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

A1308022

Trigger Application of Southern California)
Edison Company (U 338-E) Requesting a) Application No. A.13-08-____
Commission Decision Authorizing Recovery of a)
\$368.6 million under-collection in its Energy)
Resource Recovery Account)
_____)

**TRIGGER APPLICATION OF SOUTHERN CALIFORNIA EDISON
COMPANY (U 338-E)**

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Dated: **August 28, 2013**

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**TRIGGER APPLICATION OF SOUTHERN CALIFORNIA EDISON
COMPANY (U 338-E)**

I.

INTRODUCTION

In compliance with Section 454.5(d)(3) of the Public Utilities Code (Section 454.5(d)(3)), Commission Decision (D.)02-10-062, D.04-12-048, D.05-03-006, and approved tariffs, Southern California Edison Company (SCE) hereby files this Energy Resource Recovery Account (ERRA) Trigger Application (ERRA Trigger Application). In this ERRA Trigger Application, SCE requests the Commission to include in generation rates recovery of \$368.6 million, the adjusted July 2013 ERRA balancing account under-collection, excluding Greenhouse Gas (GHG) and Mohave SO2 allowances pursuant to Commission decisions.¹ As explained in more detail below, including the under-collected balance of \$368.6 million in rates will result in an \$806 million increase in SCE's revenue requirement because SCE's rates currently reflect the recorded December 31, 2011 ERRA balance, which included an over-collection of \$433 million.^{2,3} The testimony supporting this ERRA Trigger Application is included in Exhibit SCE-

¹ D.12-12-033, pp. 19-20; D.13-02-004, p. 41.

² The change between an over-collection of \$428 million and an undercollection of \$369 million, plus Franchise Fees and Uncollectibles.

1, which is being served on Commission staff members and interested parties concurrently with the filing of this application.

This ERRA Trigger Application contains a proposed, expedited schedule and respectfully requests that the Commission issue a final decision in this proceeding within 60 days (i.e., on or before October 28, 2013), in accordance with Section 454.5(d)(3).

II.

BACKGROUND

Pursuant to Assembly Bill (AB) 57 (Stats. 2002, Ch. 835), the Commission established the ERRA balancing account to record the investor-owned utilities' fuel and purchased power revenues against actual recorded costs, excluding revenues collected for the California Department of Water Resources (CDWR).⁴ AB 57 also mandated a trigger threshold for the balance in the ERRA of five percent of the electric utility's actual recorded generation revenues for the prior calendar year.⁵

In accordance with D.02-10-062, which implemented the provisions of AB 57, the ERRA is subject to a trigger mechanism that requires a rate adjustment when the recorded monthly balance (undercollection or overcollection) exceeds a four percent trigger point and when the balance is forecasted to exceed a five percent trigger threshold.⁶ The trigger mechanism considers the relationship between the ERRA balance and the prior year's recorded electric generation revenues, excluding the revenues collected for the CDWR revenues. Accordingly, the Commission established a "minimum balance" approach for rate adjustments. Instead of changing rates when the recorded balance in the ERRA exceeds or reaches five percent of the prior year's recorded generation revenues, excluding revenues collected for CDWR (referred to

Continued from the previous page

³ This increase reflects and passes through to customers only increased costs to SCE for its services and commodities. (Rule 3.2 (a)(10)).

⁴ Pub. Util. Code Section 454.5(d)(3), enacted by AB 57.

⁵ *Id.*

⁶ D.02-10-062, at p. 65.

as the AB 57 Threshold), the Commission directed Pacific Gas and Electric Company (PG&E), San Diego Gas and Electric Company (SDG&E) and SCE to file expedited applications for approval within 60 days from the date when the new ERRA balance reaches four percent (referred to as the Trigger Point).⁷ The expedited application is to: 1) include a projected account balance 60 days or more from the date of filing depending upon when the balance will reach the five percent threshold; 2) propose an amortization period of not less than 90 days to ensure timely recovery of the projected ERRA balance; and 3) include an allocation of the over- and under-collection among customers for rate adjustments based upon an existing allocation methodology recognized by the Commission.⁸ The testimony provided in Exhibit SCE-1 addresses each of these requirements.

As of May 31, 2013, SCE's recorded undercollection in its ERRA balancing account was \$321.3 million, or 5.7 percent of its prior year recorded generation revenues. As of the end of July 2013, the undercollection had increased to \$508.0 million. SCE's ERRA balancing account has thus exceeded both its 2013 four percent trigger point of \$223.6 million and its five percent trigger threshold of \$279.5 million.

The primary cause of the undercollection is the Commission's inaction in implementing SCE's 2013 ERRA revenue requirement requested in its August 1, 2012 ERRA Forecast Application, A.12-08-001.⁹ Instead, SCE's 2012 ERRA rates remain in effect, and SCE's in-place revenue requirement and resulting rates are not sufficient to meet SCE's current fuel and purchased power expenses. SCE is awaiting a final Commission decision approving its 2013 ERRA Forecast revenue requirement, as requested in A.12-08-001.¹⁰ The approval and

⁷ In D.02-12-074, the Commission authorized PG&E to file an expedited trigger application at any time that its forecast indicated it will face an undercollection in excess of the five percent AB 57 Threshold.

⁸ D.02-10-062, at pp. 65-66.

⁹ As of the date of the filing of this ERRA Trigger Application, the Commission has not yet issued a final decision in A.12-08-001.

¹⁰ A Proposed Decision (PD) in A.12-08-001 was issued on April 23, 2013, authorizing SCE's 2013 ERRA Forecast revenue requirement of \$4.118 billion, consisting of SCE's updated request of \$4.389 billion net of \$271 million in GHG costs. The PD was withdrawn from the June 27 Commission Meeting Agenda.

implementation of SCE's requested 2013 ERRA revenue requirement would enable SCE to collect updated revenues that more closely match the expenses currently being incurred. Absent that approval, SCE has continued to recover ERRA-related revenues under the 2012 ERRA Forecast revenue requirement approved in D.12-07-007. Each month as SCE collects 2012 ERRA-related revenues (instead of its 2013 requested revenues), the ERRA undercollection continues to increase. The delay of SCE's 2013 ERRA revenue requirement implementation has contributed to the ERRA balancing account undercollection. Assuming the Commission acts on all or part of SCE's 2013 ERRA Forecast application, SCE will make the required adjustments in this proceeding.¹¹

SCE respectfully submits that the Commission must act quickly on SCE's Trigger Application. By year-end 2013, SCE estimates that its ERRA under-collection will exceed \$1.0 billion. The ERRA trigger mechanism is a key contributor to SCE's investment grade credit rating. Since SCE's ERRA rates have not been adjusted to recover its 2013 ERRA forecast costs, SCE requests the Commission act quickly to maintain the company's liquidity and the markets' continued confidence in this vital regulatory mechanism.

As of the date of the filing of this ERRA Trigger Application, SCE does not project its ERRA balance to self-correct below the four percent trigger point within the next 120 days. Table 1 below shows SCE's most recent recorded data for January through July 2013 and presents, for illustrative purposes, forecasts of its ERRA balances through December 2013. To arrive at the forecasted balances in Table 1, SCE used assumptions consistent with its 2013 ERRA Forecast (A.12-08-001).

¹¹ SCE has also filed a motion in A.12-08-001, requesting the Commission issue an interim ratemaking decision "turning off" the year-end 2011 overcollection, which has already been fully amortized and returned to customers. Assuming the Commission acts on that motion, the required rate increase requested in this trigger filing would be substantially less.

Table 1
SCE 2013 ERRA Balancing Account
(Over)/UnderCollections
(\$millions)

	RECORDED							FORECAST				
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1. Adjusted Beg of Month Balance	(145)	(90)	(4)	97	169	321	367	508	674	727	852	970
2. Revenue	(218)	(194)	(205)	(217)	(246)	(420)	(433)	(468)	(450)	(191)	(215)	(227)
3. Expenses	272	280	306	289	398	467	574	634	503	312	327	301
4. (Over)/Under Collection	54	86	101	73	152	46	141	166	53	121	112	74
5. End of Month Balance	(90)	(4)	97	169	321	368	508	674	727	848	965	1,044

The impact of the Trigger implementation on customers' rates is significantly greater than the undercollection of \$508 million recorded in the ERRA balancing account as of July 31, 2013. This is because SCE has been amortizing the December 31, 2011 ERRA over-collected balance of \$432.6¹² million in rates since August 1, 2012. Accordingly, as shown in Table 2, the change in SCE's revenue requirement will be approximately \$806 million.

Table 2
SCE 2013 ERRA Trigger Revenue Requirement Change
(\$millions)

1.	July Ending Balance	508
2.	Less: GHG	143
3.	Mohave SO2 Allowances	(4)
4.	Plus: FF&U	4
5.	Adjusted ERRA Undercollected Balance	373
6.	Current Overcollected ERRA Revenue Requirement	(433)
7.	Increase in Revenue Requirement (Line 5 - Line 6)	806

¹² This is the balance amount in rate levels, including authorized Franchise Fees and Uncollectibles (FF&U).

As explained in more detail in Exhibit SCE-1, an allocation of the under-collection among customers for rate adjustments, based upon an existing allocation methodology recognized by the Commission, is included in this ERRA Trigger Application as Attachment A.

III.

REQUESTED RELIEF

SCE respectfully requests that the Commission authorize recovery of the \$386.6 million undercollection in the ERRA as of July 31, 2013 (excluding GHG costs and Mohave SO2 allowances) over a twelve-month period, as soon as practical. This will result in an increase in SCE's ERRA revenue requirement of approximately \$806 million.

IV.

LEGAL AUTHORITY

This Application is being made pursuant to D.02-10-062, D.04-12-048, and Section 454.5(d)(3). Section 454.5(d)(3) provides in pertinent part:

The commission shall review the power procurement balancing accounts, not less than semiannually, and adjust rates or order refunds, as necessary, to promptly amortize a balancing account, according to a schedule determined by the commission. Until January 1, 2006, the commission shall ensure that any overcollection or under-collection in the power procurement balancing account does not exceed 5 percent of the electrical corporation's actual recorded generation revenues for the prior calendar year excluding revenues collected for the Department of Water Resources. The commission shall determine the schedule for amortizing the overcollection or under-collection in the balancing account to ensure that the 5 percent threshold is not exceeded.

Pursuant to the authority granted in this section, the Commission in D.02-10-062 established a "minimum balance" approach for rate adjustments. Instead of changing rates when the recorded balance in the ERRA exceeds or reaches five percent of the prior year's recorded generation revenues (referred to as the AB 57 Threshold), the Commission directed the utilities

to file an expedited application for rate change approval when the ERRA balance reaches four percent of the prior year's generation revenues (referred to as the ERRA Trigger Point).¹³ This "trigger" application is to include a projected account balance 60 days or more from the date of filing, depending upon when the balance will reach the five percent threshold. The application is to propose an amortization period of not less than 90 days to ensure timely recovery of the projected ERRA balance.¹⁴ It is also to include an allocation of the over- or under-collection among customers based upon an existing allocation methodology recognized by the Commission.¹⁵ Pursuant to D.04-01-050, SCE is required to file an advice letter by April 1 of each year to update the ERRA Trigger Point and AB 57 Threshold. On March 25, 2013, SCE submitted its annual compliance advice letter to the Commission to establish the 2013 ERRA Trigger Point of \$223.563 million, and the 2013 AB 57 Threshold of \$279.454 million.¹⁶ The last sentence of Section 454.5(d)(3) states that, "After January 1, 2006, [the AB 57 Trigger] adjustment shall occur when deemed appropriate by the commission consistent with the objectives of this section." In D.04-12-048, the Commission extended the operation of Section 454.5(d)(3) "during the term of the [recently approved] long-term contracts, or ten years, whichever is longer." In D.06-06-051, the Commission granted SCE the authority to file an advice letter notification with the Commission's Energy Division instead of a trigger application if SCE does not seek a rate change and the ERRA balance will self-correct below the trigger point within 120 days of filing. SCE is filing this application because it forecasts that the ERRA balance will not self-correct within 120 days of filing.

¹³ D.02-10-062, pp. 64-65.

¹⁴ As explained in Section III above, SCE is requesting that the ERRA under-collection in this application be amortized over a 12-month period.

¹⁵ D.02-10-062, pp. 64-65.

¹⁶ Advice Letter 2868-E. This Advice Letter was approved by the Energy Division on May 3, 2013, effective April 24, 2013.

V.

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 Attachment B, and its most recent summary of earnings as Attachment C.

VI.

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. 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:

Matthew Dwyer
Attorney, Law Department
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2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, CA 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 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.

VII.

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. In order to issue a final Commission decision within 60 days of the filing of the application, in compliance with D.02-10-062, SCE requests the Commission to process the application according to the following shortened schedule.

Application filed:	August 28, 2013
Protests (if any) due:	September 12, 2013
Reply to Protests:	September 19, 2013
DRA/Intervenor Testimony due:	September 26, 2013
SCE Rebuttal Testimony due:	October 3, 2013
Proposed Decision:	October 10, 2013
Comments on Proposed Decision:	October 17, 2013
Final Commission Decision:	October 28, 2013
Rate Change Implemented:	November 4, 2013

VIII.

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.

IX.

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/ Matthew Dwyer

By: Matthew Dwyer

Attorney for
SOUTHERN CALIFORNIA EDISON COMPANY

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August 28, 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/ Megan Scott-Kakures

Megan Scott-Kakures
Vice President, Regulatory Operations

Date: August 28, 2013

At Rosemead, California

Attachment A

***Customer Group Revenue Impact
ERRA Trigger Application
Implementation***

Customer Group	Trigger Revenue Increase (\$000)	% Change	Current Rates ¢/kWh	Proposed Trigger Rates ¢/kWh
Residential	340,971	6.8%	17.21	18.39
Lighting - Small and Medium Power	275,010	6.4%	16.50	17.62
Large Power	137,576	7.1%	11.78	12.76
Agricultural and Pumping	27,056	7.3%	12.86	13.81
Street and Area Lighting	4,287	3.4%	17.78	18.38
Standby	21,100	8.1%	10.17	11.07
TOTAL	806,000	6.7%	15.55	16.65

If the Commission should approve total rates as requested, an average non-CARE residential electric customer using 600 kilowatt-hours per month would expect to see an increase of \$7.65 per month, from \$114.45 to \$122.10.

Attachment B

Balance Sheet and Income Statement

BALANCE SHEET
 JUNE 30, 2013
 ASSETS
 (in millions)

UTILITY PLANT:	
Utility plant, at original cost *	\$ 33,419
Less- accumulated provision for depreciation and decommissioning *	7,578
	25,841
Construction work in progress	3,321
Nuclear fuel, at amortized cost	139
	29,301
OTHER PROPERTY AND INVESTMENTS:	
Nonutility property - less accumulated depreciation of \$117	73
Nuclear decommissioning trusts	4,181
Other investments	127
	4,381
CURRENT ASSETS:	
Cash and equivalents	49
Receivables, less allowances of \$75 for uncollectible accounts	768
Accrued unbilled revenue	741
Inventory	267
Prepaid taxes	22
Derivative assets	91
Regulatory assets	803
Other current assets	129
	2,870
DEFERRED CHARGES:	
Regulatory assets	7,494
Derivative assets	73
Other long-term assets	531
	8,098
	\$ 44,650

* Detailed by class on following pages.

BALANCE SHEET
 JUNE 30, 2013
 CAPITALIZATION AND LIABILITIES
 (in millions)

CAPITALIZATION:	
Common stock	\$ 2,168
Additional paid-in capital	584
Accumulated other comprehensive loss	(30)
Retained earnings	7,115
Common shareholder's equity	<u>9,837</u>
Preferred and preference stock	1,795
Long-term debt	<u>8,427</u>
Total capitalization	<u>20,059</u>
CURRENT LIABILITIES:	
Short-term debt	828
Current portion of long-term debt	800
Accounts payable	1,264
Accrued taxes	36
Accrued interest	194
Customer deposits	199
Derivative liabilities	140
Regulatory liabilities	493
Deferred income taxes	79
Other current liabilities	663
	<u>4,696</u>
DEFERRED CREDITS:	
Deferred income taxes	6,819
Deferred investment tax credits	102
Customer advances	134
Derivative liabilities	1,027
Pensions and benefits	1,727
Asset retirement obligations	3,322
Regulatory liabilities	4,836
Other deferred credits and other long-term liabilities	1,928
	<u>19,895</u>

STATEMENT OF INCOME
SIX MONTHS ENDED JUNE 30, 2013

(In millions)

OPERATING REVENUE	<u>\$ 5,674</u>
OPERATING EXPENSES:	
Fuel	154
Purchased power	1,855
Other operation and maintenance	1,665
Depreciation, decommissioning and amortization	832
Property and other taxes	151
Asset impairment and others	<u>575</u>
Total operating expenses	<u>5,232</u>
OPERATING INCOME	442
Interest income	6
Other income	55
Interest expense	(253)
Other expenses	<u>(21)</u>
INCOME BEFORE INCOME TAX	229
INCOME TAX EXPENSE	<u>13</u>
NET INCOME	216
Less: Dividends on preferred and preference stock	<u>51</u>
NET INCOME AVAILABLE FOR COMMON STOCK	<u><u>\$ 165</u></u>

Attachment C

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%