



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

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Application Of Southern California Edison)
Company (U 338-E) For Approval Of Its Forecast)
2019 ERRR Proceeding Revenue Requirement.)
_____)

A1805003
Application No. 18-05-XXX

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) IN ITS
FORECAST 2019 ENERGY RESOURCE RECOVERY ACCOUNT (ERRR) PROCEEDING**

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Dated: **May 1, 2018**

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I.

DESCRIPTION OF APPLICATION

As instructed in Decision (D.) 04-01-050 and D.04-01-048, and modified in D.04-03-023 and D.14-05-006, Southern California Edison Company (SCE) files this annual ERRA Forecast Application to request that the California Public Utilities Commission (CPUC or Commission) authorize SCE's 2019 ERRA proceeding revenue requirement of \$4.046 billion. The forecast revenue requirement consists primarily of SCE's proposed 2019 fuel and purchased power costs. However, it also includes: (1) certain currently-estimated December 31, 2018 year-end balancing account balances that SCE requests to recover from or return to customers; and (2) other miscellaneous expenses, such as spent nuclear fuel expense. SCE's proposed 2019 revenue requirement in this application represents a decrease of approximately \$530 million as compared to the revenue requirement reflected in rates effective today.¹

The forecast adopted by the Commission in this proceeding does not determine which procurement-related costs are ultimately eligible for cost recovery, as the actual fuel and purchased power costs must be reviewed by the Commission and found eligible for recovery in a subsequent ERRA Review proceeding or Quarterly Compliance Report determination. Consistent with past ERRA

¹ The rates in effect today are based on the revenue requirement approved by D.17-12-018.

Forecast applications, SCE will update its 2019 ERRRA revenue requirement forecast in November 2018, so that the latest forecast assumptions can be incorporated into SCE's 2019 rates.

Concurrently with the filing of this application, SCE is serving direct testimony, which has been preliminarily marked as Exhibit SCE-01. That testimony addresses the following:

- Chapter I: Introduction
- Chapter II: A discussion of SCE's estimated 2019 revenue requirement and the resulting rate change
- Chapter III: SCE's Bundled Energy Forecast
- Chapter IV: Forecast Energy Production and Costs from SCE's Portfolio of Resources
- Chapter V: Financing Costs
- Chapter VI: Carrying Costs
- Chapter VII: GHG Forecast Costs and Revenues and Reconciliation
- Chapter VIII: 2019 Forecast Revenue Requirement and Ratemaking Issues
- Chapter IX: Cost Responsibility Surcharges (Direct Access, Departing Load, and Community Choice Aggregation)
- Chapter X: Present Rate Revenue
 - Appendix A: Estimated December 31, 2018 Balancing Account Balances
 - Appendix B: Indifference Rate Calculation

The decrease in SCE's 2019 ERRRA Forecast Proceeding revenue requirement is primarily due to the following factors:

1. SCE expects its sales to be lower than the levels included in current rates;
2. SCE expects lower fuel-related costs from its natural gas-fueled UOG and tolling resources due to lower forecast natural gas prices; and
3. SCE expects lower Short-Run Avoided Cost (SRAC) payments due to lower forecast market prices.

Compared to revenue at SCE's current revenue requirement, this application requests a revenue decrease of 4.36%, beginning in January 2019. The following table shows an estimate of proposed revenue changes by customer group if SCE's ERRRA rate change is approved as requested:

Customer Group	System		
	Current Revenues (\$000)	Proposed Revenue Change (\$000)	% Change over Current
Residential	4,867,375	(209,969)	-4.31%
Lighting - Small and Medium Power	4,394,775	(181,925)	-4.14%
Large Power	2,033,545	(92,029)	-4.53%
Agricultural and Pumping	440,893	(24,256)	-5.50%
Street and Area Lighting	126,644	(2,787)	-2.20%
Standby	286,553	(18,856)	-6.58%
Total	12,149,786	(529,821)	-4.36%

Customer Group	Bundled		
	Current Rates (¢/kWh)	Proposed Rates (¢/kWh)	% Change over current
Residential	18.1	18.1	0.0%
Lighting - Small and Medium Power	17.3	17.2	-0.6%
Large Power	12.3	11.9	-2.9%
Agricultural and Pumping	13.5	13.3	-1.2%
Street and Area Lighting	18.6	18.3	-1.3%
Standby	10.2	9.8	-3.2%
Total	16.2	16.0	-1.2%

If SCE's proposed ERRR rate change is approved, a median-usage, non-CARE residential electric customer would see a bill decrease of \$1.42 per month,² from \$110.90 to \$109.48. This Application is a forecast and is likely to change prior to including these rates in next year's electric rates. Consistent with past ERRR Forecast applications, SCE expects to update this Application in November 2018, so that the latest forecast assumptions can be incorporated into SCE's 2019 rates.

² Excluding semi-annual Climate Credit.

II.

STATUTORY AND REGULATORY REQUIREMENTS

A. Statutory and Other Authority – Rule 2.1

SCE makes this Application pursuant to the Commission's Rules of Practice and Procedure, California Public Utilities Code Section 454, and Commission Decision Nos. D.02-10-062, D.04-01-050, D.04-01-048, D.04-03-023, and D.14-05-006.

Section 454(a) provides in pertinent part:

- (a) Except as provided in Section 455, no public utility shall change any rate or so alter any classification, contract, practice, or rule as to reflect in any new rate, except upon a showing before the commission and a finding by the commission that the new rate is justified.

Section 454(b) provides in pertinent part:

- (b) The commission may adopt rules it considers reasonable and proper for each class of public utility providing for the nature of the showing required to be made in support of proposed rate changes, the form and manner of the presentation of the showing, with or without a hearing, and the procedure to be followed in the consideration thereof.

SCE's request complies with Rules 1.5 through 1.11 and 1.13 of the Commission's Rules of Practice and Procedure, which specify the procedures for, among other things, filing documents, as well as Rules 2.1, 2.2, and 3.2.

Rule 2.1 of the Commission's Rules of Practice and Procedure requires that all applications: (1) clearly and concisely state authority or relief sought; (2) cite the statutory or other authority under which that relief is sought; and (3) be verified by the applicant.

The relief being sought is summarized in Section I above, and is further described in SCE's supporting testimony served concurrently with this application.

This application has been verified by an SCE officer as provided in Rules 1.11 and 2.1.

The remainder of Rule 2.1, as well as Rules 2.2 and 3.2, set forth further requirements that are addressed separately below.

B. Legal Name and Correspondence – Rules 2.1(a) and 2.1(b)

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). 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 California Public Utilities Commission. SCE's properties, which are located primarily within the State of California, consist mainly 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

Communications in regards to this Application are to be addressed to the attention of:

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C. Proposed Categorization, Need for Hearings, Issues To Be Considered, Proposed Schedule, and Relevant Safety Considerations — Rule 2.1(c)

Commission Rule 2.1(c) requires that all applications shall state “the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule.”

1. Proposed Category

Rule 1.3(e) of the Commission’s Rules of Practice and Procedure defines “ratesetting” proceedings as “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).” This application includes SCE’s proposal for a decrease in its revenue requirement, resulting in a decrease in rates. Therefore, for purposes of Rule 2.1, SCE proposes that this proceeding be categorized as “ratesetting.”

2. Need for Hearings

The need for hearings in this proceeding, 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. The need for hearings will be determined by the assigned Administrative Law Judge(s).

3. Issues to Be Considered Including Relevant Safety Considerations

In general, the issues to be considered are discussed in Section I above and in more detail in SCE’s supporting testimony served concurrently with this application. Relevant safety considerations are discussed in Exhibit SCE-01, in Chapter I.

4. Procedural Schedule

To allow the Commission to issue a timely final decision in this proceeding, and to allow SCE to make the necessary rate changes as of January 1, 2019, SCE respectfully requests that the Commission process the present application according to the following schedule:

Application filed	May 1, 2018
Protests (if any) due	30 days from the date the notice of the filing of the Application appears in the Daily Calendar [approximately June 5, 2018]
Reply to Protests	10 days from the deadline for Protests [approximately June 15, 2018]
Pre-Hearing Conference	June 28, 2018
ORA/Intervenor Testimony due	July 6, 2018
SCE Rebuttal Testimony due	July 27, 2018
Hearings (if needed)	August 16 and 17, 2018
SCE Update Testimony	November 9, 2018
Concurrent Briefs	To Be Determined
Proposed Decision	November 16, 2018
Comments on Proposed Decision	November 30, 2018 ³
Replies to Comments to Proposed Decision	December 5, 2018
Final Commission Decision	December 13, 2018

D. Organization and Qualification to Transact Business– Rule 2.2

In compliance with Rule 2.2,⁴ 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 by reference made a part hereof.

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 incorporated herein by this reference.

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

³ Rule 14.6(b) allows the parties in the proceeding to stipulate to the shortened comment period. In the past, parties have stipulated to a shortened comment period given the timing constraints between the anticipated Proposed Decision date and the need for a January 1st rate change.

⁴ Rule 2.2 requires the applicant, in this case SCE, to submit a copy of its organizing documents and evidence of its qualification to transact business in California, or to refer to that documentation if previously filed with the Commission.

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 incorporated herein by this reference.

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 incorporated herein by this reference.

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 incorporated herein by this reference.

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 incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series J Preference Stock, filed with the California Secretary of State on August 19, 2015, and presently in effect, certified by the California Secretary of State, was filed with the Commission on October 2, 2015, in connection with Application No. 15-10-001, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series K Preference Stock, filed with the California Secretary of State on March 2, 2016, and presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2016, in connection with Application No. 16-04-001, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series L Preference Stock filed with the California Secretary of State on June 20, 2017, and presently in effect, certified by the

California Secretary of State, was filed with the Commission on June 30, 2017, in connection with Application No. 17-06-030, and is incorporated herein by this reference.

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 18, 2018, pursuant to General Order Nos. 65-A and 104-A of the Commission.

E. Authority to Increase Rates — Rule 3.2

1. Balance Sheet and Income Statement – Rule 3.2(a)(1)

In compliance with Rule 3.2(a)(1), Appendix A hereto contains copies of SCE's balance sheet as of December 31, 2017, and income statement for the period ended December 31, 2017, the most recent period available.

2. Present and Proposed Rates – Rule 3.2(a)(2) And Rule 3.2(a)(3)

The presently effective rates and the illustrative changes proposed to be made to those rates are listed in the table in Section I above, as well as discussed in SCE's supporting testimony served concurrently with this application. 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. SCE's current rates and charges for electric service are in its electric tariffs and schedules on file with the Commission. These tariffs and schedules are filed with and made effective by the Commission in its decisions, orders, resolutions, and approvals of advice letter filings pursuant to Commission General Order 96-A.

3. Summary of Earnings – Rule 3.2(a)(5)

In compliance with Rule 3.2(a)(5), Appendix B hereto contains a copy of SCE's summary of earnings, updated in December 2017, the most recent period available.

4. 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 application forecasts costs related to fuel and purchased power, and requests recovery of amounts in certain memorandum accounts, which are traditional “pass through” costs to customers.

5. Notice – Rules 3.2(b), (c), and (d)

As required by Rule 3.2(b), a notice stating in general terms the proposed change in rates will be mailed to the designated officials of the State of California and the cities and counties affected by the rate changes proposed in this Application. Pursuant to Rule 3.2(c), notice will be published in a newspaper of general circulation in each county in SCE’s service territory within which the rate changes would be effective. Finally, pursuant to Rule 3.2(d), notice will be furnished to customers affected by the proposed increase by including such notice with the regular bills mailed to those customers. The notice will also be posted on SCE’s website, and customers who receive their bills electronically will be provided with an electronic link to the notice.

6. Service

The official service list has not yet been established in this proceeding. SCE is serving this application and supporting testimony on the Commission’s Office of Ratepayer Advocates, as well as the service lists established by the Commission for A-17-05-006⁵ and A.18-03-016.⁶

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⁵ This is the service list for SCE’s 2018 ERRRA Forecast Application.

⁶ This is the service list for SCE’s ERRRA Review Application for the 2017 Record Period.

III.

CONCLUSION

SCE respectfully requests that the Commission approve SCE's application in total.

Respectfully submitted,

/s/ Russell A. Archer

By: Russell A. Archer

Attorney for
SOUTHERN CALIFORNIA EDISON COMPANY

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Dated: **May 1, 2018**

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.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this **1st day of May, 2018**, at Rosemead, California.

/s/ Caroline Choi

By: Caroline Choi
Senior Vice President of Regulatory Affairs
Southern California Edison Company

Appendix A

SCE's Balance Sheet and Income Statement

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
TWELVE MONTHS ENDED DECEMBER 31, 2017

(In millions)

OPERATING REVENUE	\$ 12,254
OPERATING EXPENSES:	
Purchase power and fuel	4,873
Other operation and maintenance	2,671
Depreciation, decommissioning and amortization	2,032
Property and other taxes	372
Impairment and other charges	716
Other operating income	(8)
Total operating expenses	10,656
OPERATING INCOME	1,598
Interest and other income	145
Interest expense	(589)
Other expenses	(48)
INCOME BEFORE INCOME TAX	1,106
INCOME TAX	(30)
NET INCOME	1,136
Less: Preferred and preference stock dividend requirements	124
NET INCOME AVAILABLE FOR COMMON STOCK	\$ 1,012

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET
DECEMBER 31, 2017
ASSETS
(in millions)

UTILITY PLANT:

Utility plant, at original cost	\$ 44,761
Less- accumulated provision for depreciation and decommissioning	<u>9,355</u>
	35,406
Construction work in progress	3,175
Nuclear fuel, at amortized cost	<u>127</u>
	<u>38,708</u>

OTHER PROPERTY AND INVESTMENTS:

Nonutility property - less accumulated depreciation of \$91	77
Nuclear decommissioning trusts	4,440
Other investments	<u>52</u>
	<u>4,569</u>

CURRENT ASSETS:

Cash and equivalents	515
Receivables, less allowances of \$53 for uncollectible accounts	693
Accrued unbilled revenue	212
Inventory	242
Income tax receivables	229
Prepaid expenses	228
Derivative assets	105
Regulatory assets	703
Other current assets	<u>160</u>
	<u>3,087</u>

DEFERRED CHARGES:

Regulatory assets	4,914
Other long-term assets	<u>237</u>
	<u>5,151</u>
	<u>\$ 51,515</u>

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET
DECEMBER 31, 2017
CAPITALIZATION AND LIABILITIES
(in millions)

CAPITALIZATION:

Common stock	\$ 2,168
Additional paid-in capital	671
Accumulated other comprehensive loss	(19)
Retained earnings	9,607
Common shareholder's equity	<u>12,427</u>
Preferred and preference stock	2,245
Long-term debt	<u>10,428</u>
Total capitalization	<u>25,100</u>

CURRENT LIABILITIES:

Short-term debt	1,238
Current portion of long-term debt	479
Accounts payable	1,519
Accrued taxes	24
Customer deposits	281
Derivative liabilities	1
Regulatory liabilities	1,121
Other current liabilities	<u>1,224</u>
	<u>5,887</u>

DEFERRED CREDITS:

Deferred income taxes and credits	5,890
Derivative liabilities	0
Pensions and benefits	483
Asset retirement obligations	2,892
Regulatory liabilities	8,614
Other deferred credits and other long-term liabilities	<u>2,649</u>
	<u>20,528</u>

\$ 51,515

Appendix B

SCE's Summary of Earnings

**Southern California Edison
Summary of Earnings
2015 GRC Adopted Revenue Requirement
Thousands of Dollars**

Line		
No.	Item	Total
1.	Base Revenues	5,182,297
2.	Expenses:	
3.	Operation & Maintenance	1,984,387
4.	Depreciation	1,532,289
5.	Taxes	442,687
6.	Revenue Credits	(147,491)
7.	Total Expenses	3,811,871
8.	Net Operating Revenue	1,370,425
9.	Rate Base	17,375,834
10.	Rate of Return	7.89%

**Southern California Edison
Summary of Earnings
2016 GRC Adopted Revenue Requirement
Thousands of Dollars**

Line		
No.	Item	Total
1.	Base Revenues	5,385,537
2.	Expenses:	
3.	Operation & Maintenance	2,037,603
4.	Depreciation	1,546,128
5.	Taxes	474,761
6.	Revenue Credits	(149,196)
7.	Total Expenses	3,909,295
8.	Net Operating Revenue	1,476,242
9.	Rate Base	18,713,446
10.	Rate of Return	7.89%

**Southern California Edison
Summary of Earnings
2017 GRC Adopted Revenue Requirement
Thousands of Dollars**

Line		
No.	Item	Total
1.	Base Revenues	5,657,371
2.	Expenses:	
3.	Operation & Maintenance	2,096,676
4.	Depreciation	1,575,482
5.	Taxes	542,386
6.	Revenue Credits	(148,941)
7.	Total Expenses	4,065,603
8.	Net Operating Revenue	1,591,768
9.	Rate Base	20,175,800
10.	Rate of Return	7.89%