

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
I.D.# 8269
(Alternate to I.D.# 8217)
ENERGY DIVISION **RESOLUTION E-4227-A**
February 20, 2009

R E S O L U T I O N

Resolution E-4227-A. The Commission approves in part and denies in part Southern California Edison's request to establish a memorandum account and recover up to \$30 million in costs for a California IGCC study.

By Advice Letter 2274-E Filed on October 10, 2008.

SUMMARY

The Commission approves a memorandum account and partial funding of an evaluation of the feasibility of an Integrated Gasification Combined Cycle (IGCC) plant and further determines that Southern California Edison Company (SCE) must file an application in order to request recovery of additional funds.

This resolution approves Advice Letter (AL) 2274-E in part and denies AL 2274-E in part. The Commission approves SCE's request to establish a memorandum account to record costs for the Hydrogen Energy California (HECA) study. The Commission authorizes SCE to modify its tariff schedules at Preliminary Statement, Part N, Memorandum Accounts to include the HECA Memorandum Account (HECAMA). This resolution authorizes SCE to record, in HECAMA, up to \$30 million in costs resulting from its participation in the HECA study with Hydrogen Energy International LLC (HEI).

The Commission approves SCE's request to authorize recovery of certain costs recorded in the HECAMA via this resolution. SCE may recover costs stemming from SCE's participation in Phase I of the HECA study, up to \$17 million.

The Commission denies SCE's request to authorize recovery of the Phase II costs recorded in the HECAMA via this resolution. To seek authority to

recover Phase II costs recorded or to be recorded in the HECAMA, SCE must file an application with the Commission requesting authority for recovery of the costs.

BACKGROUND

On October 10, 2008 SCE submitted AL 2274-E, seeking authority to modify its tariff schedules to create HECAMA, to record up to \$30 million in costs related to its participation in the HECA study, and to recover those costs subject to Commission reasonableness review in a future ERRA proceeding. On October 24, 2008 HEI submitted a letter in support of the AL.

SCE proposes to participate in the HECA study with HEI. The motivation for the HECA study is to evaluate the feasibility of an IGCC plant with carbon capture and sequestration (CCS) via enhanced oil recovery (EOR). SCE states that such technology may be an important means of achieving sustained greenhouse gas (GHG) emissions reductions. As explained in the AL:

“the HECA study will evaluate the feasibility of an HECA facility that will be designed to produce low-carbon baseload electricity by gasifying California’s non-conventional fuels (primarily petroleum coke and potentially biomass) to produce hydrogen for electric generation through an IGCC, and to capture the CO₂ for EOR with sequestration in California’s oil fields.”¹

The HECA study is an investigation of a CCS technology, which, according to SCE, is a potentially important means of reducing California’s GHG emissions and meeting California’s environmental objectives. SCE states that a study of this type is consistent with a variety of state policies including Assembly Bill (AB) 32, Senate Bill (SB) 1368, AB 1925, Energy Action Plan II, Executive Order (EO) S-3-05, and EO S-7-04. Further, SCE quotes a letter from Governor Schwarzenegger to the president of this Commission in support of in-state CCS projects.²

¹ AL 2274-E, pg 2

² AL 2274-E, pgs 5-6

The HECA facility would be a 250 MW baseload power plant³ interconnected with the California Independent System Operator (CAISO) transmission system. HEI has filed an Application for Certification (AFC) with the California Energy Commission (CEC) “for preliminary siting and analysis of the plant to assess its permissibility.”⁴ The HECA facility would gasify petroleum coke⁵ (possibly blended with coal, biomass, or other solid fuels) to produce a hydrogen-enriched synthesis gas (syngas) for power generation. A portion of the hydrogen rich gas could be used for other purposes such as transportation fuel. SCE claims that approximately 90% of the CO₂ resulting from the combustion of the fuel would be transported via pipeline and sequestered by EOR at the Elk Hills Oil Field Unit in Kern County, CA. AL 2274-E claims that the gasification process used in HECA would result in near zero sulfur emissions.⁶

HEI is equally owned by two major energy companies, BP and Rio Tinto.⁷ Another major energy company, Occidental Petroleum (Oxy), will also participate as a CO₂ purchaser, using the CO₂ for EOR. HEI and Oxy jointly have substantial technical expertise relevant to carbon sequestration and EOR. The AL states that the partnership of SCE, HEI, and Oxy is a collaboration that may be a uniquely effective means of bringing IGCC with CCS to the energy marketplace.⁸

The HECA study would be divided into two phases. Phase I will produce approximately 28 reports and documents on a variety of subjects: technology appraisal; feedstock and water; process and system configuration; EOR and carbon sequestration; environmental safety and health; operations, maintainability, and constructability; water treatment; acid gas removal; CAISO interconnection; value engineering; and process design package.⁹ Prior to beginning Phase II:

“SCE and HEI intend to negotiate and execute agreements related to the development of HECA including, but not limited to, the purchase of hydrogen through a fuel supply agreement (FSA), the

³ AL 2274-E, pg 6

⁴ AL 2274-E, pg 10

⁵ Petroleum coke, often abbreviated as “pet-coke,” is a byproduct of petroleum refining.

⁶ AL 2274-E, Attachment C, pgs 1-2

⁷ <http://www.hydrogenenergy.com/32.html>

⁸ AL 2274-E, pg 9

⁹ AL 2274-E, Attachment C, pgs 10 & 13

purchase of electricity through a PPA, and/or a development agreement for HECA. If SCE and HEI determine to enter into agreement on the terms of either an FSA or PPA, including whether to apply for a CPCN, a) SCE will require additional co-applicants, and b) HEI will require reasonable commercial certainty regarding HECA implementation contracts and commercial structures.”¹⁰

SCE and HEI are not obligated to commence Phase II, and may choose not to do so, based on the results of Phase I and the availability of adequate funding assurance. Phase II will consist of Front End Engineering Design reports.¹¹ SCE’s Phase I payments would total \$17 million and SCE’s Phase II payments would be \$13 million less SCE’s incremental costs of applying for Commission approval of a CPCN, FSA, or PPA.¹²

SCE notes that it will “strive to make information relevant to public policy developed by the HECA study publicly available,” but “the development of such a new process and related technology requires confidential treatment.”¹³ SCE requests to maintain confidentiality of detailed technical information, trade secrets, intellectual property of parties and third parties, and information obtained in confidence from businesses not regulated by the Commission.

SCE claims that it “is pursuing a course of action consistent with Decision (D.)08-04-038.”¹⁴ That decision approved a similar feasibility study for a Clean Hydrogen Power Generation (CHPG) plant. Relevant findings of that decision include:

- CCS and EOR will reduce GHG emissions;
- carbon sequestration is an immature technology;
- a study of gasification and sequestration may advance these technologies;
- the process of approving studies on new technologies to reduce GHG emissions needs more coordination;
- due to the unique nature of IGCC and CCS technologies, the CHPG study must consider specific technology, location, and fuel source;

¹⁰ AL 2274-E, pg 10

¹¹ AL 2274-E, pg 10

¹² AL 2274-E, pg 11

¹³ AL 2274-E, pg 13

¹⁴ AL 2274-E, pg 3

- in the case of the CHPG study, property and commodity options, Front End Engineering Design study and permitting assessment are not project development costs;
- these same costs may have benefits beyond California;
- SCE affiliates are unlikely to gain competitive advantage if study results are public; and
- Affiliate Transaction Rules provide sufficient restrictions on information sharing and employee transfer.¹⁵

Further, the Commission concluded that the requirements in D.07-01-039¹⁶ for carbon sequestration do not apply to the CHPG feasibility study because the application did not request authorization to construct a plant and that “SCE should seek opportunities to leverage the research authorized.”¹⁷ The Commission authorized SCE to create certain memorandum and balancing accounts, authorized recovery of some of the funding requested, and directed SCE to “publicly disclose all detailed study information and results” or to identify specific information to be kept confidential and to apply to reopen A.07-05-020, the proceeding that developed D.08-04-038.¹⁸

NOTICE

In accordance with Section III, Paragraph G, of General Order (GO) No. 96-A, SCE served copies of this advice letter filing to the interested parties on the GO 96-B and A.07-05-020 service lists.

PROTESTS

Advice Letter (AL) 2274-E was protested by The Utilities Reform Network (TURN), Division of Ratepayer Advocates (DRA), Independent Energy Producers Association (IEP), and Western Power Trading Forum (WPTF) on October 20, 2008. Protests generally included both procedural and substantive concerns.

¹⁵ D.08-04-038, pgs 31-33

¹⁶ Decision (D.)07-01-039 implements SB 1368 and sets requirements for load serving entities (LSEs) requesting the compliance approach applied to research units under the Emissions Performance Standard for a new power plant with CCS. Such LSEs must demonstrate a reasonable and feasible plan for sequestration.

¹⁷ D.08-04-038, pgs 33-34

¹⁸ D.08-04-038, pgs 35-36

Protestants assert that the issues raised in AL 2274-E are inappropriate for an advice letter.

TURN, WPTF and DRA all state that AL 2274-E does not fall within the appropriate scope of an AL as stated in General Order (GO) 96-B. Each of these protests refers to Section 5.1 of GO 96-B, which states:

“The advice letter process provides a quick and simplified review of the types of utility requests that are expected neither to be controversial nor to raise important policy questions. The advice letter process does not provide for an evidentiary hearing; a matter that requires an evidentiary hearing may be considered only in a formal proceeding.”¹⁹

Protestants state that AL 2274-E is controversial and raises important policy questions. DRA further argues that:

“AL 2274-E relies completely on conjecture and hearsay that raise questions and issues the Commission cannot explain, verify or otherwise justify without evidentiary hearing.”²⁰

TURN, WPTF, and DRA also refer to Section 5.2 of GO 96-B, which states that “a utility must file an application,” if:

“The utility seeks Commission approval of a proposed action that the utility has not been authorized, by statute, by this General Order, or by other Commission order, to seek by advice letter;”²¹

Protestants claim that SCE’s request in AL 2274-E is inappropriate for an Advice Letter filing.

¹⁹ GO 96-B, pg 8

²⁰ DRA protest, pg 3

²¹ GO 96-B, pg 8

Protestants assert the study proposed in AL 2274-E should not be funded by ratepayers.

Protestants note that D.08-04-038 and AL 2274-E are closely related, but describe separate feasibility studies. DRA observes that D.08-04-038 did not authorize AL 2274-E²² and TURN contends that SCE's assertion that AL 2274-E is consistent with the "leveraging" discussed in D.08-04-038²³ is unreasonable.²⁴ WPTF quotes relevant language from D.08-04-038²⁵ and adds that D.08-04-038 "clearly directed SCE to seek other sources of funding for CHPG Plant Feasibility work"²⁶ (emphasis in original).

Protestants note that AL 2274-E does not describe direct benefits to SCE ratepayers from the HECA study.²⁷

TURN notes that the AL does not include a detailed budget on which the Commission can determine the reasonableness of a \$30 million contribution from SCE ratepayers.²⁸

TURN argues that the HECA study includes project development costs that D.06-05-016 states should not be recovered in rates.

TURN argues that the HECA study includes project development costs and that SCE's request to recover costs from its participation in the HECA study would require changes to previous Commission decisions. TURN, noting that D.08-04-038 determined that the CHPG study is not "project development" and confirmed that D.06-05-016 forbids rate recovery of project development costs, states:

"TURN submits that the role of HEI in pursuing this plant at this particular site, and the fact that HEI has filed an Application for Certification with the California Energy Commission of this project, warrant the opposite conclusion - this clearly is "project

²² DRA protest, pgs 5-6

²³ At pg 34

²⁴ TURN protest, pg 4

²⁵ At pg 21

²⁶ WPTF protest, pg 2

²⁷ TURN protest, pg 6

²⁸ TURN protest, pg 3

development” within the ambit of D.06-05-016, such that SCE should be prohibited from recovering in rates any associated costs.”²⁹

IEP and WPTF argue that AL 2274-E conflicts with the Commission’s long-term procurement policies.

IEP and WPTF argue that the Commission’s long-term procurement policies require a competitive solicitation, which is not described in AL 2274-E. These parties note that the contract structure that would be used if SCE and HEI decide to go forward with Phase II is not defined in the AL, but utility-owned generation is indicated as a possibility.³⁰ In particular, IEP suggests that D.07-12-052³¹ prohibits SCE from taking an equity stake in a HECA plant without either a competitive solicitation or a demonstration of “truly extraordinary circumstances.”³² WPTF suggests more generally, that SCE, “has secured a preferential right (or obligation) to own or purchase the output of the project without any demonstration that such agreement is consistent with” Commission long-term procurement policies.³³ Moreover, WPTF believes that the Commission set a precedent in D.08-04-038, which required a competitive solicitation for a “similar utility feasibility study.”³⁴

DRA requests hearings.

DRA highlights several instances of similar text and ideas in this AL and in A.07-05-020 and concludes that much of the feasibility study proposed in the AL may be unnecessarily duplicative of the CHPG study.³⁵ DRA also notes that Edison Mission Group, an SCE affiliate, has previously announced a joint effort with BP for a project very similar to HECA.³⁶ DRA suggests that discovery is necessary to evaluate the possibility of affiliate transactions.³⁷ Finally, DRA suggests that hearings are

²⁹ TURN protest, pg 5

³⁰ See WPTF protest, pg 3, referencing AL 2274-E, pg 10.

³¹ D.07-12-052 was issued by the 2006 long-term procurement plan rulemaking, R.06-02-013.

D.07-12-052 adopts, with modifications, the procurement plans of the three IOUs.

³² IEP protest, pg 2. D.07-12-052 describes the appropriate role of utility owned generation in Section 4.1.

³³ WPTF protest, pg 3

³⁴ WPTF protest, pg 3, referencing D.08-04-038 at pg 24.

³⁵ DRA protest, pgs 6-8

³⁶ DRA protest, Attachment 1

³⁷ DRA protest, pg 8

appropriate to evaluate evidence presented in the attachments to AL 2274-E.³⁸

SUSPENSION

Advice Letter (AL) 2274-E was suspended on November 10, 2008 on the grounds that the AL required staff review.

DISCUSSION

The request to establish a memorandum account to record costs for the HECA project is reasonable and should be approved.

SCE has demonstrated that this project is sufficiently consistent with existing State and Commission policy to warrant establishing a memorandum account to record costs for the HECA study. This resolution authorizes SCE to record, in HECAMA, up to \$30 million in costs resulting from its participation in the HECA study with Hydrogen Energy International. The Commission authorizes SCE to modify its tariff schedules at Preliminary Statement, Part N, Memorandum Accounts, to include the HECAMA. Through the establishment of the HECAMA, SCE is authorized to record costs expended while the Commission considers the recovery of those costs through an application process.

Authorization to establish a memorandum account and to track expenses in a memorandum account does not automatically approve the recovery of those expenses. Approval of the proposed HECAMA and associated tariff sheets will allow SCE to record its HECA costs for possible future recovery, without prejudging Commission disposition of any subsequent application related to AL 2274-E. The tariff sheets included in Attachment A are approved and SCE is authorized to create the HECAMA.

The request to recover \$17 million for Phase I of the HECA study is granted; authorization for Phase II is denied without prejudice.

Protestants state that the request made in AL 2274-E is controversial and raises important policy issues, and therefore requires a formal proceeding as described in GO 96-B. AL 2274-E cites “urgent mitigating

³⁸ DRA protest, pg 6

circumstances” that, SCE argues, warrant this request using the AL format. Further, the AL contends that the request is “consistent with Commission and State policy on GHG reduction” and is thus consistent with GO 96-B.³⁹ In reply to protests, SCE claims that while “protestors seek to create controversy here,” there is no significant controversy because of the consistency of this request with existing policies.⁴⁰ We agree; this request is generally consistent with existing policy and recognize the value of encouraging HEI to rapidly commence the HECA study. However, certain components of this request may still be controversial.

Section 5.1 of GO 96-B, as quoted above, notes that advice letters are appropriate for matters that are not expected to be controversial or raise important policy issues. In filing AL 2274-E, SCE expected the requested relief not to be controversial because AL 2274-E is generally consistent with several articulated Commission and State policies related to GHG reduction goals. Although some of the provisions of the request are in fact controversial, Section 5.1 of GO 96-B does not preclude the Commission’s approval by resolution, as explained below.

As TURN discusses in its protest, D.06-05-016, SCE’s most recent general rate case decision, discusses project development costs. In that application, SCE requested a ratepayer funded Project Development Division (PDD). This PDD would: identify sites with the potential for new utility-owned generation projects; conduct financial and commercial evaluation of development options; oversee preliminary project engineering, permitting and negotiations; manage regulatory approval processes; develop plans to advance projects from development to construction and operation; and provide ongoing support for development-related issues during construction and operation.⁴¹ D.06-05-016 excluded the PDD from rates and allowed SCE to track “supportive” project development costs which are not associated with specific projects in a memorandum account. Further, the Commission stated, “we feel it is important that the project development costs for proposed new projects should not be specifically included in rates.”⁴² We do not find that Phase I of SCE’s request constitutes project development and therefore the costs associated with Phase I are not in conflict with the provisions of D.06-05-

³⁹ AL 2274-E, pg 14

⁴⁰ SCE reply to protests, pg 3

⁴¹ D.06-05-016, pgs 45-46

⁴² D.06-05-016, pgs 52-53 and pg 376

016. As SCE states in its filing: “Phase I will produce approximately 28 reports and documents on a variety of subjects: technology appraisal; feedstock and water; process and system configuration; EOR and carbon sequestration; environmental safety and health; operations, maintainability, and constructability; water treatment; acid gas removal; CAISO interconnection; value engineering; and process design package.⁴³ We do not consider the scope of Phase I to constitute project development.

However, as noted in protests, approval of AL 2274-E, *in its entirety* may implicate certain provisions of D.06-05-016 and D.07-12-052. Therefore, as discussed in more detail below, if SCE files a subsequent application seeking additional cost recovery for Phase II of the HECA Study, such an application must include all necessary and relevant information for parties and the Commission to fully evaluate the impact on these decisions.

By approving SCE’s request with respect to Phase I of the HECA Study we are not authorizing SCE to own, operate, or construct a generation facility. SCE has demonstrated that it is partnering with HEI to study the feasibility of a particular generation technology not to construct, own or contract with such a facility. Therefore, Phase I of the HECA study neither modifies nor violates D.08-04-038, or D.07-12-052.

Nevertheless, in this instance SCE does seek Commission approval of an action that has not been previously authorized. Rule 1.3 of GO 96-B states that, “The Commission in a specific instance may authorize an exception to the operation of this General Order where appropriate.”⁴⁴ In this rare instance an exception to Rule 5.2 of GO 96-B is appropriate, and such an exception is authorized by this resolution. However, only Phase I funding is authorized by this resolution. The exception is appropriate in this limited instance for several reasons:

- The request is consistent with stated Commission and State policies recognizing the necessity to explore all feasible means of meeting long-term GHG reduction goals;
- These aforementioned policies and the substantial scientific evidence in support of those policies suggest that prompt and decisive action on GHG emissions, such as this feasibility study, is justified;
- The feasibility study is supported by Governor Schwarzenegger;

⁴³ AL 2274-E, Attachment C, pgs 10 & 13

⁴⁴ GO 96-B, pg 2

- The feasibility study is not exclusively funded by ratepayers, significant private funding is leveraged by ratepayer dollars;
- A prompt signal of support from the Commission may be needed for the private capital to support the feasibility study; and
- It is possible that further public (i.e. Federal) funding may be leveraged by ratepayer dollars;

In its protest, DRA contends that evidentiary hearings are appropriate to evaluate the recovery of costs for the HECA study. SCE responds that the issues raised in protests have been vetted in other proceedings. Since Phase I, as presented in AL 2274-E, does not include any transactions between SCE and Edison Mission Group, affiliate transactions rules cannot be violated by approval of Phase I. We find that no issues of fact, which are material to the approval of Phase I of the HECA study, are in dispute. As we are requiring SCE to file an application in order to recover the Phase II HECA study costs from ratepayers, if there are disputed issues of material fact relevant to Phase II, it will be possible to conduct an evidentiary hearing, if determined necessary.

The Commission denies, without prejudice, authorization for all relief not explicitly granted herein. To obtain authorization for further relief requested in AL 2274-E, SCE may file an application.

Any application for further relief for the HECA study shall meet certain conditions.

D.08-04-038, referring to applications for feasibility studies of technologies to reduce GHG emissions, states that, "we expect the utilities to include in future applications an explanation of how their proposal fits into their overall procurement strategy and publicize their research to the greatest extent possible in order to reduce duplication of effort."⁴⁵ The HECA study is similar to the CHPG study, and application to recover the costs of the HECA study should include the aforementioned explanations.

To recover costs for Phase II of the HECA study, conclusions drawn in D.06-05-016 and D.07-12-052 could be implicated and may potentially need to be modified. Under P.U. Code Section 1708, parties on the service lists for the proceedings that developed those decisions are entitled to notification before these decisions can be modified. If SCE files an

⁴⁵ D.08-04-038, pgs 12 and 35

application to recover costs associated with the HECA study, the application must be served on the parties to those decisions, in addition to the parties to AL 2274-E.

Protests suggest that this request should include a detailed budget that the Commission and parties can use to evaluate the reasonableness of SCE's proposed funding contribution from ratepayers. If SCE files an application for further relief, the application shall include a detailed budget for the HECA study.

COMMENTS

Public Utilities Code section 311(e) generally provides that alternate resolutions must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. This draft alternate resolution was mailed to parties for comment, and will be placed on the Commission's agenda no earlier than 30 days from the date of mailing.

FINDINGS

1. SCE filed AL 2274-E on October 10, 2008 to establish the Hydrogen Energy California Memorandum Account (HECAMA) and to request authorization to recover up to \$30 million in costs stemming from SCE's participation in the HECA feasibility study.
2. SCE states that a study of this type is consistent with a variety of state policies including Assembly Bill (AB) 32, Senate Bill (SB) 1368, AB 1925, Energy Action Plan II, Executive Order (EO) S-3-05, and EO S-7-04. Further, SCE quotes a letter from Governor Schwarzenegger to the president of this Commission in support of in-state CCS projects.
3. Phase I of the HECA Study does not include project development costs as discussed in D.06-05-016.
4. Approval of Phase I of the HECA study does not require modification to either D.06-05-016 or D.07-12-052.
5. Authorization to recover the costs of the HECA study is controversial and raises important policy questions.

6. SCE reasonably expected AL 2274-E to neither be controversial nor raise important policy questions because the request is consistent with several State and Commission policies.
7. Authorization to create the HECAMA is not controversial and does not conflict with prior Commission decisions or raise important policy questions.
8. Authorization to create the HECAMA as described in the tariff pages attached to AL 2274-E is reasonable and should be approved.
9. AL 2274-E seeks approval of an action not previously authorized by statute or prior Commission order.
10. Rule 1.3 of GO 96-B permits the Commission to make exceptions to GO 96-B.
11. An exception to Rule 5.2 of GO 96-B is justified in this specific instance by the circumstances discussed in the body of this resolution.
12. In any future application for approval of costs related to the HECA study, SCE should include an explanation of how its proposal fits into its overall procurement strategy, as directed by D.08-04-038. Further, SCE should include, in such an application, a plan to publicize detailed study results to the greatest extent possible.
13. In any future application for approval of costs related to the HECA study, SCE should provide notice to all parties to D.06-05-016 and D.07-12-052 any other relevant decisions or proceedings.
14. In any future application for approval of costs related to the HECA study, SCE should include a detailed budget for the HECA study.

THEREFORE IT IS ORDERED THAT:

1. Southern California Edison Company (SCE) is authorized to modify its tariffs, Preliminary Statement, Part N, Memorandum Accounts to include the Hydrogen Energy California Memorandum Account (HECAMA). Up to \$30 million in costs resulting from SCE's participation in the HECA study may be recorded in the HECAMA.
2. Revised tariff sheets 44296-E, 44297-E, and 44298-E, as included in Attachment A to AL 2274-E, are approved.
3. SCE is authorized to recover the costs of Phase I of the HECA study recorded in the HECAMA subject to reasonableness review in a future ERRA Reasonableness filing.
4. To obtain authority to recover from ratepayers costs recorded or to be recorded in the HECAMA associated with Phase II of the HECA study,

SCE shall file an application. Such an application shall meet the requirements described in Findings Nos. 12 through 14 above.

5. To the extent not approved by this resolution, SCE's AL 2274-E is denied, without prejudice. SCE may obtain authority for the remaining relief via an application.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on February 20, 2009; the following Commissioners voting favorably thereon:

Paul Clanon
Executive Director

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



I.D.# 8269

January 21, 2009

ALTERNATE RESOLUTION E-4227-A
Commission Meeting Date: February 20, 2009

TO: PARTIES TO SCE AL 2274-E

Enclosed is draft Alternate Resolution Number E-4227-A of Commissioner Peevey. It is in response to SCE AL 2274-E and it will appear on the agenda of a Commission meeting held at least 30 days after the date of this letter. The Commission may vote on this Resolution at that time or it may postpone a vote until a later meeting. When the Commission votes on a draft Resolution, it may adopt all or part of it as written, amend, modify or set it aside and prepare a different Resolution. Only when the Commission acts does the Resolution become binding on the parties.

All comments on the draft Alternate Resolution are due by **February 5, 2009**.
Comments shall be served on parties, as outlined below.

1) An original and two copies, along with a certificate of service to:

Honesto Gatchalian
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Email: JNJ@cpuc.ca.gov

2) Parties described above (attached).

3) Matthew Deal
Advisor to President Peevey
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Email: mjd@cpuc.ca.gov

Comments shall be limited to five pages in length plus a subject index listing the recommended changes to the draft Resolution, a table of authorities and an appendix setting forth the proposed findings and ordering paragraphs.

Comments shall focus on factual, legal or technical errors in the proposed draft Resolution.

Replies to comments on the draft alternate resolution may be filed (i.e., received by the Energy Division) on **February 11, 2009**, and shall be limited to identifying misrepresentations of law or fact contained in the comments of other parties. Replies shall not exceed five pages in length, and shall be filed and served as set forth above for comments.

Late submitted comments or replies will not be considered.

An accompanying declaration under penalty of perjury shall be submitted setting forth all the reasons for the late submission.

Please contact Matthew Deal at 415-703-2576 if you have questions or need assistance.

Sincerely,

Matthew Deal

Enclosure: Service List
Certificate of Service

CERTIFICATE OF SERVICE

I certify that I have by electronic mail this day served a true copy of Draft Resolution E-4227-A on all parties on the service list for SCE Advice Letter 2274-E or their attorneys as shown on the attached list.

Dated January 21, 2009 at San Francisco, California.

Matthew Deal

NOTICE

Parties should notify the Energy Division, Public Utilities Commission, 505 Van Ness Avenue, Room 4002

San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the Resolution number on the service list on which your name appears.

Parties to SCE Advice Letter 2274-E

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