

## **APPENDIX B**

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

Application of SAN DIEGO GAS & ELECTRIC )	
Company (U 902-E) for Approval of its 2017 )	A.16-04-018
Electric Procurement Revenue Requirement )	(Filed April 15, 2016)
Forecasts and GHG-Related Forecasts )	
_____ )	
And Related Matters )	A.16-05-001
_____ )	A.16-06-003

**SETTLEMENT AGREEMENT RESOLVING DEPARTING LOAD RATEMAKING  
CHARGES FOR PRE-2009 VINTAGE DEPARTING LOAD CUSTOMERS BETWEEN  
SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E), THE ALLIANCE FOR  
RETAIL ENERGY MARKETS/DIRECT ACCESS CUSTOMER COALITION, THE  
PUBLIC AGENCY COALITION AND THE CALIFORNIA LARGE ENERGY  
CONSUMERS ASSOCIATION**

Southern California Edison Company (SCE), the Alliance for Retail Energy Markets/Direct Access Customer Coalition (AReM/DACC), the Public Agency Coalition (PAC) and the California Large Energy Consumers Association (CLECA) (referred to hereinafter collectively as Settling Parties), hereby enter into this “Settlement Agreement Resolving Departing Load Ratemaking Charges for Pre-2009 Vintage Departing Load Customers” (Settlement Agreement). The Settling Parties anticipate that this Settlement will be unopposed, and therefore request the CPUC deem this an all-party Settlement.

## **ARTICLE 1**

### **PROCEDURAL HISTORY**

1.1 On May 22, 2017, Administrative Law Judge S. Pat Tsen issued a ruling<sup>1</sup> directing that Application (A.)16-04-018, A.16-05-001, and A.16-06-003 be consolidated. The Ruling noted that (a) a shared issue in scope of these three proceedings was the treatment of PCIA charges for pre-2009 vintage departing load customers; (b) the Commission issued decisions in the three ERRRA forecast proceedings allowing for consolidated rate changes on January 1, 2017 for each utility, and reserved the limited issues related to PCIA charges for pre-2009 vintage departing load customers to be resolved at a later time; and (c) the Commission believes that pre-2009 departing load customers and their associated PCIA charges should be treated consistently, while taking in consideration unique circumstances in each investor-owned utility’s territory.

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<sup>1</sup> Administrative Law Judge’s Ruling Consolidating Proceedings and Establishing Phase II (Ruling).

## ARTICLE 2

### SETTLEMENT AGREEMENT TERMS AND CONDITIONS

In order to avoid the risks and costs of litigation, the Parties agree to the following terms and conditions.

2.1 The Settling Parties agree that SCE’s customers who departed from SCE bundled service energy procurement for service from an alternative energy service provider (*i.e.*, a Community Aggregator (CA), or an Energy Service Provider (ESP)) before 2009 (Pre-2009 Vintage Departing Load Customers) will continue to pay or receive refunds from, as the case may be, the Power Charge Indifference Amount (PCIA) rate.

2.2 The Settling Parties further agree that retroactive to January 1, 2017, the PCIA charge for SCE’s Pre-2009 Vintage Departing Load Customers should consist of (a) only net legacy costs or refunds, as the case may be, associated with the San Onofre Nuclear Generating Station (SONGS), consistent with the “DA Consensus Ratemaking Protocol” adopted by the Commission in D.14-05-003<sup>2</sup> and (b) any net costs or refunds, as the case may be, that SCE recovers associated with pending Energy Crisis-related litigation and/or potential Energy Crisis-related settlements.<sup>3</sup>

2.3 Accordingly, retroactive to January 1, 2017, except as described above in Section 2.2 with respect to Energy Crisis-related potential net costs or refunds, the Settling Parties agree no other costs or refunds, as the case may be, should be included in SCE’s Pre-2009 Vintage Departing Load Customers’ PCIA rates.<sup>4</sup> The Settling Parties agree that SCE will refund to Pre-

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<sup>2</sup> In D.14-05-003, the Commission approved what is known as the “Direct Access Customer Ratemaking Consensus Protocol for the San Onofre Nuclear Generating Station (‘SONGS’) Outages and Retirement,” commonly referred to as the “Consensus Protocol.” The Consensus Protocol, which was reached between certain parties in SCE’s Forecast 2014 ERRR Proceeding Revenue Requirement Application (A.13-08-004), relates to the appropriate sharing and timing of refunds and surcharges resulting from the SONGS OII between bundled service and Direct Access (DA) customers relating to the extended outages and eventual retirement of SONGS.

<sup>3</sup> See D.15-10-037 at p. 8.

<sup>4</sup> The only other costs currently included in the PCIA for SCE’s Pre-2009 Vintage Departing Load Customers are those associated with non-SONGS, pre-2002 Legacy UOG facilities (*e.g.*, SCE’s Big

2009 Vintage Departing Load Customers any amounts collected in those customers' PCIA rates since January 1, 2017, that are in addition to the SONGS costs (referred to as Overcollected PCIA), through a reduction(s) to those customers' future PCIA rates.

2.4 The Settling Parties agree that within 30 days of Commission approval of this Settlement, after meeting and conferring amongst the Settling Parties, SCE will file an Advice Letter that sets forth the agreed-upon Overcollected PCIA amount, and an amortization proposal to refund that amount through reductions to Pre-2009 Vintage Departing Load Customers' PCIA rates, with the intent that the Overcollected PCIA amount will be returned to Pre-2009 Vintage Departing Load Customers as soon as practical. For the avoidance of doubt, an adjustment to Pre-2009 Vintage Departing Load Customers' PCIA in 2018 (assuming timely Commission approval) will likely entail a "negative" PCIA, which will operate to reduce other charges on the Pre-2009 Vintage Departing Load Customers' bills.<sup>5</sup>

### **ARTICLE 3**

#### **GENERAL PROVISIONS AND RESERVATIONS**

3.1 In accordance with Rule 12.5, the Parties intend that Commission adoption of this Settlement Agreement will be binding on all the Parties to this proceeding, including their legal successors, assigns, partners, members, agents, parent or subsidiary companies, affiliates, officers, directors, and/or employees. Unless the Commission expressly provides otherwise, and except as otherwise expressly provided for herein, such adoption does not constitute approval or precedent for any principle or issue in this or any future proceeding.

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Creek hydro facilities, Palo Verde Nuclear Generation Station, etc.). Under the Settlement Agreement, these non-SONGS, pre-2002 Legacy UOG resource costs and their associated forecast generation output would be excluded from the PCIA calculation for the Pre-2009 Vintage Departing Load Customers.

<sup>5</sup> The Commission has not historically allowed for "negative" PCIA charges, and the Settling Parties note that this Settlement Agreement is strictly non-precedential. For the avoidance of doubt, SCE strongly opposes changes to the Commission's historical practices on this subject except for the limited purposes of this Settlement Agreement under these particular circumstances.

3.2 The Parties agree that no signatory to the Settlement Agreement or any employee thereof assumes any personal liability as a result of this Settlement Agreement.

3.3 The Parties agree that this Settlement Agreement is subject to approval by the Commission. As soon as practicable after the Parties have signed this Settlement Agreement, the Parties will jointly file a Motion for Commission Approval and Adoption of the Settlement Agreement. The Parties will furnish such additional information, documents, and/or testimony as the Commission may require in granting the Motion and adopting this Settlement Agreement.

3.4 The Parties agree to support the Settlement Agreement and use their best efforts to secure Commission approval of the Settlement Agreement in its entirety and without modification.

3.5 The Parties agree to recommend that the Commission approve and adopt this Settlement Agreement in its entirety without change.

3.6 The Parties agree that, if the Commission fails to adopt the Settlement Agreement in its entirety and without modification, the Parties shall convene a settlement conference within fifteen (15) days thereof to discuss whether they can resolve the issues raised by the Commission's actions. If the Parties cannot mutually agree to resolve the issues raised by the Commission's actions, the Settlement Agreement shall be rescinded and the Parties shall be released from their obligation to support the Settlement Agreement. Thereafter, the Parties may pursue any action they deem appropriate, but agree to cooperate in establishing a procedural schedule.

3.7 The Parties agree to actively and mutually defend the Settlement Agreement if its adoption is opposed by any other party.

3.8 If any Party fails to perform its respective obligations under the Settlement Agreement, the other Party or Parties may come before the Commission to pursue a remedy including enforcement.

3.9 The provisions of this Settlement Agreement are not severable. If the Commission, or any court of competent jurisdiction, overrules or modifies as legally invalid any

material provision of this Settlement Agreement, this Settlement Agreement may be considered rescinded as of the date such ruling or modification becomes final, at the discretion of the Parties.

3.10 The Parties acknowledge and stipulate that they are agreeing to this Settlement Agreement freely, voluntarily, and without any fraud, duress or undue influence by any other party. Each Party hereby states that it has read and fully understands its rights, privileges and duties under this Settlement Agreement, including each Party's right to discuss this Settlement Agreement with its legal counsel and has exercised those rights, privileges and duties to the extent deemed necessary.

3.11 In executing this Settlement Agreement, each Party declares and mutually agrees that the terms and conditions herein are reasonable, consistent with the law, and in the public interest.

3.12 The Settlement Agreement constitutes a full and final settlement of all issues addressed herein. The Settlement Agreement constitutes the Parties' entire settlement, which cannot be amended or modified without the express written and signed consent of all the Parties hereto.

3.13 No Party has relied, or presently relies, upon any statement, promise, or representation by any other Party, whether oral or written, except as specifically set forth in this Settlement Agreement. Each Party expressly assumes the risk of any mistake of law or fact made by such Party or its authorized representative.

3.14 This Settlement Agreement may be executed in any number of separate counterparts by the different Parties hereto with the same effect as if all Parties had signed one and the same document. All such counterparts shall be deemed to be an original and shall together constitute one and the same Settlement Agreement.

3.15 This Settlement Agreement shall become effective and binding on the Parties as of the date it is approved by the Commission in a final and non-appealable decision.

3.16 This Settlement Agreement shall be governed by the laws of the State of California as to all matters, including but not limited to, matters of validity, construction, effect, performance, and remedies.

**CONCLUSION**

The Parties mutually believe that, based on the terms and conditions stated above, this Settlement Agreement is reasonable in light of the whole record, consistent with the law, and in the public interest. In Witness Whereof, intending to be legally bound, the Parties' authorized representatives hereto have duly executed this Settlement Agreement on behalf of the Parties they represent.

SOUTHERN CALIFORNIA EDISON COMPANY    THE PUBLIC AGENCY COALITION

By: /s/ Colin E. Cushnie  
Name: Colin E. Cushnie  
Title: VP Energy Procurement & Management  
Date: February 1, 2018

By: /s/ Scott Blaising  
Name: Scott Blaising  
Title: Regulatory Counsel  
Date: February 1, 2018

THE ALLIANCE FOR RETAIL ENERGY  
MARKETS/DIRECT ACCESS CUSTOMER  
COALITION

THE CALIFORNIA LARGE ENERGY  
CONSUMERS ASSOCIATION

By: /s/ Daniel Douglass  
Name: Daniel Douglass  
Title: Counsel  
Date: February 1, 2018

By: /s/ Nora Sheriff  
Name: Nora Sheriff  
Title: Counsel  
Date: February 1, 2018

(END OF APPENDIX B)