



February 22, 2018

Citizens Comments on S-Line Upgrade

The CAISO has stated its intention in its 2017-2018 Transmission Plan to pursue the upgrade of the Imperial Irrigation District S-Line between IID's El Centro substation and SDG&E's Imperial Valley substation. Citizens Energy Corporation appreciates this opportunity to comment on the proposed upgrade.

The CAISO envisions that "a CAISO PTO" would facilitate the upgrade. Citizens believes that Citizens is the ideal PTO to assist the CAISO and IID achieve the CAISO's objective.

Citizens is a nonprofit company whose purpose is to make life's necessities more affordable for poor people. As the following examples of its activities demonstrate, Citizens has gained extensive experience not only in pursuing its corporate purpose but also financing the development of new CAISO transmission.

First, since July 2012, Citizens has been a CAISO PTO in partnership with SDG&E once the Sunrise Power Link went into service. Citizens financed 50% of the Sunrise line in Imperial County at a cost of \$85,194,000. Since inception, Citizens has invested \$8,186,000 of its profits earned as a PTO for Sunrise, funding no-cost rooftop solar installations for low income customers of IID. Further, Citizens recently agreed with IID to further assist their low income consumers by developing a 30 MW community solar project and selling the output at effectively two-thirds of its price (by selling 20 MW at a competitive wholesale price and providing the remaining 10 MW at no cost funded from its Sunrise profits – with all the power virtually net-metered to IID's low income ratepayers).

Second, Citizens has completed definitive documents and binding agreements with PG&E and Berkshire Hathaway Transmission to participate as a PTO in the Gates-Gregg Line, a competitively bid CAISO transmission project. Citizens anticipates that its financing responsibility will be approximately \$44,000,000. FERC has approved Citizens' rate methodology for that project. (157 FERC ¶ 61,150 (2016)). As with its involvement in the Sunrise Powerlink, 50% of Citizens' profits from Gates-Gregg will be invested to benefit low income consumers with their energy needs, specifically in the greater-Fresno area.

Third, Citizens has also completed definitive documents and binding agreements to participate as a PTO and share financing responsibility with SDG&E in the Sycamore-Penasquitos Project, also a competitively bid CAISO transmission project. Citizens anticipates that its financing responsibility will be approximately \$27,000,000. Citizens has pending before FERC a petition for approval of its rate methodology which is virtually identical to the rate methodology FERC has already approved for Citizens for both the Sunrise and Gates-Gregg Projects. Citizens has committed 50% of its profits from this project to enhance access to zero-emission transportation options for low income consumers in SDG&E's service territory.



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Given Citizens' substantial experience in transmission development structuring and finance and acting as a CAISO PTO, Citizens believes it can effectively work with the relevant parties of the S-Line Upgrade to achieve their mutual objectives. This would include financing the facilities the CAISO and IID decide are needed to achieve the incremental transmission capacity desired and dedicating that capacity to the CAISO as Citizens has done in the above projects. Given Citizens proven record of cooperation with SDG&E, Citizens would also envision effectively working with SDG&E on development of its respective terminal facilities upgrade. Finally, depending on what the parties require beyond the upgrade itself, Citizens would look forward to assisting in the development and financing of additional facilities to support and enhance the S-Line Upgrade.

As in its other transmission projects, Citizens would commit to invest a substantial amount of its profits to assist low income electric consumers affected by the S-Line Upgrade. For all of these reasons, Citizens believes that it is the ideal PTO to assist the CAISO and IID achieve their objectives in the S-Line Upgrade.

Respectfully Submitted:

A handwritten signature in blue ink, appearing to read "Peter F. Smith", followed by a horizontal line.

Peter F. Smith
Chief Executive Officer