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Managing Director, State Regulatory Operations

November 30, 2015

ADVICE 3316-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Request to Establish the El Niño Preparedness Memorandum Account

Southern California Edison Company (SCE) hereby submits for approval the following changes to its tariffs. The revised tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE

This advice letter requests California Public Utilities Commission (Commission) approval of a modification to SCE's Preliminary Statement, Part N, Memorandum Accounts, to reflect the establishment of the El Niño Preparedness Memorandum Account (ENPMA).

BACKGROUND

The responsible governmental agencies and scientists, including the Climate Prediction Center and the National Weather Service, have predicted an unusually strong El Niño season this winter, which is expected to severely affect electric service for SCE's customers. The scientific community and government agencies have predicted a severe rainy season, with likely flooding, mud and landslides, exacerbated by climate change and California's drought. In anticipation of the predicted extreme weather, SCE is actively engaged in preparation activities to enable the company to be in a better position to restore power to affected customers in the event of a storm related outage. These activities will exceed the routine preparation and expense SCE customarily experiences for inclement weather in its service territory. Because there is a need for SCE to act quickly to prepare for these risks, SCE is requesting the establishment of a new memorandum account, the ENPMA, to record any incremental costs associated with these critical El Niño preparation activities. This preparation will allow SCE the opportunity to recover any incremental costs found reasonable by the Commission upon review in a future formal application.

EL NIÑO PREPAREDNESS

In preparing for the El Niño and the prospect of severe weather this winter and spring, SCE has completed a hazard analysis and developed stepped-up mitigation and response strategies. The mitigation strategies include: increased inspections of the highest risk electric system infrastructure; providing refresher training to personnel; restocking and repairing emergency and electrical equipment; implementing an El Niño Communications Plan; and active coordination with County Emergency Management officials. In addition, SCE plans to implement a contingent generator strategy at the system's most vulnerable locations, whereby SCE will lease and pre-stage mobile generators to serve essential load in the event of transmission or distribution emergency. By pre-staging the generators, SCE expects to incur incremental costs associated with leasing, engineering and site preparation. Below is a table with SCE's estimate of costs for a generator strategy that would provide approximately 58 MWs of mobile generation in the Goleta, Isla Vista and Gaviota area of SCE's service territory. The short-term steps being taken by SCE in anticipation of the severe weather are necessitated by the unique electric system attributes of the Santa Barbara region. Specifically, the region is served by the Goleta-Santa Clara 220kV transmission lines, which are located on the same transmission towers. The loss of towers in the event of severe weather emergency, exacerbated by California's long-term drought, could have a prolonged effect on service reliability for the region.

El Niño Generators Estimate		(% Millions)
Site Prep		7.3
Rental Standby Chg.		7.9
Contingency (10%)		1.5
Relays, Transformer, etc.		1.5
Total		18.2

In addition to leasing the emergency generators as a short-term solution, SCE has also been working with the California Independent System Operator (CAISO) to have the Ellwood Peaker readied for immediate service. SCE underscores this is only a short-term solution. SCE is also committed to addressing the long-term reliability challenges of the Santa Barbara region through a combination of cost-competitive Preferred Resources and improvements to the existing 66 kV transmission lines from Ventura to Carpinteria.

SCE recognizes that this pre-El Niño generator strategy is temporary and necessary for this predicted event. SCE is working on a longer term solution to meet the needs of the Santa Barbara and surrounding communities, and comports with the state's Greenhouse Gas policies. The cost of this longer term solution will not be recorded in the ENPMA.

PROPOSED TARIFF CHANGES

SCE proposes a modification to its Preliminary Statement, Part N, Memorandum Accounts, to reflect the establishment of the ENPMA. SCE will use the ENPMA to record any incremental capital-related (i.e., depreciation, property taxes, income taxes, and return on rate base), and O&M-related costs associated with the work described above.

It is appropriate to establish the ENPMA through an advice letter because there is a need for SCE to act quickly to prepare for El Niño. ENPMA is not an authorization of any or all of the funds recorded in the account, and SCE must file a formal application to recover funds. The Commission is fully authorized by General Order 96-B to approve SCE's request to establish ENPMA under these circumstances.^{1 2}

Similar to all Commission-approved memorandum accounts, the ENPMA will protect against retroactive ratemaking concerns, although it will not guarantee recovery in rates of any of the recorded costs prior to Commission review and approval. After the costs have been incurred, SCE will provide the Commission and other parties review of the costs in an annual ERRR Review proceeding. In that application, SCE will request recovery of only those costs associated with the El Niño preparedness work that are in excess of amounts authorized in SCE's 2015 General Rate Case.

Should this El Niño cause the Governor to declare a state of emergency, any costs associated with restoring power for customers as a result of rain and wind storms will be recorded in a Catastrophic Event Memorandum Account (CEMA). SCE will not record any of those CEMA-related costs, after the CEMA is activated in response to a Governor declaration, in the ENPMA. The ENPMA will be used to record only those incremental costs incurred in preparation for the storms as discussed above.

TIER DESIGNATION

SCE respectfully requests this advice letter be designated as a Tier 2, as SCE is not seeking cost recovery at this time but merely requests the establishment of a

¹ See e.g., D.14-12-028, finding that General Rule 1.3 of GO 96-B permits the CPUC "to authorize an exception to the operation of the General Order where appropriate," including when there is a need to act quickly.

² Alternatively, the Commission should authorize the use of CEMA for any incremental costs of El Niño risk mitigation measures. In Resolution ESRB-4, issued June 12, 2014, the Commission directed the electric IOUs to take remedial steps to reduce fire-related risks associated with climate change and California's drought, and authorized the use of CEMA for the incremental costs of such remediation. The Commission found that it "vital to implement mitigation measures against wildfire risk caused by the current drought and climate change." Similarly, it is vital for SCE to implement mitigation measures against El Niño risks caused by the current drought and climate change.

memorandum account that will allow SCE to record incremental costs associated with preparing for the predicted El Niño.

EFFECTIVE DATE

This advice filing will become effective on December 30, 2015, the 30th calendar day after the date filed.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be submitted to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

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8631 Rush Street
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Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Michael R. Hoover
Director, State Regulatory Affairs
c/o Karyn Gansecki
Southern California Edison Company
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Facsimile: (415) 929-5544
E-mail: Karyn.Gansecki@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and must be received by the deadline shown above.

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B service list. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-4039. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <https://www.sce.com/wps/portal/home/regulatory/advice-letters>.

For questions, please contact Douglas Snow at (626) 302-2035 or by electronic mail at Douglas.Snow@sce.com.

Southern California Edison Company

/s/ Russell G. Worden
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Enclosures