

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-4451
December 15, 2011

R E S O L U T I O N

Resolution E-4451. Southern California Edison Company (SCE) requests approval of extending the existing power displacement agreement with the US Department of Defense at Edwards Air Force Base (Edwards).

PROPOSED OUTCOME: This Resolution grants the proposed extension.

ESTIMATED COST: None.

By Advice Letter (AL) 2621-E filed on August 31, 2011.

SUMMARY

Western Area Power Administration (WAPA) has granted Edwards Air Force Base (Edwards) an electrical power entitlement. Edwards has a power displacement agreement (PDA) with SCE under which it receive hydroelectric capacity and energy allocated from WAPA through SCE. The present power displacement agreement (PDA) with Edwards expired on October 1, 2011. By AL 2621-E, SCE submits an amendment to extend its expiration date to the end of 2011 for the parties to have sufficient time to draw a new agreement.

This Resolution approves extending the date of the existing PDA.

BACKGROUND

SCE uses Edwards's electrical power entitlements with a federal agency and in return provides credits to Edwards.

The current PDA entitled "2001 PDA" is a 10-year agreement that establishes the terms and conditions of allowing Edwards to take advantage of the capacity and energy allocated by Western Area Power Administration (WAPA). WAPA is an agency of the US Department of Energy headquartered in Denver Colorado that delivers hydroelectric power within a 15-state region of the USA.

Edwards has had an agreement with WAPA since 1976 for an annual entitlement of federal preference power from the Parker-Davis dams located on the Colorado River that supply electrical energy to California. In order to facilitate the delivery of the WAPA power to California, SCE has entered into long-term PDAs with Edwards whereby SCE receives the power from the Edwards's entitlements for use by SCE customers and provides credits to Edwards against retail power metered and billed at designated locations at Edwards.

SCE and Edwards are in the process of entering into a new agreement to replace the existing 2001 PDA, with a view to allow Edwards to continue receiving its current WAPA allotment of power for another 10 years. A three-month extension of the current PDA to December 31, 2011 is necessary to complete the negotiations while maintaining the uninterrupted provision of WAPA power to Edwards. Attachment B to AL 2621-E is the signed agreement between SCE and Edwards confirming the understanding of both parties regarding the proposed amendment to extend the agreement.

SCE requests Commission approval of an amendment (Attachment B to AL 2621-E) extending all provisions of the existing PDA for three months, and modification of SCE's List of Contracts and Deviations to revise the October 1, 2011 expiration date to December 31, 2011.

NOTICE

Notice of AL 2621-E was made by publication in the Commission's Daily Calendar. SCE states that a copy of AL 2621-E was mailed and distributed in accordance with Section 3.14 of General Order 96-B.

PROTESTS

AL 2621-E was not protested.

DISCUSSION

Negotiations for a new PDA are in progress.

SCE has filed AL 2621-E to extend the 2001 PDA through the end of 2011 in order to provide sufficient time to complete and execute a new PDA. SCE will submit the new PDA for approval through a Tier 3 advice letter. Staff will prepare a

resolution on that advice letter which will be subject to public comment and Commission vote.¹

SCE's request to extend the existing PDA through the end of 2011 should be granted so that it has sufficient time to continue negotiations with Edwards for a new PDA.

We expect that the new PDA will provide benefits to SCE's customers similar to those that have been provided by the present agreement in the past decade. SCE ratepayers benefit from the PDA with Edwards because the WAPA preference power provides a diverse source of capacity and clean, low-cost hydro power to serve load requirements, which would otherwise be served by SCE with more expensive power. We approve extension of the termination date of 2001 PDA until December 31, 2011.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS AND CONCLUSIONS

1. SCE filed AL 2621-E on August 31, 2011 requesting extension of its power displacement agreement with the US Department of Defense at Edwards Air Force Base.
2. WAPA is an agency of the US Department of Energy that has hydroelectric capacity and energy allocated to Edwards.
3. Since 1976, WAPA has agreed to supply Edwards an annual entitlement of federal preference power from the Parker-Davis dams.
4. SCE has long-term PDAs with Edwards whereby SCE receives the power from Edwards's entitlements for use by SCE customers and credits

¹ GO 96-B, Energy Industry Rules, Section 5.3(5) and 5.3(8).

Edwards against retail power metered and billed at designated locations at Edwards.

5. The 2001 power displacement agreement (the current PDA) expired on October 1, 2011. SCE and Edwards need extension of agreement to December 31, 2011 to complete and execute a new agreement.
6. Continuing the current power displacement agreement with Edwards will benefit SCE's ratepayers.
7. AL 2621-E should be approved.

THEREFORE IT IS ORDERED THAT:

1. Southern California Edison Company's request in Advice Letter 2621-E is hereby approved.

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 December 15, 2011; the following Commissioners voting favorably thereon:

/s/ Paul Clanon

Paul Clanon
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
TIMOTHY ALAN SIMON
MICHEL PETER FLORIO
CATHERINE J. K. SANDOVAL
MARK J. FERRON
Commissioners