

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED
10/29/20
04:59 PM

Expedited Application of Southern
California Edison Company (U 338-E)
Regarding Power Charge Indifference
Adjustment Trigger

Application 20-10-007

**PROTEST OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA AND
THE CALIFORNIA CHOICE ENERGY AUTHORITY AND CALIFORNIA
COMMUNITY CHOICE ASSOCIATION TO THE EXPEDITED APPLICATION OF
SOUTHERN CALIFORNIA EDISON COMPANY REGARDING THE POWER
CHARGE INDIFFERENCE ADJUSTMENT TRIGGER MECHANISM**

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In accordance with Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) and with the October 23, 2020 ruling from Chief Administrative Law Judge Simon,¹ the Clean Power Alliance of Southern California (“CPA”) and the California Choice Energy Authority (“CalChoice”) (collectively the “SoCal CCAs”), together with the California Community Choice Association (“CalCCA”) hereby submit this protest to Southern California Edison Company’s (“SCE”) *Expedited Application Regarding the Power Charge Indifference Adjustment Trigger*, submitted on October 9, 2020 (“Application”).²

Overall, CalCCA and the SoCal CCAs do not presently oppose either of the two proposals made in SCE’s Application, and appreciate the thought and effort that SCE has put into preparing alternative resolutions that balance the Commission’s dual goals of providing rate stability and avoiding rate shock for unbundled customers, with the need to make bundled customers whole. However, more information is needed to properly evaluate SCE’s proposals.

In particular, CalCCA and the SoCal CCAs need to review the updated information that SCE

¹ On October 23, 2020, Chief Administrative Law Judge Simon issued a ruling setting a shortened protest deadline of October 29, 2020, with replies due on November 3, 2020.

² Application (“A.”) 20-10-007, *Expedited Application of Southern California Edison Company (U 338 E) Regarding the Power Charge Indifference Trigger* (October 9, 2020) (“Application”).

will provide in its November 9, 2020 updated testimony in A.20-04-007 (“November Update”) to fully understand the rate impacts and the resulting potential for rate shock.

Accordingly, and as further described below, CalCCA and the SoCal CCAs request that the procedural schedule be modified to allow for participation and input from interested parties beyond this protest opportunity—particularly in light of the fact that significant relevant information is still outstanding at the time of this protest and will not be known until SCE issues its November Update. While hearings are likely not necessary at this time, time for discovery and an opportunity to file testimony evaluating the different rate proposals and impacts, in addition to briefing, is necessary to test, on the record, the factual and legal assertions in SCE’s Application and testimony and to ensure due process.

Finally, CalCCA and the SoCal CCAs note that any change to a ratemaking methodology, such as that used to calculate the cap on the Power Charge Indifference Adjustment (“PCIA”) rate increases, is not properly within the scope of this narrow, expedited proceeding and should instead be addressed in SCE’s Energy Resource Recovery Account (“ERRA”) Forecast Proceeding, which is currently pending in A.20-07-004.

I. CALCCA AND THE SOCIAL CCAS’ INTERESTS

CalCCA is an advocacy coalition comprised of twenty-two active California Community Choice Aggregators (“CCAs”) in addition to several emerging CCA communities. CalCCA represents the interest of California’s community choice electricity providers in the legislature and at state regulatory agencies by advocating for a regulatory environment that supports the development and long-term sustainability of locally run CCAs throughout California.

CPA is a community choice aggregator serving approximately three million customers across 32 communities located throughout SCE’s distribution system service territory, including

unincorporated Los Angeles County, unincorporated Ventura County and the cities of Agoura Hills, Alhambra, Arcadia, Beverly Hills, Calabasas, Camarillo, Claremont, Carson, Culver City, Downey, Hawaiian Gardens, Hawthorne, Malibu, Manhattan Beach, Moorpark, Ojai, Oxnard, Paramount, Redondo Beach, Rolling Hills Estates, Santa Monica, Sierra Madres, Simi Valley, South Pasadena, Temple City, Thousand Oaks, Ventura, West Hollywood, Westlake Village, and Whittier. CPA's customers fall within the 2017, 2018 and 2019 vintages of customers that have departed from SCE's service.

CalChoice is a California joint powers authority formed to assist and support cities with CCA programs. Currently the cities of Lancaster, Pico Rivera, Rancho Mirage, San Jacinto, and the Town of Apple Valley operate CCA programs in association with CalChoice. CalChoice is also providing support to the following cities, which are expected to implement CCA programs in 2020 or 2021: Baldwin Park, Pomona, and Santa Barbara. The City of Lancaster's CCA program, Lancaster Choice Energy, began serving customers in May 2015, and was the first operational CCA within SCE's service territory. Customers represented by CalChoice fall, and will fall, within the 2015, 2016, 2017, 2020 and 2021 vintages of customers that have departed from SCE's service.

CCA customers pay CCA-specific generation rates, which vary and are partially influenced by local mandates to procure and maintain clean electricity portfolios that in many cases exceed state requirements for renewable generation. As a result, CCA customers receive generation services from their local CCA, and receive transmission, distribution, billing, and other services from the incumbent for-profit utility. In addition, CCA and other unbundled customers are subject to several non-bypassable charges, including the PCIA.

CalCCA and the SoCal CCAs are the advocates for CCA customers in the local communities that formed them. Ensuring the accuracy of the PCIA and other charges that CCA customers pay, planning for changes to the PCIA, and protecting customers from the rate shock that can result, is a core directive for all CCAs and is essential for any load-serving entity. In this Application, SCE seeks Commission approval to implement one of two rate change proposals, each of which will have a direct impact on and is likely to increase rates for unbundled customers (including those of the SoCal CCAs).³ SCE's requested relief will, accordingly, have a direct impact on CCA customers and as a result, CalCCA and the SoCal CCAs have a real, present, tangible and pecuniary interest in this proceeding.

II. BACKGROUND AND SCE'S REQUESTED RELIEF

The Commission adopted the PCIA to ensure that when customers of investor owned utilities ("IOUs") depart from bundled service and receive their electricity from a non-IOU provider, such as a CCA, "those customers remain responsible for costs previously incurred on their behalf by the IOUs — but only those costs."⁴ The PCIA is set annually within SCE's ERRR Forecast proceeding. The 2020 PCIA rates that customers are currently paying, and which underlie SCE's requested relief in this proceeding, were first set in Decision ("D.") 20-01-022, but were subsequently changed with the new rates becoming effective on June 1, 2020 through Advice Letter 4214-E.⁵

³ See Application, pp. 1-2.

⁴ See Decision ("D.") 07-01-030; D.08-09-012; D.18-10-019, p. 3 (October 11, 2018).

⁵ D.20-01-022, *Decision Adopting Southern California Edison Company's 2020 Electric Procurement Cost Revenue Requirement Forecast and 2020 Forecast of Greenhouse Gas-Related Costs* (January 21, 2020); SCE's Response to SoCal CCAs Data Request 1.03 and 1.04 (October 23, 2020); SCE Advice Letter 4214-E (June 1, 2020). The removal of the brown power true-up credits resulted in an approximate ten percent rate increase for departing load customers under vintages 2009-2017.

In 2018, the Commission established a cap on “the change of the PCIA from one year to the next” where, 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.”⁶ IOUs were directed to establish a PCIA Undercollection Balancing Account (“PUBA”) to record any shortfall in revenue that is charged to departing load customers because of the \$0.005/kWh cap on PCIA rate increases.⁷ For each customer class and vintage, the per-kWh difference between the capped 2020 PCIA rate and the uncapped 2020 PCIA rate (what might be called the “PUBA Differential”) is multiplied by actual departed customer usage each month in 2020. The resulting monthly accumulation of the PUBA Differential from all departed customers, plus interest, is tracked in the PUBA.

Once the cumulative amount in PUBA reaches 7% of SCE’s forecasted 2020 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.”⁸

As of August 31, 2020, SCE’s recorded PCIA Trigger Balance had an undercollection of \$35.366 million.⁹ SCE presently forecasts a year-end PUBA balance of \$68.6 million.¹⁰ SCE

⁶ D.18-10-019, Conclusions of Law 19-20, Ordering Paragraph 9(a)-(c) (October 11, 2018).

⁷ *Id.*; see also SCE Letter 4084-E, effective November 3, 2019.

⁸ D.18-10-019, Ordering Paragraph 10.

⁹ A.20-10-007, *Expedited Application of Southern California Edison Company (U 338-E) Regarding Power Charge Indifference Adjustment Trigger, Testimony in Support of Expedited Application of Southern California Edison Company (U 338-E) Regarding Power Charge Indifference Adjustment Trigger*, p. 12 (October 9, 2020) (“SCE Prepared Testimony”).

¹⁰ SCE Prepared Testimony at 13:8 and Table III-3.

contends that the “primary driver” of this undercollection “is the implementation of capped PCIA rates for vintage 2011 through 2019 departing load customers.”¹¹

The Application proposes two alternative options to resolve its PCIA Trigger Balance: (1) that SCE recover 100% 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 January 1, 2021 (“Proposal 1”); or (2) 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 that is adopted in SCE’s 2021 ERRA Forecast Proceeding (A.20-07-004) to effectuate the implementation of a composite 2021 ERRA Forecast PCIA rate for applicable departing load customers (“Proposal 2”).¹² SCE contends that this latter proposal “strikes a balance in the near-term between adhering to the spirit of the capping proposal adopted by the Commission, while at the same time recovering already-incurred costs from the customers who ultimately bear the responsibility for those costs,” i.e., unbundled customers.¹³

SCE requests authority to maintain PCIA rates at their current levels and to either (a) implement Proposal 1 as part of SCE’s 2021 first quarter consolidated rate change, or (b) implement Proposal 2 concurrent with the implementation of the rates adopted in SCE’s 2021 ERRA Forecast proceeding.¹⁴

III. GROUNDS FOR PROTEST

CalCCA and the SoCal CCAs have identified the issues below as directly and substantially impacting their interests. The specific issues enumerated below should be considered preliminary

¹¹ SCE Prepared Testimony at 14:2-5.

¹² *Id.* at 1:11-18.

¹³ *Id.* at 1:21-25.

¹⁴ Application at pp. 5-6; SCE Prepared Testimony at pp. 28-29.

matters that we have identified as requiring further review or are misaligned with Commission policy, rules or precedent. CalCCA and the SoCal CCAs continue to examine the Application and to pursue discovery, and fully intend to examine SCE’s November Update materials once issued. Accordingly, we respectfully reserve the right to address additional issues in the course of this proceeding as they arise through further review, analysis, discovery and investigation of all aspects of the Application.

A. SCE’s Proposals Cannot be Fully Evaluated Until It Provides the November Update in its ERRA Forecast Proceeding.

Overall, CalCCA and the SoCal CCAs do not presently oppose either of SCE’s proposals, and we appreciate the time and thought that SCE has put into developing a solution that balances the needs—and Commission’s directions—on behalf of both bundled and unbundled customers. Ultimately, however, more information is needed to fully understand the rate impacts and possible rate shock to CCA customers. Specifically, CalCCA and the SoCal CCAs cannot fully opine on a proposed path forward until they review SCE’s November Update, which will be provided on November 9, 2020 in SCE’s ERRA Forecast proceeding, A.20-07-004.¹⁵

At present, CalCCA and the SoCal CCAs favor and agree with SCE that Proposal 2, which includes a “composite” 2021 PCIA rate that incorporates both the total forecast 2021 PCIA revenue requirement and a portion of the forecasted year-end PCIA Trigger Balance, is likely to better achieve the rate certainty for departing load customers that the Commission intended when adopting D.18-10-019.¹⁶ CalCCA and the SoCal CCAs also appreciate the benefit that Proposal 2 offers in removing the PCIA cap and avoiding yet another trigger in

¹⁵ See SCE Prepared Testimony at 23:17-21. (“SCE proposes to include in its November Update testimony updated PCIA rates utilizing the revenue allocation and rate design proposal outlined herein...”)

¹⁶ *Id.* at 20-21.

2021.¹⁷ As SCE recognizes, however, SCE’s revised benchmarks, refreshed production cost model, and updated PABA balance—all of which will be provided in the November Update—will necessarily impact the reasonableness of the overall PCIA rates under either approach.

Accordingly, if the November Update reveals the potential for rate shock under this composite approach (Proposal 2), which spreads recovery of the 2020 PUBA balance over a two-year period, then a longer amortization period or a revision to the amount of the overall revenue requirement to be recovered in 2021 and 2022 may be warranted to maintain the rate stability principles announced in D.18-10-019. After all, a key intent of the cap and trigger framework is to achieve the dual purpose of avoiding rate shock while ensuring bundled customers are made whole in a timely manner.¹⁸

Proposal 2 is essentially a two-year amortization proposal, recovering 80% of the 2020 PUBA balance in 2021 and the rest in 2022.¹⁹ A more even application of the amortization would, however, further reduce the potential for rate shock. Accordingly, CalCCA and the SoCal CCAs prepared the below analysis comparing SCE’s rate proposal under the composite approach described in Proposal 2 with an option for an even amortization of the PUBA balance over a 24-month period (*i.e.*, paying 50% in year 1 as opposed to 80%), or an even amortization of the PUBA balance over a 36-month period (*i.e.* paying 33% in each of 2021, 2022 and 2023).

¹⁷ See *id.* at 16:14-16.

¹⁸ D.18-10-019, pp. 15, 86-87, 155, 162 (explaining that the purpose of the cap and trigger mechanism is to provide “certainty and stability within a reasonable planning horizon,” to reduce “extreme PCIA price spikes and bill impacts,” and to ensure “reasonably predictable outcomes” for unbundled customers while providing a mechanism to correct for cost-shifting from unbundled to bundled customers.)

¹⁹ SCE Prepared Testimony 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.”).

As shown in the table below, extending the amortization period to a 36-month period, for PCIA Vintage 2016, results in a PCIA system-average rate of \$0.02585/kWh in 2021, a 41.5% rate increase over current rates, rather than \$0.02916/kWh as proposed by SCE, which represents a 59.6% rate increase.

PUBA Surcharge - 2021

	PCIA 2011 Vintage	PCIA 2012 Vintage	PCIA 2013 Vintage	PCIA 2014 Vintage	PCIA 2015 Vintage	PCIA 2016 Vintage	PCIA 2017 Vintage	PCIA 2018 Vintage	PCIA 2019 Vintage
SCE Proposal 2 (80% recovery in year 1)	\$ 0.00033	\$ 0.00059	\$ 0.00028	\$ 0.00179	\$ 0.00145	\$ 0.00582	\$ 0.00274	\$ 0.00414	\$ 0.00207
24-Month Amt (50% recovery in year 1)	\$ 0.00020	\$ 0.00037	\$ 0.00017	\$ 0.00111	\$ 0.00090	\$ 0.00363	\$ 0.00171	\$ 0.00258	\$ 0.00129
36-Month Amt (33% recovery in year 1)	\$ 0.00014	\$ 0.00024	\$ 0.00012	\$ 0.00074	\$ 0.00060	\$ 0.00242	\$ 0.00114	\$ 0.00172	\$ 0.00086

Final PCIA + PUBA Surcharge Rates - 2021

	PCIA 2011 Vintage	PCIA 2012 Vintage	PCIA 2013 Vintage	PCIA 2014 Vintage	PCIA 2015 Vintage	PCIA 2016 Vintage	PCIA 2017 Vintage	PCIA 2018 Vintage	PCIA 2019 Vintage
SCE Proposal 2 (80% recovery in year 1)	\$ 0.01757	\$ 0.01876	\$ 0.01834	\$ 0.02448	\$ 0.02058	\$ 0.02916	\$ 0.02473	\$ 0.02901	\$ 0.02688
24-Month Amt (50% recovery in year 1)	\$ 0.01746	\$ 0.01857	\$ 0.01825	\$ 0.02381	\$ 0.02014	\$ 0.02703	\$ 0.02377	\$ 0.02739	\$ 0.02607
36-Month Amt (33% recovery in year 1)	\$ 0.01740	\$ 0.01847	\$ 0.01820	\$ 0.02345	\$ 0.01989	\$ 0.02585	\$ 0.02325	\$ 0.02649	\$ 0.02563

% Increase vs. Current Rates

	PCIA 2011 Vintage	PCIA 2012 Vintage	PCIA 2013 Vintage	PCIA 2014 Vintage	PCIA 2015 Vintage	PCIA 2016 Vintage	PCIA 2017 Vintage	PCIA 2018 Vintage	PCIA 2019 Vintage
SCE Proposal 2 (80% recovery in year 1)	11.6%	13.5%	10.4%	26.4%	34.8%	59.6%	41.5%	47.6%	37.9%
24-Month Amt (50% recovery in year 1)	10.9%	12.4%	9.9%	23.0%	31.9%	47.9%	36.1%	39.3%	33.8%
36-Month Amt (33% recovery in year 1)	10.6%	11.7%	9.6%	21.1%	30.3%	41.5%	33.0%	34.7%	31.5%

These alternate scenarios, which need to be updated with data to be provided in SCE's November Update testimony in A.20-07-004, show that the Commission has multiple solutions at its disposal to resolve the issues raised by this Application. The Commission should adopt an approach that best achieves the Commission's competing goals of providing rate stability to departing load customers and repaying bundled customers in a timely manner. Indeed, SCE has confirmed in discovery that under either proposal, bundled customers will be repaid over a 12-month timeline, regardless of the amortization period for unbundled customers.²⁰ Thus, elongating the PUBA recovery from unbundled customers would do no harm to bundled customers.

²⁰ SCE's Response to SoCal CCAs Data Request 1.06 (October 23, 2020).

B. The Commission Should Reject SCE’s Suggested Revisions to its Calculation of the 2021 PCIA Rate Cap Beyond 2021 or Any Direct Application of Proposal 2.

SCE also proposes as part of its Application to modify the methodology used to calculate the PCIA rate increase cap, but any such modification is inappropriate for the limited scope of this proceeding, would conflict with established Commission policy, and would risk conflicting with the outcome of SCE’s ERRA Forecast proceeding, A.20-07-004, where this issue is more properly considered within scope.

SCE proposes to allocate the undercollection across customer classes scaling the PUBA increases in proportion to the average rate associated with departing load vintage.²¹ This allocation is at odds with the Commission’s directive in D.18-10-019, which requires allocation factors to be “consistent with the factors used to allocate generation costs to their bundled service customers.”²² This directive was followed in D.20-01-022, presented in SCE’s testimony A.20-07-004, established in SCE’s Advice Letter 4084-E, enshrined in SCE’s Preliminary Statement Q, and has been followed by the other California IOUs. Any departure from such established Commission policy is inappropriate and, absent a broader settlement agreement beyond the parties, must be rejected. Therefore, the only issue regarding PCIA rate caps that should be addressed as part of this proceeding is whether Proposal 2 should be adopted, which would effectively eliminate the PCIA rate cap for 2021.

Moreover, SCE’s proposal infringes on the scope of A.20-07-004 and could result in conflicting outcomes. If the Commission decides to approve capped PCIA rates for 2021, it

²¹ SCE Prepared Testimony at 19:1-11.

²² D.18-10-019, Ordering Paragraph 4.

should calculate those capped rates in A.20-07-004 and follow the existing methodology to do so. The scope of A.20-07-004 includes the following issue:²³

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.

Answering the question of whether SCE's calculation of PCIA rates is reasonable necessarily includes the question of whether such rates are capped and, if so, how those capped rates are calculated. In its Prepared Testimony in that case, SCE 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 the utility's previous ERRA Forecast decision, D.20-01-022.²⁴ The capped rates can be seen on Line 2 of Table IX-49 below from SCE's Prepared Testimony in that proceeding and are calculated based on "the prior year's ERRA Forecast proceeding."²⁵

²³ 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").

²⁴ See A.20-07-004, Exh. CCA-01 at 25:13-16; A.20-07-004, SCE Prepared Testimony 124:18 to 127:3 and Table IX-49.

²⁵ A.20-07-004, 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,²⁶ and with SCE’s Advice Letter 4084-E.²⁷ The SoCal CCAs supported the capped 2021 PCIA rates proposed as part of testimony in that case.²⁸ 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. Since the issue of how to calculate capped rates is already in scope in A.20-07-004, it should not also be in scope here. Thus, SCE’s recommendation to revise the cap in this proceeding is procedurally deficient and should be considered out of scope; it also contradicts previous interpretations (including that of SCE) and should not be adopted.

Indeed, SCE’s proposal to revise the cap contradicts its own testimony in the ERRA forecast docket and newly suggests that 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,²⁹ or (b) the effective PCIA rate that results from the PCIA Trigger Application, *e.g.*, the resulting rates

²⁶ 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).

²⁷ SCE Advice Letter 4084-E, p. 2 (eff. Nov. 3, 2019) (explaining that SCE will calculate the cap “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.”) (emphasis added).

²⁸ A.20-07-004 at Exh. CCA-01 at 25:16-17.

²⁹ SCE Prepared Testimony 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.

from implementation of either Proposal 1 or Proposal 2 made herein.³⁰ Through a non-attorney witness, SCE claims that a “plain language reading” of D.18-10-019 means that the cap should be applied to the “final” PCIA rate, even though the word “final” does not appear in Ordering Paragraph 9 of D.18-10-019.³¹ Instead, the decision references “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.³²

In the next paragraph of its prepared testimony, 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.³³ That would appear to 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 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.³⁴

³⁰ SCE Prepared Testimony at 7:3-15, 16:24-27.

³¹ *Id.* at 7:3-15, 16:17-23.

³² See Advice Letter 4172-E/E-A/E-B, Schedule CCA-CRS, Revised Sheets 5-8.

³³ SCE Prepared Testimony at 7:3-15, 16:24-27.

³⁴ D.18-10-019 at 86.

In sum, the Commission's review in this proceeding is limited to considering whether a PUBA sur-charge will be applied in addition to capped PCIA rates for 2021 (Proposal 1), or whether circumstances warrant it adopting Proposal 2 and ignoring the PCIA rate increase cap altogether for 2021, or whether an alternate proposal made by intervenors is more acceptable. If the Commission adopts capped PCIA rates for 2021, the calculation of capped rates in 2021 should take place as part of the ERRA forecast proceeding, where the issue is already in scope.

IV. PROPOSED SCOPE OF ISSUES

As noted above, the rate cap issues to be considered in this proceeding should be limited solely to the issue of whether Proposal 2 should be adopted. Apart from that issue, CalCCA and the SoCal CCAs propose adding the following issues for the Commission's consideration in this proceeding:

- Whether the Commission should adopt SCE's projected \$68.6 million undercollection of the PUBA;
- Whether either of SCE's Proposals is just, reasonable and consistent with appropriate Commission policy, rules and prior decisions, or if another party's proposal better satisfies these criteria;
- How the Commission can ensure coordination and alignment between A.20-07-004 (the SCE ERRA Forecast proceeding) and the instant Application to allow for solutions that both avoid the potential for rate shock and ensure bundled customers will be made whole.

As previously stated, these issues are preliminary, and SoCal CCAs continue to examine the Application and to pursue discovery. Therefore, the SoCal CCAs reserve the right to modify

any of the proposals made herein and to address additional issues that may arise through further review, analysis, discovery and investigation of all aspects of the Application over the course of this proceeding.

V. CATEGORIZATION OF PROCEEDING, NEED FOR HEARINGS, AND PROPOSED PROCEDURAL SCHEDULE

CalCCA and the SoCal CCAs agree with SCE’s proposed classification of this proceeding as “ratesetting.”³⁵

CalCCA and the SoCal CCAs have raised herein several material issues of disputed fact that require further record development. While evidentiary hearings may not be necessary to resolve these issues, parties’ due process rights require more than an initial protest opportunity to substantively vet and resolve the issues raised by the Application. SCE’s proposed schedule excludes any type of mechanism to allow sufficient record development, such as workshops, testimony, hearings, and legal briefing, and all but prohibits parties from proposing alternatives to SCE’s proposed resolution of this docket. Clearly, due process requires more opportunities for parties to test the assertions put forward in SCE’s Application and to propose and vet alternatives.³⁶ Indeed, the substantial customer rate impacts that could result from this Application caution against the Commission rushing disposition of this proceeding, and further

³⁵ Application, p. 9.

³⁶ 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 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).

factual development is needed on a number of issues.

As a result, CalCCA and the SoCal CCAs propose adopting a procedural schedule that will allow for further investigation yet still provide for timely resolution of these issues. Specifically, we propose including an opportunity for filing testimony to present and discuss the issues raised by the Application and this Protest, in addition to filing opening and reply briefs to discuss and resolve these issues. This proposal to allow an opportunity for briefing is consistent with the procedural schedule recently adopted by the Commission in San Diego Gas & Electric’s expedited application under the PCIA trigger mechanism in A.20-07-009:³⁷

Date	Event
October 9, 2020	Application Filed
October 29, 2020	Protests to Application Filed
November 3, 2020	Reply to Protests
November 5, 2020	Prehearing Conference
November 10, 2020	Scoping Ruling
Scoping Ruling plus 10 days	Testimony (if needed)
Testimony plus 10 days	Opening Briefs
Opening Briefs plus 5 days	Reply Briefs
December 2020	Proposed Decision

VI. COMMUNICATIONS AND SERVICE

CalCCA and the SoCal CCAs consent to “email only” service and request that the

³⁷ See A.20-07-009, Assigned Commissioner’s Scoping Memo and Ruling, pp. 4-5 (October 7, 2020).

following individuals be added to the service list for A.20-10-007 on behalf of CalCCA and each of the SoCal CCAs:

Party Representative For each of the SoCal CCAs, please list each CCA as a party to the proceeding with Mr. Lindl as the representative for that party:

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Party Representative For CalCCA, please list Ms. Kahl as the representative for that party:

Evelyn Kahl
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Information Only: Please include the SoCal CCAs' representative listed below on the information-only list for this proceeding:

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VII. CONCLUSION

For the foregoing reasons, CalCCA and the SoCal CCAs respectfully request that the Commission grant CalCCA and each of the SoCal CCAs party status and adopt the scope,

categorization, and procedural schedule proposed above to fully examine and resolve the issues raised in this protest.

Respectfully submitted,



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Counsel to the SoCal CCAs

Dated: October 29, 2020