

the California Public Utilities Commission issued an order granting the applicant's request and issuing a Certificate for Public Convenience and Necessity.

Legal Proceedings

My review of hazardous waste cleanup cost claims by the three major regulated California utilities led to a collaborative solution to the problem instead of the traditional method of requiring the company to submit an application and conducting adjudicatory hearings about the issues thus identified. The California regulated utility companies were ordered to investigate and take remedial action at several sites. Therefore, they applied for cost reimbursement to the California Public Utilities Commission. I was assigned to be the project manager and I began my investigation by reviewing the cases that allowed the utility operations in the early 1900s. I found that at that time, the utility companies had general liability policies covering the cleanup costs. Therefore, a collaborative meeting was arranged with the affected utility companies, the regulatory agencies, and the Public Utilities Commission. The result was a settlement that met the parties needs, however the actual terms of the settlement are confidential.

California Energy Commission
1976 to 1983

I worked in the energy facility siting division evaluating environmental siting constraints for utility applications to build new power plants in California. This work involved writing and testifying about portions of Environmental Impact Reports in the subject areas of waste disposal, water quality, and air quality. Some of my projects included coal fired projects proposed by Edison and Pacific Gas and Electric Company and combined cycle natural gas projects proposed by Edison and San Diego Gas and Electric Company (now Sempra Energy). I also wrote EIR sections for experimental power generation technologies including the Photovoltaic Powerplant operated by SMUD at Rancho Seco, the Texaco Coal Gasification Facility located at Edison's Coolwater site, and geothermal powerplants installed at the Geysers geothermal site in northern California.

Bar Association of San Francisco
1987 to 2000

I worked as a volunteer lawyer for the Bar Association taking cases that judges have found to need representation but that practicing members of the California Bar have determined would not pay the litigation costs. I accepted employment law cases the United States District Court judges have identified as cases that need discovery and preliminary motions to determine the merits of the cases. I have accepted cases involving many aspects of civil rights litigation. My role is as plaintiff's attorney and I perform all the work requirements including drafting document, conducting depositions, and arguing motions. There was an article about my work in *The Recorder* on April 20, 1999.

Testimony of Martin Homec
City of San Francisco Electric Reliability Project
04-AFC-1

The siting of the San Francisco Electric Reliability Project is dependent on many criteria. This testimony investigates the need for the project to be located near residential housing. It is clear that the project will be an industrial development and will have an impact on the residents. Testimony shows that the project is not necessary and if it is to be constructed, it should be located away from occupied residential housing.

The January 12, 2004, evidentiary hearing in California Public Utilities Commission (CPUC) Application 02-09-043, the application of Pacific Gas and Electric Company (hereinafter referred to as "PG&E") for a Certificate of Public Convenience and Necessity authorizing the construction of the Jefferson-Martin 230 kV Transmission Project contains testimony from a Pacific Gas and Electric Company witness, Mr. Yeung, stating that generation in the City and County of San Francisco will not be necessary after the Jefferson-Martin 230 kV Transmission Project is completed. *See pages 468 and 469 of the transcript for the January 12, 2004, hearing.* I agree with this conclusion.

The California Energy Commission's Final Staff Assessment for this application discusses alternate sites in Appendix A. The San Francisco Airport site appears to be the most appropriate because it is not located near residential housing and is close to the airport where aircraft noise and emissions already exist. Applicant's proposed project location is wrong because it is not needed and because it is poorly located.

The criteria attributed to the California Independent System Operator (CAISO) in the Final Staff Assessment are that generation be located north of the Martin Substation. There is no requirement that the generation be located next to occupied residential housing. If the testimony of the PG&E witness Yeung in the above cited CPUC proceeding is accurate, then there is no need to site generation within the City and County of San Francisco.

This siting alternative was investigated during the discovery portion of the present proceeding. The June 9, 2005, data request response entitled: City of San Francisco Electric Reliability Project's response to CARE Data Response, Set 3 dated May 30, 2005¹, demonstrates that applicant did not investigate the option of siting the facility away from occupied residential housing. In applicant's reply to data request 3.1-2:

Data Request

3.1-2. Please provide a copy of the CAL ISO Action plan dated November 2004 and any correspondence between ISO and the applicant related to that plan. Including reliability and risk issues associated with the closure of the Hunters Point and Potrero Power Plants and the potential elimination of over 320 MW of in city generation. Please include a discussion of why all four peaking units cannot be sited at the airport in light of the fact that San Francisco Peninsula will rely almost entirely on imported generation with the closure of Potrero and the Hunters Point Power Plant.

Applicant replied:

The City has proposed the installation of the four gas turbines to enable the existing generation at the Hunter's Point and Potrero power plants to be retired. The Hunter's Point and Potrero power plants are interconnected to the 115kV cable network within the City. Since the existing generation in the City supports both the load serving capability of the 115kV network in the City and the major transmission lines serving the City, an initial April 18, 2003, letter from the CAISO to the City on the requirements to close down Hunters Point unit 4 indicated that all four turbines should be interconnected with the 115 kV network within the City. Subsequently, at the City's request, upon further study and with the approval of Jefferson-Martin which will provide for closure of the Hunters Point power plant, the CAISO issued the November 2004 Action Plan which allows for the release of all the units at the Potrero power plant from the RMR agreement with three turbines within the City and one turbine at the San Francisco International Airport and a number of transmission additions all planned to be in service by 2007.

CONCLUSION

It is clear that the applicant never asked the CAISO to address siting the entire facility at the airport. Therefore, this proceeding should be terminated until the San Francisco International Airport site is addressed.

My conclusion is that this application should be rejected. If a combustion turbine project is to be approved, it should be located at the San Francisco Airport.

¹ [City of San Francisco Electric Reliability Project's response to CARE Data Response, Set 3 dated May 30th.](#)

1 SAN FRANCISCO, CALIFORNIA, JANUARY 12, 2004 - 10:05 A.M.

2 * * * * *

3 ADMINISTRATIVE LAW JUDGE TERKEURST: Please come to
4 order.

5 This is the time and place for evidentiary hearing
6 in Application 02-09-043, the application of Pacific Gas and
7 Electric Company for a Certificate of Public Convenience and
8 Necessity authorizing the construction of the
9 Jefferson-Martin 230 kV Transmission Project.

10 I'm Charlotte TerKeurst. I'm the Administrative
11 Law Judge assigned to this matter.

12 And Commissioner Lynch is the assigned
13 Commissioner.

14 Let's take appearances as the first matter.

15 MR. RAUSHENBUSH: Richard Raushenbush, for Pacific Gas
16 and Electric company.

17 MS. PELEO: Marion Peleo, for ORA.

18 MR. O'NEILL: Edward O'Neill and Jeff Gray, for
19 280 Citizens.

20 MR. ROSENBLUM: Grant Rosenblum, for the California
21 Independent System Operator.

22 MS. ARMSTRONG: Jeanne Armstrong, appearing for City
23 of Burlingame.

24 MS. RAFTERY: Mary Raftery, for the County of
25 San Mateo.

26 MR. COMO: Joe Como, for the City and County of
27 San Francisco.

28 MS. GEORGE: Barbara George, representing WEM.

1 ALJ TERKEURST: Have you filled out an appearance
2 form?

3 MS. GEORGE: No.

4 ALJ TERKEURST: Anyone else?

5 (No response)

6 ALJ TERKEURST: Anyone else?

7 (No response)

8 ALJ TERKEURST: Okay. There are several rulings that
9 I will deal with up front. There are three petitions to
10 intervene, which I will grant: The motion of the City of
11 Millbrae to intervene; the motion of Californians for
12 Renewable Energy, Inc., to intervene; and Women's Energy
13 Matters, petition to intervene.

14 CARE and Women's Energy Matters also had filed
15 notices of intent for eligibility for intervenor
16 compensation. I'm not ready to rule on those at this time,
17 but I will grant their petition to intervene and will rule on
18 their NOI request shortly.

19 PG&E had filed a motion to strike the January 5,
20 2003, statement of the County of San Mateo. We discussed
21 this on the scheduling conference call that we had last week,
22 and I instructed San Mateo to prepare more substantive
23 written rebuttal testimony than their January 5th filing.
24 They distributed that electronically to the parties on
25 Friday. We will need to discuss off the record the
26 scheduling of Ms. Harris. So with that, I will deny PG&E's
27 motion.

28 PG&E has filed a motion to submit certain

1 information under seal. I received from PG&E this morning a
2 list of the specific pages that have material that PG&E is
3 requesting be granted confidential treatment. I do want to
4 review that list, so I'll defer ruling on that motion at this
5 time.

6 The City of South San Francisco and Concerned
7 Businesses East of Highway 101 filed a motion for the
8 recirculation of the final environmental impact report, and
9 PG&E responded to that motion.

10 The city of Daly City filed a joinder supporting
11 that motion, I believe, on Friday.

12 Does PG&E plan to reply to that, Daly City's
13 filings?

14 MR. RAUSHENBUSH: Yes, your Honor.

15 ALJ TERKEURST: Okay. Do you know when? With the
16 hearings going on, I'm not going to press you to expedite it.

17 MR. RAUSHENBUSH: Well, certainly within the required
18 time, and we will get to it as quickly as we can.

19 ALJ TERKEURST: All right. So I'll defer ruling on
20 that motion.

21 City of Daly City had proposed to offer into
22 evidence a letter from Daly City Mayor Sal Torres. And I've
23 discussed this with him as well.

24 I don't believe that the letter from the Mayor
25 qualifies for official notice. I had told them, though, that
26 Mayor Torres was certainly welcome to appear as a witness if
27 people -- and we discussed on Thursday whether anyone would
28 have any cross-examination of Mayor Torres.

1 My understanding at this point is that there may
2 not be any cross, so we may end up admitting this letter by
3 stipulation, but I deny their request to take official notice
4 of it.

5 I just wanted to mention on the record there had
6 been an inquiry about this last week. I did undertake a site
7 visit of the proposed project. I don't recall the date
8 offhand. It was this June or July. The staff of the Energy
9 Division, Project Manager Billie Blanchard, and Harriet Burt,
10 the Public Advisor, and several representatives from Aspen,
11 the consultant they have retained, and I took a day and
12 examined the route from south to north and all the variations
13 that were under consideration.

14 The planned schedule for this hearing is in the
15 scoping memo that was issued March 19th. The plan is to hold
16 the hearings from, well, 10:00 to noon today, 1:30 to 3:30
17 this afternoon. Tuesday through Friday, the hearings will
18 normally be 9:00 to noon and 1:30 to 3:30, except for next
19 Tuesday, which will start at 10:00.

20 I had asked parties to submit cross-examination
21 estimates. The estimates that came in exceeded the amount of
22 hearing time that we have available.

23 I am assuming that there was some amount of
24 overlap, and I certainly plan to complete the hearings within
25 the allotted nine days. But I do ask that parties, in order
26 to allow that to happen, use their cross-examination time
27 wisely. And I will ask parties from time to time to either
28 come early or stay later in order to take care of matters

1 that don't need to be on the record. So that would make the
2 most efficient use of the hearing time possible.

3 We had come up with a tentative schedule of
4 witnesses on Thursday. I sent an e-mail to the parties with
5 that list. It can be expected that there will be some
6 deviation from that list, from that schedule, depending on
7 how long the cross-examinations of specific witnesses take.

8 I will notify at least the parties that have asked
9 to cross a witness if that witness -- if the schedule of that
10 witness changes if there is time. If it's overnight, I will
11 notify all the parties by e-mail, but we do need some
12 flexibility.

13 We had also identified on Thursday that there were
14 several witnesses that at this point no one had stated an
15 intention to have cross-examination questions. So we did not
16 schedule time for those witnesses.

17 I do want to say, though, that I may end up having
18 some questions for Mr. Sparks, the witness of South
19 San Francisco. I wasn't aware of that on Thursday, so I'm
20 taking him off the list of witnesses that at this point are
21 not being asked to appear.

22 And there is no one from South San Francisco here
23 today, is there?

24 I'll need to contact them to notify them of that.

25 MS. PELEO: Your Honor, also along the same lines,
26 Mr. Powers from CARE, we didn't say that we were going to
27 have cross for him; but after rereading of Mr. Boyd's
28 testimony, he refers to Mr. Powers' testimony or the

1 attachments. So, you know, I need to find out from Mr. Boyd
2 if he's able to answer questions based on his references to
3 Mr. Powers' testimony. Otherwise, we might have questions
4 for Mr. Powers if Mr. Boyd can't answer those questions.

5 ALJ TERKEURST: All right. Talk with him when he
6 appears and let me know.

7 MS. PELEO: All right. Thank you.

8 ALJ TERKEURST: I think that's all the preliminary
9 matters, other than marking some exhibits, before we start
10 with the first witness. And I wanted to mark first the
11 environmental documents that we have.

12 There are three volumes of the final environmental
13 impact report, and I will mark Volume 1 as Exhibit 1;
14 Volume 2 as Exhibit 2; and Volume 3 as Exhibit 3.

15 (Exhibits Nos. 1, 2, and 3 were marked
16 for identification.)

17 ALJ TERKEURST: And at this time I think we're ready
18 for PG&E to have its exhibits marked and call its first
19 witness then.

20 MR. RAUSHENBUSH: Your Honor, did you want to do
21 opening statements this morning?

22 ALJ TERKEURST: I was not planning to do opening
23 statements because our schedule is very tight, and I think I
24 have a pretty good idea what parties' positions are.

25 MR. RAUSHENBUSH: Okay, your Honor.

26 Your Honor, we will mark the direct testimony of
27 Pacific Gas and Electric Company regarding need for the
28 Jefferson-Martin 230 kV Transmission Project and its attached

1 attachments as Exhibit 4.

2 ALJ TERKEURST: All right.

3 (Exhibit No. 4 was marked for
4 identification.)

5 ALJ TERKEURST: We need a copy for the reporter.

6 MR. RAUSHENBUSH: He's getting them. I don't want to
7 get ahead of him.

8 ALJ TERKEURST: Let's go off the record.

9 (Off the record)

10 ALJ TERKEURST: On the record.

11 MR. RAUSHENBUSH: We will mark the direct testimony of
12 Pacific Gas and Electric Company regarding need for the
13 Jefferson-Martin 230 kV Transmission Project -- I'm sorry. I
14 think I just read this looking at the wrong one.

15 We'll mark the testimony of Pacific Gas and
16 Electric Company regarding issues other than need for the
17 Jefferson-Martin 230 kV Transmission Line Project corrected
18 as of January 7, 2004, as Exhibit 5.

19 ALJ TERKEURST: And that's the redacted version?

20 MR. RAUSHENBUSH: It will be the redacted version.

21 (Exhibit No. 5 was marked for
22 identification.)

23 MR. RAUSHENBUSH: Your Honor, would you like the
24 unredacted version to be marked as sort of with a "U" or an
25 "R," or do you want to have a separate exhibit for it?

26 ALJ TERKEURST: Let's go off the record.

27 (Off the record)

28 ALJ TERKEURST: On the record.

1 MR. RAUSHENBUSH: Exhibit 6C will be the unredacted
2 version of the testimony of Pacific Gas and Electric Company
3 regarding issues other than need for the Jefferson-Martin
4 230 kV Transmission Line Project corrected as of January 7,
5 2004.

6 (Confidential Exhibit No. 6C was
7 marked for identification.)

8 ALJ TERKEURST: Normally, I mark the exhibits, but
9 it's easier to let you go ahead.

10 MR. RAUSHENBUSH: Would your Honor like to have the
11 attachments that go with that testimony marked independently
12 or as part of it?

13 ALJ TERKEURST: It will be easier to give them
14 separate numbers.

15 MR. RAUSHENBUSH: Okay. Exhibit 7 will be Volume 1 of
16 the attachments to PG&E's non-need testimony, marked as
17 Exhibit 5, redacted.

18 (Exhibit No. 7 was marked for
19 identification.)

20 MR. RAUSHENBUSH: Exhibit 8 will be Volume 1 of the
21 attachments to the non-need testimony, unredacted.

22 ALJ TERKEURST: That will be 8C.

23 MR. RAUSHENBUSH: 8C, thank you.

24 (Confidential Exhibit No. 8C was
25 marked for identification.)

26 MR. RAUSHENBUSH: Exhibit 9 will be Volume 2 to the
27 non-need testimony, redacted.

28 (Exhibit No. 9 was marked for
identification.)

1

2 MR. RAUSHENBUSH: Exhibit 10C will be Volume 2 to the
3 non-need testimony, unredacted.

4 (Confidential Exhibit No. 10C was
5 marked for identification.)

6 MR. RAUSHENBUSH: Exhibit 11 will be Volume 3 of the
7 attachments to the non-need testimony, redacted.

8 (Exhibit No. 11 was marked for
9 identification.)

10 MR. RAUSHENBUSH: Exhibit 12 will be Volume 3 to the
11 non-need testimony, unredacted. 12C

12 (Confidential Exhibit No. 12C was
13 marked for identification.)

14 MR. RAUSHENBUSH: Exhibit 13 will be Volume 4 of the
15 attachments to the non-need testimony, redacted.

16 (Exhibit No. 13 was marked for
17 identification.)

18 MR. RAUSHENBUSH: Exhibit 14C will be Volume 4 to the
19 non-need testimony, unredacted.

20 (Confidential Exhibit No. 14C was
21 marked for identification.)

22 MR. RAUSHENBUSH: Exhibit 15 will be the rebuttal
23 testimony of Pacific Gas and Electric Company regarding the
24 Jefferson-Martin 230 kV Transmission Project, corrected as of
25 January 7th, 2004.

26 (Exhibit No. 15 was marked for
27 identification.)

28 MR. RAUSHENBUSH: And Exhibit 16 will be the Volume 1

1 of the attachments to the rebuttal testimony of PG&E
2 regarding the Jefferson-Martin 230 kV Transmission Project.

3 (Exhibit No. 16 was marked for
4 identification.)

5 MR. RAUSHENBUSH: And there is only one volume of
6 that.

7 Exhibit 17 will be a copy of PG&E's application
8 for a Certificate of Public Convenience and Necessity
9 authorizing the construction of the Jefferson-Martin 230 kV
10 Transmission Project.

11 (Exhibit No. 17 was marked for
12 identification.)

13 MR. RAUSHENBUSH: Exhibit 18 will be Volume 1 of the
14 proponent's environmental assessment.

15 (Exhibit No. 18 was marked for
16 identification.)

17 MR. RAUSHENBUSH: And Exhibit 19 will be Volume 2 of
18 the proponent's environmental assessment.

19 (Exhibit No. 19 was marked for
20 identification.)

21 MR. RAUSHENBUSH: Those are the exhibits, your Honor.

22 ALJ TERKEURST: All right. Thank you.

23 I believe we're ready for PG&E to call its first
24 witness.

25 MR. RAUSHENBUSH: Yes, your Honor. What I propose to
26 do is we have witnesses Manho Yeung, Corey Miller and --
27 sorry -- Corey Mayers and William Miller here.

28 Mr. Miller and Mr. Mayers are testifying about

1 energy efficiency and demand response programs.

2 Mr. Yeung co-sponsors that chapter to the extent
3 it touches on transmission planning and how the energy
4 efficiency programs and the demand response programs are
5 incorporated into energy efficiency.

6 So what I would propose to do is to call the three
7 of those witnesses together for -- first, to cover that one
8 chapter so that then hopefully Mr. Miller and Mr. Mayers can
9 go back to their jobs once the questions on this chapter are
10 finished.

11 ALJ TERKEURST: All right. Let's go off the record.

12 (Off the record)]

13 ALJ TERKEURST: On the record.

14 PG&E may call its first witnesses.

15 MR. RAUSHENBUSH: Your Honor, PG&E calls Manho Yeung,
16 William Miller and Corey Mayers as its initial witnesses. I
17 am going to proceed to have them identify their testimony.

18 ALJ TERKEURST: Let me swear them first.

19 COREY MAYERS, WILLIAM MILLER, and MANHO
20 YEUNG, called as witnesses by Pacific Gas and
21 Electric Company, having been sworn, testified
22 as follows:

22 ALJ TERKEURST: Thank you.

23 DIRECT EXAMINATION

24 BY MR. RAUSHENBUSH:

25 Q Mr. Yeung, would you please state your full name.

26 WITNESS YEUNG: A Manho Yeung, M-a-n-h-o, Y-e-u-n-g.

27 Q Are you a PG&E employee?

28 A Yes.

1 Q And what is your position with PG&E?

2 A My position is manager of electric transmission
3 planning in the electric transmission and distribution and
4 generating department in PG&E.

5 Q And what is your responsibility for the
6 Jefferson-Martin 230 kV Transmission Project?

7 A I am responsible for the planning of the
8 Jefferson-Martin 230 kV Transmission Project, including the
9 need for the project.

10 Q I would like to direct your attention to what has
11 been marked for identification as Hearing Exhibit No. 4,
12 which is the direct testimony of Pacific Gas and Electric
13 Company regarding need for the Jefferson-Martin 230 kV
14 Transmission Project.

15 A Yes.

16 Q Will you understand me if ever I refer to that
17 document as PG&E's direct need testimony?

18 A Yes.

19 Q Is a copy of your statement of qualifications
20 attached as Attachment 1 to PG&E's direct need testimony?

21 A Yes.

22 Q Are you sponsoring the testimony in Chapters 1, 2,
23 3, 4, 5, 7, 8, 9, 10, 11, 12, and 13 of PG&E's direct need
24 testimony?

25 A Yes.

26 Q Was this testimony prepared by you or at your
27 direction?

28 A Yes.

1 Q Are you familiar with the attachments to PG&E's
2 direct need testimony that are identified in the testimony
3 that you are sponsoring?

4 A Yes, I am.

5 Q Are true and correct copies of those documents
6 that you were referring to in your testimony attached as the
7 attachments to the direct need testimony?

8 A Yes.

9 Q Are you also sponsoring a portion of Chapter 6 of
10 PG&E's direct need testimony?

11 A Yes.

12 Q Which portions of Chapter 6 are you sponsoring?

13 A The introductory paragraph. I am also
14 cosponsoring Section 1-B and Section 2-B.

15 Q Were portions of Chapter 6 that you are sponsoring
16 prepared by you or at your direction?

17 A Yes.

18 Q Do you have any corrections to make to your
19 testimony in hearing Exhibit 4, PG&E's direct need testimony?

20 A Yes.

21 Q Could you identify that correction, please.

22 A On page 1, on lines No. 9 to 11, the City of
23 Pacifica and town of Hillsborough were omitted from that list
24 and should be identified as two of the communities that would
25 benefit from increased transmission capacity as a result of
26 the Jefferson-Martin project.

27 ALJ TERKEURST: What was the second city, Pacifica
28 and?

1 WITNESS YEUNG: Hillsborough.

2 MR. RAUSHENBUSH: Q Can you explain how the town of
3 Hillsborough and Pacifica benefit from increased transmission
4 capacity as a result of project.

5 WITNESS YEUNG: A Yes. A portion of Hillsborough is
6 served by the Burlingame substation. A portion of Pacifica
7 is served by the Daly City substation. Both the Burlingame
8 and Daly City substations are situated inside the project
9 area and will receive benefit from the proposed
10 Jefferson-Martin project.

11 The proposed project will allow more power to be
12 imported into the project area. And secondly, the
13 Jefferson-Martin project will provide a new transmission path
14 into the project area and increase supply redundancy for the
15 area.

16 Q I would like to direct your attention to what's
17 been marked for identification as hearing Exhibit No. 5,
18 which is the testimony of Pacific Gas and Electric Company
19 regarding issues other than need for the Jefferson-Martin 230
20 kV Transmission Line project corrected as of January 7, 2004.

21 Do you understand me if I refer to that document
22 as PG&E's direct nonneed testimony?

23 A Yes.

24 Q Are you sponsoring the testimony in Chapter 14 of
25 PG&E's direct nonneed testimony?

26 A Yes, I am.

27 Q Was that testimony prepared by you or at your
28 direction?

1 A Yes.

2 Q Are you familiar with Attachment 208 to PG&E's
3 direct nonneed testimony which is identified in Chapter 14 of
4 the testimony you are sponsoring?

5 A Yes.

6 Q Is that a true and correct copy of the order
7 suspending proceedings attached as Attachment 208?

8 A Yes.

9 Q I would like to direct your attention to what has
10 been marked for identification as Hearing Exhibit 15, which
11 is the rebuttal testimony of Pacific Gas and Electric Company
12 regarding Jefferson-Martin 230 kV Transmission Project.

13 Will you understand me if I refer to that document
14 as PG&E's rebuttal testimony?

15 A Yes.

16 Q Are you sponsoring the testimony in Chapter 2 of
17 PG&E's rebuttal testimony along with cosponsoring Section 8
18 of Chapter 2 with Mr. Miller and Mr. Mayers?

19 A Yes.

20 Q Was this testimony prepared by you or at your
21 direction?

22 A Yes.

23 Q Do you have any other corrections you wish to make
24 to your testimony at this time?

25 A No.

26 Q Do you adopt your testimony and the attachment
27 referenced in your testimony contained -- well, hold on one
28 second.

1 Your Honor, do you want me to separately go
2 through the unredacted versions, or can we assume that if the
3 redacted versions I mentioned, if he is swearing to those,
4 that he is fine with the other ones? I will ask him to swear
5 to all of them, but I can go through the individual chapters
6 again if you wish.

7 ALJ TERKEURST: I don't think we need to do that. We
8 will assume that you are referring to both the redacted -- or
9 that his answers apply to both the redacted and unredacted
10 portions.

11 MR. RAUSHENBUSH: Thank you, your Honor.

12 Q Mr. Yeung, do you adopt your testimony and any
13 attachments referenced in your testimony contained in Hearing
14 Exhibits 4 through 16 as your sworn testimony today?

15 A Yes, I do.

16 MR. RAUSHENBUSH: PG&E at this time has no further
17 questions for Mr. Yeung in reliance upon his adoption of the
18 written testimony.

19 PG&E reserves the right to redirect Mr. Yeung
20 following cross-examination.

21 ALJ TERKEURST: That's understood for all the
22 witnesses.

23 MR. RAUSHENBUSH: Thank you, your Honor.

24 Q Mr. Miller, would you please state your full name.

25 WITNESS MILLER: A My name is William Miller,
26 M-i-l-l-e-r.

27 Q Are you a PG&E employee?

28 A Yes, I am.

1 Q What is your current position at PG&E?

2 A I am a principal regulatory analyst in the
3 customer energy management department.

4 Q Are you responsible for testifying regarding
5 PG&E's energy efficiency programs?

6 A Yes.

7 Q I would like to direct your attention to what has
8 been marked for identification as Exhibit 4, which is the
9 direct testimony of Pacific Gas and Electric Company
10 regarding need for the Jefferson-Martin 230 kV Transmission
11 Project. Will you understand me if I refer to that as PG&E's
12 direct need testimony?

13 A Yes.

14 Q Is a copy of your statement of qualifications
15 attached as Attachment 5 to PG&E's direct need testimony?

16 A Yes.

17 Q Are you sponsoring the testimony in Chapter 6,
18 Section 1, of PG&E's direct need testimony?

19 A Yes.

20 Q Was this testimony prepared by you or at your
21 direction?

22 A Yes.

23 Q Do you have any corrections to make to this
24 testimony?

25 A I have one correction.

26 Q Would you please identify it.

27 A On page 47, at line 2, the second to the last word
28 is "federal," and it should be "state." So the sentence

1 should read: "This program encourages nonresidential
2 building owners, tenants and design teams to exceed current
3 state energy efficiency standards for their new construction
4 or renovation projects."

5 Q Thank you.

6 ALJ TERKEURST: I'm sorry. What page was that on?

7 WITNESS MILLER: Page 47.

8 ALJ TERKEURST: All right.

9 WITNESS MILLER: Of Exhibit.

10 MR. RAUSHENBUSH: Q I would like to direct your
11 attention to what has been marked for identification as
12 Hearing Exhibit No. 15, which is the rebuttal testimony of
13 PG&E regarding Jefferson-Martin 230 kV Transmission Project
14 corrected as of January 7, 2004.

15 Will you understand me if I refer to that as
16 PG&E's rebuttal testimony?

17 WITNESS MILLER: A Yes.

18 Q Are you sponsoring the testimony in Chapter 2,
19 Section 8 of PG&E's rebuttal testimony that addresses energy
20 efficiency issues?

21 A Yes.

22 Q Was this testimony prepared by you or at your
23 direction?

24 A Yes.

25 Q Do you have any other corrections you wish to make
26 to your testimony at this time?

27 A No.

28 Q Do you adopt your testimony contained in hearing

1 Exhibits 4 and 15 as your sworn testimony today?

2 A I do.

3 Q Mr. Mayers, will you state your full name.

4 WITNESS MAYERS: A Corey Allen Mayers.

5 Q Are you a PG&E employee?

6 A Yes.

7 Q What is your current position with PG&E?

8 A I am the manager of electric tariffs in the
9 Tariffs and Compliance Department.

10 Q Are you responsible for testifying about PG&E's
11 demand response programs?

12 A Yes, I am.

13 Q I would like to direct your attention to what has
14 been marked for identification as Hearing Exhibit 4, which is
15 a copy of the direct testimony of PG&E regarding the need for
16 the Jefferson-Martin project.

17 Will you understand me if I refer to that document
18 as PG&E's direct need testimony?

19 A Yes.

20 Q Is a copy of your statement of qualifications
21 attached as Attachment 6 to PG&E's direct need testimony?

22 A Yes.

23 Q Are you sponsoring the testimony in Chapter 6,
24 Section 2, of PG&E's direct need testimony?

25 A Yes, with respect to the demand response programs.
26 But I will defer to Mr. Yeung in regards to the transmission
27 planning aspects of it.

28 Q Was this testimony prepared by you or at your

1 direction?

2 A Yes, it was.

3 Q Do you have any corrections to make to your
4 testimony?

5 A Yes, I have one.

6 Q Please identify it.

7 A On page 50 of the direct need testimony,
8 Exhibit 4, line 3 should read "demand response programs DRPs
9 can be effective in temporarily reducing demand when they are
10 exercised." I have inserted "temporarily."

11 Q I would like to direct your attention to what has
12 been marked for identification as Hearing Exhibit No. 15,
13 which is the rebuttal testimony of PG&E regarding the
14 Jefferson-Martin 230 kV Transmission Project.

15 Will you understand me if I refer to that as
16 PG&E's rebuttal testimony?

17 A Yes, I will.

18 Q Are you sponsoring the testimony in Chapter 2,
19 Section 8 of PG&E's rebuttal testimony that addresses demand
20 response programs?

21 A Yes, I am.

22 Q Was this testimony prepared by you or at your
23 direction?

24 A Yes, it was.

25 Q Do you have any other corrections you wish to make
26 to your testimony at this time?

27 A No, I don't.

28 Q Do you adopt your testimony contained in Hearing

1 Exhibits 4 and 15 as your sworn testimony today?

2 A I do.

3 MR. RAUSHENBUSH: Thank you, your Honor. We will turn
4 the witnesses over for cross-examination.

5 ALJ TERKEURST: Thank you.

6 Mr. Boyd, you will go first.

7 MR. BOYD: Thank you.

8 CROSS-EXAMINATION

9 BY MR. BOYD:

10 Q I had a couple questions of Mr. Miller and one of
11 Mr. Yeung.

12 Mr. Miller, could you describe for me what the
13 benefit of the Jefferson-Martin project will be for
14 distributed generation in San Francisco?

15 For example, the City -- recently the citizens of
16 the City have enacted legislation to encourage the
17 development of solar generation within the city. And also I
18 am curious to know how this will benefit people that, like,
19 have solar panels on their room and such? And I assume it is
20 providing benefit by providing additional capacity. So I was
21 just curious if you could elaborate on that.

22 MR. RAUSHENBUSH: Your Honor, I will object to that
23 question being directed to Mr. Miller because it is not
24 related to energy efficiency.

25 MR. BOYD: I thought it was including distributed
26 generation as well.

27 MR. RAUSHENBUSH: Distributed generation is separate
28 from energy efficiency. And that would be better directed to

1 Mr. Yeung who is the witness for distributed generation.

2 MR. BOYD: That's fine.

3 Q If Mr. Yeung could answer it better than
4 Mr. Miller.

5 WITNESS YEUNG: A I am not quite sure I understand
6 the question. Are you asking would the proposed
7 Jefferson-Martin project help achieve renewable -- not
8 renewable, I guess -- distributed generation goals.

9 MR. BOYD: Q Yes, exactly. Would it adversely impact
10 it, or would it benefit that use?

11 A I don't believe there would be any direct impact
12 to distributed generation. There may be some secondary
13 effects in terms of increasing the transmission capability
14 into and out of the project area.

15 Q Then I had only one other question for you, which
16 was it seems to be a disagreement over the need for these
17 four peakers in San Francisco in order to shut down the
18 Bayview-Hunter's Point power plant. And I know that
19 without -- my understanding is that without the
20 Jefferson-Martin project, that that wouldn't be adequate new
21 capacity to enable us to shut down that power plant; is that
22 true? Do you know if that's true or correct?

23 A I don't believe there is a disagreement per se.
24 The proposed Jefferson-Martin project along with other
25 transmission projects that are being proposed for this area
26 will provide enough capacity to meet all applicable planning
27 requirements, even with the retirement of the entire Hunter's
28 Point power plant.

1 And I also understand that the ISO has made a
2 determination that assuming certain transmission projects not
3 completed, including Jefferson-Martin, and assume that the
4 four new combustion turbines are installed, there would be
5 enough capacity to allow Hunter's Point power plant to also
6 be retired.

7 So I don't believe there is a disagreement, but
8 rather, there's two different scenarios that could allow
9 Hunter's Point power plant to be retired and still meet all
10 applicable planning requirements.

11 Q And what's your opinion about the four peakers?
12 If we have the Jefferson-Martin project approved, do we need
13 those four peakers in San Francisco, or is there sufficient
14 capacity to meet the peak demand needs in San Francisco, in
15 your professional opinion?

16 MR. RAUSHENBUSH: Vague and ambiguous and calls for
17 speculation.

18 ALJ TERKEURST: Could you reread the question.

19 (Record read)

20 MR. RAUSHENBUSH: I think it is vague and ambiguous as
21 to time.

22 ALJ TERKEURST: Can you put a time frame.

23 MR. BOYD: Q Upon construction of the
24 Jefferson-Martin is the time period. If the Jefferson-Martin
25 is constructed, do we need those peakers? Or is there
26 sufficient capacity once the construction is complete to meet
27 the peak demand of San Francisco?

28 WITNESS YEUNG: A Are you referring to the year 2006,

1 2005 or beyond?

2 Q Assuming late 2005, 2006, early 2006 the project
3 is complete, I am asking about at that time period would
4 there be sufficient capacity with that transmission upgrade
5 to meet the demand without those peakers?

6 A As described in my direct testimony on page 2, on
7 page 2 there is a chart showing the capability of the
8 transmission system. And if we are focusing on the year
9 2006, assuming that the proposed Jefferson-Martin project is
10 constructed, then there would be enough capacity to meet the
11 expected demand for the year 2006.

12 Q Without the need for the peakers?

13 A Without installation of the peakers.

14 Q Thank you.

15 That's all my questions.

16 ALJ TERKEURST: Thank you.

17 Ms. George, are you ready to proceed?

18 MS. GEORGE: Well, I can proceed, but the copies
19 aren't going to be here for a little while.

20 ALJ TERKEURST: Do you have any other areas that you
21 have questions about?

22 MS. GEORGE: Other than energy efficiency?

23 ALJ TERKEURST: Other than ones that are relying on
24 the copies.

25 MS. GEORGE: Well, I have some copies here that we can
26 deal with, but --

27 ALJ TERKEURST: Off the record.

28 (Off the record)

1 ALJ TERKEURST: On the record.

2 Please proceed.

3 MR. GRAY: Thank you, your Honor.

4 CROSS-EXAMINATION

5 BY MR. GRAY:

6 Q Good morning, Mr. Mayers, Mr. Miller, and
7 Mr. Yeung.

8 PANEL WITNESSES: Good morning.

9 Q I am Jeff Gray. I am one of the attorneys here
10 today representing the 280 Corridor Concerned Citizens Group.
11 And I have maybe just one or two questions for the panel.
12 And depending on those answers we may be able to move on.

13 Do you have a copy of Exhibit 4 up there with you?
14 That is the directed testimony on need. I am going to be
15 looking at page 63, and I believe that that is a chapter that
16 is sponsored just by Mr. Yeung.

17 WITNESS MILLER: A I don't have it, but I will look
18 at his.

19 Q Mr. Yeung, do you have it?

20 WITNESS YEUNG: A Yes.

21 Q Can I ask you to turn to page 63, please.

22 A Yes, I have it.

23 Q At page 63 in sub point 3 there you state that the
24 effects of energy efficiency programs, conservation, demand
25 response programs and distributed generation are included in
26 PG&E's low and medium forecast; is that correct?

27 A That's correct.

28 Q And if I understand your testimony correctly, PG&E

1 assumes that the impacts of these programs on future load
2 will be consistent with the historical effects of these
3 programs on load?

4 A That's correct.

5 Q Mr. Miller, I guess with respect to energy
6 efficiency, with respect to energy efficiency, did PG&E in
7 its methodology include only PG&E administered programs?

8 MR. RAUSHENBUSH: Vague and ambiguous with respect to
9 the "in its methodology."

10 MR. GRAY: Q In determining the historical impacts of
11 energy efficiency, did PG&E only include PG&E-administered
12 energy efficiency programs?

13 WITNESS MILLER: A I think Mr. Yeung would need to
14 agree, but I think the historical impacts that he is speaking
15 about are the ones that observe all impacts that occur.

16 So that if there were other -- if there were
17 activities that were undertaken by others that impacted the
18 loads that were manifesting themselves, then they will be
19 part of the historical record on which he would be doing his
20 projections.

21 Q And how -- and I am not sure who to ask this
22 question to, either to you or Mr. Yeung -- how would you
23 determine the impact of the programs that were not
24 administered by PG&E on load?

25 WITNESS YEUNG: A Are you referring to historical
26 program, or are you looking for in the future?

27 Q Well, I'm -- because the future load projection is
28 based on historical impacts, I am referring to the

1 historical impacts.

2 A From historical impact perspective, the reduction,
3 whether it is due to an energy efficiency program
4 administrated by PG&E or someone else, the impact would show
5 up in the actual historical demand.

6 Q How can you tell if a program administered by
7 someone other than PG&E is showing up in historical demand?

8 A We can see that because the actual demand is the
9 actual demand net of any energy efficiency program. So it is
10 regardless of who is proposing or who is administering the
11 program. The impact will show up in the actual demand of not
12 being there.

13 Q If you are looking at demand and you see a change
14 in demand, how can you determine that that change in demand
15 was caused by an energy efficiency program administered by
16 someone other than PG&E?

17 A I am not quite sure I understand the question.
18 But if you are asking if we can see the difference, it is
19 unclear to me on why that would be important from our
20 perspective in looking at the historical demand and also
21 looking at the future forecast. Because methodology takes
22 into account of what happened in the past and assuming
23 similar impact will happen in the future.

24 Q Is PG&E able to determine the impact of energy
25 efficiency programs that it administers on demand?

26 WITNESS MILLER: A We propose to the public utilities
27 Commission ever year a menu of evaluation studies as part of
28 a public goods charge funding program process. And some of

1 the studies in that menu -- and we do this each year -- some
2 of the studies in that menu are designed to try and determine
3 what the impact of the programs that PG&E administers has
4 been. And they are generally conducted on a systemwide
5 basis, PG&E systemwide basis. So that is the work that
6 occurs.

7 Q Is there any similar analysis to determine the
8 impact of energy efficiency programs that are not
9 administered by PG&E?

10 A Of the programs that the CPUC selects through its
11 public goods charge administration oversight, I am aware that
12 each project has to propose some evaluation, but I am not
13 aware of the status of those evaluations and to the extent
14 they have been completed or not.

15 Q If an entity other than the CPUC developed an
16 energy efficiency program in the future, let's say in the
17 year 2008, would PG&E's forecast take into account new energy
18 efficiency programs implemented in the future?]

19 MR. RAUSHENBUSH: Vague and ambiguous, and incomplete
20 hypothetical.

21 ALJ TERKEURST: Before you leave, can you reread --
22 (Record read)

23 ALJ TERKEURST: Okay. Are you saying does it now, or
24 would it capture it in the future? I agree, it's vague.

25 MR. GRAY: Okay.

26 Q Would PG&E's demand forecast capture
27 energy-efficiency programs that are new, administered by an
28 entity other than PG&E, and adopted in the future?

1 ALJ TERKEURST: Their current forecast or their future
2 forecast?

3 MR. GRAY: Right, the current forecast.

4 Your Honor, the question is -- PG&E has stated
5 that its demand forecast with respect to energy efficiency is
6 based on historical impacts. My question is whether the
7 methodology -- that methodology will capture energy
8 efficiency -- new energy-efficiency programs in the future.

9 MR. RAUSHENBUSH: Your Honor, my objection is that
10 there is so little to this hypothetical, that it's very hard
11 for anyone to answer. Could you capture something now that
12 doesn't exist that might exist later? How would you know
13 whether the new program -- he hasn't described the new
14 program. Is it giving somebody an energy-efficiency
15 refrigerator that's simply going to replace past, you know,
16 energy-efficiency programs that currently lead to buying
17 refrigerators? Is he coming up with something brand new that
18 would be so new, so different from any prior
19 energy-efficiency program, that it would have an impact on
20 demand? And I can't tell it from his question.

21 MR. GRAY: Your Honor, that's the problem with PG&E's
22 forecast. It doesn't matter what the new energy-efficiency
23 program is in the future. The question is if there is a new
24 energy-efficiency program in the future, will PG&E's demand
25 forecast capture that?

26 MR. RAUSHENBUSH: But he hasn't defined the program.
27 So what is it?

28 MR. GRAY: It's a hypothetical. The program does not

1 matter.

2 ALJ TERKEURST: I think I understand the question.
3 And I think you're bordering on, you know, argumentative.
4 PG&E witnesses have explained what's in the forecast. And
5 the implication is anything that's not in there is not in
6 there.

7 MR. O'NEILL: Except there hasn't been an answer to
8 this particular question, your Honor.

9 MR. GRAY: Yeah. I mean, if they'll answer the
10 question that you just asked, your Honor, I think that that
11 would be fine. If it's not in there, is it not in there?
12 That's the question. We're talking about a forecast into the
13 future.

14 ALJ TERKEURST: So could I take a stab at asking the
15 question?

16 MR. GRAY: Sure. Please do.

17 ALJ TERKEURST: Does PG&E's forecast include any
18 programs -- the effect of any programs other than
19 PG&E-sponsored programs?

20 WITNESS YEUNG: Your Honor, yes, it does, to an extent
21 that if the so-called "new" program in the future, its
22 relation to an existing program that has been ongoing, so the
23 impact of such a program would be taken into account in the
24 future forecast.

25 On the other hand, if we are talking about
26 something that is non -- not in existence at all, and that we
27 have no idea what that program will look like or maybe
28 relates to, obviously, that is not in the forecast.

1 MR. GRAY: I don't think that the question you asked
2 was exactly the one I asked, but I think his answer
3 ultimately got to my question.

4 ALJ TERKEURST: Okay. I agree.

5 MR. GRAY: Okay.

6 Q Now, with -- hopefully not having to go through
7 all of those questions with respect to conservation, is
8 conservation treated the same way in the demand forecast as
9 energy efficiency?

10 WITNESS YEUNG: A Yes, it is.

11 Q Would that be the same with demand-reduction
12 programs?

13 A Yes, it is.

14 Q Okay. And would that also be the same with
15 distributed generation?

16 A Yes, it is.

17 Q Okay. So for energy efficiency, conservation,
18 demand-reduction programs, and distributed generation, PG&E's
19 load forecasts consider the impacts of these programs based
20 on historical impacts and extrapolates those into the future.
21 Is that correct?

22 A That's correct.

23 Q Okay.

24 ALJ TERKEURST: How many more questions do you have?

25 MR. GRAY: I may have a few more, your Honor.

26 ALJ TERKEURST: Let's take a no more than 10-minute
27 break.

28 (Recess taken)

1 ALJ TERKEURST: Please come to order.

2 Mr. Gray.

3 MR. GRAY: Thank you, your Honor.

4 ALJ TERKEURST: The hearing has begun.

5 MR. GRAY: Your Honor, I have two documents I'd like
6 to pass out and have marked as exhibits.

7 ALJ TERKEURST: All right.

8 ALJ TERKEURST: Off the record.

9 (Off the record)

10 ALJ TERKEURST: On the record.

11 I'll mark the two documents that were distributed.

12 The first one is selected pages, four pages, from the
13 January 9, 2004, California Energy Markets document --
14 periodical, whatever you call it -- as Exhibit 20.

15 (Exhibit No. 20 was marked for
16 identification.)

17 ALJ TERKEURST: And --

18 MR. GRAY: Your Honor, Exhibit 21 -- it's just
19 Chapter 6 to the City of San Francisco's Electricity Resource
20 Plan.

21 ALJ TERKEURST: All right. Yeah. The document I was
22 about to mark is the "Electricity Resource Plan, Choosing
23 San Francisco's Energy Future," revised December 2002. As
24 Mr. Gray has described, it's Chapter 6 of that document. And
25 that is Exhibit 21.

26 (Exhibit No. 21 was marked for
27 identification.)

28 ALJ TERKEURST: Please proceed.

1 MR. GRAY: Thank you, your Honor.

2 Q Mr. Yeung, the Exhibit 21, as your Honor just
3 stated, is Chapter 6 from the City of San Francisco's
4 Electricity Resource Plan. Do you have that document in
5 front of you? Exhibit 21?

6 WITNESS YEUNG: A Yes.

7 Q Yes? And the San Francisco Electricity Resource
8 Plan is a document that you cite to in various places in your
9 testimony; is that not correct?

10 A Yes.

11 Q Okay.

12 MR. RAUSHENBUSH: Your Honor, could Mr. Gray identify
13 where it's cited?

14 MR. GRAY: Well, for example, footnote 71 is one
15 example of where he cites to it. There are others.

16

17 Q And you've reviewed this document; is that
18 correct, Mr. Yeung?

19 WITNESS YEUNG: A Yes.

20 Q Could you turn to the page that is marked page 65
21 of Exhibit 21?

22 A Is it page 65?

23 Q Yes. On the bottom?

24 A Yes, I have.

25 Q Okay. Now, at the bottom towards the bottom of
26 page 65, it lists energy-efficiency goals: 16 megawatts by
27 2004, 55 megawatts which by 2008, and 107 megawatts by 2012.
28 Do you see that?

1 A Yes, I see it.

2 Q Okay. Is it your understanding that these
3 initiatives are new, and are not -- and were not considered
4 in PG&E's demand forecast?

5 MR. RAUSHENBUSH: I'll object that he's asking the
6 wrong witness as to the specifics of these energy-efficiency
7 programs. That's covered by --

8 MR. GRAY: Whoever can answer it, your Honor. I'm
9 sorry.

10 WITNESS MILLER: A I am not familiar with the method
11 or the process by which this -- these forecasts were made. I
12 would link the 16 megawatts to the joint San Francisco/PG&E
13 Energy Pilot Program that we have launched. In my testimony,
14 I describe a -- the fact that while this is a new initiative,
15 it's basically relying -- relies on the same source of funds:
16 public goods charge funds -- and that it -- it -- while it
17 tailors many of these activities to San Francisco, it relies
18 on vehicles that are similar to the kinds of historical
19 programs that PG&E has offered.

20 MR. GRAY: Q My question is: does PG&E's demand
21 forecast include an increase from 2004 to 2008 of
22 39 megawatts in energy efficiency in San Francisco?

23 MR. RAUSHENBUSH: Of 39 megawatts? Where did you
24 obtain that number?

25 MR. GRAY: 55 megawatts minus 16 megawatts in 2004
26 would be a 39-megawatt increase.

27 WITNESS MILLER: For my part, since I don't know where
28 the 59 came from or the assumptions underlying it, I don't

1 know to what extent that represents megawatts beyond what
2 would have occurred otherwise -- beyond what would have
3 occurred had, for example, PG&E's programs, you know,
4 continued to run as they would have -- as authorized by the
5 Commission.

6 MR. GRAY: Q Can you tell me if the methodology
7 PG&E's used to forecast demand would take into account a more
8 than doubling in megawatts related to energy efficiency in
9 San Francisco?

10 MR. RAUSHENBUSH: Assumes a fact not in evidence, and
11 calls for speculation. This question assumes there's a
12 doubling in energy efficiency.

13 MR. GRAY: I would be more than happy to make it a
14 hypothetical, your Honor.

15 ALJ TERKEURST: Please do.

16 MR. GRAY: Q Assuming energy efficiency in
17 San Francisco doubled between 2004 and 2008, would PG&E's
18 demand forecast account for that?

19 WITNESS MILLER: A So, as I understand it, the
20 question is about the forecasting methodology?

21 Q If it would account for a doubling in
22 San Francisco of megawatts related to energy efficiency
23 between 2004 and 2008.

24 A My difficulty here -- or I think anyone's
25 difficulty in answering the question is, while the number's
26 larger, but we don't have -- what we don't know is what -- we
27 don't know the underpinnings for this forecast. Is it just
28 assuming a continuation of existing trends? Is it assuming a

1 continuation of the San Francisco pilot? We just don't know
2 those. And that's what makes it difficult to say, "Well,
3 this is a complete addition, and -- and isn't offset by what
4 otherwise might have happened."

5 Q Well, are you familiar with the underpinnings in
6 PG&E's demand forecast related to energy-efficiency programs?

7 A Well --

8 Q Or, as Mr. Yeung -- either one can answer the
9 question.

10 WITNESS MILLER: A For the forecast?

11 WITNESS YEUNG: A Well, again, for the forecast, it
12 assumes the historical level of conservation.

13 Q Okay.

14 A I'm sorry. Energy efficiency, I should say.

15 Q Okay. Okay. Now, in that historical level of
16 energy efficiency, are you aware of the amount of megawatts
17 associated with energy efficiency doubling over a four-year
18 time period?

19 WITNESS MILLER: A Well, when I think about the
20 increase that you identified of 39 megawatts, if I can take a
21 step back in addressing your question, and if I look at my
22 testimony on page 49, where I've tried to assess how much the
23 first figure you identified in that stream -- the 16
24 megawatts -- how much of that would be additional or extra,
25 we have -- we have made an estimate that there is
26 approximately 7 megawatts a year that occurs in the project
27 area or has occurred in the project area from existing
28 programs; that the San Francisco pilot that's described -- or

1 that this amount here, if it, in fact, is the amount in the
2 San Francisco PG&E energy pilot, it represents a two-year
3 effort. And our sense is that represents something like 1 to
4 3 additional megawatts, beyond what would happen anyway.

5 So in looking at the 55-megawatt figure, the thing
6 I don't know is: is that an entirely new source of funding,
7 or does it assume a continuation of the pilot and the -- kind
8 of the increment that we might expect from the pilot of 1 to
9 3 megawatts a year, or -- or what? I just simply don't have
10 that information.

11 Q What impact would a new source of funding have on
12 the demand forecast?

13 A Is there a way to kind of bound that down a bit?

14 Q Well, I'm asking -- you mentioned a new source of
15 of funding?

16 A Right.

17 Q I'm asking you what impact that would have on it
18 working.

19 A Well, to answer a question like that, you have to
20 have a sense of what kinds of programs are going to be
21 offered, who they're going to be targeted to, what kinds of
22 new equipment is likely to be put in place, its impact, and
23 the time frame over which you're, you know, considering this
24 new level of activity.

25 Q Now, Mr. Yeung, you're responsible for
26 distributed-generation questions. Can I ask you to turn to
27 page 69 of Exhibit 21?

28 WITNESS YEUNG: A Page 69 of -- which are you talking

1 about?

2 Q Exhibit 21, which is the Electricity Resource Plan
3 that we've just been talking about.

4 A Yes. I have it.

5 Q Okay. There, at the top, it lists goals for
6 small-scale distributed generation. Do you see that?

7 A Small-scale distributed generation? Yes, I see
8 it.

9 Q Okay. And it lists 10 megawatts by 2004,?
10 38 megawatts by 2008, 72 megawatts by 2012.

11 Now, would PG&E's demand forecast capture these
12 increases in small-scale distributed generation that are
13 being developed by the City of San Francisco?

14 MR. RAUSHENBUSH: I'll object. Number one, it's
15 vague.

16 Number two, it misstates this document. They are
17 not programmed by the City and County of San Francisco. They
18 are the goals that they are identifying. And it calls for
19 speculation and assumes a fact not in evidence to assume that
20 they actually have occurred.

21 MR. GRAY: Your Honor, I'll ask this in a hypothetical
22 as well.

23 Q Assuming small-scale distributed generation in
24 San Francisco increased from 10 megawatts in 2004 to 38
25 megawatts in 2008, would PG&E's demand forecast capture that
26 increase?

27 WITNESS YEUNG: A Well, assuming the development of
28 new additional generation is going to be 10 megawatts by

1 2004, 38 megawatts by 2008, and 72 megawatts by 2012, and
2 assuming that these -- these increase above and beyond what
3 we have been seeing on an historical basis, they would not be
4 captured in the demand forecast. However, they would be
5 included into the assessment of future generation or future
6 resources in the area.

7 Q And how is it that they would be included in
8 future resources in the area?

9 A That is being accounted for in my -- in Chapter 5
10 of my direct testimony.

11 Q Can you give me a reference to Chapter 5?

12 A It starts on page 32.

13 Q I am not sure I see it on page 32.

14 Can you --

15 A Sure.

16 Q -- point me to where that would be?

17 A Well, Chapter 5's title is, "Future Generation and
18 Transmission Projects in the Project Area."

19 Q Mm-hm.

20 A And if you turn to page 38 -- I'm sorry -- page
21 40, starting on line number 10, Section D, "Proposed
22 Distributed Generation Projects in the Project Area."

23 Q Now, in PG&E's demand forecast, is this 5.46
24 megawatts of proposed distributed generation specifically
25 included, or is it included as part of the historical impact
26 of distributed generation on load?

27 A My answer actually is on page 41; that PG&E has
28 not made any specific adjustments to its load forecast to

1 reflect the planned 5.46 megawatts of distributed energy in
2 the project area of which it is aware. As an initial matter,
3 it is not certain that such plant distributed generation
4 projects will come on line.

5 Moreover, in the past, distributed generation has
6 not increased supply to the energy grid, and instead, has
7 been felt only as load that the system does not need to
8 serve.

9 Q So, in other words, that would be reduced demand,
10 correct?

11 A That's correct.

12 Q Okay. So distributed generation, while it should
13 not be reflected in additional generation resources, should
14 be reflected in demand, correct?

15 MR. RAUSHENBUSH: Vague and ambiguous as to what
16 you're talking about. You're deciding as a general
17 principle, or are you trying to apply it to anything relative
18 to this --

19 MR. GRAY: In PG&E's forecast.

20 WITNESS YEUNG: Again, the appropriate way to treat
21 distributed generation is, to the extent that the amount is
22 similar to the historical trend, that would have been
23 included in the demand forecast by looking at the historical
24 demand information.

25 MR. GRAY: Q Now, at page 40 of Exhibit 4 -- and
26 that's the direct need testimony that we were just talking
27 about -- beginning on line 20, and actually going on to the
28 next page, you state that the SFPUC's Electricity Resource

1 Plan has goals of generating 10 megawatts of distributed
2 energy by 2004, 38 megawatts of distributed generation by
3 2008, and a total of 72 megawatts of distributed generation
4 by 2012. Then you go on to state there is no guarantee these
5 goals will be realized.]

6 So is it correct to say that those numbers are not
7 taken into account in PG&E's demand forecast for
8 San Francisco?

9 MR. RAUSHENBUSH: Misstates the prior testimony.

10 MR. GRAY: I'm not sure it does misstate the
11 testimony.

12 MR. RAUSHENBUSH: Well, it does misstate it.

13 Over a series of questions since he began asking
14 questions, he's been told historical measures both for energy
15 efficiency and for distributed generation have been
16 incorporated into historical load forecasts that show up in
17 actual demand and that they are taken into account in that
18 way.

19 And now he's saying, well, you don't take any of
20 these into account, but the testimony is that we -- that if
21 it's distributed generation consistent with past distributed
22 generation, it's taken into account for the incorporation of
23 the historical growth patterns, which is what Mr. Yeung just
24 said.

25 And now he's just rephrasing the question and
26 asking it again in a way that ignores what he's been told.

27 MR. GRAY: I'm asking what this paragraph in his
28 testimony means, your Honor.

1 ALJ TERKEURST: Well, try to make the question as
2 clear as you can. And I think there's some ambiguity.
3 People are talking about would it do this, would it do that.
4 It seems to me the point is what is in the current forecast.
5 It's not a hypothetical. What is the in current forecast.
6 And it might be clearer if you state it in that manner.

7 MR. GRAY: Okay.

8 Q Mr. Yeung, isn't it true that the numbers in the
9 San Francisco electricity resource plan noted on page 40 of
10 your testimony are not included in PG&E's demand forecast?

11 A The exact amounts that you are referring to, the
12 10 megawatt, the 38 and the 72, they were not. Because from
13 a historical standpoint, we saw -- we're aware of
14 5.46 megawatts of actual energy from distributed generation
15 in the past, and that they were incorporated into the
16 forecast.

17 Q Now could I ask you to take a look at Figure 1-1,
18 and that's on page 2 of Exhibit 4, the direct testimony.

19 ALJ TERKEURST: What page?

20 MR. GRAY: Page 2, your Honor.

21 ALJ TERKEURST: Thank you.

22 Q Now the diagonal lines that move across the
23 horizontal axis that are separately labeled "Low Forecast,
24 Medium Forecast, High Forecast," those represent the demand
25 forecast for project area over the time periods in the
26 figure; is that correct?

27 A Yes.

28 Q Now if PG&E's demand forecast did not take into

1 account future energy efficiency programs, demand response
2 programs, and in fact those programs resulted in lowering
3 demand more than historically, isn't it true that these
4 horizontal lines would move lower?

5 ALJ TERKEURST: I'm sorry, did you mean horizontal?

6 MR. GRAY: The diagonal, the diagonal lines, your
7 Honor, that represent each forecast.

8 MR. RAUSHENBUSH: Incomplete hypothetical. That's
9 directly contrary to what he's just been told.

10 MR. GRAY: Q Well, would it mean that these forecasts
11 overstated actual load in those time periods?

12 MR. RAUSHENBUSH: Same objection.

13 MR. GRAY: Your Honor, the question is if demand
14 reduction as a result of energy efficiency, demand reduction
15 programs, conservation are greater than what PG&E included in
16 its forecast, these forecasts in the future would overstate
17 actual demand.

18 ALJ TERKEURST: Well, are you asking -- these are
19 point-in-time forecasts. They are what they are. I mean are
20 you asking demand may be lower than forecast if conservation
21 or energy efficiency kicks in?

22 MR. GRAY: Yes.

23 ALJ TERKEURST: And that has nothing to do with these
24 lines. The end result with these lines may be incorrect, but
25 they don't change.

26 MR. GRAY: Right. Well, the question is will these
27 lines overstate what actual demand would be in the future.

28 THE WITNESS: Well, I would not say that these lines

1 would overstate the forecast. If I understand you correctly,
2 you are saying -- you are asking with if there will be
3 different forecasts in the future.

4 MR. GRAY: Q I'm not asking if there's going to be a
5 different forecast.

6 I'm asking what the relationship between the
7 forecast and the actual demand in the future will be.

8 MR. RAUSHENBUSH: Vague and ambiguous.

9 ALJ TERKEURST: Well, it seems you are asking could
10 these forecasts be wrong. If there is more energy efficiency
11 than is in the forecast, could demand be less than these
12 forecasts. I mean it's almost argumentative. It's almost
13 tautological, whatever, you know, so --

14 MR. GRAY: I'll move on, your Honor.

15 ALJ TERKEURST: Thank you.

16 MR. GRAY: Could I just have a second, your Honor?

17 ALJ TERKEURST: Yes.

18 MR. GRAY: Okay, your Honor.

19 Q Mr. Yeung, Could I ask you to take a look at what
20 has been marked as Exhibit 20, which is an excerpt from a
21 California Energy Markets dated January [sic] 9, 2004.

22 A I'm sorry, which page are you referring to?

23 Q It would be on the top marked page 13. That's
24 three pages in.

25 A Okay. I have page 13.

26 Q Now, on the right-hand column under the headline
27 LADWP to Update Integrated Resource Plan, it states:

28 The Los Angeles Department of Water &

1 Power is achieving the goal of meeting
2 50 percent of load growth with
3 conservation, energy efficiency,
4 distributed generation and renewable
5 resources....

6 Do you see that?

7 A Yes, I see that.

8 Q Now if -- would a 50 percent reduction in load
9 growth as a result of conservation, energy efficiency, and
10 distributed generation be reflected in PG&E's load forecast?

11 A I don't understand the question.

12 Q Would PG&E's load forecast, would it account for a
13 50 percent reduction in load growth as a result of
14 conservation, energy efficiency, distributed generation and
15 renewable resources?

16 ALJ TERKEURST: Again, are you saying does -- could
17 the current forecasts account for it, or is this a
18 hypothetical?

19 MR. GRAY: Q Do the current forecasts account for a
20 50 percent reduction in load?

21 MR. RAUSHENBUSH: Your Honor, I don't understand the
22 question. PG&E does not serve the Los Angeles area.

23 ALJ TERKEURST: And the reference is of 50 percent,
24 that 50 percent of load growth is met through conservation,
25 et cetera. So could you rephrase the question.

26 MR. GRAY: Q Does PG&E's load forecast account for a
27 50 percent reduction in load growth as a result of
28 conservation, energy efficiency, distributed generation, and

1 renewable resources?

2 MR. RAUSHENBUSH: Again, your Honor, I don't
3 understand the relationship between what's being done by the
4 Los Angeles Department of Water & Power as described in this
5 article, which includes installing 200 megawatts of quick-
6 start natural gas combustion turbines and what that has to do
7 with the question he's asking.

8 MR. GRAY: Your Honor, I'll make it a hypothetical.

9 Q If PG&E were able to reduce load growth by
10 50 percent as a result of conservation, energy efficiency,
11 distributed generation and renewable resources, would that
12 reduction -- is that reduction reflected in the demand
13 forecast?

14 MR. RAUSHENBUSH: Calls for speculation.

15 MR. GRAY: Just asking him a hypothetical, your Honor.

16 MR. RAUSHENBUSH: If the sky were red, would it be
17 red?

18 ALJ TERKEURST: Are you asking did PG&E forecast what
19 their load growth would be without energy conservation,
20 et cetera, and then assume that 50 percent of that load
21 growth would be met -- let me start that over.

22 I think your question has problems, and I don't
23 quite know how to suggest that you rephrase it, because I
24 don't see anything in their testimony that they approached
25 their load forecasting in the manner that this reference
26 indicates LADWP did, where -- I mean you can just assume from
27 this first sentence that LADWP made some estimate of what
28 their load growth would be without conservation, et cetera,

1 and then decided that half of that load growth would be met
2 through conservation. So first you have to determine whether
3 PG&E assessed what their load growth would be without
4 conservation, et cetera, and then how much conservation,
5 et cetera, they assumed. And, you know, there is just a
6 string of questions that would be needed before you could --
7 before that question could be answered.

8 MR. GRAY: Your Honor, that's fine. I think we can
9 leave that question.

10 That's all I have for the panel, your Honor. I
11 still have additional questions for Mr. Yeung.

12 ALJ TERKEURST: All right. Thank you.

13 Well, we will take our lunch recess and reconvene
14 and 1:30.

15 We are off the record.

16 (Whereupon, at the hour of 12:00 noon, a
17 recess was taken until 1:30 p.m.)

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1 AFTERNOON SESSION - 1:30 P.M.

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3 * * * * *

4 ALJ TERKEURST: Please come to order.

5 WILLIAM C. MILLER
6 and
 MANHO YEUNG

7 resumed the stand and testified further as follows:

8 ALJ TERKEURST: After we broke for lunch, we
9 determined off the record that there was no further need for
10 Mr. Mayers to appear. So he is excused.

11 And, Mr. Gray, did you finish your cross?

12 MR. GRAY: Yes, your Honor.

13 ALJ TERKEURST: So we're ready for Ms. George.

14 MR. GRAY: Yeah, that was just on the panel, your
15 Honor.

16 ALJ TERKEURST: Ms. George handed out some documents
17 during the lunch break. I will go ahead and mark them before
18 she commences her cross-examination.

19 MR. GRAY: Your Honor, we also handed out one document
20 as well that we will likely use when we resume with just
21 Mr. Yeung appearing without Mr. Miller.

22 ALJ TERKEURST: All right. I don't see that. Did I
23 get a copy of that?

24 MR. O'NEILL: Yeah.

25 ALJ TERKEURST: That's the data request.

26 MR. O'NEILL: Yes.

27 ALJ TERKEURST: All right. We will mark that one
28 later.

1 I will go ahead and -- off the record.

2 (Off the record)

3 ALJ TERKEURST: On the record.

4 Ms. George has distributed several documents. I
5 will go ahead and mark most of them.

6 The first one is a 12-page document. The first
7 line on the first page is, "SEE P[age] 10 RE EJ-ISO BOARD
8 ORDERED THEM TO HELP CLOSE HPPP." That's Exhibit 22.

9 (Exhibit No. 22 was marked for
10 identification.)

11 MR. O'NEILL: Your Honor, is that one dated right
12 below the entry you made 9/9/03?

13 MS. GEORGE: Yes, that's 9/9/03. That's just a little
14 note up on the top.

15 ALJ TERKEURST: Twenty-three will be the document
16 entitled, "EXCERPTS from 11/7/03 Power Flow Meeting in
17 San Francisco."

18 (Exhibit No. 23 was marked for
19 identification.)

20 ALJ TERKEURST: Exhibit 24 will be the document
21 EXCERPTS from 11/7/03 -- oh, that's the same one. I have two
22 of those.

23 MS. GEORGE: Did that get collated? I'm sorry.

24 ALJ TERKEURST: Twenty-four will be the document, the
25 first line is "12/10/03 power flow meeting."

26 (Exhibit No. 24 was marked for
27 identification.)

28 MR. RAUSHENBUSH: 12/10/03 power flow meeting?

1 ALJ TERKEURST: Right.

2 MR. RAUSHENBUSH: Thank you, your Honor.

3 ALJ TERKEURST: Exhibit 25 will be the document that
4 the first line is 12/11/03 grid standards meeting.

5 (Exhibit No. 25 was marked for
6 identification.)

7 ALJ TERKEURST: Exhibit 26 will be comments from the
8 Southeast Alliance for Environmental Justice.

9 (Exhibit No. 26 was marked for
10 identification.)

11 ALJ TERKEURST: Twenty-seven --

12 MS. GEORGE: That's 26?

13 ALJ TERKEURST: Yes.

14 Twenty-seven is the document entitled, "ENRON
15 LINKED TO CALIFORNIA BLACKOUTS."

16 (Exhibit No. 27 was marked for
17 identification.)

18 ALJ TERKEURST: Exhibit 28 is the Final Report of the
19 San Francisco Peninsula Long-Term Electric Transmission
20 Planning Technical Study.

21 (Exhibit No. 28 was marked for
22 identification.)

23 ALJ TERKEURST: And this appears to be just selected
24 pages, not the entire document.

25 Exhibit 29 is selected pages from Appendix 5 of
26 the 2004 Reliability Must-Run Study Report, final version.

27 (Exhibit No. 29 was marked for
28 identification.)

1 MS. GEORGE: That's 29?

2 ALJ TERKEURST: Yes.

3 Exhibit 30 is a letter dated July 28th, 2003, from
4 Kevin Dasso to Mr. Armando J. Perez.

5 (Exhibit No. 30 was marked for
6 identification.)

7 ALJ TERKEURST: Thirty-one are two tables. The first
8 table is entitled, "Forced outage data for Bay Area
9 generators."

10 (Exhibit No. 31 was marked for
11 identification.)

12 ALJ TERKEURST: Exhibit 32 is the Final Report of the
13 San Francisco Internal Transmission System After AP-1
14 Technical Study.

15 And this is selected pages. It's not the entire
16 report.

17 (Exhibit No. 32 was marked for
18 identification.)

19 ALJ TERKEURST: Exhibit 33 is the Women's Energy
20 Matters' Opening Comment on the Jefferson-Martin Transmission
21 Project.

22 And I will attach to that the two pages that are
23 entitled "Barbara George Qualifications" rather than mark
24 that as a separate exhibit.

25 (Exhibit No. 33 was marked for
26 identification.)

27 ALJ TERKEURST: Exhibit 34 will be Women's Energy
28 Matters' Rebuttal Comments on the Jefferson-Martin

1 Transmission Project.

2 (Exhibit No. 34 was marked for
3 identification.)

4 ALJ TERKEURST: Ms. George also distributed pages from
5 the Commission's Decision 03-12-060.

6 There is no need to mark that as an exhibit. The
7 Commission has full ability to use its own decisions. So you
8 may refer to it in cross-examination, but I won't mark it.

9 With that, have I got all the documents? I
10 believe I did.

11 MS. GEORGE: I think so, yeah.

12 ALJ TERKEURST: You may proceed, Ms. George.

13 CROSS-EXAMINATION

14 BY MS. GEORGE:

15 Q Mr. Miller --

16 A Ms. George.

17 Q -- we have met in energy efficiency proceedings in
18 the past, yes?

19 A Yes.

20 Q And you have been involved in the annual earnings
21 assessment proceedings that measures energy efficiency from
22 past programs as well as the new energy efficiency proceeding
23 which is designing new programs; is that right?

24 A I have been a witness in AEAPs in the past.

25 Q Right. And that was to determine how much of a
26 shareholders' incentives that PG&E was going to get from
27 their energy efficiency programs?

28 That was the earnings assessment that was --

1 A Yes, that was a major -- that was a major focus of
2 those proceedings.

3 Q And it was also about measurement, how to measure
4 the program's accomplishment, right, how much energy savings
5 that they got?

6 There were reports on how much energy was saved in
7 those?

8 A There were reports. The how was typically dealt
9 with in other forums prior to that, but --

10 Q Right. Well, there -- each year the programs were
11 designed for the following year, and then they were measured
12 in the AEAP as what they had accomplished?

13 A There was a report out of what --

14 Q What actually happened.

15 A -- what had occurred.

16 Q Right. Would you agree with the statement that
17 energy efficiency can be the least expensive way to produce
18 energy?

19 A I think as a general proposition it can be a very
20 low-cost way to produce -- to meet energy needs.

21 Q To meet energy needs, yeah, that would be a better
22 way to say it.

23 Including no cost for conservation measures where
24 people just save energy, like the Flex Your Power Program,
25 the statewide energy efficiencies -- turning off the light
26 switch, that doesn't cost anything, right? Or hanging
27 clothes on a clothes line --

28 A Yeah, I'm not --

1 Q -- that's free, yeah?

2 A Well, it's, except for the advertisements, low
3 cost certainly.

4 Q Except for the advertisements.

5 A But I -- okay.

6 Q Okay. And PG&E's advertisements, are they
7 expensive?

8 A Well, I don't --

9 MR. RAUSHENBUSH: Vague and ambiguous as to the
10 context of expensive.

11 THE WITNESS: Yeah, I was having trouble with what is
12 expensive and --

13 MS. GEORGE: How much of the PG&E program budget would
14 you say is spent on advertising every year?

15 A I don't know the exact number. Some advertising
16 is done through a non-PG&E statewide entity, and I don't know
17 the exact number across all advertising activities.

18 Q All right. In PG&E territory, there's -- how much
19 is there to spend on all of the programs in -- energy
20 efficiency programs, public-goods-charge-funded programs in
21 2003 and 2004?

22 A The number that I know is that there's authorized
23 for electric programs 106 million approximately. To the
24 extent that that varies from year to year depending on
25 program history, I don't know the exact answer to your
26 question.

27 Q So it's 106 million for electricity, and then
28 there is other programs that say gas, right?

1 A That's accurate.

2 Q And that's another 20, 30 million?

3 A It's between 12 and 13, I believe.

4 Q Okay. And PG&E does -- had control of all of that
5 funds -- all of those funds in the past, right, up until very
6 recently?

7 MR. RAUSHENBUSH: Vague and ambiguous as to control in
8 the context of the CPUC authorized program, and also beyond
9 the scope of his direct testimony.

10 MS. GEORGE: Well, currently there are -- in the past,
11 PG&E would design the programs with sometimes directives from
12 the CPUC. So they weren't necessarily always the programs
13 that PG&E decided to do themselves, but they had a fair
14 amount of ability to control what happened within some
15 certain parameters, wouldn't you say?

16 And there were no other entities until very
17 recently who were given the program funds to design their --
18 the programs that they run.

19 MR. RAUSHENBUSH: Compound.

20 MS. GEORGE: Compound?

21 ALJ TERKEURST: Are you asking the witness?

22 MS. GEORGE: I'm sorry. I just trying to clarify the
23 question.

24 Q Basically, one of the issues in the future energy
25 efficiency proceeding is whether or not there can be
26 independent nonutility programs who have their -- they design
27 them, they make proposals. And PG&E now makes proposals, and
28 those are considered along with other proposals; would you

1 say that's correct?

2 MR. RAUSHENBUSH: Beyond the scope of his direct
3 testimony.

4 THE WITNESS: In that I haven't testified to anything
5 around or towards those issues.

6 MS. GEORGE: Q And you don't know whether that's so
7 or not?

8 A Well, I think the issues are addressed in another
9 CPUC proceeding.

10 Q Well, I think that it has significance in terms of
11 how much the -- you know, how much PG&E can say about what
12 energy efficiency is going to be produced.

13 In the past, they could -- they had the
14 responsibility and the control of the funds, and they could
15 say, we're going to spend this much money and we are
16 projecting this much energy efficiency. And then they came
17 to the AEAP afterwards and said, we accomplished this much
18 energy efficiency. So I think it is directly related.

19 You did testify in the needs assessment about how
20 much energy efficiency was accomplished in the PG&E area;
21 isn't that so?

22 THE WITNESS: Could we find the spot?

23 MR. RAUSHENBUSH: Objection.

24 MS. GEORGE: Yeah --

25 ALJ TERKEURST: You do need to tie your cross to his
26 testimony.

27 MS. GEORGE: I have the needs testimony. This is what
28 we're talking about right here.

1 Four, I believe you said that there were four
2 megawatts a year that you know that PG&E typically saves
3 about four megawatts a year in San Francisco. And that's on
4 page 49.]

5 Seven megawatts annually in the project area.
6 This is page 49. This is seven lines down; is that right?

7 WITNESS MILLER: A Hm-hmm.

8 MS. GEORGE: Q But in the future, and actually right
9 now, there are other entities that are also saving energy in
10 San Francisco and northern San Mateo County other than PG&E?

11 ALJ TERKEURST: Is that a question?

12 MS. GEORGE: I'm asking the witness, yeah.

13 WITNESS MILLER: I actually don't know if any of the
14 current third-party programs have targeted that area or not
15 and whether that represents additional or substitution of
16 savings.

17 MS. GEORGE: So you don't know if there's any other
18 savings in San Francisco going on, any other programs
19 operating in San Francisco?

20 MR. RAUSHENBUSH: Offered by an entity other than
21 PG&E?

22 MS. GEORGE: Right.

23 WITNESS MILLER: No, I don't.

24 MS. GEORGE: Q And this is the -- I'm sorry. I
25 didn't catch what exhibit number you gave that.

26 ALJ TERKEURST: I am not marking Commission decisions
27 as exhibits. You can just refer to the decision.

28 MS. GEORGE: This is the interim opinion adopting

1 funding for 2004 and '5 the solicitation for energy
2 efficiency programs.

3 WITNESS MILLER: I have that.

4 MS. GEORGE: Q This was just mailed out on the 22nd
5 of December.

6 And this is a decision that allocates funding to
7 PG&E and to other entities to run the programs for the next
8 two years; is that your understanding

9 WITNESS MILLER: A Yes.

10 Q So in other words, your 7 megawatts in the project
11 area would be offered in this proceeding, the money would be
12 authorized here, right?

13 MR. RAUSHENBUSH: Objection; vague and ambiguous.
14 They are two different things.

15 MS. GEORGE: I am just trying to establish that PG&E
16 gets money for energy efficiency programs from the public
17 goods charge fund, right?

18 WITNESS MILLER: That's correct.

19 Q And the decision on how that money is spent is
20 made in this proceeding, and this is the decision for the
21 upcoming two years of programs?

22 MR. RAUSHENBUSH: Vague and ambiguous. "This
23 proceeding," I think she means the one to which --

24 MS. GEORGE: It's Rulemaking 01-08-028. And this
25 Decision 03-12-060, 12-18, 2003.

26 Q This established -- this says who the winners are
27 for energy efficiency programs statewide?

28 WITNESS MILLER: A My understanding is it selected --

1 in this decision the Commission selected the programs and
2 activities to -- for which public goods charge funds would be
3 spent over the next two years.

4 Q And PG&E programs are among those programs, yes?

5 A Yes.

6 Q And there are other programs that PG&E is not in
7 charge of fully but you are administering -- PG&E gets five
8 percent for doing some oversight on those other programs, but
9 other than that you have no ability to determine what they do
10 with their money? You just --

11 MR. RAUSHENBUSH: Objection. Outside the scope of the
12 direct testimony.

13 MS. GEORGE: Well, the direct testimony talks about
14 how much the load reduction -- this says PG&E estimates the
15 annual load reduction is approximately 7 megawatts. However,
16 this is from historical data.

17 Q And when PG&E ran the programs in the past, you
18 would have an ability to estimate that it would be the same
19 as what you did in the past, right? Isn't that what you are
20 saying here?

21 Is that the meaning of the sentence PG&E derives
22 this estimate from historical data? I mean, right here, this
23 particular line is talking about the San Francisco pilot
24 project which you're doing with the City and County of
25 San Francisco.

26 WITNESS MILLER: A The level of public goods charge
27 funding has been essentially the same since mid 1990s. So
28 when we looked at the -- to derive this historical estimate

1 we looked at data from PG&E activity over that time frame,
2 and we came with this number. And to the extent that the
3 same amount of money is being allocated differently in the
4 future, we will have to see.

5 Q The amount of money is the same. However, the
6 types of programs changed after deregulation; is that right?

7 There was something called market transformation
8 programs which did not have an emphasis on saving energy, all
9 of them? There was a much greater ability to do information
10 programs, hold seminars, that type of thing, rather than save
11 a certain amount of megawatts because you installed a certain
12 number of lights, right? There was an ability to just give
13 seminars and that was allowed? It didn't have to be pegged
14 to energy savings?

15 A It's true that there was a shift in emphasis. And
16 to what extent that manifested itself in a significantly
17 changed mix of programs we have to examine further.

18 Q There was a decision to reimpose more rigorous
19 energy savings requirements, however, after the energy
20 crisis, that Commissioner Lynch decided to go back to a more
21 rigorous energy savings goals rather than the market
22 transformation?

23 A I don't have reference to that here.

24 Q You don't have reference to that here.

25 Well, I'm talking about your historical load.
26 Didn't the energy savings go down after deregulation?

27 A I would have to look at the actual figures. I
28 don't have that in front of me.

1 Q Okay. So when you produced this testimony, you
2 didn't look at the chart -- Judge Walwyn had asked for a
3 chart to be put together which has the amounts of energy that
4 was saved each year. And it did vary quite a lot. You
5 didn't check that out for this testimony?

6 A No.

7 MR. RAUSHENBUSH: Your Honor, I don't have a copy of
8 this chart that she is referencing. Could she provide it?

9 MS. GEORGE: I don't have it with me. I'm sorry. But
10 Mr. Miller remembers that chart.

11 WITNESS MILLER: There have been lots of charts.

12 MS. GEORGE: Q There have been lots of charts. I can
13 totally appreciate that.

14 Getting back to this decision, there are different
15 criteria that the PUC put together that they measured in
16 determining who was going to run what programs. They had
17 different criteria, and they were weighted in terms of --
18 this is on page 7, this is criteria and process -- the
19 general criteria is cost effectiveness long term annual
20 energy savings; is that right? And one of those criteria on
21 page 9 is to alleviate transmission constraints in an area
22 identified by the California ISO?

23 WITNESS MILLER: A I see that on the page.

24 Q So that is one of the values that the Public
25 Utilities Commission put forward as something that energy
26 efficiency could -- you get points if you alleviate
27 transmission, right? Your program would be more likely to be
28 selected if you can show that you are alleviating

1 transmission constraints? So it would be a positive, in
2 other words?

3 A Suffice it to say --

4 MR. RAUSHENBUSH: Your Honor, the document speaks for
5 itself as to the different criteria and the points. She has
6 merged together a lot of different questions that had
7 eventually an assumption that I think was not supported by
8 what is in the document.

9 MS. GEORGE: I am not sure what the assumption is. I
10 am just saying that transmission constraints is one criteria
11 that the PUC uses to evaluate the programs.

12 Can we agree on that?

13 ALJ TERKEURST: Let me interject just a minute.

14 As I said earlier, we have full access to any
15 Commission decisions. You don't need to establish what this
16 decision says through a witness. You can quote this decision
17 at will in your brief.

18 MS. GEORGE: Okay. Well, I was just asking Mr. Miller
19 if he was aware of this.

20 WITNESS MILLER: I see it.

21 MS. GEORGE: Q And this decision also authorizes --
22 so there is basically two things now in this decision. One
23 is public goods charge funds. And the other is procurement
24 funds, that there will be two different pots of money that
25 PG&E can use to run energy efficiency programs, yes? It
26 authorizes -- this is -- if we can just establish this here,
27 that page 19, these are a lot of cross-proceeding issues
28 because the procurement proceeding authorized -- directed

1 Edison, PG&E and San Diego Gas and Electric to propose up to
2 \$245 million worth of energy efficiency programs for
3 evaluation and adoption in this proceeding. And in this
4 proceeding, in other words, in the new energy efficiency
5 proceeding, the utilities proposed several types of programs
6 to be funded at a two-year level. And PG&E proposed \$75
7 million to spend over the next two years. It is right here
8 on page 19.

9 MR. RAUSHENBUSH: Your Honor, there is no question
10 pending, but is there a link to the Jefferson-Martin project,
11 because --

12 MS. GEORGE: Yes, this is absolutely a link to the
13 Jefferson-Martin project because I am establishing that there
14 is an energy efficiency option that has been belittled and
15 dismissed in Mr. Miller's testimony. So I just wanted to
16 establish first of all what the funding is.

17 I think that when we look at how much energy
18 efficiency can be done in this area, this is where my
19 questions are going, and I will get there.

20 So may I proceed, please?

21 ALJ TERKEURST: Well, yes, but my concern is this is
22 taking a lot of hearing time, establishing things that are in
23 a Commission decision that you didn't need to take hearing
24 time. And if you go through all of the exhibits that you've
25 marked at this speed, you won't have time to.

26 So I really -- you need to focus your cross to get
27 information into the record that you need efficiently.

28 MS. GEORGE: I did ask for 45 minutes to cross

1 Mr. Miller.

2 ALJ TERKEURST: Yes.

3 MS. GEORGE: So this is what I'm working on, trying to
4 get there.

5 Q PG&E and San Francisco are doing a pilot project
6 together. You mention that in your testimony here on page 48
7 and 49?

8 WITNESS MILLER: A Yes.

9 Q And that one of the purposes of that pilot is to
10 improve reliability, and there is a suggestion that the
11 Hunter's Point power plant, that it would help close down the
12 Hunter's Point power plant.

13 MR. RAUSHENBUSH: I don't see that in this testimony.

14 MS. GEORGE: It is not in his testimony, that's right.

15 Q It isn't in your testimony but that is in fact
16 what the Commission, when they approved the pilot, the
17 Commissioners were very moved by the idea of shutting down
18 the Hunter's Point power plant. That was discussed the day
19 that they made their decision.

20 MR. RAUSHENBUSH: Your Honor, I wasn't at that
21 hearing. That is not a question to Mr. Miller. It seems
22 that Ms. George is testifying.

23 MS. GEORGE: It is in the PG&E proposals. PG&E and SF
24 made a proposal for this pilot project on December 9th, 2002.
25 And that is part of the proposal.

26 Q How much energy is the pilot project supposed to
27 save? \$16.3 million dollars -- it is going to save 16
28 megawatts; is that correct? That's the -- it is in your

1 testimony somewhere.

2 WITNESS MILLER: A 16 megawatts.

3 Q Great.

4 MR. RAUSHENBUSH: Excuse me, your Honor. Misstates
5 his prior testimony. Is she asking whether that's the goal,
6 or whether that is what Mr. Miller said, because that is not
7 what Mr. Miller said. It is right in his testimony.

8 MS. GEORGE: Q You didn't say that it was a goal?

9 WITNESS MILLER: A On page 48, line 4, San Francisco
10 PUC, San Francisco Energy Resource Plan has set a goal of 16
11 megawatts.

12 Q Okay.

13 Your Honor, I have to say that PG&E is slowing my
14 testimony down considerably by all this quibbling. What is
15 the problem with what I said? I just don't see it.

16 ALJ TERKEURST: You need to have an accurate
17 representation of what he said.

18 MS. GEORGE: I said that they set a goal of reducing
19 16 megawatts of load. That is what I said. It is right
20 there in the testimony.

21 ALJ TERKEURST: But I think you referred to that PG&E
22 set a goal or something. It was not precise --

23 MS. GEORGE: I said that the pilot project that PG&E
24 and San Francisco are both doing as a collaboration together,
25 that they set a goal of reducing -- I'm sorry. I guess this
26 does say San Francisco Electricity Resource Plan. And then
27 PG&E and CCSF recognize that modifications, blah, blah, blah,
28 were necessary to meet the needs and achieve the

1 San Francisco PUC goals. Therefore, they jointly decide the
2 San Francisco pilot and submitted a project implementation
3 plan to the CPUC which said they were going to save -- that
4 they had a goal of 16 megawatts, and this is a collaborative
5 project that you are doing with San Francisco.

6 WITNESS MILLER: A That is in my testimony on page
7 48.

8 MS. GEORGE: Q Yes. Thank you.

9 Now do you think that is the best you could do?
10 Is it possible that they could get more than 16 megawatts?
11 There is a variation in the amount of energy efficiency that
12 you can get out of different measures, right? You can
13 install light fixtures. You can put in a washing machine.
14 There's different ways to save energy?

15 A There are different ways to save energy, yes.

16 Q And some are more cost effective than others? I
17 mean some, you spend more money to save a megawatt than if
18 you -- if you did a lot of compact fluorescent light bulbs
19 like the pilot is proposing, then you can figure out based on
20 the DEER database how much energy efficiency you are going to
21 get from that? Isn't that how PG&E designs their programs?
22 They look at the kinds of measures that they are going to do,
23 they determine how much money they are going to spend, and
24 then they add up what that measure is going to give them?

25 MR. RAUSHENBUSH: Compound.

26 WITNESS MILLER: A If we could back it up, maybe we
27 can get somewhere.

28 The Commission has directed us to look at the DEER

1 database first in determining, predicting the forecast
2 savings from energy measures that we would install.

3 MS. GEORGE: Q Right. And DEER is an acronym, right?
4 And it is the --

5 A To the best of my recollection.

6 Q Deemed Energy Efficiency Measurement?

7 A It is Database of Energy Efficiency Resources, I
8 believe. It is actually held by the California Energy
9 Commission.

10 Q Okay. But PG&E consultants and/or staff work on
11 each measure? They say the DEER database has in it, if you
12 put in a refrigerator, if you put in lighting, that you can
13 figure this unit will give you this much savings, isn't that
14 what the DEER database, one of the things that the DEER
15 database does? It has to do with measuring energy
16 efficiency.

17 A I actually haven't used it, but it is my
18 understanding that that is one of its uses.

19 Q Okay. And the studies -- there are studies that
20 are done by consultants to prepare -- they will study how
21 much energy was saved by a certain measure, and that gets
22 established -- that is how the DEER database got put together
23 was a compilation of a bunch of those studies. And that is
24 being updated.

25 That's compound. Sorry.

26 Anyway, is that correct, there are consultants
27 that work on these measures that put together the DEER
28 database studies?

1 MR. RAUSHENBUSH: Calls for speculation and compound.

2 ALJ TERKEURST: He can testify to his knowledge. I
3 certainly wouldn't want him to speculate.

4 WITNESS MILLER: I actually don't have direct
5 knowledge of that, Barbara.

6 MS. GEORGE: Q You don't go to Cal MAC meetings.

7 A Not for several years.

8 Q Cal MAC is the California Measurement Advisory
9 Council or something like that?

10 A Something like that.

11 Q And that is a group of energy measurement
12 professionals who come together under the umbrella of the
13 utilities to talk about these issues, about how to measure
14 energy efficiency?

15 A Utilities participate. ORA can participate.
16 Energy Division frequently participates. Others can
17 participate.

18 Q Right. But PG&E -- but the utilities are the ones
19 who run Cal MAC? It is under their direction?

20 A Could you help me with direction?

21 Q They are the ones who send out the meeting
22 notices. They put the agenda together. They determine what
23 is going to be discussed.

24 A I think it's the case that they send out meeting
25 notices. They probably send out a proposed agenda. As I
26 said, I haven't been to one for some time. Agendas were
27 adjusted as necessary to meet folks' interests and needs,
28 depending on what those were.

1 Q Are you aware of the best practices study?

2 MR. RAUSHENBUSH: Beyond the scope of his direct
3 testimony.

4 MS. GEORGE: I am establishing the question of how
5 much energy savings can you get for a certain amount of
6 expenditures. The best practices study is a study of
7 different energy measures and how much energy saving they got
8 and how much it costs to get them. And I believe your one
9 million dollars per megawatt is what PG&E is getting on the
10 pilot. However, the best practices study of 1998 said the
11 rock bottom price would be near \$100 and an average price
12 would be in the neighborhood of \$500.

13 ALJ TERKEURST: Ms. George, I hate to keep
14 interrupting, but you need to be aware that what you say on
15 that side is acting as statement of counsel. It is not
16 testimony. So you need to be asking questions of the
17 witness.

18 MS. GEORGE: That is what I am asking him. I am
19 asking him -- my question to Mr. Miller was can you get more
20 than a megawatt of energy efficiency if you spend a million
21 dollars? Is it possible that you could get 1-1/2 megawatts
22 or 1.1 megawatts?

23 MR. RAUSHENBUSH: Calls for speculation.

24 ALJ TERKEURST: I instructed the witness I don't
25 expect him to speculate.

26 MS. GEORGE: Q PG&E, on page 65 of your testimony,
27 you dismissed the potential for getting a large amount of
28 energy efficiency.

1 The demand forecast implicitly assumes a
2 continuation of these programs at levels comparable to
3 historical levels. So you are not anticipating an increase
4 in energy efficiency in the project area?

5 WITNESS MILLER: Mr. Yeung will answer that.

6 WITNESS YEUNG: A I'm sorry. Can you point out the
7 testimony to me.

8 Q Page 65: The demand forecast implicitly assumes a
9 continuation of these programs at levels comparable to
10 historical levels. And on the earlier page it said the
11 historical level was about 7 megawatts -- or 4 megawatts.
12 I'm sorry.

13 MR. RAUSHENBUSH: It is page 49.

14 MS. GEORGE: PG&E estimates the annual load reduction
15 is approximately 7 megawatts. And down here it says the
16 San Francisco PEP can be expected to result in a modest net
17 increase to the order of 1 to 3 megawatts.

18 Q So would you say that 16 megawatts is included --
19 this is basically over two years. So it is 8 megawatts a
20 year. So what you're saying is ordinarily you got
21 7 megawatts. You are going to add the pilot program, and it
22 is going to bump it up a little bit to maybe 8, 9, 10
23 megawatts, is that --

24 WITNESS MILLER: A The way I said it, page 49, line
25 14, on balance the SF PEP can be expected to result in a
26 modest net increase in total energy efficiency on the order
27 of 1 to 3 megawatts within the City of San Francisco.

28 Q So that's all that you think is going to be

1 happening here.

2 I want to go back to the decision on the
3 procurement. You have got this \$75 million of procurement
4 money that's going to be available over the next two years.
5 This is on top of the public goods charge money, right?

6 A It is in addition to those funds, yes.

7 Q And you have an opportunity to propose using that
8 for alleviating transmission constraints, because that is one
9 of the values that the PUC honors?]

10 A In September, along with our other program
11 proposals, we actually made a proposal about what would
12 happen with these funds, as part of the process that led up
13 to this decision.

14 Q Right, but you actually didn't propose specific
15 programs in that? That was my understanding. For the
16 75 million, I believe that PG&E did not make specific
17 programs; basically said, "Give us the money. We'll figure
18 out what to do with it"?

19 A No. We said, "Here's a proposed budget. And here
20 are the targets that we propose to achieve in order to reduce
21 procurement costs."

22 Q Right. Okay. Now, there was a workshop on
23 energy-efficiency potential in the new energy-efficiency
24 proceeding in about -- in October. Is that right?

25 A I've heard of it. I did not participate.

26 Q You were not able to attend, but parties had filed
27 comments on what the potential is for saving energy, and
28 you've read those comments?

1 A I have not read those comments.

2 Q But you're aware that that was a Ruling; that the
3 Judge asked for comments on the energy-efficiency potential,
4 and your consultant, Xenergy, I believe -- is Xenergy your --
5 PG&E's measurement -- does -- PG&E has a measurement
6 contractor who measures programs, right; measures the results
7 of your programs for the AEAP, basically? They verify the
8 measurements that PG&E has come up with?

9 MR. RAUSHENBUSH: Compound.

10 Just identify which question you're answering.

11 WITNESS MILLER: In terms of consultants that we use
12 to perform measurement studies, we generally bid each
13 project. And Xenergy -- now KEMA -- is one of the firms that
14 has participated and done energy evaluation work for us.

15 MS. GEORGE: Q Right. And Quantum is another one,
16 yes?

17 A Quantum is another one.

18 Q Right. And the energy-efficiency potential
19 workshop was -- used a report that Xenergy had produced for
20 PG&E on energy-efficiency potential? It was part -- it
21 actually it wasn't produced for PG&E. It was a statewide
22 study, but PG&E got to choose who -- who -- who ran that
23 study. Is that correct?

24 MR. RAUSHENBUSH: Compound.

25 MS. GEORGE: Q Did PG&E hire the contractors for the
26 energy-efficiency potential study, that statewide --
27 statewide study that was, you know, let out last February?

28 WITNESS MILLER: A Yes.

1 Q Yes? And Xenergy was the winner? Xenergy --

2 A I believe they had some subs, but Xenergy was the
3 contractor.

4 Q Yeah, right. There -- in the energy-efficiency
5 workshop itself -- you weren't there, but parties filed a lot
6 of suggestions for how to save energy that PG&E may not have
7 considered. Do you think it's possible -- I mean, maybe this
8 is speculation, but there are many, many ways to save energy
9 in the world, right? Do you think PG&E pursues all of them,
10 or are there some that PG&E does not pursue? I mean, do you
11 think -- I mean, it's like a huge -- there are all these
12 possibilities, right? So PG&E couldn't possibly pursue them
13 all every year?

14 A Let me just go back. In terms of the contracting
15 that happened for the potential study that you referenced,
16 it's my understanding there was a statewide committee that
17 included -- a number of members from this CALMAC organization
18 beyond just PG&E --

19 Q Mm-hm, mm-hm.

20 A -- were involved, including some nonutility
21 members, but I don't know the specifics, but the question
22 that you've asked me is pretty vague. Could we --

23 Q Well, I'm asking you whether there may be
24 energy-efficiency measures that PG&E doesn't use, but --
25 you're aware that there are measures that you don't use?

26 A Well, I think -- I think the whole process of
27 proposing and -- and reviewing programs pretty thoroughly
28 vets all the activities that are funded through the

1 public-goods charge. So PG&E also offers something called a
2 "standard performance contract" for large -- larger sites,
3 where essentially anyone that works for a larger customer can
4 be brought in. So I am not -- I am not quite sure how to,
5 you know, come to grips to answer your question.

6 Q Well, for instance, a solar water heater. Does
7 PG&E offer solar water heaters?

8 A I don't know that we do.

9 Q I don't think you do right now. I mean, maybe you
10 did once upon a time, but all I'm saying is that there is a,
11 you know, vast array. And you choose a certain slice of it
12 for your programs in a given year. Does that -- I mean, does
13 that sound --

14 MR. RAUSHENBUSH: Asked and answered.

15 MS. GEORGE: Q -- like your experience?

16 On page 49, you say that it's very difficult to
17 determine the impacts of the -- of the peak energy project.

18 WITNESS MILLER: A Could we get to a particular --

19 Q The degree to which activity within the SFPEP
20 would alter the typical level of energy efficiency in the
21 project area is very difficult to determine.

22 A Lines 8, 9, 10. Yes.

23 Q Yeah. One of the things that I've been getting at
24 is there's a very large variety of energy-efficiency programs
25 that can be done. There are a lot of variables that happen
26 while you're doing an energy-efficiency program that may
27 change the outcome -- could be different from what your goals
28 are -- the outcome. I mean, you're saying that it's very

1 difficult to determine how much it will alter the typical
2 level of energy efficiency. Is that the meaning of that
3 statement?

4 MR. RAUSHENBUSH: Compound.

5 ALJ TERKEURST: Could you clarify your question?

6 WITNESS MILLER: Thank you.

7 MS. GEORGE: Q Well, you're saying that it's very
8 difficult to determine. What is it that is difficult to
9 determine?

10 WITNESS MILLER: A The issue that was addressed here
11 was the net impact of the pilot compared to our historical
12 experience in that same area. And while we were able to
13 gauge our previous experience averaged about 7 megawatts a
14 year, we -- you know, to really know, you know, the
15 difference in the increment, as I refer to it on this page on
16 line 15, when we say that the net increase in total energy
17 efficiency, you'd have -- essentially, you'd have to
18 determine who -- the end of 2004, who had participated in
19 pilot that would not -- would not have participated in the
20 programs that PG&E perhaps would have been offering had the
21 pilot not occurred.

22 Would a small business have participated in our
23 express efficiency program? Or -- but rather, they found the
24 pilot was what was available, so they participated in that;
25 but in that case, perhaps there's no net gain, but perhaps
26 there would be as part of the whole San Francisco Peak Energy
27 Pilot Program. We did try and tailor activities to this
28 particular area, so we think there will be some increase.

1 And our estimate of that is it's 1 to 3 megawatts.

2 Q So those are free riders -- what you were just
3 talking about are people who are, in a sense, not free
4 riders. People who participate in this pilot, but would not
5 have participated in the standard programs? That's -- is
6 that what you were just saying?

7 A Yes. And I was saying that it -- given the --
8 given the absence of a great deal of information about that,
9 it's difficult to determine, but this is our estimate.

10 Q Okay. And then there is a measurement of that,
11 though, afterwards? That would be one of the things that
12 your consultant -- your energy -- EM&V -- energy --
13 evaluation, measurement, and verification contractors -- they
14 measure all of these different variables, right? So it's
15 difficult to determine in advance, but after the fact, can it
16 be determined? And is that what they're measuring: those
17 types of things?

18 A After the fact, an estimate could be made. And
19 I -- I don't know the exact EM&V plan for the San Francisco
20 Energy Pilot. I don't know that we have proposed one yet
21 ourselves in San Francisco.

22 Q The pilot program has just begun? Is that right?

23 A Well, it was in the -- in the process of beginning
24 this fall. I don't know the exact --

25 Q Mm-hm.

26 A -- start date.

27 Q So you don't have a measurement plan in place,
28 even though the project has already begun?

1 A Well, I think we've -- in our current program
2 approval -- evaluation approval process, part of the
3 conundrum is that until programs are picked, you don't know
4 which ones you're going to be evaluating. So it becomes sort
5 of difficult to plan in advance. Though the Commission's
6 choice -- in this particular case, there were -- you know, a
7 proposal was made. There was some concerns on the part of
8 the Commission. Some adjustments were made. I think the
9 form of the program wasn't final until quite late in 2003.

10 Q That's right. So it was almost a year that it
11 took to get -- to get this up and running, because there were
12 questions that came up, partly from Women's Energy Matters,
13 and their consultant -- our consultant, SESCO?

14 A I don't -- it's not in my testimony what the
15 causes were around the timing of this particular program.

16 Q Right. Well, what I'm trying to get at is the
17 measurement; that this is going to be measured ultimately,
18 but what you have testified appears to be that the
19 measurement is very difficult. There are a lot of variables.

20 A What I'm trying to testify to is that at this
21 point in time, the separation of who -- who'll participate in
22 the San Francisco Energy Pilot and how much will be saved, as
23 opposed to who would have participated in PG&E's other
24 programs, is very difficult to guess or anticipate. And
25 we're looking forward into that -- with this program over the
26 next year or so.

27 Q Would you say that energy efficiency is a more
28 complicated field than just producing energy with a power

1 plant? There are more variables?

2 MR. RAUSHENBUSH: Overbroad, incomplete, and calls for
3 speculation.

4 ALJ TERKEURST: I agree.

5 MS. GEORGE: Okay.

6 ALJ TERKEURST: And we're --

7 MS. GEORGE: I'll wrap it up in about three minutes.

8 ALJ TERKEURST: All right.

9 MS. GEORGE: Okay.

10 Q The \$75 million that you have for the
11 procurement --

12 WITNESS MILLER: A Mm-hm.

13 Q If you spent -- is it possible to spend that all
14 in one place? There's no -- there's no -- there's nothing to
15 prevent it from being spent all in one place, is there?

16 MR. RAUSHENBUSH: Vague and ambiguous, and calls for
17 speculation.

18 MS. GEORGE: Q Well, you know the documents, and I
19 know the documents. And there is nothing that forbids that
20 money being spent in one place, is my understanding. You
21 would not agree with that?

22 MR. RAUSHENBUSH: Vague and ambiguous as to "all in
23 one place."

24 MS. GEORGE: In the project area. "In the project
25 area," is what I meant to say.

26 Q Theoretically, you could spend \$75 million and get
27 75 megawatts of energy savings. Is that right?

28 MR. RAUSHENBUSH: Calls for speculation.

1 ALJ TERKEURST: You can set it up as a hypothetical.

2 MS. GEORGE: That's what I said: "Theoretically."

3 ALJ TERKEURST: He doesn't need to answer. Just set
4 it up as a hypothetical.

5 MS. GEORGE: Q Theoretically, you could spend
6 75 million and get 75 megawatts of energy based on the amount
7 that you saying you're getting in the pilot project:
8 \$1 million a megawatt?

9 WITNESS MILLER: A I don't think so, actually. First
10 of all, we haven't talked about a time frame. And secondly,
11 it isn't clear without -- without looking at what actually
12 would be done whether that would be feasible.

13 Q And you have not looked at that?

14 A We have not looked at that.

15 Q All right. There was a retreat, and
16 energy-efficiency measurement contractors got together with
17 utility people in the summer of 2002. Is that correct?

18 MR. RAUSHENBUSH: Beyond the scope of this direct
19 examination.

20 MS. GEORGE: Well, Women's Energy Matters filed a
21 motion forbidding utilities from using the same consultants
22 to prepare studies who had been doing their energy-efficiency
23 measurements, because we considered it a conflict of
24 interests, on the order of Enron and Andersen.

25 WITNESS MILLER: I don't have any knowledge of this.

26 MS. GEORGE: Q Okay. Well, I'd just like to point
27 out that you do use the same consultant, Xenergy, to do your
28 energy measurements, which make you money in the energy -- in

1 the AEAP, and those same parties do studies for you and for
2 the Commission which PG&E had the opportunity to hire.

3 MR. RAUSHENBUSH: If that's meant as a question, it's
4 argumentative and certainly beyond the scope of this direct
5 examination -- direct testimony.

6 ALJ TERKEURST: Are you asking him whether he has
7 knowledge of this?

8 MS. GEORGE: Yes.

9 Q Do you have knowledge of that?

10 WITNESS MILLER: A Could you repeat, please?

11 Q I'm not sure if I can repeat it.

12 A I can't remember it completely.

13 Q Basically, you had the same -- you use Xenergy,
14 for one example.

15 A Okay.

16 Q Quantum, for another example. They do measurement
17 studies for PG&E. They are your EM&V contractors for
18 different parts of your programs. And they are also hired
19 as --

20 A I -- yes.

21 Q Okay. Yes. They are also hired to do studies for
22 you -- in other words, consulting work for you -- in the same
23 way that Andersen was hired by Enron to do studies for them?

24 ALJ TERKEURST: Let's take out the reference to
25 Andersen and Enron. That is outside the scope.

26 MS. GEORGE: Q I believe that Enron is an energy
27 company that's very much involved in this area, and may have
28 had something to do with the blackouts, so I think Enron

1 actually is fairly important. And I think that the question
2 of measurement of -- you know, if you -- it seems to me to be
3 a conflict with a contractor or consultant who is measuring
4 your programs and getting you money based on the
5 shareholders' incentives, and is also being hired by you to
6 do studies which show how much energy-efficiency potential
7 there is, how much energy you can get from a particular
8 measure. It would seem to me that that's a conflict of
9 interest for the -- for you and your --

10 ALJ TERKEURST: Ms. George, you can make arguments
11 like that in your brief. I don't think that's a question for
12 this witness.

13 MS. GEORGE: All right.

14 Q Then I'll just have one last question, which is:
15 do you think that utilities have any conflict of interest
16 with energy efficiency? Isn't it your -- isn't it PG&E's
17 business to sell electricity?

18 MR. RAUSHENBUSH: Beyond the scope of his direct
19 testimony.

20 ALJ TERKEURST: You've also made it compound. One
21 question at a time.

22 MS. GEORGE: All right. I'll go back.

23 Q Energy efficiency saves energy. In other words,
24 you don't -- PG&E doesn't sell as much electricity if they
25 save energy? Is that correct?

26 WITNESS MILLER: A All right. I know we're going
27 down --

28 Q You know where we're going. I mean, that's -- so

1 utilities could be said to have a conflict of interests with
2 energy efficiency. And that's why shareholders' incentives
3 were set up. Isn't that correct?

4 MR. RAUSHENBUSH: Compound.

5 ALJ TERKEURST: Yeah, it's compound. One at a time.

6 MS. GEORGE: Okay. One thing at a time.

7 Q Utilities -- do they have a conflict of interest
8 with energy efficiency?

9 WITNESS MILLER: A I do not believe so.

10 Q Do you think other people might believe so?

11 MR. RAUSHENBUSH: Calls for speculation.

12 WITNESS MILLER: I have no control over what others
13 believe.

14 MS. GEORGE: Q Okay. All righty.

15 WITNESS MILLER: A I also believe this will be
16 addressed in the efficiency rulemaking, so --

17 Q Well, I just wanted to establish that energy
18 efficiency has not been given -- has not been proposed as a
19 way to achieve a large amount of energy savings. In other
20 words, that would offset or perhaps even eliminate the need
21 for Jefferson-Martin. Would you say that that's true? It
22 has not been -- energy efficiency was not proposed? The
23 transmission line was proposed instead?

24 MR. RAUSHENBUSH: Compound.

25 MS. GEORGE: And I just realize that I forgot to
26 put -- no. Never mind. That's this afternoon.

27 WITNESS MILLER: So the first question is?

28 MS. GEORGE: Q The question is whether or not PG&E

1 ever proposed to do massive energy-efficiency programs in the
2 project area rather than a transmission line.

3 A Not to my knowledge in the time frame that's being
4 considered.

5 Q But the \$75 million can be -- is for the next two
6 years. Is that correct?

7 A It's --

8 Q It's 2004/2005?

9 A It's actually 25 in 2004, and 15 -- 25 in 2004,
10 and 50 in 2005.

11 Q That's what I meant. It's spread over two years.

12 A And it's in that time frame that the company has
13 to achieve its procurement goals that it set.

14 Q Right. And then the energy-efficiency
15 public-goods-charge money is a little over \$100 million every
16 year? And part of that money is spent around here?

17 ALJ TERKEURST: Okay. It's compound. And you need to
18 wrap up.

19 MS. GEORGE: Q Well, I mean, we talked about that in
20 the beginning. You said it was 100 million -- it was over
21 \$100 million this year. 105 is what you said.

22 WITNESS MILLER: A Well, that's -- as part of the --
23 how do I describe this? It's that in offering these programs
24 -- eligible state service territory wide. So to the extent
25 that they are next to the -- in San Francisco or Oakland or,
26 you know, other parts of the service territory, they're
27 eligible to participate.

28 Q Right, but the 16 million was set aside just for

1 San Francisco?

2 A It was a special pilot to basically explore how
3 this kind of activity might work.

4 Q So it is possible to get more money for a
5 particular area, and it was justified based on the
6 reliability concerns of San Francisco?

7 A Well, I'm --

8 MR. RAUSHENBUSH: Compound, and calls for speculation
9 as to why the Commission approved the expenditure of
10 16 million.

11 ALJ TERKEURST: I agree.

12 MS. GEORGE: I believe that was in PG&E's proposal,
13 that it was to -- you know, to bolster the reliability in
14 San Francisco.

15 WITNESS MILLER: I actually didn't -- I am not
16 familiar with the specific language in PG&E's proposal, and
17 whether that was included or not. So --

18 MS. GEORGE: Q Recognize that modifications to PG&E's
19 existing energy-efficiency programs were necessary to meet
20 the needs of San Francisco. What were those needs?

21 ALJ TERKEURST: Ms. George, you've got about one
22 minute left. Okay?

23 MS. GEORGE: Well, I -- I'm sorry, your Honor. I just
24 feel that they have objected to every single question that
25 I've answered [sic], and then eventually he gets the answers
26 wrong, so --

27 ALJ TERKEURST: You need to wrap up.

28 MS. GEORGE: Well, that's -- I can -- I can wrap it

1 up.

2 Q If you could answer that last question, I'd
3 appreciate it it.

4 WITNESS MILLER: A So I was not involved in
5 discussions with San Francisco in terms of the development.

6 Q I said: what does that mean when it says that it
7 was to meet San Francisco's need -- necessary to meet the
8 needs of San Francisco?

9 A Well, it's my understanding we entered into
10 negotiations/discussions with them about the form of this, in
11 terms of proposing it. To what extent they had needs that
12 they wanted met, I don't know the specific details; but from
13 our side, the effort was how to -- you know, how to adapt the
14 programs that we have so that they could, you know, in
15 essence, align with San Francisco's, you know, direction. So
16 our effort was in terms of how to tailor these programs for
17 this specific part of the service territory.

18 Q Which -- and to close down Hunters Point Power
19 Plant was one of the needs to San Francisco. And to -- and
20 for the reliability of San Francisco, this is what was in the
21 proposal, and in the discussions at the Commission based on
22 the proposal that PG&E made?

23 MR. RAUSHENBUSH: Calls for speculation, and compound.

24 MS. GEORGE: It isn't speculation. That's a fact.
25 I'm sorry I don't have that document with me right now.

26 Q But that's why, if you're not aware of that; but
27 you did say that it was to meet the needs of San Francisco,
28 so that makes it seem like San Francisco had particular

1 needs. And we know here that's what we're here for, is to
2 meet the needs of San Francisco. That's what
3 Jefferson-Martin is partly about, isn't it? -- is to meet the
4 reliability needs for San Francisco?

5 MR. RAUSHENBUSH: Is that the question?

6 MS. GEORGE: Well, I'm just saying the reliability for
7 San Francisco is the issue in this proceeding; was also the
8 issue for the pilot project. That's also why the pilot
9 project was approved. And in order to close down Hunters
10 Point Power Plant was one of the things that was -- that was
11 named in that decision -- in that -- those proposals, like
12 this proposal.

13 Q I am just asking you for the -- you know, the
14 Jefferson-Martin proposal, the San Francisco pilot proposal
15 had that in common, that they were both -- they both
16 discussed the need for reliability in San Francisco, and the
17 need to close down Hunters Point Power Plant?

18 MR. RAUSHENBUSH: I'll object as compound,
19 argumentative, and calling for speculation as to the
20 Commission's reasoning for the --

21 MS. GEORGE: No, I'm not saying the Commission's
22 reasoning. I'm saying this is what's in PG&E's proposal.
23 Nothing to do with the Commission's reasoning.

24 WITNESS MILLER: A Before I could answer that, I'd
25 have to go back and review those documents. I assume they're
26 part of a public process.

27 MS. GEORGE: Q Maybe you could get back to me on
28 that, then?

1 WITNESS MILLER: A Well --

2 ALJ TERKEURST: No.

3 WITNESS MILLER: They're in the public record.

4 ALJ TERKEURST: He doesn't know. He hasn't reviewed
5 the documents. He doesn't know.

6 MS. GEORGE: Thanks. Okay. That's it.

7 ALJ TERKEURST: Okay. Any additional cross for this
8 witness?

9 Any redirect?

10 MR. BOYD: Is this recross? Is that what this is?

11 ALJ TERKEURST: Redirect.

12 MR. BOYD: Redirect. Okay.

13 MR. RAUSHENBUSH: We have no redirect for Mr. Miller.

14 ALJ TERKEURST: All right. You are excused, then,
15 Mr. Miller.

16 MR. BOYD: I have a question.

17 ALJ TERKEURST: There's no redirect. There's no
18 recross.

19 MR. BOYD: That's what I was asking.

20 ALJ TERKEURST: Okay. You are excused, Mr. Miller.

21 WITNESS MILLER: Thank you.

22 ALJ TERKEURST: We'll take a ten-minute break, and
23 then resume with Mr. Yeung after the break.

24 (Recess taken)]

25 ALJ TERKEURST: Please come to order.

26 We're ready for ORA's questions of Mr. Yeung,
27 please.

28 MS. PELEO: Thank you, your Honor.

1 CROSS-EXAMINATION

2 BY MS. PELEO:

3 Q Good afternoon, Mr. Yeung.

4 A Good afternoon.

5 Q If you could please turn to Exhibit 4, page 16
6 starting at line 27. Let me know when you are there, please.

7 A Page 16?

8 Q Yes.

9 A Line 27?

10 Q Right.

11 A I have it.

12 Q Starting on that line, you discuss Decision
13 02-12-066, the Commission's Valley-Rainbow decision. You
14 cite the fact that the Commission used a five-year planning
15 horizon for this particular case. And you state on page 17,
16 starting at line 6, that if the same five year standard was
17 applied in this case, the Jefferson-Martin Project is needed
18 well within the five-year planning horizon; isn't that
19 correct?

20 A That's correct.

21 Q Does PG&E adopt a five-year planning horizon for
22 the Jefferson-Martin Project?

23 A No.

24 Q Do you adopt any planning horizon for
25 Jefferson-Martin?

26 A We do not adopt a specific planning horizon for
27 the project.

28 As stated in my direct testimony on Chapter 3,

1 which starts on page 15, in here we talk about the
2 appropriate planning horizon can easily exceed ten years or
3 more for a project like this. And also that in our long-term
4 studies, we typically use a ten-year planning horizon.

5 Q Should the Commission then adopt the ten-year
6 planning horizon in deciding on this case?

7 A I don't have a strong opinion on it one way or the
8 other, but I think that a minimum five-year planning horizon
9 must be adopted.

10 Q Minimum five years?

11 A Minimum five years.

12 Q So if we adopted that here, that would be -- that
13 would have a start date of October 2003, which is when you
14 submitted your testimony?

15 A Yes.

16 Q Still in Exhibit 4, at page 37, starting at
17 line 7, and also in your rebuttal, Exhibit 15, at page 11,
18 you discuss the City and County of San Francisco's turbines
19 and the issues surrounding their siting and regulatory
20 approval with the California Energy Commission; isn't that
21 correct?

22 A I have the first reference, but what is the second
23 reference again?

24 Q Oh, rebuttal. It's Exhibit 15, page 11, is the
25 second reference?

26 A Yes, I have the pages.

27 Q Okay. And, in particular, you discuss the public
28 opposition to the siting of the turbines; isn't that correct?

1 A That's correct.

2 Q In your opinion, is the fact that there may be
3 public opposition to a generation or transmission project
4 reason enough for a project proponent to not attempt to gain
5 the necessary regulatory approvals?

6 MR. RAUSHENBUSH: Vague and ambiguous.

7 ALJ TERKEURST: I'll allow the question.

8 THE WITNESS: Can you repeat the question?

9 MS. PELEO: Q Sure.

10 In your opinion, does the fact that there may be
11 public opposition to a project, a generation or transmission
12 project, reason enough for a project proponent, whether it's
13 PG&E or some other entity, to not attempt to gain the
14 necessary regulatory approvals?

15 MR. RAUSHENBUSH: Vague and ambiguous. Approvals of
16 the transmission project or of the power project?

17 MS. PELEO: Approval of the project through the
18 approving authority.

19 ALJ TERKEURST: I think it's broader than just
20 transmission.

21 MR. RAUSHENBUSH: But what I'm not understanding is
22 here there is public opposition to a city's project, and
23 she's asking him whether we should be seeking approvals --
24 whether that's enough for us to stop seeking approvals?

25 ALJ TERKEURST: I'm assuming that the question
26 was referring to a single project, not tying it from City and
27 County of San Francisco to Jefferson-Martin.

28 Am I correct?

1 MS. PELEO: That's right.

2 MR. RAUSHENBUSH: Okay.

3 THE WITNESS: Well, if you're asking me given the --
4 given the public opposition to the city's generation project,
5 would the city apply for an application for certification for
6 its project? Is that what you're asking me?]

7 MS. PELEO: Q I'm asking would any -- you discuss at
8 length here the public opposition to the City's seeking
9 regulatory approval for its turbines. My question was, since
10 you were discussing that, I wanted to know what your opinion
11 was of whether the fact that there may be public opposition
12 to a particular project, would that be reason for PG&E, for
13 example, to not attempt to get approval for that project?

14 A I'm sorry. I still don't quite understand the
15 question. If you are asking me that would PG&E file an
16 application for a transmission project such as
17 Jefferson-Martin project -- and obviously we did, we did file
18 an application with the Commission --

19 Q Even though there was public opposition to it,
20 correct?

21 A Even though there was public opposition to it.

22 Q So the fact that -- excuse me?

23 A Yes, we did file for an application.

24 Q So the fact that there was public opposition to it
25 did not stop PG&E -- was not the factor in PG&E's decision
26 whether to file or seek approval of the project; isn't that
27 correct?

28 A Again, we did file for an application.

1 Q And there was public opposition to the application
2 or siting? There is?

3 A There is now, as I know it.

4 Q And that hasn't changed PG&E's mind about seeking
5 approval for the Jefferson-Martin project, correct, because
6 you're still here?

7 A Yes, we're still here. And again, the application
8 was filed in -- if I remember it correctly -- the application
9 was filed in September, 2002, more than a year ago.

10 Q Is PG&E -- we're back to the turbines now -- is
11 PG&E cooperating with the City and County of San Francisco in
12 its efforts to site the turbines?

13 MR. RAUSHENBUSH: Vague and ambiguous as to
14 cooperating.

15 MS. PELEO: Q Does PG&E have a position on CCSF's
16 efforts to site the turbines?

17 A Yes, we do have a position.

18 Q What's that position?

19 A That position was articulated in a letter dated
20 April 23rd, 2003, to Mr. Terry Winter of the ISO. In there
21 we said PG&E has no preference regarding the location of new
22 generation in San Francisco and northern San Mateo County.
23 The proposal to construct generation resources available, we
24 recognize this decision falls within the sole purview of
25 those wishing to site new generation. It is appropriate
26 regulatory agencies.

27 Q So you wouldn't call that actively supporting the
28 CCF turbine project or siting effort?

1 A I am not quite sure what you mean by actively
2 supporting.

3 Q Your first sentence that you read from that letter
4 was something like PG&E takes no position.

5 A We have no preference.

6 Q So that's neither actively supporting nor not
7 supporting?

8 A If that is how you are defining it, yes.

9 Q If it chose to, could PG&E either actively support
10 or voice a preference contrary to what that letter says to
11 the CCSF siting and gaining approval for the turbines?

12 A What is the question again?

13 Q If it chose to, could PG&E voice a preference for
14 a position regarding the CCSF siting and gaining approval for
15 the turbines?

16 A Well, we decided not to. And if we decided to
17 voice a preference, we can always do that. But we decided
18 not to.

19 Q And why hasn't PG&E voiced a preference either
20 actively supporting the turbines or not supporting the
21 turbines?

22 A The main reason being that the decision is not
23 with PG&E. The decision is with the parties that are
24 proposing new generation and also the corresponding
25 regulatory agencies that would have to be involved in
26 granting such an approval.

27 Q Isn't the decision to support something PG&E's
28 decision to make?

1 MR. RAUSHENBUSH: Argumentative.

2 MS. PELEO: I am asking who makes the decision -- my
3 question was why hasn't PG&E voiced a preference or a
4 position on CCSF.

5 MR. RAUSHENBUSH: That is what he just answered.
6 Asked and answered.

7 MS. PELEO: No. He answered it's not up to PG&E to
8 essentially voice a preference on the project. That was the
9 answer.

10 ALJ TERKEURST: I think the question was pretty much
11 the same.

12 MS. PELEO: The response was it is not up to PG&E to
13 approve the project, and that was an answer to my question
14 why hasn't PG&E voiced a preference or position on the
15 turbines.

16 ALJ TERKEURST: Then didn't you ask the question
17 again?

18 MS. PELEO: No. I was trying to remind him what the
19 question was. And I asked wasn't it -- isn't it PG&E's
20 decision what position it takes on a particular project or
21 event.

22 MR. RAUSHENBUSH: That is not my recollection of the
23 question or answer.

24 ALJ TERKEURST: Ask a question and we will take it
25 from there.

26 MS. PELEO: All right.

27 Q Still in Exhibit 4, at page 38, starting at line
28 14, you state that pursuant to prudent transmission planning

1 principles, PG&E excludes the CCSF turbines from supply
2 forecasts for the Jefferson-Martin project's planning
3 horizon. Do you see that?

4 A Yes, I do.

5 Q Assuming that the turbines were included in PG&E's
6 supply forecast to come on line by, say, 2006, would the
7 Jefferson-Martin project be needed by 2006?

8 A Well first of all, I cannot agree to the
9 assumption that the CCSF turbines would be constructed and in
10 operation by 2006.

11 Q Why not?]

12 A I believe I answered that question in my direct
13 testimony on -- starting from page 36 through 38.

14 ALJ TERKEURST: Well, I think the question was a
15 hypothetical one, though. If you included it, would your
16 studies show that Jefferson-Martin would be needed, aside
17 from the question of whether you think it's wise to include
18 it, right?

19 MS. PELEO: Right.

20 WITNESS YEUNG: If you turn to page 2 of my direct
21 testimony, on Figure 1-1, again, assuming that the CCSF trend
22 models are operational by 2006, if one's just looking at the
23 year 2006, and assuming that the other assumptions that were
24 taken in this analysis remain to be true, then for the year
25 2006, with the four UCTs from CCSF, there will be enough
26 capacity to meet planning requirements for the year 2006.

27 MS. PELEO: Q Assuming a five-year planning horizon
28 starting in October 2003, as we talked about earlier, would

1 it be prudent to include both the Jefferson-Martin Project
2 and the turbines?

3 A No, it would not be prudent to assume the turbines
4 to be in place within that time frame.

5 Q Along with Jefferson-Martin? That was the
6 hypothetical I posed.

7 A And I'm sorry. What is the question again?

8 Q The question was: assuming a five-year planning
9 horizon starting in October of 2003, would it be prudent to
10 include both Jefferson-Martin and the City turbines?

11 A Well, I believe my answer to the turbine was no.

12 Q Oh.

13 A And my answer to the question on Jefferson-Martin
14 Transmission Project -- I believe that is an issue for this
15 proceeding. In the analysis that we have done, we actually
16 looked at with or without the proposed transmission project.

17 Q The question was, though -- the hypothetical was:
18 if both were included, would you think that was prudent?

19 A And my answer still is no.

20 Q Okay. In response to some questions from Mr. Boyd
21 earlier, I believe you said something to the effect that if
22 Jefferson-Martin was built, it would meet the applicable grid
23 planning standards. Do you remember that testimony?

24 A Yes.

25 Q So that means that Jefferson-Martin alone would
26 meet the reliability need in the project area. Is that
27 correct?

28 A Right.

1 MR. RAUSHENBUSH: Vague and ambiguous as to time. In
2 2006, or forever?

3 MS. PELEO: In 2006, when it's built.

4 WITNESS YEUNG: I believe the question was addressing
5 the year 2006. And the answer was yes for the year 2006.

6 MS. PELEO: Q Okay. Here's another hypothetical.
7 Assuming both the Jefferson-Martin Project and the CCSF
8 turbines did come on line within the five-year planning
9 horizon, do you believe that the electric system for the
10 project area would be overbuilt, from a reliability
11 perspective?

12 A I am not quite sure what you mean by "overbuilt."

13 Q You said earlier that Jefferson-Martin alone would
14 meet the reliability need in the project area, correct?

15 A That's correct.

16 Q So assuming Jefferson-Martin's built, and assuming
17 the CCSF turbines come on line, would you agree that the
18 supply there would be more than what was needed for the area,
19 reliability wise -- more than the reliability need?

20 A If I understand your question correctly, you're
21 asking me if both the transmission project, which is
22 Jefferson-Martin, and the four new CGs are constructed, would
23 the system be capable to be planning requirements for the
24 year 2006. The obvious answer is yes, because, as I stated
25 before, that even with Jefferson-Martin alone, the answer is
26 yes for the year 2006.

27 Q If that was the case, do you believe that would be
28 consistent with prudent transmission planning principles?

1 A That word is including the --

2 Q If both those projects came on line within -- by
3 2006.

4 A Yes.

5 Q On page 85 in Exhibit 4, you discuss PG&E's plan
6 of action if Jefferson-Martin is not built. Isn't that
7 correct?

8 A Yes.

9 Q And if I read your testimony correctly, the plan
10 is essentially PG&E will take the steps necessary to keep
11 Hunters Point Power Plant operating if the Jefferson-Martin
12 Project is not approved and that's not built. Is that a
13 correct summary?

14 A Not entirely.

15 Q Please explain.

16 A Yes. You are correct that if Jefferson-Martin
17 Project is not built, it's -- it is expected that the Cal ISO
18 would require PG&E to delay shutdown of Hunters Point Power
19 Plant, but the difference is that we also expect Hunters
20 Point Power Plant to continue rerunning under minor contract.

21 Q Right. If we don't receive a CPCN for
22 Jefferson-Martin?

23 A That's correct.

24 Q And therefore, PG&E would have to work to keep
25 Hunters Point Power Plant operating then?

26 A And again, that is if the Cal ISO requires PG&E to
27 do so.

28 Q Okay. Is it your testimony, then, that in

1 determining the need for Jefferson-Martin, the need to
2 replace the power currently provided by Hunters Point is what
3 drives the need?

4 A Not exactly. It's very -- we believe that Hunters
5 Point Power Plant will be retired. And we are looking at the
6 end of 2005 as the most reasonable expected date. So the
7 proposed Jefferson-Martin transmission planning project --
8 transmission project is to provide the needed capacity to
9 serve this area -- the project area -- in 2006 and beyond.

10 Q Is it correct to say that Jefferson-Martin is
11 PG&E's proposed or preferred solution to replacing the power
12 currently provided by Hunters Point?

13 A No. It is PG&E's preferred alternative to provide
14 the capacity to meet all planning requirements in this
15 project area.

16 MS. PELEO: Should we stop now?

17 ALJ TERKEURST: Are you at a good breaking point?

18 MS. PELEO: Yes. Thank you.

19 ALJ TERKEURST: We will be adjourned until 9:00
20 tomorrow morning.]

21 (Whereupon, at the hour of 3:32 p.m., this
22 matter having been continued to 9:00 a.m.,
23 January 13, 2004, at San Francisco,
24 California, the Commission then adjourned.)

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