

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

In the Matter of the Application of San Diego
Gas & Electric Company (U 902-E) for a
Certificate of Public Convenience and Necessity
for the Sunrise Powerlink Transmission Project

Application No. 05-12-____
(Filed December 14, 2005)

**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE SUNRISE
POWERLINK**

E. Gregory Barnes
Attorney for

**SAN DIEGO GAS & ELECTRIC
COMPANY**
101 Ash Street
San Diego, California 92101
Telephone: 619/699-5019
Facsimile: 619/699-5027
E-Mail: gbarnes@sempra.com

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Pursuant to California Public Utilities Code § 1001, the Commission’s General Order (“GO”) 131-D, and the Commission’s Rules of Practice and Procedure, San Diego Gas & Electric Company (“SDG&E”) respectfully submits this application for a Certificate of Public Convenience and Necessity (“CPCN”) granting authority to construct and operate the Sunrise Powerlink, a 500 kV electrical interconnection with the Imperial Valley (“Sunrise Powerlink” or “Project”) by 2010. In addition, so SDG&E can complete a robust public participation process to select the best route for the project, SDG&E requests, per Commission Rule 87, that the Commission commence its determination for the need of the project now, but permit SDG&E to defer filing the Proponent’s Environmental Assessment (“PEA”) for the project, as well as certain other route-specific requirements. SDG&E will complete the Commission’s CPCN requirements in a subsequent filing after the public process initiated by SDG&E has identified a route for the project. We detail below why the Sunrise Powerlink is needed and how this staged application will facilitate this project’s fair and efficient adjudication by the Commission.

I.
INTRODUCTION

A. This cost-effective project is needed by 2010 for grid reliability, to meet renewable energy goals, and to mitigate overall energy costs.

San Diego is the nation's seventh largest city and the nation's sixth largest county with an economy producing in excess of \$70 billion of goods and services per year. Yet it depends on a single 500 kV line and a small set of 230 kV lines tied to the larger transmission network (or "grid") outside the San Diego area to obtain the electricity imports needed to support its economy. Among the large electric service areas in the State, only the San Diego region is so underserved.¹

SDG&E's most recently approved long-term resource plan identifies a need for a second 500 kV transmission interconnection to meet the grid reliability requirements of the California Independent System Operator ("CAISO") in 2010.² SDG&E's plan also demonstrates that such a line would provide additional benefits such as supporting SDG&E's ability to meet its 2010 renewables targets, and mitigating energy costs by reducing RMR³ and congestion costs.

Commission Decision No. ("D.") 04-12-048 (December 16, 2004) approved SDG&E's resource

¹ Significantly, the population and economic figures cited above do not include southern Orange County, where SDG&E also provides electric service. Note that other regions of California are served by approximately fifty 500 kV lines. Today, the only 500 kV line serving the San Diego area is the Southwest Powerlink ("SWPL").

² D.05-10-014 at p. 21.

³ "Reliability-Must-Run" describes contracts between the ISO and generators in certain constrained areas that require such generators to be available and run at the ISO's direction. The costs of RMR contracts are borne by the customers within the utility service area. See Vol. 2, Chapter V at pp. V-3, V-4 of this application.

plan, and in so doing, specifically endorsed conducting a detailed analysis of the 500 kV interconnection:⁴

While we do not approve SDG&E's 500 kV transmission line here, we do acknowledge the lengthy process needed to plan, license and construct transmission, and thus encourage SDG&E to continue its planning efforts and move forward with evaluating these transmission alternatives for meeting a local resource deficiency by 2010.

Consistent with this encouragement, SDG&E has aggressively evaluated its options, a process culminating in this application.

In sum, SDG&E, the San Diego region, and the State of California need this project for three vital reasons:

- To Maintain Reliability;
- To Promote Renewable Energy; and
- To Reduce Energy Costs.

Maintain Reliability: The Sunrise Powerlink will enable SDG&E to address a potential grid reliability shortfall in 2010 identified in D.04-12-048. It will enable the San Diego transmission system to satisfy the CAISO's fundamental G-1/N-1 reliability requirement starting in 2010,⁵ thereby allowing SDG&E and other Load Serving Entities ("LSEs") within the San Diego area (i.e. energy service providers and potential community choice aggregators) to reliably serve their customers during periods of unanticipated high energy demand. The project will also

⁴ D.04-12-048 at p. 228, finding of fact 9; see also *id.* at p. 45.

⁵ Without the Sunrise Powerlink or some other equivalent resource, SDG&E will be unable to meet the CAISO's "G-1/N-1" adverse weather reliability requirement. This "G-1/N-1" standard requires a defined area system to withstand the simultaneous outage of its largest generating unit and largest interconnection, and be able to withstand the *next* most critical transmission outage, without dropping load. The CAISO's reliability criteria are set forth in Section II.3 of the February 7, 2002 *California ISO Planning Standards*. The requirement to apply the G-1/N-1 reliability criteria under adverse weather conditions is described under "Projected Customer Demands" in Section IV of the document.

allow increased flexibility in operating California's transmission grid and provide additional import capability that may be urgently needed during a major outage or emergency event.

Promote Renewable Energy: The Sunrise Powerlink will provide California consumers access to renewable geothermal and solar resources in the Imperial Valley and wind and other renewable resources in San Diego County, and will encourage renewable development by giving such resources economical access to customer load. The Commission has formally adopted the state's Energy Action Plan ("EAP") goal requiring California's investor-owned utilities to procure 20% of their electric retail sales from renewable resources by the year 2010,⁶ and is considering the feasibility of achieving a goal of 33% by 2020.⁷ The Sunrise Powerlink facilitates the ability of SDG&E and other LSE's to achieve these goals.

Reduce Energy Costs: The Sunrise Powerlink is cost-effective for California electricity customers and will produce over \$200 million per year in savings by way of reduced energy costs. By reducing congestion costs and losses, CAISO consumers⁸ will be able to access lower cost sources of power in the desert Southwest at reasonable prices and, at the same time, the improved access offers developers of conventional power plants an incentive to build new, efficient, generating capacity. Increasing the ability to import power into the San Diego area will reduce the amount of in-area generating capacity needed for local reliability, thus reducing RMR contract costs and the subsidies to older, less-efficient, in-area generation. The project will also

⁶ Senate Bill ("SB") 1078 requires retail sellers of electricity, including SDG&E, to increase their procurement of renewable energy by 1% per year, achieving 20% of electric sales procured from renewables by 2017. The EAP strives to attain the 20% goal by 2010 rather than 2017, and EAP II sets 33% by 2010 as a goal. R.04-04-026 formalized the 2010 goal.

⁷ EAP II, key action no. 5, p. 8.

⁸ More specifically, the benefits accrue to ratepayers who receive transmission service from facilities that are under the operational control of the CAISO.

enhance competition among the generating companies that supply power to California, putting downward pressure on energy costs.

SDG&E submits as Volume 2 of this application a report comprehensively demonstrating the purpose and need for the Sunrise Powerlink. This report will serve as prepared direct testimony supporting the application, and, to that end, a witness/sponsor is identified for each section of the report. The report will be verified by the sponsoring witnesses, either under oath at evidentiary hearings, or by declaration.

B. Determining need now will help realize timely construction of the Project.

Because an infrastructure project of this magnitude will inevitably concern nearby communities and raise environmental issues, SDG&E has commenced a robust public participation process to help select the best route for the project. SDG&E expects to complete this thorough but time-consuming effort by summer of 2006, and will file a PEA along with other route-dependent CPCN requirements.⁹ But SDG&E is prepared *now* to demonstrate that there is a purpose and need for the project. An affirmative determination of need for the Sunrise Powerlink as early as is practical will enable SDG&E to commence the detailed engineering and design of the project without delay, helping to address the potential grid reliability shortfall in 2010, meet SDG&E's and the state's 2010 RPS goals, and begin to deliver the economic benefits of the project as soon as the line goes into service.¹⁰ Below we describe how SDG&E is involving the public in the Sunrise Powerlink's route selection, and how the public interest is advanced if the Commission permits SDG&E to prove need now.

⁹ We detail below at Section II the specific filing requirements we seek to defer pending route selection.

¹⁰ It is not uncommon for the Commission to adjudicate purpose and need for a transmission project separately from a CPCN. See, e.g., *In re Miguel Mission #2* A.07-022; *In re Otay Mesa Power Purchase Agreement Transmission Project*, A.04-03-008.

1. SDG&E Has Initiated Public Involvement in Route Selection

For the Sunrise Powerlink, SDG&E has departed from the traditional practice used to site major transmission projects, whereby public comment from local communities and regional stakeholders is gathered *after* the applicant has selected the preferred and alternate route, and has completed preliminary engineering and environmental studies. Beginning in 2004, SDG&E initiated an aggressive community outreach and public involvement program to consult elected officials, community leaders and the general public before selecting a final route and alternate route for the Sunrise Powerlink.

As part of this effort, SDG&E has also invited over 150 key regional leaders, including elected officials, state and federal resources agencies, energy regulators, consumer advocates, business and environmental groups and other community leaders to participate in a series of public “Community Working Groups” in San Diego and Ramona. The Community Working Groups are designed to give local decision-makers the opportunity to provide input on routing and other issues related to Sunrise Powerlink before specific routes are pursued. To date, SDG&E has held four Community Working Groups and plans to host more meetings in early 2006. The Community Working Groups are open to any member of the public.

Additionally, SDG&E has held eight public open houses in the communities of Scripps Ranch, Valley Center, Ramona and Borrego Springs. Five more open houses will be scheduled for early 2006. Invitations for the open houses are emailed to elected officials, local community groups and other interested parties. SDG&E further publicized the open houses by: mailing notices to over 80,000 property owners within the project study area; placing advertisements in all local newspapers; and posting meeting notices in highly-traveled public areas such as post

offices, libraries and community centers. The local broadcast media has also been notified of all public meetings.

In addition to these public meeting forums, interested parties also have the option to provide input on the Sunrise Powerlink via phone by calling the project hotline number (877-775-6818) or email (sunrisepowerlink@sdge.com). SDG&E also established a Sunrise Powerlink project website www.sdge.com/sunrisepowerlink where interested parties can download fact sheets, frequently asked questions, maps and other project information. A section of the website provides the public an opportunity to submit comments that will be used in the route selection process.

2. This two-stage application will enhance administrative efficiency.

While no specific route has been selected at this time, SDG&E has prepared project cost estimates using study corridors identified based on existing linear features wherever possible (such as existing rights-of-way or other siting opportunities). As detailed in Chapter II of the report, SDG&E has developed an estimated cost range bounded by a “low-end” and “high-end”. This will permit the Commission to determine whether there is a need for the project using the cost range to inform its decision-making. In the meantime, so that the Commission can begin now the process of retaining an environmental consultant and can work with such consultant prior to filing of this project’s PEA, SDG&E has agreed to reimburse the Commission for such pre-PEA consulting work.¹¹ The need adjudication is often the most time-consuming part of the CPCN process, and by starting now, SDG&E believes it is possible for the Commission to first

¹¹ Pursuant to GO 131-B and Rule 17.1, the Commission is lead agency for review of Sunrise under the California Environmental Quality Act (“CEQA”), and as such is responsible for preparing an Environmental Impact Report (“EIR”) for the project. This will permit start of the project EIR process while the need determination is pending.

determine need for the project by the 3rd quarter of 2006 and then approve the route for the line and ultimately decide this application by late Spring, 2007.¹²

To this end, pursuant to Rules 2.1(b), 45 and 87, SDG&E files concurrently herewith a “motion to set procedures and to defer certain filing requirements” asking the Commission to (1) postpone, pending completion of route selection for the Sunrise Powerlink, those CPCN requirements, including the PEA, specifically dependent on route selection, and (2) convene an early prehearing conference to set further procedures.

II. COMPLIANCE WITH GO 131-D REQUIREMENTS

GO 131-D (Sections IX, X and XI), adopted by the Commission in D.94-06-014 as modified by D.95-08-038, requires an applicant for a CPCN to include in its application a variety of information. This information follows in the order in which it is listed in GO 131-D. Because, as noted above and as requested in the “motion to set procedures” filed concurrently herewith, SDG&E is asking the Commission to defer certain CPCN filing requirements pending the outcome of the route selection process, SDG&E will note below where it requests such deferral.

A. Description of Project and Proposed Schedule.

GO 131-D (Section IX-A-1-a) requires “A detailed description of the proposed transmission facilities, including the proposed transmission line route and alternative routes, if any; proposed transmission equipment; such as tower design and appearance, heights, conductor sizes, voltages, capacities, substations, switchyards, etc; and a proposed schedule for certification, construction, and commencement of operation of the facilities.”

¹² Pursuant to Rule 6(a), a proposed procedural schedule is provided at Section III-A-4, p.15, *infra*.

1. Project Description.

The Sunrise Powerlink is a proposed 500 kilovolt (“kV”) alternating current transmission line that would be placed in service by the year 2010. The project will connect the existing Imperial Valley substation near El Centro, California to a new “Central” substation located somewhere in central San Diego County. SDG&E will construct two new 230 kV lines connecting the Central substation to the existing Sycamore Canyon substation and one new 230 kV line between the Sycamore Canyon substation and the Peñasquitos substation. Where possible, SDG&E anticipates locating new facilities within or along existing rights-of-way, although specific routes are not assumed in this document.¹³ Although the specific routes for most segments of the project are not known at this time, the total mileage for the 500 kV portion of the project is estimated to be between 85 and 100 miles. A more detailed description of the Project’s scope, and the proposed and alternative routes considered, is contained in Volume 2, Chapter II of this application.

2. Proposed Schedule.

GO 131-D (Section IX-A-1-a) requires SDG&E to provide a “proposed schedule for certification, construction and commencement of operation of the facilities.”

SDG&E expects to commence construction of the Sunrise Powerlink in July 2008 and expects to complete construction in July 2010. SDG&E has submitted a schedule for certification at Section III-A-4 of this application. SDG&E will provide a more detailed schedule for “construction and commencement of operation” of the project at the time a route is selected and a PEA is filed.

¹³ The Sycamore Canyon substation is located approximately 13 miles southwest of the City of Ramona. The Peñasquitos substation is located approximately 13 miles north of downtown San Diego.

B. Map of Proposed Routing.

GO 131-D (Section IX-A-1-b) requires an applicant for a CPCN to include in its application "...[a] map of suitable scale of the proposed routing showing details of the right-of-way in the vicinity of settled areas, parks, recreational areas, scenic areas, and existing electrical transmission lines within one mile of the proposed route." SDG&E submits a map showing the general corridors under consideration in Volume 2 at Chapter II, Appendix II, Figure II-1.

SDG&E will submit a more detailed map or maps in compliance with GO 131-D at the time it files its proposed route, and asks that the Commission approve such deferral.

C. Public Convenience and Necessity Require Construction of the Project.

GO 131-D (Section IX-A-1-c) requires an applicant for a CPCN to include in its application "A statement of facts and reasons why the public convenience and necessity require the construction and operation of the proposed transmission facilities."

A detailed discussion of the facts and reasons why the public convenience and necessity require the construction and operation of the project is set forth in Volume 2 of this application.

D. Estimated Cost of Project.

GO 131-D (Section IX-A-1-d) requires an applicant for a CPCN to include in its application "... A detailed statement of the estimated cost of the proposed facilities."

Commission Rule 18(f) also requires "A statement detailing the estimated cost of the proposed construction or extension and the estimated annual costs, both fixed and operating associated therewith."

SDG&E provides an estimated cost range for the proposed scope of the project in Volume 2, Chapter II of this application. At the time SDG&E files the PEA and other route-specific information, SDG&E will provide refined estimated costs for the project to the

Commission and Commission staff. SDG&E may make such submission under separate cover and under the confidentiality provisions of Cal. Pub. Util. Code § 583 and GO 66-C, because public availability of such information could hamper SDG&E's ability to receive low-cost bids and to build the project on a least-cost basis for its ratepayers.

E. Reasons for Adoption of the Route Selected.

GO 131-D (Section IX-A-1-e) requires an applicant for a CPCN to include in its application "Reasons for adoption of the route selected, including comparison with alternative routes, including the advantages and disadvantages of each."

As noted, SDG&E's route selection process for the Sunrise Powerlink is pending to accommodate robust public participation.

F. Schedule of Right-of-Way Acquisition and Construction.

GO 131-D (Section IX-A-1-f) requires an applicant for a CPCN to include in its application "... [a] schedule showing the program of right-of-way acquisition and construction." SDG&E will submit such a schedule at the time it submits its PEA.

G. Government Agencies Consulted.

GO 131-D (Section IX-A-1-g) requires an applicant for a CPCN to include in its application "A listing of the governmental agencies with which proposed route reviews have been undertaken, including a written agency response to applicant's written request for a brief position statement by that agency. (Such listing shall include the Native American Heritage Commission, which shall constitute notice on California Indian Reservation Tribal governments.) In the absence of a written agency position statement, the utility may submit a statement of its understanding of the position of such agencies."

As noted at p. 3 above, SDG&E is conducting an extensive public input process to select a route for this project. This process includes presentations to and consultation with various state, local and federal government agencies. At the time SDG&E submits its PEA for this project, SDG&E will submit the required information concerning contact with government agencies. To the extent possible, SDG&E intends to work with agencies to secure agency cooperation and positions in writing.

H. Proponent's Environmental Assessment.

GO 131-D (Section IX-A-1-h) requires an applicant for a CPCN to include in its application "A PEA or equivalent information on the environmental impact of the project in accordance with the provisions of CEQA and this Commission's Rules of Practice and Procedure, Rules 17.1 and 17.3." SDG&E will submit a PEA for the Sunrise Powerlink after the preferred route is selected as described above.

Pursuant to Commission Rule 17.1(j), SDG&E will submit with the project PEA the deposit on the fee the Commission requires to prepare an EIR or negative declaration. As noted above, SDG&E has entered into an agreement with the Commission Energy Division to reimburse the Commission for its environmental consulting costs prior to submission of the PEA and the Rule 17.1(j) fee.

I. EMF Management Plan.

GO 131-D (Section X-A) requires an applicant for a CPCN to "describe the measures taken or proposed by the utility to reduce the potential exposure to electric and magnetic fields generated by the proposed facilities, in compliance with Commission order." Because this plan is route-specific, SDG&E will submit such a plan at the time it files its PEA for the Sunrise Powerlink.

J. Public Notice.

GO 131-D (Section XI-A) requires an applicant for a CPCN to notify the public of its filing “within ten days of filing the application” in several different ways, by direct mail, by advertisement and by posting. Because the public notice requirements are dependent upon and related to the route selected, SDG&E intends to effect such notice upon filing of the PEA for the Sunrise Powerlink, and asks that the Commission calculate the prescribed time limits under GO 131-D (Section XI-C) from the date SDG&E files the PEA.

Note that SDG&E has provided courtesy service of the application on the service lists in I.05-09-005 (transmission access for renewables) and R.04-04-003 (resource adequacy), which should provide broad notice to those who might be interested in this application.

III.

COMPLIANCE WITH THE COMMISSION’S RULES OF PRACTICE AND PROCEDURE

GO 131-D (Section IX-A-1) requires an applicant for a CPCN to “comply with this Commission’s Rules of Practice and Procedure 2 through 8, 15, and 16.” Pursuant to this requirement, SDG&E responds as follows.¹⁴

A. RULE 6 – Proposed Proceeding Category, Need for Hearings and Schedule.

Commission Rule 6(a)(1) requires “Any person that files an application after January 1, 1998” to “state in the application the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule.”

¹⁴ Although not specifically discussed below, SDG&E’s Application also complies as necessary Rule 2 (“Form and Size of Tendered Documents”), Rule 3 (“Time, Place, and Review of Filing; Docket”), Rule 4 (“Applicability”), Rule 5 (“Definitions”), Rule 7 (“Ex Parte Communications: Applicable Requirements”) and Rule 8 (“Oral Arguments and Commissioner Presence”).

1. Proposed Category for the Proceeding.

Commission Rule 6.1(c) states that “When a proceeding does not clearly fit into any of the categories as defined in Rules 5(b) [adjudicatory], 5(c) [ratesetting], and 5(d) [quasi-legislative], the proceeding will be conducted under the rules applicable to the ratesetting category unless and until the Commission determines that the rules applicable to one of the other categories, or some hybrid of the rules, are best suited to the proceeding.”

Pursuant to this rule, SDG&E proposes that the Commission tentatively categorize this proceeding as a ratesetting proceeding.

2. Need for Hearings.

The need for evidentiary hearings will depend on the nature of protests filed on SDG&E’s Application. The scope of the project suggests that contested fact issues are likely to arise requiring such hearings.

3. Issues to be Considered.

The issue to be considered in this proceeding is whether SDG&E has complied with the Commission’s requirements, as identified in this Application, for issuing SDG&E a CPCN for the construction and operation of the proposed Sunrise Powerlink.

4. Proposed Schedule (Rule 6(a)).

Below is SDG&E’s proposed schedule for obtaining the CPCN sought by this application:

December 14, 2005	File Application
January 13, 2006	Responses to Application (30 days from daily calendar notice)
January 25, 2006	SDG&E Response to Protests, if necessary
January 31, 2006	Prehearing Conference
February 10, 2006	Scoping Memo
March 3, 2006	Supplemental Testimony, if needed (3 weeks)
April 7, 2006	Intervenor Testimony (5 weeks)

April 28, 2006	Rebuttal Testimony (3 weeks)
May 15 – 26, 2006	Hearings, if needed
June 30, 2006	Opening Briefs (5 weeks)
July 21, 2006	Reply Briefs (3 weeks)
July 2006	File PEA
September 2006	Draft Decision on Purpose and Need
October 2006	Final Decision on Purpose and Need

B. RULE 15 – Contents of Applications.

Commission Rule 15 states in part that “All applications shall state clearly and concisely the authorization or relief sought [and] shall cite by appropriate reference the statutory provision or other authority under which Commission authorization or relief is sought . . .”

This application for a CPCN is made pursuant to the provisions of Public Utilities Code Sections 1001 *et seq.*, Senate Bill 1388, Assembly Bill 970 and the Commission’s GO 131-D, its Rules of Practice and Procedure and its prior orders and resolutions. The relief sought is described in part I above, and in the “motion to set procedures” filed concurrently herewith.

1. Rule 15(a) (Legal Name).

Commission Rule 15(a) requires an applicant to state:

The exact legal name of each applicant and the location of principal place of business, and if an applicant is a corporation, trust, association, or other organized group, the State under the laws of which such applicant was created or organized.

SDG&E is a public utility corporation, incorporated in California, engaged principally in the business of providing electric service in portions of Orange County, and electric and gas service in portions of San Diego County. Its principal place of business is 8306 Century Park Court, San Diego, California 92123.

2. Rule 15(b) (Correspondence and Communications).

Commission Rule 15(b) requires an applicant to state “The name, title, address and telephone number of the person to whom correspondence or communications in regard to the

application are to be addressed.” Pursuant to Commission Rule 15(b), please address all correspondence or communications regarding this application to:

Clay Faber
Manager, California Regulatory Affairs
555 West Fifth Street GT14D6
Los Angeles, California 90017
Tel: (213) 244-5129
Fax: (213) 244-8820
E-mail: cfaber@semprautilities.com

And to: E. Gregory Barnes
Attorney for San Diego Gas & Electric
101 Ash Street, HQ 13D
San Diego, California 92101
Tel: (619) 699-5019
Fax: (619) 699-5027
E-mail: gbarnes@sempra.com

C. RULE 16 – Articles of Incorporation.

Commission Rule 16(a) states:

If applicant is a domestic corporation, as defined by Section 167 of the Corporations Code, a copy of its current articles of incorporation, certified by the California Secretary of State, shall be annexed to the original of the application, but need not be annexed to copies of the application. . . If current articles or certificates of qualification have already been filed, the application need only make a specific reference to such filings.

A certified copy of SDG&E’s Restated Articles of Incorporation as currently in effect was filed with the Commission on December 4, 1997 in connection with Application No. 97-12-012, and is incorporated herein by reference.

D. RULE 17 – Financial Statements.

The financial statements required by Rule 17 are attached hereto as Appendix A.

E. RULE 18 – Construction or Extension.

Commission Rule 15 requires all applications to comply with the “specific requirements for particular types of applications (see Rules 18 through 41).” Rule 18 contains some additional requirements for applicants for CPCNs to which SDG&E responds in this section. Some of the requirements of Rule 18 are duplicative of the requirements of GO 131-D, identified and discussed in Section II above.

1. Rule 18(a) (Description of Project).

Commission Rule 18(a) requires applicants for a CPCN to include in their applications “A full description of the proposed construction or extension, and the manner in which the same will be constructed.”

Please refer to SDG&E’s response in Section II-A of this application.

2. Rule 18(b) (Competing Utilities).

Commission Rule 18(b) requires applicants for a CPCN to include in their applications “The names and addresses of all utilities, corporations, persons or other entities, whether publicly or privately operated, with which the proposed construction is likely to compete, and of the cities or counties within which service will be rendered in the exercise of the requested certificate.”

The Sunrise Powerlink is not intended to compete with the projects of any entity. The requested certification is to enhance electric service within SDG&E’s existing service territory, and in the area served by the CAISO. Electric service in the Imperial Valley, northern Baja Mexico, and other regions of the desert Southwest may also benefit from the certification.

3. Rule 18(c) (Project Maps).

Commission Rule 18(c) requires an applicant for a CPCN to include in its application “A map of suitable scale showing the location or route of the proposed construction or extension,

and its relation to other public utilities, corporations, persons, or entities with which the same is likely to compete.”

As stated in the previous response, the Sunrise Powerlink is not intended to compete with the projects of any other entity. A map[s] showing the locations under consideration for the project are discussed in Section II-B above. Detailed maps of the preferred route and alternatives will be provided with the PEA after SDG&E concludes the process for soliciting feedback from the public.

4. Rule 18(d) (Required Permits).

Commission Rule 18(d) requires an applicant for a CPCN to include in its application “A statement identifying the franchises and such health and safety permits as the appropriate public authorities have required or may require for the proposed construction or extension.” Because many such permits depend on the route selected, SDG&E asks to defer providing this information until the time it files its PEA for the project.

5. Rule 18(e) (Public Convenience and Necessity).

Commission Rule 18(e) requires an applicant for a CPCN to include in its application “Facts showing that public convenience and necessity require, or will require, the proposed construction or extension, and its operation.”

Please refer to SDG&E’s response in Section II-C of this application.

6. Rule 18(f) (Estimated Costs).

Commission Rule 18(f) requires an applicant for a CPCN to include in its application “A statement detailing the estimated cost of the proposed construction or extension and the estimated annual costs, both fixed and operating associated therewith.” Please refer to SDG&E’s response in Section II-D of this Application.

7. Rule 18(g) (Financial Ability).

Commission Rule 18(g) requires an applicant for a CPCN to include in its application “Statements or exhibits showing the financial ability of the applicant to render the proposed service together with information regarding the manner in which applicant proposes to finance the cost of the proposed construction or extension.”

At present, SDG&E plans to own 100 percent of the assets that will comprise the Project and those assets will be added to SDG&E’s utility rate base. But SDG&E is exploring possible alternative ownership arrangements with the Imperial Irrigation District. One arrangement under consideration would have a third-party transmission provider construct and own the portion of the Sunrise Powerlink in Imperial County, with that third party turning over its ownership share of the project to CAISO operational control. Such an arrangement could have implications for the financing of the project. In any event, SDG&E intends to finance the Project cost with the same proportions of debt and equity with which all other rate base asserts are financed.

Because the financial affect of the project will depend on its projected costs, which in turn will be affected by the route selected, SDG&E asks permission to defer more detailed compliance with this provision to the time it files its PEA for the Sunrise Powerlink

A copy of SDG&E’s most current financial statements is attached to this application as Appendix B.

8. Rule 18(h) (Proposed Rates).

Commission Rule 18(h) requires an application for a CPCN to include “A statement of the proposed rates to be charged for service to be rendered by means of such construction or extension.”

All of the costs associated with the Sunrise Powerlink are for transmission-related services. When the project is placed in service, SDG&E will seek to recover the costs through the CAISO's FERC-jurisdictional rates. This would occur as part of a FERC rate case covering the test period in which the project will become operative.

9. Rule 18(i) (Proxy Statement).

Commission Rule 18(i) requires an applicant for a CPCN to include in its application "a copy of the latest proxy statement sent to stockholders by it or its parent company containing the information required by the rules of the SEC if not previously filed with the Commission."

A copy of SDG&E's most recent proxy statement, dated February 23, 2005 was filed with this Commission on May 2, 2005, in connection with Application 05-05-003, and is incorporated herein by reference.

**IV.
CONCLUSION**

In conclusion, SDG&E respectfully requests that the Commission: (1) expeditiously process this application, (2) grant SDG&E's request for a determination of need (3) grant SDG&E's request to defer the PEA and certain other route-dependent CPCN requirements

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pending the completion of SDG&E's public route selection process and (3) grant such other and further relief as the Commission finds to be just and reasonable.

Respectfully Submitted on behalf of,

SAN DIEGO GAS & ELECTRIC

By: _____/s/_____

James P. Avery
Senior Vice-President - Electric

By: _____/s/_____

E. Gregory Barnes

Attorney for
SAN DIEGO GAS & ELECTRIC

101 Ash Street
San Diego, California 92101
Telephone: 619/699-5019
Facsimile: 619/699-5027
E-Mail: gbarnes@sempra.com

VERIFICATION

I, James P. Avery, am Senior Vice President – Electric of San Diego Gas & Electric Company (“SDG&E”), and am authorized to make this verification on its behalf. I have reviewed the foregoing application and supporting report. The statements in the foregoing documents are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

Executed this 14th day of December 2005, at San Diego, California.

/s/

James P. Avery
Senior Vice-President – Electric
SAN DIEGO GAS & ELECTRIC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the **APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) FOR A DETERMINATION OF NEED FOR THE SUNRISE POWER LINK** has been served on all parties of record in R.04-04-003 and I.05-09-005 via electronic mail.

Dated at San Diego, California, this 14th day of December, 2005

_____/s/_____
Annie Ruiz