

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



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Application of Southern California Edison Company (U 338-E) for Authority to, Among Other Things, Increase Its Authorized Revenues for Electric Service in 2012, And to Reflect that Increase in Rates.

Application 10-11-015  
(Filed November 23, 2010)

**PREHEARING CONFERENCE STATEMENT  
OF THE UTILITY REFORM NETWORK  
ON NON-SCHEDULE ISSUES**



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**PREHEARING CONFERENCE STATEMENT  
OF THE UTILITY REFORM NETWORK ON NON-SCHEDULE ISSUES**

**I. INTRODUCTION**

Pursuant to Rule 7.2 of the Commission's Rules of Practice and Procedure the Utility Reform Network (TURN) hereby submits this prehearing conference statement. TURN addresses the certain issues pertaining to scope, proposes locations for public participation hearings, and requests that the Commission open a companion investigation to enable the Commission to act on proposals presented by parties other than the utility applicant. TURN has previously addressed scope and need for hearings in our protest, filed December 29, 2010.

TURN is concurrently filing a joint prehearing conference with the Division of Ratepayer Advocates and other intervenors addressing scheduling and coordination issues for this GRC as well as the Sempra GRC. These issues will be the subject of a joint session of the prehearing conference scheduled for January 31, 2011.

**II. SCOPE**

TURN identified several discrete issues in our Protest. SCE responded by including all these issues under a general heading stating that many of the items raised by TURN are outside the scope of this proceeding. TURN suggests that most of the disagreements go to the substance of the issues rather than the scope of the rate case.

Pension Cost Funding

SCE disagrees with TURN's characterization of the issue of pension cost funding. TURN does not read SCE's statements to imply that this issue is outside the scope of the rate case. We will address the substantive issue in our testimony.

### PEV Readiness Costs

TURN suggested that consideration of these costs in the rate case is premature. SCE responded that 1) TURN did not object to SCE's statements in a pleading filed in R.09-08-009 signaling its intent to include such costs in the GRC, 2) the Phase 2 decision will be issued "in time to provide sufficient guidance for judging reasonableness of SCE's PEV-related requests in this GRC."

The first point is irrelevant. TURN's silence in another proceeding regarding SCE's expression of "intent" does not preclude us from raising valid scoping arguments in this case.

More importantly, TURN agrees that a Phase 2 decision is necessary in R.09-08-009 to evaluate the reasonableness of the proposed costs. While it is true that Electric Transportation activities have been included in the rate case, the proposed PEV Readiness Costs stem from new electric vehicles and associated costs that have not been previously seen in this state nor contemplated in general rate cases. Phase 2 of R.09-08-009 addresses the relevant issue of "the circumstances in which the costs of any distribution system upgrades should be borne by a vehicle owner or all customers."<sup>1</sup> It is premature to include these costs in this GRC because of the uncertainty surrounding likely consumer response and vehicle counts. As even SCE admits, "the actual vehicle counts could vary dramatically" from the predicted number.<sup>2</sup>

While SCE is correct that the scoping memo in R.09-08-009 anticipated a final decision on Phase 2 issues in February 2011,<sup>3</sup> that schedule is obviously no longer possible. The schedule has slipped since the scoping memo was issued, due, in part, to

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<sup>1</sup> See, ALJ Ruling in R.09-08-009, August 9, 2010, p. 1-2.

<sup>2</sup> *Id.*, at 12, fn. 31.

<sup>3</sup> Administrative Law Judge's Ruling on Phase 2, filed August 9, 2010, p. 3.

the ALJ requesting additional information from parties at the end of October 2010.<sup>4</sup> The Commission has not yet issued a PD, and it is therefore highly unlikely that a final decision will be issued in February. TURN thus recommends that the ALJ direct SCE to eliminate the proposed costs from this rate case. They may be more appropriately addressed in a separate application, if necessary after a Phase 2 decision is issued in R.09-08-009.

#### A&G Costs for DR and EE

SCE disagrees with TURN's concern about the inclusion of certain A&G costs in this GRC. TURN suggests that this is not a scoping controversy. We do not object to SCE's requesting these costs in the GRC. TURN's concern is really about the proper accounting of these A&G costs in a manner that ensures that 1) those costs are properly included in cost effectiveness calculations in relevant DR and EE proceedings, and, even more importantly here, 2) those costs are properly allocated to accounts so as to ensure that customer allocation (done in Phase 2) properly follows the allocation methods adopted for the relevant EE and DR programs.

#### Liability Insurance Forecast

TURN recommended *coordination* between this rate case and the proposals made by utilities in A.09-08-020. SCE responded that "there is simply no link" between the forecasts for liability insurance made in this rate case and the outcome of A.09-08-020. SCE then explains that the joint utilities in A.09-08-020 have proposed a two-way balancing account for liability insurance expenses for premiums "attributable to coverage for Wildfire-related claims."

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<sup>4</sup> Administrative Law Judge's Ruling Requesting Additional Information and Setting Comment Schedule, filed October 27, 2010.

It appears that in this rate case SCE has *not* proposed any similar balancing account treatment for wildfire insurance premiums. And SCE has not even made reference to the ratemaking proposal in A.09-08-020.<sup>5</sup> At a minimum, SCE should explain the interaction between its proposed ratemaking request in this case and the proposal it had *already made* in A.09-08-020. TURN does not seek to delay this proceeding, but at a minimum we must understand any potential impacts if a different ratemaking treatment of these costs is later adopted in A.09-08-020.

#### Federal Legislation

SCE apparently agrees that recent legislation will impact depreciation expenses. SCE offers to provide updated testimony on the impacts of tax legislation “sooner than the update testimony” due date. TURN appreciates SCE’s willingness to address this issue. This issue is much too big to wait until the normal update testimony, which is due after close of evidentiary hearings. TURN requests that the ALJ instruct SCE to provide updated testimony, including updated RO model results, as soon as practicable, but no later than March 18, 2011.

#### Non-Tariffed Products and Services

TURN recommended that the Commission direct SCE to make a showing in support of maintaining the existing NTP&S revenue sharing mechanism. SCE maintains that no additional showing is necessary, and that the propriety of the existing mechanism is a generic issue that should be addressed in a generic proceeding for all IOUs.

As TURN detailed in our protest, the Commission’s five findings concerning the deficiencies in the existing mechanism in D.09-03-025 were all SCE-specific. These are

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<sup>5</sup> At least no reference to balancing accounts or to A.09-08-020 is contained in SCE-7, v. 3, p. 58-67 (liability insurance).

not industry-wide issues, contrary to SCE's claim. The fact that the Commission expressed an "intent" to issue a rulemaking, which was subsequently never issued, in no way minimizes the Commission's criticisms of SCE's mechanism in Finding of Fact 315-319 of D.09-03-025. Based on the general principle that the applicant bears the burden of establishing the reasonableness of its proposals, the ALJ should direct SCE to address the reasonableness of continuing its current mechanism at the same time as it provides supplemental testimony consistent with the recently-issued resolution E-4364 regarding NTP&S in its FERC revenue requirement. TURN requests that a date for this supplemental testimony be established at the prehearing conference.

### **III. PUBLIC PARTICIPATION HEARINGS**

TURN strongly recommends that the Commission hold several public participation hearings concerning SCE's request for a substantial revenue requirement increase. As the Commission explained in D.01-10-031:

We have a regulatory responsibility to ensure PG&E provides adequate service at just and reasonable rates, and we must view the facts accordingly. Our legislative mandate encompasses promoting the "safety, health, comfort, and convenience of [PG&E's] patrons, employees, and the public." *See* §451.<sup>6</sup>

For the Commission to carry out its legislative mandate, the Commission must consider the reasonableness of SCE's request in the instant proceeding in conjunction with the health, safety, comfort and convenience of SCE's customers. PPHs provide an invaluable opportunity for SCE's customers to communicate directly with the Commission about how SCE's application, if granted, would impact them.

In SCE's last general rate case, A.07-11-011, the Commission held PPHs across

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<sup>6</sup> D.01-10-031, *mimeo.*, p. 5.

SCE's service territory in San Bernardino, Compton, Palm Springs, Visalia, Long Beach, Santa Ana, and San Clemente.<sup>7</sup> TURN supports a similar schedule this time, but we recommend adding specifically that PPHs be held in the following four cities to better represent areas with low income and minority populations and provide broader geographic diversity: San Bernardino, Compton, South Pasadena and Oxnard. Two of these cities were locations of PPHs in the last rate case. TURN certainly supports additional PPHs in other cities, though we believe the appropriate locations could be different than the last rate case.<sup>8</sup> We look forward to specific recommendations from other intervenors.

Second, the Commission could consider coordinating PPHs for both SCE and SoCalGas in areas where the two utilities' service territories overlap. TURN believes that such coordination will increase public participation at lowest cost. While some customers may have utility-specific issues, other customers are likely to have concerns about utility service and rates generally, applicable to both their electric and gas service. Having joint PPHs would allow customers to voice their concerns and issues all at the same time, without requiring customers to attend two separate meetings about utility energy service.

TURN believes that coordinated PPHs for SCE and SoCal Gas will not lead to any increased customer confusion due to PPHs for two utilities. The point of the PPH is to obtain customer input concerning utility service and utility rates. For those customers who show up to raise utility-specific concerns, their opportunity will be unchanged even if the PPH covers two GRCs from two separate proceedings. For those customers who attend a PPH to raise more generalized concerns about utility rates, a single PPH is

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<sup>7</sup> See, D.09-03-025, p. 7.

<sup>8</sup> In other words, South Pasadena and Oxnard could replace two prior locations.

preferable, as it permits them to raise those concerns about two utilities in a single forum, rather than having to attend two such forums.

Coordinating PPHs would also reduce the burden on the Commission and intervenors of holding PPHs for the three utilities in one year. In the previous rate case for each utility there were seven PPHs in the SCE rate case and six in the Sempra rate case. TURN suggests that combining the PPHs would allow for effective participation with less than thirteen total PPHs.

The usefulness of PPHs to the Commission's deliberative process depends on participation by SCE's customers. Local community awareness and the ability of customers to attend and participate are essential to a successful PPH. To promote customer awareness, TURN requests an opportunity to collaborate with the Public Advisor's Office concerning the exact dates and locations (i.e. building site) of the PPHs, to ensure that PPHs are held at buildings likely to encourage participation and are accessible. We also suggest that the Commission use provide more public announcement of these PPHs than has been done in the past. The Commission, for example, could sponsor its own Public Service Announcements in multiple languages on local radio stations as an inexpensive and effective way to reach audience with non-print methods.

#### **IV. Companion Investigation Docket**

It is customary for the Commission to issue an Order Instituting Investigation (OII) and open a companion docket to the utility's general rate case application. As the Commission explained when it opened I.06-03-003, the companion investigation to A.05-12-002, PG&E's 2007 General Rate Case:

The purpose of this investigation is to allow the Commission to consider proposals other than PG&E's, and to enable the Commission to enter





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