



## California Wind Energy Association

June 4, 2007

Energy Division  
c/o Honesto Gatchalian  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Re: Reply Comments on Draft Resolution E-4052

Dear Energy Division:

The California Wind Energy Association (CalWEA) presents the following reply comments on Draft Resolution E-4052 ("Draft Resolution"), which would conditionally approve Southern California Edison's (SCE) Advice Letter 2062-E-A, filed April 2, 2007.

Again, CalWEA appreciates both SCE's initiative in undertaking the important transmission studies proposed in AL 2062-E-A and the Draft Resolution's incorporation of several of CalWEA's April 23 comments on SCE's plan. Our comments were designed to make these studies as useful and timely as possible. CalWEA has reviewed SCE's comments on the Draft Resolution, and wishes to respond to several of the points that SCE made.

First, CalWEA supports SCE's request to recover feasibility study costs through CPUC jurisdictional rates, pursuant to the cost recovery assurance authority provided by Public Utilities Code Section 399.25(b)(4). This code section allows "recovery [of] ... any increase in transmission cost" associated with facilities built to meet Renewable Portfolio Standard (RPS) goals, including the costs of preliminary planning studies such as SCE proposes in AL 2062-E-A. In D. 06-06-034, at 30-31, the Commission authorized the utilities to submit advice letters, such as AL 2062-E-A, that seek approval and recovery under §399.25 of study costs for new transmission lines needed to meet RPS goals. We concur with SCE that such costs are not likely to be recoverable through FERC-approved rates. At a minimum, if the Commission wishes SCE to pursue FERC recovery, the CPUC should make clear that the utility will be able to use the §399.25(b)(4) backstop if the FERC denies cost recovery. The §399.25(b)(4) assurance authority is an important policy that encourages the state's utilities to work proactively on the transmission planning and construction needed to meet RPS goals, and the Commission should make good use of that tool.

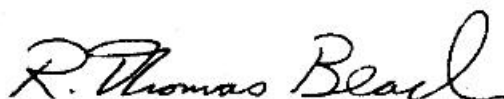
Second, CalWEA joins SCE in asking the Commission not to attempt to develop an "open season" process for developers to express an interest in using a particular line. Such a process may significantly complicate the already-daunting process of planning and building new transmission projects in California, if the results of the open season conflict with the CAISO's existing

interconnection queue. CalWEA recognizes that changes may be needed in the administration of the CAISO queue; such changes will be considered as part of the CAISO's implementation of FERC Order 890. That process should proceed without the potential jurisdictional conflict presented by the overlay of a CPUC-jurisdictional open season for new transmission capacity.

Finally, SCE suggests that it will need additional time to complete these studies, given the increased scope of work that the Draft Resolution would approve. SCE's comments suggest that it could require up to 29 months to complete this work, although the utility also appears open to dialogue with the Energy Division on this issue. Edison's AL 2062-E-A proposed that these studies be completed in 16 months. CalWEA believes that time is of the essence in moving forward to meet the state's goals for renewable development. If Edison needs more time to finish these studies, the utility should consider focusing first on completing the studies for Eastern San Bernardino County and Salton Sea within the planned 16 months. These regions clearly have the greatest near-term potential for additional renewables development, and are the closest to SCE's load center. SCE can proceed to complete the investigation of the areas in Nevada and Arizona that are further afield from the utility's service territory, after the in-state studies are finished. This sequencing of the studies to focus first on in-state areas also may make sense given the chilly reception that SCE's Devers – Palo Verde No. 2 transmission line received recently from Arizona regulators.

CalWEA appreciates the opportunity to provide these reply comments on the Draft Resolution, and looks forward to prompt Commission approval of this important order, with the modifications that CalWEA has proposed and supported.

Sincerely,

A handwritten signature in black ink that reads "R. Thomas Beach". The signature is written in a cursive, flowing style.

R. Thomas Beach  
Consultant to CalWEA

Nancy Rader  
Executive Director, CalWEA

cc: Paul Douglas, Energy Division  
Sean Gallagher, Director, Energy Division  
President Michael R. Peevey  
Commissioner John Bohn  
Commissioner Rachelle Chong  
Commissioner Dian Grueneich  
Commissioner Timothy Simon  
Service Lists R.06-05-027, R.06-02-012