

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company for Authority to Increase its Authorized Revenues for Electric Service in 2018, Among Other Things, and to Reflect that Increase in Rates.

Application 16-09-001
(Filed September 1, 2016)

**PROTEST
OF THE OFFICE OF RATEPAYER ADVOCATES**

I. INTRODUCTION

In accordance with Rules 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”), the Office of Ratepayer Advocates (“ORA”) submits this Protest to the Application (A.16-09-001) of Southern California Edison Company (“SCE” or “Edison”) for authority to increase its authorized revenues for electric service effective in 2018, and to reflect that increase in rates.

SCE filed this General Rate Case Application on September 1, 2018. In it, SCE seeks authorization for revenue increases associated with its Electric Service that fall within the CPUC’s jurisdiction. Specifically, SCE asks the Commission to authorize a base revenue requirement of \$5.663 billion to become effective January 1, 2018.¹ This represents an increase in 2018 of \$222 million, or 4%, over currently authorized base rates. SCE estimates that the rate impact for an electric residential customer would be an increase from June 2016 average rates of 17.15¢/kWh to \$17.73 ¢/kWh.²

¹ Application, p. 4, Table 1.

² Application, p. 18, Table 2.

SCE proposes a post-test year ratemaking mechanism for the years between TY 2018 and SCE's next GRC. Generally, SCE asks that the Commission approve a mechanism that, coupled with the base rate increases SCE proposes for TY 2018, would result in additional increases of \$533 million in 2019, and \$570 million in 2020.³ This would result in a total cumulative increase of \$2.3 billion⁴ over currently authorized revenues for the years 2018 through 2020.

According to Rule 2.6, Protests must be filed within 30 days of the date the notice of filing of the Application first appears in the Commission's Daily Calendar. Since A.16-09-001 was first noticed on the Commission's calendar on September 2, 2016, this Protest is timely filed.

ORA is reviewing SCE's requests and conducting discovery. Below are some of the areas where ORA expects to make recommendations. This is a preliminary list only, and may change as the case progresses. ORA discussed the schedule for the remainder of this proceeding with SCE before SCE filed the Application, and supports the schedule SCE proposes.

II. SCE'S REQUEST

The sections below identify some of the functional areas that are likely to be at issue in this GRC.

A. Operations and Maintenance Expenses

SCE is forecasting a decrease in Operations and Maintenance (O&M) expenses from approximately \$2.015 billion in 2015 recorded/adjusted expenses, to \$1.984 billion in TY 2018.⁵ The change is due to reductions in some expense areas such as Customer Service, Power Supply and Administrative and General Expenses, and increases in other areas such as Transmission and Distribution, Information Technology, Human Resources, and Operational Services.

³ Application, p. 4, Table 1.

⁴ Application, p. 4, Table 1.

⁵ Ex.SCE-01, p. 42. SCE states it was authorized to spend \$2.115 billion in 2015, but only spent \$2.015 billion, a difference of \$100 million. *Id.* at p. 38.

SCE says that, in 2015, the company spent more on capital expenditures and expenses than it was authorized by D.15-11-021, the SCE TY 2015 GRC decision.⁶

ORA is reviewing SCE's O&M proposals and forecasts and will present its own independent forecasts and recommendations.

B. Capital Expenditures and Rate Base

SCE forecasts capital expenditures of \$4.088 billion in 2018.⁷ For capital expenditures in the Transmission and Distribution areas, SCE says its forecast for 2018 is to "continue to maintain the current grid," and "... to focus on improving reliability to keep up with customer expectations and reliance on electricity."⁸ SCE's proposed rate base increases by over \$2.2 billion in 2019, and again in 2020.⁹ ORA will review SCE's proposals and forecasts and will present its own independent forecasts and recommendations.

C. Customer Service

Among SCE's Customer Service proposals, SCE asks the Commission to reverse its long-standing order that SCE shareholders fund SCE's Service Guarantee Program.¹⁰ Instead, SCE proposes that ratepayers fund this program.¹¹ The Service Guarantee Program provides credits to customers when SCE fails to meet its own standards for Meeting Appointments, Service Restoration, Planned Outage Notification, and Timely and Accurate First Bill.¹²

⁶ Ex. SCE-01, p. 40.

⁷ Ex. SCE-01, p. 43.

⁸ Ex. SCE-01, p. 5.

⁹ Application, p. 4, Table 1.

¹⁰ D.06-05-016.

¹¹ Ex. SCE-03, p. 81.

¹² D.06-05-016, p. 122, D.09-03-025, p. 108; D.12-11-051, p. 228, D.15-11-003, p. 194.

SCE also refers in its Application to an advice letter it plans to file in “late 2016” to close all of its 11 Rural Offices.¹³ These offices provide in-person service to customers.¹⁴

ORA expects to conduct discovery on these and other Customer Service proposals and forecasts and make its own recommendations.

D. Administrative and General (A&G) Expenses

For the Test Year, SCE requests \$429 million in A&G expenses, with an additional \$518 million for pensions, benefits and other compensation.¹⁵ ORA will review these requests and will present its own independent forecasts and recommendations.

E. Depreciation

SCE forecasts an increase in Depreciation expense from \$1.656 billion in 2015 recorded to \$2.003 billion in 2018.¹⁶ ORA is reviewing SCE’s forecasts and will present its own independent forecasts and recommendations.

F. Attrition Year Increases

SCE’s proposed 2019 and 2020 attrition year increases are significantly larger than the rate increase requested for TY 2018.¹⁷ ORA will review SCE’s proposed method of developing its annual increases for 2019 and 2020 and will likely propose an alternative attrition mechanism and independent annual attrition year forecasts.

III. ORA’s REVIEW

ORA is conducting discovery and will continue to do so. ORA will make recommendations to the Commission as appropriate when it serves its testimony.

¹³ The offices are in Arrowhead, Barstow, Bishop, Blythe, Catalina, Kernville, Mammoth, Ridgecrest, Shaver Lake, Tehachapi and Yucca Valley. (Ex. SCE-03, p. 94.)

¹⁴ Ex. SCE-03, p. 94.

¹⁵ Ex. SCE-08, Vol. 1 and Ex. SCE-06, Vol. 2 (both are Total Company figures).

¹⁶ Ex. SCE-09, vol. 2, p. 17.

¹⁷ Application, p. 4, Table 1.

IV. CATEGORIZATION OF PROCEEDING

SCE proposes that this case be categorized as “ratesetting.”¹⁸ ORA agrees. ORA also asks that the Commission issue a companion Order Instituting Investigation (OII) to address any other matters that might arise in the course of this General Rate Case, but which were not proposed by the utility.

V. PROCEDURAL ISSUES

Based on ORA’s review of SCE’s Application, testimony, workpapers, and responses, to date, to data requests, ORA recommends that evidentiary hearings be scheduled in this proceeding. ORA supports the schedule SCE proposes in its Application.¹⁹

ORA appreciates SCE’s willingness to propose a schedule that allows all parties adequate time to evaluate the utility’s proposals and make their own recommendations. ORA notes that this schedule is similar to that originally adopted by the Commission in the currently pending GRC of Pacific Gas and Electric Company.²⁰ SCE’s proposed schedule should permit sufficient time for SCE to provide recorded 2016 costs, which will inform the record.

VI. CONCLUSION

ORA respectfully recommends that the proceeding be categorized as ratesetting, that the schedule SCE proposes in its Application be adopted, and that the scope of the proceeding include, but not be limited to, the issues identified in this Protest.

¹⁸ Application, p. 30.

¹⁹ Application, p. 30. Since the Application was filed, ORA has learned that the date by which SCE originally proposed to hold a GRC workshop has been changed. If, as ORA understands, the Workshop GRC Overview is to be held on October 24-27, ORA agrees to these dates as well.

²⁰ Application 15-09-001, Assigned Commissioner Ruling and Scoping Memo, (12-01-15), Appendix A.

Respectfully submitted,

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October 3, 2016