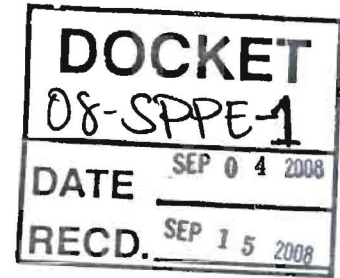


Public Utilities Department
Administration

September 4, 2008



Felicia Miller
Project Manager
California Energy Commission
Energy Facility Siting Division
1516 9th Street, MS-15
Sacramento, California 95814-5512

REF: ADMIN 08-052

Subject: Riverside Energy Resource Center Units 3 & 4 Power Plant Licensing Case; Docket Number 08-SPPE-1

Dear Ms. Miller:

As we have expressed previously and as outlined below, the operational date for RERC Units 3 & 4 is critical to the ability of the City of Riverside, through its Public Utilities Department (Riverside), to serve its customers with reliable energy. As understood during Riverside staff's August 27, 2008, conference call with you, the additional information included with this letter should close out requests for information required for transmission engineering and allow the draft Initial Study to be finalized by the CEC staff. Riverside is confident that we have responded to all of CEC staff's requests and now expect that the CEC shall be able to issue its Initial Study within the next two weeks. Please let us know if our understanding is incorrect. Riverside, if necessary, can answer any further questions regarding transmission engineering by filing testimony that describes the system and the upgrades RPU will make to the system.

The following facts illustrate why RERC Units 3 & 4 are so critical to Riverside. All power to serve Riverside customers comes from the state transmission grid through a single point of interconnection, via the Southern California Edison (SCE) Vista Substation. Not only is this connection at capacity, interruption to the delivery of energy through the one point of interconnection leaves the City wholly reliant on internal generation.

First, the capacity at Vista is 560 megawatts (MW). Energy can also be provided by the 96 MW RERC Units 1 & 2 and the 40 MW Springs Generating Station. Both facilities are peaking units and are licensed to run only a limited number of hours per year. Increased demand on Riverside's system has led to higher and more frequent peaks. Historically, Riverside's system expansion has been approximately 6-7% every five years, both in number of meter connections and customer energy usage. The most recent five-year period has seen a 31% increase in customer energy usage (5% per year), although the number of meter connections has increased at the historical rate of 1-2% per year. Riverside's 2007 system peak of 610 MW is already 50 MW above the 560 MW import capability of the Vista Substation. Rolling blackouts would have already occurred had Riverside not recently added internal generation capacity. Despite the recent economic downturn, Riverside has added 1,112 new meters (1% growth rate) with nearly 20 MW of customer capacity in fiscal year 2007-08, a one year capacity increase of 3.5%.

If the current load growth continues at historical levels, by summer 2010 Vista's import capacity, plus Riverside's internal generation at RERC and Springs (approximately 696 MW), will not meet our customer's energy needs. When peak energy demand exceeds 696 MW, Riverside will not have sufficient capacity to deliver energy requirements. This will result in rolling blackouts during peak usage - typically Monday through Friday between noon and 5 p.m. The additional power from RERC Units 3 & 4 by 2009 would fill this shortfall pending the construction of the second interconnection to the state grid. In addition, if RERC 3 & 4 is not available, any requirement to reduce load from the state grid in peak periods, which occurs most summers, would not be able to be made up with internal generation as adequate capacity will not exist.

Second, Riverside has long been concerned that having a single point of interconnection to import the bulk of the City's energy requirements was too tenuous and represented a risk to the provision of uninterrupted power to its citizens. To highlight Riverside's concern, the Vista substation lost five of its seven lines serving Riverside on October 26, 2007 due to one local SCE grid disturbance. The remaining two lines tripped on overload, leaving the City completely without power. Riverside was black for a short period of time, and solely reliant on its internal generation. The additional internal generation provided by RERC Units 3 & 4 will allow Riverside to restore power to essential services in a timelier manner.

The unanticipated growth in peak demand, coupled with the tenuous nature of the single point of interconnection for the importation of power, makes it imperative that Riverside develop additional internal generation in a timely manner.

The only issue that appears to remain open is transmission engineering. Since approximately the third week of July, Riverside staff has been diligently responding to requests from CEC staff for information detailing Riverside's system planning and reliability criteria for its internal 69 kV transmission system. We continue to receive verbal requests for additional information related to the Riverside transmission system. Our concern is that these additional requests are not helping to clarify or bring the issue to closure and in fact are potentially diverting attention into areas that may be outside CEC jurisdiction, e.g., Riverside transmission system planning and operation. The original July 11th date for the issuance of the draft Initial Study has been delayed by this issue.

At this time, Riverside believes it has responded to all of CEC staff's requests and now expects that the CEC should be able to issue its Initial Study within the next two weeks.

Thank you for your attention to this very important matter. Riverside looks forward to the successful completion of the SPPE process.

Sincerely,



Stephen H. Badgett
Utilities Deputy General Manager/Energy Delivery

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