

1 SAN FRANCISCO, CALIFORNIA, JUNE 21, 2012

2 9:00 A.M.

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4 ADMINISTRATIVE LAW JUDGE YACKNIN: On  
5 the record.

6 JAN STRACK, resumed the stand and  
7 testified further as follows:

8 ALJ YACKNIN: Good morning.

9 We're continuing in Application  
10 11-05-023 evidentiary hearings.

11 And Mr. Szymanski, I'd like to  
12 first take up the motions to receive Exhibits  
13 1, 1-C and 35-C.

14 I believe that there's no  
15 substantive objection to their receipt into  
16 evidence, but I'd like to hear SDG&E's motion  
17 for confidential treatment.

18 MR. SZYMANSKI: Yes, and thank you.  
19 Good morning, your Honor.

20 SDG&E moves for the admission of  
21 those three exhibits.

22 With respect to the first two,  
23 I noted in review that in the initial filing  
24 that SDG&E made in May of 2011 and as part of  
25 that filing, SDG&E's witnesses that submitted  
26 confidential data developed declarations that  
27 state the matrix categories that relate to  
28 the basis on which the confidentiality

1 treatment was sought.

2 And for your reference in  
3 the nonredacted version of SDG&E's testimony  
4 with respect to 1-C, you'll find those  
5 various four affidavits on pages 66 through  
6 75.

7 And based on your suggestion from  
8 Tuesday, I reviewed those matrix categories  
9 and discussed this matter with each of  
10 the witnesses and we maintain that  
11 the information represented back initially in  
12 May of 2011 still holds true today. So on  
13 that basis, SDG&E moves for confidential  
14 treatment.

15 ALJ YACKNIN: Okay, very good.

16 And with respect to 36-C,  
17 the information that's redacted, does SDG&E  
18 maintain that that's protected pursuant to  
19 Decision 06-06-006 as well?

20 MR. SZYMANSKI: Yes, we do, your Honor.  
21 Those are supporting information that SDG&E  
22 developed and provided to the PRG and we  
23 developed it particularly in this case and  
24 for this exhibit at the request of counsel  
25 for CEJA. And again, it is derived from  
26 the same confidential information that I've  
27 previously referenced.

28 ALJ YACKNIN: Very good. Is there any

1 objection to the confidential treatment of  
2 these exhibits?

3 CEJA.

4 MS. BEHLES: Your Honor, I have no  
5 objection to the confidential treatment of  
6 these exhibits but I would I'd like to  
7 request that this information, if it becomes  
8 public be -- then the confidential  
9 designation be removed. And also that  
10 the confidential designation only remain for  
11 the time period that's anticipated in  
12 the confidentiality Decision, D.06-06-066.

13 ALJ YACKNIN: Yes. As to the latter,  
14 I will receive these and seal the evidentiary  
15 record with respect to the redacted  
16 information to the extent allowed by  
17 D.06-06-066. And by that I mean I understand  
18 that there's different categories of  
19 information that are subject to different  
20 terms or lengths of confidential treatment,  
21 and that's what we'll apply. However, as to  
22 your first point, once this record is  
23 submitted, once this proceeding is closed, to  
24 the extent someone wants to seek -- I don't  
25 know who to put the affirmative burden of  
26 updating, reopening the record to update any  
27 release or any waiver of confidentiality, and  
28 I'm not going to provide for that. But

1 certainly, anybody seeking the information  
2 from the Commission at that time can make  
3 that case. The Commission is always known to  
4 change its previous determinations based on  
5 new information. And that goes for  
6 everything that's confidential, held  
7 confidential at the Commission.

8 Of course, any person who wants to  
9 seek it on that basis should -- I'll advise  
10 the parties to this proceeding that if you  
11 are going to seek public release of that  
12 information on that basis, that you serve  
13 notice of your intent on the utility.

14 And with that, Exhibits 1, 1-C, and  
15 36-C are received into evidence.

16 (Exhibit Nos. 1, 1-C, and 36-C were  
17 received into evidence.)

18 ALJ YACKNIN: 1-C and 36 C will be  
19 sealed and parties here should continue to  
20 treat that information with care to the  
21 extent that we reference it in the remainder  
22 of evidentiary hearings.

23 Okay, be patient.

24 Next up, DRA you have a motion.

25 MS. MOREY: Yes, your Honor. DRA has  
26 a motion to strike portions of Mr. Strack's  
27 testimony which we specified. I can review  
28 those if you like or --

1 ALJ YACKNIN: I need you to review  
2 those. We did not do that on the record.

3 MS. MOREY: Okay. DRA would like to  
4 bring a motion to strike from Exhibit 12  
5 which is the Prepared Supplemental Testimony  
6 of Mr. Strack, portions of Question and  
7 Answer 20 which begins on JS-13 and  
8 specifically on JS-13, lines 6 to 17. DRA  
9 would like to strike portions of Exhibit 25  
10 of Question and Answer -- sorry, which is the  
11 Prepared Supplemental Rebuttal Testimony of  
12 Mr. Strack, Question and Answer 6 which  
13 begins on JS-7. Well, it begins on JS-6 but  
14 the portions we would like to strike are  
15 JS-7, lines 1 through 11.

16 DRA also moves to strike on JS-8  
17 portions of Question and Answer 7 that appear  
18 on JS-8, lines 1 through --

19 THE WITNESS: Six.

20 MS. MOREY: Six, yes. And inclusive in  
21 that is footnotes 10 and 11.

22 And the DRA would move to strike  
23 from Exhibit 25 portions of Question and  
24 Answer 8 which appear on JS-9, lines 5  
25 through 11, the section that begins with the  
26 sentence, "The need for operating  
27 flexibility" and ends with the sentence on  
28 line 11, "CAISO balancing authority area."

1           ALJ YACKNIN:  And what's the basis for  
2 your motion?

3           MS. MOREY:  DRA has three bases for  
4 these motions.

5                   First with respect to Exhibit 12,  
6 that it's procedurally improper under  
7 Rule 13.8(b).  It's improper supplemental  
8 testimony without good cause shown by  
9 San Diego.  San Diego's direct testimony did  
10 not rely on any claimed need for additional  
11 flexibility resources in California as the  
12 basis for approving the plants.  And to  
13 introduce testimony on this subject in  
14 Exhibit 12 is therefore and improper.

15                   DRA recognizes that there was an  
16 amended Scoping Memo in this proceeding.  But  
17 that amended Scoping Memo specifically  
18 focused on the issue of local capacity  
19 requirements and as is clear from the fact  
20 that the 2012 LTPP -- or, sorry, the 2010  
21 LTPP settlement expressly reserved the issue  
22 of flexible capacity needs and pushed it into  
23 the 2012 LTPP proceeding, DRA believes that's  
24 where the issue is properly being taken up,  
25 and that to introduce testimony on such  
26 issues in this proceeding would be  
27 prejudicial to DRA and other parties.

28                   DRA also contends that some of the

1 portions DRA seeks to strike are hearsay  
2 submissions about alleged statements by  
3 the CAISO regarding a potential need for new  
4 resources that SDG&E is offering for the  
5 truth of the matter asserted therein. It's  
6 offering these statements to support a claim  
7 that there will be a need for additional  
8 flexible resources in California over  
9 the planning horizon.

10 DRA submits that that's improper  
11 hearsay and that the impact of admitting it  
12 would be highly prejudicial on DRA, and the  
13 impact of excluding it would cause no  
14 prejudice to San Diego, given that the basis  
15 of their case has been local capacity  
16 requirements and not flexibility.

17 ALJ YACKNIN: And then with regard to  
18 that argument, is that limited -- does that  
19 argument have limited applicability to  
20 Exhibit 25?

21 MS. MOREY: Yes. Let me --

22 ALJ YACKNIN: JS-8. On page JS-8.

23 MS. MOREY: Has two places. There's  
24 actually there are three places. One is in  
25 Exhibit 12, JS-13. San Diego's referencing  
26 a CAISO proposal.

27 In Exhibit 25 for JS-8, all of  
28 the portions DRA wishes to strike. And in

1 particular, Footnote 11 and the statement  
2 about 4600 megawatts of new flexible  
3 generating resources is hearsay.

4 And then on page JS-9 the portion  
5 that DRA wishes to strike is also premised on  
6 a hearsay statement about CAISO's needs,  
7 statements about need.

8 And then third, and not to repeat  
9 anything that your Honor already fully  
10 understands, but DRA moves to strike on  
11 the basis that these portions of Mr. Strack's  
12 testimony have no relevance to this  
13 proceeding for the reasons that I described  
14 relating to the settlement in the 2012 LTPP,  
15 and the fact that this issue is being taken  
16 up in the 2012 LTPP regarding whether in fact  
17 there are means for new flexible resources,  
18 and in addition in the current resource  
19 adequacy proceeding which is seeking to  
20 define the operating characteristics of  
21 resources that will be deemed sufficient to  
22 satisfy the states flexibility needs that  
23 might be set.

24 And then, your Honor, I think just  
25 to underscore that the potential for  
26 prejudice to DRA of admitting this evidence  
27 is very high, especially with respect to the  
28 hearsay testimony because of the fact the way

1 the issues are playing out in other  
2 proceedings. DRA's very concerned that --  
3 well, first, the purpose of the testimony and  
4 hearings is to build a clear record of  
5 the evidence that might be relied upon to  
6 support the Commission's finding of fact and  
7 conclusions of law that can support an  
8 ultimate determination in this case.

9           And while we understand and  
10 recognize that this is important to your  
11 Honor's decision, it is also relevant to  
12 anyone else who may be reviewing the record  
13 such as other commissioners, the CPUC's  
14 Appellate Division, and ultimately any court  
15 that may be asked to review the record  
16 evidence on appeal pursuant to Public  
17 Utilities Code Section 1757.

18           And then we are also concerned that  
19 to the extent that any decision in this case  
20 might seek to rely on these portions of  
21 Mr. Strack's testimony and finding a need for  
22 the PPTAs, it could set a precedent that  
23 would be prejudicial both to DRA and other  
24 parties in the ongoing 2012 LTPP and  
25 the resource adequacy proceeding with respect  
26 to the flexibility issue. On the other hand,  
27 DRA submits that the prejudice to San Diego  
28 of striking this testimony is nonexistent

1 both because it has very low relevance and  
2 because San Diego did not introduce it in its  
3 direct case prior to the Commission's issuing  
4 the amended scoping memo. And with the  
5 exception of this testimony, San Diego's  
6 entire case has been focused on local  
7 capacity requirements, not systemwide needs.

8 Thank you, your Honor.

9 ALJ YACKNIN: Ms. Behles, do you wish  
10 to argue in support of this motion? Please  
11 do not be redundant.

12 MS. BEHLES: Yes.

13 ALJ YACKNIN: If you say "I support  
14 everything she says, thank you very much"  
15 that would be fine.

16 MS. BEHLES: I support everything that  
17 DRA said. And in addition, I want to note  
18 for the record that in the 2010 long-term  
19 procurement proceeding, this issue of  
20 renewable integration was settled. ]

21 The parties were directed not to  
22 enter evidence into the record of the 2000  
23 Long-Term Procurement Plan that entered into  
24 the settlement, which included San Diego Gas  
25 and Electric.

26 The evidence that's been cited in  
27 Mr. Strack's testimony supports just a  
28 limited reading of the entirety of the

1 evidence that was in that proceeding and  
2 would be prejudicial because other parties  
3 had not had an opportunity in that proceeding  
4 to enter evidence regarding the renewable  
5 integration issue.

6 ALJ YACKNIN: I'm sorry. I'm confused.  
7 Was evidence entered into that record or not  
8 on this issue?

9 MS. BEHLES: It was not by any of the  
10 settling parties.

11 ALJ YACKNIN: In which case?

12 MS. BEHLES: In the 2000 and --

13 ALJ YACKNIN: Accordingly, I didn't  
14 mean in which case that way, I mean  
15 accordingly, therefore, therefore, I don't  
16 understand how SDG&E's testimony here  
17 summarizes testimony there if there was no  
18 testimony there.

19 MS. BEHLES: There was no testimony  
20 there. What I'm saying is that the limited  
21 citation of one internal memo by CAISO  
22 gives --

23 ALJ YACKNIN: That's fine.

24 MS. BEHLES: -- an incomplete view of  
25 the entire record.

26 ALJ YACKNIN: Okay.

27 MS. BEHLES: That was generated in that  
28 proceeding.

1 ALJ YACKNIN: The memo was generated in  
2 that proceeding?

3 MS. BEHLES: It was not.

4 MS. MOREY: The record.

5 MS. BEHLES: The record. So there were  
6 a number of renewable integration cases that  
7 showed no renewable integration needs.

8 ALJ YACKNIN: Stop, stop, stop, stop,  
9 stop. So your contention is that Mr.  
10 Strack's testimony summarizes evidence that  
11 was placed into the evidentiary record at --  
12 summarizes some of the evidence that was  
13 placed into the record? Summarizes none of  
14 the evidence that was placed into the record?

15 MS. BEHLES: It was providing an  
16 opinion on an issue that was settled.

17 ALJ YACKNIN: I understand that. Okay.  
18 That's fine. I understand that. And Ms.  
19 Morey made that point as well. But I  
20 misunderstood, I guess, your statement  
21 regarding whether it resolves evidence in  
22 that proceeding.

23 MS. BEHLES: Yeah. And regard --

24 ALJ YACKNIN: There is no evidence in  
25 that proceeding on this issue other than the  
26 settlement.

27 MS. BEHLES: Entered by the settling  
28 parties. And that particular memo was

1 rejected in the Commission decision from  
2 being entered into the record because the  
3 parties in that case did not have an  
4 opportunity to address it.

5 MS. MOREY: Your Honor, if I may just  
6 hopefully be helpful.

7 ALJ YACKNIN: That was helpful. That  
8 was fine. Is that what you wanted to say is  
9 that the memo was not entered into that  
10 proceeding and no other information was  
11 entered into that proceeding, no other  
12 evidence?

13 MS. BEHLES: By the settling parties.

14 ALJ YACKNIN: All right. Okay.

15 Mr. Szymanski.

16 MR. SZYMANSKI: SDG&E opposes this  
17 further motion to strike. We think that your  
18 Honor's prior rulings dealing with  
19 supplementing the record and those dealt with  
20 yesterday on the topic of flexible resources  
21 are indicative of how this ruling ought to be  
22 resolved as well. And SDG&E is concerned  
23 about the resources that have been taken up  
24 to re-air these same issues.

25 Many of these same arguments DRA has  
26 now made repeatedly about moving things to  
27 the 2012 LTPP case. However, as we've  
28 indicated in testimony and elsewhere, that

1 case specifically reserved for this case the  
2 determination of SDG&E's infrastructure  
3 requirements and those dealing with these  
4 particular assets that we're seeking approval  
5 for.

6 And important attributes of these  
7 resources are the flexible nature of this, of  
8 those generation resources. We've had  
9 testimony from the ISO and SDG&E's experts on  
10 the benefits of those resources to customers  
11 in this state who will be receiving power  
12 from those generation resources. And SDG&E  
13 finds it highly unusual that DRA and CEJA  
14 should be seeking leave to have this court  
15 ignore that highly relevant evidence.

16 There's numerous other arguments  
17 that I find equally or more specious, and I  
18 will try to address a few of them. First of  
19 all, DRA and CEJA have plenty of opportunity  
20 to ask the experts who are knowledgeable  
21 about the benefits of these generation  
22 resources during these hearings. And so  
23 there is not out-of-court statements offered  
24 in court for the truth of the matter asserted  
25 in the out-of-court statements because they  
26 can be tested for their veracity in court  
27 right now. And so we think that there's no  
28 merit to the hearsay arguments whatsoever.

1           I would note that appended to DRA's  
2 testimony is several hundred pages of  
3 additional attachments that have no purported  
4 connection to DRA's written testimony. And  
5 so I think that in contrast --

6           ALJ YACKNIN: Please don't talk about  
7 that in vague terms. If you'd like to point  
8 them to me so I can compare and contrast.  
9 Otherwise, I'll dispense with that. I will  
10 not give any weight to that argument.

11           MR. SZYMANSKI: I'll move on from that.  
12 I'll note that there may be a further motion  
13 to strike from SDG&E.

14           ALJ YACKNIN: It's not so much for the  
15 purposes of motion to strike. I appreciate  
16 that. It's more for me to understand but to  
17 compare and contrast what is attached or  
18 referenced in Mr. Strack's testimony to what  
19 DRA is attempting to present.

20           MR. SZYMANSKI: Fair enough, your  
21 Honor.

22           So to DRA's and CEJA's point that  
23 this material is not relevant, that's clearly  
24 not substantiated by the record of this case  
25 in the last two days of hearings.

26           It would be prejudicial to SDG&E to  
27 have that information excluded. We think  
28 it's an important consideration and part and

1 parcel of a resources planning case to  
2 determine the array of resources that are  
3 part of SDG&E's overall resource plan and the  
4 benefits of those respective resources.

5           We've heard days of testimony now  
6 and we have hundreds of pages of transcript  
7 and written testimony that discussed these  
8 various types of resources and all their  
9 merits. And we are at a loss to see why the  
10 Commission would not be interested in and  
11 find value in understanding the benefits of  
12 these particular resources that SDG&E is  
13 proposing for approval here. We see nothing  
14 in any ruling that would preclude SDG&E from  
15 making those points clear or the ISO or any  
16 other party from discussing them. And again  
17 now that information is subject to  
18 cross-examination by any party in this case.

19           DRA and CEJA allege prejudice to  
20 them if this information is included, but  
21 they haven't explained what that prejudice  
22 is. It might be disadvantage --  
23 disadvantageous to the merits of their case,  
24 but it's not prejudicial to them. It would  
25 be prejudicial to exclude without notice and  
26 an opportunity to be heard at this time  
27 during hearings information that we think is  
28 important and part and parcel of a resource

1 planning case.

2 And further, I just assert that the  
3 issues about flexible planning, about the  
4 benefits of flexible resources has been made  
5 clear through testimony that's been submitted  
6 to the Commission and all parties as early as  
7 April if not earlier. And we think for the  
8 reason of delay and laches that CEJA and DRA  
9 are simply too late in raising these issues  
10 about what should be in the scope of this  
11 case.

12 If they have an appeal to scoping  
13 memo and they feel that they're -- then  
14 they've had that opportunity since at least  
15 early April to air those concerns, but at  
16 this late time during the middle of hearings  
17 to raise new motions to strike is something I  
18 have not seen, and in talking with many of  
19 the other colleagues I have not seen anything  
20 of this nature ever entertained. So for all  
21 of those reasons and just in conclusion it's  
22 just patently unfair to exclude relevant  
23 evidence that's pertinent to the decisions of  
24 this case. SDG&E opposes this motion.

25 ALJ YACKNIN: Thank you.

26 Ms. Sanders.

27 MS. SANDERS: Thank you, your Honor.  
28 I'll try to be brief, and I'm going to add

1 information that -- I want to follow up on  
2 one of Mr. Szymanski's points, but I have  
3 some other information I'd like you to hear.

4 On the hearsay objection. I'll cite  
5 some specific attachments to testimony both  
6 from CEJA and DRA. Mr. Szymanski raised a  
7 good point. The two footnotes that are  
8 subject of being stricken are statements made  
9 by Mr. Rothleder. One of them, and that's  
10 this board memo, I believe any way. At least  
11 one of them is the statements made by Mr.  
12 Rothleder in testimony in the new LTPP case,  
13 which is the 12-03-004 proceeding. Mr.  
14 Rothleder was on the stand. So he could have  
15 testified amply as to what that  
16 information -- as to what he said in his  
17 testimony in that proceeding.

18 Similarly, I think the reference to  
19 an ISO, the flexible capacity initiative at  
20 the ISO, Mr. Rothleder, I think there was  
21 some foundation that was offered by Ms.  
22 Behles as far as his involvement in that. So  
23 any way, point one.

24 In contrast, DRA, for example, Mr.  
25 Fagan refers to a PJM document about demand  
26 response.

27 ALJ YACKNIN: What is a PJM document?

28 MS. SANDERS: That's the ISO, the

1 Pennsylvania, New Jersey, Maryland ISO. And  
2 he has information about the capacity market  
3 and PJM.

4 ALJ YACKNIN: Well.

5 MS. SANDERS: I --

6 ALJ YACKNIN: Just a minute, please.

7 MS. SANDERS: Do you want me to give  
8 you the page number?

9 ALJ YACKNIN: Absolutely.

10 MS. SANDERS: Okay. Page 17. It's  
11 Attachment DD, and that's just an example. I  
12 mean --

13 ALJ YACKNIN: Can you please wait? I  
14 cannot listen to you while I am doing these.  
15 So if you want me to hear what you're saying,  
16 you need to wait. Attachment DD to what's  
17 been marked as Exhibit 18?

18 MS. SANDERS: Yes. If Exhibit 18 is  
19 DRA's attachments. Yes.

20 ALJ YACKNIN: Okay. Proceed.

21 MS. SANDERS: And Ms. Firooz cites some  
22 newspaper articles in her testimony, which  
23 I'd say would be hearsay, but I wasn't -- I  
24 was going to ask some questions about them.  
25 And that's on page 9 of her testimony. And  
26 she also cites to a FERC report. So I guess  
27 my -- and that's -- I've forgotten what her  
28 exhibit number is. Exhibit 20.

1           But I guess my point there is not to  
2 necessarily to strike their attachments,  
3 although I guess I would make that motion,  
4 but that under the general rules of evidence  
5 for administrative proceedings these kinds of  
6 documents are commonly added to the record,  
7 and opportunities for cross-examination are  
8 provided by the sponsoring witness.

9           And I really don't see any  
10 difference here particularly since Mr.  
11 Rothleder himself was on the stand earlier  
12 and could have been cross-examined on these  
13 questions. Okay. That's the hearsay.

14           Now, about flexibility, I think  
15 we're getting kind of confused here, and I  
16 hope maybe I can -- I'd like to make a couple  
17 points. In the LTPP case, and that was both  
18 the 2010 case and the 2012 case, Mr.  
19 Rothleder is studying the need for new, new  
20 system resources that might be needed for  
21 renewable integration. However, what we're  
22 looking at in this case is replacing  
23 currently current flexible resources. That's  
24 a different issue.

25           And I'd like to point out that in  
26 the settlement agreement in the 2010 LTPP  
27 case the issue for -- the issue of the need  
28 to replace or retain current flexible

1 resources was specifically carved out of the  
2 settlement agreement by Calpine. And that's  
3 the reference -- I think somewhere in this  
4 testimony is a reference to the Sutter  
5 decision by the Commission or the advice  
6 letter by the Commission.

7           Mr. Rothleder actually provided  
8 testimony in the 2010 case regarding his  
9 concerns for retaining the flexibility  
10 capability of the current fleet. That's the  
11 issue that we're looking at here. Mr.  
12 Rothleder's studies will be informed by  
13 what's done in the local area because if  
14 flexible resources are procured in the local  
15 areas, there may be less of a residual system  
16 need, which yes, the ISO agrees is being  
17 studied in the 2012 case. ]

18           ALJ YACKNIN: Ms. Sanders, I've been  
19 scrambling to try to find my resources here,  
20 and I don't have them. I left my computer.  
21 Can you please, can you locate and share with  
22 me the reservation of the issue in the  
23 settlement? I'm vaguely familiar with what  
24 you are referring to, but I would like to see  
25 the language.

26           MS. SANDERS: Unfortunately, your  
27 Honor, I don't have a hard copy of it. I'm  
28 having a little computer trouble right now.

1 I can get you a copy.

2 ALJ YACKNIN: I'm not going to hold my  
3 ruling on this motion, so go ahead.

4 MS. SANDERS: At any rate, the  
5 flexibility of the current fleet is what we  
6 are focused on here. But as I said, whether  
7 the current fleet which is being retired  
8 through OTC requirements is replaced by  
9 flexible generation will then inform the  
10 issues that are being looked at in the LTPP  
11 case.

12 I would like to also point out that  
13 Mr. Sparks in his rebuttal testimony does  
14 address the need for flexible resources which  
15 is not driven by renewable integration needs.  
16 Mr. Sparks, of course, is not the author or  
17 is not working on the renewable integration  
18 study. He is the engineer sponsoring our OTC  
19 studies. He does present testimony as to the  
20 need of flexibility in local areas,  
21 particularly in this area.

22 So I think that there are other  
23 proceedings, for example, yes, the ISO has  
24 introduced in the RA proceeding. As we  
25 discussed yesterday, the issue of  
26 flexibility, and that would be for the  
27 existing fleet on a forward procurement  
28 basis. But I think, as we argued yesterday,

1 the fact that there are different Commission  
2 proceedings that are addressing this issue  
3 doesn't mean that -- doesn't mean that the  
4 issue is irrelevant for the purposes of this  
5 case.

6 ALJ YACKNIN: Thank you. I will not  
7 take further argument.

8 For the record, I note it is 9:35.  
9 We've spent a lot time already on this, and I  
10 will rule. I will give a little explanation  
11 for my ruling, but it is not an invitation  
12 for further argument. I will tell you right  
13 now to the extent I rule against you or for  
14 you, I will note for the record and recognize  
15 that you oppose my ruling, okay? If it is  
16 against you and that you support, if is for  
17 you. I don't need to hear further from you  
18 on this issue.

19 The motion is denied nearly in  
20 total. I came in here, by the way, prepared  
21 to strike the hearsay, but I am persuaded  
22 that this record has -- is rampant with  
23 hearsay. I will simply accord it the weight  
24 to which it is due.

25 I will strike the footnote that  
26 references a Web link. I did not have a Web  
27 link. The computer is not in the record. I  
28 am not charged with going there, and that is

1 not -- to the extent the footnote suggests  
2 that what it links to is in the record, I  
3 need to clarify the record, but it does not.  
4 I do that by striking the footnote.

5           The scope of this proceeding is what  
6 is the LCR need. And by that, by the way, as  
7 you probably notice, when I'm talking about  
8 need I mean residual need, or what we need to  
9 fill, not the whole need. What do we need to  
10 meet the LCR, whether the need for -- do we  
11 have a need for the megawatts represented by  
12 these three PPTAs, and whether the PPTAs are  
13 a reasonable way to meet the identified need.

14           Issues 1 and 2, regarding Issues 1  
15 and 2, what is the LCR need and is there a  
16 need for the megawatts represented by these  
17 three PPTAs. There appears to be a  
18 difference of opinion, or potential, as to  
19 whether the LCR need determination and/or the  
20 need for the megawatts represented by these  
21 PPTAs in general includes consideration of  
22 the need for new resources for purposes of  
23 renewable integration as distinct from an LCR  
24 need that is unrelated to renewable  
25 integration ability. That is a scoping  
26 interpretation issue. I have my  
27 interpretation, and parties have theirs. I  
28 will allow the parties to argue this. I will

1 not strike the testimony relevant to this  
2 disputed issue of interpretation of scope.

3           The third issue whether the PPTAs  
4 are a reasonable way to meet the identified  
5 need. This goes to relative attributes of  
6 the PPTAs vis-à-vis alternatives, assuming  
7 that there is an LCR need identified, and  
8 assuming that there is a need for the  
9 megawatts represented by these three PPTAs or  
10 a portion of them identified. Are these the  
11 best way to meet them. That is an issue in  
12 the scoping memo.

13           The re-ability of these to serve the  
14 relative attributes of these PPTAs vis-à-vis  
15 alternatives with respect to their ability to  
16 serve anticipated need for renewable and  
17 integration, as well as relative to -- or  
18 with respect to their cost or market  
19 competitiveness, or anything else, is  
20 relevant to this issue. I will not strike  
21 the testimony as it is relevant. But what I  
22 will do is give it the weight that I deem is  
23 due in view of the record evidence, and  
24 including the facts presented in the motions  
25 to strike that purport to illustrate the  
26 flimsiness, if I can say in shorthand, of the  
27 evidence showing that these are needed or  
28 preferable, either needed or preferred

1 resources over alternatives on the basis of  
2 their renewable integration abilities.

3 That is my ruling. So we are  
4 striking, I am striking Exhibit 25,  
5 Footnote 11, on page JS-8.

6 I will mention one other thing just  
7 because I want to make this clear. The fact  
8 that the ISO has persons present who are  
9 competent to testify to evidence put forth by  
10 SDG&E does not cure the hearsay problem.  
11 This is being offered by SDG&E, and as to  
12 SDG&E it is hearsay. It is not incumbent on  
13 the parties to seek out other parties to cure  
14 SDG&E's shortcomings. In which case, be that  
15 as it may be, I will be giving the hearsay  
16 evidence of all parties the weight to which  
17 it is due.

18 I will not hear further argument.

19 MS. BEHLES: It is not argument. Can I  
20 ask a question, a clarification?

21 ALJ YACKNIN: Yes, you may.

22 MS. BEHLES: So you struck the  
23 footnote. Is the text associated with that  
24 footnote stricken --

25 ALJ YACKNIN: No.

26 MS. BEHLES: -- as well?

27 ALJ YACKNIN: No. It is hearsay, or to  
28 the extent that it is hearsay it is there,

1 but I'm letting all the hearsay in. I'm just  
2 not going to go track down somebody else's  
3 evidence to put it into my record.

4 Very good. So now we are,  
5 Mr. Strack. No, yes, Mr. Strack. Thank you  
6 for resuming the stand. I remind you that  
7 you are under oath, you continue to be under  
8 oath.

9 And yesterday we concluded  
10 examination by NRG, and now we will take up  
11 the examination of CEJA and DRA. DRA will go  
12 first?

13 MS. MOREY: Sure.

14 ALJ YACKNIN: Thank you very much.

15 MS. MOREY: Thank you, your Honor.

16 CROSS-EXAMINATION

17 BY MS. MOREY:

18 Q Good morning, Mr. Strack. I'm  
19 Candace Morey. I'm an attorney with the  
20 Division of Ratepayer Advocates. I have a  
21 few questions for you this morning.

22 First I wanted to explore some  
23 issues relating to the existence of an Encina  
24 subarea. Are you familiar with that issue?

25 A Yes.

26 Q And your testimony has acknowledged  
27 that the CAISO currently requires that there  
28 be a minimum amount of generation located at

1 or near the Encina, the site of the existing  
2 Encina Power Plant; is that right?

3 A There is an Encina subarea, and the  
4 ISO has indicated there has to be some  
5 minimum amount of generation within that area  
6 in order to comply with applicable  
7 reliability criteria.

8 Q And you have stated in your  
9 testimony that San Diego's proposed  
10 reconductoring project that San Diego says  
11 would eliminate the transmission constraints  
12 that create a need for the subarea; is that  
13 right?

14 A That is correct.

15 Q Okay. And to be clear, when you  
16 are talking about reconductoring you are  
17 talking about the reconductoring project on  
18 the Sycamore Canyon-Chicarita line?

19 A That is correct.

20 Q Has the ISO approved this  
21 reconductoring project?

22 A That specific reconductoring  
23 project has not been specifically approved by  
24 the ISO. It is my understanding from my  
25 management that we are going to go ahead with  
26 that project.

27 Q But, in fact, in the 2011, 2000  
28 (sic) transmission plan that was recently

1 approved by the ISO board, this specific  
2 project was not approved; is that right?

3 A The specific project was referenced  
4 in that document as capable of eliminating  
5 the subarea. But I agree, it was not  
6 specifically approved in that plan.

7 Q And actually the CAISO stated that  
8 this specific project was determined not to  
9 be needed?

10 A I think they had an issue about the  
11 timing of it, as I recall. But again, they  
12 did say it would eliminate the Encina  
13 subarea. As I said, our company is committed  
14 to going forward with the project. So in my  
15 view, the Encina subarea is done.

16 Q Okay. But actually my question was  
17 just that whether or not the CAISO actually  
18 found that it was determined not to be  
19 needed?

20 MR. SZYMANSKI: Asked and answered,  
21 your Honor.

22 MS. MOREY: It wasn't answered, your  
23 Honor.

24 ALJ YACKNIN: Go ahead and answer.

25 THE WITNESS: The ISO did not approve  
26 that project in that plan; that is correct.

27 MS. MOREY: Well, then I'll just submit  
28 an exhibit. I think it will assist in having

1 an answer to this question.

2 ALJ YACKNIN: I think -- was that not  
3 an answer?

4 MS. MOREY: It was not, your Honor.  
5 Thank you.

6 For the record, this is excerpts  
7 from a portion of the CAISO's 2011 to 2012  
8 Transmission Plan dated March 23rd, 2012.  
9 And if I can direct your attention to the  
10 last page of the document.

11 ALJ YACKNIN: Why don't you wait until  
12 we identify this.

13 MS. MOREY: Sure.

14 ALJ YACKNIN: Mark this for  
15 identification as Exhibit 37. It is titled  
16 2011 Transmission Plan, dated March 23rd,  
17 2012. This is six pages from that.

18 (Exhibit No. 37 was marked for  
19 identification.)

20 MS. MOREY: Yes.

21 ALJ YACKNIN: Go ahead.

22 MS. MOREY: Q And then on the page  
23 that is labeled 207, in the middle of the  
24 page it says the following six projects are  
25 determined not to be needed. And then the  
26 last bullet point references the  
27 reconductoring project that you are  
28 testifying about right now; is that correct?]

1           A    That's what the document says.

2           Q    Do you have any reason to believe  
3 that the document statement is incorrect?

4           A    I think the whole question of need  
5 is a little ambiguous here, but I agree  
6 that's what the document says.

7           Q    And that's what the CAISO's  
8 determined?

9           A    That's what the document --

10          MR. SZYMANSKI:  Asked and answered,  
11 your Honor.

12          ALJ YACKNIN:  I agree.

13                 Can you -- so the objection is  
14 sustained.  Can you tell me again -- since  
15 I was busy marking the exhibit, so when I do  
16 things like that, I'm not listening very  
17 well.  Can you tell me what page you were  
18 referring to?

19          MS. MOREY:  207.

20          MR. SZYMANSKI:  Your Honor, I'd note  
21 that we would move along a lot faster if when  
22 DRA or another party has a document to  
23 examine an SDG&E witness about, if they would  
24 just simply provide the document rather than  
25 require that we have memorized  
26 a several-hundred page document and recite  
27 from memory what it says.

28          ALJ YACKNIN:  Okay.  That's fine.

1 I agree.

2 I think the more efficient way of  
3 doing this is you can ask the witness Do you  
4 know this whatever?

5 If you don't like your answer, say  
6 "Can you a look at this," and say here blah  
7 blah blah.

8 Excuse me. That wasn't very  
9 judicial.

10 It says whatever and so forth, and  
11 then we can move on. Because if the point is  
12 to get this into evidence, it's done much  
13 more quickly.

14 So we're looking on page 207.  
15 Let me go back. What was the part of this  
16 exhibit that you want me to refer to?

17 MS. MOREY: It's the middle portion of  
18 the document, says: The following six  
19 projects -- dot dot dot -- are determined not  
20 to be needed. The final bullet point is  
21 the Sycamore-Chicarita reconductoring.

22 ALJ YACKNIN: Very good. Thank you.

23 And the preceding pages are just  
24 going into detail, a little summary of each  
25 of those items?

26 MS. MOREY: These are -- and we can  
27 eliminate those pages from the document if  
28 your Honor would like. They just lay

1 the background for what the projects that are  
2 discussed on page 207 are.

3 ALJ YACKNIN: I don't need to do that.  
4 But can you show me where in the preceding  
5 pages the Sycamore-Chicarita reconductoring  
6 is referenced.

7 MS. MOREY: Yes. It's on page 201.

8 ALJ YACKNIN: Thank you.

9 MS. MOREY: Okay.

10 Q And what -- in order for San Diego  
11 to recover the cost to implement this  
12 reconductoring project, would this have to be  
13 approved by the ISO?

14 A Certainly the ISO's concurrence  
15 that a project is needed is helpful to making  
16 sure that the costs can be recovered, but I  
17 don't know that it's essential that those --  
18 that the ISO provide that.

19 Q How would the costs be recovered?  
20 Would it be through the transmission rate  
21 base?

22 A I believe that's correct, yes.

23 Q And if a project is determined not  
24 to be needed by the California ISO, will it  
25 still be able to be placed into the  
26 transmission rate base?

27 A That's a decision for the FERC.  
28 I -- that's a decision for the FERC.

1 Q You don't know?

2 A I'm sorry. What was the question?

3 Q You don't know if it can be placed  
4 into transmission rate base?

5 A I think FERC -- it's up to FERC  
6 what goes into the transmission rate base.

7 MS. MOREY: Okay. Can I introduce  
8 another exhibit, your Honor?

9 ALJ YACKNIN: Yes. And it is -- can  
10 you describe it?

11 MS. MOREY: This is the response of  
12 the California ISO to the Division of  
13 Ratepayer Advocates third set of data  
14 requests. The date of the responses are  
15 June 15, 2012.

16 ALJ YACKNIN: That will be marked for  
17 identification as Exhibit 38.

18 (Exhibit No. 38 was marked for  
19 identification.)

20 MS. MOREY: Q If I can direct your  
21 attention to, it's one, two, third page of  
22 the document where there is the ISO response  
23 to DRA-CAISO-20(c) and the question is right  
24 above that. It says:

25 Is the CAISO's approval necessary for  
26 S[an] D[iego] to implement  
27 the reconductoring project through  
28 modifications to the already-approved

1 transmission expansion project?

2 And the response of the ISO said:  
3 Yes the ISO's approval is necessary for  
4 the ISO to support recovery of the cost  
5 of the project through [the] ISO  
6 transmission access charges approved by  
7 the FERC.

8 So does this suggest to you that  
9 the ISO's approval is an important part of  
10 making a submission to the FERC to recover  
11 costs of the reconductoring project?

12 A I would agree that the ISO's  
13 support is important, yes.

14 Q Okay.

15 A But I would also point out that  
16 it's not necessary.

17 Q And what's the basis for your  
18 opinion that it's not necessary?

19 A Because as I indicated before, FERC  
20 is the one that ultimately makes  
21 the determination of what goes into rate  
22 base.

23 Q Are you aware of any projects that  
24 San Diego has submitted for recovery to --  
25 for cost recovery through their placement  
26 into the transmission rate base that have  
27 been approved by the FERC without the support  
28 of the California ISO?

1           A    I'm not familiar with the full  
2 range of projects that have gone into the  
3 FERC transmission rate base so I can't opine.

4           Q    Are you aware of --

5           A    I can't opine on that.

6           Q    You don't know of any project that  
7 San Diego has gained approval --

8           A    I don't know whether San Diego has  
9 or whether they have not.

10           ALJ YACKNIN: Let's try not to  
11 interrupt each other for the court reporter's  
12 benefit. Thank you.

13           MS. MOREY: Okay. Sorry, your Honor.

14           Q    Now, the CAISO also conducted an  
15 OTC deliverability assessment. In your  
16 testimony, you discussed how that compares to  
17 the CAISO's Cluster 1 and 2 Phase 2  
18 interconnection studies; is that right?

19           A    That's right.

20           Q    So can you just briefly explain --  
21 or let me just ask a question.

22                    The Phase 2 interconnection  
23 studies, the results of those studies were  
24 the subject of Mr. Eekhout's testimony  
25 yesterday and relates to what network  
26 upgrades are required for the projects to  
27 fund in order for interconnect, is that  
28 right?

1           A    No. I think that would not be  
2 correct.

3           Q    All right. Well, maybe you can  
4 help me.

5           A    The Phase 1 and 2 interconnection  
6 studies, at least the portion that I'm  
7 referring to, involve the network upgrades  
8 which are associated with making those  
9 projects deliverable which would then allow  
10 them to be counted for local and system  
11 resource adequacy purposes.

12          Q    And it would allow them to be  
13 counted -- that showing is made in the  
14 Commission's resource adequacy proceedings.  
15 Currently it's for a year ahead showing that  
16 San Diego has sufficient resources to meet  
17 its local capacity requirements and its  
18 system needs, is that right?

19          A    I agree there is an annual  
20 look-ahead process. But I think relative to  
21 this case we're looking at a 25-year project,  
22 so we need to look much further ahead than  
23 just the next year's showing.

24          Q    But the point in time at which  
25 the deliverability counts at the Commission  
26 is in the year-ahead resource adequacy  
27 process, right?

28          A    I agree it's a one-year look-ahead

1 process.

2 Q And so the result of the Phase 2  
3 interconnection studies identified  
4 reliability network upgrades and delivery  
5 network upgrades that would be required to  
6 achieve deliverability of the Pio Pico and  
7 Quail Brush projects, is that right?

8 A For deliverability purposes,  
9 I believe the only relevant upgrades here  
10 would be the delivery network upgrades.

11 Q Okay.

12 A Not reliability network upgrades.

13 Q Delivery network upgrades?

14 A Correct.

15 Q And then the costs of those  
16 upgrades are included in the cost  
17 requirements that are set out by the CAISO in  
18 the large generator interconnection  
19 agreement, right?

20 A They're included in the -- yes,  
21 that's correct.

22 Q That's what Mr. Eekhout was  
23 testifying about?

24 A Yes.

25 Q But the CAISO also performed an  
26 additional deliverability sensitivity  
27 assessment as part of its 2021 OTC study,  
28 right?

1           A    They did perform additional  
2 sensitivity analysis.  Those are not in my  
3 mind dispositive of what upgrades are going  
4 to make those generators fully deliverable.

5           Q    But the CAISO has submitted that  
6 with the addition of these projects, this  
7 generation, meaning the PPTAs, their CAISO  
8 sensitivity study found a number of  
9 violations or overloads and they are  
10 described on Mr. Strack's or Mr. Sparks'  
11 testimony which is Exhibit 9 on pages 10 to  
12 12.

13           MR. SZYMANSKI:  Is there a question?

14           MS. MOREY:  Q   Is that your  
15 understanding?

16                    And we can look at his testimony if  
17 that would be helpful.

18           THE WITNESS:  Can you --

19           MR. SZYMANSKI:  Is this a question for  
20 Mr. Strack or Mr. Sparks?

21           MS. MOREY:  This is a question for  
22 Mr. Strack as his testimony goes through and  
23 addresses these very pages in Mr. Sparks  
24 testimony.  So I'm seeking to elicit some  
25 more information about his understanding of  
26 what Mr. Sparks' testimony says.

27           MR. SZYMANSKI:  I see.

28           THE WITNESS:  I'm sorry.  Can you

1 repeat the question, please.

2 MS. MOREY: Q The CAISO performed  
3 another deliverability assessment besides the  
4 interconnection studies that were part of  
5 the Phase 2 interconnection studies.

6 ALJ YACKNIN: Well, let's do it this  
7 way. Can you provide Mr. Strack a copy of  
8 the exhibit to which you're referring  
9 Mr. Sparks' testimony, to what you're  
10 referring so that he can see it and then you  
11 can ask him to comment on it.

12 MS. MOREY: You know, I didn't actually  
13 bring an additional copy.

14 ALJ YACKNIN: Why don't you tell me  
15 what it is and I'll provide it to the  
16 witness.

17 MS. MOREY: Sure.

18 ALJ YACKNIN: What number is it?

19 MS. MOREY: Exhibit 9.

20 ALJ YACKNIN: Providing a copy of  
21 what's been marked as Exhibit 9 to  
22 the witness.

23 And what page did you want to refer  
24 us to?

25 MS. MOREY: Page 10.

26 MS. SANDERS: Sorry, your Honor. Was  
27 a page number provided of Mr. --

28 MS. MOREY: Page 10.

1 MS. SANDERS: Page 10. Thank you.

2 ALJ YACKNIN: We're looking at the Q&A  
3 starting at line 10.

4 MS. MOREY: Yes.

5 ALJ YACKNIN: Okay. And looking at  
6 this, what's with the question?

7 MS. MOREY: Q The question is just  
8 whether the CAISO's deliverability  
9 sensitivity assessment that was performed as  
10 part of the OTC study identified additional  
11 transmission constraints that would require  
12 some transmission upgrades potentially in  
13 order for the projects to be fully  
14 deliverable.

15 ALJ YACKNIN: Okay. I'm going to --  
16 I'm not going to allow that question. This  
17 speaks for itself and I'm not going to have  
18 this witness tell me what another witness  
19 says.

20 You can point to this and ask this  
21 witness if he thinks this is appropriate,  
22 a good idea, a bad idea.

23 MS. MOREY: Q Well, if I can just  
24 focus on a couple of the upgrades that were  
25 found to be required by Mr. Sparks and relate  
26 them to your testimony where you, I believe,  
27 have said that there are no additional  
28 transmission upgrades that are required for

1 these projects to be fully deliverable. Is  
2 that right, that you've made that statement?

3 A I guess I would contest your  
4 characterization that they're required  
5 because I don't believe under the current  
6 interconnection procedures these are  
7 required.

8 The cluster, the 1 and 2 cluster  
9 studies determine what is required. This  
10 sensitivity study does not.

11 Q But the CAISO's testimony -- and we  
12 can refer also again to the data responses.  
13 Maybe that's the easiest way to proceed.

14 Your Honor, if I can just have one  
15 second to try to form -- two seconds.

16 ALJ YACKNIN: Yes. Off the record.

17 (Off the record)

18 ALJ YACKNIN: On the record.

19 MS. MOREY: Q So Mr. Strack, in  
20 Exhibit 25 which is your rebuttal testimony  
21 on pages JS-3, Question and Answer 3, at the  
22 very bottom of that page, you have a sentence  
23 that says -- the end of which says: Only  
24 the reconfiguration of taps on  
25 the Otay Mesa-Miguel, et cetera, line. And  
26 it continues on to the next page: Is needed  
27 for Product 2 resources to be fully  
28 deliverable, no other transmission upgrades

1 are needed.

2 So your opinion is that there are  
3 no other upgrades other than those captured  
4 in the Phase 2 studies for the projects to be  
5 fully deliverable?

6 A Yes, that's my testimony.

7 Again, the interconnection study  
8 determines whether -- what it takes to make  
9 a resource fully deliverable.

10 Q Okay.

11 A I think it's important for the  
12 Commission actually to understand that on  
13 a ongoing basis every generator is subject to  
14 year-ahead look their determination of  
15 whether or not that generator is deliverable.  
16 That's true for existing resources no matter  
17 when they are added.

18 So at any point in the future, of  
19 course it's possible a generator could  
20 suddenly find itself not deliverable. But  
21 that's true for every generator in the ISO.

22 And I think that's what Mr. Sparks'  
23 testimony goes to is to say if that  
24 particular set of assumptions that the ISO  
25 used in the sensitivity study were to come to  
26 pass, there could be some deliverability  
27 issues which requires some additional  
28 upgrades perhaps.

1           But again, that's all conditioned  
2 on those assumptions actually coming to pass.

3           As we stand here today in using  
4 the ISO's current interconnection rules, it's  
5 simply the Cluster 1 and 2 Phase 1 and 2  
6 studies that determine what makes  
7 the interconnecting generator deliverable.

8           Q   Do the LGIA in the interconnection  
9 studies, do they guarantee for a project that  
10 it will be deemed fully deliverable for  
11 the entire contract term?

12          A   As I said, that's never the case.  
13 In every -- for every generator, both new and  
14 existing, you can never be absolutely assured  
15 you're going to be deliverable for the  
16 duration of your contract. That's just -- it  
17 doesn't work that way.

18          Q   And just to refer you to Exhibit 38  
19 on the third page, the ISO response to  
20 DRA-CAISO-20(b) --

21          A   I'm sorry. Can you -- I'm a little  
22 bit lost. What are we looking at?

23          Q   The data responses provided by the  
24 ISO.

25          ALJ YACKNIN: Exhibit 38.

26          MS. MOREY: Q Exhibit 38.

27          A   Yes. I have it now.

28          Q   So in the response to

1 DRA-CAISO-20(b), the second sentence says if  
2 all Encina generation were to retire, then  
3 the ISO deliverability studies identified  
4 other constraints on the deliverability of  
5 generation which include reduction -- could  
6 include reductions in the Net Qualified  
7 Capacity of the Product 2 generation.

8           So does that suggest to you that  
9 the CAISO thinks there are currently  
10 transmission constraints that could reduce  
11 the net qualifying capacity of the Quail  
12 Brush and Pio Pico resources?

13           A I'm sorry I have to do this. I'm  
14 still a little bit lost where, which response  
15 we're talking about?

16           Q The one in response to the  
17 DRA-CAISO-20(b).

18           A B?

19           Q If you want to read the second  
20 sentence.

21           A B as in boy, D as in dog?

22           Q B as in boy.

23           ALJ YACKNIN: Okay, so the first  
24 paragraph on the third page --

25           MS. MOREY: Yes.

26           ALJ YACKNIN: -- of the response. Or  
27 whatever.

28           MR. SZYMANSKI: Could we give

1 Mr. Strack a moment to review this paragraph?

2 ALJ YACKNIN: He's taking it.

3 Also, I'll just remind you when you  
4 are reading, when a person reads, they tend  
5 to speak very quickly. Try to watch out for  
6 that.

7 THE WITNESS: I have read the ISO's  
8 response now.

9 MS. MOREY: Q Okay. And so does that  
10 suggest to you that the ISO's maintaining  
11 that there are transmission upgrades that are  
12 needed to mitigate transmission constraints  
13 in order -- or otherwise which could reduce  
14 the net qualifying capacity of the Pio Pico  
15 and Quail Brush project?

16 A I believe that this simply again  
17 refers back to the sensitivity study which,  
18 as I indicated, does not determine what's  
19 needed to make these resources deliverable.

20 But as I indicated if in the future  
21 the assumptions of the sensitivity study were  
22 to come to pass, then there would be some  
23 deliverability issue that would have to be  
24 addressed.

25 Q Okay. And in particular in that  
26 response, the CAISO refers to  
27 Old Town-Penasquitos 23 kV which is, this is  
28 in the last sentence of the response. And

1 then the Silvergate-Old Town 2030 kV line  
2 overloads -- 230 -- that can probably be  
3 mitigated by reconductoring the lines.

4 To your knowledge, does the CAISO's  
5 current transmission plan approve those  
6 transmission upgrades?

7 A I don't know specifically whether  
8 they do or not.

9 Q But if we were to --

10 A I'd have to --

11 Q -- refer to the Exhibit 37 which  
12 I handed to you, page 2 of 7 which describes  
13 the key conclusions.

14 ALJ YACKNIN: Okay. So again, more  
15 efficiently: Mr. Strack, would you take  
16 a look at Exhibit 37. And that shows that  
17 these -- that the ISO has or has not approved  
18 these --

19 You can fill in the blank for me,  
20 Ms. Morey.

21 MS. MOREY: Has not.

22 ALJ YACKNIN: -- has not approved  
23 these. Given that, on the basis of that  
24 evidence what is your opinion on -- what?

25 MS. MOREY: Q On the basis of that  
26 evidence, doesn't that mean that those  
27 projects would not occur this year?

28 A I agree it's unlikely any

1 reconductoring of those lines would occur  
2 this year, yes.

3 Q Do you think it's likely that would  
4 occur without the CAISO's approval of those  
5 upgrades?

6 A I don't have an opinion about that.

7 Q Okay. And you said earlier,  
8 I believe, that San Diego's planning to  
9 implement the reconductoring project on  
10 the Sycamore-Chicarita line regardless of  
11 CAISO approval of that project.

12 A My understanding is we're moving  
13 forward with that project.

14 Q And when do you expect that that  
15 might be completed?

16 A As I understand it, it's in  
17 the 2014-2015 time frame.

18 Q Okay. When we were talking before  
19 about the Phase 2 studies, just -- do you  
20 have an understanding of the process that  
21 occurred wherein the CAISO issued initial  
22 results of the Phase 2 interconnection  
23 studies and then there was an addendum issued  
24 that reduced the cost to the generators of --  
25 through their LGIAs as a result of  
26 the Phase 2 interconnection studies?

27 A I have a general understanding of  
28 what happened there, yes.

1           Q    Okay.  Is it correct to say that  
2 what happened is that the CAISO essentially  
3 assumed that the amount of generation that  
4 would actually materialize and interconnect  
5 to the system, that it assumed that that  
6 would be lower than what the total queue  
7 amounts would potentially allow for?

8           A    I think that's a fair summary of  
9 what actually happened.  I think the ISO came  
10 to realize that it didn't make sense to plan  
11 for multiple times the California's renewable  
12 requirement for that amount of generation to  
13 actually show up and materialize.  So yes,  
14 I believe that's right.

15          Q    Okay.  So the CAISO assumed that  
16 a lower amount of generation would  
17 materialize and that therefore triggered  
18 a reduction in I believe it was a 500 kV line  
19 that would need to be built to accommodate  
20 all of that generation?

21          A    My recollection is actually there  
22 was a number of upgrades.  I'm not sure it  
23 was just 500 kV lines, but there was several  
24 upgrades that they thought would be unlikely  
25 to be needed.

26          Q    Okay.  And do you know how  
27 the CAISO determined what amount of  
28 generation to eliminate from the queue in

1 making that study, the addendum?

2 A Can you ask the question again,  
3 please?

4 Q Do you know how the CAISO came up  
5 with the number, the amount of the generation  
6 that it subtracted when it looked at what  
7 upgrades would be required?

8 A I would have to go back and  
9 actually view the document to remember.  
10 I don't actually remember the specifics of  
11 how they came to a lower number now. But  
12 it's in the document. It's self-explanatory  
13 I believe.

14 Q But they basically assumed it would  
15 be less than would trigger those upgrades?

16 A They assumed less generation  
17 would -- in effect, less generation would be  
18 built than was in the generation  
19 interconnection queue at the time.

20 Q And what happens if more generation  
21 materializes and some of these upgrades are  
22 required. Could the CAISO require the  
23 Cluster 1 and 2 participating generators to  
24 fund more transmission upgrades?

25 A I think I'm going to defer to the  
26 ISO on exactly what process would take place  
27 if that's what would -- that actually  
28 happened.

1 Q Okay.

2 A I think that's quite unlikely  
3 though.

4 Q But that's just your opinion.  
5 What's that opinion based on?

6 A That opinion is based on the fact  
7 that there's several times more generation in  
8 the ISO's interconnection queue than is  
9 needed to meet renewable requirements in  
10 the state of California.

11 Q Okay. And then I just wanted to  
12 turn to Exhibit 25, which is your rebuttal  
13 testimony, page JS-8 where --

14 Actually, your Honor, could I --  
15 yeah, okay. Never mind. Sorry.

16 Page JS-8, lines 1 to 6 which was  
17 the subject of the motion to strike this  
18 morning, and I just want to explore.

19 You put out a number here of  
20 4600 megawatts of new flexible generating  
21 resources by the year 2020, and I do  
22 understand that the source you cited for that  
23 has been stricken from the record. But is it  
24 your understanding that that number, that  
25 result, the 4600 megawatts is the same number  
26 that was submitted in the 2010 LTPP in  
27 testimony by the CAISO?

28 A I don't know --

1 Q You don't know?

2 A -- for certain what the ISO may  
3 have submitted the 2010.

4 Q You don't know where that number  
5 comes from?

6 A No. I know where the number comes  
7 from.

8 ALJ YACKNIN: I think I see this  
9 confusion. I don't mean to strike the fact  
10 that there's a source but when there are  
11 links provided in testimony, I tend to think  
12 that I'm supposed to go read the link.

13 MS. MOREY: Okay.

14 ALJ YACKNIN: And that you are trying  
15 to attach something. So I do not begrudge  
16 identification of a source. You can refer to  
17 it.

18 MS. MOREY: Q So you are referring to  
19 a source which is an internal memorandum  
20 written by Keith Casey of the California ISO  
21 Board of Governors.

22 MS. SANDERS: Your Honor, I object to  
23 the characterization of this document.

24 MS. MOREY: It's a memorandum. I'll  
25 strike the word "internal."

26 MS. SANDERS: No. Yes. Thank you.  
27 It's public document. Sorry.

28 MS. MOREY: Thank you for that

1 clarification.

2 Q Now, are you also aware that this  
3 value of a need for 4600 megawatts of new  
4 flexible generating resources was also  
5 presented in testimony and submitted by  
6 the ISO in the 2010 LTPP?

7 A As I indicated, I'm not familiar  
8 with what testimony the ISO submitted in the  
9 2010 LTPP.

10 Q Okay. But if I were to represent  
11 that it was the same value, would you then  
12 agree that that issue had been settled in the  
13 2010 LTPP?

14 A I don't know what to say about  
15 that. I have no opinion.

16 Q Okay. And do you understand -- so  
17 in the sentence before that, you stated that  
18 the ISO will require new sources of flexible  
19 generating capacity given expected  
20 retirements of flexible generating resources  
21 that are OTC units.

22 So to your knowledge then, do  
23 the CAISO studies that are looking at the  
24 need for new flexible resources assume that  
25 Encina plant is retired?

26 A My understanding of their studies  
27 is that they, yes -- that they assume that  
28 the once-through cooling units are retired

1 and in certain local areas they were replaced  
2 with certain flexible generating resources to  
3 determine what additional incremental needs  
4 might be needed.

5 Q And in this case, those would all  
6 be new resources?

7 A Yes. That would be right.

8 MS. MOREY: Thank you.

9 Your Honor, can I just have one  
10 minute?

11 ALJ YACKNIN: Yes.

12 Off the record.

13 (Off the record)

14 ALJ YACKNIN: Back on the record.

15 MS. MOREY: Q Did you participate in  
16 the 2012 -- 2010 LTPP for San Diego?

17 A You know, I may have provided some  
18 information or been somehow tangentially  
19 involved in it. I certainly wasn't  
20 responsible for that for our company's  
21 participation.

22 Q So you didn't review any of the  
23 results from the renewable integration  
24 studies that were submitted to the Commission  
25 as part of that proceeding?

26 A I didn't -- no. I believe  
27 I probably did review some of the analysis.

28 Q Okay. Did you review the results

1 from the Commission's mandated scenarios  
2 under the four renewable portfolios?

3 A I can't specifically answer that  
4 question. I don't recall if I did or not.

5 Q Do you recall whether or not as  
6 a result of those scenarios -- or do you  
7 recall that the results of those scenarios  
8 was to find that there's no need for flexible  
9 resources?

10 MR. SZYMANSKI: He just answered the  
11 question prior so -- he didn't recall whether  
12 he did, so asking a more specific question --

13 ALJ YACKNIN: I'll allow the question.  
14 It might prompt has memory.

15 THE WITNESS: I don't recall. I'm  
16 sorry.

17 MS. MOREY: Q Okay. I think that  
18 that's all that I have or -- I just have one  
19 last question, your Honor, line of  
20 questioning that should be very brief. ]

21 Q Mr. Strack, do you -- are you  
22 familiar with arguments that San Diego has  
23 made to the CAISO about, that it is proper to  
24 use a special protection scheme in order to  
25 reduce the local capacity requirements for  
26 the 2013 resource adequacy year?

27 A I'm familiar with some of the  
28 communications that we've had with the ISO on

1 that subject, yes.

2 Q And is it your understanding that  
3 San Diego is requesting the ISO to include an  
4 assumption that a special protection scheme  
5 will be in place in order to reduce the local  
6 capacity requirements for 2013?

7 A I believe we've indicated our  
8 intention to move forward with a what we call  
9 a safety net special protection scheme for  
10 certain contingency events.

11 Q And the results of implementing  
12 that safety net would be to reduce San  
13 Diego's resource adequacy requirements,  
14 compliance requirements for 2013?

15 A I don't believe that's correct  
16 because my understanding is the ISO has not  
17 yet accepted that as a sufficient mechanism  
18 for reducing 2013 local capacity  
19 requirements.

20 Q But if it were to accept it, then  
21 it would reduce them?

22 A That's the ISO's call. You'd have  
23 to direct that question to them.

24 MS. MOREY: Okay. That's all, your  
25 Honor. Thank you.

26 ALJ YACKNIN: Thank you. We will be in  
27 recess for -- just a minute.

28 Off the record.

1 (Off the record)

2 ALJ YACKNIN: Back on the record.

3 We'll be off for 10.

4 (Recess taken)

5 ALJ YACKNIN: On the record.

6 Ms. Behles.

7 CROSS-EXAMINATION

8 BY MS. BEHLES:

9 Q Good morning, Mr. Strack.

10 Are you familiar with a type of  
11 equipment called synchronous condensers?

12 A I'm generally familiar with them, I  
13 guess.

14 Q You reference synchronous  
15 condensers in your June 6th, 2012 testimony;  
16 isn't that correct? And specifically I'm  
17 referring to page JS-1.

18 A I'm sorry. What?

19 Q I asked if you had referenced them  
20 in your testimony?

21 A Yes.

22 Q What are synchronous condensers?

23 A Well, they're basically, I like to  
24 call them motors that provide reactive power  
25 to support the voltage on the system.

26 Q What's reactive power?

27 A Reactive power, I guess that's a --  
28 the way I think about it, it's a mathematical

1 concept to explain the physical operation of  
2 the grid. It's that in conjunction with real  
3 power.

4 Q Can synchronous condensers provide  
5 reactive support?

6 A Yes, they do.

7 Q Can synchronous condensers help  
8 with voltage collapse concerns?

9 A Yes, they can.

10 Q Are you familiar with the four  
11 condensers that SDG&E proposed to CAISO in  
12 the last transmission planning cycle?

13 A I know that we did propose some,  
14 yes.

15 Q If you refer to what's been  
16 previously marked as Exhibit No. 37 and turn  
17 to page 207. If you look at the bottom of  
18 the page. Are you familiar with the four  
19 synchronous condensers listed at the bottom  
20 of page 207?

21 A I'm only familiar to the extent  
22 that I know we proposed those projects.

23 Q Why were those projects proposed?

24 A I'm going to -- I'm going to have  
25 to defer to another -- I don't know why they  
26 were. I wasn't involved in the grid  
27 assessment work in which these were proposed.  
28 That was done by another part of our

1 organization.

2 Q Could these synchronous condensers  
3 provide reactive power to the grid?

4 A Yes. Synchronous condensers  
5 provide reactive power to the grid. I would  
6 also note that they can absorb reactive  
7 power. So they actually have important  
8 voltage control capabilities.

9 Q Were these synchronous condensers  
10 approved by the CAISO?

11 A I believe the document that you're  
12 referring to says they're going to be  
13 evaluated in a future planning cycle.

14 Q Do you have any further information  
15 related to these synchronous condensers?

16 A I do not.

17 Q Did you evaluate the impact of  
18 these synchronous condensers on the grid in  
19 any of your analysis in this case?

20 A In the analysis that I was  
21 directing, I would say no, we did not.

22 Q If you would consider the  
23 synchronous condensers, what would the impact  
24 of their installation be on the grid in this  
25 case?

26 A I don't know without actually doing  
27 the work.

28 Q Would those synchronous condensers

1 provide voltage support on the grid if they  
2 were installed?

3 A I believe I've said they would,  
4 yes.

5 Q Are you familiar with a piece of  
6 equipment called the phase shifter?

7 A Generally familiar with phase  
8 shifters, yes.

9 Q What are phase shifters?

10 A Phase shifters are -- phased  
11 shifters are transformers that effectively  
12 allow you to control the amount of power that  
13 goes in a given direction.

14 Q Are you familiar -- actually,  
15 before I get to that question.

16 Have you reviewed Mr. Anderson's  
17 table that he provided in Exhibit No. 11?

18 A Yes. You're referring to Table 1 I  
19 think it's known as?

20 Q Exactly. Are you familiar with  
21 Table 1 that was provided in Mr. Anderson's  
22 Exhibit No. 11?

23 A I had reviewed that table, yes.

24 Q Are you familiar with Table No. 1  
25 that was provided in Mr. Anderson's Exhibit  
26 No. 7?

27 A Now you're testing my memory. So  
28 I'm not sure.

1           Q    It's Mr. Anderson's October 2011  
2 testimony.  It's a similar table.

3           ALJ YACKNIN:  If you want to ask him  
4 about it, why don't you provide those tables  
5 to him.  He doesn't have them in front of  
6 him.  And if you want to ask questions  
7 regarding that in any specificity, please  
8 provide them.  They say what they do.

9           MS. BEHLES:  Q   Okay.  Yesterday Mr.  
10 Anderson said that you had provided inputs to  
11 this table in Exhibit No. 11.  Is it correct  
12 that you provided inputs to Mr. Anderson?

13          A    Yes.

14          Q    Are you familiar with the term  
15 "transmission capability"?

16          A    Generally, yes.

17          Q    Are you familiar with the term  
18 "transmission capability" as it is referred  
19 to in Mr. Anderson's testimony?

20          A    Yes, I believe I understand what he  
21 was showing there.

22          Q    Did you provide the input for  
23 transmission capability to Mr. Anderson?

24          A    Yes.

25          Q    Mr. Anderson's table provided a  
26 transmission capability of 3500 megawatts for  
27 2020; is that correct?

28          A    I believe that's what the table

1 shows, yes.

2 Q First of all, what is your  
3 definition of transmission capability?

4 A What that line refers to is the  
5 simultaneous ability to bring power into the  
6 San Diego, defined San Diego area for a  
7 contingency condition.

8 Q When San Diego brings in power to  
9 the local area, is that often called imports?

10 A Yes. We often refer to that as the  
11 simultaneous import capability.

12 Q What paths or lines exist in the  
13 San Diego area to bring power into the San  
14 Diego local area?

15 A With all lines in service, you're  
16 looking at the five South of SONGS lines.  
17 You're looking at the Southwest Powerlink  
18 between Imperial Valley and Miguel  
19 Substation. You're looking at the Sunrise  
20 Powerlink between Imperial Valley and  
21 effectively Sycamore Canyon Substation. And  
22 you're looking at a -- effectively a 230 kV  
23 loop that goes through the Mexico, Northern  
24 Baja Mexico electric system.

25 Q So if I heard you correctly, you  
26 referred to four general paths which include  
27 the South of SONGS path, the SWPL path, the  
28 Sunrise path, and the path through Mexico; is

1 that right?

2 A That's a fair characterization,  
3 yes.

4 Q Okay. In the 3500 megawatts  
5 assumption which lines or which paths are  
6 assumed to be importing power?

7 A The 3500 megawatt simultaneous  
8 import number is based on an outage of the  
9 Imperial Valley to Miguel transmission line.  
10 And in the modeling the Mexico loop, if you  
11 will, is severed as a result of that  
12 particular outage. So then you're left with  
13 the remaining five South of SONGS lines and  
14 the Sunrise Powerlink.

15 Q Okay. Let's first talk about the  
16 Mexico line. You said it's severed. Why is  
17 it severed?

18 A The CFE Mexico utility has a trip  
19 scheme in place that trips their line under  
20 certain conditions. And the outage of the  
21 Imperial Valley to Miguel 500 kV line when it  
22 carries a lot of power would be one of the  
23 conditions under which that line could be  
24 tripped, which that loop could be tripped.

25 Q Are there transmission fixes  
26 available to prevent that line from tripping?

27 ALJ YACKNIN: Ms. Behles, does your  
28 witness address this issue? Does your

1 witness address the likelihood and fixes to  
2 contingency events?

3 MS. BEHLES: I don't think that this  
4 particular question is addressed.

5 ALJ YACKNIN: I would really like you  
6 to limit your cross to nonredundant  
7 testimony. If this is nonredundant, fine.  
8 That means not only redundant of your own  
9 witnesses but redundant of other witnesses by  
10 SDG&E or the ISO. That includes the prepared  
11 testimony.

12 I'm getting very cranky with the  
13 amount of time spent repeating points that  
14 have already been made quite fully. So I  
15 want to advise you to be very limited.

16 MS. BEHLES: Okay. I mean I've only  
17 been crossing for less than ten minutes and I  
18 think I've got ten minutes left, but I --

19 ALJ YACKNIN: Regardless of how little  
20 time, if it's not useful, it's not persuasive  
21 to me. I'm going to advise the parties here,  
22 and yes, you may continue to the extent that  
23 it's not redundant. The examination, the  
24 solicitation of testimony at hearings serves  
25 two purposes. One is to put evidence in the  
26 record that is not already there so that you  
27 can brief it. And the other is to persuade  
28 me. It's already there, you don't need to do

1 it. And if it's already there, you're not  
2 persuading me by repeating it. I'm just  
3 giving you that advice.

4 So please, if you are going to do  
5 one -- if you are trying to solicit, elicit  
6 testimony, evidence that's not already in the  
7 record, please proceed.

8 MS. BEHLES: I'm not aware of it being  
9 in the record.

10 ALJ YACKNIN: Great. Please proceed.

11 MS. BEHLES: And I apologize it if it  
12 is and I have misjudged.

13 Q Okay. So Mr. Strack, are there  
14 transmission fixes that could prevent the  
15 line from CFE from being severed?

16 A I think it's possible. I haven't  
17 studied them, and I wouldn't want to say that  
18 it is or it isn't without study them --  
19 excuse me -- studying them.

20 I would point out that the  
21 mechanism that CFE currently has in place is  
22 not under our control. So whether or not CFE  
23 decides to trip their facilities in their  
24 balancing authority area, we can't control  
25 that.

26 Q Could a phase shifter allow the CFE  
27 path to remain on line?

28 A I haven't studied that. So I don't

1 know.

2 Q For the Sunrise Powerlink, what  
3 assumption did you make in the transmission  
4 capability, assumption for Mr. Anderson of  
5 the 3500 megawatts?

6 A I guess I'm not understanding.  
7 You're talking about the simultaneous import.  
8 Then you mentioned the Sunrise Powerlink. So  
9 I'm not quite clear what you --

10 Q Okay. So you provided the 3500  
11 megawatt transmission capability to Mr.  
12 Anderson; is that right?

13 A That's right.

14 Q Within that 3500 megawatts is there  
15 an assumption for the Sunrise Powerlink?

16 A Yes. Yes, there is.

17 Q What number is in that 3500  
18 megawatts for the Sunrise Powerlink?

19 A You're talking about the thermal  
20 rating of the line, or are you talking  
21 about --

22 Q How much of the 3500 megawatts is  
23 from the Sunrise Powerlink?

24 A I assume that you're asking how  
25 much of the 3500 megawatt of imports were  
26 flowing on the Sunrise Powerlink. I believe  
27 in the study work the assumption was a  
28 thousand megawatts.

1           Q   Where does that a thousand  
2 megawatts come from?

3           A   The thousand megawatts was an  
4 assumption to make sure that that amount of  
5 power could reliably flow on the Sunrise  
6 Powerlink.

7           Q   Does that assumption come from a  
8 power flow analysis in the Sunrise Powerlink  
9 proceeding?

10          A   We confirm through power flow  
11 studies that a thousand megawatts could  
12 reliably flow on the Sunrise Powerlink under  
13 that contingency condition.

14          Q   In your assumption of 3500  
15 megawatts, how much is coming on SWPL line?

16          A   Well, zero, because that would be  
17 the contingency.

18          Q   So the rest in your assumption of  
19 3500 megawatts is coming from the South of  
20 SONGS?

21          A   It would be the remaining lines  
22 that are in service, which would be the  
23 Sunrise Powerlink and the five South of SONGS  
24 lines, correct.

25          Q   So you've assumed 2500 megawatts as  
26 coming from the South of SONGS?

27          A   The South of SONGS path rating is  
28 2500 megawatts. So we were honoring that

1 South of SONGS path rating with the path  
2 rating set. The 2500 megawatt path rating is  
3 a set. With one -- with any element in the  
4 Southwest Powerlink out of service. That's  
5 where the 2500 megawatt path limit comes  
6 from.

7 Q Once you have determined the  
8 transmission capability, how does that impact  
9 the LCR?

10 A The trans -- that goes to Mr.  
11 Anderson's testimony. But he goes through  
12 and based on the aggregate amount of imports  
13 in the San Diego area and given the loads,  
14 then he determines whether or not there's a  
15 deficiency and what the best way to meet that  
16 deficiency would be.

17 Q Is it true that the transmission  
18 capability can be subtracted from the total  
19 need to come up with the LCR?

20 ALJ YACKNIN: It's done on Table 1. I  
21 think Mr. Anderson testified.

22 MS. BEHLES: And I'm just asking him to  
23 confirm.

24 ALJ YACKNIN: It's already on the  
25 record. Let's move on. You can assume that  
26 if you can move forward. He doesn't need to  
27 repeat what Mr. Anderson has already said.

28 MS. BEHLES: Q You've reviewed Mr.

1 Sparks' testimony from CAISO; is that right?

2 A Yes.

3 Q And you've discussed the N-1-1  
4 analysis in your testimony; is that right?

5 A Yes.

6 Q In the N-1-1 analysis which lines  
7 are importing power, which paths are  
8 importing power into the San Diego Gas and  
9 Electric area?

10 A Let me be clear. Are we talking  
11 about Mr. Sparks' analysis?

12 Q Exactly.

13 A Or my analysis?

14 Q Mr. Sparks' analysis.

15 A Wouldn't it be better to ask Mr.  
16 Sparks?

17 Q I want to know your understanding  
18 because you provided an opinion. And I can  
19 refer you to your testimony where you discuss  
20 Mr. Sparks' N-1-1 analysis.

21 A My understanding, based on Mr.  
22 Sparks' testimony, it was the outage of I  
23 believe ECO-Miguel and the outage of the  
24 Sunrise or the -- yeah, the Sunrise  
25 Powerlink.

26 Q Is the CFE Mexico line severed in  
27 your understanding in the CAISO analysis?

28 A Yes. We have looked at the -- his

1 case, and I believe that line was open, yes.

2 Q So in your understanding under the  
3 CAISO analysis the only line that's importing  
4 power into the San Diego area or the only  
5 path is Path 44; is that right?

6 A That's correct.

7 Q Near the end of your June 6th  
8 testimony at the very end you discuss what  
9 you label as the TE/VS Interconnect Project,  
10 or it's the Talega-Escondido/Valley-Serrano  
11 Interconnect Project. Do you see that  
12 testimony?

13 A Yes.

14 Q Could somebody other than Nevada  
15 Hydro propose that project?

16 A I suppose that's possible.

17 Q Have you reviewed the power flow  
18 analysis of the runs conducted by Mr. Sparks  
19 in this proceeding?

20 A We did review one of the four cases  
21 at some level of detail. Yes. We looked at  
22 the ISO. I think they're called the power  
23 flow case that uses the ISO base renewable  
24 portfolio. And when we reviewed that case,  
25 it became clear that there's a few things.  
26 There's a -- it's very specific to the  
27 assumptions in that case. It's specific.  
28 You know, there's a specific pattern of

1 renewable generation in that case. There's  
2 specific assumptions about reconductor line  
3 upgrades that are going to take place. And  
4 what was clear is his results are, not  
5 surprisingly, quite contingent on the  
6 assumptions that were made for the purposes  
7 of that case.

8 Q Did you review the other three  
9 CAISO cases?

10 A We did not review those other cases  
11 in detail. I would say the other three cases  
12 provided more or less similar results. So I  
13 think we basically captured the essence of  
14 what he was doing with this power flow work.

15 Q Did you review the level of imports  
16 that were in the CAISO base case?

17 A From the cases you can go in and  
18 calculate by adding up the flows on the lines  
19 what the import numbers are of course, yes.

20 Q What was the import on the South of  
21 SONGS pathway in the CAISO base case?

22 A In that particular -- I'd have to  
23 go back and look at my notes. I don't  
24 remember the exact number. I'm sorry.

25 Q Was it around 3100 megawatts?

26 A You know, I don't remember.

27 Q You would refer to the power flow  
28 analysis for that?

1           A    Yes.  You go in and pull it.  It's  
2 right there.  I mean there's no secret about  
3 it.  I just don't happen to remember what the  
4 number was.

5           Q    To determine the level of imports,  
6 could you subtract the total area demand from  
7 the LCR value to determine the total level of  
8 imports?

9           A    Yes.  I think that's right.  If you  
10 assume that the locational capacity  
11 requirement amount is dependable generation  
12 within the San Diego area, subtract that from  
13 the model load plus losses, the resulting  
14 amount has to be the imports into the San  
15 Diego area.  That's correct.

16           MS. BEHLES:  That's all I have.

17           ALJ YACKNIN:  Did I already ask you if  
18 you have cross?

19           MS. SANDERS:  I don't have cross for  
20 Mr. Strack.

21           ALJ YACKNIN:  Any redirect, Mr.  
22 Szymanski?

23           MR. SZYMANSKI:  May I have maybe two  
24 minutes off the record, please?

25           ALJ YACKNIN:  Off the record.

26                   (Off the record)

27           ALJ YACKNIN:  Back on the record.

28                   Mr. Szymanski.

1 MR. SZYMANSKI: Thank you, your Honor.

2 REDIRECT EXAMINATION

3 BY MR. SZYMANSKI:

4 Q Mr. Strack, you were asked a  
5 question by Ms. Morey of DRA regarding the  
6 ISO's 2011/12 transmission plan for which  
7 there's a section provided to you, and it has  
8 been marked as Exhibit 37. Do you recall  
9 that discussion with Ms. Morey?

10 A Yes.

11 Q And you're aware that the section  
12 of the document that has been marked as  
13 Exhibit 37 is part of a much longer document?

14 A Yes.

15 Q Is it the case that if a proposed  
16 project such as the reconductor project was  
17 not approved in this particular planning  
18 cycle it can be resubmitted in a following or  
19 future planning cycle? ]

20 A Yes. It could be submitted and  
21 reevaluated and approved in that cycle.

22 MR. SZYMANSKI: Thank you.

23 That is all I have, your Honor.

24 MS. MOREY: Just one brief question.

25 ALJ YACKNIN: Ms. Morey.

26 RECROSS-EXAMINATION

27 BY MS. MOREY:

28 Q Mr. Strack, do you know when the

1 next transmission planning cycle would be  
2 concluded by the ISO?

3 A I don't have a specific date in  
4 mind.

5 Q Do you have a general sense of when  
6 it is going to happen?

7 A I believe there is one currently in  
8 progress, actually.

9 Q Is it a two-year cycle? Does it  
10 conclude at the end of two years?

11 A I believe the ISO operates on an  
12 annual cycle.

13 Q And do you -- so the 2011 to '12  
14 transmission plan just concluded, and that  
15 was in March 23rd, 2012, according to the  
16 approved ISO board plan; is that right?

17 A Yes.

18 Q Would that indicate to you that the  
19 next approval cycle might be March around  
20 2013?

21 MR. SZYMANSKI: Objection, your Honor.  
22 Mr. Strack already said that he believes it  
23 is an annual plan. He said that a project  
24 could be resubmitted in a following plan.

25 ALJ YACKNIN: I'll allow the question.

26 THE WITNESS: My expectation would be  
27 that it would be approved about the same  
28 point in 2013, but obviously the ISO can

1 speak to the specifics.

2 MS. MOREY: Okay. Thank you, your  
3 Honor. That is all.

4 ALJ YACKNIN: Anything further?

5 MR. SZYMANSKI: No, your Honor. Thank  
6 you.

7 ALJ YACKNIN: We will -- is there any  
8 objection to the receipt of Exhibits 9 and  
9 25? Wait, that is wrong, 12 and 25.

10 MS. BEHLES: Your Honor, I would like  
11 to note for the record I forewent questioning  
12 on Mr. Rothleder the number, the 4600  
13 megawatt number, that is part of Mr. Strack's  
14 testimony based on your Honor's ruling about  
15 the narrow limited scope of admission of  
16 Mr. Rothleder's testimony.

17 So I object to the admission of that  
18 information based on that. If it is going to  
19 be admitted, I request the ability to  
20 supplement the record to include the  
21 significant amount of information that  
22 impeaches that information.

23 ALJ YACKNIN: I did not allow the  
24 testimony on the basis of a limited scope. I  
25 allowed the testimony recognizing the  
26 limitations to the weight to which it is due.

27 If you would like to make a motion  
28 to supplement the record, I need some more

1       specifics about what you -- I would like to  
2       see what you propose to offer. I'm not going  
3       to grant a motion in the abstract or  
4       entertain a motion in the abstract.

5               MS. BEHLES: I understand.

6               ALJ YACKNIN: And as I said, I did --  
7       my ruling was based on weight. So your  
8       choice of not pursuing cross-examination to  
9       further attest that weight, I'm not prepared  
10      to grant you supplemental testimony on that  
11      basis.

12              MS. BEHLES: My understanding was that  
13      the renewable integration need for the system  
14      was not at issue, and the numbers were not at  
15      issue in this proceeding, and they were at  
16      issue in the long-term procurement  
17      proceeding. But by the admission of that  
18      testimony, it puts that at issue here.

19              ALJ YACKNIN: You misunderstood. So  
20      what is it that you -- do you have evidence  
21      right now that you want to -- what is the  
22      evidence that you wish to put forward?

23              MS. BEHLES: I can file a motion.

24              ALJ YACKNIN: Can you tell me right now  
25      what you think it is going to be? Because we  
26      have not a lot of time left. I'm not going  
27      to be able to -- this is the time and place  
28      for hearings. Why don't you tell me right

1 now what you are planning on putting forward,  
2 what you are planning to move to introduce?

3 MS. BEHLES: So in the 2010 long-term  
4 procurement proceeding CAISO produced  
5 information based on the results of the four  
6 Commission scenarios that found that there  
7 was no renewable integration need. Other  
8 parties, including -- that did not agree to  
9 the settlement. The problem is that the  
10 record is limited because the settling  
11 parties agreed not to --

12 ALJ YACKNIN: You would like to put  
13 into this record the ISO's testimony from the  
14 2010 LTPP?

15 MS. MOREY: And the rebuttal.

16 MS. BEHLES: And that rebuttal that is  
17 available in the record.

18 ALJ YACKNIN: Okay. Is there any  
19 objection to the admission to the receipt  
20 into this record of that testimony that was,  
21 I don't know. I thought it was not in the  
22 record there. It was served on people in  
23 that proceeding.

24 MR. SZYMANSKI: Your Honor, two points,  
25 briefly. First of all, Ms. Behles has given  
26 no basis for her foregoing testimony and  
27 cross-examination. So I think all of this is  
28 without basis.

1                   We proceeded with Mr. Rothleder --

2                   ALJ YACKNIN: Let me ask the direct  
3 question. The direct question is: Do you  
4 have an objection -- is your objection on  
5 principle or is your objection to substance?  
6 Do you have an objection substantively to the  
7 admission of these testimonies?

8                   MR. SZYMANSKI: Yes, I do. And I have  
9 been patient with all of these motions and  
10 other procedural distractions as best as I  
11 can. But I think that indulging counsel with  
12 a further motion after we've had now two full  
13 days plus of hearings, and indicating that  
14 she forewent testimony based on something  
15 your Honor said, which I don't think is a  
16 fair and accurate statement of what actually  
17 transpired yesterday on the record. And she  
18 has done so to her -- she made her own  
19 decision as to what to cross-examine the  
20 witnesses on.

21                   So I -- supplementing the record on  
22 the premise that she forewent testimony on  
23 the basis of something you said I don't think  
24 is substantiated by the record.

25                   ALJ YACKNIN: Okay, that is as I said.  
26 Who would like to speak next? Ms. Morey.

27                   MS. MOREY: Your Honor, I just would  
28 like to echo that also based on DRA's

1 understanding of your ruling on the motion to  
2 strike Mr. Rothleder's testimony, that the  
3 weight of the testimony would go only to the  
4 fact that there are no local flexibility  
5 needs and as a result -- there are no local  
6 flexibility needs to justify these projects,  
7 but flexibility is good. And that your Honor  
8 I believe stated that she didn't understand  
9 San Diego to be requesting a flexibility  
10 determination in this proceeding.

11 That is the basis for DRA's whole  
12 concern, and reason why we believe that the  
13 hearsay evidence --

14 MR. SZYMANSKI: We are rearguing her  
15 position, your Honor.

16 MS. MOREY: No, it is prejudicial. And  
17 so we did forego questioning on the merits of  
18 those values of Mr. Rothleder as well.

19 ALJ YACKNIN: I believe what I heard  
20 your argument -- well, no. I agree that it  
21 is prejudicial to everybody to have me or the  
22 Commission issue a decision making findings  
23 of fact that are not supported by the record.  
24 I might be guilty of that. The Commission  
25 may be guilty of that on anything. I might  
26 make a finding of fact, for example, that  
27 says that SDG&E gives charity to widows and  
28 it may not be supported by the record. That

1 would prejudicial, and I will endeavor to  
2 avoid it.

3           The record is what it is. I  
4 appreciate that there is not a robust record  
5 on the relative merits of these projects,  
6 vis-à-vis others, in providing renewable  
7 integration flexibility, the particular  
8 attributes that the Commission wishes to  
9 promote, et cetera, et cetera. And I'm not  
10 prepared to -- and I also appreciate, as  
11 you've been quite redundantly explaining to  
12 me that those particulars are at issue in  
13 another proceeding.

14           I do not wish to litigate this here  
15 anymore fully. I'm not interested in  
16 entertaining more testimony on this or  
17 evidence, because I don't want to go there.  
18 And so I think it would behoove you to leave  
19 the record as it is.

20           In any event, I will deny the  
21 motion.

22           MS. MOREY: Thank you, your Honor, for  
23 that clarification.

24           ALJ YACKNIN: Okay.

25           MS. SANDERS: Your Honor?

26           ALJ YACKNIN: Yes, Ms. Sanders.

27           MS. SANDERS: I don't want to go over  
28 anything that you just ruled on. I wanted to

1 point out Mr. Rothleder's testimony that we  
2 are talking about here is in the record of  
3 the 2010 LTPP case.

4 ALJ YACKNIN: Fully for it?

5 MS. SANDERS: I assume that references  
6 to his testimony because it is a record,  
7 document in another case would not be --

8 ALJ YACKNIN: It would not be  
9 permissible. It is not in the record of this  
10 case. It is not judicially noticeable. Just  
11 as testimony in this proceeding is in the  
12 record of this proceeding.

13 MS. SANDERS: Thank you, your Honor.

14 ALJ YACKNIN: The record of that  
15 proceeding is not in this record. Not to  
16 mention I don't believe it has been  
17 introduced into the record of that  
18 proceeding.

19 MS. SANDERS: Yes, he supported it in  
20 the case.

21 ALJ YACKNIN: I'm sorry, I'm thinking  
22 of 2012.

23 In any event, no, it is not, it is  
24 not. Testimony in other proceedings is not  
25 judicially noticeable here. These motions to  
26 strike, motions to strike that testimony,  
27 references to that testimony in briefs will  
28 be granted.

1           So Exhibits 12 and 25 are received  
2 into evidence.

3           MR. SZYMANSKI: In their entirety with  
4 the exception of the footnote?

5           ALJ YACKNIN: Well, I will allow the  
6 footnote with the caveat that the hyperlink  
7 has no evidentiary value.

8           Yes, Ms. Behles.

9           MS. BEHLES: Your Honor, I believe on  
10 the first day of hearings you struck a  
11 portion of Exhibit No. 25, and that was  
12 Question No. 9.

13           ALJ YACKNIN: That remains stricken.  
14 That is at -- right, the improper rebuttal  
15 testimony in Answer 9 starting at JS-9  
16 through JS, nearly through the end JS-12.  
17 Thank you.

18           With that exception, these documents  
19 are received into evidence.

20           (Exhibit Nos. 12 and 25 were  
21 received into evidence.)

22           ALJ YACKNIN: Is there any objection of  
23 the receipt into evidence of Exhibits 37 and  
24 38?

25           (No response)

26           ALJ YACKNIN: There being none, 37 and  
27 38 are received.

28           MR. SZYMANSKI: Your Honor, I have no

1 objection, but I would note that, as I  
2 mentioned with Mr. Strack, that Exhibit 37 is  
3 a small section of a much longer document.  
4 And if I recall, this entire document is  
5 somewhere referenced in the testimonies of  
6 one or more of the parties. And I think the  
7 entirety of the document is somewhere in the  
8 record.

9 MS. MOREY: Your Honor, DRA would  
10 object to that characterization. We  
11 submitted as attachments to the DRA's  
12 testimony the portions of that extensive  
13 document that we thought should be in the  
14 record. San Diego had an opportunity to do  
15 so as well in its rebuttal.

16 I would submit that there is nothing  
17 else that would be relevant. However, if San  
18 Diego at the conclusions of hearings believes  
19 that something is missing, then DRA would  
20 certainly be willing to work with counsel to  
21 introduce more relevant portions.

22 ALJ YACKNIN: Not at the conclusion of  
23 hearings. Do you want to move right this  
24 minute for the admission?

25 Exhibit 13.7(c) says  
26 documents -- excuse me, Rule 13.7, the Rules  
27 of Practices and Procedures, says documentary  
28 exhibits shall be limited to those portions

1 of the documents that are relevant and  
2 material to the proceeding. It is  
3 appropriate to provide excerpted exhibits.

4 D says the relevant and material  
5 matter offered in evidence is embraced in a  
6 document containing other matter, parties  
7 may, and are afforded an opportunity. You  
8 had the opportunity and may examine the  
9 document. It sounds to me that you had  
10 access to the document and to offer in  
11 evidence other portions thereof that you  
12 believe to be material and relevant.

13 Is there additional information that  
14 you wish to put into the record from those  
15 documents? Generally that, again, speaking  
16 of the timeliness of motions, while you may  
17 not have anticipated today to the extent  
18 there is an excerpt in DRA's, I would like to  
19 see you speedily provide such motion.

20 MR. SZYMANSKI: How about by the  
21 resumption of this afternoon's hearings?

22 ALJ YACKNIN: That is fine.

23 MR. SZYMANSKI: I just want to make  
24 sure that this excerpt does capture all the  
25 pertinent portions of this discussion.

26 ALJ YACKNIN: Which is what our Rules  
27 of Practice and Procedure provide for.

28 MR. SZYMANSKI: We can do speedily.

1 ALJ YACKNIN: Thank you. Take a look  
2 at that over the lunch hour, and we will take  
3 up your motion after lunch.

4 In that case, I will unadmit 37  
5 subject to a motion to supplement with  
6 further pages.

7 (Exhibit No. 38 was received into  
8 evidence.)

9 MR. SZYMANSKI: It may be complete as  
10 it is. I just need to verify by looking at  
11 the longer document.

12 ALJ YACKNIN: Thank you. Perhaps  
13 then -- let's go off the record.

14 (Off the record)

15 ALJ YACKNIN: Back on the record.

16 While we were off the record I  
17 simply advised SDG&E to look elsewhere in the  
18 prepared exhibits to see if the additional  
19 information is already there.

20 I also wanted to confirm, because my  
21 record does not show that Exhibit 13, that is  
22 the Eekhout's prepared testimony is received  
23 into evidence. I believe I made that ruling,  
24 but I don't show it on my papers.

25 And with that, Mr. Strack, thank you  
26 very much for your testimony.

27 THE WITNESS: Sure.

28 ALJ YACKNIN: You are excused.

1                   We will take a 5-minute break.

2                   (Recess taken)

3                   ALJ YACKNIN: On the record.

4                   Ms. Sanders, would you like to call  
5 your witness. No, wrong person. Ms. Behles,  
6 would you like to call your witness?

7                   MS. BEHLES: Yes, The California  
8 Environmental Justice Alliance calls Jaleh  
9 Firooz.

10                   JALEH FIROOZ, called as a witness by  
11 The California Environmental Justice  
12 Alliance, having been sworn, testified  
13 as follows:

14                   ALJ YACKNIN: Thank you. Please have a  
15 seat. Ms. Behles.

16                   DIRECT EXAMINATION

17 BY MS. BEHLES:

18                   Q Good morning, Ms. Firooz.

19                   A Good morning.

20                   Q Just to make sure, can you say your  
21 name and spell your last name for the record?

22                   A Sure. My name is Jaleh Firooz.  
23 Jaleh spelled J-a-l-e-h, and Firooz spelled  
24 F-i-r-o-o-z.

25                   Q Can you briefly describe your  
26 background in just a couple of sentences?

27                   A I'm an electrical engineer, have  
28 about 30 years of experience, 25 of it with  
San Diego Gas & Electric Company. I'm

1 working now as an independent consultant.

2 Q Before you you have what has been  
3 labeled Exhibit 20 and Exhibit 21. Can you  
4 identify those exhibits?

5 A Yes. I'm not sure which one is 20,  
6 which one is 21. One is Prepared Direct  
7 Testimony of Jaleh Firooz on Behalf of  
8 California Environmental Justice Alliance.  
9 And the other one is Attachment A, Data  
10 Request Filed Upon For the Direct Testimony  
11 of Bill Powers and Jaleh Firooz on Behalf of  
12 the California Environmental Justice  
13 Alliance.

14 Q Now, referring to your testimony  
15 which is labeled as Exhibit 20, was your  
16 testimony prepared by you or under your  
17 direction?

18 A Yes, it was.

19 Q Is Exhibit 20 a true and accurate  
20 copy of your testimony in this proceeding?

21 A Yes, it is.

22 Q Do you have any additions, changes,  
23 or clarifications to your testimony in  
24 Exhibit 20?

25 A The only clarification I have has  
26 to do with the estimate I provided for  
27 probability of the outage of SWPL line. Upon  
28 receiving data from SDG&E, it tends to prove

1 that my estimates are very conservative,  
2 meaning that the outages, probability of  
3 outages are about third of what I had  
4 estimated or assume.

5 ALJ YACKNIN: Would you please go to --  
6 point out the page that you are referring to  
7 that you are seeking to revise?

8 THE WITNESS: Yes, page 5 where I have  
9 estimated the outage of the either SWPL line  
10 or Sunrise line to be about 1 percent.

11 ALJ YACKNIN: Which paragraph is this  
12 that I should be looking at under the Heading  
13 B?

14 THE WITNESS: Yes. And where -- on  
15 second paragraph under the Heading B I  
16 mention that, "Roughly speaking, any single  
17 transmission element has a forced outage rate  
18 of about 1% or less." Now we have accurate  
19 data from San Diego Gas & Electric that  
20 indicates that that probability is much lower  
21 than 1 percent. And if I apply that to both  
22 lines, because I assumed both line to be  
23 similar, both Sunrise and SWPL, actually the  
24 probability to the product of the two will  
25 come down by one-ninth, or about one-tenth of  
26 what the results of probability of the two  
27 outages of N-1-1 shows.

28 ALJ YACKNIN: Would you show me which

1 number you would change based on this revised  
2 testimony?

3 THE WITNESS: Sure. The bottom line  
4 are the second in the year and minutes in a  
5 10-year period like the very last line of  
6 the --

7 ALJ YACKNIN: The very last line of  
8 this page --

9 THE WITNESS: Correct.

10 ALJ YACKNIN: -- seven seconds in a  
11 year or a little more than a minute in a  
12 10-year period? Is that the sentence that  
13 you would revise?

14 THE WITNESS: Yes.

15 ALJ YACKNIN: To say what?

16 THE WITNESS: They will each become  
17 about one-tenth of what is mentioned there.

18 ALJ YACKNIN: Can you do the math for  
19 me?

20 THE WITNESS: Yes, so the seven seconds  
21 becomes about less than one second, and the  
22 10-minutes becomes about one minute.

23 ALJ YACKNIN: I'm sorry, the  
24 seven seconds becomes less than one second?

25 THE WITNESS: Yes.

26 ALJ YACKNIN: And the --

27 THE WITNESS: Ten minutes.

28 MS. BEHLES: Is it one minute?

1 THE WITNESS: I'm sorry, one minute  
2 becomes about six or seven seconds.

3 ALJ YACKNIN: Okay. And you are not  
4 giving me the changed numbers in between, but  
5 this is what the conclusion would be?

6 MS. BEHLES: That is right.

7 THE WITNESS: I can calculate them, if  
8 you want.

9 ALJ YACKNIN: Given the magnitude, I  
10 don't think I really need it.

11 THE WITNESS: Okay.

12 MS. BEHLES: Q Do you have any  
13 additional clarifications, Ms. Firooz?

14 A Not at this point.

15 Q With that clarification, do you  
16 accept this testimony as exhibit -- as  
17 labeled Exhibit No. 20 as your own?

18 A Yes.

19 Q Now turning to Exhibit 21, what is  
20 Exhibit 21?

21 A It is the data request that were  
22 filed.

23 MS. BEHLES: Does this -- I'm not sure  
24 how much foundation you want?

25 ALJ YACKNIN: I don't need a lot of  
26 foundation. Those are the data responses  
27 that were provided to CEJA by SDG&E?

28 MS. BEHLES: SDG&E and CAISO.

1 ALJ YACKNIN: And the ISO. And if  
2 there is nothing, with these corrections, the  
3 testimony is true and correct to the best of  
4 your knowledge?

5 THE WITNESS: Yes.

6 ALJ YACKNIN: That is it.

7 MS. BEHLES: I will now present

8 Ms. Firooz for cross-examination.

9 ALJ YACKNIN: Ms. Sanders.

10 MS. SANDERS: Thank you, your Honor.

11 CROSS-EXAMINATION

12 BY MS. SANDERS:

13 Q Good morning, Ms. Firooz.

14 A Good morning, Ms. Sanders.

15 Q I believe we know each other.

16 A I was going to call you Judi.

17 Q I just wanted to follow-up just a  
18 brief question on the additional -- or the  
19 clarification that you just made. And on  
20 page 5 I think you note that this is a rough  
21 calculation of the probability of the -- I  
22 think in that paragraph it is the G-1/N-1  
23 contingency, correct?

24 A Yes. It is actually both. I've  
25 done calculation for both N-1-1 and G-1/N-1.

26 Q And then you've got some  
27 information from San Diego. So you just made  
28 a little update to that calculation?

1           A    Correct.

2           Q    Just so we are clear, you didn't do  
3 a complete probabilistic analysis of these  
4 contingencies; is that correct?

5           A    I just did a probabilistic analysis  
6 of these events.

7           Q    You did a simple calculation of the  
8 probability, correct?

9           A    Yes, it is simple.

10          Q    That is all I wanted to ask about  
11 that.

12                   Now, Ms. Firooz, in your testimony  
13 at page 1 you have an introduction, and then  
14 at the end you have a resume where you talk  
15 about some of your past experience and  
16 studies that you've completed and customers  
17 or clients that you represented. I wanted to  
18 ask you a few questions about that, what  
19 you've done in the past. If you turn to page  
20 28 for me. Under your experience there in  
21 the first bullet point you talk about  
22 providing regulatory consulting,  
23 interconnection regulatory consulting to  
24 clients opposing the 500 kV transmission  
25 project. Was that the Midway-Gregg project?

26          A    I believe so. It was a PG&E  
27 project.

28          Q    Who was your client there?

1           A    Save the Foothill Coalition.

2           Q    Were there any other clients for  
3 that one?

4           A    Also California Consumer Alliance.

5           Q    Okay.  When you talk about  
6 providing interconnection consulting, is that  
7 interconnection as in generation  
8 interconnection?

9           A    In that case it was just a  
10 determination of the need for the  
11 transmission.

12          Q    Okay.  So in the next bullet point  
13 then you state that you provided services to  
14 a large developer for 500 KV generation and  
15 500 kV high voltage transmission project.  
16 Was that the Nevada Hydro Company?

17          A    Yes.

18          Q    And you state there that you  
19 intervened on behalf of the project in the  
20 CPCN application at the CPUC.  Which one did  
21 you intervene in?

22          A    Which one of what?

23          Q    There were two CPCN applications at  
24 the Commission, weren't there, for the Nevada  
25 Hydro Company?

26          A    I believe I was referring to the  
27 intervention in the CPCN application of  
28 Sunrise.

1           Q    Oh, all right.  So you weren't  
2 involved with the Nevada Hydro?

3           A    No.

4           Q    You represented Nevada Hydro in the  
5 Sunrise proceeding?

6           A    Correct.

7           Q    And then in the next bullet point  
8 there -- by the way, Nevada Hydro, as you  
9 point out here, proposed a generation project  
10 in addition to a transmission project,  
11 correct?

12          A    At the time, yes.

13          Q    What do you mean by "at the time"?

14          A    At the time I was involved with  
15 them, because later on I think they separated  
16 the projects.

17          Q    Fair enough.  Thank you.  Then in  
18 the next bullet point you talk about  
19 providing, again, interconnection services to  
20 renewable generation developers.  Who were --  
21 do you have any examples of what renewable  
22 generation developers you are --

23          A    Which bullet are you referring to?

24          Q    In third one there, still on page  
25 28 under your Experience topic there.

26          A    There are several, and the First  
27 Wind is who I actually worked for --

28          Q    Okay.



1 point. And you say in that bullet point and  
2 then again you describe on page 1 of your  
3 testimony that you won the argument with  
4 the CAISO that resulted in a recategorization  
5 of this line.

6 And then you say that the CAISO --  
7 this is on page one, and that's the, for  
8 the record, fourth paragraph down -- that the  
9 CAISO consequently changed their initial  
10 determination of need in the 2010-2011 plan.

11 You see that testimony there?

12 A Well, I remember it if I -- do  
13 I need to refer to it?

14 Q No.

15 A What was the page? What was the  
16 page?

17 Q It was page 1 and page 28. I just  
18 wanted to make sure --

19 A Page 1. Okay, I have it.

20 Q Can you give me the page number or  
21 the references to the CAISO transmission plan  
22 where the CAISO stated that they were  
23 changing their initial determination of need  
24 for that line to be looked at in a future  
25 proceeding?

26 A Well, the proposed 2010-2011 TPP  
27 identified the Midway-Gregg line as  
28 Category 1, which means needed. Later on

1 when we went through the stakeholder input  
2 and discussions --

3 By the way, I think my clients were  
4 the only one who opposed that line.  
5 Everybody else supported it, including some  
6 environmental group.

7 -- and the one, the final TPP  
8 submitted to the board for approval changed  
9 the category of Midway-Gregg from needed to  
10 to be looked at in the future, which is  
11 Category 2.

12 Q Okay. But you don't have  
13 a reference to the ISO transmission plan,  
14 the draft plan or the final plan that talks  
15 about the Midway-Gregg project that --

16 A I don't have it in here but I  
17 can -- be more than happy to provide them.

18 Q Well, actually, as a matter of fact  
19 I have them.

20 ALJ YACKNIN: Okay, and that's fine.

21 And I just want to ask of  
22 Ms. Firooz, please be careful to let  
23 Ms. Sanders finish her question before you  
24 answer --

25 THE WITNESS: Sorry.

26 ALJ YACKNIN: -- so that the reporter  
27 can get both of you down.

28 MS. SANDERS: Your Honor and the

1 parties, I have a copy -- just a page from  
2 the Draft 2010-2011 ISO Transmission Plan.  
3 It's page 402. I'm afraid it's a little hard  
4 to tell anything else from this page but it  
5 is dated at the bottom 3/24/11 which would be  
6 the date that the draft plan was posted that  
7 year.

8 ALJ YACKNIN: Thank you. May I have a  
9 second copy of that?

10 MS. SANDERS: Yes.

11 ALJ YACKNIN: And one for the reporter  
12 and one for --

13 MS. SANDERS: Uh-oh. I only have two  
14 copies.

15 ALJ YACKNIN: Off the record.

16 (Off the record)

17 ALJ YACKNIN: On the record.

18 The excerpts from ISO Draft  
19 2010-2011 Transmission Plan dated March 24,  
20 2011 is marked for identification as  
21 Exhibit 39.

22 (Exhibit No. 39 was marked for  
23 identification.)

24 MS. SANDERS: Q Ms. Firooz, did you  
25 have an opportunity to take a look at the  
26 last paragraph there on that page?

27 A No.

28 Q Okay. Can you take a look at it,

1 please.

2 A (Reviewing document.)

3 Okay.

4 Q All right. Now, in the draft plan  
5 then I believe, but correct me if I'm wrong,  
6 that the CAISO stated that the Midway-Gregg  
7 line was found to have been identified as  
8 needed with three Helms pumps on in two of  
9 the renewable portfolios but not in the base  
10 case, and therefore it was categorized as  
11 a Category 2 upgrade, correct? Isn't that  
12 what that says (indicating)?

13 A This is what it says but that is  
14 not my understanding as a stakeholder  
15 involved in that process.

16 Q Did you submit comments in the  
17 process?

18 A Yes, I did. We submitted --

19 Q Can --

20 A -- comments.

21 Q Can you tell me what -- just --  
22 a Category 2 project is one that the ISO has  
23 identified as possibly being needed in  
24 the future?

25 A Yes.

26 Q But not approved for -- not  
27 approved as part of the plan, isn't that  
28 correct?

1           A    Correct.

2           MS. SANDERS:   Okay.   Okay.   Now,  
3   I have -- and once again, I really apologize  
4   for the lack of copies -- but I have an  
5   excerpt from the Final ISO Transmission Plan.  
6   It's page 358.   And once again, the date is  
7   on the top this time and it's May 18, 2011.  
8   And that's the date that it was presented to  
9   the board for approval.

10           ALJ YACKNIN:   Okay.   This excerpt, it  
11   has the date May 18, 2011.   This excerpt from  
12   ISO Final 2010-2011 Transmission Plan is  
13   marked for identification as Exhibit 40.

14                       (Exhibit No. 40 was marked for  
15                       identification.)

16           MS. SANDERS:   Q   You want to take  
17   a look at that page?

18           A    What part of it do you want me --

19           Q    The last paragraph that refers to  
20   Midway-Gregg line.

21           A    You mean where it says "The need  
22   for these upgrades is mainly driven"?

23           Q    Mm-hmm.   It's the same paragraph as  
24   the paragraph I just showed you in the draft  
25   one, isn't it?

26           A    I can't -- okay.   I --

27           Q    Okay.

28           A    I looked at it.

1           Q    So the CAISO didn't change its  
2 finding on Midway-Gregg between the draft  
3 transmission plan and the final transmission  
4 plan, correct?

5           A    No. Not correct. I can --

6           Q    Okay.

7           A    -- provide documents that show  
8 the ISO -- I show the table that ISO showed  
9 Midway-Gregg as Category 1 needed. And  
10 exactly it was -- it was proposed based on  
11 the fact that ISO assumed that three Helms  
12 pump storage are running. And our study then  
13 showed that while you had combustion turbines  
14 and combined cycle units running at full  
15 load, you do not need to be running Helms  
16 pumps. Therefore, the case that ISO  
17 presented as a justification for that project  
18 was invalid or the assumptions there were  
19 invalid.

20          Q    Okay.

21          A    Therefore there was no  
22 justification for the line, therefore ISO  
23 decided to propose that as a Category 2 until  
24 they look at other assumptions that possibly  
25 would make the line justified.

26          Q    Okay. But you don't have any  
27 reference right now as to where the ISO ever  
28 said it was a Category 1?

1           A    Not in front of me.

2           Q    Okay.  And by the way, the CAISO  
3 did test the assumption as part of its  
4 studies that all three Helms pumps would be  
5 running, correct, and that's what you --  
6 sorry.  Correct?

7           A    Correct.

8           Q    Okay.  And --

9           ALJ YACKNIN:  Ms. Sanders --

10          MS. SANDERS:  Okay.  And it was that --

11          ALJ YACKNIN:  -- I have a question for  
12 you.  Is this cross-examination solely  
13 intended to impeach the credibility of  
14 the witness?

15          MS. SANDERS:  Yes.

16          ALJ YACKNIN:  Okay, is it --

17          MS. SANDERS:  And I'm finished.

18          ALJ YACKNIN:  I wanted to know whether  
19 it was going -- whether I needed to  
20 understand what happened with Midway-Gregg  
21 and learn that proceeding.

22          MS. SANDERS:  No, your Honor.  This is  
23 to impeach the credibility of the witness on  
24 that.  Thank you.

25                    One more question, I'm sorry.

26          Q    Were you involved in the ISO's  
27 analysis of the clean -- Central California  
28 Clean Energy Transmission Project known as

1 C3ETP?

2 A I was not.

3 Q Okay. Are you aware that's kind of  
4 the same project as Midway-Gregg?

5 A I'm aware that that's -- PG&E  
6 started that project two, three years prior  
7 to that project coming to ISO and becoming  
8 the Midway-Gregg line.

9 Q Okay. Did the ISO approve C3ETP?

10 A Not to my knowledge.

11 Q All right, let's move to another  
12 subject here.

13 So on page 3 of your testimony, you  
14 have a table 1. Can you take -- just have  
15 a couple of questions about that just to make  
16 sure I understand it.

17 A Yes.

18 Q The very top, you cite to Mr. -- or  
19 you use the deficiency, the LCR deficiency  
20 numbers from Mr. Sparks' supplemental  
21 testimony, correct?

22 A Correct.

23 Q At the very first line? Right.

24 And you note the ISO used the 2009  
25 load forecast from the CEC in developing  
26 those and numbers, correct?

27 A Correct.

28 Q Okay. So then moving down, as

1 I understand how this table works, you use  
2 the ISO deficiency number but then you  
3 subtracted from that number various items to  
4 reach a surplus or deficiency number which is  
5 midway down the table; is that correct?

6 A I've added basically other  
7 alternatives or possibilities that may be  
8 pursued that will bring down that --

9 Q Mm-hmm?

10 A -- deficiency --

11 Q Right.

12 A -- to possibly a surplus.

13 ALJ YACKNIN: Ms. Sanders, I'll advise  
14 you also --

15 MS. SANDERS: Okay. Right.

16 ALJ YACKNIN: -- not to speak over the  
17 witness.

18 MS. SANDERS: Oh. I apologize.

19 Q Did you finish your answer?

20 A Yes, I have.

21 Q And so we're clear, you have some  
22 options where you actually do the math and  
23 you come up with a surplus or a deficiency,  
24 and then at the bottom of the table you have  
25 some other options that could be  
26 considered --

27 A Correct.

28 Q -- to reduce the deficiency? All

1 right.

2 I just have to ask, the second line  
3 down, the retained Encina gas turbine it's  
4 just a little item. 14 megawatts. Is there  
5 a particular reason that you put that in  
6 there?

7 A The reason being that the Encina  
8 gas turbine is not a OTC unit, therefore not  
9 subject to the retirement of the OTC units.

10 Q Do you know whether that was in --  
11 whether we assumed, the ISO assumed that  
12 the 14-megawatt unit was going to be retired?

13 A I assume that SDG&E did.

14 Now, I don't recall now whether ISO  
15 did. I believe ISO did as well, but I'm --

16 Q Okay.

17 A -- not positive.

18 Q But you referenced where you got  
19 that was from our transmission plan which  
20 would have been the resources that we modeled  
21 for this, for the 2011-2012 transmission  
22 plan, correct?

23 A I don't understand the question.

24 Q I'm sorry. I just wanted -- well,  
25 I withdraw the question. It's obvious.

26 All right. Then the next three --  
27 oh. Well, you have a line there for  
28 extending the leases for the Cabrillo units

1 and then -- and that's from your  
2 recommendation. But then the next three  
3 I believe are from Mr. Anderson's table. Is  
4 that his table 1 in his supplemental  
5 testimony?

6 A I believe so.

7 Q Okay. Now Mr. Anderson, his table  
8 1 was based on the more recent load forecast,  
9 correct?

10 A Correct.

11 Q And I think some of these numbers  
12 were also based on the more recent CEC  
13 findings about -- or reports on energy  
14 efficiency, et cetera. Is that my  
15 understanding?

16 A That is not my understanding.

17 Q Oh, okay. What's your  
18 understanding of where Mr. Anderson got this?

19 A My understanding is these are  
20 the resources that SDG&E believed are more  
21 likely to be coming online by year 2020 and  
22 2021.

23 Q Okay. But you kind of mixed apples  
24 and oranges here because Mr. Anderson used  
25 a different demand forecast. It had  
26 different assumptions in it than Mr. Sparks'  
27 did?

28 A I believe -- well, I believe that

1 the -- you can separate the demand --  
2 resources from the demand when you  
3 calculating your -- first of all, I guess you  
4 determine your need which is based on  
5 the demand and based on what resources you  
6 have available. And then once you have the  
7 need, then you determine what you can do to  
8 meet that need.

9 Q Yeah. But don't the CEC load  
10 forecasts have different assumptions about  
11 energy efficiency and demand response in them  
12 between the 2009 and the 2011?

13 A These numbers are from  
14 Mr. Anderson's table that use the most  
15 recent --

16 Q Right.

17 A -- CEC load forecast --

18 Q Right.

19 A -- therefore --

20 Q Right. But you're, not to belabor  
21 the point, but you're subtracting them from  
22 Mr. Sparks' numbers.

23 MS. BEHLES: And --

24 MS. SANDERS: I'm finished.

25 MS. BEHLES. Objection. Argumentative.

26 ALJ YACKNIN: Also, speaking over  
27 the witness and the witness speaking over  
28 the cross-examiner is not being helpful.

1 MS. SANDERS: I apologize.

2 THE WITNESS: Sorry.

3 ALJ YACKNIN: Shh.

4 I think it's arguably argumentative  
5 and it's mostly unclear to me. Your  
6 questions are not clear to me.

7 I believe the reason why it comes  
8 across or -- results in argument is because  
9 the cross-examiner and the witness seem not  
10 to be speaking the same language or having  
11 the same understanding, and so you need to  
12 establish your --

13 MS. SANDERS: Okay.

14 ALJ YACKNIN: -- questions better.

15 MS. SANDERS: Thank you, your Honor.  
16 I'll try to do that. And I think I'll move  
17 on from that topic.

18 I'm just trying to clarify this  
19 table, but perhaps I'm not doing a very good  
20 job.

21 Q Now, the next -- after  
22 Mr. Anderson's testimony, you put in your  
23 recommendation about load dropping for  
24 the N-1-1 contingency, correct? And that's  
25 370 megawatts.

26 A Correct.

27 Q And that was from Mr. Sparks'  
28 testimony but I think your reference was that

1 was his calculation for G-1/N-2 contingency,  
2 is that correct?

3 I'm not sure it matters but -- your  
4 reference to his testimony. Page, it's  
5 the footnote April 6.

6 A Correct.

7 Q Okay. Now your other options  
8 here -- and I won't go through those, but I  
9 had just one question.

10 On the -- where you talk about the  
11 500 kV transmission line, you give a range  
12 here -- I guess that's import capability or  
13 is that megawatt import capability -- for  
14 that project. It's 500 to a thousand?

15 A Correct. They're megawatts.

16 Q Okay.

17 ALJ YACKNIN: Wait. Where are you?

18 MS. SANDERS: I've dropped down now and  
19 I'm on the final box of the table.

20 ALJ YACKNIN: Thank you.

21 MS. SANDERS: Uh-huh.

22 Q And you said that was from the  
23 Sunrise proceeding, those numbers?

24 A Correct.

25 Q Okay. Now, if you could turn back  
26 so that I understand what you want to do with  
27 table 1 on page 2 at the very bottom of the  
28 page --

1           A    I'm sorry.  Go back to which page?

2           Q    Page 2, the very bottom of the  
3 page.  You give your recommendation and you  
4 say, you're recommending that the CPUC reject  
5 the request for approval of these contracts.  
6 And then you -- but you've asked the ISO to  
7 study the options listed in your testimony  
8 and any of the options we don't accept  
9 provide a reason why they should not be  
10 implemented, correct?

11          A    Correct.

12          Q    And one of your options is the  
13 500 kV transmission line, correct?

14          A    Correct.

15          Q    So if the ISO studies a need for  
16 a 500 kV line and decides that that's an  
17 option that should be accepted, will CEJA  
18 support that finding?

19          A    You may want to ask that question  
20 from CEJA.  I don't speak on behalf of CEJA.

21          Q    Aren't you CEJA's --

22               MS. BEHLES:  On that issue.

23               THE WITNESS:  On that issue.

24          MS. SANDERS:  Q  Why is this in your  
25 testimony then if CEJA doesn't support this  
26 option?

27          A    Well, whether CEJA supports the  
28 option or not, that doesn't mean that that is

1 not a viable option to be considered.

2 Now, CEJA may decide not to support  
3 that option, but I believe it's ISO's  
4 responsibility to look at all the options  
5 available --

6 Q Mm-hmm.

7 A -- and determine the cost/benefit  
8 of each one and determine what's the most  
9 cost/benefit option for the customers.

10 Q But when we come -- if we approve  
11 it and then we come back over here, CEJA  
12 might not support it.

13 A I'm not sure if they would or they  
14 would not. I don't think they have looked at  
15 it at this point. At this point they have  
16 mentioned that they are not willing to  
17 support that line and that I have put that in  
18 my testimony.

19 Q But it's a viable --

20 MS. BEHLES: This --

21 MS. SANDERS: -- alternative to the  
22 generation?

23 ALJ YACKNIN: Don't answer yet.

24 MS. BEHLES: Your Honor, there's no  
25 current application before the commission for  
26 a 500 kV line.

27 CEJA [pronounced "say-ha"] has not  
28 taken a position. Ms. Firooz's testimony was

1 opining on something that at the time of her  
2 testimony was before the commission and  
3 saying that it was something that should be  
4 looked at in conjunction with this  
5 application. So I would object to asking  
6 Ms. Firooz to take a position for CEJA of  
7 something that is not now before the  
8 Commission.

9 ALJ YACKNIN: I think Ms. Firooz is --  
10 I think CEJA [pronounced "say-ha"] -- is that  
11 accurate? I'm wondering.

12 MS. BEHLES: It's the California  
13 Environmental Justice -- it's six  
14 environmental justice organizations.

15 ALJ YACKNIN: I'm just thinking --

16 MS. MOREY: The pronunciation.

17 MS. BEHLES: Sorry.

18 ALJ YACKNIN: Okay. If there's no  
19 witness here testifying to what CEJA will do,  
20 so be it. We don't know what CEJA will do.  
21 But I will indicate to the parties at this  
22 point, I'm not sure how relevant this  
23 testimony is to what the ISO should do is to  
24 my proceeding. I don't know that I have  
25 the authority to order the ISO to do  
26 anything.

27 Well, some things maybe. I don't  
28 know. That's a debate, right?

1           But certainly, I don't know that  
2 I have the authority to direct the ISO to  
3 perform studies and to provide a reason in  
4 response to this.

5           So this, while I appreciate  
6 the cross-examination and don't begrudge it  
7 because it is here, I do want to indicate  
8 that I'm not giving this very much weight.

9           MS. SANDERS: Okay. Thank you, your  
10 Honor. I'll move on. That's all I have on  
11 that issue.

12           Q The next topic that I wanted to  
13 address just briefly is on page 9 of your  
14 testimony. And this is -- it's topic 2 there  
15 about dropping load in the San Diego area.

16           Are you with me there?

17           A Yes.

18           Q Okay. And just to be clear,  
19 I believe you're saying that the ISO should  
20 approve a load shedding scheme under  
21 the simultaneous -- or the sequential outage  
22 of the Sunrise and IV-Miguel lines, correct,  
23 is that your testimony?

24           A My testimony says ISO needs to  
25 consider that that is an option.

26           Q Okay. Are you recommending it?

27           A I'm recommending they should  
28 consider it.

1           Q    Do you -- is it your testimony that  
2 the ISO hasn't considered it yet?

3           A    I believe ISO stated they have not  
4 considered it for the N-1-1 case here.

5           Q    Okay.

6           A    I can find the reference.

7           Q    No, that's okay.

8                    Let me think for a minute.

9                    So I believe you're saying that  
10 NERC and WECC criteria permits load shedding  
11 for N-1-1 contingency, correct?

12          A    That's my understanding.

13          Q    What criteria should the ISO use  
14 when determining whether load should be shed  
15 under N-1-1?

16          A    I think they should look at the  
17 probability and the consequence and severity  
18 of the outage when they're deciding what  
19 the proper mitigation should be.

20          Q    Should the ISO look at the design  
21 of the system as well?

22          A    Sure.

23          Q    And should the ISO take into  
24 consideration the extent of which the system  
25 is -- currently has other special protection  
26 schemes or remedial action schemes, which  
27 I believe are the same thing, in a particular  
28 area?

1           A    Yes.  All those that you are  
2 listing would impact the consequence and  
3 severity of the outages.

4           Q    Okay.  So the ISO should look at --  
5 there's a host of criteria that the -- or  
6 the engineering analysis that should be done  
7 by the ISO in making the determination about  
8 whether it's appropriate to shed load under  
9 a N-1-1 contingency, correct?

10          A    Yes.

11          Q    By the way just out of curiosity,  
12 you have in footnote 3 there, you talked  
13 about the -- you cite to a newspaper article  
14 about the April 6th outage in San Diego.  And  
15 I -- that outage involved 310 megawatts,  
16 correct?

17          A    I don't have the details of the  
18 megawatts involved.

19          Q    Oh.  Did you read the article?

20          A    I read the article probably a while  
21 back.

22          Q    Ah.

23          A    And I read only the part that was  
24 relevant which was the admission of  
25 the California ISO president that it was  
26 the mistake of the transmission operator for  
27 that outage.

28          Q    Okay.  But you didn't notice --

1           A    That was quoted on -- I'm sorry.

2           Q    I'm sorry.  Have you finished your  
3 answer?

4           A    That was what was quoted in  
5 the article.

6           Q    Well, would you accept subject to  
7 check that the article did provide the  
8 megawatt outage and the fact that  
9 310 megawatts was about 291,000 homes that  
10 went out?

11          A    It could have.  I don't recall --

12          Q    Okay.

13          A    -- the exact megawatts.

14          Q    Okay.  And your proposal is to shed  
15 370 megawatts under an N-1-1 contingency?

16          A    I believe 370 megawatts comes from  
17 the ISO analysis that showed 370 megawatts  
18 can be shed.

19          Q    For the N-2?

20          A    The G-1/N-2, no.

21          Q    Okay.

22          A    But may I add that in my testimony,  
23 I submitted -- I've shown the G-1/N-2 is  
24 electrically equivalent to the N-1-1 except  
25 for the Otay Mesa generation.

26                MS. SANDERS:  Well, your Honor, I don't  
27 think she can add that.  I move to strike it.

28                THE WITNESS:  Well, it is in my

1 testimony so --

2 MS. SANDERS: Well, it didn't answer my  
3 question.

4 ALJ YACKNIN: I'm not sure --

5 THE WITNESS: I'm sorry. You can ask  
6 the question. I will answer it.

7 ALJ YACKNIN: Okay.

8 MS. SANDERS: Your Honor, I think she  
9 answered my question.

10 ALJ YACKNIN: Both of you, take a deep  
11 breath before you open your mouth when  
12 someone else is speaking and wait for  
13 the other person to finish.

14 It does not occur to me that this  
15 additional sentence is responsive to the  
16 question.

17 THE WITNESS: Okay.

18 ALJ YACKNIN: But because everybody is  
19 speaking over each other, it's hard for me to  
20 keep track. So I will allow it.

21 Please proceed.

22 MS. SANDERS: Thank you, your Honor.

23 Q One final topic. On page 15 of  
24 your testimony, in the paragraph above the  
25 number 2 heading there. Do you see that? It  
26 be begins, Despite FERC order 1000's  
27 recommendation?

28 A Yes.

1           Q    Okay.  In the final sentence you  
2 state that -- and here you're referring to  
3 stake- -- the ISO stakeholder process,  
4 correct?

5           A    Yes.

6           Q    Okay.  And you state there that  
7 stakeholder discussions at the ISO are  
8 dominated by IOUs and generator developers,  
9 generation developers, and these entities  
10 have no incentive to objectively question the  
11 ISO input assumption or results.  Do you see  
12 that?

13          A    Yes.

14          Q    Generation developers have no  
15 incentive to question the ISO studies and  
16 input?

17          A    Correct.

18          Q    Oh.  So the Nevada Hydro Company  
19 never, never questioned the ISO's  
20 interconnection study?

21          A    They don't have any incentive to  
22 question the results of ISO's needing more  
23 transmission.

24          Q    Why is that?

25          A    Because the generator developers  
26 believe that more transmission is more  
27 beneficial to their generation.

28          Q    Really?  Even if they have to pay

1 for it?

2 A They don't have to pay for it.  
3 They have to fund that up front, which now  
4 that has been already changed.

5 The network upgrades will be funded  
6 by the IOUs. And I believe that  
7 the generator developers see the  
8 transmission, additional transmission as free  
9 transmission. That could bring the losses  
10 and risk of congestion down. Therefore they  
11 support it.

12 Q So when you represent generation  
13 developers, you support the ISO's studies and  
14 don't question them? ]

15 A What do you mean by you?

16 Q You, Ms. Firooz.

17 A Myself?

18 Q Yes.

19 A If I represent?

20 Q A generation developer, you  
21 wouldn't question the ISO's interconnection  
22 studies or the costs that are assessed to  
23 developers through security postings, by the  
24 way, for interconnection to the grid?

25 A The generator would not have an  
26 incentive to question ISO's assumption that  
27 yielded to saying more transmission or  
28 network upgrades are needed. Therefore, a

1 generator would not question or oppose those  
2 assumptions.

3 Q Ms. Firooz, don't the gen -- first  
4 of all, for network upgrade, don't generation  
5 developers have to make very significantly  
6 large financial postings and don't they  
7 actually pay upfront for the costs of the  
8 network upgrades and then they're reimbursed  
9 over a five-year period by the IOU? Isn't  
10 that the way the generation interconnection  
11 process goes for network upgrades?

12 A That's the way the generation  
13 upgrade used to work.

14 Q It still works that way, doesn't  
15 it?

16 A It -- my understanding is that  
17 because of the bottleneck in the ISO  
18 transmission queue, the decision has made  
19 that that all the network upgrade required to  
20 meet the 33 percent RPS be funded by the  
21 IOUs.

22 Q Well, let's not get into this. The  
23 way it used to be --

24 ALJ YACKNIN: Wait a minute.

25 MS. SANDERS: I'm sorry.

26 ALJ YACKNIN: We are in this.

27 MS. SANDERS: All right. Okay. I have  
28 a couple of questions about that.

1 ALJ YACKNIN: Are you done with your  
2 answer, Ms. Firooz?

3 THE WITNESS: Yes.

4 MS. SANDERS: Q All right. Before --  
5 I believe you're referring to the commis --  
6 or the ISO's very recently filed with FERC  
7 integration of the transmission planning in  
8 the generation interconnection process?

9 ALJ YACKNIN: Just a minute. Let me  
10 interrupt. I do apologize for interrupting  
11 here. Are you going to have redirect?

12 MS. BEHLES: I'll have a few questions.  
13 Not much at this point. But I don't know  
14 what else she's going to ask.

15 ALJ YACKNIN: Right. I understand.  
16 It's past the beginning of lunch time. I  
17 know everybody is in a hurry to get out of  
18 here, but I have reporter resource  
19 constraints here.

20 How much more do you have, Ms.  
21 Sanders?

22 MS. SANDERS: This is it. Just one  
23 more follow-up question. I'll withdraw my  
24 last question.

25 ALJ YACKNIN: Just a minute.

26 Off the record.

27 (Off the record)

28 ALJ YACKNIN: Back on the record.

1                   Please continue.

2                   MS. SANDERS: Q I apologize if the  
3 record has gotten a little bit confused here.  
4 But my last question would be, I believe you  
5 did agree with me that under the ISO's prior  
6 generation interconnection process the  
7 generator developers, generation developers  
8 were required to upfront fund the network  
9 upgrades and then they were reimbursed over a  
10 five-year period for that funding. Have I  
11 understood your testimony correctly that you  
12 agree with that statement?

13                   A That was the ISO process.

14                   Q Okay. And a follow-up question  
15 would be, under those circumstances is it  
16 still your testimony, under -- let me back  
17 up. Withdraw that.

18                   Under the circumstances where the  
19 generation developer would have upfront  
20 funded the entire cost of network upgrades  
21 and been reimbursed, is it still your  
22 testimony that generation developers would  
23 have no incentive to question the CAISO  
24 studies that lead to the development of these  
25 costs?

26                   A Whether they have incentive or not  
27 depends of their evaluation of the benefit of  
28 the transmission line, of free transmission

1 lines that would be provided to them versus  
2 the cost of raising the capital to fund that  
3 upfront and then get paid. So that analysis  
4 I guess each generation developer would do on  
5 its own to determine.

6 But my observation is that majority  
7 of the generator developers, if not all, have  
8 decided that it's in their best interest to  
9 support additional -- an expansion of the  
10 transmission network upgrade.

11 Q Okay. But if a developer was  
12 having a little trouble raising money, they  
13 might have more of an incentive to question  
14 the costs. Is that what you're saying?

15 A I don't know.

16 MS. SANDERS: I'm sorry, your Honor.  
17 Just a minute. And I think I'm finished.

18 MS. BEHLES: If she's taking a minute,  
19 could I take just one minute or 30 seconds?

20 ALJ YACKNIN: Off the record.

21 (Off the record)

22 ALJ YACKNIN: Back on the record.

23 Do you have anything further, Ms.  
24 Sanders?

25 MS. SANDERS: I have no further  
26 questions. Thank you, Ms. Firooz.

27 ALJ YACKNIN: Thank you. Oh, actually,  
28 we will go off the record again for a moment

1 to allow CEJA to consult.

2 Off the record.

3 (Off the record)

4 ALJ YACKNIN: Back on the record.

5 Ms. Behles.

6 REDIRECT EXAMINATION

7 BY MS. BEHLES:

8 Q Ms. Firooz, Ms. Sanders asked you  
9 questions about the 2010/2011 transmission  
10 plan. Do you recall that?

11 A Yes.

12 Q And the exhibits that she handed  
13 you are dated May 24th, 2011, and May 18th,  
14 2011. Do you see that?

15 A Yes.

16 Q So that time period was less than  
17 two months. Oh, sorry. March 24th, 2011.  
18 Sorry. I apologize. I meant to say that.  
19 And May 18th, 2011.

20 A Yes.

21 Q And so that time period is less  
22 than two months, correct?

23 A Yes.

24 Q Did the 2010/2011 transmission plan  
25 planning process, was that longer than two  
26 months?

27 A Yes. Usually takes at least a  
28 year.



1 MS. SANDERS: No, I don't think so.  
2 Thank you, your Honor.

3 ALJ YACKNIN: Would you, Ms. Behles?

4 MS. BEHLES: No.

5 ALJ YACKNIN: Okay. Then we have  
6 nothing further for this witness. Thank you  
7 very much for your testimony, Ms. Firooz.

8 THE WITNESS: Sure.

9 ALJ YACKNIN: You are excused.

10 THE WITNESS: Thank you.

11 MS. BEHLES: Do you want me to move the  
12 exhibits in right now before lunch?

13 ALJ YACKNIN: Let's go ahead and move  
14 them in now. Yes, please.

15 MS. BEHLES: Your Honor, I would like  
16 to move in Exhibits 20 and 21 into the  
17 record.

18 ALJ YACKNIN: Are there any objections?

19 (No response)

20 ALJ YACKNIN: There being none, 20 and  
21 21 are received.

22 (Exhibit No. 20 and 21 were received  
23 into evidence.)

24 MS. SANDERS: Your Honor, do you want  
25 me to move for the admission of the two  
26 exhibits, are they 39 and 40?

27 ALJ YACKNIN: Yes, they are.

28 MS. SANDERS: I would move for the

1 admission of Exhibits 39 and 40. And again,  
2 if we need extra copies, I'll be happy to  
3 provide them.

4 MS. BEHLES: I would just like to note  
5 one objection for the record, and that's that  
6 this is only a snapshot of a much longer  
7 transmission planning proceeding.

8 ALJ YACKNIN: I don't think that's an  
9 objection to the admissibility of the  
10 exhibits, but I think we have the testimony  
11 of the witness to that effect. I don't need  
12 argument on it.

13 MS. BEHLES: Just wanted to note it for  
14 the record.

15 ALJ YACKNIN: Okay. They are received.  
16 39 and 40 are received.

17 (Exhibit No. 39 and 40 were received  
18 into evidence.)

19 ALJ YACKNIN: And we will be in recess  
20 for one hour. So please be back promptly at  
21 1:15. Thank you.

22 (Whereupon, at the hour of 12:15 p.m.,  
23 a recess was taken until 1:15 p.m.)

24 \* \* \* \* \* ]

25

26

27

28

1                   AFTERNOON SESSION - 1:15 P.M.

2                               \*   \*   \*   \*   \*

3                   ALJ YACKNIN:  We are on the record.

4                               We are going to proceed with DRA's  
5 witness Mr. Fagan out of order.

6                               Mr. Fagan, would you please stand up  
7 and raise your right hand.

8                               FRANK M. FAGAN, called as a witness  
9 by Division of Ratepayer Advocates,  
10 having been sworn, testified as  
11 follows:

12                   ALJ YACKNIN:  Thank you.  Please have a  
13 seat.

14                               Ms. Morey.

15                               DIRECT EXAMINATION

16 BY MS. MOREY:

17                   Q    Good afternoon, Mr. Fagan.

18                   A    Good afternoon.

19                   Q    Would you please state your full  
20 name for the record?

21                   A    Robert M. as in Michael Fagan.

22                   Q    And would you please state your job  
23 title briefly?

24                   A    Senior Associate at Synapse Energy  
25 Economics.

26                   Q    And you are acting as a consultant  
27 and a witness, testifying witness for DRA in  
28 this proceeding; is that right?

                  A    Yes, that's correct.

1 Q And you're sponsoring Exhibit 17  
2 and certain portions of Exhibit 18; is that  
3 right?

4 A Yes.

5 Q And Exhibit 17 is the supplemental  
6 testimony of Robert M. Fagan on behalf of DRA  
7 dated May 18th, 2012; is that right?

8 A Yes.

9 Q And was Exhibit 17 prepared by you  
10 or at your direction?

11 A Yes.

12 Q Are the facts contained in Exhibit  
13 17 true and correct to the best of your  
14 knowledge?

15 A Yes.

16 MS. MOREY: Your Honor, the witness is  
17 available for cross-examination.

18 ALJ YACKNIN: Okay. Does CEJA have  
19 anything for him?

20 MS. BEHLES: No.

21 ALJ YACKNIN: We will go ahead and  
22 start. You have a choice.

23 MS. SANDERS: I think I may be the only  
24 one.

25 ALJ YACKNIN: You're elected.

26 MS. SANDERS: I'm elected. Thank you,  
27 your Honor.

28 ///

1 CROSS-EXAMINATION

2 BY MS. SANDERS:

3 Q Good afternoon, Mr. Fagan.

4 A Good afternoon.

5 Q Just have a few questions for you,  
6 just have some clarifying things.

7 On page 2 of your testimony you  
8 have a table there, Table RF-1?

9 A Yes.

10 Q Okay. And is this kind of the  
11 summary of your analysis and recommendations  
12 in this table?

13 A Yes, that's true.

14 Q Okay. And just so that I  
15 understand what you have here, in the first  
16 line you have the ISO's deficiency in the  
17 trajectory case, correct?

18 A That's correct.

19 Q And that's -- oh, I'm sorry.  
20 Please.

21 A For 2020. Mr. Sparks' results had  
22 been presented for 2021. So in this table  
23 because the proceeding went through 2020 I  
24 just corrected it for the load addition  
25 between 2020 and 2021.

26 Q Thank you. And then obviously the  
27 next line is Mr. Anderson's testimony from  
28 his supplemental testimony, correct?

1           A    Yes.

2           Q    Third line is the ISO base case,  
3 correct?

4           A    Yes.

5           Q    And both the ISO trajectory case  
6 and the ISO base case, I believe you --  
7 that's from Mr. Sparks' supplemental  
8 testimony, correct? Just so I have these  
9 straight.

10          A    Yes, that's correct. Corrected for  
11 2020.

12          Q    Okay. Good. Thank you. Then  
13 after the third line there you start  
14 subtracting items from the deficiency or  
15 surplus needs, correct?

16          A    That's correct. The numbers in  
17 Table RF-1 are all pulled from Table RF-3.

18          Q    From other tables?

19          A    Which contains the detail, yes.

20          Q    Okay. And I'm sorry if I'm being  
21 redundant here, but my main question was,  
22 which of the ISO cases are you subtracting  
23 from? Is it the trajectory case or the base  
24 case?

25          A    Let me recharacterize --

26          Q    Okay.

27          A    -- what I was doing in Table RF-1.

28          Q    Okay.

1           A    Table RF-1, the first three lines  
2 of Table RF-1 present the 2020 results from  
3 Mr. Sparks for the two different ISO cases  
4 and from Mr. Anderson from the SDG&E case.

5           Q    Okay.

6           A    The fourth line beginning with --  
7 which says DRA base, starts with DRA base.

8           Q    Mm-mm.

9           A    Is pulled directly from RF-3.

10          Q    Okay.

11          A    Table RF-3. So Table RF-3 is my  
12 estimation of the range of deficiency or  
13 surplus of resources in the San Diego area.

14          Q    Okay. So it's not a subtraction  
15 calculation here?

16          A    It's not a direct subtraction  
17 calculation.

18          Q    Okay.

19          A    No, it is not.

20          Q    Okay. I'm curious about the very  
21 last table, or not table, but line in the  
22 table where you talk about the use of the  
23 safety net plus a hundred megawatts of AMI  
24 plus 500 megawatts from Carlsbad Energy  
25 Center or equivalent. Would equivalent be  
26 the 3 PPAs that are under consideration here?

27          A    No.

28          Q    Okay. What do you mean by

1 equivalent?

2 A My testimony references that. I'm  
3 basically saying 500 megawatts of new  
4 generation that could look like Carlsbad  
5 Energy Center or could look like something  
6 else other than the PPAs.

7 Q What else -- I'm sorry. Go ahead.  
8 I apologize.

9 A The intention, this serves as a  
10 bound to the range of resource deficiency  
11 that my testimony describes. And it just  
12 illustrates that what I'm putting here is the  
13 upper end, the highest level of surplus, that  
14 to the extent that Carlsbad Energy Center or  
15 some other resource of that level came in,  
16 that would contribute towards a surplus that  
17 would exceed a thousand megawatts in the San  
18 Diego area in 2020.

19 Q Well, if the Carlsbad Energy Center  
20 came in and -- would we need the other? I  
21 mean wouldn't the -- wouldn't that reduce the  
22 deficiency that the ISO identified with  
23 Encina retirement?

24 A Yes, it would.

25 Q Okay. So these are options that  
26 you're seeing that would affect the  
27 deficiency need one way or the other? Is  
28 that really what you're saying here?

1           A    No.  What I'm saying here is I'm  
2 just presenting -- I'm presenting a range of  
3 what the deficiency might be depending upon  
4 the assumptions that one makes for the  
5 different elements that go into a computation  
6 of what a resource need or resource surplus  
7 might be.

8           Q    All right.  But you're not  
9 recommending any of these particular  
10 assumptions to be the basis for a decision in  
11 this case?

12           A    What I'm recommending as the basis  
13 of decision is the fact that lot of different  
14 alternatives exist and that it is difficult  
15 to look out to 2020 and say that the need in  
16 2020 is going to be any particular number.  
17 So I was attempting to frame the issue to  
18 demonstrate what the contributions from  
19 different resources make towards an estimate  
20 of overall surplus or deficiency in 2020.

21           Q    And it's difficult to determine  
22 what's really going to happen in 2020 because  
23 of the time, the planning horizon?  Is that  
24 your testimony?

25           A    Yes.  In part.  Absolutely.  It is  
26 difficult to determine just what's going to  
27 happen in 2020 because it's eight years out.

28           Q    What's a reasonable planning

1 horizon?

2 MS. MOREY: Objection, your Honor,  
3 relevance.

4 ALJ YACKNIN: It's relevant.  
5 Overruled.

6 THE WITNESS: Well, the CAISO uses a  
7 planning horizon of about ten years for its  
8 transmission plans, and I referenced that in  
9 my testimony. Ten years is a reasonable  
10 planning horizon to think about transmission  
11 needs.

12 MS. SANDERS: Q Okay. And I think  
13 perhaps you've led into my other, really only  
14 my other line of question, questioning.

15 On page 17 of your testimony you  
16 talk about lead times for resource  
17 procurement, correct?

18 A Yes.

19 Q And so I guess it's your testimony  
20 that a planning horizon, the planning horizon  
21 for procurement doesn't have to be as long,  
22 correct?

23 A That's correct.

24 Q And you say here that actually  
25 generation resources lead times can range  
26 from a year to five years, more than five  
27 years, correct?

28 A Yes.

1           Q    Can you give me an example of a  
2 one-year resource?

3           A    Sure.  Putting PV on a rooftop.

4           Q    Okay.  Any others?

5           A    Well, sure.  You could -- there's a  
6 lot of different things.  Smaller  
7 resources --

8           Q    Smaller resources.

9           A    -- could go in smaller timeframes.  
10 Larger resources, depending upon the  
11 complexity, often take longer than the  
12 smaller resources.

13          Q    And I think you say later in your  
14 testimony on that same page that incremental  
15 demand resources can be secured quickly as  
16 well, correct?

17          A    They can.

18          Q    And you reference a PJM report in  
19 footnote 16 talking about the PJM capacity  
20 market, correct?

21          A    That's correct.

22          Q    Does the ISO have a capacity  
23 market?

24          A    The capacity construct in  
25 California is different from the capacity  
26 construct in PJM.  California ISO does not  
27 have a capacity market in the same way that  
28 PJM has a capacity market.

1           Q   Well, the answer is we don't have a  
2 capacity market in California, do we?

3           A   Yes, that's correct. But that  
4 doesn't -- but that doesn't imply that demand  
5 response resources wouldn't be able to be  
6 procured at a rate similar to the rate that  
7 was seen in PJM because the structures are in  
8 place throughout the nation for demand  
9 response resources to be brought to bear.

10          Q   But under a capacity market isn't  
11 demand response being bid into the market and  
12 essentially paid for by the market forces,  
13 whereas -- well, just answer that question.

14          MS. MOREY:  Objection, your Honor.  I  
15 just want to clarify what is being meant by  
16 capacity market.  Do you mean a CAISO run  
17 capacity market?

18          ALJ YACKNIN:  Did you withdraw your  
19 question?

20          MS. SANDERS:  No, I did not.

21          MS. MOREY:  I just would like to be  
22 precise about what you are referring to as  
23 the capacity market.

24          MS. SANDERS:  Q   That's a fair  
25 question.  I was actually referring to this  
26 article, the PJM capacity market.

27          A   The essence of this part of the  
28 testimony is that the providers of demand

1 response are able to, if they're paid, are  
2 able to bring that resource to market  
3 relatively rapidly.

4 Q And so in a capacity market, as I  
5 understand it, like PJM the providers of  
6 demand response resources would have an  
7 incentive to bring these resources on because  
8 they would be paid for them as part of the  
9 market process, correct? Is that your  
10 understanding?

11 A That's correct.

12 Q Okay. And on page 18 of your  
13 testimony you state that or you talk about  
14 whether there's other ISO regions where  
15 long-term transmission planning processes  
16 dictate procurement requirements for local  
17 capacity needs, correct?

18 A Yes.

19 Q And you say, well, no.

20 Does PJM have a local capacity -- a  
21 capacity market for local needs?

22 A Yes.

23 Q Do the other ISOs? Do you know of  
24 any other ISOs that have?

25 A Yes. New England does also.

26 Q New England does. Okay.

27 And so in the capac -- once again,  
28 for other types of resources besides demand

1 response where you have a capacity market,  
2 don't generators have an incentive to build  
3 because they're going to be able to bid into  
4 the market? ]

5 A Some people think that is the case.  
6 Some people think that the capacity market  
7 structures do not adequately support new  
8 entry by generation resources.

9 Q But it could be that the shorter  
10 lead time is because there is an incentive to  
11 bid capacity into the market because there  
12 was a capacity market to do so, correct? I  
13 think that is what you said.

14 A That may be possible. But the  
15 point that I was making that the demand --  
16 the point I was making was that demand  
17 responses are able to be brought to the  
18 market in a relatively short time frame.  
19 Yes, they do have an incentive.

20 Q To be brought to the market,  
21 correct?

22 A That is correct.

23 Q Okay.

24 A As I understand, they do here  
25 because demand response is able to be counted  
26 towards resource adequacy in California. The  
27 market constructs are different, but that  
28 doesn't imply that there is no incentive for

1 demand response to be installed in  
2 California.

3 MS. SANDERS: Thank you. Your Honor, I  
4 think that is all I have for Mr. Fagan.  
5 Thank you, Mr. Fagan.

6 ALJ YACKNIN: Thank you, Ms. Sanders.  
7 Mr. Szymanski.

8 MR. SZYMANSKI: Can I have like  
9 30 seconds off the record or on the record?

10 ALJ YACKNIN: You just need to take a  
11 moment?

12 MR. SZYMANSKI: Just to consult with  
13 one person.

14 ALJ YACKNIN: Off the record.

15 (Off the record)

16 ALJ YACKNIN: On the record.

17 MR. SZYMANSKI: Twenty-six seconds, I  
18 was watching my secondhand; and no, we have  
19 no cross for Mr. Fagan.

20 ALJ YACKNIN: All right.

21 EXAMINATION

22 BY ALJ YACKNIN:

23 Q I would like to ask a question of  
24 Mr. Fagan though. Please let me know if this  
25 is better directed to Mr. Ghazzagh. Since  
26 you are here, the question occurred to me  
27 now. I'm going to ask it now.

28 Regarding finding horizons. I'm

1 going to tell you my understanding and you  
2 can tell me -- I want you to help educate me  
3 as to whether this is your understanding of  
4 how the process has worked in the past or is  
5 supposed to work or not.

6           It is my understanding, or the way  
7 I've been assuming the LTPP process works is  
8 that the Commission will identify need over a  
9 10-year horizon, planning horizon, and  
10 authorize procurement for that identified  
11 need of that 10-year period.

12           And so my question, is my  
13 understanding correct? And/or how does that  
14 relate to your recommendation, if I can  
15 characterize it as that, as a shorter  
16 planning horizon for procurement?

17           A My understanding is that you are  
18 basically correct. I would cast it as the  
19 Commission has the authority to order  
20 procurement over a long-time horizon. It is  
21 my understanding that they would have the  
22 flexibility to think about when you need to  
23 procure, and depending upon when the need or  
24 the range of need is procuring, and depending  
25 on the options or resources, they can take  
26 that into account. So what I mean is that if  
27 there is a need that is indicated, given a  
28 range there is a need indicated nine years

1 out, they don't necessarily have to take a  
2 step to authorize procurement of a specific  
3 resource today, especially given what my  
4 testimony characterizes as a range of  
5 resources that have shorter time horizons to  
6 come to fruition.

7 Q Thank you. So I was looking this  
8 up earlier today. I didn't bring down my  
9 notes here, but I think I saw that the  
10 decision in the 2006 LTPP, technically in  
11 2007 decision, authorized procurement,  
12 authorized procurement to meet a need in 2015  
13 at the time. And I don't believe that I have  
14 any other precedent to look at for  
15 procurement authorization since been at the  
16 Commission, is that correct, or is that your  
17 understanding?

18 A One of the other witnesses might be  
19 able to speak to some aspects of that. I  
20 think I can speak to one important aspect of  
21 that. I'm not familiar with the details of  
22 that decision, but it demonstrates that a  
23 decision taken in 2007 based on procedure in  
24 2006. What immediately followed was a fairly  
25 dramatic change in the economy, a fairly  
26 dramatic change in the load forecasts for the  
27 horizon that goes out to 2015. A lot of  
28 things changed in the near years making a

1     revisit of the need. A reasonable thing to  
2     be doing later on down the road.

3             So what I would take from that is  
4     be careful when you buy what you buy, because  
5     there is very big economic implications  
6     associated with decisions made fairly far in  
7     advance.

8             ALJ YACKNIN: Thank you. I think we  
9     will just go ahead. You can get to this in  
10    recross, but I think I'll just go with  
11    redirect first.

12            MS. MOREY: Did you have any -- sorry,  
13    you had more questions?

14            ALJ YACKNIN: No. I wanted to give the  
15    other parties an opportunity to conduct  
16    additional cross on my "friendly cross," I  
17    suppose you would call it. Let me have your  
18    redirect first, and if you can hold back and  
19    let me know if you want to address these.

20            MS. MOREY: May I take a minute with  
21    the witness?

22            ALJ YACKNIN: Yes, off the record.

23                    (Off the record)

24            ALJ YACKNIN: Back on the record.

25                    DRA.

26                            REDIRECT EXAMINATION

27    BY MS. MOREY:

28            Q     Mr. Fagan, there was some questions

1 earlier from CAISO's counsel about  
2 centralized capacity market in the PJM. Do  
3 you remember that?

4 A I do.

5 Q And is it your understanding that  
6 there is no centralized capacity market in  
7 California but that there is a bilateral  
8 capacity market?

9 A Yes. It is my understanding that  
10 the structure for demand response in  
11 California is not akin to the structure of  
12 demand response procurement in PJM. But  
13 because there exists the consort that allows  
14 demand resources to get paid through the  
15 bilateral structures in place in California,  
16 those resources have an incentive to come to  
17 market.

18 I'm sorry, just one additional  
19 thing. California also has -- never mind.

20 Q Okay. And then the capacity  
21 market, essentially the resources that are  
22 contracted for are bid into the ISO or  
23 submitted to the ISO through the resource  
24 adequacy requirements; is that right?

25 A I believe so. That's probably a  
26 question better asked of Mr. Spencer.

27 Q And then are you aware that the  
28 FERC has a requirement that would mandate

1 that ISOs, like the CAISO, move to integrated  
2 demand response into their market?

3 A Yes, I am.

4 Q Are you done? I don't want to cut  
5 you off.

6 A I'm done.

7 Q And then your Honor was asking you  
8 some questions about planning horizons, and I  
9 just wanted to clarify. Are you saying in  
10 this case that the Commission should make a  
11 procurement need finding but then delay the  
12 authorization for that, or are you saying --  
13 making a different recommendation?

14 A My recommendation would be to make  
15 a finding that there is no need for these  
16 particular PPTAs. That there is extensive  
17 information out there that preferred  
18 resources that could be procured would first  
19 meet the need, and that when the time -- and  
20 then just keep on revisiting the issue each  
21 year. See how are we doing for X number of  
22 years out.

23 Q And you are participating in the  
24 2012 LTPP for DRA; is that right?

25 A That is correct.

26 Q And that, for example, that case is  
27 revisiting, maybe not with respect to San  
28 Diego, but need issues for utilities, is that

1 right, for some of the utilities?

2 A Yes, it is -- actually, it is  
3 revisiting integration issues that would  
4 apply to San Diego also.

5 Q And so just --

6 A Not, I'm sorry, not to local areas.  
7 It is revisiting integration issues that  
8 apply CAISO wide which includes the San Diego  
9 area.

10 Q And just as a general matter is it  
11 your understanding that the Commission  
12 continually has an ongoing long-term  
13 procurement planning proceeding that goes in  
14 two-year cycles?

15 A Yes, not only is it my  
16 understanding they had a proceeding, I would  
17 think they continue to have the  
18 responsibility and obligation to look at what  
19 is going on in that area.

20 MS. MOREY: Okay. Thank you.

21 ALJ YACKNIN: Ms. Sanders.

22 RE-CROSS-EXAMINATION

23 BY MS. SANDERS:

24 Q Mr. Fagan, I just have to ask. All  
25 right. If the Commission just keeps  
26 relooking at how we are doing with resource  
27 procurement, what happens if the Commission  
28 finds we are not doing very well and there

1 are reliability issues that can't be resolved  
2 in the short term?

3 ALJ YACKNIN: Okay. I'm not going to  
4 permit this question. I'm going to let  
5 everybody here know right here right now,  
6 witnesses and attorneys, I understand that if  
7 we don't have capacity that we need that is a  
8 bad thing. I understand that if we pay for  
9 capacity that we don't need, that is a bad  
10 thing. I understand these things. We don't  
11 need to elicit further testimony for you to  
12 make these arguments in your briefs.

13 MS. SANDERS: I have no other  
14 questions.

15 ALJ YACKNIN: Mr. Szymanski.

16 MS. MOREY: I actually had the same  
17 question Ms. Sanders had, but I also am  
18 mindful of the comments you just made.

19 ALJ YACKNIN: Please brief it to death,  
20 but be assured I get it.

21 Is there anything further for this  
22 witness?

23 MS. MOREY: Not from me.

24 ALJ YACKNIN: Thank you very much,  
25 Mr. Fagan, for your testimony. You are  
26 excused.

27 THE WITNESS: Thank you.

28 ALJ YACKNIN: And so Ms. Morey wants to

1 move the admission of Exhibit 17 into  
2 evidence, I assume? Are there any  
3 objections?

4 (No response)

5 ALJ YACKNIN: There being none, it is  
6 received.

7 (Exhibit No. 17 was received into  
8 evidence.)

9 ALJ YACKNIN: And we will hold off on  
10 the receipt of Exhibit 18 until the other  
11 sponsoring witnesses have testified.

12 Yes, Ms. Morey.

13 MS. MOREY: I just wanted to revisit  
14 Exhibit 37, which I understood that counsel  
15 for San Diego was going to investigate over  
16 lunch whether they want to append pages to  
17 that exhibit, the transmission plan.

18 ALJ YACKNIN: Have you had an  
19 opportunity to do that?

20 MR. SZYMANSKI: Yes. We made the first  
21 attempt in the limited time we had. We were  
22 not able to identify any further pages that  
23 would be appropriately added to that excerpt.  
24 And so I think SDG&E will forgo that  
25 opportunity.

26 ALJ YACKNIN: Let me say this, I will  
27 reserve to you the right to renew a motion to  
28 add to the exhibit if you see the need later.

1 It is not apparent to me as I sit here now  
2 that that would be prejudicial to any party.  
3 But I'm not prejudging the motion or any  
4 objection to it, but I will certainly  
5 entertain it if you see the need to do it  
6 later or in briefs, for example.

7 MR. SZYMANSKI: Thank you, your Honor.

8 ALJ YACKNIN: That might be a little  
9 too late, but later on in the interim.

10 So with that then, Exhibit 37 is  
11 received into evidence.

12 (Exhibit No. 37 was received into  
13 evidence.)

14 MS. MOREY: Thank you, your Honor.

15 ALJ YACKNIN: I think we will proceed  
16 directly to the testimony of Mr. Sparks. We  
17 will go off the record to do the changing of  
18 the guards. Off the record.

19 (Off the record)

20 ALJ YACKNIN: On the record.

21 Mr. Sparks is called to the stand.

22 ROBERT SPARKS, called as a witness  
23 by California Independent System  
24 Operator, having been sworn, testified  
as follows:

25 ALJ YACKNIN: Thank you, please have a  
26 seat. Ms. Sanders.

27 MS. SANDERS: Thank you, your Honor.

28 ///

1 DIRECT EXAMINATION

2 BY MS. SANDERS:

3 Q Can you state your name and  
4 business address for the record, please.

5 A Robert Sparks. Business address is  
6 250 Outcropping Way, Folsom, California.

7 Q Please describe your -- give us  
8 your title and a description of your job  
9 duties.

10 A I'm the Manager of Regional  
11 Transmission Planning at the California ISO  
12 for the southern portion of the ISO system.  
13 And I have a group of engineers that works on  
14 transmission planning issues for the southern  
15 portion of the California ISO system.

16 Q Thank you. Now, Mr. Sparks, do you  
17 have copies of three sets of testimony before  
18 you that have been marked for identification  
19 purposes as Exhibits 9, 10 and 27?

20 A Yes.

21 Q Just so the record is clear,  
22 Exhibit 9 is the testimony that you filed I  
23 believe it was March 9th in this proceeding;  
24 is that correct?

25 A Yes.

26 Q And Exhibit 10 is the supplemental  
27 testimony, your supplemental testimony that  
28 was filed on April 6th?

1           A    Yeah.  I don't have the dates, but  
2 that sounds about right.

3           Q    Finally, the rebuttal testimony,  
4 Exhibit 27, was submitted on June 6th or  
5 submitted to the parties on June 6th,  
6 correct?

7           A    Yes.

8           Q    Mr. Sparks, do you have any changes  
9 or corrections to make to any of this  
10 testimony?

11          A    No.

12          Q    Were all three exhibits prepared by  
13 you or under your direct supervision?

14          A    Yes.

15          Q    And if I were to ask you all of the  
16 questions in the three exhibits that we  
17 identified, would your answers still be the  
18 same today?

19          A    Yes.

20          MS. SANDERS:  Your Honor, I would  
21 tender Mr. Sparks for cross-examination on  
22 these exhibits.

23          ALJ YACKNIN:  Mr. Szymanski, do you  
24 have -- wait.  I'm assuming I'm going to go  
25 in this direction (indicating).  Is there any  
26 objection to that?

27          MR. SZYMANSKI:  I prefer the other  
28 direct, frankly.  We may have very little, if

1 any. So yes, I would prefer to go last.

2 ALJ YACKNIN: The problem is that you  
3 are definitely more friendly to the ISO than  
4 these other parties. So I would prefer that  
5 you go first.

6 MR. SZYMANSKI: All right. May I have  
7 a minute to speak with my clients one more  
8 time?

9 ALJ YACKNIN: Yes, you may. That is  
10 not to say that you cannot do additional  
11 cross after hearing the cross of the other  
12 parties, but I would like you to go first.

13 Off the record.

14 (Off the record)

15 ALJ YACKNIN: On the record.

16 Mr. Szymanski.

17 MR. SZYMANSKI: Well, with the  
18 understanding that I might have a brief  
19 follow-up question at the end, SDG&E has no  
20 questions at this time.

21 ALJ YACKNIN: Okay. Then we will  
22 proceed to this side of the table.

23 Mr. Martinez.

24 MR. MARTINEZ: Thank you, your Honor.

25 CROSS-EXAMINATION

26 BY MR. MARTINEZ:

27 Q Good morning, Mr. Sparks.

28 A Good morning, afternoon.

1           Q    Good afternoon.  My name is Sierra  
2 Martinez.  I'm representing NRDC today.

3                    Did you testify about local needs  
4 analysis on behalf of the ISO?

5           A    Yes.

6           Q    And did you testify about the  
7 amount of uncommitted energy efficiency  
8 included, or not, in that analysis?

9           A    Yes.

10          Q    And did the ISO conduct a  
11 sensitivity analysis in which more energy  
12 efficiency was included?

13                  MS. SANDERS:  Your Honor, can I ask a  
14 clarifying question?  Are we talking about  
15 his testimony in this case?

16                  MR. MARTINEZ:  Yes.

17                  MS. SANDERS:  Okay.  Thank you.

18                  THE WITNESS:  Can you repeat the  
19 question?

20                  MR. MARTINEZ:  Q  I'll lay a little bit  
21 of foundation.  In the ISO's LCR analysis was  
22 there any uncommitted energy efficiency  
23 included?

24                  A    So in the -- our LCR or OTC studies  
25 done in our 2011, 2012 transmission plan, we  
26 did perform some sensitivity studies in the  
27 L.A. Basin, or what we call our AB 1318  
28 analysis, and included some uncommitted

1 energy efficiency in that analysis.

2 Q Thank you. And in that sensitivity  
3 analysis did it result in lower local needs?

4 A Continue on with my last response,  
5 it is important to add that that was done at  
6 the request of the CPUC and the CEC, who we  
7 had been working with to coordinate those  
8 studies and assumptions. And the ISO did  
9 that at more or less at the request not fully  
10 supporting the assumptions.

11 And I apologize, could you ask your  
12 question again?

13 Q No problem. Thank you for the  
14 answer.

15 In the sensitivity analysis did it  
16 result in a lower local need than the  
17 analysis that did not include any uncommitted  
18 energy efficiency?

19 A Yes. The analysis resulted in a  
20 lower load forecast as specified by the CPUC  
21 and the CEC. And with that lower load  
22 forecast the results were lower, the OTC  
23 replacement needs were lower.

24 Q Just so I'm clear, when uncommitted  
25 energy efficiency was included as done in the  
26 sensitivity analysis lower local need  
27 resulted; is that right?

28 A I believe that is what I just said,



1 building energy efficiency standards, it  
2 would have excluded the 2011 California  
3 lighting efficiency standards, is that right?

4 A I don't recall specifically.  
5 The ISO relies heavily on the California  
6 Energy Commission to have the expertise in  
7 the load forecasting and all the intricate  
8 details like you're referring to. We review  
9 them and concur with them, but it's a little  
10 beyond -- certainly beyond my expertise.

11 MR. MARTINEZ: Thank you for your  
12 answers.

13 And thank you, your Honor. I have  
14 no further questions.

15 ALJ YACKNIN: Thank you, Mr. Martinez.

16 MS. BEHLES: I will go.

17 ALJ YACKNIN: Ms. Behles.

18 CROSS-EXAMINATION

19 BY MS. BEHLES:

20 Q Good afternoon, Mr. Sparks.

21 A Good afternoon.

22 Q In your question and answer with  
23 Mr. Martinez, you referred to an OTC study.

24 A Yes.

25 Q That study relies on a power flow  
26 analysis, is that right?

27 A That's right.

28 Q And that OTC study was studying

1 local capacity reliability needs, is that  
2 right?

3 A That's right.

4 Q CAISO has studied local capacity  
5 reliability needs in a one-year lookout  
6 period before, is that correct?

7 A Every year we perform a year-ahead  
8 local capacity technical study.

9 Q And CAISO has also in the past  
10 conducted a five-year look-ahead local  
11 capacity study, is that right?

12 A That's right.

13 Q But the OTC study in this case is  
14 the first study, LCR study that CAISO has  
15 conducted on a 10-year lookout period, is  
16 that right?

17 A I believe that's a fair statement.

18 Q Are you familiar with the term RMR  
19 status or reliability must-run status?

20 A Generally. I'm not precisely clear  
21 on what you might mean by that phrase, but  
22 I'm certainly familiar with the term  
23 "reliability must run."

24 Q Does CAISO designate units as  
25 reliability must-run status?

26 A The ISO contracts with a -- much  
27 more so in the past than present day with  
28 generation with reliability must-run

1 contracts that are needed for reliability and  
2 there's no other mechanism that is I guess  
3 applicable for that particular unit.

4 Q Does CAISO run demand response  
5 programs?

6 A I believe -- certainly not my  
7 expertise, but I believe that the ISO has  
8 some stakeholder processes where we've looked  
9 at demand response programs. It's my  
10 understanding that they're fairly small in  
11 magnitude, but I don't have the details.

12 Q Does CAISO administer demand  
13 response programs in the SDG&E service  
14 territory?

15 A I think I told you everything  
16 I know about my responsibility with the ISO  
17 runs.

18 Q Do you have an understanding of who  
19 runs demand response programs in the San  
20 Diego Gas & Electric service territory?

21 A I believe for the most part, it's  
22 San Diego Gas & Electric.

23 Q Have you done an analysis of  
24 the outages at SWPL?

25 A Well, we certainly studied those  
26 contingencies or the contingency of losing  
27 the various segments of the Southwest Power  
28 Link.

1           Q    Are the outages at SWPL in the last  
2 ten years higher or lower than the outage  
3 rates in the WECC?

4                    First -- actually, strike that.  
5 Let me start with, are you familiar with  
6 what's called WECC?

7           A    Yes.

8           Q    What is WECC?

9           A    Western Electricity Coordinating  
10 Council.

11          Q    What area does WECC encompass, what  
12 area in the country?

13          A    Western United States, the western  
14 interconnection of the United States and  
15 Canada and little bit of Mexico.

16          Q    Have you determined whether the  
17 outages at SWPL are higher or lower than the  
18 average outage rates in the WECC service  
19 area?

20          A    Not for this particular OTC  
21 analysis. But my general understanding  
22 having observed the operation of  
23 the San Diego system for about 14 years is  
24 that that line has a fairly relatively high  
25 outage rate relative to other 500 kV lines  
26 due to fires and -- primarily due to fires.

27          Q    Isn't the outage rate at SWPL less  
28 than 1 percent based on the historic values

1 over the last 10 years?

2 A Outage rate usually refers to --  
3 with transmission lines, typically one  
4 doesn't refer to outage rates. They refer to  
5 the frequency and duration of the outages.  
6 And it's my understanding that the frequency  
7 of outages is fairly high, again on the order  
8 of at least once per year. And the ISO must  
9 always plan for -- because it happens once  
10 per year is quite frequently actually and the  
11 ISO must always be prepared for operating the  
12 system, that that could happen at any moment.

13 Q Have you done an analysis of  
14 the historical outage rate at SWPL?

15 A Like I said, not for the OTC  
16 studies or for our transmission planning  
17 studies. Even if the outage rate were  
18 relatively low for that line, that really is  
19 not something we can take into account and be  
20 in compliance with the NERC mandatory  
21 planning standards. We couldn't submit  
22 a self-certification to NERC saying that  
23 probabilistically this line doesn't go out  
24 very much, so we're not going to plan for it,  
25 and submit that and have that be in  
26 compliance with the standards.

27 ALJ YACKNIN: And you have lots of  
28 testimony to that effect and there's a lot of

1 evidence in this record to that effect, but  
2 please try to confine your answer to the  
3 question which is simply asking about the OTC  
4 study that you performed and whether you  
5 conducted this research in its preparation.

6 Please continue.

7 MS. BEHLES: Q Are you familiar with  
8 the four synchronous condensers that are  
9 SDG&E proposed in the 2011-2012 transmission  
10 planning cycle?

11 A Yes.

12 Q Could those four condensers provide  
13 reactive support on the grid?

14 A Yes.

15 Q CAISO did not analyze those during  
16 the 2011-2012 transmission planning cycle,  
17 did it?

18 A We did not approve them but  
19 I believe that we did do some analysis  
20 looking at synchronous condensers at those  
21 particular locations for some scenarios.

22 Q Did CAISO delay its decision on  
23 those condensers?

24 A We did not approve it. And pretty  
25 much, every project we don't approve is  
26 delaying our decision to consider it in  
27 the future.

28 Q Why did you delay the analysis of

1 those condensers or the decision on those  
2 condensers?

3 A Well, given that it's not clear to  
4 us yet where generation will be developed and  
5 constructed and operating in the San Diego  
6 area, until that picture becomes a little  
7 more clear to us, it's not clear where  
8 the most effective locations would be to  
9 place these synchronous condensers if they  
10 were needed.

11 Q Could the synchronous condensers  
12 eliminate some voltage concerns in  
13 the San Diego area?

14 A As a general matter, yes.

15 Q Have you studied whether or not  
16 synchronous condensers could reduce the LCR  
17 need in the San Diego area?

18 A We looked at -- in our transmission  
19 plan, we looked at a number of scenarios, we  
20 look at our reliability analysis of  
21 the system. We also looked to see at  
22 the capability of the system to deliver  
23 renewables. And also, we have -- a part of  
24 our process looks at the economics of  
25 congestion and whether or not we should  
26 upgrade the system for congestion. Through  
27 that process, we did look at the synchronous  
28 condensers primarily I believe in the policy

1 analysis. And again, we came to the  
2 conclusion that the most effective or  
3 preferred mitigation was to simply replace  
4 the OTC in the area because with the large  
5 amount of renewables that we're expecting  
6 based on the renewable portfolios that we've  
7 studied, simply reducing the generation in  
8 the area ends up seeing -- with transmission  
9 deliverability and congestion problems.

10 And synchronous condensers, they  
11 may prevent a voltage crash but they don't  
12 really prevent congestion of thermal loads on  
13 lines.

14 Q Have you done a power flow analysis  
15 on synchronous condensers to see what the LCR  
16 need in San Diego would be with those four  
17 condensers?

18 A I don't think we did in the OTC  
19 study because if you look at the supplemental  
20 testimony, there were a variety of  
21 constraints. One of the constraints was the  
22 south of SONGS separation scheme. And that  
23 is purely a flow or a thermal constraint and  
24 the synchronous condensers would not mitigate  
25 that constraint, and so we knew that  
26 synchronous condensers would not solve all of  
27 the concerns. And so even if we had, it  
28 wouldn't have changed the results. And so we

1 did not go any further than just considering  
2 through that mental process of thinking  
3 through it. We did not analyze it any  
4 further.

5 Q But you don't know whether or not  
6 the synchronous condensers could resolve some  
7 of the LCR concerns that CAISO has identified  
8 in the San Diego area?

9 MS. SANDERS: Your Honor, I object.  
10 Asked and answered. Mr. Sparks just answered  
11 that question.

12 MS. BEHLES: The answer wasn't clear to  
13 me.

14 MS. SANDERS: The answer was --

15 ALJ YACKNIN: I'm going to permit  
16 the answer because I spaced out and didn't  
17 hear the earlier one.

18 THE WITNESS: Can you repeat the  
19 question again?

20 MS. BEHLES: Q I said do you know  
21 whether or not the synchronous condensers  
22 would relieve some of the LCR need that CAISO  
23 has identified in the San Diego area?

24 A At this point in time, I don't.

25 Q Have you -- are you familiar with  
26 the equipment called phase shifters?

27 A Yes.

28 Q Just to make sure we're on the same

1 page, what's a phase shifter?

2 A Mr. Strack described what a phase  
3 shifter was and --

4 Q Do you agree with his --

5 A -- I concur with his description.

6 Q Okay. Did CAISO analyze a phase  
7 shifter on the CFE line in its 2011-2012  
8 transmission plan?

9 A In either the 2010-11 plan or  
10 the 11-12 plan, I don't remember. We did  
11 look at a phase shifter on that Imperial  
12 Valley to CFE line.

13 Q Could additional imports through  
14 the CFE system reduce the LCR need in  
15 San Diego in your N-1-1 scenario?

16 A When we looked at it, we found we  
17 needed a phase shifter and a series reactor  
18 because we were mostly looking at the loss of  
19 both lines, the Imperial Valley from Miguel  
20 and Imperial Valley-Suncrest and the amount  
21 of phase shift you would need was very large  
22 angle. So to supplement the phase shifter,  
23 we put in a reactor.

24 And even though in the model we  
25 were able to tune something up to get  
26 something that might be plausible, but to  
27 work with CFE and visit their system, they  
28 rely on those lines to import their power to

1 reliably serve their load, putting more  
2 impedance from their source to their system  
3 could cause voltage collapse in their system.  
4 And they are not -- they don't operate under  
5 FERC rules, so working with them is different  
6 than working with other utilities. And it's  
7 very uncertain how long that would take and  
8 whether or not it would ever amount to  
9 anything.

10 Q Just so I'm clear, CAISO identified  
11 a phase shifter and a series adapter as  
12 a potential way to import more power from the  
13 CFE system into the San Diego Gas & Electric  
14 system?

15 A Again, it was in the context of our  
16 transmission plan.

17 Q I'm just trying to make sure  
18 I understand your response. Was that a fair  
19 characterization?

20 A It was -- again, a lot of focus was  
21 delivering renewables and large amounts of  
22 renewables from Imperial County into the ISO  
23 system, and so that was most of the focus of  
24 the analysis. I honestly don't recall how  
25 much of that focus was on trying to reduce  
26 the LCR.

27 But again, we're looking for  
28 a comprehensive plan not just one little

1 piece just because it works in one phase of  
2 the plan. If it doesn't work as part of the  
3 comprehensive plan, it's not -- it's not  
4 going to work.

5 Q Could the location of resources and  
6 dispatch patterns significantly alter  
7 the results of the power flow analysis?

8 A Location of the generation  
9 resources?

10 Q Yes.

11 A Definitely, the point of injection  
12 of the power can influence the flows on  
13 the constraints.

14 Q Have you looked at the Pio Pico  
15 facility proposed in this application?

16 A Well, yes.

17 Q Is the Pio Pico facility located in  
18 an electrically equivalent area of the Encina  
19 facility?

20 A We've actually looked at that quite  
21 extensively and talked about it in  
22 the testimony. And initially, we found some  
23 significant differences in terms of  
24 constraints on the system, performing  
25 differently with the two different power  
26 plants. But as time has passed and we looked  
27 at the closer, it does not appear that  
28 there's any fail issues with the things that

1 we -- the constraints that we found. It  
2 appears that they can be mitigated without  
3 a lot of difficulty.

4 Q So is mitigation needed to deliver  
5 the power from Pio Pico to the San Diego LCR  
6 area?

7 A The combination of replacing  
8 the OTC at Encina hence retiring Encina  
9 entirely, replacing it with Pio Pico and  
10 trying to deliver the target amounts of  
11 renewables in Imperial County does result in,  
12 at least in our analysis, in the need to  
13 possibly reconductor some lines or adding  
14 some special protection systems, SPS, and  
15 also to investigate the ratings of some lines  
16 to confirm our understanding at this point.

17 Q In your last answer, you mention  
18 special protection system. Do you agree that  
19 the CAISO does not consider it acceptable to  
20 rely on load shedding in your N-1-1 scenario  
21 because there's no suitable protection system  
22 designed or in place at this time?

23 A That's certainly our first concern.

24 Q Can you explain what special  
25 protection system would need to be designed  
26 for the CAISO to allow load shed?

27 A Well, as I said, that was our first  
28 concern. But looking past that first

1 concern, we have other concerns.

2           The Imperial Valley area is  
3 a portion of the grid which is relied upon by  
4 the ISO as well as Imperial Irrigation  
5 District and CFE, the Mexico system. All  
6 three of those systems rely on that point in  
7 the grid as one of their two major sources of  
8 imports in their systems. So it's a very  
9 critical piece of the system. And our  
10 concern is that if we rely on load shed,  
11 we're certainly overstressing that part of  
12 the system.

13           And it's a little bit like an  
14 analogy that I like to share. It's a little  
15 bit like setting a speed limit on  
16 the freeway. You can drive from Redding to  
17 Sacramento on the speed limits, 70 miles an  
18 hour. Once you get to Sacramento, it drops  
19 down to 65 because it's a more critical area.  
20 There's a lot more users on the system.

21           We see it that way at Imperial.  
22 There's several users. There's a lot of  
23 exposure, line clearances going on by  
24 different utilities. It's critical to three  
25 different utilities.

26           And again, shedding load is  
27 basically overstressing the system. We don't  
28 think that's prudent to do at this particular

1 location.

2 Q In your initial testimony in this  
3 proceeding you relied on load shed, is that  
4 right?

5 A I'm sorry?

6 Q In your initial March 2012  
7 testimony in this proceeding, you did include  
8 a load shed, is that right?

9 MS. SANDERS: Your Honor, could I have  
10 a little bit more clarification as to what  
11 that reference is to?

12 ALJ YACKNIN: Can you clarify? Do you  
13 mean, are you asking did they assume load  
14 shed in the analysis?

15 MS. BEHLES: That would be a better way  
16 to ask it, yes.

17 Q Did you assume load shed in your  
18 analysis in your initial testimony in this  
19 proceeding which was --

20 ALJ YACKNIN: Exhibit 9.

21 MS. BEHLES: -- the March 2012  
22 testimony which has been marked as Exhibit 9?

23 A Not for the same contingency we're  
24 discussing right now.

25 Q Right. And I'm just asking whether  
26 with you assume load shed at all in that  
27 testimony.

28 A Yes. For the common mode

1 contingency of those two lines after losing  
2 the single largest generator which at that  
3 time was required, we were required to look  
4 at that scenario, that contingency scenario  
5 based on our local capacity study, study  
6 criteria in our tariff. And given that is  
7 more of an overlapping outage, much more  
8 severe outage, less likely scenario, we  
9 thought that was -- and also that contingency  
10 was driving the need for even more local  
11 capacity, we thought it was acceptable for  
12 that less likely, more demanding scenario to  
13 shed load.

14 Q In your answer you said that was  
15 a less likely scenario. Did you do an  
16 analysis that compared those two scenarios?

17 A Well, first of all, it is the --  
18 the answer is yes. More of a sort of  
19 an engineering-expertise, judgment-type  
20 analysis given that first you have to lose  
21 the power plant, which generally has about a  
22 95 percent availability factor, and then you  
23 have to have the common mode outage of the  
24 two lines, the probability of that we judge  
25 to be an order of magnitude less than -- and  
26 having to dispatch around it, that sort of  
27 thing. Otherwise we're looking at loss of  
28 a single line. And then after you lose that

1 first line, now you're looking at having to  
2 arm the load shedding. Whereas with  
3 the G-1/N-2, first you lose a power plant and  
4 now you're arming it for a common mode,  
5 double-line outage, two separate corridors  
6 which has now been deemed a noncredible  
7 outage. We thought that was more of  
8 a reasonable design or a reasonable incidence  
9 where load shedding would be acceptable as  
10 opposed to after just one single contingency,  
11 now you're arming load shedding for a single  
12 contingency.

13 Q My question was whether or not you  
14 had done an analysis and you had referred to  
15 a judgement. Was there a calculation that  
16 you performed to compare the two different  
17 scenarios?

18 A Other than just calculating how  
19 much local capacity was needed for the two,  
20 and just 20 years of experience, plus other  
21 engineers vetting it internally. But  
22 I couldn't produce a written document for  
23 you, no.

24 Q Has CAISO allowed any automatic  
25 load shed for a N-1-1 230 kV contingency  
26 anywhere in the ISO control area to your  
27 knowledge?

28 A I think I heard the question, but

1 can you ask it again?

2 Q Sure. Has CAISO allowed any  
3 automatic load shed for an N-1-1 230-kV  
4 contingency anywhere in the ISO control area  
5 to your knowledge?

6 A I can't pinpoint one and provide  
7 a specific example, but there are hundreds of  
8 thousands of overlapping contingencies on  
9 the system. And it is not the ISO position  
10 that we should not shed load for any of them.  
11 Our position is that there are some where  
12 it's okay and there are some where it is not.

13 MS. BEHLES: May I approach?

14 ALJ YACKNIN: Off the record.

15 (Off the record)

16 (Recess taken) ]

17 ALJ YACKNIN: Back on the record.

18 Ms. Behles, you've distributed a  
19 document, four pages, with each page with a  
20 table titled Tie-line Flows, and I will mark  
21 this as Exhibit 41 for identification.

22 (Exhibit No. 41 was marked for  
23 identification.)

24 MS. BEHLES: Q Mr. Sparks, you now  
25 have in front of you what's been marked as  
26 Exhibit No. 41. Can you identify what is  
27 Exhibit No. 41?

28 MR. SZYMANSKI: I'm sorry to interrupt,

1 but I'm not sure I received a copy.

2 MS. BEHLES: And it should have been  
3 sent to you in a data request response too.

4 MR. SZYMANSKI: Okay.

5 THE WITNESS: Yes. Exhibit 41 is a  
6 response by the ISO to a data request, I  
7 presume from CEJA. And it represents the  
8 flows on the tie lines into the SDG&E system  
9 for the trajectory base case and also the  
10 base portfolio base case with all lines in  
11 service and then with the Miguel, ECO, the  
12 Sunrise, and the 230 kV tie line to CFE  
13 statused out to represent a contingency of  
14 those facilities.

15 MS. BEHLES: Q Okay. And just so the  
16 record is clear, I'm going to walk through  
17 this just a little bit. So the first page,  
18 is it a printout of information from CAISO's  
19 power flow analysis in this proceeding?

20 A Yes.

21 Q And the first page is from the  
22 trajectory case; is that right?

23 A Yes.

24 Q And does this page summarize the  
25 import flows before the contingency was run  
26 on the trajectory case?

27 A Yes.

28 Q The next page, and I think this is

1 what you started to describe, does that  
2 describe the flows in the trajectory case  
3 after the contingency was run?

4 A Yes.

5 ALJ YACKNIN: And can you please  
6 clarify which contingency?

7 MS. BEHLES: Q Does this page  
8 summarize the flows after the N-1-1  
9 contingency was run in the CAISO's analysis?

10 A Yes. The one I described a couple  
11 of minutes ago, yes.

12 Q On this page what's the level of  
13 imports that's coming over Path 44?

14 A It would be the summation of the  
15 remaining five lines in the printout on the  
16 second page with the contingency.

17 Q And these five lines, some of them  
18 are positive and some of them are negative.  
19 Can you explain what that signifies?

20 A The lines are characterized as a  
21 from from node to another node or a bus. And  
22 so if the power is flowing from the from bus  
23 and to the to bus, then the sign of the power  
24 flow would be positive. If it is in the  
25 opposite direction, the sign of the power  
26 flow would be negative.

27 Q And just so make sure that this is  
28 clear. So for the first line, does that

1 signify 1,005.5 megawatts are flowing into  
2 San Diego?

3 A Yes. From the San Onofre bus to  
4 the San Luis Rey bus.

5 Q And is it the same for the three  
6 lines below, which are 731.1, 731.2, 707.8,  
7 and 487.6?

8 A Yes.

9 Q So all of those, those three  
10 numbers represent megawatts that's being  
11 imported into the San Diego system over Path  
12 44?

13 A After the contingency, yes.

14 Q And what about the 246.6?

15 A That is read the same way  
16 essentially, but in this case the San Onofre  
17 bus is listed first and then flowing to the  
18 planned Capistrano 230 kV bus. And then so  
19 the power is still flowing into the San Diego  
20 area.

21 Q So for this last line it's 246.6  
22 megawatts is flowing into the San Diego area  
23 over Path 44 in that contingency?

24 A Yes.

25 Q Okay. If I can have you turn to  
26 the next page. Does this page summarize the  
27 import levels precontingency for CAISO's base  
28 case in this proceeding?

1           A    I believe so.

2           Q    And then turning over to the  
3 following page. The numbers are different  
4 than they were for the trajectory case, but  
5 are your answers the same as to those  
6 numbers, those values are flowing into the  
7 San Diego area over Path 44?

8           A    Yes.

9           Q    In CAISO's analysis in this  
10 proceeding it used a one-in-ten load  
11 forecast; is that correct?

12          A    That's correct.

13          Q    Does NERC require balancing  
14 authorities to carry reserves for a  
15 one-in-ten forecast?

16          A    I don't believe NERC specifies the  
17 method of forecasting load, but they do  
18 require -- I believe, in fact, we had this  
19 conversation the other day. The ISO is not a  
20 resource planner or a planning authority.  
21 Transmission operator. We're not a resource  
22 planner. So forgive me if my expertise is  
23 limited. But there are -- we don't look at  
24 the NERC standards for resource adequacy very  
25 often. In fact, I couldn't even specify what  
26 is the NERC standard for resource planning.

27          Q    Does the WECC require balancing  
28 authorities to carry reserves for a

1 one-in-ten forecast?

2 A WECC requires the balancing  
3 authority area to have reserves for every  
4 operating, you know, next day operations and  
5 every condition that we expect to see in the  
6 next day. Exactly what they require in the  
7 long-term I'm not sure.

8 And just to clarify, the ISO  
9 balancing authority area extends way beyond  
10 just the San Diego area. San Diego is a --  
11 more of a load pocket within the overall ISO  
12 area.

13 MS. BEHLES: Your Honor, may I  
14 approach?

15 ALJ YACKNIN: Yes.

16 ALJ YACKNIN: I have a five-page  
17 document. Title page WECC 2011 Power Supply  
18 Assessment dated November 17th, 2011. It  
19 will be marked for identification as the next  
20 exhibit in order, No. 42.

21 (Exhibit No. 42 was marked for  
22 identification.)

23 MS. BEHLES: Q Mr. Sparks, I have now  
24 handed to you what's been marked as Exhibit  
25 No. 42, which is an excerpt from the 2011  
26 Power Supply Assessment from the Western  
27 Electricity Coordinating Council.

28 If I could have you turn to the last

1 page in that exhibit which is page 13 at the  
2 bottom. And let's see. The last two lines  
3 which states, this megawatt change -- let's  
4 see. Actually, if I could direct you to the  
5 section which refers to temperature adders.  
6 And then at the bottom it refers to balancing  
7 authorities are not required to carry these  
8 by WECC or NERC standards. Do you see that?

9 A I'm reading it.

10 Q That section.

11 ALJ YACKNIN: We'll give the witness a  
12 minute to review the document.

13 MS. SANDERS: Your Honor, if I might,  
14 I'd like to interpose an objection to further  
15 questioning about this document until it's  
16 established that Mr. Sparks has any  
17 familiarity with it. I think he -- if he  
18 does, he can say so, but I think he answered  
19 a previous question that the ISO is not a  
20 resource planner. They're not registered as  
21 a resource planner. I think there hasn't  
22 been any foundation established.

23 ALJ YACKNIN: We will wait for the  
24 question right now. We're asking him to see  
25 that sentence. And if he's not able to  
26 answer the question, I hope he will say he's  
27 not able to.

28 THE WITNESS: I think the question was,

1 do I see it.

2 MS. BEHLES: Right. I'm just asking --

3 (Laughter)

4 ALJ YACKNIN: Not bad for an engineer.

5 (Laughter)

6 MS. BEHLES: Q To start with, earlier  
7 today you referenced that you had an

8 understanding of reliability standards that  
9 CAISO is required to meet; is that correct?

10 A Most specifically, the reliability  
11 standards that a planning authority is  
12 responsible for maintaining compliance.

13 Q Is a planning authority -- by a  
14 planning authority are you referring to  
15 CAISO?

16 A The ISO is a registered planning  
17 authority, planning coordinator with NERC.

18 Q Have you heard of the term  
19 "balancing authority"?

20 A The ISO is also a balancing  
21 authority. It's not specifically my area of  
22 responsibility within the ISO, but the ISO is  
23 also a balancing authority.

24 Q Are you familiar with -- and I  
25 think we already covered that, that you're  
26 familiar with WECC?

27 A Yes.

28 Q And you know that WECC has

1 reliability standards; is that correct?

2 A They have regional differences, but  
3 essentially WECC is -- works under the -- the  
4 direction of NERC. And there are some  
5 regional differences that apply to WECC. But  
6 for the most part, they follow the NERC  
7 standards.

8 Q When you're referring to  
9 reliability standards that CAISO needs to  
10 follow, who issues those standards?

11 A The mandatory standards are issued  
12 by NERC under the jurisdiction of FERC as I  
13 understand it.

14 Q So if I have you turn back to page  
15 13, paragraph 4. Is this paragraph  
16 consistent with your understanding of the  
17 NERC standards?

18 MS. SANDERS: Your Honor, now I'm going  
19 to raise my objection again. I don't think  
20 we've yet determined whether Mr. Sparks has  
21 any familiarity with this document.

22 MS. BEHLES: I asked if this was  
23 consistent with his understanding of NERC  
24 standards, which he said he has an  
25 understanding of.

26 MS. SANDERS: What was consistent?

27 MS. BEHLES: This paragraph No. 4.

28 MS. SANDERS: Your Honor, I object.

1 That's a vague question.

2 ALJ YACKNIN: I think it's an  
3 unnecessary question. It says what it says.  
4 Why don't you ask if -- and I will take it  
5 as --

6 Is there any objection to the  
7 authenticity of this document as representing  
8 the WECC's standards? I just want to ask  
9 that first. It doesn't mean that this  
10 witness can testify to it, but is there any  
11 objection to this as the authenticity of this  
12 document as representing the WECC standards?

13 MR. SZYMANSKI: Yes, your Honor. I  
14 object to it on that grounds. I don't  
15 believe these reflect what is termed as in  
16 the term of art reliability standards. They  
17 may be WECC guidelines or bulletins, but as I  
18 read them based on my general familiarity  
19 with the WECC reliability standards and the  
20 NERC reliability standards, this document  
21 doesn't purport to represent the WECC  
22 standards.

23 Now, I can't speak to whether or not  
24 these are guidelines, proposals, staff  
25 opinions, or they have some binding weight,  
26 but based on my general familiarity with the  
27 WECC standards, I would just -- I would not  
28 characterize these as reliability standards.

1 MS. SANDERS: Yeah, I would agree. I  
2 don't have -- I'm sorry, your Honor. Did you  
3 want to hear from me?

4 ALJ YACKNIN: I'd like to just take a  
5 minute. I'm looking at the first page of the  
6 document which, for some background, and I  
7 think we can all take a minute to take a look  
8 at that. And yes, I will hear from you after  
9 that. I would like to read it myself.

10 Okay. Ms. Sanders, can I hear from  
11 you, please.

12 MS. SANDERS: Yes, your Honor. I just  
13 wanted to mention in follow-up to Mr.  
14 Szymanski's comments that I certainly don't  
15 contest the authenticity of this document  
16 itself. I'm sure it was written by WECC.  
17 What I question is the same thing. I'm  
18 reading the first sentence here, and it's a  
19 power supply assessment that evaluates the  
20 power supply margins of subregions of the  
21 Western Interconnection. It doesn't purport  
22 to be the NERC reliability standards.

23 And then once again, as I keep  
24 mentioning, I don't know whether Mr. Sparks  
25 knows anything about this document. So  
26 that's my objection.

27 MS. BEHLES: And your Honor.

28 ALJ YACKNIN: Ms. Behles.

1 MS. BEHLES: Your Honor, the pages 12  
2 and 13, they give an overview of what's  
3 required for reserve margins. And when we're  
4 talking about contingencies and what's  
5 necessary for reliability, this is relevant  
6 because the witness has testified that NERC  
7 standards determine what a balancing  
8 authority needs to carry on their system for  
9 reliability.

10 ALJ YACKNIN: Okay. So I'm reading  
11 here at page 12:

12 Building Block Guideline For Reserve  
13 Margin.

14 The reserve margins for all the  
15 cases except Case No. 7 were based  
16 on the Building Block Guideline  
17 developed by LRS.

18 THE WITNESS: The Load and Resources  
19 Subcommittee, which the ISO has a member, but  
20 I am not it.

21 ALJ YACKNIN: Okay. Your counsel will  
22 tell you to not speak.

23 (Laughter)

24 ALJ YACKNIN: And so this, the pages 12  
25 and 13 purport to go on to summarize or the  
26 building block guidelines that were developed  
27 by the WECC's subcommittee and approved by  
28 the planning coordination committee and the

1 board of directors.

2 So that sounds pretty hefty to me in  
3 terms of, at least if that's all you're  
4 representing that they are and nothing more  
5 or less, then I will permit questioning on  
6 this. But certainly if you have no -- if the  
7 witness has no expertise to apply it or to  
8 understand it beyond saying that it says what  
9 it says, there won't be more questioning on  
10 it.

11 MS. BEHLES: Okay. That's fine.

12 Q Are you familiar with the concept  
13 of reserve margin?

14 A Yes.

15 Q What reserve margin does WECC  
16 require?

17 A I'm not aware that a WECC actually  
18 specifies that. My understanding is the CPUC  
19 requires a 15 to 70 percent planning reserve  
20 margin for load-serving entities.

21 Q Do you know whether WECC specifies  
22 a reserve margin?

23 MS. SANDERS: Objection, asked and  
24 answered.

25 ALJ YACKNIN: That's right. I think he  
26 said he didn't know whether they actually do.

27 MS. BEHLES: Q Are you familiar with  
28 the WECC power supply assessment?

1           A    Somewhat.

2           Q    What's your familiarity?

3           A    It is an informational study that  
4 is performed possibly seasonally, certainly  
5 annually, for general scanning of resource  
6 adequacy issues that may be occurring.

7           Q    Does CAISO, to your knowledge, does  
8 CAISO participate in the WECC's power supply  
9 assessment?

10          A    I believe we have someone that  
11 participates in the Load and Resources  
12 Subcommittee.

13          Q    Are you familiar with the reserve  
14 margin requirements for a balancing authority  
15 set by NERC?

16          MS. SANDERS: Your Honor, I object.  
17 That's improper foundation. Mr. Sparks  
18 testified that he wasn't sure that WECC set  
19 planning reserve margins.

20          MS. BEHLES: I just asked if he was  
21 aware, if he knew.

22          MS. SANDERS: Well, then it's asked and  
23 answered.

24          ALJ YACKNIN: Excuse me. I heard are  
25 you familiar with. And so I didn't hear that  
26 he isn't yet, but you can say that you're  
27 not.

28          THE WITNESS: Well, I am familiar with

1 the resource adequacy requirements in the  
2 California ISO. And they are primarily set  
3 by the CPUC, which is a 15 to 70 percent  
4 systemwide planning reserve margin and to  
5 follow local capacity requirements, all of  
6 the methodology which is in the ISO tariff,  
7 which is what we followed in our OTC study.

8 MS. BEHLES: Q Are you familiar with  
9 any reserve margin requirements over the  
10 long-term that are set by NERC?

11 A I believe they defer to the  
12 requirements that I just stated.

13 Q Do you know whether balancing  
14 authorities are required to carry the  
15 reserves necessary for a one-in-ten forecast  
16 on a ten-year basis under NERC standards?

17 MS. SANDERS: Your Honor, I object.

18 ALJ YACKNIN: It's a fair question.  
19 Overruled.

20 THE WITNESS: Balancing authorities are  
21 responsible for operating the system  
22 primarily from day to day, hour to hour, and  
23 they are required to have operating reserves  
24 based on their forecasted load. I don't know  
25 what load forecast they use.

26 ALJ YACKNIN: Or whether they are  
27 required to do so under NERC?

28 THE WITNESS: I don't know whether

1 they're required to do so under NERC.

2 MS. BEHLES: Q And the same question  
3 for WECC.

4 A The same response.

5 MS. BEHLES: That's all I have.

6 ALJ YACKNIN: Ms. Morey.

7 MS. MOREY: Thank you, your Honor.

8 CROSS-EXAMINATION

9 BY MS. MOREY:

10 Q Good afternoon, Mr. Sparks.

11 A Good afternoon.

12 Q I'm Candace Morey. I'm an attorney  
13 with the Division of Ratepayer Advocates.

14 So I wanted to discuss some of  
15 the -- I have some questions about the  
16 results of the power flow modeling that the  
17 CAISO conducted as part of its OTC studies.  
18 And I believe that earlier you testified to  
19 the effect that, and correct me if I'm wrong,  
20 the location of generation resources can  
21 influence the results of the power flow  
22 analyses; is that right?

23 A That's correct.

24 Q And by saying it can influence the  
25 results, that means it could result in a  
26 lower or a higher megawatt number required to  
27 satisfy the local capacity requirements; is  
28 that right?

1           A    That's correct.

2           Q    And can the power flow analysis  
3 vary -- results also vary in that way  
4 depending on what future transmission  
5 upgrades are implemented at ISO?

6           A    Yes.

7           Q    And so it actually, the power flow,  
8 the way it's all working, really depends on  
9 the state of the transmission system as it  
10 exists in time that year?

11          A    Generally, yes.  But I think the  
12 transmission upgrades that we're talking  
13 about go more -- they affect the results from  
14 the perspective that they relieve constraints  
15 as opposed to altering the flow patterns, but  
16 they do both.

17          Q    Okay.  And so by relieving  
18 constraints, is it possible that the effect  
19 of that would be to increase the ability to  
20 import power into San Diego and therefore  
21 lower the local capacity requirement?

22          A    Yes.  In fact, Sunrise Powerlink  
23 just went in service last week, and one of  
24 its many benefits is to reduce the local  
25 capacity needs.

26          Q    And the CAISO performs a  
27 transmission planning exercise, I guess,  
28 about annually; is that right?

1           A    Process.

2           Q    Process. Right. And as a result  
3 of that process you evaluate proposed  
4 transmission upgrades and you reject,  
5 approve, delay decision on those?

6           A    We -- I would recharacterize it as  
7 we identify needs and come up with  
8 comprehensive proposals for mitigating those  
9 needs but then allow participating  
10 transmission owners and other participants in  
11 the process to propose solutions which we  
12 then evaluate and select the best solutions.

13          Q    And just as a general matter of  
14 course, when the ISO concludes a transmission  
15 planning process, does it usually approve  
16 some transmission upgrades in the San Diego  
17 area? I can ask a different question.  
18 That's kind of a poor question. I apologize.

19                   Is it likely that transmission  
20 upgrades will be implemented in the San Diego  
21 area between today and 2020?

22          A    Given the past, if you were to look  
23 at our past transmission plans and see that  
24 there have been needs identified in the San  
25 Diego area, you know, projects have been  
26 approved, it would be reasonable to predict  
27 that there will be more in the future, yes.

28          Q    Okay. But the CAISO's 2021 OTC

1 analysis assumed one -- made an assumption  
2 about the state of the transmission system in  
3 San Diego in 2020 and looked at that as just  
4 a static assumption; is that right?

5 A Well, we had -- that was at the  
6 culmination of our transmission planning  
7 process where we had evaluated the needs over  
8 the ten-year planning horizon and factored in  
9 the mitigation of all those needs so that the  
10 system was adequate and reliable before we  
11 started the analysis.

12 Q And you assumed that -- so  
13 basically you assumed in 2020 that, or 2021  
14 rather, that the approved projects would be  
15 implemented by then?

16 A Yes.

17 Q And you didn't look at any other  
18 sensitivity, for example, where there might  
19 be a different transmission system that  
20 existed in San Diego in 2021? ]

21 A No, no. It is plausible that other  
22 needs could pop up, because our load forecast  
23 is wrong, our projection of generation was  
24 wrong, or changes. But again, all the  
25 mitigation would do is just put the system  
26 back into an adequate state like we had  
27 started with in the first place.

28 Q And then the results of your OTC

1 studies, they -- and by "results" I mean the  
2 megawatt value that CAISO says is required to  
3 meet the local capacity requirements, that  
4 will also vary depending on where renewable  
5 resources are actually developed and the  
6 steel is put in the ground; is that right?

7 A Yes. That does appear to -- our  
8 analysis does seem to be indicating that. In  
9 fact, there was some data responses to say  
10 aye to that effect.

11 Q I'm sorry if I'm not familiar  
12 enough with those. I want to confirm that --  
13 so, for example, in the table you presented  
14 in Exhibit 10 on page 3 where you have  
15 presented on the last line the voltage  
16 collapse accounting for 2.5 percent margin.  
17 There are four scenarios. There is  
18 trajectory, there is environmental is the  
19 second one, there is the ISO base, and then  
20 there is the time. And those I believe  
21 correspond to the renewable portfolios that  
22 the ISO has analyzed at the request of the  
23 CPUC in the last -- in the 2010 LTPP?

24 A Yes.

25 Q So the results where you have in  
26 the very, very bottom OTC equals, and then  
27 there is a range of different values. I  
28 understand the first number is the amount

1 that the CAISO estimates is needed in  
2 addition to the three PPTAs for each of those  
3 scenarios. And then the last number is the  
4 amount that would be required if the PPTAs  
5 are not approved.

6 Is it fair -- is that right?

7 Sorry.

8 A Yes.

9 Q Okay. Is it fair to say that the  
10 results of the numerical results vary here  
11 only due to differences in assumptions on  
12 where renewable resources are located because  
13 the other input assumptions remained the  
14 same?

15 A That is correct.

16 Q And so -- can I characterize this  
17 as actually providing in some ways  
18 sensitivity, a range of potential outcomes of  
19 what the requirements might be depending on  
20 where renewable generation crops up?

21 A Yes. Within the -- I guess within  
22 the construct of the analysis your  
23 verifications of renewable development. We  
24 found the analysis resulted in these  
25 variations of these OTC replacement needs.

26 Q If California pursues -- well, in  
27 the environmental scenario does that include  
28 an assumption of higher levels of distributed

1 generation will be used to fulfill the  
2 33 percent renewable portfolio standards?

3 A Yes, they are substantially higher.

4 Q Okay. So if California were to  
5 pursue higher levels distributed generation  
6 might that be the type of outcome you would  
7 expect for 2021 based on your OTC studies?

8 A Based on the analysis that we  
9 performed with the distributed generation  
10 assumptions provided, and within the amount  
11 of analysis that we were able to perform,  
12 these were the conclusions we found from the  
13 study. Again, in my testimony we are  
14 concerned about the likelihood of the  
15 environmental portfolio coming to pass.

16 Q Okay. And I just for clarity just  
17 want to confirm that if the environmental  
18 scenario did come to pass, in fact the total  
19 replacement value for the assumption that the  
20 Encina plant is fully retired is 300  
21 megawatts which is actually less than the  
22 combined megawatt value of the three PPTAs at  
23 issue in this proceeding, right?

24 A Yes.

25 Q Thank you. How many years have you  
26 been at the -- a transmission planner for the  
27 ISO?

28 A Since it has existed.

1 Q And that is 10?

2 A Fourteen years.

3 Q Fourteen. And so you participated  
4 in a number of -- in the preparation of a  
5 number of local capacity requirement studies  
6 in your experience at the ISO?

7 A Yes. Practically all of them. I  
8 should mention that I did take employment  
9 with another generation developer in the 2002  
10 time frame for about a year. So I left and  
11 came back. But certainly all the RMR studies  
12 early on, I participated in all of those. I  
13 did the very first SDG&E RMR study performed  
14 by the ISO.

15 Q I believe earlier you mentioned  
16 that the CAISO performs a year-ahead LCR  
17 study annually for San Diego, is that right,  
18 yeah?

19 A That is correct.

20 Q And in your experience has the  
21 results of a LCR ever decreased for San Diego  
22 from the draft study to a final?

23 A I believe they did in the 2013 LCR  
24 study for same reasons that the LCR or OTC  
25 replacement needs were reduced from the  
26 original testimony here to supplemental  
27 testimony.

28 Q In your experience have there ever

1     been any other instances in which the LCR may  
2     have decreased from an earlier draft result?

3             A     I can't recall any specifics like  
4     2013.

5             Q     Is it possible?

6             A     Certainly possible, just one  
7     example.

8             Q     The same question for the five-year  
9     look ahead for local capacity requirements.  
10    In your experience has there ever been a  
11    decrease between the five-year projected  
12    local capacity requirements for San Diego for  
13    a draft study for any earlier study compared  
14    to what is the year adopted? Is that clear?  
15    It is probably not.

16            A     I think I generally follow. And  
17    you are going back over the 14-year history  
18    of the ISO. When the ISO first started, the  
19    RMR requirements were considered to be  
20    excessive, and so one of the area objectives  
21    was to reduce RMR. And the PTOs were looking  
22    for every opportunity to reinforce the  
23    transmission system to reduce RMR. And over  
24    that sort of time frame I would like to say  
25    that most of the opportunities, the good  
26    opportunities to reduce RMR, which later then  
27    changed to LCR, were identified and put in  
28    place.

1           Q    So is it fair to say that in  
2 addition to the actual inputs changing, as  
3 you move closer to the time of their  
4 realization, whether it be 10 years ahead  
5 moving to the year ahead, or five years ahead  
6 moving to year ahead, that that can result in  
7 a lower higher LCR number for that year, for  
8 the actual year when it comes time to provide  
9 the resources to meet the LCR?

10           A    It can.  Certainly as the economy  
11 comes and goes, load forecast change.  I  
12 should also mention the RMR criteria was  
13 determined to be insufficient and essentially  
14 has changed over time.  And for the most part  
15 it has become more restrictive, because we  
16 found that it wasn't adequate to operate the  
17 system reliably and resulting in tremendous  
18 out-of-market costs, and things like that,  
19 must-offer costs.  So the point being that  
20 there has been more memorable instances where  
21 the requirements have gone up in recent  
22 years.

23           Q    The LCR?

24           A    The transmission for RMR to the  
25 LCR, they tend to go up.

26           Q    I want to -- I'm not sure.  Can you  
27 just explain what you mean from the  
28 transition to the RMR, from the RMR to the

1 LCR? I'm not as familiar with the RMR as I  
2 have become with LCR in this proceeding. I'm  
3 just not following what your testimony is.

4 A Simply that we have had an RMR  
5 criterion. And around the 2003, '04, time  
6 frame resource adequacy process was put into  
7 place. And one of the benefits of that  
8 process was that the obligation of the ISO to  
9 sign RMR contracts was then put onto  
10 load-serving entities to sign LCR contracts.  
11 Most of the RMR criteria was then taken and  
12 used to create the LCR criteria, but also  
13 during that time frame it was determined that  
14 the RMR criteria was not adequate, again,  
15 because the generation was -- there was not  
16 enough to offer into the market, the market  
17 power issues. And just having to go outside  
18 of the market to procure this generation,  
19 it -- many issues which were mitigated  
20 essentially by aligning the RMR than in LCR  
21 criteria with the way the system is operated.

22 Q Would it be fair so say in summary  
23 that the standards can change and those can  
24 affect the LCR?

25 A Yes.

26 Q Okay. And I also just wanted to  
27 ask one other area that could affect the  
28 results of your PowerPoint analysis. I'm

1 kind of going backwards a little built. Are  
2 you familiar with FERC Docket No. AD  
3 1210-000, and the FERC's technical conference  
4 which I think happened April 17, 2012, to  
5 determine the needs for dynamic voltage  
6 control and reactive power requirements for  
7 variable energy resources?

8 A I believe the ISO participated in  
9 that proceeding in Washington, D.C.

10 Q And if the FERC were to put in  
11 place increased -- if the FERC were to  
12 increase requirements of variable energy  
13 resources to provide dynamic voltage control  
14 and reactive power, could that reduce the  
15 local capacity requirements within the San  
16 Diego area for 2021?

17 A No, I don't think it would. My  
18 understanding of that was to -- currently  
19 generation interconnecting to the  
20 transmission system through FERC Order 203  
21 rules, which have been amended over time for  
22 asynchronous generation, or it is referred to  
23 asynchronous generation, PB and wind. The  
24 burden is on the interconnecting -- the  
25 transmission provider, the ISO for the ISO  
26 system, to demonstrate a need for reactive  
27 power. So if there is a need for reactive  
28 power, the generators are obligated to

1 provide it.

2           And that proceeding was to dispense  
3 with the administrative burden of having to  
4 prove it every time, because the ISO's  
5 position, and most of the other ISOs in fact  
6 all in in the country, that in almost all  
7 cases generators do need to provide reactive  
8 power to reliably operate the system. And it  
9 just seems to add more delays and  
10 administrative burdens in the interconnection  
11 process which is already bogged down with  
12 delays.

13           Q    Okay. So the new technical  
14 conference might -- so your understanding is  
15 that this new docket relates to something  
16 that has already been required by the ISO?

17           A    If there is a reliability need for  
18 reactive power, yes. So we can get to the  
19 same result. It is just more administrative  
20 burden, more study burden.

21           Q    In your 2021 OTC study did you  
22 assume that all of the variable energy  
23 resources that were modeled in the different  
24 environmental, or sorry, in the different  
25 renewable scenarios would have to provide  
26 reactive power?

27           A    We -- in the ISO transmission  
28 planning the 2011, 2012 plan we started out,

1 again, with the interest of with this FERC  
2 proceeding going on. And we wanted to look,  
3 using the portfolios, look at more systematic  
4 study. The whole point was the overall  
5 system needs this reactive power.

6 So first, in order to prove you  
7 need it you have to study without it and show  
8 there is problem. We studied it without it.  
9 Showed there were problems. We added the  
10 reactive power from the generation and showed  
11 that it mitigated many of the problems. Then  
12 we still had the need for transmission  
13 reactive power to mitigate all the problems  
14 in our policy studies.

15 In San Diego in particular, I don't  
16 believe most of the problems were in the rest  
17 of the ISO. There really weren't a lot of  
18 localized reactive problems in the San Diego  
19 area, or in the LCR areas for that matter.  
20 Most of them were out in the outlying  
21 systems, not in the load pockets.

22 And so subject to check, I think we  
23 went back to the cases in the areas. For the  
24 OTC study we used the unity power factor  
25 assumption even though there wasn't any  
26 reactive power coming from the DG.

27 Q So I'm have a problem hearing.

28 A We assumed unity power factors.

1 Really there was no reactive power  
2 contribution from the distributed generation.  
3 Mostly because those were areas where we  
4 didn't see a lot of low voltage problems from  
5 the DG itself through the interconnection  
6 process. If we had added more reactive  
7 support from the DG. We actually saw  
8 reactive support just by putting in the  
9 megawatts in the first place.

10 But I'm not sure that we actually  
11 put in the .95 B lag power factor in the OTC  
12 studies. I don't think it would make much a  
13 difference anyway in those particular  
14 situations, and most cases there weren't a  
15 lot of DG. Most of the DG voltage problems  
16 were high voltage problems actually.

17 Q Okay. And then just to return to  
18 your page on -- or your table on page 3 of  
19 Exhibit 10, where the bottom says voltage  
20 collapse accounting for 2.5 percent margin.  
21 Does that -- can I take it to mean that the  
22 ISO added 2.5 percent to the demand to the  
23 load number when it ran the OTC studies?

24 A You are referring to the table on  
25 page 3?

26 Q Yes, accounting for 2.5 percent  
27 margin.

28 A And the question being did we scale

1 up the load by 2-1/2 percent? Yes.

2 Q That is on top of the load  
3 forecast?

4 A Yes.

5 Q I just wanted to clarify. I don't  
6 know if the CAISO has made it very clear, but  
7 are you recommending that the Commission  
8 grant new resource procurement authorization  
9 to San Diego above the 450 megawatt purchase  
10 power tolling agreements?

11 A We are representing these need  
12 amounts which do exceed the product two  
13 generation. And at some point they would  
14 need to be met by one means or another. I'm  
15 not sure I've had a lot of discussion in  
16 terms of exactly when, what proceeding they  
17 should be approved in. I think I heard San  
18 Diego say that they should be approved in  
19 this proceeding. I certainly would think  
20 that would be the most efficient way to do it  
21 since all the analysis is on the table and  
22 there would be a basis for making those  
23 decisions.

24 I also want to mention that that  
25 2-1/2 percent margin, this may be somewhat  
26 redundant, is required by the WECC or  
27 reliability criteria on top of the forecasted  
28 load. It is meant to be a margin for error

1 because the studies are obviously not  
2 perfect.

3 Q And that criteria I think I do want  
4 to talk about in a minute, but is that what  
5 you were just discussing with Ms. Behles a  
6 little earlier, the -- can you me with the  
7 word, the reserve margin requirement?

8 A No, the reserve margin requirements  
9 are resource planning needs. The reactive  
10 power margin is more of a transmission  
11 planning need.

12 And so there are two different  
13 problems. One is resolved with reactive  
14 power or local resources in this case and is  
15 localized, very localized problem on the  
16 system resource adequacy is much bigger  
17 picture. It is not necessarily a  
18 transmission issue. That is why they break  
19 them up into the two different disciplines,  
20 if you will.

21 Q So you are talking about  
22 operations, operational requirements? That  
23 goes back then if it is not talking about the  
24 reserve margin requirements. Does that go  
25 back to where you were speaking with  
26 Ms. Behles about the CAISO's duty to operate  
27 the day ahead and to make sure resource  
28 adequacy contracted resources are showing up

1 in -- as the CAISO is operating the system?

2 A Yes, I think that is falls into  
3 that discussion. The ISO is a transmission  
4 operator and a balancing authority. And  
5 there are different NERC standards. I am  
6 more with transmission operator standards.  
7 And it is certainly ISO's responsibility to  
8 meet those standards.

9 Q Right, but you don't have to -- you  
10 are not aware of any responsibility to quote,  
11 unquote, meet the standards 10 years into the  
12 future based on 2.5 percent margin on top of  
13 a 1-in-10 load forecast coincident with two  
14 transmission contingencies?

15 A As I mentioned earlier, the ISO is  
16 also a planning authority. So we are subject  
17 to the transmission planning standards.  
18 There are many standards. And so the  
19 transmission planning standards do need to be  
20 performed out to a 10-year horizon. And the  
21 WECC reactive power planning requirements  
22 specify this 2-1/2 percent margin for  
23 Category C outages, and a 5 percent margin  
24 for Category B outages. And in a load pocket  
25 that means increasing the load. But if it is  
26 on a transfer path it would mean increasing  
27 the load by 5 percent or 2-1/2 percent  
28 depending on contingency. Again, just

1 because forecasting the future or even  
2 operating the system and modeling the system  
3 is not a perfect -- you can't get perfect  
4 accuracy.

5 Q Right. And for the transmission  
6 planning standards you are looking ahead 10  
7 years, but how are they enforced? Is there a  
8 showing that the CAISO has to make that says  
9 here are all of the resources we are going to  
10 bring to the market on day 1, 10 years from  
11 now?

12 A We have to verify with NERC every  
13 year, and we get -- we are audited every  
14 three years by NERC to perform analysis as  
15 specified in the NERC Transmission Planning  
16 Standards. There is some other standards,  
17 there is FAC, and we call them FAC, facility  
18 standards, that look at system operating  
19 limits. But before transition planning  
20 standards plus some other ones that we are  
21 responsible for, all of them require us to  
22 develop models, which we are the  
23 participating transmission owner because the  
24 transmission planners are responsible to  
25 maintain those models, we are supposed to  
26 make sure they are accurate in terms of the  
27 transmission system, the load. And the  
28 resources over that planning horizon and then

1 perform the contingency analysis as specified  
2 in the standards. And then certify that we  
3 have done all that, and that we've met the  
4 standards over the 10-year horizon. And like  
5 I said, every three years they come onsite  
6 and audit our books, if you will.

7 Q But this is all transmission  
8 planning. And I think, as you mentioned  
9 before, the ISO is actually not the resource  
10 planner, and that is within the jurisdiction  
11 of the Commission to engage in long-term  
12 resource planning; is that right?

13 A We have a -- in our tariff the  
14 local capacity requirement criteria is in our  
15 tariff. And there is some FERC  
16 jurisdictional linkage, which I can fess I  
17 might have a difficulty explaining, but I  
18 know it is in our tariff. Where we need to  
19 make sure we have these -- the local capacity  
20 to make sure that the system can be operated  
21 reliably by meeting that criteria. And so we  
22 identify the needs, and we also get involved,  
23 to some degree, in assigning the amounts of  
24 those needs in different load-serving  
25 entities. And then the local regulatory  
26 agencies, CPUC being the main one, administer  
27 the procurement of the resources to meet  
28 those needs, share that information with us.

1 And then if those needs aren't met, then we  
2 have mechanisms to backstop those needs.

3 Q By "mechanisms to backstop those,"  
4 you are referring to the capacity procurement  
5 mechanism in the ISOs tariff? I apologize, I  
6 didn't know the tariff section. I did look  
7 at it earlier today. I forgot to write it  
8 down. I think it is 38.

9 A I thought it was 40.

10 Q But it is entitled Capacity  
11 Procurement Mechanism?

12 A I think that is right.

13 Q But that capacity procurement  
14 mechanism as it currently exists only allows  
15 the CAISO to engage in administrative  
16 procurement or enforce local capacity  
17 requirements essentially for the next year or  
18 one year beyond the current resource  
19 advocacy?

20 A It is meant to be a backstop. So  
21 the idea is we don't need it, but it is  
22 there.

23 Q But it doesn't go beyond two years  
24 for certain?

25 A No. It is not a proactive  
26 long-term planning, because again it is  
27 supposed to be a backstop mechanism. ]

28 Q Does the CAISO believe that

1 generation will continue to be needed at the  
2 location of the Encina site even if the three  
3 PPTAs are approved?

4 A Well, as we talked about a minute  
5 ago, the needs in our analysis exceed  
6 the amounts that can be met by the Product 2  
7 generation and they certainly could be met by  
8 generation at the Encina site.

9 Q But that's only true for some of  
10 the results of your analyses, right? As we  
11 discussed earlier, at least for  
12 the environmental case, the amount of local  
13 capacity requirements could be more than  
14 fully satisfied by the three PPTAs.

15 A Yes. Although, again, at the risk  
16 of being redundant, the testimony indicates  
17 that the environmental portfolio and  
18 the amounts of DG are -- seem very unlikely  
19 to us, and for long-term planning purposes  
20 were more in support of the other three  
21 scenarios.

22 ALJ YACKNIN: Okay, we're clear on  
23 that.

24 MS. MOREY: Q Okay. Oh, and I found  
25 my notes. I just want to clarify that  
26 I believe the capacity procurement mechanism  
27 is Tariff Section 43.

28 Okay, I just wanted to refer to an

1 exhibit that was entered earlier in the day  
2 and it's the exhibit that was marked as 38.

3 I do have an additional copy for  
4 the witness. (Handing document to the  
5 witness).

6 And I wanted to direct your  
7 attention to the response on page 3 to  
8 DRA-CAISO-20(c).

9 A Okay.

10 Q And this is discussing  
11 the circumstances in which the reconductoring  
12 project might be approved by the California  
13 ISO that would alleviate the need for  
14 the Encina subarea and the ISO states that --

15 Well, first I'm going to ask if  
16 you're familiar with this document?

17 A Yes.

18 Q And it states, the response says  
19 that the need for the reconductoring is  
20 driven by the retirement of the Encina power  
21 plant so if it were known to be scheduled for  
22 retirement, then the ISO would identify  
23 a need for the project and it would likely be  
24 approved.

25 Does that suggest that the ISO  
26 wouldn't approve -- find a need to approve  
27 that project until there's a date certain for  
28 the Encina power plant to retire?

1           A    Yes, I believe that's the case.

2           Q    Okay.  And then I just want to  
3 confirm that we had some discussion with  
4 Mr. Strack earlier in the day -- I don't know  
5 if you were here for that -- regarding the  
6 potential for additional transmission  
7 upgrades to make the PPTAs, specifically  
8 Quail Brush and Pio Pico be fully  
9 deliverable.

10                   And is it the ISO's position that  
11 there would be some additional transmission  
12 upgrades beyond those incorporated in  
13 the interconnection studies that may be  
14 required to make those power plants fully  
15 deliverable?

16           A    Well, the testimony speaks to that  
17 and we talked about it earlier as well.  If  
18 Encina or generation at Encina continues to  
19 exist in addition to the Product 2  
20 generation, then there is only one possible  
21 data issue that we have in terms of  
22 the rating of the Miguel-Bay Boulevard line  
23 which we're still working with SDG&E on that,  
24 and so it depends on your scenario.

25                   I can't remember hearing you say  
26 that Encina would or would not -- there would  
27 or would not be generation at Encina in your  
28 scenario.

1           Q    So just to be very clear, your  
2 testimony is that if Encina stays or Carlsbad  
3 Energy Center came online, then there would  
4 not be any further deliverability issues for  
5 these agreements, these purchased power  
6 tolling agreements?

7           A    Based on the information, there's  
8 still some verification of a line that's  
9 under development still and what its rating  
10 will be. But that's -- based on  
11 the information I have right now, that's  
12 right.

13          Q    But, however, if Encina does fully  
14 retire, there may be some additional  
15 transmission upgrades to make the projects  
16 fully deliverable?

17          A    That was -- yes, as described in  
18 the testimony as well as the target renewable  
19 amounts in the Imperial area which we had --  
20 in the base portfolio we had about  
21 1600 megawatts of renewables being delivered  
22 from the Imperial area to the ISO. Actually,  
23 it was Imperial Irrigation District system to  
24 the ISO.

25          Q    And you participated in  
26 the California Energy Commission proceeding  
27 regarding the Carlsbad Energy Center and  
28 submitted testimony in support of that

1 project, is that right?

2 A Yes.

3 Q Did you testify in that proceeding  
4 that your opinion is that the project,  
5 the Carlsbad Energy Center would actually be  
6 better for supporting renewable integration  
7 compared to the PPTAs?

8 A I don't believe we specifically  
9 referenced any particular projects, but we  
10 did -- based on the same information that's  
11 in this testimony which has been refined over  
12 time since then, we did point to some of  
13 those transmission constraints that were  
14 identified through the 2011-2012 transmission  
15 plan as evidence that Encina was a good site  
16 for the continued production of generation.

17 Q And I just want to ask generally,  
18 are you familiar with the term "loading  
19 order" as it pertains to California?

20 A Generally.

21 Q And can you describe what your  
22 knowledge about the loading order is?

23 A I'm not sure I will articulate it  
24 in the way it's written, but my understanding  
25 is there's a strong preference for energy  
26 efficiency as a way to meet electricity  
27 resource needs, followed by other demand  
28 management-type mechanisms, and then

1 I believe the second was renewables and then  
2 followed by conventional generation.  
3 Something like that.

4 Q And within the demand reduction  
5 resources, would that include demand response  
6 programs?

7 A For capacity, I think that is part  
8 of that policy.

9 Q Okay. And to your knowledge, are  
10 you familiar with Public Utilities Code  
11 Section 454.5(b)9(C) which states that an  
12 electrical corporation will first meet its  
13 unmet resource needs through energy  
14 efficiency and demand reduction resources  
15 that are cost effective, reliable and  
16 feasible?

17 A I am now, yes.

18 Q Okay. All right. That's fine.

19 And the CAISO, the California ISO,  
20 is also subject to some Public Utilities Code  
21 sections -- well, actually, does the CAISO  
22 perform a cost/benefit analysis of procuring  
23 to meet a hundred percent of a projected  
24 local capacity requirement in ten years  
25 versus other feasible, other alternatives  
26 whether they be transmission alternatives or  
27 demand reduction alternatives?

28 A Certainly before we will approve

1 a transmission line, we need to consider  
2 other alternatives and before we can conclude  
3 that that's the most cost-effective  
4 alternative.

5 Q But you don't look at the cost  
6 effectiveness of building or not building new  
7 generation resources compared to other  
8 alternatives such as transmission upgrades,  
9 demand reduction measures?

10 A We don't have great visibility on  
11 the costs of generation nor the demand  
12 response. We do have -- we try and take  
13 those in -- again, the load forecast comes  
14 from the CEC and the resource plans generally  
15 come from the CPUC, and we try and take those  
16 combinations of inputs and then look to  
17 determine what the transmission needs are.

18 And there's a lot of -- we work  
19 closely with the CEC and CPUC in that  
20 analysis so that we end up looking at  
21 transmission versus generation alternatives.

22 So we certainly can't do it alone,  
23 but we do the best we can with the -- through  
24 processes like this.

25 Q Okay. And in this proceeding, is  
26 it your understanding that San Diego is not  
27 asking to procure resources to meet system  
28 needs?

1 MS. SANDERS: Your Honor, I object if  
2 that's calling for a characterization of  
3 San Diego's testimony. I think those  
4 questions can be directed to San Diego.

5 ALJ YACKNIN: I don't think it's a very  
6 controversial question. Go ahead and see if  
7 you can answer it.

8 Do you understand whether  
9 the request, the procurement request in this  
10 proceeding concerns LCR system needs?

11 THE WITNESS: Well, I know it  
12 includes -- the primary focus I believe is  
13 for local needs. But generally I guess  
14 I admit to assuming that there was some  
15 system need in the future that would also be  
16 met.

17 I believe these facilities, they  
18 have a very long life. And I don't know how  
19 long the contract is. I think it might be  
20 ten years. But certainly, there would be  
21 system benefits over the life of the project.

22 MS. MOREY: Q But you'd have to assume  
23 that additional system needs would  
24 materialize in order for those benefits to be  
25 realizable by ratepayers?

26 A Pretty safe assumption.

27 Q Well --

28 ALJ YACKNIN: Let's take a break here.

1 Do you have much more?

2 MS. MOREY: I don't, your Honor.

3 ALJ YACKNIN: How much more do you  
4 think you have?

5 MS. MOREY: Just to complete this.

6 ALJ YACKNIN: More than three minutes?

7 MS. MOREY: I don't think so.

8 ALJ YACKNIN: Okay. Let's continue and  
9 we will pull the plug at 4:05. Actually,  
10 4:03. I have to go. So move along.

11 MS. MOREY: Q Okay. Well, I'm just  
12 referencing and trying to ask some questions  
13 about your testimony in Exhibit 27, page 12,  
14 where you have stated that there would be  
15 benefits of this generation beyond addressing  
16 immediate reliability issues. And when you  
17 say "beyond addressing immediate reliability  
18 issues," are you referring to the local  
19 capacity requirements?

20 A Which line? Just to speed things  
21 up.

22 Q It's line 11.

23 ALJ YACKNIN: Of Exhibit --

24 THE WITNESS: 27, I think.

25 And the question was again?

26 MS. MOREY: Q Well, you've stated  
27 that you think that there are significant  
28 benefits for additional generation beyond

1 addressing an immediate reliability issue.  
2 And my question is by "immediate reliability  
3 issue," do you mean the local capacity  
4 requirements that have been mainly at issue  
5 in this proceeding?

6 A Yes. I guess I'm not fully  
7 tracking what the question, but I believe  
8 I did -- what we're trying to say here or  
9 what I'm trying to say here is that there are  
10 certainly local capacity benefits of  
11 the Product 2 generation. There are system  
12 capacity benefits that can be provided by  
13 this generation as well as renewable  
14 integration benefits.

15 Q But that requires an assumption  
16 that there would be additional system  
17 requirements beyond what would be needed to  
18 meet the local capacity requirements in  
19 the 10-year horizon in order for there to be  
20 any benefits that ratepayers could realize.

21 A I don't fully understand how -- all  
22 the commercial mechanisms. But to the extent  
23 that there is excess system capacity, that  
24 could be -- it could benefit another load  
25 serving entity possibly, some sort of  
26 contract. I don't know. ]

27 But certainly from the ISO's  
28 perspective there would be system capacity

1 benefits.

2 ALJ YACKNIN: Okay. That's all for  
3 today.

4 MS. MOREY: Okay.

5 ALJ YACKNIN: Thank you very much, Mr.  
6 Sparks. You are not excused, but you may  
7 leave and come back tomorrow morning. You  
8 will remain under oath, and thank you very  
9 much for your testimony so far.

10 And we are adjourned until 9:00  
11 o'clock tomorrow morning.

12 (Whereupon, at the hour of  
13 4:00 p.m., this matter having been  
14 continued to 9:00 a.m., June 22, 2012,  
at San Francisco, California, the  
Commission then adjourned.)

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