

1 SAN FRANCISCO, CALIFORNIA, JUNE 19, 2012

2 9:00 A.M.

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4 ADMINISTRATIVE LAW JUDGE YACKNIN: We
5 will be on the record.

6 This is the time and place for the
7 evidentiary hearing in Application 11-05-023.

8 Before we start taking evidence I
9 have a few procedural matters to go through.

10 First, I want to review party status
11 of a couple of people.

12 Is there anybody here from TURN?

13 (No response)

14 ALJ YACKNIN: TURN was granted party
15 status at the first prehearing conference. I
16 have not seen any participation from TURN,
17 and I don't see them here. So I will remove
18 party status without prejudice to TURN's
19 ability to move to renew its party status
20 pursuant to Rule 13.

21 Is there anybody here from CURE?

22 (No response)

23 ALJ YACKNIN: CURE at the 7-14-11 PHC
24 stated a generalized interest in the
25 proceeding but not as to how -- generalized
26 interest in utility matters but not as to how
27 it relates to this proceeding or CURE's
28 position in this proceeding and hasn't

1 participated or sought to participate to
2 date. So, again, I will remove CURE's party
3 status without prejudice to a later motion to
4 renew pursuant to Rule 1.4.

5 Also I want to mark the prepared
6 testimony as exhibits for -- mark them for
7 identification.

8 Did I get the extra -- I need a copy
9 of 20 and 21, please.

10 Off the record.

11 (Off the record)

12 ALJ YACKNIN: Back on the record.

13 So I have marked for identification
14 the prepared testimony of SDG&E, the NRG
15 Company, City of Carlsbad and Carlsbad
16 Housing, the Division of Ratepayer Advocates,
17 UCAN, the Joint Parties, JCC, AReM, WPTF, the
18 California ISO, and the California
19 Environmental Justice Alliance and the NRDC.

20 I have provided an exhibit index,
21 preliminary exhibit index, to the court
22 reporter and will have that copied into the
23 transcript. And that shows that these
24 prepared testimonies that have been
25 previously served on all parties are marked
26 for identification as Exhibits 1 through 28.

27 (Exhibit Nos. 1 through 28 were
28 marked for identification.)

1 ALJ YACKNIN: Parties off the record
2 stipulated to the admission of prepared
3 testimony of certain witnesses without
4 cross-examination. And we will go through
5 that to take those into the record at this
6 time.

7 So I have in particular what's been
8 marked for identification as Exhibit 2, the
9 testimony of George Piantka, and Exhibit 14,
10 the testimony of Brian D. Theaker from the
11 NRG Company.

12 Does NRG move the admission of these
13 exhibits?

14 MS. FELLMAN: So moved, your Honor.

15 ALJ YACKNIN: Is there any objections?

16 (No response)

17 ALJ YACKNIN: There being none, these
18 are admitted.

19 (Exhibit Nos. 2 and 14 were received
20 into evidence.)

21 ALJ YACKNIN: I have Exhibit 3, the
22 testimony of Joe Garuba for the City of
23 Carlsbad and Carlsbad Housing.

24 Is there anybody here for the City
25 of Carlsbad and Carlsbad Housing?

26 (No response)

27 ALJ YACKNIN: I need to, for the
28 purpose of the record here -- Exhibit 3

1 contains on page 2 a question and answer
2 regarding data responses that the city seeks
3 to enter into the record. The answer reads:

4 On August 4, 2011, the city sent
5 SDG&E a number of questions to
6 better understand the process.
7 SDG&E provided its responses to the
8 city's questions. And the city is
9 entering these into the record but
10 because of our lack of experience in
11 this particular subject cannot
12 testify to the substantive material
13 in the responses.

14 As the city's witness cannot
15 sponsor these responses and does not tell me
16 the purpose for which they are being entered
17 or what their purpose is, I strike the
18 Exhibit A to Exhibit 3.

19 And I will await hearing from the
20 City of Carlsbad or just take under
21 submission whether or not to admit this
22 because they are not here.

23 But in any event, those portions of
24 the exhibit, if admitted, are stricken.

25 Exhibit 5 is the testimony of Laura
26 Norin sponsored by UCAN.

27 Is there anybody here from UCAN?

28 (No response)

1 ALJ YACKNIN: I will postpone
2 considering whether to admit these until I
3 hear more. Perhaps UCAN will follow up on
4 this.

5 Exhibit 6 is the testimony of Mark
6 Fulmer on behalf of DACC, AReM and WPTF.

7 Do they wish to move its admission?

8 MR. DOUGLASS: Thank you, your Honor.
9 So moved.

10 ALJ YACKNIN: Are there any objections?

11 (No response)

12 ALJ YACKNIN: There being none, it is
13 received.

14 (Exhibit No. 6 was received into
15 evidence.)

16 ALJ YACKNIN: And I have Exhibit 19,
17 which is the direct testimony of Bill Powers,
18 sponsored by CEJA.

19 Are there any objections to the
20 receipt of this testimony?

21 (No response)

22 ALJ YACKNIN: There being none, it is
23 received.

24 (Exhibit No. 19 was received into
25 evidence.)

26 ALJ YACKNIN: I also have Exhibit 21,
27 which is Attachment A to CEJA's direct
28 testimonies of both Mr. Powers and

1 Ms. Firooz; is that correct?

2 MS. BEHLES: Yes, that's correct.

3 ALJ YACKNIN: So we will wait to
4 receive that until after we take the
5 testimony of Ms. Firooz.

6 And then we had Exhibit 23, the
7 opening testimony of Sierra Martinez
8 sponsored by NRDC.

9 Does NRDC move its admission?

10 MR. MARTINEZ: Yes, your Honor, so
11 moved.

12 ALJ YACKNIN: Are there any objections?

13 (No response)

14 ALJ YACKNIN: There being none, it is
15 received.

16 (Exhibit No. 23 was received into
17 evidence.)

18 MS. BEHLES: Attachment B, Exhibit
19 No. 22, was only attachment to Bill Powers'
20 testimony.

21 ALJ YACKNIN: So Exhibits 21 and 22 are
22 sponsored by both witnesses? Both of them
23 are sponsored by both?

24 MS. BEHLES: 22 is just sponsored by
25 Bill Powers.

26 ALJ YACKNIN: Okay. In which case
27 would you like to move its admission?

28 MS. BEHLES: I would like to move for

1 its admission.

2 ALJ YACKNIN: Any objections?

3 (No response)

4 ALJ YACKNIN: There being none, it is
5 received. Exhibit 22 is received.

6 (Exhibit No. 22 was received into
7 evidence.)

8 ALJ YACKNIN: Next I would like to take
9 up the fact that SDG&E's Exhibit 1-C and
10 Exhibit 1 -- the issue of the claimed
11 confidentiality of portions of Exhibit 1.

12 SDG&E's direct testimony, public
13 version, has been marked as Exhibit No. 1.
14 Exhibit No. 1 contains some redactions.
15 Exhibit No. 1-C, SDG&E's direct testimony,
16 discloses the information that is redacted in
17 Exhibit No. 1.

18 Does SDG&E want to move to seal this
19 exhibit, Exhibit 1?

20 MR. SZYMANSKI: Good morning, your
21 Honor. And, yes, we would like to seal the
22 confidentiality of that exhibit.

23 ALJ YACKNIN: Okay. I need to have a
24 motion for that, and I need to have a basis
25 to do so. Could you.

26 MR. SZYMANSKI: SDG&E moves to seal the
27 confidentiality of the materials that have
28 been redacted from Exhibit 1 that do appear

1 in Exhibit 1-C on the basis that the
2 information is competitive and competitively
3 sensitive and would compromise potentially
4 the value of the proposed information from
5 the standpoint of ratepayers.

6 ALJ YACKNIN: We have -- it is my
7 understanding that in proceedings like this
8 parties often invoke Decision 06-06-066 which
9 specifically identifies what may and may not
10 be kept confidential. Can you represent that
11 everything that you are redacting is
12 permitted to be redacted pursuant to
13 D 06-06-066, or do you need to look into
14 that?

15 MR. SZYMANSKI: Your Honor, when we
16 filed the Application back in May I made an
17 exhaustive search at that time and compared
18 the materials that were redacted in light of
19 that Decision and its successors and felt
20 that it was -- the information was
21 confidential.

22 So I can say that, yes, and
23 represent that, yes, the information we
24 redacted was confidential. It includes
25 material like cost information and various
26 details about the nature of the power plants
27 that, if disclosed, would create a
28 competitive injury, a potential competitive

1 injury.]

2 ALJ YACKNIN: Right. I understand
3 that -- as I understand D.06-06-006 and its
4 progeny, it defines certain information as
5 subject to release and not subject to release
6 and then it also permits parties to make
7 additional showings that, even if it's not in
8 the matrix, that they may claim
9 confidentiality for it.

10 So I need to know whether this is
11 all in the matrix and I can just say "check"
12 or is there information that's not covered in
13 the matrix that you need to make an
14 additional showing for?

15 I don't mean to put you on the spot
16 here but I cannot -- I will not seal this
17 on -- without more specifics. So we will
18 maintain confidentiality until you are
19 able -- if you can do that review in the next
20 couple of days, I'd appreciate it and just
21 verify for me that everything that's redacted
22 is permissibly redacted pursuant to
23 D.06-06-006 or in the alternative to make an
24 additional showing about why nevertheless
25 although it's not in the matrix it should be
26 kept confidential.

27 MR. SZYMANSKI: Yes. Thank you, your
28 Honor, and I will do that.

1 ALJ YACKNIN: Thank you.

2 Second, with regard to, and
3 assuming that ultimately it is kept
4 confidential -- let me back up.

5 Is there any party here who objects
6 to its confidential treatment?

7 (No response)

8 ALJ YACKNIN: Okay. That doesn't
9 relieve me of my burden, but that's good to
10 know.

11 MR. SZYMANSKI: Yes, thank you.

12 ALJ YACKNIN: Thank you.

13 Secondly, with regard to
14 the information for which you claim
15 confidential treatment, will there be a need
16 to clear the courtroom in the event that
17 confidential information is discussed on
18 the transcript? That's to say, is there
19 anybody here who has not entered into
20 a nondisclosure agreement with SDG&E?

21 MR. SZYMANSKI: Yes, your Honor.
22 I could speak to that, at least initially.

23 SDG&E has entered into
24 a nondisclosure agreement with CEJA and we
25 have also shared confidential information
26 with DRA. And those would be the only two
27 parties that have received SDG&E's
28 confidential data -- confidential information

1 to date.

2 If the material that we have
3 identified as confidential and marked when we
4 provided it to CEJA and DRA is discussed
5 during hearings, we would need to consider if
6 there's a way to manage this from a logistics
7 standpoint before we include it in
8 the record.

9 ALJ YACKNIN: Okay.

10 MR. SZYMANSKI: And how we would
11 include in the record, your Honor.

12 ALJ YACKNIN: So the procedure would be
13 that the party representatives who are
14 responsible for refraining -- wait. Excuse
15 me. Let me put it this way.

16 Let me try that again.

17 Parties who have access to this
18 confidential information are responsible from
19 refraining from posing questions that
20 disclose confidential information without
21 first asking to clear the courtroom and to
22 have the transcript sealed. So that,
23 I direct that to CEJA and DRA.

24 SDG&E counsel and/or witnesses and
25 then also DRA and CEJA counsel and/or
26 witnesses are also responsible for alerting
27 me if the witnesses are about to give
28 testimony that would disclose confidential

1 information so that I can clear the courtroom
2 and/or seal the transcript as necessary.
3 I do not wish to have any witnesses abridge
4 their testimony but I do want to put
5 the witnesses and their counsel on notice
6 that they need to alert me before making such
7 disclosures, and that's how we'll proceed.
8 And we'll take it up if and when it happens
9 at that time.

10 Okay. So we are treating Exhibit 1
11 as confidential pending a final ruling.

12 And just to follow through,
13 Exhibit 4-C -- Exhibit 4 and Exhibit 4-C are
14 DRA's direct testimony. Exhibit 4 contains
15 information that's claimed to be
16 confidential. No. Exhibit 4-C contains
17 information that's claimed to be confidential
18 and Exhibit 4 is the public version.

19 I'm assuming, but please confirm,
20 Ms. Morey, that the information -- or does
21 DRA make an independent motion for
22 confidentiality or is it derivative of
23 the fact that SDG&E's claimed
24 confidentiality?

25 MS. MOREY: Yes, your Honor. All of
26 the information that's redacted has been
27 information that San Diego has designated as
28 confidential.

1 ALJ YACKNIN: So we will again
2 tentatively treat Exhibit 4 -- no,
3 Exhibit 4-C as confidential pending a showing
4 that the information is subject to
5 D.06-06-006 or other cause to seal it.

6 MR. SZYMANSKI: Okay.

7 ALJ YACKNIN: Okay. We're almost
8 getting there, to the testimony. But
9 first -- oh, here.

10 Okay, so I have, I show as
11 the prepared testimony of SDG&E as Exhibits
12 1, 1-C, 7, 11, 12, 13, 24, and 25. And our
13 first witness of the day will be Mr. Anderson
14 for SDG&E who sponsors portions of 1 and 1-C
15 and all of Exhibit 7 and all of Exhibit 11.

16 MR. SZYMANSKI: Your Honor, if I might,
17 I believe in the list that you just gave you
18 didn't mention Exhibit 26 which is SDG&E's --

19 ALJ YACKNIN: Oh.

20 MR. SZYMANSKI: -- testimony from
21 Witness Besa and she will be sponsoring that
22 as well. In addition to a small section of
23 Mr. Anderson's testimony which he submitted
24 on August -- excuse me, October 23rd. Let me
25 check the date.

26 ALJ YACKNIN: October 21st.

27 MR. SZYMANSKI: 21st.

28 ALJ YACKNIN: 21, right.

1 MR. SZYMANSKI: There's a small section
2 of that testimony dealing with energy
3 efficiency basically that Ms. Besa will also
4 address. We'll identify that -- Mr. Anderson
5 when he takes the stand will identify that as
6 will Ms. Besa when she follows.

7 ALJ YACKNIN: Okay, very good. So it's
8 possible that Ms. Besa will address
9 the testimony in Exhibit 7.

10 MR. SZYMANSKI: Yes.

11 ALJ YACKNIN: Okay. And since they're
12 both here, I don't see any prejudice with
13 respect to that.

14 If you would please take a look at
15 Exhibit 11 first. Exhibit 11 contains
16 SDG&E's revised analysis based on updated
17 assumptions. This is dated April 27, 2012.
18 The Assigned Commissioner's Ruling does not
19 invite or allow revised analyses based on
20 updated assumptions. The parties'
21 supplemental testimony was permitted to
22 respond to the ISO's testimony but not to
23 revise and update the earlier testimony on
24 other bases.

25 I do -- looking at the March 12,
26 2012 Assigned Commissioner's Amended Scoping
27 Memo and Ruling, I do see how there could be
28 some confusion here. The introduction

1 paragraph says that the ISO shall serve
2 prepared testimony on such and such a date
3 and SDG&E's prepared supplemental testimony
4 on the issue of its LCR shall be served on
5 such and such a date, and intervenors'
6 prepared supplemental testimony shall be
7 served, et cetera, and that is rather vague.

8 However, turning to page 4 of
9 the Assigned Commissioner's Ruling on
10 the schedule for prepared testimony and
11 evidentiary hearing, it states: Parties
12 shall serve any prepared testimony on
13 Issue 1A -- and that's called prepared
14 testimony, paren -- and any supplemental
15 testimony on Issue 1 as may be prompted by
16 the new testimony on Issue 1A, pursuant to
17 the schedule below.

18 The only party who was permitted to
19 file -- to serve, excuse me, prepared
20 testimony as opposed to prepared supplemental
21 testimony was the ISO. So serving -- so this
22 testimony here in Exhibit 11 starting at Q&A
23 5 through Q&A 7 is not properly responsive to
24 the ISO's testimony, and it will be stricken.

25 I'll also point out that this is
26 consistent with Rule 13.8(a) that provides
27 that prepared testimony shall constitute
28 the entirety of a witness' testimony and it's

1 not to be supplemented later without good
2 cause shown.

3 Actually, that's Rule 13.8(b).

4 There's been no request, no motion,
5 and no showing that it's appropriate to take
6 revised testimony as part of the prepared
7 supplemental testimony, so that is stricken.

8 I'd also like to direct your
9 attention to --

10 MR. SZYMANSKI: Your Honor, may we go
11 off the record for just a moment, please?

12 ALJ YACKNIN: For what purpose?

13 MR. SZYMANSKI: I just want to be clear
14 about the contents of the Q's and A's that
15 were stricken.

16 ALJ YACKNIN: Okay. We'll take
17 a couple minutes off the record.

18 Off the record.

19 (Off the record)

20 ALJ YACKNIN: Back on the record.

21 Mr. Szymanski.

22 MR. SZYMANSKI: Thanks, Judge Yacknin.

23 SDG&E appreciates the view that you
24 just expressed. But respectfully, we note
25 that we felt that we updated the information
26 as noted here in the testimony based on our
27 reading of the Scoping Memo which expanded
28 the planning horizon explicitly to include

1 the time through 2021 and specifically
2 invited the ISO's further analysis. So we
3 felt that we are being responsive to what was
4 reasonably intended by the Scoping Memo and
5 reasonably responsive to what the ISO had
6 done as well. And overall, SDG&E feels an
7 obligation to present to the Commission and
8 to parties what we believe to be the most
9 recent and best data on which our case is
10 based. And that's what we have sought to do
11 in the latest rounds of testimony.

12 ALJ YACKNIN: Thank you. And I do
13 appreciate two things. One is that, as
14 I said, the introductory paragraph of
15 the ACR, the Assigned Commissioner Ruling,
16 might be misleading. And No. 2, what I did
17 not mention before is that, indeed,
18 the prepared testimony does indicate
19 the reason why SDG&E sought to provide this,
20 as you said, to provide the most recent
21 information.

22 But again, the ACR did not open it
23 up in that way. While it did expand the time
24 frame to contemplate the time frame in
25 R.10-06-005, the ACR provides for the taking
26 of that evidence on page 5 by inviting
27 parties who wish to offer portions of
28 the evidentiary record in that proceeding --

1 from that proceeding in here to do so. But
2 this goes beyond -- this testimony here that
3 I strike has not been prepared in R10-06-005.

4 In addition in ruling, I considered
5 the fact that the updated information is
6 considered in the new LTPP -- I forget
7 the proceeding number, R.12 something
8 something something. And so to the extent
9 that we want to move forward on this
10 application on the basis of the most recent
11 information, SDG&E is at liberty to withdraw
12 its application or withhold it or make
13 a motion to wait until we resolve the next
14 LTPP.

15 This is based on the 2010 LTPP and
16 the record that was defined in that
17 proceeding and consolidate -- or not
18 consolidated but delegated to this
19 proceeding. So my ruling stands.

20 MR. SZYMANSKI: Your Honor, thank you
21 very much.

22 I would just note that we submitted
23 this testimony on April 27 and there's been
24 no objection to our including -- and we do
25 think that as a general rule in this case and
26 in other cases, the Commission should have
27 the benefit of the best and most recent
28 information that bears on this case. And we

1 would have no reason to have thought that we
2 can't update the information as appropriate
3 to substantiate our case. In fact, we would
4 have an obligation to present new information
5 if it didn't substantiate our case if it
6 beared on the merits of our application.

7 But no, SDG&E has no intention to
8 withdraw the case or have the issues in this
9 case deferred to the new LTPP, and so I just
10 wanted to note that for the record as well.

11 ALJ YACKNIN: It is the nature of our
12 LTPP proceedings that we have to take
13 a snapshot and that we move that snapshot
14 every couple of years.

15 And I do apologize to SDG&E and to
16 all the parties for not having made my
17 intentions known until today. Frankly,
18 I have a lot of other cases and was not able
19 to get to this testimony until just a couple
20 days' ago.

21 MS. MOREY: And your Honor, may I just
22 clarify one thing?

23 ALJ YACKNIN: Yes.

24 MS. MOREY: I just wanted to make sure
25 that on the record there was a response to
26 the fact that no parties objected to
27 the updating. I think the testimony from
28 intervenors has actually made clear that

1 there has been objections to the testimony
2 which was stricken, and we appreciate that.

3 MR. SZYMANSKI: Yes. And if I might,
4 to be clear.

5 ALJ YACKNIN: Yes.

6 MR. SZYMANSKI: Indeed, intervenors
7 have raised issues regarding that data but we
8 think that the Commission should have
9 the benefit of that discussion as well as
10 SDG&E's rebuttal to this. This is what this
11 whole case is about. It's arguing about
12 facts and these are facts that are
13 established by the California Energy
14 Commission or -- and are brought to bear
15 through the cross-examination of witnesses
16 not just SDG&E's but all parties here. So we
17 really don't see that any party has been
18 prejudiced or that the Commission will be
19 disadvantaged by having the benefit of this
20 most recent and best data.

21 To me -- so I note what attorney
22 Morey has said and I agree that intervenors
23 have made these points, but we think
24 the Commission should have the benefit of
25 that discussion as well as SDG&E's responses
26 thereto.

27 ALJ YACKNIN: Yes. I agree that
28 the testimony of witnesses does not

1 constitute a motion and I do not make my
2 ruling on the basis of that testimony. I do
3 take the Commission's Rules of Practice and
4 Procedure rather seriously and especially
5 the scoping memo rules. And it's on
6 the procedural basis that I strike
7 the testimony notwithstanding the fact that
8 I was obliged to do it on my own motion in
9 the absence of any formal motion by any
10 party, which surprised me.

11 Now, while we were off the record,
12 Mr. Martinez of NRDC raised the point that
13 NRDC's prepared testimony, and I would note
14 the prepared testimony of other witnesses,
15 responds to the testimony that has been
16 stricken. I did not have the opportunity to
17 go through all of the other testimonies to
18 identify the portions of those exhibits that
19 need to be stricken but -- so I'm not going
20 through line by line but the parties should
21 consider and feel free to identify for me by
22 tomorrow additional testimony -- excuse me,
23 responsive testimony that should be stricken
24 as a result of my ruling. Even if we do not
25 identify it, all parties are held to treating
26 that testimony as stricken or not referring
27 to it in your briefs or to any commissioner
28 or decision maker in any discussions with

1 commissioners or decision makers or
2 representing it as being in the record of
3 the proceeding. And it will be subject to,
4 if referred to in closing briefs, will be
5 subject to motions to strike. But I have not
6 done the exercise of going through line by
7 line.

8 Yes, Ms. Fellman.

9 MS. FELLMAN: There's been a long
10 conversation. Could you please clarify
11 specifically what is being stricken or could
12 you repeat that, please?]

13 ALJ YACKNIN: Q and A 5 through 7 of
14 Exhibit 11.

15 Ms. Behles.

16 MS. BEHLES: Your Honor, parts of our
17 testimony refers to the testimony that was
18 stricken, but it is similar to previous
19 testimony that SDG&E submitted. So I'm not
20 sure -- for purposes of clarification, do you
21 want us to look at the reports and see where
22 we could refer to other testimony that's
23 still in the record? I'm just not sure how
24 to handle that.

25 ALJ YACKNIN: I am not sure what your
26 question is.

27 MS. BEHLES: So there are portions that
28 were stricken today from the later testimony.

1 There's earlier SDG&E testimony that makes
2 similar assertions or statements. And so
3 that testimony, even though it refers to the
4 stricken testimony, would still be responsive
5 to the earlier testimony.

6 ALJ YACKNIN: Right. I do not mean
7 to -- I don't mean to over strike anything.
8 It is very limited. My purpose here is to
9 eliminate the testimony that goes to revised
10 assumptions.

11 MS. MOREY: Your Honor, I would just
12 note that in the October 21st rebuttal
13 testimony, Robert Anderson, there is also
14 reference to updated CEC demand forecasts on
15 page RA-10. And I just wanted today clarify
16 whether that information should also be
17 stricken.

18 ALJ YACKNIN: It doesn't occur to me
19 that that is anything -- well, let's look.

20 MR. SZYMANSKI: Your Honor --

21 ALJ YACKNIN: Just a minute, please.

22 MS. MOREY: Maybe it's twelve. Anyway,
23 this may be something for scrutinizing
24 tonight that we could come back to tomorrow,
25 if you would like that.

26 ALJ YACKNIN: Can you tell me the page?
27 If you would like to make your point later
28 after you had a chance to look at it, that

1 would be great, and bring that to my
2 attention then.

3 MS. MOREY: Certainly.

4 ALJ YACKNIN: I don't know that it's
5 necessarily -- my ruling today goes to the
6 point that is based on the amended ACR. If
7 there is another basis for which you would
8 seek to strike this testimony, you can make
9 it at such time, at a more appropriate time.

10 MR. SZYMANSKI: Your Honor, may I be
11 heard on this later point?

12 ALJ YACKNIN: I would like to not take
13 it up at this point. I would like to not
14 address whether or not any portions of
15 Exhibit 7 should be stricken. I don't want
16 to take that up right now until such motion
17 is made. Is your point going to Exhibit 7?

18 MR. SZYMANSKI: Going to the general
19 point about striking SDG&E's testimony. I
20 guess I would just note for the record that
21 if we are going to entertain further motions
22 to strike portions of SDG&E's testimony at
23 this late date as we are entering evidentiary
24 hearings, SDG&E is going to request ample
25 time to respond. And we should have these
26 motions provided in writing so SDG&E can
27 fully evaluate and respond, rather than on
28 the fly here.

1 We think that there's no prejudice
2 caused by any party by having had testimony
3 that's been out for months, without an
4 objection. So we would object on just
5 timeliness alone, which I think should quell
6 some of these concerns.

7 But SDG&E shouldn't be asked as we
8 enter into evidentiary hearings to
9 essentially change its case and to remove
10 facts that we are willing to testify to as
11 true and correct and take that out of
12 consideration for this Commission. We just
13 find that is very irregular. And I would
14 just ask we carefully consider the procedures
15 for entertaining further motion and that
16 SDG&E not be prejudiced by that, by such
17 motions.

18 ALJ YACKNIN: I appreciate that. And
19 if and when any motion to strike comes up, I
20 will consider the prejudice of its
21 timeliness. That does not apply to me.

22 And on that point I would like to
23 turn our attention to Exhibit 25, which is
24 the prepared supplemental rebuttal testimony
25 of Jan Strack.

26 I am going to strike Q and A 9,
27 Exhibit 25, Q and A 9. This provides
28 additional information, quote, unquote, to

1 support SDG&E's earlier testimony in response
2 to the ISO's testimony that the N11
3 contingency event is more limiting than the
4 G1N1 contingency event. It is not rebuttal
5 of Witness Fagan. Again, as a procedural
6 matter, it is not permissible to supplement
7 earlier testimony. It is only permissible to
8 rebut, directly rebut testimony.

9 In particular, I point out that
10 SDG&E had the opportunity to make its entire
11 showing with respect to the ISO's testimony
12 in its April 27, 2012, testimony. And this
13 merely supplements that. And it is stricken.

14 The City of Carlsbad has appeared
15 here. Who is here --

16 MR. THOMPSON: We are, yes.

17 ALJ YACKNIN: I'm sorry. Your name?

18 MR. THOMPSON: Alan Thompson.

19 ALJ YACKNIN: Mr. Thompson, I am taking
20 motions to receive prepared testimony without
21 cross-examination. And before you arrived,
22 through no fault of your own, traffic, we
23 have marked the testimony of Joe Garuba as
24 Exhibit 3. However, I have stricken --

25 MR. THOMPSON: Your Honor, this is news
26 to Mr. Garuba. We don't think we submitted
27 anything. So I don't mind if it's struck, I
28 guess.

1 ALJ YACKNIN: I would like you to
2 approach me and take a look at this, please.

3 Off the record.

4 (Off the record)

5 ALJ YACKNIN: Back on the record.

6 So the City of Carlsbad and the
7 Carlsbad Housing and Redevelopment Agency had
8 previously served the prepared testimony of
9 Joe Garuba, which I had marked as Exhibit 3.
10 However, I had previously stricken from that
11 exhibit the data responses that SDG&E sent to
12 the city.

13 With that, does the City of Carlsbad
14 move the admission of Exhibit 3?

15 MR. THOMPSON: Thank you, your Honor.
16 Yes, we would like to move the admission of
17 Exhibit 3 with the understanding that parts
18 are being stricken and that we have no
19 objection to that.

20 ALJ YACKNIN: Thank you very much. It
21 is received.

22 (Exhibit No. 3 was received into
23 evidence.)

24 ALJ YACKNIN: Mr. Szymanski wishes to
25 address my ruling striking portions of
26 Exhibit 25.

27 Mr. Szymanski.

28 MR. SZYMANSKI: Yes. Thank you, your

1 Honor.

2 Again, SDG&E is learning of this
3 concern for the first time this morning. And
4 we received no objection from DRA or any
5 other party since its service to them and
6 other parties on June 6th. So we really
7 don't understand what the prejudice or
8 problem is to them. And we think that the
9 record will benefit from having SDG&E respond
10 to DRA Fagan -- DRA's Witness Fagan's
11 testimony to which this responds.

12 We don't see anything that limits
13 rebuttal testimony in the manner that your
14 Honor indicated. And we think that this Q
15 and A is properly submitted as testimony, and
16 it has not been -- and its relevance has not
17 also been in question, which is another point
18 I would add to my previous statement about
19 the other stricken testimony. We think that
20 its relevance is established, and our
21 witnesses could do so during the course of
22 the hearings which we are here to proceed
23 with.

24 And we would invite DRA and other
25 witnesses, of course, parties, to question
26 Mr. Strack on his June 6th testimony and
27 Mr. Anderson on the testimony that your Honor
28 has marked, but stricken, of course, pursuant

1 to your ruling earlier this morning.

2 We think this is relevant, pertinent
3 and current and highly appropriate for this
4 proceeding. So both substantively and
5 procedurally we think it is suitable to have
6 this information entered in as evidence and
7 to permit cross-examination on it.

8 So, thank you, your Honor.

9 ALJ YACKNIN: Just to remind the
10 parties, we do have an unusual practice here
11 at the Commission where we present our
12 testimony through prepared exhibits. But
13 it's a surrogate for live testimony, for
14 direct testimony. So we have to sort of do
15 this in a virtual fashion. So when a
16 witness presents prepared testimony, it's
17 treated -- it is to be treated as if it was
18 offered live such that any responsive
19 testimony would have to be limited by the
20 scope of that testimony. And a witness
21 cannot then get up and say about the witness
22 before that, I want to add.

23 I realize that it might be a little
24 bit confusing to people who are not used to
25 practicing before the Commission, but this is
26 the practice, and it is reflected in our
27 Rules of Practice and Procedure.

28 And again, the scoping memo lays out

1 the schedule for the taking of testimony. I
2 will repeat that I appreciate that every day
3 there's more information that might be
4 relevant. And in fact there's a lot of
5 information in the current LTPP proceeding
6 that's very relevant. But the scope of this
7 proceeding for purposes of -- well, I am
8 digressing because that does not go to the
9 basis for striking the portions of
10 Exhibit 25. That goes to the fact of how we
11 limit rebuttal testimony to the scope of the
12 testimony to which it's responding, taking
13 into consideration Rule 13.8B, that does not
14 permit parties to supplement their earlier
15 testimony.

16 MR. SZYMANSKI: Your Honor, we don't
17 believe that we're doing so in our response
18 in the Q and A they referenced in Exhibit 25.

19 ALJ YACKNIN: Thank you.

20 Ms. Behles.

21 MS. BEHLES: Your Honor, briefly. We
22 were planning to also move to strike that
23 portion of the testimony. It's the first
24 time that we saw numbers from the analysis.
25 In our experience it takes several weeks to
26 do discovery.

27 And we also agree with you that that
28 was responsive to CAISO, not responsive to

1 intervenors.

2 So just for the record we were also
3 planning to move in that direction. We were
4 planning to set it up with cross-examination
5 because we didn't have sufficient time to
6 conduct discovery to set up a motion to
7 strike and move before this proceeding.

8 ALJ YACKNIN: Okay. I appreciate that.
9 Unlike the earlier testimony, which has been
10 around for a while, Exhibit 25 is a very
11 recently served exhibit, and no one's failure
12 to file a motion to strike, it is not
13 necessarily untimely.

14 MR. SZYMANSKI: Your Honor, I would
15 respectfully disagree with counsel for CEJA.
16 I believe that two weeks on the brink of
17 hearings is ample time to read and review
18 testimony and to file a motion to strike,
19 even an abbreviated one, or to alert parties
20 before the hearing that they plan to file a
21 motion to strike on the record at the
22 commencement of evidentiary hearings. So I
23 think timeliness is indeed an issue.

24 But Mr. Strack, as is the case with
25 Mr. Anderson, are engaged day to day in their
26 work, and they had information that bears on
27 the testimony that was previously submitted
28 by DRA and other parties. And they felt that

1 this information is appropriately considered
2 rebuttal testimony to information that in the
3 case of Mr. Strack that Mr. Fagan put in his
4 testimony. And we see no Commission rule
5 that restricts the use of rebuttal testimony
6 to reflect Mr. Strack's analysis that he has
7 conducted in recent weeks.

8 ALJ YACKNIN: I hope that my ruling
9 instructs you for the future. I appreciate
10 that SDG&E's witnesses acted in good faith.

11 Would SDG&E care to call its first
12 witness to the stand. Thank you.

13 Actually, we can take a five-minute
14 break to collect ourselves.

15 Off the record.

16 (Recess taken)

17 ALJ YACKNIN: Back on the record.

18 Before we begin taking testimony, I
19 would like to follow through on what's been
20 marked for identification as Exhibit 5, which
21 is the testimony of Laura Norin sponsored by
22 UCAN.

23 Does UCAN move the admission of this
24 exhibit?

25 MR. PEFFER: Yes, your Honor, UCAN
26 moves the admission of Exhibit 5.

27 ALJ YACKNIN: Is there any objection?

28 (No response)

1 ALJ YACKNIN: There being none, it is
2 received.

3 (Exhibit No. 5 was received into
4 evidence.)

5 ALJ YACKNIN: SDG&E, please call your
6 first witness.

7 MR. SZYMANSKI: Thank you, your Honor.

8 SDG&E calls Mr. Robert Anderson to
9 the stand.

10 ALJ YACKNIN: Please stand and raise
11 your right hand.

12 ROBERT ANDERSON, called as a witness
13 by San Diego Gas & Electric Company,
14 having been sworn, testified as
15 follows:

15 ALJ YACKNIN: Have a seat.

16 Mr. Szymanski.

17 DIRECT EXAMINATION

18 BY MR. SZYMANSKI:

19 Q Mr. Anderson, would you please
20 state your title and job duties for SDG&E.

21 A My title is director of resource
22 planning. And as part of that function I
23 basically look to integrate all aspects of
24 energy efficiency, renewables into an overall
25 portfolio.

26 Q Thank you.

27 Mr. Anderson, this morning you heard
28 a discussion between counsel and ALJ and

1 myself about your testimony. Is the
2 testimony you are about to give true and
3 correct to the best of your knowledge?

4 A Each of the sections of the
5 testimony was as of the date it was prepared,
6 yes.

7 ALJ YACKNIN: Mr. Szymanski, just for
8 the record, can you identify each of the
9 exhibits that Mr. Anderson is sponsoring, or
10 those portions thereof.

11 MR. SZYMANSKI: Thank you, your Honor.
12 I will do so.

13 First, Mr. Anderson is sponsoring
14 document marked as Exhibit 1, which is
15 SDG&E's direct testimony of May 19th, 2011.
16 He is also sponsoring the October 21st, 2011,
17 testimony of Robert Anderson. And he is
18 further sponsoring the April 27 testimony of
19 Robert Anderson as well as the June 6th
20 testimony of Robert Anderson.

21 ALJ YACKNIN: Let me just clarify here,
22 if I may just directly.

23 Mr. Anderson, I'm looking at
24 Exhibit 1, which is the public version of the
25 prepared direct testimony for May 19. And I
26 see that you are sponsoring all of Part 1,
27 all of Part 2, and Part 3 you are sponsoring
28 A, B, C and D, and F. You are sponsoring

1 Part 4, A, B, C and D and F and G and H. Are
2 you sponsoring Part E?

3 THE WITNESS: Of Section 4?

4 ALJ YACKNIN: Section 4 E, are you
5 sponsoring Section 4 E? There's no name
6 there in the table of contents, so I was
7 wondering.

8 THE WITNESS: No, I'm not. E is
9 actually split up between the various
10 witnesses for each of the contracts.

11 ALJ YACKNIN: Okay. But you are not
12 sponsoring that portion?

13 THE WITNESS: No.

14 ALJ YACKNIN: Okay. Are you looking at
15 someplace where I can see who is sponsoring
16 them?

17 THE WITNESS: I was looking at page 43.

18 ALJ YACKNIN: I see. Thank you. Okay.
19 I see how that works. Thank you.

20 So, then, you are sponsoring Part 5,
21 A, B, C, and then your associated appendices,
22 is that it?

23 THE WITNESS: Yes.

24 ALJ YACKNIN: Thank you.

25 MR. SZYMANSKI: Thank you, your Honor.

26 So I would just note for the record
27 that the veracity of Mr. Anderson's
28 testimony, whether written or oral, needs to

1 be understood in the context of the
2 discussion we just concluded prior to the
3 break about most recent and truthfulness of
4 Mr. Anderson's testimony.

5 Q Mr. Anderson, does the testimony
6 you are about to give today reflect your best
7 professional judgment?

8 A Yes.

9 MR. SZYMANSKI: Thank you very much.

10 SDG&E presents Mr. Anderson for
11 cross-examination.

12 ALJ YACKNIN: Thank you.

13 We have cross-examination. Who are
14 the parties who wish to cross Mr. Anderson?

15 (Hands raised)

16 ALJ YACKNIN: Anybody else?

17 From where I am sitting, left to
18 right works for me.

19 MS. MOREY: We actually discussed that
20 they would start first.

21 MR. DOUGLASS: I probably have the
22 briefest, your Honor. I probably have about
23 15 minutes.

24 ALJ YACKNIN: And maybe it will go away
25 after everybody else does their cross?

26 MR. DOUGLASS: No.

27 ALJ YACKNIN: Okay. Why don't, if you
28 can wait, we will start with CEJA.

1 CROSS-EXAMINATION

2 BY MS. BEHLES:

3 Q Good morning, Mr. Anderson.

4 A Good morning.

5 Q My name is Deborah Behles. I am
6 here representing the California
7 Environmental Justice Alliance.

8 Are you the same Mr. Anderson that
9 testified in the 2010 long-term procurement
10 proceeding?

11 A Yes.

12 Q And are you the same Mr. Anderson
13 that provided prepared testimony in Track 1
14 of the 2010 long-term procurement proceeding?

15 A Yes.

16 MS. BEHLES: Your Honor, may I
17 approach?

18 ALJ YACKNIN: Yes, please.

19 (Document handed to the witness)

20 Q Mr. Anderson, I handed you a
21 document. Could you please identify it for
22 the record.

23 A It is prepared Track 1 testimony of
24 San Diego Gas & Electric where the witness
25 was Robert Anderson.]

26 Q Are you familiar with this
27 document?

28 A Yes.

1 Q Did you prepare this document?

2 A Yes.

3 Q Is this a complete and accurate
4 version of your prepared Track 1 testimony in
5 the long-term procurement proceeding?

6 A Without -- I'll assume it's an
7 exact copy rather than wasting the Court's
8 time and having me compare page to page.

9 MS. BEHLES: Your Honor, I would like
10 to move for the admission of this exhibit.

11 ALJ YACKNIN: Off the record.

12 (Off the record)

13 ALJ YACKNIN: Back on the record.

14 The Prepared Track 1 Testimony of
15 San Diego Gas & Electric Company will be
16 marked for identification as Exhibit 29.

17 (Exhibit No. 29 was marked for
18 identification.)

19 ALJ YACKNIN: And I will ask
20 the parties to hold moving the receipt of
21 exhibits until the witness is concluded.

22 MS. BEHLES: Okay.

23 ALJ YACKNIN: Thank you.

24 MS. BEHLES: Q Mr. Anderson, are you
25 familiar with the phrase "local capacity
26 requirement"?

27 A Yes.

28 Q What's a local capacity

1 requirement?

2 A In general terms, it's
3 a requirement that a certain amount of
4 generating capacity be located within a given
5 area which normally gets defined by some
6 transmission constraints.

7 Q Could a local capacity requirement
8 also be called a local capacity need?

9 A Yes.

10 Q There are many ways to fill a need
11 in a local area, is that right?

12 A Yes, but there are likely to be
13 some restrictions. Meaning if a local area
14 has voltage collapse concerns or whatever,
15 then you would need to fill it with something
16 that addresses that concern. So in some way,
17 it might depend on what the constraint is.

18 Q Energy efficiency resources could
19 be used to fill local area need, isn't that
20 right?

21 A They could probably be used to fill
22 a portion of it, but probably not all.

23 Q And demand response resources could
24 be used to fill a local area need?

25 A Likewise, a portion.

26 Q Renewable energy resources could be
27 used to fill a local need?

28 A Yes.

1 Q Contracts -- or existing facilities
2 could be used to fill a local need?

3 A Yes.

4 Q Combined heat and power could be
5 used to fill local need?

6 A Yes.

7 Q Have you heard of the loading
8 order?

9 A Yes.

10 Q What's the loading order?

11 A It's the -- actually, I believe
12 it's in state statute now, but it's to look
13 to -- well, some time to go work through
14 preferred resources to look at energy
15 efficiency, demand response, combined heat
16 and power, renewables.

17 Q Did you estimate how much it would
18 cost to increase energy efficiency to account
19 for a proposed local area need in this case?

20 A No. This was the LTPP case and
21 the Commission makes it pretty clear in those
22 cases that they don't want to relitigate EE,
23 DR and those kind of things in the LTPP case
24 but rather use the results if they've been
25 determined in previous cases.

26 Q Did you estimate how much it would
27 cost to increase energy efficiency to account
28 for a proposed need in this case, in this

1 proceeding?

2 A No. We approached it the same way
3 as in an LTPP case.

4 Q And what was that?

5 A That the LTPP proceeding would
6 determine the amount of energy efficiency
7 normally that's committed. We look to
8 the CEC for their uncommitted energy
9 efficiency in the long term since the
10 Commission doesn't, in essence, adopt
11 a committed number.

12 Q So you didn't make a determination
13 of whether or not you could increase your
14 energy efficiency to account for any
15 deficiency in local area in this case?

16 A We used the sources that best --
17 looked to try to determine that and then we
18 look to incorporate those.

19 Q Did you estimate how much it would
20 cost to increase demand response to account
21 for any proposed need in this proceeding?

22 A Once again, we look to the demand
23 response proceeding where the Commission
24 actually assesses the cost benefits of those
25 proceedings. And to the extent the
26 Commission has adopted a given DR estimate,
27 then we look to incorporate that into this
28 proceeding.

1 Q So you didn't do any estimate of
2 what it would cost to increase demand
3 response in this proceeding?

4 A No, we didn't. Because, like I
5 said, demand response in what's -- all
6 cost-effective demand response really gets
7 determined in the demand response proceeding.
8 If that proceeding you doesn't find it's cost
9 effective to do it, then I'm willing to
10 accept that it would be more costly to do the
11 demand response than the alternatives.

12 Q Did you estimate how much it would
13 cost to increase renewable energy to account
14 for a proposed need in this proceeding?

15 A Well, on the renewable energy side,
16 we're really relying on the results of RFOs
17 that we conduct.

18 And when we conduct an RFO, they're
19 open to renewables both in the area and
20 outside the area, and we assess their cost
21 effectiveness. And we do look at -- we will
22 assign a higher capacity value to resources
23 that are in the area as compared to outside
24 the area.

25 So to the extent we're not finding
26 cost-effective renewables in the area, it's
27 meaning it's more cost effective for us to go
28 get the renewable outside the area and deal

1 with the local area in another manner rather
2 than, in essence, overpaying for a renewable
3 to be local.

4 Q When you do that cost assessment of
5 renewables, do you compare it -- did you
6 compare it to the cost of the contracts in
7 this proceeding?

8 A It probably would not have
9 necessarily been these in general, but we do
10 compare it to the cost of local generation.
11 So I can't say we took these exact contracts
12 and rolled them into our RPS proceeding.

13 Q Did you compare the cost of
14 the contracts in this proceeding to the costs
15 of locating renewable energy in the local
16 area?

17 A I take the results of the RPS
18 process. And there we get bids in, we
19 evaluate them, we file with the Commission.
20 The Commission basically approves our RPS
21 plan and they would have -- and to the extent
22 they've agreed that we have gotten
23 the least-cost best-fit renewables out of
24 that proceeding, I then incorporate that
25 result into mine. I don't try to replicate
26 the RPS proceeding, I don't try to replicate
27 the DR proceeding, or replicate EE
28 proceedings.

1 Q So you didn't integrate the RFO
2 process from the RPS proceeding into your
3 analysis of the contract at issue in this
4 proceeding?

5 A I believe I do integrate it because
6 I account for whether or not I think
7 the renewables from that RPS proceeding will
8 meet my local need or not. And
9 the conclusion I'm coming, there is some
10 local but not a lot, and therefore I need to
11 look to meet my need another way because it's
12 not going to come from renewables.

13 Q Did you look at renewables to fill
14 the potential need identified in this case --
15 increasing the amount of local renewables to
16 meet the identified need in this case?

17 A Like I said, we incorporate what we
18 know of all of our renewable contracts before
19 we even move ahead with a case like this. So
20 I would say I incorporate the best knowledge
21 I have as to whether or not renewables,
22 cost-effective renewables will meet the local
23 need. To the extent they aren't, then we
24 look to fill it another way.

25 Q You didn't issue a separate RFO to
26 fill local need with renewables in this
27 proceeding, did you?

28 A We did. I believe this RFO, if

1 I go back, it allowed renewables to
2 participate in this. But what we really find
3 in the procurement arena if you start putting
4 any given kind of resource in multiple RFOs
5 you actually just cause confusion amongst
6 bidders and so we said renewables aren't, you
7 know, disallowed from participating in this
8 case.

9 But we tend to find that all
10 the renewables mainly want to prepare, just
11 want to get involved in the renewable
12 proceedings. And like I said, I then take
13 the results of that and look at this to
14 determine whether or not there's any
15 additional need I need to fill beyond
16 the renewables.

17 Q So you determine whether there's
18 any additional need to fill after
19 the renewable process is done?

20 A Yes.

21 Q You first submitted testimony in
22 this case on May 19, 2011, is that right?

23 A This case, do you mean --

24 Q This proceeding.

25 A We're back to this proceeding?

26 Q Yes.

27 A Not the Track 1?

28 Q Yes.

1 A Okay.

2 Q I'll refer to Rulemaking 10-05-006
3 as the 2010 long-term procurement plan or
4 2010 LTPP to make sure that I'm clear.

5 A There may be times when you're
6 clear and I just need to make sure I'm clear.

7 Q Yes, absolutely. So please ask.

8 A Okay. So what was the question
9 again, please?

10 Q I asked whether you first submitted
11 testimony in this proceeding on May 19, 2011?

12 A Yes, we did.

13 Q Did you have an opinion at that
14 time of what the need was in the SDG&E local
15 area?

16 A Yes, we did.

17 Q What was that need?

18 A Excuse me. I have table 2 in
19 Exhibit 1. It's on page 1. And I calculated
20 the grid reliability need.

21 Q And what number in this table
22 refers to the need for the local area?

23 A The very top row has a minimum grid
24 reliability need. This is in different order
25 than the other table.

26 Q Right.

27 A Yeah.

28 Q Okay. So that's the local capacity

1 area need?

2 A At that point in time, yes.

3 Q At that point in time.

4 And then looking down, you have
5 resource over minimum need at the bottom of
6 the table.

7 A Right.

8 Q What does that refer to?

9 A That just says if we've got
10 a certain need, there's certain resources
11 available, we think some are going to retire,
12 the -- just to make it clear, the need was
13 determined including uncommitted EE already
14 in the load forecast, just wasn't shown
15 separate here.

16 It shows what demand response might
17 be able to meet. Then shows what these new
18 resources would be. And then it shows to
19 what extent would we have met that need.

20 Q What was the uncommitted EE value
21 that was included in this table?

22 A I would have to go back to --
23 subject -- hang on one second here.

24 Subject to actually having to pull
25 up an Excel spreadsheet, I'm pretty sure that
26 table 1 in my -- in Exhibit 7 of my rebuttal
27 testimony is basically that same table
28 expanded out and rearranged a little bit.

1 But that showed the uncommitted EE billing
2 from zero up to 284 megawatts.

3 Q So that value was 284 megawatts in
4 2020, is that right?

5 A Yes.

6 Q So let's turn to that table. And
7 I believe that appears on RA 4 in Exhibit
8 No. 7; is that correct?

9 A Yes.

10 Q Did you prepare this table?

11 A Yes.

12 Q Let's run down some of the numbers
13 in this table. So the second line you have,
14 you list Forecast Peak Hour 1 and 2. What
15 does that refer to?

16 A That would be the load that's
17 the peak load forecast that will be expected
18 in an average temperature year.

19 Q Underneath that is a line that's
20 listed Forecast Peak Hour 1 in 10. Do you
21 see that?

22 A Yes.

23 Q What does that refer to?

24 A That would be the peak load that
25 would be expected if a 1 in 10 weather event
26 came through.

27 Q Which of these two values forecast
28 Peak Hour 1 and 2 or Forecast Peak Hour 1 in

1 10 did you rely on for the calculation in
2 this table?

3 A For the need table, you use the 1
4 in 10 value.

5 Q What's the difference between these
6 two values, in 2020?

7 A The numeric.

8 Q The numeric difference, yes.

9 A Numeric difference, it looks like
10 it's about 510 megawatts.

11 Q So if you had relied on the 1 in 2
12 peak hour forecast, would your calculation of
13 need then 510 megawatts difference?

14 A Well, then you're actually not
15 applying the grid operating criteria that
16 we're looking to meet. The operating
17 criteria requires the use of a 1-in-10
18 forecast not a 1 in 2.

19 Q Okay, we'll get to that. But I'm
20 just asking if holding other -- everything
21 else equal, if you use the 1-in-2 forecast
22 peak hour value, would your calculation of
23 need be 510 megawatts different in 2020?

24 A Yes. I'm not sure it would be
25 meaningful, but it would be.

26 Q How often does a 1 in 10 -- well
27 first of all, forecast peak hour 1 in 10,
28 what type of day is that referring to?

1 A It's -- for San Diego, it will be
2 normally a hot summer afternoon, tend to roll
3 through late August, early September.

4 Q How often does a 1-in-10 day occur?

5 A Statistically it would occur once
6 every ten years.

7 Now, we have other days that are
8 much hotter than 1 in 5. And I believe
9 a year or two ago we actually had a day that
10 was actually higher than a 1 in 10. It's
11 just a statistical calculation.

12 Q But on average, it's supposed to
13 occur one in every ten -- one day in every
14 ten years, is that right?

15 A Yeah. I -- yeah.

16 Q In this table, did you assume any
17 transmission failures?

18 A The transmission import capability
19 in this cable assumes that one transmission
20 line is out of service.

21 Q Which transmission line is this
22 assuming out of service?

23 A That would be the Sunrise line.
24 Sorry. SWPL.

25 I hate the fact that we named them
26 both with an S. Sorry.

27 Q Okay. And SWPL is identified by
28 the acronym S-W-P-L?

1 A Yes. Southwest Powerlink.

2 Q Yes. If that transmission line had
3 been in service, what would the difference in
4 megawatts be of transmission capability?

5 A I think that would be a better
6 question for witness Strack who's
7 a transmission expert.

8 Q Okay. So looking at that line, you
9 have a line that's called transmission
10 capability.

11 A Right.

12 Q What is that referring to?

13 A That refers to the simultaneous
14 capability that our transmission planners
15 provide to me with one line out of service.
16 And that should consistent, once again, with
17 the grid operating criteria that we're
18 looking to meet.

19 Q And specifically in this table,
20 you're looking to meet what grid operating
21 criteria?

22 A It's to make sure we can serve
23 the load under the 1-in-10 day with
24 the single largest transmission out and
25 the single largest generator out.

26 Q How often does a transmission line
27 go out? What's the probability?

28 A You may want to ask Mr. Strack

1 that.

2 Q So you don't have an opinion on how
3 often a transmission line fails?

4 A I could say maybe not a lot, but
5 I'm not sure that's really descriptive or
6 very helpful so --

7 Q So, do you know how often
8 a transmission failure occurs on a 1-in-10
9 day?

10 A No, I do not.

11 Q So this transmission capability
12 line, does it include the Sunrise Powerlink?

13 A Yes, it does.

14 Q What value is assumed for
15 the Sunrise Powerlink?

16 A I think once again it would be
17 a better question for Mr. Strack as to
18 whether or not you can split this number up
19 between any given line or not.

20 Q Okay. If this transmission
21 capability was increased by 700 to
22 4200 megawatts with everything else being
23 equal, how would that impact your need
24 calculation?

25 A Once again, if the transmission
26 planning people can tell me that they can
27 manage the grid or everything at the higher
28 import level, then it would reduce the need

1 for local generation.

2 Q How much would it reduce the need
3 by?

4 A Given this is pretty
5 straightforward math, it's
6 a megawatt-by-megawatt basis.

7 Q So if the transmission capability
8 increased by 700 megawatts, would the need
9 decrease by 700 megawatts?

10 A Once again, assuming that all
11 voltage support and everything else is being
12 met, yes.

13 Q Okay. The next line refers to
14 Generation Contingency. What is this
15 referring to?

16 A This is -- once again under
17 the planning criteria, we need to meet load
18 if the largest transmission line is out and
19 the single largest generator is out.

20 Q Which generator is assumed out?

21 A This is the Otay Mesa combined
22 cycle plant.

23 Q Is that Otay Mesa plant designed to
24 operate in a single cycle mode with the steam
25 turbine generator in forced outage?

26 A Single cycle mode, I believe it
27 can, yes.

28 Q Can you explain what the impact of

1 that is?

2 A I think what you're asking is could
3 it operate with only one of the CTs running
4 powering the stream generator is how
5 I interpreted your question.

6 Q Yes.

7 A Most combined cycle plants can
8 operate in that mode.

9 ALJ YACKNIN: Excuse me. Can we go off
10 the record for one minute?

11 (Off the record)

12 ALJ YACKNIN: On the record.

13 MS. BEHLES: Q Mr. Anderson, if
14 the Otay Mesa plant is operating in single
15 cycle mode, how many megawatts capacity can
16 it provide?

17 A I do not know specifically for Otay
18 Mesa. I would gather it's probably a bit
19 little less than half.

20 Q Does 300 megawatts -- I mean
21 350 megawatts sound correct?

22 A That's more than half. I would
23 kind of be surprised it can do a full 350
24 given you basically only have one of your
25 heat sources and you are not running
26 your steam generators at the most efficient
27 point. Like I said, I tend to think it would
28 be less than half.

1 Q You would assume that it would be
2 300 megawatts?

3 A Yeah, somewhere in there.

4 Q Okay. So moving down -- actually
5 first, you have a line called Local Resource
6 Need.

7 A Yes.

8 Q How is that calculated?

9 A That is the 1 in 10 load minus
10 the transmission capability plus
11 the generation contingency. In this case,
12 there was additional losses.

13 Q Why were there additional losses?

14 A At the time we did this, the ISO
15 had done one of their updated studies and
16 actually had their peak load higher than
17 the 1 in 10.

18 The amount of losses you will get
19 will depend in every single case depending on
20 what set of generators are on. The load
21 forecast will assume one number of losses.
22 But depending on what generator you have on,
23 you can have slightly more, slightly less
24 losses, so --

25 Q Underneath that there's a line
26 labeled Existing Local Supply Resources. Do
27 you see that line?

28 A Yes.

1 Q What does that refer to?

2 A Those would be the pretty much
3 the existing non OTC, the once-through
4 cooling steam plants that are in
5 the San Diego area.

6 Q So these are all fossil fuel
7 resources?

8 A Yes.

9 Q Is this value based on the net
10 qualifying capacity of the resources?

11 A Yes.

12 Q Is the net qualifying capacity
13 different than the maximum capacity of these
14 resources?

15 A It may be. Generally for the gas
16 fired plants though, it's very close.
17 The NQC is whatever they get tested at in
18 a given day and what the ISO can rely on.

19 Okay, there may be some plants that
20 just can't meet their full capacity and this
21 would be slightly lower.

22 Q Do you know what the difference is
23 between the net qualifying capacity and
24 the maximum capacity for the local supply
25 resources?

26 A For all of them, not off the top of
27 my head, but it's fairly -- it's not hugely
28 different.

1 When you talk about the fossil,
2 when you talk about the QFs, those, the wind
3 and solar and those things obviously have
4 a different NQC accounting convention that
5 the ISO uses. So in those cases, it could be
6 quite a bit different.

7 Q Are you aware that the CAISO relied
8 on the maximum capacity at the local supply
9 resources in its calculation in this
10 proceeding?

11 A You would need to double check with
12 the ISO. I'm pretty sure they relied on --
13 I thought they relied on NQC, too.

14 Actually, when we're required to
15 make our NQC -- our reliability showing with
16 the commission, it relies on NQC.

17 ALJ YACKNIN: What's that acronym?

18 THE WITNESS: Net qualifying capacity.

19 ALJ YACKNIN: So can I -- in my notes
20 I'm writing "net capacity." Does that work
21 too or is it different?

22 THE WITNESS: Yeah. It's basically,
23 what can the -- what's the maximum capacity
24 that the ISO can count on basically at the
25 time of peak or over the peak hours.

26 ALJ YACKNIN: So there's net and
27 there's maximum, right?

28 THE WITNESS: Right. A good example,

1 a wind project, you may have a 50-megawatt
2 wind project. But over peak because the
3 wind's not blowing, you can only count on it
4 at 8 or 10 megawatts. So its NQC would be 10
5 although its maximum capacity would be 50.

6 ALJ YACKNIN: Okay, thank you.

7 MS. BEHLES: Q Moving down, your next
8 line is Existing OTC.

9 A Yes.

10 Q Is this line referring to
11 the Encina facility?

12 A Yes, it is.

13 Q Then after that you have Small
14 Hydro.

15 A Yes, right.

16 Q What is that referring to?

17 A There are some pipeline hydro
18 projects. Most of them were under --
19 originally under QF contracts. Some of them
20 are now removed under renewable contracts but
21 they're just some local renewable pipeline
22 hydro in the service area.

23 Q Underneath that you have a line
24 Pumped Hydro.

25 A Yes.

26 Q What is that referring to?

27 A That's the Lake Hodges. It's --
28 the water authority put in a plant, a project

1 in order to move water between two
2 reservoirs, and we have a contract with them
3 in order to use it like a pumped hydro
4 facility. In essence, generate power over
5 peak and then re -- pump their water back up
6 during that.

7 Q Is this the only energy storage
8 represented in your table?

9 A Yes, it would be.

10 Q In other words, you assume no
11 additional energy storage will be added on
12 the SDG&E system by 2020, is that right?

13 A I said no storage will be added in
14 the local load pocket with its main purpose
15 being to meet peak dead, okay. We may add
16 storage to deal with voltage problems on
17 other systems or other things, but the
18 storage wasn't being added, as you may call
19 bulk storage where we could count on having
20 substantial amounts of energy over peak.

21 Q If additional energy storage
22 projects were considered, how would that
23 impact the results?]

24 A Well, what I tried to do in this
25 table is calculate a need. That could be a
26 potential solution to the need, but to me it
27 doesn't change the need.

28 Q Skipping down, your next line is

1 existing CHP. What does that refer to?

2 A Those are some existing QF projects
3 in the service area.

4 Q And then down under proposed
5 resources you also have another line that
6 refers to CHP?

7 A Right.

8 Q Additional demand side CHP?

9 A Yes.

10 Q How did you come up with that
11 value?

12 A The CEC -- the load forecast --
13 this is demand side, not supply side. So it
14 would end up showing up as reducing the load
15 that we see. And for the most part the CEC
16 and others when they do their load forecast,
17 they have kind of lately been holding that
18 number constant over time and incorporating
19 just PV. And we have gone back and looked at
20 what has kind of been the trend of demand
21 side CHP. And we see kind of a slow growth.
22 It may bump up every now and then, like when
23 a major university added something we'd see a
24 big jump. But since every major university
25 in San Diego has a CHP, we don't see any of
26 those in the future.

27 So this is kind of, I guess I could
28 put it as seeing the trend over time in a

1 substantial period of time, we get a little
2 bit of growth in CHP. It's not huge. Unless
3 I am willing to assume for local planning
4 that that would continue.

5 Q Are you aware in 2010 long-term
6 procurement proceeding the Commission used an
7 assumption of 64 megawatts of incremental
8 CHP?

9 A Yes, I think that was the number.
10 I will trust you pulled the right number out
11 of there, the 2010.

12 I think there's a couple things you
13 need to be a little bit careful about that.
14 That included both supply and demand side,
15 basically a statewide allocation where they
16 didn't really look at the specifics in SDG&E
17 service territory. Also that's a nameplate
18 rating. This is the actual peak reduction.
19 We find that demand side CHP, that when it
20 gets installed, it all doesn't run at a
21 hundred percent its capacity at time of peak.

22 So someone might put in a
23 5-megawatt CHP, but a time of peak we would
24 only see a 3-megawatt reduction. This is
25 really to incorporate the actual peak
26 reduction.

27 ALJ YACKNIN: Excuse me, Ms. Behles.

28 Could you repeat that question, your

1 question.

2 MS. BEHLES: Yes.

3 Q My question was in the 2010
4 long-term procurement proceeding the
5 Commission used an assumption of 46 megawatts
6 of incremental CHP?

7 ALJ YACKNIN: Just for clarification,
8 by Commission, you mean the assigned
9 Commissioner ruling assumptions? I would
10 like to distinguish between Commission's and
11 Commissioners.

12 MS. BEHLES: Oh, yes. It was from the
13 scoping memo in the 2010 long-term
14 procurement proceeding.

15 ALJ YACKNIN: Thank you.

16 MS. BEHLES: Q Along with other
17 utilities SDG&E entered into a CHP settlement
18 recently; is that correct?

19 A Yes, we did.

20 Q Pursuant to that settlement
21 agreement is it correct that SDG&E will seek
22 a total megawatt target of 211 megawatts of
23 CHP by 2020?

24 A I don't have the number right in
25 front of me. I am trying to recall if the --
26 we have to do contracts with 211. I will
27 take the 211 as a given. I don't have the
28 number right in front of me.

1 Q Looking at your table, how much CHP
2 did you account for in 2020?

3 A Well, if you trying to tie it to
4 the 211 I think there are some things that
5 are very important. One is part of the 211
6 can be met by actually renegotiating existing
7 CHP contracts into more dispatchable
8 contracts. So if we do that with our
9 existing contracts, it just means that part
10 of the 137 stays as 137, just runs
11 differently.

12 Also, there is no obligation under
13 the CHP settlement that any of the CHP that
14 we do under the settlement is in the local
15 area.

16 Q And the question I asked is how
17 much CHP, including existing and additional
18 demand side CHP, do you account for in your
19 table?

20 A We have got the 137, plus this is
21 the growth of CHP and it doesn't include all
22 the existing demand side CHP that's already
23 accounted for in the load forecast, which I
24 believe is upwards of 130 some megawatts
25 already of reduction of load forecast from
26 existing CHP. So net total altogether,
27 there's that, this 137, so there's almost
28 300 megawatts of CHP in here.

1 Q You only included 17 megawatts of
2 new CHP?

3 A Of incremental new CHP. But when
4 you ask how much total CHP is there, meeting
5 the local need, it is closer to that 300
6 number that I have talked about.

7 Q Skipping down to the next line
8 under existing CHP is local renewable energy.
9 Do you see that line?

10 A Okay, yes.

11 Q Have you heard of a biomass plant
12 run by Bull Moose Energy?

13 A I know of a proposal for there to
14 be a project like that.

15 Q Are you aware that CAISO attributed
16 27 megawatts net qualifying capacity to Bull
17 Moose in its calculation?

18 A That might be a better question for
19 Mr. Strack. But Bull Moose does not exist,
20 nor -- and Mr. Juancho can confirm this --
21 but I believe nor do we have an active
22 contract with Bull Moose at this time.

23 Q I asked if you are aware if
24 CAISO -- that CAISO attributed the
25 27 megawatts net qualifying capacity to Bull
26 Moose?

27 A I think it would be better asked of
28 Mr. Strack. He went through the CAISO runs.

1 Q Is the 27 megawatts net qualifying
2 capacity from Bull Moose accounted for in
3 this table?

4 A No, because the project does not
5 exist.

6 Q So it is not accounted for in 2020?

7 A That's correct.

8 Q Have you heard of the Kumeyaay wind
9 project?

10 A Yes.

11 Q Is that included in your table?

12 A That is part of the local
13 renewables, that 26 megawatts.

14 Q Did you in your table assume that
15 any additional renewable energy would come on
16 line before 2020?

17 A Not in this table, no, not new
18 renewables that would be in the local load
19 pocket. We do assume lots of new renewables
20 will come on to meet our 33 percent RPS, but
21 we do not believe they will be in the load
22 pocket.

23 Q You assume zero megawatts of local
24 renewables will come on line by 2020?

25 A Not including rooftop PV that's
26 already built into the load forecast that is
27 incorporated. I am talking about supply side
28 renewables. And we built that assumption

1 based on the fact that we have done a large
2 percent of our RPS contracting already to
3 meet a 33 percent obligation.

4 So we looked through that portfolio
5 of contracts we have to meet our RPS
6 obligation and whether or not they are going
7 to be located in such a place that is going
8 to contribute to local capacity requirements
9 or not.

10 Q So just to be clear, you are
11 assuming no new contracts for renewable
12 energy aside from solar PV will be in the
13 local area before 2020?

14 A In this table, yes.

15 Q And let's turn to solar PV. You
16 mentioned that solar PV is considered in the
17 load forecast?

18 A Yes.

19 Q Is the RAM requirements considered
20 in the load forecast?

21 A No, it is not because that is a
22 supply side resource.

23 Q So you are also assuming that no
24 additional megawatts from the RAM program
25 will be built in San Diego Gas & Electric's
26 local area by 2020?

27 A That's correct.

28 Q San Diego Gas & Electric recently

1 approved an IOU sponsored similar PV program;
2 is that right?

3 A Yes.

4 Q And that program is a hundred
5 megawatts; is that right?

6 A It was made up of some power
7 contracts that made up about 74 megawatts of
8 it and some potential for I think about
9 26 megawatts. I am pretty sure the 26 would
10 be DC power, not AC power, so you would have
11 to reduce it for that locally.

12 Q Was that a hundred megawatts
13 included in the load forecast?

14 A No, it isn't.

15 Q So that hundred megawatts is not
16 included at all in this table; is that
17 correct?

18 A That's right, because for a number
19 of reasons it is not included.

20 Q Are you familiar with the feed-in
21 tariff program for similar PV?

22 A Yes, I am.

23 Q Was the feed-in tariff program for
24 similar PV included in the load forecast?

25 A No, because the feed-in tariff
26 doesn't require that every project that signs
27 up for that gets a full deliverability study
28 and thus is fully deliverable and accountable

1 and we could use it to meet the local area
2 need. Under the feed-in tariff, a project
3 could be energy only, meaning they just put
4 their energy on the system and that they
5 haven't been deemed fully deliverable by the
6 California ISO. And if you haven't been
7 deemed fully deliverable for the California
8 ISO, you basically don't have an NQC or your
9 NQC is zero.

10 MR. SZYMANSKI: Your Honor, I need to
11 note an objection or at least a concern.
12 That is that when counsel asks questions
13 about recent developments such as dealing
14 with recently approved PV, similar PV items
15 or current documents issued by the ISO or
16 whatever it may be, that we note when those
17 documents or approvals were issued for the
18 record.

19 ALJ YACKNIN: That's fine, absolutely.
20 And if your point is the relevancy of recent
21 developments to this proceeding, definitely
22 recent developments are relevant to the
23 proceeding. And SDG&E is at liberty to
24 introduce them through cross-examination as
25 well.

26 Proceed.

27 MS. BEHLES: Thank you, your Honor.

28 ALJ YACKNIN: And please identify the

1 time of the recent developments that you
2 identified.

3 MS. BEHLES: Okay.

4 ALJ YACKNIN: Or recent forecasts that
5 you are questioning the witness about.

6 MS. BEHLES: Okay.

7 Q Just to be clear, what forecasts
8 did you rely on in your Exhibit 7, Table 1,
9 that we are discussing?

10 A Table 1 was the SDG&E's forecast,
11 internal forecast at that time as to what our
12 best estimate was for what loads would be in
13 our service area. It was the same load
14 forecast that we included in my Track 1
15 testimony in the 2010 LTPP.

16 Q And when I was asking questions
17 about what was included in the forecast, were
18 you referring to that internal SDG&E
19 forecast?

20 A Yes.

21 Q We were referring to the feed-in
22 tariff program. Does your table account for
23 any megawatts coming on line before 2020 in
24 the San Diego Gas & Electric territory from
25 the feed-in tariff program?

26 A No, it does not. As I said, there
27 is no obligation under that tariff for people
28 taking part of that tariff to be fully

1 deliverable and thus counted towards the NQC.

2 We believe when we are looking at
3 this need we need to account for those
4 resources that have the highest probability
5 of occurring. If they come in, great. They
6 will carry us for future years of not having
7 to add anything additional. But we know if
8 they don't show up, we still met grid
9 reliability.

10 Q Just to be clear, in your view you
11 think it is reasonable to assume that
12 zero megawatts will come on line from the
13 feed-in tariff program in San Diego Gas &
14 Electric's territory before 2020?

15 A We believe for reliability planning
16 that we ought to only account for those
17 resources that we think has a very high
18 probability of being there. Okay. For an
19 overall resource plan, where I am looking at
20 more than just local, I would be comfortable
21 including some aspect of the feed-in tariff,
22 and in essence, if you want to say holding a
23 place for it in our overall resource plan.
24 That is because if they don't show up in my
25 overall resource plan, I can easily replace
26 that with any other system resource. But
27 when you are dealing with local reliability,
28 if they don't show up, the problem is

1 oftentimes there is no alternative way to
2 address the problem. There just physically
3 won't be enough resources.

4 So I think you need to apply a
5 little different standard when you are
6 looking at the grid reliability concerns and
7 meeting minimum criteria there than what you
8 might assume for an overall system plan.

9 Q Okay. So for grid reliability you
10 believe that zero megawatts from the feed-in
11 tariff program is a reasonable assumption?

12 A That can be counted on, definitely
13 counted on to appear.

14 Q And you believe that zero megawatts
15 is a reasonable assumption for grid
16 reliability purposes from the hundred
17 megawatt Commission-approved similar PV
18 program?

19 A Right, mainly because the
20 utility-owned renewables that we are looking
21 to put in has no obligation on that program
22 to obtain deliverability status. We will
23 look at it once we actually have a site and
24 we know we can economically develop the
25 project, we will look to see if it is
26 economical to get deliverability status. But
27 we have no obligation nor guarantee that it
28 will be there.

1 The other 74 megawatts was added to
2 the RAM program, and as I said, the RAM
3 program, we take bids from all over
4 California. We cannot limit it to bids
5 within San Diego. And we have already run
6 two of our auctions in the RAM program. And
7 based on the -- the first one we already
8 announced the winners, and there are no
9 winners in the RAM program that were in San
10 Diego.

11 So I am relying on actual market
12 data and what we are hearing as to what I
13 know I can count on locally.

14 Q So you think for grid reliability
15 purposes it is reasonable to assume
16 zero megawatts are going to be in the San
17 Diego Gas & Electric territory from the RAM
18 program; is that right?

19 A Within the load pocket.

20 Q Within the load pocket.

21 A Right.

22 Q Have you reviewed CAISO's renewable
23 assumptions in this proceeding?

24 A That is kind of a broad question.
25 Could you narrow it.

26 Q Sure. Have you reviewed
27 Mr. Spark's testimony from the CAISO in this
28 proceeding?

1 A I have reviewed it. Like I said,
2 Mr. Strack was more of the expert on it.

3 Q Mr. Sparks reviewed four different
4 scenarios; is that right?

5 A Yes.

6 Q Have you looked at what renewable
7 resources Mr. Sparks assumed in those
8 scenarios?

9 A I did not go into -- deep into
10 that. Pretty much the scenarios he used were
11 based on the renewable scenarios that the PUC
12 put into the scoping memo, the 2010 LTPP
13 scoping memo, where they ran a model and came
14 up with some theoretical build-outs of what
15 could be. I'm not relying on these
16 theoretical model build-outs. I am relying
17 on actual RFOs, actual contracts, actual
18 resources that we're seeing today.

19 Q So you referred to the 2010
20 long-term procurement plan scoping memo; is
21 that right?

22 A Yes.

23 Q Did you review the renewable
24 build-outs for the San Diego Gas & Electric
25 service territory that were included in that
26 scoping memo?

27 A Yes, I did.

28 Q Were the renewable build-outs that

1 were included in that scoping memo higher or
2 lower than your estimates in this table?

3 A You got to be a bit careful there
4 because in the scoping memo, when they did
5 their build-out and what they assigned to San
6 Diego, they included everything all the way
7 out to the Imperial Valley substation, which
8 is not in the local load pocket. And the
9 scoping memo did not make a specific
10 assumption as to renewables actually
11 physically in the San Diego area other than
12 you could maybe claim that all the DG they
13 put in would be there.

14 Also, I know the scoping memo
15 assigned a geothermal plant that is actually
16 connected to IID's system and put it in for
17 San Diego.

18 So, I did review it. Like I said,
19 it had issues with it. It has problems with
20 it. And it included an area that is much
21 bigger than the local area that we're talking
22 about now.

23 Q Did the 2010 long-term procurement
24 plan scoping memo assume that zero megawatts
25 of renewable energy would be added in the San
26 Diego Gas & Electric area by 2020?

27 A Like I said, it included an area
28 that went all the way out to Imperial Valley

1 and did not make a specific assumption as to
2 what would exactly be locally.

3 You could guess that it assumed
4 whatever it assumed would be DG would be
5 local. It did not make a specific
6 assumption.

7 We could have DG, if it is out in
8 the east part of San Diego County DG, it will
9 actually end up feeding through the Boulevard
10 sub into the Echo sub and come in over the
11 transmission line. You can't even make an
12 assumption that all DG will be in the load
13 pocket.

14 Q And you assume that none of the
15 DG -- none of the additional DG that was
16 assumed in the 2010 long-term procurement
17 plan scoping memo would be in the load
18 pocket; is that right?

19 A On the supply side. And that is
20 because we actually have contracts -- that
21 was included as part of the RPS compliance.
22 We have contracts for RPS compliance, and I
23 am relying on what our contracts say we are
24 going to do, not what a scoping memo from a
25 model of three or four years thought we might
26 do.

27 Q Looking down, you have a line OTC
28 retirement. Do you see that line?

1 A Yes.

2 Q Is that referring to the Encina
3 plants?

4 A Yes.

5 Q Are you aware that NRG has
6 submitted a plan to modify the Encina 2 units
7 in the Encina facilities?

8 A I have seen that -- I have heard
9 that, yes, they have filed for such a plan.
10 I don't believe any plan has been approved at
11 this time.

12 Q Have you reviewed that Application?

13 A I have not directly. I know
14 Mr. Strack has some testimony on it.

15 Q Have you reviewed the cost of
16 implementing NRG's request to modify its
17 facilities?

18 A I have not seen any cost numbers.
19 I don't know if they are public or not.

20 Q If NRG's Application is granted,
21 how many megawatts would be available in 2020
22 from the Encina facility?

23 A Not knowing exactly what their
24 Application was and whether or not they will
25 be able to allow them to run at full load or
26 anything, I think I would be speculating to
27 give you a number.

28 Q Did you review the possibility of

1 two of NRG's units at the Encina facilities
2 coming back on line to meet any identified
3 local need?

4 A The situation I think we are facing
5 in San Diego is that if you assume that the
6 OTC plants or some of the units at the OTC
7 plant can meet whatever the Water Board's
8 requirements are, thus you build those in and
9 you say I have no need to do anything else,
10 then you have put yourself in the situation
11 that you now have no choice but to go with
12 that plant. And even if it is determined it
13 can't comply, the ISO is going to have to
14 step in, which they are allowed to do under
15 the Water Board thing, and keep it around.

16 So the issue I think we are facing,
17 and I think this is for the Commission to
18 decide, is do they want to count on relying
19 on that plant, or should we look to other
20 resources in San Diego that may contribute to
21 other things. And so that there's actually
22 an economic choice to be made going forward.

23 Q Regarding that economic choice, has
24 San Diego reviewed, San Diego Gas & Electric,
25 reviewed that economic choice between putting
26 more expenditures into the Encina facility
27 versus building new facilities?

28 A We have not been given any numbers

1 from NRG as to exactly what they would charge
2 to keep the remaining plant around.

3 Q Have you reviewed the Application
4 from NRG to see -- to assess the
5 feasibilities of the Encina plants Units 4
6 and 5 remaining in service at 2020?

7 A I have not personally, no.

8 Q Has anybody at SDG&E?

9 A I can't speak for everyone at
10 SDG&E. So I don't know.

11 Q You don't know.

12 Underneath OTC retirements there is
13 another line called Other Retirements. Do
14 you see that line?

15 A Yes.

16 Q What plants or units is that
17 assuming will retire?

18 A The first 35 megawatts refers to
19 the existing wellhead Escondido plant that
20 one of our contracts is looking to re-power.
21 These are very old units that were put in
22 kind of during the energy crisis. They don't
23 have great reliability.

24 We have actually reviewed the
25 units. We are also of the strong belief that
26 its likelihood to remain reliable over a long
27 term planning period isn't a prudent
28 assumption to make. So we believe that would

1 shut down.

2 The remaining increment is for some
3 units that are sometimes referred to or
4 called the Cabrillo 2 units. They are a
5 number of older combustion turbines. They
6 are smaller units. They have a very high
7 heat rate. They have been around for about
8 50 years or so, now.

9 ALJ YACKNIN: Let me just ask here,
10 does the 223 megawatts include 35?

11 THE WITNESS: Yes.

12 ALJ YACKNIN: Thank you.

13 MS. BEHLES: Q Let's talk about the
14 Cabrillo 2 units. The Cabrillo 2 units are
15 approximately 188 megawatts of capacity; is
16 that right?

17 A That's correct.

18 Q Who is the owner of the Cabrillo
19 2 units?

20 A NRG.

21 Q Does the owner NRG want to retire
22 the facility?

23 A My guess is so long as they could
24 find a buyer that would pay them something
25 above their cost, that they wouldn't want to
26 retire them.

27 Q Who owns the land where the
28 Cabrillo 2 units are located?

1 A They are all on leases on SDG&E
2 property.

3 Q Is SDG&E planning to renew -- first
4 of all, does the lease expire?

5 A The leases expire at the end of
6 2013.

7 Q Is SDG&E planning to renew the
8 lease?

9 A No, we are not.

10 Q Why not?

11 A It's -- when we originally sold
12 them, we said it is a ten-year lease. And we
13 said that's basically it. All of these are
14 located within various of our facilities. We
15 have one unit in the middle of a substation.
16 We need to upgrade to deal with a hospital
17 upgrade that is coming nearby.

18 Some of the other ones are
19 scattered at locations where new CTs have
20 already been built literally right next to
21 them. And it's just at the end point in time
22 when you can only drive your '70s Pinto
23 around so long and it makes sense to replace
24 it.

25 Q Do you know how many hours the
26 Cabrillo 2 units have operated in their
27 lifetime?

28 A Not in their lifetime, no.

1 Q Are you aware that Cabrillo 2 units
2 have been called fast-start units?

3 A So are a lot of the other units in
4 the existing local supply line.

5 Q So you are aware that they are
6 called fast-start units?

7 A I am not sure fast-start unit is a
8 defined technical engineering term, but given
9 that SDG&E used to own them, I understand
10 that you are able to start them and bring
11 them up to full load in about 10 minutes.

12 Q Has SDG&E -- so once -- if SDG&E
13 does not renew the lease, who will own the
14 Cabrillo 2 units?

15 A Cabrillo 2 will own the units. It
16 is just that their obligations under the
17 lease is to remove them from the land.

18 Q Has SDG&E reviewed how much it
19 would cost to renew the lease and contract
20 with those peaker facilities?

21 A No. Like I said, we have got other
22 needs for the land where most of them are
23 located. We have other uses.

24 Q If SDG&E were to renew the lease
25 and contract with those peaker facilities,
26 would the power be deliverable?

27 A Yes, under the ISO basically
28 grandfathering existing units, yes.

1 Q So would any transmission upgrades
2 be required to deliver power from those
3 peaker units?

4 A I don't know if other transmission
5 upgrades around them are necessary. That is
6 not what I studied.

7 Q So in the beginning of your
8 cross-examination this morning we labeled
9 Exhibit 29. If I could have you turn to your
10 Table 1.

11 Looking at that table, you also
12 have a line with OTC retirements and then
13 another line of other retirements; is that
14 correct?

15 A That's correct.

16 Q In this table did you assume that
17 the Cabrillo 2 units would retire?

18 A This table was based on a scoping
19 memo assumption. So I basically had no say
20 as to what to assume or not assume.

21 Q So you did not assume in that table
22 that the Cabrillo 2 units would retire?

23 A No. The Commission scoping memo
24 did not assume. I always assumed that they
25 would retire, but the scoping memo did not.

26 ALJ YACKNIN: For clarity, this table
27 incorporates the assumption that Cabrillo 2
28 will not retire?

1 THE WITNESS: Yes, would remain in
2 service.

3 ALJ YACKNIN: Okay. Thank you.

4 MS. BEHLES: Q So back on Exhibit
5 No. 7, Table 1. Looking down at uncommitted
6 EE, your value is 284 megawatts. Do you see
7 that value?

8 A Yes.

9 Q Is that value different than the
10 value for uncommitted EE in 2010 scoping
11 memo?

12 A Yes, it is.

13 Q By how much?

14 A Let's go back to the table. The
15 scoping memo had 598. We had 284.

16 Q So that's a difference of over
17 300 megawatts; is that right?

18 A Yes, it is.

19 Q If you use the 598 value for
20 uncommitted EE in your table, how would that
21 change the result?

22 A Mathematically the number would
23 change, but in my mind it doesn't make it
24 more realistic that the 500 would occur.

25 Q How much would it change by?

26 A Whatever the difference is.

27 Q So it would change by over
28 300 megawatts?

1 A Yes.

2 Q Looking down the next line under
3 the table, demand response, you have a value
4 of 218 megawatts for 2020. Do you see that
5 value?

6 A Yes.

7 Q That value is different than the
8 value relied on in the 2010 long-term
9 procurement plan; is that right?

10 A That's correct.

11 Q In the 2010 long-term procurement
12 plan the estimate for 2020 was 302 megawatts;
13 is that right?

14 A Yes.

15 Q So the difference between those is
16 83 megawatts; is that right?

17 A Yes.

18 Q And so the need for 2020 in your
19 Table 1, if you use the assumption from the
20 2010 long-term procurement plan scoping memo,
21 would be 83 megawatts less; is that right?]

22 A If you wanted to use older numbers
23 that we've since had Commission decisions
24 that show that those aren't good numbers, you
25 can do that.

26 Q What information did you rely on to
27 come up with the 218 megawatts?

28 A That was based on the proceeding we

1 had in front of the Commission at that time.
2 And my recommendation is if you have more
3 questions on that, we do have witness Besa
4 here who can address more than, the details
5 of our DR assumption.

6 Q Okay. Just one follow-up question
7 with that. There was a data request provided
8 by DRA on the demand response assumption and
9 some tables were provided on the demand
10 response assumption. Are you prepared to
11 answer those questions or should I ask the
12 other witnesses?

13 A I think it would be better to ask
14 the other witnesses who are more familiar
15 with each of program.

16 Q And does the same go for energy
17 efficiency?

18 A Yes.

19 MS. BEHLES: That's all I have. Thank
20 you.

21 ALJ YACKNIN: Who's next here?

22 MR. MARTINEZ: Shall I go?

23 MS. MOREY: Sure.

24 ALJ YACKNIN: NRDC?

25 MR. MARTINEZ: Yes, your Honor. Sierra
26 Martinez representing NRDC.

27

28

1 CROSS-EXAMINATION

2 BY MR. MARTINEZ:

3 Q Good morning, Mr. Anderson.

4 A Good morning, Mr. Martinez.

5 MR. MARTINEZ: Your Honor, I'd like to
6 move to introduce a new document into
7 evidence. That document is the culmination
8 of the 2010 LTPP San Diego Gas & Electric's
9 final 2012 long term procurement plan.

10 ALJ YACKNIN: Do you have a document
11 that you'd like to mark for identification?

12 MR. MARTINEZ: Yes, I do.

13 May I approach?

14 ALJ YACKNIN: Yes.

15 I have here a document entitled --

16 MR. SZYMANSKI: Excuse me.

17 MR. MARTINEZ: Sorry.

18 ALJ YACKNIN: -- it's a May 18, 2012,
19 Advice Letter 2362-E titled "Subject:
20 San Diego Gas & Electric Company's Conformed
21 Long Term Procurement Plan Compliance
22 Filing." And this will be marked for
23 identification as Exhibit 30.

24 (Exhibit No. 30 was marked for
25 identification.)

26 ALJ YACKNIN: Parties, in the future,
27 please be advised that one reason why our
28 Rules of Practice and Procedure say that you

1 need to have a blank spot on the front of
2 the exhibit is it's I have to stamp
3 the exhibit with this great big stamp. This
4 is what goes into our formal files. So it
5 makes it difficult to find enough space if
6 you don't make sure to possibly sometimes
7 have a cover sheet.

8 I can find it this time, but for
9 the future please accommodate the stamp.
10 Thank you.

11 Proceed, please.

12 MR. MARTINEZ: Thank you, your Honor.

13 Q Mr. Anderson, did you testify about
14 the amount of energy efficiency in
15 San Diego's local need analysis?

16 A I referred to the numbers and
17 I recommended that detailed questions on
18 the energy efficiency be directed to witness
19 Besa.

20 Q That's right. And do you recognize
21 the document before you, the Advice Letter
22 2632-E?

23 A Yes, I do.

24 Q And these contain the final 2010
25 LTPP energy efficiency assumptions?

26 A If you're referring to Appendix A
27 in that document, yeah. We were ordered to
28 provide a table that basically used

1 the scoping memo assumptions, and that's what
2 this table does.

3 Q Thank you.

4 And on that page A-1, how much
5 energy efficiency is used in 2020?

6 A It shows -- this is the uncommitted
7 energy efficiency. As you know,
8 the committed is buried in the load
9 forecast --

10 Q That's right.

11 A -- of 544 megawatts.

12 Q Thank you.

13 And my final question is if there
14 were more energy efficiency than San Diego is
15 proposing here, would San Diego's local need
16 decrease?

17 A I think that was the same question
18 as attorney Behles asked me that, yes, it
19 could then reduce the local need.

20 Q Thank you, Mr. Anderson.

21 A I want to be clear. When you said
22 more than what's here, I'm just saying in
23 general EE does reduce the load and therefore
24 would reduce the need.

25 MR. MARTINEZ: Thank you. Thank you,
26 Mr. Anderson.

27 Your Honor, I have no further
28 questions.

1 ALJ YACKNIN: Okay, Ms. Morey.

2 Actually, let me back up. This
3 will help me keep better track.

4 I'd like the cross-examiners to
5 move their exhibits at the end of their
6 cross-examination. But you can move
7 the direct exhibits at the end of your
8 witness.

9 MR. SZYMANSKI: All right.

10 ALJ YACKNIN: So does CEJA wish to move
11 the exhibit admission of Exhibit 29?

12 MS. BEHLES: Yes, your Honor.

13 ALJ YACKNIN: Any objections?

14 (No response)

15 ALJ YACKNIN: Okay. There being none,
16 it is received.

17 (Exhibit No. 29 was received into
18 evidence.)

19 ALJ YACKNIN: And NRDC, do you wish to
20 move the admission of Exhibit 30?

21 MR. MARTINEZ: Yes. We so move.

22 ALJ YACKNIN: And are there any
23 objections?

24 (No response)

25 ALJ YACKNIN: There being none, it is
26 received.

27 (Exhibit No. 30 was received into
28 evidence.)

1 ALJ YACKNIN: Okay, please proceed.

2 MS. MOREY: Your Honor, may I request
3 a five-minute brief break or should we just
4 go until noon?

5 ALJ YACKNIN: If there's a need for --
6 we can take a five-minute recess. I'd like
7 to be back in five minutes.

8 We'll be in recess.

9 (Recess taken)

10 ALJ YACKNIN: Back on the record.

11 Parties, just for your information
12 I've consulted with the reporters and we've
13 agreed that -- I had been hoping that we
14 would be going till 4 but the reporters
15 prefer not to, so you may thank them.

16 We will take a one and-a-half hour
17 lunch when we take our break at noon, and we
18 will go till from 1:30 to 3:30 today. But
19 I am interested, as you can probably tell, in
20 making sure we get through this
21 cross-examination and taking of evidence
22 preferably without the need to come in on
23 Friday but without inconveniencing
24 the reporters unduly so.

25 DRA?

26 CROSS-EXAMINATION

27 BY MS. MOREY:

28 Q Good morning, Mr. Anderson. I'm

1 Candace Morey. I'm an attorney with the
2 Division of Ratepayer Advocates.

3 A Good morning.

4 Q I have mostly just some follow-up
5 questions for you this morning based on
6 the question and answers that you went
7 through with CEJA.

8 Now, in your April 27 testimony
9 which I believe is Exhibit 12 on page 2,
10 you've stated that in response to Question 3
11 which was does SDG&E agree with the CAISO's
12 recent testimony in this proceeding regarding
13 the need for additional, local resources?
14 And you responded: Yes, in general. Is that
15 correct?

16 A Question 3 on RA-2?

17 Q Yeah.

18 A Yes.

19 Q And what did you mean by "in
20 general"?

21 A I mean, they came at it with one
22 set of analysis and came to a local need
23 criteria. We came at it -- and some people
24 used a little different analysis and came to
25 the conclusion that we also need local
26 resources. So we both came to the conclusion
27 that new local generation is needed in
28 the load pocket.

1 Q Are there any specific portions of
2 the CAISO's testimony that you disagree with?

3 A You know, they have some
4 assumptions in there that in some of their
5 cases that I don't think we agree with. Kind
6 of mentioned the DG one earlier. They've got
7 some scenarios with more DG in them that I
8 think will go further.

9 So there are little items like
10 that, input assumptions.

11 MR. SZYMANSKI: Your Honor, I'd just to
12 clarify, the question that's being asked
13 relates to Mr. Anderson's testimony if
14 there's any agreement or disagreement. Same
15 question could be asked of Mr. Strack, for
16 example. But within the scope of
17 Mr. Anderson's testimony, the answer should
18 be understood to relate to again
19 Mr. Anderson's scope, not the scope
20 necessarily of Mr. Strack's testimony.

21 ALJ YACKNIN: Is that understood by
22 DRA?

23 MS. MOREY: Yeah, and I assume what you
24 mean by that a little more specifically is to
25 focus on the input assumption such as the one
26 that Ms. Behles just walked through versus
27 transmission planning type of assumption. Is
28 that the distinction --

1 MR. SZYMANSKI: Right.

2 MS. MOREY: -- I should draw?

3 THE WITNESS: Yeah. Right. Excuse me.
4 As I answered it, I was thinking of
5 the resource assumptions.

6 MS. MOREY: Q Right.

7 A Not the actual transmission model
8 which I don't do.

9 Q Yes. And I appreciate that
10 clarification. I think that's understood.

11 ALJ YACKNIN: So let me make sure
12 I understand.

13 Does that include the contingency?
14 I mean, I know you mention that you aren't
15 sure that you agree with their -- what
16 the appropriate contingency is whatever or
17 did I miss hear that? Is that a subject for
18 your testimony or is that a subject for
19 Mr. Strack's?

20 THE WITNESS: Yeah. I don't believe
21 I objected to their contingency. I mean, we
22 look to plan to the N1/G-1 criteria the same
23 as the ISO to plan to.

24 ALJ YACKNIN: Then I misunderstood your
25 testimony. Go ahead.

26 MS. MOREY: Q But for my clarification
27 now, we're talking about things like the use
28 of special protections. I believe Mr. Strack

1 covered those issues?

2 A Those would be questions for
3 Mr. Strack.

4 Q Okay. So just returning to your
5 answer which I believe you said there are
6 little items that you may disagree with
7 respect to how the CAISO approached the local
8 requirements and OTC studies. Are you aware
9 that the CAISO has accounted for no
10 incremental energy efficiency in its 2021 OTC
11 study?

12 A Yes.

13 Q And you're aware that the CAISO has
14 not accounted for any incremental demand
15 response in calculating the local capacity
16 requirements in its 2021 OTC study?

17 A Yes.

18 Q Do you -- but you're also aware
19 that in San Diego's testimony that you
20 presented in this case, in your table 1, for
21 example, in your rebuttal testimony San Diego
22 has included amounts for those types of
23 resources to satisfy local capacity needs?

24 A We have included some, yes.

25 Q So is that one source of
26 disagreement between your approach to the
27 analysis and the CAISO's?

28 A Well, I think both us and

1 the CAISO, and them even more so, we've made
2 an assumption in our testimony that may or
3 may not hold out. And that is that a hundred
4 percent of all the DR will count for local RA
5 needs going forward. Okay, we've made that
6 assumption.

7 I don't know that for sure that
8 will be true, but we did make that
9 assumption. Okay.

10 The ISO right now says DR may be a
11 way to meet their need. Okay. They didn't
12 say that DR couldn't meet some of their need.
13 They just said when they calculated the need
14 they didn't include DR.

15 I think the ISO minutes are similar
16 in that we would want to only rely on those
17 assumptions that we each believe have a high
18 probability of actually coming to fruition.
19 And depending on kind of on how you balance
20 all of the assumptions, one of us might
21 assume a little bit higher in this and lower
22 in that. But on a whole, it might kind of
23 average out.

24 Q Okay. I'm not quite clear what you
25 mean by on the whole it might quite average
26 out. Can you just --

27 A The ISO worked up the 2009 or
28 the older load forecast.

1 Q Okay. So specifically right now
2 what you're referring to is the use of
3 the updated CEC forecast which showed
4 a higher demand?

5 A Well, we originally did it on our
6 own load forecast which had a higher demand.
7 We compared it to the preliminary CEC.
8 There's a new CEC that's a higher demand. If
9 the ISO ran on lower demand with no EE and no
10 DR, we ran on a higher demand and took some
11 EE and DR off, you might end up somewhat in
12 the same place.

13 Q But my I understanding from this
14 morning's proceeding is that that analysis
15 which you're discussing San Diego running
16 the analysis on a higher demand with EE and
17 DR has been stricken from the record.

18 A I believe only one portion of my
19 testimony have -- I've got other portions of
20 my testimony such as we included in the 2010
21 LTPP. To begin with, we included our own
22 load forecast that had a higher demand than
23 that.

24 In my earlier testimony, in fact,
25 the one I showed how find the table. In my
26 October 21 testimony October 7 on page 10, it
27 showed a table that compared the scoping memo
28 forecast versus the CEC preliminary forecast

1 and SDG&E's forecast at the time with
2 historical load growth.

3 Q Okay. So I just want to be really
4 clear here which -- to make sure we're not
5 developing a record that is incorporating
6 information that's been stricken today.

7 When you are talking about a higher
8 demand and you said -- you referred I believe
9 to your table -- let's turn back to your
10 table 1 from your October 21, 2011,
11 testimony.

12 ALJ YACKNIN: That's Exhibit 7?

13 THE WITNESS: Exhibit 7.

14 MS. MOREY: Q Seven. Now, so that
15 the 1 in 2 peak forecast hour demand for 2020
16 is 5099 megawatts, is that right?

17 A Yes.

18 Q So when you are talking about using
19 a higher demand, are you referring to the use
20 of the 1 in 10 peak forecast which is 5,609
21 megawatts?

22 A No. I was referring to the fact
23 that that forecast that you referred to,
24 the 1 in 2 was in SDG&E developed forecast
25 okay. That was higher than the 2009 IEPR
26 forecast that was originally included in the
27 scoping memo.

28 Q And do you know how much higher it

1 was?

2 A If you go to that same testimony,
3 page RA-10, there is a table 2 on my
4 testimony. And what we included here is we
5 rolled the uncommitted energy efficiency and
6 the demand-side DG into it to get a net
7 number, mainly get what load would we really
8 have to serve regardless of how you get
9 there. And so this was comparing what
10 the scoping memo assumed for loads. And at
11 that time, the CEC had a preliminary forecast
12 out and then what SDG&E had used in its 2010
13 LTPP.

14 Q Okay. But so this actually relies
15 on a later forecast of demand than what was
16 used in the 2010 LTPP under the standardized
17 planning assumptions?

18 A Yes.

19 Q Okay. And that forecast that
20 you're referencing was at that point a draft?

21 A Yes. It was. Well --

22 Q It had --

23 A I think they called it preliminary.

24 Q Preliminary. And that had not been
25 approved by the CEC at that point in time, is
26 that correct?

27 A Not at the time this was filed, no.

28 Q Since then you submitted

1 supplemental rebuttal -- sorry, supplemental
2 testimony which was Exhibit 12 or -- no,
3 sorry -- Exhibit 11 that relied on the final
4 CEC demand forecast for 2012 for 2022, is
5 that right? Or the revised, sorry.

6 A It was revised. The final one that
7 the Commission adopted was actually slightly
8 different. It was slightly higher but --

9 Q Okay. But that has actually been
10 struck from this proceeding pursuant to this
11 morning's ruling by the assigned
12 administrative law judge?

13 ALJ YACKNIN: I think what --

14 MR. SZYMANSKI: Objection.

15 ALJ YACKNIN: I will clarify here, yes,
16 the testimony has been stricken but that does
17 not mean the fact of the existence of
18 evidence is barred if it's relevant. You may
19 ask the witness if you wish --

20 MS. MOREY: Right.

21 ALJ YACKNIN: -- on cross-examination
22 if he's aware of the Energy Commission's most
23 recent draft IEPR forecast and how he
24 might -- how his forecast, how his opinion
25 might change on the basis of that if you
26 choose to go there.

27 MS. MOREY: Mm-hmm. And your Honor,
28 I appreciate that. I mean I'm just hoping to

1 clarify that the information that you
2 reference in your August or October 21, 2011,
3 forecast on page 10 which is Exhibit 7, that
4 table is based on the precursor to the final
5 CEC updated IEPR forecast.

6 MR. SZYMANSKI: Objection. I -- your
7 Honor, I take exception if there's been
8 testimony that's been stricken and then we're
9 having further questions about a purported
10 precursor to that testimony and I'm not sure
11 where -- what the relevant information is
12 that's being asked about here is, but SDG&E
13 still believes that its testimony that was
14 stricken contains relevant information.
15 However, to the extent counsel wants to refer
16 to it, again, I feel that we're in
17 a procedural, confusing state.

18 ALJ YACKNIN: It is very confusing.
19 However, DRA is at liberty to introduce
20 the CEC IEPR on cross-examination. And
21 indeed, to the extent it's relevant --

22 MS. MOREY: And your Honor, I --

23 ALJ YACKNIN: -- I will invite SDG&E to
24 pursue this on redirect.

25 MS. MOREY: And your Honor, actually
26 what I'm hoping to just clarify is that it's
27 not relevant because it is to establish
28 the clear relationship between this table 2

1 on page 10 and the updated IEPR forecast
2 which was the subject of testimony that was
3 stricken.

4 ALJ YACKNIN: Let me clarify here.

5 It was not stricken for lack of
6 relevance.

7 MS. MOREY: Understood. Okay. Well --

8 ALJ YACKNIN: It was stricken for
9 procedural impropriety.

10 MS. MOREY: Okay.

11 Q I wanted to return then to your
12 statements about using a higher forecast.
13 And setting aside Table 2 from Exhibit 7,
14 wanted to go back and focus on the difference
15 between planning in this -- in using
16 the CAISO's 20121 OTC studies versus what has
17 historically been conducted by the Commission
18 in the 20- -- in the LTPP proceedings for
19 system planning.

20 So to your knowledge, typically and
21 historically the Commission has used a 1 in 2
22 peak demand forecast for long-term system
23 planning; is that correct?

24 A For system planning only. They
25 have -- they've been enforcing a local RA
26 proceeding for I think close to ten years and
27 that has always used the 1-in-10 load
28 forecast.

1 Q Okay. And the 1-in-10 load
2 forecast is approximately 10 percent
3 higher than the 1 in 10 -- 1-in-2 peak demand
4 forecast in San Diego's area?

5 A Yeah. That will tend to vary.
6 They relook at it every year. At the time
7 this was done, it was 10 percent. Their
8 newest number is like 9.4 percent or
9 something like that. So --

10 Q Mm-hmm. And you just mentioned
11 that the Commission has used this 1 in 10
12 planning forecast. And can you describe how
13 that's been used historically?

14 A Well, the Commission as part the RA
15 proceeding enforces not only system RA
16 requirement on LSE but also a local RA. And
17 the ISO conducts a study to determine what's
18 the local capacity requirement need each year
19 and they've historically used, for San
20 Diego's system the N-1/G-1 criteria. And
21 that criteria requires a use of the 1-in-10
22 forecast.

23 Q And just to be clear for
24 the record, by the RA proceeding you're
25 referring to resource adequacy proceeding?

26 A Yes.

27 Q Okay. And that applies on a one
28 year forward basis, is that right?

1 A The RA showing right now is only
2 a one-year forward basis.

3 Q And historically that's been
4 the case?

5 A Yes, it has.

6 Q And are you aware of any past
7 Commission decision that has authorized
8 forward procurement using a 1-in-10 peak
9 forecast year based on local capacity
10 requirements for a long term planning
11 process, for example eight years into the
12 future?

13 A Mr. Strack might be able to fill
14 this in better, but the impact on
15 the local of the Sunrise Powerlink looked
16 forward by the Commission when they made
17 a decision as to whether or not adding new
18 transmission would be of value. And they
19 looked at to what extent it could reduce
20 the need for local generation, so --

21 Q Right. And in the Sunrise
22 proceeding some of the stated benefits were
23 that it would reduce the need for local
24 generation such as the resources that are
25 being proposed in this proceeding, is that
26 right?

27 A It did not specifically address
28 the resource in this proceeding since they

1 didn't exist at the time of it.

2 Q But you mean local resources such
3 as resources that might be needed to fill
4 the local capacity requirement?

5 A That's correct.

6 Q Okay. But the Commission, to your
7 knowledge, has never authorized forward
8 procurement of additional generation
9 resources based on the 1-in-10-year peak
10 forecast coincident with the two transmission
11 contingencies which is used in the local
12 capacity requirement studies, is that right?

13 A No, I disagree with that. I want
14 to say it was '06, the last time we got an
15 authorization for new units in the San Diego
16 area. I think it was the '06 LTPP
17 proceeding. It was a long term forecast,
18 a 10-year forecast looking out as to what
19 the local capacity requirements would be and
20 we were authorized to go out and procure to
21 a need that they found in that proceeding.
22 So the fact that the Commission has looked at
23 our local need it's historically been done in
24 the LTPP and they've authorized us to add new
25 generation based on that long term outlook.

26 Q Okay. Earlier with Ms. Behles,
27 I believe you stated that if you're using a 1
28 in 10 -- if your -- if you don't use

1 the 1-in-10 peak forecast criteria, something
2 like then you're not applying the grid
3 operating criteria, is that right?

4 A Right.

5 Q Okay. What were you referring to
6 when you say those criteria?

7 A Well, you know you may want to ask
8 Mr. Strack more questions on what all the
9 transmission criteria are and even the Cal
10 ISO witnesses on that. I'm basically
11 informed as to what the criteria are, what we
12 need to meet, and then I look to see whether
13 or not we have the necessary local resources
14 in order to meet that criteria.

15 Q But are they, for example
16 Commission criteria, are they network
17 criteria, are they CAISO criteria?

18 A I think you need to ask Mr. Strack
19 and Mr. -- potentially the CAISO witnesses.

20 Q Okay. And so should I also ask
21 Mr. Strack how these criteria are enforced?

22 A Yes.]

23 Q Earlier when we talked about the
24 resource adequacy proceeding using a local
25 capacity requirement study for one year
26 ahead, are you aware of any other forward
27 showing that San Diego must make based on the
28 local capacity requirements studies?

1 A Well, like I said, in each of the
2 past LTPPs we have made a local showing as
3 part of that. And the Commission has
4 reviewed that showing and made a decision as
5 to whether or not to authorize new generation
6 for that.

7 Q To your knowledge did those
8 showings include contributions to meeting
9 local capacity requirements from uncommitted
10 energy efficiency?

11 A I would have to go back and look at
12 all of them, but my guess is we did include
13 some.

14 Q And the same for demand response
15 resources?

16 A Yes. Like I said, I don't know the
17 magnitude of them at the time.

18 Q Does San Diego agree with the
19 CAISO's position that there should be zero
20 accounting for uncommitted energy efficiency
21 and demand response resources in meeting the
22 eight-year projection of the local capacity
23 requirements?

24 A I'm not sure that that's exactly
25 the CAISO's opinion. I think they said that
26 they conducted their studies assuming that,
27 but I'm not sure their final bottom line is
28 that you shouldn't look at that or the

1 potential of that to meet the need that they
2 identified.

3 Q So if that was the CAISO's bottom
4 line, for example if the CAISO were
5 recommending procurement to a number that
6 didn't incorporate any potential
7 contributions from uncommitted energy
8 efficiency or demand response resources,
9 would San Diego agree with that approach for
10 an eight-year forward planning purpose?

11 A What we would do is take a look at
12 the actual analysis. As I said, if the
13 analysis and their assumptions end up leading
14 to a certain number and our analysis on a
15 different set of assumptions that incorporate
16 those lead to a different number, we might
17 agree that the number that we both are coming
18 to is a reasonable number.

19 So I don't think you make a blanket
20 statement on that one way or the other.

21 Q I wanted to ask some questions
22 about your supplemental rebuttal testimony,
23 which is, I believe, Exhibit 24.

24 Your Honor, I am going to ask some
25 questions about page RA-5. There's a little
26 bit of an issue because there's some
27 questions that I have that I think are of
28 general relevance. However, there are some

1 numbers in this portion of the testimony that
2 are derived specifically from I believe the
3 numbers that were stricken earlier today.
4 And I would not like to introduce any of
5 those.

6 So I am just sort of wondering if
7 you can give some direction on how to discuss
8 this subject matter.

9 ALJ YACKNIN: I will tell you what. We
10 will recess now until 1:30, and I will take
11 that under submission.

12 MR. SZYMANSKI: SDG&E would like to be
13 heard on that item as well before it's
14 resolved.

15 In short, your Honor, SDG&E would be
16 concerned if there is both stricken testimony
17 and then cross-examination using the stricken
18 testimony. I have strong concerns already
19 this morning, as you are aware, that relevant
20 evidence is being excluded at the outset of
21 evidentiary hearings at which that evidence
22 is to be tested.

23 ALJ YACKNIN: I will repeat, I have a
24 procedural concern with how SDG&E attempted
25 to introduce testimony. I understand your
26 concerns. And I think you just heard I will
27 take this issue under submission. I will
28 invite you to repeat your concerns for an

1 additional time when we come back on the
2 record after the break.

3 MR. SZYMANSKI: Thank you, your Honor.

4 ALJ YACKNIN: We are in recess until
5 1:30.

6 (Whereupon, at the hour of
7 11:55 a.m., a recess was taken until
8 1:30 p.m.)

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1 AFTERNOON SESSION - 1:30 P.M.

2 * * * * *

3 ALJ YACKNIN on the record.

4 After reviewing this morning's
5 cross-examination and my further review of
6 the intervenors' testimony, I am concerned
7 that given the confusion engendered by my
8 ruling striking portions of Exhibit 11 as to
9 how to address the inescapable fact of the
10 existence and implications of the CEC draft
11 forecast, the fact that several parties, not
12 only SDG&E, are introducing evidence more
13 current than the snapshot of evidence
14 available at the time that the parties issued
15 their testimony in the 2010 LTPP, and in view
16 of fact that the intervenors are not
17 prejudiced by having SDG&E's new analysis
18 presented in April as opposed to in its
19 rebuttal, which would have been procedurally
20 more correct, I will reverse my earlier
21 ruling and allow the entire Exhibit 7 into
22 the record.

23 As I ruled earlier today, SDG&E's
24 introduction of a new need analysis through
25 supplemental testimony without a motion
26 showing good cause is procedurally improper.
27 I am hopeful that notwithstanding SDG&E's
28 disagreement with my ruling regarding its

1 procedural infirmity and the negative
2 reinforcement that my reversal of this ruling
3 might otherwise engender, that SDG&E will
4 review and follow the appropriate rules and
5 procedures in the future.

6 Now, parties should bear in mind
7 that allowing this exhibit into evidence is
8 not determinative of the weight to which it
9 is due. That is a separate issue, which the
10 parties have addressed in responsive
11 testimony and I anticipate they will further
12 address in briefs.

13 Of course, now I have the problem of
14 how to take further cross-examination on the
15 reinstated testimony.

16 I apologize for the inconvenience.

17 I will go off the record to discuss
18 how to do that.

19 Off the record.

20 (Off the record)

21 ALJ YACKNIN: Back on the record.

22 Since you are going to make an argue
23 here I would like to have it on the record.

24 So perhaps I was too hasty in my
25 writing this. I had previously stricken the
26 new analysis presented in the April 27, 2012,
27 prepared supplemental testimony. That is
28 Exhibit 11, not Exhibit 7.

1 (Exhibit No. 11 was received into
2 evidence.)

3 ALJ YACKNIN: We have not yet discussed
4 how to go forward with the cross-examination.

5 Ms. Morey.

6 MS. MOREY: Your Honor, I just would
7 like to say first I was confused about
8 Exhibit 7. I know that there was some
9 concern that DRA had expressed about
10 Exhibit 7 also improperly -- procedurally
11 improperly introducing new analysis in
12 rebuttal testimony. I think we are extremely
13 concerned and prejudiced that we have
14 proceeded with an entire morning of
15 cross-examination and now are having a
16 reversal of a ruling that I believe DRA and
17 CEJA believe is a proper ruling on a motion
18 to strike which we can renew if you would
19 like to hear it.

20 ALJ YACKNIN: First of all, what part
21 of Exhibit 7 did you wish to strike and
22 when -- you mentioned earlier that you were
23 going to bring that at some point. I haven't
24 heard that motion yet.

25 MS. MOREY: Your Honor, given this
26 morning's developments with Exhibit 11, DRA,
27 as we had mentioned at some certain point in
28 time, was concerned about the information

1 introduced on page RA-9 to RA-10 of that
2 exhibit because it also made reference to new
3 demand forecasts coming out through the IEPR
4 process. And I just wanted to clarify.

5 ALJ YACKNIN: Excuse me. What is the
6 basis for your motion to strike this
7 information?

8 MS. MOREY: The basis is the same as
9 the basis on which you granted the motion to
10 strike Exhibit 11, which is that this is
11 rebuttal testimony now introducing new
12 information about changing demand forecasts
13 that had never been presented in San Diego's
14 direct testimony.

15 ALJ YACKNIN: Your motion is denied.
16 That is not the basis of my earlier ruling.
17 My earlier ruling was not because it was
18 improper rebuttal. It was because it was
19 improper supplemental. And there is a
20 difference.

21 And I would permit this sort of
22 additional testimony in rebuttal. Just as
23 all of the parties are presenting new
24 evidence to impeach earlier testimony, I see
25 this rebuttal as properly impeaching earlier
26 testimony to which it is responsive.

27 In contrast, Exhibit 11 presents new
28 analysis, not in rebuttal, but on the

1 utility's own motion.

2 MS. MOREY: Your Honor, if I just may,
3 in response to the decision to reverse the
4 earlier ruling from this morning, to the
5 extent that your Honor believes the
6 discussion about Exhibit 7 was introducing
7 new testimony, I would submit that it was
8 not. We were just basically asking
9 Mr. Anderson questions about his rebuttal
10 from October 2011 and not seeking to rely on
11 any newer forecasts or any newer evidence.

12 ALJ YACKNIN: Thank you. I did not
13 make any ruling on the basis of today's
14 cross-examination on Exhibit 7.

15 MS. MOREY: Right. But as to Exhibit
16 11, if that served -- if that
17 cross-examination served in any way to
18 influence your Honor to reverse her earlier
19 ruling on Exhibit 11, DRA would submit that
20 that's -- we hope -- that that is improper
21 because we were not seeking to introduce
22 updated analysis, and I don't believe that
23 Ms. Behles' cross-examination sought to
24 introduce any updated analysis, and I don't
25 believe that Mr. Martinez's either did. So I
26 think we are extremely concerned about the
27 back and forth and reason for the --

28 ALJ YACKNIN: I apologize for the back

1 and forth. I agree that the reason for my
2 original ruling stands completely, which is
3 that it is procedurally improper. However,
4 as a matter of practicality and lack of
5 prejudice and relevance and the fact that the
6 alternative, had SDG&E done it properly,
7 would have prejudiced the parties maybe a
8 little bit more than having had the
9 opportunity to review the testimony and
10 prepare cross-examination, greater time than
11 it would have had had SDG&E prepared it as
12 rebuttal, supplemental rebuttal, given the
13 lack of prejudice and the fact that it's
14 relevant, although its weight is in question,
15 it is for those reasons that I am reversing
16 my ruling.

17 MS. MOREY: Your Honor, could I make
18 one request regarding discussing how to
19 revisit potentially some cross-examination of
20 Mr. Anderson based on this and --

21 ALJ YACKNIN: Yes.

22 MS. MOREY: In fact, when I went up for
23 lunch I actually took many of the exhibits I
24 had prepared and through them into the trash
25 bin.

26 ALJ YACKNIN: I apologize.

27 MS. MOREY: And I'm not sure. I just
28 would like the to know, given that we are

1 getting started to begin again, I think that
2 having some additional time to sort of
3 regather those would be helpful.

4 ALJ YACKNIN: Let's go off the record
5 to discuss.

6 Off the record.

7 (Off the record)

8 ALJ YACKNIN: On the record.

9 When we were off the record we were
10 discussing how to deal with the fact of my
11 reversed ruling and how to allow the parties
12 to do cross-examination on the testimony that
13 has now been reinstated.

14 We will continue with the
15 cross-examination on all other testimony of
16 Mr. Anderson today and also making a special
17 effort to allow Mr. Douglass to do his
18 cross-examination today. And we will bring
19 Mr. Anderson back tomorrow morning even if
20 all other cross is done so that CEJA and DRA
21 in that order may conduct cross-examination
22 on Exhibit 11.

23 ROBERT ANDERSON

24 resumed the stand and testified further as follows:

25

26 ALJ YACKNIN: With that we will
27 proceed.

28 Ms. Morey.

1 MS. MOREY: Thank you, your Honor.

2 CROSS-EXAMINATION resumed

3 BY MS. MOREY:

4 Q Good afternoon, Mr. Anderson.

5 A Good afternoon.

6 Q Are you -- do you have knowledge
7 about how San Diego plans to schedule the
8 three proposed PPTA resources?

9 A I would only say in general, which
10 is what we do with all our resources, we bid
11 them all into the ISO and then the ISO looks
12 at the overall dispatch and dispatches the
13 lowest cost units.

14 Q So San Diego doesn't have plans to
15 self-schedule resources?

16 A No, not these contracts.

17 Q So looking at your Exhibit 24, on
18 page RA-5, you state on lines 18 to 20, you
19 state that local resources make up less than
20 50 percent of the total resources needed to
21 service the load in the San Diego load
22 pocket; is that right?

23 A Yes.

24 Q And then there's a Footnote No. 10
25 which gives some numbers saying that the
26 system -- maybe I can have you explain what
27 Footnote 10 is trying to say for me.

28 A Okay. An LSE's overall resource

1 obligation, systemwide resource obligation,
2 is based on the one-in-two load forecast plus
3 a 15 percent reserve margin. And so what I
4 did is took the one-in-two load forecast,
5 multiplied by 1.15 to get a 15 percent
6 reserve margin. That would be the entire
7 amount of resources that are needed to meet
8 your overall resource obligation. And then
9 compared that number to the amount that we
10 were showing that needed to be local.

11 Q But when you are looking at the
12 local demand, you are looking at the
13 one-in-ten peak forecast, right?

14 A For this reliability criteria you
15 use a one-in-ten forecast.

16 Q And that for San Diego is generally
17 approximately a 10 percent increase from the
18 one-in-two peak forecast?

19 A Right.

20 Q So I am a little confused by the
21 statement here that local resources make up
22 less than 50 percent of the total resources
23 needed to serve load in the San Diego load
24 pocket.

25 My question first is if you were
26 just looking at the demand numbers, the
27 demand values, a system demand, including a
28 15 percent reserve margin of 6,121 megawatts

1 and then a local, wouldn't the proper local
2 demand look at the one-in-ten peak forecast
3 which on page RA-9 you have stated is
4 5,863 megawatts on line 20? Doesn't that
5 suggest that the portion of local demand is
6 much greater than 50 percent compared to the
7 portion of system demand?

8 A Maybe I can express it another way.
9 If in our annual RA showings we turned into
10 the Commission only resources equal to the
11 50/50 load plus a 10 percent adder, which is
12 kind of how you got to your 90/10 load, and
13 we turn that in to the Commission, the
14 Commission would come back and say we were
15 deficient in providing the ISO all the
16 resources it needs. In essence, our
17 portfolio of resources was deficient by
18 basically 5 percent of our need.

19 And under the RA proceeding we
20 would be told to go back and cure it or else
21 they would cure it for us and charge us.

22 Q But you would have to go back and
23 make up for a deficiency that would be about
24 a 5 percent of need deficiency?

25 A Right. We would need to provide
26 the ISO resources equal to the total load
27 plus a 15 percent reserve margin.

28 ALJ YACKNIN: You all have an advantage

1 over me in that you are all familiar with the
2 resource adequacy proceedings and the LTPP
3 proceedings and demand response proceedings.
4 I am not. So a lot of the words and concepts
5 that you're saying are not making sense to
6 me. I understand one in ten. I understand
7 one in two. I don't understand 50/50. Where
8 did 50/50 come from? What on earth are you
9 talking about?

10 THE WITNESS: Sorry. The 50/50 rather
11 is just another way of saying one in two. It
12 means there's just as much chance that it
13 will be higher or lower. So one in two just
14 means every other year you would expect the
15 load to be higher so you could call it the
16 50/50.

17 ALJ YACKNIN: Why don't we stick with
18 one in two for me.

19 THE WITNESS: I am do my best.

20 ALJ YACKNIN: Thank you.

21 MS. MOREY: Q Just to if we can put in
22 even more layman's terms, in San Diego,
23 San Diego's service area is for the most part
24 a load pocket, is that accurate?

25 A Yes.

26 Q So turning to page RA-6 in
27 Exhibit 24, on lines 19 to 21 you make the
28 statement that if more local resource should

1 develop than those assumptions acknowledged,
2 then there is adequate room in the portfolio
3 for San Diego to reduce its systemwide
4 resources to accommodate them.

5 I guess my question is if the
6 demand is using a one-in-ten forecast for the
7 local area, it is largely coincident and only
8 maybe 5 percent off compared to the system
9 area, then how will San Diego have adequate
10 room in its portfolio to reduce systemwide
11 resources?

12 A Once again, if -- this applies to
13 all LSEs because this analysis is the total
14 load, not just San Diego's bundled load.

15 Once again, in order to meet the
16 resource adequacy requirements that the PUC
17 enforces, we need to provide resources, all
18 the LSEs serving load together need to --

19 ALJ YACKNIN: Please speak more slowly.

20 THE WITNESS: Sorry.

21 We would need to provide resources
22 to the ISO equal to the expected load, the
23 one-in-two load, plus a 15 percent reserve
24 margin, which gets around to that
25 6,000-megawatt number.

26 The local resource need, as we are
27 seeing in the table, is under
28 3,000 megawatts. So that means there is

1 another 3,000 megawatts that can come from
2 places that can be local or it could come
3 from locations other than in the local area.

4 So what I'm saying is if, let's say,
5 we end up with 3,032 or 3,500 megawatts
6 locally, there's still lots of room in
7 essence of what other resources need to get
8 picked in order to fill up the entire
9 portfolio.

10 MS. MOREY: Q Is that assumption that
11 you need the 3,000 locally, that is based on
12 transmission imports, essentially?

13 A It would be based on what the
14 local -- the ISO finding for the local
15 requirement would be.

16 Q But isn't the whole value that
17 San Diego's -- that your testimony, which is
18 the subject of Exhibit 11, is analyzing local
19 need?

20 A Right.

21 Q Based on a one in ten-year peak
22 demand forecast?

23 A We are trying to get to the number
24 of megawatts that are needed there, yes.

25 Q So, I'm just sorry, but I am just
26 really confused about why you're saying that
27 the local need is only -- is like -- is half
28 of system need when the demand is actually

1 95 percent of the system demand for San
2 Diego.

3 A You lost me in that last
4 description of the 95 percent.

5 Q Well, the local need using a
6 one-in-ten peak forecast, we just walked
7 through the numbers, but I believe you stated
8 that that is about a 5 percent difference
9 compared to the system need, the system
10 demand that San Diego has to accommodate in
11 making its resource adequacy showing?

12 A The load number you get when you
13 take the one-in-two load and increase it
14 10 percent is 5 percent less than what you
15 would take if you took the one-in-two load
16 and increased it by 15 percent.

17 Q Correct. So there's a 5 percent
18 difference?

19 A Okay. But the table also shows
20 that we don't have to have a hundred percent
21 of either of those numbers locally. Rounding
22 numbers off, if there needs to be
23 3,000 megawatts available in total to serve
24 the San Diego load, roughly 3,000 of it needs
25 to be local. The other 3,000 can come in
26 over the transmission lines.

27 Q So is San Diego essentially asking
28 the Commission to disregard the loading order

1 with respect to local procurement and apply
2 it only to system procurement?

3 A No. We are not asking --

4 MR. SZYMANSKI: Objection. I don't
5 agree with the foundation of this question
6 which is that SDG&E is asking the Commission
7 to disregard the loading order. I don't see
8 that that premise has been established.

9 ALJ YACKNIN: That was the question.
10 Objection overruled.

11 You can answer. Is that -- I think
12 the question was is that what you're
13 suggesting, and you can answer whether it is
14 or not.

15 THE WITNESS: No, that is not what we
16 are suggesting.

17 MS. MOREY: Q I am just trying to
18 follow along with the testimony on RA-5 to
19 RA-6 where I believe San Diego -- well, you
20 are stating, for example, in RA-6 that the
21 Commission should not rely as much on energy
22 efficiency, uncommitted energy efficiency,
23 demand response, local renewables and local
24 CHP because it creates a risk of
25 underprocurement of local generation
26 resources. Is that essentially what you are
27 saying?

28 A No. For planning purposes, because

1 we are looking out ten years here, that we
2 shouldn't disregard the loading order but we
3 also shouldn't overestimate how much those
4 loading order resources may contribute to
5 meeting the local need. We ought to pick
6 numbers that the parties are comfortable
7 with, has a very high probability of
8 succeeding. That doesn't mean as time goes
9 on we won't continue to pursue the loading
10 order aggressively, we won't continue to do
11 cost effective energy efficiency and demand
12 response. We will continue to do that.

13 It may turn out that some years
14 from now we get a little more than what we
15 originally planned for local planning. And
16 to me that's not a problem because then we
17 will have plenty of local resources, we will
18 achieve the loading order. But if we do the
19 opposite, assume very aggressive in all those
20 and they don't materialize, then we can have
21 local reliability problems.

22 Q And that is -- but that is in ten
23 years out you are looking?

24 A It starts now and grows.

25 Q Regarding the interconnection costs
26 for the PPTAs, are you a good person to ask
27 about this?

28 A No.

1 Q Who should I ask?

2 MR. SZYMANSKI: Your Honor, wouldn't it
3 be the ISO? And they're available.

4 MS. MOREY: Q Maybe I can start with
5 one reference to your testimony and see,
6 given that it is in your testimony, see if
7 you can answer a question based on that.

8 A Okay.

9 Q It is Exhibit 7, pages RA-19 to 20.
10 I think on RA-19. At line 14, you stated
11 previously that the results on the Phase 2
12 studies have put a cap on interconnection
13 costs.

14 And just to clarify and to catch
15 everyone up to speed who may not be up to
16 speed, the interconnection costs are
17 established by the CAISO which performs a
18 Phase 2 cluster one and cluster two study; is
19 that correct? Or how would you describe it?

20 A Yeah, given that it somewhat seems
21 to evolve at different times. But the ISO
22 goes through, conducts studies to determine
23 what transmission upgrades would be necessary
24 in order to make the new generation
25 deliverable.

26 Q And in this case DRA originally
27 expressed concerns because the studies had
28 not been finalized. And then in fact when

1 the original study was issued by the CAISO,
2 the results were out of line with what the
3 PPTAs had originally envisioned for the
4 maximum interconnection costs.

5 MR. SZYMANSKI: Your Honor, we are
6 getting kind of close to this area where we
7 would have concern about confidentiality. As
8 the Commission and counsel know, the
9 interconnection study costs and data are
10 largely confidential except to the extent to
11 which they have been made public.

12 MS. MOREY: Your Honor, I would submit
13 that San Diego has made that information
14 which I just stated public.

15 ALJ YACKNIN: Let me ask, can we
16 continue in public without, number one,
17 without identifying numbers, but number two,
18 by disclosing the relative magnitude, just
19 bigger, smaller, same, between original and
20 current? Is that okay to disclose, how
21 original versus current compares as a matter
22 of bigger, smaller, same?]

23 MR. SZYMANSKI: Fair question.

24 Yes. I think discussing
25 the relative magnitude of smaller, bigger I
26 think would be acceptable.

27 MS. MOREY: And your Honor --

28 MR. SZYMANSKI: Could we go off

1 the record for second? And I would just like
2 to --

3 ALJ YACKNIN: We will go off the record
4 to discuss this.

5 Off the record.

6 (Off the record)

7 ALJ YACKNIN: Back on the record.

8 I think we've agreed that
9 the question -- I forget if there's
10 a question pending. Why don't you repeat.
11 But we can move forward in public.

12 MS. MOREY: Yes. I'm not sure if
13 there's a question pending so I'll start
14 over.

15 Q So you've stated that the results
16 of the Phase 2 studies have put a cap on
17 the interconnection costs.

18 And while we were off the record
19 I noted that Mr. Eekhout's testimony further
20 describes the evolution of those
21 interconnection studies and the costs. So my
22 question is just -- let me see.

23 ALJ YACKNIN: Off the record.

24 (Off the record)

25 ALJ YACKNIN: On the record.

26 So my question is, how are these
27 costs passed through to ratepayers
28 essentially, the interconnection costs that

1 are incurred by the two projects?

2 A I don't have testimony on that
3 point. But if there is upgrades to the
4 overall transmission system that actually end
5 up in the transmission rate base which then
6 goes into the ISO's process and it's in
7 the transmission system, it actually gets
8 allocated all the way across the state
9 actually.

10 Q Okay. And is that a different set
11 of upgrades than what would be included in
12 the costs required to be paid by
13 the interconnecting entity?

14 A If what you're asking me, the party
15 building a project likely has some costs in
16 order to get to the point of interconnection.
17 Oftentimes refer to as the gen tie. And they
18 would pay for those costs. And then if
19 there's upgrades from then on, depending on
20 the exact tariff, most of the time they foot
21 the bill for those until they become active,
22 and the money can get refunded over a time
23 period.

24 Q So the cluster 1 and 2 Phase 2
25 study results that the CAISO has given to
26 both Pio Pico and the Quail Brush projects,
27 those costs are paid by the each project, is
28 that right, to interconnect?

1 A The costs for them to do their gen
2 tie they have to cover within the cost of
3 their project.

4 Q And is that passed through to San
5 Diego's ratepayers?

6 A Well, to the extent that's a cost
7 of building the project, they likely build
8 that into their PPA price and their capacity
9 price that we pay for the plant.

10 Q And do you know if that's true with
11 these contracts?

12 A I actually doubt any developer
13 builds a power plant and eats their costs on
14 their own. So I assume, yeah.

15 Q But I guess my question is there's
16 the cost for the capacity costs of the PPTAs?

17 A Right.

18 Q Does San Diego then incur
19 additional costs or assume that -- does it
20 assume under the PPTAs that San Diego will
21 actually pay the interconnection costs in
22 addition to those capacity costs?

23 A Okay, if you could clarify. When
24 you mean interconnection cost, do you mean
25 the grid upgrade costs that are needed to
26 make it deliverable?

27 Q No. The upgrade needed to
28 interconnect.

1 A No. That needs to get rolled into
2 their bid.

3 Q Okay. But then you're saying there
4 may be additional upgrades that occur that
5 are necessary to make those projects fully
6 deliverable?

7 A Correct.

8 Q And those will get passed through
9 in the transmission rate base?

10 A Correct.

11 Q Okay. Should I ask any more
12 questions about specific upgrades of
13 Mr. Strack?

14 A Yeah. It would be either
15 Mr. Strack or Eekhout, so --

16 Q Okay.

17 A -- where they finally ended up.

18 Q Okay, great.

19 A You know, I --

20 Q That's fine.

21 And I just have one short question
22 which is that I understand the Commission
23 recently approved San Diego's application
24 requesting authority to purchase the Cal Peak
25 El Cajon energy facility and that was
26 Decision 11-12-002.

27 A Yes.

28 Q Is that -- is San Diego's taking

1 ownership of that facility reflected in
2 the tables that you've presented with respect
3 to the net qualifying capacity that's assumed
4 to exist through 2020?

5 A I could say it is and it isn't. In
6 that the tables always included that unit
7 because that physically existed and was
8 forecast to physically exist. The fact that
9 it changed from one owner to the other does
10 not change in essence the number in the line.
11 The unit was always assumed to be there.

12 Q And would San Diego after taking
13 ownership of the El Cajon facility proceed to
14 bid that energy into the CAISO market?

15 A We do with all of ours, with all
16 the units we either control and the PPAs are
17 owned, we provide them to the ISO based on
18 least cost dispatch.

19 Q And do you know if previously that
20 unit was economically bid into the ISO
21 market?

22 A It was part of a DWR contract that
23 we were administering for them. So it would
24 have been bid in but it would have had to be
25 bid in based on whatever the contract terms
26 were.

27 MS. MOREY: Okay. And then I think,
28 your Honor, I do have two more areas that

1 I wanted to question Mr. Anderson about but
2 I had revised the questions over the lunch
3 period to exclude the more recent or
4 the Exhibit 11 information so I'd like to
5 resume with those tomorrow if that's --

6 ALJ YACKNIN: That's fine. Okay, we
7 will take Mr. Douglass.

8 MR. DOUGLASS: Thank you very much,
9 your Honor.

10 CROSS-EXAMINATION

11 BY MR. DOUGLASS:

12 Q Good afternoon, Mr. Anderson.

13 A Good afternoon.

14 Q My questions today to you are asked
15 on behalf the Alliance for Retail Energy
16 Markets, the Direct Access Customer
17 Coalition, and the Western Power Trading
18 Forum. And for a change of pace, we'll be on
19 a different topic and we will deal only with
20 Exhibit 1.

21 A Okay.

22 Q So for your convenience, if you'd
23 turn to page 5 initially, line 23.

24 It's correct there that you note
25 that the passage of Senate Bill 695 added
26 a certain section to the Public Utilities
27 Code, is that correct?

28 A Yes.

1 Q I don't want to get into a detailed
2 discussion of all of the statute. It speaks
3 for itself. It's public record. I simply
4 want to ask if it's your understanding that
5 the cited statutory language provides that
6 it's up to the Commission to determine
7 whether the resources are needed to meet
8 system or local reliability needs?

9 A I would agree with that.

10 Q So to put it another way, there's
11 an old saying that man proposes, but God
12 disposes. And in this case, God is the
13 Commission, correct?

14 A Sure.

15 (Laughter).

16 Q So a utility may recommend such
17 treatment but the Commission makes the actual
18 determination, correct?

19 A That is correct.

20 Q What would happen if the Commission
21 determines that the generation resources
22 associated with the PPTAs were not needed to
23 meet system or local reliability needs for
24 the benefit of all customers in your service
25 territory?

26 A I mean, I suppose that could happen
27 a number of different ways. One of the ways
28 is the Commission could decide that they're

1 not needed and therefore not approve
2 the contracts. That probably has a different
3 outcome than if the Commission does approve
4 the contracts but decides that they're not
5 needed for all customers and should only be
6 used for bundled customers.

7 So there's a broad spectrum of
8 issues that could happen this.

9 Q Okay. So in either of those events
10 that you just specified mentioned in that
11 case, the CAM would not be applied, correct?

12 A That's correct. The Commission
13 would have decided that it could not be
14 applied.

15 Q And for the record, I've been using
16 the acronym CAM. I should specify that that
17 refers to cost allocation mechanism.

18 Would it be possible for the PPTAs
19 to be used solely to meet the system or local
20 reliability needs of your bundled service
21 customers?

22 A It would be possible but that was
23 not what we were looking to address here.

24 Q Beginning at line 6 on page 6, you
25 note Decision 11-05-005 that was issued in
26 the previous LTPP proceeding; is that
27 correct?

28 A I remember the decision. I'm

1 assuming R.10-05-006 was the LTPP proceeding.
2 I don't memorize those numbers.

3 Q Yeah. It's 11-05-005.

4 A Correct. Thank you.

5 Q You note at lines 11 through 12
6 that the decision does not resolve all issues
7 related to the CAM; is that correct?

8 A That's correct.

9 Q In fact, that decision noted that
10 there was a whole host of unresolved issues
11 with regard to the CAM, is that also correct?

12 A I'm not sure I describe it as
13 a whole host but they did outline a number of
14 items.

15 Q Well, did the decision identify as
16 an undeveloped or as an unresolved issue
17 the development of policies and processes for
18 distinguishing between system and bundled
19 resource needs?

20 A Could you repeat the question?

21 Q Did that decision say that one of
22 the unresolved issues was how to develop
23 policies and processes for distinguishing
24 between system and bundled resource needs?

25 MR. SZYMANSKI: Your Honor, can I seek
26 a clarification? Is counsel asking for
27 Mr. Anderson to restate what the decision
28 says or is he seeking further information

1 about the decision that's not stated in
2 the decision? Because if it's a question
3 asking Mr. Anderson about what the decision
4 says, we could all agree to read it. But
5 I would ask if that's the case, then we would
6 seek that -- seek to deal with that on
7 briefs.

8 MR. DOUGLASS: What I was trying to get
9 at, your Honor, is to understand whether
10 Mr. Anderson in his testimony was considering
11 these various unresolved issues in proposing
12 that CAM treatment be applicable to these
13 contracts.

14 ALJ YACKNIN: What you're trying -- can
15 you repeat that?

16 MR. DOUGLASS: Yes.

17 ALJ YACKNIN: Assuming that the --

18 MR. DOUGLASS: I don't want to testify
19 myself here, but what I was trying --

20 ALJ YACKNIN: Assuming that D11-05-005
21 provides that it is resolved how to
22 distinguish between system versus bundled or
23 even not assuming that, your question is
24 whether Mr. Anderson's testimony
25 distinguishes?

26 MR. DOUGLASS: Considered that fact and
27 considered that this was an unresolved issue
28 in making the recommendation that he made.

1 ALJ YACKNIN: Okay why don't you take
2 that in two pieces. Number one did
3 Mr. Anderson consider whether the.

4 MR. DOUGLASS: I think I can.

5 ALJ YACKNIN: Thank you. With.

6 MR. DOUGLASS: Q Mr. Anderson in
7 drafting your testimony did you go back and
8 review the prior decision that dealt with
9 the cost allocation mechanism?

10 A Restructuring talk you about
11 11-05-005 yes, I did review it.

12 Q Correct. And the answer is you did
13 review it?

14 A I did review it yes.

15 Q Okay. In making your
16 recommendation that the cost allocation
17 mechanism be applied to all customers, did
18 you consider what the impact was of these
19 various unresolved issues?

20 A Maybe better in saying difficult
21 consider what the impact was, I was well
22 aware that the Commission hadn't defined
23 everything and had some open issues regarding
24 to how they would do it P but we also took
25 into consideration that in our view and maybe
26 other people's views that this is needed
27 overall for the system. And this part of
28 the code exhibits. And the so the fact that

1 the Commission has noted resolved everything
2 doesn't necessarily mean that they can't
3 resolve it for those particular contracts in
4 this particular proceeding.

5 Q It your understanding that the
6 Commission does intend to further develop
7 the record on the cost allocation mechanism
8 and examine it in the current LTPP docket?

9 A Yes, I am aware of that.

10 Q Are you familiar with the May 17,
11 2012 scoping memo that was issued by assigned
12 Commissioner Florio and ALJ Gamson in that
13 proceeding?

14 A Generally familiar.

15 Q Okay. Does it provide in fact that
16 the Commission does intend to look at
17 a number of these CAM issues?

18 A Yes, I believe it does.

19 Q The Commission in fact will be
20 looking at the question of whether or not
21 the cost allocation mechanism should be
22 modified at this time, isn't that correct?

23 A I think that was kind of how
24 the question was worded.

25 Q Aren't they also going to look at
26 whether or not load serving entities should
27 be allowed to opt out of the cost allocation
28 mechanism, and if so what sort of requirement

1 should be -- what the requirement should be
2 to allow such an opt out?

3 A I believe it was a question that
4 they asked parties to file testimony on
5 around that time.

6 Q At page 7, line 7, you state that
7 SDG&E supports the use of a separate
8 proceeding to resolve those issues including
9 the method or methods that will be allowed to
10 be used to determine the net capacity cost
11 associated with the PPTAs, is that correct?

12 A Yes.

13 Q So is it San Diego's basic position
14 that when the Commission resolves in
15 the current LTPP proceeding the outstanding
16 issues surrounding the CAM, that the utility
17 recommends that the costs should be treated
18 however the Commission determines in
19 the current LTPP proceeding?

20 A Yeah. We were not trying to
21 determine -- use this proceeding to deal with
22 the cost allocation issue. We agreed that
23 that might get dealt with at a later point.

24 Q And that later point is the current
25 LTPP docket, correct?

26 A We would hope it would finally get
27 resolved there.

28 MR. DOUGLASS: As would we all.

1 Thank you, Mr. Anderson. No
2 further questions.

3 Thank you your Honor.

4 EXAMINATION

5 BY ALJ YACKNIN:

6 Q Mr. Anderson, let me follow up on
7 that a little bit.

8 I'm looking at the July 29, 2011
9 Scoping Memo and Ruling of Assigned
10 Commissioner in this proceeding and it
11 identifies as one of the issues -- well, it
12 doesn't exactly say this, but recommendations
13 regarding the application of CAM to allocate
14 costs in a nonbypassable basis. Does SDG&E
15 propose to defer this issue to the resolution
16 in the next proceeding?

17 A I mean, our preference would be for
18 the Commission to decide in this proceeding
19 whether or not these are being added for
20 the benefit -- or the benefit of all
21 customers in San Diego and thus are eligible
22 for the CAM. And then we can use the other
23 proceeding to determine how do we go about
24 determining how the cost gets allocated. And
25 we're fine with that taking place in
26 the LTPP. Because for the most part, these
27 contracts won't come online for a couple of
28 years so there are no costs to allocate. So

1 we've got time for that effort to be worked
2 out in the LTPP proceeding.

3 Q Is that true for the first part of
4 that as well?

5 A The first one --

6 Q Meaning, let me make my question
7 clear for the record.

8 Is it also true that we have time
9 to determine whether they are eligible for
10 the CAM in the next proceeding assuming the
11 Commission approved the PPTAs right now?

12 A Our preference would be for
13 the Commission to look at the specific facts
14 in this case to see whether or not it's doing
15 it. I just have a feeling in the LTPP it
16 will come up with maybe some general rules
17 that will then have to apply the facts. And
18 so how the Commission can move those two
19 things between the two proceedings I might
20 let the Commission decide. But our
21 preference is to get a finding of whether or
22 not they're CAM eligible in this proceeding.

23 ALJ YACKNIN: Thank you.

24 Did you want any follow-up on that.

25 MR. DOUGLASS: No follow up, your
26 Honor.

27 ALJ YACKNIN: Okay.

28 MR. SZYMANSKI: Just to clarify.

1 SDG&E's direct on this particular subject
2 would follow at the end on all of
3 Mr. Anderson's testimony?

4 ALJ YACKNIN: Would prefer to make --
5 let's discuss which -- let's discuss this off
6 the record.

7 Off the record.

8 (Off the record)

9 ALJ YACKNIN: Back on the record.

10 Ms. Morey, would you please repeat
11 your -- let me back up.

12 While we were off the record,
13 Mr. Szymanski proposed that we take redirect
14 after all of the cross-examination has been
15 concluded other than that of the joint
16 parties.

17 And Ms. Morey, could you respond to
18 that?

19 MS. MOREY: Yes, your Honor. DRA just
20 requested that we -- because DRA has actually
21 not even commenced questioning on certain
22 issues because we over the lunch hour had
23 revised the questions but then given
24 the ruling after lunch had just held back
25 that area of questioning. And similarly,
26 CEJA only embarked on questions that related
27 to exhibits that were not redacted or
28 stricken earlier this morning. We prefer to

1 do the redirect right now. Also to limit --
2 and I'm not suggesting that San Diego or
3 the witness would do this, but to limit the
4 ability for the witness to prepare based on
5 the review of the transcript tonight of
6 the prior testimony.

7 MR. SZYMANSKI: Well, your Honor, this
8 would be the first time I can recall SDG&E
9 was required to do redirect before
10 examination was completed. I never thought
11 that was even conceivable. So SDG&E would
12 recommend that -- we all arrived here today
13 assuming that there was no stricken
14 testimony, so I really am strained to find
15 any prejudice with counsel's situation,
16 especially in light of your offer to give
17 them further time to prepare tonight and
18 reextract their testimony from the trash as
19 was indicated. They can proceed tomorrow
20 morning and we can continue with our redirect
21 after that.

22 ALJ YACKNIN: Do you see any prejudice
23 to you, to SDG&E to proceeding with redirect
24 now on what we've heard and then also being
25 able to do additional redirect tomorrow as
26 well?

27 Let me just say on the other hand
28 I don't have anything against parties reading

1 transcripts the night before preparing
2 redirect. I'm not going to time this so that
3 no one is able to take advantage of that
4 opportunity. I'm sure some of you will be.
5 So that's not persuasive to me as a reason
6 for allowing or not -- proceeding or not
7 proceeding with redirect. But I also am
8 not -- I cannot quite tell the prejudice to
9 anybody other than me of the potential
10 redundancy of cross-examination.

11 But again, I'd like to -- we have
12 an hour here and I'd prefer to not to switch
13 out witnesses, so can you address that. Is
14 there some prejudice that you feel to having
15 a second bite at the apple which is what it
16 sounds like to me.

17 MR. SZYMANSKI: Well, I think it's
18 the other way around. I think it's our apple
19 and there's another -- somebody interested in
20 it. So I would -- yes, I would like not to
21 have to do redirect twice. And I think it
22 involves the same subject matter that we
23 would -- if we were to proceed with redirect,
24 clearly there would be issues that relate to
25 this morning's testimony, whether it's from
26 the October 21 testimony of Mr. Anderson or
27 it's the more recent testimony of
28 Mr. Anderson.

1 And I think counsel for DRA and
2 CEJA can ask their questions, and we can do
3 this in one fell swoop. Otherwise, they're
4 likely to ask more examination based on
5 the redirected testimony which will
6 precipitate re-redirect and so forth.

7 ALJ YACKNIN: Now, that's that a good
8 point. I think we will go ahead and hold off
9 on redirect until we conclude
10 cross-examination other than on the issue of
11 the applicability of the CAM. And we will --
12 how about -- are you ready to proceed with
13 that redirect now or would you like to take a
14 break first?

15 MR. SZYMANSKI: May we take a very
16 short break, five minutes?

17 ALJ YACKNIN: Just a minute off the
18 record.

19 (Off the record)

20 ALJ YACKNIN: On the record.

21 We will take a -- I'll
22 compromise -- a ten-minute break. We'll
23 reconvene. Please look at this clock, it's
24 different from other clocks. 2:40 by this
25 clock. We'll take a break.

26 (Recess taken)

27 ALJ YACKNIN: Back on the record.

28 We will proceed now with

1 the redirect of Mr. Anderson on the subject
2 of the cost allocation methodology.

3 MR. SZYMANSKI: Yes. And thank you,
4 your Honor.

5 REDIRECT EXAMINATION

6 BY MR. SZYMANSKI:

7 Q Mr. Anderson, I'd like to revisit
8 with you some of the discussion you just
9 concluded with Mr. Douglass regarding
10 the cost allocation or CAM mechanism. And
11 I'd like to refer you please to your
12 testimony marked as Exhibit 1 page 6.

13 Now, could you indicate what were
14 the primary outcomes of this proceeding that
15 SDG&E is seeking with respect to the CAM?

16 A Really, probably two things. One
17 is a Commission determination whether or not
18 the contracts should be CAM'd but that is
19 their decision to make.

20 And then secondly, we did have some
21 testimony by Witness Fang as to
22 the accounting mechanism that we would put in
23 place in order to carry that out. It's
24 constant as well.]

25 Q Thank you. And you are still
26 supporting those two basic forms of relief in
27 this proceeding?

28 A Yes.

1 Q Thank you.

2 And in preparation of your testimony
3 you did read the Commission Decision D
4 11-05-005 that Mr. Douglass referenced?

5 A Yes, I did.

6 Q And as your testimony on page 6
7 indicates, that Decision indicated that the
8 allocation of the net capacity costs of the
9 contracts with third parties shall be allowed
10 for the terms of those contracts. Do you
11 know if the Commission has issued any further
12 statements with regards to the CAM mechanism
13 since it issued that Decision and issued that
14 statement?

15 A There have been no rulings by the
16 Commission that I am aware regarding CAM.
17 Mr. Douglass and I did discuss that they want
18 to raise it up and clarify some items related
19 to CAM in the 2012 LTPP proceeding.

20 Q Are you aware whether the statute
21 that implemented the CAM is now in effect?

22 A It is my understanding it is.

23 Q Do you take the pronouncement that
24 you quoted here from D 11-05-005 to be an
25 indication that the Commission has sufficient
26 authority now to determine which costs are
27 eligible to be passed through the CAM?

28 A I think they do.

1 Q And yet, as you indicated with
2 Mr. Douglass, there are some residual issues
3 that are to be determined or refined in a
4 future proceeding, is that true?

5 A That's true.

6 Q But as we sit here today the
7 Commission has ample basis to determine that
8 these contracts are CAM eligible and that the
9 costs can be tracked and eventually recovered
10 in the mechanisms that SDG&E has proposed in
11 this Application, is that true?

12 A We believe so, yes.

13 Q Thank you.

14 Your Honor, that concludes my
15 redirect.

16 ALJ YACKNIN: Mr. Anderson, what is the
17 basis to find user CAM eligible right now on
18 this record?

19 THE WITNESS: The entire analysis that
20 is put forth both by us and the ISO looks at
21 what is needed for the entire service area.
22 This doesn't say that what is needed for
23 direct access or what is needed for the
24 bundled customers, but for the entire service
25 territory. And the reason all customers
26 benefit from that, if there is truly a
27 shortage of resources, then you can end up
28 with parties trying to chase down those

1 resources and say whoever contracted last is
2 the one who should suffer or the Commission
3 needs to look at in reality if there is a
4 shortage in the whole area, everyone is going
5 to suffer because reliability is going to be
6 decreased for everyone.

7 ALJ YACKNIN: Is that only true for
8 local capacity resource needs, or is that
9 true for the same you said for system
10 reliability?

11 THE WITNESS: I would say that we are
12 not trying to resolve all contracts that need
13 to get through CAM, but whether or not these
14 particular ones.

15 ALJ YACKNIN: My question is is that
16 rationale equally applicable to resources
17 required for system reliability?

18 THE WITNESS: It could be in the
19 future. The Commission could then look and
20 say overall the State of California is short,
21 we are going to order the ISO to go out --
22 IOUs, excuse me -- to go out and get those
23 new resources built. They will probably in
24 that process identify how many megawatts each
25 of the IOUs would then go out and get built,
26 and then we would look to basically have then
27 the contracts that SDG&E was required to go
28 do allocated to all customers in the SDG&E

1 area. So it could work if the overall system
2 is short. We think the local issue is a
3 little bit more defined and a little more
4 definitive than a system question.

5 ALJ YACKNIN: Mr. Douglass, would you
6 want to follow up on that?

7 MR. DOUGLASS: Yes, your Honor.

8 RECROSS-EXAMINATION

9 BY MR. DOUGLASS:

10 Q Mr. Anderson, in follow-up to a
11 question just asked by ALJ Yacknin, you said
12 that San Diego looked at the entire service
13 area to determine the need for the contracts;
14 is that correct?

15 A That's correct.

16 Q So, in effect, if you did not
17 include direct access load in your analysis,
18 it would be more difficult to show need for
19 the contracts; is that correct?

20 A No, because the criteria we are
21 meeting is the one that the ISO needs to
22 meet. They need to be able to make sure that
23 they can serve all the load.

24 The ISO doesn't have to choice to
25 decide we are only going to plan for the grid
26 to be reliable for some subset of the
27 customers in the San Diego area. They are
28 going to make sure it is reliable for

1 everyone in the service area.

2 Q San Diego does not actually serve
3 power to direct access customers, correct?

4 A No, we do not.

5 Q Also, there was some reference in
6 the redirect by Mr. Szymanski to the effect
7 that there would be a future Decision in the
8 LTPP on CAM issue.

9 Is it your understanding in the
10 scoping memo that was issued in the 2012 that
11 it has provided for a Phase 1 proposed
12 Decision to be issued in November or December
13 of this year?

14 A I haven't, to be honest, followed
15 the schedule that closely. We can all joke
16 that LTPPs tend to take a little bit longer
17 than the initial schedules. But I know the
18 Commission is looking to address this in the
19 LTPP.

20 MR. DOUGLASS: Thank you, your Honor.

21 Thank you, Mr. Anderson.

22 ALJ YACKNIN: Anything further?

23 MR. SZYMANSKI: No. Thank you, your
24 Honor.

25 Thank you, Mr. Douglass.

26 ALJ YACKNIN: Okay. Thank you,
27 Mr. Anderson. You remain under oath, but you
28 are excused until tomorrow morning.

1 Off the record.

2 (Off the record)

3 ALJ YACKNIN: On the record.

4 SDG&E would you please call your
5 next witness.

6 MR. SZYMANSKI: Yes. Thank you, your
7 Honor.

8 It's my privilege to call Athena
9 Besa to the stand.

10 ALJ YACKNIN: Would you please stand
11 and raise your right hand.

12 ATHENA BESA, called as a witness by
13 San Diego Gas & Electric Company,
14 having been sworn, testified as
15 follows:

16 ALJ YACKNIN: Thank you. Please have a
17 seat.

18 Mr. Szymanski.

19 MR. SZYMANSKI: Thank you, Judge
20 Yacknin.

21 DIRECT EXAMINATION

22 BY MR. SZYMANSKI:

23 Q Good afternoon, Ms. Besa.

24 A Good afternoon.

25 Q Would you please state your title
26 and briefly summarize your job
27 responsibilities for SDG&E.

28 A I am the customer programs and
assistance policy and support manager for San

1 Diego Gas & Electric. In that capacity I
2 oversee the policy development and
3 implementation for energy efficiency, demand
4 response programs.

5 I also do measurement and
6 evaluation support for energy efficiency,
7 demand response programs and the low-income
8 energy efficiency programs.

9 Q Thank you.

10 Could you briefly state for the
11 record what the relationship is of your
12 testimony here today and as you filed it in
13 this proceeding compared to the testimony
14 that has been offered so far by Mr. Anderson.

15 A Mr. Anderson's testimony provides
16 the load forecast for SDG&E as it pertains to
17 this proceeding. One of the components
18 or two of the components of his forecast
19 include energy efficiency and demand response
20 contributions. My testimony today is to
21 support Mr. Anderson's updated information as
22 it pertains to his load forecast in the
23 energy efficiency and demand response
24 components.

25 Q Thank you, Ms. Besa.

26 With that, Ms. Besa is available for
27 cross-examination.

28 ALJ YACKNIN: Before we go forward,

1 just to go through the litany, did you
2 prepare what's been marked for identification
3 as Exhibit 26 or was it prepared under your
4 supervision?

5 THE WITNESS: Yes.

6 ALJ YACKNIN: You have no changes or
7 corrections to be made to that?

8 THE WITNESS: None, your Honor.

9 ALJ YACKNIN: Okay. Thank you.

10 We will proceed with
11 cross-examination.

12 Mr. Martinez, you can go first.

13 MR. MARTINEZ: Thank you, your Honor.

14 CROSS-EXAMINATION

15 BY MR. MARTINEZ:

16 Q Good afternoon, Ms. Besa.

17 A Good afternoon, Mr. Martinez.

18 Q As you know, my name is
19 Mr. Martinez. I am representing NRDC today.

20 Did you testify with regard to
21 energy efficiency in San Diego's local need
22 analysis?

23 A Did I testify?

24 Q Did you prepare testimony?

25 A Yes, I did.

26 Q And do you agree that San Diego has
27 had a long history of successfully
28 implementing energy efficiency programs?

1 A Yes, SDG&E has had a long history
2 of successful energy efficiency programs.

3 Q And are you aware that the CEC
4 recently estimated all of those successful
5 energy efficiency programs as contributing
6 around 1,000 megawatts worth of savings in
7 San Diego's territory?

8 A I will stipulate to your suggestion
9 of 1,000 megawatts.

10 Q Thank you.

11 And do you agree that San Diego is
12 planning to continue its history of
13 successful energy efficiency programs in the
14 2013 and 2014 portfolio?

15 A Yes. At this point in time SDG&E
16 is preparing its 2013-2014 energy efficiency
17 Application. It will contain the
18 requirements that are stipulated by the
19 Commission in the preparation of that report,
20 and it will meet the goals that the
21 Commission has set forth for SDG&E.

22 Q Excellent. Thanks.

23 And in your prepared testimony you
24 mentioned that you based the energy
25 efficiency estimates on the CEC's preliminary
26 demand forecast; is that right?

27 A Yes. We updated our information
28 based on the preliminary information.

1 Q And that report is not yet
2 finalized publicly; is that right?

3 A The uncommitted energy efficiency
4 component of the CEC's forecast is not yet
5 final. In fact, yesterday it conducted its
6 working group meeting to look over the new
7 information.

8 Q Thank you.

9 And this preliminary analysis of
10 energy efficiency at the time it was
11 prepared, it excluded a number of major state
12 and federal efficiency standards; is that
13 right?

14 A It excluded certain codes and
15 standards and included certain codes and
16 standards such as the Huffman Bill that is
17 related to energy efficiency lighting and
18 some new television standards.

19 Q Thank you.

20 Did it exclude the recently passed
21 battery charger efficiency standards that
22 were passed earlier this year at the Energy
23 Commission? The battery charger standards
24 were passed after the report was published?

25 A Yes.

26 Q And it also underestimated the
27 recent building efficiency standards that
28 were passed this spring; is that right?

1 A Could you please repeat your
2 characterization.

3 Q Did the preliminary estimate of
4 energy efficiency that was prepared back in
5 October of 2011 underestimate the savings
6 from building efficiency standards which were
7 passed in 2012?

8 A It may have underestimated the
9 facts due to new codes and standards. But
10 also, as we look at the codes and standards
11 today, the benefits that were accounted for
12 in another study, which is the Navigant Study
13 that was sponsored by the Public Utilities
14 Commission that describes the potential for
15 the different service territories, they
16 actually forecasted some codes and standards,
17 but we have recently been informed as we are
18 preparing our filing that they may have
19 overestimated the codes and standards in that
20 particular report due to the lower than
21 expected new home, new construction starts.

22 So to your point that are numbers
23 going up or down and are they reliable, in
24 that short span of time we have moved from
25 one side of the pendulum to the other in
26 terms of determining what these numbers are.

27 Q I hear that new information on the
28 table as of yesterday indicates what you

1 said. But the preliminary analysis that your
2 prepared testimony was based on, that
3 estimate of energy efficiency at that point
4 in time had underestimated the building
5 efficiency standards?

6 A I will stipulate to that.

7 Q Thanks.

8 And the preliminary analysis of
9 energy efficiency also excluded a number of
10 federal energy efficiency standards as well;
11 is that right?

12 A Yes.

13 Q And that includes, for example, the
14 recently passed refrigerator and freezer
15 efficiency standards at DOE?

16 A I will stipulate to that.

17 Q And it excludes the electric water
18 heater efficiency standards?

19 A I will stipulate to that.

20 Q And it excludes the electric close
21 washer efficiency standards?

22 A I will stipulate to that.

23 MR. SZYMANSKI: Can I interrupt. I
24 would appreciate if counsel could restate the
25 whole question so I'm following the list of
26 issues to which Ms. Besa is responding.

27 ALJ YACKNIN: Please don't repeat what
28 you have already done but correct it going

1 forward.

2 MR. MARTINEZ: Okay.

3 Q The preliminary estimate of energy
4 efficiency on which you based your prepared
5 testimony, is it true that it excludes the
6 recently passed federal small motor
7 efficiency standards?

8 A I will stipulate.

9 Q Which were passed in -- okay.

10 And my last question. Is it true
11 that it excludes the federal vending machine
12 energy efficiency standards?

13 A I will stipulate to that.

14 MR. MARTINEZ: Thank you, Ms. Besa.

15 Your Honor, I have no further
16 questions.

17 ALJ YACKNIN: Thank you.

18 Ms. Behles.

19 MS. BEHLES: Thank you.

20 CROSS-EXAMINATION

21 BY MS. BEHLES:

22 Q Good afternoon, Ms. Besa. My name
23 is Deborah Behles, and I am representing the
24 California Environmental Justice Alliance.

25 A Good afternoon.

26 Q So the testimony that you provide
27 in this case is limited to energy efficiency
28 and demand response issues; is that right?

1 A That is correct.

2 Q Did you in your -- and you reviewed
3 Mr. Anderson's testimony in this proceeding;
4 is that right?

5 A That is correct, only as it
6 pertains to energy efficiency and demand
7 response.

8 Q Right. Do you agree with the
9 numbers for demand response and energy
10 efficiency that he presented in his
11 April 27th, 2012 testimony, which has been
12 labeled as Exhibit 11?

13 A Yes. That was our best information
14 at that time.

15 Q I am going to start by discussing
16 energy efficiency. Energy efficiency in
17 forecasts is broken down by committed and
18 uncommitted energy efficiency; is that right?

19 A That is correct.

20 Q California also has another
21 component that's part of this called the big
22 bold energy efficiency strategy; is that
23 right?

24 A Yes.

25 Q The committed value, the committed
26 energy efficiency value, is embedded in the
27 CEC's demand forecast; is that right?

28 A That is correct.

1 Q San Diego Gas & Electric has relied
2 in its April 27th, 2012, testimony on the
3 February 2012 forecast; is that right?

4 A Do you mean the CEC's forecast?

5 Q Yes, the February 2012 CEC draft
6 forecast.

7 A Yes.

8 Q That February 2012 CEC forecast
9 includes committed energy efficiency,
10 correct?

11 A Yes.

12 Q It does not include uncommitted
13 energy efficiency, does it?

14 A No.

15 Q And it does not include a value for
16 the big bold energy efficiency strategies,
17 does it?

18 A It does not include that.

19 Q And as Mr. Martinez covered, the
20 numbers that are relied on in the April 27
21 table come from an August 2012 preliminary
22 forecast; is that right?

23 A Do you mean August 2011?

24 Q Yes. Excuse me. August -- I am
25 skipping a year. August 2011. Sorry about
26 that.

27 A Yes.

28 Q In that draft forecast SDG&E relies

1 on the low uncommitted energy efficiency
2 forecast; is that correct?

3 A That is correct.

4 Q And SDG&E also assumes that there
5 will be no savings from big bold energy
6 efficiency strategies; is that correct?

7 A For the purpose of this planning,
8 yes.

9 Q As related to the uncommitted
10 energy efficiency forecast, are you aware
11 that it was argued that the Commission should
12 rely on a low level uncommitted energy
13 efficiency forecast in the 2010 long-term
14 procurement proceeding?

15 A I believe that in the LTPP ACR it
16 relied on CEC Itron report. It assumed a low
17 case for the big bold energy efficiency
18 strategies. And the rest of it came from the
19 mid case for energy efficiency.

20 Q So let's cover both of those
21 separately.

22 In your uncommitted energy
23 efficiency numbers did -- you didn't rely on
24 the mid level energy efficiency forecast, did
25 you?

26 A That is correct.

27 Q Would the values have changed if
28 you had relied on the mid level energy

1 efficiency forecast?

2 A From a mathematical perspective,
3 yes, the numbers would change.

4 Q By how much?

5 A The mid case that is reflected in
6 the CEC's August 2011 report is
7 287.77 megawatts. And the low case is
8 138.26.

9 Q And so the difference between those
10 is roughly 150 megawatts?

11 A Yes.

12 Q And you also mentioned that for big
13 bold energy efficiency strategies the
14 Commission assumes a low level in the 2010
15 long-term procurement proceeding; is that
16 right?

17 A Yes.

18 Q And San Diego in this case, in this
19 proceeding, has estimated zero savings from
20 the big bold energy efficiency strategies; is
21 that right?

22 A That's correct.

23 Q Would San Diego Gas & Electric's
24 number change if they assumed a low level of
25 big bold energy efficiency strategy savings?

26 A Mathematically, yes, it would
27 change.

28 Q By how much?

1 A If I used a low case, the available
2 low case big bold energy efficiency
3 strategies is 114 megawatts from the 2010
4 LTPP.

5 Q And the 114 megawatts is for 2020;
6 is that correct?

7 A Yes.

8 Q So just to make sure that the
9 record is clear, what strategies are included
10 in the big bold energy efficiency strategies?

11 A There are two categories that
12 pertain to net zero energy in particular, new
13 construction. There is one for HVAC or
14 heating ventilation air conditioning systems.
15 One is for aggressive energy efficiency in
16 low income.

17 Q You mentioned zero net energy.
18 What does that refer to?

19 A It implies for new construction
20 that the incremental energy usage would be
21 zero based on a variety of measures that are
22 implemented. It does not mean that they will
23 have zero energy needs. It just means that
24 using various resources the incremental
25 difference would be zero.

26 Q Are you aware of steps that the
27 Commission has taken to implement these big
28 bold energy efficiency strategies?

1 A There are steps to implement the
2 big bold energy efficiency strategies.
3 However, in order to meet the goals of energy
4 efficiency -- of the big bold energy
5 efficiency strategies requires more than the
6 utilities, requires more than the Commission.
7 It requires a lot of other market actors and
8 participants in order to meet those goals.
9 And so although there are steps, there are
10 not definitive steps that are actually going
11 to provide certainty in the delivery of these
12 expected savings from these bold strategies.

13 In fact, the recent potential
14 study, which I referred to earlier, it states
15 the plan, which refers to the California
16 energy efficiency strategic plan, which
17 contains the big bold energy efficiency
18 strategy, identifies a number of strategies
19 that move beyond utilities' traditional
20 programs, lays the groundwork for
21 implementation and includes numeric goals
22 associated with the list of these strategies.

23 As some of these strategies are
24 untested and rely on a number of
25 public and private partners to
26 implement, the Energy Division does
27 not necessarily foresee including
28 these goals directly in the total

1 market growth goals or the energy
2 efficiency target that the RIM will
3 be based on.]

4 So --

5 Q What are you reading from?

6 A I am reading a quote out of
7 the March 19, 2011 study entitled 2011
8 California Statewide IOU Potential Study.

9 Q And that study was considered by
10 the Commission in the energy efficiency
11 proceeding, isn't that right?

12 A Yes. It was used to develop
13 the 2013-2014 energy efficiency goals for
14 the utilities.

15 ALJ YACKNIN: Just to circle back so
16 that I can find this, is this where you're
17 testifying on page AB-2?

18 THE WITNESS: Yes, your Honor.

19 ALJ YACKNIN: Thank you.

20 MS. BEHLES: Q Have you read the
21 Commission's recent energy efficiency
22 decision?

23 A Yes.

24 Q D.12-05-015?

25 A Yes.

26 Q Then you're aware that the
27 Commission gave guidance to require
28 significant changes in the residential new

1 construction program?

2 A Yes.

3 Q You're also aware that the
4 Commission has funded the Energy Upgrade
5 California Program?

6 A Yes.

7 Q And are you aware that this program
8 is called a market transformation program?

9 A Yes.

10 Q Are you aware that action plans
11 have been completed for commercial zero net
12 energy and HVAC?

13 A Yes.

14 Q Are you aware that the Commission
15 in the decision considers that the 2013 to
16 '14 portfolio continues with a projection
17 with a even greater emphasis on deep and
18 persistent energy savings?

19 A Yes.

20 Q Yet SDG&E assumed that its
21 contribution, the contribution from all
22 the big bold energy efficiency strategies
23 will be zero, is that right?

24 A Yes. For the purpose of this
25 planning, yes.

26 Q Okay. For demand response, are you
27 aware that in the 2010 long term procurement
28 proceeding the Commission used a demand

1 response assumption of 302 megawatts for 2020
2 for the SDG&E territory?

3 A Yes.

4 Q Are you aware that that number was
5 based on a 1-in-2 forecast?

6 A Yes.

7 Q Are you aware that that number was
8 used for the SDG&E system plan?

9 A Yes.

10 Q And that number was based on levels
11 from the 2009 to 2011 demand response
12 programs, correct?

13 A The forecasted demand levels, yes.

14 Q And that value also included
15 the load impact from anticipated demand
16 response programs such as those anticipated
17 from the advanced metering infrastructure
18 system; is that correct?

19 A Yes.

20 Q You relied on different assumptions
21 for the demand response numbers in this
22 proceeding; is that correct?

23 A In our update, I believe we used
24 our most recent 2012 to 2014 demand response
25 program goals.

26 ALJ YACKNIN: Can you identify what you
27 mean by "in our update"? Do you mean
28 the Exhibit 11?

1 THE WITNESS: Yes.

2 ALJ YACKNIN: Thank you.

3 MS. BEHLES: Your Honor, may
4 I approach?

5 ALJ YACKNIN: Yes.

6 MS. BEHLES: And I apologize. I took
7 the staples out and separated them. But
8 I separated them, but --

9 ALJ YACKNIN: Fine. I understand.

10 MS. BEHLES: Yes. And I'm giving you
11 the other exhibit that I'm going to introduce
12 just to save time.

13 ALJ YACKNIN: Okay. I have
14 a multi-page document titled A11-05-023 SDG&E
15 07/28/11 Supplemental Response SDG&E-DRA-01
16 Data Request dated June 17, 2011 Q1-6. And I
17 will mark this for identification as
18 Exhibit 31.

19 MS. BEHLES: Okay. Are you including
20 all of it or just the --

21 ALJ YACKNIN: Well, I have back to
22 back.

23 MS. BEHLES: Right. Right. Are you
24 including the Appendix A or are you going to
25 do that separate?

26 ALJ YACKNIN: Off the record.

27 (Off the record)

28 ALJ YACKNIN: Back on the record.

1 THE WITNESS: Excuse me, your Honor,
2 could I just finish --

3 ALJ YACKNIN: Off the record.

4 (Off the record)

5 ALJ YACKNIN: On the record.

6 This exhibit includes Q&A's -- well
7 I guess it's Q&A 1-6, five back-to-back pages
8 followed by Appendix A titled Ex Ante Monthly
9 Load Impact Forecasts. That's our
10 Exhibit 31.

11 (Exhibit No. 31 was marked for
12 identification.)

13 MS. BEHLES: Q Ms. Besa, I've handed
14 you what's been marked as Exhibit 31 which is
15 response to a data request by SDG&E. In this
16 data request, there's an appendix A that was
17 referred to in the data request which is
18 attached to the end of the exhibit. If
19 I could have you turn to that appendix A. Do
20 you recognize --

21 A This one (indicating).

22 Q Yes, mm-hmm.

23 Do you recognize appendix A?

24 A Yes.

25 Q Are these the tables that were
26 relied on to produce the demand response
27 numbers in SDG&Es's April 27, 2012 table?

28 A Yes.

1 Q Specifically, SDG&E relied on
2 Tables A-2 to A-4, is that correct? Or
3 I guess it's pages 2 to 4.

4 A The 1 in 2?

5 Q Yes. Actually, why don't I ask it
6 this way.

7 A Okay.

8 Q Which pages in Appendix A did SDG&E
9 rely on to produce its demand response
10 numbers in its April 27, 2012 report?

11 A As paginated by the attachment,
12 it's appendix LW/KS-3, -4, -5 and -6.

13 Q Specifically on those pages, which
14 values did SDG&E rely on, which month?

15 A I believe the August.

16 Q The August values?

17 A Yes.

18 Q The pages that SDG&E relied on are
19 for a 1 in 2 portfolio, isn't that correct?

20 A Yes.

21 Q This appendix also provides numbers
22 for a 1 in 10 portfolio, isn't that right?

23 A Yes, it does.

24 Q So just to compare, how does
25 the 2012 August number for 1 in 2 compare
26 with the 2012 number -- 1 in 10 number for
27 August compare?

28 I might have jumbled that.

1 Do you understand my question?

2 A If I could repeat, you would like
3 me to compare the August 1 in 2 to
4 the August 1 in 10?

5 Q That's right.

6 A Okay. So August 1 in 10 for 2011
7 is 65.

8 Oh, I'm sorry. That's August 1
9 in 2.

10 Q Mm-hmm.

11 A And August 1 in 10 for 2011 is 79.

12 Q Okay. And how about for 2012?

13 A For 2012, it is 146.

14 Q And that's for the 1 in 2?

15 A For 1 in 2. Thank you.

16 And 1 in 10 is 177.

17 Q Okay. And just so we can make
18 the record clear, for 2013?

19 A 2013 is 183. And the 1 in 10 is
20 246.

21 Q Is it 234?

22 A Oh. I'm sorry. It is 234.

23 Q And then for 2014?

24 A 2014, 1 in 2 is 194. And 1 in 10
25 2014 is 246.

26 Q Just focusing on 2014, so there's
27 a 52-megawatt difference between the 1 in 2
28 and the 1 in 10, is that right?

1 A 2014.

2 Q For 2014 in appendix A for August,
3 there's a 52-megawatt difference?

4 A Yes.

5 Q Between the value for 1 in 2
6 versus, the value for 1 in 10?

7 A I agree.

8 Q Was this -- but SDG&E didn't rely
9 on these 1 in 10 numbers, did it?

10 A No.

11 Q So after taking the 1 in 2 numbers
12 for 2012 to 2014, were some of the programs
13 escalated for load growth?

14 A Some programs have been escalated
15 and some programs have been withdrawn.

16 Q Have been what?

17 A Have been withdrawn in this
18 particular cycle of 2012 to 14.

19 Q So when you made your estimate for
20 this proceeding for 2020, which programs were
21 escalated for load growth?

22 And I've also copied the table that
23 SDG&E provided related to this. It's on
24 the back of the data request.

25 A Okay. In the data request
26 response, there's no page numbers on here but
27 on the section that's entitled demand
28 response.

1 Q Mm-hmm.

2 A Into the following page, the last
3 sentence before the next section, it does
4 state: Additionally, to extend the forecast
5 through 2020, some DR programs were
6 appropriately escalated based upon load
7 growth while all others were held constant
8 for future years.

9 And I believe the table that you
10 referred to does demonstrate which programs
11 have been escalated and which programs are
12 held constant.

13 So for example, Summer Saver Small
14 Commercial is held constant. Likewise would
15 Summer Saver Residential. Other programs are
16 escalated such as CPPD Medium, CPPD Large,
17 and PTR for examples.

18 Q Why weren't all the programs
19 escalated for load growth?

20 A The particular set of programs that
21 show escalation are called day-ahead price
22 trigger programs. These programs are rate
23 base type programs and therefore as we
24 continue to add customer participants into
25 these particular rates, there will be growth
26 in participation.

27 So we are illustrating a growth in
28 those areas. Whereas the day-of price

1 triggered programs such as CBT, Demand Smart
2 Summer Saver Residential, Summer Saver Small
3 Commercial, these are programs that customers
4 can voluntary add themselves to if they so
5 choose.

6 Q And so your estimating that
7 customers will not voluntarily add themselves
8 to these programs? More customers will not
9 voluntarily add themselves to these programs?

10 A Some of these programs like the
11 Summer Saver Residential are longstanding
12 programs at this point in time. So we have
13 been in the market for several years with
14 these programs and we are more or less at the
15 stable point in terms of participation.

16 With respect to the rate base
17 programs or dynamic pricing programs, we are
18 continuously expanding these types of
19 programs in order to increase participation
20 and also take advantage of AMI.

21 Q Did your demand response numbers
22 take into account new improvements of
23 automated demand response technology?

24 A Yes. Part of being able to
25 participate effectively in the dynamic
26 pricing programs that are listed here
27 providing technology that automates response
28 or enables the customer to respond to

1 triggers could improve participation.

2 Q So it could increase participation?

3 A It can increase participation, yes.

4 Q Did the demand response numbers
5 take into account changes to the CAISO market
6 to allow demand response to directly compete
7 with other resources?

8 A Are you speaking to being able to
9 bid DR directly into the wholesale market?

10 Q That's right.

11 A So at this point in time, we're
12 still working both with the Public Utilities
13 Commission and the ISO or the CAISO in order
14 to be able to figure out how to make these
15 programs truly participate in the wholesale
16 market. And we have been in that proceeding
17 for about three years now and we are still
18 trying to get to that point. It is an
19 aspiration, but we're not at that point and
20 we don't have yet any pilots that actually
21 can provide us with a way to forecast
22 the magnitude of this types of programs in
23 the future.

24 ALJ YACKNIN: Ms. Behles, do you have
25 much more on this line? We're going to have
26 to --

27 MS. BEHLES: I've only got a couple
28 more questions on the demand response line.

1 ALJ YACKNIN: Okay, let's take those.

2 MS. BEHLES: Okay, great.

3 Q Do you have an understanding of
4 what FERC requires for the integration and
5 demand response into the wholesale market?

6 A I have a general understanding,
7 yes.

8 Q And what's that?

9 A That they would like demand
10 response to become a real resource
11 comparable, in my lay terms, to generation.

12 Q Is consideration of that of demand
13 response being introduced in the wholesale
14 market, is it considered in your numbers in
15 this proceeding?

16 A Not particularly. However, in
17 terms of planning in demand response, and we
18 have been working with the Commission through
19 our two application proceedings already to
20 sort of create pilots if it's possible so we
21 could meet that type of requirement but we
22 don't have yet programs that are sizable so
23 that you could actually forecast that kind of
24 participation in the wholesale market.

25 However, as we have been looking
26 towards that, what we have been doing is
27 trying to figure out which of the existing
28 programs that we have would move into that

1 market. So it does not necessarily create
2 incremental new demand response. It just
3 provides us with a mechanism by which to
4 provide demand response resources in
5 a different way to serve the purpose.

6 Q Are you familiar with the balancing
7 authority in the northeast, the northeast
8 ISO?

9 A No, I'm not.

10 Q Have I reviewed any other systems
11 that have included demand response in
12 the wholesale market?

13 A I have not.

14 Q So you don't know whether or not
15 that has led to significant increases in
16 demand response?

17 A I don't know that.

18 Q Your demand response numbers don't
19 include any new demand response programs, do
20 they?

21 A When you say "you," do you mean
22 programs that we're forecasting into
23 the future?

24 Q New programs.

25 A No.

26 MS. BEHLES: That's all I have --

27 ALJ YACKNIN: Thank you.

28 MS. BEHLES: -- on that line of

1 questioning.

2 ALJ YACKNIN: Okay. Thank you for that
3 clarification. Okay.

4 Ms. Besa, thank you for your
5 testimony this afternoon. You will remain
6 under oath then. Please come back tomorrow
7 for more.

8 And we are adjourned until
9 9 o'clock a.m.

10 (Whereupon, at the hour of
11 3:31 p.m., this matter having been
12 continued to 9:00 a.m., June 20, 2012
at San Francisco, California, the
Commission then adjourned.)

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