137 FERC ¶ 61,252
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
and Cheryl A. LaFleur.

Southern California Edison Company Docket No. ER12-239-000

ORDER ON ABANDONMENT COST RECOVERY FILING, AND ESTABLISHING HEARING AND SETTLEMENT JUDGE PROCEDURES

(Issued December 30, 2011)

1. On October 28, 2011, Southern California Edison Company (SoCal Edison) filed a request under section 205 of the Federal Power Act (FPA)[1] to recover in SoCal Edison's Transmission Owner Tariff (TO Tariff) formula rate the prudently-incurred abandoned plant costs associated with the Arizona segment of the Devers-Palo Verde II transmission project (DPV2 Project). In this order, we find that the Arizona segment of the DPV2 Project was abandoned for reasons beyond SoCal Edison's control and, therefore, we grant SoCal Edison's request to recover the prudently-incurred project costs associated with its abandonment.[2] However, we find that the instant filing does not contain sufficient information for the Commission to determine the reasonableness of certain abandoned plant costs and/or whether costs were calculated pursuant to Commission requirements. Accordingly, we accept SoCal Edison's request to recover the DPV2 Project abandoned plant costs in its formula rate. However, for reasons set forth below, we suspend the filing for a nominal period, to become effective January 1, 2012, subject to refund, and establish hearing and settlement judge procedures.

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[1] 16 U.S.C. § 824d (2006).

[2] *Southern Cal. Edison Co.*, 121 FERC ¶ 61,168 (2007), *reh'g denied* 123 FERC ¶ 61,293 (2008), *appeal pending*, Case No. 08-1261 (D.C. Cir.) (Incentives Order). (Granting SoCal Edison's request for recovery of 100 percent of prudently-incurred costs if the DPV2 Project is abandoned for reasons beyond SoCal Edison's control).

I. **Background**

2. The proposed DPV2 Project consisted of a 500 kV transmission line to be built between Western Arizona near the Harquahala Generating Station and SoCal Edison's existing Devers Substation and a 500 kV transmission line to be built between Devers Substation and SoCal Edison's Valley Substation. These facilities would be placed under the operational control of the California Independent System Operator Corporation (CAISO). According to SoCal Edison, the DPV2 Project would have provided an additional 1,200 MW of import capability to the CAISO transmission grid from the Southwest and a 1,200 MW increase in the Southern California Import Limit Transmission Nomogram Limit. SoCal Edison claims that the DPV2 Project was designed to provide California with access to low-cost energy from the southwestern United States as well as to relieve congestion in the southwestern region and provide important benefits to Arizona and the Southwest.

3. The CAISO Board of Governors approved the DPV2 Project on February 24, 2005 and approved updates to the DPV2 Project on September 7, 2006, finding that the DPV2 Project was a "necessary and cost-effective addition to the CAISO-controlled grid."[3] The DPV2 Project also required approval from both the California and Arizona state commissions before SoCal Edison could begin construction in each state. On January 25, 2007, the California Public Utilities Commission (CPUC) issued a Certificate of Public Convenience and Necessity (CPCN) for the DPV2 Project.[4]

4. On May 18, 2007, SoCal Edison filed a petition for declaratory order with the Commission requesting rate incentives for three major transmission projects, including the DPV2 Project. On November 16, 2007, the Commission granted the incentives requested by SoCal Edison.[5] For the DPV2 Project, the Commission granted a 125 basis point adder to SoCal Edison's return on equity (ROE). In addition, the Commission also granted recovery of 100 percent of Construction Work In Progress (CWIP), and 100 percent abandoned plant recovery for prudently incurred costs if the DPV2 Project, or a portion thereof, was cancelled due to factors beyond SoCal Edison's control.

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[3] 2005 CAISO Board of Governors Approval. *See* Exhibit SCE-102.

[4] CPUC Decision 07-01-040. *See* Exhibit SCE-104.

[5] Incentives Order, 121 FERC ¶ 61,168 (2007).

5. In June 2007, the Arizona Corporation Commission (ACC) denied SoCal Edison's Certificate of Environmental Compatibility.[6] After the ACC denied SoCal Edison's application for approval of the Arizona segment of the DPV2 Project, SoCal Edison states it continued its efforts to license the Arizona segment of the DPV2 Project.[7] On May 15, 2009, SoCal Edison informed the ACC that SoCal Edison was not able to proceed with permitting the Arizona segment of the DPV2 Project due to 1) the narrowing of the economic spread between the costs of California and Arizona generating resources; 2) the reduced load forecast resulting from changed economic conditions; and 3) the expansion and success of energy efficiency. As a result of these changes, SoCal Edison states the benefits to California consumers of SoCal Edison pursuing construction of the Arizona segment of the DPV2 Project had been reduced from the level forecast at the time of SoCal Edison's initial filing with the ACC.[8]

6. More specifically, at the beginning of the DPV2 Project planning, four large solar generation projects in Western Arizona, totaling 2,950 MW, had requested interconnection to the CAISO grid. Also, other new generation projects in Arizona had requested interconnection to the CAISO grid in June 2010 and May 2011, totaling an additional 2,000 MW. However, by December 2009, according to SoCal Edison all of the Western Arizona area renewable generation projects had withdrawn from the CAISO interconnection queue. Similarly of the 2,000 MWs of new generation that had requested interconnection, SoCal Edison states that all but 300 MW of that generation has since withdrawn from queue.

7. SoCal Edison states it is continuing with construction of the California segment of the DPV2 Project. On May 14, 2008, SoCal Edison notes it filed a petition for

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[6] *In the Matter of the Application of Southern California Edison Company*, Decision No. 69638, Docket No. L-00000A-06-0295-00130, 2007 Ariz PUC LEXIS 112 (Arizona Corporation Commission June 6, 2007).

[7] On May 16, 2008, SoCal Edison states it made a request to initiate the Commission pre-filing process for review and granting of a permit for the Arizona segment of the DPV2 Project. In addition to these backstop siting efforts, SoCal Edison also states it met with Arizona stakeholders in an effort to determine whether there were reasonable enhancements to the Arizona segment of the DPV2 Project that would garner additional support for a re-opening of the matter before the ACC.

[8] *See* Exhibit SCE-107. On May 18, 2009, SoCal Edison sent a letter to the Commission stating that it would no longer seek back stop siting authority. *See* Exhibit SCE-109.

modification of the CPUC Decision issuing the CPCN for the DPV2 Project requesting that the CPUC authorize SoCal Edison to construct facilities for only the California segment of the DPV2 Project. According to SoCal Edison, additional transmission is still needed in the Blythe, California area as a result of the numerous requests for interconnection from new generators. The CPUC approved SoCal Edison's petition on November 20, 2009 in D.09-11-007, subject to the condition that SoCal Edison would not begin construction until the CAISO approved the project. According to SoCal Edison, the CAISO informed the CPUC in August 2010 that the need for the California segment of the DPV2 Project was triggered by generator interconnection requests in the Blythe, California area, and that the CAISO believed that SoCal Edison could begin with construction of the project.

II. SoCal Edison Filing

8. SoCal Edison submits testimony arguing that abandonment of the Arizona segment of the DPV2 Project was beyond its control; the $11.028 million in project costs were prudently-incurred; these costs have not been otherwise recovered as part of another Commission-approved rate; and amortizing the recovery of the abandoned plant costs over a five-year period through SoCal Edison's formula rate will result in just and reasonable rates.[9]

9. SoCal Edison contends that the reasons for which it has now abandoned the Arizona segment of the DPV2 Project were beyond its control. According to SoCal Edison, the abandonment is due to the fact that the ACC denied a necessary permit for the project, and thereafter economic circumstances changed such that this segment of the DPV2 Project was no longer needed. SoCal Edison contends that it made reasonable efforts to secure necessary regulatory approval of the Arizona segment of the DPV2 Project, but that it was unable to persuade the ACC to issue approval for construction of the Arizona segment. Additionally, SoCal Edison argues that a significant number of generator interconnection requests to the CAISO grid, the construction of which could have supported the need for the project, were withdrawn. To date, SoCal Edison states that there are no CAISO studies that identify that the Arizona segment of the DPV2 Project is needed. According to SoCal Edison, the changing economics and the withdrawal of the generator interconnection requests resulted in the conclusion that the Arizona segment of the DPV2 Project was no longer economically viable.[10]

[9] SoCal Edison Transmittal Letter at 1-2.

[10] *Id.* at 10.

10. According to SoCal Edison, it has separated the DPV2-Arizona segment expenditures into those qualifying for 100 percent abandoned plant recovery pursuant to the Incentives Order (post-incentive expenditures) and those incurred prior to September 1, 2005, which do not qualify for 100 percent abandoned plant recovery (pre-incentive expenditures).[11] For the pre-incentive expenditures, SoCal Edison is seeking approval to recover 50 percent of the abandoned plant costs, pursuant to Commission policy.[12] The pre-incentive expenditures have accrued AFUDC through the date of abandonment of the Arizona segment of the DPV2 Project, September 30, 2011, and total $4.192 million. SoCal Edison seeks recovery of $2.096 million of these costs.[13]

11. SoCal Edison also seeks 100 percent recovery of the post-incentive abandoned plant costs in the amount of $8.932 million, which includes direct expenditures, overheads, and AFUDC. All post-incentive expenditures recorded prior to March 1, 2008, the effective date of SoCal Edison's CWIP Ratemaking Mechanism, accrued AFUDC until that date. SoCal Edison states that this amount also includes AFUDC accrued since June 1, 2010, the date when SoCal Edison removed expenditures for the Arizona segment of the DPV2 Project from the CWIP Ratemaking Mechanism, consistent with the CWIP settlement.[14] In total, SoCal Edison seeks recovery through its formula rate of $11.028 million, including the accumulated AFUDC.[15]

12. SoCal Edison contends that the costs for the Arizona segment of the DPV2 Project were prudently incurred. According to SoCal Edison, the vast majority of the abandoned plant costs incurred for the Arizona segment of the DPV2 Project were recorded prior to the ACC's order denying approval of the Arizona segment of the DPV2 Project.[16] The

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[11] *Id.* at 11.

[12] *Id., citing, New England Power Co.,* Opinion No. 295, 42 FERC ¶ 61,016, at 61,068, 61,081-83, *reh'g denied,* 43 FERC ¶ 61,285 (1988).

[13] *Id.*

[14] *See Southern Cal. Edison Co.,* 132 FERC ¶ 61,213 (2010). The CWIP settlement approved by the Commission required SoCal Edison to exclude from its CWIP ratemaking mechanism $8.029 million in expenditures associated with the Arizona segment of the DPV2 Project.

[15] SoCal Edison Transmittal Letter at 11.

[16] *Id.* at 12. According to SoCal Edison, 72 percent of the direct costs for the Arizona segment of DPV2 were incurred before the ACC order in June 2007. *Id.*

expenditures for which SoCal Edison seeks abandoned plant recovery are costs associated with preliminary engineering; economic and environmental studies; conceptual engineering and design; cost estimating; and licensing activities.[17]

13. SoCal Edison notes that at the beginning of the DPV2 project it created a unique Project Identification Number (PIN) to which the capital costs associated with the DPV2 project were recorded and tracked from the start of development.[18] In order to accurately determine the costs associated with the Arizona segment, SoCal Edison claims that it examined each work order and categorized DPV2 direct expenditures as: (i) those specifically related to activities for the Arizona segment; (ii) those specifically related to the California segment; or (iii) those that are common costs not specifically identifiable to either segment. For expenditures in the common cost category, SoCal Edison allocated those costs to the Arizona and California segments based on the length of the transmission line in each state, resulting in 43 percent of those costs being allocated to the Arizona segment.[19]

14. SoCal Edison notes that Schedule 12 of its formula rate provides for recovery of abandoned plant costs in the Base Transmission Revenue Requirement (TRR), for those projects for which the Commission has approved abandoned plant cost recovery. The annual abandoned plant amortization expense would be equal to the total amount of Commission-approved abandoned plant costs, in this case proposed to be $11.028 million, divided by the amortization period (proposed to be 5 years). SoCal Edison states that the average unamortized balance will be treated as a component of rate base and will earn a return until the abandoned plant costs have been fully amortized. According to SoCal Edison, under the formula rate, the ROE component of the return on the abandoned plant will not include the ROE project adder approved for the DPV2 project.[20]

15. As noted above, SoCal Edison is seeking authorization to amortize the abandoned plant costs over a five-year period. SoCal Edison states that the Commission's general policy is that abandoned plant costs should be recovered over the life of the facilities. However, SoCal Edison believes that because the TRR impact of recovering the costs

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[17] *Id.*

[18] *Id.* at 13. Within the PIN, SoCal Edison states it created various capital work orders to record specific project costs. According to SoCal Edison, each work order has a unique identifier, but they are all linked to the project through the DPV2 PIN.

[19] *Id.* at 13-14.

[20] *Id.* at 15.

over a five-year period is relatively small,[21] and the primary beneficiaries of the planned transmission investment were customers that are taking service on the CAISO grid today, that SoCal Edison's proposed amortization period is reasonable.[22]

16. SoCal Edison requests that the Commission accept its proposed treatment for reflecting abandoned plant costs for the Arizona segment of DPV2 in its formula rate beginning on January 1, 2012.[23] Under SoCal Edison's proposal, rate levels would not change until October 1, 2012.[24] SoCal Edison requests waivers of the Commission's cost support regulations,[25] including waiver of the full Period I and Period II data requirements. SoCal Edison contends that good cause exists for such waiver, claiming that the statements, testimony, and exhibits accompanying its filing provide ample support for the reasonableness of the proposed costs to be recovered through SoCal Edison's formula rate.[26]

III. Notice, Interventions, and Responsive Pleadings

17. Notice of SoCal Edison's filing was published in the *Federal Register*, 76 Fed. Reg. 69,258 (2011), with interventions and comments due on or before November 18, 2011. Timely motions to intervene were filed by California Municipal Utilities Association (CMUA), Northern California Power Agency (NCPA), Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (Six Cities), Pacific Gas and Electric Company (PG&E) and Transmission Agency of Northern California (TANC). Timely motions to intervene and protest were filed by the M-S-R Public Power Agency (M-S-R), Modesto Irrigation District (Modesto),[27] the City of Los Angeles Department of Water and Power (LADWP) and the California Department of Water

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[21] According to SoCal Edison, the proposed amortization period of five years results in an initial year Base TRR impact of about $2.9 million, or an increase over SoCal Edison's currently authorized Base TRR of 0.40 percent. *Id.* at 16.

[22] *Id.* at 16.

[23] *Id.* at 9.

[24] Exhibit SCE-100.

[25] *See* 18 C.F.R. § 35.13 (2011).

[26] SoCal Edison Transmittal Letter at 18.

[27] Modesto is a member of M-S-R and filed in support of M-S-R's arguments. Modesto Protest at 7.

Resources State Water Project (SWP). On December 5, 2011, SoCal Edison filed an answer to the protests.

Protests and Comments

18. M-S-R and SWP request that the proposed five-year amortization period be shortened to one year because they argue the shorter period will reduce overall costs to customers by avoiding four years-worth of carrying costs. SWP contends that the appropriate mechanism for recovery of the abandoned plant costs is through SoCal Edison's Transmission Revenue Balancing Account (TRBA) in a single year with no amortization.[28] Both parties also claim that the shorter time period is reasonable given the relatively small size of the costs compared with SoCal Edison's overall rate base and projected revenue requirement.[29]

19. M-S-R and LADWP protest SoCal Edison's use of a ROE of 9.93 percent in deriving the cost of capital. These parties note that this rate mechanism is the subject of hearing and settlement procedures in Docket No. ER11-3697-000.[30]

20. LADWP objects to how SoCal Edison calculated the corporate overhead percentages and AFUDC as adjustments to the Arizona segment of the DPV2 Project. According to LADWP, SoCal Edison fails to explain how these corporate overhead costs were calculated and thus has failed to demonstrate that these percentages are just and reasonable.[31] Similarly, LADWP contends that SoCal Edison used a monthly AFUDC rate of 0.6635 percent without explanation of how it was derived. Therefore, LADWP requests a hearing to determine the just and reasonableness of the assumptions in the SoCal Edison filing identified in LADWP's pleading.[32]

21. In its answer, SoCal Edison asserts that the five-year amortization period is reasonable. However, SoCal Edison does not oppose the proposed one-year recovery of the abandoned plant costs. SoCal Edison does object to SWP's contention that SoCal

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[28] SWP Protest at 7.

[29] *See* M-S-R Protest at 8-9; SWP Protest at 7-8.

[30] *See* M-S-R Protest at 10-12; LADWP Protest at 5-6.

[31] LADWP Protest at 4.

[32] *Id.* at 6.

Edison should recover these costs through the TRBA rather than through its formula rate.[33]

22. SoCal Edison contends that LADWP's objection to the corporate overhead and AFUDC costs is based on LADWP's misunderstanding of the summary tables provided by SoCal Edison.[34] SoCal Edison claims that the detailed information provided to support the summary table is adequate and demonstrates that the costs are reasonable.[35] SoCal Edison also contends that the AFUDC calculations were performed in accordance with Commission regulations[36] and that LADWP's allegations are without merit.[37] Finally, SoCal Edison states that it will not respond to arguments regarding the ROE because this issue is being adjudicated in Docket No. ER11-3697-00.[38]

IV. Discussion

Procedural Matters

23. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2011), the notice of intervention and the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2011), prohibits an answer to a protest and/or answer unless otherwise ordered by the decisional authority. We will accept the answer filed by SoCal Edison because the answer has provided information that assisted us in our decision-making process.

Commission Determination

24. We grant SoCal Edison's request to recover the prudently-incurred costs associated with its abandonment of the Arizona segment of the DPV2 Project. We find that during the development of the DPV2 Project certain circumstances arose that

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[33] SoCal Edison Answer at 6.

[34] *Id.* at 4.

[35] *Id.* at 5,

[36] *See* 18 C.F.R. Part 101, Section 17 (2011).

[37] *Id.* at 6.

[38] *Id.* at 2-4.

resulted in SoCal Edison's abandonment of the Arizona segment of the DPV2 Project and that these circumstances were beyond SoCal Edison's control. As discussed below, we conclude that SoCal Edison has demonstrated that it qualifies to recover 100 percent of the prudently-incurred project costs for the Arizona segment of the DPV2 Project that were expended on or after September 1, 2005. [39] In addition, SoCal Edison has also demonstrated that it is entitled to recover 50 percent of the prudently incurred costs expended prior to September 1, 2005.

25. In the Incentives Order, the Commission granted SoCal Edison's request to recover 100 percent of its prudently-incurred abandoned plant costs if the DPV2 Project, or any portion thereof, was abandoned for reasons beyond SoCal Edison's control.[40] However, the Commission determined that, in order for SoCal Edison to recover these costs, SoCal Edison would have to show that its rates reflecting the abandoned plant costs were just and reasonable in a subsequent section 205 filing,[41] which SoCal Edison has filed in this proceeding. In granting SoCal Edison's request, we note that SoCal Edison, in its incentives petition, specifically identified the uncertainty of securing the approval of the ACC as a primary risk that could lead to its abandonment of the Arizona segment of the DPV2 Project.[42]

26. As a result, we find that this factor supports SoCal Edison's request to recover the abandoned plant costs associated with the Arizona segment of the DPV2 Project. Therefore, we find that SoCal Edison has adequately demonstrated that the factors leading to its abandonment of the Arizona segment of the DPV2 Project were beyond its control, as required by the Incentives Order, and we grant SoCal Edison's request to recover its prudently incurred DPV2 Project costs.

27. With respect to the amortization period, we note that SoCal Edison's proposed five-year amortization period is intended to be a reasonable compromise which balances on the one hand, the Commission policy of matching the amortization period with the expected project life, and on the other hand, the savings to customers in reducing the carrying costs by shortening the amortization period. However, we agree with M-S-R and SWP that shortening the proposed amortization period to one year would reduce the

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[39] We note that our findings are based on the specific facts and circumstances presented in this matter.

[40] Incentives Order, 121 FERC ¶ 61,168 at P 72.

[41] *Id.* P 73.

[42] *Id.* P 72.

overall costs by avoiding four years of carrying costs. In light of SoCal Edison's express statement that it does not oppose a one-year amortization of the abandoned plant costs, and that the effect on SoCal Edison's overall revenue requirement will be minimal, we will accept the one-year amortization proposal. However, since SoCal Edison's formula rate allows for the inclusion of the one-year amortized abandoned plant costs as an expense without additional filings or changes to its base TRR, we find that SWP's request that we direct SoCal Edison to include the amortized costs in its TRBA is unnecessary.

28. While SoCal Edison has supported its request to recover the costs associated with its abandonment of the Arizona segment of the DPV2 Project, we find that its filing does not contain sufficient information for the Commission to determine if certain abandoned plant costs that SoCal Edison proposes to recover are reasonably calculated. Thus, we cannot definitively conclude that the rates resulting from SoCal Edison's inclusion of the proposed amount of abandoned plants costs in its formula rates would be just and reasonable at this time. In order to determine the appropriate amount of prudently-incurred abandoned plant costs that SoCal Edison may recover, we will accept and suspend SoCal Edison's proposal, subject to refund, and set the appropriate amount of prudently-incurred abandoned plant costs for hearing and settlement judge procedures. We do note however that the ROE component of this proposal is subject to the outcome of the TO Tariff proceeding in Docket No. ER11-3697-000, and thus the ROE do not need to be set for hearing here. Therefore, the ROE ultimately determined in Docket No. ER11-3697-000 will be applied to the abandoned plant costs in this proceeding.

Suspension, Hearing, and Settlement Judge Procedures

29. As discussed above, we will accept SoCal Edison's request to recover the prudently-incurred abandoned plant costs associated with the Arizona segment of the DPV2 Project. However, the specific amount of abandoned plant costs that SoCal Edison proposes to recover as prudently-incurred costs raises issues of material fact that cannot be resolved based upon the record before us and are more appropriately addressed in the hearing and settlement judge procedures ordered below.

30. Our preliminary analysis indicates that SoCal Edison's request to recover $11.028 million of costs associated with its abandonment of the Arizona segment of the DPV2 Project has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. We find that this request is separate from SoCal Edison's demonstration that the factors leading to its abandonment of the Arizona segment of the DPV2 Project were beyond its control and that it, therefore, qualifies to recover the associated prudently-incurred abandoned plant costs. Accordingly, we will accept SoCal Edison's prudently-incurred abandoned plant

cost filing associated with the Arizona segment of DPV2, nominally suspend it to be effective January 1, 2012,[43] subject to refund, and set the specific amount of abandoned plant costs that SoCal Edison may recover for hearing and settlement judge procedures.

31. While we are setting this matter for trial-type evidentiary hearing, we encourage the parties to make every effort to settle their disputes before hearing procedures are commenced. To aid the parties in their settlement efforts, we will hold the hearing in abeyance and direct that a settlement judge be appointed, pursuant to Rule 603 of the Commission's Rules of Practice and Procedure.[44] If the parties desire, they may, by mutual agreement, request a specific judge as the settlement judge in the proceeding; otherwise, the Chief Judge will select a judge for this purpose.[45]

32. The settlement judge shall report to the Chief Judge and the Commission within 30 days of the date of this order concerning the status of settlement discussions. Based on this report, the Chief Judge shall provide the parties with additional time to continue their settlement discussions or provide for commencement of a hearing by assigning the case to the presiding judge.

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[43] Under *West Texas Utilities*, 18 FERC ¶ 61,189, at 61,374 (1982), the Commission explained that when its preliminary analysis indicates that the proposed rates may be unjust and unreasonable and may be substantially excessive, the Commission would generally impose a five-month suspension. In the instant filing, SoCal Edison is not proposing to modify the January 1, 2012 base TRR to reflect the abandoned plant; rather SoCal Edison is seeking authorization to reflect this abandoned plant in its formula rate Informational Filing in September 2012 which would affect the base TRR and associated rates beginning in October 2012. Thus, the question of a nominal suspension or five-month suspension in this particular case is immaterial since the rate impact will not occur until October 2012.

[44] 18 C.F.R. § 385.603 (2011).

[45] If the parties decide to request a specific judge, they must make their joint request to the Chief Judge by telephone at (202) 502-8500 within five (5) days of the date of this order. The Commission's website contains a list of Commission judges and a summary of their background and experience (www.ferc.gov – click on Office of Administrative Law Judges).

<u>The Commission orders</u>:

(A) SoCal Edison's request to recover project abandoned plant costs because the abandonment was beyond its control is granted based on the specific circumstances presented in this case, as discussed in the body of this order.

(B) SoCal Edison's proposed request to recover the DPV2 Project abandoned plant costs in its formula rate is hereby accepted, suspended for a nominal period, effective January 1, 2012, subject to refund and subject to the outcome of the hearing established herein, as discussed in the body of this order.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and by the Federal Power Act, particularly sections 205 and 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the Federal Power Act (18 C.F.R. Chapter I), a public hearing shall be held concerning the prudence of the abandoned plant costs SoCal Edison will include in its formula rate and the justness and reasonableness of the resulting rates. However, the hearing shall be held in abeyance to provide time for settlement judge procedures, as discussed in Ordering Paragraphs (D) and (E) below.

(D) Pursuant to Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603 (2011), the Chief Administrative Law Judge is hereby directed to appoint a settlement judge in this proceeding within fifteen (15) days of the date of this order. Such settlement judge shall have all the powers and duties enumerated in Rule 603 and shall convene a settlement conference as soon as practicable after the Chief Judge designates the settlement judge. If the parties decide to request a specific judge, they must make their request to the Chief Judge in writing or by telephone within five (5) days of the date of this order.

(E) Within thirty (30) days of the date of this order, the settlement judge shall file a report with the Commission and the Chief Judge on the status of the settlement discussions. Based on this report, the Chief Judge shall provide the parties with additional time to continue their settlement discussions, if appropriate, or assign this case to a presiding judge for a trial-type evidentiary hearing, if appropriate. If settlement discussions continue, the settlement judge shall file a report at least every sixty (60) days thereafter, informing the Commission and the Chief Judge of the parties' progress toward settlement.

(F) If settlement judge procedures fail and a trial-type evidentiary hearing is to be held, a presiding judge, to be designated by the Chief Judge, shall, within fifteen (15) days of the date of the presiding judge's designation, convene a prehearing conference in this proceeding in a hearing room of the Commission, 888 First Street, NE, Washington, DC 20426. Such a conference shall be held for the purpose of establishing a procedural schedule. The presiding judge is authorized to establish procedural dates and to rule on all motions (except motions to dismiss) as provided in the Commission's Rules of Practice and Procedure.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.