

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



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Application of Southern California Edison Company (U338E) for a Commission Finding that its Procurement-Related and Other Operations for the Record Period January 1 Through December 31, 2022 Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for Recovery of \$51.442 Million Recorded in Five Accounts.

Application No. 23-04-003

**PROTEST OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION
TO THE APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY**

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SUMMARY OF RECOMMENDATIONS

- The Commission should refrain from granting the relief Southern California Edison Company (SCE) requests in its Application in order to allow for further investigation on the issues identified herein and any other issues that may arise during the course of the proceeding.
- The Commission should adopt California Community Choice Association's (CalCCA) proposed issues in scope, which are in line with the scope in SCE's 2021 Energy Resource Recovery Account (ERRA) Compliance proceeding, updated for 2022 as needed.
- The Commission should adopt CalCCA's proposed schedule, which is based on the schedule used in SCE's 2021 ERRA Compliance proceeding.
- The Public Safety Power Shutoff (PSPS) information not included in SCE's Application and related issues should be addressed at the prehearing conference as opposed to through email.

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**PROTEST OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION
TO THE APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY**

Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission or CPUC), the California Community Choice Association¹ (CalCCA) hereby protests the relief sought in the above-captioned Application of Southern California Edison Company (SCE) for Approval of its 2022 Energy Resource Recovery Account (ERRA) Compliance Proceeding Revenue Requirement (Application).²

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Energy for Palmdale’s Independent Choice, Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

² Application (A.) 23-04-003, *Application of Southern California Edison Company (U338E) for a Commission Finding that its Procurement-Related and Other Operations for the Record Period January 1 Through December 31, 2022 Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for Recovery of \$51.442 Million Recorded in Five Accounts* (April 3, 2023) (Application).

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,³ and that burden of proof generally is measured based upon a preponderance of the evidence.⁴ CalCCA protests the Application on the grounds that the breadth and complexity of the Application, nearly 700 pages of accompanying testimony, and supporting workpapers, prevent CalCCA from concluding, at this early stage, whether SCE has demonstrated that the entirety of the relief it requests is justified and meets the utility’s burden of proof. CalCCA has identified several issues below that require further, detailed examination. Accordingly, the Commission should refrain from granting the relief SCE requests in its Application and that it allow further investigation on those issues, together with any other issues that may arise during the course of the proceeding.

I. CALCCA’S INTEREST

In its Application, SCE requests the Commission find, among other things, that during the review period: (1) its fuel and purchased power expenses complied with SCE’s Commission-approved procurement plan and were recorded accurately; (2) that its contract administration, management of utility-retained generation (URG), dispatch of generation resources, and related spot market transactions complied with Standard of Conduct Four in the applicable procurement plan; (3) that its costs recorded in certain memorandum accounts in 2022 are reasonable and should be authorized for recovery in rates; and (4) that other activities subject to review in this ERRA Review proceeding are in compliance with Commission requirements. This review includes SCE’s

³ Decision (D.) 12-12-030 at 42.

⁴ *See, e.g.*, D.18-01-009 at 9-10; D.15-07-044 at 29 (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”).

recording of amounts to its Portfolio Allocation Balancing Account (PABA) for 2022 and the associated true-up.⁵

As noted above, CalCCA represents the interests of 24 community choice aggregators (CCAs) in California, including five CCAs that serve SCE's delivery service customers: California Choice Energy Authority,⁶ Central Coast Community Energy, Clean Power Alliance, Desert Community Energy, and Orange County Power Authority. Each of those CCAs is governed by a Board of Directors comprised of elected officials who represent the individual cities and counties the CCA serves, or an elected City Council. While CalCCA's advocacy frequently benefits both bundled and unbundled customers, the CCAs are the sole advocates for their customers and their local energy programs before this Commission.

CCA customers receive generation services from their local CCA and receive transmission, distribution, billing, and other services from SCE. As such, CCA customers in SCE's service territory must pay the same electric distribution, transmission and non-bypassable rates as SCE's bundled customers. However, CCA customers pay CCA-specific generation rates, which vary and are partially influenced by local mandates to increase electric vehicle use, procure and maintain clean electricity portfolios that in many cases exceed state requirements for renewable generation, and achieve other local goals.

CCA and other unbundled customers are also subject to several non-bypassable charges, including the Power Charge Indifference Adjustment (PCIA). The Commission adopted the PCIA to ensure that when investor-owned utility (IOU) customers depart from bundled service and receive

⁵ Application at 1-2.

⁶ CalChoice is a California joint powers authority formed to assist and support cities with CCA programs, including Lancaster Choice Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, San Jacinto Power, Apple Valley Choice Energy, Santa Barbara Clean Energy, Pomona Choice Energy, and Energy for Palmdale's Independent Choice.

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.”⁷

The level of the PCIA during the 2022 record period was determined, initially, in D.22-01-003 based in part on a forecast of the above-market costs stemming from SCE’s generation portfolio over the course of that year. Prior to D.18-10-019, the PCIA rate was set only based on forecasts and not true-up for unbundled customers – only bundled customers’ rates were subject to a true-up. D.18-10-019 requires that SCE true up the forecasted costs (net of forecasted market revenues or imputed revenues) approved in D.22-01-003 with the actual recorded costs (net of actual market revenues or imputed revenues) for PCIA-eligible resources.⁸ It also requires SCE to true up the revenues it forecasted it would receive from both bundled and departing load customers over the course of 2022 with the actual revenues it received.⁹ This true-up occurs by comparing the forecasted costs and revenues to the recorded costs and revenues within the PABA. While that true-up is on-going over the course of the year, this proceeding provides the only venue in which parties may closely audit the entries from the record year.

It is important to note that the true-up of the PCIA via the PABA reflects the full amount of above-market costs recovered from *both* bundled service and departing load customers. All above-market costs for SCE’s PCIA-eligible generation portfolio are now paid by both bundled and unbundled customers, which share a portion of the PCIA revenue requirement obligations. The ERRA revenue requirement includes the remaining, at-market portion of the forecasted procurement costs for SCE’s bundled customers. Therefore, as will become evident over the course

⁷ D.18-10-019 at 3 (Oct. 11, 2018); *see also* Rulemaking (R.) 17-06-026, *Scoping Memo and Ruling of Assigned Commissioner*, p. 2 (Sep. 25, 2017).

⁸ D.18-10-019 at Ordering Paragraphs (OPs) 7 and 8.

⁹ *Id.*

of this proceeding, many of CalCCA's interests in this case are closely aligned not only with those of SCE's unbundled customers, but also with those of SCE's remaining bundled customers.

Issues relating to whether the entries that SCE recorded in the PABA (and the ERRA) are reasonable, appropriate, accurate, correctly stated, and in compliance with Commission decisions are within scope in this docket. Moreover, SCE's management of its generation portfolio and its third-party contracts, as well as its compliance with Commission-approved procurement and resource sales frameworks, directly impact the costs and revenues recorded to the PABA. Since the PABA impacts the PCIA rates that CCAs' customers pay, CalCCA has a direct, clear, real, present, tangible, and pecuniary interest in the outcome of this proceeding.

II. CALCCA SEEKS TO ENSURE THAT SCE'S GENERATION RESOURCES WERE PRUDENTLY ADMINISTERED, MANAGED AND DISPATCHED AND THAT ITS RECORDED ENTRIES ARE APPROPRIATE, CORRECTLY STATED, AND IN COMPLIANCE WITH COMMISSION PRECEDENT.

CalCCA hopes to work with SCE over the course of this proceeding to review SCE's workpapers and better understand, investigate, and potentially submit testimony regarding various components of the Application, including but not limited to:

1. Whether during the record year, 2022, SCE prudently administered, managed, and dispatched its URG facilities, qualifying facility (QF) contracts, and non-QF contracts in compliance with all applicable rules, regulations, and Commission decisions, including but not limited to Standard of Conduct 4;
2. Whether during the record year SCE appropriately operated its memorandum and balancing accounts, in particular the PABA, ERRA, PCIA memorandum account, PCIA Undercollection Balancing Account (PUBA), Green Tariff Shared Renewables (GSTR)-related balancing accounts, and the local capacity requirements products balancing account (LCRPBA);
3. Whether the entries SCE recorded to its memorandum and balancing accounts, in particular the PABA, ERRA, PCIA memorandum account, PUBA, GTSR-related

balancing accounts, and LCRPBA are appropriate, correctly stated, and in compliance with applicable Commission decisions; and

4. Whether rate recovery for 2022 Record Year costs is reasonable and should be authorized.

Analysis of these important issues requires close scrutiny of the Application's testimony and supporting workpapers. CalCCA continues to analyze SCE's prepared testimony and SCE's response to a data request for SCE's workpapers and confidential versions of testimony, recently received on April 13, 2023. CalCCA is particularly interested in ensuring there is no cost-shifting between bundled and unbundled customers and that expenses and revenues related to each of SCE's resources are appropriately categorized and recorded to the correct balancing account.

CalCCA's initial review has unearthed a number of issues pertaining to these issues that it plans to investigate more closely, including:

- Whether SCE double-collected franchise fees for certain departed customers in 2022 as it did in 2021 and, if so, the appropriate remedy for such double-collections;¹⁰
- Whether SCE appropriately accounted for battery energy storage systems that have not yet received wholesale market revenue;¹¹
- Whether SCE appropriately accounted for generation necessary to serve its GTSR customers during the record year when one of those facilities has been on outage since July 2022;¹²
- Whether SCE appropriately accounted for proceeds from a settlement refund related to the 2001 Energy Crisis;¹³

¹⁰ This issue is the sole issue the Southern California CCAs litigated in A.22-04-001, which remains pending. *See* A.22-04-001, *SoCal CCAs Initial Brief* at 4-8 (Apr. 14, 2023) (motion to admit pending); A.22-04-001, *SoCal CCAs Reply Brief* at 2-3 (Apr. 28, 2023).

¹¹ *See, e.g.*, Exh. SCE-02 at 161.

¹² *See, e.g., id.* at 101.

¹³ *See, e.g.*, Exh. SCE-02 at 83-84.

- Whether SCE appropriately accounted for proceeds from a settlement refund related to excess energy delivered to Valley Electric Association customers between 2000 and 2020;¹⁴
- Whether SCE appropriately calculated and accounted for the impact of the logic error in its automated power procurement accounting system;¹⁵
- Whether SCE appropriately accounted for Public Safety Power Shutoff (PSPS) events as required by D.21-06-014;¹⁶ and
- Whether SCE appropriately accounted for Retained RA and Retained RPS in accordance with D.18-10-019 and D.19-10-001.¹⁷

Until such review and analysis are complete, CalCCA cannot conclude whether the relief SCE requests is justified. CalCCA requests that the Commission refrain from granting the relief SCE requests in its Application in order to allow for further investigation on these issues and any other issues that may arise during the course of the proceeding.

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

CalCCA agrees with the categorization of this proceeding as ratesetting and believes hearings may be necessary, depending on CalCCA's on-going analysis of the Application, SCE's responses to discovery, and any settlement discussions that may take place.

With regard to scope, CalCCA suggests a scope that begins with the following issues that were included in SCE's 2021 ERRR Compliance proceeding,¹⁸ updated for 2022:

1. Whether SCE's 2022 fuel and purchased power expenses were accurately recorded and complied with SCE's Commission-approved procurement plan;

¹⁴ See, e.g., *id.* at 32.

¹⁵ See, e.g., *id.* at 33-35.

¹⁶ See, e.g., Exh. SCE-01 at 4; Exh. SCE-02 at 235.

¹⁷ See, e.g., Exh. SCE-02 at 134-135.

¹⁸ See A.22-04-001, *Amended Scoping Memo and Ruling of Assigned Commissioner*, at 3-4 (August 30, 2022).

2. Whether during 2022, SCE prudently administered, managed, and dispatched the following, in compliance with all applicable rules, regulations and Commission decision, including but not limited to Standard of Conduct Four:
 - a. Utility Retained Generation Resources;
 - b. Quality Facility Contracts;
 - c. Bilateral Contracts;
 - d. Inter-utility Power Contracts;
 - e. Renewable Resource Contracts; and
 - f. Natural Gas Tolling Agreements.
3. Whether during 2022 SCE dispatched its energy resources in a least-cost manner in compliance with SCE's Commission-approved procurement plan;
4. Whether the following entries and costs recorded in its ERRA by SCE are correctly stated, reasonable, and in compliance with applicable Commission decisions, rules, and regulations:
 - a. Base Revenue Requirement Balancing Account;
 - b. Nuclear Decommissioning Adjustment Mechanism;
 - c. Public Purpose Program Adjustment Mechanism; and
 - d. California Alternate Rates for Energy Balancing Account.
5. Whether the requested revenue requirement of \$51.442 million is just and reasonable;
6. Whether SCE's administrative costs entries for its Greenhouse Gas Compliance Instrument procurement are reasonable, accurate, consistent with Commission and state policies and laws, and whether SCE met its burden of proof regarding its claim for these entries;
7. Whether there are any safety considerations raised by the application;
8. What is the revenue requirement equal to the estimated unrealized volumetric sales and unrealized revenue resulting from the Public Safety Power Shutoff events in 2022 that SCE must forgo in accordance with Decision 21-06-014? What is the appropriate methodology for calculating SCE's unrealized volumetric sales and unrealized revenues resulting from 2022 PSPS events?
9. Whether SCE appropriately operated its memorandum accounts and balancing accounts during the 2022 Record Period; and the recorded entries in the accounts are appropriate, correctly stated and in compliance with applicable Commission decisions.

At this time, CalCCA supports the following schedule, which is based on the schedule adopted in SCE's 2021 ERRA Compliance proceeding:

Event	Date
Intervenors' Prepared Direct Testimony served	December 5, 2023
Prepared Rebuttal Testimony served	January 31, 2024
Settlement Talks	February 2024
Meet and Confer	By March 1, 2024
Completion of Settlement Talks	March 8, 2024
Status Conference	March 14, 2024
Evidentiary Hearing	March 20 – March 22, 2024
Concurrent Opening Briefs	April 12, 2024
Concurrent Reply Briefs [<i>matter submitted</i>]	April 26, 2024
Proposed Decision	June to July 2024
Commission Decision	<i>[no sooner than 30 days after Proposed Decision]</i>

CalCCA submits that this proposed alternative is more reasonable than the schedule SCE proposed because it will avoid establishing substantial procedural deadlines during the period (August through November of 2023) when the witnesses and attorneys for several of the parties participating in this proceeding, including CalCCA, are likely to be occupied by the typically-clustered procedural deadlines in each of the three IOUs' 2024 ERRA Forecast proceedings. The schedule adopted in SCE's 2021 ERRA Compliance proceeding complemented those proceedings' schedules well, and CalCCA therefore requests that the Commission adopt the alternative scheduling proposal set forth above.

Finally, SCE did not include any testimony regarding the calculation of unrealized sales or revenues associated with 2022 PSPS events as required by D.21-06-014.¹⁹ Instead of providing

¹⁹ See D.21-06-014 at OP 1.

information on its 2022 PSSP events, if any, SCE proposed to “request via an email to the Administrative Law Judge (and the service list) requesting direction regarding whether and in what format PSSP information should be presented as part of this Application and to establish a procedure for submitting this information on an ongoing basis in the ERRA Review proceeding.”²⁰ CalCCA disagrees with SCE’s email approach and suggests parties address the status of the 2019 ERRA Compliance proceedings, which will set the methodology SCE is to follow in this and subsequent proceedings, and related next steps at the Prehearing Conference.

IV. COMMUNICATIONS

CalCCA consents to “email only” service and requests that the following individuals be added to the service list for A.23-04-003 on behalf of CalCCA:

Party Representative for CalCCA:

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²⁰ Exh. SCE-01 at 4.

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V. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests the Commission set this matter for hearing to fully examine the issues discussed above.

Respectfully submitted,



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Dated: May 5, 2023