



FILED

08-01-13

04:59 PM

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

A1308004

Application Of Southern California Edison)
Company (U 338-E) For Approval Of Its Forecast)
2014 ERRA Proceeding Revenue Requirement.)
_____)

Application No. A.13-08-_____

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) IN ITS
FORECAST 2014 ENERGY RESOURCE RECOVERY ACCOUNT (ERRA)
PROCEEDING**

DOUGLAS K. PORTER
RUSSELL A. ARCHER
MATTHEW DWYER

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-2865
Facsimile: (626) 302-6795
E-mail: Russell.Archer@sce.com

Dated: **August 1, 2013**

As discussed in more detail in Section A of Chapter II, SCE's 2014 ERRA proceeding revenue requirement of \$5.844 billion is an increase of \$1.174 billion from SCE's pending 2013 ERRA revenue requirement (A.12-08-001, or SCE's 2013 ERRA Forecast proceeding).¹² Because the Commission has not yet issued a decision in SCE's 2013 ERRA Forecast proceeding, SCE is recovering ERRA revenues at 2012 rate levels. SCE's proposed 2014 revenue requirement of \$5.844 billion represents an increase of \$1.963 billion over what is currently in customers' ERRA rates (i.e., at 2012 levels). Finally, as discussed more fully in testimony, SCE's requested 2014 revenue requirement includes only one-half of the estimated 2013 year-end undercollection in the ERRA (i.e., \$412 million instead of \$823 million). SCE proposes to amortize the remaining one-half of the estimated 2013 year-end undercollection (i.e., the additional \$412 million) in 2015 ERRA rates.

The increase in SCE's 2014 ERRA proceeding revenue requirement is primarily due to the following factors:

- SCE's dispatch of its utility-owned and controlled resources increases as a result of increased implied market heat rates and the permanent retirement of SONGS;
- SCE's capacity costs increase due to New Generation resources coming on-line;
- An increase in renewable procurement costs;
- An increase in the 2014 estimate of GHG cap-and-trade-related costs;³ and
- SCE has estimated an average on-peak power price of \$50.82/MWh for 2014, which is an increase of \$4.94/MWh above the average on-peak power price assumed in the 2013 forecast of \$45.88/MWh.

¹ The Commission has not issued a decision in SCE's 2013 ERRA Forecast proceeding (A.12-08-001). If the Commission does not issue a decision on SCE's application, and/or on SCE's July 22, 2013, Motion for an Interim Ratemaking Decision in that proceeding, the revenue requirement increases discussed herein will be higher, because SCE is currently recovering ERRA revenues at 2012 rate levels.

² This increase reflects and passes through to customers only increased costs to SCE for its services and commodities. (Rule 3.2 (a)(10)).

³ This ERRA forecast does not include any offset for cap-and-trade-related revenue. Consistent with D.12-12-033 in R.11-03-012, the GHG-related revenue is included in a separate GHG Revenue proceeding being filed on August 1, 2013.

Compared to revenue at SCE's 2013 requested revenue requirement, this application requests a revenue increase of 9.2% percent, beginning in January 2014. The following table shows an estimate of proposed revenue changes by customer group if SCE's ERRA rate change is approved as requested:

Table I-1
2014 ERRA Proceeding Revenue Change (as compared to 2013 requested revenue requirement level)

Customer Group	Revenue Change (\$000)	% Change	Proposed 2013 ERRA Rates ¢/kWh	Proposed 2014 ERRA Rates ¢/kWh
Residential	490,466	9.2%	18.38	20.06
Lighting - Small and Medium Power	403,476	8.8%	17.57	19.17
Large Power	207,848	10.0%	12.67	14.05
Agricultural and Pumping	36,536	9.3%	13.70	14.98
Street and Area Lighting	5,051	3.9%	18.14	18.85
Standby	30,806	11.0%	10.97	12.23
TOTAL	1,174,183	9.2%	16.60	18.16

Compared to the revenue requirement actually reflected in current rates (i.e., the 2012 revenue requirement), this application requests a revenue increase of 16.3% percent, beginning in January 2014. The following table shows an estimate of proposed revenue changes by customer group if SCE's ERRA rate change is approved as requested:

Table I-2
2014 ERRA Proceeding Revenue Change (as compared to current rate levels)

Customer Group	Revenue Change (\$000)	% Change	Current Rates ¢/kWh	Proposed Rates ¢/kWh
Residential	828,799	16.6%	17.21	20.06
Lighting - Small and Medium Power	673,183	15.6%	16.50	19.17
Large Power	342,691	17.6%	11.78	14.05
Agricultural and Pumping	60,479	16.3%	12.86	14.98
Street and Area Lighting	7,623	6.0%	17.78	18.85
Standby	50,487	19.3%	10.17	12.23
Total	1,963,263	16.3%	15.55	18.16

As in past ERRRA forecast applications, SCE will update its 2014 ERRRA forecast proceeding revenue requirement forecast in November 2013, so that the latest forecast assumptions can be incorporated into SCE's 2014 rates.

In addition to Chapter II discussing SCE's estimated 2014 revenue requirement and the resulting rate change(s), the following chapters and corresponding topics are included in Exhibit SCE-1:

- Chapter III, SCE's Load Forecast
- Chapter IV, Forecast Energy Production and Costs from SCE's Portfolio of Resources
- Chapter V, Financing Costs
- Chapter VI, Carrying Costs
- Chapter VII, 2013 Forecast Revenue Requirement and Ratemaking Issues
- Chapter VIII, Cost Responsibility Surcharges (Direct Access, Departing Load, and Community Choice Aggregation)
- Appendix A, Estimated December 31, 2013 Balancing Account Balances

II.

LEGAL AUTHORITY

SCE files 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) and (b) 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.

(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

Correspondence and written communications should be addressed to:

Russell Archer
Senior Attorney, Law Department
Southern California Edison Company
2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, CA 91770
Telephone: (626) 302-2865
Facsimile: (626) 302-3990
E-mail: Russell.Archer@sce.com

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 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, and presently in effect, certified by the California Secretary of State, were filed with the Commission on March 5, 2012, in connection with Application No. 12-03-004, and are 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 Rule 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. SCE believes that no hearing is required for this proceeding, and therefore proposes that the Application be considered and approved on an expedited basis. SCE requests the Commission to process the Application according to the following shortened schedule in order to issue a final Commission decision before January 1, 2014 and thereby implement 2014 rates on a timely basis.

Application filed:	August 1, 2013
Protests (if any) due:	September 3, 2013
Reply to Protests:	September 13, 2013
Pre-Hearing Conference:	September 28, 2013
DRA/Intervenor Testimony due:	October 1, 2013
SCE Rebuttal Testimony due:	October 17, 2013
Hearings (if needed):	October 25 and 26, 2013
Concurrent Briefs:	To Be Determined
Proposed Decision:	November 9, 2013
Comments on Proposed Decision:	December 10, 2013
Final Commission Decision:	December 17, 2013

VI.

SERVICE

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

VII.

EXPEDITED TREATMENT

SCE has included in its prepared testimony all of the data required to support its application, and will provide orally or in writing any other information the Commission finds necessary to act on it. SCE respectfully requests that the Commission review and approve this application on an expedited basis, according to the schedule proposed above.

Respectfully submitted,

/s/ Russell Archer

By: Russell Archer

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-2865
Facsimile: (626) 302-3990
E-mail: Russell.Archer@sce.com

August 1, 2013

VERIFICATION

(See Rule 2.1)

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, which are herein stated on information and belief, and as to those matters, I believe them to be true.

/s/ Steven Eisenberg

Steven Eisenberg

Vice President of Energy Contracts

Date: August 1, 2013

At Rosemead, California

Appendix A

SCE's Balance Sheet and Income Statement

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET

MARCH 31, 2013

A S S E T S

(Unaudited)

(Millions of Dollars)

UTILITY PLANT:

Utility plant, at original cost	\$33,376
Less - Accumulated depreciation	<u>(7,662)</u>
	25,714
Construction work in progress	4,348
Nuclear fuel, at amortized cost	<u>611</u>
	<u>30,673</u>

OTHER PROPERTY AND INVESTMENTS:

Nonutility property - less accumulated depreciation of \$120	70
Nuclear decommissioning trusts	4,246
Other Investments	<u>125</u>
	<u>4,441</u>

CURRENT ASSETS:

Cash and cash equivalents	27
Receivables, less allowances of \$67 for uncollectible accounts	754
Accrued unbilled revenue	403
Inventory	351
Prepaid taxes	30
Derivative assets	111
Regulatory assets	672
Deferred income taxes	0
Other current assets	<u>194</u>
	<u>2,542</u>

DEFERRED CHARGES:

Regulatory assets	6,518
Derivative assets	81
Other long-term assets	<u>537</u>
	<u>7,136</u>
	<u>\$44,792</u>

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET

MARCH 31, 2013

CAPITALIZATION AND LIABILITIES

(Unaudited)

(Millions of Dollars)

CAPITALIZATION:

Common stock	\$2,168
Additional paid-in capital	579
Accumulated other comprehensive loss	(32)
Retained Earnings	<u>7,332</u>
Common shareholder's equity	10,047
Preferred and preference stock	1,795
Long-term debt	<u>8,427</u>
	<u>20,269</u>

CURRENT LIABILITIES:

Short-term debt	404
Current portion of long-term debt	800
Accounts payable	1,069
Accrued taxes	131
Accrued interest	125
Customer deposits	196
Derivative liabilities	107
Regulatory liabilities	443
Deferred income taxes	174
Other current liabilities	<u>654</u>
	<u>4,103</u>

DEFERRED CREDITS:

Deferred income taxes	6,781
Deferred investment tax credits	103
Customer advances	150
Derivative liabilities	1,014
Pensions and benefits	2,234
Asset retirement obligations	2,824
Regulatory liabilities	5,470
Other deferred credits and other long-term liabilities	<u>1,844</u>
	<u>20,420</u>
	<u>\$44,792</u>

SOUTHERN CALIFORNIA EDISON COMPANY

STATEMENT OF INCOME

THREE MONTHS ENDED MARCH 31, 2013

(Unaudited)

(Millions of Dollars)

OPERATING REVENUE	<u>\$2,629</u>
OPERATING EXPENSES:	
Fuel	73
Purchased power	780
Operation and maintenance	785
Depreciation, decommissioning and amortization	414
Property and other taxes	<u>79</u>
Total operating expenses	<u>2,131</u>
OPERATING INCOME	498
Interest and other income	32
Interest expense	(125)
Other expenses	<u>(10)</u>
INCOME BEFORE INCOME TAX	395
INCOME TAX EXPENSE	<u>112</u>
NET INCOME	283
Less: Dividends on preferred and preference stock	<u>27</u>
NET INCOME AVAILABLE FOR COMMON STOCK	<u><u>\$256</u></u>

Appendix B

SCE's Summary of Earnings

**Southern California Edison
 Summary of Earnings
 2013 GRC Adopted Revenue Requirement
 Thousands of Dollars**

Line No.	Item	Total
1.	Base Revenues	5,809,770
2.	Expenses:	
3.	Operation & Maintenance	2,447,594
4.	Depreciation	1,472,605
5.	Taxes	699,643
6.	Revenue Credits	(155,583)
7.	Total Expenses	4,464,259
8.	Net Operating Revenue	1,345,511
9.	Rate Base	17,118,290
10.	Rate of Return	7.86%