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PRESS RELEASE

Docket #: A.07-06-031

CPUC DIRECTS SCE TO BEGIN PRE-CONSTRUCTION ASSOCIATED WITH UNDERGROUNDING TEHACHAPI LINE IN CHINO HILLS

SAN FRANCISCO, February 28, 2013 - The California Public Utilities Commission (CPUC) today determined that it is in the public interest for Southern California Edison (SCE) to undertake specified pre-construction activities and to incur the costs associated with those activities while the CPUC makes a determination on undergrounding a portion of the Tehachapi Renewable Transmission Project that runs through the City of Chino Hills. This will ensure that the project remains on track to begin commercial operation in 2015 to provide reliable electricity service to the public.

The CPUC said that SCE may be entitled to recover reasonable expenditures in the amount of no more than \$32.95 million, including contract termination charges, should the CPUC decline to authorize undergrounding after a review on the merits. Because any rate recovery is subject to the jurisdiction of the Federal Energy Regulatory Commission, today's decision has no immediate rate impact. Construction of much of Segment 8A, the portion of the project that passes through the City of Chino Hills, is stayed at present and today's decision does not alter that stay.

"We are developing a complete record that will allow us to determine whether to authorize undergrounding a portion of the Tehachapi Renewable Transmission Project that runs through Chino Hills," said CPUC President Michael R. Peevey. "Recognizing that time is a factor and we must get the line completed in 2015 to ensure reliable electricity service to the public, our decision today allows SCE to undertake pre-construction activities so that if the CPUC approves undergrounding SCE can immediately begin that work."

To the extent consistent with sound engineering and prudent management decisions, the CPUC authorized SCE to undertake the following activities: pre-production cable testing, in an amount not to exceed \$3 million; additional engineering, in an amount not to exceed \$1.5 million; real estate acquisition preparation, in an amount not to exceed \$200,000; and environmental survey and permit preparation, in an amount not to exceed \$250,000.

If the CPUC does not authorize undergrounding in Chino Hills, today's decision requires SCE to halt all expenditures toward that end and immediately cancel cable manufacture and installation contracts associated with undergrounding. In such an event, SCE may incur contracting termination charges in an amount not to exceed \$28 million.

The proposal voted on today is available at

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M054/K687/54687354.PDF>.

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

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