

Rulemaking No.: I. 00-11-001
Exhibit No.: _____
Witnesses: R. Cottom
A. Canning



SOUTHERN CALIFORNIA
EDISON

An *EDISON INTERNATIONAL* Company

(U 338-E)

***PREPARED DIRECT TESTIMONY OF
SOUTHERN CALIFORNIA EDISON
COMPANY (U 338-E)***

Before the
Public Utilities Commission of the State of California

Rosemead, California
May 18 , 2001

I.

QUALIFICATIONS AND PREPARED TESTIMONY

OF ARTHUR B. CANNING

Q. Please state your name and business address for the record.

A. My name is Arthur B. Canning, and my business address is 2244 Walnut Grove Avenue, Rosemead, California 91770.

Q. Briefly describe your present responsibilities at the Southern California Edison Company.

A. I am the Manager of Demand Forecasting in the Energy Supply and Management division. My present responsibilities include supervising the preparation of short- and long-range forecasts of system energy and peak demand, and the preparation of the day-ahead forecast of UDC load sent to the ISO and CDWR.

Q. Briefly describe your educational and professional background.

A. My academic training includes a Bachelor of Arts degree in Economics from the University of California, Davis, awarded in 1969; a Master of Science degree in Business Economics from the University of California, Los Angeles, in 1970, and several advanced technical courses.

I have 29 years of electric utility planning and forecasting experience with Southern California Edison Company. My job assignments have included acting as a technical advisor on all aspects of long- and short-range forecasting.

Q. What is the purpose of your testimony?

1 A. My testimony describes the SCE load forecast that was used for certain
2 scenarios analyzed in this proceeding.

3 Q. Please describe the basis for the load forecast SCE submitted for use in the
4 scenario analysis used in this proceeding.

5 A. The forecast utilized in the SCE plan was prepared in March 2000 for use in
6 SCE's 2002 GRC NOI. That forecast was based on an economic forecast
7 issued in December 1999 and energy use trends through January 2000.
8 Electricity prices were assumed frozen until April 2002. Conservation was
9 based on the then current levels of approved funding. This can be referred to
10 as a "pre-crisis" baseline forecast.

11
12 An update to this forecast to include the effects of rate increases, new
13 conservation and load management programs ordered by the Governor and
14 by the CPUC, a revised economic outlook, and recent customer conservation
15 behavior in response to the above factors has not yet been completed. The
16 updated forecast should be available shortly after the Commission's approval
17 of the rate design to implement recent rate increases.

18
19 Based upon the analysis done so far, it seems reasonable to assume that the
20 revised forecast will be lower than the March 2000 forecast, but not as much
21 as 10% lower. Thus, the -10% case should be sufficiently low to evaluate the
22 effect of increased conservation on the load forecast.

23 Q. Was the testimony you are sponsoring prepared by you or under your
24 supervision?

25 A. Yes, it was.

26 Q. Insofar as this material is factual in nature, do you believe it to be correct?

27 A. Yes, I do.

1 Q. Insofar as this material is in the nature of an opinion or judgment, does it
2 represent your best judgment?

3 A. Yes, it does.

4 Q. Does this conclude your testimony?

5 A. Yes.

6

1 II.

2 QUALIFICATIONS AND PREPARED TESTIMONY OF RONALD E.
3 COTTOM

4 Q. Please state your name, title, and business address.

5 A. My name is Ronald E. Cottom. I am a manager in the Transmission and
6 Distribution (T&D) Business lines at Southern California Edison (“SCE”).
7 My business address is 2244 Walnut Grove Avenue, Rosemead, California
8 91770.

9 Q. Briefly describe your present responsibilities at the Southern California
10 Edison Company.

11 A. I am presently Manager of CPUC Regulation within the Planning,
12 Communication and CPUC Regulation group of the T&D Business line for
13 SCE. My duties and responsibilities include the preparation of various
14 filings before the CPUC that address issues affecting the T&D Business line.
15 I am currently responsible for managing transmission and distribution
16 capital investments and O&M expenses in general rate cases before the
17 CPUC, and CPUC investigations involving transmission facilities, including,
18 the Commission’s investigation into transmission constraints pursuant to
19 AB 970.

20 Q. Briefly describe your educational and professional background.

21 A. I earned a Bachelor of Science degree in Engineering from San Fernando
22 Valley State College in 1972. I have been employed at SCE since February
23 1972, and have 29 years experience of increasing responsibility in the areas
24 of engineering, supervision, and management. I have managed professional
25 and technical staffs, represented SCE as an expert witness and acted as an
26 advisor to department directors and executives on key regulatory, planning

1 and operational issues. I have been Manager of CPUC Regulation since
2 March 2000.

3
4 I have been responsible for various areas as a manager, including: fuel
5 regulation, fuel procurement, QF and fuels regulatory affairs, grid planning,
6 strategic planning, and federal and state regulation. I managed the first
7 technical studies that identified transmission facilities needed to reduce
8 dependence on local generation, which is more commonly know as reliability
9 must run generation. I have also been responsible for managing ISO/PX
10 coordination including addressed functional implementation issues both
11 internally and externally with ISO participants including, long-tern
12 transmission rights, transmission access charge methods, congestion zone
13 review, as well as supporting SCE's Governing Board member at ISO Board
14 meetings.

15 Q. Please describe the purpose of your testimony.

16 A. My testimony describes the inputs SCE provided for the scenario analysis
17 submitted in Phase 2 of this proceeding jointly by the utility respondents, the
18 ISO and the CEC. These inputs include forecasts of existing and future
19 installed generation resources on the SCE system, estimated line miles
20 associated with a new transmission line from Palo Verde to Devers and the
21 O&M cost estimates associated with maintaining high voltage transmission
22 lines.

23 Q. Please describe the inputs SCE provided for the scenario analysis with
24 respect to generation.

25 A. SCE provided generation data for the scenario analysis matrix for both
26 existing and maximum new generation estimates. The information regarding
27 SCE existing generation level was provided based on the "2000 California

1 ISO Controlled - Grid Transmission Expansion Plan" study, which was
2 performed by Cal-ISO Grid Planning Department in year 2000. The study
3 cases are posted Cal-ISO web site at:

4 <http://www.caiso.com/thegrid/planning/transassessments/>

5
6 The maximum new generation estimates for the SCE area represents the
7 generation interconnection requests in various stages of review and study at
8 SCE. The maximum future market generation in all stages was calculated to
9 be 5,333 Mw in 2002, 11,391 Mw in 2003, and 14,146 Mw for 2004 and the
10 years thereafter. SCE recommended the use of CEC's new generation
11 numbers for the year 2001.

12 Q. What assumptions were used in estimating new line miles between Palo
13 Verde and Devers?

14 A. Line miles were based on a study performed in March 1987 as part of the
15 Draft Environmental Impact Report for the then proposed number 2 Devers
16 to Palo Verde 500 kV transmission line. The Engineering and Environmental
17 Assessment projected the line would run 238 miles from the Palo Verde
18 switch yard, 50 miles west of Phoenix, Arizona, to the Devers substation, 10
19 miles north west of Palm Springs, California, over a specific and specified
20 right of way. Since it is not now known if that specific right of way is still
21 available, I rounded the estimated line mileage to 240 miles.

22 Q. What assumptions were used in estimating O&M cost associated with a new
23 transmission line?

24 A. Operation and Maintenance costs were based on SCE's 1998-estimated cost of
25 service showing for SCE's FERC jurisdictional transmission facilities. These
26 transmission facilities are under the control of the ISO. In 1998 dollars, the
27 total O&M expense was estimated at \$39,852,000. This estimate was then

1 escalated to year 2001 costs by using escalation factors at the consumer's
2 price index less a productive factor (CPI - X). In 2001 dollars, this equaled
3 \$40,426,000. The projected 2001 O&M costs were then divided by the total
4 line miles under ISO control (approximately 6,484 miles) and rounded to the
5 nearest \$1,000. This equaled an O&M cost per mile of roughly \$6,000.

6 Q. Was the testimony you are sponsoring prepared by you or under your
7 supervision?

8 A. Yes, it was.

9 Q. Insofar as this material is factual in nature, do you believe it to be correct?

10 A. Yes, I do.

11 Q. Insofar as this material is in the nature of an opinion or judgment, does it
12 represent your best judgment?

13 A. Yes, it does.

14 Q. Does this conclude your testimony?

15 A. Yes.

16