

Decision 15-12-033 December 17, 2015

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of its Forecast 2016 ERRA Proceeding Revenue Requirement.

Application 15-05-007
(Filed May 1, 2015)

**DECISION ADOPTING SOUTHERN CALIFORNIA EDISON COMPANY'S
2016 ENERGY RESOURCE RECOVERY ACCOUNT PROCEEDING
REQUIREMENT FORECAST**

1. Summary

This decision adopts Southern California Edison Company's (SCE) 2016 Energy Resource Recovery Account (ERRA) electric procurement cost revenue requirement forecast of \$3.783 billion. The forecast of \$3.783 billion is approximately \$1.008 billion lower than the \$4.792 billion¹ 2014 revenue requirement that is currently reflected in rates.²

This decision authorizes the following GHG allowance proceeds allocations: 1) \$25.489 million for Emissions-Intensive and Trade-Exposed (EITE)

¹ Decision (D.) 14-05-003 dated May 1, 2014, approved adoption of SCE's Application 13-08-004 and its \$5.157 billion 2014 ERRA forecast. SCE later updated the forecast to \$5.073 billion to include 2015 greenhouse gas Costs and Revenues approved in D.15-02-005. In SCE's November Updated Testimony ERRA 2016 Forecast of Operations dated November 6, 2016 (November Update), SCE further updated the 2014 ERRA forecast to reflect agreed adjustments by the parties which were to take effect in November 2015. (See Section 2.2 of this Decision and footnote 14.)

² In all other respects, the rates adopted following approval of the 2014 ERRA forecast remain in effect.

customers; 2) \$24.447 million for small business; and 3) \$342.466 million for residential California Climate Credit, resulting in a semi-annual residential climate credit of \$38.00 per household. The decision also finds SCE's 2014 recorded outreach and administrative expenses to be reasonable, and find SCE's forecast of 2016 outreach and administrative expenses reasonable for the purpose of forecasting available GHG allowance proceeds in 2016.

This proceeding is closed.

2. Application for Approval of 2016 ERRA Forecast Revenue Requirement (2016 Application)

Southern California Edison Company (SCE) annually files an application to receive Commission approval of its Energy Resource Recovery Account (ERRA) forecast for the following year. The ERRA application provides the basis to implement reasonable rate increases. The purpose of this year's proceeding is to determine whether the Commission should adopt SCE's May 1, 2015 Application for Approval of its 2016 ERRA Forecast Revenue Requirement (2016 Forecast Application). SCE's 2016 Forecast Application consists of proposed fuel and purchased power procurement costs, the currently estimated December 31, 2015 year-end ERRA, Energy Settlements Memorandum Account (ESMA) and New System Generation Balancing Account (NSGBA) balances that SCE requests to recover from or return to customers³; SCE's forecast of greenhouse gas (GHG)-related costs, GHG allowance proceeds and proceeds distributions to

³ Pursuant to D.15-10-037, the year end balances of the Base Revenue Requirement Balancing Account (BRRBA), the Nuclear Decommissioning Adjustment Mechanism (NDAM), the California Alternate Energy Rates for Energy (CARE) balancing account and the Public Programs Adjustment Mechanism (PPAM) will be included in SCE's rates implemented through annual revenue requirement and rate consolidation advice letters. Also see Exhibit SCE-4, SCE's November 6, 2015 Updated Testimony (November Update).

eligible customers,⁴ and miscellaneous expenses such as spent nuclear fuel expense.⁵

The Commission scrutinizes the Forecast Application to determine whether SCE's request and the forecast and methods used to determine it, are in compliance with all applicable rules, regulations, resolutions and prior Commission decisions. The Forecast Application will be approved if SCE's electric sales forecast, rate increase proposals and other inputs and calculations are reasonably forecast.

In addition to this annual ERRA proceeding, SCE undergoes an annual compliance proceeding to review the utility's compliance regarding energy resource contract administration, least cost dispatch, fuel procurement and entries made to the ERRA balancing account in the prior year.

2.1. Handling of 2015 ERRA Application (A.) 14-06-011

As will be explained below, the Commission never approved SCE's *Application of Southern California Edison Company in its Forecast 2015 Energy Resource Recovery Account (ERRA) Proceeding* (2015 Application).⁶ SCE filed a request to set aside submission of its 2015 Application,⁷ because natural gas prices fell substantially more than SCE projected in its 2015 forecast.⁸ SCE

⁴ See 2016 Forecast Application, at 3.

⁵ See 2016 Forecast Application, at 1.

⁶ A.14-06-011 was filed June 11, 2014. In its 2015 Application, SCE initially forecasted a service rate increase of up to 0.65 cents/kWh higher than the 2014 rate levels.

⁷ See Southern California Edison Company's (U338E) Motion to Set Aside Submission filed June 15, 2015 in proceeding A.14-06-011.

⁸ A forecast natural gas price of \$4.11/MMBtu was assumed in the 2015 Application. However, by June 2015, natural gas prices had fallen to \$3/MMBtu (a reduction of approximately 30%).

projected that if the forecast in its 2015 Application was approved, and a rate increase implemented, its ERRRA balancing account would result in a substantial overcollection by the late summer of 2015 and SCE would have to file a “trigger” application to decrease rates.⁹ As a result, SCE concluded that setting aside submission of its 2015 Application would keep bundled customer rates at their existing levels and would promote rate stability for customers.

Setting aside submission of the 2015 Application also permitted the parties to the proceeding¹⁰ to avoid costs of further litigation by informally resolving their disputes¹¹ about that forecast’s proposed treatment of: 1) net energy settlement refunds from the 2000-2001 California Energy Crisis,¹² and 2) San Onofre Nuclear Generating Station (SONGS) replacement power costs.¹³

⁹ See Southern California Edison Company’s (U338E) Motion to Set Aside Submission filed June 15, 2015 in proceeding A.14-06-011, at 3.

¹⁰ Along with SCE, the parties to proceeding A.14-06-011 were: the Office of Ratepayer Advocates (ORA), the California Large Energy Consumers Association (CLECA), the Alliance for Retail Energy Markets and the Direct Access Customer Coalition (AReM/DACC), the Public Agency Coalition (PAC), and the City of Lancaster.

¹¹ On July 30, 2015, the parties to proceeding A.14-06-011 filed a joint Settlement Agreement Resolving Southern California Edison Company’s Application for Approval of its Forecast 2015 ERRRA Proceeding Revenue Requirement (Settlement). The Commission approved the settlement on October 22, 2015 in D.15-10-037.

¹² AReM/DACC and PAC initially contended that direct access (DA) customers should receive 13.9% of such refunds, and the City of Lancaster argued that community choice aggregation (CCA) customers should receive the same share as bundled customers. In the Settlement, the parties agreed that DA customers would receive 10.05% of such refunds and that CCA customers will receive the share that they would have received had they continued to remain bundled customers. See D.15-10-037, at 3 and Attachment A, at A-8 to A-10.

¹³ As a result of the Commission’s approval of the SONGS Order Instituting Investigation (OII) Settlement on November 20, 2014 in D.14-11-040, SCE proposed to include \$467 million in net SONGS-related costs that were incurred in 2013 and deferred from inclusion in previous ERRRA revenue requirement forecasts in the PCIA for purposes of its 2015 forecast. AReM/DACC and PAC objected to the proposal to include SONGS replacement power costs in the PCIA forecast. These issues were resolved. See D.15-10-037, at 6 and Attachment A, at A7 to A-8.

2.2. SCE Impact of Settlement on 2016 Forecast Application

Impacts resulting from the Settlement of A.14-06-011 are reflected in SCE's November Updated Testimony ERRA 2016 Forecast of Operations dated November 6, 2016 (November Update), where applicable.¹⁴ SCE notes that, as a result of the Settlement, departing load customers will receive a share of Energy Crisis-related refunds received in 2014 and going forward. Departing load customers will also pay a share of the 2013 "net SONGS costs." The parties agreed to make approximately \$250 million in adjustments to the ERRA revenue requirement in effect at the end of 2014 to reflect energy crisis refunds, SONGS OII settlement refunds and 2013 net SONGS costs. The parties agreed that the settlement would be implemented into customer rates in late-November 2015.¹⁵ On November 18, 2015, SCE filed Advice Letter 3311-E and revised tariff sheets to implement the 2015 ERRA Forecast Revenue Requirement in compliance with D.15-10-037 effective November 24, 2015, pending disposition by the Commission's Energy Division. The advice letter indicates that a net reduction of \$249 million will be reflected in rates on November 24, 2015.

¹⁴ November Update, at 1.

¹⁵ November Update page 5-6. As a result of the parties' agreed adjustments, the November Update testimony reflects a beginning "adopted 2015 revenue requirement" for purposes of the 2016 Forecast Application, that is \$281 million lower than the in effect 2014 revenue requirement of \$5.073 billion.

3. Parties' Positions

3.1. PAC

In its initial response to the 2016 Forecast Application, PAC¹⁶ states that it has no material concern about the 2016 Forecast Application, however, it asks that the Commission carefully examine SCE's proposed Indifference Rate and its subparts.¹⁷

3.2. AReM/DACC

In its initial response to the 2016 Forecast Application, AReM¹⁸ and DACC¹⁹ state that they are interested in ensuring that SCE's method of calculating the PCIA and CTC complies with D.11-12-018 and Resolution E-4475.²⁰ They want to ensure that SCE implements a fair and equitable manner of calculating the non-bypassable CAM charge²¹ to be paid by direct access customers, which is consistent with D.10-12-035. In addition, AReM and DACC wish to ensure that energy crisis refunds are allocated to direct access as well as bundled customers.

¹⁶ PAC is a regulatory coalition comprised of three public agencies that use direct access to provide community aggregation service - the cities of Cerritos and Corona, and the Eastside Power Authority.

¹⁷ June 9, 2015 Response of Public Agency Coalition, at 2.

¹⁸ AReM is a California mutual benefit corporation formed by Electric Service Providers that are active in California's Direct access retail electric supply market.

¹⁹ DACC is a regulatory advocacy group comprised of educational, governmental, commercial and industrial customers that utilize direct access for all or a portion of their electrical energy requirements.

²⁰ June 11, 2015 Response of AReM/DACC, at 2.

²¹ The CAM charge exists for the purpose of recovering the net capacity costs of qualifying facilities and combined heat and power resources.

3.3. ORA

In its protest to the 2016 Forecast Application, ORA indicates that it is investigating the reasonableness of SCE's total 2016 revenue requirement by analyzing the underlying natural gas prices, loan and other cost inputs to the model used in determining the forecast. ORA expresses opinion that the scope of review of the 2016 Forecast Application should include consideration of the reasonableness of: SCE's proposed revenue requirement, electric sales forecast, proposed return of GHG allowance proceeds to eligible customers, estimates of the departing load and total proposed electric procurement related revenue requirement.

3.4. City of Lancaster

The City of Lancaster (Lancaster) is a community of approximately 160,000 residents located in northern Los Angeles County. The Lancaster City Council approved a Community Choice Aggregation (CCA) program, known as Lancaster Choice Energy (LCE) was launched on May 1, 2015. LCE customers will receive generation services from Lancaster, but will continue to receive transmission, distribution, billing and other services from SCE. LCE is the first CCA program to operate within SCE's service area.²²

Lancaster wants to examine SCE's calculation of the PCIA and CTC and, in addition, wants to ensure that SCE has properly and reasonably excluded the load expected to depart SCE bundled service in 2015 for CCA service provided by LCE. It argues that SCE failed to include within its load forecasts, a reasonable assumption regarding the departing load to be serviced by LCE.

²² June 9, 2015 Response of the City of Lancaster.

Lancaster challenges the rate stabilization measures proposed by SCE in its 2016 Forecast Application.²³ It also asks that the Commission look carefully at whether SCE's proposal to amortize any year-end 2015 balancing account balances in rates over a two-year period is reasonable, or whether the measures proposed by SCE might result in discriminatory rates when compared to the PCIA and delivery service rates imposed by SCE on CCA and other departing load customers. Lancaster cites the Consensus Protocol, adopted by the Commission in D.14-05-003, as a good model for handling bundled and departing load customers in a way that they will be indifferent.²⁴

3.5. California Farm Bureau Federation

The California Farm Bureau Federation (Farm Bureau)²⁵ filed a Motion for Party Status on July 16, 2015. In the Motion, the Farm Bureau expressed concern about SCE's sales forecast for agricultural customers within the 2016 Forecast Application. The Motion for Party status was granted by the assigned ALJ.

4. SCE Reply and Opening Brief

In its Reply Brief dated June 22, 2015, SCE states that it did not have final data regarding the forecast departing load associated with LCE's customers. SCE states that it will forecast and exclude the departing load attributable to LCE customers at the time of submission of its November Update. However, SCE asserts that Lancaster's reliance on the Consensus Protocol adopted in

²³ June 9, 2015 Response of City of Lancaster, page 6 citing 2016 Forecast Application at 2.

²⁴ *Id.* at 7.

²⁵ The Farm Bureau describes itself as a voluntary, non-profit corporation representing more than 57,000 agricultural and associate members in 56 counties in California. Its members include farmers and ranchers who collectively sell \$44.7 billion in agricultural products annually, and provide hundreds of thousands of jobs in California.

D.14-05-003 is misplaced. SCE argues that the method of adjustment to the PCIA set forth in that Decision related to the very specific and unique circumstances arising from the extended outages and eventual retirement of SONGS.²⁶

In its Opening Brief dated October 2, 2015, SCE requests that the Commission find that SCE's methods used to determine the ERRA revenue requirement and associated rate proposals are in compliance with all applicable Commission rules, regulations, resolutions and decisions and, accordingly:

- 1) adopt its 2016 ERRA revenue requirement of \$4.067 billion, which represents a decrease of more than \$1 billion from the revenue requirement currently in effect,
- 2) find that its electric sales forecast is reasonable,
- 3) find that its proposed ratemaking treatment of GHG costs and allowances is reasonable,
- 4) grant its request to amortize the final year end ERRA balancing account balance,
- 5) find that its inputs and calculation of the PCIA, CTC and Cost Responsibility Surcharges (CRS) are reasonable and accurate,
- 6) find that its calculations of NSGBA, 2016 spent nuclear fuel and CAM revenue requirement proposals are reasonable, and
- 7) find that its departing load calculations of direct access and community choice aggregation customers are reasonable.

5. SCE's November Update to its 2016 Forecast Application

SCE's November Update affirms the request in its 2016 Forecast Application to amortize the year-end 2015 ERRA balancing account balance in rates over two-years.²⁷ SCE reasons that if the overcollection were applied in one

²⁶ See SCE's Reply to the Protest of ORA and the Responses of PAC, AReM/DACC and Lancaster to SCE's Application, page 4, footnote 4.

²⁷ See 2016 Forecast Application, page 3 and November Update page 2. SCE projects receipt of approximately \$313 million from an insurance company settlement related to SONGS and

Footnote continued on next page

year, this would require implementing a large rate reduction on January 1, 2016, then a potentially large increase in rates on January 1, 2017.²⁸

SCE's November Update forecast of \$3.783 billion beginning January 1, 2016 results from: 1) a decrease in estimated fuel and purchased power costs, 2) an increase in the net overcollection of the December 31, 2015 balancing account balances (assuming two year amortization of the estimated year end ERRA balancing account balances), and 3) increase in the net impact of GHG Cap-and-Trade Costs and GHG allowance proceeds.

SCE's November Update includes a Table II-2 that compares 2016 revenue requirements to 2015 ERRA Settlement revenue requirements. The \$3.783 billion total forecast allocates \$4,337 million for Fuel and Purchased Power (a decrease of \$437 million from 2015), a reduction of \$359 million to reflect amortization from the ERRA Balancing Account²⁹ (\$349 million lower than 2015), a decrease of \$1.15 million to reflect the balance in the ESMA (\$3.6 million lower than 2015), a decrease of \$150 million to reflect amounts from the NSGBA (\$284 million lower than 2015), \$349 million for GHG Cap-and-Trade Costs (a decrease of \$105 million since 2015) and \$392 million in net GHG allowance proceeds available for customers (\$170 million less than 2015).

\$259 million of Nuclear Decommissioning Trust proceeds to be credited to the ERRA balancing account.

²⁸ November Update pages 2-3 and footnote 6. SCE says that the two-year amortization would mitigate rate volatility for customers. It notes that the Commission approved similar treatment of the overcollected balance in SCE's General Rate Case (GRC) Revenue Requirement Memorandum Account in D.15-01-021 related to the 2015 GRC.

²⁹ The ERRA Balancing Account includes \$285 million of settlement funds from 2015, comprised of an ESMA refund amount of \$206 million, a \$545 million SONGS OII refund and 2013 Net SONGS Costs of \$467 million.

SCE updated its forecast and reconciliation of greenhouse gas costs and allowance proceeds in the November Update. SCE's calculation of \$349 million in GHG costs is reasonable for the purposes of calculating the volumetric small business return. SCE forecasts the proceeds small business customers will receive through the small business California Climate Credit based on the calculation of GHG costs in rates, multiplied by a 90 percent assistance factor.³⁰

SCE appropriately forecasts the net GHG allowance proceeds available for customers in 2016 using the methodology approved in D.14-10-033 (Table VII-26 of SCE's November Update). This results in forecast proceeds distribution of \$25.489 million for emissions-intensive and trade-exposed customers, \$24.447 million for small business customers, and \$342.466 million for residential customers. Based on the allowance proceeds available to residential customers, SCE appropriately calculates a semi-annual residential California Climate Credit of \$38.00 per household in 2016.

SCE recorded \$1.986 million in GHG outreach and administrative expenses in 2014. The majority of these expenses (\$1.4 million) were for SCE's portion of the statewide outreach program (Table VII-22 of SCE's November Update). The 2014 recorded GHG outreach and administrative expenses are reasonable. SCE forecasts \$562,500 in outreach expenses and \$30,000 in IT-related administrative expenses for a total of \$592,500 in 2016. The 2016 forecast of GHG outreach and administrative expenses are reasonable for the purpose of forecasting allowance proceeds available for customers. The forecast expenses are subject to further reasonableness review at the time of their reconciliation.

³⁰ The Industry Assistance Factors are set forth in D.13-12-002, Appendix 2, Table 2.

SCE's November Update addresses the concerns raised by the City of Lancaster concerning calculation of the departing load for CCA service provided by LCE in Section IX. Although the City of Lancaster suggested (in its June 9, 2015 Response) that the model for handling bundled and departing load customers used in the Consensus Protocol adopted by the Commission in D.14-05-003 should be used for LCE, the November Update indicates that the parties reached agreement on this issue in their Settlement of A.14-06-011.³¹

6. Admittance of Testimony and Exhibits into the Evidentiary Record

Rule 13.8(d) of the Commission's Rules of Practice and Procedure allows testimony to be offered into evidence when evidentiary hearings are not held. Evidentiary hearings were not held in this proceeding, therefore, testimony and exhibits are being admitted into the record pursuant to rulings issued by the assigned Commissioner within the Scoping Memo following the PHC, and by the assigned ALJ in the proposed decision.

We therefore receive both the public and confidential versions of SCE's Application and testimony into evidence.³² We also receive into evidence

³¹ See November Update, page 74 including footnotes 60-64.

³² SCE filed a November 25, 2015 motion to admit the following exhibits into the record: Exhibit **SCE-01** - ERRRA 2016 Forecast of Operations Testimony (public and confidential versions); Exhibit **SCE-02** - Witness Qualifications and Declarations re: Confidentiality; Exhibit **SCE-03** - ERRRA 2016 Forecast of Operations Supplemental Testimony (public and confidential versions); Exhibit **SCE-03R** - ERRRA 2016 Forecast of Operations Supplemental Testimony, Redline (public and confidential versions); Exhibit **SCE-04** - ERRRA 2016 Forecast of Operations, Updated (public and confidential versions).

Exhibits LCE-1 filed by the City of Lancaster³³ and PAC-1 filed by the Public Agency Coalition.³⁴

6.1 SCE Motion to Treat Confidentially and Seal a Portion of the Evidentiary Record

SCE filed declarations in support of its request to treat as confidential and seal portions of the evidentiary record in this proceeding pursuant to Rule 11.5. SCE states that certain of its Exhibits contain confidential, market sensitive information. We have granted similar requests for confidential treatment in the past and do so again here. Pursuant to Rule 11.5, we seal the confidential portions of the evidentiary record, which include Exhibit SCE-4C, and pursuant to D.06-06-066, authorize the confidential treatment of those exhibits as set forth in the ordering paragraphs of this decision.

7. Discussion and Conclusion

Except for the issues of energy settlement refunds and inclusion of SONGS replacement power costs in the PCIA, and calculation of the indifference rates and its subparts, no party objected to SCE's proposed 2016 forecast ERRA. The Commission finds that these items are reasonable as forecast. We find that the contested issues have been satisfactorily resolved by the parties in their Settlement of A.14-06-011 or were addressed within SCE's November Update.

8. Safety Considerations

The health and safety impacts of GHGs are among the many reasons that the Legislature enacted Assembly Bill (AB) 32. Specifically, the Legislature found

³³ Lancaster filed a September 29, 2015 motion to admit into the record its **Exhibit LCE-1** - Southern California Edison Company Response to Lancaster Data Request Set # 5.

³⁴ PAC filed a September 29, 2015 motion to admit into the record its **Exhibit PAC-1** - Southern California Edison Company (SCE) Response to PAC Data Request Set #2, Question 1.

and declared that global warming caused by GHGs “poses a serious threat to the economic well-being, public health, natural resources, and the environment of California. This decision approves SCE’s forecast of GHG costs and allocation of GHG allowance proceeds to maintain a key aspect of the GHG reduction program envisioned by AB 32 and Public Utilities Code Section 748.5 and, as a result, will improve the health and safety of California residents.

9. Categorization and Need for Hearings

In Resolution ALJ-176-3357 dated May 21, 2015, the Commission preliminarily categorized this application as ratesetting as defined in Rule 1.3(e) and anticipated that this proceeding would require hearings. A prehearing conference was held on July 14, 2015; however, the parties thereafter agreed that evidentiary hearings were not necessary. The determination of the Commission as to the categorization of this proceeding is affirmed.

10. Comments on Proposed Decision

The proposed decision of ALJ Miles in this matter was mailed to the parties on December 1, 2015 in accordance with Section 311 of the Public Utilities Code. Pursuant to Rule 14.6(b) of the Commission’s Rules of Practice and Procedure, all parties stipulated to reduce the 30-day public review and comment period required by Section 311 of the Public Utilities Code to 5 days. Comments were filed on December 4, 2015 by the City of Lancaster. Reply comments were filed on December 11 by SCE. This decision incorporates the comments made by both parties.

Lancaster requests that the Commission require SCE to provide sample rate information as part of SCE’s future ERRA proceedings and November Updates. Lancaster contends that this will permit it to plan for adjustments to the rates it charges through its CCA program, which rely upon SCE information.

The type of information that Lancaster proposes that we require SCE to provide, was provided to Lancaster by SCE in response to its data request found in Exhibit LCE-1. Lancaster argues that requiring SCE to provide this information without the necessity for a data request, will promote efficiency and planning related to adjustments of rates and will ensure that both SCE and Lancaster fulfill its duties under Rule 3 of the CCA Code of Conduct relating to the distribution of joint rate comparisons. Furthermore, Lancaster claims that sample rate information is already provided by the state's other major investor owned electric utility, Pacific Gas and Electric.³⁵

In its response, SCE indicates that it does not object to providing estimated rates, by class and functional rate component, in future ERRA forecast proceedings. However, SCE clarifies that the estimated rates will only reflect the revenue requirement changes proposed in the application, and that all other functional rate components will reflect the then-current revenue requirements.

11. Assignment of Proceeding

Michel Peter Florio is the assigned Commissioner and Patricia B. Miles is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. On May 1, 2015, SCE filed A.15-05-007, in which SCE requested that the Commission adopt a forecasted 2016 ERRA of \$3.783 billion.
2. By Resolution ALJ 176-3357, dated May 21, 2015, A.15-05-007 was categorized as ratesetting with hearings needed.

³⁵ See December 4, 2015 Opening Comments of the City of Lancaster on the Proposed Decision.

3. Protests/responses to the application were filed by the ORA, the PAC, the City of Lancaster, AReM/DACC. The California Farm Bureau Federation also commented upon the application as part of its Motion to be Granted Party Status.

4. A prehearing conference was held on July 14, 2015, at which the parties indicated that they agreed that there were no disputes requiring an evidentiary hearing.

5. After SCE filed A.15-05-007, SCE and parties to proceeding A.14-06-011 reached a Settlement resolving issues in SCE's forecasted 2015 ERRRA, which was adopted by the Commission in D.15-10-037.

6. Pursuant to the Settlement in proceeding A.14-06-011, SCE included only the ERRRA, ESMA and NSGBA estimated year-end 2015 balances in the 2016 ERRRA Forecast in this proceeding A.15-05-007. The year end balances of the BRRBA, NDAM, CARE and PPAM are excluded but will be included in SCE's rates implemented through annual revenue requirement and rate consolidation advice letters.

7. On November 6, 2015, SCE served its November Update, in which it requested that the Commission adopt an updated forecast for 2016 of \$3.783 billion.

8. SCE's updated forecast includes 2016 GHG allowance proceeds of \$392.401 million available to be returned to eligible customers in 2016. This includes the per-household residential California Climate Credit of \$38.00.

9. SCE recorded \$1.986 million in GHG outreach and administrative expenses in 2014.

10. SCE forecasts \$592,500 in outreach and administrative expenses for 2016.

11. On November 18, 2015 SCE filed Advice Letter 3311-E and revised tariff sheets to implement the 2015 ERRRA Forecast Revenue Requirement in

compliance with the Settlement approved in D.15-10-037 effective November 24, 2015. The advice letter, which is pending disposition by Energy Division, indicates that a net reduction of \$249 million will be reflected in rates on November 24, 2015.

12. There are no remaining issues between the parties in proceeding A.15-05-007 concerning SCE's inputs and calculation of the Indifference Amount for purposes of the PCIA, CTC, CAM or CRS.

13. There are no remaining issues regarding concerns raised by the City of Lancaster concerning calculation of the departing load for service provided by the City of Lancaster's CCA.

14. No party has objected to SCE's proposed electric sales forecast, forecasted rates or 2016 forecast of SCE's ERRR, CAM and fuel and purchased power expenses.

15. Motions have been filed by SCE, Lancaster and PAC to have exhibits received into evidence.

16. Rule 11.4 addresses a request to seal documents that have been filed.

17. Rule 11.5 addresses sealing all or part of an evidentiary record.

18. General Order (GO) 66-C provides definitions and guidance regarding public and confidential records provided to and requested from the Commission.

19. By D.06-06-066, we implemented Senate Bill 1488 which required that we examine our practices regarding confidential information, as it applies to the confidentiality of electric procurement data (that may be market sensitive) submitted to the Commission.

20. SCE requests that selected exhibits be given confidential treatment pursuant to GO 66-C and D.06-06-066.

21. We have granted similar requests for confidential treatment in the past.

22. SCE requests that the confidential version of its Application, as well as confidential Testimony included with its Application and Update, be filed under seal pursuant to Rule 11.4.

Conclusions of Law

1. The Commission should adopt SCE's Updated 2016 ERRRA forecast revenue requirement of \$3.783 billion.

2. SCE's proposed electric sales forecast, forecasted rates and calculation of the 2016 ERRRA, CAM and fuel and purchased power expenses are reasonable and in compliance with applicable Commission decisions and requirements.

3. The Commission should find reasonable, SCE's calculation of the departing load resulting from the Lancaster CCA. SCE appropriately forecasts the net GHG allowance proceeds available for customers in 2016 using the methodology approved in D.14-10-033. Based on the available allowance proceeds, SCE appropriately calculates a semi-annual residential California Climate Credit of \$38.00 per household in 2016.

4. The 2014 recorded GHG outreach and administrative expenses are reasonable.

5. The 2016 forecast of GHG outreach and administrative expenses are reasonable for the purpose of forecasting allowance proceeds available for customers.

6. Motions filed by SCE, Lancaster and PAC to have exhibits received into evidence should be granted.

7. SCE's request that the public and confidential versions of its Application, Testimony and Exhibits included with its Application and Update be received into evidence should be granted.

8. SCE's request for confidential treatment of redacted versions of SCE's Application, Testimony and Exhibits included with its Application and Update, should be granted pursuant to Rule 11.5, GO 66-C and D.06-06-066.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company is authorized to recover a total 2016 electric procurement cost revenue requirement forecast of \$3.783 billion, consisting of its: Generation Service forecast of \$3,840 million (consisting of Fuel and Purchased Power forecast revenue requirement of \$3,851 million, reduced by estimated net generator refunds as of December 31, 2015 of \$1.1 million, and one-half of the Energy Resource Recovery Account Balancing Account forecast revenue requirement reduction to be amortized over two years, which is a reduction in 2016 of \$358.6 million and greenhouse gas (GHG) Cap-and-Trade costs of \$349 million) and a reduction in its Delivery Service forecast revenue requirement of \$56.7 million (consisting of New System Generation of \$473 million, a reduction in its New System Generation Balancing Account balance of \$150 million, spent Nuclear Fuel revenue requirement of \$6.2 million, and return of GHG allowance proceeds of \$392.4 million and Public Purpose Programs revenue of \$6.7 million).

2. Southern California Edison Company's forecast Energy Resource Recovery Account forecasts must be in compliance with all applicable Commission decisions and requirements.

3. Southern California Edison's 2016 forecast of available GHG allowance proceeds is adopted. Southern California Edison is authorized to update its

small business California Climate Credit rate and issue a semi-annual residential California Climate Credit of \$38.00 per household.

4. In future ERRA proceedings, Southern California Edison Company shall submit, as part of its Application or November Update material, estimated rate information organized by class and functional rate component, comparable to that provided to the City of Lancaster in Exhibit LCE-1.

5. Southern California Edison Company's confidential versions of its Application, Testimony and Exhibits included with its Application and, November 6 Update to its Application, are granted confidential treatment for a period of three years from the date of this order. During this three year period, this information shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling. If Southern California Edison Company 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. The confidential portions of the record, consisting of Southern California Edison Company's Application, Testimony and Exhibits included with its Application and November 12 Update to its Application are sealed, pursuant to Rule 11.5 of the Commission's Rules of Practice and Procedure.

7. Application 15-05-007 is closed.

This order is effective today.

Dated December 17, 2015, at San Francisco, California.

MICHAEL PICKER

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

LIANE M. RANDOLPH

Commissioners