

Decision 08-11-021 November 6, 2008

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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, 2007 Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for Recover of \$13.947 Million Recorded in Two Memorandum Accounts

Application 08-04-001
(Filed April 1, 2008)

DECISION APPROVING SOUTHERN CALIFORNIA EDISON COMPANY'S UNOPPOSED APPLICATION AND GRANTING RELIEF REQUESTED

1. Summary

Upon review of the record in this proceeding, this decision finds that the \$4.14 billion in Southern California Edison Company's (SCE) Energy Resource Recovery Account (ERRA) representing procurement-related and other operations subject to Commission review for the record period January 1 through December 31, 2007 complied with Commission adopted plans and were reasonable. We further find that the entries in SCE's ERRA and other related accounts are accurately recorded. In addition, we review certain other regulatory accounts identified below and find the amounts reasonable, appropriate, correctly stated and in compliance with Commission decisions. We also examine specific generation and procurement related operations and make

specific findings pertaining to the reasonableness of the actions, accounting, and related rate-making performed by SCE. Furthermore, we also approve SCE's request to recover \$13.947 million associated with undercollections in the Project Development Division Memorandum Account (PDDMA) and the New System Generation Memorandum Account (NSGMA), which were previously authorized by this Commission. As a result of all these actions, the average residential customer using 700 kilowatt-hours in the summer will see an increase of 12 cents in the monthly bill.

2. Procedural Background

Resolution ALJ 176-3211 (April 10, 2008) categorized this proceeding as ratesetting and reached a preliminary determination that hearings would prove necessary to the resolution of this matter.

On May 5, 2008, a protest was filed by the Division of Ratepayer Advocates (DRA) stating that

more in-depth review of SCE's filing in the following areas is necessary before DRA can determine whether it believes SCE's power procurement activities complied with Commission directives.¹

On May 15, 2008, SCE filed a reply to the protest that argued for a specific timetable for resolving the issues in this proceeding.

On May 23, 2008, a prehearing conference (PHC) was held in San Francisco to address the issues concerning the management of this proceeding, including the alternative proposals concerning the scheduling of the proceeding.

¹ Protest of the Division of Ratepayer Advocates at 2.

On June 3, 2008, the assigned Commissioner issued a scoping memo refining the scope of the proceeding and adopting a schedule.²

By letter on August 11, 2008, DRA informed the assigned Administrative Law Judge (ALJ) that it:

has conducted a thorough review of SCE's application, supporting testimony, and workpapers. SCE responded timely to DRA's seven data requests. Additionally, SCE arranged a tour for DRA staff of a solar facility at Kramer Junction, California, from which SCE contracts energy with FPL Energy. The site visit provided DRA an opportunity to observe how SCE manages generation resources.³

The letter concluded that:

Based on its review, DRA does not oppose the relief SCE is seeking in its application. Accordingly, DRA does not intend to serve prepared testimony in this proceeding and does not believe evidentiary hearings are necessary.⁴

Since DRA was the only interested party to this proceeding, as a result of the letter, SCE's application was unopposed.

On August 28, 2008, a Status Conference was held to determine the best approach to concluding this proceeding. At the proceeding, the DRA Letter was accepted into the record of the proceeding as Exhibit A and a briefing schedule was set.

² Assigned Commissioner's Ruling and Scoping Memo, June 3, 2008.

³ Letter of Division of Ratepayer Advocates to the Honorable Timothy J. Sullivan, Re: Southern California Edison's Application 08-04-001, *Energy Resources Recovery Account Compliance Review*, August 11, 2008, signed by Mitchell Shapson (DRA Letter) at 1.

⁴ DRA Letter at 2.

On September 15, 2008, SCE filed its Opening Brief. In addition, on September 15, 2008, SCE filed a motion to offer its prepared testimony into evidence that included declarations of the SCE witnesses that the testimony was true and accurate.⁵ Also on September 15, 2008, SCE filed a motion to seal portions of the evidentiary record.⁶ There were no reply or rebuttal briefs.

3. Legal and Policy Background of Issues Before Commission

Decision (D.) 02-10-062 established the ERRA balancing accounts for several energy utilities, including SCE, to track fuel and purchased power revenues against actual recorded costs. D.03-07-029 and D.04-01-048 made minor modifications to the ERRA process, D.03-07-029 permitting the transfer of certain revenue requirements into ERRA balancing accounts and D.04-01-048 setting the annual filing schedule. In addition, D.02-12-074 established power procurement plans and rules for booking costs into ERRA. As a result, the ERRA review contemplated in D.02-12-062 and D.02-12-074 includes utility retained generation (URG) expenses and contract administration costs of existing qualifying facility (QF) contracts, bilateral contracts, inter-utility power contracts, renewable resource contracts, and California Department of Water Resource (DWR) contracts allocated to SCE customers in D.02-09-053. Additionally, D.02-10-062 and D.02-12-074 require a compliance review of the utilities least-cost dispatch operations.

⁵ Motion of Southern California Edison Company (U 338-E) to Offer Prepared Testimony and Appendices into Evidence (Motion on Evidence), September 15, 2008.

⁶ Motion of Southern California Edison Company (U 338-E) to Seal a Portion of the Evidentiary Record (Motion to Seal), September 15, 2008.

D.02-12-062 also requires SCE to set forth the entries recorded in the ERRA Balancing Account for review. In addition, this proceeding also examines entries recorded in the Base Revenue Requirement Balancing Account, the Nuclear Decommissioning Adjustment Mechanism, the Public Purpose Programs Adjustment Mechanism, and the CARE Balancing Account.

SCE also requests to eliminate the 2006 Residential Deferred Revenue Memorandum Account after its review in this proceeding. SCE also seeks review of the Advanced Metering Infrastructure Balancing Account, the NSGMA, the PDDMA, the Results Sharing Memorandum Account and the Mohave BA. As mentioned above, SCE seeks recovery of \$13.947 million contained in the NSGMA and the PDDMA through a rate adjustment.

The application now before us covers the 2007 Record Period.

4. DRA's Review

DRA letter of August 11, 2008 states that its review led it to the following findings:

- A. **Utility Retained Generation:** DRA's review of the testimony and responses to data requests indicate that SCE did not appear to have unreasonable outages and SCE's fuel procurement costs appear reasonable.
- B. **Qualifying Facilities Contracts:** DRA reviewed SCE's request that the Commission find its QF contract management and costs during the Record Period to be reasonable. DRA reviewed contract management of Edison's PURPA contracts, contract development, amendments, assignments, uncontrollable force administration, forced outage claim administration, dispute resolution, and contract termination. DRA did not uncover evidence that SCE failed to administer these programs within Commission guidelines. Therefore, DRA does not object to SCE's costs for administering QF contracts.

- C. **Non-QF Contracts:** DRA believes that SCE's ongoing Non-PURPA contract administration activities appear to have been conducted in a prudent manner and that there are no outstanding issues pertaining to contract administration or compliance monitoring. Accordingly, DRA does not object to SCE's request that the Commission find its Non-PURPA contract administration activities reasonable.
- D. **Least Cost Dispatch:** DRA believes that SCE's electricity and gas transactions during the Record Period were generally consistent with observed daily prices as observed in ICE markets and intra-hour bids in the California Independent System Operator (CAISO) market. Given current market uncertainties, the mandate to serve ratepayers, and other factors that impact dispatch decisions, DRA believes that SCE's gas and electricity transactions during the Record Period appear reasonable and therefore does not protest SCE's assertion that it effected Least Cost Dispatch.
- E. **Balancing Account Review:** DRA's review of SCE balancing accounts revealed no items of a material nature requiring adjustments to SCE's ERRA balancing account. DRA did not discover exceptions to the ERRA requirements adopted by the Commission. In addition to the ERRA balancing account, DRA found no exceptions with regard to the 10 other ratemaking accounts included in SCE's ERRA application. DRA thus believes that SCE's requested net revenue increase in 2009 of \$13.947 million, which pertains to the recorded costs and revenues of two Memorandum Accounts and Franchise Fees and Uncollectibles, is reasonable, accurately recorded and recoverable.⁷

In addition, DRA reports that it toured the solar facility at Kramer Junction, which enabled DRA to examine how SCE manages electric generation resources for which it contracts.

⁷ DRA Letter at 1-2.

Based on its review, DRA does not oppose the relief SCE is seeking in this application and does not believe evidentiary hearings are necessary.

5. Exhibits and Motions

SCE served three evidentiary exhibits, identified as SCE-1, SCE-2 and SCE-3, on parties to this proceeding at the time of its application on April 1, 2008. In light of DRA's letter stating its non-opposition to SCE's application, SCE filed a motion to offer its prepared testimony into evidence. Attached to its motion, SCE provided declarations from each witness testifying to the truth and accuracy of the testimony that he or she sponsored.

This motion of SCE is unopposed, and we receive into the evidentiary record of this proceeding SCE-1, SCE-2, and SCE-3.

In addition, SCE filed a motion seeking confidential treatment for a portion of the evidentiary record arguing that it is market sensitive and therefore qualifies for confidential treatment "pursuant to the D.06-06-066 matrix."⁸ SCE has shaded the material for which it is seeking confidential treatment in the documents submitted with its application. SCE notes that "[s]ince not other party has requested hearings or protested SCE's application, a redacted copy of the prepared testimony and appendices will be furnished to other interested parties only upon request."⁹

We shall permit the filing of SCE-1, SCE-2 and SCE-3 under seal consistent with the terms established in D.06-06-066. Specifically, the motion of SCE to seal a portion of the evidentiary record is granted pursuant to the confidentiality

⁸ Motion to Seal at 2.

⁹ *Id.* at 2.

protections of D.06-06-066, Public Utilities Code Section 53, and General Order 66-C, is granted. Consistent with the provisions of D.06-06-066, the documents identified above shall remain under seal for a period of three years from the date of this decision. During the three-year period, the documents identified above shall not be made accessible or disclosed to anyone other than Commission staff except pursuant to (a) the further order or ruling of the Commission, the assigned Commissioner, the assigned Administrative Law Judge (ALJ), or the ALJ then designated as Law and Motion Judge, or (b) the terms of a reasonable nondisclosure agreement. If SCE believes that the information which this ruling places under seal should be protected beyond three years, it may file a motion stating the justification for further withholding the documents from public inspection.

6. Discussion and Analysis of Record

Although this is no longer a contested matter, the nature and scope of the ERRR review requires the development of findings based on the evidentiary record before the Commission. We note that DRA examined the record before this Commission and reached findings pertaining to Utility Retained Generation, Qualifying Facilities Contracts, Non-QF Contracts, Least Cost Dispatch, and SCE Balancing Accounts that in these areas SCE's activities during the Record Period were reasonable and its associated costs should be recovered. In addition, there are issues where SCE requests a Commission finding which DRA's letter does not address explicitly.

6.1. Issues for Which DRA Does Not Dispute SCE's Testimony and Analysis

As noted above, the ERRA proceeding examines a large number of issues associated with the procurement and dispatch of energy resources. We address each issue in turn.

6.1.1. Least Cost Dispatch

Chapter Two of Exhibit SCE-1 presents evidence that during the Record Period SCE consistently dispatched the resources and contracts under SCE's control and made spot market transactions in a manner that complied with the Commission's adopted standard, Standard of Conduct No. 4. DRA's August 11 Letter states that DRA reviewed SCE's implementation of least-cost dispatch (LCD) principles and "believes that SCE's gas and electricity transactions during the Record Period appear reasonable and therefore [DRA] does not protest SCE's assertion that it effected [LCD]."¹⁰

Based on our review of the undisputed evidence that SCE has presented and in light of the DRA analysis, we find that during the Record Period in this proceeding, SCE complied with Standard of Conduct No. 4 by concurrently managing all its resources – which include contracts under its control – and engaging in market transactions in a manner designed to minimize costs to its bundled service customers.¹¹ Therefore, it is reasonable for SCE to recover all costs associated with the management of these resources.

6.1.2. Hydroelectric Generation

Chapter Three of Exhibit SCE-1 provides evidence concerning the operation of SCE's hydroelectric facilities during the Record Period. DRA

¹⁰ DRA Letter at 1.

¹¹ See Exhibit SCE-1 at 6.

reviewed SCE's hydroelectric generation records as part of its review of SCE's utility retained generation operations and found that "SCE did not appear to have any unreasonable outages."¹²

Based on our review of the undisputed evidence that SCE has presented and in light of the DRA analysis, we find that hydroelectric facilities were operated in prudent manner during the record period and it is therefore reasonable for SCE to recover these costs.

6.1.3. Coal Generation

Chapter 4 of Exhibit SCE-1 presents the results of the operations of SCE-owned coal-fired generating resources during the Record Period. DRA reviewed SCE's coal-fired generation records as part of its review of SCE's utility retained generation operations and found that "SCE did not appear to have any unreasonable outages and SCE's fuel procurement costs appear reasonable."¹³

Based on our review of the undisputed evidence that SCE has presented and in light of the DRA analysis, we find the costs related to SCE-owned coal fired generation resources to be reasonable and it is therefore reasonable for SCE to recover these costs.

6.1.4. SCE Peakers

Chapter Five of Exhibit SCE-1 presents data on the operations and fuel costs of four installed peaker units. DRA reviewed SCE's peaker generation records as part of its review of SCE's utility retained generation operations and

¹² DRA Letter at 1.

¹³ *Id.*

found that “SCE did not appear to have any unreasonable outages and SCE’s final procurement costs appear reasonable.”¹⁴

Based on our review of the undisputed evidence that SCE provides and in light of the DRA analysis, we find that SCE’s costs related to its four installed peakers are reasonable and it is therefore reasonable for SCE to recover these costs.

6.1.5. Catalina Diesel Operations

Chapter Six of Exhibit SCE-1 contains evidence pertaining to the diesel operations on Catalina Island. DRA reviewed SCE’s Catalina operations records as part of its review of SCE’s utility retained generation operations and found that “SCE did not appear to have any unreasonable outages and SCE’s fuel procurement costs appear reasonable.”¹⁵

Based on our review of the undisputed evidence that SCE provides and in light of the DRA analysis, we find SCE’s costs related to its Catalina Operations to be reasonable and it is therefore reasonable for SCE to recover these costs.

6.1.6. Nuclear Generation and Fuel

Chapter Seven of Exhibit SCE-1 contains evidence pertaining to the operations of San Onofre Nuclear Generating Station (SONGS) and Palo Verde Nuclear Generating Station (Palo Verde) during the Record Period, as well as evidence concerning nuclear fuel expenses. DRA reviewed SCE’s nuclear generation records as part of its review of SCE’s utility retained generation

¹⁴ *Id.*

¹⁵ *Id.*

operations and found that “SCE did not appear to have any unreasonable outages and SCE’s fuel procurement costs appear reasonable.”¹⁶

Based on our review of the undisputed evidence that SCE provides and in light of the DRA analysis, we find that the operation of SONGS and Palo Verde, as well as its nuclear fuel related expenses, were reasonable during the Record Period and it is therefore reasonable for SCE to recover these costs.

6.1.7. Utility Contract Administration and Costs

Chapter Eight of Exhibit SCE-1 contains evidence pertaining to SCE’s administration of its electricity procurement contracts during the Record Period, including a discussion of SCE’s net collateral fees incurred during the Record Period, which totaled \$3,039,482.¹⁷

DRA reviewed SCE administration and the direct costs of SCE’s non-qualified facilities (Non-QF) contracts, including SCE’s net collateral fees during the Record Period. DRA concluded that “SCE’s ongoing [Non-QF] contract administration activities appear to have been conducted in a prudent manner and ... there are no outstanding issues pertaining to contract administration or compliance monitoring.”¹⁸ As a result, DRA states that “DRA does not object to SCE’s request that the Commission find its [Non-QF] contract administration activities reasonable.”¹⁹

Based on our review of the undisputed evidence that SCE provides and in light of the DRA analysis, we find that SCE prudently administered its Non-QF

¹⁶ *Id.*

¹⁷ Exh. SCE-1 at 113-114.

¹⁸ DRA Letter at 2.

¹⁹ *Id.*

contracts during the Record Period and it is reasonable for SCE to recover these costs.

6.1.8. PURPA Contract Administration and Costs

Chapter Nine of Exhibit SCE-2 provides evidence on how SCE administered its PURPA²⁰ contracts in a reasonable manner and in accordance with Commission standards. We note that DRA states “DRA did not uncover evidence that SCE failed to administer these programs within Commission guidelines”²¹ and therefore it voices no objection to SCE’s request for recovery of these costs.

Based on our review of the undisputed evidence that SCE provides and in light of the DRA analysis, we find that SCE prudently administered its QF contracts during the Record Period and it is therefore reasonable for SCE to recover costs related to PURPA contracts.

6.1.9. Operation of Ratemaking Accounts

Chapter Twelve of Exhibit SCE-2 provides evidence on the operation of various ratemaking accounts. This information facilitates the Commission in its review and audit of SCE’s balancing accounts and other regulatory account activities. DRA reviewed SCE’s ERRRA balancing accounts and found “[n]o items of a material nature requiring adjustments.”²² DRA also reviewed SCE’s other

²⁰ PURPA stands for Public Utility Regulatory Policies Act of 1978. PURPA contracts are also known as Qualifying Facility Contracts.

²¹ DRA Letter at 2.

²² *Id.*

ratemaking accounts and found “no exceptions.”²³ As a result of its review, DRA concluded that “SCE’s requested net revenue increase in 2009 of \$13.947 million ... is reasonable, accurately recorded and recoverable.”²⁴

Based on our review of the undisputed evidence that SCE provides and in light of the DRA analysis, we find that the entries recorded in these balancing accounts and other regulatory accounts are appropriate, correctly stated, and in compliance with Commission decisions and should therefore be recovered.

6.2. Issues Not Specifically Addressed In DRA’s August Letter

In addition to the issues directly addressed in DRA’s letter, a few matters of relevance to an ERRA review are addressed only in SCE’s testimony and application. We now address these issues.

6.2.1. Renewable Portfolio Standards Contract Administration and Costs

SCE originates certain power purchase agreements pursuant to California’s renewable portfolio standard (RPS) legislation, which became effective on January 1, 2003, and these agreements are commonly known as “RPS contracts.”

Chapter Ten of Exhibit SCE-2 contains evidence and information concerning RPS contract-related expenses, as well as the RPS contract development and administration activities during the Record Period.

²³ *Id.*

²⁴ *Id.*

Based on our review of the undisputed evidence that SCE provides, we find SCE's administration and management of its RPS contracts to be reasonable and therefore its associated costs should be recovered.

6.2.2. California Independent System Operator (CAISO) – Related Costs

Chapter Eleven of Exhibit SCE-2 addresses CAISO-related costs, which totaled approximately \$321.7 million during the record period.

Based on our review of the undisputed evidence that SCE provides, we find that the majority of these CAISO-related costs are not avoidable or manageable by SCE. For those costs over which SCE had limited discretion, we find that SCE acted consistent with the objective of minimizing costs to bundled electric customers. As a result of our analysis, we find all of SCE's CAISO-related costs incurred during the Record Period to be reasonable and therefore these costs should be recovered.

6.2.3. Special Contract Administration and Costs

Chapter Thirteen of Exhibit SCE-2 contains evidence and information concerning Self Generation Deferral Rate (SDGR) agreements with Exxon Mobil and Tosco (also known as ConocoPhillips). The information attests to the prudent management of these contracts.

Based on our review of the undisputed evidence that SCE provides, we find that SCE's administration of these agreements during the Record Period was reasonable, and all associated costs should be recovered.

7. Conclusion

The scope of operations and the procedures for booking costs to accounts covered in the annual ERRA proceeding have, over time, become largely settled. Although DRA conducted a thorough review of SCE's testimony and accounts,

DRA found no issues to contest and stated that “DRA does not oppose the relief SCE is seeking in its application.”²⁵ There are no other parties to this proceeding.

SCE’s application is now uncontested.

Our own review of the evidence presented by SCE confirmed SCE’s requests in its application, including the approval of its operations and recovery of its costs, to be reasonable. As a result, we grant the relief SCE requests in this application.

8. Categorization and Need for Hearings

In Resolution ALJ 176-3211, dated April 10, 2008, the Commission preliminarily categorized this application as Ratesetting, and preliminarily determined that hearings were necessary. Since no material issues of fact arose in the proceeding and no evidentiary hearings were needed, the preliminary determinations made in Resolution ALJ 176-3211 should be modified accordingly.

9. Comments on Proposed Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission’s Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived..

10. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and Timothy J. Sullivan is the assigned Administrative Law Judge in this proceeding.

²⁵ DRA Letter at 2.

Findings of Fact

1. SCE's ERRA application seeks Commission review of its URG expenses, its administration of power purchase agreements, its least-cost dispatch activities and related spot market transactions, and its procurement-related revenue and expenses recorded in its ERRA Balancing Account for the period beginning January 1, 2007 and ending December 31, 2007 (Record Period).

2. At the close of the Record Period, SCE's ERRA Balancing Account reflected \$4.14 billion in expenses and an overcollection of \$433 million.

3. SCE seeks recovery of a net undercollection balance of \$13.947 million (including \$0.156 million of Franchise Fees and Uncollectibles) in two memorandum accounts.

4. DRA conducted a thorough review of SCE's ERRA account and 10 other ratemaking accounts covered in this application and found no items of a material nature requiring adjustments.

5. DRA found that SCE's operations pertaining to utility retained generation, QF contracts, non-QF contracts, least cost dispatch, were reasonable and consistent with Commission policies.

6. Based on its review, DRA does not oppose the relief that SCE is seeking in the application and does not believe evidentiary hearings are necessary.

7. There are no other parties to this proceeding.

8. SCE's application is unopposed.

Conclusions of Law

1. SCE's administration of its procurement contracts during the Record Period was reasonable and prudent.

2. During the Record Period, SCE consistently dispatched the resources and contracts under its control and made spot market transactions in a manner that

complied with the Commission's adopted standard, Standard of Conduct No. Four.

3. SCE's hydroelectric facilities, coal-fired generating resources, peaker facilities and Catalina Island generation operations, and nuclear generation were operated in a prudent manner during the Record Period.

4. SCE's cost of replacement power that it purchased during scheduled and unscheduled outages at its URG facilities during the Record Period was reasonable and should be recovered.

5. SCE prudently administered its QF and Non-QF contracts during the Record Period. SCE's costs associated with the administration of its QF and Non-QF contracts during the Record Period were reasonable and should be recovered.

6. SCE prudently and reasonably administered its RPS contracts during the Record Period and its associated costs are recoverable.

7. SCE's CAISO-related costs incurred during the Record Period are reasonable and recoverable.

8. SCE's ERRA Balancing Account and all other regulatory account entries as discussed within and set forth in Chapter XII of Exhibit SCE-2 are accurately stated and reasonable.

9. SCE's requested revenue increase of \$13.947 million associated with the two memorandum accounts discussed herein and show in Table XII-20 on page 63 of SCE-2 are reasonable and should be adopted.

10. SCE's administration of its SGDR agreements as discussed herein during the Record Period was reasonable.

11. It is reasonable to place under seal the market sensitive information as requested by SCE. Pursuant to D.06-06-066, it is reasonable to keep such information under seal for a period of three years.

12. Since there are no parties to this proceeding who have not received a confidential version of the testimony and appendices, it is not in the public interest to prepare a redacted version of the testimony and appendices at this time.

13. This decision should be effective today, in order to allow the docket to be closed expeditiously.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company's (SCE) administration of its power agreements and least cost dispatch activities during the period beginning January 1, 2007 and ending December 31, 2007 – the Record Period – was reasonable and prudent. SCE is authorized to recover costs associated with the administration of its power agreements and least cost dispatch activities for the Record Period.

2. SCE's operation of its utility-retained generation facilities was reasonable. SCE is authorized to recover costs associated with its utility-retained generation facilities for the Record Period.

3. SCE's costs associated with the administration of its Qualifying Facility (QF) and Non-Qualifying Facility (Non-QF) contracts incurred during the Record Period were reasonable. SCE is authorized to recover its QF and Non-QF costs for the Record Period.

4. SCE is authorized to recover its costs associated with Renewable Portfolio Standard (RPS) contracts for the Record Period.

5. SCE's CAISO-related costs incurred during the Record Period were reasonable. SCE is authorized to recover its CAISO-related costs for the Record Period.

6. SCE's requested revenue increase of \$13.947 million associated with the two memorandum accounts discussed within is reasonable. SCE is authorized to increase its revenues \$13.947 million to recover these costs.

7. SCE's Exhibits SCE-1, SCE-2, and SCE-3 are received into the record in this proceeding pursuant to the provisions and procedures of D.06-06-066. SCE-1 and SCE-2 shall be Filed Under Seal and remain sealed for a period of three years from the effective date of this decision. During that period, SCE-1 and SCE-2 shall not be made accessible or disclosed to anyone other than the Commission staff except on further order or ruling of the Commission, the assigned Commissioner, the assigned Administrative Law Judge (ALJ), or the ALJ then designated as Law and Motion Judge. If SCE believes that further protection of the information kept under seal is needed, it may file a motion stating the justification for further withholding of the information from public inspection, or for such other relief as the Commission's rules may then provide. This motion shall be filed no later than one month before the expiration date.

8. SCE shall furnish a redacted copy of the prepared testimony and appendices upon the request of an interested party.

9. Resolution ALJ 176-3211 dated April 10, 2008, is modified to reflect that an evidentiary hearing was not required in this proceeding.

10. Application 08-04-001 is closed.

This order is effective today.

Dated November 6, 2008, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners