



California Public Utilities Commission

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News Release

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PUC Oks Edison's Mohave Plant Environmental Upgrade Costs And Renewable Energy Study

SAN FRANCISCO, Dec. 2, 2004 - The California Public Utilities Commission (PUC) today authorized Southern California Edison to make necessary and appropriate expenditures on the Mohave Generating Station to continue operations post year-end 2005. This includes continuing work on resolution of the essential water and coal issues and environmental studies. The Commission also required a study of renewable and other options/alternatives to compliment Mohave or to replace Mohave's power generation for Edison customers and of Mohave's economic benefits for the Hopi and Navajo communities and other affected stakeholders if Mohave cannot continue as a coal-fired plant. The Commission established a Mohave Employee-Related Memorandum Account to track worker protection benefit expenses associated with the temporary shutdown of Mohave at the end of 2005.

The Commission's ability to address the future of Mohave and ensure that no shutdown occurs was hampered by the lack of an environmentally appropriate water source – because of the arid nature of the geography close to the coal mine, as well as the sensitive nature of the water associated with the Grand Canyon. The failure of the parties to renegotiate the coal leases in the several years since the issue was presented to the Commission has also prevented the Commission from reaching a more timely final decision.

Once the two primary unknown questions concerning the availability of an environmentally appropriate water source and the availability and cost of future coal supplies are resolved, the Commission intends to review those costs and make a final determination whether the Mohave plant should be upgraded. The Commission authorized Edison to do anything it can do to preserve the "Mohave-open" option and to shorten the time the facility will be closed. The Commission also found Edison's capital cost estimates for the environmental retrofit to be reasonable. However,

without knowing the costs of water and coal, and possible additional carbon regulations, the Commission did not want Edison to undertake actual retrofit construction now, without providing the Commission an opportunity to make a final determination as to Mohave's rebuild once all the water and coal resource costs are known. The Commission's goal is to return Mohave to service with as short of a shutdown period as possible.

Mohave is a two-unit, coal-fired power plant located in Laughlin, NV. Together the plant's generating units have an operating capacity of approximately 1,580 megawatts (MW). Edison is the plant operator and owns 56 percent of Mohave, providing approximately 885 MW of coal-fired baseload electricity for Edison's customers. Under the terms of a 1999 Consent Decree, if Mohave is to be operational as a coal-fired plant post 2005, substantial pollution control equipment must be installed. In its application filed May 17, 2002, Edison projected a total cost of approximately \$1.1 billion for the required pollution controls and other capital investments necessary to extend Mohave operations post 2005.

For more information on the PUC, please visit www.cpuc.ca.gov.

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