



October 8, 2004

Attn: Commission's Docket Office
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: Docket # A.02-07-022 – Application of San Diego Gas & Electric Company (U 902 E) for a Certificate of Public Convenience and Necessity for the Miguel – Mission 230kV #2 Project

Dear Clerk:

Enclosed for filing please find an original and five copies of the Response of the California Independent System Operator Corporation to San Diego Gas & Electric Companies Response to Administrative Law Judge's Ruling Soliciting Information in Docket # A.02-07-022.

Please date stamp one copy and return to California ISO in the self-addressed stamped envelope provided.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Grant A. Rosenblum" with a small mark at the end.

Grant A. Rosenblum
Regulatory Counsel

Cc: Attached Service List

**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

**RESPONSE OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION TO SAN DIEGO
GAS & ELECTRIC COMPANY'S RESPONSE TO
ADMINISTRATIVE LAW JUDGE'S RULING
SOLICITING INFORMATION**

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Attorney for the
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Dated: October 8, 2004

**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

**RESPONSE OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION TO SAN DIEGO
GAS & ELECTRIC COMPANY'S RESPONSE TO
ADMINISTRATIVE LAW JUDGE'S RULING
SOLICITING INFORMATION**

The California Independent System Operator ("ISO") respectfully submits this response to the information provided by San Diego Gas & Electric Company ("SDG&E") on September 30, 2004, in compliance with Administrative Law Judge Kim Malcom's September 22, 2004, Ruling Soliciting Information regarding the Miguel-Mission 230 kV#2 project ("Miguel-Mission").

As previously set forth in the ISO's correspondence to the Commission, dated September 9, 2004, the ISO strongly supports SDG&E efforts to modify Miguel-Mission to expedite the in-service date for the approved 230kV prior to the currently anticipated in-service date of July 2006. The ISO intends to submit an analysis in response to SDG&E's Petition for Modification of Decision 04-07-026, filed on September 30, 2004, that addresses the engineering and system operation aspects of SDG&E's specific temporary proposal. Here, the ISO simply expresses its concurrence with several points made by SDG&E in its response to ALJ Malcom.

First, the ISO agrees with SDG&E's estimate of potential cost benefits from expediting the in-service date of the Miguel-Mission 230 kV line. As noted by the ISO in its September 9, 2004 letter, total redispatch costs at the Miguel Substation total approximately \$47.5 million for the period July 1, 2003 through June 30, 2004. An internal assessment by the ISO suggests that installation of the second Miguel Substation transformer bank, scheduled for December 2004, may provide for approximately 50-60% of the anticipated real-time congestion relief. The new transformer bank alone, however, is not anticipated to have a significant effect on reducing the dispatch of Reliability-Must-Run ("RMR") resources. The added transfer capacity from installation of the 230kV line will not only provide further congestion relief, but also allow for the anticipated reduction in RMR dispatch. Thus, SDG&E's estimate of net savings of approximately \$8-13 million from the proposal is reasonable such that ratepayers will enjoy substantial financial benefits from expediting the in-service date of the 230kV line.

Second, the opposite is also true - any delay in completion of the Miguel-Mission project conflicts with ratepayer interests. SDG&E succinctly notes that "the purpose of the [petition for modification] is to present a way to relieve congestion earlier, not later." Accordingly, the ISO echoes SDG&E's concern that the Commission not allow the proposed modifications to trigger reconsideration of issues fully litigated and decided or otherwise delay the in-service date of the Miguel-Mission project. Similarly, in order to prevent delay of the project generally and realize the benefits of SDG&E's proposed modifications, the Commission must act promptly on SDG&E's petition during the current "window of opportunity." The ISO, therefore, supports SDG&E's request that that Commission: (1) shorten time for responses to the petition for modification to fifteen

days and (2) direct Commission staff to promptly determine whether an addendum or supplement to the Environmental Impact Report is required.

Respectfully submitted,

By: 
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CERTIFICATE OF SERVICE

I hereby certify that I have served, by electronic mail, a copy of the foregoing Response of the California Independent System Operator Corporation to San Diego Gas & Electric Companies Response to Administrative Law Judge's Ruling Soliciting Information to each party in Docket No. A.02-07-022.

Executed on October 8, 2004, at Folsom, California.



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An Employee of the California
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