

**PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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

**PREHEARING CONFERENCE STATEMENT
OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR**

Charles F. Robinson, General Counsel
Grant A. Rosenblum, Regulatory Counsel
California Independent System Operator
151 Blue Ravine Road
Folsom, CA 95630
Telephone: 916-351-4400
Facsimile: 916-351-2350

Attorneys for the
California Independent System Operator

Dated: February 3, 2004

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In accordance with the Administrative Law Judge’s (“ALJ”) January 8, 2004 Ruling Setting Prehearing Conference (“January 8 Ruling”), the California Independent System Operator (“CAISO”) respectfully submits this prehearing conference (“PHC”) statement. The January 8 Ruling states that the purpose of the PHC is to establish a procedural schedule in anticipation of the issuance of the Draft Environmental Impact Report (“EIR”) and that parties should therefore be prepared to address: 1) the timing of the service of testimony in relation to the timing of the issuance of the Draft EIR; 2) the anticipated need for and duration of evidentiary hearings; and 3) the briefing schedule.

The CAISO believes that any procedural schedule adopted by the Presiding Judge should expedite, to the greatest extent possible, the final decision on San Diego Gas & Electric Company’s (“SDG&E”) application in this proceeding. At the very latest, the procedural schedule should allow the Commission to issue its decision by June 1, 2004.

The CAISO has repeatedly expressed alarm that Intra-zonal congestion at the Miguel substation in SDG&E’s service territory would degrade system reliability and increase electricity costs borne by ratepayers. These concerns materialized beginning in July 2003 when additional generation capacity at the California/Mexico border commenced operation. The CAISO is aggressively moving forward in its efforts to replace its current congestion management system. However, until a new system is implemented, the CAISO must continue to manage Intra-zonal congestion by redispatching resources in Real-time at significant cost to ratepayers and burden to

CAISO operations staff. The cost to ratepayers of managing Intra-Zonal congestion in the Miguel substation area is presently running approximately \$4 million per month on average. The completion of the Miguel-Mission project will assist in relieving the adverse reliability and financial effects of this chronic congestion.

Yet, the determination of a procedural schedule at this time appears premature and uncertain in scope. Rule 17.1, subdivision (g)(1), of the Commission's Rules of Practice and Procedure permit the completion and certification of a Draft EIR as a Final EIR without an evidentiary hearing absent the filing of a protest or motion for public hearing within 30 days of notice of completion of the Draft EIR. The CAISO is aware of public concerns as recorded in the Public Scoping Report published by Aspen Environmental Group in December 2003. These concerns may or may not manifest themselves in timely protests or motions and, even then, Rule 17.1 grants the Presiding Judge discretion whether to hold a public hearing requirement. The CAISO believes that the critical need to expedite the decision on the Miguel-Mission 230kV project justifies utilizing the ex parte process regardless of the presence of timely protests or motions. On this basis, a PHC to set a procedural schedule for an evidentiary hearing on the Draft EIR is premature. If, however, the ALJ has set this PHC based on an already made decision to forego the ex parte process regardless of the presence of protests or motions for a public hearing, the CAISO respectfully requests reconsideration of that position.

The CAISO further submits that an evidentiary hearing on the merits of the application is also not necessary. No party filed a protest to SDG&E's application and issues regarding need and projects costs have been decided.¹ As such, the CAISO believes that the record is sufficient to allow the Presiding Judge to not only certify the Final EIR, but also present a proposed decision to the Commission.

¹ D 03-02-069.

Alternatively, should the Presiding Judge believe a hearing schedule is necessary, a procedural schedule should be adopted that allows any hearing to commence following the minimum time prescribed by Rule 17.1, and, if necessary, the Presiding Judge should limit the scope of issues subject to hearing to allow a Commission decision by June 1, 2004. Indeed, given the ongoing harm to ratepayers that will be exacerbated by delay in approving the Miguel-Mission 230 kV project, it is appropriate to narrow and expedite environmental review to the maximum extent permitted.

February 3, 2004

Respectfully Submitted:

By: 

Grant A. Rosenblum
Attorney for
California Independent System Operator

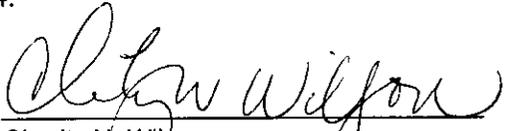
Charles F. Robinson, General Counsel
Grant A. Rosenblum, Regulatory Counsel
California Independent System Operator
151 Blue Ravine Road
Folsom, CA 95630
Telephone: 916-351-4400
Facsimile: 916-351-2350

Attorneys for
California Independent System Operator

PROOF OF SERVICE

I hereby certify that on February 3, 2004, I served, by electronic and U.S. mail, the Prehearing Conference Statement of the California Independent System Operator in 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.

DATED at Folsom, California on February 3, 2004.


Charity N. Wilson
An Employee of the California
Independent System Operator

JULIE A MILLER, ATTORNEY AT LAW
SOUTHERN CALIFORNIA EDISON COMPANY
2244 WALNUT GROVE AVE
ROSEMEAD, CA 91770

JOHN W LESLIE, ATTORNEY AT LAW
LUCE, FORWARD, HAMILTON & SCRIPPS, LLP
600 WEST BROADWAY, SUITE 2600
SAN DIEGO, CA 92101

THEODORE ROBERTS, ATTORNEY AT LAW
SEMPRA ENERGY
101 ASH STREET, HQ 13D
SAN DIEGO, CA 92101-3017

James E Scarff,
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
LEGAL DIVISION, ROOM 5121
SAN FRANCISCO, CA 94102-3214

Maria E Stevens
CALIF PUBLIC UTILITIES COMMISSION
320 WEST 4TH STREET, SUITE 500
EXECUTIVE DIVISION
LOS ANGELES, CA 90013

Peter V Allen
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
DIVISION OF ADMINISTRATIVE LAW JUDGES,
ROOM 5022
SAN FRANCISCO, CA 94102-3214

Roosevelt A Grant
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
EXECUTIVE DIVISION, ROOM 5215
SAN FRANCISCO, CA 94102-3214

Steven C Ross
CALIF PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
ELECTRICITY RESOURCES AND PRICING
BRANCH, ROOM 4209
SAN FRANCISCO, CA 94102-3214

CLARE LAUFENBER GALLARDO
CALIFORNIA ENERGY COMMISSION
1516 NINTH STREET, MS 46
SACRAMENTO, CA 95814