STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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TO PARTIES OF RECORD IN APPLICATION 20-04-002:

This is the proposed decision of Administrative Law Judge Zita Kline. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's July 15, 2021 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ ANNE E. SIMON
Anne E. Simon
Chief Administrative Law Judge

AES:mef
Attachment

Decision **PROPOSED DECISION OF ALJ KLINE (Mailed 6/10/2021)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for a Commission Finding that its Procurement-Related and Other Operations for the Record Period January 1 Through December 31, 2019 Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for Recovery of $16.065 Million Recorded in Three Accounts.	Application 20-04-002

DECISION APPROVING SOUTHERN CALIFORNIA EDISON COMPANY'S 2019 ENERGY RESOURCE RECOVERY ACCOUNT ENTRIES AND RELATED MATTERS

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DECISION APPROVING SOUTHERN CALIFORNIA EDISON COMPANY'S 2019 ENERGY RESOURCE RECOVERY ACCOUNT ENTRIES AND RELATED MATTERS

Summary

This decision approves Southern California Edison Company's (SCE) rate recovery for 2019 Record Year[1] costs, including its procurement-related operations and regulatory account management.

With respect to its procurement activities, the Commission finds SCE achieved least-cost dispatch of its energy resources and economically-triggered demand response programs pursuant to Standard of Conduct Number Four (SOC 4). The Commission also finds SCE prudently administered, managed, and dispatched its Utility Retained Generation Facilities, Qualified Facilities (QF) and other non-QF contracts, in compliance with all applicable rules and regulations and Commission decisions, including but not limited to SOC 4.

With respect to SCE's regulatory account management, the Commission finds SCE's recorded entries in 30 accounts are appropriate, correctly stated and in compliance with applicable Commission decisions. SCE's recovery of $1.726 million in litigation costs and associated interest is deferred to a future ERRA compliance proceeding. The Commission also finds reasonable and approves a $16.065 million net revenue requirement in SCE's 2019 rate levels associated with the following costs: 1) $15.579 million in the Residential Rate Implementation Memorandum Account (MA), 2) $0.257 million in the Building Benchmarking Data MA, and 3) $0.048 million in the Power Charge Indifference Adjustment MA.

[1] The record year is from January 1, 2019 to December 31, 2019.

Finally, the Commission authorizes SCE to eliminate the Disadvantaged Communities Single-Family Affordable Solar Homes MA and Preliminary Statement N.22 from its tariffs.

This proceeding remains open to consider issues scoped into the second phase of this proceeding.

1. Factual Background

The Commission established the Energy Resource Recovery Account (ERRA) balancing account mechanism in Decision (D.) 02-10-062 to track fuel and purchased power billed revenues against actual recorded costs of these items. In the same decision, the Commission required regulated electric utilities in California to establish a fuel and purchased power (F&PP) revenue requirement forecast, a trigger mechanism, and a schedule for ERRA applications. Subsequent decisions regarding the ERRA Balancing Account (BA) adopted minimum standards of conduct that regulated energy utilities must follow in performing their procurement responsibilities.

In the annual ERRA forecast application, a utility requests adoption of the utility's forecast of its expected annual F&PP costs for the upcoming 12 months. Approval of the forecast allows utilities to recover their ERRA revenue requirement in rates.

The Commission is required to perform a compliance review of the ERRA balancing account and related regulatory accounts and certain non-ERRA accounts. A compliance review considers whether a utility complied with all applicable rules, regulations, opinions, and laws. A reasonableness review evaluates not only a utility's compliance, but also whether the data or actions resulting from a forecast expense are reasonable. The Commission also reviews whether the utility prudently administered its contracts and generation resources and dispatched energy in a least-cost manner in compliance with Standard of Conduct Number Four (SOC 4).

2. Procedural Background

On April 1, 2020, Southern California Edison Company (SCE) filed Application (A.) 20-04-002, requesting compliance review of its procurement-related and other operations, verifications of entries in its ERRA and other regulatory accounts, and a net revenue requirement of $16.065 million recorded in three accounts (Application).

The Public Advocates Office (Cal Advocates) filed a protest to the Application on May 11, 2020. Clean Power Alliance of Southern California (CPA) and California Choice Energy Authority (CCEA) (collectively, the "SoCalCCAs"), jointly filed a response to the Application on May 11, 2020. SCE filed a reply to the protest and response on May 21, 2020.

A prehearing conference (PHC) was held on June 2, 2020, to discuss the issues of law and fact, and to determine the need for a hearing and schedule for resolving the matter. Commissioner Guzman Aceves issued a Scoping Memo on June 17, 2020. An amended Scoping Memo was issued on August 19, 2020, which added three issues related to public safety power shutoffs (PSPS) to the scope of a second phase of this proceeding.

Cal Advocates served intervenor testimony on September 11, 2020. SCE served rebuttal testimony on November 20, 2020. The parties filed a joint case management statement on December 3, 2020, indicating they did not wish to cross-examine witnesses on prepared testimony. Administrative Law Judge (ALJ) Kline took evidentiary hearings off-calendar by email ruling dated December 4, 2020.

All exhibits were admitted into the evidentiary record and granted confidential treatment, as applicable, by ALJ ruling, dated January 6, 2021. SCE and Cal Advocates filed opening briefs on January 8, 2021 and reply briefs on January 29, 2021. The record in this proceeding was submitted on January 29, 2021.

3. Burden of Proof and Jurisdiction

The utilities are required to prudently administer all contracts and generation resources, and to dispatch energy in accordance with the Commission's longstanding procurement priorities of reliability, least-cost, and environmental sensitivity.[2] ERRA applications are reviewed under a reasonable manager standard, whereby SCE's actions are evaluated based on whether they "comport with what a reasonable manager of sufficient education, training, experience, and skills using the tools and knowledge at his or her disposal would do when faced with a need to make a decision and act."[3]

The Commission exercises jurisdiction over the activities of public utilities,[4] including electrical corporations.[5] SCE is an investor-owned utility (IOU) providing electrical service in California. SCE is therefore an IOU "subject to our jurisdiction, control and regulation."[6] The Commission has jurisdiction to review an IOU's ERRA compliance applications pursuant to Pub. Util. Code § 454.5.

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[2] D.02-10-062 at 17-18.

[3] D.11-10-002 at 11.

[4] Pub. Util. Code § 216(a).

[5] Pub. Util. Code § 218 defines an electrical corporation as every corporation "owning, controlling, operating, or managing any electrical plant."

[6] Pub. Util. Code § 216(b).

4. Maximum Disallowance Related to SOC 4

SOC 4 provides that "[t]he utilities shall prudently administer all contracts and generation resources and dispatch the energy in a least-cost manner."[7] The Commission adopted a maximum potential disallowance for violations of SOC 4's duty to prudently administer contracts and achieve least-cost-dispatch at twice the utility's annual procurement administrative expenditures, as set in a utility's General Rate Case (GRC).[8] For 2020, SCE's annual procurement administrative expenditure is $28.465 million, and its maximum disallowance is $56.929 million.[9]

5. Issues Before the Commission

The issues to be determined in this proceeding are:

1. Whether SCE achieved least-cost dispatch of its energy resources and economically-triggered demand response programs pursuant to Standard of Conduct No. 4 (SOC 4).
2. Whether during 2019 SCE prudently administered, managed, and dispatched the following, in compliance with all applicable rules, regulations and California Public Utilities Commission (Commission) decisions, including but not limited to SOC 4:
    a. Utility Retained Generation Facilities;
    b. Qualifying Facility Contracts (QF); and
    c. Other non-QF contracts.
3. Whether SCE appropriately operated its BAs and memorandum accounts (MA) during the 2019 Record Period; and the recorded entries in the accounts are appropriate, correctly stated and in compliance with applicable Commission decisions.

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[7] D.02-10-062.

[8] D.03-06-067 at 5.

[9] Exhibit SCE-01 at 6.

4. Whether the costs associated with the 1) Building Benchmarking Data MA 2) Power Charge Indifference Adjustment MA and 3) Residential Rate Implementation MA are reasonable such that the Commission should approve a $16.065 million net revenue requirement increase in 2019 rate levels.
5. Whether SCE's administrative costs entries for its Greenhouse Gas Compliance Instrument procurement are reasonable, accurate, consistent with Commission and state policies and laws, and whether SCE met its burden of proof regarding its claim for these entries.
6. Whether the rate recovery for 2019 Record Year costs is reasonable and should be authorized.
7. Whether there are any safety considerations raised by this application.

The following issues are within Phase II of this proceeding:

1. Should sales forecasting methods for adjusting revenue requirement under current decoupling policy be adjusted to account for power not sold during a PSPS event? If so, how?
2. What methods should be used to account for sales lost during PSPS distinct from sales reductions due to conservation?
3. If a utility does not collect its entire revenue requirement due to lower volumetric sales during a PSPS, should it be prevented from adjusting future revenue requirements to make up for any undercollection? If so, how?

This decision addresses issues one through seven in Phase I of this proceeding. The Commission has not yet addressed issues in Phase II of this proceeding.

6. Least-Cost Dispatch

We now consider SCE's least-cost dispatch in the 2019 Record Year. Least-cost dispatch refers to utility dispatch of resources in a least-cost manner by using the most cost-effective mix of total resources. In an ERRA compliance proceeding, the Commission considers whether the utility complied with SOC 4, which includes consideration of 1) whether the utility dispatched contracts under its control, 2) whether it disposed of economic long power, and purchased short power in a manner that minimizes ratepayer costs, and 3) whether the utility used the most cost-effective mix of its total resources, thereby minimizing the cost of delivering electrical services.

For the 2019 Record Year, SCE provided the following: 1) an overview of least cost dispatch in the CAISO markets, 2) description of SCE's bidding and scheduling processes; 3) summary reports/tables documenting dispatchable thermal resource aggregated annual exception rates for a) incremental cost bid calculations; self-commitment decisions; and master file changes; and 4) narratives reviewing significant strategy changes, internal software and/or process changes, and the CAISO market design changes during the Record Period, 4) background summary tables; 5) spot market electric and natural gas transactions made by SCE.[10]

Least-cost dispatch is not a disputed issue in this proceeding and no party requests a disallowance related to SCE's least cost dispatch activities. Upon review we find SCE's least cost dispatch in the 2019 Record Year in accordance with all Commission requirements, including SOC 4.

6.1. Cal Advocates' Request for an Independent Evaluator Report

While no party requests a disallowance for SCE's least cost dispatch activities in the 2019 Record Year, we nevertheless address Cal Advocates'

[10] Exhibit SCE-01 at 9-10.

continued request for a Commission order for an independent evaluator report of SCE's least cost dispatch activities.

Cal Advocates asks the Commission to order SCE to hire an outside consultant based its evaluation of SCE's Mean Average Percentage Error (MAPE) as outside the range of its MAPE in prior record years. Specifically, Cal Advocates requests the Commission order SCE to collaborate with Cal Advocates "to select an independent load price and forecast expert who will review SCE's forecast models and methodology followed by submission of a Load and Price Forecasting Processes and Performance report in the next ERRA Compliance proceeding."[11] Cal Advocates reasons that the report would prove helpful, and that PG&E and SDG&E previously prepared similar reports "with much success, resulting in benefits to ratepayers."[12]

SCE opposes Cal Advocates' request as unnecessary, a waste of ratepayer money, and cites privacy concerns for why it does not want to hire an outside consultant.[13]

Our consideration of Cal Advocates' request begins with a definition of the term least cost dispatch. The term comes from standard of conduct (SOC) 4, which states in relevant part that in conducting the daily economic dispatch of energy, "the utilities shall prudently administer all contracts and dispatch the energy in a least cost manner."[14] Following SOC 4's adoption in D.20-10-062, the Commission clarified that "least cost dispatch refers to a situation in which the

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[11] Cal Advocates Opening Brief at 6.

[12] Cal Advocates Opening Brief at 6.

[13] SCE Opening Brief at 3-5.

[14] D.02-10-062 at 74 (Conclusion of Law (COL) 11).

most cost-effective mix of total resources is used, thereby minimizing the cost of delivering electric services."[15]

The Commission considers the term least cost dispatch to represent a singular value. In D.05-01-054, the Commission concluded that "there are no ranges of possible outcomes. The outcome or standard has been predetermined – that is the lowest cost."[16] In D.13-11-005, the Commission requested that, in future ERRA compliance showings, SCE demonstrate that it achieved least cost dispatch during the record period or quantify the amount of its overspending.[17]

While the term "least cost dispatch" is defined as a known value, our inquiry in an ERRA compliance proceedings is not a ministerial action, by which we approve of a utilities' procurement activities because the MAPE meets or exceeds the MAPE from prior years. Similarly, we do not approve Cal Advocates' recommendation based solely on SCE's MAPE, and whether the MAPE is higher or lower than previous record years.

Rather, we evaluate SCE's ERRA compliance applications as a discretionary determination of whether SCE's actions "comport with what a reasonable manager of sufficient education, training, experience, and skills using the tools and knowledge at his or her disposal would do when faced with a need to make a decision and act."[18] As it is undisputed that SCE met the standard for least cost dispatch in the 2019 Record Period, we find no basis to order the independent evaluator report recommended by Cal Advocates.

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[15] D.02-12-074 at 76-77 (OP 24(b)); *see also* D.15-15-007 at 3.

[16] D.15-01-054 at 14.

[17] D.13-11-005 at 26.

[18] D.11-10-002 at 11.

To date, the Commission's orders for an IE report were not based on a utility deficiency. Both PG&E and SD&GE voluntarily agreed to an independent review of their LCD methodology as part of settlement agreements in prior ERRA compliance proceedings.[19] We reviewed these confidential reports and do not find a compelling reason to order a similar report for SCE.[20] While we do not order SCE to hire an independent evaluator to assess its least cost dispatch practices, the Commission supports the continued improvement of least cost dispatch practices in SCE's procurement activities.

7. Management of Utility-Owned Generation

SCE operates the following utility-owned generation: 1) hydroelectric, 2) natural gas, 3) Catalina diesel fuel/liquified natural gas and transportation, 4) solar photovoltaic program, 5) fuel cells, and 6) nuclear fuel and interim fuel storage.

This decision considers SCE's hydroelectric units in Section 7.1, natural gas units in Section 7.2, solar photovoltaic program in Section 7.3, fuel cells in Section 7.4, nuclear resources in Section 7.5, and energy storage in Section 7.6.

7.1. Hydroelectric Generation

SCE's hydroelectric resources in 2019 consisted of 32 powerhouses with a 1,164 Megawatts (MWs) total nameplate capacity.[21] SCE's net generation in 2019 was 4,308,160 Megawatts per hour (MWh), which is 121 percent of the 20-year

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[19] PG&E 2014 ERRA Compliance Proceeding (A.15-02-013), D.16-12-045; SDG&E 2016 ERRA Compliance Proceeding (A.17-06-006), D.18-10-006.

[20] PG&E 2018 ERRA Compliance Proceeding (A.18-02-015), Exhibit PGE-2, Chapter 2, Attachment B (Independent Review of PG&E's Load and Price Forecasting Processes and Performance, Jun. 8, 2018); SDG&E 2019 ERRA Compliance Proceeding (A.20-06-001), Exhibit SDGE-08C (SDG&E Independent Review of SDG&E's Load and Price Forecasting Processes and Performance).

[21] Exhibit SCE-01 at 35.

average, largely due to higher than average annual water runoff.[22] SCE's large hydro units experienced 45 scheduled outages and four unscheduled outages in 2019.[23]

No other parties protested or commented on SCE's management of its hydroelectric resources outside its consideration as a resource subject to least cost dispatch.[24] Upon review, we find SCE operated its hydroelectric facilities as a reasonable manager in 2019.

7.2. Natural Gas

SCE's natural gas resources consist of five black-start capable peakers (peakers) owned by SCE and the Mountainview Generating Station. The peakers[25] had a combined capacity of 245 MW,[26] generated a total of 72,583 MWh, and consumed 790,263 million British thermal units (MMBtu) of natural gas at a cost of $4.0 million in 2019.[27] In 2019, the peakers experienced a total of five annual maintenance outages, and other scheduled outages for NERC/CAISO-required annual black-start testing, compressor water washes, auxiliary and data acquisition issues, and circuit breaker maintenance.[28] These peakers collectively incurred 78 unscheduled outages, 16 of which exceeded 24 hours.[29]

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[22] *Id*. at 47.

[23] *Id*. at 51-55.

[24] *See* Exhibit Cal Advocates-01 at 2-17 to 2-20.

[25] SCE's natural gas peaker unit fleet consists of the Barre, Center, Grapeland, Mira Loma and McGrath peakers.

[26] Exhibit SCE-01 at 56.

[27] Exhibit SCE-01 at 57.

[28] Exhibit SCE-01 at 61.

[29] Exhibit SCE-01 at 61-62.

No parties protested SCE's operation of the five peaker plants in 2019. Upon review, we find SCE operated the peaker plants as a reasonable manager and in compliance with all Commission requirements.

The Mountainview Generating Station is a two-unit (Units 3 and 4) combined cycle gas-fired power plant with a combined nominal capacity of 1,100 MW.[30] In 2019, the Mountainview Generating Station provided 3,006,260 MWh of power at a total cost of $106.3 million for fuel,[31] which is higher than its 2018 output. In 2019, the Mountainview Generating Station experienced four scheduled outages, zero planned outage extensions, one maintenance outage, maintenance outage extensions, and 37 forced outages.[32]

7.2.1. The May 11-20, 2019 Outage at Mountainview Generating Station

Cal Advocates provided testimony regarding a forced outage at the Mountainview Generating Station in Units 3A and 3B, from May 11-20, 2019, wherein SCE repaired one severed tube in the Heat Recovery System Generator (HRSG)[33] of Unit 3B and two tube leaks in the HRSG of Unit 3A. The affected tubes were located in areas of high-pressure steam, requiring the units to stay offline during the course of the repairs to minimize safety risks.[34] The repairs required several days because of the following: 1) several tubes were located in areas that were difficult to access and required the erection of scaffolding as well

30 Exhibit SCE-01 at 71.

31 Exhibit SCE-01 at 72.

32 Exhibit SCE-01 at 79.

33 The HSRG recovers a portion of the thermal energy generated by the Mountainview Generating Station's combustion turbine by using the heat from the combustion turbine's exhaust gases to boil water into steam. The steam then flows from the HSRG to a steam turbine through tubing under pressure. (Exhibit Cal Advocates-01 at 3-12 to 3-13.)

34 Exhibit Cal Advocates-01 at 3-14.

as the removal of layers of intervening, though undamaged, tubes, 2) rewelding of the damaged and intervening tubes, and 3) non-destructive evaluation inspection to verify the integrity of the new welding.[35]

SCE subsequently engaged with the Electric Power Research Institute (EPRI) to conduct failure analysis of the damaged tubes, which showed a failure trend in the HRSG tubing; the report recommended SCE conduct additional analysis to understand the cause of the HRSG tube damage.[36] Following the EPRI report, SCE engaged with outside subject matter experts to assess the HRSG tube damage and provide recommendations for potential enhancements to SCE's current maintenance practices.[37]

SCE and Cal Advocates agree that SCE acted as a reasonable manager during the inspection and repair of the HRSG during the May 9-11, 2019 forced outage.[38] They agree that tube leaks are a common occurrence in plants such as the Mountainview Generating Station and that tube leaks are more common as a plant ages.[39] Upon review of this outage, as well as other Mountainview Generating Station outages in 2019, we find SCE acted as a reasonable manager in the operation of the Mountainview Generating Station, and in compliance with Commission requirements.

7.2.2. The Subject Matter Expert Report

While Cal Advocates does not dispute SCE's reasonable management of the Mountainview Generating Station for Record Year 2019, it recommends the

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[35] Exhibit Cal Advocates-01 at 3-18.

[36] Exhibit Cal Advocates-01 at 3-19.

[37] Exhibit Cal Advocates-01 at 3-19.

[38] Exhibit Cal Advocates-01 at 3-21 to 3-22, Exhibit SCE-06 at 9.

[39] Exhibit Cal Advocates-01 at 3-17.

Commission order SCE to provide "the recommendations offered by its outside subject matter experts for possible enhancements to current industry maintenance practices, and the actions that SCE intends to pursue" in a future ERRA compliance filing.[40] Though Cal Advocates agrees that this report would be discoverable, it argues that the subject matter expert report should be submitted in SCE's future ERRA compliance proceeding based on its potential benefit to current industry standard practices for: 1) other utilities by helping them minimize "the risk of infrastructure failure and electric outages," and 2) Cal Advocates and the Commission's Energy Division when reviewing ERRA compliance applications.[41]

SCE opposes submitting any report generated by the subject matter expert upon completion of the report. First, SCE states that submitting the report is "not necessary and would not benefit SCE customers."[42] Second, SCE states that expert witness reports are hearsay and "do not have independent evidentiary value such that they merit wholesale submission into any ERRA Review proceeding record."[43] SCE argues that it, and not the subject matter expert, has the sole responsibility to show that it acted prudently in any record year, and provide qualifying expert witness testimony. Finally, SCE argues the report is discoverable and Cal Advocates may offer it into testimony for the purpose of

[40] Exhibit Cal Advocates-01 at 3-22; Cal Advocates Opening Brief at 8-9; Cal Advocates Reply Brief at 7.

[41] Cal Advocates Opening Brief at 8-9; Cal Advocates Reply Brief at 7.

[42] Exhibit SCE-06 at 10, SCE Reply Brief at 3.

[43] SCE Reply Brief at 3.

testing a witness's credibility on the Mountainview Generating Station's operation and maintenance.[44]

Upon review, we decline to order SCE to include the subject matter expert's report into SCE's future ERRA compliance proceeding. We agree that SCE has the burden of proof in an ERRA compliance proceeding to show that it operated its utility-owned generation as a reasonable manager in any given Record Year. SCE has the discretion to support its ERRA filing with expert witness testimony, which may rely on outside subject matter expert reports.

While we do not find the hearsay nature of the subject matter expert's report necessarily precludes admission of the subject matter reports in a future ERRA compliance proceeding,[45] we find Cal Advocates' request too speculative to merit an order in this decision. Cal Advocates' request presupposes merit to the analysis provided by an unidentified subject matter expert prepared on an unknown timeline.

Finally, we agree with both Cal Advocates and SCE that the report, if created, is discoverable by Cal Advocates and other Commission staff, who may choose to submit it into the evidentiary record, pending any objections to hearsay or otherwise, in a future ERRA compliance proceeding. Therefore, Cal Advocates is not precluded from gaining the insights into possible enhancements to current industry maintenance practices potentially illuminated by the subject matter expert's report. Additionally, our decision does not prevent SCE from

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[44] SCE Reply Brief at 4.

[45] The Commission generally allows hearsay evidence if a responsible person would rely upon it in the conduct of serious affairs. (*Re Landmark Communications, Inc.* (1999), 84 Cal.P.U.C.2d 698, 701.) However, the Commission's decisions must be based on substantial evidence, which must consist of at least a residuum of legally admissible evidence; hearsay may be accorded less weight than other evidence in the evidentiary record. (*The Utility Reform Network v. Pub. Util. Com.,* 223 Cal. App. 4th 945, 957-963)

sharing their insights into possible enhancements to current industry maintenance practices for HRSG tubing with the other electric utilities, if SCE so chooses.

7.3. Catalina Diesel Fuel/Liquified Petroleum Gas

SCE operates six diesel generators and 23 liquified natural gas-fired combustion turbines at the Pebbly Beach Generating Station.[46] During 2019, SCE purchased 51,913 barrels of ultra-low sulfur #2 red-dyed diesel fuel at an annual cost of $6.685 million, which includes $5.706 million for diesel and $0.979 million for transportation.[47] SCE also purchased 818,867 gallons of propane at a total cost of $1.277 million, including $1.063 million for fuel and $0.214 million for transporting the fuel to the island.[48]

No parties commented on SCE's diesel or propane resources at Catalina Island. Upon review, we find SCE operated its Catalina energy resources as a reasonable manager in 2019.

7.4. Solar Photovoltaic Program

In 2019, SCE's solar photovoltaic resources consisted of 24 sites ranging from 0.5 to 6 MW alternating current (AC), with a total size of 59.5 MW AC or 81.3 MW of Direct Current (DC).[49] SCE's solar projects operated at a 12.6% capacity factor in 2019 and produced 70,110 MWh of AC generation.[50] SCE's solar photovoltaic unit performance is approximately 5% lower than the overall capacity factor of 17.6% due to 1) normal panel efficiency degradation over time,

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[46] Exhibit SCE-01 at 88.

[47] Exhibit SCE-01 at 89.

[48] Exhibit SCE-01 at 90.

[49] Exhibit SCE-01 at 90.

[50] Exhibit SCE-01 at 94.

2) increased number of outages and derates from normal operation of ground fault protective devices, and 3) decommissioning of the Perris Solar Site (SPVP 044).[51]

No parties commented on SCE's solar photovoltaic resources. Upon review, we find SCE operated its solar photovoltaic resources as a reasonable manager in 2019.

7.5. Fuel Cells

SCE operated two demonstration fuel cells in 2019, one at University of California Santa Barbara and a second at California State University San Bernardino. SCE's fuel cells had a total annual electric output of 10,568,795 kWh, and consumed 97,878 MMBtu of natural gas at a cost of $0.62 million in 2019.[52] Neither facility experienced a full site outage lasting longer than 24 hours during 2019.[53]

No parties proposed a disallowance for SCE's fuel cell resources. Upon review, we find SCE acted as a reasonable manager when operating its fuel cell resources in 2019.

7.6. Nuclear Generation

SCE has an ownership interest in the San Onofre Nuclear Generating Station (SONGS), a nuclear power facility which ceased operations in 2013, and the Palo Verde Nuclear Generating Station (PVNGS), a nuclear power facility operated by the Arizona Public Service near Phoenix, Arizona.

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[51] Exhibit SCE-01 at 94-96.

[52] Exhibit SCE-01 at 97-98.

[53] Exhibit SCE-01 at 98.

In 2019, SCE's share of the PVNGS produced a net generation of 5,023 GWh at an overall expense of $36.3 million, equivalent to $7.23/MWh.[54] PVNGS's average capacity factor was 92.5 percent.[55] PVNGS experienced two scheduled (for refueling and maintenance) and one unscheduled outage[56] in 2019.[57]

No parties proposed a disallowance for SCE's nuclear resources. Upon review, we find SCE acted as a reasonable manager when operating its nuclear resources.

7.7. Energy Storage

SCE's UOG for energy storage consists of the Tehachapi Storage Project, which is an 8 MW/4-hour (32 MWh) utility scale lithium-ion battery energy storage system originally funded by the 2009 American Recovery and Reinvestment Act as a demonstration project.[58] In resolution E-4954, the Commission required review of the Tehachapi Storage Project in the ERRA starting in 2017. In Resolution E-5019, the Commission approved SCE's continued operation of the Tehachapi Storage Project and one-time costs in 2018.[59]

During 2019, the Tehachapi Storage Project was revenue positive, with $1.105 million in total revenue and $0.484 million in ongoing operational costs.[60]

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[54] Exhibit SCE-01 at 107.

[55] Exhibit SCE-01 at 102.

[56] PVNGS Unit 2 experienced a three-day unscheduled outage in August 2019. (Exhibit SCE-01 at 105.)

[57] Exhibit SCE-01 at 104-106.

[58] Resolution E-4809.

[59] *See* SCE AL 3980-E, *see also* SCE AL 3980-E-A.

[60] Exhibit SCE-02 at 174.

The Tehachapi Storage Project experienced 29 outages due to four categories of component failures and operational issues in the following categories 1) system repairs, 2) grid reliability needs, 3) telemetry and communication issues and 4) planned preventative maintenance.[61]

No parties proposed a disallowance for SCE's energy storage resources. Upon review, we find SCE acted as a reasonable manager when operating its energy storage resources.

8. Contract Administration

As used in this section, "contract administration" means activities implementing the exercise of contract rights and the performance of contract obligations subsequent to either contract execution by SCE or allocation by the Commission to SCE of certain Department of Water Resources power purchase agreements in accordance with Assembly Bill (AB) 57. SCE provided testimony detailing the administration of contracts in four resource categories: 1) behind the meter contracts, 2) conventional and natural gas products and contracts (including Demand Response Auction Mechanism and Energy Storage), 3) Public Utility Regulatory Policy Act and Combined Heat and Power contracts, and 4) Renewables Portfolio Standard Contracts.[62] In 2019, SCE executed 24 new contracts as well as 155 contract amendments or other modifications.[63]

SCE also either terminated or allowed 72 contracts to expire.[64] This included 43 contracts that expired, 18 contracts terminated prior to product

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[61] Exhibit SCE-02 at 175-176.

[62] Exhibit SCE-01 at 113-261.

[63] Exhibit Cal Advocates-01 at 4-1 to 4-9.

[64] Exhibit Cal Advocates-01 at 4-10.

delivery, and 10 contracts terminated after product delivery but prior to the original contract expiration date.[65]

During the 2019 Record Period, SCE engaged in 12 contract disputes with counterparties for reasons other than force majeure, eight of which were resolved during 2019.[66] SCE also reviewed 14 contracts for failure to perform due to force majeure during the 2019 Record Period.[67]

One issue raised by Cal Advocates over approval of the Bonneville Power Administration Confirmation Agreement was resolved during the course of this proceeding.[68] Following our review of testimony, we find SCE prudently managed its contracts for 2019 in accordance with Commission requirements.[69]

9. Management of Accounts

SCE requests the Commission find its procurement-related expenditures in 31 accounts appropriate, correctly stated and in compliance with Commission decisions. These accounts are summarized in Table 9-1 and discussed in Sections 9.1 through 9.29, below.

Table 9-1. Summary of Accounts for Commission Consideration

No.	Balancing/Memorandum/Tracking Account or Adjustment Mechanism (AM)
Revenue Requirement Requested and Disputed	
1	Residential Rate Implementation MA
Revenue Requirement Requested and Not Disputed	
2	Building Benchmarking Data MA
3	Power Charge Indifference Adjustment MA
Disputed	

[65] Exhibit Cal Advocates-01 at 4-10.

[66] Cal Advocates-01 at 4-13.

[67] Cal Advocates-01 at 4-16.

[68] Cal Advocates Reply Brief at 2.

[69] D.02-10-062, as modified by D.02-12-074.

4	a) Energy Settlements MA and b) Litigation Costs TA
5	Local Capacity Requirement Products BA
Undisputed	
6	ERRA BA
7	Base Revenue Requirement BA
8	Nuclear Decommissioning AM
9	Public Purpose Programs AM
10	California Alternative Rates for Energy (CARE) BA
11	New System Generation BA
12	Medical Programs BA
13	Pension Costs BA
14	Post-Employment Benefits Other than Pensions BA
15	Short-Term Incentive Program MA
16	Statewide Marketing, Education and Outreach (ME&O) BA
17	Charge Ready Program BA
18	a) Green Tariff ME&O MA, b) Enhanced Community Renewables ME&O MA and c) Green Tariff Shared Renewables Administrative Costs MA
19	Green Tariff Shared Renewables BA
20	Transportation Electrification Program BA
21	Aliso Canyon Energy Storage BA
22	Clean Energy Optimization Pilot BA
23	Community Green Solar Tariff BA
24	Disadvantaged Communities (DAC) – Green Tariff BA
25	DAC - Single Family Homes BA
26	DAC - Single Family Homes MA
27	Portfolio Allocation BA
28	Tree Mortality Non-Bypassable Charge BA
29	Pole Loading and Deteriorated Pole Programs BA

SCE's request for approval of its balancing account activity did not include consideration of the Department of Energy Litigation MA. However, this balancing account was nevertheless a subject of dispute in this proceeding and is therefore discussed in Section 9.30, below.

SCE also requests Commission approval of a revenue requirement of approximately $16.065 million from its customers upon a Commission finding that the costs in three accounts are reasonable, as summarized in Table 9-2 and discussed in Sections 9.1 to 9.3.[70]

Table 9-2. Summary of Revenue Requirement Requests

Balancing/Memorandum Accounts	Amount (Millions)
Building Benchmarking Data MA	$0.257
PCIA MA	$0.048
Residential Rate Implementation MA	$15.579
Net Under-Collected Balance	$15.884
Franchise Fees and Uncollectibles	$0.181
Total Revenue Requirement Change	$16.065

If the Commission approves SCE's total rate change request, it would result in a 0.1% average customer rate increase beginning in 2021 for both CARE and non-CARE customers.[71] An average residential customer using 550 kilowatt-hours (kWh) per month would see an increase of $0.17 per month, from $114.20 to $114.37.[72] For CARE residents using 550 kWh per month, the expected bill impact is an approximately $0.11 per month, from $77.18 to $77.29.[73] SCE's estimate of customer rate changes is summarized in Table 9-3.

Table 9-3. Summary of Proposed Rate Changes Associated with Proposed Net Return to SCE's Customers

Customer Group	Bundled Average Rates			
	Current Rates (¢/kWh)	Rate Change (¢/kWh)	Proposed Rates (¢/kWh)	% Change over current
Residential	18.9	0.03	18.9	0.2%
Lighting – Small and Medium Power	17.3	0.02	17.3	0.1%
Large Power	12.4	0.01	12.4	0.1%

[70] Exhibit SCE-02 at 22.

[71] Application at 4.

[72] Application at 3-4.

[73] Application at 4.

Agricultural and Pumping	13.8	0.02	13.8	0.1%
Street and Area Lighting	19.2	0.01	19.2	0.0%
Standby	10.7	0.01	10.8	0.1%
Total	**16.4**	**0.02**	**16.4**	**0.1%**

Finally, SCE also request to eliminate the DAC SASH MA and Preliminary Statement N.22 from its tariffs, as discussed in Section 9.25 below.

9.1. Residential Rate Implementation MA

The Residential Rate Implementation MA was established to recover the verifiable incremental costs associated with SCE's transition of residential customers to time-of-use (TOU) rates, and includes recovery of costs associated with 1) TOU pilots, 2) TOU studies, 3) ME&O and expenses, and 4) other reasonable expenses.[74] The Commission directed recovery of the incremental TOU costs in the GRC.[75] Subsequently, the Commission adopted SCE's proposed recovery of these TOU Pilot costs for 2018, 2019, and 2020 in their respective ERRA compliance proceedings.[76] SCE requests recovery of $15.579 million in 2019 for TOU Pilot costs, which includes $13.648 million for O&M expenses and $1.931 million in capital-related revenue requirement.[77]

Cal Advocates makes two proposals related to the Residential Rate Implementation MA. First, Cal Advocates proposes SCE refund $32,509 in interest by ratepayers as a result of an overbilling of $712,649.48 in the Residential Rate Implementation MA during the 2016 Record Year, which accrued at the 3-month commercial paper rate from 2016 to 2020. In its Rebuttal Testimony, SCE states that its failure to return the accrued interest along with the

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[74] D.15-07-001 at 298, 335 (Ordering Paragraph 12); SCE AL 3251-E.

[75] D.15-07-001 at 298.

[76] D.19-05-020 at 268-269.

[77] Exhibit SCE-02 at 138-147.

$712,649.48 overcharge billing credit was inadvertent error and that it already credited the interest amount of $32,509 to the RRIMA in October 2020.[78]

Second, Cal Advocates recommends the Commission order SCE "to submit entire accounts payable accrual and reverse records including matching invoices to determine if duplicated expenses were recorded in 2019 related to an apparent missing reversal entry."[79] In response, SCE submitted additional evidence in Appendices J, K, and L detailing the $6,041,702.49 accrual entry from December 2018 was reversed on January 22, 2019, then re-accrued on January 31 2019, re-reversed on February 18, 2019, re-accrued on February 28, 2019 until PG&E's invoices in the amounts of $3.064 million and $3.765 million were received and paid in 2019.[80] We have reviewed SCE's color-coded invoices and find they sufficiently documented the non-intuitive journey of invoicing in the Residential Rate Implementation MA during the 2019 Record Year.

Upon consideration, this decision finds SCE's entries in the Residential Rate Implementation MA accurate, reasonable and in compliance with applicable Commission decisions, and authorizes SCE's revenue requirement of $15.579 million for costs associated with SCE's transition of residential customers to TOU rates.

9.2. Building Benchmarking Data MA

The Building Benchmarking Data MA tracks the costs SCE incurred for maintaining energy usage data, which allows building owners to report building benchmarking data to the California Energy Commission pursuant to AB 802. In

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[78] Cal Advocates Reply Brief at 12; Exhibit SCE-06C at 31.

[79] Cal Advocates Reply Brief at 12.

[80] SCE Reply Brief at 7.

2017, SCE set up an automated, self-service "dashboard" solution to process building benchmarking requests.[81] By the end of 2019, SCE's automated process had fulfilled 4,000 total building benchmarking data requests, of which 64 percent related to commercial buildings, 25 percent related to multi-family buildings, and 1 percent related to multi-use buildings.[82] In total, SCE's building benchmarking database includes over 4,300 buildings, for which it monitors building data and processes building benchmarking requests.[83]

In this proceeding, SCE seeks to recover $0.229 million for capital-related revenue requirements, including annual depreciation expenses, income and property taxes, and interest incurred during 2019.[84]

No parties opposed or commented on SCE's Building Benchmarking Data MA revenue request. Upon review, we find SCE's recorded 2019 entries in the Building Benchmarking Data MA appropriate, correctly stated and in compliance with applicable Commission decisions. We authorize SCE's request to recover a revenue requirement of $0.229 million in this account.

9.3. PCIA MA

The PCIA MA records the costs associated with SCE's education and outreach efforts to CARE and Medical Baseline program customers affected by the elimination of the exemption from paying the PCIA.[85] SCE seeks to recover $47,852.14 for non-labor O&M, interest and other expenses from the outreach's inception through 2019 as accrued in the PCIA MA, for transfer to the Public

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[81] Exhibit SCE-02 at 150.

[82] Exhibit SCE-02 at 151.

[83] Exhibit SCE-02 at 151.

[84] Exhibit SCE-02 at 152.

[85] SCE-02 at 147-148; *see* D.18-07-009.

Purpose Program AM and recovery from customers through the Public Purpose Programs Charge.

No parties opposed or commented on SCE's PCIA MA revenue request. Upon review, we find SCE's recorded 2019 entries in the PCIA MA appropriate, correctly stated and in compliance with applicable Commission decisions. We authorize SCE's request to recover a revenue requirement of $0.048 million in this account.

9.4. Energy Settlements MA and Litigation Costs TA

The Energy Settlements MA tracks refunds from generators who overcharged SCE for electricity during the 2000-2001 California Energy Crisis.[86] The Litigation Costs TA is a subaccount of the Energy Settlement MA which tracks litigation costs "set-aside" in Federal Energy Regulatory Commission (FERC) investigation settlement agreements as well as California Energy Crisis-related litigation costs incurred by SCE.[87]

Beginning in 2012, FERC jurisdictional litigation was largely resolved and SCE's ongoing litigation costs were predominantly accrued for civil litigation against the following: 1) municipal suppliers, 2) all suppliers during what's known as the "Summer Period" of the Energy Crisis, and 3) "two remaining suppliers of the long-term contracts entered into by the California Energy Resource Scheduling Division of the [California Department of Water Resources (CDWR)] that have not settled."[88] Prior to 2014, SCE's shareholders paid 10% of the litigation costs and SCE's customers paid 90% of the litigation costs, as these

[86] SCE AL 2151-E.

[87] D.19-02-024 at 13; Resolution E-3894.

[88] Exhibit SCE-02 at 77-78.

groups received the same shares in litigation refund benefits.[89] Starting in the 2014 Record Period, SCE's customers began paying 100% of these litigation costs and receiving 100% of the benefits for the remaining civil litigation.[90]

SCE recorded no new refunds or shareholder incentives in the Energy Settlements MA in 2019.[91] SCE recorded $1.726 million in litigation costs and $0.016 million in interest in the Litigation Costs TA for 2019, for a total revenue requirement of $1.742 million.[92]

9.4.1. Parties' Positions on Accrual Accounting for Litigation Costs

Cal Advocates urges the Commission to either disallow or defer recognition of $1.742 million in total litigation costs in the Litigation Costs TA until its matching revenue can be known or reasonably estimated.[93] According to Cal Advocates, SCE's statements that "SCE's refund is not yet known. As such SCE cannot estimate or accrue an amount that is not yet known . . . ."[94] provided insufficient support for the Commission's approval of SCE's $1.742 million litigation costs.

Cal Advocates discusses two separate systems of accrual accounting by which to assess SCE's litigation costs for the 2019 Record Period. The first method is the Financial Accounting Standards Board (FASB) Generally Accepted Accounting Principles (GAAP) (FASB Codification), which is a common set of accounting principles, standards, and procedures, not specific to any industry.

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[89] Exhibit SCE-02 at 78.

[90] Exhibit SCE-02 at 78.

[91] Exhibit SCE-02 at 78.

[92] Exhibit SCE-02 at 79.

[93] Cal Advocates Opening Brief at 9-10; Cal Advocates Reply Brief at 8.

[94] Exhibit Cal Advocates-01 at 5-9, *citing* SCE's response to Cal Advocates DR #5, question 2.b.

The second is the Electronic Code of Federal Regulations Title 18, Chapter 1, subchapter C, Part 101 (Federal Electronic Code), which is the uniform system of accounts prescribed for public utilities and licensees subject to the Federal Power Act.

First, we will review Cal Advocates evaluation of the litigation costs under the FASB Codification. Cal Advocates argues that the $1.742 million accrued by SCE should be treated as a "contingency," in accordance with FASB Accounting Standard Codification (ASC) paragraph 450-10-20[95] because SCE's potential gain is not known and cannot be estimated. Since SCE expects a gain from potential future litigation proceeds, Cal Advocates argues the litigation costs are properly treated as a "gain contingency" according to FASB ASC paragraph 450-30-25.[96,97]

By recording $1.742 million litigation costs in its 2019 Record Period, Cal Advocates argues that SCE is impermissibly recognizing actual expenses against revenues which are not yet realized according to the FASB Codification.[98] Therefore, Cal Advocates recommends the Commission disallow or defer recovery of the litigation cost amount in accordance with FASB ASC paragraph 450-30-25, which states that gain contingencies should not be reflected in financial statements.[99] Cal Advocates reasons that disallowance or deferral will

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[95] Defining a "contingency" as "an existing condition, situation, or set of circumstances involving uncertainty as to possible gain (gain contingency) or loss (loss contingency) to an entity that will ultimately be resolved when one or more future events occur or fail to occur." FASB ASC paragraph 450-10-20 (May 2021) https://asc.fasb.org.

[96] "A contingency that might result in a gain usually should not be reflected in the financial statements because to do so might be to recognize revenue before its realization." FASB ASC paragraph 450-30-25 (May 2021) https://asc.fasb.org.

[97] Exhibit Cal Advocates-01 at 5-11.

[98] Exhibit Cal Advocates-01 at 5-11.

[99] Exhibit Cal Advocates-01 at 5-11.

avoid burdening SCE's customers "with additional costs that SCE might not receive through settlement or be awarded through litigation."[100]

Alternatively, Cal Advocates evaluates SCE's litigation costs according to the Federal Electronic Code. According to Cal Advocates, SCE could record the litigation expense as a "prepaid expense," such as is typical of prepaid litigation costs, in its asset account and amortize the amount "when there are settlement refunds to cover or offset these prepaid expenses or the litigation closes without recovery such that SCE can recognize a loss," which would be consistent with the electronic code of federal regulations Uniform System of Accounts.[101]

After evaluating the litigation costs under both the FASB Codification and the Federal Electronic Code, Cal Advocates recommends the Commission classify SCE's $1.742 million costs as a "prepaid asset" using the Federal Electronic Code, and disallow or defer recovery of these costs until such time as the gain is known or can be reasonably estimated.[102] If settlement proceeds are not actualized, Cal Advocates argues the litigation costs should be written off as a loss rather than paid by ratepayers.[103]

In response, SCE argues that recovery of the $1.742 million cost in the Litigation Costs TA should be approved. According to SCE, the Commission granted SCE recovery of its "actual litigation costs" in the Litigation Costs TA in Resolution E-3894.[104]

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100 Cal Advocates Opening Brief at 10.

101 Exhibit Cal Advocates-01 at 5-13, *citing* electronic code of federal regulations Uniform System of Accounts, Title 18, Chapter 1, Subchapter c, Part 101, General Instructions Section 11.B.

102 Exhibit Cal Advocates-01 at 5-13.

103 Exhibit Cal Advocates-01 at 5-13.

104 SCE Opening Brief at 8.

SCE objects to the disallowance or deferral of the litigation costs as a "gain contingency" according to the FASB Codification because the benefit of its 2000-2001 Energy Crisis-related litigation is known, and therefore recovery is permissible. In testimony, SCE states it incurred $58.091 million in fees over a period of 2004 to 2019 to obtain a $923.756 million net refund for customers.[105] SCE also explains that it incurred litigation costs for "ongoing legal services that led to settlements in past periods and is expected to lead to the significant flow of money through the [Energy Settlements MA] in future periods."[106]

SCE also objects to the characterization of the 2019 Record Year litigation cost as a "prepaid expense" in accordance with the Federal Electronic Code since the expenses include costs for litigation services incurred during the 2019 Record Period. SCE distinguishes its litigation costs, where service was provided in 2019, from other prepaid expenses such as prepaid insurance, where payment is made in advance for a future period of insurance service.[107]

9.4.2. Discussion

We now turn to review SCE's litigation costs in the 2019 Record Period. We agree with Cal Advocates that litigation costs may be recovered when the litigation benefits are known or reasonably estimated according to the FASB Codification. In Resolution E-3894, the Commission allowed recovery of litigation costs for a known settlement amount of "$28.4 - $31.9 million, plus a separate allocation of $5.5 million to SCE through the Settling Claimants Escrow, for a total allocation of $33.9 - $37.4 million" for the two settlement agreements

[105] Exhibit SCE-06 at 16.

[106] Exhibit SCE-06 at 16.

[107] Exhibit SCE-06 at 15.

previously approved by the Commission. Outside of the known litigation costs for the settlement agreements, Resolution E-3894 states,

> Utility recovery of litigation fees or other costs of recovery should not be made until the actual funds are received from each settlement. As stated above, additional adjustments above the known settlement amounts approved by the FERC will be made at a later time. These additional amounts should be booked into the ESMA as received and should be reviewed under a subsequent ERRA proceeding.

SCE's currently incurred litigation costs are unrelated to the FERC jurisdictional litigation costs approved in Resolution E-3894, which SCE concluded in 2014. Some of the benefits for the remaining civil litigation are known. For example, SCE received a $71.9 million refund from settlements with the Connect Power Authority, Shell Energy, and Illinova, recorded in the Energy Settlements MA in the 2018 Record Year.[108] The Commission approved $2,042,942.10 in litigation costs for this period and noted that SCE received $1.38 million for reimbursement of litigation expenses from a settlement with the Bonneville Power Authority in 2018, which SCE "[planned] to credit to the Litigation Costs TA for future expenses SCE has yet to incur related to the final clearing of California Power Exchange and CAISO accounting relating to the California Energy Crisis."[109] In theory, SCE's 2019 litigation costs could be related to known benefits, such as the aforementioned credit discussed in the 2018 ERRA compliance proceeding. SCE, however, does not identify or establish what benefit its current litigation costs are related to or distinguish these costs from other pending civil litigation for which benefits are not yet known.

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[108] D.20-05-004 at 36.

[109] D.20-05-004 at 37.

SCE's showing is insufficient to distinguish its litigation costs related to litigation with known benefits from pending litigation with pending benefits. Therefore, the Commission defers approval of the $1.742 in litigation costs, which includes the associated interest, until SCE provides more information connecting its litigation costs to the associated benefits. In the 2019 Record Period, where no benefit is received in the Energy Settlements MA, SCE must provide sufficient evidence for the Commission to properly characterize the litigation costs and tie them to known or reasonably estimated litigation benefits.

Accordingly, we defer recovery of $1.742 million in litigation costs and associated interest in SCE's Litigation Costs TA, which SCE may seek in a future ERRA Record Year compliance review proceeding.

9.5. Local Capacity Requirement (LCR) Products BA

The LCR Products BA records the costs of resources procured through the LCR Request for Offers (RFO) for Western Los Angeles and the Moorpark Sub-Area. SCE provided the 2019 costs and expenses associated with the LCR RFOs.[110]

Cal Advocates proposes the Commission disallow the revenue requirement of an alleged duplicate invoice from 2018-2019 timeframe.[111] SCE maintains that Cal Advocates mistakenly confuses two invoices for the same amount, but associated with separate contracts, as a duplicate entry.[112] The total costs associated with these contracts is confidential, but upon review we find the invoices are for distinct contracts.

110 Exhibit SCE-02 at 93-94.

111 Cal Advocates Opening Brief at 10.

112 SCE Opening Brief at 11-12.

Disputes over two additional disallowance proposals asserted by Cal Advocates were resolved over the course of the proceeding. No other party protested SCE's accounting for the LCR Products BA. Upon review, we find SCE's entries in the LCR Products BA for 2019 appropriate, correctly stated and in compliance with applicable Commission decisions.

9.6. ERRA BA

The ERRA BA records the difference between the ERRA-related revenue requirement and SCE's recorded fuel costs and purchased power expenses.[113] In 2019, the ERRA BA was adjusted to record procurement-related costs for its bundled service customers only, with other departed load customer costs recorded through the Portfolio Allocation BA, with costs summarized on the table below.[114]

Table 9-4. Summary of the ERRA BA Entries in 2019

Description	**Amount (millions)**
Beginning Balance	$815.432
Commission Authorized Transfers	
• Energy Settlements MA (Jan.)	-$29.661
• Litigation Costs TA (Jan.)	$2.043
Significant Adjustments	
• Transfer Jan.-April (Apr.) 2019 Purchase Power Costs to Portfolio Allocation BA (May)	-$312.964
• Transfer Jan.-Apr. 2019 Imputed RA Revenues (May)	$97.247
• Transfer Jan.-Apr. 2019 Imputed REC Revenues (May)	$437.710
• Reclass Billed Revenue to Portfolio Allocation BA (Jun.)	$66.678
• Energy Crisis Credit Reclass to Portfolio Allocation BA (Jun.)	$42.271
• Energy Settlement MA 2018 Balance Transfer to Portfolio Allocation BA (Sep.)	$30.146

113 SCE-02 at 25.

114 D.18-10-019 at 161-162 (OPs 7-8); Exhibit SCE-02 at 26-28.

• Litigation Costs TA 2018 Balance Transfer to Portfolio Allocation BA (Sep.)	-$2.076
• Billed Revenue DA/CCA CTC (Sep.)	$6.256
• PCIA Jan.-May Revenue Reallocation to Portfolio Allocation BA (Sep.)	$7.797
• Tree Mortality Non-Bypassable Charge BA True-Up (Nov.)	$16.718
Total	$389.783
Other Entries/Adjustments	
• GHG Inventory Adjustment (Mar.)	$0.519
• GHG Physical Settlement Weighted Average Cost of Gas (March)	$0
• GHG Carrying Costs (Mar.)	-$0.014
• Interest on PCIA June Revenue Reallocation to Portfolio Allocation BA (Sep.)	-$0.152
• Disallowance of El Segundo 2017 Start-Up Costs (Dec.)	-$0.168
Total	$0.185
Revenues/Expenses	
• Revenue	$4,189.933
• Expenses	$2,975.670
Total	-$1,214.262
Interest	$13.857
Ending Balance	-$22.624

No parties protested or commented SCE's entries in the ERRA BA. This decision finds SCE's entries for 2019 in the ERRA BA appropriate, correctly stated and in compliance with Commission decisions.

9.7. Base Revenue Requirement BA

The Base Revenue Requirement BA records the difference between Base Revenue Requirement BA-related revenue and Commission-authorized base distribution and generation revenue requirements.[115] In 2019, the Commission modified the Base Revenue Requirement BA to move the GRC authorized revenue requirements associated with SCE's UOG from the Base Revenue

[115] Exhibit SCE-02 at 29.

Requirement BA to the Portfolio Allocation BA.[116] Therefore, the generation subaccount of the PABA only records the revenue requirements for non-OUG items.[117] The operation of the Base Revenue BA is summarized on the table below (in millions):[118]

Table 9-5. Summary of Base Revenue Requirement BA Entries in 2019

Description	**Amount (millions)**
Beginning Balance	-$521.542
Commission Authorized Transfers	
• 2018 Pension Costs BA Transfer (Jan.)	-$51.522
• 2018 Post-Employment Benefits Other than Pensions Costs BA Transfer (Jan.)	-$26.561
• 2018 Medical Programs BA Transfer (Jan.)	-$32.686
• 2018 Purchase Agreement Administrative Costs BA & Interest Transfer (Jan.)	-$0.037
• 2018 Demand Response Program BA & Interest Transfer (Jan./Oct.)	-$39.827
• 2018 Pole Loading BA Transfer (Jan.)	$162.892
• Catastrophic Event BA Transfer	$51.045
• 2018 Results Sharing/Short-Term Incentive Program Transfer (Mar./May)	-$20.932
• Electric Deferred Refund Account Transfer (Feb.)	-$7.935
• Hazardous Substance Cleanup & Litigation Cost BA Transfer (Sep.)	$2.239
• Aliso Canyon Demand Response Program BA Interest Transfer	-$0.042
• 2018 General Rate Case (GRC) Decision Transfers and True Up	-$424.594
• Transportation Electrification Portfolio BA Transfer	$3.890
• Mobilehome Park Master Meter BA Transfer	$19.895

[116] D.18-10-019 at 161-162 (OPs 7-8).

[117] Exhibit SCE-02 at 29; SCE AL 3914-E.

[118] Exhibit SCE-02 at 30-38.

• Purchase Agreement Administrative Costs BA 2017 Transfer • Charge Ready Program BA Transfer • Base Interruptible Program Aggregator Incentive Payment Total Commission Authorized Transfers	-$0.375 $3.353 $3.373 -$357.823
Other Entries and Adjustments • Demand Response Capacity and Demand Response Auction Mechanism • 21rst Century Energy Systems • Energy Service Provider Interface Award for 2016 and 2017 • Local Capacity Requirements Transfer • Non-Utility Credits • 2017 Tax Accounting MA Transfer • Four Corner Clean Air Act Mitigation Project • Tehachapi Storage Project Expense • External Regulatory Audit • Electric PUC Rate Charge Adjustment • Other Operating Revenues Adjustment Total Other Adjustments	 $8.561 $0.388 $10.574 $7.893 -$4.820 -$9.075 $0.800 $0.998 $0.343 $0.688 -$2.494 $13.858
Revenues/Revenue Collection • Revenues • Authorized Revenue Requirements Undercollection	 -$4,437.593 $4,985.345 $547.752
Interest	-$10.845
Ending Balance	-$328.600

No parties protested SCE's entries in the Base Revenue Requirement BA. Upon review, we find SCE's recorded entries in the Base Revenue Requirement BA for 2019 appropriate, correctly stated and in compliance with applicable Commission decisions.

9.8. Nuclear Decommissioning AM

The Nuclear Decommissioning AM tracks the costs and revenue associated with SCE's ownership share of SONGS and the Palo Verde Nuclear Generating

Station. In 2019, this mechanism recorded $19.958 million in revenues, $3.448 million in expenses and $0.608 million in earned interest.[119] In 2019, SCE transferred $34.770 million from the DOE Litigation MA to the Nuclear Decommissioning AM.[120]

No parties protested or commented on SCE's Nuclear Decommissioning AM. Upon review, we find SCE's recorded entries in the Nuclear Decommissioning AM appropriate, correctly stated and in compliance with applicable Commission decisions.

9.9. Public Purpose Programs AM

The Public Purpose Program AM records the difference between Public Purpose Program revenue and the amounts authorized by the Commission. This includes review of the 1) Electric Program Investment Charge (EPIC);[121] 2) energy efficiency programs, low-income energy efficiency and authorized CARE administration programs;[122] 3) statewide ME&O activities[123] and 4) intervenor compensation costs, as summarized in Table 9-6.[124]

Table 9-6. Public Purpose Programs Adjustment Mechanism Entries in 2019

Description	Amount (millions)
Beginning Balance	-$21.800
CARE Balancing Account Transfer	-$8.065
Statewide Marketing, Education and Outreach Balancing Account Transfer	-$0.046
Procurement Energy Efficiency BA Revenue and Interest Adjustment	-$3.552

119 Exhibit SCE-02 at 39.

120 Exhibit SCE-02 at 39.

121 D.12-05-037; SCE AL 2747-E.

122 D.16-11-022; D.06-12-038.

123 D.13-04-021; SCE AL 2896-E.

124 Exhibit SCE-02 at 40-43.

Self-Generation Authorized Revenue & Interest Adjustment	$9.353
San Joaquin Valley Disadvantaged Communities Authorized Revenue & Interest Adjustment	$2.077
Revenues	-$405.804
Authorized Program Expenses	**$351.487**
Conservation Incentive Adjustment	$79.432
Interest	-$1.132
Ending Balance	-$31.883

No parties protested or commented on the Public Purpose Programs AM. Upon review, we find SCE's recorded entries in the Public Purpose Programs AM appropriate, correctly stated and in compliance with applicable Commission decisions.

9.10. CARE BA

The CARE BA records the difference between 1) CARE discounts provided to customers and billed CARE surcharges, 2) authorized and actual CARE administrative costs, 3) costs of CARE automatic enrollment program, 4) costs of Energy Division's CARE BA audit, and 5) CARE BA-related revenues. SCE annually transfers the year-end balance of the CARE BA from the prior year to the Public Purpose Program AM.[125]

In 2019, SCE's costs and revenues associated with the CARE BA are summarized in Table 9-7:[126]

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125 D.06-12-038.

126 Exhibit SCE-02 at 45.

Table 9-7. Summary of CARE BA Entries for 2019

Description	Total (millions)
Beginning Balance (transferred to Public Purpose Program Adjustment Mechanism January 2019)	-$8.065
Subaccounts • CARE Surcharge • CARE-Discount • CARE Administrative Costs (Net) • Cooling Center Program Costs • System Program Costs Total	 -$375.436 $361.168 -$0.655 $0.029 $0.103 -$14.791
Interest	-$0.222
Ending Balance	**-$15.014**

No parties protested or commented on SCE's CARE BA. Upon review, we find SCE's recorded entries in the CARE BA appropriate, correctly stated and in compliance with applicable Commission decisions.

9.11. New System Generation BA

The New System Generation BA records the costs and benefits (including any associated non-bypassable charges) associated with long-term Power Purchase Agreements (PPAs) procured by the IOUs for load serving entities in the IOU's service territory.[127] The costs associated with the unbundled energy and capacity from the PPAs are allocated using the cost-allocation methodology (CAM). The Commission expanded the CAM to apportion SCE's peaker resources, for resource adequacy benefits, to all benefitting customers in D.09-03-031 and D.12-11-051.[128]

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[127] D.07-09-044 at 15 (OP 2).

[128] D.09-03-031; D.12-11-051.

In 2019, SCE recorded a total undercollection of $147.611 million in the New System Generation BA, which includes the sum of 1) collected revenues, 2) authorized revenue requirement, and 3) costs related to new generation, peaker CAM, CHP resources, and auction-related costs.[129] In addition, SCE recorded $0.741 million revenue in interest and a $12.368 million cost from the Aliso Canyon Energy Storage BA ending balance transfer.[130]

No party protested SCE's New System Generation BA. Upon review, we find SCE's 2019 entries in the New System Generation BA appropriate, correctly stated and in compliance with applicable Commission decisions.

9.12. Medical Programs BA

The Medical Programs BA records the difference between the GRC authorized cost recovery of health care plan expenses for SCE employees and their actual health care plan expenses.[131] In 2019, SCE's GRC-authorized funding for Medical Programs was $132.288 million, and its medical expenses were $124.682 million.[132]

No parties protested or commented on SCE's Medical Programs BA. Upon review, we find SCE's recorded entries in the Medical Programs BA appropriate, correctly stated and in compliance with applicable Commission decisions.

9.13. Pension Costs BA

The Pension Costs BA records the difference between the pension costs authorized by the Commission and SCE's annual pension costs. In 2019, SCE transferred a net overcollection of $51.522 million from 2018 to the Base Revenue

[129] Exhibit SCE-02 at 47.

[130] Exhibit SCE-02 at 47.

[131] Exhibit SCE-02 at 49-50; D.19-05-020; SCE AL 4012-E.

[132] Exhibit SCE-02 at 51.

Requirement BA.[133] SCE recorded an adjustment cost of $42.115 million for 2018, a $14,909 million cost adjustment for 2019, a decrease of $2.152 million from a 2019 pension cost true-up, and $0.054 million in associated interest.[134] SCE's total pension costs for 2019 was $3.882 million, including service costs, non-service costs, and SONGS service costs.[135]

No parties protested or commented on SCE's Pension Costs BA. Upon review, we find SCE's recorded entries in the Pension Costs BA appropriate, correctly stated and in compliance with applicable Commission decisions.

9.14. Post-Employment Benefits Other than Pensions BA

The Post-Employment Benefits Other than Pensions BA records the difference between the post-employment benefits other than pension costs and SCE's annual costs for these benefits. In 2019, SCE adjusted the balance of this account by $38.465 million, which included the following: 1) transfer of $26.561 million from 2018 to the Base Revenue Requirement BA, 2) recording of a $37.449 million true-up of the 2018 recorded revenue requirement and expenses to amounts authorized in the 2018 GRC, 3) an adjustment of $12.409 million to true-up the 2019 recorded revenue requirement as authorized in SCE's 2018 GRC and 4) $0.054 million revenue from interest.[136] SCE's total expense for post-employment benefits other than pensions was an overcollection of

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133 Exhibit SCE-02 at 59.

134 Exhibit SCE-02 at 59.

135 Exhibit SCE-02 at 59.

136 Exhibit SCE-02 at 62.

$6.380 million, including service costs, non-service costs, and SONGS service costs.[137]

No parties protested or commented on SCE's Post-Employment Benefits Other than Pensions BA. Upon review, we find SCE's recorded entries in the Post-Employment Benefits Other than Pensions BA appropriate, correctly stated and in compliance with applicable Commission decisions.

9.15. Short-Term Incentive Program MA

The Short-Term Incentive Program MA[138] records the difference between the authorized amount and actual costs of SCE's Results Sharing Plan, which is an annual short-term incentive plan paid to SCE's employees.[139] SCE authorized $54.949 million in results sharing to its employees in 2019, which matched its costs as adjusted.[140]

No parties opposed or commented on SCE's Short-Term Incentive Program MA. Upon review, we find SCE's recorded entries in the Short-Term Incentive Program MA for 2019 appropriate, correctly stated and in compliance with applicable Commission decisions.

9.16. Statewide ME&O BA

The Statewide ME&O BA records the difference between the Commission authorized budget for statewide ME&O activities for energy efficiency and demand response programs, as collected through the Public Purpose Programs Charge.[141] SCE's expenses are incurred by DBB Worldwide Communications

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137 Exhibit SCE-02 at 62-66.

138 The Results Sharing Program MA was renamed the Short-Term Incentive Program MA in the 2018 Test Year GRC Decision.

139 Exhibit SCE-02 at 66-67.

140 Exhibit SCE-02 at 68.

141 D.16-09-020.

Group, Incorporated (DDB), which is the third-party designated to administer and implement the Statewide ME&O program. In 2019, SCE's portion of DDB's Statewide ME&O expenses consisted of $1.764 million for demand response programs and $6.738 million for energy efficiency programs.[142]

No parties opposed or commented on SCE's Statewide ME&O BA. Upon review, we find SCE's recorded 2019 entries in the Statewide ME&O BA appropriate, correctly stated and in compliance with applicable Commission decisions.

9.17. Charge Ready Program BA

The Charge Ready Program BA records costs associated with SCE's implementation of the Phase I Charge Ready Program, Market Education Programs and non-labor O&M. The Commission approved a budget of $22 million for the program and required review of the Charge Ready Program BA in SCE's ERRA.[143]

The Energy Division approved SCE 2017 Charge Ready Program Phase I revenue requirement[144] and 2018 Charge Ready Program Phase I requirement.[145] In 2019, SCE incurred a net of $3.353 million revenue requirement for the Charge Ready Program.[146]

No parties protested or commented on SCE's Charge Ready Program BA. Upon review, we find SCE's recorded entries in the Charge Ready Program BA

[142] Exhibit SCE-02 at 73-75.

[143] D.16-01-023.

[144] SCE AL 3502-E.

[145] SCE AL 3709-E

[146] Exhibit SCE-02 at 81-84.

appropriate, correctly stated and in compliance with applicable Commission decisions.

9.18. Green Tariff ME&O MA, Enhanced Community Renewables ME&O MA and Green Tariff Shared Renewables Administrative Costs MA

The Green Tariff Shared Renewables program consists of both a Green Tariff option (which allows customers to purchase energy with a greater share of renewables) and the Enhanced Community Renewables option (which allows customers to purchase renewable energy from community-based projects). The costs for ME&O are recorded in separate accounts for the Green Tariff option (Green Tariff ME&O MA) and the Enhanced Community Renewables option (Enhanced Community Renewables ME&O MA).[147] In 2018, SCE recorded $0.036 million in net revenue, $0.002 million in total incremental cost and $0.008 million in interest in the Green Tariff ME&O MA.[148] SCE recorded no revenue, no costs and $0.001 million in interest in the Enhanced Community Renewables ME&O MA.[149] In 2019, SCE had a total of 1,039 accounts in the Community Renewable and Green Rate program.[150]

The Green Tariff Shared Renewable Administrative Costs MA records the difference between costs and revenues collected through the Green Tariff Shared Renewables Administrative Charge and administrative costs SCE incurred to

[147] Exhibit SCE-02 at 84-86.

[148] Exhibit SCE-02 at 88.

[149] Exhibit SCE-02 at 88.

[150] Exhibit SCE-02 at 89.

operate the program.[151] In 2019, SCE collected $0.004 million in revenue from the administrative charge and incurred an expense of $0.032 million.[152]

No parties protested or commented on SCE's Green Tariff ME&O MA, Enhanced Community Renewables ME&O MA or Green Tariff Shared Renewables Administrative Costs MA. Upon review, we find the entries in these three accounts correctly stated and in compliance with applicable Commission decisions.

9.19. Green Tariff Shared Renewables BA

The Green Tariff Shared Renewables BA records the difference between the costs and revenues collected for the Green Tariff Shared Renewables-commodity resources, used for both the Green Rate option and the Community Renewables option of the Green Shared Tariff Renewables program. In 2019, SCE recorded a net revenue of $0.504 million from customers and net expenses of $0.554 million.[153]

No parties protested or commented on SCE's Green Tariff Shared Renewables BA. Upon review, this decision finds the entries in the Green Tariff Shared Renewables BA for Record Year 2019 appropriate, correctly stated and in compliance with applicable Commission decisions.

9.20. Transportation Electrification Program BA

The Transportation Electrification Program BA records O&M and capital-related revenue requirements associated with five transportation electrification projects approved by the Commission in D.18-01-024, totaling

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151 Exhibit SCE-02 at 90-91.

152 Exhibit SCE-02 at 91.

153 Exhibit SCE-02 at 90.

$16.063 million, and an additional $617,800 for evaluating the projects.[154] In 2019, SCE recorded $3.850 million in total costs, including $3.640 million in O&M costs, $0.130 million in labor loaders, $0.085 million in capital-related revenue requirement and $0.040 million in interest.[155]

A dispute between the Public Advocates Office and SCE related to the Transportation Electrification Program BA was resolved during the course of this proceeding. Upon review, we find the entries in SCE's Transportation Electrification Program BA appropriate, correctly stated and in compliance with applicable Commission decisions.

9.21. Aliso Canyon Energy Storage BA

The Aliso Canyon Energy Storage BA records the revenue requirements and recovery costs four energy storage systems procured by SCE, for energy reliability purposes, in response to the January 2016 proclamation of a state of emergency due to the Aliso Canyon Natural Gas Storage Facility well failure.[156] Two energy storage facilities are located at the Mira Loma substation in Ontario, California, one is located at SCE's Norwalk peaker generating station, and one is located at SCE's Rancho Cucamonga peaker generating station.[157]

During 2019, SCE recorded a total revenue requirement of $12.369 million, which consisted of $1.202 million in O&M expenses and $11.025 million in a capital-related revenue requirement.[158]

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[154] D.18-01-024; SCE AL 3734-E.

[155] Exhibit SCE-02 at 100.

[156] D.18-06-009; AL 3822-E.

[157] D.18-06-009.

[158] Exhibit SCE-02 at 106-109.

No parties protested or commented on SCE's Aliso Canyon Energy Storage BA. Upon review, we find the entries in SCE's Aliso Canyon Energy Storage BA for Record Year 2019 appropriate, correctly stated and in compliance with applicable Commission decisions.

9.22. Clean Energy Optimization Pilot BA

The Clean Energy Optimization Pilot BA records the costs associated with the Clean Energy Optimization Pilot and the funds transferred from the GHG Revenue BA.[159] In 2019, SCE's recorded costs for the pilot were $0.088 million.[160]

No parties protested or commented on the Clean Energy Optimization Pilot BA. Upon review, we find the entries in SCE's Clean Energy Optimization Pilot BA for Record Year 2019 appropriate, correctly stated and in compliance with applicable Commission decisions.

9.23. Community Solar Green Tariff BA

The Community Solar Green Tariff BA records the costs and available funding[161] for operating the Community Solar Green Tariff program.[162] During 2019, SCE recorded $0.095 million for ME&O activities, including market research and development of an online enrollment and eligibility tool.[163]

No parties protested or commented on SCE's Community Solar Green Tariff BA. Upon review, we find the entries in SCE's Community Solar Green Tariff BA for Record Year 2019 appropriate, correctly stated and in compliance with applicable Commission decisions.

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159 D.19-04-010; AL 3997-E.

160 Exhibit SCE-02 at 110-111.

161 Available funding comes from either the GHG allowance revenues or the Public Purpose Programs, when GHG allowance revenue is not available.

162 D.18-06-027; Resolution E-4999.

163 Exhibit SCE-02 at 113.

9.24. DAC - Green Tariff BA

The DAC Green Tariff BA records the costs and available funding[164] for operating the Community Solar Green Tariff program.[165] During 2019, SCE recorded $0.095 million for ME&O activities, including market research and development of an online enrollment and eligibility tool for both Green Tariff programs.[166]

No parties protested or commented on SCE's DAC–Green Tariff BA. Upon review, we find the entries in SCE's DAC- Green Tariff BA in Record Year 2019 appropriate, correctly stated and in compliance with applicable Commission decisions.

9.25. DAC – Single-Family Affordable Solar Homes BA

The DAC–Single-Family Affordable Solar Homes BA records the costs and available funding[167] for operating the Community Solar Green Tariff program. In 2019, SCE transferred $4.6 million in GHG revenue to this account, and recorded an O&M cost of $0.817 million, and revenue of $0.091 million in interest.[168] The program was administered by Grid Alternatives through a contract with SCE.[169]

No parties protested or commented on SCE's DAC Single Family Affordable Homes BA. Upon review, we find the entries in SCE's DAC Single

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[164] Available funding comes from either the greenhouse gas (GHG) allowance revenues or the Public Purpose Programs, when GHG allowance revenue is not available.

[165] D.18-06-027; SCE AL 3841-E; SCE AL 3841-E-A; SCE AL 3841-E-B.

[166] Exhibit SCE-02 at 115.

[167] Available funding comes from either the GHG allowance revenues or the Public Purpose Programs, when GHG allowance revenue is not available.

[168] Exhibit SCE-02 at 119.

[169] Exhibit SCE-02 at 119.

Family Affordable Homes BA for Record Year 2019 appropriate, correctly stated and in compliance with applicable Commission decisions.

9.26. DAC Single-Family Affordable Solar Homes MA

The DAC–Single-Family Affordable Solar Homes MA records the startup costs prior of the DAC Single Family Affordable Solar Homes program.[170] SCE recorded all other costs subsequent to the program's startup phase in the corresponding balancing account, see section 9.25 above.

SCE requests the Commission 1) find the costs recorded in the DAC Solar on Multifamily Homes MA reasonable, 2) authorize the transfer of the balance to the DAC SASH BA, and 3) eliminate, effective January 1, 2021, the DAC SASH MA and Preliminary Statement N.22 from its tariffs.[171]

No parties protested or commented on SCE's DAC Single-Family Affordable Solar Homes MA. Upon review, we find the entries in this balancing account reasonable and authorize the transfer of the balance to the DAC SASH BA. We also authorize SCE to eliminate the DAC SASH MA and Preliminary Statement N.22 from its tariffs, effective January 1, 2021.

9.27. Portfolio Allocation BA

The Portfolio Allocation BA[172] is a new[173] two-way balancing account that records the "above-market" costs of all generation resources that are eligible for

[170] D.18-06-027 at 103 (OP 10).

[171] Exhibit SCE-02 at 123.

[172] The Portfolio Allocation BA has the following sub-accounts: CTC-Eligible, One-Time Refunds and Costs, Legacy Utility-Owned Generation, 2004-2009, individual subaccounts for each calendar year after 2009, and a subaccount that records the CDWR Energy Credit revenue distributed to departing load customers.

[173] While the Portfolio Allocation BA has an effective date of January 1, 2019, the Commission approved establishment of the balancing account in May 2019. As a result, several transfers into the fund from other accounts occurred in May 2019. (Exhibit SCE-02 at 125.)

cost recovery through the Competition Transition Charge (CTC) and the Power Charge Indifference Adjustment (PCIA).[174] Prior to establishment of the Portfolio Allocation BA, the authorized revenue requirement for the PCIA was recorded in the Generation subaccount of the Base Revenue Requirement BA.[175]

SCE's 20219 Portfolio Allocation BA charges for Record Year 2019 are summarized in the table below.

Table 9-8. Summary of SCE's 2019 Record Year Costs and Adjustments in the Portfolio Allocation BA.[176]

Description	Amount (Millions)
Adjusted Beginning Balance	-$410.913
Revenues – Bundled and Departing Load	-$630.675
Expenses • UOG Expenses • Contract Expenses	 $117.934 $1,932.257
Resource Revenues • CAISO Market • Generation Revenue • Imputed RA Revenues • Imputed REC Revenues • Common & Indirect Costs & Revenues	 -$645.038 -$40.808 -$228.336 $123.801 $0.225
Interest	$2.886
2018 Base Revenue Requirement BA Transfer	-$144.063
Ending Balance	$537.490

No parties protested or commented on SCE's Portfolio Allocation BA. Upon review, we find SCE's recorded entries in the Portfolio Allocation BA for

174 D.18-10-019; D.19-10-001; SCE AL 3914-E.

175 Exhibit SCE-02 at 128.

176 Exhibit SCE-02 at 126.

Record Year 2019 appropriate, correctly stated and in compliance with applicable Commission decisions.

9.28. Tree Mortality Non-Bypassable Charge BA

The Tree-Mortality Non-Bypassable Charge BA records the costs and revenues associated with SCE's tree mortality contracts.[177] For 2019, SCE recorded a total ending balance of $71.075 million in the Tree Mortality Non-Bypassable Charge BA, consisting of the following: 1) a cost of $9.983 million balance transfer of 2017 expenses from the BioRAM MA, 2) a cost of $10.597 million balance transfer of 2018 expenses from the BioRAM MA, 3) a cost $30.867 million transfer of the balance of 2017-2018 expenses from the BioMass MA, 4) a cost of $7.372 million adjustment in Jan-April 2019 Tree Mortality Non-Bypassable Charge/BioRAM & BioMass and Interest, 5) revenue of $16.718 million from REC valuation true-up, and 6) a cost of $0.974 in interest.[178] SCE recorded no customer revenue from the Tree Mortality Non-Bypassable Charge in 2019 as this charge was not implemented in rates until 2020.[179]

No parties protested or commented on SCE's Tree Mortality Non-Bypassable Charge BA. Upon review, we find SCE's recorded entries in the Tree Mortality Non-Bypassable Charge BA for Record Year 2019 appropriate, correctly stated and in compliance with applicable Commission decisions.

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[177] Exhibit SCE-02 at 133.

[178] Exhibit SCE-02 at 134.

[179] Exhibit SCE-02 at 154.

9.29. Pole Loading and Deteriorated Pole Programs BA

SCE's capital-related revenue requirement for the Pole Loading Program (PLP) and Deteriorated Pole Program (Det Pole) is recorded in the Pole Loading and Deteriorated Pole Program BA.[180] The PLP is an 11 year program, starting in January 2014 and continuing until 2024, to identify and repair or replace poles that do not meet General Order (GO) 95, or other safety and loading, requirements.[181] The Det Pole's purpose is to identify and replace poles that fail the Intrusive Pole Inspection required by GO 165.[182]

SCE's PLP and Det Pole program revenue requirement is summarized in Table 9-9, below.

Table 9-9. Summary of PLP and Det Pole Program BA Entries in 2019[183]

Description	**Amount (millions)**
Adjusted Beginning Balance	-$68.390
Authorized Revenue Requirement	-$165.081
Total Recorded Revenue Requirement • PLP O&M Expenses • Total Capital Related Revenue Requirement	$243.773 • $25.875 • $217.898
Interest	$0.254
Ending Balance transferred to BRRBA distribution subaccount	**$10.557**

180 Exhibit SCE-02 at 154.

181 Exhibit SCE-02 at 154.

182 Exhibit SCE-02 at 154.

183 Exhibit SCE-02 at 156.

In SCE's 2018 Test-Year GRC, the Commission approved a 2018 Test Year revenue requirement of $186.066 million, $28.106 million in O&M expenses and $348.330 million in capital expenditures.[184]

No parties commented on SCE's proposed recovery of costs in this account. We reviewed the Pole Loading and Deteriorated Pole Programs BA 2019 expenses and find they are appropriate, correctly stated and in compliance with applicable Commission decisions.

9.30. Department of Energy Litigation MA

The DOE Litigation MA records the balance of costs recovered from litigation against the DOE for failure to take spent nuclear fuel from SONGS, for permanent storage in a federal depository, under SCE's contract with the DOE pursuant to the Nuclear Waste Policy Act of 1982.[185] SCE recorded no activity in the DOELMA during the 2019 Record Period. Nevertheless, the DOE Litigation MA was an ongoing topic of dispute between Cal Advocates and SCE,[186] which will be resolved herein.

Cal Advocates argues that SCE should have recorded an interest income in the amount of $1,675,508.69 million to SCE's ratepayers in its 2019 Record Period pursuant to D.20-05-004.[187]

In response, SCE states its complied with D.20-05-004 by recording the interest income amount in June 2020. Since D.20-05-004 was not issued until May 2020, SCE argues it was unable to record the amount until after the decision

[184] SCE AL 4136-E, January 1, 2020 (approving revisions to the tariff for the PLP and Det Pole Programs BA); D.19-12-056; D.19-05-020 at 94.

[185] D.20-05-004 at 33.

[186] SCE Opening Brief at 7-8.

[187] Cal Advocates Reply Brief at 12.

issued, therefore there was no amount to record during the 2019 Record Period. SCE states that it filed supplemental testimony in this proceeding related to the transfer of these funds in June 2020. According to SCE, the issue is therefore moot.[188]

Upon review, we find it reasonable for SCE to record the interest amount in 2020 for review in the 2020 ERRA Compliance Review proceeding (A.21-04-001), as SCE recorded the interest in response to D.20-05-004 under the accrual method of accounting. We can see no harm to SCE's customers from the delayed recording of the interest amount in 2020. Therefore, we modify our direction in D.20-05-004[189] to reflect that this interest income of $1,675,508.69 may be recorded in the 2020 Record Year for Commission review in SCE's 2020 Record Year compliance application. We also find SCE's entries in the DOE Litigation MA reasonable, accurate, and correctly stated for the 2019 Record Year.

10. CAISO-Related Costs

SCE indicates it incurred approximately $1,979 million in CAISO-related costs, including 1) $48.8.9 million in grid management and other operating charges, 2) $1,920.6 million in net costs of market-related expenses and revenues, 3) $4.7 million FERC fees, and 4) $4.5 million in transmission loss charges to deliver Los Angeles Department of Power and Water (LADPW) returned energy.[190] LADPW reimburses SCE for real-time transmission losses by scheduling return energy to SCE.[191]

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[188] SCE Opening Brief at 15.

[189] *See* D.20-05-004 at 34.

[190] Exhibit SCE-02 at 16-20.

[191] Exhibit SCE-02 at 20.

No parties commented on SCE's CAISO-related costs. We reviewed SCE's testimony on CAISO-related costs incurred during the 2019 record period and conclude they were reasonable, accurate and in compliance with Commission decisions.

11. GHG Compliance Instrument Procurement

Each month, SCE incurs GHG compliance obligations due to emissions from SCE-owned and contracted resources.[192] The recorded cost of surrendering GHG compliance instruments is the weighted average cost of the compliance instruments in dollars per metric tons of carbon dioxide equivalent ($/mtCO$_{2e}$), as calculated in the GHG inventory account, multiplied by the emissions in mtCO$_{2e}$.[193] The weighted average cost (WAC) is an estimate which approximates the expense of the compliance instrument at the time the compliance obligation is incurred. The cost estimate is later refined when there is final settlement with the California Air Resources Board (ARB) or the tolling partner.[194]

SCE applied the weighted average cost methodology to record total GHG expenses for 2019, which SCE provided in confidential versions of its testimony and briefs.[195] SCE did not sell any purchased emissions allowances or incur any other inventory costs in 2019.[196] SCE also did not set or receive any free emissions allowances other than those separately reported in the GHG Revenue BA, which was reviewed in SCE's ERRA forecast application.[197]

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[192] Exhibit SCE-02 at 169.

[193] D.19-04-016.

[194] Exhibit SCE-02 at 169-170.

[195] SCE's Opening Brief at 22 (Confidential).

[196] Exhibit SCE-02 at 172.

[197] Exhibit SCE-02 at 172.

In its briefs, Cal Advocates says it is premature to make any recommendation regarding SCE's GHG accounting until SCE's petition for modification (PFM) of D.15-01-024, requesting modification of the WAC of GHG compliance instruments methodology (WAC methodology) is approved by the Commission, which will then render the issue moot.[198]

On May 6, 2021, the Commission issued D.21-05-004 approving SCE's PFM. Since SCE's 2019 compliance costs were recorded in a manner consistent with the proposed PFM and the PFM was approved, we deem Cal Advocates' objection moot. Upon review, we also find SCE's GHG accounting for compliance instruments reasonable, accurate, and in compliance with Commission orders.

12. Public Comments

On May 1, 2021, the Commission revised its Rules of Practice and Procedure to formally incorporate public participation into the Commission's decision-making process. Pursuant to Rule 1.18(a) of the Commission's Rules of Practice and Procedure, all written public comments submitted in a proceeding that is received prior to the submission of the record will be entered into the administrative record of that proceeding. Pursuant to Rule 1.18(b), relevant written comment submitted in a proceeding will be summarized in the final decision issued in the proceeding.

Prior to the submission of the record in this proceeding on January 29, 2021, 17 public comments were entered into the administrative record in this proceeding and are available for review in the public comments tab of the docket card for this proceeding. The public comments all appear to be

[198] Cal Advocates Reply Brief at 13.

submitted by customers in SCE's service area. The public comments uniformly oppose further rate increases requested, including the $16.065 million revenue requirement requested by SCE in this application. No parties to this proceeding responded to, or cited, any public comment in their submissions to the Commission, as allowed by newly adopted Rule 1.18(b). As the public comments were general and consistent with public comments routinely submitted in SCE's ERRA applications, no further party comment was requested in the course of this proceeding pursuant to Rule 1.18(d).

13. Change in Determination of Need for Hearing

Given that no hearings were held in the current proceeding, we change our preliminary and Scoping Memo determination regarding hearings to reflect that hearings were not necessary.

14. Request to File Under Seal and Other Procedural Matters

We next consider outstanding motions for confidential treatment of parties' briefs. SCE and Cal Advocates submitted public and confidential versions of their opening briefs on January 8, 2021. SCE submitted public and confidential versions of their reply brief on January 29, 2021. Pursuant to Rule 11.5 and D.06-06-066, SCE and Cal Advocates each filed a motion requesting that the confidential portions of their opening briefs be filed under seal. The information referenced in the motion to file under seal and the information contained in the opening briefs filed under seal constitute commercially sensitive material and include information that falls under the "ARB Confidential" and "Confidential" categories in the Confidentiality Matrix.

We grant confidential treatment of and seal (as detailed in the ordering paragraphs herein) confidential portions of SCE and Cal Advocates' opening briefs and SCE's reply brief. The documents placed under seal shall remain under seal for the applicable period of time set forth in the Confidentiality Matrix in D.14-10-033 and GO 66 D.

In addition, all rulings by the assigned Commissioner and assigned ALJ are affirmed herein. All motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ, are denied.

15. Compliance with the Authority Granted Herein

In order to implement the authority granted herein, SCE must file a Tier 1 Advice Letter within 30 days of the issuance date of this decision.

16. Comments on Proposed Decision

The proposed decision of ALJ Kline in this matter was mailed to the parties in accordance with Section 311 of the Pub. Util. Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on ______________ by _____________, and reply comments were filed on ____________ by _____________.

17. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and Zita Kline is the assigned ALJ in this proceeding.

Findings of Fact

1. SCE's net generation for its hydroelectric resources in the 2019 Record Year was 4,308,160 MWh, which is 121% of the 20-year average, largely due to higher-than-average water runoff.

2. SCE's four largest hydroelectric units experienced 45 scheduled outages and four unscheduled outages.

3. The peakers generated a total of 72,583 MWh and consumed 790,263 MMBtu of natural gas at a cost of $4.0 million during the 2019 Record Period.

4. The peakers incurred 78 scheduled outages, 16 of which exceeded 24 hours during the 2019 Record Period.

5. During the 2019 Record Period, the Mountainview Generating Station provided 3,006,260 MWh of power, at a total cost of $106.3 million for fuel.

6. The Mountainview Generating Station experienced four scheduled outages, zero planned outage extensions, one maintenance outage, and 37 forced outages during the 2019 Record Year.

7. SCE purchased 51,913 barrels of ultra-low sulfur #2 red-dyed diesel fuel, at a cost of $6.685 million, and 818,869 gallons of propane, at a cost of $1.277 million, to power Catalina Island during the 2019 Record Year.

8. SCE's solar projects operated at a 12.6% capacity factor during the 2019 Record Year and produced 70,110 MWh of AC generation.

9. SCE's fuel cells had a total annual electric output of 10,568,795 kWh, consumed 97,878 MMBtu of natural gas at a cost of $0.62 million in the 2019 Record Year.

10. SCE's share of the PVNGS produced a net generation of 5,023 GWh at an overall expense of $36.3 million, equivalent to $7.23/MWh during the 2019 Record Year.

11. During the 2019 Record Year, the Tehachapi Storage Project generated $1.105 million in total revenue and $0.484 million in ongoing O&M costs.

12. The Tehachapi Storage Project experienced 29 outages during the 2019 Record Year.

13. SCE provided testimony detailing 24 new contracts and 155 contract amendments or modifications during the 2019 Record Year.

14. SCE terminated, or allowed to expire, 72 of its contracts during the 2019 Record Year.

15. SCE managed 14 force majeure contract claims and 12 contract disputes for reasons other than force majeure during the 2019 Record Period.

16. SCE recorded $15.579 million in the Residential Rate Implementation MA during the 2019 Record Year.

17. SCE recorded $0.257 million in the Building Benchmarking Data MA during the 2019 Record Year.

18. SCE recorded a $0.048 million revenue requirement in the Power Charge Indifference Adjustment MA during the 2019 Record Year.

19. SCE requests to close the DAC Single-family Affordable Solar Homes MA and eliminate Preliminary Statement N.22 from its tariffs because the startup costs are complete and ongoing costs will be recorded in the DAC Single-family Affordable Solar Homes BA.

20. SCE recorded $1,675,508.69 of interest income in the DOE Litigation MA in June 2020, in response to the issuance of D.20-05-004 in May 2020.

21. SCE requests that the confidential version of its opening brief be filed under seal pursuant to Rule 11.4.

22. Cal Advocates requests that the confidential version of its opening brief be filed under seal pursuant to Rule 11.4.

23. We have granted similar request for confidential treatment in the past.

Conclusions of Law

1. SCE achieved least-cost dispatch of its energy resources and economically-triggered demand response programs pursuant to SOC 4.

2. Cal Advocates' request for an independent evaluator report of SCE's least cost dispatch practices should be denied.

3. SCE prudently administered, managed, and dispatched its Utility Retained Generation Facilities in the 2019 Record Year.

4. Cal Advocates' request for a Commission order for SCE to submit a subject matter expert's report assessing HRSG tube damage at the Mountainview Generating Station and providing recommendations for possible enhancements to SCE's current maintenance practices should be denied.

5. SCE operated its solar photovoltaic, fuel cell, nuclear generation, and energy storage resources as a reasonable manager in the 2019 Record Year.

6. SCE reasonably and prudently managed and administered its contracts in the 2019 Record Year.

7. A revenue requirement of $15.579 million in the Residential Rate Implementation MA for the 2019 Record Year is reasonable.

8. A revenue requirement of $0.257 million in the Building Benchmarking Data MA during the 2019 Record Year is reasonable.

9. A revenue requirement of $0.048 million in the PCIA MA during the 2019 Record Year is reasonable.

10. The DAC Single-family Affordable Solar Homes MA should be closed and Preliminary Statement N.22 eliminated from SCE's tariffs.

11. The accounts offered by SCE for review in A.20-04-002 are appropriate, correctly stated and in compliance with prior Commission decisions, with the exception of the Litigation Costs TA.

12. SCE's litigation costs of $1.726 million plus associated interest, as recorded in the Litigation Costs TA for Record Year 2019, should be deferred to the next applicable ERRA compliance proceeding.

13. The Commission should modify its direction on page 34 of D.20-05-004 as follows, "Upon consideration, this decision directs SCE to include the DOE Litigation MA interest amount in its 2020 ERRA compliance application for review."

14. SCE's administrative cost entries for its GHG Compliance Instrument procurement are reasonable and accurate.

15. SCE's request for confidential treatment of unredacted versions of its opening brief should be granted pursuant to Rule 11.5, GO 66-D and D.14-10-033.

16. Cal Advocates' request for confidential treatment of unredacted versions of its opening brief should be granted pursuant to Rule 11.5, GO 66-D and D.14-10-033.

17. All rulings of the assigned Commissioner and assigned ALJ should be affirmed.

18. A.20-04-002 should remain open to consider Phase II issues related to Public Safety Power Shutoff events which occurred during the 2019 Record Year.

O R D E R

IT IS ORDERED that:

1. Application 20-04-002 is approved consistent with the ordering paragraphs below.

2. Southern California Edison Company is authorized to collect a $16.065 million net revenue requirement in SCE's 2019 rate levels associated with the following costs: 1) $15.579 million in the Residential Rate Implementation Memorandum Account (MA), 2) $0.257 million in the Building Benchmarking Data MA, and 3) $0.048 million in the Power Charge Indifference Adjustment MA.

3. Southern California Edison Company shall defer recovery of $1.726 million in litigation costs, and associated interest, in the Litigation Costs Tracking Account.

4. Southern California Edison Company is authorized to close the Disadvantaged Communities Single-family Affordable Solar Home Memorandum Account and eliminate Preliminary Statement N.22 from its tariffs.

5. The language on page 34 of Decision 20-05-004 is modified to allow Southern California Edison Company to record the interest income of $1,675,508.69 in the 2020 Energy Resource Recovery Account compliance application, and shall state “"Upon consideration, this decision directs SCE to include the [Department of Energy] Litigation [Memorandum Account] interest amount in its 2020 [Energy Resource Recovery Account] compliance application for review."

6. Southern California Edison Company’s (SCE) request to treat as confidential its opening brief 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 SCE 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.

7. Public Advocates Office of the California Public Utilities Commission’s (Cal Advocates) request to treat as confidential its opening brief 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 Cal Advocates 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.

8. No later than 30 days from the issuance of this decision, Southern California Edison Company shall file a Tier 1 Advice Letter to implement the authority granted herein. The tariff sheets filed in the Advice Letter shall be effective on, or after, the date filed, subject to the Commission's Energy Division determining the tariff sheets comply with this decision.

9. The determination that hearings are necessary is changed to no hearings needed.

10. All rulings by the assigned Commissioner and assigned Administrative Law Judge are affirmed.

11. Application 20-04-002 remains open to consider issues in the second phase of this proceeding.

This order is effective today.

Dated ______________________, at San Francisco, California.

APPENDIX A

Acronym List

Acronym	Description
%	Percent
¢/kWh	Cents per kilowatt-hour
$/mtCO$_{2e}$	Dollars per metric tons of carbon dioxide equivalent
A	Application
AC	Alternating Current
ALJ	Administrative Law Judge
AM	Adjustment Mechanism
ARB	California Air Resources Board
BA	Balancing Account
CAISO	California Independent System Operator
Cal Advocates	The Public Advocates Office of the California Public Utilities Commission
CAM	Cost-Allocation Mechanism
CARE	California Alternative Rates for Energy
CCA	Community Choice Aggregation
CDWR	California Department of Water and Resources
CHP	Combined Heat and Power
CPA	Clean Power Alliance of Southern California
D	Decision
DAC	Disadvantaged Community
DDB	DDB Worldwide Communications Group, Incorporated
Det Pole	Deteriorated Pole Program
DC	Direct Current
DLAP	Day-Ahead Default Load Aggregation Point
DOE	Department of Energy
DRAM	Demand Response Auction Mechanism
ED	Energy Division

EE	Energy Efficiency
ERRA	Energy Resource Recovery Account
F&PP	Fuel and Purchased Power
FERC	Federal Energy Regulatory Commission
GHG	Greenhouse Gas
GO	General Order
GRC	General Rate Case
GWh	Gigawatt Hours
HSRG	Heat Recovery System Generator
IOU	Investor-Owned Utility
kV	Kilovolt
kWh	Kilowatt-hour
LADPW	Los Angeles Department of Power and Water
LCR	Local Capacity Requirement
MA	Memorandum Account
MAPE	Mean Average Percentage Error
ME&O	Marketing Education and Outreach
MMBtu	Million British thermal units
MW	Megawatts
MWh	Megawatt Hours
O&M	Operations and Maintenance
PLP	Pole Loading Program
PPA	Power Purchase Agreement
PVNGS	Palo Verde Nuclear Generating Station
QF	Qualified Facilities
RFO	Request for Offers
RPS	Renewable Portfolio Standard
SCE	Southern California Edison
SOC 4	Standard of Conduct Number Four
SONGS	San Onofre Generating Station

TA	Tracking Account
TOU	Time of Use

(END OF APPENDIX A)