COM/MBK/mac 08/20/2026

FILED
08/20/26
09:11 AM
A2604002

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) for a Commission Finding that its Procurement-Related and Other Operations for the Record Period January 1 Through December 31, 2025 Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for an increase of $11.531 million in revenue requirement due to a net under collection recorded in fourteen accounts.	Application 26-04-002

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

On April 1, 2026, Southern California Edison Company (SCE) filed this Application to seek Commission approval for compliance of its Energy Resource Recovery Account (ERRA) and other related matters during the 2025 Record Year.

On May 6, 2026, the Public Advocates Office (Cal Advocates) and the California Community Choice Association (CalCCA) filed timely protests to the Application.

A prehearing conference was held on June 17, 2026, 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, and discussion at the prehearing conference, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo. I have also determined that no environmental and social justice issues have been raised at this time.

2. Issues

The issues to be determined are:

1. Whether, during the record year, SCE's fuel and purchased power expenses were accurately recorded and complied with SCE's Commission-approved procurement plan.
2. Whether SCE, during the record period, prudently administered and managed its utility-owned generation resources, which includes managing outages and the associated fuel costs, in compliance with all applicable rules, regulations, and Commission decisions, including but not limited to Standard of Conduct Four (SOC 4). If not, what adjustments, if any, should be made to account for imprudently managed or administered resources?
3. Whether SCE, during the record period, prudently administered and managed its Qualifying Facility (QF) and non-QF contracts for generation and power purchase agreements in accordance with the contract provisions and in compliance with all applicable rules, regulations, and Commission decisions, including but not limited to SOC 4. If not, what adjustments, if any, should be made to account for imprudently managed or administered resources?

4. Whether SCE, during the record year, dispatched its energy resources in a least cost manner in compliance with SCE's Commission-approved procurement plan and SOC 4.
5. Whether SCE, during the record year, administered its demand response programs to minimize costs to its ratepayers according to SOC 4.
6. Whether, during the record year, SCE's cost entries for its Greenhouse Gas (GHG) Compliance Instrument procurement, including the costs for GHG emissions set under the California Air Resources Board's Cap-and-Trade program, are appropriate, accurate, consistent with Commission and state policies and laws.
7. Whether SCE, during the record year, appropriately operated the balancing accounts and memorandum accounts reviewed in this Application, and whether the entries recorded during the record year in the balancing accounts and memorandum accounts reviewed in this Application are appropriate, correctly stated and in compliance with Commission directives. These accounts include but are not limited to:
    a. Energy Resource Recovery Account (ERRA);
    b. Portfolio Allocation Balancing Account (PABA);
    c. Base Revenue Requirement Balancing Account (BRRBA);
    d. Nuclear Decommissioning Adjustment Mechanism (NDAM);
    e. Public Purpose Program Adjustment Mechanism (PPPAM); and
    f. California Alternate Rates for Energy Balancing Account (CBA).
8. Whether SCE should be authorized to recover $11.531 million in revenue requirement, including franchise fees and uncollectible expenses, for costs recorded in the balancing and memorandum accounts listed below, and

whether SCE's requested revenue requirement increase of $11.531 million and the associated costs recorded in the relevant balancing and memorandum accounts listed below is just and reasonable:

a. Integrated Resource Planning Costs Memorandum Account;

b. Summer Reliability Demand Response Program Memorandum Account;

c. Percentage of Income Payment Plan Memorandum Account;

d. Interruption Cost Estimate 2.0 Calculator Development Memorandum Account;

e. Competitive Neutrality Cost Causation Bill Credit Implementation Memorandum Account;

f. Affiliate Transfer Fee Memorandum Account;

g. Clean Energy Optimization Pilot Balancing Account;

h. Distribution Deferral Administrative Costs Memorandum Account;

i. Emergency Customer Protections Memorandum Account;

j. Residential Disconnections Implementation Cost Memorandum Account;

k. California Consumer Privacy Act Memorandum Account;

l. Avoided Cost Calculator Memorandum Account;

m. Wildfire Mitigation Plan Memorandum Account; and

n. Customer Service Re-Platform Memorandum Account.

9. 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 2025 that SCE must forgo in accordance with Decision (D.).21 06-014 and D.23-06-054.

10. Whether the costs associated with Green Tariff recorded in SCE's balancing and memorandum accounts are appropriate, correctly stated and in compliance with Commission directives, and whether and how costs associated with Green Tariff should be recovered.
11. Whether all other SCE activities subject to Commission review in this proceeding complied with applicable Commission decisions and resolutions.

2.1. Costs for Green Tariffs and Reasonableness Review of Costs

2.1.1. Costs for Green Tariffs

D.26-06-006, the Decision Implementing California Shared Renewables Portfolio, states

> This decision also agrees with most parties' recommendation to address recovery of Green Tariff costs in each IOU's ERRA compliance proceeding. The Commission will consider the merits of each IOU's cost recovery proposal in their respective ERRA compliance proceedings, beginning with each IOU's next most feasible ERRA compliance proceeding.[1]

During the prehearing conference, parties discussed whether it was appropriate to include costs associated with Green Tariffs in the scope of this proceeding. SCE argues that, because D.26-06-006 was approved after this Application was filed, the review of costs related to Green Tariff should not be included in the scope of this ERRA compliance cycle but should be included beginning in next year's compliance review cycle. Cal Advocates and CalCCA, however, support reviewing Green Tariff costs beginning in this ERRA compliance proceeding.

[1] D.26-06-006 at 19.

Because this proceeding is still early in the process, I agree with Cal Advocates and CalCCA that it is reasonable to begin the review of costs associated with Green Tariffs, including Green Tariff Shared Renewables (GTSR) marketing and administration costs, in the scope of this ERRA compliance proceeding.

With the addition of this issue, SCE must provide supplemental testimony related to the costs associated with Green Tariffs, as outlined under Issue #10, according to the proceeding schedule set forth in this Scoping Memo.

2.1.2. Reasonableness Review of Costs

Additionally, SCE argues that, because that it is not requesting recovery of costs associated with Green Tariffs in this Application, the reasonableness of these costs should not be considered in the review of these costs.[2] Cal Advocates and CalCCA do not agree. Cal Advocates asserts that the reasonableness standard, which is applied to all the other costs reviewed for compliance in this proceeding, should also apply to the costs associated with Green Tariffs.[3]

Generally, the standard of review for the ERRA compliance proceedings is compliance in which the Commission reviews whether the utility's operations and entries of the relevant balancing and memorandum accounts are appropriate, correctly stated, and in compliance with Commission decisions and state law and policies.[4] We agree with SCE that reasonableness should not be the standard of review for the Green Tariff costs entries that SCE has not requested recovery for in this application.

---

[2] Reporter's Transcript, Prehearing Conference, Vol. 1 at 16.

[3] Reporter's Transcript, Prehearing Conference, Vol. 1 at 17-18.

[4] D.11-10-029 at 3; D.10-07-049 at 3-4.

Because reasonableness is generally not the standard for reviewing the balancing and memorandum accounts in ERRA compliance proceedings, unless cost recovery is requested, the entries reviewed in this proceeding, except for the entries in which cost recovery is requested, should not be subjected to a reasonableness standard. The appropriate standard of review for the entries recorded in the balancing and memorandum accounts reviewed in this ERRA compliance proceeding is whether SCE's operations and entries of these accounts are appropriate, correctly stated, and in compliance with Commission decisions and state law and policies. However, the cost entries recorded in the balancing and memorandum accounts that are requested for recovery in this Application are subject to the just and reasonableness standard. Similarly, if SCE is to request cost recovery in a future application of any entries, such as GTSR costs, that were deemed appropriately and accurately recorded and in compliance with Commission decision and state law and polices in this proceeding, then SCE must demonstrate the reasonableness of these entries and how these entries meet the just and reasonableness standard in that application.

The list of issues, as stated above, explicitly reflect the different standards applied to the review of the balancing and memorandum accounts considered in this proceeding.

2.2. Compliance Costs for Greenhouse Gas (GHG) Emissions under the Cap-and-Trade Program

Cal Advocates argues that, in accordance with D.19-04-016 and D.21-05-004, compliance costs for GHG emissions under the California Air Resources Board (CARB)'s Cap-and-Trade program should be included in the scope of this

ERRA compliance proceeding.[5] According to Cal Advocates, these decisions order the utilities to include a detailed accounting of actual GHG costs incurred from the previous year in both their ERRA forecast and ERRA compliance applications.[6]

SCE asserts that the review of these costs is already included in Issue 6, which provides for the review of GHG Compliance Instrument procurement.[7] In response, Cal Advocates requests that the GHG emission compliance costs under the Cap-and-Trade program be explicitly stately to be within scope, even if these costs are included under Issue #6.

Even as SCE argues that these costs are within the scope as part of Issue #6, SCE also argues that GHG emission compliance costs should be excluded from the scope of the ERRA compliance proceedings because these costs have been reviewed in SCE's ERRA forecast proceedings as part of costs recorded in the GHG Revenue Balancing Account and GHG Administrative Cost Memorandum Account.[8] Cal Advocates disagrees, arguing that the ERRA forecast proceedings approve forecasted costs but the ERRA compliance proceedings verify and review the compliance of the recorded costs.[9] CalCCA agrees with Cal Advocates that SCE's GHG compliance costs for the Cap-and-Trade program should be reviewed in this ERRA compliance proceedings.[10]

D.21-05-004 states

---

[5] Reporter's Transcript, Prehearing Conference, Vol. 1 at 19-20; *See* also D.19-04-016 at 7, D.21-05-004 at 7.

[6] Reporter's Transcript, Prehearing Conference, Vol. 1 at 20.

[7] Reporter's Transcript, Prehearing Conference, Vol. 1 at 21.

[8] Reporter's Transcript, Prehearing Conference, Vol. 1 at 21-22.

[9] Reporter's Transcript, Prehearing Conference, Vol. 1 at 27.

[10] Reporter's Transcript, Prehearing Conference, Vol. 1 at 27.

> Pacific Gas and Electric Company; Southern California Edison Company; San Diego Gas & Electric Company; PacifiCorp d/b/a Pacific Power; and Liberty Utilities (CalPeco Electric) LLC shall begin using the modified weighted average cost (WAC) of greenhouse gas compliance instruments methodology beginning in 2021 for the 2020 Record Year Energy Cost Adjustment Clause (ECAC) or Energy Resource Recovery Account (ERRA) compliance applications.[11]

As provided in D.21-05-004, the Commission establishes the review of the calculations for the GHG compliance costs, including GHG emission costs for the Cap-and-Trade program, in the ERRA compliance proceedings. Therefore, I agree with Cal Advocates and CalCCA that the compliance costs for GHG emissions under the Cap-and-Trade Program are more appropriately reviewed as part of this ERRA compliance proceeding. These costs are explicitly included in the scope of review in this proceeding under Issue #6.

3. Need for Evidentiary Hearing

The issues in this proceeding are contested, material issues of fact that may require evidentiary hearings. Accordingly, we will allow parties to present evidence on these issues. Evidentiary hearings are needed but are not currently scheduled.

In accordance with Rule 13.9(a), parties will meet and confer within ten days after the submission of rebuttal testimony to discuss whether hearings will still be needed at the time. If parties determine that hearings are needed, they will file a motion to request the scheduling of evidentiary hearings according to the proceeding schedule set forth in this Ruling.

---

[11] D.21-05-004, Ordering Paragraph 2.

4. Schedule

The following schedule is adopted here and may be modified by the Administrative Law Judge (ALJ) as required to promote the efficient and fair resolution of this Application:

Event	Date
SCE Supplemental Testimony on costs associated with Green Tariff	August 14, 2026
Intervenors Testimony	December 11, 2026
Rebuttal Testimony	February 5, 2027
Meet and Confer Report; Motion for Evidentiary Hearing	February 18, 2027
Evidentiary Hearings	To be determined
Motion to Enter Exhibits into Evidence (in lieu of Evidentiary Hearings)	March 18, 2027
Opening Briefs	April 9, 2027
Reply Briefs	April 23, 2027
Proposed decision	Within 90 days after submission

Pursuant to Rule 13.9, the parties shall meet and confer no later than 10 calendar days after the submission of rebuttal testimony. The purpose of the meet and confer is to ascertain whether the parties stipulate to the receipt of prepared testimony into evidence without direct or cross examination or the need to convene an evidentiary hearing.

The proceeding will stand submitted upon the filing of reply briefs, unless the ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Public Utilities Code Section 1701.5.

5. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.[12]

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

6. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination[13] that this is a ratesetting proceeding. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

7. Public Outreach

Pursuant to Public Utilities Code Section 1711(a), where feasible and appropriate, before determining the scope of the proceeding, the Commission sought the participation of those likely to be affected, including those likely to derive benefit from, and those potentially subject to, a decision in this proceeding. This matter was noticed on the Commission's daily calendar.

---

[12] https://www.cpuc.ca.gov/PUC/adr/

[13] Resolution ALJ 176-3580 at 2.

Where feasible and appropriate, this matter was incorporated into engagements conducted by the Commission's External Affairs Division with local governments and other interested parties.

8. Intervenor Compensation

Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by July 17, 2026, 30 days after the prehearing conference.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at http://cpuc.ca.gov/pao or contact the Commission's Public Advisor at 866-849-8390 or send an e-mail to public.advisor@cpuc.ca.gov.

11. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.[14]

---

[14] The form to request additions and changes to the Service list may be found at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents. The assigned ALJ has provided specific instructions as to the service of filed or served documents at the prehearing conference.[15]

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

[15] At the prehearing conference, the assigned ALJ requested two paper copies of any testimony served and one paper copy of any document filed that is over 20 pages.

12. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add "@cpuc.ca.gov" to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

13. Assignment of Proceeding

Commissioner Matthew Baker is the assigned Commissioner and Elaine Lau is the assigned ALJ and presiding officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearing is needed.
4. The presiding officer is Administrative Law Judge Elaine Lau.
5. The category of the proceeding is ratesetting.

Dated August 20, 2026, at San Francisco, California.

/s/ MATTHEW BAKER
Matthew Baker
Assigned Commissioner