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March 17, 2023

Agenda ID #21441
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 23-01-020:

This is the proposed decision of Administrative Law Judge Shannon O'Rourke. It will appear on the Commission's April 6, 2023 agenda. The Commission may act then, or it may postpone action until later.

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

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

Comments must be filed pursuant to Rule 1.13 electronically. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic copies of comments should be sent to ALJ O'Rourke at sr6@cpuc.ca.gov and the assigned Commissioner. The current service list for this proceeding is available on the Commission's website at www.cpuc.ca.gov.

/s/ MICHELLE COOKE

Michelle Cooke

Acting Chief Administrative Law Judge

MLC:jnf
Attachment

Decision PROPOSED DECISION OF ALJ O'ROURKE (Mailed 3/17/2023)**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company (U338E) Regarding Energy Resource Recovery Account Trigger Mechanism; Expedited Treatment Requested.

Application 23-01-020

DECISION APPROVING THE ENERGY RESOURCE RECOVERY ACCOUNT TRIGGER APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY**Summary**

This decision approves the application of Southern California Edison Company (SCE) to recover in bundled service customer generation rates an amount up to \$595.615 million to address an undercollection in its Energy Resource Recovery Account (ERRA) Balancing Account. SCE is granted authority to decline to place some or all of the increase into rates if its forecast, at the time it submits its implementing Advice Letter, reasonably demonstrates that it will not need some or all of the increase in order to bring its ERRA Trigger Balance within the prescribed ERRA Trigger Mechanism thresholds. This decision also approves SCE's proposal to amortize the revenue recovery, if needed, over 12 months beginning June 1, 2023. Bundled customer rates would increase by 4.4 percent during that period if the full authorized \$595.615 million is recovered.

This proceeding is closed.

1. Background

1.1. Policy Background

Pursuant to Assembly Bill (AB) 57 (Stats. 2002, Ch. 835), the Commission established the Energy Resource Recovery Account (ERRA) Balancing Account (BA) in 2002 to record the investor-owned utilities' (IOU) fuel and purchased power (F&PP) revenues against actual recorded costs, excluding revenues collected for the California Department of Water Resources.¹ AB 57 also mandated a rate adjustment to promptly amortize any overcollection or undercollection to ensure that an electrical IOU's power procurement balancing accounts do not exceed the AB 57 threshold amount of five percent of the electrical IOU's actual recorded generation revenues for the prior calendar year, effective until January 1, 2006, and as deemed appropriate by the Commission consistent with the objectives of Public Utilities (Pub. Util.) Code Section 454.5(d)(3) thereafter.²

Decision (D.) 02-10-062, which implemented AB 57, requires an electrical IOU to file an expedited application when its ERRA BA balance exceeds four percent of the prior year's recorded revenue requirement (Trigger Point) and is expected to exceed five percent of the prior year's recorded revenue requirement (AB 57 Threshold) in order to promote the timely recovery of an IOU's procurement costs for undercollections or facilitate reimbursement to ratepayers for overcollections (ERRA trigger mechanism).³

In D.06-06-051, the Commission modified SCE's ERRA trigger mechanism to allow SCE to file an Advice Letter when its ERRA BA balance exceeded the

¹ Pub. Util. Code Section 454.5(d)(3), enacted by AB 57.

² *Ibid.*

³ D.02-10-062 at 64-66.

four percent trigger point, if SCE did not propose to change rates and if it expected the ERRA BA balance exceedance to go below the Trigger Point within 120 days.⁴ SCE was still required to file an expedited application when its ERRA BA balance exceeded the Trigger Point and rate changes were necessary to amortize the balance.⁵ SCE was required to monitor its ERRA BA balance on a frequent basis and timely file expedited ERRA trigger applications.⁶ In D.19-12-001, the Commission clarified that SCE should file an expedited trigger application if SCE could not reasonably determine that the ERRA BA balance would self-correct within 120 days.

Prior to the Commission's modification of its Power Charge Indifference Adjustment (PCIA) methodology in D.18-10-019, SCE recorded the majority of its procurement revenue requirement in the ERRA BA and calculated the PCIA as an estimated value using market price benchmarks.⁷ In D.18-10-019, the Commission adopted a methodology to true-up above-market power procurement costs and established the Portfolio Allocation Balancing Account (PABA) to record above market procurement costs for bundled and departed load customers by vintage.⁸ Effective January 1, 2020, SCE started recording the costs of short-term market purchases for bundled service customers in the ERRA BA, while recording long-term fixed-price contract costs and utility-owned generation costs for bundled and departed load customers in the

⁴ D.06-06-051 at 10 (Ordering Paragraph (OP) 3).

⁵ *Ibid.* (OP 5).

⁶ *Id.* at 9 (OP 2).

⁷ Procurement costs of Green Tariff Shared Renewables (GTSR) were recorded in the GTSR BA for bundled customers. Procurement costs for New System Generation (NSG) resources were recorded in the NSG BA.

⁸ D.18-10-019 OP 7.

PABA.⁹ As a result, SCE evaluates its Trigger Point and AB 57 Threshold amount using both the ERRA BA balance and the bundled customer portion of its procurement-related revenue balance recorded in the PABA.

D.22-08-023 requires that affordability metrics be included in any initial filing or proceeding with a revenue increase estimated to exceed one percent of currently authorized revenues systemwide for a single fuel.¹⁰

The Commission has jurisdiction to review an IOU ERRA trigger application pursuant to Pub. Util. Code Section 454.5(d)(3).

1.2. SCE 2023 Trigger Application Background

On September 30, 2022, SCE filed an ERRA Trigger Application due to its ERRA Trigger Balance exceeding the ERRA Trigger Point in August 2022. The Commission subsequently adopted D.22-12-012, granting SCE authority to recover its ERRA Trigger-related revenue requirement through a rate change on January 1, 2023 and directing SCE to base the rate change on recorded amounts through November 2022 and an estimated amount for December 2022.

When adjusted to account for the undercollection SCE was authorized to recover in rates with the January 1, 2023 rate change, SCE's December 2022 ERRA Trigger Balance was \$444.156 million, which represents 8.77 percent of recorded 2021 generation revenues.¹¹

On January 31, 2023, SCE filed expedited application (A.) 23-01-020 notifying the Commission that it exceeded its ERRA Trigger Point and AB 57 Threshold amount on December 31, 2022 and requesting to increase bundled service customer generation rates on June 1, 2023, to recover a revenue

⁹ SCE Advice Letter 3914-E.

¹⁰ D.22-08-023 at OP 5.

¹¹ Exhibit SCE-01 at 10, Table III-1.

requirement amount up to \$595.615 million, which represents SCE's forecast ERRA Trigger Balance through April 30, 2023 (120 days after ERRA Trigger Point exceedance). \$595.615 million represents a potential total average rate increase for SCE bundled service customers of approximately 4.4 percent.¹² SCE also requests authority to decline to place some or all of the increase into rates if not needed to bring the ERRA Trigger Balance below the ERRA Trigger Point.

1.3. Procedural Background

On February 2, 2023, the assigned Administrative Law Judge's (ALJ) ruling set a prehearing conference (PHC) for February 15, 2023, and shortened the protest and reply period for the application.

On February 9, 2023, the Clean Power Alliance of Southern California, the California Choice Energy Authority, and Central Coast Community Energy (collectively the "SoCal CCAs") filed a timely joint response.

On February 10, 2023, SCE filed a timely reply to SoCal CCAs' response.

A PHC was held on February 15, 2023 to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary.

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) made an oral motion for party status at the PHC, which was granted.

On February 21, 2023, The Utility Reform Network (TURN) filed a motion for party status, which was granted on February 24, 2023.

The Assigned Commissioner's Scoping Memo and Ruling was issued on February 24, 2023.

¹² *Id.* at 16, Table IV-3.

On March 9, 2023, SCE and SoCal CCAs filed motions to enter testimony into evidence and SCE filed a motion for confidential treatment of exhibits admitted into evidence. On March 15, 2023, an ALJ ruling admitted SCE's and SoCal CCAs' exhibits into evidence, granted confidential treatment of exhibits admitted into evidence, and submitted the record for the proceeding.

On March 16, 2023, the Commission adopted an ALJ Resolution that established the preliminary categorization of ratesetting for this proceeding.

2. Issues Before the Commission

The issues to be determined or otherwise considered are:

1. Whether SCE complied with the law and Commission orders, including D.02-10-062, D.04-12-048, D.06-06-051, D.19-12-001, and D.22-08-023 in addressing the undercollection;
2. Whether the ERRA trigger point-related balance exceeded the trigger point, and whether it was likely that the balance would self-correct within 120 days of the trigger point balance exceedance;
3. The causes of the undercollection (excluding reasonableness review or compliance with SCE's bundled procurement plan);
4. Whether SCE should be authorized to increase bundled service customers' generation rates on June 1, 2023, by an amount up to \$595.615 million;
5. Whether SCE should be authorized, as part of its implementing advice letter, to decline to place some or all of the increase into rates if its forecast at the time reasonably demonstrates that it will not need some or all of the increase to bring its ERRA Trigger Balance within the prescribed ERRA Trigger Mechanism thresholds;
6. The appropriate amortization period of the ERRA Balancing Account balance, if any;
7. The impact on rates of the undercollection recovery; and

8. Whether the proposed allocation of the undercollection among customers for the rate adjustment is reasonable.

3. Discussion

3.1. ERRR Trigger Mechanism Filing Requirements

SCE's ERRR Trigger Point for 2022 is \$202.471 million and its AB 57 Threshold amount is \$253.088 million, based on recorded 2021 generation revenues.¹³ At the time SCE filed its ERRR trigger mechanism application, it had not yet submitted its annual April 1 Advice Letter to update its 2023 ERRR Trigger Point and Threshold. SCE states that based on 2022 recorded generation revenues, its 2023 Trigger Point will be \$216.067 million and the AB 57 Threshold amount will be \$270.084 million.¹⁴ SCE's ERRR trigger balance of \$444.156 million, recorded on December 31, 2022, exceeded its 2022 ERRR Trigger Point. SCE's forecast ERRR trigger-related balance was not expected to self-correct within 120 days of exceedance of the Trigger Point.

SCE is required to file an expedited Trigger application within 30 days of exceeding its ERRR Trigger Point when the balance is not expected to self-correct within 120 days.¹⁵ SCE exceeded its ERRR Trigger Point on December 31, 2022. SCE filed its ERRR trigger mechanism application on January 31, 2023, which was 31 days from December 31, 2022. Although SCE filed its application one day after the required 30-day deadline, there has been no showing of harm or prejudice to any party by that one day tardiness.

¹³ SCE Advice Letter 4729-E.

¹⁴ SCE Application at 10.

¹⁵ D.19-12-001 at OP 5.

3.2. Components of SCE's Trigger Application

The Commission's latitude and range of review of ERRA trigger applications are prescribed by Pub. Util. Code Section 454.5(d)(3). This is reflected in the review process the Commission established in D.02-10-062, which details the components of an ERRA trigger application, requiring:

a projected account balance in 60 days or more from the date of filing depending on when the balance will reach the five percent threshold. The application will also propose an amortization period for the five percent of not less than 90 days to ensure timely recovery of the projected ERRA balance. It should also include allocation of the over- and undercollection among customers for rate adjustment based on existing allocation methodology recognized by the Commission.¹⁶

When reviewing a trigger application, the Commission must confirm the accuracy of SCE's estimates and confirm that those estimates meet the AB 57 Threshold amount within the timeframes established by law in order to approve the application. Where a rate increase is required to correct an undercollected revenue requirement, the Commission conducts a step-by-step review of the request in order to take into account the interests of SCE, its ratepayers and the protestants. The step-by-step review of SCE's trigger application includes the following: (1) the accuracy of the ERRA trigger-related balance request and requirement to meet the AB 57 Threshold amount; (2) causes of the undercollection; (3) the amortization period of the undercollection; (4) the rate impact of including the undercollection in SCE's rates; and (5) allocation of the undercollection among SCE's customers.

¹⁶ D.02-10-062 at 65-66.

3.2.1. Accuracy of the ERRA Trigger Application and Requirement to Meet the Trigger Point and AB 57 Threshold Amount

SCE's ERRA Trigger balance increased to \$444.156 million as of December 31, 2022, as shown in Table 3-1.

Table 3-1.
SCE Recorded Values for ERRA Trigger Balance Calculation^{17 18}

Month	Adjusted ERRA Balance (millions)	Bundled Share of Adjusted PABA Balance (millions)	Trigger Balance (millions)	Trigger as % of Generation Revenue
August 2022	\$88.859	\$156.834	\$245.694	4.85%
September 2022	\$619.128	\$26.090	\$645.218	12.75%
October 2022	\$670.300	\$53.194	\$723.494	14.29%
November 2022	\$801.015	\$52.760	\$853.775	16.87%
December 2022 ¹⁹	\$585.159	-\$141.003	\$444.156	8.77%

SCE forecast an ERRA Trigger Balance for the 120 days following Trigger Point exceedance in order to determine whether the undercollection would self-correct, as shown in Table 3-2 below. SCE also provided a forecast out to 180 days, at which point SCE forecast the ERRA Trigger Balance would be under the Trigger Threshold.

¹⁷ Exhibit SCE-01 at 10, Table III-1.

¹⁸ Undercollections are reflected as positive balances and percentages and overcollections are reflected as negative balances and percentages.

¹⁹ December 2022 values are "adjusted" values to represent Trigger Balances after accounting for the undercollection SCE was authorized to put into rates on January 1, 2023 pursuant to D.22-12-022, as discussed in Section 1.2 of this decision.

Table 3-2.
SCE Forecast Values for ERRa Trigger Balance Calculation²⁰

Month	Adjusted ERRa Balance (millions)	Bundled Share of Adjusted PABA Balance (millions)	Trigger Balance (millions)	Trigger as % of Generation Revenue
January 2023	\$508.397	\$309.586	\$817.987	16.16%
February 2023	\$719.141	\$214.827	\$933.968	18.45%
March 2023	\$663.834	\$141.921	\$805.755	15.92%
April 2023	\$560.214	\$35.401	\$595.615	11.77%
May 2023	\$404.084	-\$51.246	\$352.837	6.97%
June 2023	\$209.318	-\$96.896	\$112.422	2.22%

As noted in Section 3.1, at the time SCE filed its ERRa trigger mechanism application, it had not yet submitted its annual April 1 Advice Letter to update its 2023 ERRa Trigger Point and AB 57 Threshold amount. Therefore, SCE’s forecast, as represented in Table 3-2, is based on its 2022 ERRa Trigger Point amount of \$202.471 million and its 2022 AB 57 Threshold amount of \$253.088 million. SCE submitted Tier 2 Advice Letter 4974-E to the Commission’s Energy Division on February 24, 2023, proposing updated ERRa Trigger Point and AB 57 Threshold amounts for 2023 of \$216.067 million and \$270.084 million, respectively. At the time of issuance of this Proposed Decision, the Advice Letter was still pending disposition. The requested effective date of the pending Advice Letter is March 27, 2023.

For informational purposes, in Table 3-3 below, we update the “Trigger as % of Generation Revenue” column to reflect what the forecast ERRa Trigger Balance would be using SCE’s proposed 2023 Trigger Point of \$216.067 million

²⁰ Exhibit SCE-01 at 14, Table III-2.

and AB 57 Threshold of \$270.084 million. Under both forecasts, the Trigger Balances are not projected to self-correct within 120 days of the date that the ERRA Trigger Points are exceeded.

Table 3-3.
Forecast Values for ERRA Trigger Balance Calculation Using
Proposed 2023 Trigger Point and AB 57 Threshold

Month	Adjusted ERRA Balance (millions)	Bundled Share of Adjusted PABA Balance (millions)	Trigger Balance (millions)	Trigger as % of Generation Revenue
January 2023	\$508.397	\$309.586	\$817.987	15.14%
February 2023	\$719.141	\$214.827	\$933.968	17.29%
March 2023	\$663.834	\$141.921	\$805.755	14.92%
April 2023	\$560.214	\$35.401	\$595.615	11.03%
May 2023	\$404.084	-\$51.246	\$352.837	6.53%
June 2023	\$209.318	-\$96.896	\$112.422	2.08%

The Commission is satisfied that parties were provided sufficient time to review the ERRA BA and PABA balances for inaccuracies. While the shortened timeframe imposed by statutes (combined with the uncertainties generally inherent in energy forecasting) create challenges for all parties in the ERRA process, parties have had the opportunity to review the ERRA BA and PABA balances. Therefore, the Commission finds that SCE first exceeded the four percent trigger point as of December 31, 2022, and the ERRA Trigger Balance was not expected to self-correct within 120 days.

3.2.2. Causes of the ERRA Trigger-Related Undercollection

SCE is required to explain the cause of any undercollection in its ERRA trigger application.

As described in Section 1.2 of this decision, SCE filed an ERRA trigger application on September 30, 2022, and the Commission subsequently, in D.22-12-012, granted SCE authority to recover its ERRA Trigger-related revenue requirement through a rate change on January 1, 2023. In that decision, the Commission directed SCE to base the January rate change on recorded amounts through November 2022 and an estimated amount for December 2022. The difference between the amount SCE was authorized to recover in rates on January 1, 2023, and the actual recorded amount resulted in an ERRA Trigger Balance of \$444.156 million.

SCE states that the driver of the undercollection was significantly higher wholesale power and natural gas prices in December 2022 relative to what was forecast.²¹ It explains that actual costs for December 2022 were approximately 115 percent higher than forecast.²² This was driven by wholesale power and gas prices that were on average 389 percent and 338 percent higher than forecast.²³ SCE explains that the higher than forecast prices in December can be attributed to a constrained hedging market, historically low levels of natural gas storage, maintenance on the El Paso pipeline that further constrained supply, and historically high price volatility in the western United States.²⁴ SCE further explains that differences between forecast and actual power prices impact the ERRA BA most directly because the majority of costs eligible for recovery in the

²¹ *Id.* at 11.

²² *Ibid.*

²³ *Ibid.*

²⁴ *Id.* at 12-13.

ERRA BA are market-price sensitive, as the ERRA BA is primarily used to record short-term market costs procured on behalf of bundled customers.²⁵

SCE notes the PABA was also impacted, as higher market revenues from increased power prices reduced the amount of above-market costs that record to the PABA, but the increased market revenues were somewhat offset by increases in variable costs caused by higher than forecast levels of dispatch from PABA-eligible resources and higher gas prices.²⁶

We find SCE's explanation of the causes for its ERRA Trigger Point exceedance on December 31, 2022 reasonable.

3.2.3. Amortization Period for Undercollection

The Commission requires an ERRA trigger mechanism application to propose an amortization period for the ERRA balance over- or undercollection of not less than 90 days to ensure timely recovery of the projected ERRA balance. SCE proposes to collect the undercollection over a 12-month period beginning June 1, 2023.²⁷ We find that the 12-month recovery period is reasonable as it complies with Commission requirements and promotes timely recovery of the ERRA balance undercollection.

3.2.4. Rate Impact and Allocation of Undercollection

SCE forecasts an undercollection of \$595.615 million as of April 30, 2023, (120 days from Trigger Point exceedance) and proposes to recover up to that

²⁵ *Id.* at 11.

²⁶ *Ibid.*

²⁷ *Id.* at 16.

amount beginning on June 1, 2023, over a 12-month period from bundled customers.²⁸

SCE requests flexibility to recover less than the full \$595.615 million, because it believes that its ERRA Trigger Balance may fall below the ERRA Trigger Point and AB 57 Threshold amount within 180 days based on market forward pricing, but cannot be certain of that outcome due to the market volatility that was seen in late 2022 and early 2023.²⁹ Based on this, SCE requests authority to decline to place some or all of the \$595.615 million increase into rates if its projections reasonably demonstrate it will not need some or all of the increase to bring the ERRA Trigger Balance below the ERRA Trigger Point.³⁰

Specifically, SCE proposes to submit a Tier 1 Advice Letter on or before May 15, 2023, to include an ERRA Trigger Balance revenue requirement for the June 1, 2023 rate change that would be the lesser of (1) \$595.615 million or (2) an amount that allows SCE to maintain its ERRA Trigger Balance within the prescribed ERRA Trigger Mechanism thresholds.³¹ SCE contends the proposed approach and flexibility are reasonable and prudent in light of the recent volatility and in order to protect customers.³²

If SCE's requested relief is granted, SCE projects the total average rate impacts for bundled customers, if the full \$595.615 million is put into rates, to be a rate increase of approximately 4.4 percent.³³ The forecast rate increase was also

²⁸ *Ibid.*

²⁹ *Id.* at 1.

³⁰ *Id.* at 2.

³¹ *Id.* at 18.

³² *Id.* at 2.

³³ *Id.* at 16, Table IV-3.

reflected in the affordability metrics SCE provided in compliance with D.22-08-023.

SCE notes that these forecast rate impacts could be significantly lower and potentially zero depending on market conditions through spring and its ERRA Trigger Balance at the time it must finalize its revenue requirement for the June 1, 2023 rate change.³⁴

**Table 3-3.
SCE Projected Rate Impact for Bundled Customers**

Customer Group	Proposed Increase (cents per kilowatt hour)	% Increase
Residential	1.25	4.0%
Lighting - Small and Medium Power	1.20	4.3%
Large Power	.99	5.1%
Agricultural and Pumping	1.06	4.5%
Street and Area Lighting	.71	2.2%
Standby	.96	5.7%
Total	1.14	4.4%

We find it reasonable to grant SCE the authority to decline to place some or all of the forecast \$595.615 million into rates, if at the time it submits its implementing Advice Letter, its forecast reasonably demonstrates that SCE will not need some or all of the increase to bring its ERRA Trigger Balance within the prescribed ERRA Trigger Mechanism thresholds. Granting this flexibility is reasonable in light of the recent market volatility and is in the best interest of customers, as it will decrease the likelihood of rate volatility.

Therefore, SCE shall submit a Tier 1 Advice Letter on or before May 15, 2023, to include an ERRA Trigger Balance revenue requirement for a June 1, 2023 rate change that would be the lesser of (1) \$595.615 million or (2) an

³⁴ *Id.* at 16.

amount that allows SCE to maintain its ERRA Trigger Balance within the prescribed ERRA Trigger Mechanism thresholds.

As part of the Tier 1 Advice Letter, SCE shall, at a minimum, provide analysis to demonstrate that the amount requested is needed to bring its ERRA Trigger Balance within the prescribed ERRA Trigger Mechanism thresholds. SCE shall base its analysis on recorded data through April 30, 2023, and market forward data from the first week of May 2023. SCE's implementing Advice Letter shall also provide the next 120 days of forecast balances for the ERRA BA and the PABA.

4. Reduction of Comment Period and Party Comments

The proposed decision of ALJ Shannon O'Rourke in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311 and comments were allowed under Rule 14.3. Pursuant to Rule 14.6(b), all parties stipulated to reduce the 30-day public review and comment period required by Pub. Util. Code Section 311 to seven days for opening comments and 10 days for reply comments. _____ filed opening comments on _____; _____ filed reply comments on _____.

5. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Shannon O'Rourke is the assigned ALJ in this proceeding.

Findings of Fact

1. SCE's ERRA trigger balance of \$444.156 million, recorded on December 31, 2022, exceeded its four percent ERRA Trigger Point.
2. SCE's forecast ERRA balance was not expected to self-correct below the AB 57 Threshold amount within 120 days of SCE's Trigger Point exceedance.

3. SCE forecasts an ERRA balance of \$595.615 million 120 days out from the date of its ERRA Trigger Point exceedance.

4. SCE exceeded its ERRA Trigger Point on December 31, 2022. SCE filed its ERRA trigger mechanism application on January 31, 2023, which was 31 days from December 31, 2022.

5. The driver of the undercollection resulting in SCE's ERRA Trigger Point exceedance was significantly higher wholesale power and natural gas prices in December 2022 relative to what was forecast.

6. SCE proposes a 12-month amortization period for the ERRA balance undercollection beginning June 1, 2023.

7. SCE forecasts that its ERRA Trigger Balance may fall below the ERRA Trigger Point and AB 57 Threshold amount within 180 days of its Trigger Point exceedance.

8. It is reasonable in light of the recent market volatility, and is in the best interest of customers, to authorize SCE to decline to place some or all of the forecast \$595.615 million increase into rates, if at the time it submits its implementing Advice Letter, its forecast reasonably demonstrates that it will not need some or all of the increase to bring its ERRA Trigger Balance within the prescribed ERRA Trigger Mechanism thresholds.

Conclusions of Law

1. Although SCE filed its application one day after the required 30-day deadline, there has been no showing of harm or prejudice to any party by the one day tardiness.

2. SCE substantially complied with the Commission's requirements to timely file an expedited trigger application following its ERRA Trigger Point and AB 57

Threshold amount exceedance on December 31, 2022, when SCE could not determine that its ERRA balance would self-correct within 120 days.

3. SCE should be authorized to amortize up to \$595.615 million in bundled customer generation rates beginning June 1, 2023, over a 12-month period and should submit a Tier 1 Advice Letter on or before May 15, 2023, to implement this rate change.

4. SCE should be authorized to decline to place some or all of the forecast \$595.615 million increase into rates, if at the time it submits its implementing Advice Letter, its forecast reasonably demonstrates that it will not need some or all of the increase to bring its ERRA Trigger Balance within the prescribed ERRA Trigger Mechanism thresholds.

5. SCE should provide analysis to support the amount requested for recovery as part of its implementing Advice Letter.

6. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. Application 23-01-020, Southern California Edison Company's expedited Energy Resource Recovery Account trigger mechanism application, is approved.

2. Southern California Edison Company is authorized to increase bundled service customer generation rates on June 1, 2023, by an amount up to \$595.615 million to maintain the utility's Energy Resource Recovery Account (ERRA) Trigger Balance within the ERRA Trigger Mechanism thresholds.

3. Southern California Edison Company (SCE) shall submit a Tier 1 Advice Letter on or before May 15, 2023, to include an Energy Resource Recovery Account (ERRA) Trigger Balance revenue requirement for a June 1, 2023 rate change that would be the lesser of (1) \$595.615 million or (2) an amount that

allows SCE to maintain its ERRA Trigger Balance within the prescribed ERRA Trigger Mechanism thresholds.

4. Southern California Edison Company (SCE), as part of its implementing Advice Letter, shall, at a minimum, provide analysis to demonstrate that the amount requested is needed to bring its Energy Resource Recovery Account (ERRA) Trigger Balance within the prescribed ERRA Trigger Mechanism thresholds. SCE shall base its analysis on recorded data through April 30, 2023, and market forward data from the first week of May 2023. SCE's implementing Advice Letter shall also provide the next 120 days of forecast balances for the ERRA Balancing Account and the Portfolio Allocation Balancing Account.

5. Application 23-01-020 is closed.

This order is effective today.

Dated _____, at San Francisco, California.