



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

04-02-13  
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Application of Southern California Edison )  
Company (U 338-E) for a Commission Finding )  
that its Procurement-Related and Other )  
Operations for the Record Period January 1 )  
Through December 31, 2012 Complied with its )  
Adopted Procurement Plan; for Verification of its )  
Entries in the Energy Resource Recovery )  
Account and Other Regulatory Accounts; and for )  
Recovery of \$4.998 Million Recorded in Six )  
Memorandum Accounts. )

Application No. 13-04-  
**A1304001**

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) IN ITS APRIL 2013 ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) REVIEW PROCEEDING**

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Dated: **April 2, 2013**

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

Application of Southern California Edison	)	
Company (U 338-E) for a Commission Finding	)	Application No. 13-04-_____
that its Procurement-Related and Other	)	
Operations for the Record Period January 1	)	
Through December 31, 2012 Complied with its	)	
Adopted Procurement Plan; for Verification of its	)	
Entries in the Energy Resource Recovery	)	
Account and Other Regulatory Accounts; and for	)	
Recovery of \$4.998 Million Recorded in Six	)	
Memorandum Accounts.	)	

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**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) IN ITS APRIL  
2013 ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) REVIEW PROCEEDING**

**I.**

**DESCRIPTION OF APPLICATION AND SUMMARY OF REQUEST**

In compliance with Decision (D.) 02-10-062, D.03-07-029, and D.04-01-048, and pursuant to Rules 2.1 and 3.2 of the Commission’s Rules of Practice and Procedure, Southern California Edison Company (SCE) is submitting its April 2013 Energy Resource Recovery Account (ERRA) application. This application sets forth SCE’s procurement-related operations for January 1 through December 31, 2012 (Record Period). Concurrent with the filing of this application, SCE is serving five volumes of supporting prepared testimony on Commission staff members and interested parties, designated as Exhibits SCE-1, SCE-2, SCE-3, SCE-4, and SCE-5. SCE requests the Commission to find that during the Record Period: (1) its fuel and purchased power expenses complied with SCE’s Commission-approved procurement plan and were recorded accurately; (2) its contract administration, management

of utility-retained generation, dispatch of generation resources, and related spot market transactions complied with Standard of Conduct Four (SOC 4) in SCE's procurement plan; and (3) all other SCE activities subject to Commission review in this ERRA Review proceeding complied with applicable Commission decisions and resolutions. In addition, SCE requests that Exhibits SCE-3 and SCE-5 of the testimony supporting this application be removed from this proceeding and consolidated with Investigation (I.)12-10-013 (the SONGS OII).

In D.02-10-062 and D.02-12-074, the Commission determined that certain procurement-related operations should be reviewed annually in the ERRA proceeding. This review includes URG expenses, SCE's administration of existing qualifying facility (QF) contracts, bilateral contracts, inter-utility power contracts, renewable resource contracts, natural gas tolling agreements, and California Department of Water Resources (DWR) contracts allocated to SCE's customers in D.02-09-053. In addition, the Commission requires SCE to demonstrate that its least-cost dispatch operations and related spot market transactions during the Record Period complied with SOC 4 in its Commission-approved procurement plan, as clarified in D.05-01-054.

On January 28, 2013, Assigned Commissioner Florio and Administrative Law Judge Darling issued a Scoping Memorandum in the SONGS OII. The Scoping Memorandum stated: "the Commission intends to consolidate, in whole or part, other future proceedings ... including ... SCE's upcoming 2013 Energy Resource Recovery Account application for review of 2012 replacement power procurement costs." Exhibit SCE-3 is SCE's showing on that issue.<sup>1</sup>

D.02-10-062 also requires SCE to set forth the entries recorded in the ERRA Balancing Account and other regulatory accounts for review. These accounts are discussed in Chapter XII-XV of Exhibit SCE-2 of the testimony supporting this application. As explained therein, in this application SCE is requesting approval to recover \$4.998 million (including franchise fees and uncollectibles). During the Record Period, two accounts authorized by the CPUC were under-collected: (1) the Litigation Costs Tracking Account (LCTA); (2) the Market Redesign and Technology Upgrade Memorandum Account

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<sup>1</sup> SCE-5 consists of the witness qualifications of Colin Cushnie, the witness sponsoring SCE-3.

(MRTUMA). Also during the Record Period, two accounts authorized by the CPUC were over-collected: (1) the Project Development Division Memorandum Account (PDDMA); and (2) the Purchase Agreement Administration Costs Balancing Account (PAACBA). The requested \$4.998 million represents the remaining costs associated with the under-collected accounts after offset with the over-collected accounts.

The under-collection in the LCTA (\$3.474 million) reflects SCE's costs for outside counsel, expert witnesses, and other outside litigation costs related to the California Energy Crisis, where SCE is pursuing refunds from suppliers who overcharged customers. SCE returns these refunds on an annual basis to customers through the Energy Settlements Memorandum Account.

The under-collection in the MRTUMA (\$7.027 million) reflects incremental capital revenue requirement and operation and maintenance (O&M) expenses recorded in 2012 associated with implementing the California Independent System Operator's (CAISO) MRTU initiative.

The over-collection in the PDDMA (\$3.363 million) reflects SCE's labor, contract labor, and miscellaneous business development costs associated with identifying locations for potential new SCE generation, evaluating generation technologies, tracking the costs of regulatory and legislative generation-related initiatives, and other related costs in compliance with D.06-05-016.

The over-collection in the PAACBA (\$2.196 million) reflects expenses related to the administrative costs of SCE's contracts for its Aggregator Managed Portfolio (AMP) Program, as authorized by D.08-03-017.

Compared to revenue at present rates as of March 1, 2013, this application requests a revenue increase of \$4.998 million, or 0.042%, beginning in 2014. If total rates were to change as requested, an average residential customer using 600 kilowatt-hours (kWh) per month would see an increase of \$0.06 per month, from \$113.25 to \$113.31. The following table shows an estimate of proposed revenue and rate changes by customer group:

CUSTOMER GROUP REVENUE IMPACT ERRA April 2, 2013 filing				
Customer Group	Revenue Change (\$000)	% Change	Present Retail Rates ¢/kWh	Proposed Retail Rates ¢/kWh
Residential	2,012	0.040%	17.32	17.33
Lighting - Small and Medium Power	1,708	0.039%	16.52	16.52
Large Power	1,096	0.052%	10.95	10.96
Agricultural and Pumping	150	0.041%	12.69	12.70
Street and Area Lighting	31	0.023%	18.73	18.74
<b>TOTAL</b>	<b>4,998</b>	<b>0.042%</b>	<b>15.47</b>	<b>15.47</b>

On an illustrative basis, if total rates were to change as requested, an average residential electric customer using 600 kilowatt-hours per month in the summer would see an increase of \$ 0.06 per month, from \$113.25 to \$113.31.

## II.

### LEGAL AUTHORITY

SCE makes this Application pursuant to Public Utilities Code Section 454, D.02-10-062, and the Commission's Rules of Practice and Procedure.

Section 454(a) provides in pertinent part:

- (a) Except as provided in Section 455, no public utility shall change any rate or so alter any classification, contract, practice, or rule as to reflect in any new rate, except upon a showing before the commission and a finding by the commission that the new rate is justified.

Section 454(b) provides in pertinent part:

- (b) The commission may adopt rules it considers reasonable and proper for each class of public utility providing for the nature of the showing required to be made in support of proposed rate changes, the form and manner of the presentation of the showing, with or without a hearing, and the procedure to be followed in the consideration thereof.

**III.**

**BALANCE SHEET, INCOME STATEMENT, AND SUMMARY OF EARNINGS**

Pursuant to Rule 3.2 of the Commission's Rules of Practice and Procedure, SCE has attached hereto its most recent balance sheet and income statement as Appendix A and its most recent summary of earnings as Appendix B.

**IV.**

**APPLICANT'S FULL NAME, LEGAL STATUS AND**

**CORPORATE INFORMATION**

Pursuant to Rule 2.1 of the Commission's Rules of Practice and Procedure, the full legal name of the applicant is Southern California Edison Company. SCE is a corporation organized and existing under the laws of the State of California, and is primarily engaged in the business of generating, purchasing, transmitting, distributing and selling electric energy for light, heat and power in portions of central and southern California as a public utility subject to the jurisdiction of the Commission. SCE's properties, substantially all of which are located within the State of California, primarily consist of hydroelectric and thermal electric generating plants, together with transmission and distribution lines and other property necessary in connection with its business.

SCE's principal place of business is 2244 Walnut Grove Avenue, Rosemead, California, and its post office address and telephone number are:

Southern California Edison Company  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-1212

Communications in regard to this Application are to be addressed to:

Russell A. Archer  
Attorney  
Southern California Edison Company  
Rosemead, California 91770  
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A copy of SCE's Certificate of Restated Articles of Incorporation, effective on March 2, 2006, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 14, 2006, in connection with Application No. 06-03-020, and is incorporated herein by this reference pursuant to Rule 2.2 of the Commission's Rules of Practice and Procedure.

A copy of SCE's Certificate of Determination of Preferences of the Series D Preference Stock filed with the California Secretary of State on March 7, 2011, and as presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2011, in connection with Application No. 11-04-001, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series E Preference Stock filed with the California Secretary of State on January 12, 2012, and a copy of SCE's Certificate of Increase of Authorized Shares of the Series E Preference Stock filed with the California Secretary of State on January 31, 2012, presently in effect, certified by the California Secretary of State, are being filed with the Commission on March 5, 2012, in connection with Application No. 12-03-004, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series F Preference Stock filed with the California Secretary of State on May 5, 2012, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 29, 2012, in connection with Application No. 12-06-017, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series G Preference Stock filed with the California Secretary of State on January 24, 2013, and presently in effect, certified by the California Secretary of State, was filed with the Commission on January 31, 2013, in connection with Application No. 13-01-016, and is by reference made a part hereof.

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 with a letter of transmittal dated March 15, 2013, pursuant to General Order Nos. 65-A and 104-A of the Commission.

V.

**SB 960 REQUIREMENTS**

The information below addresses the requirements of SB 960, as set forth in Rules 2.1 and 7.1 of the Commission’s Rules of Practice and Procedure.

For purposes of Rule 7.1, SCE proposes that this proceeding be categorized as ratesetting. To allow the Commission to issue a timely final decision in this proceeding, SCE requests the Commission to process the present application according to the following schedule.

Application filed:	April 2, 2013
Protests due:	May 2, 2013
Reply to Protests:	May 11, 2012
Pre-Hearing Conference:	May 13, 2013
DRA/Intervenor Testimony due:	October 11, 2013
Utility Rebuttal Testimony due:	November 8, 2013
Hearings held (if needed):	November 18-19, 2013
Concurrent Opening Briefs:	December 13, 2013
Concurrent Reply Briefs:	December 23, 2013
Proposed Decision:	January 31, 2014
Comments on Proposed Decision:	February 14, 2014
Replies to Comments:	February 19, 2014
Final Commission Decision:	February 2014

**VI.**  
**SERVICE**

SCE will serve this Application as required by the Public Utilities Code and the Commission's Rules of Practice and Procedure.

Respectfully submitted,

*/s/ Russell A. Archer*

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By: Russell A. Archer

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**April 2, 2013**

**VERIFICATION**

(See Rule 1.11)

Southern California Edison Company

I am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to the matters that are herein stated on information and belief, and as to those matters, I believe them to be true.

*/s/ Akbar Jazayeri*

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By: Akbar Jazayeri  
Vice President of Regulatory Operations  
Southern California Edison Company

**Appendix A**

**SCE's Balance Sheet and Income Statement**

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET

DECEMBER 31, 2011

A S S E T S

(Millions of Dollars)

UTILITY PLANT:

Utility plant, at original cost	\$30,061
Less - Accumulated depreciation	(6,894)
	<hr/> 23,167
Construction work in progress	3,922
Nuclear fuel, at amortized cost	480
	<hr/> 27,569 <hr/>

OTHER PROPERTY AND INVESTMENTS:

Nonutility property - less accumulated depreciation of \$107	73
Nuclear decommissioning trusts	3,592
Other Investments	93
	<hr/> 3,758 <hr/>

CURRENT ASSETS:

Cash and cash equivalents	57
Receivables, less allowances of \$75 for uncollectible accounts	760
Accrued unbilled revenue	519
Inventory	350
Prepaid taxes	278
Derivative assets	65
Regulatory assets	494
Other current assets	89
	<hr/>

	<u>2,612</u>
DEFERRED CHARGES:	
Regulatory assets	5,815
Derivative assets	70
Other long-term assets	<u>491</u>
	<u>6,376</u>
	<u><u>\$40,315</u></u>

APPENDIX A

A-1

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET

DECEMBER 31, 2011

CAPITALIZATION AND LIABILITIES

(Millions of Dollars)

CAPITALIZATION:

Common stock	\$2,168
Additional paid-in capital	596
Accumulated other comprehensive loss	(24)
Retained Earnings	6,173
Common shareholder's equity	8,913
Preferred and preference stock	1,045
Long-term debt	8,431
	18,389

CURRENT LIABILITIES:

Short-term debt	419
Accounts payable	1,319
Accrued taxes	49
Accrued interest	167
Customer deposits	199
Derivative liabilities	266
Regulatory liabilities	670
Other current liabilities	759
	3,848

DEFERRED CREDITS:

Deferred income taxes	5,781
Deferred investment tax credits	84
Customer advances	138
Derivative liabilities	805
Pensions and benefits	2,461
Asset retirement obligations	2,610

Regulatory liabilities	4,670
Other deferred credits and other long-term liabilities	<u>1,529</u>
	<u>18,078</u>
	<u><u>\$40,315</u></u>

APPENDIX A

SOUTHERN CALIFORNIA EDISON COMPANY

STATEMENT OF INCOME

12 MONTHS ENDED DECEMBER 31, 2011

(Millions of Dollars)

OPERATING REVENUE	<u>\$10,577</u>
OPERATING EXPENSES:	
Fuel	367
Purchased power	2,989
Operation and maintenance	3,387
Depreciation, decommissioning and amortization	1,426
Property and other taxes	<u>285</u>
Total operating expenses	<u>8,454</u>
OPERATING INCOME	2,123
Interest income	5
Other income	135
Interest expense	(463)
Other expenses	<u>(55)</u>
INCOME BEFORE INCOME TAX	1,745
INCOME TAX EXPENSE	<u>601</u>
NET INCOME	1,144
Less: Dividends on preferred and preference stock	<u>59</u>
NET INCOME AVAILABLE FOR COMMON STOCK	<u><u>\$1,085</u></u>

APPENDIX A

A-3

**Appendix B**

**SCE's Summary of Earnings**

**Southern California Edison  
Summary of Earnings  
2009 - 2011 GRC-Related Adopted Revenue Requirement <sup>1/</sup>  
Thousands of Dollars**

Line No.	Item	2009 Rev. Req.	2010		2011		Remove SONGS 2&3 Refueling & Maintenance Outage Rev. Req.	OOR Adjustment Rev. Req.	2011 Rev. Req.
			Multiplier	Rev. Req.	Multiplier	Rev. Req.			
1.	<b>Base Revenues</b>	4,829,742	1.0425	5,035,006	1.0435	5,254,029	(51,303)	(409)	5,202,317
2.	<b>Expenses:</b>								
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.	<b>Net Operating Revenue</b>	1,117,070							
9.	<b>Rate Base</b>	12,766,518							
10.	<b>Rate of Return</b>	8.75%							

<sup>1/</sup> D.09-03-025  
Includes one SONGS 2&3 refueling and maintenance outage for 2009 & 2010 and zero in 2011.