

SANTA ANA RIVER WATER RIGHTS APPLICATION HEARING

MAY 2, 2007

STATE WATER RESOURCES
CONTROL BOARD

POLICY STATEMENT

OF

SOUTHERN CALIFORNIA EDISON COMPANY

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DIV. OF WATER RIGHTS
SACRAMENTO

My name is Nino Mascolo, in-house counsel for Southern California Edison Company. SCE appreciates this opportunity to make a policy statement regarding the San Bernardino Valley Municipal Water District and the Western Municipal Water District of Riverside County application numbers 031165 and 031370 to appropriate and store water upstream of Seven Oaks Dam on the Santa Ana River. SCE is an investor-owned public utility providing electric service to over 12 million customers throughout a 50,000 square mile service territory over central and southern California.

For over the past 100 years, SCE and its predecessors have owned and operated the Santa Ana River Hydroelectric Project. While not large, these two hydropower plants provide about 7 megawatts of clean, renewable electric power to our customers. In addition to their non-polluting character, the plants are based in the Los Angeles basin, enhancing the reliability of our electric grid because most new power plants are being developed outside the basin and require the construction of lengthy transmission lines to import that power into the basin. In fact, at the California Public Utilities Commission's direction, SCE is in the process of developing five new gas-fired peaker plants within the basin to help ensure that our system's reliability is enhanced by additional generation within the basin.

Prior to discussing the water rights applications with Muni/Western, SCE was concerned that their applications would impact our ability to continue to operate the Santa Ana River hydro plants because the water rights applications sought to divert water from the same streams diverted by SCE for power generation.

Similarly, in 1904 SCE's predecessor resolved an earlier water rights issue with the Bear Valley Mutual Water Company, which operated the reservoir at Big Bear Lake. SCE agreed to continue to divert the water from the Santa Ana River into our Powerhouse No. 1 and deliver that water to downstream water agencies once the water left our hydro facilities. To this day, the water from SCE's Powerhouse No. 3 is directed into the water supply pipelines of various downstream water agencies. SCE even has an agreement to allow Muni to take water prior to generating power at Powerhouse No. 3 if replacement hydropower is provided from the Department of Water Resources.

This cooperative situation with downstream water rights holders has existed for as long as SCE has operated the Santa Ana River Hydroelectric project. For instance, Muni and other water agencies were active participants in the recent Federal Energy Regulatory Commission relicensing of the Santa Ana River hydro project. The State Water Board was also an active participant and issued SCE a water quality certificate for the project's continued operation in compliance with state water quality standards.

Now, once again, SCE and Muni/Western are working together to ensure the protection of necessary electric and water supplies. In April 2007, Muni/Western and SCE entered into a stipulation that was filed with the State Water Board to resolve SCE's concerns with the Muni/Western water rights applications. The Stipulation requested the insertion of a provision into the Muni/Western water rights permits and licenses that recognizes SCE's long-standing rights to the nonconsumptive use of water at the Santa Ana River Hydroelectric Project. SCE respectfully requests that the State Water Board honor that stipulation and include the provision in any future water rights permit and license issued to Muni/Western for the diversion and storage of water upstream of Seven Oaks Dam.

Thank you.

SANTA ANA RIVER HEARING
May 2, 2007 HEARING
REVISED SERVICE LIST
(March 29, 2007)

PARTIES TO EXCHANGE INFORMATION

(Note: The parties whose E-mail addresses are listed below agreed to accept electronic service, pursuant to the rules specified in the hearing notice.)

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