



December 2, 2009

Dr. Lawrence H. Goulder, Chair  
AB 32 Economic and Allocation Advisory Committee  
California Air Resources Board  
PO Box 2815  
Sacramento, CA 95812-2815

Dear Dr. Goulder:

On behalf of Glendale *Water and Power* (GWP), a member agency with the Southern California Public Power Authority (SCPPA), I am writing to express appreciation for the opportunity to provide the Economic and Allocation Advisory Committee (EAAC) with a consumer-focused perspective on the important issue of allocation of greenhouse gas emissions allocations.

As you may know, SCPPA is a joint powers agency whose membership is comprised of 12 public power agencies, which collectively serve over two million customers. GWP serves over 207,000 residents in over 70,000 households. The majority of SCPPA members have voluntarily established a renewable portfolio standard of 33% and higher by 2020, and, collectively, are very actively investing in renewable energy projects to ensure reliable, low-carbon power supply for our region.

Our recommendation is that a portion of the allowances be allocated directly to the Local Distribution Companies (LDCs) on behalf of our customers to help off-set the rate impacts of AB 32 that will be incurred in the electricity sector. Allocation of allowances is the most direct approach to achieving the goals of AB 32 while containing costs to our customers. In addition, LDC allocation is the most consistent with criteria of cost-effectiveness, environmental effectiveness, fairness, and administrative simplicity.

The LDCs are utilities, both public and investor-owned, which are overseen by CPUC or locally elected or appointed utility boards. These entities can be relied upon to use allowance value to achieve the AB 32 emission reduction objectives while minimizing the economic burden imposed on their customers. Through the existing regulatory

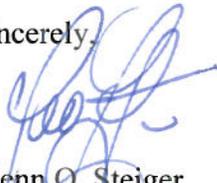


Dr. Lawrence H. Goulder, Chair  
AB 32 Economic and Allocation Advisory Committee  
California Air Resources Board  
December 2, 2009  
Page 2

process, the LDCs can most effectively employ the value of allocated allowances to make investments in direct mitigation reductions (i.e., energy efficiency programs and renewable resources) and manage customer costs.

Thank you for the opportunity to provide feedback into this critically important process.

Sincerely,



Glenn O. Steiger  
General Manager

GOS/LH:av