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

Application of Southern California Edison
Company (U 338-E) For Approval Of Its Forecast
2021 ERRR Proceeding Revenue Requirement.

A.20-07-004

Expedited Application of Southern California
Edison Company (U 338-E) Regarding Power
Charge Indifference Adjustment Trigger.

A.20-10-007

**MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT BETWEEN AND
AMONG SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E), CLEAN POWER
ALLIANCE OF SOUTHERN CALIFORNIA, CALIFORNIA CHOICE ENERGY
AUTHORITY, AND CALIFORNIA COMMUNITY CHOICE ASSOCIATION**

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ENERGY AUTHORITY

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

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**MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT BETWEEN AND
AMONG SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E), CLEAN POWER
ALLIANCE OF SOUTHERN CALIFORNIA, CALIFORNIA CHOICE ENERGY
AUTHORITY, AND CALIFORNIA COMMUNITY CHOICE ASSOCIATION**

INTRODUCTION

In accordance with Rule 12.1 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, Southern California Edison Company (“SCE”) and Clean Power Alliance of Southern California, California Choice Energy Authority, and California Community Choice Association (each a “CCA party” and collectively, “CCAs”), SCE and CCAs (each a “Party” and collectively “Joint Parties”), respectfully file this *Motion for Approval of Settlement Agreement Between and Among Southern California Edison Company (U 338-E), Clean Power Alliance, California Choice Energy Authority and California Community Choice Association* (“Motion”).¹ The agreement (“Settlement Agreement”) strikes a delicate balance between competing goals including, but not limited to, minimizing rate shock and rate

¹ Pursuant to Rule 1.8(d) of the Commission’s Rules of Practice and Procedure, SCE represents that Clean Power Alliance of Southern California, California Choice Energy Authority, and California Community Choice Association have authorized it to sign and tender this Joint Motion on their behalf.

volatility for departing load customers, providing fair returns to bundled service customers, and eliminating the potential for another PCIA trigger application in 2021 and beyond. Consistent with Rule 12.1, the Joint Parties provide a statement of the factual and legal considerations that are addressed in the Settlement Agreement and demonstrate that the Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest. For these reasons, the Joint Parties respectfully request that Commission approve the Settlement Agreement, without modification, no later than December 17, 2020.²

I.

BACKGROUND

A. Power Charge Indifference Adjustment (“PCIA”) and Trigger Mechanism

Decision (“D.”) 06-07-030, as modified by D.07-01-030, established the PCIA to ensure that when electric customers of an investor-owned utility (“IOU”) depart from IOU procurement service and receive their electricity procurement service from a non-IOU load-serving entity, those “departing load customers” remain responsible for the procurement costs previously incurred on their behalf by their IOU to ensure that these costs are not unlawfully shifted to remaining bundled service customers. The PCIA is calculated by comparing the costs of the eligible generation resources (“Total Portfolio Cost”) to their market value (“Portfolio Market Value”).³ The Portfolio Market Value is calculated using administratively-set market price benchmarks (“MPBs”) that have been refined over time.⁴

² Each of the Joint Parties expressly reserves its rights to take positions contrary to the positions taken and arguments made in this Motion if the Commission does not approve the Settlement Agreement without modification.

³ Market Value is currently comprised of three components: Energy Value, Renewables Portfolio Standard (“RPS”) Value, and Resource Adequacy (“RA”) Value (which is the summation of system, local, and flexible RA values).

⁴ See generally, D.11-12-018, D.18-10-019, and D.19-10-001.

In 2017, the Commission opened Rulemaking (“R.”) 17-06-026 (“PCIA OIR”) to address unlawful cost-shifting from departing load customers to bundled service customers. The PCIA OIR resulted in the Commission issuing D.18-10-019 which, in part, revised the inputs to the MPBs used to calculate the PCIA and adopted an annual true-up mechanism. D.18-10-019 also adopted a cap on year-over-year changes in departing load customers’ PCIA rates first applied to the forecast year 2020 PCIA rates, along with a PCIA trigger mechanism to allow the Commission to monitor and timely address the amount of undercollected revenues owed by departing load customers as a result of capped PCIA rates.

The implementation of capped PCIA rates for departing load customers results in revenue shortfalls year-over-year because SCE is not able to collect departing load customers’ full share of the above-market costs incurred on their behalf. To monitor and address PCIA undercollections from departing load customers, the Commission adopted a trigger mechanism similar to the utilities’ existing Energy Resource Recovery Account (“ERRA”) trigger mechanism.⁵ D.18-10-019 established the PCIA trigger mechanism as follows:

- The PCIA trigger threshold is 10 percent of the forecast PCIA revenues (“PCIA Trigger Threshold”);
- If an IOU reaches seven percent (“PCIA Trigger Point”) and forecasts that the balance will reach the PCIA Trigger Threshold, the IOU must, within 60 days, file an expedited application for approval in 60 days from the filing date;
- The application must include a projected account balance as of 60 days or more from the date of filing depending on when the balance will reach the PCIA Trigger Threshold; and
- The application must propose a revised PCIA rate that will bring the projected account balance below the PCIA Trigger Point and maintain that balance below

⁵ D.18-10-019, p. 87.

that level until January 1 of the following year, when the PCIA rates adopted in that IOU's ERRR Forecast proceeding will take effect.⁶

B. Application (A.) 20-10-007 – SCE's "PCIA Trigger Application"

As of August 31, 2020, SCE's recorded PCIA trigger balance ("PCIA Trigger Balance") was an undercollection of \$35.366 million (or 8.52 percent of the forecast 2020 departing load customer PCIA revenue requirement), thus exceeding the PCIA Trigger Point with no reasonable expectation of self-correction within 120 days. On October 9, 2020, SCE filed its PCIA Trigger Application pursuant to D.18-10-019. The PCIA Trigger Application set forth two proposals to address recovery of the PCIA Trigger Balance for the Commission's consideration.

- (i) **Proposal 1:** Recover 100 percent of the forecast 2020 year-end PCIA Trigger Balance as a sur-charge on applicable departing load customers' otherwise effective PCIA rates over a 12-month amortization period beginning in the first quarter ("Q1") of 2021.
- (ii) **Proposal 2:** Consolidate the recovery of a *portion* of the forecast 2020 year-end PCIA Trigger Balance with the recovery of the *full* forecast 2021 PCIA revenue requirement adopted A.20-07-004 "2021 ERRR Forecast Application" to effectuate the implementation of a composite 2021 ERRR Forecast PCIA rate for applicable departing load customers.⁷

The PCIA Trigger Application requests the following relief:

- Acknowledge the PCIA Trigger Balance and find that SCE has complied with the requirements of D.18-10-019 to file an expedited PCIA trigger application as a result of the PCIA Trigger Balance exceeding the PCIA Trigger Point and being forecast to exceed the PCIA Trigger Threshold as of September 30, 2020 with no reasonable expectation of self-correction within 120 days;
- Within approximately 60 days, adopt a final decision authorizing SCE to implement Proposal 1 or Proposal 2 as described therein;
- Clarify that pursuant to OP 9.a of D.18-10-019, the PCIA Rate Cap should be applied to each prior year's final PCIA rate that includes the trued-up recorded

⁶ D.18-10-019, pp. 86-87; OP 10.

⁷ PCIA Trigger Application, p. 4.

actuals for energy and the Commission-issued “final” RA and RPS adders; or alternatively clarify that the PCIA Rate Cap should be applied to each prior year’s PCIA rate as reset by a PCIA trigger that brings the PCIA undercollection below the PCIA Trigger Point as directed in OP 10.d of D.18-10-019;

- Authorize SCE to submit a Tier 1 advice letter to implement changes to the PCIA Rate Cap calculation within 30 days of the issuance of a final decision in this proceeding; and
- Grant any other relief that is just and reasonable.⁸

C. Consolidation of PCIA Trigger Application with SCE’s 2021 ERRA Forecast Application

On November 12, 2020, the assigned Commissioner issued the *Amended Scoping Memo and Ruling, and Notice of Consolidation* (“Amended Scoping Memo”) which, among other things, consolidated the PCIA Trigger Application with SCE’s 2021 ERRA Forecast Application. The issues (each an “Issue” and collectively “Issues”) within the scope of the consolidated proceeding are as follows:

1. **2021 Forecast Application**: Whether SCE’s requested 2021 ERRA forecast requirement of \$4.115 billion is reasonable, including but not limited to consideration of the following:
 - a. SCE’s forecast of electric sales and electric load;
 - b. Fuel and purchased power expenses;
 - c. SCE’s forecast Greenhouse Gas (“GHG”) costs; and
 - d. Annual true-ups for balancing accounts such as the Portfolio Allocation Balancing Account (“PABA”), New System Generation Balancing Account; Energy Settlements Memorandum Account, ERRA Balancing Account and Green Tariff Shared Renewables Balancing Account;

⁸ PCIA Trigger Application, pp. 6-7.

2. Whether SCE's forecast of GHG allowance revenue return allocations for energy-intensive trade-exposed customers, small business customers and the residential customer California Climate Credit is reasonable;
3. Whether SCE's forecast of GHG revenues and expenses set aside for 1) clean energy and energy efficiency programs and GHG administration, and 2) customer education and outreach plan costs are reasonable;
4. Whether the Cost Allocation Mechanism rates are reasonable;
5. Whether SCE's calculation of the PCIA and Competition Transmission Charge rates are reasonable; including discussion of the following:
 - a. Treatment of RA resources and associated costs in the PCIA;
 - b. Treatment of RPS resources with excess RPS value and allocation of RPS sales across vintages;
 - c. Calculation of the indifference amount;
 - d. Calculation of the year-end PABA balance; and
 - e. Allocation of indifference charges among vintages and
6. Whether SCE's request and methods used to determine the items above comply with all applicable rules, regulations, resolutions and decisions for all customer categories; and
7. Whether there are any safety concerns.
8. **PCIA Trigger Application**: Whether SCE's Trigger Application complied with the law and Commission orders, including D.18-10-019;
9. Whether SCE's PUBA balance exceeded the PCIA trigger and threshold, and whether it was likely that the balance would self-correct within 120 days of the threshold balance exceedance;
10. The causes of the PUBA undercollection (excluding reasonableness review or compliance with SCE's bundled procurement plan);
11. The appropriate amortization period of the PUBA balance;

12. The impact on rates of the undercollection recovery;
13. Whether the proposed allocation of the undercollection among customers for the rate adjustment is reasonable; and
14. Whether the Trigger Application should adjust the PCIA rate such that they may exceed current PCIA rate caps for 2021. If so, whether SCE's PCIA rates should be set at levels consistent with full recovery of SCE's forecast PCIA in 2021.²

II.

SUMMARY OF THE SETTLEMENT AGREEMENT

The Joint Parties engaged in settlement negotiations beginning November 2, 2020. The Joint Parties noticed a Settlement Conference in A.20-10-007 on November 4, 2020, which was held on November 13, 2020. On November 19, 2020, the Joint Parties subsequently signed the Settlement Agreement, which is appended to this Motion as Attachment A. Subject to considerations set forth in the Settlement Agreement, the Joint Parties agree to implement Proposal 2, amortizing the PCIA Trigger Balance equally over a three-year period beginning in 2021. The Settlement Agreement fully resolves Issues 8-14 within the scope of this consolidated proceeding. The Settlement Agreement partially resolves Issue 5. The Settlement Agreement does not address or resolve Issues 1 – 4, 6 – 7 of this consolidated proceeding, and the Parties anticipate those Issues will be resolved in a final decision based on the record gathered to date in SCE's 2021 ERRR Forecast Application.

² Amended Scoping Memo, pp. 4-6.

III. DISCUSSION

A. The Settlement Agreement Is Reasonable and in the Public Interest

The Commission will approve a settlement if it finds the settlement “reasonable in light of the whole record, consistent with law, and in the public interest.”¹⁰ The Settlement Agreement meets these criteria. The Joint Parties negotiated in good faith, bargained aggressively, compromised, and agreed to the Settlement Agreement as an interrelated package; the resolution of any one issue cannot be assessed discretely. Factors that the Commission has considered in reviewing settlements include: (1) the risk, expense, complexity and likely duration of further litigation, (2) whether the settlement negotiations were at arms-length, (3) whether major issues were addressed, and (4) whether the parties were adequately represented.¹¹ The Settlement Agreement resolves complex and contentious litigation regarding SCE’s PCIA Trigger Balance. The settlement negotiations were at arms-length and addressed all major issues regarding recovery of the PCIA Trigger Balance.

B. The Settlement Agreement Is Consistent With Existing Law and State Policy

The Commission has a long-standing policy of supporting settlements.¹² “The Commission favors settlements because they generally support worthwhile goals, including reducing the expense of litigation, conserving Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results.”¹³

The Settlement Agreement is a reasonable compromise of the issues. The Settlement Agreement strikes a delicate balance between competing goals including, but not limited to, minimizing rate shock and rate volatility for departing load customers, providing fair returns to

¹⁰ Rule 12.1(d); *see also* D. 09-10-017 (applying Rule 12.1(d) criteria).

¹¹ *Re Pacific Gas & Electric Company*, 30 CPUC 2d 189, 222 (1988).

¹² D. 05-03-022, pp. 7-8; D. 10-06-031, p. 12.

¹³ D. 10-06-031, p. 12.

bundled service customers, and eliminating the potential for another PCIA trigger application in 2021.

The Settlement Agreement is in the public interest. The Settlement Agreement fully resolves Issues 8-14 within the scope of this consolidated proceeding. The Settlement Agreement partially resolves Issue 5. The settlement of Issues 8-14, and partial resolution of Issue 5, benefit the public by reducing the costs and expense of litigation and conserving Commission resources.

C. The Joint Parties Complied With The Requirements Of Rule 12.1(B)

Commission Rule 12.1(b) requires parties to provide a notice of a settlement conference at least seven days before a settlement is signed. On November 4, 2020, SCE notified all parties on the service list to A.20-10-007 of a settlement conference and subsequently convened a telephonic settlement conference on November 13, 2020, at 1:00 p.m. to describe and discuss the terms of the Settlement Agreement. Representatives of SCE, the CCAs, the California Public Advocates Office, and the Alliance for Retail Energy Markets and the Direct Access Consumer Coalition participated in the settlement conference. After the settlement conference was concluded, the Settlement Agreement was finalized and executed on November 19, 2020.

D. Evidentiary Hearings Should Not Be Required

The Joint Parties respectfully request that the Commission approve the Settlement Agreement without evidentiary hearings, as there are no disputed issues of material fact related to the Settlement Agreement that require hearings. In addition, hearings would prevent the expeditious approval of the Settlement Agreement, which is necessary to maintain the procedural schedule adopted in SCE's 2021 ERRR Forecast proceeding. If the Commission determines that evidentiary hearings are necessary, the Joint Parties respectfully request that such hearings be held at the earliest opportunity, and concluded in a speedy and efficient manner.

The Joint Parties respectfully request the Commission expeditiously review and approve the Settlement Agreement. The Joint Parties respectfully request that if possible, the Commission approve the Settlement Agreement at its December 17, 2020 meeting. Approving the Settlement Agreement by December 17, 2020 would allow the Commission to move forward with the remaining unsettled issues relating to SCE's 2021 ERRRA Forecast proceeding.

IV.

SUMMARY RELIEF REQUESTED

The Parties request the following relief:

(1) The Commission adopt the following expedited comment period for opening and reply comments to the Settlement Agreement (which has been agreed to by all Parties¹⁴):

(a) Opening comments to the Settlement Agreement must be filed by November 24, 2020;

(b) Reply comments must be filed by November 25, 2020.

(2) The Commission issue a final decision approving the Settlement Agreement, without modification, no later than December 17, 2020.

V.

CONCLUSION

As demonstrated above, the Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest. Thus, the Joint Parties respectfully request the Commission to approve the Settlement Agreement without modification.

¹⁴ Although not parties to the Settlement Agreement, representatives for the California Public Advocates Office, Alliance for Retail Energy Markets, the Direct Access Customer Coalition, and Sunrun, Inc. expressed no opposition to the proposed expedited comment period.

Respectfully submitted,

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/s/ Mario E. Dominguez

By: Mario E. Dominguez

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[on behalf of the Settling Parties]

November 20, 2020

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Date: November 19, 2020

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I.

INTRODUCTION

In accordance with Rule 12.1 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, Southern California Edison Company (“SCE”) and Clean Power Alliance of Southern California, California Choice Energy Authority, and California Community Choice Association (each a “CCA party” and collectively, “CCAs”), SCE and CCAs (each a “Party” and collectively “Parties”) hereby enter into this agreement (“Settlement Agreement”) to resolve issues raised in Application (A.) 20-10-007 (“PCIA Trigger Application”), which is currently pending before the Commission. In *Assigned Commissioner’s Amended Scoping Memo and Ruling, and Notice of Consolidation*, issued November 12, 2020, the Commission consolidated the PCIA Trigger Application with A.20-07-004 (“SCE’s 2021 ERRRA Forecast Application”).

II.

RECITALS

Decision (“D.”) 06-07-030, as modified by D.07-01-030, established the Power Charge Indifference Adjustment (“PCIA”) to ensure that when electric customers of an investor-owned utility (“IOU”) depart from IOU procurement service and receive their electricity procurement service from a non-IOU load-serving entity, those “departing load customers” remain responsible for the procurement costs previously incurred on their behalf by their IOU to ensure that these costs are not unlawfully shifted to remaining bundled service customers.

A. The PCIA is calculated by comparing the costs of the eligible generation resources (“Total Portfolio Cost”) to their market value (“Portfolio Market Value”).¹ The Portfolio Market Value is calculated using administratively-set market price benchmarks (“MPBs”) that have been refined over time.²

B. In 2017, the Commission opened Rulemaking (R.) 17-06-026 (“PCIA OIR”) to address unlawful cost-shifting from departing load customers to remaining bundled service customers.

C. The PCIA OIR resulted in the Commission issuing D.18-10-019 which, in part, revised the inputs to the MPBs used to calculate the PCIA and adopted an annual true-up mechanism.

D. D.18-10-019 also adopted a cap on year-over-year changes in departing load customers’ PCIA rates first applied to the forecast year 2020 PCIA rates, along with a PCIA trigger mechanism to allow the Commission to monitor and timely address the amount of undercollected revenues owed by departing load customers as a result of capped PCIA rates.

¹ Market Value is currently comprised of three components: Energy Value, Renewables Portfolio Standard (“RPS”) Value, and Resource Adequacy (“RA”) Value (which is the summation of system, local and flexible RA values).

² See generally, D.11-12-018, D.18-10-019, and D.19-10-001.

E. The implementation of capped PCIA rates for departing load customers results in revenue shortfalls year-over-year because SCE is not able to collect departing load customers' full share of the above-market costs incurred on their behalf.

F. Departing load customers' obligation for the revenue shortfall is tracked in SCE's PCIA Undercollection Balancing Account ("PUBA").

G. To monitor and address PCIA undercollections from departing load customers, the Commission adopted a trigger mechanism similar to the utilities' existing Energy Resource Recovery Account ("ERRA") trigger mechanism.³

H. D.18-10-019 established the PCIA trigger mechanism as follows:

- The PCIA trigger threshold is 10 percent of the forecast PCIA revenues ("PCIA Trigger Threshold");
- If an IOU reaches seven percent ("PCIA Trigger Point") and forecasts that the balance will reach the PCIA Trigger Threshold, the IOU must, within 60 days, file an expedited application for approval in 60 days from the filing date;
- The application must include a projected account balance as of 60 days or more from the date of filing depending on when the balance will reach the PCIA Trigger Threshold; and
- The application must propose a revised PCIA rate that will bring the projected account balance below the PCIA Trigger Point and maintain that balance below that level until January 1 of the following year, when the PCIA rates adopted in that IOU's ERRA Forecast proceeding will take effect.⁴

I. As of August 31, 2020, SCE's recorded PCIA trigger balance (PCIA Trigger Balance) was an undercollection of \$35.366 million (or 8.52 percent of the forecast 2020

³ D.18-10-019, p. 87.

⁴ D.18-10-019, pp. 86-87; OP 10.

departing load customer PCIA revenue requirement), thus exceeding the PCIA Trigger Point with no reasonable expectation of self-correction within 120 days.

J. On October 9, 2020, SCE filed its PCIA Trigger Application pursuant to D.18-10-019. The PCIA Trigger Application set forth two proposals to address recovery of the undercollection amount for the Commission’s consideration.

- (i) **Proposal 1:** Recover 100 percent of the forecast 2020 year-end PCIA Trigger Balance as a sur-charge on applicable departing load customers’ otherwise effective PCIA rates over a 12-month amortization period beginning in the first quarter (“Q1”) of 2021.
- (ii) **Proposal 2:** Consolidate the recovery of a *portion* of the forecast 2020 year-end PCIA Trigger Balance with the recovery of the *full* forecast 2021 PCIA revenue requirement adopted in SCE’s 2021 ERRRA Forecast Application to effectuate the implementation of a composite 2021 ERRRA Forecast PCIA rate for applicable departing load customers.⁵

K. The PCIA Trigger Application requests the following relief:

- Acknowledge the PCIA Trigger Balance and find that SCE has complied with the requirements of D.18-10-019 to file an expedited PCIA trigger application as a result of the PCIA Trigger Balance exceeding the PCIA Trigger Point and being forecast to exceed the PCIA Trigger Threshold as of September 30, 2020 with no reasonable expectation of self-correction within 120 days;
- Within approximately 60 days, adopt a final decision authorizing SCE to implement Proposal 1 or Proposal 2 as described therein;
- Clarify that pursuant to OP 9.a of D.18-10-019, the PCIA Rate Cap should be applied to each prior year’s final PCIA rate that includes the trued-up recorded actuals for energy and the Commission-issued “final” RA and RPS adders; or alternatively clarify that the PCIA Rate Cap should be applied to each prior year’s PCIA rate as reset by a PCIA trigger that brings the PCIA undercollection below the PCIA Trigger Point as directed in OP 10.d of D.18-10-019;
- Authorize SCE to submit a Tier 1 advice letter to implement changes to the PCIA Rate Cap calculation within 30 days of the issuance of a final decision in this proceeding; and
- Grant any other relief that is just and reasonable.⁶

⁵ PCIA Trigger Application, p. 4.

⁶ PCIA Trigger Application, pp. 6-7.

L. On November 12, 2020, the assigned Commissioner issued the *Amended Scoping Memo and Ruling, and Notice of Consolidation* (“Amended Scoping Memo”) which, among other things, consolidated the PCIA Trigger Application with SCE’s 2021 ERRA Forecast Application. The issues (each an “Issue” and collectively “Issues”) within the scope of this consolidated proceeding are as follows:

1. **2021 Forecast Application**: Whether SCE’s requested 2021 ERRA forecast requirement of \$4.115 billion is reasonable, including but not limited to consideration of the following:
 - a. SCE’s forecast of electric sales and electric load;
 - b. Fuel and purchased power expenses;
 - c. SCE’s forecast Greenhouse Gas (“GHG”) costs; and
 - d. Annual true-ups for balancing accounts such as the Portfolio Allocation Balancing Account (“PABA”), New System Generation Balancing Account; Energy Settlements Memorandum Account, ERRA Balancing Account and Green Tariff Shared Renewables Balancing Account;
2. Whether SCE’s forecast of GHG allowance revenue return allocations for energy-intensive trade-exposed customers, small business customers and the residential customer California Climate Credit is reasonable;
3. Whether SCE’s forecast of GHG revenues and expenses set aside for 1) clean energy and energy efficiency programs and GHG administration, and 2) customer education and outreach plan costs are reasonable;
4. Whether the Cost Allocation Mechanism rates are reasonable;
5. Whether SCE’s calculation of the PCIA and Competition Transmission Charge rates are reasonable; including discussion of the following:
 - a. Treatment of RA resources and associated costs in the PCIA;
 - b. Treatment of RPS resources with excess RPS value and allocation of RPS sales across vintages;

- c. Calculation of the indifference amount;
 - d. Calculation of the year-end PABA balance; and
 - e. Allocation of indifference charges among vintages and
6. Whether SCE's request and methods used to determine the items above comply with all applicable rules, regulations, resolutions and decisions for all customer categories; and
 7. Whether there are any safety concerns.
 8. **PCIA Trigger Application**: Whether SCE's Trigger Application complied with the law and Commission orders, including D.18-10-019;
 9. Whether SCE's PUBA balance exceeded the PCIA trigger and threshold, and whether it was likely that the balance would self-correct within 120 days of the threshold balance exceedance;
 10. The causes of the PUBA undercollection (excluding reasonableness review or compliance with SCE's bundled procurement plan);
 11. The appropriate amortization period of the PUBA balance;
 12. The impact on rates of the undercollection recovery;
 13. Whether the proposed allocation of the undercollection among customers for the rate adjustment is reasonable; and
 14. Whether the Trigger Application should adjust the PCIA rate such that they may exceed current PCIA rate caps for 2021. If so, whether SCE's PCIA rates should be set at levels consistent with full recovery of SCE's forecast PCIA in 2021.⁷

M. As described below, this Settlement Agreement fully resolves the following Issues within the scope of this consolidated proceeding: 8 – 14. The Settlement Agreement partially resolves Issue 5. This Settlement Agreement does not address or resolve Issues 1 – 4, 6

⁷ Amended Scoping Memo, pp. 4-6.

– 7 of this consolidated proceeding, and the Parties anticipate those Issues will be resolved in a final decision based on the record gathered to date in SCE’s 2021 ERRR Forecast Proceeding.

III.

AGREEMENT

As a compromise among their respective litigation positions, and subject to the recitals and reservations set forth in this Settlement Agreement, the Parties agree to fully resolve their disputes and the identified Issues in the 2021 ERRR Forecast Application and PCIA Trigger Application, subject to Commission approval, through their agreements set forth below.

A. Specific Terms and Conditions

1. Each CCA party will support, and cause its constituents to support (or not oppose), the adopted procedural schedule in the 2021 ERRR Forecast, *i.e.* no further requests for modification; provided that SCE is able to (a) provide both confidential and public versions of the workpapers supporting its November Update testimony in A.20-07-004 on November 9, 2020 and (b) meet a two-business day deadline for data requests issued by the CCAs. If SCE is unable to meet the timelines in either (a) or (b), SCE will agree to support a day-for-day extension to the current November 16, 2020 deadline for parties’ opening comments to the November Update in A.20-07-004.

2. The final full (or uncapped) 2021 ERRR Forecast revenue requirement adopted in SCE’s 2021 ERRR Forecast Application should be combined with one-third (1/3) of the final 2020 year-end PCIA Trigger Balance for recovery in 2021.

3. The PCIA rate cap will not apply in 2021.

4. Except as provided below, the 2020 PCIA Trigger Balance will be amortized over three calendar years beginning upon approval of the Settlement Agreement in 2021, with one-third (1/3) of the final 2020 year-end PCIA Trigger Balance being collected in each of 2021, 2022, and 2023.

5. The Parties will affirmatively support, and each CCA Party will cause its constituents to support (or not oppose), the termination of the entire PCIA cap-and-trigger framework through the filing of a joint petition for modification of D.18-10-019, to which each Party hereto shall be a party (the “Joint PFM”), filed in early 2021.

6. SCE’s agreement to the three-year amortization of the 2020 PCIA Trigger Balance hereunder is expressly conditioned on (i) the filing of the Joint PFM in early 2021; (ii) the affirmative support of each CCA Party for the termination of the entire PCIA cap-and-trigger framework through the Joint PFM (including each CCA Party’s constituents supporting or not opposing the Joint PFM as specified in Section III.A.4); and (iii) Commission’s termination of the entire PCIA cap-and-trigger framework through approval of the Joint PFM in 2021. Should any one of these conditions not be satisfied, the Parties agree that SCE shall be entitled to collect the entire remaining two-thirds (2/3) amortization of the 2020 PCIA Trigger balance in 2022.

7. The Parties agree to file a joint motion before the Commission for approval of this Settlement Agreement by no later than November 20, 2020.

8. This Settlement Agreement is binding on the Parties and no Party may withdraw from this Settlement Agreement except as provided in Section III.B.4.

9. If the Commission rejects the Settlement Agreement or a Party withdraws from the Settlement Agreement, the Parties agree that SCE shall be entitled to collect the entire remaining two-thirds (2/3) amortization of the 2020 PCIA Trigger Balance in 2022.

B. Commission Approval

1. The Parties agree to submit this Settlement Agreement to the Commission for approval by filing a joint motion pursuant to the Commission's Rules of Practice and Procedure, Rule 12 not later than November 20, 2020.
2. The Parties agree to support the Settlement Agreement and perform diligently, and in good faith, all actions, including without limitation, the preparation of written pleadings, to obtain prompt Commission approval of the Settlement Agreement and shall not oppose – and each CCA Party will cause its constituents to not oppose – the Settlement Agreement or any terms of the Settlement Agreement in any proceeding before the Commission.
3. This Settlement Agreement shall become effective on the mailing date of a Final Decision approving the terms of this Settlement Agreement without modifications unacceptable to any Party ("Settlement Effective Date").
4. Any Party may withdraw from this Settlement Agreement prior to the Settlement Effective Date if the Commission through a Proposed Decision or Alternate Proposed Decision proposes to modify, delete from, or add to the disposition of the matters stipulated herein.
5. Upon the Settlement Effective Date, the Settlement Agreement resolves Issues 8 – 14 within the scope of this consolidated proceeding. The Settlement Agreement partially resolves Issue 5. This Settlement Agreement does not address or resolve Issues 1 – 4, 6 – 7 of this consolidated proceeding, and the Parties agree that these issues not resolved herein shall be resolved in a Final Decision based on the record gathered to date in SCE's 2021 ERRRA Forecast Proceeding.

C. General Terms and Conditions

1. This Settlement Agreement is a negotiated compromise of issues. Nothing contained herein shall be deemed to constitute an admission or an acceptance by

any Party of any fact, principle, or position contained herein. Notwithstanding the foregoing, the Parties, by signing this Settlement Agreement and by joining the motion requesting Commission approval of this Settlement Agreement, acknowledge that they pledge support for Commission approval and subsequent implementation of these provisions.

2. The Parties agree by executing and submitting this Settlement Agreement that the relief requested herein is just, fair, reasonable, lawful and in the public interest.

3. The Parties understand that time is of the essence in obtaining the Commission's approval of this Settlement Agreement and that each will extend its best efforts to enable the Commission to issue a Final Decision approving the Settlement Agreement no later than December 17, 2020.

4. The Settlement Agreement is not intended by the Parties to be precedential regarding any principle or issue. The Parties have assented to the terms of this Settlement Agreement only for the purpose of arriving at the compromise embodied in this Settlement Agreement. This Settlement Agreement embodies compromises of the Parties' positions. No Party agrees to any individual term of this Settlement Agreement, except in consideration of the other Parties' agreement to all other terms of the Settlement Agreement. Thus, the Settlement Agreement is indivisible, and each part is interdependent on each and all other parts.

5. The terms and conditions of the Settlement Agreement may only be modified in writing if agreed upon by all Parties. Should the Commission reject or modify this Settlement Agreement, the Parties reserve their rights under Rule 12.4 of the Commission's Rules of Practice and Procedure.

6. This Settlement Agreement may be executed in counterpart and has the same force and effect as if all the signatures were obtained in one document.

IV.

EXECUTION

The Parties have caused this Settlement Agreement to be executed by their authorized representatives. By signing this Settlement Agreement, the representatives of the Parties warrant that they have the requisite authority to bind their respective principals.

SOUTHERN CALIFORNIA EDISON COMPANY

Dated: ____ __, 2020

CLEAN POWER ALLIANCE OF SOUTHERN
CALIFORNIA

Dated: ____ __, 2020

Ted Bardacke
Executive Director

CALIFORNIA CHOICE ENERGY AUTHORITY

Dated: ____ __, 2020

Jason Caudle
Executive Director

CALIFORNIA COMMUNITY CHOICE
ASSOCIATION (CalCCA)

Dated: ____ __, 2020

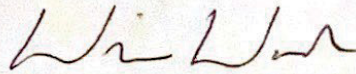
Evelyn Kahl
General Counsel

IV.

EXECUTION

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SOUTHERN CALIFORNIA EDISON COMPANY



William Walsh
Vice President

Dated: Nov. 19, 2020

CLEAN POWER ALLIANCE OF SOUTHERN
CALIFORNIA

Ted Bardacke
Executive Director

Dated: _____, 2020

CALIFORNIA CHOICE ENERGY AUTHORITY

Jason Caudle
Executive Director

Dated: _____, 2020

CALIFORNIA COMMUNITY CHOICE
ASSOCIATION (CalCCA)

Evelyn Kahl
General Counsel

Dated: _____, 2020

IV.

EXECUTION

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SOUTHERN CALIFORNIA EDISON COMPANY

Dated: _____, 2020

CLEAN POWER ALLIANCE OF SOUTHERN
CALIFORNIA



Ted Bardacke
Executive Director

Dated: 11 19, 2020

CALIFORNIA CHOICE ENERGY AUTHORITY

Dated: _____, 2020

Jason Caudle
Executive Director

CALIFORNIA COMMUNITY CHOICE
ASSOCIATION (CalCCA)

Dated: _____, 2020

Evelyn Kahl
General Counsel

IV.
EXECUTION

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SOUTHERN CALIFORNIA EDISON COMPANY

Dated: _____, 2020

CLEAN POWER ALLIANCE OF SOUTHERN
CALIFORNIA

Dated: _____, 2020

Ted Bardacke
Executive Director

CALIFORNIA CHOICE ENERGY AUTHORITY

Dated: ^{11/19/2020}_____, 2020

DocuSigned by:
Jason Caudle
8137CEA3D089472...

Jason Caudle
Executive Director

CALIFORNIA COMMUNITY CHOICE
ASSOCIATION (CalCCA)

Dated: _____, 2020

Evelyn Kahl
General Counsel

I.

EXECUTION

The Parties have caused this Settlement Agreement to be executed by their authorized representatives. By signing this Settlement Agreement, the representatives of the Parties warrant that they have the requisite authority to bind their respective principals.

SOUTHERN CALIFORNIA EDISON COMPANY

Dated: ____ __, 2020

CLEAN POWER ALLIANCE OF SOUTHERN
CALIFORNIA

Dated: ____ __, 2020

Ted Bardacke
Executive Director

CALIFORNIA CHOICE ENERGY AUTHORITY

Dated: ____ __, 2020

Jason Caudle
Executive Director

CALIFORNIA COMMUNITY CHOICE
ASSOCIATION (CalCCA)



Dated: November 19, 2020

Evelyn Kahl
General Counsel