

**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  
(Consolidated)

Expedited Application of Southern  
California Edison Company (U338E)  
Regarding Power Charge Indifference  
Adjustment Trigger.

Application No. 20-10-007  
(Consolidated)

**REPLY COMMENTS OF THE CLEAN POWER ALLIANCE OF SOUTHERN  
CALIFORNIA, CALIFORNIA CHOICE ENERGY AUTHORITY, AND THE  
CALIFORNIA COMMUNITY CHOICE ASSOCIATION  
ON ADMINISTRATIVE LAW JUDGE KLINE'S PROPOSED DECISION**

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**REPLY COMMENTS OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA, CALIFORNIA CHOICE ENERGY AUTHORITY, AND THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON ADMINISTRATIVE LAW JUDGE KLINE’S PROPOSED DECISION**

Pursuant to Rule 14.3, the CCA Parties<sup>1</sup> hereby submit these Reply Comments<sup>2</sup> with regard to ALJ Kline’s November 30, 2020 Proposed Decision (“PD”) regarding both the above-captioned *Application of Southern California Edison Company (U 338-E) for Approval of Its Forecast 2021 ERRA Proceeding Revenue Requirement* and the *Expedited Application of Southern California Edison Company (U338E) Regarding Power Charge Indifference Adjustment Trigger*.

These reply comments respond to those from the Direct Access Customer Coalition and the Alliance for Retail Energy Market (“DACC/AReM”) to show how the PD is internally consistent and appropriately harmonizes Ordering Paragraphs 9 and 10 in D.18-10-019. If the Commission decides to reject the Settlement Agreement, which the CCA Parties continue to support, the PD should reject the changes to the PD that DACC/AReM suggest. Further, the data transparency the PD requires is appropriate and necessary for the ERRA Forecast proceeding, particularly as the Commission considers a transition to uncapped PCIA rates. While the CCA Parties do not oppose clarifications to provide “accrual” data, SCE’s other suggestions on the PD’s data-related findings, conclusions and orders should be rejected.

**I. THE PD APPROPRIATELY HARMONIZES ORDERING PARAGRAPHS 9 AND 10 IN D.18-10-019.**

DACC/AReM argue (1) the PD’s findings on the PCIA rate increase cap are internally inconsistent, and (2) an issue that is clearly in scope – whether 2021 PCIA rates will be capped or not – and has been thoroughly addressed by parties in this case, *including* by DACC/AReM, should now be addressed elsewhere.<sup>3</sup> These arguments should not sway the Commission.

The PD uses the tools in D.18-10-019 to achieve a beneficial policy outcome. D.18-10-019 cannot be read to have one ordering paragraph (“OP”) defeat the purpose of another, as

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<sup>1</sup> Unless otherwise defined herein, all acronyms in these reply comments have the same meaning as those defined in the CCA Parties’ Opening Comments, submitted on December 10, 2020, in the above-captioned proceedings.

<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 these Opening Comments on its behalf.

<sup>3</sup> DACC/AReM Opening Comments at 3-4.

DACC/AReM request here. OP 9 establishes the PCIA rate increase cap, and OP 10 establishes the PUBA trigger.<sup>4</sup> D.18-10-019 cannot be read to prohibit *any* increase above the cap for any reason because that would defeat the purpose of the trigger to reduce the balance in the PUBA.<sup>5</sup> The question presented in these consolidated proceedings is how to harmonize those provisions in a manner that manages volatility and reduces the PUBA balance.

DACC/AReM's changes to the PD creates the same issue for which it criticizes the PD without any of the benefits the PD conveys. It would still maintain a PCIA Trigger Mechanism Surcharge that increases the PCIA rate (*i.e.*, the PCIA line item on each customer's bill) more than \$0.005/kWh. However, unlike the PD, DACC/AReM's requested change would continue to add to the PUBA balance by utilizing capped PCIA rates in 2021.

The PD's answer to the harmonization question is better than DACC/AReM's: set the base PCIA rate at the cap (giving effect to OP 9), and manage the PUBA balance via a surcharge (giving effect to OP 10). As Judge Kline explains, the PD balances four competing interests: "1) minimizing rate shock for departed load customers, 2) providing fair returns to bundled service customers, 3) revising the PCIA rate to bring the PUBA balance below the PCIA trigger point, and 4) maintaining the PUBA balance below the trigger point until January 1 of the following year."<sup>6</sup> Adopting "a PCIA Trigger Mechanism Surcharge that includes the portion of the 2021 indifference amount which is above the 2021 capped PCIA rates" will maintain the PUBA balance below the PCIA trigger point.<sup>7</sup> This "adopted proposal recovers this amount as part of the PCIA Trigger Mechanism Surcharge rather than waive or alter the PCIA rate cap requirement in D.18-10-019 for setting the 2021 forecast PCIA rates."<sup>8</sup> That is, the PD addresses both the (existing) 2020 and (potential) 2021 PUBA balances, elegantly navigating the harmonization challenge D.18-10-019 poses while reducing the PUBA balance.

DACC/AReM's venue-related arguments should also be dismissed. There can be no question the scope of this proceeding includes the setting of PCIA rates for 2021, including whether those rates are capped or uncapped. *Eleven* different scoping issues and sub-issues in the consolidated applications address the calculation of the PCIA rates customers will pay as a

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<sup>4</sup> D.18-10-019 at Ordering Paragraphs 9 and 10.

<sup>5</sup> *See, e.g., id.* at Ordering Paragraph 10.

<sup>6</sup> Proposed Decision at 53.

<sup>7</sup> *Id.* at 54.

<sup>8</sup> *Id.*

result of A.20-04-007 and A.20-10-007 in SCE's service territory.<sup>9</sup> These issues include Issue 14, which states: "Whether the Trigger Application should adjust the PCIA rate *such that they may exceed current PCIA rate caps for 2021.*"<sup>10</sup> SCE, the SoCal CCAs, and DACC/AReM have extensively addressed PCIA rates in depth, including whether they should be capped.<sup>11</sup> All interested persons have had notice that the issue of whether 2021 PCIA rate increases will be permitted in excess of the annual rate increase cap will be addressed in these proceedings.

## **II. THE DATA TRANSPARENCY THE PD REQUIRES IS APPROPRIATE AND NECESSARY FOR THE ERRA FORECAST PROCEEDING.**

SCE's opening comments attack the PD for increasing parties' access to the data underlying the PCIA rates their customers will pay soon after the proceeding ends, *i.e., within two weeks* of a final decision in this case.<sup>12</sup> SCE's opposition to providing this data demonstrates the shortcomings of the informal approach to data access SCE recommended for this case and the importance of the formal approach the PD – and the proposed decisions in each utility's ERRA forecast cases<sup>13</sup> – grants. The PD creates the foundation for timely and consistent access to such data in future proceedings, streamlining their resolution and reducing controversy surrounding the November Update. This increased transparency will be important as the Commission considers removing the PCIA rate cap.

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<sup>9</sup> A.20-07-004, *Assigned Commissioner's Amended Scoping Memo and Ruling*, pp. 5-6 (Nov. 12, 2020) (Items 1.d., Issue 5.a-e., Issues 11-14).

<sup>10</sup> A.20-07-004, *Assigned Commissioner's Amended Scoping Memo and Ruling*, p. 6 (Nov. 12, 2020) (emphasis added).

<sup>11</sup> See, e.g., SoCal CCAs Opening Brief, pp. 10-12 (Oct. 26, 2020); SoCal CCAs' Reply Brief, pp. 6-8 (Nov. 2, 2020); SCE Opening Testimony, pp. 124-127 (July 1, 2020); SCE Updated Testimony, pp. 106-109 (Nov. 9, 2020); A.20-07-004 and A.20-10-007, *Protest of the Alliance for Retail Energy Markets and the Direct Access Customer Coalition to the Expedited Trigger Application of Southern California Edison Company*, pp. 3-5 (Oct. 29, 2020); A.20-07-004 and A.20-10-007, *Direct Access Customer Coalition and Alliance for Retail Energy Markets Comments on Southern California Edison November Update and PCIA Trigger Application*, pp. 4-6 (Nov. 16, 2020).

<sup>12</sup> Proposed Decision at 55-57, Findings of Fact 38-40, Conclusions of Law 4, and Ordering Paragraphs 7 and 8; see also *id.* at 23 (requiring SCE to keep its assessment of rate impacts in future ERRA forecast applications).

<sup>13</sup> A.20-07-002 and A.20-09-014, *[Proposed] Decision Adopting Pacific Gas and Electric Company's 2021 Energy Resource Recovery Account Forecast, Generation Non-Bypassable Charges Forecast, Greenhouse Gas Forecast Revenue Return and Reconciliation, and Related Calculations and Rate Proposals*, Conclusions of Law 11-14 and Ordering Paragraph 4 (Dec. 4, 2020); A.20-04-014, *[Proposed] Decision Adopting 2021 Electric Procurement Revenue Requirement Forecasts and Greenhouse Gas-Related Forecasts for San Diego Gas & Electric Company*, Finding of Fact 19, Conclusion of Law 19, and Ordering Paragraphs 6 and 7 (Dec. 2, 2020).

While the SoCal CCAs do not oppose SCE’s request to provide “accrual” data,<sup>14</sup> the other changes the utility seeks to the PD should be rejected. SCE suggests the data required is a “significant expansion” of the data required in the ERRA forecast proceeding, conflicts with D.18-10-019, and is out of scope of this case.<sup>15</sup> SCE made similar arguments over the course of this case,<sup>16</sup> suggesting 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 the Scoping Ruling requiring consideration of “accurate accounting” to determine whether SCE’s requested revenue requirement is reasonable.<sup>17</sup>

SCE recognized in its rebuttal testimony that “the true-up of the PABA does occur in the ERRA Forecast proceeding”<sup>18</sup> That true-up can create substantial fluctuations in the calculation of forecasted PCIA rates over the course of just a few months. For example, SCE began this year with a PABA balance of \$537.5 million, which rose to \$673.1 million by May, rose again to \$769.1 million in July, then fell below \$500 million in August, and fell further to a forecasted 2020 year-end balance of \$488.3 million in the November Update.<sup>19</sup> The sheer magnitude of the PABA, its inclusion in the 2021 PCIA revenue requirement, and the consistent volatility between recorded costs and SCE’s projections, emphasize the importance of verifying and understanding the factors influencing SCE’s numbers over the course of the year.<sup>20</sup>

Second, SCE argues that increased data in the monthly reports is unnecessary,<sup>21</sup> that the data the PD requires will be less than perfectly accurate,<sup>22</sup> and that less detailed, already-prepared internal reports can accomplish the same ends as the PD.<sup>23</sup> The SoCal CCAs disagree. Providing the data in the monthly reports allows Commission Staff to better understand the

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<sup>14</sup> Opening Comments of SCE on the Proposed Decision, pp. 7-8 (Dec. 10, 2020).

<sup>15</sup> SCE Opening Comments at 7.

<sup>16</sup> SCE Rebuttal Testimony at 5:12-16.

<sup>17</sup> A.20-07-004, *Assigned Commissioner’s Scoping Memo and Ruling*, pp. 2-3 (Sept. 10, 2020) (Scoping Items 1.d, 5.c. and 5.d.).

<sup>18</sup> Exh. SCE-03 at 5:18-19.

<sup>19</sup> Exh. JCCAs-1 at 14:1 to 16:2; Exh. SCE-04 at 84:16. Table VIII-37 reports the estimated year-end PABA balance of \$493.9 million which includes FF&U.

<sup>20</sup> See SoCal CCAs’ Opening Brief, pp. 13-14 (Oct. 26, 2020); SoCal CCAs’ Reply Brief, pp. 3-4 (Nov. 2, 2020); Exh. CCA-01 at 14-16.

<sup>21</sup> SCE Opening Comments at 8.

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

utility cost-specific factors underlying the balances in the monthly reports and builds a foundation for year-round access to the same data for affected parties like the CCAs.

The SoCal CCAs do not oppose the use of accrual data, recognizing some data will be revised, *e.g.*, when later CAISO settlements modify prior reported balances. However, less-than-perfect accuracy is appropriate for the level of review in the ERRA forecast proceeding, where parties verify balancing account activity at a high level and look to approximate PCIA rate changes so customers are not blindsided. There is no question the full picture of factors influencing PCIA rates must include, for example, the volumetric data underlying UOG, power purchases and sales, CAISO market sales, and retail customer sales. Potential inaccuracies are not a valid reason for withholding the data that CCAs and the Commission need.

Lastly, the use of already-prepared reports was an accommodation in this proceeding resulting from a discovery dispute – the same type of discovery dispute the PD’s conclusions on data transparency will avoid. SCE will have sufficient time between now and June to prepare the documents necessary to meet the PD’s obligations. Apart from the addition of the word “accrual”, the SoCal CCAs recommend the Commission reject SCE’s suggested modifications.

### III. CONCLUSION

For the foregoing reasons, and those discussed in the CCA Parties’ opening comments, the CCA Parties respectfully request the Commission revise the PD to adopt the Settlement Agreement. If the Commission chooses not to adopt the Settlement Agreement, the CCA Parties respectfully request the Commission (1) reject the changes DACC/AReM suggest regarding PCIA rates, (2) reject the changes SCE suggests regarding data transparency, and (3) adopt the changes to the PD in Attachment A to the CCA Parties’ opening comments.

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Respectfully submitted,



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