



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

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Application of Southern California Edison
Company (U 338-E) for Authorization to Recover
Costs Related to NextGen Enterprise Resource
Planning Program

A.25-03-XXX

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR
AUTHORIZATION TO RECOVER COSTS RELATED TO NEXTGEN ENTERPRISE
RESOURCE PLANNING PROGRAM**

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Dated: **March 14, 2025**

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I.

INTRODUCTION

Through this Application, Southern California Edison Company (SCE) seeks funding for replacement of its core Enterprise Resource Planning (ERP) system that has been in service for over 15 years and will soon be obsolete. This system is very complex and manages a vast amount of critical day-to-day information across SCE's most central processes that are necessary for SCE's business operations. Due to the lead time required to replace the core ERP system, and related software applications, SCE must take the necessary steps for replacement now. Full funding of SCE's NextGen ERP Program will also enable SCE to make cost-efficient upgrades to the ERP system. This will expand SCE's operational capabilities and enable business improvements that provide grid resiliency, customer cost savings, and other benefits. SCE respectfully requests that the California Public Utilities Commission (CPUC or Commission) authorize the funding requested for the NextGen ERP Program, associated balancing account and ratemaking treatment, and other requested relief.

II.

SUMMARY OF SCE'S REQUEST

SCE's prepared testimony (Exhibit SCE-01) in support of this Application is organized as follows:

- ***Volume 1, Chapter I, Executive Summary***, explains the importance of SCE's ERP system and how authorizing SCE's request will fulfill two crucial objectives. First, obsolete software will be timely replaced by a modern system and associated risks will thereby be prevented. Second, customers will reap substantial quantified benefits from additional useful and integrated upgrades to our system.
- ***Volume 1, Chapter II, Need for the NextGen ERP Program***, describes the obsolescence-driven need to replace SCE's core ERP system now; the increased capabilities, benefits and cost savings that support the full scope of the NextGen ERP Program; and the interrelatedness of capabilities and benefits associated with the NextGen ERP Program.
- ***Volume 1, Chapter III, History of SCE's NextGen ERP Program***, describes the phases of the NextGen ERP Program that SCE has completed thus far through multi-step planning and analysis, which led to our decision to replace our core ERP system and resulted in the scope and approach for the Implementation Phase.
- ***Volume 1, Chapter IV, NextGen ERP Program Implementation***, describes SCE's implementation strategy and planned scope for each major deployment period,¹ an overview of the major software applications in scope for the NextGen ERP Program (sorted by mega-process area, which includes Asset Management, Work Management, Supply Chain, Procurement, and Finance), and consideration

¹ The deployment plan differs somewhat from what is reflected in this Application testimony. See Ch. IV.A.2 for further details. However, the timeline for deploying the core ERP replacement remains the same. And the capabilities, scope, qualitative benefits, and justification for the various NextGen ERP Program software applications remain the same despite minor variances in deployment timeline.

of alternatives. This Chapter also discusses the implementation teams and activities.

- ***Volume 2, Chapter V, NextGen ERP Program Costs***, describes the 2024-2031 recorded and forecast capital expenditures of \$1,097 million and O&M expense of \$239 million needed to implement the NextGen ERP Program.
- ***Volume 2, Chapter VI, Benefits Achieved Through NextGen ERP Program***, describes the \$2,302 million in benefits that will be realized over 2025-2038 through implementing the NextGen ERP Program across the mega-processes.
- ***Volume 3, Chapter VII, Benefit Cost Ratio***, describes how SCE calculated the ratio of benefits to costs for the NextGen ERP Program.
- ***Volume 3, Chapter VIII, Cost Recovery***, describes SCE's ratemaking approach to recover the incremental 2024 recorded² / 2025-2031 forecast capital expenditures and O&M expense that yield a 2025-2032 revenue requirement of \$1,162 million. This Chapter also discusses SCE's request to establish a two-way NextGen ERP Balancing Account (NGERPBA) to track the revenue requirement through 2032 in relation to SCE's steady-state costs and benefits that will be separately reflected in future GRCs.
- ***Volume 3, Chapter IX, Risk Management***, describes how SCE mitigated the risk of cost overruns associated with the NextGen ERP Program, given that such overruns commonly occur in large and intricate IT projects, particularly those involving ERP functions.
- ***Volume 3, Chapter X, Affordability Metrics***, describes how SCE has included the affordability metrics required by the Commission for this NextGen ERP Program Application.

² See A.23-05-010, Exhibit SCE-07, Vol. 1, Ch. V.B.2.b.

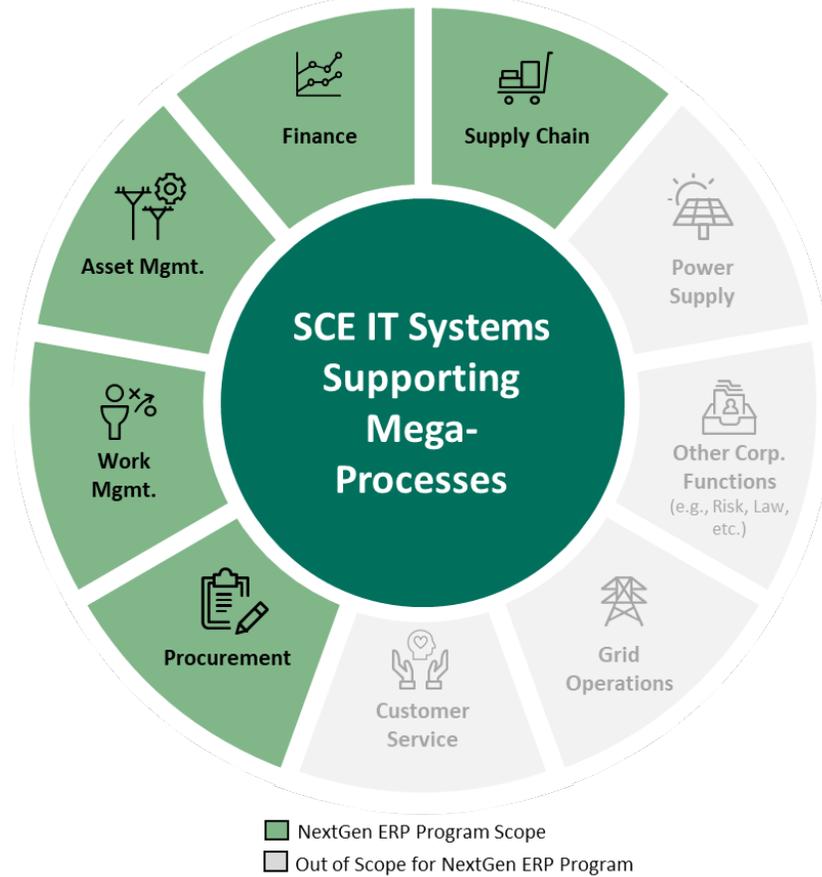
- *Volume 4, Chapter XI, Witness Qualifications*, provides the qualifications for witnesses supporting the NextGen ERP Program Application.

A. SCE's NextGen ERP Program

The importance of an ERP system cannot be overstated in today's business environment. An ERP system is a company's technology backbone, enabling different parts of SCE's most central processes to work in coordination with each other by automating, integrating, and managing numerous functions, workflows, and data together. ERP applications benefit our customers because they improve data quality, foster efficiency, centralize and streamline processes, and support rapid to real-time decision-making. With the ever-increasing role of technology and digitization, particularly as SCE continues to modernize our grid, the criticality of SCE's ERP system will continue to grow. Please see Figure II-1 below, which outlines the overall scope of the NextGen ERP Program.³

³ The figure, and SCE's prepared testimony, organize our request around several discrete and critical business processes. For the sake of precision, SCE identifies and refers to these processes as "mega-processes."

Figure II-1
SCE IT Systems and Mega-Processes



The core of our current ERP system has been in service for over 15 years, and vendor support for it is ending. It is becoming obsolete, and we must methodically replace and modernize it. Technology obsolescence refers to the process by which a technology becomes outdated or no longer useful, or because a vendor discontinues supporting that technology. Once the vendor does that, a client like SCE no longer receives security patches, operational patches, or maintenance.⁴

Since we implemented our current ERP system, SCE has continually relied on it to execute critical day-to-day business functions across Transmission & Distribution, Finance, Supply Chain Management, and other departments. Given the wide-ranging impacts of the ERP system across the business, it is imperative to take pragmatic and timely action in the face of

⁴ Our prepared testimony discusses in detail the risks associated with obsolete systems.

imminent obsolescence. SCE's ERP vendor will cut off primary support at the end of 2027. The vendor will offer customers an option to extend vendor support by purchasing an extension package at a premium. Setting aside the additional expense of the extension package, it is temporary in nature. The vendor has announced that even the extended support will end in 2030. In light of the complexity and lead time to replace the core ERP and adjacent applications that will be rendered obsolete in the near future, we must take steps now. We cannot wait until we reach the stage of failure due to obsolescence to commence making the appropriate replacements. Moreover, deferring our request to the next General Rate Case (GRC) is not feasible. SCE's next GRC is for a Test Year of 2029. Thus, any future GRC decision would be issued on the eve of expiration of the (extended) vendor support. Funding via the GRC would occur too late in time to reasonably address the issue, particularly given the complexity and scope of mission in replacing the core ERP.⁵

Without vendor support, SCE's ability to promptly recover from IT asset failures will be compromised. Stated another way, what is broken may not get fixed. There are also increased risks associated with disaster recovery, increasingly sophisticated cyber-related attacks, and jeopardization of other business processes and controls, because SCE will not receive critical security and operational patches when vendor support is absent. This could impair our service of electricity and lead to data leaks or breaches. By taking the efforts outlined in the prepared testimony, SCE will be able to maintain continuous vendor support and mitigate these risks.

Importantly, there is a tremendous opportunity here to also make suitable upgrades. ERP capabilities have vastly improved since our initial deployment, and we can leverage these advancements to provide substantial new and incremental benefits to our customers across the five mega-processes (Asset Management, Work Management, Supply Chain, Procurement and Finance). SCE remains committed to improving grid resilience to wildfire ignitions, extreme

⁵ In addition, recovery of costs for the NextGen ERP Program should not be delayed until after the Program has been completed. Doing so would come at additional expense for customers that would be reflected in higher financing costs, as discussed in greater detail in Chapter VIII, Section A.

climate events, and other threats, while also preparing the grid to support distributed energy resources (DERs), electric vehicles (EVs), and load growth to foster widespread electrification in support of SCE's and California's shared decarbonization goals. To help achieve these critical objectives for customers and communities, it is best to implement technology gains when the right opportunity presents itself.⁶ This is such an opportunity. Thus, SCE's request will expand operational capabilities on behalf of our customers and enable business improvements that will yield numerous additional benefits.

The benefits we anticipate include saving customers money. Full funding of SCE's implementation request of \$1,336 million⁷ results in SCE's forecast of \$2,302 million in total benefits from 2025-2038 (nominal dollars). Thus, the benefits from full funding outweigh the costs. Setting aside the compelling operational factors explained below, the dollar amount of benefits alone demonstrates the value of authorizing SCE's request. The full business transformation effort incurs an incremental cost of \$495 million beyond the obsolescence approach.⁸ *But the projected benefits are nearly three times greater*, increasing from \$810 million for merely addressing obsolescence to totaling \$2,302 million over a 10-year period.⁹ The benefit cost ratio (BCR) confirms that the transformational scope yields favorable results for customers.¹⁰ Customers will reap not only certain near-term operational efficiencies but also long-term value through improved service reliability, cost management, and process innovation.

After considering different alternatives for program scope and timing, SCE determined that it is more efficient to pursue these transformative business advancements now, rather than trying to separately do so in the future at greater expense and effort. Relying on piecemeal upgrades would not only delay SCE's ability to achieve the productivity gains and quantified

⁶ For example, the NextGen ERP Program will enable shorter wait periods for customers looking to interconnect their EV or DER loads.

⁷ \$1,097 million in capital expenditures (nominal dollars) and \$239 million in O&M expenses (constant 2024 dollars) over the 2025-2031 period.

⁸ See Exhibit 01, Volume 3, Ch. VII, Benefit Cost Ratio.

⁹ See Exhibit 01, Volume 3, Ch. VII Benefit Cost Ratio.

¹⁰ See Exhibit 01, Volume 3, Ch. VII Benefit Cost Ratio.

cost savings benefits outlined in this Application, such an approach would also create significant risks and inefficiencies that would impede SCE's ability to meet current and future needs. Please refer to Exhibit 01, Volume 1, Chapter II of the prepared testimony, which describes the overall need for SCE's NextGen ERP Program, for further details.

In contrast to a piecemeal and fragmented approach, the upgrade SCE proposes provides a streamlined, integrated, and long-term solution that avoids these pitfalls and delivers useful benefits for customers. This Application builds upon the initial solution planning and analysis for the NextGen ERP Program that SCE presented in its pending 2025 GRC. This includes work that SCE has already undertaken and completed to confirm critical components of the Program such as the technical requirements, technology architecture decisions, redesign of business processes, user impact assessments, and deployment plan.

In the prepared testimony in support of this Application, we show in-depth why our request is reasonable and explain why the underlying choices we have made of solutions, vendors, and schedules are sound. SCE is mindful of affordability, and the showing below demonstrates that funding our efforts is a valuable investment for our customers. Ultimately, authorizing the full breadth of SCE's request now solves a critical obsolescence issue, expands our operational and business process capabilities at a lower cost, and achieves considerable savings in quantified benefits sooner for our customers.

B. Summary of SCE's CPUC-Jurisdictional Revenue Requirement Request

SCE requests approval to recover the revenue requirement of \$1.162 billion over the 2025-2032 period associated with its NextGen ERP Program Implementation. SCE proposes to record the revenue requirement in a two-way NextGen ERP Balancing Account (NGERPBA) to allow for the recovery of all recorded NextGen ERP system-related costs. See Table II-1, below.

Table II-1
NextGen ERP Program Implementation Net Revenue Requirement¹¹
Forecast (2025-2032)
(Nominal \$000)

NGERPBA Summary of Earnings (CPUC)									
Line	2025	2026	2027	2028	2029	2030	2031	2032	Total
1 O&M	\$4,405	\$10,372	\$33,121	\$63,369	\$94,865	\$34,492	\$6,403	\$0	\$247,027
2 FF&U	\$53	\$203	\$434	\$2,330	\$3,116	\$2,605	\$2,494	\$2,450	\$13,685
3 Depreciation	\$166	\$7,462	\$25,095	\$101,076	\$123,060	\$123,749	\$123,467	\$123,084	\$627,157
4 Taxes	\$76	(\$5,435)	(\$38,856)	(\$27,453)	(\$17,939)	\$4,857	\$32,787	\$45,036	(\$6,927)
5 Return	\$56	\$5,713	\$19,451	\$71,335	\$78,626	\$69,821	\$60,357	\$50,920	\$356,280
6 Cost RREQ	\$4,754	\$18,314	\$39,245	\$210,657	\$281,729	\$235,523	\$225,508	\$221,490	\$1,237,221
7 Benefits RREQ	\$5,803	\$14,078	\$18,550	\$36,659	N/A	N/A	N/A	N/A	\$75,089
8 Net NextGen RREQ	(\$1,049)	\$4,237	\$20,695	\$173,998	\$281,729	\$235,523	\$225,508	\$221,490	\$1,162,132
9 Rate Base	\$729	\$74,565	\$253,868	\$931,027	\$1,026,186	\$911,259	\$787,749	\$664,575	N/A

III.

AFFORDABILITY METRICS

On August 4, 2022, the Commission adopted D.22-08-023, which directs when and how the affordability metrics adopted in D.20-07-032 will be applied in Commission energy, water and communication proceedings and further develops the tools and methodologies used to calculate the affordability metrics. Ordering Paragraph 5 of D.22-08-023 requires that SCE include the affordability metrics in any initial filing or proceeding with a revenue increase estimated to exceed one percent of currently authorized revenues systemwide.

Because the amount that SCE is seeking authority to implement in rates exceeds one percent of SCE’s currently authorized revenues (i.e., exceeds \$174.354 million),¹² SCE is required to include the following affordability metrics with this application:

¹¹ The benefits revenue requirement shown on line 7 is inclusive of O&M, depreciation, taxes, and return. See WP SCE-01, Vol. 03, Ch. VIII, Results of Operations, pp. 78-86, and Chapter VIII.A.3 regarding non-reimbursable benefits that will be reflected outside the NGERPBA in SCE’s future GRCs.

¹² See Advice 5484-E.

- For revenues in effect at the time of the filing:
 - The Affordability Ratio¹³ 20 (AR20)¹⁴ by climate zone, Affordability Ratio 50 (AR50)¹⁵ by climate zone, and Hours at Minimum Wage (HM)¹⁶ associated with those existing revenues;
 - Essential usage bills by climate zone, underlying the affordability metrics associated with those existing revenues;
 - Average usage bills by climate zone associated with those existing revenues; and
 - For climate zones with Areas of Affordability Concern (AAC), as defined in the most recent annual Affordability Report,¹⁷ AR20 by climate zones subdivided by Public Use Microdata Area.
- For the proposed revenues:
 - Changes in the AR20 by climate zone, AR50 by climate zone, and HM associated with the proposed new revenue requested, annually for each year in which new revenues are proposed;
 - Essential usage bills by climate zone, underlying the affordability metrics associated with proposed revenues;
 - Average usage bills by climate zone associated with proposed revenues; and

¹³ The Affordability Ratio or AR is the ratio of essential utility service bills to non-disposable household income (*i.e.*, household income after removing costs for housing and other essential utility services).

¹⁴ AR20 displays the AR for a representative hypothetical household at the lower-end (20th percentile), resource-wise, compared to others in a community.

¹⁵ The AR50 displays the AR for a representative hypothetical household in the middle (50th percentile), resource-wise, compared to others in a community.

¹⁶ The HM metric seeks to describe the hours of work necessary for a household earning minimum wage to pay for essential utility service charges.

¹⁷ AACs are census tracts that lie in geographic areas where AR20 values are greater than the affordability demarcation for a particular essential service. The affordability demarcations are defined as the point of inflection in each industry's AR20 distribution of values, based on the observed data in the most recently available Affordability Report from the Commission. The Commission's 2021/2022 Affordability Report, the most recent report at the time of this filing, uses 15% as the demarcation for electric service. 2021/2022 Annual Affordability Report, Oct. 2023, p. 13.

- For climate zones with Areas of Affordability Concern (AAC), as defined in the most recent annual Affordability Report, AR20 by climate zones subdivided by Public Use Microdata Area.

The requested revenue requirement in this application spans eight years and is expected to increase the average residential bill by 0.8 percent when averaged over the eight years. However, because the expected increase reaches as much as 1.5 percent at its peak in 2029, SCE is including metrics associated with 2025 – 2032.

In considering these metrics and the affordability impacts of granting SCE’s request, the Commission and stakeholders should note that the revenue increase requested in this application, spanning 2025 – 2032, does not fully capture the benefits expected in the years 2033 and beyond. Please see SCE-01, Volume 3, Chapter X of SCE’s Prepared Testimony for more information regarding affordability metrics.

IV.

PROCEDURAL REQUIREMENTS

A. Statutory and Other Authority – Rule 2.1

Rule 2.1 requires that all applications: (1) clearly and concisely state the authorization or relief sought; (2) cite the statutory provision or other authority under which that relief is sought; and (3) be verified by the applicant. Rules 2.1(a), 2.1(b), and 2.1(c) set forth further requirements that are addressed separately, below. The relief being sought is summarized in this Application and is further described in:

Exhibit SCE-01, Volume 1, entitled *Prepared Testimony on Summary and Scope in Support of Application of Southern California Edison Company for Authorization to Recover Costs Related to NextGen Enterprise Resource Planning Program*;

Exhibit SCE-01, Volume 2, entitled *Prepared Testimony on Implementation Costs and Benefits in Support of Application of Southern California Edison Company for Authorization to Recover Costs Related to NextGen Enterprise Resource Planning Program*;

Exhibit SCE-01, Volume 3, entitled *Prepared Testimony on Benefit Cost Ratios, Implementation Cost Recovery and Ratemaking Proposals, Risk, and Affordability in Support of Application of Southern California Edison Company for Authorization to Recover Costs Related to NextGen Enterprise Resource Planning Program*; and

Exhibit SCE-01, Volume 4, entitled *Witness Qualifications in Support of Application of Southern California Edison Company for Authorization to Recover Costs Related to NextGen Enterprise Resource Planning Program*.

The statutory and other authority under which this relief is being sought include California Public Utilities Code Sections 451, 451.1, 454, 491, 701, 850, 850.1, 854.2, *et al.*, the Commission's Rules of Practice and Procedure, and prior decisions, orders, and resolutions of this Commission. This Application has been verified by an SCE Officer, consistent with Rule 1.11 of the Commission's Rules of Practice and Procedure.

B. Legal Name and Principal Place of Business – Rule 2.1(a)

SCE's full legal name is Southern California Edison Company. SCE is a corporation organized and existing under the laws of the State of California and is primarily engaged in the business of generating, purchasing, transmitting, distributing, and selling electric energy for light, heat, and power in portions of central and southern California, as a public utility subject to the jurisdiction of the California Public Utilities Commission. SCE's properties, which are located primarily within the State of California, consist mainly of hydroelectric and thermal electric generating plants, together with transmission and distribution lines and other property necessary in connection with its business. The location of SCE's principal place of business is 2244 Walnut Grove Avenue, Rosemead, California 91770.

C. Correspondence – Rule 2.1(b)

Correspondence or communication regarding this Application should be addressed to:

Peter Van Mieghem Senior Attorney Southern California Edison Company Post Office Box 800 2244 Walnut Grove Avenue Rosemead, California 91770 Telephone: (626) 543-8527 E-mail: Peter.Vanmieghem@sce.com	Case Administration Southern California Edison Company Post Office Box 800 8631 Rush Street Rosemead, California 91770 Telephone: (626) 302-0449 E-mail: Case.Admin@sce.com
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D. Proposed Categorization, Need for Hearings, Issues to Be Considered, Procedural Schedule – Rule 2.1(c)

1. Proposed Categorization

SCE proposes that this Application be categorized as a rate-setting proceeding pursuant to Commission Rules of Practice and Procedure 1.3(g) and 7.1(e)(2).

2. Need for Hearings

At this point, it is unclear if evidentiary hearings will be necessary. The need for hearings and the issues to be considered in such hearings will depend in large part on the degree to which other parties contest SCE’s request, and the need for hearings will ultimately be determined by the assigned Administrative Law Judge(s). SCE’s proposed procedural schedule includes time allotted for evidentiary hearings, under the assumption that they will be required.

3. Issues to Be Considered

The issues presented in this Application include:

- Should the Commission find SCE’s proposed implementation approach for the NextGen ERP Program reasonable?

- Should the Commission find SCE’s forecast Implementation costs for the NextGen ERP Program just and reasonable?
- Should the Commission find SCE’s forecast quantified benefits associated with the NextGen ERP Program just and reasonable?
- Should the Commission find SCE’s forecast qualitative benefits associated with the NextGen ERP Program just and reasonable?
- Should the Commission authorize SCE’s request to recover the annual revenue requirement through December 31, 2032, associated with the recorded incremental costs for NextGen ERP Program Implementation Phase activities, estimated at approximately \$239.391 million in O&M (2024 constant dollars) and \$1,055 million in capital expenditures (2024 constant dollars) that SCE expects to be incurred over the 2024-2031 Implementation Phase?
- Should the Commission authorize SCE’s request to establish the NextGen ERP Program Balancing Account (NGERPBA) to provide for the recovery of \$1,162 million of revenue requirement for the implementation period, effective upon a final Commission decision in this proceeding?
 - Should the Commission authorize SCE’s request that the NGERPBA revenue requirement be based on the forecast of incremental operational costs through 2031, net of the “reimbursable” benefits that SCE proposes to return in the NGERPBA through 2028?
 - Should the Commission authorize SCE’s request that beginning in 2026, SCE will include the forecast NGERPBA revenue requirement in distribution rates based on a forecast and will true-up the NGERPBA revenue requirement for completed releases with assets placed in service for each remaining year until the remaining ongoing authorized revenue requirements are incorporated in SCE’s 2033 GRC?

- Should the Commission authorize SCE’s request for a “reasonableness threshold” of 125 percent of the total NextGen ERP Program capital and O&M forecasts over the 2024 – 2031 period, where the 125 percent reasonableness threshold in 2024 constant dollars equates to \$1,318 million in capital expenditures (\$1,055 million multiplied by 125 percent) and \$299.239 million in O&M (\$239.391 million multiplied by 125 percent)?
 - Should the Commission authorize SCE’s request that the 125 percent reasonableness thresholds capital expenditures and O&M expense be calculated on a cumulative basis over the 2024-2031 period?
- Should the Commission authorize SCE’s request that if SCE’s cumulative recorded 2024-2031 capital expenditures and O&M expense exceed the cumulative Commission authorized capital and O&M amounts, that the cumulative recorded amounts between 100 to 125 percent be recovered through Tier 2 advice letters and any recorded amounts above the 125 percent reasonableness threshold be subject to an after-the-fact reasonableness review in a future stand-alone Application or future GRC?
- Should the Commission authorize SCE’s request to address the reasonableness review and recovery approach for the 2024 recorded amounts in the NextGen ERP SAP Memorandum Account (NGESMA) (requested in the 2025 GRC) in this NextGen ERP Program standalone application?
 - If the Commission approves SCE’s memorandum account request in its 2025 GRC Decision, should the Commission authorize SCE’s request to transfer the amounts recorded in the NGESMA, including accrued interest, to the NGERPBA upon a Commission decision in this NextGen ERP Program proceeding?

- If the Commission rejects SCE’s request to establish the memorandum account in its 2025 GRC Decision, should the Commission find the 2024 recorded capital expenditures reasonable?
- Should the Commission authorize SCE’s request to keep the incremental revenue requirement associated with the NextGen ERP Program implementation costs, the accompanying on-going capital costs, and cost savings for Reimbursable benefits, in one cost recovery mechanism, the NGERPBA so as to avoid overlapping or intertwining costs and benefits associated with the NextGen ERP Program Post-Implementation phase that will be included in SCE’s 2029 GRC forecast period?
- Should the Commission find SCE’s other forecast and ratemaking proposals reasonable?

4. **Procedural Schedule – Rule 2.1(c)**

SCE proposes the procedural schedule below. In light of the complex nature of the Application, SCE recommends that a workshop or workshops be held in this proceeding and has included a workshop in the proposed procedural schedule.

Application Filed:	March 14, 2025
Protests and Responses:	~April 14, 2025
Reply to Protests and Responses:	April 24, 2025
Prehearing Conference:	April 28, 2025
Workshop:	By June 2, 2025
Public Advocates and Intervenor Testimony:	August 1, 2025
Rebuttal Testimony:	September 1, 2025
Mandatory Meet and Confer	By September 11, 2025
Evidentiary Hearings (if necessary):	September 22-26, 2025
Opening Briefs:	October 17, 2025

Reply Briefs:	November 14, 2025
ALJ Proposed Decision:	February 12, 2026
Opening Comments on Proposed Decision:	March 4, 2026
Reply Comments on Proposed Decision:	March 9, 2026
Commission Decision:	By April 8, 2026

E. Safety – Rule 2.1(c)

Pursuant to Rule 2.1(c), this Application must address “relevant safety considerations.” Failing to timely replace the imminently obsolescent ERP system through the NextGen ERP Program could result in certain operational/safety risks, such as cybersecurity risks, as detailed in SCE’s prepared testimony.

F. Organization and Qualification to Transact Business – Rule 2.2

A copy of SCE’s Certificate of Amended and Restated Articles of Incorporation, effective on August 28, 2023, and presently in effect, certified by the California Secretary of State, was filed with the Commission on December 15, 2023, in connection with A.23-12-011, and is incorporated herein by this reference pursuant to Rule 2.2 of the Commission’s Rules of Practice and Procedure.

A copy of SCE’s Certificate of Determination of Preferences of the Series M Preference Stock filed with the California Secretary of State on November 17, 2023, and presently in effect, certified by the California Secretary of State, was filed with the Commission on December 15, 2023, in connection with A.23-12-011, and is incorporated herein by this reference.

A copy of SCE’s Certificate of Determination of Preferences of the Series N Preference Stock filed with the California Secretary of State on May 8, 2024, and presently in effect, certified by the California Secretary of State, was filed with the Commission on May 15, 2024, in connection with Application No. A.24-05-007, and is incorporated herein by this reference.

Copies of SCE's latest Annual Report to Shareholders and Edison International's latest proxy statement was sent to its stockholders and has been sent to the Commission with an Energy Division Central Files Document Coversheet dated March 18, 2024, pursuant to General Order Nos. 65-A and 104-A of the Commission.

G. Balance Sheet and Income Statement – Rule 3.2(a)(1)

Appendix A to this Application contains copies of SCE's Balance Sheet and Income Statement for the period ending December 31, 2024, the most recent period available.

H. Statement of Presently Effective and Proposed Rates – Rules 3.2(a)(2) and 3.2(a)(3)

A statement of SCE's proposed ratemaking is included here and is found in the testimony served in support of this Application. That testimony has been preliminarily marked for identification as Exhibit SCE-01, Volume 3, Chapter VII.

1. Summary of Proposed Ratemaking

SCE's proposed ratemaking and cost recovery proposal associated with this Application is discussed in SCE-01, Volume 3, Chapter VII. Key elements of SCE's proposed ratemaking are also discussed above in "Issues to be Considered" and below in "CONCLUSION AND REQUEST FOR RELIEF."

Table IV-2 provides a summary of the total initial revenue sought for recovery in customers' distribution rates by SCE in this proceeding.

Table IV-2
Summary of Initial Revenue Requirements
(\$ in thousands)

NGERPBA Summary of Earnings (CPUC)									
Line	2025	2026	2027	2028	2029	2030	2031	2032	Total
1 O&M	\$4,405	\$10,372	\$33,121	\$63,369	\$94,865	\$34,492	\$6,403	\$0	\$247,027
2 FF&U	\$53	\$203	\$434	\$2,330	\$3,116	\$2,605	\$2,494	\$2,450	\$13,685
3 Depreciation	\$166	\$7,462	\$25,095	\$101,076	\$123,060	\$123,749	\$123,467	\$123,084	\$627,157
4 Taxes	\$76	(\$5,435)	(\$38,856)	(\$27,453)	(\$17,939)	\$4,857	\$32,787	\$45,036	(\$6,927)
5 Return	\$56	\$5,713	\$19,451	\$71,335	\$78,626	\$69,821	\$60,357	\$50,920	\$356,280
6 Cost RREQ	\$4,754	\$18,314	\$39,245	\$210,657	\$281,729	\$235,523	\$225,508	\$221,490	\$1,237,221
7 Benefits RREQ	\$5,803	\$14,078	\$18,550	\$36,659	N/A	N/A	N/A	N/A	\$75,089
8 Net NextGen RREQ	(\$1,049)	\$4,237	\$20,695	\$173,998	\$281,729	\$235,523	\$225,508	\$221,490	\$1,162,132
9 Rate Base	\$729	\$74,565	\$253,868	\$931,027	\$1,026,186	\$911,259	\$787,749	\$664,575	N/A

2. Estimated Impact of the Request on Customer Rates

Table IV-3, below, represents the estimated rate and bill impacts associated with SCE's request.

Table IV-3
Bill Impact Table

Bundled Average Rates (¢/kWh)					
Customer Group	Current Rates (3/1/25)		Proposed Increase	Proposed Rates	% Increase
Residential	31.4	\$	0.24	31.6	0.8%
Lighting - Small and Medium Power	29.1	\$	0.21	29.3	0.7%
Large Power	19.2	\$	0.11	19.3	0.6%
Agricultural and Pumping	23.0	\$	0.15	23.1	0.7%
Street and Area Lighting	34.7	\$	0.13	34.8	0.4%
Standby	16.3	\$	0.07	16.4	0.4%
Total	27.1	\$	0.19	27.3	0.7%

Residential Bill Impact (\$/Month)					
Description	Current (3/1/2025)		Proposed Increase	Proposed	% Increase
Non-CARE residential bill	\$	174.78	\$ 1.35	\$ 176.12	0.8%
CARE residential bill	\$	109.92	\$ 0.85	\$ 110.76	0.8%

Based on estimated average annual revenue requirement increase of \$145.266 million during the eight-year program period from 2025-2032; assumes average usage of 500 kWh per month in baseline region 9, and excludes climate dividend (i.e., GHG credits).

I. Description of SCE's Service Territory and Utility System – Rule 3.2(a)(4)

Because this Application is not a GRC application, this requirement is not applicable.

J. Summary of Earnings – Rule 3.2(a)(5)

In compliance with Rule 3.2(a)(5), Appendix B hereto contains a copy of SCE's summary of earnings for the periods upon which SCE bases its justification for an increase in rates.

K. Depreciation – Rule 3.2(a)(7)

Because this Application is not a GRC application, this requirement is not applicable.

L. Capital Stock and Proxy Statement – Rule 3.2(a)(8)

Because this Application is not a GRC application, this requirement is not applicable.

M. Statement Regarding Type of Increase – 3.2(a)(10)

SCE's application requests authorization to recover certain O&M expenses and to add certain capital expenditures to rate base. With respect to the capital expenditures, the requested rate base additions would earn a return on, as well as a return of, capital. In that sense, SCE's request in this proceeding is not limited to passing through to customers "only increased costs to the corporation for the services or commodities furnished by it."

N. Service of Notice – Rule 3.2(b), (c), (d), and (e)

As required by Rule 3.2(b), a notice stating in general terms the proposed rate change will be mailed to the designated officials of the State of California, and the cities and counties affected by the rate increase proposed in this Application, as listed in Appendix C hereto.

Pursuant to Rule 3.2(c), notice will be published in a newspaper of general circulation in each county in SCE's service territory within which the rate changes would be effective.

A listing of the cities and counties affected by the rate increase proposed in this Application is shown in Appendix C hereto.

Finally, pursuant to Rule 3.2(d), notice will be furnished to customers affected by the potential rate changes proposed in this Application by including such notice with the regular bills mailed to those customers who receive paper bills and by electronically linking to such notice for customers that receive their bills electronically. SCE has reviewed a draft of its proposed customer notice with the Commission's Public Advisor's Office.

O. Index of Exhibits and Appendices to This Application

SCE's submissions in support of this Application include the following, which are incorporated herein by reference:

Appendices to Application

- Appendix A: Balance Sheet and Income Statement
- Appendix B: Summary of Earnings
- Appendix C: List of Cities and Counties

Exhibits to Application

- Exhibit SCE-01 Volume 1: Prepared Testimony on Summary and Scope in Support of Application of Southern California Edison Company for Authorization to Recover Costs Related to NextGen Enterprise Resource Planning Program
- Exhibit SCE-01 Volume 2: Prepared Testimony on Implementation Costs and Benefits in Support of Application of Southern California Edison Company for Authorization to Recover Costs Related to NextGen Enterprise Resource Planning Program
- Exhibit SCE-01 Volume 3: Prepared Testimony on Benefit Cost Ratios, Implementation Cost Recovery and Ratemaking Proposals, Risk, and Affordability in Support of Application of Southern California Edison Company for Authorization to Recover Costs Related to NextGen Enterprise Resource Planning Program
- Exhibit SCE-01 Volume 4: Witness Qualifications in Support of Application of Southern California Edison Company for Authorization to Recover Costs Related to NextGen Enterprise Resource Planning Program

P. Service List

The official service list has not yet been established in this new proceeding. SCE is serving this Application and supporting testimony on the service list established by the Commission for A.23-05-010 SCE's 2025 Test Year GRC.

V.

CONCLUSION AND REQUEST FOR RELIEF

SCE respectfully requests that the Commission approve SCE's requests as outlined in the Application and supporting testimony, and that the Commission render findings of fact and conclusions of law and issue orders consistent with the materials that accompany the Application. SCE respectfully asks the Commission to authorize the revenue requirements and other requests, included herein, to become effective in time for implementation in SCE's June 1, 2026, rate change, or as soon thereafter, as reasonably practicable, and to issue its decision:

- Finding SCE's proposed implementation approach for the NextGen ERP Program reasonable;
- Finding SCE's forecast Implementation costs for the NextGen ERP Program just and reasonable;
- Finding SCE's forecast quantified benefits associated with the NextGen ERP Program just and reasonable;
- Finding SCE's forecast qualitative benefits associated with the NextGen ERP Program just and reasonable;
- Authorizing SCE's request to recover the annual revenue requirement through December 31, 2032, associated with the recorded incremental costs for NextGen ERP Program Implementation Phase activities, estimated at approximately \$239.391 million in O&M (2024 constant dollars) and \$1,055 million in capital expenditures (2024 constant dollars) that SCE expects to be incurred over the 2024-2031 Implementation Phase;

- Authorizing SCE’s request to establish the NextGen ERP Program Balancing Account (NGERPBA) to provide for the recovery of \$1,162 million of revenue requirement for the implementation period, effective upon a final Commission decision in this proceeding;
 - Authorizing SCE’s request that the NGERPBA revenue requirement be based on the forecast of operational costs through 2031, net of the “reimbursable” benefits that SCE proposes to return in the NGERPBA through 2028;
 - Authorizing SCE’s request that beginning in 2026, SCE will include the forecast NGERPBA revenue requirement in distribution rates based on a forecast and to true-up the NGERPBA revenue requirement for completed releases with assets placed in service for each remaining year until the remaining ongoing authorized revenue requirements are incorporated in SCE’s 2033 GRC;
- Authorizing SCE’s request for a “reasonableness threshold” of 125 percent of the total NextGen ERP Program capital and O&M forecasts over the 2024 – 2031 period, where the 125 percent reasonableness threshold in 2024 constant dollars equates to \$1,318 million in capital expenditures (\$1,055 million multiplied by 125 percent) and \$299.239 million in O&M (\$239.391 million multiplied by 125 percent);
 - Authorizing SCE’s request that the 125 percent reasonableness thresholds be calculated on a cumulative basis over the 2024-2031 period;
- Authorizing SCE’s request that if SCE’s cumulative recorded 2024-2031 capital expenditures and O&M expense exceed the cumulative Commission authorized capital and O&M amounts, and that the cumulative recorded amounts between 100 to 125 percent be recovered through Tier 2 advice letters and any recorded amounts above the 125 percent reasonableness threshold be subject to an after-the-fact reasonableness review in a future stand-alone Application or future GRC;

- Authorizing SCE’s request to address the reasonableness review and recovery approach for the 2024 recorded amounts in the NextGen ERP SAP Memorandum Account (NGESMA) (requested in the 2025 GRC) in this NextGen ERP Program standalone application;
 - Approving SCE’s memorandum account request in its 2025 GRC Decision, should the Commission authorize SCE’s request to transfer the amounts recorded in the NGESMA, including accrued interest, to the NGERPBA upon a Commission decision in this NextGen ERP Program proceeding;
 - If the Commission rejects SCE’s request to establish the memorandum account in its 2025 GRC Decision, finding the 2024 recorded capital expenditures reasonable;
- Authorizing SCE’s request to keep the incremental revenue requirement associated with the NextGen ERP Program implementation costs, the accompanying on-going capital costs, and cost savings for Reimbursable benefits, in one cost recovery mechanism, the NGERPBA so as to avoid overlapping or intertwining costs and benefits associated with the NextGen ERP Program Post-Implementation phase that will be included in SCE’s 2029 GRC forecast period;
- Finding SCE’s other forecast and ratemaking proposals reasonable;
- Rendering Findings of Fact and Conclusions of Law and issuing Orders consistent with the materials accompanying this filing; and
- Granting such other relief as the Commission finds to be just and reasonable.

Respectfully submitted,

CLAIRE TORCHIA
WILLIAM K. BRIGGS
PETER VAN MIEGHEM
KRIS G. VYAS

/s/ Peter Van Mieghem

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Dated: March 14, 2025

VERIFICATION

I, Albert Ma, declare and state:

I am an Officer and the Vice President of the NextGen ERP Program for Southern California Edison Company. Pursuant to Rule 2.1 and Rule 1.11 of the Rules of Practice and Procedure of the CPUC, I am authorized to make this Verification on its behalf. I am informed and believe that the matters stated in the foregoing pleading are true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on March 14, 2025 at Rosemead, California.

/s/ Albert Ma

Albert Ma
Vice President, NextGen
Southern California Edison Company

Appendix A

Balance Sheet and Income Statement

SOUTHERN CALIFORNIA EDISON COMPANY

(h) A balance sheet as of the latest available date, together with an income statement covering the period from close of last year for which an annual report has been filed with the Commission to the date of the balance sheet attached to the application.

STATEMENT OF INCOME
TWELEVE MONTHS ENDED DECEMBER 31, 2024

(In millions)

OPERATING REVENUE	<u>\$ 17,547</u>
OPERATING EXPENSES:	
Purchase power and fuel	5,209
Operation and maintenance	5,064
Wildfire-related claims, net of insurance recoveries	647
Wildfire insurance fund expense	146
Depreciation and amortization	2,865
Property and other taxes	620
Total operating expenses	<u>14,551</u>
OPERATING INCOME	2,996
Interest expense	(1,575)
Other income, net	493
INCOME BEFORE TAXES	<u>1,914</u>
Income tax expense	120
NET INCOME	<u>1,794</u>
Less: Preference stock dividend requirements	<u>175</u>
NET INCOME AVAILABLE FOR COMMON STOCK	<u><u>\$ 1,619</u></u>

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET
DECEMBER 31, 2024
ASSETS
(in millions)

UTILITY PLANT:

Utility plant, at original cost	\$ 67,546
Less- accumulated provision for depreciation and amortization	14,207
	<u>53,339</u>
Construction work in progress	5,585
Nuclear fuel - at amortized cost	123
	<u>59,047</u>

OTHER PROPERTY AND INVESTMENTS:

Nonutility property - less accumulated depreciation of \$108	199
Nuclear decommissioning trusts	4,286
Other investments	38
	<u>4,523</u>

CURRENT ASSETS:

Cash and equivalents	78
Receivables, less allowances of \$347 for uncollectible accounts	2,160
Accrued unbilled revenue	845
Inventory	538
Prepaid expenses	102
Regulatory assets	2,748
Wildfire insurance fund contributions	138
Other current assets	415
	<u>7,024</u>

DEFERRED CHARGES:

Receivables, less allowance of \$43 for uncollectible accounts	62
Regulatory assets (Includes \$1,512 related to VIEs)	8,886
Wildfire insurance fund contributions	1,878
Operating lease right-of-use assets	1,174
Long-term insurance receivables	131
Long-term insurance receivables due from affiliate	303
Other long-term assets	2,317
	<u>14,751</u>
	<u>\$ 85,345</u>

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET
DECEMBER 31, 2024
CAPITALIZATION AND LIABILITIES
(in millions)

CAPITALIZATION:

Common stock	2,168
Additional paid-in capital	8,950
Accumulated other comprehensive loss	(9)
Retained earnings	8,422
Common shareholder's equity	<u>19,531</u>
Long-term debt (Includes \$1,468 related to VIEs)	29,266
Preferred stock	<u>2,220</u>
Total capitalization	<u>51,017</u>

CURRENT LIABILITIES:

Short-term debt	553
Current portion of long-term debt	1,249
Accounts payable	2,078
Wildfire-related claims	60
Accrued interest	385
Regulatory liabilities	1,347
Current portion of operating lease liabilities	123
Other current liabilities	1,495
	<u>7,290</u>

DEFERRED CREDITS:

Deferred income taxes and credits	8,697
Pensions and benefits	92
Asset retirement obligations	2,580
Regulatory liabilities	10,159
Operating lease liabilities	1,051
Wildfire-related claims	941
Other deferred credits and other long-term liabilities	3,518
	<u>27,038</u>

\$ 85,345

Appendix B

Summary of Earnings

Southern California Edison
 2021 GRC Summary of Earnings
 PTYR 2022 (RO Model 6.2)

Thousands of Dollars

Southern California Edison Summary of Earnings 2022 GRC Adopted Revenue Requirement Thousands of Dollars		
Line No.	Item	Total
1.	Base Revenues	7,259,220
2.	Expenses:	
3.	Operation & Maintenance	2,448,763
4.	Depreciation	2,011,669
5.	Taxes	663,739
6.	Revenue Credits	(163,462)
7.	Total Expenses	4,960,710
8.	Net Operating Revenue	2,298,511
9.	Rate Base	29,949,906
10.	Rate of Return	7.67%

Southern California Edison
 2021 GRC Summary of Earnings
 PTYR 2023 (RO Model 6.3)

Thousands of Dollars

Southern California Edison Summary of Earnings 2023 GRC Adopted Revenue Requirement Thousands of Dollars		
Line No.	Item	Total
1.	Base Revenues	7,792,631
2.	Expenses:	
3.	Operation & Maintenance	2,603,404
4.	Depreciation	2,132,791
5.	Taxes	760,326
6.	Revenue Credits	(164,176)
7.	Total Expenses	5,332,345
8.	Net Operating Revenue	2,460,286
9.	Rate Base	32,052,516
10.	Rate of Return	7.68%

Southern California Edison
 2021 GRC Summary of Earnings
 2024 PTYR Application (RO Model 7.0)

Thousands of Dollars

Southern California Edison Summary of Earnings 2024 GRC Application Revenue Requirement Thousands of Dollars		
Line No.	Item	Total
1.	Base Revenues	8,638,835
2.	Expenses:	
3.	Operation & Maintenance	3,007,132
4.	Depreciation	2,304,660
5.	Taxes	848,780
6.	Revenue Credits	(165,996)
7.	Total Expenses	5,994,575
8.	Net Operating Revenue	2,644,260
9.	Rate Base	34,444,200
10.	Rate of Return	7.68%

Appendix C

List of Cities and Counties

INCORPORATED CITIES AND COUNTIES SERVED BY SCE

COUNTIES

Fresno	Kern	Madera	Riverside	Tuolumne
Imperial	Kings	Mono	San Bernardino	Tulare
Inyo	Los Angeles	Orange	Santa Barbara	Ventura

CITIES

Adelanto	Commerce	Hesperia	Lynwood	Porterville	Tehachapi
Agoura Hills	Compton	Hidden Hills	Malibu	Rancho Cucamonga	Temecula
Alhambra	Corona	Highland	Mammoth Lakes	Rancho Mirage	Temple City
Aliso Viejo	Costa Mesa	Huntington Beach	Manhattan Beach	Rancho Palos Verdes	Thousand Oaks
Apple Valley	Covina	Huntington Park	Maywood	Rancho Santa Margarita	Torrance
Arcadia	Cudahy	Indian Wells	McFarland	Redlands	Tulare
Artesia	Culver City	Industry	Menifee	Redondo Beach	Tustin
Avalon	Cypress	Inglewood	Mission Viejo	Rialto	Twentynine Palms
Baldwin Park	Delano	Irvine	Monrovia	Ridgecrest	Upland
Barstow	Desert Hot Springs	Irwindale	Montclair	Rolling Hills	Ventura
Beaumont	Diamond Bar	Jurupa Valley	Montebello	Rolling Hills Estates	Victorville
Bell	Downey	La Canada Flintridge	Monterey Park	Rosemead	Villa Park
Bell Gardens	Duarte	La Habra	Moorpark	San Bernardino	Visalia
Bellflower	Eastvale	La Habra Heights	Moreno Valley	San Dimas	Walnut
Beverly Hills	El Monte	La Mirada	Murrieta	San Fernando	West Covina
Bishop	El Segundo	La Palma	Newport Beach	San Gabriel	West Hollywood
Blythe	Exeter	La Puente	Norco	San Jacinto	Westlake Village
Bradbury	Farmersville	La Verne	Norwalk	San Marino	Westminster
Brea	Fillmore	Laguna Beach	Ojai	Santa Ana	Whittier
Buena Park	Fontana	Laguna Hills	Ontario	Santa Barbara	Wildomar
Calabasas	Fountain Valley	Laguna Niguel	Orange	Santa Clarita	Woodlake (Three Rivers)
California City	Fullerton	Laguna Woods	Oxnard	Santa Fe Springs	Ventura
Calimesa	Garden Grove	Lake Elsinore	Palm Desert	Santa Monica	Yorba Linda
Camarillo	Gardena	Lake Forest	Palm Springs	Santa Paula	Yucaipa
Canyon Lake	Glendora	Lakewood	Palmdale	Seal Beach	Yucca Valley
Carpinteria	Goleta	Lancaster	Palos Verdes Estates	Sierra Madre	
Carson	Grand Terrace	Lawndale	Paramount	Signal Hill	
Cathedral City	Hanford	Lindsay	Perris	Simi Valley	
Cerritos	Hawaiian Gardens	Loma Linda	Pico Rivera	South El Monte	
Chino	Hawthorne	Lomita	Placentia	South Gate	
Chino Hills	Hemet	Long Beach	Pomona	South Pasadena	
Claremont	Hermosa Beach	Los Alamitos	Port Hueneme	Stanton	