ATTACHMENT 1
REDLINE OF MODIFICATIONS TO D.07-01-040

Finding of Fact 29 is modified as follows:

Statement of Overriding Considerations: The DPV2 project will provide substantial benefits, including access to renewable resources in Riverside County ~~in that it will provide significant economic benefits for CAISO-area ratepayers, increase the reliability of the interstate transmission network, increase operational flexibility, and provide insurance value as an economic hedge against low-probability, high-impact events~~. The valuable role of the California-only Project in meeting the state's RPS goals, and its other benefits, outweigh the unavoidable adverse environmental effects. Hence, t~~T~~he DPV2 project's unavoidable impacts are acceptable in light of these substantial benefits, which constitute an overriding consideration warranting approval of the project, despite each and every unavoidable impact.

The following Findings of Fact are added:

30. SCE filed a Petition for Modification of this decision on May 14, 2008.

31. SCE made a Supplemental Filing on June 26, 2009 containing a May 15, 2009 letter from SCE to the Arizona Corporation Commission (ACC) explaining that the economic benefits of DPV2 have diminished since Commission approval. On this basis, SCE informed the ACC that it would not pursue authorization to construct the Arizona portion of the Project at this time.

32. SCE's Petition for Modification, as amended and supplemented, seeks Commission approval to pursue a California-only Project.

33. SCE's decision to pursue a California-only Project changes the nature of the Project approved by this Commission.

34. The DPV2 facilities in California would accommodate output from anticipated renewable facilities near the proposed Midpoint and Julian Hinds-Eagle Mountain substations near Blythe, California.

35. SCE's June 26, 2009 Supplemental Filing reports eleven interconnection requests comprised of 4900 MW of renewable generation located in the Blythe area.

36. SCE asserts that the California-only Project is necessary for the power from this new generation in the Blythe area to reach markets in Southern California.

37. SCE cites data from the United States Bureau of Land Management (BLM) stating that as of August 7, 2008, BLM had identified 10,850 MW of solar projects requesting rights-of-way along the Project corridor. These projects are proposed to be physically located along the corridor of the California-only Project.

38. SCE relies upon this data to conclude that the total resources being planned and developed in the Blythe area may actually be greater than evidenced by the CAISO interconnection queue or the BLM data because the lists do not overlap. Thus, the total amount of solar energy being planned in the Blythe area may exceed 10,800 MW.

39. The Renewable Energy Transmission Initiative (RETI) Phase 1B Report identified a potential of 7,800 MW of large-scale solar generation capacity in the Riverside East competitive renewable energy zone (CREZ), which would be served by a California-only Project.

40. The RETI 2A Draft Report presents a Conceptual Transmission Plan which identifies the segments of the California-only Project as capable of delivering the resources in the Riverside East CREZ to load.

41. The RETI analysis confirms that the East Riverside CREZ, which includes the Blythe area, contains some of the most promising renewable resources in California, taking both economic and environmental considerations into account

42. The CAISO represents that it has studied the impacts on the transmission system of interconnecting new renewable resources in the Blythe area of the Riverside East CREZ and has determined that interconnection of 1,030 MW or more of new generation will trigger the need for construction of a Midpoint to Valley transmission line.

43. No party has challenged any of these facts.

44. Given the significant potential for renewable resources in the Riverside East CREZ, the substantial work and study already completed on the Project including certification of the Final EIR, the limited environmental impacts of building in an existing high voltage transmission corridor next to an existing 500 kV line, the lack of environmental opposition, and the uncertainty in terms of delay and cost in considering an alternative project to access this CREZ, it is necessary, reasonable and prudent to construct the California-only Project, subject to approval by the CAISO.

45. Construction of the Arizona portion of the Project would potentially reduce the Project's ability to access the Riverside East CREZ.

46. SCE has not sought retain rate recovery for the California-only Project pursuant to Pub. Util. Code § 399.2.5.

Conclusion of Law No. 8 is modified as follows:

Project approval should be conditioned upon construction according to the following route:

> If the Arizona portion of the Project is constructed, ~~In Arizona,~~ the DPV2 project should depart from either the Harquahala Generating Station switchyard or a new Harquahala Junction. If the DPV2 project departs from the Harquahala Generating Station switchyard, it should proceed east, paralleling the existing Harquahala-Hassayampa 500 kV line for approximately five miles to its intersection with SCE's existing DPV1 route at the site of the proposed Harquahala Junction. At this point, whether the route departs from the Harquahala Generating Station switchyard or Harquahala Junction, the route should be the same.
>
> If the Arizona portion of the Project is constructed, at ~~At~~ its intersection with DPV1 at Harquahala Junction, the DPV2 route should turn north (paralleling the DPV1 line) for approximately 2.4 miles to where it should cross I-10, and then proceed 3.7 miles to a point northeast of Burnt Mountain. From there the route should turn west and roughly parallel the north side of I-10 and the Central Arizona Project Canal for approximately 20 miles into La Paz County, then turn southwest, crossing to the south of I-10 and proceeding approximately 5 miles to a point where it meets the El Paso Natural Gas Company (EPNG) pipeline. The route should parallel the EPNG pipeline and DPV1 for approximately 56 miles, across the Ranegras Plain where a series capacitor bank should be constructed and through La Posa Plain. The route may follow or deviate from SCE's proposed route in the Kofa area. The route should cross over Arizona Highway 95 and proceed into the Dome Rock Mountains to the summit of Copper Bottom Pass. The route should turn southwest and descend the western slope of the Dome Rock Mountains to reach the Colorado River.

If the Arizona portion of the route is constructed, it should terminate at the Midpoint Substation in California by ~~The route should~~ crossing the Colorado River into California and ~~generally follow the DPV1 right of way to SCE's Devers substation. The route should~~ passing into the Palo Verde Valley, five miles south of Blythe, California and should proceed westerly approximately ten miles to the top of the Palo Verde Mesa. From that point on the Mesa, the route should turn northwest and terminate at a point approximately two miles south of the I-10 and five miles southwest of the Blythe Airport, which is the site of the proposed Midpoint-Desert Southwest Substation.

The route for the California-only Project should start at the Midpoint Substation and generally follow the DPV1 right of way to SCE's Devers Substation. From the Midpoint Substation the route should ~~and then turn northwest to a point two miles south of I-10 and five miles southwest of Blythe Airport. At this point, the route should~~ turn west following the DPV1 line to a point five miles east of Desert Center. DPV2 should either follow the DPV1 route for 10.6 miles or the North of Desert Center route for 11.8 miles north of I-10 and Desert Center to avoid the Alligator Rock Area ACEC. On the west side of Alligator Rock ACEC and south of I-10, the route should continue west for another 24 miles, passing a site where a series capacitor should be constructed, to a point in Shavers Valley where it should turn north and cross I-10 about two miles east of the Cactus City Rest Stop. After crossing I-10, the route should continue west-northwest, parallel to the DPV1 line for 46 miles to the Devers substation.

The route west of the Devers substation should leave Devers in a westerly direction paralleling SCE's existing Devers-Valley No. 1 line for 41.6 miles. The route should cross into the San Bernardino National Forest and the Santa Rosa and San Jacinto Mountains National Monument and parallel the Devers-Valley No. 1 line

westerly and southwesterly until it terminates at SCE's Valley substation.

Conclusion of Law No. 13 is modified as follows:

If SCE and IID reach agreement regarding integration of DPV2 and the Desert Southwest transmission project (DSWTP), SCE should be required to address environmental and other impacts of the proposed upgrades to DPV2 if it requests Commission authorization to construct ~~the Midpoint substation or~~ any ~~other~~ facilities related to integration of DPV2 and the DSWTP~~Desert Southwest transmission project~~.

13.a. SCE's May 14, 2008 Petition for Modification requests authorization to construct the Midpoint Substation for purpose of interconnecting the new generation projects that have been proposed in the area.

13.b The proposed construction of Midpoint is not part of the of the potential integration of DPV2 and the DSWTP. SCE should be authorized to construct the Midpoint Substation.

The following Conclusions of Law are added:

29. The California-only Project remains the same as what was studied in the Final EIR/EIS.

30. Most of the future renewable energy projects that would interconnect to the California-only Project are in the preliminary planning stages and thus none of the projects are sufficiently detailed to allow meaningful, non-speculative review. Consequently, a Supplemental EIR is unnecessary for approval of the proposed modifications.

31. The CAISO has not approved a California-only Project, and such approval is necessary to recover construction costs in FERC-administered transmission rates.

32. SCE should be authorized to construct the California-only Project, including the Midpoint Substation, contingent upon CAISO approval.

33. SCE should be required to seek further Commission authorization before pursing ACC approval or other permits to construct the Arizona portion of the Project.

Ordering Paragraph No. 2 is modified as follows:

Southern California Edison Company (SCE) shall, as a condition of the Certificate of Public Convenience and Necessity, build the Devers-Palo Verde 2 project in accordance with the ~~following~~ route set forth in Conclusion of Law No. 8, as modified in response to SCE's May 14, 2008 Petition for Modification.

> ~~In Arizona, the DPV2 project shall depart from either the Harquahala Generating Station switchyard or a new Harquahala Junction. If the DPV2 project departs from the Harquahala Generating Station switchyard, it shall proceed east, paralleling the existing Harquahala-Hassayampa 500 kV line for approximately five miles to its intersection with SCE's existing Devers-Palo Verde No. 1 (DPV1) route at the site of the proposed Harquahala Junction. At this point, whether the route departs from the Harquahala Generating Station switchyard or Harquahala Junction, the route shall be the same.~~
>
> ~~At its intersection with DPV1 at Harquahala Junction, the DPV2 route shall turn north (paralleling the DPV1 line) for approximately 2.4 miles to where it shall cross Interstate 10 (I-10), and then proceed 3.7 miles to a point~~

~~northeast of Burnt Mountain. From there the route shall turn west and roughly parallel the north side of I-10 and the Central Arizona Project Canal for approximately 20 miles into La Paz County, then turn southwest, crossing to the south of I-10 and proceeding approximately 5 miles to a point where it meets the El Paso Natural Gas Company (EPNG) pipeline. The route shall parallel the EPNG pipeline and DPV1 for approximately 56 miles, across the Ranegras Plain where a series capacitor bank shall be constructed and through La Posa Plain. The route may follow or deviate from SCE's proposed route in the Kofa National Wildlife Reserve (Kofa) area. The route shall cross over Arizona Highway 95 and proceed into the Dome Rock Mountains to the summit of Copper Bottom Pass. The route shall turn southwest and descend the western slope of the Dome Rock Mountains to reach the Colorado River.~~

~~The route shall cross the Colorado River into California and generally follow the DPV1 right of way to SCE's Devers substation. The route shall pass into the Palo Verde Valley, five miles south of Blythe, California and shall proceed westerly to the top of the Palo Verde Mesa and then turn northwest to a point two miles south of I-10 and five miles southwest of Blythe Airport. At this point, the route shall turn west following the DPV1 line to a point five miles east of Desert Center. DPV2 shall either follow the DPV1 route for 10.6 miles or the North of Desert Center route for 11.8 miles north of I-10 and Desert Center to avoid the Alligator Rock Area of Critical Environmental Concern (ACEC). On the west side of Alligator Rock ACEC and south of I-10, the route shall continue west for another 24 miles, passing a site where a series capacitor shall be constructed, to a point in Shavers Valley where it shall turn north and cross I-10 about two miles east of the Cactus City Rest Stop. After crossing I-10, the route shall continue west-northwest, parallel to the DPV1 line for 46 miles to the Devers substation.~~

~~The route west of the Devers substation shall leave Devers in a westerly direction paralleling SCE's existing Devers-Valley No. 1 line for 41.6 miles. The route shall cross into the San Bernardino National Forest and the Santa Rosa and San Jacinto Mountains National Monument and parallel the Devers-Valley No. 1 line westerly and southwesterly until it terminates at SCE's Valley substation.~~

Ordering Paragraph No. 7 is modified as follows:

If Southern California Edison Company (SCE) requests Commission authorization to construct the Midpoint Substation or any other facilities related to integration of Devers-Palo Verde 2 (DPV2) and the Desert Southwest transmission project (DSWTP), SCE shall address environmental and other impacts of upgrades to DPV2 that would be undertaken to integrate DPV2 and the DSWTP ~~Desert Southwest transmission project~~.

7.a. SCE's May 14, 2008 Petition for Modification requests authorization to construct the Midpoint Substation for purpose of interconnecting the new generation projects that have been proposed in the area.

7.b The proposed construction of Midpoint is not part of the of the potential integration of DPV2 and the DSWTP, which would have increased the transfer capability of the line above the 1,200 megawatts proposed by SCE. SCE is authorized to construct the Midpoint Substation.

Ordering Paragraph No. 9 is modified as follows:

Subject to further Commission approval, Southern California Edison Company may ~~shall, as a condition of the CPCN,~~ design and construct

~~DPV2~~ the Devers-Palo Verde 2 Transmission Project to increase the transfer capability between southern California and Arizona by at least 1,200 megawatts (MW) and shall turn over at least 1,200 MW of transfer capability to the California Independent System Operator (CAISO).

Ordering Paragraph No. 26 is modified as follows:

The Commission finds that the Devers-Palo Verde 2 (DPV2) project will provide substantial benefits, including access to renewable resources in Riverside County~~economic benefits for CAISO-area ratepayers, increase the reliability of the interstate transmission network, increase operational flexibility, and provide insurance value as an economic hedge against low-probability, high-impact events~~. The valuable role of the California-only Project in meeting the state's RPS goals, and its other benefits, outweigh the unavoidable adverse environmental effects. Hence, t~~T~~he Commission finds that the DPV2 project's unavoidable impacts are acceptable in light of these substantial benefits, which constitute an overriding consideration warranting approval of the project, despite each and every unavoidable impact.

The following Ordering Paragraphs are added:

34. Southern California Edison Company is authorized to construct the California-only Project, including the Midpoint Substation, contingent upon approval by the California Independent System Operator.

35. Given the changed nature of the Devers-Palo Verde 2 Project, Southern California Edison Company shall seek further Commission authorization before pursuing Arizona Corporation Commission approval or other permits to construct the Arizona portion of the Project.

(END OF ATTACHMENT 1)