



# FEDERAL ENERGY REGULATORY COMMISSION

**December 17, 2009**  
Docket Nos. EL10-3-000, EL10-2-000

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## **FERC Grants Incentives for California Transmission Project**

The Federal Energy Regulatory Commission (FERC) today granted rate incentives for a Southern California transmission project that will provide consumers with access to renewable energy.

Today's decision involves the Border-East Line Project, which will deliver up to 1,000 megawatts of new transfer capacity from Imperial Valley to San Diego County and will facilitate the development of 1,900 megawatts of renewable resources in the Imperial Valley region. The Border-East Line, developed and constructed by San Diego Gas & Electric Company (SDG&E), is part of the much larger Sunrise Powerlink Project. Citizens Energy Corporation (Citizens) is providing financing for 50 percent of the Border-East Line in exchange for a 30-year entitlement to 50 percent of its transfer capability.

FERC granted Citizens' request to recover development and construction costs for its portion of the Border-East Line if the project is canceled or abandoned for circumstances beyond its control. FERC also granted Citizens' capital cost recovery methodology, which included a hypothetical capital structure of 50 percent debt and 50 percent equity and a 30-year levelized capital recovery approach. The order, however, does not approve the components of Citizens' proposed formula rate, as that will be subject to a future rate request under section 205 of the Federal Power Act.

In a related order, FERC approved SDG&E's proposed accounting and ratemaking treatment for the portion of the Border-East Line leased to Citizens, subject to SDG&E revising its accounting treatment to conform to the Uniform System of Accounts. This will help to ensure that SDG&E will not double-recover the line's costs.