



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

FILED

03-01-11
04:59 PM

Application of Southern California Edison)
Company (U338-E) for Approval Demand)
Response Programs, Activities and Budgets for)
2012-2014)

A1103003

**APPLICATION OF SOUTHERN CALIFORNIA EDISON (U338-E) FOR APPROVAL
OF DEMAND RESPONSE PROGRAMS, ACTIVITIES AND BUDGETS FOR 2012-2014**

JENNIFER TSAO SHIGEKAWA
R. OLIVIA SAMAD

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-3477
Facsimile: (626) 302-7740
E-mail: olivia.samad@sce.com

Dated: **March 1, 2011**

**APPLICATION OF SOUTHERN CALIFORNIA EDISON (U338-E) FOR APPROVAL OF
DEMAND RESPONSE PROGRAMS, ACTIVITIES AND BUDGETS FOR 2012-2014**

TABLE OF CONTENTS

Section	Page
I. INTRODUCTION	1
II. BACKGROUND AND DEMAND RESPONSE POLICIES	2
A. Current Demand Response Portfolio	2
B. Demand Response Policy Emphasizes Market Integration and Price-Responsive DR.....	3
C. SCE’s 2012-2014 Demand Response Program Portfolio Complies with the Commission’s Policies and Guidance.....	4
D. Cost-Effectiveness	5
III. SUMMARY OF SCE’S PROPOSAL	5
A. The Focus of the 2012-2014 DR Application.....	6
B. Funding Request for 2012-2014 Portfolio	7
C. Summary 2012-2014 DR Program Portfolio Funding.....	9
IV. ORGANIZATION OF SCE’S TESTIMONY	10
V. PROCEDURAL REQUIREMENTS	11
A. Statutory and Procedural Authority	11
B. Rule 2.1 (c).....	12
1. Proposed Categorization	12
2. Proposed Schedule and Hearings for Resolution of Issues.....	12
3. Issues to be Considered.....	13
C. Legal Name and Correspondence – Rules 2.1(a) and 2.1(b).....	13
D. Organization and Qualification to Transact Business – Rule 2.2	14
E. Authority To Increase Rates – Rule 3.2.....	15
1. Balance Sheet And Income Statement – Rule 3.2(a)(1)	15
2. Present And Proposed Rates – Rule 3.2(a)(2) and (a)(3).....	15

**APPLICATION OF SOUTHERN CALIFORNIA EDISON (U338-E) FOR APPROVAL OF
DEMAND RESPONSE PROGRAMS, ACTIVITIES AND BUDGETS FOR 2012-2014**

TABLE OF CONTENTS (CONTINUED)

Section		Page
3.	Description Of SCE’s Service Territory And Utility System – Rule 3.2(a)(4)	15
4.	Summary Of Earnings – Rule 3.2(a)(5).....	15
5.	Depreciation – Rule 3.2(a)(7)	15
6.	Capital Stock and Proxy Statement – Rule 3.2(a)(8).....	15
7.	Statement Pursuant to Rule 3.2(a)(10).....	16
8.	Service of Notice – Rule 3.2(b), (c) and (d)	16
F.	Index of Exhibits and Appendices to this Application	16
G.	Service List	16
VI. CONCLUSION.....		17
APPENDIX A BALANCE SHEET AND INCOME STATEMENT		
APPENDIX B SUMMARY OF EARNINGS		
APPENDIX C LIST OF CITIES AND COUNTIES		

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

Application of Southern California Edison)
Company (U338-E) for Approval Demand)
Response Programs, Activities and Budgets for)
2012-2014)

**APPLICATION OF SOUTHERN CALIFORNIA EDISON (U 338-E) FOR APPROVAL
OF DEMAND RESPONSE PROGRAMS, ACTIVITIES AND BUDGETS FOR 2012-2014**

I.

INTRODUCTION

Southern California Edison Company (SCE) files this Application seeking approval of its 2012-2014 Demand Response (DR) programs, goals and budgets (the Application) in accordance with the California Public Utilities Commission’s (Commission) directives set forth in Decision (D.) 09-08-027 and the Rulings issued in Rulemaking (R.) 07-01-041 providing guidance on the content and format of the 2012-2014 Demand Response applications.

For the 2012-2014 program period, SCE will build upon its strong existing program portfolio and further enhance its DR portfolio consistent with Commission guidance. SCE currently has approximately 1,530 megawatts (MW) of DR in its existing programs. By 2014, SCE aims to increase DR participation to nearly 1,900 MW, as well as increase the amount of price-responsive DR. With the full deployment of the Edison SmartConnect meter to customers with demands of 200 kW or less expected during this coming program cycle, SCE will be able to offer a new array of smart meter-enabled DR programs to these customers that will allow SCE to

transform its existing DR portfolio from being primarily reliability-based to one that is primarily price-responsive. If approved, SCE's transition of its Summer Discount Plan (SDP) to a price-responsive DR program will also continue the migration from reliability-based to price-responsive DR. Under SCE's proposals, price-responsive DR will, for the first time, be SCE's primary method to deliver DR and will represent approximately two-thirds of SCE's DR portfolio by 2014. Further, by 2014, SCE will be able to bid approximately 1,360 MW of its portfolio in the California Independent System Operator (CAISO) markets with full locational dispatch capability.

Customer engagement is critical throughout the entire program period for the overall success of the DR program portfolio. As such, SCE through its Marketing, Education and Outreach (ME&O) program will apply a strategic approach that encourages DR and dynamic pricing participation. In particular, this strategic ME&O approach will educate SCE's customers about smart metering and the new DR programs enabled by smart metering.

II.

BACKGROUND AND DEMAND RESPONSE POLICIES

A. Current Demand Response Portfolio

SCE has one of the largest and most diverse utility DR portfolios representing more than seven percent of SCE's system peak. Under the Commission's guidance and leadership, SCE has accomplished much over the current DR program cycle (2009-2011). During this period, SCE has:

1. Grown DR MW by more than 25 percent, from approximately 1,200 MW to 1,530 MW.
2. Through outreach efforts in 2010, retained 59% of business customers on Critical Peak Pricing, or approximately 4,100 of almost 7,000 service accounts who were defaulted onto the rate.
3. Committed to cap enrollment in emergency-triggered programs.

4. Proposed an innovative plan for Commission approval to move all residential customers on the existing reliability-triggered air conditioner cycling program, the SDP, to the new program, thereby adding almost 600 MW of price-responsive DR that will be bid in the CAISO markets.
5. Enabled 39 MW of DR through Automated DR (Auto-DR) and Technology Incentives, providing, to date, more than \$12 million of incentives to Commercial and Industrial (C&I) customers to install new technology, saving these customers money during this difficult economic time. Further SCE has reserved an additional \$16 million of incentives for customers who install enabling technologies this year.
6. Activated its DR programs to avoid CAISO system emergencies, provided distribution system relief for overburdened substations during extremely hot days, and reduced energy procurement costs. In 2010 alone, SCE dispatched its price-responsive programs 52 times and its reliability programs on eight occasions, including the CAISO transmission emergency on September 27, 2010, when SCE reduced demand by approximately 1,000 MW.

B. Demand Response Policy Emphasizes Market Integration and Price-Responsive DR

SCE has developed the 2012-2014 DR program portfolio with the objective of maintaining successful programs during the 2012-2014 program cycle, while preparing for the customer-centric, market-oriented, price-responsive future of DR. SCE incorporated the following guiding principles to construct its program portfolio:

- Meet the challenges posed by the dynamic, changing landscape of DR;
- Recognize DR as a valuable resource and, consistent with state and federal policy, as a resource that is at the top of the loading order;
- Migrate toward price-responsive DR programs and limit the amount of reliability-based DR;

- Engage and educate customers so that they have the desire and knowledge to participate and succeed in DR;
- Prepare for integration of DR into the CAISO markets; and
- Comply with the Commission's guidance and requirements for DR.

C. SCE's 2012-2014 Demand Response Program Portfolio Complies with the Commission's Policies and Guidance

Since the 2009-2011 DR funding application was filed, there have been a number of regulatory initiatives, many of which are still underway. SCE's DR application complies with regulatory policies and guidance by the Commission, the Federal Energy Regulatory Commission (FERC) and the CAISO and attempts to anticipate and plan for the expected changes by allowing for flexibility in its programs.

SCE's Application and DR portfolio support the vision enumerated in previous Commission rulings and as itemized in the ALJ Guidance for this Application issued on August 27, 2010. The ALJ guidance for this Application states that the Investor Owned Utilities (IOUs) should focus on the following areas in support of the Commission's vision:

- Increased Delivery of Price-Responsive DR programs;
- Alignment with Revised Resource Adequacy rules;
- Integration of DR Programs with CAISO markets;
- Capping Programs Based on the Settlement on Emergency-Based DR Programs;
- Funding Integrated Demand-Side Management Activities;
- Auto-DR and Permanent Load Shift;
- Existing and Future DR Pilot Programs;
- DR Load Impact Estimates; and
- DR Cost Effectiveness.

SCE addresses each of these in detail in SCE-1 Volume 1.

D. Cost-Effectiveness

SCE has applied the new Cost-Effectiveness Protocols adopted by the Commission on December 16, 2010 in D.10-12-024 to SCE’s DR programs, using the E3 calculator model with statewide values as required and adjustment factors using public data. A summary of the portfolio results are provided below and are discussed further in Volume 4, Chapter III.

***Table II-1
SCE’s Summary Cost Effectiveness Results
2012-2014 Demand Response Portfolio***

Line No.	DR Program	TRC	PAC	RIM	PCT
1	API	1.07	0.85	0.85	1.33
2	BIP	1.23	0.94	0.94	1.33
3	CBP	0.58	0.52	0.48	1.33
4	CPP	0.96	0.96	0.96	1.33
5	DBP	1.35	1.30	1.15	1.33
6	PTR	1.39	1.31	1.19	1.33
7	SDP Res	1.15	0.93	0.91	1.33
8	SDP Non - Res	1.26	1.01	0.99	1.33
9	Portfolio	1.11	0.92	0.90	1.33

III.

SUMMARY OF SCE’S PROPOSAL

Details of SCE’s proposal are set forth in Exhibit 1, accompanying this application. It contains the testimony of Ms. Brandi Anderson, Ms. Marian Brown, Mr. Seth Kiner, Mr. Lawrence M. Oliva, Mr. Paul Nelson, Mr. David Reed, Mr. Douglas A. Snow and Ms. Kevin Wood and describes in detail SCE’s plans for DR programs and funding for the 2012-2014 program cycle.

A. The Focus of the 2012-2014 DR Application

In the 2012-2014 DR program portfolio, SCE will continue to deliver successful existing programs and introduce new DR programs centered on C&I customers. For example, consistent with Commission guidance, SCE will launch a Permanent Load Shift (PLS) incentive program through which enrollment of up to 18 MW is expected. In addition, SCE will expand Auto-DR to include small business customers, providing the option to nearly 600,000 additional customers.

SCE will also facilitate the adoption of new technologies, offering rebates for qualifying Home Area Network (HAN) devices beginning in 2013, piloting Plug-in Electric Vehicle (PEV) DR programs and continuing research into emerging technology applications for DR. Finally, SCE will offer a new, innovative DR Ancillary Services tariff in support of the CAISO needs.

To accomplish its plans, SCE's Application for 2012-2014 DR Activities and Budget requests approximately \$229 million for the program cycle. SCE requests that the Commission approve the specific programs and funding proposed for the 2012-2014 DR program cycle to ensure reliable and sustainable programs for its customers and to align with state and federal policies that rank DR at the top of the loading order. SCE's proposal is cost-effective, with the Total Resource Test benefit to cost ratio of 1.11. SCE's proposals include:

1. Continuation of successful price-responsive programs, including the Demand Bidding Program (DBP) and Capacity Bidding Program (CBP) which will begin to incorporate into CAISO's Proxy Demand Resource (PDR) product;
2. Continuation of successful reliability DR programs that will be incorporated into CAISO's Reliability Demand Response Product (RDRP);
3. The new, price-responsive Residential SDP, pending the outcome of its application (A.10-06-017), for both legacy and newly enrolled customers;
4. Support of SCE's SmartConnect-enabled programs, such as the Save Power Day Incentive program (previously known as Peak Time Rebate);
5. An Ancillary Services Tariff to support CAISO market integration;

6. Support of SCE’s Dynamic Pricing programs proposals as contained in its Application (A.) 10-09-002;
7. Continuation of successful enabling technology programs such as SCE’s Auto-DR, PLS, and Emerging Markets and Technology (EM&T) programs;
8. Operation of electric vehicle charging pilots;
9. Continuation of Integrated Demand-Side Management programs until they integrate with Energy Efficiency (EE) in the 2014-2016 EE Application; and
10. Ongoing systems and technologies required to support the DR programs infrastructure at SCE.

B. Funding Request for 2012-2014 Portfolio

SCE is requesting DR program funding in the amount of \$229.037 million for 2012, 2013, and 2014. Table III-2 below presents the summary of the DR program portfolio budget request for the 2012-2014 program cycle.

**Table III-2
DR Portfolio Funding
2009-2011 Authorized and 2012-2014 Request
(\$ millions)**

Line No.	Program Categories	2009-2011 Authorized	2012-2014 Requested
1.	Demand Response Programs	107.0*	115.3
2.	DR Enabling Technology, Pilots, and Emerging Markets & Technology	69.0	59.2
3.	Technology Integration and Support	12.1	20.6
4.	Measurement, Evaluation, Load Impacts and Cost Effectiveness	8.2	9.1
5.	Marketing, Education & Outreach	4.9	6.3
6.	Integrated Demand-Side Management Programs & Pilots	12.3	18.5
7.	Total	213.5	229.0
* Amount includes authorized capacity and administrative costs for 2009-2011 DR Contracts approved in Decisions D.08-03-017 & D.09-08-027.			

Table III-3 below compares the total and annual authorized DR funding during the 2009-2011 period with the total and annual funding request for 2012-2014.¹ Compared to the 2009-2011 cycle, SCE's funding request in this Application represents a decrease in DR Program funding from customers by \$4.5 million over the 2012-2014 program cycle. SCE is not proposing any change in its currently approved DR ratemaking, and will utilize existing balancing accounts to ensure that SCE recovers no more than actual DR Program costs. SCE also requests to reduce the funding required from customers in 2012 by using \$20.0 million of unspent funding that is estimated to be recorded in the Demand Response Programs Balancing Account (DRPBA) at the end of 2011 to fund a portion of the DR Program costs in 2012.² SCE estimates that this will result in a slight reduction from funding that is currently authorized in rates.

Table III-3
Demand Response Program Funding
Authorized 2009-2012 and Proposed 2012-2014

	2009	2010	2011	2012	2013	2014	Total
Current DR Funding:							
DR Programs	50,998	50,998	50,998	-	-	-	152,994
DR Contracts	19,118	19,118	19,118	19,118	-	-	76,470
Contract Admin	1,047	1,047	1,047	1,047			4,188
Subtotal Contracts	20,165	20,165	20,165	20,165	-	-	80,658
Total Current Funding	71,163	71,163	71,163	20,165	-	-	233,652
Requested Incremental Funding				76,346	76,346	76,346	229,037
Existing Contract Funding				20,165	-	-	20,165
Subtotal				96,510	76,346	76,346	249,202
Less: Prior DR Cycle Underspent Funding				(20,000)			(20,000)
Total 2012-2014 Funding				76,510	76,346	76,346	229,202
Reduction (\$229.202M - \$233.652M)							(4,451)

¹ Current DR funding was authorized in D.09-08-027, D.09-09-047, and D.08-03-017.

² The \$20.0 million is SCE's best estimate of the prior DR Program cycle unspent funds that can be used to offset the DR Program funds in 2012.

C. Summary 2012-2014 DR Program Portfolio Funding

*Table III-4
SCE 2012-2014 DR Portfolio Funding
Commission Directed Budget Categories*

	2012	2013	2014	TOTALS
Category 01 - Emergency Response Programs	\$1,552,547	\$1,494,036	\$1,520,325	\$4,566,909
Agricultural Pumping Interruptible (AP-I)	\$543,161	\$519,804	\$524,588	\$1,587,552
Base Interruptible Program (BIP)	\$845,192	\$826,974	\$838,060	\$2,510,226
Optional Binding Mandatory Curtailment (OBMC)	\$15,531	\$15,372	\$15,570	\$46,473
Rotating Outages Program	\$140,664	\$123,887	\$134,107	\$398,658
Scheduled Load Reduction Program (SLRP)	\$8,000	\$8,000	\$8,000	\$24,000
Category 02 - Price Responsive Programs	\$13,049,592	\$36,302,711	\$35,917,074	\$85,269,378
Capacity Bidding Program (CBP)	\$383,543	\$305,831	\$271,913	\$961,287
Critical Peak Pricing (CPP) < 200 kW	\$2,122,484	\$3,401,347	\$2,106,037	\$7,629,868
Critical Peak Pricing (CPP) >= 200 kW	\$936,271	\$857,697	\$877,471	\$2,671,439
Demand Bidding Program (DBP)	\$622,263	\$576,243	\$587,580	\$1,786,086
Real Time Pricing (RTP)	\$557,227	\$277,239	\$280,463	\$1,114,929
SDP - Summer Discount Plan	\$8,427,804	\$30,884,353	\$31,793,611	\$71,105,768
Category 04 - DR Enabled Programs	\$15,496,416	\$18,399,674	\$23,469,352	\$57,365,441
Auto-DR TI Program	\$9,989,580	\$10,394,680	\$15,434,018	\$35,818,277
Emerging Markets and Technology	\$2,428,798	\$2,424,844	\$2,450,327	\$7,303,969
Permanent Load Shifting (PLS)	\$3,078,038	\$5,580,150	\$5,585,007	\$14,243,195
Category 05 - Pilots & SmartConnect Enabled Programs	\$699,248	\$13,295,251	\$13,327,494	\$27,321,994
Ancillary Services Tariff	\$184,873	\$278,187	\$280,294	\$743,353
Save Power Day Incentive Program	\$0	\$12,352,689	\$12,382,826	\$24,735,515
Smart Charging Pilot	\$100,000	\$250,000	\$250,000	\$600,000
Workplace Charging Pilot	\$414,375	\$414,375	\$414,375	\$1,243,125
Category 06 - Statewide Marketing Program	\$1,649,330	\$1,649,330	\$0	\$3,298,659
Flex Alert Program/Engage 360	\$1,649,330	\$1,649,330	\$0	\$3,298,659
Category 07 - Measurement & Evaluation	\$2,957,921	\$3,051,590	\$3,084,143	\$9,093,654
Demand Response Measurement & Evaluation, Load Impacts and Forecasting	\$2,957,921	\$3,051,590	\$3,084,143	\$9,093,654
Category 08 - System Support Activities	\$5,819,628	\$6,809,189	\$7,971,215	\$20,600,032
DR Systems & Technology	\$5,819,628	\$6,809,189	\$7,971,215	\$20,600,032
Category 09 - Marketing Education & Outreach	\$2,078,507	\$2,092,984	\$2,101,369	\$6,272,859
Circuit Savers Program	\$859,248	\$873,405	\$867,170	\$2,599,822
Demand Response Marketing, Education and Outreach	\$1,219,259	\$1,219,579	\$1,234,199	\$3,673,037
Category 10 - Integrated Programs	\$7,889,796	\$7,358,119	\$0	\$15,247,915
Commercial New Construction Pilot	\$364,237	\$269,966	\$0	\$634,203
DR Institutional Partnerships	\$209,377	\$208,113	\$0	\$417,491
DR Technology Resource Incubator Outreach (TRIO)	\$141,978	\$141,034	\$0	\$283,011
Energy Leaders Partnership	\$935,343	\$929,971	\$0	\$1,865,314
Federal Power Partnership	\$1,423,124	\$1,421,180	\$0	\$2,844,304
IDSMS Food Processing Pilot	\$179,783	\$178,626	\$0	\$358,408
Integrated Demand Side Management Marketing	\$1,584,025	\$1,137,167	\$0	\$2,721,193
Residential New Construction Pilot	\$163,553	\$187,317	\$0	\$350,870
Statewide IDSMS	\$535,647	\$531,515	\$0	\$1,067,162
Technical Assistance (TA)	\$848,006	\$625,192	\$0	\$1,473,198
WE&T Smart Students	\$1,504,722	\$1,728,038	\$0	\$3,232,760
WORKPAPERS TOTAL	\$51,192,984	\$90,452,883	\$87,390,973	\$229,036,840

IV.

ORGANIZATION OF SCE'S TESTIMONY

Exhibit SCE-1, Testimony in Support of Southern California Edison Company's Application for Approval of Demand Response Programs, Goals and Budgets for 2009-2011, is organized in four volumes, as follows:

Volume 1 -

Chapter I	Executive Summary
Chapter II	Policy Considerations Regarding Demand Response Programs
Chapter III	SCE's Application Complies with Commission Guidance for DR
Chapter IV	Other Demand Response Proceedings

Volume 2 -

Chapter I	Overview
Chapter II	Price Responsive Programs
Chapter III	Dynamic Pricing Programs
Chapter IV	Reliability-Based Programs
Chapter V	Demand Response Resource Contracts
Chapter VI	Demand Response Enabling Technology Programs
Chapter VII	Emerging Markets and Technology
Chapter VIII	Demand Response Pilot Activities
Chapter IX	Specialized Demand Response Education and Outreach
Chapter X	Demand Response Systems and Technology

Volume 3 -

Chapter I	Overview of Integrated Demand-Side Management
Chapter II	Integrated DSM Programs Requiring 2012-2013 Funding Only

Volume 4 -

Chapter I	Demand Response Measurement and Evaluation
Chapter II	Demand Response Programs Enrollment and Load Impact Forecasts

Chapter III	Demand Response Program Portfolio Cost-Effectiveness
Chapter IV	Demand Response Revenue Request and Funding Proposal
Volume 5 -	Appendices to SCE-1

V.

PROCEDURAL REQUIREMENTS

A. Statutory and Procedural Authority

This Application is made pursuant to D.09-08-027 and D.10-12-024 and the Rulings issued in R.07-01-041, the Commission's Rules of Practice and Procedure, and the California Public Utilities Code.

SCE's request complies with the Commission's Rules of Practice and Procedure Rules 1.5 through 1.11 and 1.13, which specify the procedures for, among other things, filing documents. In addition, this request complies with Rules 2.1, 2.2 and 3.2.

Rule 2.1 requires that all applications: (1) clearly and concisely state authority or relief sought; (2) cite the statutory or other authority under which that relief is sought; and (3) be verified by the applicant. Rule 2.1 sets forth further requirements that are addressed separately below.

The relief being sought is summarized in Sections I (Introduction), III (Summary of SCE's Proposal) and VI (Conclusion) and is further described in the testimony accompanying this Application.

The statutory and other authority for this request includes, but is not limited to, California Public Utilities Code Sections 451, 454, 454.3, 491, 701, 702, 728, 729, Article 2 and Rule 3.2 of the Commission's Rules of Practice and Procedure, and prior decisions, orders, and resolutions of this Commission.

SCE's Application has been verified by an SCE officer as provided in Rules 1.11 and 2.1.

B. Rule 2.1 (c)

Rule 2.1(c) requires that applications shall state “[t]he proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule.” These requirements are discussed below.

1. Proposed Categorization

SCE proposes to characterize this proceeding as “ratesetting” as defined in the Commission’s Rules of Practice and Procedure, Rule 1.3(e) and Public Utilities Code §1701.1 (c)(3).

2. Proposed Schedule and Hearings for Resolution of Issues

After conferring with the other electric utilities, SCE proposes the following schedule for resolution of the Application:

Activity	Proposed Schedule
Application Filed	March 1, 2011
Protests or Responses Due	April 1, 2011
Replies to Protest and Responses Due	April 11, 2011
Prehearing Conference	April 15, 2011
Scoping Memo Issued	April 22, 2011
DRA and Intervenor Testimony Due	May 23, 2011
Rebuttal Testimony Due	July 8, 2011
Hearings	August 8, 2011
Concurrent Opening Briefs Due	September 9, 2011
Concurrent Reply Briefs Due	September 23, 2011
Proposed Decision Issued	November 1, 2011
Comments on Proposed Decision Due	November 18, 2011
Reply Comments on Proposed Decision Due	November 23, 2011
Final Decision Issued	December 1, 2011

3. Issues to be Considered

The issues to be considered in this Application concern the approval of SCE's proposed 2012-2014 DR programs, goals, budgets and ratemaking treatment, as set forth herein and in SCE's Testimony, preliminarily marked as Exhibit SCE-1, Volumes 1 to 4.

C. Legal Name and Correspondence – Rules 2.1(a) and 2.1(b)

Southern California Edison Company (SCE) is an electric public utility organized and existing under the laws of the State of California. The location of SCE's principal place of business is 2244 Walnut Grove Avenue, Post Office Box 800, Rosemead, California 91770.

SCE's attorneys on this matter are Jennifer Shigekawa and R. Olivia Samad.

Correspondence or communications regarding this Application should be addressed to:

R. Olivia Samad
Attorney
Southern California Edison Company
P. O. Box 800
2244 Walnut Grove Avenue
Rosemead, CA 91770
Telephone: (626) 302-3477
Facsimile: (626) 302-7740
Email: olivia.samad@sce.com

To request a copy of this Application, please contact:

Case Administration
Southern California Edison Company
P. O. Box 800
2244 Walnut Grove Avenue
Rosemead, CA 91770
Telephone: (626) 302-1063
Facsimile: (626) 302-3119
e-mail: case.admin@sce.com

D. Organization and Qualification to Transact Business – Rule 2.2

A copy of SCE’s Certificate of Restated Articles of Incorporation, effective on March 2, 2006, and as presently in effect, certified by the California Secretary of State, was filed with the Commission on March 14, 2006, in connection with Application No. 06-03-020³ and is incorporated herein by reference pursuant to Rule 2.2 of the Commission’s Rules of Practice and Procedure.

Certain classes and series of SCE’s capital stock are listed on a “national securities exchange” as defined in the Securities Exchange Act of 1934 and copies of SCE’s latest Annual Report to Shareholders and its latest proxy statement sent to its stockholders has been filed with the Commission.

³ A.06-03-020 was filed on March 14, 2006, regarding approval of early transfer of Anaheim’s share of SONGS 2 and 3 to SCE.

E. Authority To Increase Rates – Rule 3.2

Rule 3.2 requires that applications for authority to increase rates, or to implement changes that would result in increased rates, contain the following data.

1. Balance Sheet And Income Statement – Rule 3.2(a)(1)

Appendix A to this application contains copies of SCE's balance sheet as of December 31, 2010, and income statement for the nine months ending in December 31, 2010, the most recent period available.

2. Present And Proposed Rates – Rule 3.2(a)(2) and (a)(3)

The cost recovery mechanism proposal and the projected impact on rates are discussed in Exhibit SCE-1, Volume 4, Chapter IV.

3. Description Of SCE's Service Territory And Utility System – Rule 3.2(a)(4)

Because this submittal is not a general rate application, this requirement is not applicable.

4. Summary Of Earnings – Rule 3.2(a)(5)

Rule 3.2(a)(5) requires:

A summary of earnings (rate of return summary) on a depreciated rate base for the test period or periods upon which applicant bases its justification for an increase.

SCE's January 2011 Summary of Earnings is attached hereto as Appendix B.

5. Depreciation – Rule 3.2(a)(7)

Because this submittal is not a general rate application, this requirement is not applicable.

6. Capital Stock and Proxy Statement – Rule 3.2(a)(8)

Because this submittal is not a general rate application, this requirement is not applicable.

7. Statement Pursuant to Rule 3.2(a)(10)

Rule 3.2(a)(10) requires the applicant to state whether its request is limited to passing through to customers “only increased costs to the corporation for the services or commodities furnished by it.” This application seeks only to pass through to SCE’s customers the costs incurred by SCE in connection with its DR programs.

8. Service of Notice – Rule 3.2(b), (c) and (d)

A list of the cities and counties affected by the rate changes resulting from this application is attached as Appendix C. The State of California is also an SCE customer whose rates would be affected by the proposed revisions.

As provided in Rule 3.2(b) – (d), notice of filing of this application will be (1) mailed to the appropriate officials of the state and the counties and cities listed in Appendix C; (2) published in a newspaper of general circulation in each county in SCE’s service territory within which the rate changes would be effective; and (3) mailed to all customers affected by the proposed changes.

F. Index of Exhibits and Appendices to this Application

SCE’s submissions in support of this Application include the following, all of which are incorporated by reference herein:

Appendix A:	Balance Sheet and Income Statement
Appendix B:	Summary of Earnings
Appendix C:	List of cities and counties

G. Service List

The official service list has not yet been established in this proceeding. SCE is serving this Application, exhibits and supporting Testimony on the service list established by the Commission for two Demand Response proceedings (R.07-01-041 A.08-06-001). SCE is also

serving the lists for SmartConnect (A.07-07-026), Dynamic Pricing (A.10-09-002), the 2012 General Rate Case (A.10-11-015) and Energy Efficiency (A.08-07-021 and R.09-11-014).

VI.

CONCLUSION

SCE respectfully requests that the Commission authorize approximately \$229.0 million to implement its 2012-2014 DR program portfolio. In addition, SCE seeks authorization from the Commission to:

- Allow geographical event dispatch for DBP to make it compatible with CAISO markets.
- Allow customers with loads less than 200 kW with adequate metering to participate in DBP without the need for aggregation and reduce the minimum bid limit to 1 kW.
- Eliminate aggregated participation in DBP.
- Modify the CBP program season from May 1 – October 31 to a year-round program with capacity values adjusted accordingly.
- Modify the SDP tariff to increase the event hours of the residential SDP program from 90 to 180.
- Revise the SDP tariff at a later time to accommodate Programmable Communicating Thermostats when the Home Area Network capabilities are enabled.
- Offer the new Ancillary Services tariff.
- Implement the method described in Volume 2, Chapter IV to make sure that reliability-based programs do not exceed the MW caps imposed on them.
- File amendments via Advice Letter to its DR contracts to conform to D.09-08-027's general baseline and dual participation rules, and to account for Market

Redesign and Technology Upgrade (MRTU) changes that rendered certain contract provisions obsolete.

- Eliminate incentives for non-Auto-DR technologies beginning in 2012.
- Record administrative and incentive expenses for the (Technology Incentive) TI portion of Technical Assistance & Technology Incentives (TA&TI) program in the Auto-DR program beginning in 2012.
- Continue incentives for Auto-DR technologies at a maximum of \$300/kW.
- Introduce a performance element for Auto-DR.
- Implement the new Auto-DR Express Technology Incentive offering.
- Offer PLS program designs for mature and emerging technologies.
- Use carryover funding for committed projects to continue EM&T projects.
- Have bridge funding for 2012 and 2013 for Integrated Demand Side Management (IDSM) programs until they are included in the 2014-2016 EE application.
- Create two new DR PEV pilots.
- Use six budget categories instead of 10. See Volume 4, Chapter IV for more information.

Because SCE's proposals are contingent on outcomes of other proceedings – the Dynamic Pricing application, the SDP transition application, the Direct Participation Phase of the DR OIR, and the EE funding application – SCE may have to modify its request if those proceedings are not resolved as expected. SCE appreciates this opportunity to seek authorization of vital demand side resources for the 2012-2014 program cycle.

Respectfully submitted,

JENNIFER TSAO SHIGEKAWA
R. OLIVIA SAMAD

/s/ R. Olivia Samad

By: R. Olivia Samad

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-3477
Facsimile: (626) 302-7740
E-mail: olivia.samad@sce.com

Dated: March 1, 2011

VERIFICATION

I am an officer of Southern California Edison Company, a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. I am informed and believe and on that ground allege that the matters stated in the document described above are true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on March 1, 2011, at Rosemead, California.

/s/ Akbar Jazayeri

By: Akbar Jazayeri
Vice President, Regulatory Operations

Appendix A

Balance Sheet and Income Statement

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET

DECEMBER 31, 2010

A S S E T S

(Unaudited)

(Millions of Dollars)

UTILITY PLANT:

Utility plant, at original cost	\$27,437
Less - Accumulated depreciation	(6,319)
	<hr/>
	21,118
Construction work in progress	3,291
Nuclear fuel, at amortized cost	369
	<hr/>
	24,778
	<hr/>

OTHER PROPERTY AND INVESTMENTS:

Nonutility property - less accumulated depreciation of \$100	71
Nuclear decommissioning trusts	3,480
Other Investments	68
	<hr/>
	3,619
	<hr/>

CURRENT ASSETS:

Cash and equivalents	257
Receivables, less allowances of \$85 for uncollectible accounts	715
Accrued unbilled revenue	442
Inventory	332
Prepaid taxes	168
Derivative assets	87
Regulatory assets	378
Other current assets	81
	<hr/>
	2,460
	<hr/>

DEFERRED CHARGES:

Regulatory assets	4,347
Derivative assets	367
Other long-term assets	335
	<hr/>
	5,049
	<hr/>
	\$35,906
	<hr/>

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET

DECEMBER 31, 2010

CAPITALIZATION AND LIABILITIES

(Unaudited)

(Millions of Dollars)

CAPITALIZATION:

Common stock	\$2,168
Additional paid-in capital	572
Accumulated other comprehensive loss	(25)
Retained Earnings	5,572
Common shareholder's equity	<u>8,287</u>
Preferred and preference stock not subject to redemption requirements	920
Long-term debt	7,627
	<u>16,834</u>

CURRENT LIABILITIES:

Accounts payable	1,271
Accrued taxes	45
Accrued interest	169
Customer deposits	217
Derivative liabilities	212
Regulatory liabilities	738
Other current liabilities	663
	<u>3,315</u>

DEFERRED CREDITS:

Deferred income taxes	4,829
Deferred investment tax credits	118
Customer advances	112
Derivative liabilities	449
Pensions and benefits	1,838
Asset retirement obligations	2,507
Regulatory liabilities	4,524
Other deferred credits and other long-term liabilities	1,380
	<u>15,757</u>
	<u>\$35,906</u>

SOUTHERN CALIFORNIA EDISON COMPANY

STATEMENT OF INCOME

12 MONTHS ENDED DECEMBER 31, 2010

(Unaudited)

(Millions of Dollars)

OPERATING REVENUE	<u>\$9,983</u>
OPERATING EXPENSES:	
Fuel	363
Purchased power	2,930
Operation and maintenance	3,291
Depreciation, decommissioning and amortization	1,273
Property and other taxes	263
Gain on sale of assets	(1)
Total operating expenses	<u>8,119</u>
OPERATING INCOME	1,864
Interest income	7
Other income	141
Interest expense - net of amounts capitalized	(429)
Other expenses	(51)
INCOME BEFORE INCOME TAX	<u>1,532</u>
INCOME TAX EXPENSE	<u>440</u>
NET INCOME	1,092
Less: Dividends on preferred and preference stock not subject to mandatory redemption	<u>52</u>
NET INCOME AVAILABLE FOR COMMON STOCK	<u><u>\$1,040</u></u>

Appendix B

Summary of Earnings

**Southern California Edison
Summary of Earnings
2009 - 2011 GRC-Related Adopted Revenue Requirement^{1/}
Thousands of Dollars**

Line No.	Item	2009	2010		2011		Remove SONGS 2&3 Refueling & Maintenance Outage Rev. Req.	OOR Adjustment Rev. Req.	2011
		Rev. Req.	Multiplier	Rev. Req.	Multiplier	Rev. Req.			Rev. Req.
1.	Base Revenues	4,829,742	1.0425	5,035,006	1.0435	5,254,029	(51,303)	(409)	5,202,317
2.	Expenses:								
3.	Operation & Maintenance	2,130,052							
4.	Depreciation	1,037,452							
5.	Taxes	723,783							
6.	Revenue Credits	(178,615)							
7.	Total Expenses	3,712,672							
8.	Net Operating Revenue	1,117,070							
9.	Rate Base	12,766,518							
10.	Rate of Return	8.75%							

^{1/} D.09-03-025

Includes one SONGS 2&3 refueling and maintenance outage for 2009 & 2010 and zero in 2011.

Appendix C
List of Cities and Counties

SOUTHERN CALIFORNIA EDISON COMPANY

Citizens or some of the citizens of the following counties and municipal corporations will or may be affected by the changes in rates proposed herein.

COUNTIES

Fresno	Kings	Orange	Tuolumne*
Imperial	Los Angeles	Riverside	Tulare
Inyo	Madera	San Bernardino	Ventura
Kern	Mono	Santa Barbara	

MUNICIPAL CORPORATIONS

Adelanto	Cudahy	Irwindale	Newport Beach	Santa Barbara
Agoura Hills	Culver City	La Canada Flintridge	Norco	Santa Clarita
Alhambra	Cypress	La Habra	Norwalk	Santa Fe Springs
Aliso Viejo	Delano	La Habra Heights	Ojai	Santa Monica
Apple Valley	Desert Hot Springs	La Mirada	Ontario	Santa Paula
Arcadia	Diamond Bar	La Palma	Orange	Seal Beach
Artesia	Downey	La Puente	Oxnard	Sierra Madre
Avalon	Duarte	La Verne	Palm Desert	Signal Hill
Baldwin Park	Eastvale	Laguna Beach	Palm Springs	Simi Valley
Barstow	El Centro	Laguna Hills	Palmdale	South El Monte
Beaumont	El Monte	Laguna Niguel	Palos Verdes Estates	South Gate
Bell	El Segundo	Laguna Woods	Paramount	South Pasadena
Bell Gardens	Exeter	Lake Elsinore	Perris	Stanton
Bellflower	Farmersville	Lake Forest	Pico Rivera	Tehachapi
Beverly Hills	Fillmore	Lakewood	Placentia	Temecula
Bishop	Fontana	Lancaster	Pomona	Temple City
Blythe	Fountain Valley	Lawndale	Port Hueneme	Thousand Oaks
Bradbury	Fullerton	Lindsay	Porterville	Torrance
Brea	Garden Grove	Loma Linda	Rancho Cucamonga	Tulare
Buena Park	Gardena	Lomita	Rancho Mirage	Tustin
Calabasas	Glendora	Long Beach	Rancho Palos Verdes	Twentynine Palms
California City	Goleta	Los Alamitos	Rancho Santa Margarita	Upland
Calimesa	Grand Terrace	Lynwood	Redlands	Vernon
Camarillo	Hanford	Malibu	Redondo Beach	Victorville
Canyon Lake	Hawaiian Gardens	Mammoth Lakes	Rialto	Villa Park
Carpinteria	Hawthorne	Manhattan Beach	Ridgecrest	Visalia
Carson	Hemet	Maywood	Rolling Hills	Walnut
Cathedral City	Hermosa Beach	McFarland	Rolling Hills Estates	West Covina
Cerritos	Hesperia	Menifee	Rosemead	West Hollywood
Chino	Hidden Hills	Mission Viejo	San Bernardino	Westlake Village
Chino Hills	Highland	Monrovia	San Buenaventura	Westminster
Claremont	Huntington Beach	Montclair	San Dimas	Whittier
Commerce	Huntington Park	Montebello	San Fernando	Wildomar
Compton	Indian Wells	Monterey Park	San Gabriel	Woodlake
Corona	Industry	Moorpark	San Jacinto	Yorba Linda
Costa Mesa	Inglewood	Moreno Valley	San Marino	Yucaipa
Covina	Irvine	Murrieta	Santa Ana	Yucca Valley

*SCE provides electric service to a small number of customer accounts in Tuolumne County and is not subject to franchise requirements.

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of **APPLICATION OF SOUTHERN CALIFORNIA EDISON (U338-E) FOR APPROVAL OF DEMAND RESPONSE PROGRAMS, ACTIVITIES AND BUDGETS FOR 2012-2014** on all parties identified on the attached service list(s). Service was effected by one or more means indicated below:

Transmitting the copies via e-mail to all parties who have provided an e-mail address. First class mail will be used if electronic service cannot be effectuated.

Executed this **1st day of March 2011**, at Rosemead, California.

/s/ Alejandra Arzola

Alejandra Arzola
Project Analyst
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770

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

Application of Southern California Edison)
Company (U338-E) for Approval Demand)
Response Programs, Activities and Budgets for)
2012-2014)

SOUTHERN CALIFORNIA EDISON (U338-E) NOTICE OF AVAILABILITY

JENNIFER TSAO SHIGEKAWA
R. OLIVIA SAMAD

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-3477
Facsimile: (626) 302-7740
E-mail: olivia.samad@sce.com

Dated: **March 1, 2011**

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

Application of Southern California Edison)
Company (U338-E) for Approval Demand)
Response Programs, Activities and Budgets for)
2012-2014)

SOUTHERN CALIFORNIA EDISON (U338-E) NOTICE OF AVAILABILITY

JENNIFER TSAO SHIGEKAWA
R. OLIVIA SAMAD

SOUTHERN CALIFORNIA EDISON COMPANY (SCE) hereby provides this Notice of Availability of its 2012-2014 Demand Response (DR) Application and related materials, including SCE-1 Volumes 1 to 5 and the Demand Response Cost Effectiveness template, other workpapers will be made available upon request.

SCE is serving this Application and supporting testimony on all appearances to its last DR Application (A.08-06-11) and the DR OIR (R.07-01-041). SCE is also serving the lists for SmartConnect (A.07-07-026), Dynamic Pricing (A.10-09-002), the 2012 General Rate Case (A.10-11-015) and Energy Efficiency (A.08-07-021 and R.09-11-014). SCE will provide a copy of the Application materials upon request. To request these materials, please direct your request to SCE as follows:

Alejandra Arzola, Case Administrator Southern California Edison Company Post Office Box 800 2244 Walnut Grove Avenue Rosemead, California 91770 Telephone: (626) 302-3062 Email: case.admin@sce.com

Respectfully submitted,

JENNIFER TSAO SHIGEKAWA
R. OLIVIA SAMAD

/s/ R. Olivia Samad

By: R. Olivia Samad

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-3477
Facsimile: (626) 302-7740
E-mail: olivia.samad@sce.com

Dated: March 1, 2011

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of **SOUTHERN CALIFORNIA EDISON (U338-E) NOTICE OF AVAILABILITY** on all parties identified on the attached service list(s). Service was effected by one or more means indicated below:

Transmitting the copies via e-mail to all parties who have provided an e-mail address. First class mail will be used if electronic service cannot be effectuated.

Executed this 1st **day of March 2011**, at Rosemead, California.

/s/ Alejandra Arzola

Alejandra Arzola
Project Analyst
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770