



## 2017-18 Transmission Planning Process – Supplemental Comments

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PG&E provides the following supplemental comments to provide further clarification on issues in the on-going 2017-18 Transmission Planning Process (TPP).

### 1. AFUDC that accumulates during project deferral is not a customer expense

During the TPP stakeholder meeting held on November 16, CAISO staff indicated in response to a stakeholder question that the Gates-Gregg project is currently accruing Allowance for Funds Used During Construction (AFUDC) cost while the project is in deferral status. PG&E wishes to make a further clarification on this point.

In January 2016, the CAISO released its draft 2016-17 Transmission Plan that recommended halting further development of the Gates-Gregg 230kV Transmission Line Project until the need for the project could be re-evaluated. This led PG&E and Berkshire Hathaway Transmission to stop work and place the project accounts into deferred status. PG&E in accordance with its Utility Standard FIN 3807S placed the project accounts into deferred status beginning in March, 2017. By suspending all development work and placing the accounts into deferred status, all project charges were stopped. While AFUDC charges continue to accumulate during the deferral time period, the cost of capital (i.e. AFUDC) is paid for by utility shareholders, not customers.

In the event the Project were reactivated in a future TPP and brought out of deferral, the accounts would be placed back into active status and AFUDC charges to the project accounts would resume. However, AFUDC costs that were paid for by shareholders during the period of deferral are not assigned back to the Project upon resumption of work and would not be charged to customers.

### 2. Recommend moving forward with the Kearney - Caruthers 70 kV Line Reconductoring project

At the November 16 TPP stakeholder meeting the CAISO staff also presented that it was recommending canceling without any further action the Kearney - Caruthers 70 kV Line Reconductoring Project as no need was identified in the reassessment of the project. PG&E requests the CAISO to not cancel this project and to proceed with its original scope.

CAISO analysis is correct in that the local system set up studied as part of the reassessment of the project would not show a reliability concern, however, there is currently a load customer at Lemoore 70 kV for which PG&E is contractually obligated to serve through either the primary feed (Henrietta 70 kV) or the back-up feed (Caruthers 70 kV). In fact, the Caruthers-Lemoore 70 kV line was built to provide the back-up feed pursuant to the contract. Consequently, if the customer were to be served through the back-up feed at Caruthers 70 kV, the



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Kearney-Caruthers 70kV line would exceed its thermal rating. In 2017, had the customer asked to be transferred to its back-up source, the line would have loaded up to 129% of its current summer normal rating. The future load for this customer could also potentially increase which could exacerbate the potential normal overload. As such, PG&E requests CAISO to not cancel the Kearney - Caruthers 70 kV Line Reconductoring Project in order for PG&E to proceed with the reconductoring work.

### **3. PG&E Support for Smart Wires' Vaca Dixon – Lakeville Corridor Smart Wires Project**

Per the PG&E letter sent to CAISO on November 30, 2017, PG&E wishes to support the Smart Wires' Vaca Dixon – Lakeville Corridor Smart Wires Project which was submitted in the 2017-2018 TPP Request Window. PG&E sees this type of solution as innovative, flexible, cost effective, and the best overall option to resolve the identified overload.