STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION

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TO PARTIES OF RECORD IN APPLICATION 23-04-003:

This is the proposed decision of Administrative Law Judge Maria Sotero. 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 January 15, 2026 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/ BRIAN STEVENS for

Michelle Cooke
Chief Administrative Law Judge

MLC:jnf
Attachment

Decision **PROPOSED DECISION OF ALJ SOTERO** **(Mailed 12/9/2025)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for a Commission Finding that its Procurement-Related and Other Operations for the Record Period January 1 Through December 31, 2022 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 $51.442 Million Recorded in Five Accounts.	Application 23-04-003

DECISION APPROVING SOUTHERN CALIFORNIA EDISON COMPANY'S 2022 ENERGY RESOURCE RECOVERY ACCOUNT COMPLIANCE APPLICATION

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DECISION APPROVING SOUTHERN CALIFORNIA EDISON COMPANY'S 2022 ENERGY RESOURCE RECOVERY ACCOUNT COMPLIANCE APPLICATION

Summary

This decision addresses whether Southern California Edison Company (SCE) met the standard for compliance for its Energy Resources Recovery Account (ERRA) activities in 2022.

Except in two instances, we find that SCE met the applicable standards and requirements for this ERRA compliance application and that the entries in its balancing and memorandum accounts were reasonable and correct. SCE prudently managed its generation resources and complied with its Bundled Procurement Plan in procuring fuel, greenhouse gas compliance instruments, resource adequacy and other resources.

We also find that SCE's costs related to its incremental revenue requirement request are reasonable, and therefore we authorize the recovery of $51.442 million in undercollected balances. The largest portion of these additional costs stems from SCE's implementation of the Emergency Load Reduction Program. Overall, this revenue requirement increase will cause an estimated monthly bill increase in 2026 of $0.45 for SCE's average residential customer.

As noted above, we find that in two instances SCE's actions and account entries were not reasonable or correct. In these instances, one related to sanctions from the California grid operator and the other regarding a double-collection of franchise fees, this decision orders SCE to implement refunds to customers in the combined amount of $1.7065 million.

This decision also directs SCE to return $14,547 to customers for 2022 Public Safety Power Shutoff (PSPS) events, representing SCE's foregone PSPS-related revenues that we previously decided should be disallowed.

This proceeding is closed.

1. Background on Energy Resource Recovery Account (ERRA) Compliance and Procedural History

The purpose of this proceeding is to review Southern California Edison Company's (SCE's) procurement-related costs and activities in 2022 and determine whether they were reasonable. As a backward-looking review, the ERRA compliance process focuses primarily on standards of conduct and on whether the utility complied with applicable rules. We also consider SCE's request to recover additional costs associated with undercollections in five of its accounts.

1.1. Energy Resource Recovery Account Compliance in Context

The ERRA process consists of the review of procurement-related costs for the large investor-owned electric utilities in California. Procurement costs within the ERRA purview range from the utilities' costs to fuel and manage their own power plants and to buy electricity on the market, to other costs such as greenhouse gas (GHG) emissions costs and costs for low-income solar discount programs. One of the primary drivers of ERRA costs is the amount of electricity used by customers. ERRA costs are "pass-through" costs, which means that the utility passes on its cost to ratepayers without adding profit.

The instant proceeding relates to ERRA *compliance* review for SCE for calendar year 2022. It is important to note that there is also a corollary ERRA *forecast* application process. In the annual ERRA forecast application, a utility requests adoption of the utility's forecast of its expected procurement costs for the upcoming 12 months. Approval of the forecast allows utilities to recover their ERRA revenue requirement in rates in the year those costs are incurred. Accordingly, SCE's 2022 forecast costs were reviewed in Application (A.) 21-06-003, and the revenue requirement approved in that proceeding was collected from ratepayers in 2022. Here, we perform the final compliance review of those costs and SCE's procurement-related activities. There are also five accounts for which SCE is requesting new cost recovery authorization, and we consider those accounts separately from those not requesting additional revenue.

1.2. Energy Resources Recovery Account History and Applicable Rules

The California Public Utilities Commission (Commission) created the ERRA Balancing Account (BA) mechanism in Decision (D.) 02-10-062 to track fuel and purchased power (F&PP)[1] billed revenues against actual recorded costs of these items. In the same decision, the Commission required regulated electric utilities in California to establish a F&PP revenue requirement forecast, a trigger mechanism, and a schedule for ERRA applications.

Subsequent decisions regarding the ERRA BA adopted minimum standards of conduct that regulated energy utilities must follow in performing their procurement responsibilities. The Commission is required to perform a compliance review of the ERRA BA and related regulatory accounts and certain non-ERRA accounts. A compliance review considers whether a utility complied with all applicable rules, regulations, opinions, and laws.

One of the primary rules applicable to ERRA compliance review is referred to as Standard of Conduct (SOC) 4. This standard is one of seven minimum

[1] F&PP is a broad term referring to all the procurement costs and activities within scope of ERRA; it does not correspond directly to any individual account or cost.

standards for utility conduct and affiliate transactions adopted in the wake of the early 2000s energy crisis. SOC 4 requires utilities to "prudently administer all contracts and generation resources and dispatch the energy in a least-cost manner."[2]

Another source of rules applicable to our review is SCE's 2014 Bundled Procurement Plan (BPP). The BPP provides upfront standards and rules applicable to a wide range of procurement activities. Additionally, the requirement pursuant to Public Utilities (Pub. Util.) Code Section 454 that the Commission find all rates justified, and the specific requirements for procurement in 454.5, guide us here.

1.3. Procedural Background

On April 3, 2023, SCE filed A.23-04-003 regarding its 2022 ERRA costs and activities (Application). SCE's Application requests a Commission finding that its procurement-related and other operations for the record period January 1, 2022, through December 31, 2022, complied with its adopted procurement plan; for verification of its entries in the ERRA BA and other regulatory accounts; and for recovery of $51.442 million in additional revenue requirement for costs recorded in five accounts.

On May 5, 2023, the Public Advocates Office of the California Public Utilities Commission (Cal Advocates) and the California Community Choice Association (CalCCA) filed protests to the Application. On May 15, 2023, SCE filed a response to the protests.

A prehearing conference was held on June 23, 2023, to discuss the issues of law and fact and determine the need for hearing and schedule for resolving the

[2] D.02-10-062 at 52.

matter. Assigned Commissioner John Reynolds issued a scoping memo and ruling on July 24, 2023.

After resolving disputes among parties regarding issues in scope (discussed in the following section), and subsequent to discovery, parties filed a joint case management statement (joint statement) on February 20, 2024. Pursuant to the joint statement, only two issues remained in dispute: an issue regarding franchise fees and an issue regarding California Independent System Operator (CAISO) sanctions. The parties agreed that evidentiary hearings were not necessary. Opening and reply briefs were filed by CalCCA and SCE, after which the matter was submitted.

The statutory deadline for resolving this case was extended several times to accommodate changing timelines. The proceeding was reassigned to Administrative Law Judge (ALJ) Maria Sotero in August 2025.

1.3.1. Motion to Strike: Fast Trip De-Energizations

One substantive disagreement regarding scope occurred after intervenor testimony was filed.

Shortly after SCE filed the instant application, the Commission adopted D.23-06-054, regarding utilities' treatment of foregone revenues resulting from Public Safety Power Shutoffs (PSPS). D.23-06-054 prohibits utilities from recovering foregone revenue associated with PSPS events and directs utilities to calculate and file this disallowance in their ERRA compliance applications each year. Pursuant to that decision and direction from the ALJ in the instant proceeding, SCE submitted amended testimony related to its PSPS-related foregone revenue calculation on August 28, 2023.

In its December 5, 2023 testimony, Cal Advocates argued that SCE should revise its PSPS calculations to include revenue associated with Fast Trip[3] de-energizations. This was the only protested issue raised by Cal Advocates in this proceeding. In response, SCE filed a Motion to Strike arguing that Fast Trip outages were distinct from PSPS outages and should not be included in the calculation because they are out of scope. Cal Advocates responded to SCE's motion, and SCE replied to Cal Advocates' response, both continuing to argue their positions.

The assigned ALJ issued a ruling granting SCE's motion to strike in February 2024, stating that Fast Trip outages were out of scope. Cal Advocates submitted amended testimony on March 1, 2024, that omitted the out-of-scope issue and did not raise any other protests or recommended disallowances. This filing concluded Cal Advocates' participation in the case as it did not file briefs.

1.3.2. Motions to Admit Evidence and for Confidentiality

On March 22, 2024, SCE, CalCCA, and Cal Advocates filed the *Joint Motion to Offer Prepared Testimonies and Exhibits into Evidence*, containing each party's testimony and exhibits and the stipulation of each party to their filing. Concurrently, the joint parties also filed the *Joint Motion to Seal the Evidentiary Record* with respect to confidential exhibits. These motions are addressed in Section 14.

1.4. Submission Date

This matter was submitted on April 29, 2024 upon SCE and CalCCA's submission of reply briefs.

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[3] Fast Trip outages are enabled by advanced technologies and result automatically when a fault is detected. SCE also uses the term Fast Curve to describe these outages, and industry-wide they are known as Rapid Earth Fault Current Limit.

2. Jurisdiction

The Commission exercises jurisdiction over the activities of public utilities, including electrical corporations.[4] SCE is an investor-owned utility (IOU) providing electrical service in California. SCE is therefore an IOU "subject to our jurisdiction, control and regulation."[5] The Commission has jurisdiction to review an IOU's ERRA compliance applications pursuant to Pub. Util. Code Section 454.

The utilities are required to prudently administer all contracts and generation resources, and to dispatch energy in accordance with the Commission's longstanding procurement priorities of reliability, least-cost, and environmental sensitivity.[6] ERRA applications are reviewed under a reasonable manager standard, whereby SCE's actions are evaluated based on whether they "comport with what a reasonable manager of sufficient education, training, experience, and skills using the tools and knowledge at his or her disposal would do when faced with a need to make a decision and act."[7]

3. Issues Before the Commission

In its Application, SCE requested that the Commission make findings in four categories for the 2022 record year. These requested findings are (1) that its F&PP expenses were accurately recorded and complied with SCE's Commission-approved procurement plan; (2) that SCE's contract administration, management of utility-owned generation (UOG), dispatch of generation resources, and related transactions complied with SOC 4; (3) that undercollected costs in five memorandum accounts are reasonable and should be authorized for recovery in

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[4] Pub. Util. Code § 216(a) and 218.

[5] Pub. Util. Code § 216(b).

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

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

rates, and (4) that all other "activities subject to Commission review in this proceeding complied with applicable Commission decisions and resolutions."[8]

The Assigned Commissioner's Scoping Memo and Ruling included these issues. It also further specified the issues in scope with respect to SCE's fourth "catchall" request. These are: (1) Whether SCE's GHG Cap-and-Trade compliance costs are accurate and in compliance with the methodologies and reporting requirements ordered in D.21-05-004, and whether SCE met its burden of proof regarding its claims for these entries; (2) Whether there are any safety considerations raised by the application, and (3) Whether SCE accurately calculated the unrealized revenue requirement resulting from PSPSs that it must forgo pursuant to Commission decisions.

The above recitation of issues before us does not follow verbatim the list of issues in the Scoping Memo, but it is inclusive of all those issues. We present them here in alignment with how they are discussed and addressed in this decision. After discussing the threshold matter of the maximum disallowance amount (Section 4) and overall least-cost dispatch (Section 5), we address SCE's management of the generation it owns (Section 6) followed by its management of resources for which it contracted in 2022 (Section 7). We then separately address two specific sources of procurement costs: those stemming from the CAISO market (Section 8) and from SCE's compliance with Cap-and-Trade (Section 9). Then, we turn to the accounting home for every cost in ERRA: the balancing and memorandum accounts (Section 10). We conclude by addressing PSPS issues (Section 11) and safety (Section 12).

[8] Application at 1.

All issues within scope of the proceeding are addressed in this Decision, which closes the proceeding.

4. Maximum Disallowance Amount

The Background section of this Decision provides historical context for the ERRA compliance process, including SOC 4. In the same proceeding that established SOC 4 as a fundamental standard in ERRA, Rulemaking (R.) 01-10-024, the Commission also established a maximum disallowance amount for violations of SOC 4 to limit potential financial risk to utilities. The maximum disallowance amount was set to equal two times the utility's annual administrative expenses as set in its last General Rate Case (GRC) for all procurement functions, "including those related to DWR contract administration, utility-retained generation, renewables, QFs, demand-side resources, and any other procurement resources."[9]

Therefore, SCE provided the following: The 2022 administrative expense approved in its 2021 GRC was $23.046 million.[10] Therefore the maximum disallowance amount for any violation of SOC 4 in this proceeding is $46.092 million.

5. Least-Cost Dispatch of Resources

One of the primary requirements of SOC 4 relates to dispatching resources in a least-cost manner. "Dispatching" in the electric power context refers to the use or scheduling of resources; a dispatchable resource is one whose contract terms and physical constraints permit scheduling. Least-cost dispatch minimizes electricity costs by using the most cost-effective mix of total resources. This

[9] D.02-12-074 at 55.

[10] Exhibit SCE-01 at 6.

section considers whether SCE achieved least-cost dispatch pursuant to SOC 4 for its resources overall, both UOG and contracted.

For the 2022 Record Year, SCE provided the following: (1) an overview of least cost dispatch in the CAISO markets; (2) a description of SCE's bidding and scheduling processes; (3) summary tables; (4) information on SCE's market purchases and sales of electricity and natural gas.

SCE details the following operational objectives and principles that it uses to achieve least-cost dispatch: (1) SCE uses dispatchable resources only when its variable cost is expected to be recovered by the market; (2) SCE bids dispatchable resources to CAISO, which is then the entity to actually dispatch the resource via the market; (3) SCE buys power bilaterally (directly from electricity sellers) when it anticipates lower risks and costs than represented by the CAISO market; and (4) SCE sells surplus resources in order to reduce ratepayer costs.

Least-cost dispatch is not a disputed issue in this proceeding and no party disputes SCE's compliance with this element of SOC 4 or requests a disallowance related to SCE's least-cost dispatch activities. Cal Advocates notes errors in forecasting and bidding processes but also identifies the measures SCE took to correct these errors and concludes that they were reasonable and overall does not recommend any disallowances based on compliance with SOC 4.[11] SCE provides information about its portfolio management that demonstrates a comprehensive approach focused on achieving least-cost overall dispatch of electricity resources. Upon review, we find SCE achieved least-cost dispatch in the 2022 Record Year in compliance with all Commission requirements, including SOC 4.

[11] Cal Advocates Amended Testimony at 2-24.

6. Management of Utility-Owned Generation

This section addresses SCE's management in 2022 of the electricity generation resources that it owns. SCE's UOG resources include hydroelectric generating facilities, multiple natural gas power plants, renewable resources, nuclear facilities, and energy storage. The question before us is whether during 2022, SCE prudently administered and managed these resources in compliance with all applicable rules, regulations and Commission decisions, including but not limited to SOC 4. No party has disputed this issue.

6.1. Hydroelectric Facilities

SCE's hydroelectric resources in 2022 consisted of 32 powerhouses with an aggregate 1,164 megawatt (MW) total nameplate capacity.[12] These resources include 33 dams and about 143 miles of tunnels, conduits, and other lines. One group of hydroelectric assets in the San Joaquin River watershed, called Big Creek by SCE, represents 87% of SCE's hydro generation. The remaining small hydroelectric assets are in the Bishop and Mono basin areas; the Kern, Kaweah, and Tule River areas; and the Ontario, San Bernardino and Banning areas.

Management of hydroelectric resources is a complex task affected by the characteristics of and contractual obligations within a watershed as well as by weather, snowpack, environmental regulations, and other factors. SCE's combined 2022 hydroelectric generation was about 2,500 Gigawatt hours (GWh), which was approximately 76 percent of the previous 20-year period average.[13] SCE attributes this factor to low reservoir levels resulting from persisting drought conditions. SCE provides metrics on its hydroelectric facilities' performance, availability for service, and outages. For each unplanned outage

[12] Exhibit SCE-01 at 9.

[13] Exhibit SCE-01 at 22.

SCE details the technical issue and the steps taken by SCE personnel to identify, locate, and fix the problem. Four of the Big Creek powerhouses were damaged in late September 2020 by the Creek Fire. By 2022, one of these powerhouses was still being restored due to extensive damage.

No party protested SCE's management of its hydroelectric resources. Upon review, we find that in 2022 SCE prudently administered and managed its hydroelectric facilities in compliance with applicable rules.

6.2. Natural Gas Plants

SCE owns two kinds of natural gas power plants: gas peakers and a baseload natural gas plant.

6.2.1. Five Natural Gas Peakers

SCE owns five natural gas peaker plants. Each is located in or adjacent to an SCE electrical substation in the following cities: Stanton, Norwalk, Rancho Cucamonga, Ontario, and Oxnard. All five plants are located in areas that rank in the 60th overall percentile or higher on CalEnviroScreen 4.0[14] and in the 80th percentile or higher for Pollution Burden.

Each peaker has a nameplate capacity of 49 MW. All are relatively young resources: the first four listed here became operational in 2007, and the fifth became operational in 2012. The Norwalk and Rancho Cucamonga plants were both converted to battery energy storage hybrid units in 2016.

Peaker plants start quickly and can be used flexibly and are relatively affordable to start up and shut down, making them cost-effective to run only when needed. SCE's peakers provided about 100,000 megawatt-hour (MWh) of

[14] A mapping tool produced by the Office of Environmental Health Hazard Assessment that identifies disproportionately pollution burdened communities, available at https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40.

energy and were started 1,089 times in 2022, translating to about 4.2 starts per peaker each week.

An electric resource's capacity factor represents how often it operates at full capacity and is a common measure for reliability and availability. The five peakers combined had a capacity factor of 4.5% in 2022, reflecting their limited use. They burned 1.08 million British Thermal Units (MMBtu) of natural gas, which cost ratepayers $10.7 million.

SCE provided detailed metrics for the peakers' reliability and performance, as well as scheduled and unscheduled outages. There were two unscheduled outages that lasted longer than 24 hours. The first unscheduled outage, on November 7, 2022, was at the Norwalk peaker and occurred after the plant operator noticed that the plant's carbon monoxide emissions had exceeded limits.[15] Plant personnel replaced a failed injection pump coupling, tested associated systems to ensure emissions limits were being met, and returned the plant to service. The second unscheduled outage occurred on December 20 at the Rancho Cucamonga peaker after the plant tripped offline during startup.[16] A technician cleaned and adjusted a turbine lubricating oil pressure switch and the plant was returned to service.

No party disputed SCE's management of its peaker plants. Upon review, we find that in 2022 SCE prudently administered and managed its natural gas peaker plants in compliance with applicable rules.

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[15] Exhibit SCE-01 at 44.

[16] *Ibid.*

6.2.2. Mountainview Generating Station

Mountainview is a two-unit combined cycle natural gas power plant with a total nominal capacity of 1,110 MW located in Redlands, California. It is located in a community ranked in the 72nd percentile on CalEnviroScreen 4.0 with a Pollution Burden in the 94th percentile. SCE acquired ownership of the plant in 2009 and upgraded it in 2016. Mountainview burned 27.3 MMBtu natural gas in 2022 at a cost to ratepayers of approximately $296 million.[17]

SCE states that Mountainview's capacity factor of 38% in 2022 was "historically low" and acknowledges that plant outages contributed to this. However, SCE also states that the main driver was the CAISO market:

> significant increases in new renewables coming online is increasing energy supply during certain periods, lowering market clearing prices and causing Mountainview to be economic to run fewer hours during the year. This trend will likely continue as more renewables are brought on-line to meet increasing Renewables Portfolio Standard requirements.[18]

SCE provided data on its use and dispatch of Mountainview including performance metrics and information on scheduled and unscheduled outages. Cal Advocates reviewed Mountainview's management data, including the cost of several of its outages, and concluded that SCE prudently managed these issues. No party disputed SCE's management of Mountainview. Upon review we find that in 2022 SCE prudently administered and managed Mountainview in compliance with applicable rules.

[17] Exhibit SCE-01 at 45-46.

[18] Exhibit SCE-01 at 46.

6.3. Catalina Island Fossil Fuels

Santa Catalina Island lies approximately 30 miles off the coast of Long Beach, California, in the Pacific Ocean. SCE provides electric service to Santa Catalina Island by transporting barrels of diesel fuel and liquid propane gas (LPG) via contracted truck and barge[19] to the island, where they are burned at the Pebbly Beach Generating Station. The station, and the small community of Avalon by which it is located, are ranked in the 32nd percentile on CalEnviroScreen 4.0, with a similar Pollution Burden ranking.

In 2022, the station burned 49,944 barrels of diesel at a total cost of about $10.2 million -- $9.2 million for the fuel and just under $1 million in transportation costs. The LPG costs consisted of $1.7 million for almost 900,000 gallons of fuel, plus $241,475 in transportation costs, for a LPG total cost of $1.982 million. All told, fueling the island's electric consumption cost SCE ratepayers $12.16 million in 2022. SCE provided information about its fuel procurement and transportation contracting processes.

No party commented on SCE's costs for and management of its Catalina Island fuels, and upon review we find that in 2022 SCE prudently administered and managed these resources in compliance with applicable rules.

6.4. Solar Photovoltaic Program

SCE owns and operates 59.5 MW of solar photovoltaic (PV) generation across 24 facilities in its service territory, ranging in size from half a MW to 6 MW.[20] All but one of the facilities are located on rooftops.

These facilities stem from a program approved in D.09-06-049 to drive down deployment costs of solar PV. In total the facilities generated 51,507 MWh

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[19] Barge service is rate-regulated by the Commission.

[20] Exhibit SCE-01 at 61.

and had a capacity factor of 9.8% in 2022, and SCE explains that this low capacity factor stemmed from ongoing normal panel efficiency degradation over time as well at the de-energization of 8 sites. While the program successfully achieved its objectives, SCE states that the age and location of the panels in areas with high summer temperatures has led not just to decreased efficiency but safety and operational issues as well; for example, a damaged connector caused a rooftop fire at one of the facilities in 2021.[21] Overall cost factors, including increased costs to repair deficiencies in the systems and declining Renewable Energy Credit (REC) prices, led SCE to stop operating 8 sites.

No party discussed or disputed SCE's management of its PV resources, and upon review we find that in 2022 SCE prudently administered and managed its PV facilities in compliance with applicable rules.

6.5. Fuel Cells

Similar to its solar PV program, SCE has a fuel cell demonstration program instituted in the early 2000s to help drive down costs and support market adoption of this emerging technology. Approved in D.10-04-028, SCE's two natural-gas powered fuel cell facilities are located on the campuses of University of California (UC), Santa Barbara (UCSB) and California State University (CSU) San Bernardino (CSUSB). Together they provided 8,154 MWh of energy, and consumed about 83,000 MMBtu at a cost of $0.98 million.

The 200 kW UCSB fuel cell provided electricity to SCE's local distribution grid from 2012 to 2022. The 10-year lease agreement ended in 2022, and UCSB declined to take over ownership and operation of the facility, therefore obligating SCE to remove the assets.

[21] Exhibit SCE-01 at 65.

No party disputed that SCE managed its fuel cells reasonably, and upon review, we find that in 2022 SCE prudently administered and managed its fuel cell facilities in compliance with applicable rules.

6.6. Nuclear Power

SCE owns 15.8 percent of Palo Verde Nuclear Generating Station Units 1, 2, and 3 (Palo Verde). Located 50 miles west of Phoenix, Arizona, Palo Verde is the second-largest nuclear installation in the nation, with a rated net capacity of 4,038 MW.[22] SCE's share of Palo Verde's generation in 2022 was 5,045 GWh, and the plant had a capacity factor of 90.7%.[23] SCE's share of nuclear fuel expenses totaled $31.5 million, which at $6.25 *per MWh*[24] made Palo Verde generation in 2022 highly cost favorable for ratepayers, to put it mildly.

As a minority owner that is not the plant operator, SCE has limited visibility and control over operations but has generation and fuel expenses and shares oversight for the plant's planning, procurement, services and other activities.

Nuclear plants must be off-line to be refueled. Maintenance and refueling work for Palo Verde occurs during scheduled refueling outages. SCE provided information about refueling outage activities and forced outages for the units.

No party disputed SCE's management of its Palo Verde activities and expenses in 2022. After review we find that in 2022 SCE prudently administered and managed Palo Verde in compliance with applicable rules.

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[22] Exhibit SCE-01 at 70.

[23] *Ibid* at 72.

[24] *Ibid* at 77.

6.7. Energy Storage

The Tehachapi Energy Storage project (Tehachapi) was an 8 MW/4-hour (32 MWh) utility scale lithium ion battery energy storage system originally funded by the 2009 American Recovery and Reinvestment Act. Tehachapi was located at the Monolith Substation in the Tehachapi mountains southeast of Bakersfield, California. In Resolution (Res.) E-5179 in 2022, the Commission approved SCE's request to decommission Tehachapi and recover associated costs. In 2022, SCE's Tehachapi costs and activities were related to maintaining interconnection and decommissioning the facility including disassembly, removal, recycling and other costs.[25]

SCE's Tehachapi costs in 2022 did not exceed the authorized amount in Res. E-5179. No party disputed SCE's Tehachapi costs or activities. After review, we find that in 2022 SCE prudently administered and managed Tehachapi in compliance with applicable rules.

7. Management of Contracts: Agreements to Buy Power and Other Resources

This section addresses SCE's management in 2022 of its contracts to buy electricity generation and related resources.

The question before us is whether during 2022 SCE prudently administered and managed its electricity-related resource procurement contracts in compliance with all applicable rules, regulations and Commission decisions, including but not limited to SOC 4 and SCE's BPP.

The scope of resource types included here is broad. Resources for which SCE contracted to meet electric sector needs in 2022 include Qualifying Facilities and Public Utility Regulatory Policy Act resources, including Combined Heat

[25] Exhibit SCE-02 at 233.

and Power (CHP) resources; bilateral and interutility power; energy storage and Renewables Portfolio Standard, including biomass; behind-the-meter resources to meet reliability needs; natural gas to fuel power plants; and Demand Response (DR) Auction Mechanism resources. Also included within our review here are contract administration activities, enabling agreements related to other purchases, transmission contracts, and contracts to transact emissions offsets under Cap-and-Trade. The types of contracts included in this category include natural gas tolling agreements, Resource Adequacy (RA) agreements, gas storage and transportation contracts, and power purchase agreements.

Transactions and contracts reviewed in this section were either approved through the Commission's Quarterly Compliance Report process or through Commission decisions or resolutions. Our review in ERRA compliance focuses on whether SCE was a reasonable manager of the contracts and administered contracts according to their terms and conditions.

SCE provided testimony detailing activities and events conducted pursuant to its contracts, and detail on its contract administration activities and procurement processes. No party disputed SCE's management of its contract activities and expenses in 2022. After review we conclude that in 2022 SCE prudently administered and managed its resource contracts in compliance with its BPP and SOC 4.

8. California Independent System Operator Costs

The CAISO manages most of California's electric grid. CAISO recovers its costs from SCE and other market participants via tariffs approved by the Federal Energy Regulatory Commission (FERC). Therefore most CAISO costs incurred by SCE are unavoidable to the extent of our review here; the question before us is whether SCE's CAISO-incurred costs are correctly stated, and for costs under

SCE's control, whether they comply with applicable Commission decisions, rules and regulations.

SCE's 2022 CAISO costs totaled $5.203 billion.[26] SCE provides testimony detailing its CAISO costs, which fall into four categories: (1) grid management and operating charges of $43.3 million; (2) net market costs totaling $5.14 billion; (3) FERC fees of $5.3 million; and (4) $12.9 million in returned energy costs related to SCE's pre-CAISO era transmission contract with the Los Angeles Department of Water and Power.

Net market costs represent the majority of CAISO costs and consist of primarily of imbalance energy costs of $5.04 billion, which are produced by real-time electricity prices and supply/demand differences.[27] SCE states that its bidding and transaction practices affect its exposure to these market costs, but that these costs largely result from normal differences between forecasts and supply. Other CAISO costs include ancillary services costs, congestion charges, net energy bid award charges, and other costs.[28]

We note here that one discrete aspect of CAISO costs – CAISO sanctions recorded to balancing accounts – was raised in intervenor testimony and is disputed. We address this disputed issue below as part of our review of the relevant accounts. Otherwise, no party disputed that SCE's CAISO costs are correct and compliant. With respect to our review of all of SCE's CAISO costs in 2022 other than the disputed sanctions, we find that they are correctly stated and comply with applicable Commission decisions, rules and regulations.

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[26] Exhibit SCE-02 at 18.

[27] Exhibit SCE-02 at 19.

[28] *Ibid*.

9. Greenhouse Gas Emission Compliance Costs

Under California's GHG emissions reduction program, called Cap-and-Trade,[29] SCE as a load-serving entity is responsible for covering its own direct emissions and those that result from contracted resources. Under regulations established by the California Air Resources Board (CARB) SCE must surrender to CARB a compliance instrument (either an allowance or an offset) for each metric ton of carbon dioxide equivalent emitted from these sources. Because compliance instruments have a cost in the GHG market, every covered generation resource that emits GHGs has GHG compliance costs.[30]

Commission decision D.21-05-004 laid out GHG compliance cost methodologies and reporting requirements. The Commission oversees SCE's compliance activities on an ongoing basis as laid out in SCE's GHG procurement plan within its BPP. This includes rules specifying procurement methods, credit and collateral requirements, affiliate transaction rules, and other activities.[31]

GHG transactions are reviewed in SCE's QCR. The question before us here is whether those costs are reasonably and accurately recorded in the correct accounts, whether SCE met its preponderance of evidence burden of proof for those entries, and whether SCE demonstrated compliance with D.21-05-004.

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[29] When this Application was filed, the program was titled Cap-and-Trade. As extended by Senate Bill (SB) 840/AB 1207 in 2025 the program was renamed "Cap and Invest." We use the former name here, as our record year is 2022.

[30] While not in scope of this proceeding, it is worth noting that the Cap-and-Trade program is not just a source of costs: it has a direct financial benefit to SCE customers stemming from revenues from SCE's consignment of allowances in CARB auctions, most of which are returned to customers via the Climate Credit. Cap-and-Trade revenue issues are addressed in ERRA forecast proceedings annually.

[31] Exhibit SCE-02 at 225.

SCE provided testimony detailing its compliance instrument activities and cost; because compliance involves market-sensitive hedging and other cost-containment strategies, its total cost is confidential.[32] No party disputed SCE's GHG costs in 2022. After review we find that SCE correctly recorded its compliance costs in compliance with D.21-05-004 and in the correct accounts, and met its burden of proof for their recovery.

10. Management of Balancing and Memorandum Accounts

This proceeding (and ERRA compliance application proceedings in general) is above all an accounting review, and the entirety of its costs are reflected in various balancing and memorandum accounts. The costs reviewed before this section are tracked in and flow through to customers via the accounts addressed in this section.

ERRA compliance review can lead to decreased costs. For example, if a utility's management of an outage at a power plant is found to be unreasonable then the associated costs are disallowed. These disallowances translate to cost reductions via adjustments to the associated account balance.

Additionally, costs can increase in ERRA compliance. Most costs reviewed in ERRA compliance have already been authorized for rate recovery, but in this proceeding there are several accounts where SCE has an undercollected balance and is requesting additional revenue in this application. These accounts are addressed in [Section 10.3] below.

10.1. Summary of Accounts and Requests

There are 45 memorandum and balancing accounts subject to review in this case. This section addresses them in three sections. First, we consider the

[32] Exhibit SCE-02 at 227.

two disputed issues and the two accounts relevant to those issues. Second, we consider the five accounts for which SCE is requesting new authorization to recover revenue. Finally, we review the 38 accounts which are undisputed and which do not request new funds.

10.2. Accounts with Disputed Issues

There were two issues in dispute between parties as of the submission date of this proceeding, and both relate to entries in the ERRA Balancing Account (ERRA BA) and the Portfolio Allocation Balancing Account (PABA). The ERRA and the PABA are two of the most impactful accounts in terms of total costs passing through, rate impacts, and allocation of costs to customers.

We address the two disputes first, then review the ERRA and PABA overall.

The question before us in this section is whether the entries in these accounts are appropriate, correctly stated, and in compliance with applicable Commission decisions.

10.2.1. Independent System Operator Sanctions

In its testimony, CalCCA identified sanctions (in the form of financial penalties) charged to SCE by CAISO for violations of CAISO's Tariff Section 37 Rules of Conduct. CalCCA argues that these costs should not be paid by customers.[33]

The CAISO sanctions resulted from two types of SCE errors: in the first, SCE submitted incorrect meter data to CAISO as a result of human error, and in the second SCE failed to submit data to CAISO because of inactive telemetry at UOG generating facilities.[34] Telemetry here refers to the systems that

[33] Exhibit CalCCA-01 at 6.

[34] Exhibit SCE-09A at 5.

automatically collect and transmit data to CAISO. SCE claimed confidentiality with respect to some aspects of the telemetry issues, including the number of times they occurred and the number of facilities at which they occurred. SCE also marked the amounts of both sanctions as confidential but disclosed that the total dollar amount of the sanctions is $56,500.[35]

CalCCA states that including these sanctions in the ERRA BA and PABA creates an unreasonable increase in generation costs for bundled customers (for those recorded in the ERRA BA) and increases the Power Charge Indifference Adjustment (PCIA) –which is paid by all customers – for the costs recorded to the PABA.

In its arguments against customers bearing these costs, CalCCA notes that they are "not allowable energy procurement costs that should be borne by ratepayers"[36] and claims that when a similar issue was raised in the 2020 ERRA compliance case for Pacific Gas and Electric Company (PG&E), the utility agreed not to charge ratepayers for CAISO sanctions as a practice going forward.[37] Passing sanctions to ratepayers removes their intended deterrent effect, argues CalCCA,[38] and overall it claims that SCE does not and cannot meet its burden to prove that doing so is reasonable.[39]

In rebuttal, SCE notes that the sanctions were minimal and resulted from "a small fraction of SCE's scheduling coordinator metered entities or its utility-

[35] Exhibit SCE-09A at 5, line 14.

[36] CalCCA Opening Brief at 20.

[37] CalCCA Opening Brief at 20.

[38] Exhibit CalCCA-01 at 7.

[39] CalCCA Opening Brief at 19.

owned resources."[40] SCE further asserts that "[m]andating a standard of perfection would be unreasonable and require SCE to develop and implement costly system improvements to prevent telemetry issues, which far outweighs the benefits."[41] The situation with PG&E is not precedential, SCE argues, and the Commission need not follow that outcome here, particularly since that outcome resulted from a settlement.[42] In essence, SCE views the sanctions as an acceptable business cost[43] within "a system that relies on human input and technology with occasional limitations" wherein perfection is impossible.[44]

We take exception to arguments on both sides. We disagree with CalCCA regarding the example set in PG&E's case, given that PG&E agreed to forgo ratepayer recovery of sanctions as part of a settlement, but also because the facts are substantially different. There, PG&E had been sanctioned with a broader set of errors and larger sanctions: "load meter data errors ($202,000), late submission of RA and Supply Plans (~$2,000) and missed deadlines for grid modeling data or telemetry communication for PG&E's utility owned generation (~$43,500)."[45] We find that in this case, the sanctions resulted from two causes: (1) incorrect meter data was submitted based on a wrong trade date due to human error, and (2) there were instances of inactive telemetry systems at UOG units which caused a failure to submit data.

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[40] Exhibit SCE-09A at 5.

[41] *Ibid* at 6.

[42] SCE Reply Brief at 14.

[43] Exhibit SCE-09A at 4.

[44] SCE Reply Brief at 14.

[45] Joint Motion for Adoption of Settlement Agreement, filed in A.21-03-008 and available at https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=415874821.

We are bound by no specific standard that any and all sanctions are unreasonable costs, but rather we must consider each issue on a fact-specific basis. We are also unconvinced by CalCCA's argument that customers should not pay sanctions because they have no control over the actions that incurred them. The provision of utility service involves innumerable decisions and actions taken by the utility over which customers have no control, the costs of which can still be reasonable. This includes the costs of failures and mistakes, provided that the utility proves that its actions were reasonable.

But we find more to disagree with in SCE's argument, and less that is ultimately persuasive. SCE incorrectly implies that CalCCA has the burden of proving that the costs are *un*reasonable when it states that "CalCCA has failed to establish…a justification for disallowances," and "CalCCA has not brought forward evidence justifying a disallowance."[46]

Intervenors do need to competently raise evidence calling utility requests into doubt. We find that CalCCA did so and in identifying this issue, arguing against it, and citing prior similar situations. But intervenors do not need to prove the unreasonableness of a utility request. It is SCE's burden to prove that charging these sanctions to its customers is reasonable. The standard we apply is the "preponderance of evidence," as SCE correctly notes. This standard can be defined as requiring a party to show that its argument is at least slightly more likely –"50 percent plus the weight of a feather" – than its opponent's to be true. SCE's showing on this issue consists of arguing that it manages its resources well overall, avoiding all but minimal sanctions, and that disallowing these costs would only incentivize SCE to spend more money than it is worth to avoid them.

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[46] SCE Reply Brief at 13-14.

SCE's arguments offer only unsubstantiated assertions that these sanctions are reasonable costs that customers should pay. SCE did not provide any detail regarding the telemetry issues it experienced, which occurred at multiple generating stations that it owns over multiple trading days. It states that "in every case, SCE was able to restore telemetry"[47] but does not discuss what caused the problems, whether the root cause of the issue was addressed, or the likelihood of repeat issues. Nor did it substantiate its claim that fixing the issues would outweigh the benefits. The fact that the amount of money at issue here is small in comparison to the total amounts under review in this case is not relevant; every dollar passed to customers must be found reasonable. SCE did not meet its burden to prove this is the case here.

Furthermore, we reject SCE's characterization that reaching this conclusion is tantamount to expecting perfection, particularly in a case where so few issues are disputed by any party. The "perfection is impossible" argument can be plaintively made about any disallowance, especially those that are small or resulted from simple errors. The record of this case shows that SCE was a reasonable manager overall, and we do not expect SCE's management of its resources to be perfect. But we do require a showing of proof at a level of "50 percent plus the weight of a feather" that a cost incurred is reasonable.

Because SCE did not meet its burden of proof to show the costs are reasonable, we find that the CAISO sanctions in dispute are not reasonable and therefore that their inclusion in the ERRA BA and PABA is not appropriate. This decision directs SCE to remove the costs of its CAISO sanctions noted in its confidential testimony from the ERRA BA and PABA, respectively.

[47] Exhibit SCE-09A at 5.

10.2.2. Double-charged Franchise Fees

Utilities collect surcharges from customers to pay franchise fees to local governments to compensate them for the use of public property to provide service. SCE double-charged departed customers ($3.3 million instead of $1.65 million) for franchise fees in 2022.[48] These charges resulted from SCE's operation of the PABA in 2022. CalCCA and SCE agree on the facts of the issue but disagree on whether the double-charged amount should be refunded. CalCCA urges us to order a refund via vintage-specific credits to departed customers. SCE argues that a refund is not feasible because it has already provided these funds to municipalities, and also states that SCE is not at fault because it was simply following its approved tariffs.

This issue was also raised in A.22-04-001, SCE's ERRA compliance review for 2021, because the double-charging began in 2021. Both SCE and CalCCA agree that we should resolve the issue in the same way in both proceedings because the issues and facts are the same.[49]

In June 2025, we adopted D.25-06-006 regarding SCE's ERRA compliance for 2021. In that decision we found that SCE is responsible for the reasonableness and accuracy of its charges to customers, and that SCE is "responsible for the error in its tariff language that caused" the double collection.[50] That decision directed SCE to refund the double charged amount. We find that the facts in this case are the same as those considered in A.22-04-001 and we reach the same conclusion here: SCE is ultimately accountable for errors in its tariff language

[48] SCE Opening Brief at 8 and CalCCA Opening Brief at 5.

[49] February 20, 2024 Joint Case Management Statement at 4.

[50] D.25-06-006 at 12.

and for the reasonableness of the operation of its accounts. This double collection was not an appropriate or reasonable way for SCE to operate the PABA.

Therefore, we find it reasonable for SCE to return this double-charged amount to departed customers. Regarding the method of correcting this error, D.25-06-006 allowed SCE to return the overcollected amount by reducing its PABA revenue requirement collection from departed customers, instead of the more complicated vintage-specific credit recommended by the Community Choice Aggregators (CCAs). This same solution is reasonable here, therefore we direct SCE to refund the $1.65 million that was overcharged to departed load customers in 2022 via a reduction to its PABA revenue requirement in 2026. As in D.25-06-006, this decision directs SCE to file a Tier 2 Advice Letter to reduce the revenue requirement collected from departed load customers through the Schedule General Municipal Surcharge by $1.65 million in 2026. SCE may collect this amount in overcollected franchise fees from the municipalities to which they were remitted, but SCE cannot collect any of it from ratepayers. Any amount that SCE is unable to collect from municipalities is a disallowance imposed on SCE shareholders.

10.2.3. Energy Resources Recovery Balancing Account

The Energy Resources Recovery Balancing Account (ERRA BA) records the difference between SCE's ERRA revenue requirement and its short-term energy procurement costs for bundled service customers. To simplify, the ERRA BA is where SCE's bundled customer revenues are netted against SCE's power costs to meet bundled customer loads. Only bundled customers pay the balance in the ERRA BA. The account was modified during the Commission's 2018 reform of the PCIA to be one of the main accounting mechanisms by which IOU bundled customers' costs are differentiated from costs borne by departed customers.

D.18-10-019 sets out the costs recorded in the ERRA BA, which are: (1) wholesale short-term market costs of meeting bundled load; (2) F&PP costs of any contracted resource not eligible for recovery in other accounts; and (3) bundled customers' share of REC and RA costs.

In 2022, SCE recorded $6.104 billion in expenses to the ERRA BA, almost double what it had forecast to spend ($3.405 billion) and significantly exceeding its customer revenues of $4.539 billion.[51] The final year-end balance in the ERRA BA in 2022 was an undercollection of $1.582 billion. Because the undercollection was large, SCE filed a trigger application to address it. The overcollection was addressed in D.22-12-012 (the decision resolving SCE's ERRA forecast application for 2023)and collected from customers in 2023.

SCE provided further testimony regarding other adjustments and corrections to the ERRA BA made in 2022, including hedging expense recording errors and transfers to other accounts.

Other than the disputed issues regarding CAISO sanctions addressed above, no party protested SCE's management of the ERRA BA or the accuracy of its entries. After review, with the exception of the CAISO sanctions addressed above, we find that SCE's entries in the ERRA BA are appropriate, correctly stated, and in compliance with Commission decisions for the 2022 Record Year.

10.2.4. Portfolio Allocation Balancing Account

The departure of IOU customers from "bundled" service in which they pay the IOU for their electricity generation to CCAs or Direct Access providers

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[51] Exhibit SCE-02 at 32.

necessitates the creation of a PCIA rate. The PCIA allocates costs and value of resources to the customers (both bundled and departed) on whose behalf they were incurred. The PCIA is calculated by comparing the costs of the eligible generation resources to their market value using market price benchmarks. This is done on a forecast/true-up basis in ERRA forecast proceedings.

The PABA was created pursuant to the PCIA reform decision D.18-10-019, and at its essence it is the account that creates PCIA rates. It has subaccounts for each vintaged portfolio (or set of resources that SCE procured for that year). Each subaccount records the costs, market revenues, and imputed market revenues of all generation resources executed or approved by the Commission for cost recovery for the subject portfolio.

Departed customers pay the PCIA rate set for the year they departed (their "vintage"); bundled customers pay a PCIA for that current year. Bundled customers' PCIA rate is included within bundled generation rates, while departed customers see it as a separate line item in the IOU portion of their utility bill.

As discussed elsewhere, SCE's procurement costs were higher than forecast in 2022, driven primarily by high fuel costs.[52] As detailed in confidential testimony, portfolio costs were 164% higher than forecast; but energy revenues were also high accordingly.

Other than the disputed issues regarding franchise fees and CAISO sanctions addressed above, no party protested SCE's management of the PABA or the accuracy of its entries. After review, with the exception of the disputed issues regarding franchise fees and CAISO sanctions addressed above, we find

[52] Exhibit SCE-02 at 133.

that SCE's entries in the PABA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.3. Undisputed Accounts With New Revenue Requests

This section addresses SCE's requests for approval of additional revenue requirement for five accounts whose balances were undercollected in 2022 because SCE did not have authority to recover these costs. In total, SCE is requesting $51.442 million in additional revenue requirement, plus interest. SCE estimates the bill impact from this request would be an increase of $0.45 per month for the average residential customer and $0.31 per month for the average residential California Alternative Rates for Energy (CARE) customer.[53]

The questions before us with respect to the five accounts we consider in this section are 1) whether the costs in the accounts are reasonable and 2) whether it is just and reasonable to authorize the associated revenue requirement increase plus accrued interest for recovery in rates.

10.3.1. Residential Rate Implementation Memorandum Account (RRIMA)

The RRIMA tracks SCE's incremental costs related to implementing the transition to Time-of-Use (TOU) rates, first authorized in 2015.[54] The RRIMA records operating expenses and capital-related revenue requirements; balances are reviewed annually in ERRA compliance.

In 2022, SCE recorded $9.527 in expenses and $1.721 million in capital-related revenue requirement. Capital expenditures included information technology systems that were necessary to implement Commission directives

[53] Application at 4.

[54] Exhibit SCE-02 at 185.

regarding residential TOU rates. As directed in Res. E-4895, SCE tracks separately its costs for the TOU Pilots, default full rollout, and non-pilot expenses. In 2022, SCE had no pilot expenses since its TOU pilots concluded in 2018 and 2020; its Default Full Rollout expenses were $4.355 million; and SCE's full rollout Marketing, Education And Outreach (ME&O) expenses were $3.919 million.[55] SCE conducted outreach, surveys, messaging about bill protections and rate comparisons, and worked with Community-Based Organizations (CBO) to reach critical customer segments.[56] Subject to approval, SCE will transfer the 2022 ending undercollected balance of $11.248 million, plus accrued interest, to the distribution sub-account of the Base Revenue Requirement Balancing Account (BRRBA) for recovery.

No party protested SCE's management of the RRIMA or disputed the accuracy or reasonableness of the costs subject to SCE's request for revenue increase. After review, we find SCE's costs recorded in the RRIMA for the 2022 Record Year are reasonable, and we find that it is just and reasonable to authorize the collection of these costs plus interest for recovery in rates.

10.3.2. Integrated Resource Planning Costs Memorandum Account (IRPCMA)

The Commission's *Integrated* Resources Planning (IRP) efforts consist of extensive, highly technical proceedings and associated analyses regarding planning the State's integrated energy resource portfolio to achieve a reliable electric sector that reduces GHGs at the lowest possible cost. The IRPCMA records SCE's share of the Commission's costs related to IRP third-party technical support.

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[55] *Ibid*. at 188.

[56] *Ibid*.

The costs recorded in this account in 2022 are comprised entirely of the funds paid to the Commission upon receipt of invoices from the Commission's Energy Division. Ten invoices for IRP work were paid in 2022, and SCE is seeking recovery of the resulting undercollected balance of $1.182 million in the IRPCMA in 2022.[57] SCE states that upon approval this amount plus accrued interest will be transferred to the distribution sub-account of the BRRBA for recovery.

No party protested SCE's management of the IRPCMA or disputed the accuracy or reasonableness of the costs subject to SCE's request for revenue increase. After review, we find SCE's costs recorded in the IRPCMA for the 2022 Record Year are reasonable, and we find that it is just and reasonable to authorize the collection of these costs plus interest for recovery in rates.

10.3.3. Summer Reliability Demand Response Program Memorandum Account (SRDRPMA)

When the Emergency Reliability proceeding R.20-11-003 was opened in November 2020 to consider emergency reliability measures, urgent actions were necessary for utilities to begin implementing measures before the summer of 2021. The SRDRPMA was authorized in March 2021 in D.21-03-056 and it tracks costs SCE incurred that were incremental to those eventually authorized in D.21-12-015.[58]

In 2022, SCE recorded $23,000 in Operations and Maintenance (O&M) expenses that it incurred in 2021 to implement and enable customer participation

[57] Exhibit SCE-02 at 196.

[58] Exhibit SCE-02 at 197.

in the Emergency Load Reduction Program (ELRP), and to update its billing system to calculate incentives for the Smart Energy Program.[59]

The largest share of the revenue requirement being requested in the SRDRPMA results from the $35.359 million paid by SCE in ELRP customer incentives. (Indeed, this cost represents almost two-thirds of the total new revenue being requested by SCE in this case.) D.21-12-015 set a cost cap on ELRP customer incentives of $76.6 million and allowed SCE to record expenses above that amount in the SRDRPMA; this $35.359 million is the "overage" above the $76.6 million in authorized costs that are reviewed in the ELRP *Balancing* Account in the following section.

The ending undercollected balance in 2022 in the SRDRPMA was $34.992 million, and SCE states that if approved, it will transfer this amount plus accrued interest to the BRRBA distribution sub-account for recovery.[60]

As discussed elsewhere in this Decision, 2022 was a high-cost year in terms of energy market prices, and there was a sustained heat event in August to September. ELRP customer dispatches responded to CAISO Flex Alerts and Energy Emergency Alerts. SCE provides detailed testimony demonstrating that its 2022 verified Incremental Load Reductions and commensurate incentives paid in the ELRP were higher than in 2021 because 1) there were significantly more participants, 2) there were more and longer ELRP events, and 3) 2022 compensation rules pursuant to D.21-12-015 were different.[61] SCE attributes its overage to these factors. SCE also states that the decision allocated funding caps among the utilities without explaining their differences, and that "SCE defaulted

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[59] *Ibid*. at 198.

[60] *Ibid*.

[61] *Ibid*. at 203.

a comparable number of residential customers onto ELRP as PG&E, yet SCE's authorized customer compensation budget was $17.4 million less than PG&E's."[62] No party protested SCE's management of the IRPCMA or disputed the accuracy or reasonableness of the costs subject to SCE's request for revenue increase.

The record shows that SCE quickly implemented the ELRP to support grid reliability in 2021 and 2022. After review we find that SCE's incremental costs resulted from this implementation and were correctly recorded; they also show the extent of the customer participation SCE enabled to reduce load when the grid was most stressed. Therefore we find SCE's costs recorded in the SRDRPMA for the 2022 Record Year are reasonable, and we find that it is just and reasonable to authorize the collection of these costs plus interest for recovery in rates.

10.3.4. Climate Adaptation Vulnerability Assessment Memorandum Account (CAVAMA)

The CAVAMA tracks SCE's costs directly related to the climate vulnerability assessments as well as incremental costs related to the community engagement, community engagement plans (CEPs), and the related engagement surveys ordered in D.20-08-046.

SCE's undercollected balance for which it seeks additional revenue recovery authorization is $3.218 million, which if approved it will transfer (plus interest) to the BRRBA distribution sub-account for recovery.[63] Its activities included: 1) extensive community engagement efforts to meet requirements for the development and filing of its Climate Vulnerability Assessment CEP and its

[62] Exhibit SCE-02 at 202.

[63] Exhibit SCE-02 at 205.

Community Resilience Leadership Group (CRLG); 2) extensive climate vulnerability analysis for assets across SCE's service area; 3) stochastic event flood modeling exercises to better understand dam safety risks posed by climate change; and 4) third-party expert review of SCE's CAVA methods and analytic approaches.[64] Additionally, SCE recorded costs representing stipends for 11 CRLG leaders and to integrate CAVA into its 2022 Risk Assessment Mitigation Phase filing.

No party protested SCE's management of the CAVAMA or disputed the accuracy or reasonableness of the costs subject to SCE's request for revenue increase. After review, we find SCE's requested $3.218 in undercollected costs recorded in the CAVAMA are reasonable, and we find that it is just and reasonable to authorize the collection of these costs plus interest for recovery in rates.

10.3.5. Percentage of Income Payment Plan Memorandum Account (PIPPMA)

As a result of the Commission's rulemaking addressing approaches to reduce disconnections (R.18-07-005), we directed the utilities to implement PIPP pilots. SCE's PIPPMA records its administrative costs and its share of working group and evaluation costs, as authorized by D.21-10-012 and Res. E-5200. In 2022, the ending undercollected balance in the PIPPMA for which SCE seeks recovery authorization was $234,000.[65] Upon our approval SCE states it will recover this balance plus accrued interest in the Public Purpose Programs Adjustment Mechanism (PPPAM).

[64] *Ibid*. at 206.

[65] Exhibit SCE-02 at 209.

No party protested SCE's management of the PIPPMA or disputed the accuracy or reasonableness of the costs subject to SCE's request for revenue increase. After review, we find SCE's costs recorded in the PIPPMA for the 2022 Record Year are reasonable, and we find that it is just and reasonable to authorize the collection of these costs plus interest for recovery in rates.

10.4. Undisputed Accounts Without New Revenue Requests

This section addresses all the accounts under review in this case that are neither disputed nor seeking recovery authorization for new revenue. The question before us is whether the entries in these accounts are appropriate, correctly stated, and in compliance with applicable Commission decisions.

10.4.1. Base Revenue Requirement Balancing Account (BRRBA)

The BRRBA records the difference between SCE's authorized distribution and generation base revenue requirements and its actual recorded revenues from customers via distribution and generation rates. It also records other authorized costs and effectuates the recovery or crediting of a substantial portion of SCE's costs. Extensive adjustments and transfers among the BRRBA and other SCE accounts, including many of the accounts reviewed here, are necessary each year to correctly record and recover costs from the appropriate customer groups.

The Commission directs many of these adjustments in its GRC decisions and elsewhere. In 2022, these transfers and entries included:

- SCE transferred the $1.445 million balance in its 2017 wildfire-related Catastrophic Event Memorandum Account to the distribution sub-account of the BRRBA, as authorized in D.22-06-002;
- SCE transferred a total of $403.102 million in GRC-authorized O&M costs from its Wildfire Plan Memorandum Account, Fire Hazard Prevention

Memorandum Account, and Fire Risk Mitigation Memorandum Account to the distribution sub-account of the BRRBA, as authorized in the January 14, 2022 Energy Division non-standard disposition letter of Advice Letter 4658-E/E-A;

- SCE recorded a credit of $15.451 million to the BRRBA from the DR Program Balancing Account (DRPBA), reflecting the positive balance resulting from DR incentives in 2022 being lower than authorized; and
- SCE recorded $401.753 million in wildfire mitigation (O&M) and capital expenditures in the distribution sub-account of the BRRBA as authorized in D.22-06-032.[66]

The ending balance in the BRRBA in 2022 reflected an undercollection of $1.124 billion. SCE provided testimony and tables detailing all transfers and adjustments to the BRRBA in 2022. No party protested SCE's entries in the BRRBA. Upon review, we find that SCE's entries in the BRRBA are appropriate, correctly stated, and in compliance with Commission decisions for the 2022 Record Year.

10.4.2. PCIA Undercollection Balancing Account (PUBA)

The PUBA is a vestigial account, in the sense that in 2022 it recorded undercollections that resulted from a cap on the PCIA that no longer existed, and whose balance was being paid down accordingly. The PCIA cap was set in D.18-10-019 for the purpose of mitigating rate volatility and removed in D.21-05-030 after the Commission found that large undercollections in the PUBA had the opposite effect. In 2022, SCE was still recovering its balance in the PUBA

[66] Exhibit SCE-02 at 35-48.

from departed load customers' PCIA rates, as approved; the balance was reduced effectively by half in 2022, with $20.497 million in revenues.[67]

No party protested SCE's entries in the PUBA. Upon review, we find that SCE's entries in the PUBA are appropriate, correctly stated, and in compliance with Commission decisions for the 2022 Record Year.

10.4.3. New System Generation Balancing Account (NSGBA)

The NSGBA was authorized in 2007 to record costs and benefits of new generation resources. Since that time, various new procurement has been tracked here, including the summer reliability procurement ordered in 2021.[68] In 2022, the NSGBA recorded the difference between revenues and the net costs of Commission-approved new PPAs, CHP contracts, contracts associated with the Local Capacity Requirement (LCR) – Gas-Fired Generation Sub-Account (LCR-GFG), SCE's five UOG peakers, and SCE's Mira Loma Energy Storage Systems. The costs associated with the unbundled energy and capacity from the PPAs are allocated using the cost-allocation methodology (CAM). The Commission expanded the CAM to SCE's peaker resources in D.09-03-031 and D.12-11-051.

In 2022, revenues of $794.437 million netted against costs (filed confidentially) with an ending balance of $62.775 million in overcollections.[69]

No party protested SCE's entries in the NSGBA. Upon review, we find that SCE's entries in the NSGBA are appropriate, correctly stated, and in compliance with Commission decisions for the 2022 Record Year.

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[67] Exhibit SCE-02 at 142.

[68] D.21-03-056 and D.21-12-015.

[69] Exhibit SCE-04 at 3.

10.4.4. Nuclear Decommissioning Adjustment Mechanism (NDAM)

The NDAM[70] records the difference between NDAM-related revenue and certain authorized and recorded costs associated with SCE's ownership share of the San Onofre Nuclear Generating Station (SONGS) and Palo Verde. In 2022, SCE recorded $6.027 million in expenses related to spent nuclear fuel storage to the NDAM, and its final balance in the NDAM (accounting for the account's beginning balance, revenues, and interest) was an undercollection of $2.744 million. No party protested SCE's entries in the NDAM. Upon review, we find that that SCE's entries in the NDAM are appropriate, correctly stated, and in compliance with Commission decisions for the 2022 Record Year.

10.4.5. Public Purpose Programs Adjustment Mechanism (PPPAM)

The PPPAM records the difference between Public Purpose Program revenue and the amounts authorized by the Commission. Costs authorized for recovery through the PPAM include energy efficiency (EE) programs, low-income programs including CARE and Family Electric Rate Assistance (FERA), the Self-Generation Incentive Program, the Electric Program Investment Charge energy research program, and the Community Solar Green Tariff (CSGT) and Disadvantaged Communities (DAC) Green Tariff (DAC-GT) solar discount programs, among others. The accounts for these authorized programs transfer their balances to the PPPAM for reconciliation with revenues.

SCE provided testimony detailing the operation of the PPPAM, the ending balance of which in 2022 reflected an undercollection of $104.487 million.[71] No

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[70] Several of the utilities' older accounts are called "mechanisms"; for our intents and purposes here these are balancing accounts.

[71] Exhibit SCE-02 at 53.

party protested SCE's management of this account or the accuracy of its entries. After review, we find SCE's entries in the PPPAM are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.6. California Alternative Rates for Energy Balancing Account (CBA)

The CBA records: (1) the difference between CARE discounts and billed CARE surcharges; (2) the difference between authorized and actual CARE administrative costs; (3) costs of the CARE automatic enrollment program; (4) and the costs of Energy Division's CBA audit. SCE annually transfers the year-end balance of the CBA to the PPPAM. The CBA balance transferred to the PPPAM in 2022 an overcollection of $81.562 million.[72] No party protested SCE's management of this account or the accuracy of its entries. After review, we find SCE's entries in the CBA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.7. Medical Programs Balancing Account (MPBA)

The MPBA records the difference between SCE's GRC-authorized employee health care plan expenses and its actual health care plan expenses. SCE transfers the year-end balance to the BRRBA distribution sub-account and the PABA to be returned to or recovered from customers. In 2022, the ending MPBA balance was an undercollection of $17.14 million, $9.93 million of which was transferred to the distribution sub-account of the BRRBA and $1.532 million of which was transferred to the PABA.[73]

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[72] Exhibit SCE-02 at 57.

[73] Exhibit SCE-02 at 58.

No party protested SCE's management of this account or the accuracy of its entries. After review, we find SCE's entries in the MPBA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.8. Pension Costs Balancing Account (PCBA) and Post-Employment Benefits Other than Pensions (PBOP) Balancing Account (PBOP BA)

These accounts track costs and revenues for two categories of employee benefits: pensions (in the PCBA) and PBOP (in the PBOP BA). Balances in the accounts are transferred to the BRRBA and PABA at the end of each year. Both account balances in 2022 reflected overcollections ($84.919 million in the PCBA and $21.513 million in the PBOP BA) which were returned to customers.[74] No party protested SCE's management of these accounts or the accuracy of their entries. After review, we find SCE's entries in the PCBA and PBOP BA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.9. Short Term Incentive Programs Memorandum Account (STIPMA)

SCE's STIP provides eligible employees incentives as part of their compensation based on job performance and SCE's performance on pre-established goals. The STIPMA tracks the year's payouts under the program against the authorized amount for the program. The STIPMA is a one-way balancing account, meaning that SCE cannot recover undercollections and any unused amount is refunded to customers. The unused amount credited back to customers in 2022 (the STIPMA balance) was $52,000.[75]

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[74] Exhibit SCE-02 at 68-71.

[75] Exhibit SCE-02 at 76.

No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the STIPMA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.10. Statewide Marketing, Education & Outreach Balancing Account (SME&OBA)

The SME&OBA tracks EE and DR outreach efforts, including Flex Alert campaign costs. It tracks the difference between revenues and authorized costs, with separate EE and DR sub-accounts. The SME&OBA is a one-way balancing account; SCE cannot recover undercollections but it can carry over unspent funds into the following year. The annual interest on the account is returned to customers via transfer to the PPPAM at year-end.

SCE's main costs in this account in 2022 were $9.508 million in the DR sub-account representing expenses incurred by the marketing firm DDB Worldwide Communications Group Inc. for "strategic development, market research, tactical execution, media, updates to Flex Alert Energy Upgrade California website, CBO outreach and management, measurement and evaluation activities," and other campaign expenses.[76] The year-end balance in 2022 was $8.284 million.

No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the SME&OBA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

[76] Exhibit SCE-02 at 79-80

10.4.11. Energy Settlement Memorandum Account (ESMA) and the Litigation Costs Tracking Account (LCTA)

Both of these accounts were established in the wake of the 2000-2001 energy crisis in California, and relate to efforts to recover refunds from energy suppliers who overcharged SCE and other utilities for electricity. The ESMA tracks refunds obtained via settlement and litigation, and the LCTA tracks SCE's litigation costs.

In 2021, SCE received a settlement refund of $17.392 million, and pursuant to D.22-01-003 transferred that amount plus interest from the ESMA to the PABA to effectuate its return to customers.[77] The ending balance of the ESMA in 2022 was $1.82 million in credits. The ending balance of the LCTA, reflecting SCE litigation costs related to the credited returns, was $2.134 million.

No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the ESMA and LCTA for the 2022 Record Year are appropriate, correctly stated, and in compliance with applicable Commission decisions.

10.4.12. Charge Ready Program Balancing Account (CRPBA)

The CRPBA records costs associated with SCE's implementation of the Phase I Charge Ready Program (an electric vehicles pilot program), related Market Education Programs, and non-labor O&M. Subsequent to its first establishment pursuant to D.16-01-023, multiple Commission decisions and resolutions have authorized and modified aspects of SCE's management of the CRPBA, including authorizing various subaccounts, to ensure that SCE does not exceed authorized budgets for different aspects of the program. Accordingly,

[77] Exhibit SCE-02 at 83.

SCE provided 2022 and cumulative expenses in its testimony, and transferred its year-end CRPBA balance of $12.211 million in expenses to the BRRBA.

No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the CRPBA for the 2022 Record Year are appropriate, correctly stated, and in compliance with applicable Commission decisions.

10.4.13. Green Tariff and Enhanced Community Renewables Marketing, Education, and Outreach Memorandum Accounts

This section addresses SCE's operation of two accounts related to its Green Tariff and Shared Renewables (GTSR) and Enhanced Community Renewables (ECR) programs. GTSR allows customers to purchase energy with a greater share of renewables and ECR allows customers to purchase renewable energy from community-based projects. Costs for these programs are paid only by participating customers.

The Green Tariff Marketing, Education (GTME), and Outreach Memorandum Account (GTME&OMA) records the difference between Green Tariff revenues and SCE's ME&O costs for the program, and the ECR Marketing, Education, and Outreach Memorandum Account (ECRME&OMA) does the same for the ECR program.

SCE provided information on its program activities and costs in each account. In 2022, SCE recorded $116,000 in billed revenue, $6,000 in expenses, and $3,000 in interest in the GTME&OMA. Because resources under contract for the ECR had not reached commercial operation in 2022, the ECRME&OMA had no enrolled customers, had $0 in revenue, and $2,000 in expenses.[78]

[78] Exhibit SCE-02 at 96.

No party protested SCE's management of either account or disputed the accuracy of their entries. After review, we find SCE's entries in the GTME&OMA and the ECRME&OMA for the 2022 Record Year are appropriate, correctly stated, and in compliance with applicable Commission decisions.

10.4.14. Green Tariff Shared Renewables Administrative Costs Memorandum Account (GTSRACMA)

The GTSRACMA records the cost of administering the GTSR program, which in 2022 reflected $54,000 in expenses related to securing Green-e certification for resources as well as administration fees and overhead, website program updates, RFO portal and printed program materials.[79]

No party protested SCE's management of the GTSRACMA or disputed the accuracy of its entries. After review, we find SCE's entries in the GTSRACMA for the 2022 Record Year are appropriate, correctly stated, and in compliance with applicable Commission decisions.

10.4.15. Green Tariff Shared Renewables Balancing Account (GTSRBA)

The GTSRBA records the difference between revenues collected from participating customers and SCE's costs to buy electricity from the three solar facilities with which it contracted to meet program demand. The ending balance in the GTSRBA in 2022 was an undercollection of $951,000.[80]

No party protested SCE's management of the GTSRBA or disputed the accuracy of its entries. After review, we find SCE's entries in the GTSRBA for the 2022 Record Year are appropriate, correctly stated, and in compliance with applicable Commission decisions.

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[79] *Ibid*. at 100.

[80] *Ibid*. at 102.

10.4.16. Local Capacity Requirements Products Balancing Account (LCRPBA)

The LCRPBA was established in 2016 to record SCE's costs to meet local reliability needs in its territory. Specifically, the LCRBA records the confidential costs of resources procured through the LCR Request for Offers (RFO) for Western Los Angeles and the Moorpark Sub-Area.

For gas generation and utility-scale energy storage, costs are transferred from the NSGBA into the NSGBA for recovery. DR and behind-the-meter (BTM) energy storage costs are transferred to the BRRBA distribution sub-account. For BTM EE, renewables, and energy storage/permanent load shift resources in this bucket, costs are transferred to the PPPAM.[81]

No party protested SCE's management of the LCRPBA or disputed the accuracy of its entries. After review, we find SCE's entries in the LCRPBA for the 2022 Record Year are appropriate, correctly stated, and in compliance with applicable Commission decisions.

10.4.17. Transportation Electrification Program Balancing Account (TEPBA)

The TEPBA records SCE's actual O&M expenses and capital-related revenue requirements associated with its SB 350 transportation electrification investments approved in D.18-01-024 and D.18-05-040.

Separate subaccounts established in the TEPBA ensure that SCE will only recover the revenue requirements associated with up to the total capped level of authorized funding for each of the individual projects and SCE's share of evaluation costs. Each year balances are transferred for recovery to the BRRBA distribution sub-account.

[81] Exhibit SCE-02 at 104.

In 2022, SCE recorded $1.203 million in capital and $5.321 in O&M expenses to the TEPBA, and $78,000 in interest. Therefore at year's end it transferred $7.132 million to the BRRBA.

No party protested SCE's management of the TEPBA or disputed the accuracy of its entries. After review, we find SCE's entries in the TEPBA for the 2022 Record Year are appropriate, correctly stated, and in compliance with applicable Commission decisions.

10.4.18. Clean Energy Optimization Pilot Balancing Account (CEOPBA)

SCE received authorization from the Commission in D.19-04-010 to use $20.4 million in Cap-and-Trade allowance revenues for its CEOP. The CEOPBA records the difference between SCE's allowance revenues and its CEOP costs.

The CEOP was paused in 2020 due to impacts of the COVID-19 pandemic, and was resumed at its participating UC and CSU campuses in October 2021.[82] Due partly to this delay, SCE's costs in 2022 were low, as its performance payments for pilot year 2 were slated to be issued in 2023. SCE recorded a total of $138,000 in O&M to the CEOPBA in 2022.

No party protested SCE's management of the CEOPBA or disputed the accuracy of its entries. After review, we find SCE's entries in the CEOPBA for the 2022 Record Year are appropriate, correctly stated, and in compliance with applicable Commission decisions.

10.4.19. Low Income and DAC Balancing Accounts (DAC-BA)

In D.18-06-027, the Commission established three new distributed solar programs targeted towards benefiting low income and disadvantaged

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[82] Exhibit SCE-02 at 114.

communities: the CSGT, the DAC-GT, and the DAC – Single-family Affordable Solar Homes (DAC-SASH) program. This section addresses our review of the three balancing accounts for these programs.

The CSGT Balancing Account (CSGTBA) records the difference between CSGT costs and available funding. SCE recorded O&M expenses of $89,000. The DAC-GT Balancing Account (DAC-GTBA) also records these same costs and expenses for the DAC-GT program, which totaled $89,000.[83] The costs of CSGT and DAC-GT bill discounts and related expenses are recovered through the PPPAM. For DAC-SASH, SCE records its share of the program's annual budget and its program costs to the DAC-SASH Balancing Account (DACH-SASHBA). These costs in 2022 reflected incentive payments, administrative costs, and ED reimbursements, for total costs of $2.623 million.[84]

No party protested SCE's management of the CSGTBA, DAC-GTBA, or DAC-SAHBA or disputed the accuracy of their entries. After review, we find SCE's entries in the CSGTBA, DAC-GTBA, or DAC-SAHBA for the 2022 Record Year are appropriate, correctly stated, and in compliance with applicable Commission decisions.

10.4.20. Tree Mortality Non-Bypassable Charge Balancing Account (TMNBCBA)

The TMNBCBA records the costs and revenues associated with SCE's tree mortality contracts less the revenue received for either: (1) sales of energy and ancillary services; (2) RECs from the tree mortality contracts; and (3) any RA

[83] Exhibit SCE-02 at 122.

[84] *Ibid*. at 126.

capacity value.[85] For 2022, SCE had $9.045 million in net billed revenue, and ended the year with an overcollected balance of $44.133 million.[86]

No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the TMNBCBA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.21. Bioenergy Market Adjusting Tariff Non-Bypassable Charge Balancing Account

The Bioenergy Market Adjusting Tariff (BioMAT) program is a small bioenergy procurement program, and SCE's net costs are recorded in the BioMAT Non-Bypassable Charge Balancing Account (BMNBCBA). In 2022, customer revenues of $915,000, net costs of $692,000 against an adjusted beginning overcollection of $8.533 million and interest of $123,000 resulted in a ending overcollection of $7.049 million.[87]

No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the BMNBCBA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.22. Emergency Load Reduction Program Balancing Account (ELRPBA)

After California experienced rolling blackouts during a heat wave in August 2020, the Commission opened the Summer Reliability proceeding, R.20-11-003, and in two decisions directed the IOUs to take specific, urgent actions to decrease peak and net peak load and reduce the potential for similar

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[85] Exhibit SCE-02 at 137

[86] *Ibid.*

[87] Exhibit SCE-02 at 144, with net costs disclosed in Table IV-49, item 5.

outages in 2021 and 2022. In D.21-03-056, the Commission ordered the IOUs to implement the Emergency Load Reduction Program (ELRP) "as a tool that can provide emergency load reduction and serve as an insurance policy against the need for future rotating outages."[88] In D.21-12-015 the Commission ordered expansions and modifications to the ELRP. The ELRPBA is a one-way account that records SCE's costs to develop, implement, and operate the ELRP and pay program incentives. This includes SCE's total annual budget authorized in D.21-03-056 of up to $36.7 million for 2021 and 2022. The ELRPBA also records costs later authorized in D.21-12-015, $58.1 million, therefore increasing SCE's total 2022 ELRP budget to $94.8 million.

In 2022, SCE recorded $82.909 million in O&M expenses and $0.165 million in interest in the ELRPBA.[89] ELRP participants earned $111.916 million for verified incremental load reductions; $76.557 million was recorded in the ELRPBA and the remaining $35.359 million was recorded in the SRDRPMA (addressed in the previous section regarding additional revenue requests) because it exceeded the budget cap. Payments to customers were delayed by IT and billing constraints and were paid in 2023.[90] SCE transferred the ending balance of the ELRPBA to the distribution sub-account of the BRRBA for recovery. No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the ELRPBA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

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[88] D.21-03-056 at Ordering Paragraph 7.

[89] Exhibit SCE-02 at 147.

[90] *Ibid*.

10.4.23. Net Energy Metering Measurement and Evaluation Balancing Account (NEMMEBA)

The NEMMEBA is to record SCE's share of the costs associated with the measurement and evaluation of the NEM successor tariff (NEM 2.0) program. In 2022, SCE's expenses for the NEM 2.0 Lookback Study totaled $126,000; this balance in NEMMEBA was transferred to the PPPAM for recovery.[91] No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the NEMMEBA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.24. Preferred Resource Pilot Products Balancing Account (PRPPBA)

The PRPPBA records net costs from the preferred resource procurement authorized in D.18-07-023 in the wake of planned retirement of once-through cooling plants and the closure of SONGS. In 2022, this consisted of $6.435 million in in-front-of-meter storage costs; these were transferred monthly to the PABA, so the PRPPBA had no balance at year's end. No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the PRPPBA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.25. Risk Management Balancing Account (RMBA)

The RMBA is a one-way account that records the differences between SCE's actual (recorded) wildfire liability insurance costs and the amounts authorized in D.21-08-036. In 2022, SCE's total expenses (after subtracting FERC-jurisdictional costs) were $423.196 million, compared to the authorized revenue

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[91] Exhibit SCE-02 at 150.

requirement of $429.372 million, which after interest resulted in an overcollection of $6.332 million which was transferred to the BRRBA distribution sub-account for return to customers. No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the RMBA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.26. Underground Structures Replacement Balancing Account (USRBA)

The USR program framework was approved in SCE's 2021 GRC as a way to identify certain distribution grid word that should not be deferred. The USRBA nets SCE's capital expenses with its revenue requirement approved in D.21-08-036. In 2022, SCE incurred a total of $68,000 in capital revenue requirement, which given that its authorized revenue requirement was $1.502 million, resulted in SCE transferring the ending overcollected balance of $1.433 million after interest to the BRRBA distribution sub-account for return to customers.[92]

No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the USRBA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.27. Wheeler North Reef Expansion Project Memorandum Account (WNREPMA)

The WNREPMA tracks SCE's construction costs for a marine mitigation project required by the California Coastal Commission as part of its approval of SONGS. Originally completed in 2008, necessary additional work was approved

[92] Exhibit SCE-02 at 157.

in 2019.[93] SCE's total authorized budget was $19.62 million and SCE completed the project in 2020, but in 2022 SCE realized it had incorrectly transferred some credits to another account.[94] SCE made a correction in the account to reflect these credits plus interest, totaling $2.816 million, and transferred the amount to the BRRBA distribution sub-account for return to customers.

No party protested SCE's management of this account or disputed the accuracy of its entries. While accounting mistakes like this are not ideal, we appreciate SCE's identification and correction of its error. After review, we find SCE's entries in the WNREPMA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.28. Emergency Reliability Energy Storage Balancing Account (ERESBA)

The ERESBA records SCE's revenue requirements for utility-owned energy storage authorized in the Summer Reliability proceeding. Because projects did not come online until 2023, SCE's expenses in 2022 were minimal: $24,000 in administrative O&M. A total undercollection of $7,000 was transferred to the BRRBA.

No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the ERESBA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.29. AB 1X Balancing Account (AB1XBA)

The AB1XBA exists to refund overcollected bond charges and energy crisis litigation refunds to ratepayers as directed in D.21-12-001. For 2022, the AB1XBA

[93] Commission Res. E-5032, approved on December 19, 2019.

[94] Exhibit SCE-02 at 159.

shows a beginning balance of $143.918 million reflecting a refund from the Department of Water Resources; debit entries showing refunds to customers, for a total refund of $89.624 million; and a remaining balance of $55.802 million at year's end for return to customers in 2023.[95] No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the AB1XBA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.30. Click-Through/Rule 24 Memorandum Account (CTR24MA)

The Click-Through electronic signature process allows customers to share their energy data with third-party DR providers. SEC's incremental O&M expenses and capital revenue requirements are tracked in the CTR24MA. In 2022 these included $214,000 in capital revenue requirement, netted against the beginning balance of $423,000 to result in an ending balance after interest of $210,000. No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the CTR24MA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.31. Demand Response Program Balancing Account (DRPBA)

The DRPBA was authorized in 2006 and records SCE's DR program O&M costs and authorized DR revenue requirements. It has both generation and distribution sub-accounts to track and recover bundled only and all customer program DR costs, respectively. Programs and costs in this account stem from SCE's DR programs and budgets as approved in D.17-12-003, the Click-Through

[95] Exhibit SCE-02 at 165.

process, as well as those considered through the Integrated Demand-Side Management proceeding and approved in D.18-05-041. Costs also include those approved in the Summer Reliability proceeding.

SCE shows its costs and revenues for the DRPBA on a cumulative basis from 2018 through 2022; its operating expenses recorded in 2022 were $24.689 million and incentive costs were $11.97 million. The DRPBA ended the year with an overcollection of $152.232 million, $85.888 of which was unspent and uncommitted funds that SCE explained it would offset against its eventual phase 2 DR Application costs, which were still pending when the instant case was filed but have since been addressed in D.23-12-005. The other portion of the overcollection in 2022-- $66.344 million—would be used for other DR program costs.[96]

No party protested SCE's management of this account or disputed the accuracy of its entries. After review, we find SCE's entries in the DRPBA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.32. Family Electric Rate Assistance Balancing Account (FERABA)

The FERA program provides bill discounts to eligible lower-income families who do not qualify for CARE. The FERABA records discounts provided as well as the difference between FERA administrative funding recorded in the PPAM and actual administrative expenses. In 2022, SCE recorded $11.356 million in FERA bill discounts provided to enrolled customers and $877,000 in administrative expenses.[97] In total, $11.496 million in FERA discount costs was

[96] Exhibit SCE-02 at 180.

[97] Exhibit SCE-02 at 183.

transferred to the BRRBA for recovery from customers, and the overcollected balance of $414,000 in the FERA Administrative Cost sub-account was transferred to the PPPAM for return to customers.

No party protested SCE's management of this account or disputed the accuracy of its entries. However, we do note that the accompanying table in SCE's testimony, Table IV-64, is not as intuitive as its other tables, particularly with respect to interest calculations and how line totals are derived. After review, we find SCE's entries in the FERABA are appropriate, correctly stated, and in compliance with applicable Commission decisions for the 2022 Record Year.

10.4.33. Pole Loading and Deteriorated Pole Programs Balancing Account (PLDPBA)

SCE has two utility pole safety programs: the Pole Loading Program (PLP) and the Deteriorated Pole Program (Det Pole). The programs identify, repair or replace poles pursuant to requirements in General Order 95 and General Order 165, and costs are tracked in the PLDPBA as authorized in D.15-11-021 and D.21-08-036. Balances in the PLDPBA are transferred annually to the BRRBA distribution sub-account for recovery or crediting to ratepayers. In 2022, total capital revenue requirement was $335.855 and expenses totaled $4.119 million, resulting in an ending overcollected balance of $51.342 million.

10.5. Direction for Future Energy Resource Recovery Account Compliance Applications

As discussed in this section, SCE met all applicable requirements for its management of its accounts, with the exception of the issues regarding CAISO sanctions and franchise fees. However, we noted in our review that SCE's exhibits regarding individual accounts do not always specifically indicate whether the account transfers its balance to another account for reconciliation in rates; carries forward the balance to the next year; or how it otherwise returns, recovers or treats the account balance. Determining this required deeper review for some accounts. We find it helpful for a utility's request for approval of annual account operations to clearly state what happens to the account balance at the end of year in the testimony section for that account. This explanation should strive for layman's terms in the interest of transparency. In the interest of clarity and ease of review going forward, this decision requires SCE in future ERRA compliance applications to clearly indicate in its testimony for each account under review where and how the account balance is transferred, recovered or credited to customers or otherwise treated at year's end.

11. Public Safety Power Shutoffs Disallowance

When climate and weather conditions make grid operations unsafe, electric utilities sometimes must initiate PSPS events. PSPS rules and implementation are extensively regulated by the Commission.

In D.21-06-014, the Commission ordered the utilities to forgo collection in rates of all authorized revenue requirement equal to the estimated unrealized volumetric sales and unrealized revenue resulting from PSPS events.[98] To simplify into plain terms: the utilities are not allowed to collect the electricity revenues they lose when PSPS outages prevent customers from using electricity.

The implementation and review of the PSPS disallowance is conducted in ERRA compliance annually. D.23-06-054 set forth the methodology that SCE must use to calculate the unrealized sales and unrealized revenues caused by PSPS events.[99] The question before us here is whether SCE accurately calculated

[98] D.21-06-014 at Ordering Paragraph 1.

[99] D.23-06-054 at Ordering Paragraph 1.

the unrealized revenue requirement resulting from PSPS events that it must forgo pursuant to Commission decisions.

SCE had two PSPS events in 2022 that affected a total of 15,773 customers for an average total duration of 7.1 hours; the total unrealized volumetric sales from these events was 122 MWh; and the total estimated lost revenue that must be credited back to customers is $14,547.[100]

Using the methodology we approved, SCE calculated the individual balancing account adjustments, plus interest, it proposes to make to return these revenues to customers. These are: 1) $10,237 to the BRRBA distribution sub-account; 2) $1,087 to the PABA; 3) $1,339 to the NSGBA; 4) $12 to the NDAM; 5) $1,408 to the PPPAM; and 6) $454 to the CBA.[101]

No party raised any disputes within scope regarding this issue. After review, we find SCE's PSPS-related disallowance adjustments are correct and in compliance with applicable Commission decisions for the 2022 Record Year. This Decision accordingly disallows the collection of $14,547 in revenue from SCE's 2022 revenue requirement.

12. Safety Considerations

No safety considerations were raised in the Application. No safety considerations were raised by any of the parties. Accordingly, the Commission finds that there are no safety considerations raised by the Application.

13. Summary of Public Comment

Rule 1.18 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)

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[100] Exhibit SCE-08 at 5.

[101] *Ibid*. at 9-11.

requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

As of the issuance of the Proposed Decision, there are 34 relevant comments on the Docket Card regarding this application. All express opposition to any SCE rate increase. Some note the seemingly-constant nature of rate increases, express concern regarding overall affordability, or state that rate increases are unfair and unjustified.

14. Procedural Matters

On March 22, 2024, the three parties filed the *Joint Motion to Offer Prepared Testimonies and Exhibits into Evidence*, containing each party's testimony and exhibits and the stipulation of each party to their filing. As such, Attachment B of this Decision marks and identifies the exhibits on the record of this proceeding.

Concurrently, the joint parties also filed the *Joint Motion to Seal the Evidentiary Record* with respect to confidential exhibits.

We deny SCE's request for confidential treatment of the total CAISO sanctions amount (reflecting sanctions for both errors) that is identified in Exhibit SCE-09A at 5, line 14. The total CAISO sanction amount of $56,500 – while redacted in several places -- was disclosed in one location in both the public and confidential versions of SCE's amended rebuttal testimony.[102] SCE cannot assert confidentiality over publicly available information. Even had this figure not been disclosed, we are not convinced that the total amount of multiple CAISO sanctions SCE incurred in 2022 is market sensitive information in 2025 that should be kept confidential.

[102] Exhibit SCE-09A at 5, line 14, and SCE-09CA at 18, line 14.

No objections or opposition to these motions have since been filed by any party, and we find good cause to grant these motions, with the exception as regards the total CAISO sanction amount discussed above. The marked and identified exhibits shall be admitted to the evidentiary record of this proceeding, and the requested confidentiality treatment for an identified subset of the admitted exhibits shall be granted for a period of three years. At any point from six months from the date of this Decision to the conclusion of the three-year period of confidentiality, each moving party may move to seek a furtherance of the confidentiality treatment on the basis of whether additional good cause is shown.

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

15. Comments on Proposed Decision

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

16. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Maria Sotero is the assigned ALJ in this proceeding.

Findings of Fact

1. The 2022 record year extended from January 1, 2022 through December 31, 2022.
2. The maximum ERRA compliance application disallowance amount for SCE for 2022 is $46.092 million.

3. SCE's UOG resources include hydroelectric generating facilities, multiple natural gas power plants, renewable resources, nuclear facilities, and energy storage.

4. SCE provided testimony detailing activities and events conducted pursuant to its contracts, and detail on its contract administration activities and procurement processes.

5. In 2022, SCE prudently administered and managed its resource contracts in compliance with its BPP and SOC 4.

6. The CAISO manages most of California's electric grid and recovers its costs from SCE and other market participants via tariffs approved by the FERC.

7. Southern California Edison's bidding and transaction practices affect its exposure to CAISO market costs.

8. Under California's GHG emissions reduction program, called Cap-and-Trade, SCE as a load serving entity is responsible for surrendering compliance instruments for its own direct emissions and those that result from contracted resources.

9. SCE provided testimony detailing its GHG compliance instrument activities and cost.

10. SCE incurred sanctions (financial penalties) from California Independent System Operator for violations of its Tariff Section 37 Rules of Conduct. SCE recorded these costs to the Energy Resource Recovery Account Balancing Account and the PABA.

11. The California Independent System Operator sanctions resulted from two causes: (1) incorrect meter data was submitted based on a wrong trade date due to human error, and (2) there were instances of inactive telemetry systems at SCE generating units which caused a failure to submit data.

12. SCE offers only unsubstantiated assertions that these sanctions are reasonable costs that customers should pay.

13. SCE did not meet its burden to prove that it is reasonable to recover the California Independent System Operator sanctions at issue in this case from ratepayers.

14. SCE double-charged departed customers for franchise fees in 2022. These charges resulted from Southern California Edison's operation of the PABA in 2022.

15. The double-charging of franchise fees issue was raised in A.22-04-001 because the double-charging began in 2021. Parties to this case agree that we should resolve the issue in the same way in both proceedings because the issues and facts are the same.

16. In D.25-06-006, we found that SCE is responsible for the reasonableness and accuracy of its charges to customers, and that SCE is "responsible for the error in its tariff language that caused" the double collection. That decision directed SCE to refund the double-charged amount.

17. Other than the disputed issues regarding CAISO sanctions and franchise fees, no other entries in SCE's balancing or memorandum accounts were protested by any party.

18. In 2022, SCE recorded $9.527 in expenses and $1.721 million in capital-related revenue requirement to the RRIMA.

19. Southern California Edison's costs recorded in the RRIMA for the 2022 Record Year are reasonable, and we find that it is just and reasonable to authorize the collection of these costs plus interest for recovery in rates.

20. The costs recorded in the IRPCMA in 2022 are comprised entirely of the funds paid to the Commission upon receipt of invoices from the Commission's

Energy Division. Ten invoices for IRP work were paid in 2022, and SCE is seeking recovery of the resulting undercollected balance of $1.182 million in the IRPCMA in 2022.

21. undercollection in 2022 in the SRDRPMA for which SCE is seeking additional cost recovery authorization was $34.992 million, plus interest.

22. The largest share of the revenue requirement being requested in the SRDRPMA is the $35.359 million for ELRP customer incentives.

23. ELRP customer dispatches responded to CAISO Flex Alerts and Energy Emergency Alerts. SCE's 2022 verified Incremental Load Reductions and commensurate incentives paid in the ELRP were higher than in 2021 because 1) there were significantly more participants, 2) there were more and longer ELRP events, and 3) 2022 compensation rules pursuant to D.21-12-015 were different.

24. SCE quickly implemented the ELRP to support grid reliability in 2021 and 2022. SCE's incremental costs resulted from this implementation and were correctly recorded; they also show the extent of the customer participation SCE enabled to reduce load when the grid was most stressed.

25. SCE's 2022 undercollected balance in the CAVAMA for which it seeks additional revenue recovery authorization is $3.218 million.

26. In 2022, the ending undercollected balance in the PIPPMA for which SCE seeks recovery authorization was $234,000.

27. SCE's entries in all other memorandum and balancing accounts subject to review in this Application are appropriate, correctly stated, and in compliance with Commission decisions for the 2022 Record Year.

28. SCE's testimony in this case regarding individual accounts does not always specifically indicate whether the account transfers its balance to another

account for reconciliation in rates; carries forward the balance to the next year; or how it otherwise returns, recovers or treats the account balance.

29. SCE had two PSPS events in 2022 that affected a total of 15,773 customers for an average total duration of 7.1 hours; the total unrealized volumetric sales from these events was 122 MWh; and the total estimated lost revenue as calculated by the Commission-approved methodology is $14,547.00.

30. SCE's PSPS-related disallowance adjustments are correct and in compliance with applicable Commission decisions for the 2022 Record Year.

31. The parties' *Joint Motion to Offer Prepared Testimonies and Exhibits into Evidence* contains each party's testimony and exhibits and the stipulation of each party to their filing, and was not protested. These exhibits are marked and identified in Attachment B to this decision.

32. The parties' *Joint Motion to Seal the Evidentiary Record* with respect to confidential exhibits was not protested.

33. The total CAISO sanction amount of $56,500 was unredacted in the public version of SCE's amended rebuttal testimony.

34. There are no safety issues raised by this Application.

Conclusions of Law

1. SCE demonstrates a comprehensive approach focused on achieving least-cost overall dispatch of electricity resources.

2. SCE achieved least-cost dispatch in the 2022 Record Year in compliance with all Commission requirements, including SOC 4.

3. SCE prudently administered and managed its UOG resources in compliance with all applicable rules, regulations and Commission decisions, including but not limited to its BPP and SOC 4.

4. In 2022, SCE prudently administered and managed its resource contracts in compliance with its BPP and SOC 4.

5. All of SCE's CAISO costs in 2022 other than the disputed sanctions are correctly stated and comply with applicable Commission decisions, rules and regulations.

6. SCE correctly recorded its GHG compliance costs in compliance with D.21-05-004 and in the correct accounts, and met its burden of proof for their recovery.

7. Because SCE did not meet its burden of proof to show that passing its CAISO sanctions to customers is reasonable, it should not recover these costs. The inclusion of the CAISO sanctions in the ERRA BA and PABA is not appropriate.

8. SCE should remove the costs of its CAISO sanctions recorded in the ERRA BA and PABA in 2022.

9. It is not reasonable for SCE to double-charge departed customers for franchise fees.

10. It is reasonable to direct SCE to return double-charged franchise fees in the amount of $1.65 million. SCE should refund the $1.65 million that was overcharged to departed load customers in 2022 via a reduction to its revenue requirement in 2026.

11. SCE's costs recorded in the RRIMA for the 2022 Record Year are reasonable, and the collection of these costs plus interest should be authorized for recovery in rates.

12. SCE's costs recorded in the IRPCMA for the 2022 Record Year are reasonable, and the collection of these costs plus interest should be authorized for recovery in rates.

13. SCE's costs recorded in the SRDRPMA for the 2022 Record Year are reasonable, and the collection of these costs plus interest should be authorized for recovery in rates.

14. SCE's costs recorded in the CAVAMA for the 2022 Record Year are reasonable, and the collection of these costs plus interest should be authorized for recovery in rates.

15. SCE's costs recorded in the PIPPMA for the 2022 Record Year are reasonable, and the collection of these costs plus interest should be authorized for recovery in rates.

16. A utility's request for approval of annual account operations should clearly state what happens to the account balance at the end of year in the testimony section for that account. This explanation should strive for layman's terms in the interest of transparency.

17. In the interest of clarity and ease of review going forward, SCE in future ERRA compliance applications should clearly indicate in its testimony for each account under review where and how the account balance is transferred, recovered or credited to customers, or otherwise treated at year's end.

18. SCE should make PSPS-related disallowance adjustments for 2022 as calculated by the methodology described herein and as previously directed by the Commission.

19. The *Joint Motion to Offer Prepared Testimonies and Exhibits into Evidence* filed by the parties on March 22, 2024 should be granted, good cause being shown.

20. The *Joint Motion to Seal the Evidentiary Record* filed March 22, 2024 with respect to confidential exhibits should be granted, good cause being shown, with the exception of SCE's request for confidential treatment of the total CAISO sanctions amount (reflecting sanctions for both errors) that is identified in SCE's

Exhibit No. SCE-09CA, because the sanction amount of $56,500 was unredacted in the public version of SCE's amended rebuttal testimony.

O R D E R

IT IS ORDERED that:

1. Application 23-04-003 is approved, consistent with the conclusions of law adopted in this decision and as modified by the other Ordering Paragraphs. In 2022, Southern California Edison Company's fuel and purchased power costs and management of resources complied with its Bundled Procurement Plan and Standard of Conduct 4.

2. Southern California Edison Company (SCE) shall make entries in the Energy Resources Recovery Account Balancing Account (ERRA BA) and Portfolio Allocation Balancing Account (PABA) to return the $56,500 in total costs of its California System Operator sanctions that was recorded in these accounts in 2022. No later than 45 days after the effective date of this decision, SCE shall file a Tier 2 Advice Letter demonstrating the reductions made in these accounts. These reductions to each account shall also be noted in SCE's ERRA compliance application for Record Year 2026 in the sections discussing the ERRA BA and PABA.

3. To effectuate the return to departed customers of $1.65 million in double-charged franchise fees, within 45 days of the effective date of this decision Southern California Edison Company (SCE) shall file a Tier 2 Advice Letter to reduce the revenue requirement collected from departed load customers through the Schedule General Municipal Surcharge by $1.65 million in 2026. SCE may collect this amount in overcollected franchise fees from the municipalities to which they were remitted, but SCE cannot collect any of it from ratepayers. Any

amount that SCE is unable to collect from municipalities is a disallowance imposed on SCE shareholders.

4. Southern California Edison Company (SCE) is authorized to collect a net revenue requirement of $51.442 million plus interest associated with the following accounts: 1) $11.248 million in the Residential Rate Implementation Memorandum Account, 2) $1.182 million in the Integrated Resource Planning Costs Memorandum Account; 3) $34.992 million in the Summer Reliability Demand Response Program Memorandum Account; 4) $3.218 million in the Climate Adaptation Vulnerability Assessment Memorandum Account; and 5) $234,000 in the Percentage of Income Payment Plan Memorandum Account. SCE shall file a Tier 2 Advice Letter within 45 days of the effective date of this decision showing that these amounts have been transferred to the recovery accounts as discussed in this decision.

5. Southern California Edison Company (SCE) shall, in Energy Resources Recovery Account (ERRA) compliance applications going forward, clearly indicate in its testimony for every account under review: where and how the account balance is transferred, recovered or credited to customers, or otherwise treated at year's end. This requirement shall apply beginning with the SCE ERRA compliance application for Record Year 2025.

6. Southern California Edison Company (SCE) shall be disallowed from collecting $14,547 in revenue from its 2022 total revenue requirement. The disallowance amount of $14,547 is the amount of adjusted unrealized revenues calculated for the Public Safety Power Shutoff events that SCE implemented in 2022. SCE shall make the adjustments to accounts to effectuate this disallowance as follows: individual balancing account adjustments, plus interest, to the following accounts returning these amounts to customers: 1) $10,237 to the Base

Revenue Requirement Balancing Account distribution sub-account; 2) $1,087 to the Portfolio Allocation Balancing Account; 3) $1,339 to the New Systems Generation Balancing Account; 4) $12 to the Nuclear Decommissioning Adjustment Mechanism; 5) $1,408 to the Public Purpose Programs Adjustment Mechanism; and 6) $454 to the California Alternative Rates for Energy Balancing Account.

7. The *Joint Motion to Offer Prepared Testimonies and Exhibits into Evidence*, filed March 22, 2024 containing each party's testimony and exhibits and the stipulation of each party to their filing, is granted. The exhibits are marked and identified as indicated in Attachment B to this Decision and shall be admitted into the record of this proceeding.

8. The *Joint Motion to Seal the Evidentiary Record* filed March 22, 2024 with respect to confidential exhibits is granted, except Southern California Edison Company's (SCE's) request for confidential treatment of the total California Independent System Operator sanctions amount (reflecting sanctions for both errors) that is identified in SCE's Exhibit No. SCE-09A.

9. All rulings by the assigned Commissioner and the assigned Administrative Law Judges are affirmed.

10. Application 23-04-003 is closed.

This order is effective today.

Dated ____________________________, at San Francisco, California

ATTACHMENT A

Glossary

GLOSSARY

- AB 1X Balancing Account (AB1XBA)
- Administrative Law Judge (ALJ)
- Advice Letter (AL)
- Application (A.) 21-06-003
- Balancing Account (BA)
- Base Revenue Requirement Balancing Account (BRRBA)
- Behind-The-Meter (BTM)
- Bioenergy Market Adjusting Tariff (BioMat)
- BioMat Non-Bypassable Charge Balancing Account (BMNBCBA)
- Bundled Procurement Plan (BPP)
- California Air Resources Board (CARB)
- California Alternative Rates For Energy (CARE)
- California Community Choice Association (CalCCA)
- California Independent System Operator (CAISO)
- California State University (CSU)
- California State University San Bernardino (CSUSB)
- CARE Balancing Account (CBA)
- CEOP Balancing Account (CEOPBA)
- Charge Ready Program Balancing Account (CRPBA)
- Clean Energy Optimization Pilot (CEOP)
- Click-Through/Rule 24 Memorandum Account (CTR24MA)
- Climate Adaptation Vulnerability Assessment (CAVA)
- Climate Adaptation Vulnerability Assessment Memorandum Account (CAVAMA)
- Combined Heat And Power (CHP)
- Community Choice Aggregators (CCAs)

- Community Engagement Plan (CEP)
- Community Resilience Leadership Group (CRLG)
- Community Solar Green Tariff (CSGT)
- Community Solar Green Tariff Balancing Account (CSGTBA)
- Community-Based Organization (CBO)
- Cost-Allocation Methodology (CAM)
- Decision (D.)
- Demand Response (DR)
- Demand Response Program Balancing Account (DRPBA)
- Deteriorated Pole Program (Det Pole)
- Disadvantaged Communities – Single-Family Affordable Solar Homes (DAC-SASH)
- Disadvantaged Communities – Single-Family Affordable Solar Homes Balance Account (DAC-SASHBA)
- Disadvantaged Communities (DAC)
- Disadvantaged Communities Balancing Accounts (DAC-BA)
- Disadvantaged Communities Green Tariff (DAC-GT)
- Disadvantaged Communities Green Tariff Balancing Account (DAC-GTBA)
- DR Auction Mechanism (DRAM)
- Emergency Load Reduction Program (ELRP)
- Emergency Load Reduction Program's (ELRP) Balancing Account (ELRPBA)
- Emergency Reliability Energy Storage Balancing Account (ERESBA)
- Energy Efficiency (EE)
- Energy Resources Recovery Account (ERRA)
- Energy Settlement Memorandum Account (ESMA)
- Enhanced Community Renewables (ECR)

- Enhanced Community Renewables Marketing, Education, And Outreach Memorandum Account (ECRME&OMA)
- Family Electric Rate Assistance (FERA)
- Federal Energy Regulatory Commission (FERC)
- FERA Balancing Account (FERABA)
- Fuel And Purchased Power (F&PP)
- General Rate Case (GRC)
- Gigawatt Hours (GWh)
- Green Tariff And Shared Renewables (GTSR)
- Green Tariff Marketing, Education (GTME), And Outreach Memorandum Account (GTME&OMA)
- Green Tariff Shared Renewables Administrative Costs Memorandum Account (GTSRACMA)
- Green Tariff Shared Renewables Balancing Account (GTSRBA)
- Greenhouse Gas (GHG)
- Integrated Resource Planning Costs Memorandum Account (IRPCMA)
- Integrated Resources Planning (IRP)
- Investor-Owned Utility (IOU)
- IRP Costs Memorandum Account (IRPCMA)
- LCR – Gas-Fired Generation Sub-Account (LCR-GFG)
- LCR Products Balancing Account (LCRPBA)
- Liquid Propane Gas (LPG)
- Litigation Costs Tracking Account (LCTA)
- Local Capacity Requirements (LCR)
- Marketing, Education And Outreach (ME&O)
- Medical Programs Balancing Account (MPBA)
- Megawatt-Hour (MWh)
- Megawatts (MW)

- Million British Thermal Units (MMBtu)
- NEM Successor Tariff (NEM 2.0)
- Net Energy Metering (NEM) Measurement And Evaluation Balancing Account (NEMMEBA)
- New System Generation Balancing Account (NSGBA)
- Nuclear Decommissioning Adjustment Mechanism (NDAM)
- Operations And Maintenance (O&M)
- Pacific Gas And Electric Company (PG&E)
- Palo Verde Nuclear Generating Station Units 1, 2, And 3 (Palo Verde)
- PBOP Balancing Account (PBOP BA)
- PCIA Adjustment Undercollection Balancing Account (PUBA)
- Pension Costs Balancing Account (PCBA)
- Percentage Of Income Payment Plan (PIPP)
- Photovoltaic (PV)
- Pipp Memorandum Account (PIPPMA)
- Pole Loading And Deteriorated Pole Programs Balancing Account (PLDPBA)
- Pole Loading Program (PLP)
- Portfolio Allocation Balancing Account (PABA)
- Post-Employment Benefits Other Than Pensions (PBOP)
- Power Charge Indifference Adjustment (PCIA)
- Power Purchase Agreements (PPAS)
- Preferred Resource Pilot Products Balancing Account (PRPPBA)
- Public Advocates Office Of The California Public Utilities Commission (Cal Advocates)
- Public Purpose Programs Adjustment Mechanism (PPPAM)
- Public Safety Power Shutoffs (PSPS)
- Public Utilities (Pub. Util.)

- Qualifying Facilities (QFs)
- Quarterly Compliance Report (QCR)
- Renewable Energy Credit (REC)
- Request For Offers (RFO)
- Residential Rate Implementation Memorandum Account (RRIMA)
- Resolution (Res.)
- Resource Adequacy (RA)
- Risk Management Balancing Account (RMBA)
- Rulemaking (R.) 01-10-024
- San Onofre Nuclear Generating Station (SONGS)
- Senate Bill (SB)
- Short Term Incentive Programs (STIP) Memorandum Account (STIPMA)
- Southern California Edison Company (SCE)
- Standard Of Conduct (SOC)
- Statewide Marketing, Education & Outreach Balancing Account (SME&OBA)
- Summer Reliability Demand Response Program Memorandum Account (SRDRPMA)
- Tehachapi Energy Storage Project (Tehachapi)
- Time-Of-Use (TOU)
- Transportation Electrification Program Balancing Account (TEPBA)
- Tree Mortality Non Bypassable Charge Balancing Account (TMNBCBA)
- Underground Structures Replacement (USR)
- University Of California (UC)
- University Of California, Santa Barbara (UCSB)
- USR Balancing Account (USRBA)
- Utility-Owned Generation (UOG)

- Wheeler North Reef Expansion Project Memorandum Account (WNREPMA)

(END OF ATTACHMENT A)

ATTACHMENT B

List Of Exhibits Marked, Identified And Received

ATTACHMENT B

List Of Exhibits Marked, Identified And Received

Southern California Edison (SCE) Exhibits	
Exhibit Number	**Description**
SCE-01	(Public) Energy Resource Recovery Account (ERRA) Review of Operations, 2022 Chapters I-V, April 3, 2023.
SCE-01C	(Confidential) Energy Resource Recovery Account (ERRA) Review of Operations, 2022 Chapters I-V, April 3, 2023.
SCE-01E	(Public) Energy Resource Recovery Account (ERRA) Review of Operations, 2022 Chapters I-V ERRATA, April 3, 2023.
SCE-01CE	(Confidential) Energy Resource Recovery Account (ERRA) Review of Operations, 2022 Chapters I-V ERRATA, April 3, 2023.
SCE-02	(Public) Energy Resource Recovery Account (ERRA) Review of Operations, 2022 Chapters I-IX, April 3, 2023.
SCE-02C	(Confidential) Energy Resource Recovery Account (ERRA) Review of Operations, 2022 Chapters I-IX, April 3, 2023.
SCE-03	(Public) Energy Resource Recovery Account (ERRA) Review of Operations, 2022 Chapters I-II, April 3, 2023.
SCE-03C	(Confidential) Energy Resource Recovery Account (ERRA) Review of Operations, 2022 Chapters I-II, April 3, 2023.
SCE-04	(Public) Energy Resource Recovery Account (ERRA) Review of Operations, 2022 Chapter I, April 3, 2023.
SCE-04C	(Confidential) Energy Resource Recovery Account (ERRA) Review of Operations, 2022 Chapter I, April 3, 2023.
SCE-05	Energy Resource Recovery Account (ERRA) Compliance Requirement Chapter I, April 3, 2023.
SCE-06	Energy Resource Recovery Account (ERRA) Review of operations, 2022 Witness Qualifications and Declarations re: Confidentiality, April 3, 2023.
SCE-07	(Public) Energy Resource Recovery Account (ERRA) Review of operations, 2022 SCE-01 and SCE-02 Appendices, April 3, 2023.

SCE-07C	(Confidential) Energy Resource Recovery Account (ERRA) Review of operations, 2022 SCE-01 and SCE-02 Appendices, April 3, 2023.
SCE-08	(Public) Supplemental Testimony of Southern California Edison Company in Support of Its 2022 Energy Resource Recovery Account Review Application, August 28, 2023.
SCE-08C	(Confidential) Supplemental Testimony of Southern California Edison Company in Support of Its 2022 Energy Resource Recovery Account Review Application, August 28, 2023.
SCE-09A	(Public) Amended Rebuttal Testimony of Southern California Edison Company in Support of Its 2022 Energy Resource Recovery Account Review Application, March 6, 2024.
SCE-09CA	(Confidential) Amended Rebuttal Testimony of Southern California Edison Company in Support of Its 2022 Energy Resource Recovery Account Review Application, March 6, 2024.
Public Advocates Office of the California Public Utilities Commission (Cal Advocates) Exhibits	
Exhibit Number	**Description**
CA-01	(Public) Amended Testimony on A.23-04-003, March 1, 2024.
CA-01C	(Confidential) Amended Testimony on A.23-04-003, March 1, 2024.
California Community Choice Association (CalCCA) Exhibits	
Exhibit Number	**Description**
CalCCA-01	(Public) Prepared Direct Testimony of Brian Shuey on behalf of CalCCA in Southern California Edison Company's 2022 ERRA Compliance Proceeding, December 5, 2023.
CalCCA-01C	(Confidential) Prepared Direct Testimony of Brian Shuey on behalf of CalCCA in Southern California Edison Company's 2022 ERRA Compliance Proceeding, December 5, 2023.
CalCCA-02	(Public) SCE Responses to CalCCA Data Requests Sets 3 and 4, March 22, 2024.
CalCCA-02C	(Confidential) SCE Responses to CalCCA Data Requests Sets 3 and 4, March 22, 2024.

(END OF ATTACHMENT B)