

Decision \_\_\_\_\_

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

In the Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) for Approval of Renewables Portfolio Standard Power Purchase Agreement with Imperial Valley Resource Recovery Company LLC and for Authority to Recover the Costs of Such Power Purchase Agreement in Rates.

Application 07-01-003  
(Filed January 2, 2007,  
Amended January 19, 2007)

**OPINION APPROVING  
POWER PURCHASE AGREEMENT****Summary**

This decision grants the request of Southern California Edison Company (SCE) for approval of a renewables portfolio standard (RPS) power purchase agreement (PPA) with Imperial Valley Resource Recovery Company, LLC (IVRR). The contract will provide SCE with eligible renewable energy from a biomass facility located near Imperial, California for a term of 10 years. The project's capacity is 16.4 megawatts with an expected on-line date within 12 months of Commission approval. This proceeding is closed.

**The IVRR Project**

Facility	Type	Term Years	MW Capacity	GWh Energy	Online Date	Location

IVRR	Biomass, wood	10	16.4 MW	132 - 123.5 <sup>1</sup>	w/in 12 months of CPUC approval	Imperial, CA
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IVRR is an existing biomass facility that had previously executed a PPA with the California Department of Water Resources (DWR). Since the termination of the DWR contract, the IVRR facility experienced a fire. Commission approval will enable IVRR to repair the facility and provide SCE with RPS-eligible energy.

IVRR does not need any transmission upgrades and will not require Supplemental Energy Payments.

### **SCE's Request**

SCE requests that the Commission approve the IVRR Contract, and SCE's conduct with respect to the negotiation of the contract, as reasonable and prudent. In addition, SCE requests that the Commission authorize SCE to allocate the benefits and costs of the IVRR Contract in accordance with the RPS Legislation and Commission decision.

By ALJ Resolution 176-3185, dated January 11, 2007, this proceeding was categorized as ratemaking with no need for hearing. SCE filed an amended application on January 19, 2007.<sup>2</sup> There were no protests or responses to either the application or the amendment.

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<sup>1</sup> Energy output depends on whether it is a 'maintenance year.'

<sup>2</sup> In its amended application, SCE removed "to all benefiting customers" from the first paragraph on page three of its application, which stated: "In addition, SCE respectfully requests that the Commission authorize SCE to allocate the benefits and costs of the IVRR Contract to all benefiting customers in accordance with the RPS Legislation and Commission decision." SCE states that, as the sentence was originally stated, it is possible to misconstrue SCE's application to be a request for cost allocation of the IVRR

*Footnote continued on next page*

## RPS Program Background

### ***The RPS Program Requires Each Utility to Increase the Amount of Renewable Energy in its Portfolio***

The California RPS Program was established by Senate Bill (SB) 1078, effective January 1, 2003. It requires that a retail seller of electricity such as SCE purchase a certain percentage of electricity generated by Eligible Renewable Energy Resources (ERR). The RPS program is set out at Public Utilities Code § 399.11, et seq.<sup>3</sup> Each utility is required to increase its total procurement of ERRs by at least 1% of annual retail sales per year so that 20% of its retail sales are supplied by ERRs by 2017.

The State's Energy Action Plan (EAP) called for acceleration of this RPS goal to reach 20 percent by 2010. This was reiterated again in the Order Instituting Rulemaking (R.) 04-04-026 issued on April 28, 2004, which encouraged the utilities to procure cost-effective renewable generation in excess of their RPS annual procurement targets<sup>4</sup> (APTs), in order to make progress towards the goal expressed in the EAP.<sup>5</sup> On September 26, 2006, Governor

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Contract pursuant to Decision (D.) 06-07-029. This was not SCE's intention, and SCE filed the amendment to clarify any potential confusion.

<sup>3</sup> Subsequent statutory references are to the Public Utilities Code unless otherwise indicated.

<sup>4</sup> An LSE's APT for a given year is the amount of renewable generation an LSE must procure in order to meet the statutory requirement that it increase its total eligible renewable procurement by at least 1% of retail sales per year.

<sup>5</sup> Most recently reaffirmed in D.06-05-039

Schwarzenegger signed SB 107,<sup>6</sup> which codifies the acceleration of the State's RPS targets to 20 percent by 2010.

***R.04-04-026 Established Procurement Guidelines for the RPS Program***

The Commission has issued a series of decisions that establish the regulatory and transactional parameters of the utility renewables procurement program. On June 19, 2003, the Commission issued its "Order Initiating Implementation of the Senate Bill 1078 Renewable Portfolio Standard Program," D.03-06-071. On June 9, 2004, in D.04-06-015, the Commission adopted its Market Price Referent (MPR) methodology for determining the Utility's share of the RPS seller's bid price, as defined in §§ 399.14(a)(2)(A) and 399.15(c). On the same day, the Commission adopted standard terms and conditions for RPS PPAs in D.04-06-014 as required by § 399.14(a)(2)(D). Instructions for evaluating the value of each offer to sell products requested in a RPS solicitation were provided in D.04-07-029.

**The IVRR contract should be approved**

As discussed below, we have considered SCE's request and have determined that the IVRR contract should be approved without modification.

***SCE's Procurement Review Group Participated in Review of the Contract***

In D.02-08-071, the Commission required each utility to establish a "Procurement Review Group" (PRG) whose members, subject to an appropriate non-disclosure agreement, would have the right to consult with the utilities and review the details of:

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<sup>6</sup> SB 107, Chapter 464, Statutes of 2006

1. Overall transitional procurement strategy;
2. Proposed procurement processes including, but not limited to, the request for proposal (RFP); and
3. Proposed procurement contracts before any of the contracts are submitted to the Commission for expedited review.

SCE's PRG was formed on or around September 10, 2002. Recent participants include representatives from the Commission's Energy Division, the Division of Ratepayer Advocates, The Utility Reform Network, the Natural Resources Defense Council, the Consumers' Union, California Utility Employees, and DWR. SCE consulted with its PRG during each step of the renewable procurement process. Among other things, SCE provided solicitation materials and pro forma contracts to the PRG for review and comment before commencing the RFP; informed the PRG of the initial results of the RFP; explained the evaluation process; and updated the PRG periodically concerning the status of contract formation.

On December 13, 2005, SCE met with the PRG to describe SCE's Least-Cost Best Fit (LCBF) methodology and assessment of need. On December 22, 2005, SCE met with the PRG to review SCE's proposed short list of bids. On March 29, 2006, SCE updated the PRG as to the status of negotiations with bidders into SCE's 2005 RPS solicitation. On November 15, 2006, SCE briefed the PRG concerning the successful conclusion of discussions with IVRR.

***The PPA is Consistent with SCE's Adopted  
2005 RPS Plan***

California's RPS statute requires the Commission to review the results of a renewable energy resource solicitation submitted for approval by a utility. The Commission will then accept or reject proposed PPAs based on their consistency

with the utility's approved renewable procurement plan.<sup>7</sup> In accordance with the RPS legislation and D.03-06-071, SCE submitted its 2005 RPS procurement plan and bid solicitation materials for Commission approval. The Commission approved SCE's 2005 procurement plan and bid solicitation material in D.05-07-039. As required by statute, it includes an assessment of supply and demand to determine the optimal mix of renewable generation resources, consideration of compliance flexibility mechanisms established by the Commission, and a bid solicitation setting forth the need for renewable generation of various operational characteristics.<sup>8</sup>

***The PPA Selection is Consistent with RPS Solicitation Protocol***

On September 2, 2005, SCE released its 2005 RPS solicitation consistent with its approved 2005 RFP protocol. Applying the evaluation criteria required by the RPS Legislation, as implemented by the Commission in D.04-07-029, SCE established a short list for the 2005 solicitation and subsequently entered into discussions with parties on the short list. SCE communicated with its PRG throughout the evaluation, selection and contracting process that ultimately led to the execution of nine contracts from its 2005 solicitation.

***The PPA Fits with Identified Renewable Resource Needs***

In its 2005 RPS RFP, SCE was looking for resources that would provide maximum benefit to SCE's customers and count towards the RPS program. As

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<sup>7</sup> Section 399.14(c).

<sup>8</sup> Section (a)(3).

provided by Commission decisions and statute, SCE solicited proposals for PPAs with terms of 10, 15, and 20 year terms. The Protocol encouraged existing, new, expanded, and repowered renewable resources to participate in the RFP.

Because of SCE's demand profile, SCE prefers dispatchable products and/or on-peak products. Additionally, SCE values capacity that is resource adequacy-eligible, low-cost, and RPS-eligible.<sup>9</sup>

IVRR fits SCE's renewable resource needs in addition to providing RPS-eligible energy because it will count towards SCE's resource adequacy purposes, and the project will be online relatively soon.

***The Bid Evaluation Process is Consistent with the LCBF Decision***

The LCBF decision<sup>10</sup> directs the utilities to use certain criteria in their bid ranking. It offers guidance regarding the process by which the utility ranks bids in order to select or "shortlist" the bids with which it will commence serious negotiations.

SCE's LCBF bid review process is detailed in its prepared testimony.<sup>11</sup> The described process is in compliance with the applicable Commission decisions. SCE's LCBF analysis evaluates both quantitative and qualitative aspects of each proposal to estimate its value to SCE's customers and relative value in comparison to other proposals

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<sup>9</sup> SCE's February 13, 2007 data request response (Exhibit 4), response to Question 21.

<sup>10</sup> D.04-07-029.

<sup>11</sup> SCE's prepared testimony, Exhibit 1, pp. 4-5.

SCE has provided information<sup>12</sup> showing the ranking of SCE's 2005 solicitation bids by benefit-cost ratios. It shows that IVRR's initial benefit/cost (B/C) ratio ranks highly among the 2005 RPS solicitation short list and is average among biomass projects. B/C supply curve information<sup>13</sup> also shows IVRR ranks well in terms of B/C ratio for short list projects.

***Contract Prices are Below the 2005 MPR***

The levelized contract price for the IVRR contract does not exceed the 2005 MPR.<sup>14</sup> Specifically the net present value of the sum of payments to be made under the PPA is less than the net present value of payments that would be made at the market price referent for the anticipated delivery. Therefore, the contract price payments are below the MPR and per se reasonable as measured according to the net present value calculations explained in D.04-06-015, D.04-07-029, and D.05-12-042.

No supplemental energy payments are necessary for the proposed PPA.

***Viability of Project***

The following information supports SCE's assertion that the project is viable:

**Project Milestones**

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<sup>12</sup> Exhibit 4, response to Question 20.

<sup>13</sup> Exhibit 4, response to Question 12.

<sup>14</sup> The levelized price identified in SCE's confidential testimony used an incorrect discount rate. SCE correctly recalculated the IVRR contract price in the February 13, 2006 data request response to Question 20 (see Exhibit 4) as well as in the CEC Supplemental Energy Payment spreadsheet provided for Question 23 of the same Exhibit. The corrected levelized price is slightly less than that in SCE's testimony, so neither price exceeds the 2005 MPR (Resolution E-3980).

The PPA identifies the agreed upon project milestones, including project financing, construction start and commercial operation deadlines.

### **Project Financing**

SCE states that financing is in place, and will be finalized after a Commission decision approving the PPA has become final and non-appealable.

### **Fuel Source Risk**

Some fuel supply risk exists because fuel contracts have not been secured for the project's 10-year term. However, IVRR will take full risk of fuel supply and the contract price is not contingent on fuel price changes. According to the terms of the agreement, IVRR bears the risk of fuel supply and fuel price.

### **Production Tax Credit**

The PPA is not contingent upon, nor is the pricing dependent on, the extension of federal production tax credits as provided in § 45 of the Internal Revenue Code of 1986, as amended.

### **Sponsor's Creditworthiness and Experience**

The bidders were required to provide credit-related information as part of their bid. Also, IVRR is an existing facility, so the developer has experience.

### ***Consistency with Adopted Standard Terms and Conditions***

In D.04-06-014, the Commission set forth standard terms and conditions to be incorporated into RPS agreements. Appendix A of that decision identified Standard Terms and Conditions, some of which are categorized as "may not be modified." The IVRR Contract contains modifications to certain terms and

conditions,<sup>15</sup> some of which were identified as non-modifiable by D.04-06-016. It was principally for this reason that SCE was prompted by the Energy Division to seek approval of the IVRR contract through the filing of an application rather than an advice letter.

SCE states that these modifications to the standard terms were commercially necessary or substantively immaterial to the terms contained in D.04-06-014.

Modifications that SCE considered to be immaterial affected the definition of “CPUC Approval” and “Environmental Attributes” in Exhibit A to the PPA and Sections 1.04 Term, 1.02 Start Up Deadline, 3.01 Conveyance of Entire Output, Conveyance of Environmental Attributes and Capacity Attributes, 10.02 Additional Warranties, 3.16 Obtaining and Maintaining CEC Certification and Verification and 10.07 Governing Law. SCE states the modifications were very minor, were mutually agreed to by both parties and were made to provide more clarity to the PPA as a whole.

According to SCE, it was commercially necessary to modify the assignment term, a term which, by D.04-06-016, “may not be modified.” The principal differences in the assignment term between the proposed IVRR Contract provision and the Commission standard term relate to the conditions under which the PPA may be assigned to a lender. The standard term provides that the lender must agree to be bound by the PPA, which according to SCE, is almost universally unacceptable to sellers including IVRR.

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<sup>15</sup> A comparison of the standard terms from D.04-06-014 to SCE’s 2005 pro forma and the IVRR Contract can be found in Appendix B of Exhibit 1.

IVRR requested the following modifications to this term: (i) notice of potential seller defaults, an opportunity to cure seller defaults and an extension of cure periods so that the lender can cure the default if it elects to do so; (ii) rights to approve material contract amendments; and (iii) no lender liability for monetary obligations under the PPA which are due and owing to SCE as of the date of any lender assumption of the PPA. SCE agreed those terms were reasonable and acceptable. In return, SCE requested that the lender agree to keep the PPA in force, or enter into a new PPA with substantially identical terms in the event that a lender or an agent or representative of lender takes control of the project in a foreclosure, workout or bankruptcy scenario. IVRR agreed to this modification. SCE states that this additional assurance that the PPA will remain in force notwithstanding seller financial difficulties provides substantial value, both to SCE and to sellers and lenders. It is SCE's position that without this modification SCE would not have been able to execute the IVRR Contract.

Since the filing of this application, (1) Pacific Gas and Electric Company (PG&E) and SCE jointly filed a petition for modification of D.04-06-014 and (2) D.07-02-011 was issued. Both actions impact our resolution of the IVRR contract term issue.

On February 1, 2007, Pacific Gas and Electric Company (PG&E) and SCE filed a petition for modification of D.04-06-014 regarding standard terms and conditions required for RPS contracts. PG&E and SCE recommend that the Commission provide the following clarifications and modifications to D.04-06-014:

- (1) The Commission should clarify that RPS-obligated entities may propose changes in the standard terms and conditions as part of their Annual RPS Plans;

- (2) The Commission should lift all current restrictions on negotiation of designated standard terms and conditions; and
- (3) The Commission should clarify that all RPS contracts should be submitted by advice letter for approval through Commission resolution.

Regarding their position that restriction on negotiation of standard terms and conditions is counterproductive, unnecessary, and should be eliminated, PG&E and SCE state the following:<sup>16</sup>

The dynamic and innovative nature of RPS technologies and projects, and the resulting individual needs of their developers and financiers, requires a flexible approach. Reasonable changes to standard terms and conditions must be accommodated to ensure project financing and the ultimate success of desirable RPS projects. Rigid, non-negotiable terms cannot keep pace with changes in law, financial market requirements, or RPS developments, and may be neither commercially justified nor logically tailored to the project at issue. In the face of such terms, the time required for renewables contracting has been extended, rather than shortened, and the viability of RPS projects that could further all of the goals of the RPS program has been needlessly threatened.

The petition for modification directly relates to SCE's request in this proceeding to modify contract terms deemed non-modifiable by D.04-06-014. It is more appropriate for this issue to be resolved generically through the petition for modification than specifically for SCE in this proceeding. We will adopt that course of action. However, until the issue is ultimately resolved, we must consider what to do now with SCE's request for approval of the IVRR Contract.

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<sup>16</sup> February 1, 2007 Petition for Modification of D.04-06-014, pp. 6-7.

To address that question, we turn to the issuance of D.07-02-011 which conditionally accepted procurement plans for 2007 RPS solicitations (R.06-05-027). In that decision the issue of modifying contract terms and conditions was also considered. We stated the following:<sup>17</sup>

The proposed decision employed an approach wherein the accepted RPS Plan included a complete model contract, which in turn incorporated all standard terms and conditions from D.04-06-014. This would be the model contract. It would facilitate and enable expedited Commission consideration of subsequent conforming agreements. Consistent with this approach, the proposed decision would have had us direct SCE to amend its proposed Proforma Agreement to be consistent with all Commission adopted standard terms and conditions (both modifiable and non-modifiable) from D.04-06-014. It would then have recognized that SCE and the bidder could modify the terms permitted to be modified.

In its comments on the proposed decision, SCE argues that it should not be required to modify its Proforma Agreement. SCE says its counterparties have found some Commission non-modifiable terms (e.g., “assignment”) to be unacceptable. SCE also says some standard terms do not work in the context of SCE’s entire 2007 Proforma Agreement (e.g., definition of “as-available” is a remnant of the Edison Electric Institute agreement that no longer makes sense, according to SCE). SCE asserts that it would need to publicly state it would be unable to enter into its own Proforma Agreement if SCE is required to modify its Proforma Agreement to comply with the exact terms in D.04-06-014. SCE contends this would be a waste of time and resources.

It has now become apparent (through recent advice letters, applications, the petition for modification of D.04-06-014, and comments on the proposed decision by parties other than SCE) that

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<sup>17</sup> D.07-02-011, *mimeo*, pp. 50-51.

not only SCE but also other IOUs have changed standard terms and conditions over time (both modifiable and non-modifiable). We believe this subject deserves additional consideration. SCE and others argue that continuity of the RPS Program (so that California has a reasonable opportunity to reach RPS goals) is too important to delay the 2007 solicitation. We essentially agree.

Therefore, we accept the RPS Plans proposed by the IOUs for the 2007 solicitation without requiring that they conform to the precise standard terms and conditions adopted in D.04-06-014. In doing so, we withhold judgment on parts of the Plans not addressed herein. We also reserve judgment on treatment of modifications to standard terms and conditions for our later consideration of the petition for modification of D.04-06-014. As stated above, Energy Division may at its discretion require contracts with changes to the standard terms and conditions otherwise adopted in D.04-06-014 to be filed by application.

Thus, IOUs are permitted to use their proposed Plans for their 2007 solicitation, subject to the modifications otherwise ordered herein, as summarized in Appendix A. At the same time as we have also said in other contexts, IOUs have the responsibility, within flexible compliance rules, to reasonably administer and implement the program and to meet RPS targets. This responsibility is not altered by our decision to permit IOUs to proceed on this basis with the 2007 solicitation.

With respect to the IVRR contract, to the extent that it is otherwise acceptable, we also feel it is important to proceed with approval expeditiously while reserving judgment on treatment of modifications to standard terms and conditions for our later consideration of the petition for modification of D.04-06-014. Therefore, consistent with our actions in D.07-02-011 regarding the 2007 solicitation and with the understanding that SCE has the responsibility to reasonably administer and implement the RPS program and to meet RPS targets, we will approve the IVRR contract at this time without requiring that it precisely

conform to the standard terms and conditions adopted in D.04-06-014. This approval is not contingent on, nor does it prejudice in any way, our resolution of the petition for modification of D.04-06-014.

**Testimony and Exhibits**

On February 26, 2007, pursuant to Rule 13.8(d) of the Rules of Practice and Procedure, SCE filed a motion to offer its testimony into evidence. The motion will be granted. SCE's testimony is identified as follows and will be received into evidence:

Exhibit 1 - Prepared Testimony in Support of Application for Approval of a Power Purchase Agreement between SCE and Imperial Valley Resource Recovery Company LLC (Confidential Version)

Exhibit 2 - Prepared Testimony in Support of Application for Approval of a Power Purchase Agreement between SCE and Imperial Valley Resource Recovery Company LLC (Public Version)

Exhibit 3 - Appendix D, Renewable Power Purchase and Sale Agreement between Southern California Edison Company and Imperial Valley Resource Recovery Company, LLC (Confidential)

Also, by Administrative Law Judge Ruling dated January 29, 2007, SCE was requested to provide data regarding its application request. On February 13, 2007, SCE provided the data request response, which contains information that was useful in evaluating SCE's request and formulating our decision today. The data request response will be identified as Exhibit 4 and will also be received into evidence.

**Confidential Information**

On February 26, 2007, concurrent with its motion to offer testimony into evidence, SCE filed a motion to seal the evidentiary record. SCE has provided declarations regarding the confidentiality of data provided in prepared testimony in support of its application request. The declarations identify

information subject to requested confidential treatment, the appropriate reference to the Matrix Category in Appendix A of D.06-06-066<sup>18</sup> regarding confidential treatment of investor owned utility data, and the assertion that the detailed information is required for the application and cannot be aggregated, summarized, redacted masked or otherwise protected in a way that allows partial disclosure.

SCE requests Exhibits 1 and 3 be received into evidence under seal. An examination of the information contained in Exhibits 1 and 3 confirms the need for confidential treatment as indicated by SCE. The request will be granted. Likewise, much of SCE's data response in Exhibit 4 contains similar types of confidential information and will also be received into evidence under seal.

### **Comments on Proposed Decision**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

### **Assignment of Proceeding**

Michael R. Peevey is the assigned Commissioner and David K. Fukutome is the assigned ALJ.

### **Findings of Fact**

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<sup>18</sup> D.06-06-066, Appendix A, Part VII (G) provides that RPS contract summaries, including counterparty, resource type, location, capacity, expected deliveries, delivery point, length of contract and online date are public. Other terms are to remain confidential for three years, or until one year following expiration, whichever comes first.

1. There were no protests to this application.
2. The IVRR contract is consistent with SCE's approved 2005 renewable procurement plan.
3. The IVRR contract price is below the 2005 MPR released in Resolution E-3980 and is *per se* reasonable as measured according to the net present value calculations explained in D.04-06-015, D.04-07-029, and D.05-12-042.
4. On February 1, 2007, PG&E and SCE filed a petition for modification of D.04-06-014 seeking clarification and modification of the RPS contract requirements related to standard contract terms and conditions.
5. To the extent that the IVRR contract is otherwise acceptable, it is important to proceed with approval expeditiously, while reserving judgment on treatment of modifications to standard terms and conditions for later consideration of the February 1, 2007 petition for modification of D.04-06-014.

**Conclusions of Law**

1. The IVRR contract should be approved without modification.
2. SCE should be allowed to fully recover the IVRR contract payments in rates over the life of the project, subject to Commission review of SCE's administration of the PPA.
3. Procurement pursuant to the IVRR contract constitutes procurement from eligible renewable energy resources for purposes of determining SCE's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (§ 399.11 et seq.), D.03-06-071, or other applicable law.

4. Procurement pursuant to the IVRR contract constitutes incremental procurement or procurement for baseline replenishment by SCE from eligible renewable energy resources for purposes of determining SCE's compliance with any obligation to increase its total procurement of eligible renewable energy resources that it may have pursuant to the California Renewables Portfolio Standard, D.03-06-071, or other applicable law.

5. SCE should be allowed to recover in rates any indirect costs of renewables procurement identified in § 399.15(a)(2).

6. SCE's February 26, 2007 motion to offer its testimony into evidence is consistent with the provisions of Rule 13.8(d) of the Rules of Practice and Procedure and should be granted.

7. SCE's February 26, 2007 motion to seal the evidentiary record is consistent with the provisions of D.06-06-066 and should be granted.

8. This decision should be made effective immediately so that IVRR may begin providing renewable energy to SCE as soon as possible.

## **O R D E R**

### **IT IS ORDERED** that:

1. The Southern California Edison Company (SCE) renewables portfolio standard power purchase agreement (PPA) with Imperial Valley Resource Recovery Company LLC is approved.

2. SCE is authorized to recover in rates payments made pursuant to the PPA, subject to further review with respect to reasonableness of SCE's administration of the PPA.

3. SCE's February 26, 2007 motion to offer testimony into evidence is granted. As described in the body of this decision, the pieces of SCE's testimony are identified as Exhibits 1, 2 and 3 and are received into evidence. Also, SCE's January 13, 2007 data request response, as described in the body of this decision, is identified as Exhibit 4 and is received into evidence.

4. SCE's February 26, 2007 motion to seal portions of the evidentiary record is granted. Exhibits 1, 3 and 4 shall be placed under seal and shall remain sealed for a period of three years from the effective date of this decision.

5. Application 07-01-003 is closed.

This order is effective today.

Dated \_\_\_\_\_, 2007, at San Francisco, California.