ALJ/GEW/gab

Mailed

Decision 97-12-067 December 16, 1997

DEC 16 1997

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 Orders: (1) Approving Certain Provisions of a Settlement Agreement Between Edison and Vulcan/BN Geothermal Power Company, Del Ranch, L.P., Elmore L.P., and Leathers, L.P., and (2) Authorizing Edison's Recovery in Rates of Payment Made Pursuant to the Approved Provisions for Energy Delivered On or After January 1, 1996.

ORIGINAL

Application 96-08-029
(Filed August 8, 1996)

O P I N I O N

1. Summary

Southern California Edison Company (Edison) seeks approval of specified provisions of a settlement agreement that would resolve long-standing litigation with four energy producers. The principal issue in the litigation is whether Edison was required to pay forecasted contract prices rather than posted avoided costs for energy above contract nameplate ratings.

This decision also addresses a proposed agreement and stipulation between Edison and the Commission's Office of Ratepayer Advocates (ORA). ORA had protested the Edison settlement agreement, arguing that the nameplate ratings in Edison's power purchase agreements limit the amount of power that Edison may buy at fixed forecast prices. In their stipulation, Edison and ORA propose that the issue dealing with purchased power above nameplate ratings be considered in another proceeding currently before the Commission. ORA in turn would agree to withdraw its protest to Edison's application for approval of its settlement agreement.

This decision approves Edison's application, and it approves the stipulation between Edison and ORA.

2. Procedural History

Edison filed this application on August 8, 1996, seeking ex parte approval of its proposed settlement. Following an unopposed motion for extension of time, ORA on December 20, 1996, filed its protest, urging that the application be denied or set for hearing. Edison on January 17, 1997, responded to ORA's protest. On January 24, 1997, CalEnergy Company, Inc., petitioned to intervene in support of Edison's application.

A prehearing conference was conducted on February 27, 1997. Edison and ORA asked for and were given additional time to discuss settlement. The petition of CalEnergy to intervene was granted, and hearings were set for April 23, 1997. On April 1, 1997, ORA requested a continuance, representing that a settlement was likely, and the hearings were taken off calendar. The joint motion to approve the agreement and stipulation between Edison and ORA was filed on September 25, 1997.

3. Background

By this application, Edison seeks approval of certain payment provisions of a settlement agreement resolving litigation arising out of its Interim Standard Offer 4 contracts[1] with four limited partnerships, Vulcan/BN Geothermal Company; Del Ranch, L.P.; Elmore, L.P.; and Leathers, L.P. (collectively, the Partnerships). Edison also asks authorization to recover in rates all payments made pursuant to the settlement agreement for energy delivered to Edison on and after January 1, 1996, subject only to administration review in Edison's pending Energy Cost Adjustment Clause (ECAC) review.

[1] Early standard offer contracts, like Interim Standard Offer 4, were entered into pursuant to the federal Public Utility Regulatory Policies Act of 1978 to stimulate alternative energy sources. They were based on specified long-term, fixed-capacity rates for periods ranging from 1 to 30 years. These early agreements stimulated alternative energy development by ensuring pricing certainty, but these contracts later were suspended by the Commission after it became apparent that the amount of capacity associated with the contracts exceeded expected amount.

The Partnerships at all relevant times owned and operated geothermal power production facilities in the Imperial Valley in Southern California.[2] Each of the Partnerships' facilities is a qualifying facility (that is, a nonutility power producer), the output of which is sold to Edison pursuant to an Interim Standard Offer 4 contract.

In the early 1990s, disputes arose between the parties over the interpretation and performance of their contracts and related agreements. On May 20, 1993, the Partnerships filed suit against Edison in Los Angeles County Superior Court.[3] After extensive discovery (numerous witnesses were deposed and more than 80,000 pages of documents were produced), law and motion practice, an independent third party mediation, and lengthy negotiations, the parties entered into a settlement agreement which the Commission is asked to approve in part. The settlement agreement, as amended on May 29, 1997, and on July 8, 1997, is attached to the application.[4]

In the lawsuit, the Partnerships allege a number of claims arising out of their Interim Standard Offer 4 contracts. The principal issue is whether, under the circumstances of the case, Edison is required to pay forecasted prices for all energy delivered by the Partnerships during the first 10 years of the contract term, including energy delivered at levels greater than the contract nameplate ratings set forth in the parties' contracts.[5]

---

[2] Magma Power Company affiliates are the managing general partners of the Partnerships. In 1995, CalEnergy Company acquired Magma Power Company. Affiliates of Edison owned a 50% partnership interest in each of the Partnerships' companies until April 17, 1996, when the interests were sold to an affiliate of CalEnergy.

[3] *Vulcan/BN Geothermal Power Company, et al.* v. *Southern California Edison Company, et al.*, Case No. BC081392, Los Angeles County Superior Court.

[4] Edison on August 13, 1996, filed a motion asking that the settlement agreement and other provisions of its application and exhibits be accepted for filing under seal, on grounds that disclosure would competitively harm Edison in its negotiations with others. The motion for a protective order was unopposed and was granted by Administrative Law Judge's Ruling dated January 28, 1997.

[5] The nameplate rating of a generator or turbine represents the manufacturer's statement of the equipment's predicted performance capability. The term was not defined in early standard

Footnote continued on next page

Specifically, the Partnerships allege breach of contract, violation of Commission decisions, and unlawful discrimination based on Edison's paying the Partnerships the published avoided cost for energy above contract nameplate, while paying other energy producers forecasted prices for such energy. The Partnerships seek to recover past underpayments by Edison, along with an order that Edison must pay forecasted prices for the remainder of the first 10 years of the contract for all energy delivered, including all energy above contract nameplate. Punitive damages also are sought.

4. Proposed Settlement of Lawsuit

One of the issues the parties negotiated was whether and to what extent a settlement would be subject to prior Commission approval. The compromise the parties reached on this point creates a distinction between the Partnerships' claims for the period prior to January 1, 1996 (Historical Claims), and claims after that date (Future Claims).

Edison states that the Historical Claims have been finally settled and released. That part of the agreement is not subject to prior Commission approval but instead will be reported for Commission review in Edison's ECAC proceeding for the 1996-1997 Record Period. As for the Future Claims, the settlement agreement provides that Edison will pay forecasted prices for energy delivered by the Partnerships from January 1, 1996, to the end of the first 10-year period: February 9, 1996, for Vulcan; December 31, 1998, for Elmore and Del Ranch; and December 31, 1999, for Leathers.

The parties have agreed, subject to Commission approval, to a dismissal with prejudice of the Future Claims and to a mutual release with respect to their dispute over the appropriate payment rate during the first 10-year period for each partnership. The settlement agreement states that the terms of the agreement are not intended to establish a precedent for Edison's dealings under any other purchased power contract.

---

offer contracts. In later contracts, "nameplate rating" is defined as the gross generating capacity of the generating facility less "station use," or energy used to operate the facility's auxiliary equipment.

5. ORA Protest and Stipulation

In its protest, ORA raises a number of issues regarding the reasonableness of the proposed Edison settlement with the Partnerships, including questions related to the prior affiliate nature of the partnership firms and questions concerning Edison's administration of the contracts. ORA also questions whether certain settlement payments are consistent with Commission decisions regarding the effect of nameplate rating in an Interim Standard Offer 4 contract.

Following negotiations, ORA agreed to withdraw its protest if Edison agreed to make the issue of Edison's cost recovery of Future Claims a matter to be considered in the final phase of Edison's 1992 ECAC proceeding. Similarly, the issue of Edison's payments for the Partnerships' Historic Claims also would be reviewed in that proceeding. The 1992 ECAC proceeding (Application 92-05-047) has two broad issues remaining to be decided (qualifying facility truncation and energy above nameplate), and hearings are scheduled to begin in February 1998. ORA in that proceeding has contested Edison's recovery of payments to the Partnerships and to any other qualifying facilities where such payments were in excess of nameplate ratings of such facilities.

In the joint motion for approval of the stipulation, ORA advises the Commission that it is withdrawing its protest to this application and that it supports approval of the application on terms consistent with the agreement and stipulation between ORA and Edison. A copy of the agreement and stipulation is attached to this decision as Appendix A.[6]

---

[6] Attachment 2 and Attachment 3 of the agreement and stipulation were filed under seal and are not included in Appendix A. The attachments are copies of two amendments to the settlement agreement with the Partnerships. Edison on September 25, 1997, filed for a protective order to maintain the confidentiality of these amendments, on grounds that the same type of information had been granted confidential treatment in earlier rulings. Edison's motion was unopposed and was granted by Administrative Law Judge Ruling.

6. Discussion

The Commission's rules governing approval of settlements provide that the Commission will approve a settlement that is "reasonable in light of the whole record, consistent with law, and in the public interest." (Rules of Practice and Procedure, Rule 51.1(e).) In its Diablo Canyon decision (D.88-12-083, 30 CPUC2d 189 (1988)), the Commission set forth applicable criteria, drawn from federal and state court decisions reviewing proposed class action settlements:

> "In order to determine whether the settlement is fair, adequate, and reasonable, the court will balance various factors which may include some or all of the following: the strength of the applicant's case; the risk, expense, complexity, and likely duration of further litigation; the amount offered in settlement; the extent to which discovery has been completed so that the opposing parties can gauge the strength and weakness of all parties; the state of the proceedings; the experience and views of counsel; the presence of a governmental participant; and the reaction of the class members to the proposed settlement." (30 CPUC2d at 222; citations omitted.)

Edison has presented a lengthy discussion of the factors leading to the proposed settlement of the Partnerships' lawsuit. Edison states that many of the issues in the lawsuit are technical ones, turning on specialized contract language and practices in power purchase agreements. A jury could find, as the Partnerships claim, that Edison discriminated against plaintiffs by paying other qualifying facilities forecasted prices for energy above contract nameplate. Expert testimony would be required on the capacity rating of interconnection facilities. Edison estimates that continuation of the lawsuit would involve a two-month jury trial.

Edison states that its proposed settlement with the Partnerships was reached on the eve of trial after protracted arm's-length negotiations and, in the words of an independent mediator, was "a reasonable and prudent alternative to the risks and expense of continued litigation."[7] Exhibits submitted with the application show that the

[7] Exhibit SCE-3, prepared testimony of mediator Randall W. Wulff.

proposed settlement represents a substantial savings to Edison's ratepayers over an adverse outcome in the Partnerships' lawsuit, even excluding the claims for punitive damages and the costs of litigation, and it places a limit on Edison's future energy costs under the parties' Interim Standard Offer 4 contracts.

7. Conclusion

Based on this record, we conclude that the provisions of the Edison/Partnerships settlement agreement which we are asked to approve are reasonable, in the best interests of Edison's ratepayers, and satisfy all relevant criteria the Commission has established for approval of settlements of this nature. We also conclude that the agreement and stipulation between Edison and ORA, referring to a more appropriate forum the generic issues challenged by ORA, is sound, reasonable and in the public interest.

Findings of Fact

1. Edison filed this application on August 8, 1996.
2. The application was timely protested by ORA.
3. Edison seeks approval of payment provisions of a settlement agreement resolving litigation arising out of Interim Standard Offer 4 contracts with four limited partnerships.
4. The Partnerships owned and operated geothermal power production facilities in the Imperial Valley in Southern California.
5. Each of the Partnerships' facilities is a qualifying facility.
6. On May 20, 1993, the Partnerships filed suit against Edison in Los Angeles County Superior Court.
7. The principal issue of the lawsuit is whether Edison was required to pay forecasted prices for all energy delivered by the Partnerships during the first 10 years of the contract term.
8. In a joint motion filed by Edison and ORA on September 25, 1997, ORA has agreed to withdraw its protest and support Edison's application, provided that the

reasonableness of Edison's recovery of certain payments be considered in Edison's 1992 ECAC proceeding.

Conclusions of Law

1. The proposed settlement between Edison and the Partnerships represents a substantial savings to Edison's ratepayers over an adverse outcome in the Partnerships' lawsuit.

2. The proposed settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

3. The agreement and stipulation between Edison and ORA is reasonable in light of the whole record, consistent with law, and in the public interest.

4. The application should be approved.

5. The agreement and stipulation between Edison and ORA should be approved.

6. This order should be made effective immediately so that benefits of the proposed settlement agreement may be realized promptly.

O R D E R

IT IS ORDERED that:

1. The application of Southern California Edison Company (Edison) for approval of the specified provisions of a Settlement Agreement between Edison and four limited partnerships, Vulcan/BN Geothermal Company, Del Ranch, L.P., Elmore L.P., and Leathers, L.P, is approved, subject to the agreement and stipulation between Edison and the Office of Ratepayer Advocates (ORA) attached hereto as Appendix A.

2. The agreement and stipulation between Edison and the ORA, attached hereto as Appendix A, is approved.

3. Application 96-08-029 is closed.

This order is effective today.

Dated December 16, 1997, at San Francisco, California.

P. GREGORY CONLON
President
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners

APPENDIX A

AGREEMENT AND STIPULATION BETWEEN SOUTHERN CALIFORNIA EDISON AND THE OFFICE OF RATEPAYER ADVOCATES REGARDING APPLICATION 96-08-029 (SETTLEMENT WITH VULCAN B/N GEOTHERMAL POWER COMPANY, ET AL.)

I. INTRODUCTION

1.1 The Parties to this Agreement and Stipulation ("Agreement") are Southern California Edison Company ("Edison") and the Office of Ratepayer Advocates of the California Public Utilities Commission ("ORA"). Edison and ORA are sometimes referred to herein individually as a "Party" and jointly as the "Parties."

1.2 With the exception of those matters that are expressly reserved herein and which the Parties have agreed may be transferred to another proceeding, as identified herein, the Parties intend this Agreement to resolve all open issues in Application ("A.") 96-08-029, which seeks approval by the California Public Utilities Commission ("Commission") of certain aspects of a settlement agreement between Edison and four geothermal qualifying facility ("QF") projects. The four projects are: Vulcan/BN Geothermal Power Company; Elmore, L.P.; Del Ranch, L.P.; and Leathers, L.P. (collectively the "Vulcan Plaintiffs").

II. BACKGROUND

2.1 On May 20, 1993, the Vulcan Plaintiffs commenced a lawsuit against Edison in the Los Angeles County Superior Court (the "Vulcan Lawsuit"). In the Vulcan Lawsuit, the Vulcan Plaintiffs alleged that Edison has underpaid, and continues to underpay, the Vulcan Plaintiffs for energy deliveries to Edison that are in excess of the nameplate ratings set forth in the Interim Standard Offer No. 4 ("ISO4") power purchase agreements between Edison and each of the Vulcan Plaintiffs. The Vulcan Plaintiffs also alleged that they have been discriminated against insofar as Edison has paid other QFs for energy deliveries in excess of nameplate rating at rates higher than have been paid to the Vulcan Plaintiffs. At the time they commenced the Vulcan Lawsuit, and until April 16, 1996, the Vulcan Plaintiffs were partially owned by an affiliate of Edison.

APPENDIX A

2.2 On May 1, 1996, Edison and the Vulcan Plaintiffs entered into a settlement agreement to resolve the disputes in the Vulcan Lawsuit. Under the settlement agreement, Edison made a lump sum payment to the Vulcan Plaintiffs to resolve all issues between the parties for the period prior to January 1, 1996 (the "Retrospective Payment"). This part of the settlement was not made subject to the prior approval of the Commission. In addition, Edison agreed in the settlement to make certain additional payments to the Vulcan Plaintiffs for periods on and after January 1, 1996, provided that the Commission approves the reasonableness of this portion of the settlement ("Prospective Settlement Terms").

2.3 On January 16, 1996, ORA filed its report in the qualifying facility ("QF") phase of Edison's 1992 Energy Cost Adjustment Clause proceeding, A.92-05-047 ("Edison's 1992 ECAC" or "the 1992 ECAC"). In this report, ORA contends, among other things, that the nameplate ratings in Edison's ISO4 and similar contracts limit the amount of power that a QF can sell at the fixed forecast prices provided for in such power purchase agreements. ORA's position has been further explained in its (or its predecessor's) responses to Edison's data requests in the 1992 ECAC, including ORA's Response to Edison Data Request No. 6, Question 1.a. Edison has not yet filed its rebuttal testimony in the 1992 ECAC, and no hearings are as yet scheduled.

2.4 On August 8, 1996, Edison filed A.96-08-029 for the purpose of obtaining Commission approval of the Prospective Settlement Terms within the settlement between Edison and the Vulcan Plaintiffs. On December 20, 1996, ORA filed a protest in A.96-08-029 ("ORA's Protest"). In its Protest, ORA raises a number of issues regarding the reasonableness of the Prospective Settlement Terms, including questions related to the prior affiliate nature of the Vulcan Plaintiffs, questions concerning Edison's administration of the Vulcan Plaintiffs' ISO4 power purchase agreements prior to the settlement, and whether the increased payments provided for by the Prospective Settlement Terms are consistent with Commission decisions regarding the effect of nameplate rating in an ISO4 contract. Hearings on A.96-08-029 are presently set to commence on April 23, 1997.

APPENDIX A

2.5 Because the pre-1996 portion of Edison's settlement with the Vulcan Plaintiffs was not made subject to prior Commission approval, Edison intends to file testimony concerning the reasonableness of the Retrospective Payment as part of its application covering reasonableness of operations for the ECAC record period ending March 31, 1997 ("Edison's 1997 ECAC").

2.6 Effective March 23, 1992, Edison and ORA's predecessor entered into the "Affiliate QF Settlement Agreement between Southern California Edison Company and CPUC Division of Ratepayer Advocates," which agreement was approved by the Commission in D.93-03-021 on March 10, 1993. Edison has advised ORA that Edison believes that Section 9.4 of the Affiliate QF Settlement Agreement precludes ORA from raising in A.96-08-029, or in any other proceeding, issues related to the administration of Edison's contracts with the Vulcan Plaintiffs and issues related to alleged affiliate favoritism for the period prior to January 1, 1992.

2.7 Pursuant to a directive received from the Assigned Administrative Law Judge at the February 27, 1997 prehearing conference in A.96-08-029, the Parties have engaged in settlement discussions, which have resulted in this Agreement.

2.8 The Parties believe that the understandings and agreements reflected in this Agreement are reasonable in light of the record, consistent with law, and in the public interest.

3. STIPULATIONS REGARDING TRANSFER OF ISSUES TO EDISON'S 1992 ECAC AND WITHDRAWAL OF ORA'S PROTEST

3.1 In the joint motion which the Parties shall file with the Commission pursuant to Section 4.1 of this Agreement, ORA shall advise the Commission that it is withdrawing ORA's Protest to A.96-08-029, and that it instead supports approval of that application on terms consistent with the agreements and understandings set forth in the remainder of this Section 3. Based on the withdrawal of ORA's Protest, the Parties agree that the Commission may, on an ex parte basis, enter its order approving A.96-08-029 in its entirety, including the Prospective Settlement Terms provided for in the settlement between Edison and the Vulcan Plaintiffs, with the exception that the issue of Edison's cost recovery of the additional payments to be made to

APPENDIX A

the Vulcan Plaintiffs under the Prospective Settlement Terms shall be transferred to Edison's 1992 ECAC for determination.

3.2 Based on the foregoing, it is further agreed and stipulated by the Parties that in contesting in the 1992 ECAC proceeding the reasonableness of making ISO4 forecast energy payments for deliveries by the Vulcan Plaintiffs in excess of nameplate rating, ORA shall not raise any issues it is not raising generically as to the ISO4 contracts under review in Edison's 1992 ECAC. It is agreed that the effect of this stipulation is that ORA will not further challenge the payments to be made to the Vulcan Plaintiffs pursuant to the Prospective Settlement Terms on the basis of any other issues, including, but not limited to, any claim that Edison unreasonably administered the contracts with the Vulcan Plaintiffs prior to the May 1, 1996 settlement with the Vulcan Plaintiffs and/or that such settlement was the product of self-dealing or affiliate favoritism.

3.3 With respect to the Retrospective Payment that Edison made to the Vulcan Plaintiffs to settle issues with respect to the period prior to January 1, 1996, the Parties agree that the issue of cost recovery of such payment shall be transferred to Edison's 1992 ECAC where the sole issues for consideration by the Commission will be those described in Section 3.2 above. Accordingly, ORA agrees not to challenge the recoverability of the Retrospective Payment in either the 1992 ECAC or in Edison's 1997 ECAC on the basis of any other issues, including, but not limited to, any claim that Edison unreasonably administered the contracts with the Vulcan Plaintiffs prior to the May 1, 1996 settlement agreement between Edison and/or that such settlement was the product of self-dealing or affiliate favoritism.

3.4 The provisions of Sections 3.2 and 3.3 shall not preclude ORA from seeking relief on the basis of material omissions from the Application or based on a showing that information provided by Edison to ORA relevant to the Application was materially inaccurate.

APPENDIX A

4. ADDITIONAL AGREEMENTS

4.1 This Agreement, which was reached as a result of negotiations consistent with the directive of the Assigned Administrative Law Judge, represents a compromise of disputed positions of the Parties. The Parties have reached this Agreement after taking into account the possibility that each party may or may not prevail on any given issue if A.96-08-029 had proceeded to hearing. Both Parties agree and assert that this Agreement is fair, reasonable in light of the whole record, consistent with the law and in the public interest. Nothing in this Agreement represents an admission by Edison of any liability, negligence or unreasonable behavior of any kind, or any agreement with positions taken or characterizations made in ORA's Protest; nor any indication by ORA of any agreement with positions taken or characterizations made by Edison in A.96-08-029. In addition, the provisions of this Agreement are not intended to serve as precedent in any other proceeding or settlement except as expressly stated herein. Within 30 days of the effective date of this Agreement, the Parties agree to file a Joint Motion seeking Commission findings and orders consistent with the terms of Section 3 of this Agreement, and shall use their best efforts to obtain a Commission decision making such findings and incorporating such orders. Such efforts shall include the development and presentation of such testimony, exhibits, and legal arguments as may be necessary and proper to enable the Commission to find the stipulations, agreements and understandings set forth in this Agreement reasonable, consistent with law and in the public interest. Accordingly, in the Joint Motion, the Parties shall, request that the Commission: (1) accept the terms of this Agreement in their entirety without change, and (2) make findings and issue orders consistent with the provisions of Section 3 above, including but not limited to an order approving A.96-08-29 in its entirety subject to the issue of cost recoverability being transferred to Edison's 1992 ECAC, as provided in Section 3 above.

4.2 If the Commission does not adopt this Agreement in its entirety and without change, neither Party shall be bound by this Agreement or any portion of this Agreement, and the Parties may proceed to litigation of the issues raised by A.96-08-029.

APPENDIX A

4.3 The Parties agree to actively defend this Agreement and to develop a mutually acceptable defense if Commission acceptance of its terms is opposed by non-parties to this Agreement.

4.4 Except as expressly provided for in this Agreement, none of the principles or methodologies underlying this Agreement shall be deemed by the Commission, the Parties, or any other entity as precedent in any proceeding or in any litigation, except in order to implement the agreements contained in this Agreement in the proceedings to which it is expressly made applicable. The Parties reserve the right to advocate different principles or methodologies from those underlying this Agreement in other proceedings, except to the extent prohibited herein.

4.5 The Parties agree not to contest this Agreement before any regulatory agency or court of law where this Agreement, its meaning or effect is in issue. No Party shall take or advocate, either directly, or indirectly through another entity, any action inconsistent with the terms of this Agreement.

4.6 This Agreement contains the entire agreement and understanding between the Parties as to the subject matter of this Agreement, and supersedes all prior agreements, commitments, representations and discussions between the Parties with respect to the subject matter of this Agreement.

4.7 None of the provisions of this Agreement shall be considered waived by either Party unless such waiver is given in writing. The failure of a Party to insist in any instance upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any of such provisions or the relinquishment of any such rights for the future.

4.8 It is the intent of the Parties that this Agreement be interpreted, governed and construed under the laws of the State of California. This Agreement is to be deemed to have been jointly prepared by ORA and Edison, and any uncertainty or ambiguity existing herein shall not be interpreted against either Party on the basis that such Party drafted or prepared this Agreement.

APPENDIX A

4.9 Unless specifically set forth in this Agreement, neither Party intends to alter or change its obligations imposed by the orders, rules, regulations or decisions of the Commission.

4.10 This Agreement shall be binding on each of the Parties' respective successors and assigns by operation of law or otherwise.

4.11 If required, Edison and ORA shall schedule a joint settlement conference under Rule 51.1(b) prior to executing this Agreement.

5. EXECUTION

5.1 Subject to the provisions of Section 4.2, this Agreement shall become binding and effective upon the date it has been signed by both Parties.

5.2 Each of the undersigned Parties agrees to abide by the conditions and recommendations set forth in this Agreement. The Parties agree that this Agreement may be executed in counterparts.

SOUTHERN CALIFORNIA EDISON COMPANY

Dated: July ~~June~~ 11, 1997

By: _____

Name Stephen E. Frank

Title President & Chief Operating Officer

OFFICE OF RATEPAYER ADVOCATES

Dated: June __, 1997

By: _____

Name _____

Title _____

(END OF APPENDIX A)