

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

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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”),<sup>1</sup> Clean Power Alliance (“CPA”) and California Choice Energy Authority (“CalChoice” and, jointly with CPA, the “SoCal CCAs”) and the California Community Choice Association (“CalCCA”),<sup>2</sup> collectively referred to herein as the “CCAs”, hereby submit this joint Reply Brief regarding the *Application of Southern California Edison Company (“SCE”) (U 338-E) for Approval of Its Forecast 2021 ERRRA Proceeding Revenue Requirement* (“Application”) in the above-captioned proceeding.

SCE’s Opening Brief (1) leaves unmentioned the important questions surrounding transparency in calculating its forecasted year-end Portfolio Allocation Balancing Account (“PABA”); (2) makes assertions that support addressing the Power Charge Indifference

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<sup>1</sup> 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”).

<sup>2</sup> 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 Reply Brief on its behalf.

Adjustment (“PCIA”) rate cap calculation for 2021 within this proceeding rather than in the utility’s PCIA Trigger Application, A.20-10-007; (3) does not include pending funding for CPA’s disadvantaged communities (“DAC”) Green Tariff (“GT”) and Community Solar Green Tariff (“CSGT”) programs in SCE’s forecasted budget for greenhouse gas (“GHG”)-revenue funded programs for 2021, which the CCAs understand will be included in the utility’s updated testimony to be submitted on November 9, 2020 (“November Update”); and (4) briefly mentions but does not specify the uncontested issues in this proceeding.

As described in detail in the CCAs’ opening brief, components of SCE’s requested relief remain unverifiable based on substantial evidence, or out of compliance with applicable rules, regulations, resolutions and decisions for all customer categories. Accordingly, the CCAs respectfully reiterate their request that the Commission:

- Reject SCE’s proposal to set PCIA rates based solely on unverifiable assertions of an estimated year-end PABA balance;
- Require SCE to provide PABA-related volumetric data as part of its workpapers in all 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 SCE’s PCIA Trigger Application:
  - Determine that any residual PCIA Undercollection Balancing Account (“PUBA”) balance from 2020 will either be amortized via a PUBA surcharge 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, particularly given the even greater burdens that SCE’s trigger applications placed on the one-week comment period for SCE’s November Update.

The CCAs limit this reply brief to addressing: (1) transparency in the year-end PABA balance, (2) the PCIA rate cap calculation, (3) the incorporation of CPA’s pending DAC GT and CSGT budgets into the November Update, and (4) affirming the two uncontested issues that have been resolved in this case.

**I. SCE SHOULD BE REQUIRED TO PROVIDE PABA-RELATED VOLUMETRIC DATA AS PART OF ITS WORKPAPERS IN FUTURE ERRA FORECAST CASES**

SCE’s opening brief argues its forecasted revenue requirement of \$4.115 billion is reasonable, supported by the record, and should be approved.<sup>3</sup> However, the brief’s description of how the PCIA rates are set in this proceeding only mentions half of the inputs to those rates, *i.e.*, the calculation of the forecasted Indifference Amount for 2020, and ignores the second half of the PCIA revenue requirement, *i.e.*, the on-going true-up of SCE’s 2020 PCIA rates with actual recorded amounts that takes place in the PABA.<sup>4</sup> It is this latter component of the rate calculation that is most problematic in the Application because SCE has only presented on the record unverifiable assertions of an estimated year-end PABA balance.<sup>5</sup>

As both the law and the Scoping Ruling recognize, a high-level review of the projected year-end PABA balance is necessary to ensure that rates are just and reasonable.<sup>6</sup> Volumetric data are the substantial evidence not only needed to conduct such a review but also to allow the

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<sup>3</sup> A.20-07-004, *Opening Brief of Southern California Edison Company (U 338-E)*, pp. 2-3 (October 26, 2020) (“SCE Opening Brief”).

<sup>4</sup> SCE Opening Brief at 7-8; Exh. CCA-01 at 8:8-19.

<sup>5</sup> A.20-07-004, *Joint Opening Brief of The Clean Power Alliance and California Choice Energy Authority (The “SoCal CCAs”) And the California Community Choice Association*, pp. 11-16 (October 26, 2020) (“Joint Opening Brief”).

<sup>6</sup> A.20-07-004, Assigned Commissioner’s Scoping Memo and Ruling, pp. 2-3 (September 10, 2020) (Scoping Items 1.d and 5.d.); 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).

Commission to grant SCE's requested relief.<sup>7</sup> While the SoCal CCAs worked with SCE to obtain some volumetric data regarding its year-end PABA balance, and currently do not oppose SCE's forecast of its 2020 year-end PABA balance, the discovery process is not an ideal avenue to obtain this data given the compressed schedule required in the ERRA forecast proceeding.<sup>8</sup> 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 investor-owned utility ("IOU") compared to that provided by another IOU, requires the type of formal action that SCE appears to contest.

Without supporting data, including volumetric quantities underlying recorded costs and revenues, it is not possible to determine whether SCE's PABA balance is reasonable, and instead requires substantial discovery for CCAs to simply understand the market forces underlying those amounts presented by SCE.<sup>9</sup> Because of this, it is difficult for CCAs to plan for the likely rate changes until after the November Update, resulting in an unnecessarily controversial November Update due to the compressed procedural schedule. As noted in the CCAs Opening Brief, the solution to these problems is simply increased transparency, and SCE's Opening Brief provides no compelling argument against it.<sup>10</sup>

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<sup>7</sup> See Joint Opening Brief at 11-13.

<sup>8</sup> Exh. CCAs-01 at 21:14-15.

<sup>9</sup> Joint Opening Brief at 11-13.

<sup>10</sup> *Id.*

## II. WHILE CONSOLIDATION IS UNNECESSARY, ANY CAPPED RATES FOR 2021 SHOULD BE ADOPTED IN THIS PROCEEDING AND NOT IN THE PCIA TRIGGER APPLICATION.

SCE's October 9, 2020 PCIA Trigger Application proposes to recover a \$68.6 million balance in the PUBA<sup>11</sup> via two options:

- 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.<sup>12</sup>
- 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.<sup>13</sup>

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.<sup>14</sup> The CCAs intend to address the reasonableness of these proposals in the PCIA Trigger Application proceeding; however, close coordination between these highly-related dockets is necessary, and any capped rates adopted for 2021 should be calculated as part of this docket wherein the issue is already in scope.

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<sup>11</sup> Exh. CCAs-07 at 13:7-8 and Table III-3.

<sup>12</sup> *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.”).

<sup>13</sup> *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.”).

<sup>14</sup> *Id.* at 1.



**A. While the PUBA and PCIA Trigger Will Impact This Proceeding, Parties Agree that Consolidation is Not Necessary.**

In its Opening Brief, SCE emphasizes that it is not requesting consolidation of the “PCIA Trigger Application with the instant proceeding as such action would invariably delay implementation of SCE’s 2021 ERRRA forecast revenue requirement – *i.e.*, both proceedings are, and should remain, separate and distinct.”<sup>15</sup> The CCAs agree; the two cases do not require consolidation, but do require close coordination given the intertwined issues presented in each docket. For example, 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.<sup>16</sup> 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.<sup>17</sup> Thus, while consolidation is likely unnecessary, close coordination is essential. For this and the other reasons expressed in pleadings in each case to date, the CCAs respectfully urge the Commission to consider a procedural schedule in *both* proceedings that will accommodate this need.

**B. Any PCIA Rate Cap Adopted for 2021 Should Be Calculated as Part of This Proceeding and Not in A.20-10-007.**

In its opening brief, SCE states: “As shown in Table IX-49 in Exhibit SCE-01, the 2014 through 2017 and 2019 PCIA customer vintages have increases that exceed the PCIA Rate Cap, and thus must be capped in accordance with D.18-10-019. The final capped PCIA rates and

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<sup>15</sup> SCE Opening Brief at 11.

<sup>16</sup> Exh. CCAs-07 at 21:14-17; 23:12 to 24:4.

<sup>17</sup> A.20-07-004, *Assigned Commissioner’s Scoping Memo and Ruling*, pp. 2-3 (September 10, 2020).

corresponding PUBA “booking” rates are included in Appendix B to Exhibit SCE-01.”<sup>18</sup> SCE concludes its “calculation of the PCIA and CTC rates are reasonable, supported by the record, and should be approved.”<sup>19</sup>

The SoCal CCAs and CalCCA agree SCE has correctly calculated the capped rates that would apply to the PCIA rates for 2021 if the Commission adopts an approach to PCIA rates that includes a cap for 2021 (in response to both this case and the PCIA Trigger Application). SCE’s calculation follows D.18-10-019, D.20-01-022, SCE’s Advice Letter 4084-E, and SCE’s Preliminary Statement Q (as well as the approach followed by the other California IOUs).<sup>20</sup>

However, SCE proposes as part of its PCIA Trigger Application to modify the methodology used to calculate the PCIA rate increase cap if one is adopted.<sup>21</sup> Such a proposal infringes on the scope of this proceeding, which includes whether SCE’s proposed 2021 PCIA rates are reasonable.<sup>22</sup> It also contradicts the assertions in SCE’s Opening Brief that the utility has correctly and reasonably calculated the PCIA rate caps for 2021. If the Commission decides to approve capped PCIA rates for 2021 in SCE’s service territory, it should calculate those capped rates in the instant docket and, in doing so, adopt the capped rates SCE has presented in its pleadings to date in this case.<sup>23</sup>

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<sup>18</sup> SCE Opening Brief at 10. The utility describes how “Table IX-49 in Exhibit SCE-01 also shows that the 2011 through 2013 and 2018 PCIA customer vintages have enough room under the 2021 PCIA cap to allow for the partial repayment of the revenue shortfall that resulted from 2020 capped PCIA rates.” *Id.* at 11.

<sup>19</sup> *Id.* at 7.

<sup>20</sup> See Joint Opening Brief at 22.

<sup>21</sup> *Id.*

<sup>22</sup> Scoping Ruling at 2-3.

<sup>23</sup> Joint Opening Brief at 22-26.

### **III. THE CCAS ANTICIPATE SCE WILL INCLUDE CPA'S DAC-GREEN TARIFF AND ECR BUDGETS IN ITS NOVEMBER UPDATE.**

In Section III of its Opening Brief SCE asserts: “[a]s more fully set forth in Exs. SCE-01 and SCE-03, SCE’s forecast of GHG revenues and expenses set aside for clean energy and energy efficiency programs and GHG administration, and customer education and outreach plan costs are reasonable, supported by the record, and should be approved.”<sup>24</sup> The CCAs note that the exhibits referenced currently do not include CPA’s DAC GT and CSGT budgets for 2021 of \$2.53 million, which are currently pending in Draft Resolution E-5102.<sup>25</sup> The CCAs understand that SCE plans to include those budgets in the November Update and appreciate SCE’s willingness to do so. Since all budgets draw from the same pool of GHG revenues, and because all budgets will apply to the 2021 forecast year, SCE’s cooperation clears a pathway to implementation and cost recovery for these important low-income programs.

### **IV. THE TWO UNCONTESTED ISSUES MENTIONED IN SCE’S OPENING BRIEF RELATE TO THE COSTS OF UTILITY-OWNED GENERATION AND COLLATERAL CARRYING COSTS.**

In its introduction, SCE’s Opening Brief mentions “two adjustments to SCE’s calculation of the 2021 forecast PCIA revenue requirement” recommended by the SoCal CCAs, “which SCE does not oppose.”<sup>26</sup> As noted in the SoCal CCAs and CalCCA’s Joint Opening Brief,<sup>27</sup> these issues include:

- Relying on the authorized generation base revenue requirement 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;<sup>28</sup> and

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<sup>24</sup> SCE Opening Brief at 4-5.

<sup>25</sup> See Draft Resolution E-5102 (issued October 2, 2020, in response to CPA Advice Letter 4-E).

<sup>26</sup> SCE Opening Brief at 1.

<sup>27</sup> Joint Opening Brief at 28.

<sup>28</sup> *Id.*; see also Exh. CCA-01 at 9-10.

- Correcting an erroneous formula used to allocate collateral carrying costs (categorized as ‘Common Costs’) across PCIA vintages, reducing the PCIA revenue requirement.<sup>29</sup>

SCE agreed to make these modifications in its rebuttal testimony,<sup>30</sup> resulting (to date) in the revenue requirements and PCIA rates presented in the SoCal CCAs and CalCCA’s Joint Opening Brief.

## V. CONCLUSION

For the foregoing reasons, the Commission should grant the relief requested to date in the SoCal CCAs and CalCCA’s Joint Opening Brief.

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Respectfully submitted,



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<sup>29</sup> Joint Opening Brief at 28.

<sup>30</sup> Exh. SCE-03 at 2:7-20, 3:1-7, and 3:8 to 4:9.