



**FILED**

STATE OF CALIFORNIA

GAVIN NEWSOM, Governor 03/06/26

**PUBLIC UTILITIES COMMISSION**

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505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

A2404001

March 6, 2026

**Agenda ID #24084**  
**Ratesetting**

TO PARTIES OF RECORD IN APPLICATION 24-04-001:

This is the proposed decision of Administrative Law Judge Jeffrey Lee. 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 **April 9, 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/ MICHELLE COOKE

Michelle Cooke

Chief Administrative Law Judge

MLC: smt

Attachment

Decision PROPOSED DECISION OF ALJ LEE (Mailed 3/6/2026)

**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, 2023 Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for a decrease of \$63.195 million in revenue requirement due to a net overcollection recorded in seven accounts.

Application 24-04-001

**DECISION APPROVING SOUTHERN CALIFORNIA EDISON  
COMPANY 2023 ENERGY RESOURCE RECOVERY  
ACCOUNT COMPLIANCE APPLICATION**

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**DECISION APPROVING SOUTHERN CALIFORNIA EDISON  
COMPANY 2023 ENERGY RESOURCE RECOVERY  
ACCOUNT COMPLIANCE APPLICATION**

**Summary**

This decision finds Southern California Edison Company (SCE) meets the standard for compliance under the Energy Resource Recovery Account (ERRA) regulatory compliance standards for the 2023 Record Year.<sup>1</sup> During the 2023 Record Year, SCE complied with all requirements reviewed by the Commission in the ERRA compliance process.

The entries SCE recorded in 2023 in the balancing accounts and memorandum accounts reviewed in this Application are correct, reasonable, and comply with Commission directives.

Within 90-days after the effective date of this decision, SCE shall file a Tier 1 Advice Letter with the Commission's Energy Division to decrease rates by a total of \$63.195 million in net overcollected revenue requirement, including interest, reflecting the sum recorded across seven accounts, plus franchise fees and uncollectibles. SCE shall also return \$70,811 in unrealized revenue for four 2023 Public Safety Power Shutoff events through the appropriate balancing accounts.

Within 60 days after the effective date of this decision, SCE shall file a Tier 2 advice letter with the Commission's Energy Division to (1) modify its Affiliate Transfer Fee Memorandum Account tariff and Preliminary Statement Part N.29; and (2) within 60-days of approval of that Tier 2 Advice Letter, must return the \$219,000 overcollection recorded in the Affiliate Transfer Fee Memorandum

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<sup>1</sup> The record year is from January 1, 2023 to December 31, 2023.

Account for the 2023 Record Year to customers through the appropriate balancing account mechanism.

SCE's ERRA Compliance Application for the 2023 Record Year is approved.

This proceeding is closed.

## **1. Background**

### **1.1. ERRA**

California Public Utilities Code (Pub. Util.) Code Section 454.5(d) and Public Utilities Commission (Commission) Decision (D.) 02-10-062 authorized the Commission to establish the Energy Resource Recovery Account (ERRA) to track fuel and purchased power (F&PP) billed revenues against actual recorded costs of these items.<sup>2</sup> As required by the legislature, the ERRA balancing account tracks "the differences between recorded revenues and costs incurred pursuant to an approved procurement plan" and is reviewed annually by the Commission.<sup>3</sup> ERRA allows regulated energy utilities to recover power procurement costs for fuel and purchased power not otherwise authorized for recovery in rates.

In D.02-10-062, the Commission also required regulated electric utilities in California to establish (1) a F&PP revenue requirement forecast; (2) a trigger mechanism; and (3) a schedule for ERRA applications. The yearly ERRA regulatory process involves proceedings before the Commission: (a) an annual forecast proceeding and (b) an annual compliance proceeding.

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<sup>2</sup> In this decision, all references to statutory codes and sections are to the Pub. Util. Code, unless designated otherwise.

<sup>3</sup> Pub. Util. Code Section 454.5(d)(3).

In its annual ERRA *forecast* application, a utility requests adoption of its forecast of its expected annual F&PP costs for the upcoming 12 months. Approval of the forecast allows utilities to recover their ERRA revenue requirement in rates.

In an annual ERRA *compliance* proceeding, the Commission evaluates retrospectively whether a utility has complied with all applicable rules, regulations, decisions, and laws in managing its utility-owned generation, implementing the utility's most recently approved procurement plan, and administering its energy resource contracts for the previous 12-month period from January 1 through December 31, (the compliance "record year."<sup>4</sup>

## 1.2. Proceeding History

On April 2, 2024, Applicant Southern California Edison Company (SCE) filed Application (A.) 24-04-001 (Application), seeking the following:

- (1) A Commission finding that its procurement-related and other operations for the record period January 1 through December 31, 2023 (Record Year) complied with its Adopted Procurement Plan;
- (2) Verification of its entries in the ERRA and other regulatory accounts; and
- (3) A decrease of \$63.195 million in revenue requirement due to a net overcollection recorded in seven accounts.<sup>5</sup>

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<sup>4</sup> Pub. Util. Code Section 454.5(d)(2).

<sup>5</sup> More specifically, SCE requests that the Commission find that during the Record Year: "(1) SCE's fuel and purchased power expenses complied with SCE's Commission-approved procurement plan and were recorded accurately; (2) SCE's contract administration, management of utility-retained generation (URG), dispatch of generation resources, and related spot market transactions complied with SOC 4 in SCE's procurement plan; (3) that costs recorded in certain memoranda accounts are reasonable and should be authorized for recovery in rates; and (4) all other SCE activities subject to Commission review in this Application complied with applicable Commission decisions and resolutions." Application at 6.

The Commission preliminarily categorized this as a ratesetting proceeding pursuant to Resolution ALJ-176, filed April 18, 2024.

On May 8, 2024, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) and the California Community Choice Association (CalCCA) filed separate protests to the Application.<sup>6</sup> SCE filed a reply to both protests on May 20, 2024.

The parties filed a Joint Prehearing Conference Statement on July 15, 2024, pursuant to the assigned Administrative Law Judge's (ALJ's) July 2, 2024 ruling. A July 19, 2024 prehearing conference (PHC) was held to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary.

After considering the Application, protests, SCE's reply, the Joint PHC Statement, and discussion at the PHC, assigned Commissioner John Reynolds determined the issues and initial schedule of the proceeding as set forth in a September 20, 2024 Scoping Memo and Ruling (Scoping Memo).

On March 7, 2025, the assigned ALJ held a status conference following the parties' filing of a Joint Status Conference Statement on March 4, 2025. The parties indicated that no evidentiary hearing was needed because there were no material facts in dispute between them and agreed to stipulate to the receipt of prepared testimony and exhibits into the record without direct or cross

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<sup>6</sup> California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Energy for Palmdale's Independent Choice, Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

examination of witnesses. The assigned ALJ thereafter issued a March 11, 2025 ruling updating the proceeding schedule.

On April 10, 2025 SCE filed two motions: (1) Motion to Seal a Portion of the Evidentiary Record; and (2) Motion to Offer Prepared Testimonies and Exhibits into Evidence. Cal Advocates also filed two motions on April 10, 2025: (1) Motion of the Public Advocates Office to Admit Exhibits Into Evidence; and (2) Motion to File Confidential Exhibits Under Seal. No oppositions were filed to any of those four (4) motions filed with the Commission.

On April 14, 2025, SCE and Cal Advocates filed public versions of their respective Opening Briefs on all issues. The parties also each filed a corresponding Motion to File Its Confidential Opening Brief Under Seal.

On April 28, 2025, SCE and Cal Advocates, filed their respective public Reply Briefs. Cal Advocates also filed an accompanying Motion to File a Confidential Reply Brief Under Seal. No party opposed that motion.<sup>7</sup>

On June 6, 2025, SCE filed its Proof of Rule 3.2 Compliance.

On September 3, 2025, the Commission issued D.25-08-040, extending the statutory deadline in this proceeding to February 15, 2026, pursuant to California Pub. Util. Code Sections 8386.4(b)(2) and 1701.5(a).

## **2. Submission Date**

This matter was submitted on April 28, 2025, upon filing of SCE and Cal Advocates respective Reply Briefs.

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<sup>7</sup> Below, this decision grants the following unopposed motions: (1) SCE's April 10, 2025 Motion to Seal a Portion of the Evidentiary Record; (2) SCE's April 10, 2025 Motion to Offer Prepared Testimonies and Exhibits into Evidence; (3) Cal Advocates April 10, 2025 Motion to Admit Exhibits Into Evidence; (4) Cal Advocates April 10, 2025 Motion to File Confidential Exhibits Under Seal; (5) SCE's April 14, 2025 Motion to File Confidential Opening Brief Under Seal; (6) Cal Advocates April 14, 2025 Motion to File Confidential Opening Brief Under Seal; and (7) Cal Advocates April 28, 2025 Motion to File a Confidential Reply Brief Under Seal.

### 3. Jurisdiction

The Commission exercises jurisdiction over the activities of California public utilities,<sup>8</sup> including electrical corporations.<sup>9</sup> SCE is an investor-owned public utility (IOU) providing electrical service in California. SCE is therefore “subject to our jurisdiction, control and regulation.”<sup>10</sup> Accordingly, the Commission has jurisdiction to review SCE’s 2023 Record Year ERRAs compliance application pursuant to Pub. Util. Code Section 454.

### 4. Standard of Review and Burden of Proof

In this Application, the Commission evaluates whether SCE meets the standard for compliance under the annual ERRA review process. To do so, the Commission is broadly tasked with determining whether, during Record Year 2023, SCE complied with the applicable rules, regulations, opinions, and laws in managing its utility owned generation, implementing the utility’s most recently approved procurement plan, and administering its energy resource contracts.<sup>11</sup>

The annual ERRA compliance review entails elements arising from Pub. Util. Code Section 454.5(d), D.02-10-062, and subsequent Commission decisions.

*First*, the Commission considers whether the utility prudently administered and managed its own generation resources under the “reasonable manager” standard during the record period. Under the reasonable manager standard, “the act of the utility should comport with what a reasonable manager

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<sup>8</sup> Pub. Util. Code Section 216(a).

<sup>9</sup> Pub. Util. Code Section 218 defines an electrical corporation as every corporation “owning, controlling, operating, or managing any electrical plant.”

<sup>10</sup> Pub. Util. Code Section 216(b).

<sup>11</sup> Pub. Util. Code Section 454.5(d)(2).

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.*"<sup>12</sup> When a utility makes a showing that its conduct in administering and managing its own generation resources was prudent, a party proposing a disallowance must establish that the utility did not act as a prudent manager.

*Second*, the Commission considers whether the utility has prudently administered its contracts and generation resources and dispatched energy in a least cost manner in accordance with Standard of Conduct (SOC) 4.<sup>13</sup> Established in D.02-10-062, SOC 4 provides expressly that "utilities shall prudently administer all contracts and generation resources and dispatch the energy *in a least-cost manner.*"<sup>14</sup> Prudent contract administration includes administration of all contracts within the terms and conditions of those contracts and the responsibility to dispose of economic long power and to purchase economic short power in a manner that minimizes ratepayer costs. To achieve least-cost dispatch, the utility uses the most cost-effective mix of total resources possible to minimize the cost of delivering electric services.<sup>15</sup>

*Third*, the Commission considers additional issues in ERRRA compliance reviews, including whether entries the utility recorded in the ERRRA and Portfolio Allocation Balancing Account (PABA) are reasonable, appropriate, accurate, and in compliance with Commission decisions.<sup>16</sup>

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<sup>12</sup> D.14-05-023 at 15 (emphasis added).

<sup>13</sup> D.15-05-005, OPs 1, 2 and 4.

<sup>14</sup> D.02-10-062 at 74 (Conclusion of Law 11) (emphasis added).

<sup>15</sup> D.02-12-074 at 54.

<sup>16</sup> D.18-10-019 at OP 8.

*Fourth*, under D.21-06-014, the Commission determines the appropriate amount of revenues that the utility is disallowed from collecting for Public Safety Power Shutoff (PSPS) events implemented during the record period.<sup>17</sup>

For this Application, SCE has the burden to establish by a preponderance of evidence that SCE has met the standard under the ERRRA regulatory compliance review process for the 2023 Record Year.

## **5. Issues Before the Commission**

The Scoping Memo identified the following Issues 1 through 8 to be determined or otherwise considered in this proceeding:

1. Whether SCE's 2023 fuel and purchased power expenses complied with SCE's Commission-approved procurement plan and were recorded accurately.
2. Whether during 2023, SCE prudently administered, managed, and dispatched the following, in compliance with all applicable rules, regulations and Commission decisions, including but not limited to, Standard of Conduct Four (SOC 4):
  - a. Utility-Retained Generation;
  - b. Qualifying Facilities (QF) Contracts; and Other Non-QF Contracts, including:
    - i. Bilateral Contracts;
    - ii. Inter-utility Power Contracts;
    - iii. Renewable Resource Contracts; and
    - iv. Natural Gas Tolling Agreements.
3. Whether during 2023 SCE dispatched its energy resources in a least-cost manner in compliance with SCE's Commission-approved procurement plan.
4. Whether during 2023 SCE appropriately operated its balancing accounts (BA) and memorandum accounts (MA);

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<sup>17</sup> D.21-06-014 at OP 1 (commencing with 2021 ERRRA compliance proceedings).

- and the recorded entries in the accounts are appropriate, correctly stated and in compliance with applicable Commission decisions, rules, and regulations.
5. Whether all other SCE activities subject to Commission review in this proceeding complied with applicable Commission decisions and resolutions.
  6. Whether the costs associated with the accounts listed immediately below are reasonable such that the Commission should approve SCE's proposed net revenue requirement decrease of \$63.195 million (excluding interest, but including Franchise Fees & Uncollectibles) in 2026 rate levels:
    - a. Residential Rate Implementation MA;
    - b. Integrated Resource Planning Costs MA;
    - c. Summer Reliability Demand Response Program MA;
    - d. Percentage of Income Payment Plan MA;
    - e. California Solar Initiative Program BA;
    - f. COVID-19 Pandemic Protections MA; and
    - g. Affiliate Transfer Fee MA.
  7. Whether SCE's cost entries for its Greenhouse Gas compliance are reasonable, accurate, consistent with Commission and state policies and laws, and whether SCE met its burden of proof regarding its claim for these entries.
  8. Whether SCE accurately calculated the revenue requirement equal to the estimated unrealized volumetric sales and unrealized revenue resulting from the Public Safety Power Shutoff events in 2023 that SCE must forgo in accordance with Decision (D.)21-06-014 and D.23-06-054.

Among the scoped issues above, only Issues 2 and 6(g) remain partially contested by the parties. As developed through this proceeding, those issues must be addressed through the following questions:

1. Whether SCE imprudently administered contracts under Standard of Conduct Four (SOC 4) such that the Commission should impose a heightened scrutiny requirement in future ERRA compliance proceedings to address and prevent the same or similar errors in the future; and
2. Whether the Commission should approve SCE's proposed return to customers of the Affiliate Transfer Fee Memorandum Account (ATFMA) year-end over-collection through an Advice Letter to modify the associated tariff.

Below, we address these two contested issues and then discuss the uncontested compliance issues identified by the Scoping Memo.

## **6. Contested Issues**

### **6.1. Heightened Scrutiny of Contract Management**

Cal Advocates contends that SCE has engaged in a year-to-year pattern of imprudent contract administration, citing four contract incidents allegedly violating the prudent manager standard of SOC 4, two dating back to previous Record Periods.<sup>18</sup> These four contracting incidents Cal Advocates alleges are (1) the Willdan Energy Solutions, Inc. (Willdan) dispute and settlement, reviewed and decided in the 2021 Record Period ERRA compliance proceeding; (2) a Sterling Analytics LLC (Sterling) contract dispute and settlement reviewed and decided in SCE's ERRA Review for the 2020 Record Period; (3) three SCE contracts with Brookfield Renewable Trading & Marketing, LP (Brookfield) for import Resource Adequacy (RA), signed in April, May, and August 2022 (collectively, the Brookfield Contracts); and (3) a Victorville Energy Center, LLC (Victorville) letter of credit put in place in 2019.

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<sup>18</sup> See Cal Advocates Opening Brief at 11-13; SCE Reply Brief at 2-9.

Cal Advocates urges the Commission to impose a heightened scrutiny requirement in future ERRRA compliance proceedings to address and prevent the same or similar errors. Deeming these four instances as a pattern of conduct, Cal Advocates seeks in future ERRRA compliance proceedings that SCE disclose material errors and explain steps to address and prevent the same or similar errors in the future.<sup>19</sup>

In its Reply Brief, Cal Advocates identifies three specific recommendations to protect ratepayers by ensuring that SCE is taking steps to correct a “pattern in which substantive and material errors have repeatedly been included in SCE’s contracts:”<sup>20</sup>

- (1) State in a Finding of Fact and a Conclusion of Law that SCE has engaged in imprudent contracting practices and that such imprudence warrants heightened scrutiny on a going-forward basis;
- (2) Order SCE to provide a detailed description of each material error in a contract that led to a dispute in the Record Period under review; and
- (3) Order SCE to provide an explanation of how SCE has corrected the material errors identified in the Record Period and the preventative measures SCE has implemented to ensure the same or similar errors do not reoccur.<sup>21</sup>

For its part, SCE contends that no such heightened scrutiny measures are warranted because (1) the four incidents cited by Cal Advocates were not the result of imprudent practices and, (2) even assuming, *arguendo*, that all four were errors, they would not constitute a pattern of imprudent conduct, but would

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<sup>19</sup> See Cal Advocates Opening Brief at 9-10.

<sup>20</sup> See Cal Advocates Reply Brief at 12.

<sup>21</sup> Cal Advocates Reply Brief at 12.

merely show an approximately 0.0048% error rate in annual contracts executed since the Commission's 2015 approval of the Willdan and Sterling contracts.<sup>22</sup>

SCE acknowledges that it bears the ultimate burden of proof to show, by a preponderance of the evidence, that its contract administration activities were reasonable during the Record Period.<sup>23</sup> To challenge SCE's showing, Cal Advocates "bear[s] the burden of presenting competent evidence in support of such challenges. . . ." <sup>24</sup>

#### **6.1.1. Prior Record Year Contract Management**

Cal Advocates argues that SCE engaged in two imprudent contract management incidents, dating back to the 2021 and 2020 Record Years.<sup>25</sup>

**Willdan Contract Dispute and Settlement.** The Willdan Contract Dispute was previously reviewed and decided in the Record Year 2021 ERRRA compliance proceeding.<sup>26</sup> The parties testimony and briefs in this proceeding were filed while we considered SCE's handling of the dispute through its 2021 Record Year compliance application, A.22-04-001. Subsequently, we determined in D.25-06-006 (issued June 19, 2025) that SCE's administration of the Willdan contract was prudent and in compliance with SOC 4.

In D.25-06-006, we discussed that during the 2021 Record Year, SCE administered 17 Local Capacity Requirement contracts with Willdan. SCE found

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<sup>22</sup> See SCE Reply Brief at 6-7.

<sup>23</sup> See SCE Reply Brief at 2 and n.3.

<sup>24</sup> See SCE Reply Brief at 2-3 and n.4 (citing D.94-03-050, Finding of Fact No. 10 and D.21-07-018).

<sup>25</sup> See Cal Advocates Opening Brief at 11-13.

<sup>26</sup> See SCE Opening Brief at 26-28; SCE Reply Brief at 5-6 and n. 18 (noting that Cal Advocates challenged SCE's handling of the Willdan dispute through pending application A.22-94-001).

that Willdan miscalculated energy savings and disputed the invoiced amounts charged to SCE. SCE and Willdan entered into a settlement agreement where Willdan corrected the calculation of energy savings and SCE paid Willdan amended charges according to a corrected method of calculating energy savings.<sup>27</sup> SCE recorded these amended charges into the Local Capacity Requirements Products Balancing Account (LCRBA).<sup>28</sup>

Similar to the instant proceeding, in the 2021 Record Year proceeding, Cal Advocates argued that the Willdan contract disputes resulted from SCE's imprudent administration of the Willdan contracts and, there, recommended disallowing the settlement amount that SCE paid to Willdan. Cal Advocates asserted that SCE failed to notice the calculation errors, causing incorrect invoiced amounts and argued that under SOC 4, SCE failed to identify errors to avoid ratepayer impact in multiple Willdan contracts.<sup>29</sup> SCE contended it acted reasonably and in the interest of its customers by timely disputing Willdan's invoices, saving customers substantial costs compared to those Willdan originally invoiced, and that the settlement avoided costly, time-consuming litigation and arbitration.<sup>30</sup>

In D.25-06-006, we found that (1) SCE acted reasonably with respect to the Willdan contracts; (2) SCE discovered the calculation error in Willdan's invoices and timely disputed the inaccurate invoices; and (3) SCE's settlement with Willdan resolved the contract disputes in a reasonable manner.<sup>31</sup> We also

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<sup>27</sup> See D.25-06-006 at Section 4.1.2.

<sup>28</sup> See D.25-06-006 at Section 4.1.2.

<sup>29</sup> See D.25-06-006 at Section 4.1.2.

<sup>30</sup> See D.25-06-006 at Section 4.1.2.

<sup>31</sup> See D.25-06-006 at Section 4.1.2.

determined that the Willdan settlement (a) corrected the calculation error of energy savings for future charges, (b) ensured that SCE paid the corrected amount to Willdan, and (c) saved ratepayers the costs of time-consuming and costly litigation or arbitration to resolve the contract disputes.<sup>32</sup> In sum, we therefore, found in D.25-06-006 that SCE prudently administered the Willdan Contracts in Record Year 2021 and declined to impose Cal Advocates' recommended disallowances for SCE's administration of those contracts.<sup>33</sup>

After review we find, consistent with D.25-06-006, that SCE's administration and management of the Willdan Contracts do not contribute to establishing that SCE engaged in a pattern of yearly imprudent contracting administration or management conduct in this proceeding.

**Sterling Contract Dispute and Settlement.** The 2020 Record Year Sterling Contract dispute raised by Cal Advocates is virtually indistinguishable from the Willdan Contract Dispute because it arose from the same set of facts.<sup>34</sup> We discussed in D.25-06-006 that after SCE found the error with Willdan's invoices, SCE reviewed other Local Capacity Requirement contracts and found similar invoice calculation errors, including from Sterling. Similar to the errors with Willdan, SCE disputed the invoiced amounts and then entered into settlement agreements in which SCE paid amended charges set according to the corrected calculation methodology. In its 2021 Record Year ERRRA compliance proceeding, SCE cited D.22-10-004 (SCE's 2020 ERRRA Compliance Decision), that found that

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<sup>32</sup> See D.25-06-006 at Section 4.1.2.

<sup>33</sup> See D.25-06-006 at Section 4.1.2.

<sup>34</sup> See SCE Opening Brief at 26-28; SCE Reply Brief at 5-6 and n. 18 (noting that Cal Advocates challenged SCE's handling of the Willdan dispute through pending application A.22-94-001).

SCE prudently administered its contracts with Sterling in 2020.<sup>35</sup> There, SCE argued that it resolved the contract disputes with Willdan and Sterling in a similarly prudent manner and with like benefits.<sup>36</sup>

We also held that our findings in D.25-06-006 regarding the 2021 Record Year Willdan contract issues are consistent with the findings regarding Sterling issues in D.22-10-004, where we found that SCE prudently administered its contracts with Sterling after finding similar calculation errors in the invoiced amounts from that vendor.<sup>37</sup>

SCE argues in the instant proceeding that Cal Advocates previously testified in SCE's ERA Review for the 2020 Record Period that SCE handled the Sterling dispute and settlement reasonably and in the best interests of customers, stressing that the Commission's final decision in that proceeding was consistent with that conclusion.<sup>38</sup>

After review, consistent with D.22-10-004, we find that SCE's administration and management of the Sterling Contract does not contribute to establishing that SCE engaged in a pattern of yearly imprudent contracting administration or management conduct in this proceeding.

#### **6.1.2. 2023 Record Year Contract Management**

Cal Advocates argues that SCE engaged in imprudent contract management during the 2023 Record Year in two instances.

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<sup>35</sup> See D.25-06-006 at Section 4.1.2 (citing D.22-10-004 at 17).

<sup>36</sup> See D.25-06-006 at Section 4.1.2 (citing D.22-10-004 at 17).

<sup>37</sup> See D.25-06-006 at Section 4.1.2.

<sup>38</sup> See SCE Opening Brief at 9; SCE Reply Brief at 5 and n. 17 (citing D.22-10-004 at 17 and 53).

**Brookfield Contracts.** For the 2023 Record Year, Cal Advocates withdrew in its Opening Brief a prior recommendation for a disallowance resulting in higher ratepayer fees because of drafting errors in three SCE contracts with Brookfield Renewable Trading & Marketing, LP (Brookfield) for import Resource Adequacy (RA), signed in April, May, and August 2022 (collectively, the Brookfield Contracts).

No party disputes that the Brookfield Contracts contained a material error – the inclusion of an incorrect contract price that was reflected between the first (April) draft and final contracts -- that Cal Advocates alleges to be due to lack of care under the prudent manager standard of SOC 4.<sup>39</sup> Instead of a disallowance, Cal Advocates asserts that the Brookfield Contracts are the most recent incident in a year to year pattern justifying its heightened contract administration scrutiny recommendation.

SCE argues that its conduct in administration of the Brookfield Contracts dispute and resolution through settlement was reasonable.<sup>40</sup> SCE contends that the Brookfield Contracts error was the result of a single miscommunication between SCE and Brookfield that caused a drafting inaccuracy in the final version of the April contract price at its formation.<sup>41</sup> SCE asserts that its contract negotiation team identified a potential discrepancy prior to execution of the final contract, conferred with Brookfield, and was misinformed that the provision at issue was correctly stated in the final April document.<sup>42</sup> SCE argues that, despite the drafting error, its contract management practices discovered and mitigated a

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<sup>39</sup> See Cal Advocates Opening Brief at 6-9.

<sup>40</sup> See SCE Reply Brief at 2-3.

<sup>41</sup> See SCE Reply Brief at 3-4.

<sup>42</sup> See SCE Reply Brief at 4-5.

minor, one-time error in a timely and reasonable manner. At base, SCE argues that it need not be *perfect* to meet the prudent manager standard of SOC 4.<sup>43</sup>

In California contract law, contract price is generally considered a material term that is fundamental to the agreement, significantly affecting a party's decision to enter into a contract to the extent that a failure to agree on or perform the contract price often goes to the essence of the deal between the parties.<sup>44</sup> No party to this proceeding disputes that price is a basic, material term requiring agreement in a contract.

However, California law recognizes by statute that writing material terms in a contract is not always perfect or accurate. Cal. Civ. Code Section 1640 allows that parties may by “accident” make -- and then later discover -- a drafting error, known as a “mistake,” that may lead to “reformation” (*i.e.*, correction) of an erroneous material contract term, so that the parties’ true intention is correctly set forth in the agreement.<sup>45</sup> In this way, the law acknowledges that human error in writing a contract, though undesirable, may also be remedied to provide the intended benefits to the contracting parties.

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<sup>43</sup> See SCE Reply Brief at 5 (“If Cal Advocates is correct that a single pre-execution miscommunication violates the reasonable manager standard – even despite SCE reasonably relying on Brookfield’s later confirmation that the April Contract was correctly written – it is hard to imagine any minor human error that would not be grounds for a finding of imprudence. This standard of perfection is not, and cannot be, the standard by which the Commission judges utility conduct.”).

<sup>44</sup> See California Civil Jury Instructions (CACI) No. 303 (enumerating Breach of Contract elements) (2025)

<sup>45</sup> See Cal. Civ. Code Section 1640 (“When, through fraud, mistake, or *accident*, a written contract fails to express the real intention of the parties, such intention is to be regarded, and the erroneous parts of the writing disregarded.”) (emphasis added). See also Cal. Civ. Code Sections 1567 (no consent if a mistake made), 1576 (mistake of fact or law), 1577 (mistake of fact), 1578 (mistake of law).

Our review of the record shows that SCE allowed a miscommunication with Brookfield to become a mistake in the memorialization of a material contract term between the draft and final versions of the April Brookfield Contract. However, the record also reflects that this is the only incident presented for the 2023 Record Year and is not being presented as a ground for a disallowance by any party to this proceeding. We conclude that, despite SCE's diligence, the price term drafting error reflected in the final version of the April Brookfield Contract arose from an isolated pre-contract formation occurrence and was reasonably discovered by SCE and effectively remedied as a mistake by the contracting parties post-formation through the resulting settlement.

Most significantly, as with the Willdan and Sterling contracts and settlements, we look to whether the discovery and remedy of the mistake occurred in a prudent manner. Here, the record shows that SCE discovered the mistake, corrected the price error in a timely fashion, and did so in a manner that avoided any burden or harm to ratepayers resulting from the mistake.

Here, the record also shows that SCE engaged in settlement negotiations with Brookfield and reached a resolution in October 2023 where SCE recovered 100% of its claimed amount related to the August contract, and obtained a direct net benefit to SCE customers above the transaction originally negotiated between SCE and Brookfield.<sup>46</sup> In October 2023, SCE received the settlement payment and applied the proceeds to the ERRRA BA.<sup>47</sup>

After review we find that (1) SCE acted reasonably with respect to its management of the Brookfield Contracts; (2) SCE discovered the drafting error in

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<sup>46</sup> See SCE Opening Brief at 24-25.

<sup>47</sup> See SCE Opening Brief at 25.

the contract price term contained in the final contracts; (3) SCE timely remedied the mistake; and (4) SCE's settlement with Brookfield resolved the contract disputes in a reasonable manner that provided a net benefit to SCE ratepayers. We also determine that the Brookfield settlement (a) corrected the mistake, (b) ensured that the correct terms were contained in the contracts going forward, and (c) saved ratepayers the costs of time-consuming and costly litigation or arbitration to resolve the contract disputes. In sum, we find that SCE prudently administered the Brookfield contracts in 2023 and has met its burden to demonstrate that its Brookfield Contract administration activities comported with the reasonable manager standard for the 2023 Record Year. Accordingly, we find that SCE's administration and management of the Brookfield Contracts do not contribute to establishing that SCE engaged in a pattern of yearly imprudent contracting administration or management conduct in this proceeding.

**Victorville Letter of Credit.** SCE concedes that a Victorville Letter of Credit, put in place in 2019, contained a typographical error. Cal Advocates contends that SCE allowed the error to be included and persist in the Letter of Credit, thereby constituting one of a series of four imprudent contract management incidents.<sup>48</sup>

SCE asserts that no specific unreasonable or imprudent conduct on its part has been identified regarding the previously unnoticed typographical error.<sup>49</sup> SCE contends in testimony that it acted as a prudent manager by undertaking specific contracting process improvements in response to the Victorville Letter of

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<sup>48</sup> See CA-01 at 4-15 to 4-16.

<sup>49</sup> See SCE Opening Brief at 28; SCE Reply Brief at 5-6.

Credit error, after discovery in 2023, to find, remedy, and prevent similar issues.<sup>50</sup>

SCE Rebuttal Testimony shows that it conducted a four-month review of *all* existing letters of credit in 2023.<sup>51</sup> Then, as a result of that study, completed in late 2023, SCE: (1) conducted training on collateral basics and collateral management at the beginning of 2024; (2) established a dual review process for all new inbound instruments; (3) developed and utilized standardized checklists and signoffs for different collateral instrument types; and (4) is exploring use of automation and text recognition software to improve accuracy in its letter of credit review process.<sup>52</sup> SCE further stresses that the incident did not result in Cal Advocates recommending a disallowance.<sup>53</sup>

We agree and find that upon discovery of the error in the Victorville Letter of Credit, SCE initiated and completed the timely and systematic remedial measures expected from a prudent manager during the 2023 Record Year. Those measures implemented specific contract administration and management process improvements in direct response to discovery of the Victorville Letter of Credit error, strengthening SCE's capacity to discover, remedy, and prevent similar letters of credit issues. The absence of a disallowance request suggests that SCE's remedial and preventive measures were sufficient to Cal Advocates.

After review we find that SCE (1) acted reasonably with respect to the Victorville Letter of Credit error; (2) timely remedied the error; and (3)

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<sup>50</sup> See SCE-07 at 18.

<sup>51</sup> See SCE-07 at 18.

<sup>52</sup> See SCE-07 at 18.

<sup>53</sup> See SCE Opening Brief at 26. See also SCE Reply Brief at 7 (asserting that Cal Advocates conceded that resolution of the letter of credit dispute benefitted SCE customers).

implemented effective measures to prevent similar errors in the future. In sum, we find that SCE prudently administered the Victorville Letter of Credit in 2023 and has met its burden to demonstrate that its Victorville Letter of Credit administration activities comported with the reasonable manager standard for the 2023 Record Year. Accordingly, we find that SCE's administration and management of the Victorville Letter of Credit do not contribute to establishing that SCE engaged in a pattern of yearly imprudent contracting administration or management conduct in this proceeding.

### **6.1.3. Conclusion**

Cal Advocates alleges a year-to-year pattern of imprudent contract administration by SCE as a contested issue and recommends heightened scrutiny on the contract administration element of SCE's future annual ERRA compliance applications. Cal Advocates' recommendations are worthy of significant consideration in this proceeding. In essence, Cal Advocates recommendations 2 and 3 ask us to mandate increased disclosure regarding Record Year contract disputes and remedial measures, if any, to address them. Such information would be relevant to the required ERRA compliance review in all years.

However, our findings above do not establish any incidents of imprudent contract administration or management by SCE during the 2023 Record Year or a pattern of imprudent contracting incidents warranting imposition on the record of this year's ERRA compliance proceeding.

After review we find that Cal Advocates presentation of evidence and events related to the Willdan Contracts, Sterling Contract, Brookfield Contracts, and Victorville Letter of Credit, fail to establish that SCE engaged in a pattern of year-to-year imprudent contract administration or management conduct. SCE has met its burden to demonstrate that those challenged contract administration

activities comported with the reasonable manager standard for the 2023 Record Year regarding those contracts. Accordingly, we find that Cal Advocates recommendations related to imposing heightened scrutiny of SCE's contract administration and management practices are not warranted on this proceeding record.

We caution that this decision should in no way be interpreted as a loosening of the high standards of contract administration and management required by the Commission. A prudent manager should prevent avoidable errors. An isolated lapse in a Record Period may be mitigated. Two or more errors may give credence to Cal Advocates' assertion of a pattern of imprudent conduct.

The Commission faces annual concerns that a pattern of imprudent administration and management of contracts may evade our yearly ERRA compliance review. Nevertheless, we must trust the adversarial process in our proceedings to establish accurate, actionable findings. We also must trust that SCE and other utilities will meet the duty of candor and truthfulness imposed by Commission Rule of Practice and Procedure 1; that all parties participate in a good faith discovery process; and that skilled, thorough advocacy by sophisticated utilities and intervenors, including Cal Advocates and CalCCA, will raise, clarify, and resolve issues, as well as create a complete record in our proceedings.

We encourage SCE and intervenors in future ERRA compliance proceedings to exchange the information identified in Cal Advocates recommendations 2 and 3 above through currently-required testimony, discovery requests and responses, confidentiality measures, and other means to ensure a complete proceeding record.

## 6.2. ATFMA Modification and Overcollection Refund

The second contested issue falls under Issue 6(g) and concerns whether and how the Commission should approve SCE's proposed return to customers of an Affiliate Transfer Fee Memorandum Account (ATFMA) year-end over-collection in the amount of \$219,000.

On December 16, 1997, the Commission issued D.97-12-088, which adopted "Affiliate Transaction Rules" governing the relationship between California's natural gas local distribution companies and electric utilities and certain of their affiliates. Affiliate Transaction Rule V.G.2.c. requires that when a utility's employee transfers, is assigned, or otherwise becomes employed by a covered affiliate, the affiliate must "make a one-time payment to the utility in the amount of equivalent to 25% of the employee's base annual compensation, unless the utility can demonstrate that some lesser percentage (equal to at least 15%) is appropriate for the class of employee included."<sup>54</sup> Rule V.G.2.c. further states that all fees paid to the utility shall be accounted for or recorded in a separate memorandum account to be tracked for future ratemaking treatment on an annual basis, to ensure that the utility's ratepayers receive the fees. SCE submitted Advice 1289-E to establish its ATFMA with an effective date of March 11, 1998.

SCE's testimony states that, in 2023, SCE recorded in the ATFMA a credit of \$0.211 million, plus \$0.008 million interest, for four employee transfers that occurred in April and May of 2023.<sup>55</sup> For April 2023, the transfer fees were recorded at 25 percent of the employees' compensation, in accordance with Rule V.G.2.c, totaling \$0.105 million; however, in May of 2023, SCE determined that

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<sup>54</sup> See Exh. SCE-02 at 225-226 (citing Affiliate Transaction Rule V.G.2.c) (emphasis added).

<sup>55</sup> See Exh. SCE-02 at 227.

the transfer fee rate should follow a tiered approach that is dependent on the employee's job title (but in no case lower than 15 percent, as allowed by Rule V.G.2.c) to calculate the related transfers for all revenue booked in April and the remainder of 2023.<sup>56</sup> As a result, SCE made a credit entry in May to record two employee transfers plus an adjustment due to the change in the transfer fee rate for its April transfers based on the employees' job titles, totaling \$0.106 million.<sup>57</sup>

SCE proposes to modify Preliminary Statement Part N.29 to clarify the language in the disposition section.<sup>58</sup> First, SCE requests the Commission approve the annual transfer of the ATFMA to the distribution sub-account of SCE's Base Rate Recovery Balancing Account (BRRBA) on December 31 each year.<sup>59</sup> The current tariff does not discuss the recovery mechanism. Second, SCE proposes to update the language on where the recorded amounts of the ATFMA will be reviewed.<sup>60</sup> The current tariff language states that the amounts recorded in the ATFMA shall be determined in an annual Revenue Adjustment Proceeding (RAP). Because SCE no longer participates in the RAP, it therefore requests that the Commission review the costs recorded in the ATFMA in its annual ERRA Review proceeding.<sup>61</sup>

Cal Advocates recommended that we require a multi-step process: (1) determine that the costs recorded in SCE's ATFMA are appropriate, correctly stated, and in accord with Commission orders; (2) approve SCE's proposed

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<sup>56</sup> See Exh. SCE-02 at 227.

<sup>57</sup> See Exh. SCE-02 at 227.

<sup>58</sup> See Exh. SCE-02 at 228. SCE attached its proposed modifications to Preliminary Statement Part N.29 as Exh. SCE-02, Appendix II-A.

<sup>59</sup> See Exh. SCE-02 at 228.

<sup>60</sup> See Exh. SCE-02 at 228.

<sup>61</sup> See Exh. SCE-02 at 228.

modifications to its ATFMA tariff that would include review of SCE's ATFMA in the ERRA proceedings; and (3) allow SCE to distribute over and under collections through SCE's BRRBA.<sup>62</sup> Cal Advocates recommended that we require SCE to modify its ATFMA tariff to allow distribution of the overcollection by filing a separate Advice Letter pursuant to General Order (GO) 96-B and not through this ERRA compliance proceeding.<sup>63</sup>

### **6.2.1. Reasonableness of ATFMA Cost Entries**

In its testimony, SCE provided the background on the ATFMA, a description of its operation, and support for its entries during the 2023 Record Year.<sup>64</sup> The ATFMA showed an overcollection by SCE that warranted a \$219,000 customer refund for the 2023 Record Year.<sup>65</sup>

Cal Advocates, in turn, reviewed the entries recorded in the ATFMA during the 2023 Record Year and found them to be correctly stated and in compliance with Commission decisions.<sup>66</sup> No parties objected to SCE's 2023 ATFMA entries.

Upon review, we find that SCE's ATFMA entries for the 2023 Record Year are correct, reasonable, and in compliance with Commission directives. This finding includes SCE's modification during the Record Year to reduce its transfer fee rate from 25 percent to 15 percent and to employ a tiered approach based on its departing employee's job title, as allowed by Rule V.G.2.c.

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<sup>62</sup> See Cal Advocates Opening Brief at 16.

<sup>63</sup> See Cal Advocates Opening Brief at 17 (arguing due process requires public participation in the tariff modifications).

<sup>64</sup> See Exh. SCE-02 at 225-228; SCE Reply Brief at 11 and n. 40 (citing Exh. SCE-02 at 225-228).

<sup>65</sup> See SCE Opening Brief at 31.

<sup>66</sup> See SCE Reply Brief at 11 and n. 41 (citing Exh. CA-01, Chap. 5 at 10 (21:23)).

Upon review, we further find that SCE's ATFMA Record Year 2023 correctly recorded an overcollection in the amount of \$219,000 to be returned to customers.

### **6.2.2. Advice Letter Modification**

SCE and Cal Advocates do not dispute that we should authorize an Advice Letter to modify SCE's ATFMA tariff and Preliminary Statement Part N.29 to allow refunds of ATFMA overcollections going forward. SCE prefers a *Tier 1* Advice Letter.

Cal Advocates recommends that the Commission specifically require SCE to submit a *Tier 2* Advice Letter seeking approval of SCE's proposed modifications to its ATFMA tariff and preliminary statement *prior* to allowing SCE to include the return to ratepayers from the ATFMA – or collection in other circumstances - through an ERRA proceeding.<sup>67</sup>

SCE agrees that, as the first step to refund the 2023 ATFMA year-end balance, it requires Commission authorization to submit an Advice Letter for its proposed changes to the ATFMA tariff and preliminary statement.<sup>68</sup> It requests that the Commission explicitly provide that authorization to submit an Advice Letter to the Commission's Energy Division through this decision on its ERRA compliance application – while at the same time we review the ATFMA and approve the return of the 2023 year-end overcollection balance to customers in this decision.<sup>69</sup>

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<sup>67</sup> See Cal Advocates Opening Brief at 16-19.

<sup>68</sup> See SCE Reply Brief at 9-11 and n. 38 (citing Exh. SCE-07 at 23 (13:15)).

<sup>69</sup> See SCE Reply Brief at 10-11 and n. 40 (citing Exh. SCE-02 at 225-228).

### **6.2.3. Commission Advice Letters**

Our Advice Letter process is well-established. GO 96-B, General Rule 3.1 identifies an Advice Letter as “(1) an informal request by a utility for Commission approval, authorization, or other relief, including an informal request for approval to furnish service under rates, charges, terms or conditions other than those contained in the utility’s tariffs then in effect, and (2) a compliance submittal by a load-serving entity pursuant to Public Utilities Code Section 380.” General Rule 5.1 provides that “The advice letter process provides a quick and simplified review of the types of utility requests that are expected neither to be controversial nor to raise important policy questions.”

The Commission has established three Advice Letter tiers via GO 96-B, Energy Industry Rules 5.1, 5.2 and 5.3. Energy Industry Rule 5.1 provides that Tier 1 Advice Letters are effective pending disposition. They typically involve only routine matters, such as fixing typographical errors in tariffs, and addressing matters that follow directly from a statute or order.

Energy Industry Rule 5.2 provides that Tier 2 Advice Letters require Commission staff review. They are effective upon staff approval and are appealable to the Commission. Tier 2 Advice Letters typically address more complicated or difficult matters that may have been approved by the Commission but not completely spelled out, such as rate changes.

Energy Industry Rule 5.2 provides that Tier 3 Advice Letters involve the most complex and controversial matters. They are only effective upon Commission approval via resolution.

### **6.3. ATFMA Tier 2 Advice Letter Authorization**

In the circumstances presented, we must balance the public’s interests in due process attendant to Commission and public review of SCE’s Advice Letter

and the efficient modification to SCE's ATFMA tariff and preliminary statement and return of SCE's 2023 ATFMA overcollection to ratepayers. In this decision, we must look beyond the immediacy of the return of the recorded ATFMA \$219,000 overcollection for the 2023 Record Year to afford the due process Cal Advocates identifies to allow Energy Division and the public an opportunity to review and comment on modification to SCE's ATFMA tariff and preliminary statement that will apply beyond the 2023 Record Year.

We find that a Tier 2 Advice Letter would strike the balance in the public interest. A Tier 2 Advice Letter by SCE would enable SCE's requested long-term modifications while providing the Energy Division and public adequate notice and opportunity to comment and, upon approval, authorize the efficient return of the ATFMA 2023 \$219,000 over-collection to customers through SCE's BRRBA.

Accordingly, SCE must: (1) submit to the Commission Energy Division a Tier 2 Advice Letter identifying SCE's proposed modifications to its ATFMA tariff and preliminary statement within 60 days of the effective date of this decision; and (2) commence the return to customers of the ATFMA year-end over-collection in the amount of \$219,000 through SCE's BRRBA within 60 days of the Energy Division staff's approval of the Tier 2 advice letter.

## **7. Uncontested Issues**

### **7.1. SCE's 2023 Recorded Fuel and Purchased Power Expenses**

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

with variances greater than 10-percent or greater than \$5 million.<sup>70</sup> No parties dispute SCE's compliance with this issue.

As discussed below, we find that SCE prudently administered and managed its utility-owned generation facilities, contracts, and GHG compliance instrument procurement consistent with SOC 4. We, therefore, find that the costs of fuel and purchased power SCE spent in 2023, which includes the costs of fuel used to power its utility-owned generation facilities, contract costs, and direct GHG costs, are reasonable. Accordingly, we find that SCE's fuel and purchased power expenses in 2023 were accurately recorded and complied with SCE's Commission-approved procurement plan.

## **7.2. SCE's Administration and Management of Utility-Owned Generation**

The utility-owned generation facilities that SCE owned, operated, and maintained in 2023 include 32 hydroelectric generating plants (Hydro Plants);<sup>71</sup> five natural gas-fired peaking generating plants (Peaker Plants);<sup>72</sup> a two-unit combined-cycle natural gas-fired power plant (Mountainview Plant);<sup>73</sup> the Pebbly Beach Generating Station (for diesel fuel) and 23 Liquefied Petroleum Gas (LPG)-fired combustion electricity turbines on Santa Catalina Island;<sup>74</sup> and 24 Solar Photovoltaic (SPV) facilities.<sup>75</sup> SCE also owns 15.8-percent of Palo Verde

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<sup>70</sup> See Exhibit SCE-01 at 5-6 and Table I-1 (2023 Forecast & Recorded Fuel and Purchased Power Revenue Requirement).

<sup>71</sup> See Exhibit SCE-01 at 9.

<sup>72</sup> See Exhibit SCE-01 at 37.

<sup>73</sup> See Exhibit SCE-01 at 46.

<sup>74</sup> See Exhibit SCE-01 at 62-64.

<sup>75</sup> See Exhibit SCE-01 at 64 -65 and Table IV-20 (SCE-Owned Solar PV Plants).

Nuclear Generating Station (Palo Verde) Units 1, 2, and 3.<sup>76</sup> Palo Verde is operated by Arizona Public Service Company (APS), near Phoenix, AZ.<sup>77</sup> We discuss each of these utility-owned generation facilities below.

**Hydro Plants.** The 32 Hydro Plants that SCE operated and maintained in 2023 include 33 dams and 43 stream diversions, and approximately 143 miles of tunnels, conduits flumes, and flow lines during the Record Period.<sup>78</sup> SCE's resources have an aggregate 1,164 megawatts of generating capacity.<sup>79</sup> In 2023, SCE's Hydro Plants generated a total of 3,244,994 megawatt-hours of energy, constituting approximately 98-percent of the historical average over the prior 20-year period.<sup>80</sup> Although maintaining close to the historical generation average SCE explains that the percentage of time that its generating units were available for service (regardless of whether in service) during 2023, recorded as the Equivalent Availability Factor (EAF) Results, was 60.31 percent, a significantly lower EAF than its five-year average of 81.40 percent for 2018-2022. SCE explains that the lower than average availability was due to maintenance performed on its Eastwood main circuit breaker and Big Creek Powerhouse 8, Unit 2, that took it offline for the entire 2023 Record Year.<sup>81</sup> In its testimony, SCE provided information regarding 34 scheduled and 41 unscheduled (forced) outages at its

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<sup>76</sup> See Exhibit SCE-01 at 69.

<sup>77</sup> See Exhibit SCE-01 at 69-70.

<sup>78</sup> See Exhibit SCE-01 at 9.

<sup>79</sup> See Exhibit SCE-01 at 9.

<sup>80</sup> See Exhibit SCE-01 at 20 and Table II-4 (SCE Hydro - 2023 Recorded Hydro Production).

<sup>81</sup> See Exhibit SCE-01 at 21, 34 (describing Big Creek Powerhouse 8 Unit 2 damage and restoration due to Creek fire and Eastwood main unit circuit breaker failure and repair).

Hydro Plants, including performance metrics measuring each plant's availability for service and the length of time each plant experienced forced outages.<sup>82</sup>

**Peaker Plants.** The five natural gas-fired Peaker Plants SCE operated and maintained in 2023 have a total generation capacity of 245 megawatts, with each having an individual generation capacity of approximately 49 megawatts.<sup>83</sup> In 2023, SCE's five Peaker Plants provided 51,201 megawatt-hours of energy and were started a total of 577 times. SCE Peakers consumed 585,995 MMBtu of natural gas at a cost of approximately \$4.72 million during the 2023 Record Year.<sup>84</sup> In its testimony, SCE provided information regarding scheduled and unscheduled outages at its Peaker Plants, including performance metrics measuring each plant's availability for service and the length of time each plant experienced forced outages.<sup>85</sup>

**Mountainview Plant.** The Mountainview Plant that SCE operated and maintained in 2023 is a two-unit combined-cycle natural gas-fired power plant located in Redlands, California.<sup>86</sup> Each unit of the Mountainview Plant has a production capacity of 555 megawatts, allowing a total capacity of 1,110 megawatts.<sup>87</sup> In 2023, the Mountainview Plant provided 2,505,105 megawatt-hours of energy and was started 232 times.<sup>88</sup> SCE's Mountainview

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<sup>82</sup> See Exhibit SCE-01 at 21-36.

<sup>83</sup> See Exhibit SCE-01 at 38.

<sup>84</sup> See Exhibit SCE-01 at 38-39 and Table III-10 (SCE Peakers – 2023 Fuel Usage & Cost). The Commission notes generally that winter price spikes in 2022 and 2023 resulted in high rates for natural gas.

<sup>85</sup> See Exhibit SCE-01 at 39-46.

<sup>86</sup> See Exhibit SCE-01 at 46.

<sup>87</sup> See Exhibit SCE-01 at 46.

<sup>88</sup> See Exhibit SCE-01 at 51 and Table III-14 (SCE Mountainview – 2023 Generation).

Plant units consumed 18,006,331 MmBtu of natural gas at a cost of approximately \$163.252 million in 2023.<sup>89</sup> In its testimony, SCE provided information regarding scheduled and unscheduled outages at the Mountainview Plant, including performance metrics measuring the plant's availability for service and the length of time the plant experienced forced outages.<sup>90</sup>

**Santa Catalina Island Facilities.** SCE purchased and transported diesel fuel and liquefied gas under contracts for the Pebbly Beach Generating Station and 23 Liquefied Petroleum Gas (LPG)-fired combustion electricity turbines, respectively on Santa Catalina Island to provide utility services to island customers.<sup>91</sup>

During the 2023 Record Year, SCE purchased 49,286 barrels of ultra-low sulfur #2 red-dyed diesel fuel and burned approximately 49,355 barrels of diesel fuel for electric generation on Santa Catalina Island.<sup>92</sup> The average cost of diesel fuel per barrel was \$164.85, for an average annual cost of approximately \$8.125 million.<sup>93</sup> The average transportation cost for truck and barge delivery was \$20.25 per barrel, for an average annual cost of \$0.998 million.<sup>94</sup> As a result, the total transportation cost plus total fuel cost for diesel fuel for 2023 is \$9.123 million.<sup>95</sup>

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<sup>89</sup> See Exhibit SCE-01 at 51-52 and Tables III-14 (SCE Mountainview - 2023 Generation) and III-15 (SCE Mountainview - 2023 Fuel Usage and Cost).

<sup>90</sup> See Exhibit SCE-01 at 52-61.

<sup>91</sup> See Exhibit SCE-01 at 62-64.

<sup>92</sup> See Exhibit SCE-01 at 62.

<sup>93</sup> See Exhibit SCE-01 at 62.

<sup>94</sup> See Exhibit SCE-01 at 62.

<sup>95</sup> See Exhibit SCE-01 at 62.

During the 2023 Record Year, SCE purchased 950,610 gallons of LPG.<sup>96</sup> The average total cost per gallon was \$1.66, for an average annual cost of approximately \$1.577 million.<sup>97</sup> The average transportation cost for truck and barge delivery was \$0.28 per gallon, for an average annual cost of \$0.268 million.<sup>98</sup> When the total transportation cost is applied to the total fuel cost, the total average annual cost for LPG fuel is \$1.845 million.<sup>99</sup>

**SPV Facilities.** The 24 SPV facilities SCE owned and operated consist of one ground-mounted and 23 rooftop solar facilities, with a total capacity of 59.5 megawatts alternating current (AC).<sup>100</sup>

SCE has been operating its SPV portfolio for over 10 years.<sup>101</sup> As solar SPV costs have dropped in recent years, SCE determined that continued operation of the facilities is no longer in the best interests of SCE customers.<sup>102</sup> An increase in maintenance expenses and safety risks, coupled with declining value, has turned the operating economics unfavorable to SCE customers.<sup>103</sup> SCE determined that decommissioning the SPV sites is the least-cost option and included its proposal to do so in its 2021 and 2025 General Rate Cases.<sup>104</sup>

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<sup>96</sup> See Exhibit SCE-01 at 62.

<sup>97</sup> See Exhibit SCE-01 at 62.

<sup>98</sup> See Exhibit SCE-01 at 62.

<sup>99</sup> See Exhibit SCE-01 at 62.

<sup>100</sup> See Exhibit SCE-01 at 64.

<sup>101</sup> See Exhibit SCE-01 at 65-66.

<sup>102</sup> See Exhibit SCE-01 at 66.

<sup>103</sup> See Exhibit SCE-01 at 66.

<sup>104</sup> See Exhibit SCE-01 at 66.

SCE completed de-energization of nine SPV sites in 2022 and 14 sites in the first quarter of 2023.<sup>105</sup> All SPV sites, except SCE's Porterville site, were officially retired on December 31, 2023.<sup>106</sup> In its 2025 GRC, SCE states that the solar sites will be decommissioned in 2025-26.<sup>107</sup>

In 2023, SCE's Porterville SPV facility, had a capacity factor of 15.9-percent and recorded 6,975-megawatt-hours of AC generation. Porterville's performance in 2023 is generally consistent with SPV's overall capacity factor of 16.8 percent from the program's inception through 2022.<sup>108</sup>

**Palo Verde.** Palo Verde Nuclear Generating Station, of which 15.8-percent is owned by SCE, is located 50-miles west of Phoenix, Arizona, and is operated by APS.<sup>109</sup> In 2023, SCE's share of the costs of generation and fuel expense of the 4,981 gigawatt-hours of energy produced in Palo Verde is \$29.06 million, which is \$5.84 per megawatt-hour.<sup>110</sup>

Cal Advocates and other parties in this proceeding received SCE's testimony regarding administration and management of the utility-owned generation facilities that SCE owned, operated, and maintained in 2023. Upon its review, Cal Advocates initially recommended that the Commission disallow replacement power costs recorded in SCE's ERRA balancing account for the 2023 Record Year because SCE failed to explain why it chose May 9, 2023 for its elective forced outage of the Mountainview Generating Station Unit 4 to inspect

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<sup>105</sup> See Exhibit SCE-01 at 66.

<sup>106</sup> See Exhibit SCE-01 at 66.

<sup>107</sup> See Exhibit SCE-01 at 67.

<sup>108</sup> See Exhibit SCE-01 at 67.

<sup>109</sup> See Exhibit SCE-01 at 69.

<sup>110</sup> See Exhibit SCE-01 at 77 and Table V-27 (Nuclear Fuel Energy Production and Expense 2023).

and repair a 4kV breaker rather than electing to conduct the repairs during one of Unit 4's regularly scheduled maintenance shutdown periods.<sup>111</sup> Moreover, in testimony Cal Advocates recommends that the Commission order SCE to change its operation and maintenance procedure on its inspection practices to include checking for loose conductor connections in feeder cabinets, when practicable, during planned unit maintenance outages.<sup>112</sup>

After reviewing SCE's rebuttal testimony, Cal Advocates withdrew both recommendations. Cal Advocates no longer contests the Mountainview Unit-4 outage and concludes that SCE's conduct regarding the outage was reasonable.<sup>113</sup>

After review, we find that SCE prudently administered and managed its utility-owned generation resources during the 2023 Record Year.

### **7.3. SCE's Contract Administration and Management**

In 2023, SCE executed and administered the following types of contracts:

1. Behind the Meter contracts;
2. Conventional and Natural Gas contracts, including Demand Response Auction Mechanism;
3. Public Utility Regulatory Policy Act (PURPA) and Combined Heat and Power (CHP) contracts;
4. Renewables Portfolio Standard (RPS) contracts; and
5. Battery Energy Storage Systems (BESS) contracts.<sup>114</sup>

Cal Advocates and other parties in this proceeding received SCE's testimony regarding SCE's contract administration. Upon its review, Cal

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<sup>111</sup> See Cal Advocates Opening Brief at 4-5; Exhibit CA-01 at 3-41.

<sup>112</sup> See Cal Advocates Opening Brief at 5; Exhibit CA-01 at 3-41.

<sup>113</sup> See Cal Advocates Opening Brief at 6.

<sup>114</sup> See Exhibit SCE-03 at 29-33.

Advocates issued data requests related to SCE's contracts and contract administration.<sup>115</sup> Cal Advocates also analyzed SCE's contracts, including contract disputes, modifications, and terminations to determine the reasonableness of SCE's administration and management of its contracts.<sup>116</sup>

Except for its objection to the Brookfield and Victorville contract errors and a purported lack of care under the SOC 4 prudent manager standard (discussed above), Cal Advocates does not object to SCE's contract administration activities and practices during the 2023 Record Year.

Upon review, we find that SCE prudently and reasonably administered and managed its contracts during the 2023 Record Year, consistent with SOC 4, including its contracts with Brookfield and Victorville, as discussed in the Contested Issues Section above.

#### **7.4. SCE's Least-Cost Dispatch of Energy Resources and Demand Response Programs**

During the 2023 Record Year, SCE submitted bids and schedules for its available generator capacity and ancillary services to CAISO in the day-ahead, hour-ahead, and real-time (Spot) markets.<sup>117</sup> To implement least-cost dispatch of its resources, SCE evaluates the economics of its dispatchable resources before submitting bids and schedules to CAISO.<sup>118</sup>

In its testimony and workpapers accompanying its Application, SCE provided details of its bidding and dispatch activities during the 2023 Record Year, as required in D.15-05-007, including but not limited to:

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<sup>115</sup> See Exhibit Cal Adv-01, Executive Summary at 1-3 (Contract Administration) and 4-1.

<sup>116</sup> See Exhibit Cal Adv-01 at 4-1.

<sup>117</sup> See Exhibit SCE-03 at 6.

<sup>118</sup> See Exhibit SCE-03 at 6.

1. Overview/narrative of Least-Cost Dispatch in the CAISO markets;
2. A description of SCE's bidding and scheduling processes;
3. Summary reports and tables documenting dispatchable thermal resource aggregated annual exception rates for incremental cost bid calculations, self-commitment decisions, and master file data changes;
4. Narratives reviewing significant strategy changes, internal software process changes, internal process changes, and CAISO market designs;
5. Summary tables of total capacity of the dispatchable portfolio, total dispatchable capacity lost due to planned or forced outages, total capacity of the non-dispatchable portfolio, total non-dispatchable capacity lost due to planned or forced outages, and total energy awards; and
6. Spot market electric and natural gas transactions made by SCE.<sup>119</sup>

Cal Advocates does not object to SCE's least-cost dispatch scheduling and bidding activities during the 2023 Record Year.<sup>120</sup>

Upon review, we find that SCE dispatched its energy resources in a least-cost manner in compliance with its approved procurement plan and SOC 4 during the 2023 Record Year.

During the 2023 Record Year, all of SCE's economically triggered demand response resources were available for CAISO market dispatch, which represented approximately 1,035-megawatts of integrated capacity in September 2023.<sup>121</sup> In its workpapers, SCE provided detailed information on program

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<sup>119</sup> See Exhibit SCE-03 at 1-2.

<sup>120</sup> See Exhibit Cal Adv-01, Executive Summary at 1-3.

<sup>121</sup> See Exhibit SCE-03 at 19.

parameters, dispatch, opportunity cost methodology, dispatch exceptions, and estimated cost impacts of its demand response resources.

Cal Advocates does not object to SCE's dispatch of demand response resources in 2023, concluding that SCE generally dispatched demand response resources that maximized market revenue.<sup>122</sup>

Upon review, we find that, during the 2023 Record Year, SCE dispatched its demand response resources in a least-cost manner and in accordance with SOC 4.

#### **7.5. SCE's 2023 Recorded Cost Entries for its Greenhouse Gas Compliance Instrument Procurement**

In 2023, SCE recorded the costs of Greenhouse Gas (GHG) compliance instrument procurement in the PABA, New System Generation Balancing Account (NSGBA), and ERRA BA. In its testimony and workpapers, SCE provided total GHG expense recorded in 2023, monthly accounting entries reflecting SCE's estimated emission obligations incurred in each month in 2023, and entries of additional instrument purchase executed in 2023. SCE did not sell any purchased emissions allowances and did not incur any related inventory costs during the 2023 Record Year.<sup>123</sup> SCE did not receive or sell any free emissions allowances other than those recorded in the GHG Revenue Balancing Account, which is reviewed in SCE's annual ERRA Forecast Application and not in the ERRA Compliance Application.<sup>124</sup>

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<sup>122</sup> See Exhibit Cal Adv-01, Executive Summary at 1-3.

<sup>123</sup> See Exhibit SCE-03 at 249.

<sup>124</sup> See Exhibit SCE-03 at 249.

No parties contested the balancing account entries SCE recorded in 2023 for the costs of its GHG compliance instrument procurement.

Upon review, we find that the costs SCE recorded in its balancing accounts for GHG compliance instrument procurement in 2023 are reasonable, accurate, and consistent with Commission directives and state policies and laws.

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

SCE submitted 45 balancing accounts and memorandum accounts for review in this Application, including the ERRA, BRRBA, NDAM, PPPAM, and CBA.<sup>125</sup> In testimony, SCE provided details of each account's operations, including any significant adjustments recorded in 2023 and summaries of 2023 expenses in each account. Cal Advocates audited 19 of these accounts by reviewing SCE's testimony, exhibits, data request responses, relevant advice letters, relevant Commission decisions, invoices, and account ledger entries.<sup>126</sup> Cal Advocates does not object to the entries recorded in the accounts it reviewed, including the overcollection balance recorded in the ATFMA under the current tariff, as discussed above.<sup>127</sup>

Upon review, we find that the entries SCE recorded in 2023 in the balancing accounts and memorandum accounts reviewed in this Application are correct, reasonable and in compliance with Commission directives.

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<sup>125</sup> See Exhibit SCE-02 at 30 at Table IV-14 (Summary of SCE's Request for 2023 ERRA Review); and 30-62 (discussing ERRA, BRRBA, NDAM, PPPAM, and CBA); Exhibit Cal Adv-01 at 5-7.

<sup>126</sup> See Exhibit Cal Adv-01 at 5-7 to 5-8.

<sup>127</sup> See Exhibit Cal Adv-01 at 5-17 (identifying only a disallowance for the CSIPBA that was later withdrawn in this proceeding).

Also, as discussed above, we find that the entries SCE recorded in 2023 ATFMA are correct, reasonable and in compliance with Commission directives.

**7.7. SCE's Requested Revenue Requirement Decrease of \$63.195 million**

During the 2023 Record Year, SCE recorded a total net overcollection of \$62.496 million in revenue requirement across the following seven accounts:

1. Residential Rate Implementation Memorandum Account (RRIMA), undercollected by \$8.145 million;
2. Integrated Resource Planning Costs Memorandum Account (IRPCMA), undercollected by \$0.999 million;
3. Summer Reliability Demand Response Program Memorandum Account (RDRPMA), overcollected by \$0.966 million;
4. Percentage of Income Payment Plan Memorandum Account (PIPPMA), undercollected by \$0.516 million;
5. California Solar Initiative Program Balancing Account (CSIPBA), overcollected by \$81.009 million;
6. COVID-19 Pandemic Protections Memorandum Account (CPPMA), undercollected by \$10.030 million; and
7. Affiliate Transfer Fee Memorandum Account (ATFMA), overcollected by \$0.211 million.

In its Opening Brief, Cal Advocates withdrew its recommended disallowance regarding SCE's ERRRA California Solar Initiative Program Balancing Account (CSIPBA) for the 2023 Record Year, initially proposed because SCE did not provide detailed invoice support for the charges.<sup>128</sup> Cal

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<sup>128</sup> See Cal Advocates Opening Brief at 15 (withdrawing recommended CSIPBA disallowance presented by Exhibit CA-01 at 5-1 to 5.12).

Advocates was satisfied by the information provided in SCE's Rebuttal Testimony, warranting the withdrawal.<sup>129</sup>

SCE requests Commission authority to transfer the net over-collections totaling \$62.496 million (plus accrued interest) found in those seven accounts to the applicable revenue balancing accounts for inclusion in customer rates upon issuance of a final decision in this proceeding.<sup>130</sup>

In addition, SCE proposes further to decrease its revenue requirement by \$0.699 million for 2023 franchise fees and uncollectible (FF&U) expenses.<sup>131</sup>

In total, SCE proposes a total revenue requirement decrease of \$63.195 million in 2026 rate levels. The requested revenue requirement change for each account appears in Table 1 below.

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<sup>129</sup> See Cal Advocates Opening Brief at 15.

<sup>130</sup> See Application at 3 (citing SCE Testimony, Exh. SCE-02 at Chapter IV.E).

<sup>131</sup> "FF&U" expenses are (a) franchise fees (charged by local governments for the right to use public rights-of-way to install and maintain a utility's infrastructure), and (b) uncollectibles, *i.e.*, costs associated with customer bills that the utility cannot collect, also known as "bad debt." FF&U expenses are included in investor-owned utilities' rates and revenue requirements, as regulated by the Commission.

**TABLE 1:**  
**Summary of SCE’s Proposed Revenue Requirement Change**  
(in thousands of dollars)

BALANCING / MEMORANDUM ACCOUNT		SCE PROPOSED REVENUE REQUIREMENT CHANGE (\$000)
Residential Rate Implementation Memorandum Account (RRIMA)		8,145
Integrated Resource Planning Costs Memorandum Account (IRPCMA)		999
Summer Reliability Demand Response Program Memorandum Account (RDRPMA)		(966)
Percentage of Income Payment Plan Memorandum Account (PIPPMA)		516
California Solar Initiative Program Balancing Account (CSIPBA)		(81,009)
COVID-19 Pandemic Protections Memorandum Account (CPPMA)		10,030
Affiliate Transfer Fee Memorandum Account (ATFMA)		(211)
	<i>Net Over- Collected Balance:</i>	(62,496)
	<i>FF&amp;U Expenses:</i>	(699)
	<b>Total Revenue Requirement Change:</b>	<b><u>(63,195)</u></b>

Including the ATFMA (discussed above), Cal Advocates audited the 2023 entries recorded in the seven accounts above and does not object to the costs recorded therein.<sup>132</sup> No party in this proceeding raised any objection to those

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<sup>132</sup> See Exhibit Cal Adv-01 at 5-17 (identifying only a disallowance for the CSIPBA that was later withdrawn in this proceeding).

recorded costs, the inclusion of the \$0.699 million of FF&U expenses, or the proposed \$63.195 million revenue requirement decrease.

As discussed previously (SCE's Recorded Entries in the ERRRA and Other Balancing and Memorandum Accounts), we find that the entries SCE recorded in 2023 in the 45 balancing and memorandum accounts reviewed in this Application, including the seven accounts above creating a net overcollection, to be correct, reasonable, and in compliance with Commission directives.

We also find the recorded FF&U expenses to be correct, reasonable, and in compliance with Commission directives.

We, therefore, find (1) the net overcollections recorded in the seven accounts to be correct and reasonable, and (2) that it is reasonable for SCE to decrease its revenue requirement by \$63.195 million.

Within 90-days of the effective date of this decision, SCE shall file a Tier 1 Advice Letter with the Commission's Energy Division to return \$63.195 million to ratepayers by applying this amount, with interest, to the appropriate balancing accounts.

The return of the overcollection in the ATFMA account shall be in accord with the Tier 2 Advice Letter process set forth above.

#### **7.8. Unrealized Revenues Attributed to 2023 PSPS Events**

D.23-06-054, Ordering Paragraph (OP) 1 set forth the following methodology that SCE must use to calculate the unrealized sales and unrealized revenues caused by PSPS events:<sup>133</sup>

1. The unrealized volumetric electric sales shall be calculated using the following steps:

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<sup>133</sup> D.23-06-054 at OP 1.

- i. The utility identifies the specific customer accounts that were impacted by each PSPS event in a given record year;
- ii. For each affected customer of a PSPS event, the utility develops an electric consumption baseline using hourly load data from the seven days before and the seven days after each PSPS event (excluding data from other PSPS events during those two seven-day periods). For net energy metering (NEM) accounts, kilowatt-hour (kWh) net values are used; for non-NEM accounts, kWh delivered values are used;
- iii. For each affected customer of a PSPS event, the utility calculates a weekday baseline profile for Mondays through Fridays and a weekend baseline profile for Saturdays, Sundays, and holidays for each hour (not just the hours affected by the PSPS event) by averaging the data from the two seven-day periods described in step ii above, resulting in 24 hourly weekday baseline profiles and 24 hourly weekend baseline profiles for each affected customer of a PSPS event;
- iv. The utility identifies each affected customer's hourly load data for each hour of each day of a PSPS event (not just the hours affected by the PSPS event). For customer accounts without hourly load data, the utility calculates the ratio of the total hourly load for the affected customer's class to the total hourly baseline profile for that class and then multiplies that ratio by the customer's hourly baseline profile to obtain that customer's imputed hourly load; and
- v. For each affected customer of a PSPS event, the hourly load data for each hour of each day of a PSPS event as described in step iv above are subtracted from the corresponding weekday or weekend hourly baseline profile described in step iii above to calculate unrealized volumetric sales, and those customer level

unrealized sales are then aggregated by customer class.

2. The electric rate that shall be used to calculate a utility's unrealized revenues consists of all rate components that are under the jurisdiction of the California Public Utilities Commission and are charged based on volumetric sales, except rate components that do not recover any revenue shortfalls or variances resulting from PSPS events and rate components that provide a credit to ratepayers during the PSPS event. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall include all applicable rate components in the electric rate based on the utility's rate structure at the time the PSPS event was initiated.
3. Unrealized wholesale generation revenues are excluded from the calculation of unrealized revenues.
4. When applying the methodology adopted in this decision to calculate a utility's unrealized revenues, shareholders for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall fund all revenue shortfalls recorded in each of their respective balancing accounts resulting from Public Safety Power Shutoff events.

#### **7.8.1. 2023 PSPS Events**

In 2023, SCE identified a total of four PSPS events, affecting 35,278 customers for an average duration of 10.4 hours:<sup>134</sup>

1. **July 23, 2023** (average outage duration of 37.8 hours, 5 customers affected);
2. **October 23, 2023** (average outage duration of 9.6 hours, 26,531 customers affected);
3. **November 23, 2023** (average outage duration of 11.5 hours, 3,118 customers affected); and

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<sup>134</sup> See Exhibit SCE-02 at 256 and Table IX-78 (Summary of PSPS Events in 2023).

4. **December 23, 2023** (average duration of 14.7 hours, 5,624 customers affected).

### **7.8.2. Calculation of Unrealized Sales and Unrealized Revenues**

SCE calculated the unrealized sales amounts by comparing the hourly baseline usage for the affected customers with each customer's usage during the PSPS events and aggregated the sales by customer class and bundled versus unbundled customers.<sup>135</sup> The baseline usage for each affected customer is derived based on the hourly load data from the seven days before and the seven days after each PSPS event.<sup>136</sup>

SCE calculated the total unrealized volumetric sales for the four 2023 PSPS events to be 912 megawatt-hours.<sup>137</sup> After applying the class average volumetric energy charges effective at the time of the PSPS event to the unrealized sales of each specific class of affected customers, SCE calculated that the total unrealized revenues for the four applicable 2023 PSPS events to be funded by SCE shareholders is \$70,811.<sup>138</sup>

### **7.8.3. Discussion**

We find that SCE's calculation of the total unrealized sales and unrealized revenues for the four applicable 2023 PSPS events follows the methodology approved in D.23-06-054. Accordingly, we find it reasonable to disallow SCE from collecting the total unrealized revenue amount of \$70,811 for those four PSPS events in 2023.

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<sup>135</sup> See Exhibit SCE-02 at 255-257 and Table IX-79 (2023 PSPS Unrealized Volumetric Sales).

<sup>136</sup> See Exhibit SCE-02 at 256 and Table IX-79 (2023 PSPS Unrealized Volumetric Sales).

<sup>137</sup> See Exhibit SCE-02 at 256 and Table IX-79 (2023 PSPS Unrealized Volumetric Sales).

<sup>138</sup> See Exhibit SCE-02 at 259 and Table IX-81 (2023 PSPS Unrealized Revenues).

Within 90-days of the effective date of this decision, SCE shall file a Tier 1 advice letter with the Commission's Energy Division to return \$70,811 in disallowances to ratepayers by applying this amount, with interest, to the appropriate balancing accounts.

## **8. Conclusion**

We find that SCE meets the standard for ERRRA compliance for the 2023 Record Year. SCE complied with all the requirements reviewed during the ERRRA compliance process for the 2023 Record Year.

The costs of fuel and purchased power SCE spent in 2023, including the costs of fuel used to power its utility-owned generation facilities, contract costs, and direct GHG costs, are reasonable. During the 2023 Record Year, SCE prudently administered and managed its utility-owned generation resources. SCE prudently and reasonably administered and managed its contracts. SCE dispatched its energy resources in a least-cost manner in compliance with its approved procurement plan and SOC 4. SCE dispatched its demand response resources in a least-cost manner and in accordance with SOC 4. SCE's fuel and purchased power expenses in 2023 were accurately recorded and complied with SCE's Commission-approved procurement plan.

The costs SCE recorded in its balancing accounts for GHG compliance instrument procurement in 2023 are reasonable, accurate, and consistent with Commission directives and state policies and laws. The entries SCE recorded in 2023 in the balancing accounts and memorandum accounts reviewed in this Application are correct, reasonable and in compliance with Commission directives.

Within 90-days after the effective date of this decision, SCE shall file a Tier 1 Advice Letter with the Commission's Energy Division to decrease rates by a

total of \$63.195 million in net overcollected revenue requirement, including interest, representing the sum recorded across the following seven accounts, plus franchise fees and uncollectibles, and to return the total unrealized revenue amount of \$70,811 for the four PSPS events implemented during 2023 through the appropriate balancing accounts.

Within 60-days after the effective date of this decision, SCE shall file a Tier 2 advice letter with the Commission's Energy Division to (1) modify its Affiliate Transfer Fee Memorandum Account tariff and Preliminary Statement Part N.29; and (2) within 60-days of approval of that Tier 2 Advice Letter, shall return the \$219,000 overcollection recorded in the Affiliate Transfer Fee Memorandum Account for the 2023 Record Year to customers through the appropriate balancing account mechanism.

In conclusion, we find that SCE's ERRA Compliance Application for the 2023 Record Year should be approved.

## **9. Safety Considerations**

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

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

There were no relevant written comments submitted on the Docket Card.

## 11. Procedural Matters

As discussed below, we grant five motions to file confidential materials under seal and two motions to admit evidence.

### 11.1. Motions to File Under Seal

The parties filed five unopposed motions to file confidential materials under seal. We grant those motions as discussed below.

#### 11.1.1. SCE's April 10, 2025 Motion to Seal a Portion of the Evidentiary Record.

SCE's April 10, 2025, motion seeks an order granting confidential treatment for the designated information within the confidential versions of the SCE exhibits below. The motion identifies the relevant confidentiality categorizations as set forth in D.06-06-066 and is supported by accompanying confidentiality declarations. The motion establishes that the designated information constitutes non-public, proprietary and market sensitive business information that, if disclosed publicly, could place SCE at an unfair business disadvantage. The Commission has granted similar requests in the past and does so here.

For good cause shown, we grant the motion to seal and order the confidential treatment of the designated portions of the following SCE exhibits for a period of three (3) years from the date of this decision, subject to extension supported by party motion:

1. **Exhibit SCE-01C**, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Chapters I-V.
2. **Exhibit SCE-01CE**, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Chapters I-V Errata.
3. **Exhibit SCE-02C**, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Chapters I-IX.

4. **Exhibit SCE-03C**, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Chapters I-II.
5. **Exhibit SCE-03CE**, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Chapters I-II Errata.
6. **Exhibit SCE-04C**, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Chapter I.
7. **Exhibit SCE-06C**, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 SCE-01, SCE-02 and SCE-03 Appendices.
8. **Exhibit SCE-07C**, titled Rebuttal Testimony Energy Resource Recovery Account (ERRA) Review of Operations, 2023.
9. **Exhibit SCE-07CE**, titled Rebuttal Testimony Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Errata.
10. **Exhibit SCE-08C**, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 SCE Response to Data Request.

**11.1.2. Cal Advocates April 10, 2025  
Motion to File Confidential  
Exhibits Under Seal.**

Cal Advocates' April 10, 2025 motion seeks an order granting confidential treatment for the information marked as confidential in Cal Advocates CA-01 and CA-02. The motion identifies the relevant information under D.06-06-066. The designated information constitutes non-public, proprietary and market sensitive business information that, if disclosed publicly, could place SCE at an unfair business disadvantage. The Commission has granted similar requests in the past and does so here.

For good cause shown, we grant the motion to seal and order the confidential treatment of the marked portions of exhibits CA-01 and CA-02 for a

period of three (3) years from the date of this decision, subject to extension supported by party motion.

**11.1.3. SCE's April 14, 2025 Motion to File Confidential Opening Brief Under Seal.**

SCE filed a Motion for Leave to File the Confidential Version of Its Opening Brief Under Seal. SCE's Opening Brief contains information it identifies as confidential based on exhibits that were appended to SCE's April 10, 2025 motion to seal a portion of the record that we granted above.

For good cause shown, we grant SCE's Motion for Leave to File the Confidential Version of Its Opening Brief Under Seal and order its confidential treatment for a period of three (3) years from the date of this decision, subject to extension supported by party motion.

**11.1.4. Cal Advocates April 14, 2025 Motion to File Confidential Opening Brief Under Seal.**

Cal Advocates filed a Motion for Leave to File its Confidential Opening Brief Under Seal because in that Opening Brief, Cal Advocates discusses issues in this proceeding and relies on and discusses information that SCE claimed as confidential and for which we granted confidential treatment above. Cal Advocates makes this Motion to prevent disclosure of that information.

For good cause shown, we grant Cal Advocates Motion for Leave to File its Confidential Opening Brief Under Seal and order its confidential treatment for a period of three (3) years from the date of this decision, subject to extension supported by party motion.

**11.1.5. Cal Advocates April 28, 2025  
Motion to File a Confidential  
Reply Brief Under Seal.**

Cal Advocates filed a Motion for Leave to File its Confidential Reply Brief Under Seal because in that Reply Brief, Cal Advocates discusses issues in this proceeding and relies on and discusses information that SCE claimed as confidential and for which we granted confidential treatment above. Cal Advocates makes this Motion to prevent disclosure of that information.

For good cause shown, we grant Cal Advocates Motion for Leave to File its Confidential Reply Brief Under Seal and order its confidential treatment for a period of three (3) years from the date of this decision, subject to extension supported by party motion.

**11.2. Motions to Receive Materials  
in Evidence Record**

On April 10, 2025, SCE and Cal Advocates filed two unopposed motions to receive evidence into the record of this proceeding. We grant both motions as discussed below.

**11.2.1. SCE's April 10, 2025 Motion to  
Offer Prepared Testimonies and  
Exhibits into Evidence.**

SCE moves that the Commission receive its prepared testimony and exhibits listed below into evidence in this proceeding. No party objected to the motion or the admissibility or receipt into evidence of SCE's prepared testimonies and exhibits.

Accordingly, the confidential and public versions of the following SCE-sponsored materials are marked, identified, admitted, and received into evidence in this proceeding, as follows:

1. **Exhibit SCE-01**, confidential and public versions, titled Energy Resource Recovery Account (ERRA) Review of

- Operations, 2023 Chapters I-V (April 1, 2024) (Sponsoring witnesses: S. DiBernardo, D. Golden, T. Maddox, T. Cameron).
2. **Exhibit SCE-01E**, confidential and public versions, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Chapters I-V Errata (April 1, 2024).
  3. **Exhibit SCE-02**, confidential and public versions, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Chapters I-IX (April 1, 2024) (Sponsoring witnesses: G. Ahn, L. Gaillac, R. Poon, A. Altman, P. Klapka, M. Sheriff, L. Arellanes, E. Lee, N. Song, E. Ayuyao, T. Lee, T. Tayavibul, A. Baldwin, C. Louie, C. Velasco, C. Benitez, A. Mansourian, S. Willis, P. Carter-Lockert, B. Miranda, J. Castaneda, E. Molnar, E. Castano, A. Nehzati, S. DiBernardo, L. Pan, M. Dwyer, S. Patel, D. Fanous, S. Peters).
  4. **Exhibit SCE-03**, confidential and public versions, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Chapters I-II (April 1, 2024) (Sponsoring witnesses: E. Castano, D. Coher, D. Cox, O. Hemn, A. Okoro).
  5. **Exhibit SCE-03E**, confidential and public versions, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Chapters I-II Errata (April 1, 2024).
  6. **Exhibit SCE-04**, confidential and public versions, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Chapter I (April 1, 2024) (Sponsoring witnesses: D. Coher, E. Lee).
  7. **Exhibit SCE-05**, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Witness Qualifications and Declarations re: Confidentiality (April 1, 2024) (Sponsoring witnesses: G. Ahn, L. Gaillac, L. Pan, A. Altman, D. Golden, S. Patel, L. Arellanes, O. Heum, S. Peters, E. Ayuyao, P. Klapka, R. Poon, A. Baldwin, E. Lee, M. Sheriff, C. Benitez, T. Lee, N. Song, T. Cameron, C. Louie, T. Tayavibul, P. Carter-Lockert, T. Maddox, C.

- Velasco, J. Castaneda, A. Mansourian, S. Willis, E. Castano, B. Miranda, D. Coher, E. Molnar, D. Cox, A. Nehzati, S. DiBernardo, A. Okoro, M Dwyer, D. Fanous, E. Lee).
8. **Exhibit SCE-06**, confidential and public versions, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 SCE-01, SCE-02 and SCE-03 Appendices (April 1, 2024) (Sponsoring witnesses: various).
  9. **Exhibit SCE-07**, confidential and public versions, titled Rebuttal Testimony Energy Resource Recovery Account (ERRA) Review of Operations, 2023 (January 31, 2025) (Sponsoring witnesses: E. Castano, D. Coher, L. Laven, A. Okoro, N. Song).
  10. **Exhibit SCE-07E**, confidential and public versions, titled Rebuttal Testimony Energy Resource Recovery Account (ERRA) Review of Operations, 2023 Errata (January 31, 2025).
  11. **Exhibit SCE-08**, confidential and public versions, titled Energy Resource Recovery Account (ERRA) Review of Operations, 2023 SCE Response to Data Request (April 10, 2025) (Sponsoring witness: D. Coher).

**11.3. Cal Advocates April 10, 2025  
Motion to Admit Exhibits  
Into Evidence.**

Cal Advocates moves that the Commission admit (*i.e.*, receive) its prepared testimony and exhibits CA-01, CA-01C, CA-02, and CA-02C into evidence in this proceeding. No party objected to the motion or the admissibility or receipt into evidence of Cal Advocates prepared testimonies and exhibits.

Accordingly, the confidential and public versions of Cal Advocates-sponsored exhibits CA-01, CA-01C, CA-02, and CA-02C are marked, identified, admitted, and received into evidence in this proceeding.

### **11.3.1. Other Pending Motions**

This decision affirms all rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding. All motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ, are denied.

### **12. Comments on Proposed Decision**

The proposed decision of ALJ Jeffrey Lee in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on \_\_\_\_\_, and reply comments were filed on \_\_\_\_\_ by \_\_\_\_\_.

### **13. Assignment of Proceeding**

John Reynolds is the Assigned Commissioner and Jeffrey Lee is the assigned ALJ for this proceeding.

### **Findings of Fact**

1. On April 2, 2024, Applicant SCE filed A.24-04-001, seeking (a) a finding that its procurement-related and other operations for the Record Year January 1 through December 31, 2023 complied with its Adopted Procurement Plan; (b) verification of its entries in the ERRA and other regulatory accounts; and (c) a decrease of \$63.195 million in revenue requirement due to a net overcollection recorded in seven accounts.

2. SCE is an investor-owned public utility providing electrical service in California subject to Commission jurisdiction, control and regulation.

3. Cal Advocates and the CalCCA filed separate protests to the Application.

4. Cal Advocates alleged that SCE engaged in a year-by-year pattern of imprudent contract management as shown by imprudent management of four contracts with Willdan in Record Year 2021, Sterling in Record Year 2020,

Brookfield in Record Year 2023; and a Victorville Letter of Credit in Record Year 2023.

5. D.25-06-006 found that SCE prudently administered the Willdan Contracts in Record Year 2021.

6. D.22-10-004 found that that SCE prudently administered its Sterling contract in Record Year 2020.

7. During the 2023 Record Year, SCE administered three import Resource Adequacy (RA) contracts with Brookfield that were signed in April, May, and August 2022.

8. SCE found that the final Brookfield Contracts contained a mistake in the price term that the parties intended and negotiated a settlement with Brookfield.

9. SCE entered into a settlement with Brookfield resulting in contract correction, payment recovery, and direct net benefits to SCE customers above those originally negotiated.

10. In October 2023, SCE received the settlement payment and applied the proceeds to the ERRRA BA.

11. SCE discovered a drafting error in the contract price term contained in the final Brookfield contracts and timely remedied the mistake.

12. SCE's settlement with Brookfield resolved the contract disputes in a reasonable manner that provided a net benefit to SCE ratepayers.

13. Upon discovery of a typographical error in the Victorville Letter of Credit, SCE acted reasonably by remedying the error and timely implementing systematic measures to prevent similar errors in the future.

14. SCE did not engage in a pattern of year-by-year imprudent contract administration or management through its Willdan, Sterling, Brookfield, or Victorville contracts in this proceeding.

15. SCE overcollected \$219,000, including interest, in fees in its Affiliate Transfer Fee Memorandum Account (ATFMA) because it modified its employee transfer fee rate under Rule V.G.2.c.

16. SCE and Cal Advocates propose that SCE file an Advice Letter with the Energy Division to modify its ATFMA tariff and Preliminary Statement Part N.29 and to return of SCE's 2023 ATFMA overcollection to ratepayers.

17. SCE's fuel and purchased power expenses in 2023 were accurately recorded and complied with SCE's Commission-approved procurement plan.

18. The utility-owned generation facilities that SCE owned, operated, and maintained in 2023 include 32 Hydro Plants, five Peaker Plants, the Mountainview Plant, the Pebbly Beach Generating Station (for diesel fuel) and 23 LPG-fired combustion electricity turbines on Santa Catalina Island; and 24 SPV facilities.

19. SCE owns 15.8 percent of Palo Verde Nuclear Generating Station, which is operated by the Arizona Public Service Company.

20. In 2023, SCE executed and administered the following types of contracts: (1) Behind the Meter contracts, (2) Conventional and Natural Gas contracts, including Demand Response Auction Mechanism, (3) Public Utility Regulatory Policy Act and Combined Heat and Power contracts, (4) Renewables Portfolio Standard contracts, and (5) Battery Energy Storage Systems contracts.

21. During the 2023 Record Year, SCE submitted bids and schedules for its available generator capacity and ancillary services to the CAISO in the day-ahead, hour-ahead, and real-time (Spot) markets.

22. During the 2023 Record Year, all of SCE's economically triggered DR resources were available for CAISO market dispatch, which represented approximately 1,035 megawatts of integrated capacity in September 2023.

23. In 2023, SCE recorded the costs of GHG compliance instrument procurement in the PABA, NSGBA, and ERRA BA.

24. There are 45 balancing accounts and memorandum accounts being reviewed in this Application, including the ERRA, BRRBA, NDAM, PPPAM, and CBA.

25. During the 2023 Record Year, SCE recorded a total net overcollection of \$62.496 million in revenue requirement across the following seven accounts: (1) Residential Rate Implementation Memorandum Account, undercollected by \$8.145 million; (2) Integrated Resource Planning Costs Memorandum Account, undercollected by \$0.999 million; (3) Summer Reliability Demand Response Program Memorandum Account (RDRPMA), overcollected by \$0.966 million; (4) Percentage of Income Payment Plan Memorandum Account (PIPPMA), undercollected by \$0.516 million; (5) California Solar Initiative Program Balancing Account (CSIPBA), overcollected by \$81.009 million; (6) COVID-19 Pandemic Protections Memorandum Account (CPPMA), undercollected by \$10.030 million; and (7) Affiliate Transfer Fee Memorandum Account (ATFMA), overcollected by \$0.211 million.

26. During the 2023 Record Year, SCE recorded \$0.699 million in overcollected franchise fees and uncollectible (FF&U) expenses.

27. SCE proposes a total revenue requirement decrease of \$63.195 million in 2026 rate levels as the resulting sum of its 2023 total net overcollection of \$62.496 million and \$0.699 million in 2023 franchise fees and uncollectible expenses.

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

29. In 2023, SCE implemented four PSPS events, affecting 35,278 customers for an average duration of 10.4 hours.

30. SCE calculated the unrealized sales and the unrealized revenues for the four 2023 PSPS events to be 912 megawatt-hours and \$70,811, respectively.

31. SCE's calculation of the unrealized sales and unrealized revenues for the four applicable 2023 PSPS events follows the methodology approved in D.23-06-054.

32. On April 10, 2025 SCE filed two unopposed motions: (1) Motion to Seal a Portion of the Evidentiary Record; and (2) Motion to Offer Prepared Testimonies and Exhibits into Evidence.

33. On April 10, 2025, Cal Advocates filed two unopposed motions: (1) Motion of the Public Advocates Office to Admit Exhibits Into Evidence; and (2) Motion to File Confidential Exhibits Under Seal.

34. On April 14, 2025, SCE and Cal Advocates each filed separate unopposed Motions to File a Confidential Opening Brief Under Seal.

35. On April 28, 2025, Cal Advocates filed an unopposed Motion to File a Confidential Reply Brief Under Seal.

### **Conclusions of Law**

1. D.25-06-006 (SCE's 2021 ERRRA Compliance Decision) found that SCE prudently administered its contracts with Willdan in Record Year 2021.

2. Consistent with D. 25-06-006, SCE did not engage in a pattern of yearly imprudent contracting administration or management through its Willdan Contracts in this proceeding.

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

4. Consistent with D.22-10-004, SCE did not engage in a pattern of yearly imprudent contracting administration or management through its Sterling contract in this proceeding.

5. SCE's settlement with Brookfield resolved the contract disputes with Brookfield in a reasonable manner in Record Year 2023.
6. SCE prudently administered its contracts with Brookfield in Record Year 2023.
7. SCE did not engage in a pattern of yearly imprudent contracting administration or management through its Brookfield Contracts in this proceeding.
8. SCE's settlement with Victorville resolved the Letter of Credit error dispute with Victorville in a reasonable manner in Record Year 2023.
9. SCE prudently administered its Letter of Credit with Victorville in Record Year 2023.
10. SCE did not engage in a pattern of yearly imprudent contracting administration or management through its Victorville Letter of Credit in this proceeding.
11. SCE did not engage in a pattern of year-by-year imprudent contracting administration or management through its Willdan, Sterling, Brookfield, or Victorville contracts in this proceeding.
12. SCE's ATFMA entries for the 2023 Record Year are correct, reasonable, and in compliance with Commission directives.
13. SCE's modification during the Record Year to reduce its ATFMA transfer fee rate from 25 percent to 15 percent to employ a tiered approach based on its departing employee's job title, as allowed by Rule V.G.2.c was correct, reasonable, and in compliance with Commission directives.
14. SCE filing a Tier 2 Advice Letter is in the public interest by enabling SCE's requested long-term modifications to its ATFMA tariff and Preliminary Statement Part N.29 while providing the Energy Division and public adequate

notice and opportunity to comment and, upon approval, authorize the efficient return of the 2023 Record Year ATFMA over-collection in the amount of \$219,000 to customers through SCE's BRRBA.

15. The costs of fuel and purchased power SCE spent in the 2023 Record Year, which includes the costs of fuel used to power its utility-owned generation facilities, contract costs, and direct GHG costs, are reasonable.

16. SCE's fuel and purchased power expenses in the 2023 Record Year were accurately recorded and complied with SCE's Commission-approved procurement plan.

17. SCE prudently administered and managed its utility-owned generation resources during the 2023 Record Year.

18. SCE prudently and reasonably administered and managed its contracts during the 2023 Record Year in compliance with SOC 4.

19. SCE dispatched its energy resources in a least-cost manner in compliance with its approved procurement plan and SOC 4 during the 2023 Record Year.

20. SCE dispatched its demand response resources during the 2023 Record Year in a least-cost manner and in accordance with SOC 4.

21. The costs SCE recorded in its balancing accounts for GHG compliance instrument procurement in the 2023 Record Year are reasonable, accurate, and consistent with Commission directives and state policies and laws.

22. The entries SCE recorded for the 2023 Record Year in the balancing accounts and memorandum accounts reviewed in this Application are correct, reasonable and in compliance with Commission directives.

23. The entries SCE recorded for the 2023 Record Year in the following seven accounts showing a total net overcollection of \$62.496 million, are correct, reasonable, and in compliance with Commission directives: (1) Residential Rate

Implementation Memorandum Account, undercollected by \$8.145 million; (2) Integrated Resource Planning Costs Memorandum Account, undercollected by \$0.999 million; (3) Summer Reliability Demand Response Program Memorandum Account (RDRPMA), overcollected by \$0.966 million; (4) Percentage of Income Payment Plan Memorandum Account (PIPPMA), undercollected by \$0.516 million; (5) California Solar Initiative Program Balancing Account (CSIPBA), overcollected by \$81.009 million; (6) COVID-19 Pandemic Protections Memorandum Account (CPPMA), undercollected by \$10.030 million; and (7) Affiliate Transfer Fee Memorandum Account (ATFMA), overcollected by \$0.211 million.

24. During the 2023 Record Year, the \$0.699 million in overcollected franchise fees and uncollectible expenses recorded by SCE is correct and reasonable.

25. SCE's proposed total revenue requirement decrease of \$63.195 million in 2026 rate levels as the resulting sum of its 2023 total net overcollection of \$62.496 million and \$0.699 million in 2023 franchise fees and uncollectible expenses is correct and reasonable and should be granted.

26. SCE meets the standard for compliance under the ERRA compliance standards during the 2023 Record Year.

27. SCE's ERRA Compliance Application for the 2023 Record Year should be approved.

28. Within 90-days of the effective date of this decision, SCE should file a Tier 1 advice letter with the Commission's Energy Division to implement the following:

- (a) Decrease rates by a total of \$63.195 million in net overcollected revenue requirement, including interest, as the sum recorded across the following seven accounts, plus franchise fees and uncollectibles: (1) Residential Rate

Implementation Memorandum Account; (2) Integrated Resource Planning Costs Memorandum Account; (3) Summer Reliability Demand Response Program Memorandum Account; (4) Percentage of Income Payment Plan Memorandum Account; (5) California Solar Initiative Program Balancing Account; (6) COVID-19 Pandemic Protections Memorandum Account; and (7) Affiliate Transfer Fee Memorandum Account; and

- (b) Return the total unrealized revenue amount of \$70,811 for the four Public Safety Power Shutoff events implemented during 2023. SCE shall apply this amount, with interest, to the appropriate balancing accounts.

29. Within 60-days after the effective date of this decision, SCE should file a Tier 2 advice letter with the Commission's Energy Division to (1) modify its Affiliate Transfer Fee Memorandum Account tariff and Preliminary Statement Part N.29; and (2) within 60-days of approval of that Tier 2 Advice Letter, should return the \$219,000 overcollection recorded in the Affiliate Transfer Fee Memorandum Account for the 2023 Record Year to customers through the appropriate balancing account mechanism.

30. SCE's April 10, 2025 and April 14, 2025 motions to file confidential materials under seal should be granted for a period of three years, subject to extension, to order confidential treatment for the marked portions of SCE's Confidential Opening Brief and the following confidential exhibits: SCE-01C, Exhibit SCE-01CE, Exhibit SCE-02C, Exhibit SCE-03C, Exhibit SCE-03CE, Exhibit SCE-04C, Exhibit SCE-06C, Exhibit SCE-07C, Exhibit SCE-07CE, Exhibit SCE-08C.

31. Cal Advocates' April 10, 2025, April 14, 2025, and April 28, 2025 motions to file confidential materials under seal should be granted for a period of three years, subject to extension, to order confidential treatment for the marked

portions of confidential exhibits CA-01 and CA-02, Cal Advocates' Confidential Opening Brief, and Cal Advocates' Confidential Reply Brief.

32. SCE's April 10, 2025 Motion to Offer Prepared Testimonies and Exhibits into Evidence should be granted and the public and confidential versions of following exhibits should be received into evidence: SCE-01, SCE-01E, SCE-02, SCE-03, SCE-03E, SCE-04, SCE-05, SCE-06, SCE-07, SCE-07E, and SCE-08.

33. Cal Advocates' April 10, 2025 Motion to Admit Exhibits Into Evidence should be granted and the public and confidential versions of the following exhibits should be received into evidence: CA-01, CA-01C, CA-02, and CA-02C.

34. All pending motions which have not been expressly addressed by the assigned Administrative Law Judge or the Assigned Commissioner should be denied.

35. Application 24-04-001 should be closed.

## O R D E R

**IT IS ORDERED** that:

1. Application 24-04-001, Southern California Edison Company Application for Compliance of its Energy Resource Recovery Account for the 2023 Record Year, is approved with the modifications ordered in this decision.

2. Within 90-days after the effective date of this decision, Southern California Edison Company (SCE) shall file a Tier 1 advice letter with the Commission's Energy Division to implement the following:

- (a) Refund to ratepayers through a decrease in rates by a total of \$63.195 million in net overcollected revenue requirement, including interest, as the sum recorded across the following seven accounts, plus franchise fees and uncollectibles: (1) Residential Rate Implementation Memorandum Account; (2) Integrated Resource Planning

Costs Memorandum Account; (3) Summer Reliability Demand Response Program Memorandum Account; (4) Percentage of Income Payment Plan Memorandum Account; (5) California Solar Initiative Program Balancing Account; (6) COVID-19 Pandemic Protections Memorandum Account; and (7) Affiliate Transfer Fee Memorandum Account, subject to Order Paragraph 3 below; and

- (b) Return the total unrealized revenue amount of \$70,811 for the four Public Safety Power Shutoff events it implemented during 2023. SCE shall apply this amount, with interest, to the appropriate balancing accounts.

3. Within 60-days after the effective date of this decision, Southern California Edison Company (SCE) shall file a Tier 2 advice letter with the Commission's Energy Division to (1) modify its Affiliate Transfer Fee Memorandum Account tariff and Preliminary Statement Part N.29 to allow return of overcollections; and (2) within 60-days of approval of that Tier 2 Advice Letter, must return the \$219,000 overcollection recorded in the Affiliate Transfer Fee Memorandum Account for the 2023 Record Year to customers through the appropriate balancing account mechanism.

4. Southern California Edison Company's April 10, 2025 and April 14, 2025 motions to file confidential materials under seal are granted. Confidential treatment shall be provided for the marked portions of SCE's Confidential Opening Brief and the following confidential exhibits: SCE-01C, Exhibit SCE-01CE, Exhibit SCE-02C, Exhibit SCE-03C, Exhibit SCE-03CE, Exhibit SCE-04C, Exhibit SCE-06C, Exhibit SCE-07C, Exhibit SCE-07CE, Exhibit SCE-08C. Confidential treatment shall be provided for a period of three years after the date of this decision. During this three-year period, this information shall not be publicly disclosed except on further Commission order or ALJ ruling. If Southern

California Edison or any party believes that it is necessary for this information to remain under seal for longer than three years, it may file a new motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

5. The California Public Advocates Office's April 10, 2025, April 14, 2025, and April 28, 2025 motions to file confidential materials under seal are granted. Confidential treatment shall be provided for the marked portions of confidential exhibits CA-01 and CA-02, Cal Advocates' Confidential Opening Brief, and Cal Advocates' Confidential Reply Brief. Confidential treatment shall be provided for a period of three years after the date of this decision. During this three-year period, this information shall not be publicly disclosed except on further Commission order or ALJ ruling. If Southern California Edison or any party believes that it is necessary for this information to remain under seal for longer than three years, it may file a new motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

6. Southern California Edison Company's April 10, 2025 Motion to Offer Prepared Testimonies and Exhibits into Evidence is granted. The public and confidential versions of the following exhibits are received into evidence: SCE-01, SCE-01E, SCE-02, SCE-03, SCE-03E, SCE-04, SCE-05, SCE-06, SCE-07, SCE-07E, and SCE-08.

7. The California Public Advocates Office's April 10, 2025 Motion to Admit Exhibits Into Evidence is granted. The public and confidential versions of the following exhibits are received into evidence: CA-01, CA-01C, CA-02, and CA-02C.

8. All pending motions which have not been expressly addressed by the assigned Administrative Law Judge or the Assigned Commissioner are denied.

9. Application 24-04-001 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.