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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for a Commission Finding that its Procurement-Related and Other Operations for the Record Period January 1 through December 31, 2011 Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for Refund of \$26.810 Million Recorded in Six Memorandum Accounts.

Application 12-04-001
(Filed April 2, 2012)

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER

1. Summary

Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure (Rules),¹ this Scoping Memo and Ruling sets forth the procedural schedule, assigns the presiding officer, and addresses the scope of this proceeding and other procedural matters following the prehearing conference held on June 20, 2012.

¹ All references to Rules are to the Commission's Rules of Practice and Procedure, which are available on the Commission's website at http://docs.cpuc.ca.gov/word_pdf/RULES_PRAC_PROC/70731.pdf

2. Background

On April 2, 2012, Southern California Edison Company (SCE) filed Application (A.) 12-04-001, its *Application for a Commission Finding that its Procurement-Related and Other Operations for the Record Period January 1 Through December 31, 2011 Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for Refund of \$26.810 Million in Six Memorandum Accounts (Application)*.

On April 19, 2012, Resolution ALJ 176-3292 preliminarily determined that this proceeding was ratesetting and that hearings would be necessary. On May 7, 2012, the Division of Ratepayer Advocates (DRA) filed a protest, to which SCE responded on May 17, 2012. On June 8, 2012, a *Notice of Prehearing Conference* was issued by Chief Administrative Law Judge (ALJ) Karen Clopton.

On June 20, 2012, a prehearing conference (PHC) took place in San Francisco to establish the service list, discuss the scope, and develop a procedural timetable for this proceeding.

3. Category, Need for Hearing, and *Ex Parte* Rules

The Commission preliminarily categorized this Application as ratesetting as defined in Rule 1.3(e) and anticipated that this proceeding would require evidentiary hearings. The parties did not oppose the Commission's preliminary categorization. This ruling affirms the preliminary categorization of ratesetting. At the PHC, SCE and DRA agreed that evidentiary hearings should be scheduled, though it may turn out that they will not be necessary. As noted in the schedule below, and in accordance with Rule 7.3(a), today's scoping memo adopts a procedural schedule that includes hearings. In a ratesetting proceeding

ex parte rules as set forth in Rules 8.1, 8.2, 8.3, 8.5, and Pub. Util. Code § 1701.3(c)² apply, until such time as a final determination is made regarding the need for hearings.

4. Discovery

If parties have discovery disputes they are unable to resolve by meeting and conferring, they should raise these disputes with the presiding officer, pursuant to Rule 11.3.

5. Scope of Proceeding

The following issues are within the scope of this proceeding:

- 1) Whether a reasonableness review of SCE's 2011 administration and management of its utility retained generation facilities will determine that SCE reasonably and prudently administered and managed these facilities consistent with Standard of Conduct 4 of SCE's procurement plan.
- 2) Whether a reasonableness review of SCE's 2011 administration and management of its QF and non-QF contracts will determine that SCE reasonably and prudently administered and managed these contracts consistent with Standard of Conduct 4 of SCE's procurement plan, in accordance with each contract's provisions, and otherwise followed Commission guidelines relating to those contracts.
- 3) Whether a compliance review of SCE's 2011 daily energy dispatch decisions and related procurement activities finds that those decisions and activities were consistent with the least cost dispatch principles set forth in Standard of Conduct 4 of SCE's procurement plan.
- 4) Whether an accounting review of the 2011 entries recorded in the following six Memorandum Accounts, finds that

² All section references are to the Public Utilities Code.

those entries are reasonable, appropriate, correctly stated, in compliance with Commission decisions, and should result in the approval of rate recovery resulting in a \$26,810 million refund to SCE ratepayers:

- a) The Department of Energy Litigation Memorandum Account which reflects a \$110,405,000 over collection;
 - b) The Hydrogen Energy California Memorandum Account which reflects a \$13,019,000 under collection;
 - c) The Litigation Costs Tracking Memorandum Account which reflects a \$5,483,000 under collection;
 - d) The Project Development Division Memorandum Account which reflects a \$3,124,000 under collection;
 - e) The Fire Hazard Prevention Memorandum Account which reflects a \$24,329,000 under collection; and,
 - f) The Market Redesign and Technology Upgrade Memorandum Account which reflects a \$20,380,000 under collection.
- 5) Whether an accounting review of the amounts recorded in each of the following fifteen (15) regulatory accounts for 2011 will determine that the entries are appropriately stated, correctly stated, and in compliance with Commission decisions:
- a) The ERRA Balancing Account;
 - b) The Base Revenue Requirement Balancing Account;
 - c) The Nuclear Decommissioning Adjustment Mechanism;
 - d) The Public Purpose Programs Adjustment Mechanism;
 - e) The CARE Balancing Account;
 - f) The Energy Settlements Memorandum Account;
 - g) The Medical Programs Balancing Account;
 - h) The Palo Verde Balancing Account;
 - i) The Pension Costs Balancing Account;

- j) The Post-Employment Benefits Other Than Pensions Balancing Account;
- k) The Results Sharing Memorandum Account;
- l) The New System Generation Balancing Account;
- m) The Demand Response Program Balancing Account;
- n) The Smart Connect Balancing Account; and
- o) The Mohave Balancing Account.

6. Proceeding Schedule

DRA and SCE agreed on a schedule at the June 20, 2012 PHC. That schedule is adopted here, with slight modification of hearing dates to accommodate Commission resources.

EVENT	DATE
Workshop on DRA Master Data Request and SCE Response	July 19, 2012
DRA Testimony Served	October 5, 2012
SCE Rebuttal Testimony Served	October 31, 2012
Hearings, if necessary, 10:00 a.m., Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California 94102	November 14, 15, 2012
Concurrent Opening Briefs Filed	December 14, 2012
Concurrent Reply Briefs Filed; Requests for Final Oral Argument Filed	January 11, 2013
Proposed Decision Issued	Within 90 days of submission

Consistent with Pub. Util. Code § 1701.5, the Commission anticipates that this proceeding will be completed within 18 months of the date of this scoping memo.

7. Final Oral Argument

Pursuant to Rule 13.13, if hearings are held, any requests for a final oral argument before the Commission must be filed and served at the same time as reply briefs.

8. Intervenor Compensation

The PHC in this matter was held on June 20, 2012. Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by July 19, 2012.

9. Presiding Officer

Pursuant to Rule 13.2, I designate Administrative Law Judge (ALJ) Richard W. Clark as the Presiding Officer.

10. Filing, Service, and Service List

In this proceeding, there are several different types of documents participants may prepare. Each type of document carries with it different obligations with respect to filing and service.

Parties must file certain documents as required by the Commission Rules or in response to rulings by either the assigned Commissioner or the assigned ALJ. All formally filed documents must be filed with the Commission's Docket Office and served on the service list for the proceeding. Article 1 of the Rules contains all of the Commission's filing requirements. Parties must file and serve all pleadings and serve all testimony, as set forth in Article 1 of the Commission's Rules. Parties are encouraged to file and serve electronically, whenever possible, as it speeds processing of the filings and allows them to be posted on the Commission's website. More information about electronic filing is available at <http://www.cpuc.ca.gov/puc/efiling>.

This proceeding will follow the electronic service protocols adopted by the Commission in Rule 1.10 for all documents, whether formally filed or just served.

This Rule provides for electronic service of documents, in a searchable format, unless the party or state service list member did not provide an e-mail address. If no e-mail address was provided, service should be made by U.S. mail. Concurrent e-mail service to ALL persons on the service list for whom an e-mail address is available, including those listed under "Information Only," is required. Parties are expected to provide paper copies of served documents upon request.

E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: Application 12-04-001 – SCE's 2011 ERRA Proceeding. In addition, the party sending the e-mail should briefly describe the attached communication; for example, Comments. Both an electronic and a hard copy should be served on the ALJ.

The official service list for this proceeding is available on the Commission's web page. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process Office. Prior to serving any document, each party must ensure that it is using the most up-to-date service list. The list on the Commission's website meets that definition.

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures should contact the Commission's Public Advisor at (866) 849-8390 or (415) 703-2074, or (866) 836-7825 (TTY-toll free), or send an e-mail to public.advisor@cpuc.ca.gov.

IT IS RULED that:

1. The issues and schedule are as set forth in the body of this ruling unless amended by a subsequent ruling of the Presiding Officer.

2. This proceeding is categorized as ratesetting. The ruling as to categorization is applicable pursuant to Rule 7.6 of the Commission's Rules of Practice and Procedure.

3. Application 12-04-001 requires evidentiary hearings.

4. Any party requesting a final oral argument before the Commission shall file and serve such request on the same date that reply briefs are due.

5. *Ex parte* communications are subject to Rules 8.1, 8.2, 8.3, 8.5 of the Commissions' Rules of Practice and Procedure, and Pub. Util. Code § 1701.3(c).

6. Pursuant to Rule 13.2, Administrative Law Judge Richard W. Clark is the Presiding Officer.

Dated July 31, 2012, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio
Assigned Commissioner