BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

Application of Southern California Edison
Company (U 338-E) to Establish Marginal Costs,
Allocate Revenues, Design Rates, and Implement
Additional Dynamic Pricing Rates.

APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO
ESTABLISH MARGINAL COSTS, ALLOCATE REVENUES, DESIGN RATES, AND
IMPLEMENT ADDITIONAL DYNAMIC PRICING RATES

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Dated: June 20, 2014
# GRC PHASE 2 APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)

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APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO
ESTABLISH MARGINAL COSTS, ALLOCATE REVENUES, DESIGN RATES, AND
IMPLEMENT ADDITIONAL DYNAMIC PRICING RATES

I. INTRODUCTION

Pursuant to the Rules of Practice and Procedure of the California Public Utilities Commission
(Commission or CPUC), Southern California Edison Company (SCE) files this Application to establish
marginal costs, allocate revenues, design rates, and implement additional dynamic pricing rates that will
ultimately be applied to SCE’s authorized revenue requirements. This request is related to SCE’s
Application (A.) 13-11-003, commonly referred to as Phase 1 of SCE’s General Rate Case (GRC),
which is SCE’s request to increase its Commission-authorized revenues.
II.

PROCEDURAL BACKGROUND

Under the Rate Case Plan (RCP),\(^1\) SCE is required to file a complete electric rate design proposal (GRC Phase 2) and serve supporting exhibits and testimony ninety (90) days after the filing of its Application in Phase 1 of SCE’s GRC. Given this timetable, SCE’s 2015 GRC Phase 2 was scheduled to be filed February 10, 2014.\(^2\) However, on January 15, 2014, SCE submitted a request to Paul Clanon, the Commission’s Executive Director, seeking to allow SCE to file this Application no later than June 20, 2014, instead of on February 10, 2014, as anticipated by the RCP. On February 5, 2014, the Executive Director granted SCE’s request.

This Application is filed in accordance with the Commission’s decisions establishing procedures for the processing of SCE’s GRCs. In accordance with SCE’s RCP, rates resulting from the Commission’s decision in this proceeding are to be implemented following the end of the summer season.\(^3\) Given the approved delay in filing the Application, SCE requests that the Commission issue a decision by late November 2015 in this proceeding that would permit revised rates to be implemented in early 2016.

III.

SUMMARY OF SCE’S PROPOSALS

The details of SCE’s 2015 GRC Phase 2 proposals are set forth in the exhibits that accompany this Application. Exhibit SCE-01 describes SCE’s overall rate design objectives and the results of SCE’s proposed revenue allocations. Exhibit SCE-02 presents SCE’s updated unit marginal cost studies

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1 The Rate Case Plan was developed in Decision (D.)89-01-040 and subsequently modified in D.93-07-030 and D.07-07-004.
2 D.93-07-030, as modified by D. 07-07-004, Appendix A, pp. A-5 through A-7, provides that electric utilities file their electric rate design proposals 90 days after the GRC Application is filed. In this instance, SCE filed its Phase 1 Application on November 12, 2013.
3 Under the RCP for SCE, a final decision in Phase 2 is scheduled 592 days after the Application in Phase 1 is filed.
and sales and billing determinant forecasts. The information in Exhibit SCE-02 is used as the basis to allocate the overall revenue requirement to the individual rate groups, as described in Exhibit SCE-03. After integrating the billing determinants with the corresponding unit marginal costs, scaling marginal cost revenue responsibility to the appropriate revenue requirement, and accounting for policy considerations, rate designs were constructed for all of SCE’s rate groups and those proposals are contained in Exhibit SCE-04 with corresponding (and additional) tariff changes included as Exhibit SCE-05. Qualifications for SCE’s witnesses are contained in Exhibit SCE-06.

SCE’s proposals are described briefly below, and are set forth in detail in SCE’s prepared direct testimony, which is being made available via notice of availability along with this Application. In Phase 2 of SCE’s GRCs, the Commission addresses marginal cost, revenue allocation, and rate design issues. This Application does not request any changes in SCE’s adopted revenue requirements, but requests Commission authority to revise SCE’s retail rates as authorized revenues change in accordance with the principles discussed in the testimony that accompanies this Application. The overall effect of SCE’s proposals in this Application is revenue neutral; however, the results of the Commission’s decision in this proceeding, when they are implemented, will be applied to SCE’s then-current authorized revenues, incorporating any revenue changes adopted in Phase 1 of SCE’s 2012 GRC and from other Commission or Federal Energy Regulatory Commission (FERC) proceedings. Application of the same rate design methods approved in this proceeding to a changed revenue requirement will produce rates different from those that are shown for illustrative purposes in this Application.

SCE’s primary objective for this proceeding is to continue moving toward an efficient, cost-based, and equitable approach to revenue allocation and rate design, while keeping rates as stable as possible and supporting the policy directives outlined by the Commission in the Energy Action Plan (EAP).

A. Marginal Costs

SCE’s specific marginal cost and sales forecast are discussed in detail in Exhibit SCE-02. SCE has comprehensively reviewed its marginal distribution and customer costs and has conducted load
research studies to determine the marginal demand measures that can be used to accurately estimate each rate group’s contribution to generation and distribution system costs. The primary drivers of marginal costs associated with the delivery system are electric usage, design demand (the amount of planned capacity that service planners determine to be necessary when planning to serve the additional demand of a customer or group of customers) and the number of customers requiring interconnection with SCE’s system and various customer services. SCE’s generation marginal costs are based on the capacity cost of a new combustion turbine with marginal energy costs based on the results of modeling, including the effect of the costs of carbon dioxide emissions.

B. Revenue Allocation

SCE allocates the unbundled revenue requirements for generation, transmission, distribution, nuclear decommissioning (NDC), California Solar Incentive (CSI), New System Generation Service (NSGS), and public purpose programs (PPP) to rate groups based either on established principles or on proposals that are discussed in Exhibit SCE-03. SCE proposes to allocate its Commission-authorized distribution and generation revenue requirements to rate groups in accordance with the equal percent of marginal costs (EPMC) revenue allocation methodology. SCE proposes to use the marginal distribution and customer cost revenues in the calculation of the EPMC factors for allocation of distribution revenue requirement to various rate groups. Generation revenues are proposed to be allocated based on marginal generation cost revenues.

This Application does not request any change in SCE’s authorized revenue requirements. Thus, the rates presented by SCE illustrate the effect of SCE’s marginal cost, revenue allocation, and rate design proposals, relative to those in effect as of April 2014. When rates are implemented based on the Commission’s decision in this proceeding, they must ultimately reflect SCE’s then-current, authorized revenue requirements. Thus, revenue allocations and rate levels presented by SCE in this Application are illustrative only.

Table III-1, below, illustrates the results of SCE’s proposed revenue allocation for bundled service customers.
Table III-1
Illustrative Bundled Service Average Rates
By Rate Group (¢/kWh)

<table>
<thead>
<tr>
<th></th>
<th>April 2014 (¢/kWh)</th>
<th>% of SAR</th>
<th>Proposed (¢/kWh)</th>
<th>% of SAR</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Domestic</strong></td>
<td>16.3</td>
<td>105%</td>
<td>16.7</td>
<td>107%</td>
<td>2.4%</td>
</tr>
<tr>
<td>GS-1</td>
<td>18.1</td>
<td>117%</td>
<td>17.3</td>
<td>111%</td>
<td>-4.8%</td>
</tr>
<tr>
<td>TC-1</td>
<td>18.4</td>
<td>118%</td>
<td>20.3</td>
<td>130%</td>
<td>10.7%</td>
</tr>
<tr>
<td>GS-2</td>
<td>17.7</td>
<td>113%</td>
<td>17.3</td>
<td>111%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>TOU-GS-3</td>
<td>15.6</td>
<td>100%</td>
<td>15.3</td>
<td>98%</td>
<td>-1.5%</td>
</tr>
<tr>
<td><strong>Total LSMP</strong></td>
<td>17.2</td>
<td>111%</td>
<td>16.8</td>
<td>108%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>TOU-8-Sec</td>
<td>14.3</td>
<td>92%</td>
<td>13.8</td>
<td>89%</td>
<td>-3.2%</td>
</tr>
<tr>
<td>TOU-8-Pri</td>
<td>12.9</td>
<td>83%</td>
<td>12.7</td>
<td>82%</td>
<td>-1.2%</td>
</tr>
<tr>
<td>TOU-8-Sub</td>
<td>8.8</td>
<td>57%</td>
<td>9.0</td>
<td>58%</td>
<td>2.1%</td>
</tr>
<tr>
<td><strong>Total Large Power</strong></td>
<td>12.3</td>
<td>79%</td>
<td>12.1</td>
<td>78%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>TOU-PA-2</td>
<td>14.9</td>
<td>96%</td>
<td>15.4</td>
<td>99%</td>
<td>3.6%</td>
</tr>
<tr>
<td>TOU-PA-3</td>
<td>11.5</td>
<td>74%</td>
<td>12.8</td>
<td>82%</td>
<td>11.2%</td>
</tr>
<tr>
<td><strong>Total Ag.&amp;Pumping</strong></td>
<td>13.5</td>
<td>87%</td>
<td>14.4</td>
<td>92%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Total Street Lighting</td>
<td>18.0</td>
<td>115%</td>
<td>18.8</td>
<td>120%</td>
<td>4.6%</td>
</tr>
<tr>
<td>STANDBY/SEC</td>
<td>13.2</td>
<td>85%</td>
<td>12.9</td>
<td>83%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>STANDBY/PRI</td>
<td>13.2</td>
<td>85%</td>
<td>13.0</td>
<td>83%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>STANDBY/SUB</td>
<td>9.1</td>
<td>59%</td>
<td>9.4</td>
<td>60%</td>
<td>3.1%</td>
</tr>
<tr>
<td><strong>Total Standby</strong></td>
<td>10.4</td>
<td>67%</td>
<td>10.5</td>
<td>67%</td>
<td>1.3%</td>
</tr>
<tr>
<td><strong>Total System</strong></td>
<td>15.6</td>
<td>100%</td>
<td>15.6</td>
<td>100%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

C. Rate Design

SCE’s specific rate design proposals for all customer rate groups are discussed in detail in Exhibit SCE-04. Moreover, as discussed in Exhibit SCE-01, SCE also has pending rate design proposals in two other open ratesetting proceedings: SCE’s 2013 Rate Design Window Application (A.13-12-015), and the Order Instituting Rulemaking to address comprehensive changes to residential
rate design (R.12-06-013). The latter proceeding will address the lion’s share of residential rate reform changes necessitated by long-standing and substantial rate inequities that exist in SCE’s default tiered rate structure. However, this 2015 GRC Phase 2 Application addresses SCE-specific residential rate design issues not proposed to be covered in R.12-06-013 or A.13-12-015, including master meter-related rates and, as explained in SCE-04 and below, a proposal to establish separate baseline allowances for single-family versus multi-family all-electric homes.

SCE offers a summary in SCE-01 of its pending rate design proposals for two reasons. First, the rate tables and bill impacts in Appendices B and C of SCE-04 are predicated on adoption of SCE’s proposals as submitted in those two proceedings. Second, in the unlikely event that the Commission ultimately elects not to resolve rate design issues that are currently in scope in A.13-12-015 and R.12-06-013, SCE hereby reserves its right to include those proposals in connection with this Application so as not to lose the opportunity to effect timely rate design changes that would otherwise be potentially constrained by the three-year GRC Phase 2 cycle. Thus, Appendices A and B of SCE-01 contain testimony in support of SCE’s rate design proposals from A.13-12-015 and R.12-06-013, respectively.

In this Application, SCE proposes to change the way in which it allocates baseline allowances for all-electric residential customers. Under SCE’s present baseline allocation methodology, all-electric customers’ average usage, from which baseline allocations are derived, is lower than average residential usage across SCE’s whole service territory (for basic customers and all-electric customers combined), even though the law recognizes that all-electric customers should receive a higher baseline allocation. SCE proposes to establish separate baseline allocations for all-electric single-family dwellings versus all-electric multi-family dwellings, which will redress an intra-class inequity resulting from the disproportionately high penetration of multi-family all-electric homes relative to single-family all-electric homes.

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4 The full name of the proceeding is: *Order Instituting Rulemaking on the Commission’s Own Motion to Conduct A Comprehensive Examination Of Investor-Owned Electric Utilities’ Residential Rate Structures, The Transition to Time Varying, and Dynamic Rates, and Other Statutory Obligations.*
SCE has three major non-residential rate design proposals in Exhibit SCE-04. First, SCE presents a proposal to default eligible small and medium commercial and industrial (C&I) customers, and large agricultural customers, to critical peak pricing (CPP) rates in compliance with D.13-03-031. SCE explains the reasons why it supports a one-time transition for all eligible customers in April 2017, rather than three waves of transition that would be completed in January 2017.

Second, SCE proposes to permit Schedule RES-BCT (Local Government Renewable Energy Self-Generation Bill Credit Transfer) customers at 500 kW or below to take service on special standby rates that will convert generation capacity charges into energy charges, a change that restores these customers to the position in which they stood before the 2012 GRC Phase 2.

Third, SCE proposes to use a new algorithm for its standby customers that better identifies and differentiates between supplemental load (i.e., load regularly served by SCE, regardless of the customers’ operational purpose) and back-up load (also known as reserve capacity, or “standby demand” because it refers only to the load SCE serves when the customer’s generator experiences a partial or complete outage). SCE’s proposed algorithm will continue a steady evolution in the design of standby rates that began in 2001 when the Commission articulated a set of cost-based policies for addressing this and other standby-related issues. SCE also proposes a new way in which to allocate revenues to the large standby customer class. For standby customers above 500 kW, rather than separating back-up billing determinants from supplemental billing determinants in the rate design phase of the proceeding (following revenue allocation), SCE proposes to undertake the division before revenue allocation. Separating the supplemental versus back-up load at an earlier phase of revenue allocation/rate design helps ensure that rates applicable to standby supplemental service are at the same levels as rates applicable to full requirements service, while capturing the diversity benefit associated with back-up service. This new sequence (of separating supplemental from standby load before revenue allocation) will lead to more efficient allocation of revenue by better reflecting the unique characteristics of each type of service provided when determining contributions to marginal cost revenue requirements.
IV.

PROCEDURAL REQUIREMENTS

A. **Statutory and Procedural Authority**

SCE makes this Application pursuant to (D.)89-01-040, D.93-07-030 and D.07-07-004; Rule 3.2 of the Commission’s Rules of Practice and Procedure; and sections 451, 454, 454.3, 491, 701, 728, 729 of the California Public Utilities Code. Rule 2.1 requires that all Applications: (1) clearly and concisely state the authority or relief sought; (2) cite the statutory or other authority under which that relief is sought; and, (3) be verified by the applicant. Rules 2.1(a), 2.1(b), and 2.1(c) set forth further requirements that are addressed separately below. The relief being sought is summarized in Section III (Summary of SCE’s Proposals) and is further described in the prepared direct testimony being served concurrently with this Application. This Application has been verified by an SCE officer as provided in Rules 1.11 and 2.1.

B. **Proposed Categorization**

SCE proposes to categorize this proceeding as ratesetting, as defined in Rule 1.3(e) of the Commission’s Rules of Practice and Procedure and PU Code §1701.1(c)(3).§

C. **Need for Hearings, Issues to be Considered, and Proposed Schedule**

The need for hearings and the issues to be considered in such hearings will depend in large part on the degree to which other parties contest SCE’s request. SCE’s proposed procedural schedule includes time allotted for evidentiary hearings should they be required.

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§ Rule 1.3(e) of the Commission’s Rules of Practice and Procedure: “‘Ratesetting’ proceedings are proceedings in which the Commission sets or investigates rates for a specifically named utility (or utilities), or establishes a mechanism that in turn sets the rates for a specifically named utility (or utilities).” CAL. PUB. UTIL. CODE §1701.1(c)(3): “Ratesetting cases, for purposes of this article, are cases in which rates are established for a specific company, including, but not limited to, general rate cases, performance-based ratemaking, and other ratesetting mechanisms.”
In general, the issues to be considered in this proceeding involve the methods of determining marginal costs and the marginal cost revenue responsibility for each rate group, the allocation of Commission-approved revenue requirements by function to each rate group, and a variety of issues related to the design of rates within each of SCE’s rate groups.

SCE proposes the following schedule for this proceeding:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCE files Application</td>
<td>June 20, 2014</td>
</tr>
<tr>
<td>Protests/Responses to Application</td>
<td>30 days from the date the notice of the filing of the Application first appears in the Daily Calendar [approximately July 25, 2014]</td>
</tr>
<tr>
<td>Reply</td>
<td>10 days from the deadline for filing Protests/Responses [approximately August 4, 2014]</td>
</tr>
<tr>
<td>Prehearing Conference</td>
<td>To be determined by CPUC</td>
</tr>
<tr>
<td>Scoping Memo Issued</td>
<td>To be determined by CPUC</td>
</tr>
<tr>
<td>ORA Testimony Due</td>
<td>December 19, 2014</td>
</tr>
<tr>
<td>Other Parties – Testimony Due</td>
<td>January 2015</td>
</tr>
<tr>
<td>Settlement Discussions</td>
<td>February-March 2015</td>
</tr>
<tr>
<td>Rebuttal Testimony Due – All Parties</td>
<td>April 2015</td>
</tr>
<tr>
<td>Evidentiary Hearings (if necessary)</td>
<td>May 2015</td>
</tr>
<tr>
<td>Concurrent Opening Briefs</td>
<td>June 2015</td>
</tr>
<tr>
<td>Reply Briefs</td>
<td>June 2015</td>
</tr>
<tr>
<td>ALJ Proposed Decision (PD)</td>
<td>September 2015</td>
</tr>
<tr>
<td>Opening Comments on PD</td>
<td>20 days from issuance of PD [October 2015]</td>
</tr>
<tr>
<td>Reply Comments on PD</td>
<td>5 days after Opening Comments are filed [October 2015]</td>
</tr>
<tr>
<td>CPUC – Final Decision</td>
<td>November/December 2015</td>
</tr>
</tbody>
</table>

D. **Legal Name and Correspondence—Rules 2.1(a) and 2.1(b)**

The legal name of the Applicant is Southern California Edison Company (SCE). 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

SCE’s attorneys in this matter are Janet Combs, Russell Archer and Fadia Khoury.

Correspondence or communications regarding this Application should be addressed to:

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Attorney
Southern California Edison Company
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Rosemead, California 91770
Telephone: (626) 302-6008
Facsimile: (626) 302-6693
E-mail: Fadia.Khoury@sce.com

To request a copy of this Application, please contact:

Veronica Flores-Ochoa
Case Administrator
Southern California Edison Company
P.O. Box 800
2244 Walnut Grove Avenue
Rosemead, California 91770
Telephone: (626) 302-3104
Facsimile: (626) 302-3119
E-mail: caseadmin@sce.com

E. Organization and Qualification to Transact Business—Rule 2.2

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.

A copy of SCE’s Certificate of Determination of Preferences of the Series H Preference Stock filed with the California Secretary of State on February 28, 2014, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 24, 2014, in connection with Application No. 14-03-013, 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.

F. **Balance Sheet and Income Statement—Rule 3.2(a)(1)**

   Appendix A to this Application contains copies of SCE’s balance sheet as of March 31, 2014, and income statement for the period ended March 31, 2014, the most recent period available.

G. **Statement of Presently Effective and Proposed Rates—Rules 3.2(a)(2) and 3.2(a)(3)**

   The presently effective rates and the changes proposed to be made thereto are listed in Appendix B of Exhibit SCE-04. The proposed rates are illustrative and will be updated consistent with the Commission’s decision in this proceeding to reflect SCE’s then-current authorized revenues when such rates are implemented.

H. **Description of SCE’s Service Territory and Utility System—Rule 3.2(a)(4)**

   Because this application is not a general rate increase application, this requirement is not applicable.

I. **Summary of Earnings—Rule 3.2(a)(5)**

   Rule 3.2(a)(5) requires:

   A summary of earnings (rate of return summary) on a depreciated rate base for the test period or periods upon which applicant bases its justification for an increase.

   SCE’s 2014 Summary of Earnings is attached hereto as Appendix B.

J. **Depreciation—Rule 3.2(a)(7)**

   Because this application is not a general rate increase application, this requirement is not applicable.
K. **Capital Stock and Proxy Statement—Rule 3.2(a)(8)**

Because this application is not a general rate increase application, this requirement is not applicable.

L. **Statement Pursuant to Rule 3.2(a)(10)**

Rule 3.2(a)(10) requires that the “Application of electrical … corporations shall separately state whether or not the increase reflects and passes through to customers only increased costs to the corporation for the services or commodities furnished by it.” SCE’s request in this Application does not seek recovery of any additional revenue requirements that have not been or will not be authorized in other Commission proceedings and, therefore, does not pass through to customers any “increased costs to the corporation for the services or commodities furnished by it.” The purpose of this Application is to establish SCE’s marginal costs, allocate revenues to rate groups, and design rates for rate schedules, but not to increase the overall level of SCE’s revenues.

M. **Service of Notice—Rule 3.2(b), (c), and (d)**

As required by Rule 3.2(b) – 3.2(d), a notice of filing this Application will be (1) mailed to the designated officials of the state and the counties and cities listed in Appendix C hereto; (2) published in a newspaper of general circulation in each county in SCE’s service territory within which the rate changes would be effective; and (3) mailed or served electronically on all customers affected by the proposed rate changes.

N. **Appendices to This Application, And Index Of Exhibits**

SCE’s submissions in support of this Application include the following, which are incorporated herein by reference:§

---

§ Due to the large size of the testimony volumes, SCE is making them available electronically via a Notice of Availability, attached as Appendix D to this Application.
**Appendices to Application**

<table>
<thead>
<tr>
<th>Appendix</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix A</td>
<td>SCE’s Statement of Income and Balance Sheet</td>
</tr>
<tr>
<td>Appendix B</td>
<td>SCE’s Summary of Earnings (2014)</td>
</tr>
<tr>
<td>Appendix C</td>
<td>List of designated officials listed in the current Roster published by the Secretary of State for each county and city in which the proposed increase is to be made effective</td>
</tr>
<tr>
<td>Appendix D</td>
<td>SCE’s Notice of Availability of 2015 GRC Phase 2 Prepared Direct Testimony</td>
</tr>
</tbody>
</table>

**Exhibits to Application**

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exhibit SCE-01</td>
<td>Policy</td>
</tr>
<tr>
<td>Exhibit SCE-02</td>
<td>Marginal Cost and Sales Forecast Proposals</td>
</tr>
<tr>
<td>Exhibit SCE-03</td>
<td>Revenue Allocation Proposals</td>
</tr>
<tr>
<td>Exhibit SCE-04</td>
<td>Rate Design Proposals</td>
</tr>
<tr>
<td>Exhibit SCE-05</td>
<td>Tariff Change Proposals</td>
</tr>
<tr>
<td>Exhibit SCE-06</td>
<td>Witness Qualifications</td>
</tr>
</tbody>
</table>

**O. Service List**

This Application is being served on all parties on the official service list in Phase 2 of SCE’s 2012 GRC (A.11-06-007), Phase 1 of SCE’s 2015 GRC (A.13-11-003), the residential rate design Order Instituting Rulemaking (R.12-06-013), and SCE’s pending Rate Design Window Application (A.13-12-015). A list of the cities and counties affected by the increases proposed in this Application is attached hereto as Appendix C.
V. CONCLUSION

Southern California Edison Company is now ready to proceed with its showing in support of this Application. WHEREOF, Southern California Edison Company respectfully requests that the Commission review this Application and expeditiously issue an order approving SCE’s marginal costs, revenue allocation, rate design, and dynamic pricing proposals, as proposed herein.

Respectfully submitted,

FADIA RAFEEDIE KHOURY

/s/ Fadia Rafeedie Khoury

By: Fadia Rafeedie Khoury

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-6008
Facsimile: (626) 302-6693
E-mail: Fadia.Khoury@sce.com

June 20, 2014
VERIFICATION
(See Rule 1.11)
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 that are herein stated on information and belief, and as to those matters, I believe them to be true.

/s/ Leslie E. Starck
By: Leslie E. Starck
Senior Vice President of Regulatory Policy & Affairs
Southern California Edison Company
Appendix A
Statement of Income and Balance Sheet
SOUTHERN CALIFORNIA EDISON COMPANY

(h) A balance sheet as of the latest available date, together with an income statement covering the period from close of last year for which an annual report has been filed with the Commission to the date of the balance sheet attached to the application.

### STATEMENT OF INCOME
THREE MONTHS ENDED MARCH 31, 2014

(In millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUE</td>
<td>$2,924</td>
</tr>
<tr>
<td>OPERATING EXPENSES:</td>
<td></td>
</tr>
<tr>
<td>Fuel</td>
<td>72</td>
</tr>
<tr>
<td>Purchased power</td>
<td>1,071</td>
</tr>
<tr>
<td>Other operation and maintenance</td>
<td>713</td>
</tr>
<tr>
<td>Depreciation, decommissioning and amortization</td>
<td>410</td>
</tr>
<tr>
<td>Property and other taxes</td>
<td>85</td>
</tr>
<tr>
<td>Impairment and other charges</td>
<td>231</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>2,582</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td>342</td>
</tr>
<tr>
<td>Interest income</td>
<td>2</td>
</tr>
<tr>
<td>Other income</td>
<td>21</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(136)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(7)</td>
</tr>
<tr>
<td>INCOME BEFORE INCOME TAX</td>
<td>222</td>
</tr>
<tr>
<td>INCOME TAX (BENEFIT)</td>
<td>(12)</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>234</td>
</tr>
<tr>
<td>Less: Dividends on preferred and preference stock</td>
<td>26</td>
</tr>
<tr>
<td>NET INCOME AVAILABLE FOR COMMON STOCK</td>
<td>$208</td>
</tr>
</tbody>
</table>
**SOUTHERN CALIFORNIA EDISON COMPANY**

**BALANCE SHEET**
**MARCH 31, 2014**
**ASSETS**
(in millions)

<table>
<thead>
<tr>
<th>Class</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UTILITY PLANT:</strong></td>
<td></td>
</tr>
<tr>
<td>Utility plant, at original cost</td>
<td>$35,030</td>
</tr>
<tr>
<td>Less- accumulated provision for depreciation and decommissioning</td>
<td>$7,691</td>
</tr>
<tr>
<td>Construction work in progress</td>
<td>3,269</td>
</tr>
<tr>
<td>Nuclear fuel, at amortized cost</td>
<td>133</td>
</tr>
<tr>
<td><strong>Total Utility Plant</strong></td>
<td><strong>30,741</strong></td>
</tr>
<tr>
<td><strong>OTHER PROPERTY AND INVESTMENTS:</strong></td>
<td></td>
</tr>
<tr>
<td>Nonutility property - less accumulated depreciation of $72</td>
<td>71</td>
</tr>
<tr>
<td>Nuclear decommissioning trusts</td>
<td>4,587</td>
</tr>
<tr>
<td>Other investments</td>
<td>150</td>
</tr>
<tr>
<td><strong>Total Other Property and Investments</strong></td>
<td><strong>4,808</strong></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>46</td>
</tr>
<tr>
<td>Receivables, less allowances of $67 for uncollectible accounts</td>
<td>702</td>
</tr>
<tr>
<td>Accrued unbilled revenue</td>
<td>576</td>
</tr>
<tr>
<td>Inventory</td>
<td>262</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>112</td>
</tr>
<tr>
<td>Regulatory assets</td>
<td>931</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>245</td>
</tr>
<tr>
<td>Other current assets</td>
<td>388</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>3,262</strong></td>
</tr>
<tr>
<td><strong>DEFERRED CHARGES:</strong></td>
<td></td>
</tr>
<tr>
<td>Regulatory assets</td>
<td>7,351</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>240</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>396</td>
</tr>
<tr>
<td><strong>Total Deferred Charges</strong></td>
<td><strong>7,987</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>46,798</strong></td>
</tr>
</tbody>
</table>

* Detailed by class on following pages.
### SOUTHERN CALIFORNIA EDISON COMPANY

**BALANCE SHEET**  
**MARCH 31, 2014**  
**CAPITALIZATION AND LIABILITIES**  
(in millions)

#### CAPITALIZATION:
- **Common stock** $2,168
- **Additional paid-in capital** $598
- **Accumulated other comprehensive loss** $(10)
- **Retained earnings** $7,655
- **Total capitalization** $10,411

#### CURRENT LIABILITIES:
- **Short-term debt** $405
- **Current portion of long-term debt** $600
- **Accounts payable** $1,089
- **Customer deposits** $204
- **Derivative liabilities** $143
- **Regulatory liabilities** $455
- **Deferred income taxes** $42
- **Other current liabilities** $1,100
- **Total current liabilities** $4,038

#### DEFERRED CREDITS:
- **Deferred income taxes** $7,928
- **Pensions and benefits** $932
- **Asset retirement obligations** $3,471
- **Regulatory liabilities** $5,655
- **Other deferred credits and other long-term liabilities** $1,885
- **Total deferred credits and other liabilities** $20,856

**Total Liabilities** $46,798
Appendix B
Summary of Earnings
<table>
<thead>
<tr>
<th>Line No.</th>
<th>Item</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Base Revenues</strong></td>
<td>6,149,361</td>
</tr>
<tr>
<td>2.</td>
<td><strong>Expenses:</strong></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Operation &amp; Maintenance</td>
<td>2,511,482</td>
</tr>
<tr>
<td>4.</td>
<td>Depreciation</td>
<td>1,586,868</td>
</tr>
<tr>
<td>5.</td>
<td>Taxes</td>
<td>767,265</td>
</tr>
<tr>
<td>6.</td>
<td>Revenue Credits</td>
<td>(157,433)</td>
</tr>
<tr>
<td>7.</td>
<td>Total Expenses</td>
<td>4,708,181</td>
</tr>
<tr>
<td>8.</td>
<td><strong>Net Operating Revenue</strong></td>
<td>1,441,180</td>
</tr>
<tr>
<td>9.</td>
<td>Rate Base</td>
<td>18,292,195</td>
</tr>
<tr>
<td>10.</td>
<td><strong>Rate of Return</strong></td>
<td>7.88%</td>
</tr>
</tbody>
</table>

Southern California Edison  
Summary of Earnings  
2014 GRC Adopted Revenue Requirement  
Thousands of Dollars
Appendix C

List of Designated Officials Listed in the Current Roster Published by the Secretary of State
for Each County and City in Which the Proposed Increase is to be Made Effective
## Incorporated Cities and Counties Served by SCE

### COUNTIES

<table>
<thead>
<tr>
<th>Fresno</th>
<th>Kern</th>
<th>Madera</th>
<th>Riverside</th>
<th>Tuolumne</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imperial</td>
<td>Kings</td>
<td>Mono</td>
<td>San Bernardino</td>
<td>Tulare</td>
</tr>
<tr>
<td>Inyo</td>
<td>Los Angeles</td>
<td>Orange</td>
<td>Santa Barbara</td>
<td>Ventura</td>
</tr>
</tbody>
</table>

### CITIES

- Adelanto
- Agoura Hills
- Alhambra
- Aliso Viejo
- Apple Valley
- Arcadia
- Artesia
- Avalon
- Baldwin Park
- Barstow
- Beaumont
- Bell
- Bell Gardens
- Bellflower
- Beverly Hills
- Big Bear Lake
- Bishop
- Blythe
- Bradbury
- Brea
- Buena Park
- Calabasas
- California City
- Calimesa
- Camarillo
- Canyon Lake
- Carpinteria
- Carson
- Cathedral City
- Cerritos
- Chino
- Chino Hills
- Claremont
- Commerce
- Compton
- Corona
- Costa Mesa
- Covina
- Cudahy
- Culver City
- Cypress
- Delano
- Desert Hot Springs
- Diamond Bar
- Downey
- Duarte
- Eastvale
- El Monte
- El Segundo
- Exeter
- Farmersville
- Fillmore
- Fontana
- Fountain Valley
- Fullerton
- Garden Grove
- Gardena
- Glendora
- Goleta
- Grand Terrace
- Hanford
- Hawaiian Gardens
- Hawthorne
- Hemet
- Hermosa Beach
- Hesperia
- Hidden Hills
- Highland
- Huntington Beach
- Huntington Park
- Indian Wells
- Industry
- Inglewood
- Irvine
- Irwindale
- Jurupa Valley
- La Canada Flintridge
- La Habra
- La Habra Heights
- La Mirada
- La Palma
- La Puente
- La Verne
- Laguna Beach
- Laguna Hills
- Laguna Niguel
- Laguna Woods
- Lake Elsinore
- Lake Forest
- Lakewood
- Lancaster
- Lawndale
- Lindsay
- Loma Linda
- Lomita
- Long Beach
- Los Alamitos
- Lynwood
- Malibu
- Mammoth Lakes
- Manhattan Beach
- Maywood
- McFarland
- Menifee
- Mission Viejo
- Monrovia
- Montclair
- Montebello
- Monterey Park
- Moorpark
- Moreno Valley
- Murrieta
- Newport Beach
- Norco
- Norwalk
- Ojai
- Ontario
- Orange
- Oxnard
- Palm Desert
- Palm Springs
- Palmdale
- Palos Verdes
- Paramount
- Perris
- Pico Rivera
- Placentia
- Pomona
- Port Hueneme
- Porterville
- Rancho Cucamonga
- Rancho Mirage
- Rancho Palos Verdes
- Rancho Santa Margarita
- Redlands
- Redondo Beach
- Rialto
- Ridgecrest
- Rolling Hills
- Rolling Hills Estates
- Rosemead
- San Bernardino
- San Buenaventura
- San Dimas
- San Fernando
- San Gabriel
- San Jacinto
- San Marino
- Santa Ana
- Santa Barbara
- Santa Clarita
- Santa Fe Springs
- Santa Monica
- Santa Paula
- Seal Beach
- Sierra Madre
- Signal Hill
- Simi Valley
- South El Monte
- South Gate
- South Pasadena
- Stanton
- Tehachapi
- Temecula
- Temple City
- Thousand Oaks
- Torrance
- Tulare
- Tustin
- Twentynine Palms
- Upland
- Valencia
- Victorville
- Villa Park
- Visalia
- Walnut
- West Covina
- West Hollywood
- Westlake Village
- Westminster
- Whittier
- Wildomar
- Woodlake (Three Rivers)
- Yorba Linda
- Yucaipa
- Yucca Valley
Appendix D

Notice of Availability of 2015 GRC Phase 2 Prepared Direct Testimony
BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) to Establish Marginal Costs, Allocate Revenues, Design Rates, and Implement Additional Dynamic Pricing Rates.

A.14-06-____
(Filed June 20, 2014)

SOUTHERN CALIFORNIA EDISON COMPANY (U338-E) NOTICE OF
AVAILABILITY OF 2015 GENERAL RATE CASE PHASE 2 PREPARED TESTIMONY

JANET S. COMBS
RUSSELL A. ARCHER
FADIA KHOURY

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-6008
Facsimile: (626) 302-6693
E-mail: Fadia.Khoury@sce.com

Dated: June 20, 2014
BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) to Establish Marginal Costs, Allocate Revenues, Design Rates, and Implement Additional Dynamic Pricing Rates.  

A.14-06-____  
(Filed June 20, 2014)

SOUTHERN CALIFORNIA EDISON COMPANY (U338-E) NOTICE OF AVAILABILITY OF 2015 GENERAL RATE CASE PHASE 2 PREPARED TESTIMONY

Southern California Edison Company (SCE) hereby provides this Notice of Availability of the prepared testimony that supports its Application in Phase 2 of SCE’s 2015 general rate case (GRC). Today, SCE filed this application with the Commission and has served a copy of that Application on all parties listed on the official service lists for Phase 2 of SCE’s 2012 GRC (A.11-06-007), Phase 1 of SCE’s 2015 GRC (A.13-11-003), SCE’s 2013 Rate Design Window Application (A.13-12-015) and the residential rate design order instituting rulemaking (R.12-06-013).

The prepared testimony that supports this Application is organized into separate volumes as indicated below:

<table>
<thead>
<tr>
<th>SEPARATE EXHIBITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCE-01 – Policy</td>
</tr>
<tr>
<td>SCE-02 – Marginal Cost and Sales Forecast Proposals</td>
</tr>
<tr>
<td>SCE-03 – Revenue Allocation Proposals</td>
</tr>
</tbody>
</table>
SCE’s prepared testimony may be accessed by following these steps:

1. Go to www.sce.com
2. Click on “Regulatory” on the bottom of the screen (towards the middle).
3. On the Regulatory home page, click “CPUC Open Proceedings”.
4. In the search box, type in “A.14-06-XXX” or “2015 GRC Phase 2,” and click “Go.”
5. The Application and testimony volumes are presented in Adobe Acrobat (.pdf) format and can be viewed online, printed, or saved to your hard drive.

As an alternative to accessing these documents on SCE’s website, SCE will provide a print copy of its prepared testimony to any party upon request. Workpapers in Excel format can also be provided on a CD-ROM to any party upon request. To request a copy of these materials, please direct your request to SCE as follows:

Veronica Flores-Ochoa, Case Administrator  
Southern California Edison Company  
P.O. Box 800 (GO1, 341-B)  
2244 Walnut Grove Avenue  
Rosemead, CA 91770  
Telephone: (626) 302-3104  
Facsimile: (626) 302-6962  
Email: VERONICA.FLORES-OCHOA@SCE.COM
Respectfully submitted,

FADIA RAFEEDIE KHOURY

/s/ Fadia Rafeedie Khoury
By: Fadia Rafeedie Khoury

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

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E-mail:  Fadia.Khoury@sce.com

June 20, 2014