



STATE OF CALIFORNIA

GAVIN NEWSOM, Governor

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

FILED

05/01/25

01:12 PM

A2204001

May 1, 2025

Agenda ID # 23466
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 22-04-001:

This is the proposed decision of Administrative Law Judges Elaine Lau and Leah Goldberg. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's June 12, 2025, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

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

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

/s/ MICHELLE COOKE

Michelle Cooke

Chief Administrative Law Judge

MLC:abb

Attachment

Decision **PROPOSED DECISION OF ALJ LAU AND ALJ L. GOLDBERG**
(Mailed 5/1/2025)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) for a Commission Finding that its Procurement-Related and Other Operations for the Record Period January 1 Through December 31, 2021, Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for Recovery of \$25.706 Million Recorded in Five Accounts.

Application 22-04-001

DECISION APPROVING SOUTHERN CALIFORNIA EDISON COMPANY 2021 ENERGY RESOURCE RECOVERY ACCOUNT COMPLIANCE APPLICATION

TABLE OF CONTENTS

Title	Page
DECISION APPROVING SOUTHERN CALIFORNIA EDISON COMPANY 2021 ENERGY RESOURCE RECOVERY ACCOUNT COMPLIANCE APPLICATION.....	1
Summary.....	2
1. Background.....	3
1.1. Proceeding History	3
1.2. Submission Date.....	5
2. Standard of Review.....	5
3. Issues Before the Commission.....	7
4. Discussion	9
4.1. Contested Issues	9
4.1.1. Refunding Double-Collected Franchise Fees	9
4.1.2. Prudent Administration of the Willdan Contracts	12
4.2. Uncontested Issues.....	14
4.2.1. SCE's 2021 Recorded Fuel and Purchased Power Expenses	14
4.2.2. SCE's Administration and Management of Utility-Owned Generation	15
4.2.3. SCE's Contract Administration and Management	18
4.2.4. SCE's Least-Cost Dispatch of Energy Resources and Demand Response Programs	19
4.2.5. SCE's 2021 Recorded Cost Entries for its Greenhouse Gas Compliance Instrument Procurement.....	20
4.2.6. SCE's Recorded Entries in the ERRA and Other Balancing and Memorandum Accounts, including BRRBA, NDAM, PPPAM, and CBA.....	21
4.2.7. SCE's Requested Revenue Requirement of \$25.706 million	22
4.2.8. Unrealized Revenues Attributed to 2021 PSPS Events.....	23
4.2.8.1. 2021 PSPS Events.....	26
4.2.8.2. Calculation of Unrealized Sales and Unrealized Revenues.....	26
4.2.8.3. Discussion	27
5. Conclusion.....	27
6. Safety Considerations	28
7. Summary of Public Comment	28
8. Procedural Matters	29
9. Comments on Proposed Decision	29
10. Assignment of Proceeding.....	29
Findings of Fact.....	29
Conclusions of Law	32
ORDER.....	35

DECISION APPROVING SOUTHERN CALIFORNIA EDISON COMPANY 2021 ENERGY RESOURCE RECOVERY ACCOUNT COMPLIANCE APPLICATION**Summary**

This decision finds that Southern California Edison Company (SCE) meets the standard for compliance under the Energy Resource Recovery Account (ERRA) regulatory compliance standards during the 2021 Record Year. During the 2021 Record Year, SCE complied with all the requirements that the Commission reviews during the ERRA compliance process, except for certain entries it recorded in the Portfolio Allocation Balancing Account (PABA).

In 2021, SCE recorded entries in the PABA that included franchise fees it double-collected from departed load customers. This decision finds that SCE is responsible for the errors in the PABA tariff language that caused the double collection of franchise fees and directs SCE to refund \$3.7 million in double-collected franchise fees to departed load customers through a vintage-specific sur-credit to the affected customers' Power Charge Indifference Adjustment (PCIA) rates.

This decision authorizes SCE to recover \$25.706 million in undercollected revenue requirement from rates. This undercollection was recorded across five of SCE's accounts: Residential Rate Implementation Memorandum Account, Integrated Resource Planning Costs Memorandum Account, Microgrid Memorandum Account, Summer Reliability Demand Response Program Memorandum Account, and Litigation Costs Tracking Account.

In this decision, the Commission determines the appropriate amount of financial disallowance to impose on SCE for the Public Safety Power Shutoff (PSPS) events that occurred during the 2021 Record Year. Decision (D.) 21-06-014 determined that SCE is disallowed from retroactively collecting revenues that

SCE did not, but could have, collect from ratepayers during PSPS events (PSPS Unrealized Revenues). D.23-06-054 approved a methodology for calculating the appropriate amount of disallowed PSPS Unrealized Revenues. This decision finds that, using the approved methodology, SCE is disallowed from collecting \$301,296 in PSPS Unrealized Revenues for the 2021 Record Year.

SCE's ERRA Compliance Application for the 2021 Record Year is approved.

This proceeding is closed.

1. Background

1.1. Proceeding History

On April 1, 2022, Southern California Edison Company (SCE) filed Application (A.) 22-04-001, SCE's Energy Resource Recovery Account (ERRA) Compliance Proceeding for the 2021 Record Year.

On May 9, 2022, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a Protest to the Application. Also, Clean Power Alliance of Southern California, California Choice Energy Authority, and Central Coast Community Energy (together, SoCalCCAs) jointly filed a Protest to the Application. On May 19, 2022, SCE filed a Reply to the Protests to the Application.

On May 31, 2022, the assigned Administrative Law Judge (ALJ) conducted a prehearing conference.

On July 6, 2022, a ruling of the assigned ALJ granted the motion for party status to the California Community Choice Association.

On August 11, 2022, the Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was issued. The Scoping Memo categorized this Proceeding as ratesetting. On August 30, 2022, an amended Assigned

Commissioner's Scoping Memo and Ruling (Amended Scoping Memo) was issued to include a new scoped issue, or issue nine, which is to examine whether SCE appropriately operated its memorandum accounts and balancing accounts during the 2021 Record Period.

The Amended Scoping Memo set the schedule for submission of testimony and briefs on all the issues, as identified in the Amended Scoping Memo, except for issue eight. The Amended Scoping Memo deferred setting the schedule for submission of testimony and briefs for issue eight. Issue eight examines the amount of disallowance to impose on SCE for Public Safety Power Shutoff (PSPS) events that occurred during the 2021 Record Year, pursuant to Commission Decision (D.) 21-06-014. At the time the Amended Scoping Memo was issued, the Commission was still in the process of determining the methodology for calculating the disallowance amount, or the amount of revenues that SCE did not collect during PSPS events (PSPS Unrealized Revenues). As such, the schedule for submission of testimony and briefs on issue eight was deferred until the Commission approved the methodology for calculating the PSPS Unrealized Revenues.

On March 14, 2023, and March 22, 2023, the assigned ALJ held status conferences.

On April 14, 2023, SCE and Cal Advocates filed opening briefs on all issues except issue eight. On April 17, 2023, SoCalCCAs also filed opening briefs on all issues except issue eight.¹

On April 28, 2023, SCE, Cal Advocates, and SoCalCCAs filed their Reply Briefs on all issues except issue eight.

¹ An assigned ALJ Ruling issued on June 2, 2023, granted SoCalCCAs' motion to file their Opening Brief untimely.

On July 3, 2023, D.23-06-054 approved the methodology for calculating the amount of PSPS Unrealized Revenues.

On November 30, 2023, the assigned ALJ issued a ruling directing SCE to coordinate a meet-and-confer with the parties to agree to a schedule for submission of testimony and briefing specifically related to issue eight. On December 18, 2023, SCE filed a Joint Case Management Statement to report the results of the parties' meet-and-confer. On January 4, 2024, the assigned ALJ issued an e-mail ruling amending the proceeding schedule to set dates for the submission of testimony and briefs on issue eight. On May 6, 2024, the assigned ALJ issued an e-mail ruling which further amended the proceeding schedule.

On May 10, 2024, SCE filed an opening brief on issue eight. No other parties filed an opening brief on issue eight.

1.2. Submission Date

This matter was submitted on May 10, 2024, upon the submission of SCE's opening brief on issue eight.

2. Standard of Review

In this Application, the Commission evaluates whether SCE meets the standard for compliance under the ERRA regulatory compliance process.

The ERRA, authorized by Public Utilities (Pub. Util.) Code Section 454.5(d) and D.02-10-062, allows regulated energy utilities to recover power procurement costs for fuel and purchased power not already authorized to be recovered in rates. This balancing account tracks "the differences between recorded revenues and costs incurred pursuant to an approved procurement plan" and is reviewed by the Commission.²

² Pub. Util. Code § 454.5(d)(3).

The ERRA regulatory process includes an annual compliance proceeding and an annual forecast proceeding. In the ERRA compliance proceeding, the Commission evaluates whether a utility has complied with all applicable rules, regulations, opinions, and laws in managing its utility owned generation, implementing the utility's most recently approved procurement plan, and administering its energy resource contracts.³

First, the Commission considers whether the utility prudently administered and managed its own generation resources under the reasonable manager standard during the record period. Under the reasonable manager standard, "the act of the utility should comport with what a reasonable manager of sufficient education, training, experience, and skills using the tools and knowledge at his or her disposal would do when faced with a need to make a decision and act."⁴ When a utility makes a showing that its conduct was prudent, a party proposing a disallowance must establish that the utility did not act as a prudent manager.

Next, the Commission also considers whether the utility has prudently administered its contracts and generation resources and dispatched energy in a least cost manner in accordance with Standard of Conduct (SOC) 4.⁵ Established in D.02-10-062, SOC 4 provides, "utilities shall prudently administer all contracts and generation resources and dispatch the energy in a least-cost manner."⁶ Prudent contract administration includes administration of all contracts within the terms and conditions of those contracts and the responsibility to dispose of

³ Pub. Util. Code § 454.5(d)(2).

⁴ D.14-05-023 at 15.

⁵ D.15-05-005, OPs 1, 2 and 4.

⁶ D.02-10-062 at 74 (Conclusion of Law 11).

economic long power and to purchase economic short power in a manner that minimizes ratepayer costs. To achieve least-cost dispatch, the utility uses the most cost-effective mix of total resources possible to minimize the cost of delivering electric services.⁷

The Commission also considers additional issues in ERRA compliance reviews, including reviewing whether entries the utility recorded in the ERRA and Portfolio Allocation Balancing Account (PABA) are reasonable, appropriate, accurate, and in compliance with Commission decisions.⁸ In addition, under D.21-06-014, the Commission determines the appropriate amount of revenues that the utility is disallowed from collecting for PSPS events implemented during the record period, beginning with the 2021 ERRA Compliance proceedings.⁹

For this Application, SCE has the burden to affirmatively establish by a preponderance of evidence that SCE has met the standard for compliance under the ERRA regulatory compliance process during the 2021 Record Year.

3. Issues Before the Commission

This decision addresses the following issues, identified here in the same order as identified in the Scoping Memo:

1. Whether SCE's 2021 fuel and purchased power expenses were accurately recorded and complied with SCE's Commission-approved procurement plan;
2. Whether during 2021, SCE prudently administered, managed and dispatched the following, in compliance with all applicable rules, regulations and Commission decisions, including but not limited to Standard of Conduct Four:
 - a. Utility Retained Generation Resources;

⁷ D.02-12-074 at 54.

⁸ D.18-10-019 at OP 8.

⁹ D.21-06-014 at OP 1.

- b. Quality Facility Contracts;
 - c. Bilateral Contracts;
 - d. Inter-utility Power Contracts;
 - e. Renewable Resource Contracts; and
 - f. Natural Gas Tolling Agreements.
3. Whether during 2021 SCE dispatched its energy resources in a least cost manner in compliance with SCE's Commission-approved procurement plan;
 4. Whether the following entries and costs recorded in its ERRA by SCE are correctly stated, reasonable, and in compliance with applicable Commission decisions, rules and regulations:
 - a. Base Revenue Requirement Balancing Account (BRRBA);
 - b. Nuclear Decommissioning Adjustment Mechanism (NDAM);
 - c. Public Purpose Program Adjustment Mechanism (PPPAM); and
 - d. California Alternate Rates for Energy Balancing Account (CBA).
 5. Whether the requested revenue requirement of \$25.706 million is just and reasonable;
 6. Whether SCE's administrative costs entries for its Greenhouse Gas Compliance Instrument procurement are reasonable, accurate, consistent with Commission and state policies and laws, and whether SCE met its burden of proof regarding its claim for these entries;
 7. Whether there are any safety considerations raised by the application;
 8. What is the revenue requirement equal to the estimated unrealized volumetric sales and unrealized revenue resulting from the Public Safety Power Shutoff events in 2021 that SCE must forgo in accordance with D.21-06-014? What is the appropriate methodology for calculating SCE's

unrealized volumetric sales and unrealized revenues resulting from 2021 PSPS events?

9. Whether SCE appropriately operated its memorandum accounts and balancing accounts during the 2021 Record Period; and the recorded entries in the accounts are appropriate, correctly stated and in compliance with applicable Commission decisions.

4. Discussion

There are only two issues that were contested by the parties:

1. SoCalCCAs' request for a refund of \$3.7 million in franchise fees that SCE double-collected in 2021; and
2. Cal Advocates' recommendations to find that SCE imprudently administered its contracts with Willdan Energy Solutions, Inc. and to impose a disallowance on SCE for the administration of these contracts.

We first address the two contested issues and then discuss the uncontested issues.

4.1. Contested Issues

4.1.1. Refunding Double-Collected Franchise Fees

SoCalCCAs request that SCE refund \$3.7 million in franchise fees that SCE double collected from departed load customers. SoCalCCAs propose that SCE provides the refund through a vintage-specific sur-credit to the Power Charge Indifference Adjustment (PCIA) rates charged to departed load customers.¹⁰ SCE does not dispute that it double collected \$3.7 million in franchise fees from departed load customers but opposes refunding the double collected franchise fees.

SCE argues that there is no feasible way of issuing a refund of the franchise fees because SCE already paid the collected franchise fees to the municipalities.

¹⁰ Exhibit CCA-01 at 1.

SCE explains that, because the monies SCE collected for franchise fees were paid out to the municipalities, there is no money in the balancing accounts to allow for a refund of the collected franchise fees.

SCE explains that the double collection in franchise fees was caused by the collection of franchise fees in two separate tariffs that were updated in different proceedings, resulting in double collection that went unnoticed.¹¹ Even though there was a double collection, SCE asserts that it complied with its tariffs by collecting franchise fees according to tariffs that were approved in Advice Letter 4375-E.¹² SCE further argues that its collections of franchise fees pursuant to its tariffs should not be subject to an after-the-fact reasonableness review.

Because the franchise fee double collection was not caused by SCE's noncompliance with its tariffs, SCE requests that the Commission find that SCE is in compliance with respect to its ERRRA entries in 2021, arguing that the main purpose of the ERRRA Compliance proceeding is to review SCE's balancing and memorandum accounts for compliance with SCE's tariffs. SoCalCCAs argue that collecting revenues from a tariff rate that incorrectly overcharges customers is not appropriate.

We concur with SoCalCCAs that SCE should refund the \$3.7 million in double-collected franchise fees to departed load customers. Even though SCE complied with tariffs that were approved by the Commission, SCE should bear responsibility for errors in its tariff language that incorrectly overcharge customers.

¹¹ SCE Opening Brief, dated April 14, 2023, at 19.

¹² SCE Reply Brief, dated April 28, 2023, at 1-2.

Issue nine, as set forth in the Scoping Memo, states:

Whether SCE appropriately operated its memorandum accounts and balancing accounts during the 2021 Record Period; and the recorded entries in the accounts are appropriate, correctly stated and in compliance with applicable Commission decisions.

In examining whether SCE is in compliance under issue nine, we use the reasonable manager standard to determine whether SCE appropriately operated its memorandum accounts and balancing accounts during the 2021 Record Year. As a reasonable manager, SCE should not have double-charged its customers, including departed load customers, regardless of whether the charges were set according to Commission-approved tariffs, and should have ensured that all its charges, as set forth across its various tariffs, were accurate, even if those tariffs were implemented and approved in separate Commission proceedings. When rejecting responsibility for this error and posturing that it did no wrong by charging according to its tariffs, SCE is essentially shifting the burden of ensuring the accuracy of its charges across its tariffs to the Commission. We conclude that, as a reasonable manager, SCE has the ultimate responsibility of ensuring the accuracy of its charges set forth across all its balancing and memorandum accounts and as specified in the Preliminary Statements for all its accounts.

We find that SCE is responsible for the error in its tariff language for the PABA, which caused the \$3.7 million in double-collected franchise fees from its departed load customers. Because of the double collection, we find that SCE did not operate the PABA appropriately during the 2021 Record Year, as required under issue nine. We, therefore, find it reasonable for SCE to refund \$3.7 million in over-collected franchise fees to its departed load customers through a vintage-specific sur-credit to the affected customers' PCIA rates. SCE may collect the

\$3.7 million in overcollected franchise fees from the municipalities to which these fees were remitted. Any amount SCE is not able to collect is a disallowance imposed on SCE that will be used to fund the \$3.7 million franchise fee refund.

4.1.2. Prudent Administration of the Willdan Contracts

During the 2021 Record Year, SCE administered 17 Local Capacity Requirement contracts with Willdan Energy Solutions, Inc. (Willdan). SCE found that Willdan miscalculated energy savings and disputed the invoiced amounts Willdan charged to SCE. To resolve the contract disputes, SCE entered into a settlement agreement with Willdan. Under the settlement agreement, Willdan corrected the calculation of energy savings and SCE paid Willdan amended charges that were set according to the corrected method of calculating energy savings.^{13,14} SCE recorded these amended charges into the Local Capacity Requirements Products Balancing Account (LCRBA).¹⁵

Cal Advocates argues that the contract disputes were results of SCE's imprudent administration of the Willdan contracts and recommends disallowing the settlement amount that SCE paid to Willdan. Cal Advocates asserts that SCE failed to notice the calculation errors which caused the incorrect invoiced amounts. Cal Advocates argues that it is SCE's responsibility, under SOC 4, to identify errors to avoid ratepayer impact, but SCE failed to identify these errors in multiple contracts.¹⁶ In opening briefs, Cal Advocates additionally

¹³ SCE Opening Brief, dated April 14, 2023, at 10-15.

¹⁴ The settlement amount was granted confidential treatment per an ALJ Ruling Entering Exhibits into Evidence and Granting Confidential Treatment of Exhibits, dated March 24, 2025.

¹⁵ SCE Opening Brief, dated April 14, 2023, at 4-6.

¹⁶ Exhibit Cal Adv-01, Chapter 4 at 21-23.

recommends disallowing an amount that Cal Advocates asserts SCE overpaid to Willdan.¹⁷

SCE contends it acted reasonably and in the interest of its customers by disputing Willdan's invoices once it found that Willdan miscalculated energy savings and the invoiced amounts. SCE argues that it resolved the contract disputes reasonably because the settlement amount saved customers substantial costs compared to the amount Willdan originally invoiced and that the settlement avoided costly and time-consuming litigation and arbitration.¹⁸

Once SCE found the error with Willdan's invoices, SCE reviewed other Local Capacity Requirement contracts and found similar calculation errors in its invoices from FSG Energy Efficiency, LLC (FSG) and Sterling Analytics, LLC (Sterling). SCE contends that the errors with these contracts stem from the same issue under the same event and were not repeat errors as Cal Advocates alleges. Similar to how it addressed the errors with Willdan, SCE disputed the invoiced amounts and then entered into settlement agreements in which SCE paid amended charges set according to the corrected calculation methodology. SCE relies on D.22-10-004 (SCE's 2020 ERRRA Compliance Decision), which found that SCE prudently administered its contracts with FSG and Sterling in 2020.¹⁹

According to SCE, it resolved the contract disputes with Willdan in a manner similar to how it resolved the contract disputes with FSG and Sterling, and the resolution outcome of its contract disputes with Willdan is similar to the resolution outcomes of its contract disputes with FSG and Sterling.²⁰ Because

¹⁷ Cal Advocates Opening Brief, dated April 14, 2023, at 5-6.

¹⁸ Exhibit SCE-08 at 10-17.

¹⁹ D.22-10-004 at 17; Exhibit SCE-08 at 4-5.

²⁰ SCE Opening Brief, dated April 14, 2023, at 13-14.

SCE resolved and addressed contract disputes with Willdan similarly, SCE requests that the Commission find that SCE prudently administered its contracts with Willdan, just as it found that SCE prudently administered its contracts with FSG and Sterling in D.22-10-004.²¹

We find that SCE acted reasonably with respect to the Willdan contracts. SCE found the calculation error in Willdan's invoices and timely disputed the inaccurate invoices. SCE's settlement with Willdan resolved the contract disputes in a reasonable manner. The settlement not only corrected the calculation error of energy savings for future charges and ensured that SCE paid the corrected amount to Willdan but also saved ratepayers the costs of time-consuming and costly litigation or arbitration to resolve the contract disputes. This finding is consistent with the findings in D.22-10-004, in which the Commission found that SCE prudently administered its contracts with FCG and Sterling after finding similar calculation errors in the invoiced amounts from these vendors. SCE resolved those contract disputes in a similar manner, with settlement agreements that corrected the calculation methodology and allowed SCE to pay charges amended according to the corrected calculation methodology. We, therefore, find that SCE prudently administered the Willdan contracts and decline to impose Cal Advocates' recommended disallowances for SCE's administration of these contracts.

4.2. Uncontested Issues

4.2.1. SCE's 2021 Recorded Fuel and Purchased Power Expenses

SCE provided a comparison of its forecasted and recorded fuel and purchased power revenue requirements and an explanation for any expenses

²¹ SCE Opening Brief, dated April 14, 2023, at 15-17.

with variances greater than 10-percent or greater than \$5 million.²² No parties disputed SCE's compliance with this issue. As discussed below, we find that SCE prudently administered and managed its utility-owned generation facilities, contracts, and GHG compliance instrument procurement consistent with SOC 4. We, therefore, find that the costs of fuel and purchased power SCE spent in 2021, which includes the costs of fuel used to power its utility-owned generation facilities, contract costs, and direct GHG costs, are reasonable. Accordingly, we find that SCE's fuel and purchased power expenses in 2021 were accurately recorded and complied with SCE's Commission-approved procurement plan.

4.2.2. SCE's Administration and Management of Utility-Owned Generation

The utility-owned generation facilities that SCE owned, operated, and maintained in 2021 include 32 hydroelectric generating plants (Hydro Plants), five natural gas-fired peaking generating plants (Peaker Plants), a two-unit combined-cycle natural gas-fired power plant (Mountainview Plant), and 24 Solar Photovoltaic (SPV) facilities. SCE also owns 15.8-percent of Palo Verde Nuclear Generating Station (Palo Verde) Units 1, 2, and 3. Palo Verde is operated by Arizona Public Service Company. We discuss each of these utility-owned generation facilities below.

The 32 Hydro Plants that SCE operated and maintained in 2021 include 33 dams and 43 stream diversions and have an aggregate 1,164 megawatts of generating capacity. In 2021, SCE's Hydro Plants generated a total of 1,727,229 megawatt-hours of energy, approximately 50-percent of the historical average. SCE explains that the lower than average generation was because many of the Hydro Plants were offline during the first quarter of 2021 from the 2020 Creek

²² Exhibit SCE-01 at 5-6.

Fire and because there was lower than average water available for generation as a result of persistent drought conditions.²³ In its testimony, SCE provided information regarding scheduled and unscheduled outages at its Hydro Plants, including performance metrics measuring each plant's availability for service and the length of time each plant experienced forced outages.²⁴

The five Peaker Plants SCE operated and maintained in 2021 have a total generation capacity of 245 megawatts, with each having an individual generation capacity of approximately 49 megawatts. In 2021, SCE's five Peaker Plants provided 107,711 megawatt-hour of energy and were started a total of 1,182 times. SCE spent \$7.72 million for natural gas used in the five Peaker Plants in 2021.²⁵ In its testimony, SCE provided information regarding scheduled and unscheduled outages at its Peaker Plants, including performance metrics measuring each plant's availability for service and the length of time each plant experienced forced outages.²⁶

The Mountainview Plant that SCE operated and maintained in 2021 is a two-unit combined-cycle natural gas-fired power plant located in Redlands, California. Each unit of the Mountainview Plant has a capacity of 555 megawatts. In total, the Mountainview Plant can produce a total capacity of 1,110 megawatts. In 2021, the Mountainview Plant provided 1,979,103 megawatt-hours of energy and was started 565 times. In 2021, it generated less than average electricity, primarily because of changes to the California Independent System Operator (CAISO) dispatch and also because of outages. SCE spent \$104.576 million for

²³ Exhibit SCE-01 at 1-21.

²⁴ Exhibit SCE-01 at 22-37.

²⁵ Exhibit SCE-01 at 38-40.

²⁶ Exhibit SCE-01 at 40-44.

natural gas used in the Mountainview Plant in 2021.²⁷ In its testimony, SCE provided information regarding scheduled and unscheduled outages at the Mountainview Plant, including performance metrics measuring the plant's availability for service and the length of time the plant experienced forced outages.²⁸

The 24 SPV facilities SCE operated and maintained in 2021 consist of one ground-mounted and 23 rooftop solar facilities, with a total capacity of 59.5 megawatts alternating current. In 2021, SCE's SPV facilities had a capacity factor of 13.5-percent and recorded 70,597-megawatt-hours of alternating current generation, which is 3.3-percent lower than the historical average.²⁹

Palo Verde, of which 15.8-percent is owned by SCE, is located 50-miles west of Phoenix, Arizona, and is operated by the Arizona Public Service Company. SCE's share of the costs of generation and fuel expense of the 4,998 gigawatt-hours of energy produced in Palo Verde is \$33.5 million, which is \$6.70 per megawatt-hour.³⁰

Cal Advocates reviewed SCE's administration and management of the five Peaker Plants and the Mountainview Plant.³¹ Cal Advocates originally recommended that the Commission direct SCE to prepare a Root Cause Evaluation Report on the cause of an outage at the Mountainview Plant, Unit 4 on June 1, 2021, but withdrew its recommendations after reviewing SCE's rebuttal testimony and subsequent data request responses. Cal Advocates no

²⁷ Exhibit SCE-01 at 46-48.

²⁸ Exhibit SCE-01 at 48-52.

²⁹ Exhibit SCE-01 at 58-64.

³⁰ Exhibit SCE-01 at 76.

³¹ Exhibit CalAdv-01, Chapter 3 at 1-2.

longer contests the Mountainview Unit-4 outage and concludes that SCE's conduct with regards to the outage was reasonable.³²

After review, we find that SCE prudently administered and managed its utility-owned generation resources during the 2021 Record Year.

4.2.3. SCE's Contract Administration and Management

In 2021, SCE executed and administered the following types of contracts:

1. Behind the Meter contracts;
2. Conventional and Natural Gas contracts, including Demand Response Auction Mechanism;
3. Public Utility Regulatory Policy Act and Combined Heat and Power contracts;
4. Renewables Portfolio Standard contracts; and
5. Battery Energy Storage Systems contracts.³³

Cal Advocates reviewed SCE's testimony and issued data requests related to SCE's contracts and administration of contracts. Cal Advocates also analyzed SCE's contracts, including contract disputes, modifications, and terminations to determine the reasonableness of SCE's administration and management of its contracts.³⁴ Except for the disallowance recommended for the management of the Willdan contracts, Cal Advocates does not object to SCE's contract administration activities and practices for the 2021 Record Year.³⁵

Upon review, we find that SCE prudently and reasonably administered and managed its contracts during the 2021 Record Year, consistent with SOC 4,

³² Cal Advocates Opening Brief, dated April 14, 2023, at 2-3.

³³ Exhibit SCE-03 at 25-29.

³⁴ Exhibit Cal Adv-01, Chapter 4 at 1-2.

³⁵ Exhibit Cal Adv-01, Chapter 4 at 25.

including its contracts with Willdan, as discussed in the Contested Issues Section above.

4.2.4. SCE's Least-Cost Dispatch of Energy Resources and Demand Response Programs

During the 2021 Record Year, SCE submitted bids and schedules for its available generator capacity and ancillary services to CAISO in the day-ahead and real-time markets. To implement least-cost dispatch of its resources, SCE evaluates the economics of its dispatchable resources before submitting bids and schedules to CAISO.³⁶

In its testimony and workpapers accompanying its Application, SCE provided details of its bidding and dispatch activities during the 2021 Record Year, as required in D.15-05-007, including but not limited to:

1. A description of SCE's bidding and scheduling processes;
2. Summary reports and tables documenting dispatchable thermal resource aggregated annual exception rates for incremental cost bid calculations, self-commitment decisions, and master file data changes;
3. Narratives reviewing significant strategy changes, internal software process changes, internal process changes, and CAISO market designs;
4. Summary tables of total capacity of the dispatchable portfolio, total dispatchable capacity lost due to planned or forced outages, total capacity of the non-dispatchable portfolio, total non-dispatchable capacity lost due to planned or forced outages, and total energy awards; and
5. Spot market electric and natural gas transactions made by SCE.³⁷

³⁶ Exhibit SCE-03 at 4-6.

³⁷ Exhibit SCE-03 at 1-2.

After analyzing data requests and reviewing SCE's testimony and relevant Commission decisions, Cal Advocates does not object to SCE's least-cost dispatch scheduling and bidding activities during the 2021 Record Year.³⁸

Upon review, we find that SCE dispatched its energy resources in a least-cost manner in compliance with its approved procurement plan and SOC 4 during the 2021 Record Year.

During the 2021 Record Year, all of SCE's economically triggered demand response resources were available for CAISO market dispatch, which represented approximately 1,388-megawatts of integrated capacity in September 2021.³⁹ In its workpapers, SCE provided detailed information on program parameters, dispatch, opportunity cost methodology, dispatch exceptions, and estimated cost impacts of its demand response resources. After analyzing data requests and reviewing relevant testimony and Commission decisions, Cal Advocates does not object to SCE's dispatch of demand response resources in 2021, concluding that SCE generally dispatched demand response resources that maximized market revenue.⁴⁰ Upon review, we find that, during the 2021 Record Year, SCE dispatched its demand response resources in a least-cost manner and in accordance with SOC-4.

4.2.5. SCE's 2021 Recorded Cost Entries for its Greenhouse Gas Compliance Instrument Procurement

In 2021, SCE recorded the costs of Greenhouse Gas (GHG) compliance instrument procurement in the PABA, New System Generation Balancing

³⁸ Exhibit Cal Adv-01, Chapter 2 at 1 and 25.

³⁹ Exhibit SCE-03 at 17-18.

⁴⁰ Exhibit Cal Adv-01, Chapter 2 at 21-25.

Account (NSGBA), and ERRA. In its testimony and workpapers, SCE provided total GHG expense recorded in 2021, monthly accounting entries reflecting SCE's estimated emission obligations incurred in each month in 2021, and entries of additional instrument purchase executed in 2021. SCE did not sell any purchased emissions allowances and did not incur any related inventory costs during the 2021 Record Year. SCE did not receive or sell any free emissions allowances other than those recorded in the GHG Revenue Balancing Account, which is reviewed in SCE's annual ERRA Forecast Application and not in the ERRA Compliance Application.⁴¹

No parties contested the balancing account entries SCE recorded in 2021 for the costs of its GHG compliance instrument procurement.

Upon review, we find that the costs SCE recorded in its balancing accounts for GHG compliance instrument procurement in 2021 are reasonable, accurate, and consistent with Commission directives and state policies and laws.

4.2.6. SCE's Recorded Entries in the ERRA and Other Balancing and Memorandum Accounts, including BRRBA, NDAM, PPPAM, and CBA

SCE submitted 43 balancing accounts and memorandum accounts for review in this Application, including the ERRA, BRRBA, NDAM, PPPAM, and CBA.⁴² In testimony, SCE provided details of each account's operations, including any significant adjustments recorded in 2021 and summaries of 2021 expenses in each account. Cal Advocates audited 31 of these accounts by reviewing SCE's testimony, exhibits, data request responses, relevant advice letters, relevant Commission decisions, invoices, and account ledger entries. As

⁴¹ Exhibit SCE-02 at 198-202.

⁴² Exhibit SCE-02 at 28-29.

discussed above in Section 4.1.2 (Prudent Administration of the Willdan Contracts), besides the costs of the Willdan contracts recorded in the LCRBA, Cal Advocates does not object to the entries recorded in the accounts it reviewed.⁴³

Upon review, we find that, with the exception of the PABA, the entries SCE recorded in 2021 in the balancing accounts and memorandum accounts reviewed in this Application are correct, reasonable and in compliance with Commission directives. As discussed in Section 4.1.1, Refunding Double-Collected Franchise Fees, we find that the entries SCE recorded in the PABA in 2021 include franchise fees that SCE double-collected from departed load customers and are, therefore, not reasonable. Accordingly, SCE is directed to refund \$3.7 million in double-collected franchise fees to the affected departed load customers. Also, as discussed in Section 4.1.2, Prudent Administration of the Willdan Contracts, we find that SCE prudently administered the Willdan Contracts, and that the costs of the Willdan contracts SCE recorded in the LCRBA in 2021 are reasonable.

4.2.7. SCE's Requested Revenue Requirement of \$25.706 million

During the 2021 Record Year, SCE recorded a total undercollection of \$25.706 million in revenue requirement across the following five accounts:

1. Residential Rate Implementation Memorandum Account, undercollected by \$22.009 million;
2. Integrated Resource Planning Costs Memorandum Account, undercollected by \$1.179 million;
3. Microgrid Memorandum Account, undercollected by \$0.014 million;

⁴³ Exhibit Cal Adv-01, Chapter 5 at 1-9.

4. Summer Reliability Demand Response Program Memorandum Account, undercollected by \$0.029 million; and
5. Litigation Costs Tracking Account, undercollected by \$2.191 million.

SCE is requesting to recover this undercollection in rates.

Besides the Microgrid Memorandum Account, Cal Advocates audited the 2021 entries recorded in the above undercollected accounts and does not object to the costs recorded therein.⁴⁴

As discussed previously in Section 4.2.6 (SCE's Recorded Entries in the ERRRA and Other Balancing and Memorandum Accounts), we find that the entries SCE recorded in 2021 in the 43 balancing and memorandum accounts reviewed in this Application, including the five undercollected accounts above, to be correct, reasonable, and in compliance with Commission directives. We, therefore, find 1) the undercollections recorded in the five accounts to be correct and reasonable, and 2) that it is reasonable for SCE to recover the \$25.706 million in revenue requirement undercollection from rates.

4.2.8. Unrealized Revenues Attributed to 2021 PSPS Events

D.21-06-014 ordered SCE to forgo collection in rates all authorized revenue requirement equal to the estimated unrealized volumetric sales and unrealized revenue resulting from PSPS events that were called after the effective date of the decision.^{45,46} D.23-06-054 set forth the methodology that SCE must use to calculate the unrealized sales and unrealized revenues caused by PSPS events.⁴⁷

⁴⁴ Exhibit Cal Adv-01, Chapter 5 at 3-9.

⁴⁵ D.21-06-014 at OP 1.

⁴⁶ The effective date of D.21-06-014 was June 3, 2021.

⁴⁷ D.23-06-054 at OP 1.

D.23-06-054 also ordered SCE to submit supplemental testimony in its 2021 ERRRA Compliance proceeding to present an estimate of unrealized sales and unrealized revenues caused by PSPS events in 2021 that were called after June 3, 2021, the effective date of D.21-06-014.⁴⁸

Under D.23-06-054, the unrealized revenues during a PSPS event are calculated using the following methodology:⁴⁹

1. The unrealized volumetric electric sales shall be calculated using the following steps:
 - i. The utility identifies the specific customer accounts that were impacted by each PSPS event in a given record year;
 - ii. For each affected customer of a PSPS event, the utility develops an electric consumption baseline using hourly load data from the seven days before and the seven days after each PSPS event (excluding data from other PSPS events during those two seven-day periods). For net energy metering (NEM) accounts, kilowatt-hour (kWh) net values are used; for non-NEM accounts, kWh delivered values are used;
 - iii. For each affected customer of a PSPS event, the utility calculates a weekday baseline profile for Mondays through Fridays and a weekend baseline profile for Saturdays, Sundays, and holidays for each hour (not just the hours affected by the PSPS event) by averaging the data from the two seven-day periods described in step ii above, resulting in 24 hourly weekday baseline profiles and 24 hourly weekend baseline profiles for each affected customer of a PSPS event;
 - iv. The utility identifies each affected customer's hourly load data for each hour of each day of a PSPS event

⁴⁸ D.23-06-054 at OP 2.

⁴⁹ D.23-06-054 at OP 1.

(not just the hours affected by the PSPS event). For customer accounts without hourly load data, the utility calculates the ratio of the total hourly load for the affected customer's class to the total hourly baseline profile for that class and then multiplies that ratio by the customer's hourly baseline profile to obtain that customer's imputed hourly load; and

- v. For each affected customer of a PSPS event, the hourly load data for each hour of each day of a PSPS event as described in step iv above are subtracted from the corresponding weekday or weekend hourly baseline profile described in step iii above to calculate unrealized volumetric sales, and those customer level unrealized sales are then aggregated by customer class.
2. The electric rate that shall be used to calculate a utility's unrealized revenues consists of all rate components that are under the jurisdiction of the California Public Utilities Commission and are charged based on volumetric sales, except rate components that do not recover any revenue shortfalls or variances resulting from PSPS events and rate components that provide a credit to ratepayers during the PSPS event. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall include all applicable rate components in the electric rate based on the utility's rate structure at the time the PSPS event was initiated.
 3. Unrealized wholesale generation revenues are excluded from the calculation of unrealized revenues.
 4. When applying the methodology adopted in this decision to calculate a utility's unrealized revenues, shareholders for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall fund all revenue shortfalls recorded in each of their respective balancing accounts resulting from Public Safety Power Shutoff events.

4.2.8.1. 2021 PSPS Events

In 2021, SCE called six PSPS events after June 3, 2021, the effective date of D.21-06-014 (applicable 2021 PSPS events):⁵⁰

1. September 29-30, 2021 (average duration of 9.8 hours, 9 customers affected);
2. October 8-12, 2021 (average duration of 18.3 hours, 40 customers affected);
3. October 13-15, 2021 (average duration of 9.5 hours, 104 customers affected);
4. October 22-23, 2021 (average duration of 7.0 hours, 112 customers affected);
5. November 18-21, 2021 (average duration of 6.1 hours, 5,188 customers affected); and
6. November 22-26, 2021 (average duration of 21.4 hours, 79,507 customers affected).

4.2.8.2. Calculation of Unrealized Sales and Unrealized Revenues

SCE calculated the unrealized sales amounts by comparing the hourly baseline usage for the affected customers with each customer's usage during the PSPS events and aggregated the sales by customer class and bundled versus unbundled customers.⁵¹ The baseline usage for each affected customer is derived based on the hourly load data from the seven days before and the seven days after each PSPS event.

SCE calculated the total unrealized volumetric sales for the six applicable 2021 PSPS events to be 2,316 megawatt-hours.⁵² After applying the class average volumetric energy charges effective at the time of the PSPS event to the

⁵⁰ Exhibit SCE-09 at 6.

⁵¹ *Ibid.*

⁵² *Ibid.*

unrealized sales of each specific class of affected customers, SCE calculated that the total unrealized revenues for the six applicable 2021 PSPS events to be \$301,296.⁵³

4.2.8.3. Discussion

We find that SCE's calculation of the total unrealized sales and unrealized revenues for the six applicable 2021 PSPS events follows the methodology approved in D.23-06-054. Accordingly, we find it reasonable to disallow SCE from collecting the total unrealized revenue amount of \$301,296 for those six PSPS events. Within 60-days of the effective date of this decision, SCE shall file a Tier 1 advice letter with the Commission's Energy Division to return \$301,296 in disallowances to ratepayers by applying this amount, with interest, to the appropriate balancing accounts.

5. Conclusion

We find that SCE meets the standard for ERRA compliance for the 2021 Record Year. With the exception of certain entries recorded in the PABA, SCE complied with all the requirements the Commission reviews during the ERRA compliance process for the 2021 Record Year.

The costs of fuel and purchased power SCE spent in 2021, which includes the costs of fuel used to power its utility-owned generation facilities, contract costs, and direct GHG costs, are reasonable. During the 2021 Record Year, SCE prudently administered and managed its utility-owned generation resources. SCE prudently and reasonably administered and managed its contracts. SCE dispatched its energy resources in a least-cost manner in compliance with its approved procurement plan and SOC 4. SCE dispatched its demand response

⁵³ Exhibit SCE-09 at 7-10.

resources in a least-cost manner and in accordance with SOC 4. SCE's fuel and purchased power expenses in 2021 were accurately recorded and complied with SCE's Commission-approved procurement plan.

The costs SCE recorded in its balancing accounts for GHG compliance instrument procurement in 2021 are reasonable, accurate, and consistent with Commission directives and state policies and laws. With the exception of the PABA, the entries SCE recorded in 2021 in the balancing accounts and memorandum accounts reviewed in this Application are correct, reasonable and in compliance with Commission directives.

In conclusion, we find that SCE's ERRRA Compliance Application for the 2021 Record Year should be approved.

6. Safety Considerations

There are no safety considerations raised by this Application. The issues considered in this Application do not raise any issues related to the safety of the utility's operations.

7. Summary of Public Comment

Rule 1.18 of the Commission's Rules of Practice and Procedure (Rule or Rules) allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

There were ten written comments submitted, all by residents living in SCE's service area. All the comments oppose the rate increase SCE is requesting in this Application to recover the \$25.706 million undercollection recorded in five of the 43 accounts reviewed. Many residents emphasize the burden of further

electric rate increases that will exacerbate inflationary increases to their cost of living expenses.

8. Procedural Matters

This decision affirms all rulings made by the Administrative Law Judges and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

9. Comments on Proposed Decision

The proposed decision of ALJs Elaine Lau and Leah Goldberg in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

10. Assignment of Proceeding

John Reynolds is the assigned Commissioner, and Elaine Lau and Leah Goldberg are the assigned ALJs in this proceeding.

Findings of Fact

1. SCE double collected \$3.7 million in franchise fees from departed load customers because it collected franchise fees pursuant to two separate tariffs approved by the Commission in different proceedings.
2. SCE already paid the collected franchise fees to the municipalities.
3. During the 2021 Record Year, SCE administered 17 Local Capacity Requirement contracts with Willdan.
4. SCE found that Willdan miscalculated energy savings and disputed the invoiced amounts Willdan charged to SCE.
5. SCE entered into a settlement agreement with Willdan, under which Willdan corrected the calculation of energy savings and SCE paid Willdan

amended charges that were set according to the corrected method of calculating energy savings.

6. SCE recorded the corrected charges from its Willdan contracts into the LCRBA.

7. SCE found that invoices from FSG and Sterling are based on miscalculated energy savings, similar to the incorrect invoices from Willdan.

8. SCE resolved the contract disputes with Willdan in a manner similar to how it resolved the contract disputes with FSG and Sterling, and the resolution outcome of its contract disputes with Willdan is similar to the resolution outcomes of its contract disputes with FSG and Sterling.

9. SCE found errors in Willdan's invoiced amounts and timely disputed the inaccurate invoices.

10. The settlement between SCE and Willdan corrected the calculation error of energy savings for future charges, ensured that SCE paid the corrected invoice amounts to Willdan, and saved ratepayers the costs of time-consuming and costly litigation or arbitration to resolve the contract disputes.

11. The utility-owned generation facilities that SCE owned, operated, and maintained in 2021 include 32 Hydro Plants, five Peaker Plants, the Mountainview Plant, and 24 SPV facilities.

12. SCE owns 15.8 percent of Palo Verde, which is operated by the Arizona Public Service Company.

13. In 2021, SCE executed and administered the following types of contracts: 1) Behind the Meter contracts, 2) Conventional and Natural Gas contracts, including Demand Response Auction Mechanism, 3) Public Utility Regulatory Policy Act and Combined Heat and Power contracts, 4) Renewables Portfolio Standard contracts, and 5) Battery Energy Storage Systems contracts.

14. During the 2021 Record Year, SCE submitted bids and schedules for its available generator capacity and ancillary services to the CAISO in the day-ahead and real-time markets.

15. During the 2021 Record Year, all of SCE's economically triggered DR resources were available for CAISO market dispatch, which represented approximately 1,388 megawatts of integrated capacity in September 2021.

16. In 2021, SCE recorded the costs of GHG compliance instrument procurement in the PABA, NSGBA, and ERRA.

17. There are 43 balancing accounts and memorandum accounts being reviewed in this Application, including the ERRA, BRRBA, NDAM, PPPAM, and CBA.

18. During the 2021 Record Year, SCE recorded a total undercollection of \$25.706 million in revenue requirement across the following five accounts: 1) Residential Rate Implementation Memorandum Account, undercollected by \$22.009 million, 2) Integrated Resource Planning Costs Memorandum Account, undercollected by \$1.179 million, 3) Microgrid Memorandum Account, undercollected by \$0.014 million, 4) Summer Reliability Demand Response Program Memorandum Account, undercollected by \$0.029 million, and 5) Litigation Costs Tracking Account, undercollected by \$2.191 million.

19. D.21-06-014 ordered SCE to forgo collection in rates all authorized revenue requirement equal to the estimated unrealized volumetric sales and unrealized revenue resulting from PSPS events that were called after the effective date of the decision.

20. D.23-06-054 set forth the methodology that SCE must use to calculate the unrealized sales and unrealized revenues caused by PSPS events.

21. In 2021, SCE implemented six PSPS events after June 3, 2021, the effective date of D.21-06-014.

22. SCE calculated the unrealized sales and the unrealized revenues for the six applicable 2021 PSPS events to be 2,316 megawatt-hours and \$301,296, respectively.

23. SCE's calculation of the unrealized sales and unrealized revenues for the six applicable 2021 PSPS events follows the methodology approved in D.23-06-054.

Conclusions of Law

1. As a reasonable manager, SCE should not have double-charged its customers, including departed load customers, regardless of whether the charges were set according to Commission-approved tariffs, and should have ensured that all its charges, as set forth across its various tariffs, were accurate, even if those tariffs were implemented and approved in separate Commission proceedings.

2. SCE, as a reasonable manager, has the ultimate responsibility of ensuring the accuracy of its charges set forth across all its balancing and memorandum accounts and as specified in the Preliminary Statements for all its accounts.

3. SCE is responsible for the errors in its tariff language, including tariff language for the PABA, which caused the \$3.7 million in double-collected franchise fees from its departed load customers.

4. SCE did not operate the PABA appropriately during the 2021 Record Year.

5. The entries SCE recorded in the PABA in 2021 include franchise fees that SCE double-collected from departed load customers and are not reasonable.

6. It is reasonable for SCE to refund \$3.7 million in over-collected franchise fees to its departed load customers through a vintage-specific sur-credit to the affected customers' PCIA rates.

7. It is reasonable to impose a disallowance on SCE on any amount SCE cannot collect from municipalities to refund \$3.7 million in double-collected franchise fees to departed load customers.

8. D.22-10-004 (SCE's 2020 ERRRA Compliance Decision) found that SCE prudently administered its contracts with FSG and Sterling in 2020.

9. SCE's settlement with Willdan resolved the contract disputes with Willdan in a reasonable manner, consistent with the finding in D.22-10-004 that SCE's settlements with FSG and Sterling are reasonable.

10. SCE prudently administered its contracts with Willdan.

11. The costs of the Willdan contracts SCE recorded in the LCRBA in 2021 are reasonable.

12. The costs of fuel and purchased power SCE spent in 2021, which includes the costs of fuel used to power its utility-owned generation facilities, contract costs, and direct GHG costs, are reasonable.

13. SCE's fuel and purchased power expenses in 2021 were accurately recorded and complied with SCE's Commission-approved procurement plan.

14. SCE prudently administered and managed its utility-owned generation resources during the 2021 Record Year.

15. SCE prudently and reasonably administered and managed its contracts during the 2021 Record Year.

16. SCE dispatched its energy resources in a least-cost manner in compliance with its approved procurement plan and SOC 4 during the 2021 Record Year.

17. SCE dispatched its demand response resources during the 2021 Record Year in a least-cost manner and in accordance with SOC 4.

18. The costs SCE recorded in its balancing accounts for GHG compliance instrument procurement in 2021 are reasonable, accurate, and consistent with Commission directives and state policies and laws.

19. With the exception of the PABA, the entries SCE recorded in 2021 in the balancing accounts and memorandum accounts reviewed in this Application are correct, reasonable and in compliance with Commission directives.

20. The entries SCE recorded in 2021 in the five undercollected accounts, which are the Residential Rate Implementation Memorandum Account, Integrated Resource Planning Costs Memorandum Account, Microgrid Memorandum Account, Summer Reliability Demand Response Program Memorandum Account, and Litigation Costs Tracking Account, are correct, reasonable, and in compliance with Commission directives.

21. The \$25.706 million in revenue requirement undercollection recorded in the five undercollected accounts are correct and reasonable.

22. SCE's recovery of the \$25.706 million in revenue requirement undercollection is reasonable and should be granted.

23. SCE should be disallowed from collecting the total unrealized revenue amount of \$301,296 for the six applicable 2021 PSPS events.

24. SCE meets the standard for compliance under the ERRR compliance standards during the 2021 Record Year.

25. SCE's ERRR Compliance Application for the 2021 Record Year should be approved.

O R D E R**IT IS ORDERED** that:

1. Application 22-04-001, Southern California Edison Company Application for Compliance of its Energy Resource Recovery Account for the 2021 Record Year, is approved with the modifications ordered in this decision.
2. Within 60-days after the effective date of this decision, Southern California Edison Company (SCE) shall file a Tier 1 advice letter with the Commission's Energy Division to implement the following:
 - (a) Recover from rates the \$25.706 million in undercollected revenue requirement that were recorded across the following five accounts: Residential Rate Implementation Memorandum Account, Integrated Resource Planning Costs Memorandum Account, Microgrid Memorandum Account, Summer Reliability Demand Response Program Memorandum Account, and Litigation Costs Tracking Account; and
 - (b) Return the total unrealized revenue amount of \$301,296 for the six Public Safety Power Shutoff events it implemented after the effective date of Decision 21-06-014 in 2021. SCE shall apply this amount, with interest, to the appropriate balancing accounts.
3. Within 60-days of this decision, Southern California Edison Company (SCE) shall file a Tier 2 Advice Letter with the Commission's Energy Division to implement a vintage-specific sur-credit to the Power Charge Indifference Adjustment rates to refund \$3.7 million of double-collected franchise fees to the departed load customers. SCE may collect the \$3.7 million in overcollected franchise fees from the municipalities to which these fees were remitted. Any amount SCE is not able to collect is a disallowance imposed on SCE that will be used to fund the \$3.7 million in franchise fee refund.

4. Application 22-04-001 is closed.

This order is effective today.

Dated _____, 2025, at Sacramento, California