

**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
2021 ERRRA Proceeding Revenue Requirement

Application No. 20-07-004
(Filed July 1, 2020)

**JOINT OPENING BRIEF OF THE CLEAN POWER ALLIANCE AND CALIFORNIA
CHOICE ENERGY AUTHORITY (THE "SOCAL CCAS") AND THE CALIFORNIA
COMMUNITY CHOICE ASSOCIATION**

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COMMUNITY CHOICE ASSOCIATION**

Pursuant to Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”), and the schedule set forth in Commissioner Guzman-Aceves’s September 10, 2020 Scoping Ruling (“Scoping Ruling”),¹ Clean Power Alliance (“CPA”) and California Choice Energy Authority (“CalChoice” and, jointly with CPA, the “SoCal CCAs”) and the California Community Choice Association (“CalCCA”)² hereby submit this joint Opening Brief in opposition to the *Application of Southern California Edison Company (“SCE”) (U 338-E) for Approval of Its Forecast 2021 ERRR Proceeding Revenue Requirement* (“Application”) in the above-captioned proceeding.

I. INTRODUCTION AND SUMMARY

As filed, SCE’s proposal unreasonably increases the PCIA for all customers, including SCE’s bundled customers and the SoCal CCAs’ unbundled customers. SCE requested in its Application a PCIA revenue requirement of \$1,279 million,³ which results in a *single-year* PCIA

¹ A.20-07-004, *Assigned Commissioner’s Scoping Memo and Ruling*, pp. 2-3 (September 10, 2020) (Scoping Items 1.d, 5.c. and 5.d.) (“Scoping Ruling”).

² Pursuant to Rule 1.8(d) of the Commission’s Rules of Practice and Procedure, the California Community Choice Association has authorized the SoCal CCAs to file this Joint Opening Brief on its behalf.

³ Exh. SCE-01 at 127:25.

rate increase of between 16% and 30%, shown in Table 1 from the SoCal CCAs’ Direct Testimony, for vintages 2009 through 2019.⁴ SCE has agreed to \$101.2 million in reductions to that request in response to the SoCal CCAs’ Direct Testimony, resulting in a PCIA revenue requirement of \$1,177 million, a 7.9% reduction.⁵ The PCIA rates resulting from these changes are shown by vintage and rate class in Table 3 from the SoCal CCAs’ direct testimony.⁶

Table 3: The SoCal CCAs’ Adjusted PCIA Rates

Line	Vintage	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1	2020 Capped	\$0.0116	\$0.0146	\$0.0173	\$0.0178	\$0.0178	\$0.0177	\$0.0168	\$0.0167	\$0.0167	\$0.0188	\$0.0188	\$0.0228	
2	2020 Uncapped	\$0.0116	\$0.0146	\$0.0186	\$0.0195	\$0.0186	\$0.0205	\$0.0218	\$0.0226	\$0.0224	\$0.0241	\$0.0228	\$0.0228	
3	2021 Capped	\$0.0124	\$0.0154	\$0.0191	\$0.0197	\$0.0196	\$0.0214	\$0.0218	\$0.0217	\$0.0217	\$0.0223	\$0.0225	\$0.0146	
4	2021 Uncapped	\$0.0124	\$0.0154	\$0.0191	\$0.0197	\$0.0196	\$0.0214	\$0.0223	\$0.0228	\$0.0225	\$0.0223	\$0.0225	\$0.0146	\$0.0146
5	PUBA Repayment			\$0.0003	\$0.0005	\$0.0002	\$0.0013				\$0.0016	\$0.0002		
6	PUBA Accrual							\$0.0005	\$0.0011	\$0.0008				
7	Proposed Rates	\$0.0124	\$0.0154	\$0.0194	\$0.0203	\$0.0199	\$0.0227	\$0.0218	\$0.0217	\$0.0217	\$0.0239	\$0.0227	\$0.0146	\$0.0146
8	Capped?	No	No	No	No	No	No	Yes	Yes	Yes	No	No	No	
9	Proposed % Rate Increase	7%	6%	12%	14%	12%	28%	30%	30%	30%	27%	21%	-36%	

The rates in Table 3 are preliminary and remain subject to change as the PCIA revenue requirement is updated throughout this proceeding, including with information from the November 9, 2020 update to SCE’s testimony (“November Update”), and through the resolution of two parallel proceedings that will impact the outcome of this case: A.20-08-024, SCE’s ERRA Trigger Application and A.20-10-007, SCE’s PCIA Trigger Application.

Despite the reductions outlined above, certain components of SCE’s requested relief in this proceeding remain unjust and unreasonable, not based on substantial evidence, or out of compliance with applicable rules, regulations, resolutions and decisions for all customer categories. These controversies relate to the following issues within the Scoping Ruling:⁷

1. Whether SCE’s requested 2021 ERRA forecast revenue requirement of \$4.115

⁴ Exh. CCA-01 at 2:30-31.

⁵ *Id.* at 4:3-4.

⁶ *Id.* at 5:1-3 and p. 5, Table 3.

⁷ Scoping Ruling at 2-3.

billion is reasonable, including but not limited to consideration of the following:

- a. SCE's forecast of electric sales and electric load;
 - b. Fuel and purchased power expenses;
 - c. SCE's forecast Greenhouse Gas (GHG) costs; and
 - d. Accurate accounting and proper allocation of annual true-ups for balancing accounts such as the Portfolio Allocation Balancing Account (PABA), New System Generation Balancing Account; Energy Settlements Memorandum Account, ERRA Balancing Account and Green Tariff Shared Renewables Balancing Account.
5. Whether SCE's calculation of the Power Charge Indifference Amount (PCIA) and Competition Transmission Charge rates are reasonable; including but not limited to discussion of the following:
- a. Treatment of Resource Adequacy resources and associated costs in the PCIA;
 - b. Treatment of Renewable Portfolio Standard (RPS) resources with excess RPS value and allocation of RPS sales across vintages;
 - c. Calculation of the indifference amount;
 - d. Calculation of the year-end PABA balance; and
 - e. Allocation of indifference charges among vintages and customer classes.
6. Whether SCE's request and methods used to determine the items above comply with all applicable rules, regulations, resolutions and decisions for all customer categories.

To address the short-comings remaining in SCE's requested relief, the Commission should:

- Reject SCE's proposal to set PCIA rates based solely on unverifiable assertions of an estimated year-end Portfolio Allocation Balancing Account ("PABA") balance;
- Require SCE to provide PABA-related volumetric data as part of its workpapers in future ERRA forecast cases;
- If necessary, in response to issues raised in A.20-08-024, SCE's ERRA Trigger Application, allow parties to address recovery of the over or under-collection of SCE's ERRA balancing account in 2020 in response to SCE's November Update;
- In response to A.20-10-007, SCE's PCIA Trigger Application:
 - Determine that any residual PCIA Undercollection Balancing Account ("PUBA") balance from 2020 will either be amortized via a PUBA sur-

charge or will be deferred until 2022, eliminating the need to include such amounts in the 2021 PCIA revenue requirement.

- Assuming the Commission adopts capped PCIA rates for 2021, reject any proposal that would revise the methodology to calculate such caps; and
- Ensure parties' due process rights are preserved given the even greater burdens placed on the one-week comment period for SCE's November Update.

The SoCal CCAs and CalCCA also summarize herein the resolution of previously contested issues that were resolved via the SoCal CCAs' Direct Testimony and SCE's Rebuttal Testimony.

Finally, the SoCal CCAs and CalCCA reserve their right to modify these recommendations based on updated information presented in SCE's November Update, and to address any other issues raised therein, via comments on the November Update or any further process the Commission may adopt.

II. LEGAL STANDARD

The magnitude of the impact of SCE's application on both departed and bundled customers requires cautious and careful consideration under the applicable standards of proof. SCE, as the applicant, has the burden of affirmatively establishing the reasonableness of all aspects of its application,⁸ and that burden of proof generally is measured based upon a preponderance of the evidence.⁹

⁸ R.11-02-019, *Decision Mandating Pipeline Safety Implementation Plan, Disallowing Costs, Allocating Risk of Inefficient Construction Management to Shareholders, and Requiring Ongoing Improvement in Safety Engineering*, p. 42 (December 28, 2012) ("D.12-12-030").

⁹ See, e.g., A.17-06-005, *Decision Adopting Pacific Gas and Electric Company's 2018 Energy Resource Recovery Account Forecast and Generation Non-Bypassable Charges and Greenhouse Gas Forecast Revenue and Reconciliation*, pp. 9-10 (January 16, 2018) ("D.18-01-009"); R.11-02-019, *Order Modifying Decision (D.) 12-12-030 and Denying Rehearing, as Modified*, p. 29 (July 27, 2015) ("D.15-07-044") (observing that the Commission has discretion to apply either the preponderance of evidence or clear and convincing standard in a ratesetting proceeding, but noting that the preponderance of evidence is the "default standard to be used unless a more stringent burden is specified by statute or the Courts.").

Resolving the question of whether SCE’s requested 2021 ERRRA forecast revenue requirement of \$4.115 billion is reasonable requires consideration of the accuracy of the utility’s accounting and whether it properly allocated the annual true-ups for balancing accounts such as the PABA.¹⁰ Additionally, the question of the reasonableness of SCE’s 2021 PCIA rates includes but is not limited to the reasonableness of SCE’s proposed treatment of (a) Resource Adequacy (“RA”) resources and associated costs in the PCIA, (b) the treatment of Renewable Portfolio Standard (“RPS”) resources with excess RPS value and allocation of RPS sales across vintages, (c) the calculation of the 2021 indifference amount, (d) the calculation of the 2020 year-end PABA balance, and (e) the allocation of indifference charges among vintages and customer classes.¹¹ Finally, not only must SCE’s proposals be reasonable, the methods used to determine SCE’s requested relief must comply with all applicable rules, regulations, resolutions and decisions for all customer categories.¹²

The Commission also cannot grant the relief requested in SCE’s Application without substantial evidence to support the rates requested therein.¹³ California courts will overturn Commission decisions that lack substantial evidence.¹⁴ Mere rubber-stamping of uncorroborated, disputed evidence does not meet this standard.¹⁵ The Commission, therefore, must require SCE to support its assertions with sufficient evidence or reject the components of SCE’s Application unsupported by substantial evidence.

¹⁰ Scoping Ruling at 2-3.

¹¹ *Id.*

¹² *Id.*

¹³ Cal. Pub. Util. Code § 1757(a)(4). *See, e.g., The Utility Reform Network v. Pub. Util. Comm’n*, 223 Cal. App. 4th 945, 958-59 (February 5, 2014).

¹⁴ Cal. Pub. Util. Code § 1757(a)(4). *See, e.g., The Utility Reform Network v. Pub. Util. Comm’n*, 223 Cal. App. 4th 958-9 (February 5, 2014).

¹⁵ *See id.*

In addition, the Public Utilities Code gives conclusive effect to all Commission decisions once they are final.¹⁶ The legislature has accordingly limited the methods that parties may use to attack Commission decisions, making collateral attacks illegal.¹⁷ As the Commission set forth in D.14-06-053, “[a]ny challenge [to a Commission decision] must be ‘direct’ (as opposed to collateral), and must be made within statutory time limits, after properly exhausting administrative remedies.”¹⁸

Overall, and as further explained below, SCE’s proposals do not comply with the legal standards set forth above. For example, SCE’s proposal to set PCIA rates based solely on unverifiable assertions of an estimated year-end PABA balance is not based on substantial evidence. Additionally, assuming the Commission adopts capped PCIA rates for 2021, SCE’s proposal (made in its PCIA Trigger Application) to revise the methodology to calculate such caps infringes on the scope of this proceeding, does not follow applicable rules, regulations, resolutions and decisions for all customer categories, constitutes an impermissible collateral attack on both D.18-10-019 and D.20-01-022.

Lastly, the revenue requirements and ratemaking practices proposed within SCE’s November Update testimony, which will be filed November 9, 2020, must also meet the standards set forth herein. As much as is practicable, the SoCal CCAs and CalCCA intend to address whether those standards have been met within their comments on the November Update; however, the current one-week deadline for comments on the November Update provides

¹⁶ A. 13-06-015, *Order Modifying D.14-02-016 and Denying Rehearing of the Decision, As Modified*, p. 13 (“D.14-06-053”) (citing D.14-02-016; Pub. Util. Code, §§ 1708, 1709, 1731(b)(1), 1756, 1757, 1759) (June 26, 2014).

¹⁷ *Id.* at 14.

¹⁸ *Id.* (citation omitted).

inadequate time for this review and fails to preserve parties' due process rights, especially in light of the extra burdens SCE's PCIA Trigger Application will place on that timeline.

III. STATUS OF THE PCIA AND PABA

PCIA rates for 2021 are set in this proceeding based on two key components: (1) the Indifference Amount, *i.e.*, the difference between the forecasted cost of SCE's generation portfolio in 2021 and the forecasted market value of SCE's generation portfolio in 2021; and (2) the 2020 year-end balance in the PABA, which essentially constitutes a rolling true-up between the forecasted costs and revenues used to set the PCIA for 2020 and the actual costs and revenues SCE is realizing this year.¹⁹ The Indifference Amount and the year-end PABA overcollection (or undercollection) are added together to form the PCIA revenue requirement.²⁰ That revenue requirement is then allocated among both bundled and unbundled customers based on their vintage, *i.e.*, the year unbundled customers left SCE's service, and their rate class.²¹

A key factor in the rate increases proposed in this proceeding is SCE's forecasted 2020 year-end PABA balance. SCE began the year 2020 with a PABA balance of \$537 million, which rose to \$637 million by May, rose again to \$769 million at the end of July 2020, and was expected to fall below \$500 million in August due to a heat wave,²² as shown in Figure 1 from the SoCal CCAs' Direct Testimony:²³

¹⁹ Exh. CCA-01 at 5:9 to 8:19, 13:1-14, and 25:1-8. Because the true-up for 2020 occurs during 2020, this true-up is developed using (1) actual values that are available to date and (2) a forecast of actual values for the remainder of the year. *Id.*

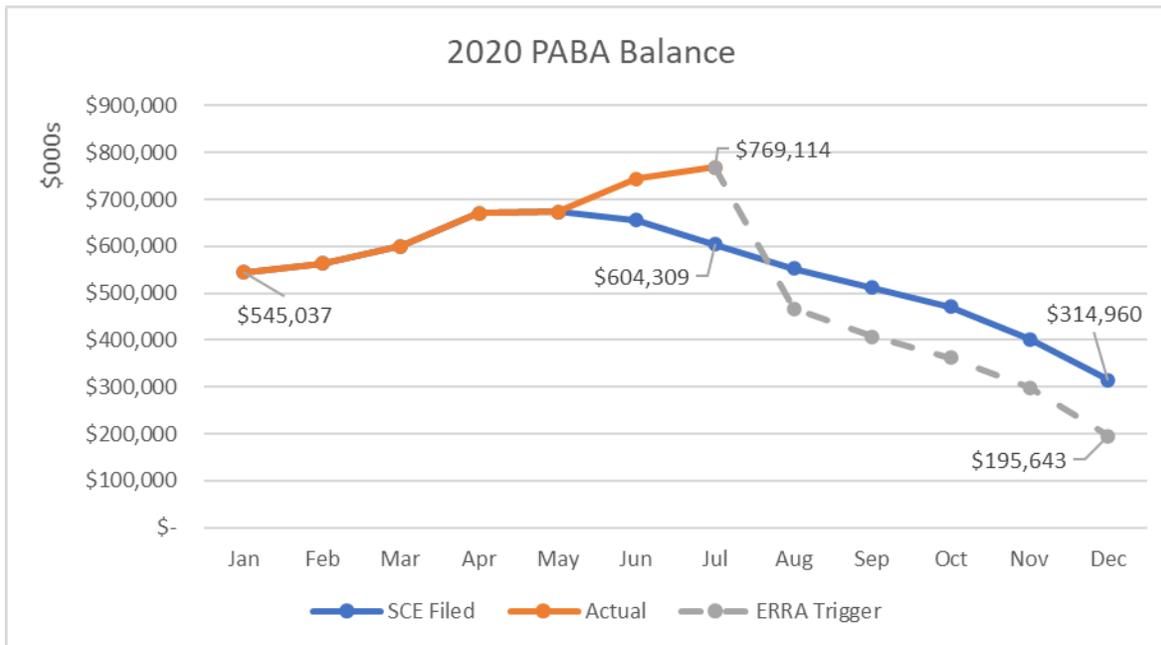
²⁰ *Id.*

²¹ *Id.*

²² *Id.* at 14:1 to 16:2.

²³ *Id.* at 15:1-2.

Figure 1: SCE Monthly PABA Balance



In order to understand the factors influencing these changes to PABA, the SoCal CCAs prepared the variance analyses in Tables 5 and 6 of the SoCal CCAs’ Direct Testimony based on discovery responses from SCE. Those tables highlight the five major categories and variances based on actual data through May 2020 (Table 5) and through July 2020 (Table 6) that impact the different year-end PABA balances seen throughout the course of this year:²⁴

1. *Customer Revenue* – As expected, projected customer revenue in 2020 is well short of forecast, mainly due to (1) the COVID pandemic and (2) the 3.5-month delay implementing SCE’s 2020 PCIA rates which took effect April 13, 2020.²⁵
2. *Energy Value* – The single largest contributor to a higher than expected PABA balance in 2020 is a drop in brown power market value due predominantly to a reduction in market prices, which was then magnified by lower-than-forecast generation volumes sold into the California Independent System Operator (“CAISO”) market.²⁶

²⁴ *Id.* at 16:5 to 21:3.

²⁵ *Id.* at 17:4 to 18:2, 20:6-7.

²⁶ *Id.* at 18:4 to 18:13, 20:6-7.

3. *RPS Value* – At the time of filing, the actual RPS value projected for year-end 2020 was expected to be only slightly lower than forecast.²⁷
4. *RA Value* – At the time of filing, there was only a small change in RA value between forecasts and projected actuals.²⁸
5. *Portfolio Costs* – Total portfolio costs are approximately 2% lower than forecast, but the different component parts move in different directions. General rate case (“GRC”)-related costs are being recorded as expected, and variable costs of production are lower than projected. Fuel costs at utility-owned generation (“UOG”) facilities are on track to be over 21% higher than forecast. Due to the relatively small volume of UOG generation in SCE’s service territory, the higher fuel costs are more than offset by lower contract costs driven by realized prices for purchased generation that are approximately 5% lower than forecast.²⁹

In sum, at the time of SCE’s filing, the combination of lower customer revenues and lower energy value made up more than the entire under-collection projected to remain in the PABA at the end of 2020.³⁰ Since the filing, additional actual results show that the same categories are contributing to the PABA variance but with an even more pronounced effect.³¹ Given the unique circumstances facing California’s economy in general since early 2020 and the impact on electricity consumption and market conditions, the trends observed in the variance analyses appear largely in alignment with expectations.³² Lower customer load and lower market prices during the state’s response to the COVID-19 pandemic have contributed materially to PABA under-collection in 2020.³³

²⁷ *Id.* at 18:15-19.

²⁸ *Id.* at 19:1-4.

²⁹ *Id.* at 19:6-13.

³⁰ *Id.* at 19:15-17.

³¹ *Id.* at 19:17-19.

³² *Id.* at 20:3-5.

³³ *Id.* at 20:5-7.

Finally, it is important to note that these fluctuations will continue. Changed circumstances in August and September, including the August heat wave, will continue to have a material impact on the forecasted year-end PABA balance,³⁴ and related impacts will need to be analyzed closely in the November Update.

IV. ISSUES RELATED TO SCE'S BALANCING ACCOUNTS

The PABA constitutes a rolling true-up between the forecasted components of the Indifference Amount used to set the PCIA rates and the actual costs and revenues SCE experiences during the year.³⁵ Any resulting over- or under-collection in the PABA, by vintage, is added to the PCIA revenue requirement used to establish the 2021 PCIA rates.³⁶

The ERRA balancing account is a rolling true-up of SCE's actual costs to meet bundled service customers' energy and ancillary service requirements through the CAISO market and the fuel and purchased power costs of any contracted resources that are not eligible for recovery in the PABA or New System Generation Balancing Account.³⁷ The ERRA also includes the imputed cost of renewable energy certificates and RA products retained to meet compliance requirements for bundled customers, with an offsetting credit recorded to the PABA.³⁸ Customers receiving bundled service from SCE during the time costs accrue to the ERRA balancing account are responsible for subsequent recovery, or refund, of the true-up balance.³⁹

³⁴ *Id.* at 20:7 to 21:1.

³⁵ *Id.* at 13:2-4.

³⁶ *Id.* at 13:4-5.

³⁷ *Id.* at 13:6-9.

³⁸ *Id.* at 13:9-12 (citing to A.20-08-024, *Testimony in Support of Expedited Application of Southern California Edison Company Regarding Energy Resource Recovery Account Trigger Mechanism*, p. 4 (August 31, 2020) ("SCE Trigger Application")).

³⁹ *Id.* at 13:12-14.

A. The Commission Should Not Set PCIA Rates Based Solely on Unverifiable Assertions of An Estimated Year-End PABA Balance for Which No Volumetric Data Have Been Provided in Support.

The Commission should not set PCIA rates based solely on unverifiable assertions of an estimated year-end PABA balance for which no volumetric data have been provided in support. The extent of SCE’s support in its Prepared Testimony for its forecasted year-end PABA balance of \$318.5 million includes an assertion that it is based on “recorded amounts through May 31, 2020, plus a forecast of activity SCE expects to be recorded to PABA during June through December 2020.”⁴⁰ It also provides Table 5 in Appendix A, which includes few details regarding this under-collection, simply listing monthly dollar totals for major categories of costs and revenues.⁴¹ Finally, it promises to update this conclusive data in its November Update.⁴²

The lack of detail provided to date and promised again for November prevents the Commission and parties from determining whether those amounts include large errors and from understanding at a basic level the elements driving the under-collection.⁴³ Since the data SCE presents are unverifiable, its Prepared Testimony does not meet its burden to support its requested relief with substantial evidence, and it cannot be determined from SCE’s testimony alone that the utility has proposed just and reasonable rates. Since the lack of volumetric data prevents the SoCal CCAs from understanding the elements driving the under-collection, it also prevents CCAs in SCE’s service territory from being able to plan for 2021 rate changes and creates the potential for an unnecessarily controversial and contested November Update.

As outlined in Commissioner Guzman-Aceves’s Scoping Ruling, the reasonableness of SCE’s requested \$4.115 billion revenue requirement includes consideration of the (1) accuracy

⁴⁰ Exh. SCE-01 at 101:9-14.

⁴¹ *Id.* at Appendix A, Table 5; Exh. CCA-01 at 17-19.

⁴² Exh. SCE-01 at 101:9-14.

⁴³ Exh. CCA-01 at 13:19-22.

of the utility's accounting, (2) whether it properly allocated the annual true-ups for balancing accounts such as the PABA, and (3) the calculation of the 2020 year-end PABA balance.⁴⁴ The Commission also cannot grant the relief requested in SCE's Application based merely on uncorroborated, disputed evidence.⁴⁵ The Commission, therefore, must require SCE to support its assertions with sufficient evidence or reject the components of SCE's Application unsupported by substantial evidence.

In response to assertions in the SoCal CCAs' direct testimony that it has presented unverifiable data, SCE cites to D.18-10-019's Ordering Paragraph 8, which states that "the accuracy of entries" to PABA will be reviewed in detail in the ERRA compliance proceeding.⁴⁶ In this response, SCE appears to suggest that *any* review of the data recorded to PABA in 2020 is out of scope of this proceeding. That argument cannot be squared with the language in Scoping Ruling requiring consideration of "accurate accounting" to determine whether SCE's requested revenue requirement is reasonable and language requiring discussion of the calculation of the year-end PABA balance in order to determine the reasonableness of SCE's PCIA rates.⁴⁷

While the SoCalCCAs agree with SCE that the type of detailed audit contemplated in Ordering Paragraph 8 of D.18-10-019 is better suited to the scope and timelines of SCE's ERRA compliance proceeding, both the Scoping Ruling and the law require some review of verifiable data as part of this proceeding. As SCE recognizes, "the true-up of the PABA does occur in the ERRA Forecast proceeding."⁴⁸ D.18-10-019 should not be read, as SCE's Rebuttal Testimony

⁴⁴ A.20-07-004, *Assigned Commissioner's Scoping Memo and Ruling*, pp. 2-3 (September 10, 2020) (Scoping Items 1.d and 5.d.).

⁴⁵ Cal. Pub. Util. Code § 1757(a)(4). *See, e.g., The Utility Reform Network v. Pub. Util. Comm'n*, 223 Cal. App. 4th 945, 958-59 (February 5, 2014).

⁴⁶ SCE Rebuttal Testimony at 5:12-16.

⁴⁷ A.20-07-004, *Assigned Commissioner's Scoping Memo and Ruling*, pp. 2-3 (September 10, 2020) (Scoping Items 1.d, 5.c. and 5.d.).

⁴⁸ Exh. SCE-03 at 5:18-19.

may suggest, that *any* amount the utility records to PABA *must* be approved by the Commission. If a party discovered SCE made a \$200 million error in its recorded actuals, for example, the resulting rates would not be just and reasonable but also would not be challengeable under SCE's approach if SCE disputed an error was made.

As the Scoping Ruling recognizes, a high-level review of the projected year-end PABA balance is necessary as part of this proceeding to ensure rates are just and reasonable. Volumetric data are the substantial evidence not only needed to conduct such a review but also to allow the Commission to grant SCE's requested relief. Large deviations between actual and forecasted results spotlight potential areas for investigation.⁴⁹ Often such investigation leads to the discovery of errors or opportunities to improve forecasts, all of which is in the interest of both bundled and unbundled customers.⁵⁰

B. SCE Should Be Required to Provide PABA-Related Volumetric Data as Part of its Workpapers In Future ERRA Forecast Cases.

In addition to ensuring rates are just and reasonable, CCAs, as customer-facing load serving entities, must be granted access to the data required to analyze, anticipate and plan for potential rate impacts on their customers.⁵¹ The PABA's volatility underscores the need for timely provided volumetric data. The PABA balance has proven to be unpredictable, fluctuating by hundreds of millions of dollars through the pendency of the ERRA application process.⁵² As noted above, SCE began the year 2020 with a PABA balance of \$537 million, which rose to \$637 million by May, rose again to \$769 million at the end of July 2020, and was expected to fall below \$500 million in August due to a heat wave.⁵³

⁴⁹ Exh. CCA-01 at 15:9-10.

⁵⁰ *Id.* at 15:10-12.

⁵¹ *Id.* at 21:7-11.

⁵² *Id.* at 14:3-5.

⁵³ *Id.* at 14:1 to 16:2.

SCE did not provide any explanation for these fluctuations in either its Prepared Testimony or its Rebuttal Testimony, stating instead that it will provide an analysis of the main drivers of the PABA balance in its November Update.⁵⁴ However, the short time provided for discovery and comments on the November Update—four business days—will make confirmation of SCE’s analysis difficult and will prevent CCAs from being able to forecast and plan for likely Q1 rate changes.⁵⁵ The sheer magnitude of the PABA, its inclusion in the 2021 PCIA revenue requirement, and the growing discrepancy between recorded costs and SCE’s projections emphasizes the importance of verifying and understanding the factors influencing SCE’s numbers well in advance of November.⁵⁶ Leaving such analysis to November, without providing the underlying data prior to November, creates the potential for an unnecessarily contentious November Update and the potential for either due process concerns or a delay in rate implementation.

Through discovery, the SoCal CCAs worked with SCE to obtain data, including, importantly, the volumes underlying the dollar amounts in SCE’s workpapers, necessary to complete a high-level analysis of the growing PABA balance⁵⁷ including monthly actual volumetric data, by category, underlying the PABA actuals in this proceeding.⁵⁸ SCE’s Rebuttal Testimony states this “collaborative, non-prescriptive approach appears to be working” and appears to suggest the utility will not do more until formal Commission action requires it.⁵⁹

⁵⁴ *Id.* at 15:3-4; Exh. SCE-01 at 131:9-1.

⁵⁵ *Id.* at 15:4-6.

⁵⁶ *Id.* at 15:6-8.

⁵⁷ *Id.* at 15:13-15.

⁵⁸ *Id.* at 21:11-13.

⁵⁹ *Id.* at 6:3-18.

However, the discovery process is not an ideal avenue in which to obtain this data given the abbreviated schedule required in the ERRA forecast proceeding.⁶⁰ The ERRA forecast proceeding simply cannot accommodate the timeframe necessary for the elements of a protracted discovery dispute, *i.e.*, the objections, need to meet and confer, and potential need for the Commission to resolve a motion to compel. While the latter element was avoided in this case, nearly 1.5 months passed between the CCAs July 20, 2020 original data request and the final supplement to SCE's first responses, which were provided on September 1, 2020.

Moreover, consistency in the data provided from one ERRA forecast proceeding to the next, and consistency in the data provided to CCAs throughout California by one IOU compared to that provided by another IOU, requires the type of formal action SCE appears to contest. It is for this reason CCAs in PG&E and SDG&E's ERRA Forecast proceedings have made the exact same request as that presented in this case.⁶¹ Namely, in future ERRA forecast applications, SCE should be required to provide in its confidential workpapers, and in routine updates throughout the proceeding, the data required to review actual PABA activity. Such data should include:

- Confidential versions of the monthly ERRA/PABA/PUBA reports.
- Additional detail supporting the monthly PABA reports, including subcategories for summarized line items such as UOG costs and Contracts (e.g. provide by resource type, and whether RPS or non-RPS eligible).
- Actual volumetric quantities underlying each relevant dollar figure; such categories include UOG generation, power purchases and sales, CAISO market sales, and retail customer sales.
- Monthly volumes of Actual Sold, Retained, and Unsold RA.

⁶⁰ *Id.* at 21:14-15.

⁶¹ See Opening Brief of San Diego Community Power and Clean Energy Alliance in A.20-04-014, p. 9 (September 25, 2020); A.20-07-002, *Pacific Gas and Electric Company Prepared Testimony 2021 Energy Resource Recovery Account and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation* at 33:4-17 (July 1, 2020).

- Monthly volumes of Actual Sold, Retained, and Unsold RPS.

Without supporting data, including volumetric quantities underlying recorded costs and revenues, it is not possible to determine, in a timely manner, whether SCE's PABA balance is reasonable; it requires substantial discovery for CCAs to simply understand the market forces underlying those amounts. It is difficult for CCAs to plan for the likely rate changes that will result until it is too late, *i.e.*, after the November Update, and it results in an unnecessarily contentious and controversial November update that likely leads to either due process concerns or delayed PCIA rates. The solution to these problems is simply increased transparency, and there is no compelling argument against it.

C. The SoCal CCA's Reserve the Right to Address Recovery of the Over or Under-Collection of SCE's ERRA Balancing Account in 2020 in Response to the Utility's November Update, as Necessary.

On August 31, 2020, SCE filed its ERRA Trigger Application indicating that as of July 31, 2020, its ERRA trigger balance exceeded the 5% threshold and that, at the time the threshold was crossed no self-correction was expected within the 120-day window.⁶² Due to extreme weather and market conditions during the latter part of August 2020, SCE's updated forecast of the ERRA trigger balance showed the potential for self-correction as soon as the end of August.⁶³ In fact, the updated forecast indicated a potential for both the ERRA and the PABA balancing accounts to be under-collected by the end of 2020.⁶⁴ Because of these updated circumstances SCE requested that the Commission allow SCE to maintain ERRA-related rates at their current levels and instead address the ERRA trigger balance (comprising the year-end ERRA balance

⁶² Exh. CCA-01 at 22:21 to 23:1 (citing to SCE ERRA Trigger Application at 1).

⁶³ *Id.* at 23:1-3 (citing to SCE ERRA Trigger Application at 1).

⁶⁴ *Id.* at 23:3-5 (citing to ERRA Trigger Application at 10).

and bundled customers' share of the PABA balance) in the 2021 ERRA Forecast Application (i.e. this Application)⁶⁵

The SoCal CCAs do not oppose SCE's proposal to address the ERRA trigger balance in this Application and note that SCE's initial filing already dealt with disposition of the year-end ERRA and PABA balances as if no ERRA Trigger Application were filed.⁶⁶ In its initial filing, SCE credits the 2020 PCIA vintage for (1) an anticipated \$413.9 million year-end overcollection in the 2020 ERRA balance and (2) a \$56.0 million credit due to bundled customers because they paid higher rates to compensate for lower, capped, PCIA rates paid by departing load customers during 2020.⁶⁷ The SoCal CCAs are not opposed to SCE including the updated year-end balances in its November Update in a similar fashion, *i.e.*, as an adjustment to the 2020 PCIA vintage.

SCE has requested in the ERRA Trigger Application that the Commission issue a decision that either (1) grants SCE's proposal to address the ERRA Trigger Balance in this proceeding; (2) consolidates (through a ruling or decision) the Trigger Application with this proceeding, or (3) dismisses the ERRA Trigger Application as moot.⁶⁸ To the extent the Commission allows SCE to address recovery of any over or under-Collection of SCE's ERRA Balancing Account in 2020, the SoCal CCAs reserve the right to address such under or over-collections in comments on the utility's November Update.

⁶⁵ *Id.* at 23:5-9.

⁶⁶ *Id.* at 23:10-13.

⁶⁷ *Id.* at 23:13-16.

⁶⁸ A.20-08-024, Exh. SCE-01, *Testimony in Support of Expedited Application of Southern California Edison Company (U 338-E) Regarding Energy Resource Recovery Account Trigger Mechanism*, p. 1 (August 31, 2020).

V. SCE’S PCIA TRIGGER APPLICATION, A.20-10-007, REQUIRES BOTH PROCEDURAL AND SUBSTANTIVE MODIFICATIONS TO SCE’S REQUESTED RELIEF.

As anticipated,⁶⁹ SCE filed an expedited PCIA Trigger Application on October 9, 2020, to recover a \$68.6 million balance in the PUBA that it expects to accrue by the end of this year (“Trigger Balance”).⁷⁰ Within its application and testimony, SCE proposes two options for amortizing the Trigger Balance that both impact this case:

- Proposal 1 (“**Trigger-Only Proposal**”) – a simple, 12-month amortization beginning in Q1 2021 that amortizes the Trigger Balance as a surcharge on the 2021 PCIA rates adopted in this proceeding.⁷¹
- Proposal 2 (“**Composite Proposal**”) – a consolidated 12-month amortization of both (a) approximately 80% of the Trigger Balance and (b) 100% of the PCIA revenue requirement adopted in this proceeding, where the resulting, effective PCIA rate would be uncapped.⁷²

The Trigger-Only Proposal would be implemented in addition to capped PCIA rates, and the Composite Proposal would do away with capped rates altogether in 2021. The SoCal CCAs and CalCCA will address the reasonableness of these aspects of both proposals in that proceeding.

However, directly relevant to this proceeding, SCE also proposes as part of its PCIA Trigger Application to modify the methodology used to calculate the PCIA rate increase cap adopted in D.18-10-019, followed in D.20-01-022, presented in SCE’s testimony in this proceeding, established in SCE’s Advice Letter 4084-E, enshrined in SCE’s Preliminary

⁶⁹ Exh. CCA-01 at 26:4-14.

⁷⁰ Exh. CCAs-07 at 13:7-8 and Table III-3.

⁷¹ *Id.* at 1:11-13, 17:1 to 20:7 (“Recover 100 percent of the forecast 2020 year-end PCIA Trigger Balance as a sur-charge on applicable departing load customers’ otherwise effective PCIA rates over a 12-month amortization period beginning in Q1 2021.”).

⁷² *Id.* at 1:14-18, 16:3-16, 20:8 to 24:7, 21:19-25 and p. 22, Table IV-6 (wherein SCE proposes to consolidate the recovery of a portion of the forecast 2020 year-end PCIA Trigger Balance with the recovery of the full forecast 2021 PCIA revenue requirement adopted in the ERRA Forecast proceeding “to effectuate the implementation of a composite 2021 ERRA Forecast PCIA rate for applicable departing load customers.”).

Statement Q, and followed by the other California IOUs. Such a proposal infringes on the scope of this proceeding. If the Commission decides to approve capped PCIA rates for 2021, it should calculate those capped rates in the instant docket and follow the existing methodology to do so.

In addition, the specific rate impacts of the Composite Proposal on 2021 PCIA rates will not be presented or reviewed in detail and on the record until SCE files its November Update testimony in this case.⁷³ Parties and the Commission will need to analyze that proposal to ensure the correct revenue requirements have been utilized and the resulting vintage-specific PCIA rates are reasonable and calculated in compliance with all applicable rules, regulations, resolutions and decisions for all customer categories.⁷⁴

While the resulting rates from SCE’s proposal are not yet known, a handful of conclusions can be made prior to the November Update based on the details of the PCIA Trigger Application:

- There will be no “residual” PUBA balance to be included in the 2021 PCIA for the rates set as part of this proceeding, which was an issue raised in testimony to date;
- If it determines as part of either the PCIA Trigger Application or this proceeding to adopt capped PCIA rates for 2021, the Commission should calculate such capped rates as part of this proceeding and must reject any proposal from SCE to modify how the PCIA rate cap is calculated; and
- The current one-week timeline for comments on the November Update in the Scoping Ruling impinges on parties’ right to due process and limits parties’ ability to draw reasonable conclusions based on the details of the November Update.

A. There is Little Controversy Regarding How the PUBA and PCIA Trigger Operate and Impact This Proceeding

Between SCE’s prepared and rebuttal testimony, and the SoCal CCAs’ direct testimony, there is little dispute regarding the operation of the PUBA and the need for close coordination

⁷³ *Id.* at 21:14-17; 23:12 to 24:4.

⁷⁴ A.20-07-004, *Assigned Commissioner’s Scoping Memo and Ruling*, pp. 2-3 (September 10, 2020).

between the instant proceeding and PCIA Trigger Application. D.18-10-019 limited “the change of the PCIA from one year to the next. Starting with forecast year 2020, the cap level of the PCIA rate should be set at 0.5 cents/kWh more than the prior year’s PCIA, differentiated by vintage.”⁷⁵ Any amount beyond the cap was to be tracked in an interest-bearing balancing account, which SCE calls the PUBA.⁷⁶ SCE’s approved 2020 PCIA rates, effective April 13, 2020, were capped for vintages 2011 through 2019,⁷⁷ and SCE has tracked the difference between capped and uncapped rates for each kWh of usage by unbundled customers in its PUBA.

The PUBA is an interest-bearing balancing account that tracks by vintage the effect of capping PCIA rates for departed load customers.⁷⁸ For each customer class and vintage, the difference between the capped PCIA rate and the uncapped PCIA rate is multiplied by actual departed customer usage each month, and the amount is recorded to the PUBA.⁷⁹ Once the cumulative PUBA balance reaches 7% of SCE’s forecasted PCIA revenue from departed load customers, SCE must, within 60 days, file an expedited trigger application that proposes “a revised PCIA rate that will bring the projected PUBA balance below 7% and maintain the balance below that level until January 1 of the following year, when the PCIA rate adopted in that utility’s ERRA forecast proceeding will take effect.”⁸⁰ SCE’s October 9 PCIA Trigger Application is intended to respond to these requirements.⁸¹

⁷⁵ D.18-10-019, Conclusions of Law (“COL”) 19-20, Ordering Paragraph (“OP”) 9(a)-(c) (October 11, 2018); Exh. CCA-01 at 24:9-11.

⁷⁶ D.18-10-019, COL 22, OP 9(a)-(c) (October 11, 2018); Exh. CCA-01 at 24:11-14.

⁷⁷ Exh. CCA-01 at 25:9-10.

⁷⁸ *Id.* at 24:19-20.

⁷⁹ *Id.* at 24:20 to 25:3.

⁸⁰ D.18-10-019, Ordering Paragraph 10; Exh. CCA-01 at 25:3-8.

⁸¹ Exh. CCAs-06 at pp. 3-4.

B. There is Unlikely to Be an Outstanding PUBA Balance to Amortize Under the PCIA Rate Increase Cap for the 2011-2013 and 2018 Vintages.

SCE's initial PCIA revenue requirement in this Application results in 2021 system average PCIA rates that exceed the cap for vintages 2014-2017 and 2019.⁸² While PCIA rates for vintages 2011-2013 and 2018 would fall below the cap,⁸³ the PUBA Balance discussed above accrued during 2020 for each of these vintages.⁸⁴ For these vintages, SCE had proposed to adjust the PCIA rates upward (as needed, but not to exceed the rate cap) to begin recovering the outstanding PUBA balance for that vintage.⁸⁵ The SoCal CCAs supported this aspect of SCE's testimony, although Witness Dickman's direct testimony pointed out that "SCE's proposal does not fully address treatment of the residual balance remaining in the PUBA at the end of 2020."⁸⁶

However, there is unlikely to be a "residual" PUBA balance to be included in the 2021 PCIA rates set as part of this proceeding. Within the Trigger-Only proposal, the Trigger Application addresses the entire Trigger Balance via the PUBA sur-charge,⁸⁷ meaning the PUBA Balance will be included in that PUBA sur-charge and need not be amortized as part of the PCIA rates adopted in this proceeding.

The same applies for the Composite Proposal. While that proposal only includes 80 percent of the PUBA Balance, meaning 20 percent of that balance, or approximately \$13.6 million, remains unamortized, SCE's proposal defers the recovery of those funds until 2022.⁸⁸

Thus, under the PCIA Trigger Application, any "residual" PUBA balance from 2020 will either be amortized completely via the PUBA sur-charge or will be deferred until 2022.

⁸² Exh. CCA-01 at 25:18-19.

⁸³ *Id.* at 25:19-20.

⁸⁴ *Id.* at 25:20-21.

⁸⁵ *Id.* at 25:20 to 26:1.

⁸⁶ *Id.* at 26:1-5.

⁸⁷ Exh. CCAs-07 at pp. 17, 19.

⁸⁸ *Id.* at 21:19-25, p. 22 at Table IV-6, and 22:1-11.

C. The Commission Must Reject Any Proposal that Would Revise the Methodology to Calculate the PCIA Rate Cap.

Within its PCIA Trigger Application, SCE suggests the Commission modify the rate increase cap methodology established in D.18-10-019. In contrast, in this proceeding, SCE proposed the proper calculation of capped PCIA rates for 2021 that tracks not only D.18-10-019 but also last year's ERRA forecast decision, D.20-01-022, SCE's Advice Letter 4084-E, SCE's Preliminary Statement Q, and the methodology used by the other California IOUs. Neither as part of the instant proceeding nor as part of the PCIA Trigger Application should the Commission modify how the PCIA rate cap is calculated. Instead, if the Commission decides to adopt capped PCIA rates for 2021, *e.g.*, if the Commission rejects the Composite Proposal in the PCIA Trigger Application, the Commission should calculate the 2021 PCIA rate cap as part of this proceeding, following the methodology SCE has proposed in its Prepared Testimony.

Within the instant proceeding, SCE must follow all applicable rules, regulations, resolutions and decisions for all customer categories.⁸⁹ As noted above, the Commission has established a price cap limiting year-over-year changes to vintaged PCIA rates to no greater than \$0.005 per kWh above the prior year's approved PCIA rates by vintage.⁹⁰ In doing so, the Commission found that "the potential for volatility supports adoption of a PCIA cap" to "reduce extreme PCIA price spikes, and bill impacts" ⁹¹ The Commission affirmed "that a cap protects against volatility in the PCIA" including scenarios where there might be "significant annual swings in energy prices leading to significant annual swings in the PCIA rate." ⁹² The Commission agreed with the CCAs that "such swings make their resource planning extremely

⁸⁹ A.20-07-004, *Assigned Commissioner's Scoping Memo and Ruling*, pp. 2-3 (September 10, 2020).

⁹⁰ D.18-10-019 at 133, OP 9.

⁹¹ *Id.* at 85.

⁹² *Id.* at 86.

challenging”⁹³ It concluded, that, “[s]tarting with the ERRA forecast for 2020, the cap shall limit the PCIA’s upward movement to 0.5 cents/kWh from the prior year’s PCIA.”⁹⁴ The Commission also listed as its “Final Guiding Principles” that any PCIA methodology adopted by the Commission should have reasonably predictable outcomes that promote certainty and stability for all customers within a reasonable planning horizon.⁹⁵

Consistent with that principle, in D.20-01-022, SCE’s final implemented PCIA rates by vintage for forecast year 2020 were capped at \$0.005 per kWh above the as-implemented 2019 PCIA rates by vintage,⁹⁶ following the approach laid out in SCE’s Advice Letter 4084-E. Both PG&E and SDG&E also implemented the PCIA cap based on this same approach in their 2020 ERRA Forecast proceedings.⁹⁷

SCE has followed that approach thus far in this proceeding. Its Prepared Testimony identifies the baseline for measuring whether the 2021 PCIA rates will reach the cap as the system average PCIA rates adopted as a result of Advice Letter 4172-E/E-A/E-B, *i.e.*, the final, as-implemented rates in accordance with D.20-01-022.⁹⁸ The capped rates can be seen on Line 2 of Table IX-49 below from SCE’s Prepared Testimony and are calculated based on “the prior year’s ERRA Forecast proceeding”⁹⁹

⁹³ *Id.*

⁹⁴ *Id.*

⁹⁵ *Id.* at 15.

⁹⁶ D.20-01-022 at pp. 59-60 and SCE Advice Letter Advice Letter 4172-E/E-A/E-B implementing D.20-01-022 based on the methodology approved in SCE Advice Letter 4084-E.

⁹⁷ *See* D.20-01-005 at 38-39; D.20-02-047 at 9-10, 30.

⁹⁸ *See* Exh. CCA-01 at 25:13-16; SCE Prepared Testimony 124:18 to 127:3 and Table IX-49.

⁹⁹ SCE Prepared Testimony at 125:1 and p. 126, Table IX-49.

*Table IX-49
PCIA Rate Cap Analysis*

Line No.	Category	Unit	2011 Vintage	2012 Vintage	2013 Vintage	2014 Vintage	2015 Vintage	2016 Vintage	2017 Vintage	2018 Vintage	2019 Vintage
1.	2020 Capped PCIA SAR	(\$/kWh)	\$ 0.01729	\$ 0.01782	\$ 0.01775	\$ 0.01768	\$ 0.01681	\$ 0.01666	\$ 0.01672	\$ 0.01880	\$ 0.01880
2.	2021 PCIA Rate Cap	(\$/kWh)	\$ 0.02229	\$ 0.02282	\$ 0.02275	\$ 0.02268	\$ 0.02181	\$ 0.02166	\$ 0.02172	\$ 0.02380	\$ 0.02380
3.	Forecast 2021 PCIA SAR	(\$/kWh)	\$ 0.02051	\$ 0.02119	\$ 0.02106	\$ 0.02282	\$ 0.02377	\$ 0.02421	\$ 0.02398	\$ 0.02375	\$ 0.02400
4.	2021 PCIA Rate Cap Exceeded?	Yes/No	No	No	No	Yes	Yes	Yes	Yes	No	Yes
5.	Estimated Revenue Shortfall ¹¹	\$	\$ -	\$ -	\$ -	\$ (97,948)	\$ (58,279)	\$ (1,263,288)	\$ (5,053,025)	\$ -	\$ (369,908)
6.	Estimated Revenue Repayment ²¹	\$	\$ 193,602	\$ 215,405	\$ 113,091	\$ -	\$ -	\$ -	\$ -	\$ 736,196	\$ -

¹¹ These amounts (using actuals) will record as debits to these vintage Departing Load sub-accounts of the PUBA, and will be "financed" on a forecast basis in 2021 by bundled service customers. This means that customers in these vintages are not paying back any of the undercollection that resulted from 2020 capped PCIA rates, so the balances in these sub-accounts will continue to increase.

²¹ These amounts (using actuals) will record as credits to these vintage Departing Load sub-accounts of the PUBA to reduce the undercollection balances in these sub-accounts that resulted from 2020 capped PCIA rates.

Such an approach complies with SCE's Preliminary Statement Q, which states:

Beginning in 2020, a cap on any upward movement in vintage PCIA rates is set at 0.5 cents / kWh from the final cumulative System Average Rate by Customer Vintage implemented as a result of a final decision in the previous year's ERRA Forecast proceeding (e.g., for the 2020 ERRA Forecast proceeding, the comparison is between (1) the PCIA rates proposed via Advice 3972-E on March 19, 2019 and implemented via Advice 4006-E on June 1, 2019 (i.e., the 2019 ERRA Forecast Proceeding final as-implemented rates in accordance with D.19-02-024) and (2) the PCIA rates proposed in SCE's 2020 ERRA Forecast Proceeding (including the November Update)).¹⁰⁰

It also comports with SCE's Advice Letter 4084-E, which implemented the PCIA rate cap and PUBA, explaining that SCE will calculate the capped "using a comparison between the final as-implemented PCIA rates from the prior year's ERRA Forecast proceeding and the PCIA rates proposed in the current year's ERRA Forecast proceeding."¹⁰¹

The SoCal CCAs support the capped 2021 PCIA rates proposed as part of testimony in this case.¹⁰² If the Commission adopts capped rates for 2021, the rates on Line 2 in Table IX-49 are the highest PCIA rates that can appear on customers' bills.

¹⁰⁰ SCE Preliminary Statement Q at §2.a (available at: https://library.sce.com/content/dam/sce-doclib/public/regulatory/tariff/electric/preliminary-statements/ELECTRIC_PRELIM_Q.pdf) (emphasis added).

¹⁰¹ SCE Advice Letter 4084-E, p. 2 (eff. Nov. 3, 2019) (emphasis added).

¹⁰² Exh. CCA-01 at 25:16-17.

SCE's Trigger Application testimony contradicts its testimony here to suggest the cap should be based on either (a) a fully trued-up rate once final benchmarks and recorded actuals are available for all 12 months of the year,¹⁰³ or (b) the effective PCIA rate that results from the PCIA Trigger Application, *e.g.*, the resulting rates from either the Trigger-Only or the Composite Proposal.¹⁰⁴ Via a non-attorney witness, SCE suggests that a "plain language reading" of D.18-10-019 should be used to apply the cap to the "final" PCIA rate, even though the word "final" does not appear in Ordering Paragraph 9 of D.18-10-019.¹⁰⁵ What the decision does say, is "the prior year's PCIA," which the Commission, the other California IOUs and SCE itself have all previously interpreted to mean the "as-implemented" rate determined by the prior year's PCIA forecast case. Moreover, the advice letters implementing SCE's ERRRA forecast cases *already include* actual recorded data for most, if not all, of the prior year as well as the final MPBs for that year.¹⁰⁶

In the next paragraph, SCE abandons its plain meaning analysis to suggest that language in Ordering Paragraph 9 conflicts with, and must be reconciled with, Ordering Paragraph 10 such that the base rate for calculating the cap should include the effective PCIA rate set by adopting one of the two proposals in the PCIA Trigger Application on a going-forward basis, *i.e.*, in 2022 and beyond.¹⁰⁷ That would set the PCIA cap baseline for 2022 at either (a) the adopted 2021 PCIA rate plus PUBA surcharge rate, or (b) the composite PCIA rate under the Composite Proposal. This novel concept also contravenes the same "as-implemented" concept embedded in

¹⁰³ Exh. CCAs-07 at 7:3-15, 16:17-23. It is unclear if SCE's proposal is referencing what would be the 2020 compliance proceeding, which would not make sense because of timing (that case would not end until Q1 2022), or a new process or proceeding that has not yet been developed.

¹⁰⁴ *Id.* at 7:3-15, 16:24-27.

¹⁰⁵ *Id.* at 7:3-15, 16:17-23.

¹⁰⁶ See Advice Letter 4172-E/E-A/E-B, Schedule CCA-CRS, Revised Sheets 5-8.

¹⁰⁷ Exh. CCAs-07 at 7:3-15, 16:24-27.

SCE's existing tariffs and prior decisions. It would also directly contravene the purpose of the cap to promote certainty and stability for all customers within a reasonable planning horizon by reducing extreme PCIA price spikes and bill impacts and protect against volatility in the PCIA.¹⁰⁸

The Commission is likely to address within SCE's PCIA Trigger Application whether a PUBA sur-charge will be applied in addition to capped PCIA rates for 2021 or whether circumstances warrant it adopting the Composite Proposal and ignore the PCIA rate increase cap altogether for 2021. If the Commission adopts capped PCIA rates for 2021, the calculation of capped rates in 2021 must take place as part of this proceeding and must follow the established methodology. The utility's proposal to calculate capped rates in the manner proposed in its PCIA Trigger Application cannot and should not be adopted as part of this proceeding. It fails to follow all applicable rules, regulations, resolutions and decisions because it does not follow D.18-10-019, D.20-01-022, SCE's own Advice Letter 4084-E, SCE's own Preliminary Statement Q, and the cap mechanisms of the other two California IOUs. Instead, it suggests SCE itself, the other California IOUs, PCIA stakeholders, and the Commission all have been interpreting D.18-10-019 incorrectly since it was adopted. In seeking to revise such prior interpretations, the proposal also represents an impermissible, indirect challenge to standing Commission precedent, including D.18-10-019 and D.20-01-022.¹⁰⁹

¹⁰⁸ D.18-10-019, p. 86.

¹⁰⁹ See, e.g., A. 13-06-015, *Order Modifying D.14-02-016 and Denying Rehearing of the Decision, As Modified*, p. 13 ("D.14-06-053") (citing D.14-02-016; Pub. Util. Code, §§ 1708, 1709, 1731(b)(1), 1756, 1757, 1759) (June 26, 2014).

D. SCE’s Trigger Application Exacerbates the Lack of Due Process Already Undermining the November Update Comment Period.

SCE states that the Composite Proposal in its PCIA Trigger Application will be implemented concurrent with the implementation of the rates in this proceeding.¹¹⁰ It also states that it will provide the actual impacts to CCA customers from the Composite Proposal in its November Update.¹¹¹ This added burden exacerbates the concerns parties raised at the prehearing conference regarding the one-week timeline for comments on the November Update.¹¹² In addition to SCE’s implementation of the updated MPBs, changes to SCE’s forecasted costs and revenues for 2021, modifications to the utility’s forecast of Unsold RA and RPS in 2021, provision of revised figures affecting the 2020 year-end PABA balance, and the numerous other factors to be addressed in that November testimony, parties will now also need to analyze the impacts of a proposal that upends not only the revenue requirements to be recovered in this case, but also the PCIA cap mechanism implemented in D.18-10-019.

Quite simply, the one-week timeline provided by the Commission to accomplish these ends—analyzing SCE’s updated testimony and workpapers (assuming both public and confidential workpapers are provided on the same day as testimony—a target that was not met last year), issuing data requests, receiving timely responses to those data requests, analyzing those responses and drafting comments—does not preserve CCA customers’ and the SoCal CCAs’ right to sufficient process to ensure the rates they are paying are just, reasonable, and calculated in compliance with prior Commission decisions, resolutions, and rules.¹¹³ At the very

¹¹⁰ Exh. CCAs-07 at 2:6-8.

¹¹¹ *Id.* at 21:14-17; 23:12 to 24:4.

¹¹² A.20-07-004, Prehearing Conference, Tr. 15:19 to 28:26 (September 3, 2020).

¹¹³ *See Pacific Gas & Electric Co. v. Pub. Util. Comm’n*, 237 Cal. App. 4th 812, 859-60 (2015) (quoting *Mullane v. Cent. Hanover Bank & Trust Co.*, 339 U.S. 306, 314 (1950)) (“notice reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and

minimum, the timeline jointly proposed by SCE, Cal Advocates and the SoCal CCAs for comments on the November Update—which still allows for a decision by January 1, 2021—should be adopted in lieu of the timeline in the Scoping Ruling. The SoCal CCAs plan to request modification to the schedule established in the Scoping Ruling via a motion in the near future.

VI. UNCONTESTED ISSUES

The SoCal CCAs' Direct Testimony recommended three additional modifications to bring SCE's requested relief in line with prior Commission rules, regulations, resolutions, decisions, and just and reasonable ratemaking:

- As noted above, SCE should rely on the AGBRR as approved in a final decision in SCE's most recent Phase I GRC to calculate the 2021 Indifference Amount until a final decision is reached in A.19-08-013.¹¹⁴
- An erroneous formula used to allocate collateral carrying costs (categorized as 'Common Costs') across PCIA vintages should be corrected, reducing the PCIA revenue requirement.¹¹⁵
- SCE must provide details of actual RA sales used to project Forecast Sold RA and Forecast Unsold RA in its November Update.¹¹⁶

SCE agreed to make these modifications in its rebuttal testimony,¹¹⁷ resulting (to date) in the revenue requirements and PCIA rates presented in Section I of this Opening Brief above.

afford them an opportunity to present their objections.”); *People v. Western Air Lines, Inc.*, 42 Cal. 2d 621, 632 (1954) (“[d]ue process as to the commission’s initial action is provided by the requirement of adequate notice to a party affected and an opportunity to be heard before a valid order can be made.”); *People v. Ramirez*, 25 Cal. 3d 260, 268 (1979) (citing *Morrissey v. Brewer*, 408 U.S. 471, 481 (1972)) (“it must be remembered that ‘due process is flexible and calls for such procedural protections as the particular situation demands.’”); *id.* at 269 (an analysis of whether due process has been afforded should consider the private interest affected by the official action and the “risk of an erroneous deprivation of such interest through the procedures used, and the probable value, if any, of additional or substitute procedural safeguards,” as balanced against any countervailing governmental interest).

¹¹⁴ Exh. CCA-01 at 9-10.

¹¹⁵ *Id.* at 10.

¹¹⁶ *Id.* at 10-13.

¹¹⁷ Exh. SCE-03 at 2:7-20, 3:1-7, and 3:8 to 4:9.

VII. CONCLUSION

For the foregoing reasons, the Commission should:

- Reject SCE's proposal to set PCIA rates based solely on unverifiable assertions of an estimated year-end PABA balance for which no volumetric data have been provided in support;
- Require SCE to provide PABA-related volumetric data as part of its workpapers in future ERRA forecast cases;
- If necessary, allow parties to address recovery of the over or under-collection of SCE's ERRA balancing account in 2020 in response to SCE's November Update;
- Assuming the Commission adopts capped PCIA rates for 2021, reject any proposal that would revise the methodology to calculate such caps; and
- Ensure parties' due process rights are preserved given the increased workload added by the 2021 PCIA Trigger Application in the already-compact one-week comment period for SCE's November Update.

The Commission should also the adopt revenue requirements and PCIA rates in line with the recommendations stemming from uncontested issues resolved via the SoCal CCAs' Direct Testimony and SCE's Rebuttal Testimony.

Finally, the SoCal CCAs and CalCCA reserve their right to modify these recommendations based on updated information presented in SCE's November Update, and to address any other issues raised therein, via comments on the November Update or any further process the Commission may adopt.

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Respectfully submitted,



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