

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298**FILED**  
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December 1, 2015

Agenda ID #14506  
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 15-05-007:

This is the proposed decision of Administrative Law Judge (ALJ) Patricia B. Miles. It will appear on the Commission's December 17, 2015 agenda. The Commission may act then, or it may postpone action until later.

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Pursuant to Rule 14.6(c)(2), comments on the proposed decision must be filed within 6 days of its mailing and reply comments must be filed within 10 days of its mailing.

Comments must be filed pursuant to Rule 1.13 either electronically or in hard copy. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic and hard copies of comments should be sent to ALJ Miles at [pm6@cpuc.ca.gov](mailto:pm6@cpuc.ca.gov) and the assigned Commissioner. The current service list for this proceeding is available on the Commission's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

/s/ DOROTHY J. DUDA for  
Karen V. Clopton, Chief  
Administrative Law Judge

KVC:lil

Attachment

Decision **PROPOSED DECISION OF ALJ MILES** (Mailed 12/1/2015)

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

Application of Southern California Edison Company (U338E) for Approval of its Forecast 2016 ERRA Proceeding Revenue Requirement.

Application 15-05-007  
(Filed May 1, 2015)

**DECISION ADOPTING SOUTHERN CALIFORNIA EDISON COMPANY'S  
2016 ENERGY RESOURCE RECOVERY ACCOUNT PROCEEDING  
REQUIREMENT FORECAST**

**1. Summary**

This decision adopts Southern California Edison Company's (SCE) 2016 Energy Resource Recovery Account (ERRA) electric procurement cost revenue requirement forecast of \$3.783 billion. The forecast of \$3.783 billion is approximately \$1.008 billion lower than the \$4.792 billion<sup>1</sup> 2014 revenue requirement that is currently reflected in present rates.<sup>2</sup>

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<sup>1</sup> Decision (D.) 14-05-003 dated May 1, 2014, approved adoption of SCE's Application 13-08-004 and its \$5.157 billion 2014 ERRA forecast. SCE later updated the forecast to \$5.073 billion to include 2015 greenhouse gas Costs and Revenues approved in D.15-02-005. In SCE's November Updated Testimony ERRA 2016 Forecast of Operations dated November 6, 2015 (November Update), SCE further updated the 2014 ERRA forecast to reflect agreed adjustments by the parties which were to take effect in November 2015. (See Section 2.2 of this Decision and footnote 14.)

<sup>2</sup> In all other respects, the rates adopted following approval of the 2014 ERRA forecast remain in effect.

This decision authorizes \$392 Million in net greenhouse gas (GHG) allowance proceeds and a semi-annual residential climate credit of \$38.00 per household in 2016.

This proceeding is closed.

**2. Application for Approval of 2016 ERRA Forecast Revenue Requirement (2016 Application)**

Southern California Edison Company (SCE) annually files an application to receive Commission approval of its Energy Resource Recovery Account (ERRA) forecast for the following year. The ERRA application provides the basis to implement reasonable rate changes. The purpose of this year's proceeding is to determine whether the Commission should adopt SCE's May 1, 2015 Application for Approval of its 2016 ERRA Forecast Revenue Requirement (2016 Forecast Application). SCE's 2016 Forecast Application consists of proposed fuel and purchased power procurement costs, the currently estimated December 31, 2015 year-end ERRA, Energy Settlements Memorandum Account (ESMA) and New System Generation Balancing Account (NSGBA) balances that SCE requests to recover from or return to customers;<sup>3</sup> SCE's forecast of greenhouse gas (GHG)-related costs, GHG allowance proceeds and proceeds distributions to

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<sup>3</sup> Per D.15-10-037, the year end balances of the Base Revenue Requirement Balancing Account (BRRBA), the Nuclear Decommissioning Adjustment Mechanism (NDAM), the California Alternate Energy Rates for Energy (CARE) balancing account and the Public Programs Adjustment Mechanism (PPAM) will be included in SCE's rates implemented through annual revenue requirement and rate consolidation advice letters. Also see Exhibit SCE-4, SCE's November 6, 2015 Updated Testimony (November Update).

eligible customers,<sup>4</sup> and miscellaneous expenses such as spent nuclear fuel expense.<sup>5</sup>

The Commission scrutinizes the Forecast Application to determine whether SCE's request and the forecast and methods used to determine it, are in compliance with all applicable rules, regulations, resolutions and prior Commission decisions. The Forecast Application will be approved if SCE's electric sales forecast, rate increase proposals and other inputs and calculations are reasonably accurate as forecast.

In addition to this annual ERRA proceeding, SCE undergoes an annual compliance proceeding to review the utility's compliance regarding energy resource contract administration, least cost dispatch, fuel procurement and entries made to the ERRA balancing account in the prior year.

### **2.1. Handling of 2015 ERRA Application (A.) 14-06-011**

As will be explained below, the Commission never approved SCE's *Application of Southern California Edison Company in its Forecast 2015 Energy Resource Recovery Account (ERRA) Proceeding (2015 Application)*<sup>6</sup> SCE filed a request to set aside submission of its 2015 Application,<sup>7</sup> because natural gas prices fell substantially more than SCE projected in its 2015 forecast.<sup>8</sup> SCE

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<sup>4</sup> See 2016 Forecast Application, at 3.

<sup>5</sup> See 2016 Forecast Application, at 1.

<sup>6</sup> A.14-06-011 was filed June 11, 2014. In its 2015 Application, SCE initially forecasted a service rate increase of up to 0.65 cents/kWh higher than the 2014 rate levels.

<sup>7</sup> See Southern California Edison Company's (U338E) Motion to Set Aside Submission filed June 15, 2015 in proceeding A.14-06-011.

<sup>8</sup> A forecast natural gas price of \$4.11/MMBtu was assumed in the 2015 Application. However, by June 2015, natural gas prices had fallen to \$3/MMBtu (a reduction of approximately 30%).

projected that if the forecast in its 2015 Application was approved, and a rate increase implemented, its ERRRA balancing account would result in a substantial overcollection by the late summer of 2015, and that SCE would have to file a “trigger” application to decrease rates.<sup>9</sup> As a result, SCE concluded that setting aside submission of its 2015 Application would keep bundled customer rates at their existing levels and would promote rate stability for customers.

Setting aside submission of the 2015 Application also permitted the parties to the proceeding<sup>10</sup> to avoid costs of further litigation by informally resolving their disputes<sup>11</sup> about that forecast’s proposed treatment of: 1) net energy settlement refunds from the 2000-2001 California Energy Crisis,<sup>12</sup> and 2) San Onofre Nuclear Generating Station (SONGS) replacement power costs.<sup>13</sup>

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<sup>9</sup> See Southern California Edison Company’s (U338E) Motion to Set Aside Submission filed June 15, 2015 in proceeding A.14-06-011, at 3.

<sup>10</sup> Along with SCE, the parties to proceeding A.14-06-011 were: the Office of Ratepayer Advocates (ORA), the California Large Energy Consumers Association (CLECA), the Alliance for Retail Energy Markets and the Direct Access Customer Coalition (AReM/DACC), the Public Agency Coalition (PAC), and the City of Lancaster.

<sup>11</sup> On July 30, 2015, the parties to proceeding A.14-06-011 filed a joint Settlement Agreement Resolving Southern California Edison Company’s Application for Approval of its Forecast 2015 ERRRA Proceeding Revenue Requirement (Settlement). The Commission approved the settlement on October 22, 2015.

<sup>12</sup> AReM/DACC and PAC initially contended that direct access (DA) customers should receive 13.9% of such refunds, and the City of Lancaster argued that community choice aggregation (CCA) customers should receive the same share as bundled customers. In the Settlement, the parties agreed that DA customers would receive 10.05% of such refunds and that CCA customers will receive the share that they would have received had they continued to remain bundled customers. See D.15-10-037, at 3 and Attachment A, at A-8 to A-10.

<sup>13</sup> As a result of the Commission’s approval of the SONGS Order Instituting Investigation (OII) Settlement on November 20, 2014 in D.14-11-040, SCE proposed to include \$467 million in net SONGS-related costs that were incurred in 2013 and deferred from inclusion in previous ERRRA revenue requirement forecasts in the PCIA for purposes of its 2015 forecast. AReM/DACC and

*Footnote continued on next page*

**2.2. SCE Impact of Settlement on 2016 Forecast Application**

Impacts resulting from the Settlement of A.14-06-011 are reflected in SCE's November Updated Testimony ERRA 2016 Forecast of Operations dated November 6, 2016 (November Update), where applicable.<sup>14</sup> SCE notes that, as a result of the Settlement, departing load customers will receive a share of Energy Crisis-related refunds received in 2014 and going forward. Departing load customers will also pay a share of the 2013 "net SONGS costs." The parties agreed to make approximately \$250 million in adjustments to the ERRA revenue requirement in effect at the end of 2014 to reflect energy crisis refunds, SONGS OII settlement refunds and 2013 net SONGS costs. The parties agreed that the settlement would be implemented into customer rates in late-November 2015.<sup>15</sup> On November 18, 2015, SCE filed Advice Letter 3311-E and revised tariff sheets to implement the 2015 ERRA Forecast Revenue Requirement in compliance with D.15-10-037 effective November 24, 2015, pending disposition by the Commission's Energy Division. The advice letter indicates that a net reduction of \$249 million will be reflected in rates on November 24, 2015.

**3. Parties Positions****3.1. PAC**

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PAC objected to the proposal to include SONGS replacement power costs in the PCIA forecast. These issues were resolved. *See* D.15-10-037, at 6 and Attachment A, at A7 to A-8.

<sup>14</sup> November Update, at 1.

<sup>15</sup> November Update page 5-6. As a result of the parties' agreed adjustments, the November Update testimony reflects a beginning "adopted 2015 revenue requirement" for purposes of the 2016 Forecast Application, that is \$281 million lower than the in effect 2014 revenue requirement of \$5.073 billion.

In its initial response to the 2016 Forecast Application, PAC<sup>16</sup> states that it has no material concern about the 2016 Forecast Application; however, it asks that the Commission carefully examines SCE's proposed Indifference Rate and its subparts.<sup>17</sup>

### **3.2. AReM/DACC**

In its initial response to the 2016 Forecast Application, AReM<sup>18</sup> and DACC<sup>19</sup> state that they are interested in ensuring that SCE's method of calculating the PCIA and CTC complies with D.11-12-018 and Resolution E-4475.<sup>20</sup> They want to ensure that SCE implements a fair and equitable manner of calculating the non-bypassable CAM charge<sup>21</sup> to be paid by direct access customers, which is consistent with D.10-12-035. In addition, AReM and DACC wish to ensure that energy crisis refunds are allocated to direct access as well as bundled customers.

### **3.3. ORA**

In its protest to the 2016 Forecast Application, ORA indicates that it is investigating the reasonableness of SCE's total 2016 revenue requirement by

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<sup>16</sup> PAC is a regulatory coalition comprised of three public agencies that use direct access to provide community aggregation service - the cities of Cerritos and Corona, and the Eastside Power Authority.

<sup>17</sup> June 9, 2015 Response of Public Agency Coalition, at 2.

<sup>18</sup> AReM is a California mutual benefit corporation formed by Electric Service Providers that are active in California's Direct access retail electric supply market.

<sup>19</sup> DACC is a regulatory advocacy group comprised of educational, governmental, commercial and industrial customers that utilize direct access for all or a portion of their electrical energy requirements.

<sup>20</sup> June 11, 2015 Response of AReM/DACC, at 2.

<sup>21</sup> The CAM charge exists for the purpose of recovering the net capacity costs of qualifying facilities and combined heat and power resources.

analyzing the underlying natural gas prices, loan and other cost inputs to the model used in determining the forecast. ORA expresses opinion that the scope of review of the 2016 Forecast Application should include consideration of the reasonableness of: SCE's proposed revenue requirement, electric sales forecast, proposed return of GHG allowance proceeds to eligible customers, estimates of the departing load and total proposed electric procurement related revenue requirement.

### **3.4. City of Lancaster**

The City of Lancaster (Lancaster) is a community of approximately 160,000 residents located in northern Los Angeles County. The Lancaster City Council approved a Community Choice Aggregation (CCA) program, known as Lancaster Choice Energy (LCE) which was certified by the Commission's Energy Division on October 16, 2014 and launched on May 1, 2015. LCE customers will receive generation services from Lancaster, but will continue to receive transmission, distribution, billing and other services from SCE. LCE is the first CCA program to operate within SCE's service area.<sup>22</sup>

Lancaster wants to examine SCE's calculation of the PCIA and CTC and, in addition, and wants to ensure that SCE has properly and reasonably excluded the load expected to depart SCE bundled service in 2015 for CCA service provided by LCE. It argues that that SCE failed to include within its load forecasts, a reasonable assumption regarding the departing load to be serviced by LCE. Lancaster challenges the rate stabilization measures proposed by SCE in

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<sup>22</sup> June 9, 2015 Response of the City of Lancaster.



its 2016 Forecast Application.<sup>23</sup> It also asks that the Commission look carefully at whether SCE's proposal to amortize any year end 2015 balancing account balances in rates over a two year period is reasonable, or whether the measures proposed by SCE might result in discriminatory rates when compared to the PCIA and delivery service rates imposed by SCE on CCA and other departing load customers. Lancaster cites the Consensus Protocol, adopted by the Commission in D.14-05-003, as a good model for handling bundled and departing load customers in a way that they will be indifferent.<sup>24</sup>

### **3.5. California Farm Bureau Federation**

The California Farm Bureau Federation (Farm Bureau)<sup>25</sup> filed a Motion for Party Status on July 16, 2015. In the Motion, the Farm Bureau expressed concern about SCE's sales forecast for agricultural customers within the 2016 Forecast Application. The Motion for Party status was granted by the assigned ALJ.

### **4. SCE Reply and Opening Briefing**

In its Reply Briefing dated June 22, 2015 SCE states that it did not have final data regarding the forecast departing load associated with LCE's customers. SCE states that it will forecast and exclude the departing load attributable to LCE customers at the time of submission of its November Update. However, SCE asserts that Lancaster's reliance on the Consensus Protocol adopted in D.14-05-003 is misplaced. SCE argues that the method of adjustment to the PCIA

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<sup>23</sup> June 9, 2015 Response of City of Lancaster, page 6 citing 2016 Forecast Application at 2.

<sup>24</sup> *Id.* at 7.

<sup>25</sup> The Farm Bureau describes itself as a voluntary, non-profit corporation representing more than 57,000 agricultural and associate members in 56 counties in California. Its members include farmers and ranchers who collectively sell \$44.7 billion in agricultural products annually, and provide hundreds of thousands of jobs in California.

set forth in that Decision related to the very specific and unique circumstances arising from the extended outages and eventual retirement of SONGS.<sup>26</sup>

In its Opening Briefing dated October 2, 2015, SCE requests that the Commission find that SCE's methods used to determine the ERRA revenue requirement and associated rate proposals are in compliance with all applicable Commission rules, regulations, resolutions and decisions and, accordingly:

- 1) adopt its 2016 ERRA revenue requirement of \$4.067 billion, which represents a decrease of more than \$1 billion from the revenue requirement currently in effect,
- 2) find that its electric sales forecast is reasonable,
- 3) find that its proposed ratemaking treatment of GHG costs and allowances is reasonable,
- 4) grant its request to amortize the final year end ERRA balancing account balance,
- 5) find that its inputs and calculation of the PCIA, CTC and Cost Responsibility Surcharges (CRS) are reasonable and accurate,
- 6) find that its calculations of NSGBA, 2016 spent nuclear fuel and CAM revenue requirement proposals are reasonable, and
- 7) find that its departing load calculations of direct access and community choice aggregation customers are reasonable.

#### **5. SCE's November Update to its 2016 Forecast Application**

SCE's November Update affirms the request in its 2016 Forecast Application to amortize the year end 2015 ERRA balancing account balance in rates over two years.<sup>27</sup> SCE reasons that if the overcollection were applied in one

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<sup>26</sup> See SCE's Reply to the Protest of ORA and the Responses of PAC, AReM/DACC and Lancaster to SCE's Application, page 4, footnote 4.

<sup>27</sup> See 2016 Forecast Application, page 3 and November Update page 2. SCE projects receipt of approximately \$313 million from an insurance company settlement related to SONGS and \$259 million of Nuclear Decommissioning Trust proceeds to be credited to the ERRA balancing account.

year, this would require implementing a large rate reduction on January 1, 2016, then a potentially large increase in rates on January 1, 2017.<sup>28</sup>

SCE's November Update forecast of \$3.783 billion beginning January 1, 2016 results from: 1) a decrease in estimated fuel and purchased power costs, 2) an increase in the net overcollection of the December 31, 2015 balancing account balances (assuming two year amortization of the estimated year end ERRA balancing account balances), and 3) increase in the net impact of GHG Cap-and-Trade Costs and GHG allowance proceeds.

SCE's November Update includes a Table II-2 that compares 2016 revenue requirements to 2015 ERRA Settlement revenue requirements. The \$3.783 billion total forecast allocates \$4,337 million for Fuel and Purchased Power (a decrease of \$437 million from 2015), a reduction of \$359 million to reflect amortization from the ERRA Balancing Account<sup>29</sup> (\$349 million lower than 2015), a decrease of \$1.15 million to reflect the balance in the ESMA (\$3.6 million lower than 2015), a decrease of \$150 million to reflect amounts from the NSGBA (\$284 million lower than 2015), \$349 million for GHG Cap-and-Trade Costs (a decrease of \$105 million since 2015) and \$392 million in net GHG allowance proceeds available for customers (\$170 million more than 2015). Based on the available allowance proceeds, Table VII-26 of SCE's November Update calculates a

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<sup>28</sup> November Update pages 2-3 and footnote 6. SCE says that the two year amortization would mitigate rate volatility for customers. It notes that the Commission approved similar treatment of the overcollected balance in SCE's General Rate Case (GRC) Revenue Requirement Memorandum Account in D.15-01-021 related to the 2015 GRC.

<sup>29</sup> The ERRA Balancing Account includes \$285 million of settlement funds from 2015, comprised of an ESMA refund amount of \$206 million, a \$545 million SONGS OII refund and 2013 Net SONGS Costs of \$467 million.

semi-annual residential California Climate Credit of \$38.00 per household in 2016.

SCE's November Update addresses the concerns raised by the City of Lancaster concerning calculation of the departing load for CCA service provided by LCE in Section IX. Although the City of Lancaster suggested (in its June 9, 2015 Response) that the model for handling bundled and departing load customers used in the Consensus Protocol adopted by the Commission in D.14-05-003 should be used for LCE, the November Update indicates that the parties reached agreement on this issue in their Settlement of A.14-06-011.<sup>30</sup>

#### **6. SCE Motion to Treat Confidentially and Seal a Portion of the Evidentiary Record**

SCE filed declarations in support of its request to treat as confidential and seal portions of the evidentiary record in this proceeding pursuant to Rule 11.5. SCE states that certain of its Exhibits contain confidential, market sensitive information.<sup>31</sup> We have granted similar requests for confidential treatment in the past and do so again here. Pursuant to Rule 11.5, we seal the confidential portions of the evidentiary record, and pursuant to D.06-06-066, authorize the confidential treatment of those exhibits as set forth in the ordering paragraphs of this decision.

#### **7. Discussion and Conclusion**

Except for the issues of energy settlement refunds and inclusion of SONGS replacement power costs in the PCIA, and calculation of the indifference rates

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<sup>30</sup> See November Update, page 74 including footnotes 60-64.

<sup>31</sup> SCE requests confidential treatment of the following Exhibits: Exhibit SCE-01 – ERRA 2016 Forecast of Operation Testimony; Exhibit SCE-03R – ERRA 2016 Forecast of Operations

*Footnote continued on next page*

and its subparts, no party objected to SCE's proposed 2016 forecast ERRA. The Commission finds that these items are reasonable as forecast. We find that the contested issues have been satisfactorily resolved by the parties in their Settlement of A.14-06-011 or were addressed within SCE's November Update.

#### **8. Compliance with the Authority Granted Herein**

Within 30 days of the effective date of this decision, SCE shall submit a Tier 1 Advice Letter with the Commission's Energy Division to implement the rate changes authorized by this decision.

#### **9. Safety Considerations**

The health and safety impacts of GHGs are among the many reasons that the Legislature enacted Assembly Bill (AB) 32. Specifically, the Legislature found and declared that global warming caused by GHGs "poses a serious threat to the economic well-being, public health, natural resources, and the environment of California. This decision approves SCE's forecast of GHG costs and allocation of GHG allowance proceeds to maintain a key aspect of the GHG reduction program envisioned by AB 32 and Public Utilities Code Section 748.5 and, as a result, will improve the health and safety of California residents.

#### **10. Categorization and Need for Hearings**

In Resolution ALJ-176-3357 dated May 21, 2015, the Commission preliminarily categorized this application as ratesetting as defined in Rule 1.3(e) and anticipated that this proceeding would require hearings. A prehearing conference was held on July 14, 2015; however, the parties thereafter agreed that

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Supplemental Testimony, Redline; Exhibit SCE-04 - ERRA 2016 Forecast of Operations, Updated.

evidentiary hearings were not necessary. The determination of the Commission as to the categorization of this proceeding is affirmed.

### **11. Comments on Proposed Decision**

The proposed decision of ALJ Miles in this matter was mailed to the parties on December 1, 2015 in accordance with Section 311 of the Public Utilities Code. Pursuant to Rule 14.6(b) of the Commission's Rules of Practice and Procedure, all parties stipulated to reduce the 30-day public review and comment period required by Section 311 of the Public Utilities Code to 6 days. Comments were filed on \_\_\_\_; and reply comments were filed on \_\_\_\_ by \_\_\_\_.

### **12. Assignment of Proceeding**

Michel Peter Florio is the assigned Commissioner and Patricia B. Miles is the assigned Administrative Law Judge in this proceeding.

### **Findings of Fact**

1. On May 1, 2015, SCE filed A.15-05-007, in which SCE requested that the Commission adopt a forecasted 2016 ERRRA of \$4.067 billion.
2. By Resolution ALJ 176-3357, dated May 21, 2015, A.15-05-007 was categorized as ratesetting with hearings needed.
3. Protests/responses to the application were filed by the ORA, the PAC, the City of Lancaster, AReM/DACC. The California Farm Bureau Federation also commented upon the application as part of its Motion to be Granted Party Status.
4. A prehearing conference was held on July 14, 2015, at which the parties indicated that they agreed that there were no disputes requiring an evidentiary hearing.

5. After SCE filed A.15-05-007, SCE and parties to proceeding A.14-06-011 reached a Settlement resolving issues in SCE's forecasted 2015 ERRA, which was adopted by the Commission in D.15-10-037.

6. Pursuant to the Settlement in proceeding A.14-06-011, SCE included only the ERRA, ESMA and NSGBA estimated year-end 2015 balances in the 2016 ERRA Forecast in this proceeding A.15-05-007. The year end balances of the BRRBA, NDAM, CARE and PPAM are excluded but will be included in SCE's rates implemented through annual revenue requirement and rate consolidation advice letters.

7. On November 6, 2015, SCE served its November Update, in which it requested that the Commission adopt an updated forecast for 2016 of \$3.783 billion.

8. SCE's updated forecast includes 2016 GHG allowance proceeds of \$392.401 million available to be returned to eligible customers in 2016. This includes the per household residential California Climate Credit of \$38.00.

9. On November 18, 2015 SCE filed Advice Letter 3311-E and revised tariff sheets to implement the 2015 ERRA Forecast Revenue Requirement in compliance with the Settlement approved in D.15-10-037 effective November 24, 2015. The advice letter, which is pending disposition by Energy Division, indicates that a net reduction of \$249 million will be reflected in rates on November 24, 2015.

10. There are no remaining issues between the parties in proceeding A.15-05-007 concerning SCE's inputs and calculation of the Indifference Amount for purposes of the PCIA, CTC, CAM or CRS.

11. There are no remaining issues regarding concerns raised by the City of Lancaster concerning calculation of the departing load for service provided by the City of Lancaster's CCA.

12. No party has objected to SCE's proposed electric sales forecast, forecasted rates or 2016 forecast of SCE's ERRA, CAM and fuel and purchased power expenses.

13. Rule 11.4 addresses a request to seal documents that have been filed.

14. Rule 11.5 addresses sealing all or part of an evidentiary record.

15. GO 66-C provides definitions and guidance regarding public and confidential records provided to and requested from the Commission.

16. By D.06-06-066, we implemented Senate Bill 1488 which required that we examine our practices regarding confidential information, as it applies to the confidentiality of electric procurement data (that may be market sensitive) submitted to the Commission.

17. SCE requests that selected exhibits be given confidential treatment pursuant to GO 66-C and D.06-06-066.

18. We have granted similar requests for confidential treatment in the past.

19. SCE requests that the confidential Testimony and certain Exhibits included with its Application and Update, be filed under seal pursuant to Rule 11.4.

### **Conclusions of Law**

1. The Commission should adopt SCE's Updated 2016 ERRA forecast revenue requirement of \$3.783 billion.

2. SCE's proposed electric sales forecast, forecasted rates and calculation of the 2016 ERRA, CAM and fuel and purchased power expenses are reasonable and in compliance with applicable Commission decisions and requirements.



3. The Commission should find reasonable, SCE's calculation of the departing load resulting from the Lancaster CCA.
4. SCE's request that the public and confidential versions of its Testimony and Exhibits included with its Application and Update be received into evidence should be granted.
5. SCE's request for confidential treatment of redacted versions of SCE's Testimony and Exhibits included with its Application and Update, should be granted pursuant to Rule 11.5, GO 66-C and D.06-06-066.
6. SCE is authorized to modify its tariffs to reflect its forecast 2016 ERRAs and GHG allowance proceeds specified in its November Updated Testimony.
7. Advice Letters to implement changed tariff sheets in accordance with this Decision should be filed as Tier 1 Advice Letters.

**O R D E R****IT IS ORDERED** that:

1. Southern California Edison Company is authorized to recover a total 2016 electric procurement cost revenue requirement forecast of \$3.783 billion, consisting of its: Generation Service forecast of \$3,840 million (consisting of Fuel and Purchased Power forecast revenue requirement of \$3,851 million, reduced by estimated net generator refunds as of December 31, 2015 of \$1.1 million, and one-half of the Energy Resource Recovery Account Balancing Account forecast revenue requirement reduction to be amortized over two years, which is a reduction in 2016 of \$358.6 million and greenhouse gas (GHG) Cap-and-Trade costs of \$349 million) and a reduction in its Delivery Service forecast revenue requirement of \$56.7 million (consisting of New System Generation of \$473 million, a reduction in its New System Generation Balancing Account

balance of \$150 million, spent Nuclear Fuel revenue requirement of \$6.2 million, and return of GHG allowance proceeds of \$392.4 million and Public Purpose Programs revenue of \$6.7 million).

2. Southern California Edison Company's forecast Energy Resource Recovery Account forecasts must be in compliance with all applicable Commission decisions and requirements.

3. Southern California Edison Company's request to treat as confidential, its Exhibits SCE-01, SCE-03, SCE-03R included with its Application and, SCE-04 the November 6 Update to its Application, is granted for a period of three years from the date of this order. During this three year period, this information shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling. If Southern California Edison Company believes that it is necessary for this information to remain under seal for longer than three years, it may file a new motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

4. Southern California Edison Company shall file a Tier 1 Advice Letter and revised tariff sheets within 30 days of the issuance of this decision to implement the rate changes authorized by this decision.

5. Application 15-05-007 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.