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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Authority to, among other things, Increase its Authorized Revenues for Electric Service in 2015, and to reflect that increase in Rates.

Application 13-11-003
(Filed November 12, 2013)

ASSIGNED COMMISSIONER'S RULING AMENDING SCOPING MEMO AND ORDERING SUPPLEMENTAL TESTIMONY REGARDING RISK MANAGEMENT AND SAFETY MATTERS

1. Background

On March 27, 2014, assigned Commissioner Michael R. Peevey and the assigned Administrative Law Judges (ALJs) issued a Joint Scoping Memo and Ruling (Scoping Memo) setting the scope of the General Rate Case (GRC), the procedural schedule, and addressing other administrative matters. The primary purpose of a GRC is to establish just and reasonable rates which reflect the estimated reasonable operating and capital costs to provide safe and reliable utility service during the rate cycle.¹ Thus, safety and reliability are the foundation of the Commission's review of the application by Southern California Edison Company (SCE). The principle of safety necessarily includes its counterpart of risk management: the identification of risks through established

¹ Scoping Memo at 8.

methods, assessment of the nature of risks, and the prioritization and mitigation of risks.

In the nearly fifty volumes of direct testimony served in support of its application, SCE followed its historical model of presenting safety considerations, risk assessment, and reliability concerns diffused throughout the testimony, adapted to a range of revenue requests based on forecasted activities. The testimony describes a wide range of enterprise risks, including financial and regulatory risks. For specific programs and projects, SCE provides some risk assessments, analyses, and data collection undertaken by the company. The testimony describes current and future improvements to asset control systems and safety performance, as well as activities to reduce the risks of equipment failure, primarily through implementing various accelerated equipment and facility inspections, maintenance, repair, and replacement programs. SCE also identifies all major asset groups in Transmission and Distribution (T&D), and associated safety metrics and definitions of infrastructure risk.

However, SCE's diffused presentation makes it difficult for the Commission to identify the utility's risks that are being mitigated if the Commission approves what the utility seeks recovery for.

Thus the Commission seeks additional details on the risks that are being mitigated as a result of the utility's proposal for cost recovery.

2. Supplemental Testimony on Risk and Safety Matters

Therefore, Southern California Edison Company shall develop and serve additional testimony in support of its application related to first identifying risks that the additional investments will help mitigate; existing controls in place to mitigate these risks; and finally alternative proposals for mitigating the risks that

the utility considered, but decided to forego. Specifically, the Commission is seeking one testimony that responds to these questions:

1. What risks is Edison mitigating by its proposed investments? Please identify the risks specifically, and also the amount of the capital investment and/or operating and maintenance expenses that mitigate a risk the utility has identified. Please limit this list to no more than ten risks.
2. For the risks that Edison has identified in response to question one, please identify the existing controls in place to mitigate these risks, and what would the additional investment achieve above and beyond these existing controls.
3. For the proposed capital investments and/or operating and maintenance expenses being proposed, please identify at least two alternatives that Edison considered, but ultimately decided to forego.

3. Schedule Adjustments

The assigned Commissioner recognizes that this ruling will result in a delay to the previously established schedule for review of this application. However, the supplemental testimony requested is of substantial importance to the Commission in the discharge of its responsibilities to carefully review the safety, risk assessment, and risk management programs and practices at SCE. These components of corporate operations are critical to the safety of the public and SCE staff, as well as important factors in determining whether SCE's requests for rate increases are necessary, just and reasonable.

SCE shall prepare and serve responsive testimony to the questions propounded herein by July 3, 2014. In order to provide sufficient time for other parties to review the supplemental testimony and propound discovery, Office of

Ratepayer Advocates testimony will not be due until August 4, 2014 and other intervenor testimony is due August 18, 2014.

The ALJs intend to schedule a status conference in late July or early August to hear any discovery disputes and to re-set the remainder of the schedule.

IT IS RULED that:

1. Southern California Edison Company shall prepare and serve testimony responsive to the questions set forth in the body of the ruling by July 3, 2014.
2. Office of Ratepayer Advocates shall serve its testimony by August 4, 2014.
3. Other parties shall serve Reply Testimony by August 18, 2014.

Dated May 15, 2014, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey
Assigned Commissioner