



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

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Order Instituting Rulemaking to Consider
Revisions to Electric Rule 20 and Related
Matters.

R.17-05-010

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) REPLY COMMENTS ON
THE PROPOSED DECISION REGARDING PHASE 1 DECISION REVISING
ELECTRIC RULE 20 AND ENHANCING PROGRAM OVERSIGHT**

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I.

INTRODUCTION

Pursuant to Rule 14.3(d) of the California Public Utilities Commission's ("Commission" or "CPUC") Rules of Practice and Procedure, Southern California Edison Company ("SCE") respectfully submits the following reply comments to the April 27, 2021 opening comments on Commissioner Batjer's April 7, 2021 Proposed Decision regarding Phase 1 Decision Revising Electric Rule 20 and Enhancing Program Oversight ("PD" or "Proposed Decision").

II.

RESPONSES TO OPENING COMMENTS ON THE PROPOSED DECISION

A. SCE Supports PG&E’s Recommendation To Augment The Definition Of “Inactive” Communities To Include Two Additional Criteria

SCE and Pacific Gas & Electric Company (“PG&E”) requested the Commission to retain the ability of the utility to reallocate work credits from inactive communities to those communities with active Rule 20A programs.¹ This is particularly important in light of the PD’s proposal to cease the annual allocation of work credits beyond December 31, 2022,² as numerous in-flight projects may require additional work credits for scope increases, cost increases, and other variances that were not anticipated when the project was approved.

In addition to the criteria defined in Resolution E-4971³ for communities to be considered inactive and subject to reallocation, PG&E proposes⁴ two additional criteria with the intent to free additional work credits for reallocation:

- Proposed Inactive Criteria 1: Communities who voluntarily request to be considered inactive.
- Proposed Inactive Criteria 2: Communities who do not have sufficient work credits to execute the required minimum distance of a Rule 20A Project.

SCE supports the addition of both these criteria in determining whether a community is inactive in the Rule 20A program. Proposed inactive Criteria 1 will help provide for the reallocation of work credits from communities that have completed a project within the past eight years but have no plans for future Rule 20A projects. Proposed inactive Criteria 2 will provide for the reallocation of work credits from communities who, due to very small annual

¹ SCE’s April 27, 2021 Opening Comments, pp. 3-4, and PG&E’s April 27, 2021 Opening Comments, at pp. 4-6.

² Proposed Decision Ordering Paragraph 2, at p. 35.

³ CPUC Resolution E-4971 April 25, 2019, at p. 17.

⁴ PG&E’s April 27, 2021 Opening Comments, at p. 5.

allocation amounts, have not been able to accumulate enough of a balance to support even the minimum 600 feet Rule 20A project, as well as those communities who cannot support a new project without future work credit allocation.

B. The Commission Should Exempt Projects That Have Already Begun And Could Be Impacted By Discontinuation Of New Allocation And Borrowing

A number of communities filing comments on the PD oppose the discontinuation of annual work credits and future borrowing. For example, the city of Laguna Beach says, “The City opposes the discontinuation of Rule 20A work credits allocations after December 31, 2022, because the order does not provide a suitable contribution program to ensure critical projects can continue to be funded in the absence of a Rule 20A program.”⁵ SCE believes that these fears are most relevant for projects that have already begun, because there is no mechanism provided to fund ongoing projects that were approved assuming a future stream of annual allocations will continue and future borrowing would also be allowed.

SCE proposed in its opening comments that ongoing projects be made exempt from work credit limitations.⁶ Although the PD indicated the issue of future work credits and the sunseting of the Rule 20A program would be addressed in Phase 2 of the proceeding, SCE would not be able to continue making expenditures and financial commitments for projects that would no longer be in compliance with its own Rule 20 tariff and mortgaging limitations ordered in CPUC Decision E-4001. Suspending work on these projects pending a Phase 2 decision would also have significant impacts to communities as well as exacerbate underruns to SCE’s one-way balancing account.

⁵ City of Laguna Beach’s April 27, 2021 Opening Comments, at p. 2.

⁶ SCE’s April 27, 2021 Opening Comments, at pp. 2-3.

SCE emphasizes the importance of a mechanism to allow these projects to move forward and respectfully requests the Commission to consider an exemption for these projects that would otherwise require future work credits and borrowing.

C. Communities Should Be Able To Contribute To Project Costs When Work Credits Are Exhausted, Without The Project Becoming A Rule 20B Project.

In its opening comments, Los Angeles (“LA”) County requested that communities be able to contribute financially to the cost of Rule 20A projects when work credits are exhausted, without the project becoming a Rule 20B.⁷ SCE supports this proposal.

SCE’s past practice has been to identify a separate scope of work for execution as a Rule 20B project when Rule 20A work credits and borrowing limitations are insufficient to fund the entire scope of work. This practice presents challenges in accurately estimating both Rule 20A and Rule 20B portions of the project to maximize Rule 20A usage without exceeding mortgage limitations, and in accurately estimating that portion to be paid for by the community as a Rule 20B. Therefore, SCE agrees with and supports LA County's proposal to be permitted to contribute to a Rule 20A project to the extent it exceeds available work credits. Doing so maximizes the use of available work credits and simplifies the design, permitting, and construction processes with only one set of work order packages as opposed to a set for Rule 20A and a set for Rule 20B.

D. Permitting Work Credit Trading Exacerbates Inequities Among Communities

The California State Association of Counties (CSAC) and The Utility Reform Network (TURN) support continuing to allow cities and counties to sell or trade their work credit allocations.⁸ TURN also argues that the eligible communities noted in the PD that have not

⁷ Los Angeles County’s April 27, 2021 Opening Comments, at pp. 3-4.

⁸ CSAC’s April 27, 2021 Opening Comments, at p. 4 and TURN’s April 27, 2021 Opening Comments, at pp. 2-3.

completed a project since 2005⁹ should be able to receive some monetary benefit from the Rule 20A program that they have already contributed towards in rates, even if they do not proceed with an undergrounding project.¹⁰ As SCE previously explained in its October 27, 2020 Reply Comments, the intent of the Rule 20A program's credit allocation is to enable a fair allocation of limited budget to convert existing electric facilities to underground across all eligible cities and counties.¹¹ The program, which is funded by all SCE ratepayers, was never intended to provide monetary benefit to any specific city or county. Such monetary benefit, achieved by selling credits in the unregulated secondary market to another city who will cash them in for 100% ratepayer funding of its projects, means that the ratepayers would now be indirectly providing monetary benefit to a city for purposes completely unrelated to undergrounding SCE's electric facilities. This is inconsistent with the Rule 20 program's intent. For these reasons, SCE supports the Proposed Decision's ban on unregulated practice of work credit trading in secondary markets with the limited exception to allow intra-county donations of work credits from a county government to cities and towns within the county and to allow credit pooling amongst two or more adjoining municipalities for a project with community benefit.¹²

III.

CONCLUSION

SCE thanks the Commission for its consideration of SCE's Reply Comments on the Proposed Decision and requests the Commission adopt SCE's recommendations.

⁹ Proposed Decision, at p. 9.

¹⁰ TURN April 27, 2021 Opening Comments, at p. 3.

¹¹ SCE's Reply Comments on Ruling Requesting Comments on Issues Regarding Rule 20 Reform, at pp. 4-5.

¹² Proposed Decision Ordering Paragraph 3, at p. 35.

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