

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



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Company (U 338-E) For Authority To Increase  
Its Authorized Revenues For Electric Service In  
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Increase In Rates.

Application No. 23-05-010  
(Filed May 12, 2023)

**PROTEST OF COMMUNITY LEGAL SERVICES**

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June 14, 2023

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**I. INTRODUCTION**

Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“CPUC” or “Commission”), Community Legal Services (“CommLegal”) hereby protests the 2025 General Rate Case Application of Southern California Edison Company (“SCE”) filed May 12, 2023.<sup>1</sup> The Application first appeared on the Commission’s Daily Calendar on May 15, 2023. Thus, this protest is timely.

CommLegal is a 501(c)(3) non-profit that advocates on behalf of ratepayers and underserved communities before regulatory bodies. CommLegal has years of experience intervening in CPUC proceedings, engaging with community-based and faith-based organizations that serve marginalized communities, and researching academic studies and regulatory reports on the impact of utility activities on vulnerable consumers. CommLegal has represented ratepayers in numerous cases before the CPUC including A.22-05-015/016 (Sempra 2024 GRC), A.22-04-016 (PGE CSO Closures), A.21-10-010 (PGE EVC2), A.21-06-021 (PGE 2023 GRC), R.20-09-001 (Broadband for All), R.20-08-021 (CA Advanced Services Fund), R.18-12-006 (DRIVE), and R.18-07-006 (Affordability) among others.

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<sup>1</sup> A.23-05-010, *Application Of Southern California Edison Company (U 338-E) For Authority To Increase Its Authorized Revenues For Electric Service In 2025, Among Other Things, And To Reflect That Increase In Rates.*, (05/12/2023) (“Application”).

## II. BURDEN OF PROOF AND GROUNDS FOR THE PROTEST

Pursuant to California Public Utilities Code Section 451, the Commission is responsible for ensuring that “All charges demanded or received by any public utility ... shall be just and reasonable. Every unjust or unreasonable charge demanded or received for such product or commodity or service is unlawful.”<sup>2</sup> Prior Commission decisions affirm that

the Commission’s mandate is specific and requires a balancing of interests to authorize rate recovery only for those just and reasonable costs necessary for safe and reliable service. This requires a hard look at each proposed expense, including whether it is necessary during the coming rate cycle and is appropriately calculated.<sup>3</sup>

In order to prove that all costs meet this standard of being both just and reasonable as well as necessary for safe and reliable service, CPUC Section 454 places the full burden on the utilities, stating that “a public utility shall not change any rate... except upon a showing before the commission and a finding by the commission that the new rate is justified.” The Commission has consistently held that “SCE has the burden of affirmatively establishing the reasonableness of all aspects of its application... Other parties do not have the burden of proving the unreasonableness of SCE’s showing.”<sup>4</sup> Therefore, it is incumbent upon SCE to provide sufficient evidence to justify each proposed expense in their rate request. Intervenors are not required to produce evidence to prove that utility requests are *unreasonable* or to provide *more* reasonable alternatives – instead the Commission must reject any and all utility requests that are not sufficiently justified by the utility.

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<sup>2</sup> Public Utilities Code Section 451.

<sup>3</sup> D.12-11-051, *Decision On Test Year 2012 General Rate Case For Southern California Edison Company*, (12/10/2012) at 9 (emphasis added).

<sup>4</sup> D.12-11-051 at 8 (emphasis added). See Also D.09-03-025, *Alternate Decision of President Peevey On Test Year 2009 General Rate Case for Southern California Edison Company*, (03/17/2009) at 8; D.14-08-032, *Decision Authorizing Pacific Gas And Electric Company’s General Rate Case Revenue Requirement For 2014-2016*, (8/20/2014) at 17.

One essential step in proving that requested expenses are reasonable is for the utility to demonstrate that they have appropriately considered other alternatives and selected cost-effective options. “The burden is on SCE to not only establish that the proposed work activities are necessary, but also that SCE has prudently examined alternatives before coming to ratepayers to fund the chosen action. The Commission reviews SCE’s showing to ensure that SCE is addressing the work in a cost-effective manner.”<sup>5</sup> If intervenors recommend reasonable alternatives to SCE’s requests, SCE must demonstrate that they have examined and considered such alternatives in order to justify their own proposals.

In this proceeding, SCE requests massive rate increases which must have proportionately substantial evidence in order to be justified. To assist the Commission in conducting a thorough evaluation of SCE’s GRC proposal, CommLegal has conducted an initial review of the Application, and identified the issues of concern discussed below. Given the voluminous amount of information in these filings, the limited time to submit protests, and the possibility that new information and circumstances may affect the utility’s forecast, the following is not an exhaustive list, and CommLegal may identify other concerns following additional review, discovery, and analysis.

### **III. ISSUES TO BE CONSIDERED**

#### **A. SCE’s Continual Revenue Requirement Increases Inflict Unreasonable Hardships On Ratepayers**

Over consecutive GRC applications, SCE has been excessively growing its base revenue requirement (BRR). For 2009, SCE implemented a BRR of \$4.829 billion which was a **28.8%** increase over the prior 2006 BRR<sup>6</sup>. For 2012, SCE grew their BRR to \$5.671 billion, an

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<sup>5</sup> D.12-11-051 at 16 (emphasis added).

<sup>6</sup> D.09-03-025 at 2.

additional **17.44%** increase over 2009<sup>7</sup>. For 2015, the Commission restrained SCE to a relatively small 8% reduction in BRR, but at the same time SCE received increases for 2016 and 2017 so that “the cumulative adopted effect on rates by 2017” still resulted in an overall *increase* of 0.54%<sup>8</sup>. Again for 2018, the Commission contained SCE’s BRR with a small decrease to \$5.117 billion<sup>9</sup>, but allowed a 6.6% increase for 2019 and 7.5% increase for 2020, resulting in an overall increase of 13.1%.<sup>10</sup> Most recently for 2021, SCE’s BRR ballooned to \$6.899 billion<sup>11</sup>, a staggering **34.8%** increase over 2018.

Now in this Application for 2025, SCE seeks an enormous increase to their already bloated base revenue requirement. For test year 2025, SCE seeks a \$10.267 billion BRR<sup>12</sup>, a **48.9% increase** over their 2021 BRR. In addition, SCE also wants significant post-test year increases of \$619 million in 2026, \$664 million in 2027, and \$705 million in 2028.<sup>13</sup> These requested increases would result in an astounding **\$12.253 billion** BRR by 2028 (see Table 1 below).

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<sup>7</sup> D.12-11-051 at 3.

<sup>8</sup> D.15-11-021, *Decision On Test Year 2015 General Rate Case For Southern California Edison Company*, (11/12/2015) at 2.

<sup>9</sup> D.19-05-020, *Decision On Test Year 2018 General Rate Case For Southern California Edison Company*, (05/16/2019) at 2.

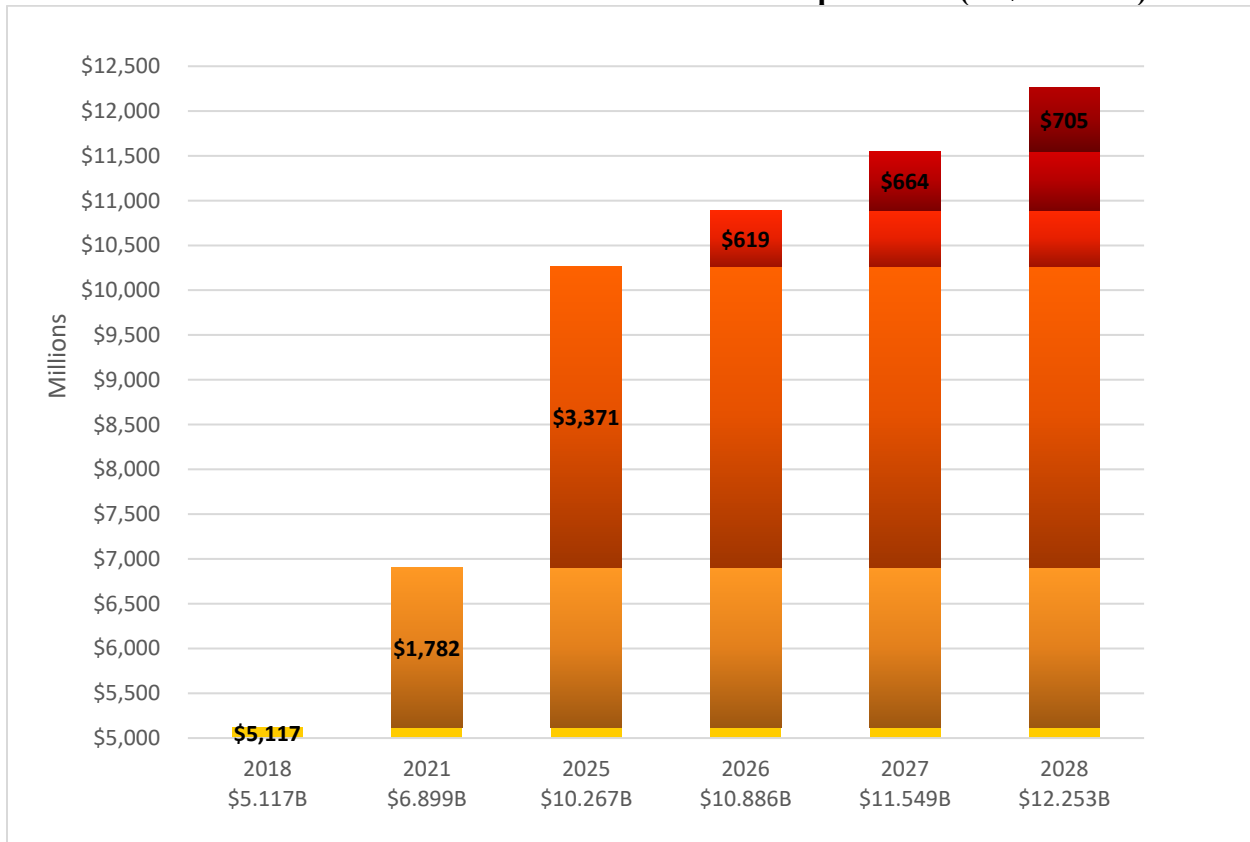
<sup>10</sup>  $\$5.117\text{b} + \$335\text{m} + \$410\text{m} = \$5.862\text{b} / (\$5.182\text{b } 2015 \text{ BRR}) = 1.131$

<sup>11</sup> D.21-08-036, *Decision On Test Year 2021 General Rate Case For Southern California Edison Company*, (8/20/2021) at 2.

<sup>12</sup> Application at 6.

<sup>13</sup> Application at 7, Table 1, line 12.

**Table 1: Growth in SCE’s Base Revenue Requirement (in \$ millions)**



Sources: D.19-05-020, D.21-08-036, A.23-05-010

By 2028, SCE’s massive requested increases would result in an *additional \$9.1 billion* paid by SCE’s customers on top of their already unbearably expensive utility bills (see Table 2).

**Table 2: Cumulative Additional Charges from SCE’s Request**

2025	2026	2027	2028	Totals
\$3,371m	\$3,371m	\$3,371m	\$3,371m	\$5.217B
	\$619m	\$619m	\$619m	\$1.857B
		\$664m	\$664m	\$1.328B
			\$705m	\$705m
				<b>\$9.107B</b>

These excessive rate hikes far outpace wage increases, inflation, or the price changes of other basic goods and service in SCE’s territory over the same period of time and will impose an unreasonable burden on ratepayers’ ability to afford their essential utility service.

## **B. Rate Escalations Must Be Considered In Light of Affordability**

SCE's 2018 GRC decision states that "For this Commission, a key element of finding a charge or rate just and reasonable is whether that charge or rate is affordable."<sup>14</sup> Further, the decision notes that Public Utilities Code Section 739(d)(2) directs that the Commission "shall ensure that the rates are sufficient ... to recover a just and reasonable amount of revenue ... while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable..."<sup>15</sup> Ultimately, the 2018 decision finds that the Commission must deny SCE proposals in every instance where SCE fails to demonstrate that their request is just and reasonable, and must do so

with a goal of limiting the annual increase in SCE's revenue requirements during this GRC period to, not double the growth in customer income, but rather a true alignment with no more than that growth rate. It is only by endeavoring to meet that goal, that we can begin to strive for greater affordability."<sup>16</sup>

A rate increase is not just, and not in line with Commission and legislative policy, if it is unaffordable and exceeds the rate of growth in customer income levels.

D.22-08-023 in the Affordability rulemaking proceeding R.18-07-006<sup>17</sup> requires utilities to provide information on specific affordability metrics when requesting revenue increases greater than one percent. Throughout this proceeding, CommLegal will have the opportunity to more fully review testimony and information relating to affordability. However, in this protest and from the very start, it is vital that the Commission bear in mind just how excessive SCE's budget request truly is, and proactively work to prevent and constrain increases in utility bills.

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<sup>14</sup> D1905020 at 11.

<sup>15</sup> *Id.* (emphasis added).

<sup>16</sup> *Id.* at 20 (emphasis added).

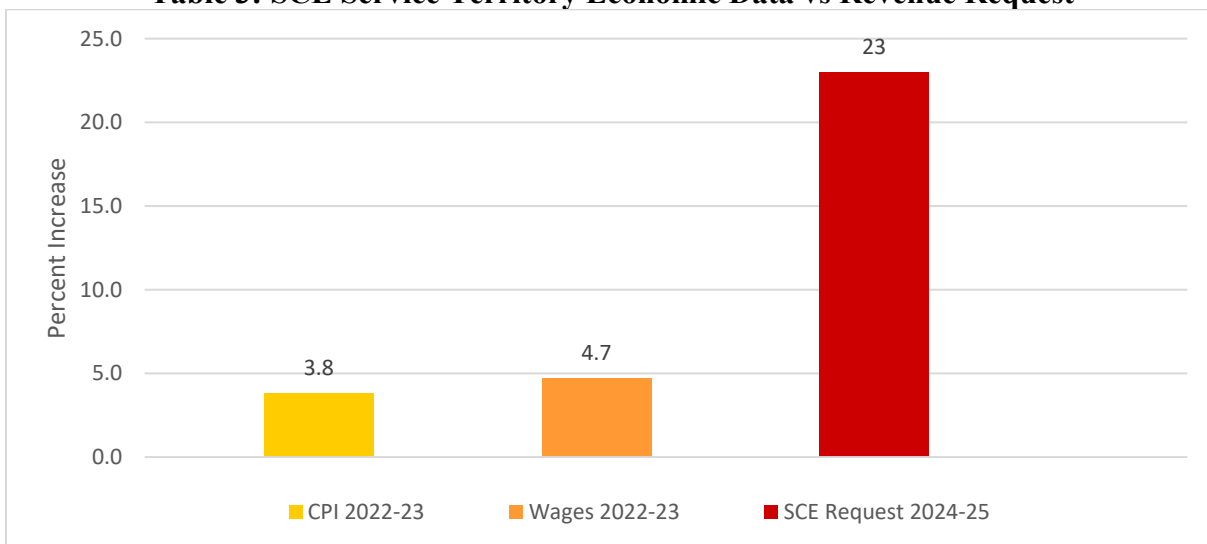
<sup>17</sup> R.18-07-006, *Order Instituting Rulemaking to Establish a Framework and Processes for Assessing the Affordability of Utility Service*, (7//2018).

### C. SCE’s Requested Increase Outpaces Changes to Other Financial Metrics and Far Exceed Ratepayers’ Ability to Afford

According to the U.S. Bureau of Labor Statistics’ Employment Cost Index, compensation costs in the Los Angeles-Long Beach, CA Combined Statistical Area (CSA) increased 4.7% for the year ended March 2023.<sup>18</sup> The Consumer Price Index shows that prices in the Los Angeles area were up only 3.8% for the 12-month period ending April 2023<sup>19</sup>. (Of note, in stark contrast to SCE’s request, energy prices in the Los Angeles area *decreased* 8.3%, largely due to a decrease in gasoline price.<sup>20</sup>)

By comparison, SCE’s \$1.9 billion requested increase between 2024 and 2025 is a 23% annual increase<sup>21</sup>, five to six times the size of increases in wage or other costs experienced by ratepayers in the service area (see Table 3).

**Table 3: SCE Service Territory Economic Data vs Revenue Request**



Source: US Dept of Labor-Bureau of Labor Statistics, SCE Application

<sup>18</sup>[https://www.bls.gov/regions/west/news-release/employmentcostindex\\_losanjeles.htm](https://www.bls.gov/regions/west/news-release/employmentcostindex_losanjeles.htm) (as of 6/2023).

<sup>19</sup>[https://www.bls.gov/regions/west/news-release/consumerpriceindex\\_losanjeles.htm](https://www.bls.gov/regions/west/news-release/consumerpriceindex_losanjeles.htm) (as of 6/2023).

<sup>20</sup> *Id.*

<sup>21</sup> Application at 6.



As the Commission begins to review SCE's rate increase request, it is vitally important to keep in mind the detrimental impact such increases will have on utility customers, in particular low-income households who already struggle to meet their basic needs. Any approved utility costs must be *reasonable*, in that they are cost-effective and necessary, as well as *just*, in that they do not make essential utility services unaffordable.

#### **D. Additional Issues of Concern**

CommLegal intends to continue reviewing the Application and Testimony to provide a more thorough analysis of issues as the proceeding develops. For now, we have identified the following topics which warrant further investigation:

- affordability and impact of the proposed rate increases;
- customer service operations;
- supplier diversity program design, objectives, and costs;
- equity and inclusivity of electrification programs;
- other procedural and public interest issues.

It is likely that following additional discovery and analysis, some of our concerns may be alleviated, while new concerns may arise.

### **IV. OTHER PROCEDURAL ISSUES**

#### **A. Effect of the Application on the Protestant**

CommLegal is a 501(c)(3) non-profit that is authorized to advocate on behalf of ratepayers before the CPUC. This application impacts the ratepayers that CommLegal represents by seeking to institute and modify utility programs, alter customer service systems, and increase utility bills.

#### **B. Categorization**

CommLegal agrees to the proposed categorization of this proceeding as ratesetting.

#### **C. Hearings**

CommLegal agrees that evidentiary hearings will likely be necessary in this matter.

**D. Proposed Schedule**

CommLegal does not have specific objections to the proposed schedule at this time.

**E. Contact Information**

Please add the following contact information for CommLegal to the service list:

Party Representative:

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**V. CONCLUSION**

For the reasons set forth herein, CommLegal protests SCE’s proposed rate increases, and requests that the scope of the proceeding include, but not be limited to, the matters discussed above. CommLegal looks forward to fully participating in this proceeding.

June 14, 2023

Respectfully Submitted,

/s/ Tadashi Gondai  
Tadashi Gondai, General Counsel  
COMMUNITY LEGAL SERVICES

