

ORIGINAL

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Order Instituting Rulemaking to Implement the)
Commission's Procurement Incentive Framework)
and to Examine the Integration of Greenhouse)
Gas Emissions Standards Into Procurement)
Policies.)

R.06-04-009
(Filed April 13, 2006)

BEFORE THE CALIFORNIA ENERGY COMMISSION

In The Matter Of,)
)
AB 32 Implementation – Greenhouse Gas)
Emissions.)

Docket 07-OIIP-01

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DATE APR 13 2006
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**COMMENTS ON PROPOSED DECISION DENYING PETITION OF SOUTHERN
CALIFORNIA EDISON COMPANY (U-338 E) TO MODIFY DECISION 07-01-038**

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Dated: September 22, 2008

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

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Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), Southern California Edison Company (SCE) submits these comments on the Proposed Decision Denying Petition of Southern California Edison Company to Modify Decision 07-01-039 (PD). Overall, SCE supports the finding in the PD that certain expenditures at the Four Corners Generation Station (Four Corners) are not "new ownership investments," and consequently not subject to the emission performance standard (EPS) set by Senate Bill (SB) 1368. In addition, SCE requests an extension of an additional six months to prepare the Four Corners study and report ordered by the PD.

In its petition, SCE requested that the Commission modify D.07-01-039 to state that financial contribution requirements under preexisting contractual obligations are not subject to

restrictions under SB 1368. SCE requested this change given SCE's continuing legal obligations regarding Four Corners.

The PD denied SCE's request for modification. It found that the modifications would be too broad and would create a risk that other LSEs with existing contractual agreements would assert that their agreements were not "covered procurements" to avoid complying with the EPS. However, the PD also finds that the Commission's definition of "new ownership investments" was not intended to apply to the capital expenditures for Four Corners requested by SCE in its Application (A.) 07-11-077, and that consequently those improvements are not subject to the EPS under SB 1368.

The PD also finds it appropriate for SCE to conduct a study examining the feasibility of maintaining its interest in Four Corners after 2011. As outlined in the PD, the study and SCE's proposed course of action regarding Four Corners would be submitted within six months and would consider:

1. Estimated costs of future investments in Four Corners if SCE maintains its interest in Four Corners. This would include estimated costs to bring Four Corners into compliance with the EPS.
2. Costs of greenhouse gas (GHG) allowances or other GHG compliance costs beginning January 1, 2012, and thereafter, if SCE maintains its interest in Four Corners.
3. Cost impacts of selling SCE's interest in Four Corners either by December 31, 2011, or in 2016 (the end of its current operating agreement).

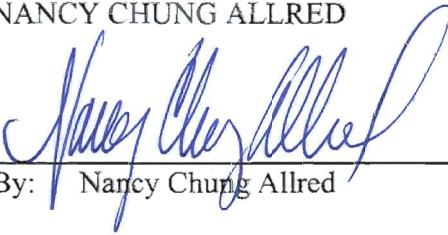
SCE supports the PD in finding that the Four Corners expenditures are outside the definition of "new ownership investments" as defined in D.07-01-039 and that SCE may seek rate recovery of these costs in A.07-11-077. As noted in SCE's petition, a contrary interpretation could put SCE at risk of losing its right to power generated by Four Corners while keeping SCE contractually liable for the financial obligation of paying for costs of generation.

The PD currently anticipates that SCE will submit its study and report within six months. For several reasons, SCE requests that the Commission grant SCE an additional six months to conduct this study on the impacts of maintaining its interest in Four Corners. First, the Commission is asking SCE to undertake a study of complex issues that will require more than six months to fully investigate and assess. Second, given the present uncertainty surrounding the GHG reduction requirements and costs, allowing more time may give SCE an opportunity to provide more complete and helpful information for the Commission.⁴ Finally, SCE's proposed timeframe of twelve months will still allow adequate time for the Commission to consider the best course of action before further capital expenditures are made at Four Corners.

⁴ SCE does not expect that it will be possible, even within a year, to provide definitive answers either on future CO2 control technologies and their potential costs or on the GHG compliance requirements and their associated costs, given the current status and pace of developments in both those arenas. (Nor could SCE or anyone else state with certainty what the outcome of a power plant sale would be without actually conducting a sale.) SCE does expect, however, that a one-year study period will allow for a more thorough assessment and consideration of possible outcomes and cost ranges than could realistically be completed within the next six months.

Respectfully submitted,

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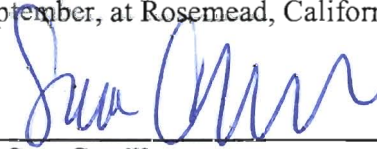
September 22, 2008

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of COMMENTS ON PROPOSED DECISION DENYING PETITION OF SOUTHERN CALIFORNIA EDISON COMPANY (U-338 E) TO MODIFY DECISION 07-01-038 on all parties identified on the attached service list(s). Service was effected by:

Transmitting the copies via e-mail to all parties who have provided an e-mail address. First class mail will be used if electronic service cannot be effectuated.

Executed this 22nd day of September, at Rosemead, California.



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