

Exhibit 1

**BEFORE THE ENVIRONMENTAL APPEALS BOARD
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

IN RE:)

PIO PICO ENERGY CENTER, LLC)

PSD Permit No. SD 11-01)

) PSD Appeal Nos. 12-04, 12-05 & 12-06

**DECLARATION OF GARY R. CHANDLER IN SUPPORT OF PIO PICO ENERGY
CENTER LLC'S SUPPLEMENTAL BRIEF IN RESPONSE TO THE BOARD'S ORDER
OF APRIL 5, 2013**

I, Gary R. Chandler, declare:

1. I am a resident of Utah. I am over the age of twenty-one and have personal knowledge of the statements made herein. This declaration is filed in support of Pio Pico Energy Center LLC's Supplemental Brief in Response to the Board's Order of April 5, 2013.
2. I am the President of Pio Pico Energy Center, LLC ("Pio Pico") which owns the Pio Pico Energy Center. As the President of Pio Pico, I have been substantially involved in, and have personal knowledge of, our company's application for a Prevention of Significant Deterioration ("PSD") permit to construct the Pio Pico Energy Center, negotiations of the power purchase tolling agreement ("PPTA") with San Diego Gas & Electric ("SDG&E"), SDG&E's application to the California Public Utilities Commission ("CPUC") for approval of the PPTA, and recent negotiations with SDG&E for both an amended PPTA and short-term resource adequacy contracts (described below).
3. I have reviewed and am familiar with the CPUC's decision of March 21, 2013 denying, without prejudice, SDG&E's application for approval of the PPTA with Pio Pico. In my role as President, I am significantly involved in determining Pio Pico's response to the decision.
4. The CPUC decision determined that SDG&E did not require additional power generation resources by the year 2015. Decision Determining San Diego Gas & Electric Company's Local Capacity Requirement and Granting Partial Authority to Enter Into Purchase Power Tolling Agreements (Mar. 21, 2013) ("CPUC Decision") at 15. Instead, it found that new local generation capacity, such as that which will be provided by the Pio Pico Energy Center, would be required in 2018. Id. The CPUC decision ordered SDG&E to bring an amended application for approval that matches the time of the identified need or an amended application that shows a different need. Id.

5. Pio Pico is firmly committed to constructing the Pio Pico Energy Center. Pio Pico has already obtained a license from the California Energy Commission and an air quality permit from the San Diego County Air Pollution Control District. Lastly, Pio Pico executed a Large Generator Interconnection Agreement with the California Independent System Operator (“ISO”) that allows Pio Pico to connect to the electrical system grid. This provides for full deliverability of all generation to the California ISO grid. These are all of the state and local agency approvals required to construct and operate the plant and to sell electricity on the California wholesale market or under a power purchase agreement.
6. At this time, Pio Pico has arranged for financing to construct the plant and has contracted with Kiewit Power Constructors Company to build the plant. The design and engineering for the plant is substantially complete and several major components of the plant have been ordered, including the transformer and General Electric LMS-100 combustion turbine generators. Pio Pico currently anticipates commencing construction on the plant early in the first quarter of 2014. Under this schedule, the Pio Pico Energy Center would come on-line and begin producing power some time between June and September 2015.
7. The proposed Pio Pico Energy Center will retain the same nature, design, and purpose as discussed in Pio Pico’s PSD permit application and as approved by EPA. Namely, it will still use the General Electric LMS-100 simple cycle turbines and be designed to startup and reach peak generating capacity quickly, rapidly scale through loads, and startup and shut down on a frequent basis. Given the CPUC’s decision, Pio Pico plans to operate the Pio Pico Energy Center initially as a merchant plant, where it will sell electricity in the wholesale power market, from initial start-up, or sell power to SDG&E under a short term capacity contract as described below, until an amended PPTA with SDG&E would take effect, as authorized by the CPUC.
8. A timely decision by the EPA Environmental Appeals Board is extremely important to Pio Pico. Once construction begins, it will take approximately 16 to 18 months to complete the plant. The optimal timing for the plant to come on-line is prior to the summer months of 2015, when the demand for electricity is highest and the electricity supply is strained. Delays will not only prevent Pio Pico from bringing the plant on-line at the time when it is most needed, Pio Pico will also incur financial penalties under the proposed PPTA amendment if the start of construction and completion are not undertaken in a timely manner.
9. Pio Pico is currently in discussions with SDG&E to amend the PPTA where the Pio Pico Energy Center would supply local capacity and peaking generation as directed by the CPUC. At this time, the parties are exchanging drafts of the amended PPTA and I expect the negotiations between SDG&E and Pio Pico to successfully conclude by the end of

April 2013. I anticipate that SDG&E will submit the amended PPTA to the CPUC at the beginning of May 2013.

10. Pio Pico is also negotiating a different type of contract, called a Resource Adequacy contract, or "RA contract," whereby SDG&E will take delivery of electricity generated by the Pio Pico Energy Center from the plant's start-up until the amended PPTA becomes effective. Under a RA contract, SDG&E would require the plant to come on-line by September 2015 and would pay market based capacity rates. These RA contracts would run for approximately one year each and be renewed until the amended PPTA delivery date. SDG&E has informed me that RA contracts do not require CPUC approval but rather the CPUC is notified through an "advice letter."

I declare under penalty of perjury that the foregoing is true and correct and based on my personal knowledge.

Executed on this 15th day of April 2013.


GARY R. CHANDLER

Exhibit 2



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July 17, 2012

Carla Peterman
Commissioner and Presiding Member
Pio Pico Energy Center AFC Committee

Karen Douglas, J.D.
Commissioner and Associate Member
Pio Pico Energy Center AFC Committee

California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Pio Pico Energy Center

Dear Commissioners Peterman and Douglas:

It is our understanding that questions have been raised in your proceeding about how the proposed Pio Pico Energy Center (Pio Pico) fits into SDG&E's system, how the project helps retire older, less efficient power plants, and how SDG&E is working to fulfill the Energy Action Plan (EAP) Loading Order established by the California Public Utilities Commission (CPUC) and California Energy Commission (CEC). The purpose of this letter is to clarify these issues for you in the course of CEC's environmental review and approval process for Pio Pico.

How Pio Pico Fits Into SDG&E's Long-Term Plans

In 2009, SDG&E issued a Request for Offers (RFO) to the market, requesting proposals for new generation facilities in the San Diego region. The purpose was to meet a projected demand for new electric capacity by 2014. SDG&E's 2006 Long Term Procurement Plan (LTPP), which was approved by the CPUC, also identifies a need for quick-start units that can be used to support intermittent renewable resources and to provide reliable capacity at times of peak load. This is especially important as we bring more wind and solar facilities online to meet California's 33 percent Renewables Portfolio Standard (RPS). Pio Pico will help offset intermittency issues on the transmission grid resulting from an increase in renewable energy projects on our system. Pio Pico was awarded a contract during the RFO process as a result of its being one of the low cost offers within SDG&E's service territory and its ability to provide flexible resources capable of starting and shutting down quickly as needed.

On May 19, 2011, SDG&E filed an application with the CPUC for authority to enter into Purchase Power Tolling Agreements (PPTA) with three natural gas-fired peaker plants resulting from the 2009 RFO. The PPTAs are with the 305 megawatt (MW) Pio Pico Energy Center, located in the County of San Diego adjacent to the existing Otay Mesa Generating Project, the 45 MW Escondido Energy Center and the 100 MW Quail Brush facility in the East Elliott area of the City of San Diego. As stated above, these facilities are critical to meeting SDG&E's long-term resource adequacy requirements and ensuring a reliable and accessible supply of power in San Diego beginning by 2014.

SDG&E sees a need for plants that can be used to fill in the difference between the demand for power from our customers and the supply for power from other resources. To satisfy this demand, SDG&E follows the well-established practice of securing energy first from renewable resources. However, power from solar facilities typically peaks between 12 and 1pm, while our customers' demand continues to grow until it peaks between 4 and 8pm.

Additionally, we would like to clarify that, historically, peaker plants used to run roughly 10 percent of the time. However, we are seeing this operation change in order to integrate renewables. As an example, some of SDG&E's peakers are now operating roughly 20 percent of the time. Their operation is expected to increase as we move from 20 percent renewable power to 33 percent renewable power, as driven by the RPS requirements. Pio Pico is being licensed to utilize state-of-the-art emissions technology, lower natural gas usage and quick start and stop capability. This allows SDG&E to better manage the variations in the load between our current generation assets and our growing portfolio of new renewable projects that will be coming online, allowing us to follow our customers' needs. In fact, our 2009 RFO specified that respondents must provide generating facilities designed and permitted for operation for a minimum availability of 2,700 hours per year, or more than 30 percent of the time. Pio Pico meets those requirements. The project would provide peaking and load following services quickly and with fewer emissions than older, less efficient units.

How Pio Pico Helps Retire Older Generation in San Diego

Another question that has been raised is how the addition of Pio Pico would help shut down older, less efficient generation facilities in San Diego County. Specifically, Pio Pico and the two other facilities will add new capacity to the San Diego load pocket. SDG&E must have sufficient local generation available in order for older plants such as the nearly 60-year-old Encina Power Station in Carlsbad to be closed.

Plants such as Pio Pico are more efficient in meeting our peaking and renewable integration needs than the older steam technology used at Encina. The older steam technology has start up lead times that exceed 12 hours and requires the plants to be operated at their least efficient minimum load point over night if needed from day to day. Pio Pico can be started in ten minutes, shut down as needed and even restarted within a single day. This will allow the plant to be operated exactly when needed and at its most efficient point. Older units require more fuel and produce more emissions to generate the same amount of power as the lower emitting and more efficient Pio Pico project.

Additional information about the need for Pio Pico may be found in our PPTA application at <http://docs.cpuc.ca.gov/efile/A/135778.pdf>.

SDG&E's Loading Order

We would also like to take this opportunity to provide details about the EAP Loading Order that governs SDG&E's resource additions and explain how Pio Pico would be used within that prioritization. The Loading Order calls first for cost-effective energy efficiency and demand response, followed by the use of renewable energy resources and fossil fuel generation that is both clean and efficient. Peaker plants are used on an as-needed basis once these resources have already been brought online. It is important to understand that, while we do not rely on facilities such as Pio Pico all the time, they are absolutely essential to ensuring electric reliability during peak times when demand exceeds what can be provided by SDG&E's renewable and other generation resources.

One common misperception is that San Diego's demand for energy can be met entirely with rooftop solar facilities because our peak demand is during the afternoon when the sun shines brightest. While SDG&E is fully committed to supporting a robust rooftop solar system in San Diego, the reality is that we need both renewable resources and natural gas facilities to meet our future demand for electricity in the region. Ironically, as SDG&E has brought more renewable resources onto our system, our peak demand for power, after accounting for solar power, has shifted toward 8:00 p.m. Clearly, the sun is not shining brightest at this time of day. This gap between renewables and our peak loads, which needs to be met quickly, is the reason that plants like Pio Pico are the best fit when needed.

Thank you for allowing me to provide you with background on the need for Pio Pico and its importance to customers of SDG&E. Should you have any questions, please don't hesitate to contact me at (858) 650-6102.

Sincerely,



James P. Avery
Senior Vice President -- Power Supply