsdale Road. Under this alternative, the DEIR noted that SDG&E's right-of-way may need to be extended up to fifteen feet to the east in order to accommodate the location of the circuits. See DEIR at pp. C-17, C-18.

Third, the Jamacha Valley Overhead B alternative would add two steel mono-pole structure alignments and one lattice structure along the right-of-way in Jamacha Valley. This alternative would require removal of existing 138 kV/69 kV towers and relocation of the 138 kV/69 kV circuit to new steel mono-pole structures on the west side of the right-of-way, and placement of the new 230 kV circuit on new steel pole structures between the existing steel lattice structures and nineteen new steel poles for the 138 kV and 69 kV circuits. DEIR at p. C-18.

Fourth, the City of Santee 138 kV/69 kV underground alternative would place the existing 69 kV circuit underground for approximately 1.35 miles, outside the existing right-of-way. In addition, the existing 138 kV circuit would be placed underground for approximately .6 miles, also outside the existing right-of-way. The three proposed 138 kV wood or steel poles

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necessary for the proposed project would be eliminated. However, three transition towers (two of which would be located in the existing right-of-way) would be necessary for the 138 kV/69 kV circuits. DEIR at p. C-30.

Fifth, the City of Santee overhead northern right-of-way boundary alternative would shift the wood and steel structures for the 230 kV circuit to the northern boundary of the right-of-way for a distance of approximately one mile in the vicinity of Princess Joann Road. This alternative would require two additional transition poles in order to accommodate the shift of the 230 kV circuit to the northern boundary of the right-of-way. DEIR at p. C-35.

C. The “No Project” Alternative

In accordance with CEQA guidelines, the DEIR also addressed the “no project” alternative. The DEIR recognized that the “no project” alternative would not meet the basic objectives of the proposed project. See DEIR at p. E-8. The DEIR stated that if the Miguel-Mission transmission project (or an alternative) is not constructed, “SDG&E and the CAISO would need to evaluate updated generation dispatch scenarios and consider alternative courses of action that could be implemented to provide adequate electric service to both the SDG&E area as well as providing necessary generation resources to the State.” DEIR at p. C-58.

Referring to the congestion mitigation measures that would have to be pursued in the absence of a Miguel-Mission transmission upgrade, the DEIR stated that “many of the economic benefits that would have been derived from the new generation [east and south of the Miguel substation] would be lost. Under the No Project Alternative, SDG&E would continue to incur the congestion costs.” Id. The DEIR also stated the following:

In addition to the economic impacts, the remaining congestion and constraints on the State’s transmission grid would decrease access to new generating capacity, which would inhibit competition between a wide range of generators (new and efficient or old and less efficient). Any environmental benefits of increased

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Border Generation Group

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competition would be less likely to occur under the No Project Alternative.

DEIR at p. C-58.

D. Evaluation of the Alternatives

The DEIR stated that the alternatives to SDG&E's proposed project were primarily evaluated according to:

- (1) whether they would meet most of the basic project objectives;
- (2) whether they would be feasible considering legal, regulatory and technical constraints; and
- (3) whether they have the potential to substantially lessen any of the significant effects of the Proposed Project.

DEIR at p. ES-11. The DEIR stated, however, that “[e]conomic factors or costs of the alternatives (beyond economically feasible) were not considered in the screening of alternatives . . .” *Id.* The DEIR asserted that CEQA Guidelines require consideration of alternatives capable of eliminating or reducing significant environmental effects even though they may “impede to some degree the attainment of project objectives or would be more costly.” *Id.*

The BGG submits that the DEIR improperly failed to consider the economic impacts of the alternatives that it evaluated. Economic impacts must be considered when assessing the feasibility of alternatives. See CEQA Guidelines, § 15126.6, subd. (f)(1); see also Citizens of Goleta Valley v. Board of Supervisors (1990) 52 Cal.3d 553, 575, fn. 7 (upholding agency’s finding that an alternative site was infeasible based on an economic analysis demonstrating that the site could not support a version of the project large enough to be economically viable); Assn. Of Irrigated Residents v. County of Madera (2003) 107 Cal.App.4th 1383, 1401 (finding that an economic analysis provided substantial evidence that an alternative lacked feasibility). Consideration of the economic costs of the “undergrounding” alternatives would have led to a different conclusion respecting the “environmentally superior alternative.”

Comment Set CC3, cont. Border Generation Group

Although the CEQA guidelines (Section 15021) require public agencies to avoid or minimize environmental damage whenever feasible, this duty does not require the lead agency to choose the “environmentally superior alternative” that is identified in an EIR. The lead agency is not bound to select such an alternative when “the public agency finds that specific overriding economic, legal, social, technological, or other benefits of the project outweigh the significant effects on the environment.” Pub. Resources Code § 21081(b); see also Kings County Farm Bureau, 221 Cal.App.3d at 731. In this instance, the DEIR improperly failed to give due consideration to the economic impacts of the alternatives in weighing the factors that must be addressed.

CC3-9

It is important to note that based upon the DEIR’s comparative analysis of: a) SDG&E’s proposed project; b) the five selected alternative projects; and c) the “no project” alternative, there was no alternative that was clearly preferable to the proposed project. SDG&E noted, in its May 12, 2004 comments on the DEIR, that depending upon the “weighting” of the various environmental issues that were considered in the DEIR, the proposed project was in fact environmentally preferable to the five alternative projects.²⁰ Even the DEIR found that “[t]here were no significant and unmitigable (Class I) impacts identified that would occur with the [p]roposed [p]roject and alternatives.” DEIR at p. ES-54.²¹

The DEIR found that among twelve “issue areas” examined in the DEIR, SDG&E’s proposed project was preferable to the alternatives more often than not. For example, respecting

CC3-10

²⁰ SDG&E prepared a ranking of the project alternatives based upon a classification of impacts for each of twelve “issue areas.” SDG&E’s analysis, which used the DEIR’s evaluative criteria, showed that the proposed project was ranked better than all of the Jamacha Valley alternatives and better than all of the City of Santee alternatives. See SDG&E May 12, 2004 Comments at pp. 76, 78.

²¹ The DEIR acknowledged that “determining an environmentally superior alternative is difficult because of the many factors that must be balanced.” DEIR at p. ES-55.

**Comment Set CC3, cont.
Border Generation Group**

the three Jamacha Valley alternatives, SDG&E's proposed project was the "preferred" project in seven of twelve categories, and the Jamacha Valley 138 kV/69 kV underground alternative (the so-called "environmentally superior alternative") was the "preferred" project in only four categories. See DEIR at pp. E-3, E-4. With respect to the two City of Santee alternatives, SDG&E's proposed project was the preferred project for four of the twelve issue areas, but the so-called "environmentally superior alternative" -- the City of Santee 138 kV/69 kV underground alternative -- was the preferred project for only two of the twelve issue areas. DEIR at p. E-6.

CC3-10

CC3-11

Based upon a comparison between and among the alternative projects, however, the DEIR identified as the two "environmentally superior alternatives" the Jamacha Valley 138 kV/69 kV underground alternative, and the City of Santee 138 kV/69 kV underground alternative. The DEIR stated that these alternatives were selected primarily because undergrounding the 138 kV and 69 kV circuits would "reduce" or "substantially eliminate" long-term and permanent impacts to visual resources. See DEIR at pp. ES-60, ES-61.

CC3-12

The DEIR acknowledged that the comparative analysis that ultimately favored the undergrounding alternatives "placed heavy weighting on long-term and permanent impacts associated with visual resources." DEIR at p. ES-60 (Jamacha Valley alternative); p. 61 (City of Santee alternative). In this connection, the DEIR recognized that if the emphasis had been placed on other issues, the conclusion may have been different. As discussed above, the DEIR did not consider the significant economic impact to ratepayers of increased project costs, continued congestion costs, or foregone economic benefits associated with the project alternatives. This was a major oversight and shortcoming of the DEIR.

It is important to recognize that the alternative undergrounding projects selected in the DEIR would not eliminate all transmission lines from SDG&E's existing right-of-way, and

CC3-13

Comment Set CC3, cont. Border Generation Group

would not eliminate all tower structures from the portions of the right-of-way where 138 kV and 69 kV circuits would be undergrounded. The DEIR recognized that at most, the so-called environmentally superior alternatives would be only marginally preferable to SDG&E's proposed project from the standpoint of visual impacts. The slight environmental benefit of these alternatives, if any, would be far outweighed by the additional costs that would be imposed upon all customers of the CAISO, including customers of SDG&E, as a result of construction delays.

CC3-13

In its April 16, 2004 declaration, SDG&E provided cost estimates for the five alternative projects that were addressed in the DEIR. SDG&E concluded that the Jamacha Valley underground alternative, if approved, would add \$6.67 million to the cost of the Miguel-Mission project, and would impose \$60.8 million of additional congestion costs upon customers in the CAISO control area (\$17.0 million of additional costs on SDG&E ratepayers alone).²² SDG&E further concluded that if the City of Santee underground alternative were to be approved, the additional project cost would be \$6.4 million, and the additional congestion costs would be \$60.8 million for CAISO customers (\$17.0 million of that for SDG&E customers). *Id.*

CC3-14

The information provided by SDG&E shows that the combination of additional project costs and construction delays would impose enormous costs on all SDG&E ratepayers -- and all CAISO ratepayers -- if the Commission were to adopt either or both of the so-called "environmentally superior alternatives." The DEIR improperly failed to assess the severe economic impacts of these so-called environmentally superior alternatives, and thus the DEIR improperly failed to consider whether these alternatives are "feasible" within the meaning of the CEQA guidelines.

²² A.02-07-022, "Declarations of San Diego Gas & Electric Company," p. 2 (filed April 16, 2004).

**Comment Set CC3, cont.
Border Generation Group**

The BGG submits that the two selected undergrounding alternatives are not feasible because they would not attain most of the basic objectives of the Miguel-Mission project within a reasonable period of time. The additional costs cited by SDG&E demonstrate that the undergrounding alternatives should not have been designated as the “environmentally superior alternatives.” Rather, the Commission should find that SDG&E’s proposed project, without modifications, is the environmentally (and economically) superior alternative.

CC3-14

V.

ARGUMENT

- A. The “Comparison of Alternatives” Shows that the So-Called “Environmentally Superior Alternatives” Would be -- at Best -- Only Slightly More Environmentally Friendly than the Proposed Project

CC3-15

The DEIR provided a comparison between SDG&E’s proposed project and each of the five referenced alternatives based upon an analysis of twelve “issue areas.” These “issue areas” included “air quality,” “biological resources,” “cultural resources,” “geology, soils and paleontology,” “hydrology and water quality,” “land use,” “noise and vibration,” “public health and safety,” “public services and utilities,” “socioeconomics,” “transportation and traffic,” and “visual resources.” The DEIR compared SDG&E’s proposed Miguel-Mission project with three Jamacha Valley alternatives, and also compared SDG&E’s proposed project with the two City of Santee alternatives.

1. The Jamacha Valley Alternatives

The DEIR concluded that SDG&E’s proposed project was preferable to the other Jamacha Valley alternatives in seven of the twelve issue areas that were analyzed. See DEIR at pp. E-3, E-4. The so-called environmentally superior alternative -- the Jamacha Valley 138 kV/69 kV undergrounding project -- was preferred in only four of the twelve issue areas. Id. In addition, with respect to an issue area that is not covered by CEQA, the DEIR concluded that

**Comment Set CC3, cont.
Border Generation Group**

CC3-15

undergrounding 3.5 miles of the 138 kV/69 kV would increase exposure to electromagnetic fields compared to SDG&E's proposed project. See DEIR at p. E-2.

Nevertheless, the DEIR concluded that the Jamacha Valley undergrounding alternative was environmentally superior to the proposed project. The DEIR stated as follows:

Though short-term construction impacts would be greater than the Proposed Project because of the slower pace of underground work, this alternative would eliminate the need to construct 14 proposed 138 kV/69 kV poles. The Jamacha Valley 138 kV/69 kV Underground Alternative would substantially eliminate the visual impacts along Willow Glen Drive and from the Cottonwood community near Hillsdale and Vista Rodeo Roads, and it would avoid construction-related disturbance of biological and cultural resources in the existing ROW and reduce soil erosion. It would, however, result in an increased likelihood of disrupting traffic along Willow Glen Drive during construction and an increased likelihood of affecting unknown buried cultural resources because the underground route would be in an area of higher archaeological sensitivity. It would not substantially reduce magnetic levels because they would be dominated by magnetic field emissions from the 230 kV circuits that would not be relocated. In addition magnetic fields would be added [in] the 3.5 mile segment of Willow Glen Drive.

DEIR at p. E-2.

Clearly, the DEIR elevated one issue area -- visual resources -- to a level of greater importance than any of the other issue areas. The DEIR admitted as much. See DEIR at p. E-7. Nonetheless, the DEIR did not find that SDG&E's proposed project presented any "Class I" (significant and unmitigable) impacts to visual resources. Most of the visual impacts of the proposed project would be Class III (less than significant) impacts; the only Class II (potentially significant) impacts would arise from the installation of new steel mono-pole and wood pole structures to support the relocated 138 kV/69 kV circuits. See DEIR at p. D.13-120.

The DEIR stated, however, that the "visual contrasts and degree of visual change resulting from the new 138 kV/69 kV structures would vary substantially depending on viewing

**Comment Set CC3, cont.
Border Generation Group**

distance, angle of view, and the placement of the poles.” DEIR at p. D.13-119. Of course, the visual impact of any new 138 kV/69 kV steel and wood structures in the existing right-of-way must be considered in light of the visual impact of existing and modified structures that are in any event required for the new 230 kV circuit.

CC3-15

Moreover, the DEIR stated that even under the Jamacha Valley 138 kV/69 kV underground alternative, visual impacts would occur where the 138 kV/69 kV lines transition from underground to overhead in order to reconnect to poles in SDG&E’s right-of-way. DEIR at p. D.13-126. The DEIR stated that the new “transition” poles that would be required under the Jamacha Valley undergrounding alternative would result in “long-term visual changes” that would create a Class II (potentially significant) impact. DEIR at p. D.13-127.

Finally, with respect to many other issue areas, the DEIR indicated that SDG&E’s proposed project would be preferable to the Jamacha Valley 138 kV/69 kV underground alternative. With respect to the impact upon “cultural resources,” for example, the DEIR stated that the Jamacha Valley underground alternative had the “highest likelihood of affecting unknown buried cultural resources due to greater ground disturbance and requiring construction to Willow Glen Drive, which may qualify as a historical resource and is in an area of higher archaeological sensitivity.” DEIR at p. E-3. With respect to “air quality,” the DEIR stated that the underground alternative had the “longest duration of construction and disturbance due to underground work near a greater number of residences.” *Id.* In addition, with respect to “public health and safety,” the DEIR stated that the underground alternative would be “more likely to encounter contaminated areas during underground construction within roadways.” *Id.* at p. E-4.

CC3-16

When SDG&E was asked to assess the feasibility of the Jamacha Valley underground alternative, SDG&E stated as follows:

**Comment Set CC3, cont.
Border Generation Group**

[A] preliminary review of the route presents several problems, including but not limited to, circuit clearance problems, conflicts with other underground utilities, the requirement to obtain new right-of-way in order to construct a segment of overhead line outside of SDG&E's existing right-of-way and the possibility of increased EMF levels. All these issues could contribute to a delay of the project in-service date, and not satisfy the project purpose and need.

CC3-16

DEIR at Appendix p. 2-27.

The analysis in the DEIR did not present a compelling case in favor of the Jamacha Valley 138 kV/69 kV underground alternative. Although the visual impacts of this alternative may be slightly reduced due to the proposed undergrounding, the undergrounding alternative still includes the poles and structures that are necessary to support the new 230 kV circuit. Visual impacts in the right-of-way are not eliminated by any means through the Jamacha Valley undergrounding alternative.

Moreover, the DEIR found that SDG&E's proposed project is preferred over the Jamacha Valley underground alternative in seven out of the twelve issue areas analyzed. If the Jamacha Valley underground alternative is environmentally "superior" to the proposed project on an overall basis, it is only marginally superior, at most.

Finally, the DEIR failed to assess the economic consequences if the Jamacha Valley underground alternative is selected. SDG&E cited the right-of-way acquisition process and the potential delay beyond eight-to-ten months if a condemnation action is required. Any further delay of the project would impose substantial additional costs on SDG&E's ratepayers. This factor was not taken into account in determining whether the underground alternative is "feasible" within the meaning of the CEQA guidelines. Had the DEIR taken into account the economic implications of this underground alternative, the DEIR would have concluded that this alternative is not "feasible" within the meaning of the CEQA guidelines.

CC3-17

**Comment Set CC3, cont.
Border Generation Group**

CC3-18

2. The City of Santee Alternatives

Among the twelve “issue areas” that the DEIR examined for the proposed project and the two City of Santee alternatives, SDG&E’s proposed project was found to be the “preferred” project in four of the issue areas, and the City of Santee 138 kV/69 kV underground alternative was found to be the preferred project in only two of the issue areas. (The City of Santee 230 kV overhead northern right-of-way boundary alternative was the preferred choice in five of the issue areas.) See DEIR at p. E-6. Because the undergrounding alternative was the preferred project respecting “visual resources,” however, the DEIR selected the undergrounding alternative as the environmentally superior project. The DEIR conceded that the comparative analysis “placed heavy weighting on long-term and permanent impacts associated with visual resources.” DEIR at p. E-8.

Under the City of Santee 138 kV/69 kV underground alternative, three 138 kV wood and steel poles that are included in the proposed project, and two existing 138 kV wood poles, would be eliminated, and the 138 kV and 69 kV circuits would be undergrounded for 1.35 miles and 0.75 miles, respectively, outside the existing right-of-way. See DEIR at p. C-30.

Although the City of Santee underground alternative would eliminate a total of five wood and steel poles in the SDG&E right-of-way, this alternative would not eliminate the visual impact of transmission lines and poles in the SDG&E right-of-way. The underground alternative would maintain four existing 230 kV lattice towers as well as modify four existing 138 kV/69 kV lattice towers in the right-of-way to accommodate the 230 kV circuit. Furthermore, the City of Santee underground alternative necessitates a new 138 kV transition tower outside the right-of-way and requires two 138 kV/69 kV transition towers within the right-of-way. See DEIR at p. C-31, Figure C-5.

Comment Set CC3, cont. Border Generation Group

SDG&E was asked to evaluate the feasibility of this underground alternative. SDG&E stated:

[T]his alternative also presents several problems, including but not limited to, circuit clearance problems, conflicts with other existing underground utilities and the requirement to obtain new right-of-way for construction of a segment of underground circuit outside of SDG&E's existing right-of-way. All of these conflicts will contribute to a delayed in-service date and thus not meet the project purpose and need.

DEIR at Appendix p. 2-47.

As with the Jamacha Valley underground alternative, the City of Santee underground alternative affords only a marginally better visual impact than the proposed project. Although the 138 kV and 69 kV lines would be placed underground, the 230 kV circuit would extend through the affected right-of-way on existing or modified towers, and would require a new 138 kV transition tower outside the right-of-way. In view of the overall economic costs associated with this underground alternative, including the potential for substantial delays in the project in-service date, the City of Santee alternative is not superior to SDG&E's proposed project.

3. Summary

In the case of both the Jamacha Valley underground alternative and the City of Santee underground alternative, the primary long-term visual benefits would be relocation of a portion of the 138 kV and 69 kV lines to an underground position, and elimination of certain wood and steel poles in the right-of-way that otherwise would be necessary to accommodate both the existing 138 kV/69 kV lines and SDG&E's new 230 kV circuit. These underground alternatives would provide only marginal improvements to the visual impacts of the proposed project, however.

As a threshold matter, the 138 kV and 69 kV lines that would be placed underground are lines that currently are located on existing poles in the right-of-way. In addition, even if the 138

CC3-18

CC3-19

Comment Set CC3, cont.
Border Generation Group

kV/69 kV lines were to be placed underground, most of the existing (or modified) poles would remain in place in order to accommodate a new, 230 kV circuit.

In other words, the undergrounding alternatives would not eliminate visual impacts, but would only reduce the cumulative visual impacts in limited areas of the existing right-of-way. In view of the estimated cost of these alternatives, it would not be reasonable for the Commission to adopt either of these alternatives in place of SDG&E's proposed project.

With respect to SDG&E's proposed project, the DEIR stated that "[t]he construction of new or relocated transmission line circuits would permanently alter the existing visual setting of the project area over the project's lifetime, but would not significantly deteriorate any scenic area or other visual resources, or significantly impact any sensitive visual receptors, such as residences and recreational facilities." DEIR at p. F-2 (emphasis added). In view of the fact that SDG&E's proposed project would not result in any Class I impacts, and in view of the minimal visual improvement that the undergrounding alternatives would produce, the BGG submits that the Commission should not approve the "environmentally superior alternatives" that were identified in the DEIR.

B. The Limited Benefits of the Undergrounding Alternatives are Far Outweighed by the Delays Caused by, and the Overall Cost of these Alternatives

The estimated cost of the Miguel-Mission 230 kV transmission upgrade is \$31.4 million.²³ SDG&E estimated that the total additional cost of constructing the Jamacha Valley underground alternative (\$6.7 million) and the City of Santee underground alternative (\$6.4 million) would be \$13.1 million, or approximately a 42 percent increase in the total cost of the project.²⁴

²³ See footnote 2, *supra*.

²⁴ See footnote 3, *supra*.

CC3-19

CC3-20

Comment Set CC3, cont.
Border Generation Group

CC3-20

The added project costs of these alternatives would be dwarfed, however, by the additional costs (including foregone cost savings) that would result from the delays resulting from right-of-way acquisition and additional construction that these alternatives would require. SDG&E reported that the Jamacha Valley underground alternative could delay the project completion date by eight to ten months.²⁵ SDG&E also reported that the City of Santee underground alternative would delay the project by eight to ten months.²⁶ Because both of these underground alternatives would require right-of-way acquisition, SDG&E stated that any condemnation action would extend the delay substantially beyond eight to ten months.²⁷ Nevertheless, a delay of even eight to ten months would impose enormous costs on SDG&E ratepayers and all ratepayers in the CAISO control area.

As noted above, on April 15, 2004, the CAISO reported in this proceeding that total CAISO redispatch costs resulting from congestion at the Miguel substation were \$34.5 million (on average, \$3.8 million per month) from July 2003 through March 2004.²⁸ Although it is difficult to assess the future cost of congestion management in view of proposals that have been submitted to the FERC, it is likely that SDG&E ratepayers and CAISO ratepayers will continue to bear congestion-related costs until the Miguel-Mission transmission upgrade is complete. The CAISO reported that over the period July 2003 to March 2004, 81 percent of the \$34.5 million in redispatch costs were attributable to the absence of the Miguel-Mission transmission project.²⁹

²⁵ SDG&E's April 16 Declaration, *supra*, at p. 2.

²⁶ *Id.* at p. 9.

²⁷ See SDG&E's May 12, 2004 Comments on the DEIR at p. 9.

²⁸ See CAISO April 5 Declaration, *supra*, at p. 3.

²⁹ *Id.* at p. 4.

**Comment Set CC3, cont.
Border Generation Group**

These congestion-related costs cannot be avoided until the Miguel-Mission transmission project is placed in-service.

CC3-20

SDG&E reported in its March 31 declaration in this proceeding that the Miguel-Mission transmission upgrade and related projects will increase the import limit at the Miguel substation from 1100-1400 MW to 2000-2200 MW.³⁰ The DEIR acknowledged that the increase in import capability at Miguel will facilitate the delivery of competitively-priced power from new generation located east and south of Miguel. See DEIR at p. A-3. It is this increased import capability and competitively priced generation that will produce the economic benefits that provided justification for the Miguel-Mission project in D.03-02-069. These economic benefits will be foregone, however, until the Miguel-Mission transmission upgrade is complete.

CC3-21

SDG&E's April 16 revised declaration showed that the energy cost savings attributable to the Miguel-Mission project will be \$0.8 million per month for SDG&E ratepayers, and \$6.3 million per month for all CAISO ratepayers (2006) once the Miguel-Mission project is complete.³¹ These savings will not be realized, however, for as long as the Miguel-Mission project is delayed.

As the BGG discussed above, the in-service date of the Miguel-Mission project already has been delayed by two years as a result of delays in the Commission's review process. This two-year delay will cost SDG&E ratepayers and CAISO ratepayers tens of millions of dollars in lost energy cost savings and in additional congestion management costs. The Commission should not allow further delays in the Miguel-Mission review process or the construction process.

³⁰ SDG&E March 31 Declaration, *supra*, Table 3, p. 2.

³¹ See A.02-07-022, "Declarations of San Diego Gas & Electric Company," p. 15 (filed April 16, 2004).

**Comment Set CC3, cont.
Border Generation Group**

The environmental benefits associated with the undergrounding alternatives are minimal in the context of the entire transmission upgrade project. These limited environmental benefits would come at a huge expense, however. SDG&E reported that over an eight-month period of delay, the added congestion costs plus the foregone economic benefits would amount to \$17.0 million for SDG&E ratepayers, and \$60.8 million for all CAISO ratepayers.

As noted above, the delay in the in-service date will be substantially longer than eight months if SDG&E is forced to condemn property in order to obtain additional right-of-way. The costs of not having the Miguel-Mission transmission upgrade in place are simply too high to allow any further delay of the project. The project should be approved as proposed by SDG&E.

CC3-22

VI.

**THE OTAY MESA TRANSMISSION PROJECT
SHOULD NOT DELAY THE COMMISSION'S
CONSIDERATION OF THE MIGUEL-MISSION DEIR**

The DEIR stated that it intended to evaluate, "in general terms," the potential impacts associated with SDG&E's proposal, in A.04-03-008, to install a new 230 kV circuit in a vacant position on modified towers for 23 miles between the Miguel substation and Fanita Junction. See DEIR at p. B-2. The DEIR stated that because the second 230 kV circuit proposed in A.04-03-008 would be located on towers proposed as part of the SDG&E's Miguel-Mission transmission upgrade, this is a "reasonably foreseeable" project that could arise from the Miguel-Mission project. Id.

It appears that review of the 23-mile 230 kV circuit between Fanita Junction and the Miguel substation already has delayed the environmental review process in this proceeding. See DEIR at p. A-2. The DEIR properly noted, however, that if the Commission approves SDG&E's proposed 10-year purchased power agreement ("PPA") with Calpine in the "SDG&E RFP" phase of R.01-10-024, the proposed 23-mile 230 kV circuit will be evaluated by the Commission

CC3-23

**Comment Set CC3, cont.
Border Generation Group**

in A.04-03-008, in a “separate comprehensive CEQA document.” DEIR at p. ES-1. The BGG urges the Commission not to allow the proposed transmission project in A.04-03-008 to delay or otherwise interfere with its consideration of the DEIR (or its consideration of other issues) in the Miguel-Mission transmission upgrade proceeding.

CC3-23

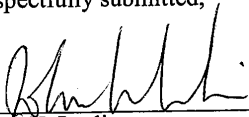
VII.

CONCLUSION

By selecting the Jamacha Valley 138 kV/69 kV underground alternative and the City of Santee 138 kV/69 kV underground alternative as the environmentally superior alternative, the DEIR improperly failed to assess the economic costs associated with these alternative projects. In view of the economic harm that would result from further delay of the Miguel-Mission project, these costly alternatives would not “feasibly attain the key objectives of the project” because the alternatives could not be completed within a reasonable period of time. The alternatives must be eliminated from consideration. The Commission should find that the “environmentally superior alternative” is SDG&E’s project as proposed.

CC3-24

Respectfully submitted,



John W. Leslie
Micah D. Parzen
Luce, Forward, Hamilton & Scripps LLP
11988 El Camino Real, Suite 200
San Diego, California 92130
Tel: (858) 720-6352
Fax: (858) 523-4320
E-Mail: jleslie@luce.com

Attorneys for the Border Generation Group

Date: May 17, 2004

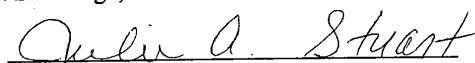
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Comment Set CC3, cont.
Border Generation Group

CERTIFICATE OF SERVICE

I hereby certify that I have served, this day, a copy of the foregoing **COMMENTS OF THE BORDER GENERATION GROUP ON THE DRAFT ENVIRONMENTAL IMPACT REPORT** on the service list for **A.02-07-022** by electronic mail to each party.

Executed on May 17, 2004, at San Diego, California.



Julie A. Stuart

Responses to Comment Set CC3 Border Generation Group

- CC3-1 Issues related to project cost and ratepayer benefits are not addressed under CEQA. Specifically, according to CEQA Guidelines §15131, economic or social effects of a project *per se* are not considered significant effects on the environment. To consider economic or social effects in a CEQA document, there must be an indirect physical effect to the environment resulting from the economic or social effects. If a project's probable economic or social effects have the potential to spur a physical effect which itself had the potential to significantly affect the physical environment, the environmental analysis could then consider the physical impacts associated with the economic or social effect. Project cost and ratepayer benefit issues are addressed in the CPUC's General Proceeding and in the Decision on the project.
- CC3-2 In accordance with CEQA Section 15126.6(f)(1), among the factors that may be taken into account when addressing the feasibility of is economic viability. Regarding economic feasibility, it is acknowledged that underground transmission lines can cost from 5 to 10 times more than overhead lines. However, this does not mean that they are economically infeasible. Also, please see Responses to Comment SD-2 and SD-3 regarding economic feasibility.
- CC3-3 Please see Responses to Comment SD-2 and SD-3 regarding construction scheduling.
- CC3-4 This comment summarizes the interest of the BGG in the Miguel-Mission proceeding and does not require a response.
- CC3-5 This comment summarizes the history of issues surrounding the Miguel-Mission proceeding and does not require a response.
- CC3-6 This comment summarizes the objectives of the Miguel-Mission project and the commenter's concern that it be timely constructed due to the ratepayer benefits. This issue will be addressed in the CPUC's General Proceeding.
- CC3-7 This comment summarizes the Proposed Project, and does not require a response.
- CC3-8 This comment summarizes the alternatives considered in the EIR. It then states that the DEIR improperly failed to consider the economic impacts of the alternatives. With respect to economic feasibility, please see Responses to Comment CC3-2, SD-2 and SD-3. The underground alternatives, while clearly more costly than the Proposed Project, represent a small fraction of the project route and are considered to be economically feasible under CEQA review standards (i.e., CEQA Section 15126.6(f)(1)).
- CC3-9 The commenter is correct that the Lead Agency is not required to select the Environmentally Superior Alternative. In its decision, the CPUC may consider issues beyond environmental concerns, including cost, schedule, community values, and ratepayer interests. Also, please see Response to Comment CC3-8 regarding economic impacts

The commenter is correct in stating that there were no significant, unmitigable (Class I) impacts identified for the Proposed Project or any of the alternatives evaluated. The com-

- menter incorrectly states that no alternative was clearly preferable to the Proposed Project. In Section E.2, the Draft EIR discusses trade-offs between alternatives and the weighing of impacts between short-term construction impacts and long-term permanent impact in the decision of the Environmentally Superior Alternative. See also Response to Comments SD-4 and SD-5. However, as summarized in DEIR Section E.2.3, the two underground alternatives are found to be environmentally superior to the comparable Proposed Project segments.
- CC3-10 Please see Responses to Comments SD-4, SD-5, and SD-263.
- CC3-11 Please see Responses to Comments SD-4, SD-5, and SD-263.
- CC3-12 The comment is correct in its summary of the environmentally superior alternatives and the weighting of long-term impacts over short-term impacts. Project costs and economic benefits are not considered in the CEQA process, but will be considered by the CPUC in its decision. Also, please see Responses to Comment CC3-1 and CC3-2.
- CC3-13 The DEIR's description of alternatives does clearly indicate that the existing lines in the transmission corridor would remain in the ROW, and that the 230 kV circuit would be added, even with the undergrounding of the 138/69 kV circuits. The CPUC's decision will weigh the environmental benefits of the underground alternatives against their additional cost. The Border Generation Group's preference is noted.
- CC3-14 Please see Response to Comment SD-23.
- CC3-15 The analysis of the visual effects of the Jamacha Valley Underground Alternative is presented in DEIR Section D.13.4.1. As summarized in this comment, the analysis in this section does consider the transition stations to be potentially significant impacts, and mitigation is recommended to reduce their visibility. Also refer to General Response GR-5 for a discussion of aesthetic effects and Response to Comment SD-4 regarding weighting of various impacts and comparison of alternatives.
- CC3-16 The DEIR does conclude that impacts primarily related to construction would be greater for the underground alternative than for the Proposed Project. However, as pointed out in the DEIR, these impacts would be short-term and mitigable, while the visual impacts would exist over the life of the project, which could easily be 50 years or more. The DEIR clearly lays out the impacts in each issue area. As stated in the Response to Comment CC3-9, the decision of the CPUC may consider other factors, such as economic benefits, besides the environmental impacts.
- CC3-17 Please see Response to Comments SD-3 and SD-4.
- CC3-18 The issues raised by the commenter regarding the Santee Underground Alternative are similar to those raised on the Jamacha Valley Underground Alternative. Please see Responses to Comments CC3-15 through CC3-17.
- CC3-19 The commenter is correct that the existing 138/69 kV lines that would be placed underground are currently on overhead towers. However, the installation of these lines underground would eliminate the need for construction of new towers for the 230 kV circuit in the existing corridor. Therefore, there is the elimination of a visual impact associated with the proposed project. The commenter is also correct that the visual resources analysis did not

- identify any Class I (significant and unmitigable) impacts. The commenter's position regarding project approval is noted.
- CC3-20 The balancing of project benefits with environmental impacts and costs will be presented in the CPUC's decision on the project. Also, please see Responses to Comments CC3-2, SD-2 and SD-3 regarding cost issues.
- CC3-21 Issues related to power import capability and economic benefits are described briefly in DEIR Section A for the information of readers, but these issues are not considered in the EIR's conclusions. These issues would be considered separately by the CPUC in the General Proceeding.
- CC3-22 Please see Responses to Comments CC3-2, CC3-20, SD-2, and SD-3 regarding cost issues.
- CC3-23 The DEIR analyzes the impacts of installation of a second 230 kV circuit to the Miguel-Mission corridor. This project component was proposed by SDG&E in the recently-filed Otay Mesa Power Purchase Agreement Project. The delay in consideration of this second circuit resulted from SDG&E's submittal of information as an Amendment to the Miguel-Mission Project, and then later withdrawing it. The Otay Mesa Project will be considered by the CPUC in a separate process that is now underway in Application A.04-03-008.
- CC3-24 Please see Response to Comment SD-2 and SD-3.

**Comment Set CC4
Barratt American, Inc.**



May 17, 2004

Mr. Michael R. Peevey
President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Comment on the Draft EIR for the Miguel-Mission 230KV # 2 Project

Dear President Peevey:

Barratt American, Inc. is the owner of the 2,589 acre Fanita Ranch within the City of Santee across which the San Diego Gas & Electric (SDG&E) company proposes to:

- 1.) Install a 230kV circuit
- 2.) Relocate the existing 138 kV and 69 kV circuits on a new alignment
- 3.) Substation modifications.

It is our understanding that SDG&E intends to carry out this work entirely within the 2.5 miles length of the existing right of way across Fanita Ranch.

Fanita Ranch is under the City of Santee's General Plan designated for Planned Development (PD). The Guidelines in the General Plan anticipate a high quality residential community. Barratt's development plans are a 'work in progress' with ongoing input from the citizens of Santee.

The specific location of residential neighborhoods, parks, schools and other public amenities has not been determined but we are extremely concerned about the impact of SDG&E's proposed project on our community for health, safety, and aesthetic reasons.

We are equally concerned about the same impacts to the existing neighborhoods adjacent to our property and to those Santee residents who live with these concerns already. SDG&E's proposed project could also be detrimental to their quality of life and well-being.

In summary, we are concerned about the visual effects of more poles and lines, the possible damaging effects of exposure to electromagnetic frequencies and the increase in noise and vibrations that may be caused by the proposed SDG&E project to all residents within close proximity both now and in the future. We urge you to bury these transmission lines underground

CC4-1

CC4-2

Santee Town Center
235 Town Center Parkway, Suite A&B • Santee, CA 92071
Tel (619) 956-0821 • Fax (619) 956-0816

Comment Set CC4, cont.
Barratt American, Inc.

for their full length within the City of Santee. And we fully support the City of Santee's position in this regard.

We are pleased to have the opportunity to comment on the DEIR. Should you wish to contact me, please do not hesitate to call.

Sincerely,



Nick Arthur
Project Manager, Fanita Ranch

Cc: President Michael R. Peevey
Commissioner Carl Wood
Commissioner Geoffrey F. Brown
Commissioner Loretta Lynch
Commissioner Susan P. Kennedy

Honorable Randy Voepel
Councilmember Jack Dale
Councilmember Brian Jones
Councilmember John Minto
Councilmember Hal Ryan
Keith Till, City Manager
Douglas Williford, Planning Director

CC4-2

Responses to Comment Set CC4

Barratt American, Inc.

CC4-1 As discussed in Response to Comment E-1, Section F (Other CEQA Considerations) analyzes the cumulative impacts of the Proposed Project in conjunction with other past, present, or probable future projects. Therefore, the Cumulative Project Table (Table F-1) has also been modified to include the Fanita Ranch development. Please refer to Response to Comment E-3 for a discussion of land use and cumulative impacts.

Please refer to Section D.9 (Public Health and Safety) for a discussion of the health effects of the Proposed Project and General Response GR-2, which specifically addresses EMF.

The Proposed Project would include the relocation of the 138 kV and 69 kV circuits on wood and steel pole structures and the installation of the 230 kV line on replaced or modified lattice towers. Implementation of Mitigation Measures V-1 through V-6 would reduce all potential visual impacts to less than significant levels. These measures, which are listed in Table 13-9 on page D.13-130 of the Draft EIR, include mitigation that would act to minimize potential visual impacts, such as ensuring the conductors do not cause view obstructions from residences, using screening around construction staging areas, and minimizing ground disturbance to landscaping, etc. In addition, two underground alternatives were carried forward for full analysis in the Draft EIR: the Jamacha Valley 138 kV/69 kV Underground Alternative, discussed in Section C.4.2.1 (see page C-9), and the City of Santee 138 kV/69 kV Underground Alternative, discussed in Section C.4.2.4 (see page C-30). The EIR analysis in Section E (Comparison of Alternatives) concluded that the underground alternatives, including one within the City of Santee, are preferable to SDG&E's Proposed Project and these route modifications have been incorporated into the Environmentally Superior Alternative. Please refer to General Responses GR-3 and GR-5 regarding undergrounding transmission lines and aesthetic effects, respectively.

CC4-2 The commenter's support for underground transmission lines is noted. Please see Response to Comment CC4-1 and for a discussion of noise and vibration please refer to Response to Comment 10-3, as well as Section D.8.3 for noise and vibration impacts of the Proposed Project. Impact N-2 (Construction activity would temporarily cause groundborne vibration) specifically addresses vibration impacts.