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August 31, 2009

ADVICE LETTER 2106-E
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: NOTICE OF PROPOSED CONSTRUCTION OF THE ORANGE GROVE TRANSMISSION ENHANCEMENT PROJECT AND THE PALA TO MONSERATE WOOD-TO-STEEL POLE REPLACEMENT PROJECT.

Purpose

Pursuant to General Order (G.O.) 131-D, Section XI, Subsection B.4, San Diego Gas & Electric Company (SDG&E) hereby submits a notice of construction for the Orange Grove Transmission Enhancement Project and Pala to Monserate transmission line Wood to Steel Pole Replacement Project.

For the reasons stated below, the proposed activities are exempt from the G.O. 131-D Permit to Construct (PTC) requirements.

These projects are exempt from the G.O. 131-D Certificate of Public Convenience and Necessity (CPCN) requirements because all of the facilities are designed to operate below 200kV.

The proposed Orange Grove Transmission Enhancement Project is exempt from a PTC in accordance with the provisions of G.O. 131-D, Section III.B.1.f – power lines or substations to be relocated or constructed which have undergone environmental review pursuant to CEQA as part of a larger project, and for which the final CEQA document (Environmental Impact Report (EIR) or Negative Declaration) finds no significant unavoidable environmental impacts caused by the proposed line or substation and substation, and Section III.B.1.g – power line facilities ... to be located in an existing franchise ... or public utility easement and there are no exceptions to the exemptions.

The proposed Pala to Monserate Wood to Steel Pole Replacement Project is exempt from PTC because it qualifies for an exemption under Section III.B.1.b – the replacement of existing power line facilities or supporting structures with equivalent facilities or structures, and Section III.B.1.h, as the project is Categorical Exempt pursuant to the CEQA Guidelines and project review did not find any applicable exceptions to the exemptions.

Background

On June 19, 2008, Orange Grove, LLC filed an Application for Certification (AFC) with the California Energy Commission (CEC) to construct and operate the Orange Grove Energy Project (OGEP) (CEC Docket No. 08-AFC-04). The AFC was approved by the CEC on April 8, 2009. The

interconnection facilities and electric system network upgrades, which are the subject of this Advice Letter, are a part of the approved OGEP.

The OGEP will interconnect with the electric transmission system at 69 kV. The interconnection point will be at SDG&E's Pala Substation. The OGEP is located adjacent to the Pala Substation on property leased from SDG&E. The CPUC has previously approved leasing of this property in D.07-09-010 on Application of San Diego Gas & Electric Company (U902-E) for Approval of Power Purchase Agreement with J-Power, USA Development Company, LTD and Wellhead Power Margarita, LLC for recovery of Costs and for a limited exemption from the Requirements of Public Utilities Code Section 851. In addition to the 69 kV interconnection, upgrade of the 69 kV transmission system is required to deliver the full capacity of the OGEP to the electric system. The main component of the upgrade is to reconductor one of the 69 kV transmission lines exiting the Pala Substation.

Purpose and General Description

The Orange Grove Transmission Enhancement Project will upgrade an existing 69 kV transmission line between the OGEP in Pala-Pauma and an existing substation in Fallbrook. This upgrade is required to ensure delivery of the full output from OGEP to the electric system (96 MW).

The upgrade consists of reconductoring of one of the 69 kV transmission lines exiting Pala Substation. Reconductoring of the transmission line will require replacing about 9.8 miles of 336 ACSR with 636 ACSS conductor, replacement/relocation of 33 existing utility poles with steel poles, removal of 3 wood poles and addition of seven steel poles to support this larger conductor. Upgrades also include some minor modifications to the system protection for the 69 kV transmission lines in the vicinity of the Pala Substation.

The proposed Pala to Monserate Wood to Steel replacement work will occur concurrently with the reconductor work. In addition to the reconductor work, the remaining 75 wood poles in this 69 kV transmission line will be replaced by substantially similar steel poles.¹ This replacement will increase transmission line reliability.

Project Schedule (Conceptual)

SDG&E plans to begin construction as soon as this Advice Letter noticing period is completed on October 19, 2009.

Potential Environmental Impacts

The interconnection facilities, network upgrades and other ancillary facilities have been reviewed by the CEC pursuant to California Environmental Quality Act (CEQA) as part of the CEQA analysis of the overall OGEP. The CEC staff's CEQA equivalent document is the CEC's "Staff Assessment" included in the approved AFC. The Staff Assessment finds no significant unavoidable environmental impacts caused by the proposed interconnection facilities including, without limitation, the substation additions and network upgrades. While the CEC Staff Assessment did not specifically address greenhouse gas (GHG) issues for the reconductor activities, it did include an air quality analysis, which found no significant air quality impacts. Subsequently, SDG&E

¹ Approximately 6 to 9 additional poles will also be interset between the supporting structures for support of an existing 12kV electric distribution line. The construction of electric distribution line facilities (under 50kV) is exempt from the requirements of G.O. 131-D Permit to Construct (PTC) under Section III.C.

analyzed the potential GHG impacts for this project and determined that short-term GHG generated from construction sources were insignificant compared with the operations of the natural gas-fired combustion turbines at the plant.

The work associated with the replacement of the 75 wood poles with steel poles is not related to the reconductor project and was not included in the CEC's approved AFC. But, SDG&E is proposing to perform this work close in time to the reconductor work to minimize environmental and community impacts. SDG&E reviewed the Pala to Monserate Wood to Steel Replacement project for potential environmental impacts and found that the project would not result in any significant incremental or cumulative environmental impacts. The project is categorically exempt pursuant to Section 15301 Class 1(b) Categorical Exemption (CE), Operation, Repair, Maintenance, or Minor Alteration; and Section 15302 Class 2(c) Categorical Exemption (CE), Replacement or Reconstruction, as provided in California Environmental Quality Act (CEQA) Guidelines.

No cost information is required for this advice filing.

This informational filing will not result in an increase in any rate or charge, conflict with any rate schedule or rules, nor cause the withdrawal of service or result in more restrictive conditions.

Magnetic Field Management:

The CPUC requires utilities to consider "no-cost" and "low-cost" magnetic field management techniques on all new transmission projects as a precautionary measure to reduce public exposure to magnetic fields. SDG&E will implement magnetic field management techniques on this project, as appropriate, in accordance with SDG&E's *EMF Design Guidelines for Electrical Facilities* (Guidelines), as filed with the CPUC in compliance with D.93-11-013 and updated in compliance with D.06-01-042.

SDG&E will take the following measures for the Project: 1) Identify and implement appropriate "no-cost" measures, i.e., those that will not increase overall project costs but will reduce the magnetic field levels; and 2) Identify and implement appropriate "low-cost" measures, i.e., those measures costing in the range of 4% of the total budgeted project cost. To qualify, "low-cost" measures must reduce the magnetic field levels by at least 15% at the edge of Right-of-Way (ROW). For this project, the edges of the utility ROW are 10 feet either side of the centerline of the utility facilities.

An SDG&E Magnetic Field Management Plan for this project is available upon request.

Effective Date

Because this Advice Letter is being filed in accordance with the noticing requirements described in G.O. 131-D, Section XI, Subsection B.4, no resolution is required for approval. SDG&E respectfully requests that this filing become effective on September 30, 2009, which is 30 days after the date filed.

Protest

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made either in writing or by facsimile and received by September 20, 2009, which is 20 days of the date this Advice Letter was

filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

IMC Branch Chief
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, CA 94102

Copies should also be sent via email to the attention of Honesto Gatchallian (ijn@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. A copy could also be mailed to the Energy Division-IMC Branch, Room 4005 (at the address shown above). It is also requested that a copy of the protest be sent via both e-mail and Facsimile to SDG&E on the same date it is mailed or delivered to the Commission (at the address shown below).

Attn: Rebecca W. Giles
Regulatory Case Administrator
San Diego Gas and Electric
8330 Century Park Court – CP32D
San Diego, CA 92123-1550
Facsimile No. (858) 654-1788
E-mail: RGiles@semprautilities.com

Notice

G.O. 131-D, Section XI, Subsection B. requires that this Advice Letter be filed not less than 30 days before the date such construction is intended to begin. SDG&E intends to begin construction no sooner than October 19, 2009. In accordance with Section III.G of G.O. 96-B, SDG&E has, on August 31, 2009, served a copy of this filing on the parties shown on the attached list including the parties listed in G.O. 131-D, Section XI, Paragraphs B.1. and B.2., by providing them a copy hereof, either electronically or via the U.S. mail, properly stamped and addressed. A copy of the attached Notice will also be posted on site in accordance with G.O. 131-D, Section XI. Paragraph B.3.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by e-mail to SDG&ETariffs.com

Ron van der Leeden
Director – Rates, Revenues & Tariffs

(cc list enclosed)

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Aurora Carrillo

Phone #: (858) 654-1542

E-mail: acarrillo@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2106-E

Subject of AL: Notice of Proposed Construction of the Orange Grove Transmission Enhancement Project and the Pala to Monserate Wood-to-Steel Pole Replacement Project

Keywords (choose from CPUC listing): Transmission Lines, GO 131-D

AL filing type: Monthly Quarterly Annual One-Time Other Periodic

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: _____

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: September 30, 2009

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

San Diego Gas & Electric

Attention: Megan Caulson

8330 Century Park Ct, Room 32C

San Diego, CA 92123

mcaulson@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

D. Appling
S. Cauchois
J. Greig
R. Pocta
W. Scott

Energy Division

P. Clanon
S. Gallagher
H. Gatchalian
D. Lafrenz
M. Salinas

CA. Energy Commission

F. DeLeon
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman
J. Porter

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham
E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes
G. Lonergan
M. Valerio

Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill
J. Pau

Dept. of General Services

H. Nanjo
M. Clark

Douglass & Liddell

D. Douglass
D. Liddell
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg
J. Heather Patrick
J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard
R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark
M. Huffman
S. Lawrie
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

School Project for Utility Rate Reduction

M. Rochman
Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander
K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Florio
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Attachment A
NOTICE OF PROPOSED CONSTRUCTION

Project Name: ORANGE GROVE TRANSMISSION ENHANCEMENT PROJECT AND PALA TO MONSERATE WOOD-TO-STEEL POLE REPLACEMENT PROJECT

Date: August 31, 2009

SDG&E Advice Letter Number 2106-E

Proposed Project:

On June 19, 2008, Orange Grove, LLC filed an Application for Certification (AFC) with the California Energy Commission (CEC) to construct and operate the Orange Grove Energy Project (OGEP) (CEC Docket No. 08-AFC-04). The AFC was approved by the CEC on April 8, 2009. The interconnection facilities and electric system network upgrades, which are the subject of this Notice, are a part of the approved OGEP.

The OGEP will interconnect with the electric transmission system at 69 kV. The interconnection point will be at SDG&E's Pala Substation. The OGEP is located adjacent to the Pala Substation on property leased from SDG&E. The California Public Utilities Commission (CPUC) has previously approved leasing of this property in D.07-09-010 on Application of San Diego Gas & Electric Company (U902-E) for Approval of Power Purchase Agreement with J-Power.

The Orange Grove Transmission Enhancement Project will upgrade an existing 69 kV transmission line between OGEP in Pala-Pauma and an electric substation in Fallbrook. This transmission line upgrade is required to ensure delivery of the full output from OGEP to the electric system. OGEP is a proposed 96 megawatt (MW), clean burning, natural gas peaking facility located next to SDG&E's existing Pala Substation on SR76 at Pala del Norte Road. The OGEP is part of SDG&E's Long Term Energy Plan that includes demand reduction, renewable energy, transmission lines and local power plants.

The Pala to Monserate Wood to Steel Pole Replacement Project will occur concurrently with the transmission upgrade work to replace the remaining wood poles in this 69 kV transmission line with substantially similar steel poles.

Project Description:

The Orange Grove Transmission Enhancement Project will upgrade approximately 9.8 miles of existing 69 kV transmission line located within the existing utility corridor. Enhancing the existing 69 kV transmission line will improve reliability and efficiency while minimizing impacts on the environment.

The Transmission Enhancement Project upgrades will include:

- Replacing about 9.8 miles of overhead conductor.
- Replacing 33 wood poles with steel poles.
- Addition of 7 steel poles.
- Minor modifications to the substations connected to this transmission line.

The Pala to Monserate Wood to Steel Pole Replacement Project will replace 75 wood poles with steel poles on the same 69 kV transmission line. In addition, approximately 6 to 9 additional poles will be interset between the supporting structures for support of an existing 12kV electric distribution line.

Project benefits for both projects will include:

- Increase reliability and performance of the electric delivery system to meet the growing demand for energy.
- Enhance existing transmission line efficiency without increasing voltage.
- Reduce ratepayer cost and environmental impacts by using the existing utility corridor.

Magnetic Field Management:

The CPUC requires utilities to consider "no-cost" and "low-cost" magnetic field management techniques on all new transmission projects as a precautionary measure to reduce public exposure to magnetic fields. SDG&E will implement magnetic field management techniques on this project, as appropriate, in accordance with SDG&E's *EMF*

Design Guidelines for Electrical Facilities (Guidelines), as filed with the CPUC in compliance with D.93-11-013 and updated in compliance with D.06-01-042.

SDG&E will take the following measures for the Project: 1. Identify and implement appropriate “no-cost” measures, i.e., those that will not increase overall project costs but will reduce the magnetic field levels. 2. Identify and implement appropriate “low-cost” measures, i.e., those measures costing in the range of 4% of the total budgeted project cost. To qualify, “low-cost” measures must reduce the magnetic field levels by at least 15% at the edge of Right-of-Way (ROW). For this project, the edges of the utility ROW are 10 feet either side of the centerline of the utility facilities.

An SDG&E Magnetic Field Management Plan for this project is available upon request.

Exemption from CPUC Authority:

The Orange Grove Transmission Enhancement Project is exempt from G.O. 131-D Certificate of Public Convenience and Necessity (CPCN) requirements because all of the applicable facilities operate below 200kV. This project is exempt from the requirements of G.O. 131-D Permit to Construct (PTC) because it qualifies for an exemption under Section III.B.1.f -- power lines or substations to be relocated or constructed which have undergone environmental review pursuant to CEQA as part of a larger project, and for which the final CEQA document (Environmental Impact Report (EIR) or Negative Declaration) finds no significant unavoidable environmental impacts caused by the proposed line or substation and Section III.B.1.g – power line facilities ... to be located in an existing franchise ... or public utility easement and there are no exceptions to the exemptions.

The Pala to Monserate Wood to Steel Pole Replacement Project is exempt from CPCN requirements because all of the applicable facilities operate below 200kV. It is also exempt from the requirements of PTC because it qualifies for an exemption under Section III.B.1.b – the replacement of existing power line facilities or supporting structures with equivalent facilities or structures, and Section III.B.1.h, as the project is Categorically Exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines and project review did not find any applicable exceptions to the exemptions. SDG&E reviewed the project for potential environmental impacts and found that the project would not result in any significant incremental or cumulative environmental impacts. The project is categorically exempt pursuant to Section 15301 Class 1(b) Categorical Exemption (CE), Operation, Repair, Maintenance, or Minor Alteration; and Section 15302 Class 2(c) Categorical Exemption (CE), Replacement or Reconstruction, as provided in CEQA Guidelines.

Public Review Process:

Persons or groups may protest the proposed construction if they believe the utility has incorrectly applied for an exemption or believe there is a reasonable possibility that the proposed project or cumulative effects or unusual circumstances associated with the project may adversely impact the environment. Pursuant to CPUC GO 131-D, Section XIII, protests must be filed by September 21, 2009 which is 20 calendar days of the date this informational Advice Letter was filed with the Commission. All protests must be filed formally at the CPUC and SDG&E concurrently in accordance with the CPUC’s Rules of Practice and Procedure to those listed below.

California Public Utilities
Commission
Docket Office, Room 2001
505 Van Ness Avenue
San Francisco, CA 94102
AND

Rebecca W. Giles
SDG&E
Regulatory Affairs
8330 Century Park Ct.
San Diego, CA 92123
AND

Julie Fitch
California Public Utilities
Commission
Energy Division
505 Van Ness Avenue,
Rm. 4002
San Francisco, CA 94102

For assistance in filing a protest, please call the CPUC’s Public Advisor in Los Angeles at [1-866-849-8391](tel:1-866-849-8391) OR E-mail: public.advisor.la@cpuc.ca.gov

To request further information, please contact: Juanita Hayes, Government Affairs Manager, (760) 480-7650 or email jhayes1@semprautilities.com

Attachment B

Advice Letter 2106-E

Notice Distribution List

**NOTICE OF PROPOSED CONSTRUCTION OF THE ORANGE GROVE
TRANSMISSION ENHANCEMENT PROJECT AND THE PALA TO MONSERATE
WOOD-TO-STEEL POLE REPLACEMENT PROJECT**

California Public Utilities Commission

Julie Fitch
505 Van Ness Avenue
San Francisco, CA 94102

Nicholas Sher
505 Van Ness Avenue
San Francisco, CA 94102

Ken Lewis
505 Van Ness Avenue
San Francisco, CA 94102

County of San Diego

Supv Bill Horn
1600 Pacific Highway
3rd Floor
San Diego, CA 92101

Planning Director
5201 Ruffin Road, Suite B
San Diego, CA 92123-1666

California Energy Commission

Melissa Jones
Executive Director
1516 Ninth Street, Mail Stop 39
Sacramento, CA 95814

Community Groups

Bonsall Community Sponsor Group
Margarette Morgan, Chair
2056 Camino Cantera
Vista CA 92084

Home: 760.630.7070
Fax: 760.630.6226
Email: morgan7070@cox.net

Fallbrook Community Planning Group
James C. Russell, Chair
205 Calle Linda
Fallbrook CA 92028
Home: 760.728.8081
Fax: 760.728.8081
Email: russellfarms@roadrunner.com

Pala-Pauma Community Sponsor Group
Joe Chisolm, Chair
PO Box 1273
Pauma Valley CA 92061
Home: 760.745.3501
Email: chizland@nethere.com

Valley Center Community Planning Group
Oliver Smith, Chair
PO Box 127
Valley Center CA 92028
Phone: 760.918.7331
Email: oliver.smith@responics.com

Newspapers of General Circulation

San Diego Union-Tribune
North County Times

Neighborhood Notification

The Attachment A Notice will be posted in public viewing areas such as on SDG&E utility poles, along the existing overhead and substation site.