

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA
EDISON (U 338-E) for Authorization to Recover
Costs Recorded in the Catastrophic Events
Memorandum Account.

Application 04-12-003
(Filed December 2, 2004)

**ADMINISTRATIVE LAW JUDGE'S RULING REQUIRING
SOUTHERN CALIFORNIA EDISON COMPANY TO SUPPLEMENT ITS
APPLICATION; ESTABLISHING RELATED FILING DEADLINES; DENYING
MOTION TO CONSOLIDATE; AND SCHEDULING A PREHEARING
CONFERENCE**

Background

In October and November of 2003, California experienced some of the most destructive wildfires in the nation's history. As a result of these devastating fires, Southern California Edison Company (Edison) suffered damage to portions of its infrastructure. This damage, according to Edison, required it to spend tens of millions of dollars to restore service to customers, many of whom were without power for many days. In Resolution E-3238,¹ the Commission authorized Edison to establish a Catastrophic Event memorandum Account (CEMA) to record costs associated with: (1) restoring utility service to its customers; (2) repairing, replacing, or restoring damaged utility facilities; and (3) complying with governmental agency orders from declared disasters.

¹ In Advice Letter 912-E, Edison established its CEMA in accordance with Resolution E-3238, effective September 6, 1991.

Edison asks the Commission to: (1) find reasonable the \$8.0 million of incremental O&M expenses² and the \$29.2 million of incremental capital expenditures³ Edison incurred in restoring service and rebuilding its fire-damaged infrastructure; and (2) authorize the transfer of the recorded December 31, 2005 CEMA balance related to the firestorms to the Base Revenue Requirement Balancing Account for recovery in rates.

Further Information and Explanation is Required

Based upon a review of the application and the accompanying prepared testimony it appears that the application as filed does not provide sufficient information for the Commission to determine whether the request is reasonable and supported by the evidence. Accordingly, to allow for a full and fair review of the applicant's request, Edison must supplement its the application.⁴

Specifically,

1. The application and testimony as served do not appear to include a complete accounting of the entire cost to restore service following the firestorms and therefore Edison does not adequately explain the derivation of the incremental costs included in the application. (Ex. SCE-1, p. 21.)
2. The application and testimony do not include a complete explanation of the derivation of “incremental costs” segregating costs already included in rates. (Ex. SCE-1, p. 18, lines 13-22.)

² Ex. SCE-1, Table III-4, p.29.

³ Ex. SCE-1, Table III-3, p. 28.

⁴ As a reference, Edison should review the level of detail contained in Application (A.) 04-06-035 filed by SDG&E and included in Ex. 4, and its attached Exhibits F through K.

3. The application and testimony as served do not include an explanation of the allocation of costs between state and federal jurisdictions: it cannot be determined whether Edison reasonably allocated firestorm costs between distribution and transmission.
4. The application and testimony as served do not include a detailed explanation of the various overhead costs (Other) in total or requested for recovery in the application.
(Ex. SCE-1, p. 31 ff.)

The supplement to the application should be provided in the form of testimony and sponsored by an appropriate witness, served in hard copy and electronic form to the ALJ. The supplement shall also be served on the parties who received notice of A.04-12-003. Electronic copies should be provided to the ALJ be in fully functional Microsoft Excel or Word files. As appropriate, additional references may be included to exhibits already served in the application. Any information currently contained in workpapers to the application should be included as testimony sponsored by an appropriate witness with all necessary descriptive information. The supplement is due on February 1, 2005.

Response to Protests

Two parties, the Office of Ratepayer Advocates and The Utility Reform Network, made timely protests of A.04-12-003 as filed by Edison. In light of the additional information required above, I will extend the time for Edison to respond to those protests to February 1, 2005, to be consistent with the due date for supplemental testimony.

Motion to Consolidate

By a motion filed December 23, 2004 Utility Consumers' Action Network (UCAN) seeks to consolidate San Diego Gas & Electric Company's (SDG&E) A.04-06-035, with this proceeding, or, in the alternative, to set aside submission

of SDG&E's proceeding in order to reopen the record and receive further evidence in A.04-06-035.

In the SDG&E proceeding evidentiary hearings have already concluded, parties filed opening and reply briefs on December 3, 2004 and December 20, 2004, respectively. Upon the service of late-filed exhibit SDG&E-9 on January 18, 2005, and replies on February 7, 2004, the SDG&E proceeding will stand submitted, absent any dispute over the late-filed exhibit. The Edison proceeding by contrast has just begun, and may require some months for discovery, evidentiary hearings, briefing, and decision preparation. In its January 7, 2005 response to UCAN's motion SDG&E opposes consolidation. SDG&E asserts that UCAN failed to meet the requirements of Rule 84⁵ of the Commission's Rules of Practice and Procedure, and that UCAN has failed to show there is a risk of the Commission reaching inconsistent decisions on similar matters: similar in that both applications address the possible rate recovery of costs incurred as a result of a catastrophic event.

Although the two applications present related questions of law and fact⁶ the resolution of a consolidation request is entirely within the Commission's

⁵ Rule 84 provides "After conclusion of hearings, but before issuance of a decision, a party to the proceeding may serve on all other parties, and file with the Commission, a petition to set aside submission and reopen the proceeding for the taking of additional evidence, or for consideration of a settlement or stipulation under Article 13.5. Such petition shall specify the facts claimed to constitute grounds in justification thereof, including material changes of fact or of law alleged to have occurred since the conclusion of the hearing. It shall contain a brief statement of proposed additional evidence, and explain why such evidence was not previously adduced."

⁶ Rules 55 provides "Proceedings involving related questions of law or fact may be consolidated."

discretion. In this instance, I agree with SDG&E that UCAN has not shown any “material changes of fact or of law alleged to have occurred since the conclusion of the hearing” that warrant setting aside submission – or otherwise delaying A.04-06-015 in order to effect consolidation. Further, I agree with SDG&E that the Commission is capable of developing adequate records in both proceedings that will allow it to render separate decisions for each proceeding.

Prehearing Conference

A Prehearing Conference (PHC) will expedite the efficient conduct of this proceeding. In order to better inform the Commission on the disputed issues interested parties are requested to serve a written PHC Statement on the service list by February 14, 2005, three days prior to the first PHC which is scheduled for February 17, 2004 at 10:30 a.m. at 505 Van Ness Avenue, San Francisco, Ca. Parties should also include their suggestions for scheduling with a view to a timely decision. Edison should separately schedule and attend a “meet and confer” session⁷ prior to the PHC and the due date for the PHC Statements with a view to developing a consensus schedule, defining the issues and addressing discovery.

IT IS RULED that:

1. On or before February 1, 2005, Southern California Edison Company shall file a supplement to its application, and shall serve any necessary additional prepared testimony responsive to the deficiencies in Application (A.) 04-12-003 as identified in this Ruling.

⁷ The meet and confer may be a telephone conference or electronic exchange, as agreed by Edison and, at a minimum, those parties who have filed protests.

2. Edison shall reply to the timely protests to this application on or before February 1, 2005.

3. The Motion to consolidate San Diego Gas & Electric Company's (SDG&E) A.04-06-035, with this proceeding, A.04-12-003, is denied.

4. A Prehearing Conference is scheduled for February 17, 2005 at 10:30 a.m. at 505 Van Ness Avenue, San Francisco, and Ca. Prehearing Conference Statements shall be filed and served on February 14, 2005.

5. Edison shall serve the supplement on the service list in A.02-05-004 used for the initial filing of this proceeding. Edison shall provide both hard copy and functional electronic form copies of the supplement and reply to the assigned Administrative Law Judge.

Dated January 14, 2005, at San Francisco, California.

/s/ Douglas M. Long

Douglas M. Long
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge’s Ruling Requiring Southern California Edison Company to Supplement its Application; Establishing Related Filing Deadlines; Denying Motion to Consolidate; and Scheduling a Prehearing Conference on all parties of record in this proceeding or their attorneys of record.

Dated January 14, 2005, at San Francisco, California.

/s/ Antonina V. Swansen
Antonina V. Swansen

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission’s policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, *e.g.*, sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.