

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company (U 338-E) For Authority to, Among Other Things, Increase Its Authorized Revenues For Electric Service in 2006, And to Reflect That Increase in Rates

Application 04-12-014  
(Filed December 21, 2004)

Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Service and Facilities of Southern California Edison Company

Investigation 05-05-024  
(Filed May 26, 2005)

**RESPONSE OF THE NAVAJO NATION  
TO MOTION FOR A "JUST TRANSITION" IN RESPONSE TO CLOSURE OF THE  
MOHAVE GENERATING STATION**

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January 20, 2006

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**I. INTRODUCTION**

In accordance with Rule 45 of the Commission's Rules of Practice and Procedure, the Navajo Nation hereby responds to the *Motion for a "Just Transition" in Response to Closure of the Mohave Generating Station* submitted for filing on or about January 11, 2006 by the "Just Transition Coalition ("JTC Motion").<sup>1</sup> The JTC Motion requests that the Commission take actions that threaten to impede and undermine highly sensitive and critical negotiations among the Mohave Generating Station ("Mohave") stakeholders currently underway – negotiations that seek to secure the restart and ongoing operation of Mohave. The Navajo Nation urges the

<sup>1</sup> The Navajo Nation is filing concurrently with this Response a Petition for Leave to Intervene in the above-captioned proceedings.

Commission to deny the JTC Motion as premature or postpone entertaining that Motion until the sensitive negotiations are concluded.

**II. THE JTC MOTION DEFIES PRIOR COMMISSION ORDERS AND POLICIES TO ENSURE THE FUTURE OPERATION OF MOHAVE AS A COAL-FIRED PLANT**

The JTC Motion requests that the Commission order Southern California Edison Company (“SCE”) to record the proceeds from the sale of sulfur emissions credits that are currently allocated to the Mohave Power Plant to a Mohave Sulfur Credit Sub-Account, from which the proceeds would be disbursed to fund “annual investment plans adopted by a majority of Navajo Chapters in the Black Mesa Region and by a majority of all Hopi Villages.” (JTC Motion, p. 2.) The JTC Motion correctly notes that the Commission in D.04-12-016 expressly stated that it has not resolved significant issues related to the acknowledged economic impacts on the Navajo Nation and Hopi Tribe caused by the closure of Mohave and that those issues are to be considered in R.04-04-003. (*Id.*, p. 5.) However, the JTC Motion incorrectly premises its request on the assumption that, because Mohave was temporarily shut down on December 31, 2005, the plant should be shut down permanently.

Contrary to the Just Transition Coalition’s assumption, the Commission in the final decision in SCE’s application regarding the future disposition of Mohave (D.04-12-016) held that Mohave *should continue operating as a coal-fired power plant* if the outstanding water and coal supply issues could be resolved. “Our goal is to return Mohave to service with as short of a shut-down period as possible. The Commission’s decision at this time is made without prejudice to the ultimate resolution of the future fate of Mohave.” (D.04-12-016, p. 3.) Nothing in D.04-12-016 indicates that the Commission would “give up” on Mohave if, by December 31, 2005, parties had not reached agreement on the water and coal supply issues or the Consent

Decree were not modified. Importantly, the Commission's order to continue Mohave's operation in the future, if at all possible, expressly contemplated a temporary shutdown, whether or not coal and water supply issues were resolved by December 31, 2005 or the Consent Decree was extended. (*See, e.g.*, D.04-12-016, pp. 62.) It is completely unreasonable and contrary to the Commission's orders and stated policies to conclude, as the Just Transition Coalition does, that because Mohave shut down on December 31, 2005, Mohave should be shut down permanently. (JTC Motion, p. 7.) The JTC Motion's irresponsible suggestion is contrary to the Commission's considered policy and decision and should be rejected.

**III. THE JUST TRANSITION COALITION IS ACTING ON BEHALF OF SMALL SPECIAL INTEREST GROUPS, NOT THE NAVAJO NATION OR THE HOPI TRIBE**

The Navajo Nation wishes to inform the Commission that it has absolutely no role in Just Transition Coalition's current request. Some of the members of the Just Transition Coalition are citizens of the Navajo Nation. However, they are not elected officials or employees and do not speak for the Nation. As above stated, the Navajo Nation, the Hopi Tribe, Peabody Western Coal Company, and the co-owners of Mohave are currently involved in highly sensitive negotiations that seek to facilitate the ongoing operation of Mohave as a coal-fired power plant to serve California ratepayers. The negotiations, if successful, could ensure that the Navajo Nation and the Hopi Tribe are justly compensated for ongoing supplies of coal resources during the period following the temporary shutdown of Mohave, that employees at the Black Mesa Mine and Mohave plant are fairly compensated for their work, and that California ratepayers pay just and reasonable prices for future deliveries of valuable, fuel-diverse coal-fired generation. The filing of the JTC Motion at this critical juncture of such delicate negotiations is indicative of these parties' intention to derail these important efforts and force a permanent

shutdown of Mohave.

If the Commission entertains the JTC Motion, the Navajo Nation urges the Commission to refrain from acting on that Motion until these negotiations are concluded – and the negotiations are nearing conclusion. In addition to the Commission’s declarations on the importance of continuing Mohave’s operations both to ratepayers and the Navajo Nation and Hopi Tribe, SCE has emphasized in testimony in this proceeding the “increased importance to, and improved prospects for, reaching a resolution that would allow for continued Mohave operation.” (GRC Supplemental Testimony of Harold Ray (September 26, 2005).) SCE believes that “[t]he recent sharp run-up in natural gas prices, even (indeed especially) since the close of hearings in this docket, has underscored the high importance and value of Mohave to fuel diversity.” (*Ibid.*)

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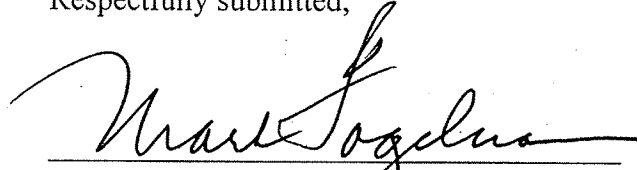
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IV. CONCLUSION

Because the Navajo Nation is doing all in its power to keep the Mohave Generating Station operational, the Nation urges the Commission to deny the JTC Motion as premature or refrain from deliberating on the motion until the Mohave stakeholder negotiations are concluded.

Date: January 20, 2006

Respectfully submitted,



By: MARK FOGELMAN

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**PROOF OF SERVICE**

I, Cinthia Velez, declare as follows:

I am employed in the City and County of San Francisco, California. I am over the age of eighteen years, and not a party to the within cause; my business address is STEEFEL, LEVITT & WEISS, One Embarcadero Center, 30th Floor, San Francisco, California 94111-3719. On January 20, 2006, I served the within:

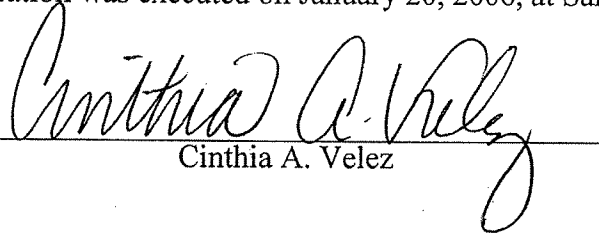
***Response of the Navajo Nation to Motion for a "Just Transition"  
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on the interested parties in this action by placing a true copy thereof in a sealed envelope, addressed as follows:

*Please see attached Service List*

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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on January 20, 2006, at San Francisco, California.

  
Cinthia A. Velez

**SERVICE LIST**  
**A.04-12-014/I.05-05-024**  
**(Last changed: January 13, 2006)**

**VIA HAND DELIVERY**

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