

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



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Application of Southern California Edison Company (U 338-E) for a Commission Finding that its Procurement-Related and Other Operations for the Record Period January 1 Through December 31, 2023 Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for a decrease of \$63.195 million in revenue requirement due to a net overcollection recorded in seven accounts.

Application No. 24-04-001

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

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TABLE OF CONTENTS

I. CALCCA’S INTEREST.....2

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.....5

III. ISSUES, CATEGORIZATION OF PROCEEDING, NEED FOR HEARINGS AND PROPOSED PROCEDURAL SCHEDULE.....7

IV. COMMUNICATIONS10

V. CONCLUSION11

TABLE OF AUTHORITIES

Commission Decisions

D.12-12-030.....	2
D.15-07-044.....	2
D.18-01-009.....	2
D.18-10-019.....	4, 7
D.19-10-001.....	7
D.21-06-014.....	7
D.22-01-003.....	4

Commission Rules of Practice and Procedure

Rule 2.6.....	1
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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 of 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 of SCE's 2022 Energy Resource Recovery Account (ERRA) Compliance proceeding, updated for 2023 as needed.
- The Commission should adopt CalCCA's proposed schedule, which is based on the schedule used in SCE's 2022 ERRA Compliance proceeding and which complements the expected schedule for SCE's ERRA Forecast proceeding.

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

Application of Southern California Edison Company (U 338-E) for a Commission Finding that its Procurement-Related and Other Operations for the Record Period January 1 Through December 31, 2023 Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for a decrease of \$63.195 million in revenue requirement due to a net overcollection recorded in seven accounts.

Application No. 24-04-001

**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), 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 2023 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.) 24-04-001, *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, 2023 Complied with its Adopted Procurement Plan; for Verification of its Entries*

The impact of SCE’s application on both departed and bundled customers requires cautious and careful consideration. SCE has the burden of affirmatively establishing the reasonableness of all aspects of its Application.³ CalCCA protests the Application—which includes hundreds of pages of accompanying testimony—first on the grounds that its breadth and complexity prevents CalCCA from concluding at this early stage whether SCE has met its burden. But even an initial review of SCE’s Application raises significant questions as to whether the relief SCE requests is appropriate. SCE’s Application includes disclosures of myriad and significant errors in its internal accounting processes, raising questions about whether SCE properly accounted for those errors and the scope and quality of its internal audits. The Application further discloses SCE management and accounting decisions regarding its renewable generation resources, and its Resource Adequacy and Renewable Portfolio Standards assets, which may have been improper. CalCCA protests the Application to ensure that these and other issues are fully reviewed and deemed correct before the Commission approves SCE’s Application.

The Commission should thus refrain from granting the relief SCE requests in its Application and should structure this proceeding to allow further investigation on these 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-

in the Energy Resource Recovery Account and Other Regulatory Accounts; and for a decrease of \$63.195 million in revenue requirement due to a net overcollection recorded in seven accounts. (April 1, 2024).

³ Decision (D.) 12-12-030 at 42; *see also* 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”).

approved procurement plan and were recorded accurately; (2) 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 its applicable procurement plan; (3) its costs recorded in certain memorandum accounts were reasonable and should be authorized for recovery in rates; and (4) its other activities subject to review in this proceeding were in compliance with Commission requirements.⁴

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,⁵ 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. CalCCA's advocacy is thus of particular importance to its member CCAs in general and their customers.

While CCA customers receive generation services from their local CCA—consistent with state and local mandates requiring significant reliance on clean electricity—they 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, including the Power Charge Indifference Adjustment (PCIA). The

⁴ Application at 1-2.

⁵ 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.

Commission adopted the PCIA to ensure that when investor-owned utility (IOU) customers 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.”⁶ The PCIA is derived, in part, from the year-end balance in the Portfolio Allocation Balancing Account (PABA), which is one of many balancing accounts at the heart of SCE’s Application.

The Commission established PCIA rates for SCE for the 2023 record period in D.22-12-012 based in part on a forecast of the above-market costs stemming from SCE’s generation portfolio over the course of that year. In years past, PCIA rates were set based only on forecasts and were not true-up for unbundled customers based on actual costs and revenues—only bundled customers’ rates were subject to a true-up. But in D.18-10-019, the Commission implemented an expanded true-up obligation and now SCE must true up the forecasted costs (net of forecasted market revenues or imputed revenues) approved in D.22-012-012 with the actual recorded costs (net of actual market revenues or imputed revenues) for PCIA-eligible resources.⁷ D.18-10-019 also requires SCE to true up the revenues it forecasted it would receive from both bundled and departing load customers over the course of 2023 with the actual revenues it received.⁸ This true-up occurs by comparing the forecasted costs and revenues to the recorded costs and revenues within SCE’s 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. Because that close review will impact CCA customers directly through their PCIA rates, CalCCA is a critical participant in this proceeding.

⁶ D.18-10-019 at 3 (Oct. 11, 2018); *see also* Rulemaking (R.) 17-06-026, *Scoping Memo and Ruling of Assigned Commissioner*, at 2 (Sep. 25, 2017).

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

⁸ *Id.*

But CalCCA's participation will also benefit bundled customers since 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 paid by both bundled and unbundled customers, which share a portion of the PCIA revenue requirement obligations. In addition, the ERRRA 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 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 ERRRA) are reasonable, appropriate, accurate, correctly stated, and in compliance with Commission decisions are within scope of SCE's Application. 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 CCA 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 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, and Green Tariff Shared Renewables (GSTR)-related balancing accounts;
3. Whether the entries SCE recorded to its memorandum and balancing accounts, in particular the PABA, ERRA, PCIA memorandum account, PUBA, and GTSR-related balancing accounts are appropriate, correctly stated, and in compliance with applicable Commission decisions; and
4. Whether rate recovery for 2023 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, which CalCCA recently received on April 17, 2024. 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.

Through its initial review, CalCCA has identified a number of issues pertaining to these topics that it plans to investigate more closely, including:

- Whether SCE needs additional oversight over its internal accounting and account management processes given the numerous errors SCE discloses in its Application;⁹
- Whether SCE appropriately accounted for the errors it discloses in its Application in the PABA and/or other balancing accounts;
- Whether SCE's stated plan to re-bill customers for undercollections due to its own PCIA vintaging error is reasonable and appropriate;¹⁰

⁹ See, e.g., Application, Ex. SCE-02 at 33-35, 138-40, 141-42.

¹⁰ *Id.* at 141-42.

- Whether SCE acted prudently in deenergizing and/or decommissioning resources within its Solar Photovoltaic Program during the record year;¹¹
- Whether SCE incurred and should be allowed to recover the cost of any penalties in the record year from the California Independent System Operator not disclosed in the Application;
- Whether SCE should have—but did not—revintage certain generation resources for which SCE executed contract amendments;¹²
- Whether SCE properly accounted for banked RPS renewable energy credits used for compliance in the record year;¹³
- Whether SCE appropriately accounted for Retained RA and Retained RPS in accordance with D.18-10-019 and D.19-10-001;¹⁴ and
- Whether SCE appropriately accounted for Public Safety Power Shutoff (PSPS) events as required by D.21-06-014.¹⁵

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

This is a ratesetting proceeding, as SCE notes,¹⁶ and 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.

¹¹ *Id.* at 64-67.

¹² Application, Ex. SCE-03 at 80-89.

¹³ Application, Ex. SCE 02 at 145-47.

¹⁴ *See, e.g., id.* at 144-47.

¹⁵ *See, e.g., id.* at 254-62.

¹⁶ Application at 8-9.

The scope should include the following issues, which were in SCE’s 2022 ERRA Compliance proceeding,¹⁷ updated for 2023:

1. Whether SCE’s 2023 fuel and purchased power expenses were accurately recorded and complied with SCE’s Commission-approved procurement plan;
2. Whether during 2023, SCE prudently administered and managed the following, in compliance with all applicable rules, regulations, and Commission decisions, including but not limited to Standard of Conduct Four:
 - a. Utility Retained Generation;
 - b. Qualifying Facility (QF) Contracts; and
 - c. Other Non-QF Contracts, including:
 - i. Bilateral Contracts;
 - ii. Inter-utility Power Contracts;
 - iii. Renewable Resource Contracts; and
 - iv. Natural Gas Tolling Agreements.
3. Whether during 2023 SCE achieved least-cost dispatch of its energy resources and economically triggered demand response programs pursuant to SOC 4;
4. Whether during 2023, SCE appropriately operated its balancing accounts and memorandum accounts, listed below, and the recorded entries in the accounts are appropriate, correctly stated, 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 costs associated with the memorandum accounts, listed below, are reasonable:

¹⁷ See A.23-04-003, *Amended Scoping Memo and Ruling of Assigned Commissioner*, at 2-5 (Jan. 5, 2024).

- a. Residential Rate Implementation;
 - b. Integrated Resource Planning Costs;
 - c. Summer Reliability Demand Response Program;
 - d. Percentage of Income Payment Plan;
 - e. California Solar Initiative Program Balancing;
 - f. COVID-19 Pandemic Protections; and
 - g. Affiliate Transfer Fee.
6. Whether SCE's requested \$63.195 million revenue requirement reduction is just and reasonable;
 7. Whether the compliance costs associated with SCE's Greenhouse Gas (GHG) emissions regulated by the California Air Resources Board's Cap-and-Trade program are reasonably and accurately recorded in SCE's various regulatory accounts, and whether SCE met its burden of proof regarding its claims for these entries; and whether SCE demonstrated its GHG emissions compliance costs complied with the methodologies and reporting requirements ordered in D.21-05-004.
 8. Whether SCE appropriately operated its memorandum accounts and balancing accounts during the 2023 Record Period; and the recorded entries in the accounts are appropriate, correctly stated, and in compliance with applicable Commission decisions.
 9. What is the revenue requirement equal to the estimated unrealized volumetric sales and unrealized revenue resulting from the Public Safety Power Shutoff events in 2023 that SCE must forgo in accordance with D.21-06-014 and D.23-06-054?
 10. Whether there are any safety considerations raised by the application; and
 11. Whether there are any environmental and social justice considerations raised by this Application.

Counsel for CalCCA conferred with counsel for SCE regarding the schedule for this proceeding. SCE does not object to the following schedule, which is generally consistent with the schedule adopted in SCE's 2022 ERRRA Compliance proceeding:

Event	Date
Intervenors' Prepared Direct Testimony served	December 5, 2024
Prepared Rebuttal Testimony served	January 31, 2025
Status Conference (if needed)	February 14, 2025
Evidentiary Hearing	March 19 – March 21, 2025
Concurrent Opening Briefs	April 11, 2025
Concurrent Reply Briefs <i>[matter submitted]</i>	April 25, 2025
Proposed Decision	July 31, 2025
Commission Decision	<i>[no sooner than 30 days after Proposed Decision]</i>

This schedule is appropriate, unlike the schedule SCE originally proposed, because it will avoid establishing substantial procedural deadlines during the period (August through November of 2024) when the witnesses and attorneys for CalCCA, SCE, and perhaps other parties are likely to be occupied by the typically-clustered procedural deadlines in each of the three IOUs' 2025 ERRA Forecast proceedings. The schedule adopted in SCE's 2022 ERRA Compliance proceeding has complemented those proceedings' schedules well, and CalCCA therefore requests that the Commission adopt the unopposed alternative scheduling proposal set forth above.

IV. COMMUNICATIONS

CalCCA consents to "email only" service and requests that the following individuals be added to the service list for A.24-04-001 on behalf of CalCCA:

Party Representative for CalCCA:

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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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