Decision **PROPOSED DECISION OF ALJ POIRIER** (Mailed 3/20/2026)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) to Establish Marginal Costs, Allocate Revenues, and Design Rates.	Application 24-03-019

DECISION REGARDING SOUTHERN CALIFORNIA EDISON COMPANY'S APPLICATION TO ESTABLISH MARGINAL COSTS, ALLOCATE REVENUES AND DESIGN RATES

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Attachment A - Approved Settlement Agreements

DECISION REGARDING SOUTHERN CALIFORNIA EDISON COMPANY'S APPLICATION TO ESTABLISH MARGINAL COSTS, ALLOCATE REVENUES AND DESIGN RATES

Summary

This decision addresses Southern California Edison Company's 2024 General Rate Case Phase 2 proceeding.

This decision approves nine settlement agreements: (1) the Marginal Cost and Revenue Allocation Settlement Agreement, (2) the Amended Streetlight and Traffic Control Rate Group Settlement Agreement, (3) the Small Commercial Rate Design Settlement Agreement, (4) the Master Meter Rate Design Settlement Agreement, (5) the Residential Rate Design Settlement Agreement, (6) the Agricultural and Pumping Rate Group Design Settlement Agreement, (7) the Large Power Rate Group Rate Design Settlement Agreement, (8) the Economic Development Rate Settlement Agreement, and (9) the Electric Vehicle Rate Design Settlement Agreement. This decision denies approval of the Vehicle to Grid Rate Proposal Settlement Agreement. This decision approves Southern California Edison Company's uncontested proposals.

This decision does not adopt Southern California Edison Company's PRIME Plus proposal, The Utility Reform Network's proposal to increase the baseline allowance or Solar Energy Industries Association's proposal regarding transmission marginal costs.

This proceeding is closed.

1. Background

On March 29, 2024, Southern California Edison Company (SCE) filed its 2024 General Rate Case Phase 2 Application (Application) seeking Commission

approval of proposed marginal costs, revenue allocation to various customer classes, and rate design. On April 8, 2024, notice of SCE's Application appeared on the Commission's daily calendar.

The Center for Accessible Technology (CforAT) filed a protest to SCE's Application on April 29, 2024. Small Business Utilities Advocates (SBUA) filed a response to SCE's Application on May 7, 2024. On May 8, 2024, The Utility Reform Network (TURN), Solar Energy Industries Association (SEIA), Energy Producers and Users Coalition (EPUC), California Large Energy Consumers Association (CLECA), California Farm Bureau Federation (CFBF), and Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed protests to SCE's Application. The Vehicle-Grid Integration Coalition (VGIC) and EVgo Services LLC (EVgo) filed responses on May 8, 2024. On May 20, 2024, SCE filed a reply to the protests and responses.

SCE filed an Amended Application and supporting testimony on August 26, 2024. SCE indicated that the Amended Application is identical to the application submitted on March 29, 2024, except for the updated Table III-1.[1]

A prehearing conference was held on June 3, 2024 and the Assigned Commissioner's Scoping Memo and Ruling was issued on November 1, 2024. The Administrative Law Judge (ALJ) issued rulings granting motions to extend the procedural schedule on March 26, 2025 and June 10, 2025.

Parties were able to resolve a majority of the issues in the proceeding, with the following ten settlement agreements submitted for approval.

[1] Amended Application at 6.

1. The Marginal Cost and Revenue Allocation Settlement Agreement;[2]
2. The Amended Streetlight and Traffic Control Rate Group Settlement Agreement;[3]
3. The Small Commercial Rate Design Settlement Agreement;[4]
4. The Master Meter Rate Design Settlement Agreement;[5]
5. The Residential Rate Design Settlement Agreement;[6]
6. The Agricultural and Pumping Rate Group Design Settlement Agreement;[7]
7. The Large Power Rate Group Rate Design Settlement Agreement;[8]
8. The Vehicle to Grid Rate Proposal Settlement Agreement;[9]
9. The Economic Development Rate Settlement Agreement;[10]
10. The Electric Vehicle Rate Design Settlement Agreement.[11]

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[2] Joint Motion for Adoption of the Marginal Cost and Revenue Allocation Settlement Agreement.

[3] Motion of SCE and CALSLA for Adoption of the Amended Streetlight and Traffic Control Rate Group Settlement Agreement.

[4] Joint Motion for Adoption of the Small Commercial Rate Design Settlement Agreement.

[5] Motion of SCE and WMA for Adoption of the Master Meter Rate Design Settlement Agreement.

[6] Joint Motion of for Adoption of the Residential Rate Design Settlement Agreement.

[7] Motion of SCE and CFBF for Adoption of the Agricultural and Pumping Rate Group Rate Design Settlement Agreement.

[8] Joint Motion for Adoption of Large Power Group Rate Design Settlement Agreement.

[9] Joint Motion for Adoption of the Vehicle to Grid Rate Proposal Settlement Agreement.

[10] Joint Motion for Adoption of the Economic Development Rate Settlement Agreement.

[11] Joint Motion for Adoption of the Electric Vehicle Rate Design Settlement Agreement.

Nine of the settlements were unopposed, with only the Vehicle to Grid Rate Proposal Settlement opposed by Cal Advocates.

On October 6, 2025, the parties filed a joint motion for admission of evidence into the evidentiary record and filed an amendment to that motion on October 17, 2025. A ruling granting the motion for admission of evidence into the evidentiary record was issued on October 29, 2025.

Only three contested issues remained due to the settlement agreements. Parties agreed that evidentiary hearings were not needed and that they would brief the issues.[12] Opening briefs on the remaining contested issues were filed on November 3, 2025 by Cal Advocates, SCE, SEIA and TURN. Reply Briefs were filed on November 24, 2025 by Cal Advocates, SCE, SEIA and VGIC.

This matter was submitted on December 20, 2025, which was the last day for the receipt of comments on the Amended Streetlight and Traffic Control Rate Group Settlement Agreement.

2. Issues Before the Commission

The issues in this proceeding are whether each of the ten settlements comply with the requirements of Rule 12 of the Commission's Rules of Practice and Procedure (Rules) for approval of a settlement and adequately resolve the issues scoped in this proceeding.

Additionally, the Commission must determine whether to approve the contested proposals: (1) SCE's PRIME Plus proposal, (2) TURN's proposal to

[12] *See* TURN August 12, 2025 Response at 1.

increase the baseline allowance, and (3) SEIA's proposal regarding transmission marginal costs.

This decision addresses all issues scoped into the proceeding and closes the proceeding.

3. Discussion and Analysis

This decision addresses the ten settlement agreements submitted by the parties as well as the three contested issues.

3.1. Proposed Settlement Agreements

In order to approve a settlement under Rule 12.1, the Commission must find that the settlement is reasonable in light of the whole record, consistent with the law, and in the public interest. In reviewing these factors, the Commission evaluates whether: (1) the record of filed documents in the proceeding is sufficient, (2) the settlement was reached after careful analysis of the issues by each party involved, all of whom are knowledgeable and experienced regarding the subject matter of the proceeding and (3) the settlement includes detailed instructions regarding implementation of its terms.[13] The Commission has found that a proposed settlement is reasonable if it "adopts a result in the range of reasonableness in the context of the allegations and the strength of evidence, and as weighed against the significant risk, expense, complexity, and length of further proceedings."[14]

[13] Decision 17-03-005 at 5-6; D.06-08-024 at 8.

[14] D.19-10-033 at 19.

Ten settlements were submitted for approval in his proceeding addressing a broad range of issues. We address each of the ten settlements individually below.

3.1.1. Marginal Cost and Revenue Allocation Settlement Agreement

On June 30, 2025, SCE, Cal Advocates, the California City County Street Light Association (CALSLA), the California Manufacturers & Technology Association (CMTA), CFBF, CLECA, Energy Users Forum, EPUC, SBUA, SEIA, TURN and Walmart Inc. (Walmart) filed a motion requesting that the Commission adopt the Marginal Cost and Revenue Allocation Settlement Agreement. The motion indicates that the settlement agreement resolves all issues raised with respect to marginal cost and revenue allocation in this proceeding. No party filed comments either opposing or supporting the settlement agreement.

3.1.1.1 Summary of the Settlement Agreement

The Marginal Cost and Revenue Allocation Settlement Agreement resolves issues regarding: (1) Generation Capacity Marginal Costs (GCMCs), (2) Generation Marginal Energy Cost (MEC), (3) Customer Marginal Costs Methods, (4) Distribution Design Demand Marginal Costs (DDMC), (5) sales forecast, (6) capping and collaring, (7) wildfire-related revenue requirement and (8) Unit Marginal Prices (UMP).

The settlement agreement adopts a GCMC of $132.72/kW-year. The settling parties agree to use SCE's Capacity Allocation Tool to spread the GCMC across time-of-use (TOU) periods and allocate the GCMC based a proportion of

peak demand versus the need for flexible capacity (60 percent peak/40 percent flexible).[15]

As to MEC, the settling parties agree to defer to the Commission-adopted 2024 Avoided Cost Calculator (ACC) based values, with appropriate timestamp mapping to SCE's TOU periods.[16] The settling parties assert that this approach avoids the need to adjudicate competing production cost models and assumptions, but uses a transparent, forward-looking framework already adopted by the Commission for related ratemaking and programmatic purposes.

As to the Customer Marginal Costs Methods, the settling parties agree to adopt SCE's Real Economic Carrying Charge-based MCACs from its 2024 marginal cost study for all customer classes for purposes of cost allocation.[17] The settling parties state that this proposed Real Economic Carrying Charge methodology aligns with existing rate structures and long-standing Commission practice and is intended to avoid volatility tied to short-term customer growth projections.

As to DDMC, the settlement agreement adopts Marginal Distribution Capacity Costs (MDCC) values based on SCE's 2024 marginal cost study, including SCE's proposed peak/grid functionalization and allocation methods.[18]

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[15] Joint Motion for Adoption of the Marginal Cost and Revenue Allocation Settlement Agreement at 9.

[16] *Id.* at 9.

[17] *Id.* at 12.

[18] *Id.* at 10.

The settlement agreement does not expand the scope of MDCCs to include non-capacity-related investments and does not adopt alternative peak-load specifications proposed by other parties.

For the sales forecast, the settling parties agree to use the approved sales forecast from SCE's 2024 Energy Resource Recovery Account (ERRA) application proceeding as an input to SCE's revenue allocation model to translate the settled marginal cost values into illustrative marginal cost revenues and class average rates.[19] The settlement agreement utilizes the consolidated October 1, 2024 revenue requirement and associated 2024 sales forecast for illustrative purposes because SCE's authorized revenue requirements and Commission-approved sales forecast at the time of implementation are not yet known. When rates are implemented, the revenue allocation will be updated using SCE's actual authorized revenue requirements and the applicable Commission-approved sales forecast, consistent with the allocation methods, functional allocators, and collaring provisions adopted in the settlement agreement.[20]

As to capping and collaring, the settlement agreement agrees to collars for several areas. For delivery revenues it specifies collars of +4.0 percent and −6.0 percent around the System Average Percentage Change (SAPC). Generation revenues for bundled service customers will be subject to collars of approximately +0.97 percent and −1.9 percent. The settling parties indicate that

[19] *Id.* at 10.

[20] *Id.* at 10.

the proposed collaring values fall within the range of party proposals and will promote rate stability.[21]

For the wildfire-related revenue requirement, the settling parties agree to a two-part "Special Allocator" to allocate wildfire-related revenue requirement across rate groups in a manner that balances the principles of cost causation, equity, and rate stability.[22] Under the settlement agreement, 21.5 percent of wildfire-related revenue requirement will be allocated using the distribution allocator, which reflects each rate group's relative contribution to distribution system costs based on distribution billing determinants such as non-coincident peak demand, customer counts, and energy usage. This allocation is intended to recognize that a share of wildfire-related costs is causally related to the ownership, operation, and maintenance of the electric distribution system, including infrastructure investments and vegetation management activities that vary by customer class characteristics and usage of the distribution network. The remaining 78.5 percent of wildfire-related revenue requirement will be allocated using the SAPC methodology, which assigns costs in proportion to each rate group's share of total system revenues. This allocation is intended to spread most wildfire-related costs broadly across customers to promote gradualism and mitigate undue bill impacts on any single class.

The settlement agreement preserves existing allocation factors for previously securitized wildfire costs adopted in prior Commission financing

[21] *Id.* at 10.

[22] *Id.* at 12.

orders, while adjusting the allocation of non-securitized wildfire costs such that the combined revenues collected from each class—securitized and non-securitized—remain consistent with the Special Allocator percentages.[23] The settling parties agree that the Special Allocator should be updated annually during the term of the settlement agreement to reflect changes in sales, billing determinants, and class revenue shares, with the distribution and SAPC components recalculated using updated Commission-approved forecasts and revenue data, and applied to both existing and newly authorized wildfire-related revenue requirement until the next GRC Phase 2 revenue allocation proceeding.

As to UMP, separate from the set of unit marginal costs used for the purposes of revenue allocation and rate setting in this proceeding, the settling parties agree to a set of unit marginal costs that will be used as UMP where specific rate components are set at their marginal cost levels for developing rates based on marginal cost and for other pricing applications where GRC Phase 2 marginal cost values are used.[24] The settling parties agree that the UMP will be used in all rate-making proceedings where rates and pricing are designed based on marginal costs. They also agree that in all cases where applicable, the UMP values will be incorporated within a revenue neutral rate design inclusive of applicable non-bypassable charges. These UMP values will be updated in each GRC Phase 2 cycle.

[23] *Id.* at 12.

[24] *Id.* at 13.

3.1.1.2. Rule 12.1 Analysis

The settling parties assert that the settlement agreement is reasonable in light of the whole record, consistent with law, and in the public interest.[25]

The settling parties assert that the settlement agreement is reasonable in light of the record citing: (1) the prepared testimony, (2) the Marginal Cost and Revenue Allocation Settlement Agreement, and (3) the joint motion for adoption of the settlement agreement.[26] They indicate that prior to entering into the settlement agreement, parties conducted discovery and served testimony on the issues related to streetlight and traffic control rate design issues and that the settlement agreement is a reasonable compromise of party positions.

The settling parties contend that the terms of the settlement agreement comply with all applicable statutes and prior Commission decisions, and reasonable interpretations thereof. They also state that in agreeing to the terms of the settlement agreement, they have explicitly considered the relevant statutes and Commission decisions and believe that the Commission can approve the settlement agreement without violating applicable statutes or prior Commission decisions.[27]

The settling parties state that settlement agreement is in the public interest and in the interest of SCE's customers. They also argue that the settlement agreement benefits the public by fairly resolving issues and providing certainty to customers regarding present and future costs. They contend that adoption of

[25] *Id.* at 8.

[26] *Id.* at 9.

[27] *Id.* at 14.

the settlement agreement would avoid the cost of further litigation, and conserve Commission resources for other proceedings.[28]

We find that the Marginal Cost and Revenue Allocation Settlement Agreement meets the requirements of Rule 12.1. We find the settlement agreement is reasonable in light of the whole record, consistent with the law, and in the public interest. The record contains sufficient information to find that the settlement agreement is reasonable in light of the record. Additionally, the settlement agreement appears to be consistent with the law and compliant with all applicable statutes and prior Commission decisions. Lastly, the settlement agreement is in the public interest because it results in a reasonable compromise and avoids the cost of further litigation. Therefore, we grant the motion for approval of the Marginal Cost and Revenue Allocation Settlement Agreement and grant authority for the implementation of the terms of the settlement agreement, which is in Attachment A to this decision.

3.1.2. Amended Streetlight and Traffic Control Rate Group Settlement Agreement

On June 30, 2025, SCE and CALSLA filed a motion requesting that the Commission adopt the Streetlight and Traffic Control Rate Group Settlement Agreement. SCE and CALSLA filed a motion to adopt an amended version of the settlement agreement on November 20, 2025. SCE and CALSLA indicate that the amended settlement agreement is substantively identical to the original settlement agreement, but also "includes an additional term explicitly allowing

[28] *Id.* at 14.

incidental safety-related devices to be installed on traffic signal poles."[29] The amended settlement agreement resolves non-allocated revenues, rate design and tariff matters for streetlight and traffic control rate schedules. No party filed comments either opposing or supporting the original or the amended settlement agreement.

3.1.2.1 Summary of the Settlement Agreement

As to non-allocated revenues, SCE and CALSLA agree that the non-allocated revenues specifically assigned to the Streetlight Rate Group will be set initially at $89.99 million. SCE and CALSLA further agree that once the settlement agreement is implemented, SCE will maintain the non-allocated revenue requirement at the agreed level but will increase the facilities charges by five percent. SCE will collect any balance of non-allocated revenues via distribution energy charges in the Unmetered Rate Schedules. SCE and CALSLA also agree that the increases to the facilities charges in attrition years will be capped at five percent in any given year.[30]

SCE and CALSLA agree to set energy charges residually after non-energy charges are computed and to use marginal costs and usage characteristics to set the energy rates. With respect to customer charges, they agree to use the Real Economic Carrying Cost methodology as the basis to set the monthly charges for Schedules AL-2 and LS-3. For Schedule TC-1, the settlement agreement allows

[29] Motion of SCE and CALSLA for Adoption of the Amended Streetlight and Traffic Control Rate Group Settlement Agreement at 2.

[30] *Id.* at 5.

SCE to collect a maximum of 27 percent of allocated revenue via the customer charge. SCE and CALSLA also agree to clarify the TC-1 tariff to explicitly allow for the installation of incidental safety-related devices on traffic signal poles, which will ensure compliance and support public safety infrastructure without materially impacting rates or revenue.[31]

The settlement agreement maintains the structure of the LS-1, Option E (LED Conversion) and that SCE, pursuant to law, will continue incremental facilities charges for existing LED conversions. SCE and CALSLA support ending SCE's Dimmable Streetlight Pilot Study and do not introduce a dimmable streetlight rate option. The settlement agreement also maintains the current approach to ancillary device rate design, which assesses the customer charge on a per customer account basis for customers taking service on Schedule Wireless Technology Rate.[32]

3.1.2.2. Rule 12.1 Analysis

SCE and CALSLA assert that the amended settlement agreement is reasonable in light of the whole record, consistent with law, and in the public interest.[33]

SCE and CALSLA assert that the settlement agreement is reasonable in light of the record citing: (1) the prepared testimony, (2) Amended Streetlight and Traffic Control Rate Group Settlement Agreement, and (3) the joint motion

[31] *Ibid.*

[32] *Id.* at 6.

[33] *Ibid.*

for adoption of the settlement agreement.[34] They indicate that prior to entering into the amended settlement agreement, the parties conducted discovery and served testimony on the issues related to streetlight and traffic control rate design issues and that the amended settlement agreement is a reasonable compromise of party positions.

SCE and CALSLA contend that the terms of the amended settlement agreement comply with all applicable statutes and prior Commission decisions, and reasonable interpretations thereof. They also state that in agreeing to the terms of the amended settlement agreement, the SEC and CALSLA have explicitly considered the relevant statutes and Commission decisions and believe that the Commission can approve the amended settlement agreement without violating applicable statutes or prior Commission decisions.[35]

SCE and CALSLA state that amended settlement agreement is in the public interest and in the interest of SCE's customers because its treatment of non-allocated revenues helps ensure more manageable bill impacts upon initial implementation, and then rate stability across the attrition years. Additionally, SCE and CALSLA indicate that a rate designed for distribution pole-mounted streetlights, "potentially offers more meaningful customer choice while remaining faithful to cost-causation principles."[36] SCE and CALSLA also argue that the amended settlement agreement benefits the public by fairly resolving

[34] *Ibid.*

[35] *Id.* at 7.

[36] *Id.* at 7.

issues and providing certainty to residential customers regarding present and future costs. They contend that adoption of the amended settlement agreement would avoid the cost of further litigation, and conserve Commission resources.

We find that the Amended Streetlight and Traffic Control Rate Group Settlement Agreement meets the requirements of Rule 12.1. The amended settlement agreement is reasonable in light of the whole record, consistent with the law, and in the public interest. The record contains sufficient information to find that the amended settlement agreement is reasonable in light of the record. Additionally, the amended settlement agreement appears to be consistent with the law and compliant with all applicable statutes and prior Commission decisions. Lastly, the amended settlement agreement is in the public interest because it results in a reasonable compromise and avoids the cost of further litigation. Therefore, we grant the motion for approval of the Amended Streetlight and Traffic Control Rate Group Settlement Agreement and grant authority for the implementation of the terms of the amended settlement agreement, which is in Attachment A to this decision.

3.1.3. Small Commercial Rate Design Settlement Agreement

On August 2, 2025, SCE, Cal Advocates, SBUA and CFBF filed a motion requesting Commission approval of the Small Commercial Rate Design Settlement Agreement. The settling parties indicate that the settlement agreement resolves all issues raised with respect to small commercial rate design in this proceeding. No party filed comments either opposing or supporting the settlement agreement.

3.1.3.2. Summary of the Settlement Agreement

The Small Commercial Rate Design Settlement Agreement addresses the three main contested issues in this proceeding related to small commercial rate design. First, the settling parties agreed to set the fixed charge at a level of $17.09 per month, which will remain at that level over the attrition years. The TOU-GS-2 customer charge will be set at $232.74 per month, which will remain fixed at this level over the attrition years. Second, the settling parties agreed to setting a seasonal differential of $0.3149/kWh for distribution and $0.0400 /kWh for generation. Third, the settling parties agreed to update the length and frequency of critical peak pricing (CPP) events to allow for 20 events per year, to remove two categories[37] of customers from the program, and to communicate changes regarding their removal. The settlement agreement converts CPP to an opt-in program versus the current default rate option, moving forward.[38]

The settlement agreement also adopts several uncontested proposals related to small commercial rate design, including: (1) SCE's proposal to continue offering the same options under Schedules TOU-GS-1 and TOU-GS-2, Standby, and GS-APS-E Options, (2) SCE's proposed inclusion of approximately 100 TOU-GS-2 customers to its Budget Billing Plan program, and (3) SCE's proposal to continue to provide eligible food banks with a 20 percent line-item discount.

[37] The two categories are: (1) non-performers - customers who generate less than $20 in net annual savings) and (2) structural benefitters – customers who show higher than average usage on event days compared to average usage on non-event days for two consecutive years.

[38] Joint Motion for Adoption of the Small Commercial Rate Design Settlement Agreement at 3.

3.1.3.3. Rule 12.1 Analysis

The settling parties assert that the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

The settling parties assert that the settlement agreement is reasonable in light of the record citing: (1) the prepared testimony, (2) Small Commercial Rate Design Settlement Agreement, and (3) the joint motion for adoption of the settlement agreement. They indicate that prior to entering into the settlement agreement, parties conducted discovery and served testimony on the issues related to small commercial rate design and that the settlement agreement is a reasonable compromise of party positions.[39]

The settling parties contend that the terms of the Small Commercial Rate Design Settlement Agreement comply with all applicable statutes and prior Commission decisions, and reasonable interpretations thereof. They also state that in agreeing to the terms of the settlement agreement, they have explicitly considered the relevant statutes and Commission decisions and believe that the Commission can approve the settlement agreement without violating applicable statutes or prior Commission decisions.[40]

The settling parties maintain that adoption of the Small Commercial Rate Design Settlement Agreement is in the public interest. They state that the settlement agreement is supported by parties that fairly represent the interests of small commercial customers at issue in this proceeding and reflects a reasonable

[39] *Id.* at 5.

[40] *Id.* at 6.

compromise of those parties' positions. The settling parties also argue that the settlement agreement benefits the public by fairly resolving issues and providing certainty to small commercial customers regarding present and future costs. They further contend that adoption of the settlement agreement would avoid the cost of further litigation, and conserve Commission resources.[41]

We find that the Small Commercial Rate Design Settlement Agreement meets the requirements of Rule 12.1. We find the settlement agreement is reasonable in light of the whole record, consistent with the law, and in the public interest. The record contains sufficient information to find that the settlement agreement is reasonable in light of the record. Additionally, the settlement agreement appears to be consistent with the law and compliant with all applicable statutes and prior Commission decisions. Lastly, the settlement agreement is in the public interest because it results in a reasonable compromise and avoids the cost of further litigation. Therefore, we grant the motion for approval of the Small Commercial Rate Design Settlement Agreement and grant authority for the implementation of the terms of the settlement agreement, which is in Attachment A to this decision.

3.1.4. Master Meter Rate Design Settlement Agreement

On August 12, 2025, SCE and Western Manufactured Housing Community Association (WMA) filed a motion for the Commission to adopt the Master Meter Rate Design Settlement Agreement. SCE and WMA indicate that the settlement agreement resolves all issues raised with respect to master meter rate design in

[41] *Id.* at 7.

this proceeding. No party filed comments either opposing or supporting the settlement agreement.

3.1.4.2. Summary of the Settlement Agreement

The Master Meter Rate Design Settlement Agreement includes a submetering discount of $0.426/space/day and a total discount of $0.367/space/day, which are based on single-family costs.[42] The settling parties agree to an estimated Diversity Benefit Adjustment (DBA) of -$0.059 per space per day is determined using a methodology proposed by SCE and based on the revenue requirement and the residential rate structures proposed in this settlement agreement.[43] SCE and WMA indicate that a final DBA will be established upon implementation of rates in the Residential Rates Design Settlement Agreement based on the agreed upon methodology and the current revenue requirements and residential rates.

SCE and WMA agree that the DBA will remain fixed over the attrition years once set. However, they specify that parties will have the option to review the DBA and propose changes to the DBA if significant changes to the methodology used to determine baseline allowance are adopted in any proceeding.[44] SCE and WMA agree that the uncontested proposals regarding tiered rate differentials and incremental baseline allowance amount for

[42] Motion of SCE and WMA for Adoption of the Master Meter Rate Design Settlement Agreement at 3.

[43] *Ibid.*

[44] *Id.* at 4.

residential customers with heat pump water heaters should be approved as presented in testimony.[45]

3.1.4.3. Rule 12.1 Analysis

SCE and WMA assert that the settlement agreement is reasonable in light of the whole record, consistent with law, and in the public interest.

SCE and WMA argue that the record contains sufficient information for a Commission finding that settlement agreement is reasonable in light of the record, citing: (1) the prepared testimony, (2) the Master Meter Rate Design Settlement Agreement, and (3) the joint motion for adoption of the settlement agreement. They indicate that the settlement agreement represents a reasonable compromise of the settling parties' positions after extensive discovery and testimony.[46]

SCE and WMA state that the terms of the Master Meter Rate Design Settlement Agreement are consistent with the law and comply with all applicable statutes and prior Commission decisions, and reasonable interpretations thereof. They also state that in agreeing to the terms of the settlement agreement, SCE and WMA have explicitly considered the relevant statutes and Commission decisions and believe that the Commission can approve the settlement agreement without violating applicable statutes or prior Commission decisions.[47]

SCE and WMA maintain that adoption of the Master Meter Rate Design Settlement Agreement is in the public interest. They state that the settlement

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[45] *Id.* at 5.

[46] *Ibid.*

[47] *Id.* at 6.

agreement is supported by parties that fairly represent the affected interests at issue in this proceeding and reflects a reasonable compromise of those parties' positions. SCE and WMA also argue that the settlement agreement benefits the public by fairly resolving issues and providing certainty to master meter customers regarding present and future costs. They further contend that adoption of the settlement agreement would avoid the cost of further litigation, and conserve Commission resources.[48]

We find that the Master Meter Rate Design Settlement Agreement meets the requirements of Rule 12.1. We find the settlement agreement is reasonable in light of the whole record, consistent with the law, and in the public interest. The record contains sufficient information to find that the settlement agreement is reasonable in light of the record. Additionally, the settlement agreement appears to be consistent with the law and compliant with all applicable statutes and prior Commission decisions. Lastly, the settlement agreement is in the public interest because it results in a reasonable compromise and avoids the cost of further litigation. Therefore, we grant the motion for approval of the Master Meter Rate Design Settlement Agreement and grant authority for the implementation of the terms of the settlement agreement, which is in Attachment A to this decision.

3.1.5. Residential Rate Design Settlement Agreement

On August 12, 2025, SCE, Cal Advocates, CforAT, SEIA and TURN filed a joint motion requesting Commission adoption of the Residential Rate Design Settlement Agreement. The settling parties indicate that the settlement

[48] *Ibid.*

agreement resolves all issues raised with respect to residential rate design in this proceeding. No party filed comments either opposing or supporting the settlement agreement.

3.1.5.2. Summary of the Settlement Agreement

The settlement agreement addresses various residential rate design issues. It agrees that SCE's uncontested residential rate design issues proposals should be approved as presented in testimony. The settlement agreement also addresses various contested issues, as detailed below.

First, settling parties agree to maintain the current incremental baseline allowance increase for residential customers with heat pump water heaters.

Second, they agree to adjust the TOU Period Rate differentials in each year of the transitory period by moving ¼ of the required adjustment to reach 80 percent of the settled marginal cost ratios over a four-year period.[49] These adjustments will occur on October 1st of each year concurrent with SCE's seasonal rate change, starting October 1, 2026, then on October 1, 2027, October 1, 2028, and concluding on October 1, 2029.

Third, the settlement agreement retains the current seasonal differentials for the TOU-D-4-9PM rate at 1 cent per kWh, but moves the TOU ratios closer to settled marginal cost levels by increasing the TOU differentials in each year of the transitory period by moving ¼ of the requirement adjustment to reach 80 percent of the settled marginal cost level over four years. For the TOU-D-5-8PM rate, the settlement agreement adopts a seasonal differential of 3 cents per kWh,

[49] Joint Motion of for Adoption of the Residential Rate Design Settlement Agreement at 4.

and moves TOU ratios closer to settled marginal cost levels by increasing the TOU differentials in each year of the transitory period by moving ¼ of the required adjustment to reach 80 percent of the settled marginal cost level over four years.[50] Under the settlement agreement, the movement of the TOU differentials towards their marginal cost levels will occur over a four-year glide-path to reduce any potential adverse customer impacts, with the adjustments occurring on October 1st of each year concurrent with SCE's seasonal rate change, starting October 1, 2026, then on October 1, 2027, October 1, 2028, and concluding on October 1, 2029.

Fourth, the settlement agreement increases the seasonal differential for the TOU-D-PRIME rate from 2.4 cents per kWh to 6 cents per kWh and moves the TOU ratios closer to settled marginal cost levels by increasing the TOU differentials in each year of the transitory period by moving ¼ of the required adjustment to reach 100 percent of the settled marginal cost level.[51] The movement of the TOU differentials towards their marginal cost levels will occur over a four-year glide-path to reduce any potential adverse customer impacts, with the adjustments occurring on October 1st of each year concurrent with SCE's seasonal rate change, starting October 1, 2026, then on October 1, 2027, October 1, 2028, and concluding on October 1, 2029.

[50] *Ibid.*

[51] *Id.* at 5.

Fifth, the settlement agreement confirms that the medical discount will be available to both PRIME and PRIME Plus customers, if PRIME Plus is adopted.[52]

Lastly, the settlement agreement calls for an examination of customer enrollment in the current residential heat pump water heater baseline allowance and an evaluation of the estimated changes in usage for participating customers. SCE will include the results of the evaluation in its testimony for the next GRC Phase 2. SCE will also include recommendations for any changes to the incremental heat pump water heater baseline allowance calculation, amount, mechanism, or implementation.[53]

3.1.5.2. Rule 12.1 Analysis

The settling parties assert that the Residential Rate Design Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest.

The settling parties maintain that the record contains sufficient information for a Commission finding that settlement agreement is reasonable in light of the record, citing to: (1) the prepared testimony, (2) the Residential Rate Design Settlement Agreement, and (3) the joint motion for adoption of the settlement agreement. They indicate that the settlement agreement represents a reasonable compromise of the settling parties' positions after extensive discovery and testimony.[54]

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[52] *Ibid.*

[53] *Id.* at 6.

[54] *Id.* at 7.

The settling parties state that the terms of the Residential Rate Design Settlement Agreement are consistent with the law and comply with all applicable statutes and prior Commission decisions, and reasonable interpretations thereof. They also state that in agreeing to the terms of the settlement agreement, the settling parties have explicitly considered the relevant statutes and Commission decisions and believe that the Commission can approve the settlement agreement without violating applicable statutes or prior Commission decisions.[55]

The settling parties contend that adoption of the Residential Rate Design Settlement Agreement is in the public interest. They state that the settlement agreement is supported by parties that fairly represent the affected interests at issue in this proceeding and reflects a reasonable compromise of those parties' positions. The settling parties also argue that the settlement agreement benefits the public by fairly resolving issues and providing certainty to residential customers regarding present and future costs. They further contend that adoption of the settlement agreement would avoid the cost of further litigation, and conserve Commission resources for other proceedings.[56]

We find that the Residential Rate Design Settlement Agreement meets the requirements of Rule 12.1. The settlement agreement is reasonable in light of the whole record, consistent with the law, and in the public interest. The record contains sufficient information to find that the settlement agreement is reasonable in light of the record. Additionally, the settlement agreement appears

[55] *Id.* at 8.

[56] *Ibid.*

to be consistent with the law and compliant with all applicable statutes and prior Commission decisions. Lastly, the settlement agreement is in the public interest because it results in a reasonable compromise and avoids the cost of further litigation. Therefore, we grant the motion for approval of the Residential Rate Design Settlement Agreement and grant authority for the implementation of the terms of the settlement agreement, which is in Attachment A to this decision.

3.1.6. Agricultural and Pumping Rate Group Rate Design Settlement Agreement

On August 19, 2025, SCE and CFBF filed a motion for the Commission to adopt the Agricultural and Pumping Rate Group Rate Design Settlement Agreement. SCE and CFBF indicate that the settlement agreement resolves all issues raised with respect to agricultural and pumping tariff matters and rate design issues in this proceeding. No party filed comments either opposing or supporting the settlement agreement.

3.1.6.2. Summary of the Settlement Agreement

The major issues resolved in the settlement agreement include: (1) Common Rate Design Elements and Agricultural and Pumping Rate Options; (2) Time Management Load Control Devices and (3) Pump Testing Program Proposal.

The settlement agreement maintains that the common rate design elements and agricultural and pumping rate options will generally consist of some combination of Customer Charges, TOU or seasonal Energy Charges, Time-Related Demand (TRD) and Facilities-Related Demand (FRD) Charges. SCE and CFBF agree that agricultural and pumping customers served at higher voltage

delivery levels than the design voltage level for their rate class will continue to receive a voltage discount reflecting their lower cost of service.[57] They agree that the discount levels will be established based on the difference in marginal costs of service between the design or predominant voltage level for a given rate class and the higher voltage service options. SCE and CFBF also agree to maintain the current methodology for the determination of the power factor adjustment rates.

As to the time management load control devices, SCE and CFBF agree to discontinue support of time management load control devices and to disable active time management load control devices from their corresponding meter following a final decision in this proceeding.[58] As to the pump testing program proposal, the settlement agreement adopts CFBF's proposal for a credit program available to eligible agricultural and pumping customers to test their pumps during the winter season. Initially, only a limited number of those customers within the TOU-PA-2 customer class will be eligible.[59]

3.1.6.3. Rule 12.1 Analysis

SCE and CFBF assert that the Agricultural and Pumping Rate Group Rate Design Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest.

SCE and CFBF argue that the record contains sufficient information for a Commission finding that settlement agreement is reasonable in light of the

[57] Motion of SCE and CFBF for Adoption of the Agricultural and Pumping Rate Group Rate Design Settlement Agreement at 5.

[58] *Id.* at 7.

[59] *Id.* at 8 and 12.

record, citing to: (1) the prepared testimony, (2) the Agricultural and Pumping Rate Group Rate Design Settlement Agreement, and (3) the joint motion for adoption of the settlement agreement. They indicate that the settlement agreement represents a reasonable compromise of the settling parties' positions after extensive discovery and testimony.[60] SCE and CFBF indicate that they carefully considered the impact to agricultural customers who had modified operations and made investments to adapt to the legacy TOU periods and the operational challenges unique to agricultural customers that have been required in the adjustment to the new TOU periods adopted in D.18-07-006. They state that the agreement reached on the tariff matters and rate design issues balance the continued transition to new costs and structures without penalizing the class of customers for good-faith investments.

SCE and CFBF state that the terms of the Agricultural and Pumping Rate Group Rate Design Settlement Agreement are consistent with the law and comply with all applicable statutes and prior Commission decisions, and reasonable interpretations thereof. They also state that in agreeing to the terms of the settlement agreement, they have explicitly considered the relevant statutes and Commission decisions and believe that the Commission can approve the settlement agreement without violating applicable statutes or prior Commission decisions.[61]

[60] *Id.* at 10.

[61] *Id.* at 12.

SCE and CFBF maintain that adoption of the Agricultural and Pumping Rate Group Rate Design Settlement Agreement is in the public interest. They state that the settlement agreement is supported by parties that fairly represent the affected interests at issue in this proceeding and reflects a reasonable compromise of those parties' positions. SCE and CFBF also argue that the settlement agreement benefits the public by fairly resolving issues and providing certainty to agricultural customers regarding present and future costs. They further contend that adoption of the settlement agreement would avoid the cost of further litigation, and conserve Commission resources for other proceedings.[62]

We find that the Agricultural and Pumping Rate Group Rate Design Settlement Agreement meets the requirements of Rule 12.1. The settlement agreement is reasonable in light of the whole record, consistent with the law, and in the public interest. The record contains sufficient information to find that the settlement agreement is reasonable in light of the record. Additionally, the settlement agreement appears to be consistent with the law and compliant with all applicable statutes and prior Commission decisions. Lastly, the settlement agreement is in the public interest because it results in a reasonable compromise and avoids the cost of further litigation. Therefore, we grant the motion for approval of the Agricultural and Pumping Rate Group Rate Design Settlement Agreement and grant authority for the implementation of the terms of the settlement agreement, which is in Attachment A to this decision.

[62] *Id.* at 6.

3.1.7. Large Power Group Rate Design Settlement Agreement

On August 25, 2025, SCE, CLECA, Energy Users Forum (EUF), SEIA, EPUC, Electrify America, LLC, Walmart, and CMTA filed a motion for the Commission to adopt the Large Power Group Rate Design Settlement Agreement. The settling parties indicate that the settlement agreement resolves all issues raised with respect to large power group rate design issues in this proceeding. No party filed comments either opposing or supporting the settlement agreement.

3.1.7.2. Summary of the Settlement Agreement

The settlement agreement resolves issues related to: (1) demand charges, (2) non-standby rate design, (3) standby rate design, (4) real-time pricing (RTP) rate options, (5) reliability back-up service rate design, (6) demand response credits, (7) departing load non-bypassable charges and (8) attrition year changes.

The settlement agreement resolves demand charge issues, including TRD and FRD charges. As to the TRD, the settlement agreement continues to collect most generation capacity costs for each class via TRD Charges for Option D base rate. The settlement agreement continues application of the Option D base rate in the summer on-peak period and the winter mid-peak period, and also continues to establish distribution TRD Charges in both the summer on-peak and winter mid-peak periods.[63] The settling parties agree to an Option E rate that offers a lower generation TRD Charge compared to Option D and has no

[63] Joint Motion for Adoption of Large Power Group Rate Design Settlement Agreement at 3.

distribution TRD Charge. As to FRD charges, the settlement agreement maintains Options D and E that include a non-coincident FRD Charge to recover certain allocated delivery revenues.[64]

The settlement agreement includes several rate designs for Large Power Non-Standby customers.

As to Option D for TOU-GS-3, the settlement agreement continues the TOU periods adopted by D.18-07-006 and establishes a customer charge of $1,140.50 per month. For distribution rate design, the settlement agreement includes: (1) a summer on-peak TRD charge that recovers summer on-, mid- and five percent of off-peak capacity costs; (2) a winter mid-peak TRD charge that recovers all winter peak capacity costs; (3) TOU energy charges to recover ninety-five percent of summer off-peak capacity costs across all TOU periods and (4) the use of an FRD charge to recover grid-related costs. For generation rate design, the settling parties agree that summer on-peak costs will be recovered via the Summer on-peak TRD charge and all winter capacity costs will be recovered via winter mid-peak TRD charges. The settlement agreement includes summer mid- and off-peak capacity costs in summer on- and mid-peak energy charges, while generation energy costs are recovered via volumetric TOU energy charges.[65] The settlement also adopts SCE's uncontested proposal to maintain the current eligibility requirements for Option D for TOU GS-3.[66]

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[64] *Id.* at 4.

[65] *Ibid.*

[66] GS-3 includes commercial and industrial rate group customers with demands above 200 kW up 500 kW.

As to Option D for TOU-8-Sec and TOU-8-Pri, the settlement agreement continues the TOU periods adopted by D.18-07-006 and establishes a customer charge of $2,514.50 per month for TOU-8-Sec and $313.25 per month for TOU-8-Pri. For distribution rate design, the settlement agreement includes: (1) a summer on-peak TRD charge that recovers summer on-, mid- and five percent of off-peak capacity costs, (2), a winter mid-peak TRD charge that recovers all winter peak capacity costs; (3) TOU energy charges to recover 95 percent of summer off-peak capacity costs across all TOU periods, and (4) the use of an FRD charge to recover Grid-related costs.[67] For TOU-8-Sec and TOU-8-Pri generation rate design, the settling parties agree that summer on-peak costs will be recovered via the Summer on-peak TRD charge and all winter capacity costs will be recovered via winter mid-peak TRD charges. The settlement agreement includes summer mid- and off-peak capacity costs in summer on- and mid-peak energy charges, while generation energy costs are recovered via volumetric TOU energy charges. The settlement also adopts SCE's uncontested proposal to maintain the current eligibility requirements for Option D TOU-8-Sec and TOU-8-Pri customers, which includes commercial and industrial customers with demands over 500 kW, but excludes certain large water pumping and agricultural customers.

As to Option D for TOU-8-Sub, the settlement agreement continues the TOU periods adopted by D.18-07-006 and establishes a customer charge of

[67] Joint Motion for Adoption of Large Power Group Rate Design Settlement Agreement at 7.

$8,512.50 per month. For distribution rate design, the settlement agreement includes: (1) a summer on-peak TRD charge that recovers summer on-peak capacity costs; (2) a winter mid-peak TRD charge that recovers all winter mid-peak capacity costs; and (3) an FRD charge that recovers grid-related costs and summer mid- and off-peak and winter off- and super off-peak capacity costs (no distribution costs are recovered via energy charges).[68] For TOU-8-Sub generation rate design, the settling parties agree that summer on-peak costs will be recovered via the Summer on-peak TRD charge and all winter capacity costs will be recovered via winter mid-peak TRD charges. The settlement agreement includes summer mid- and off-peak capacity costs in summer on- and mid-peak energy charges, while generation energy costs are recovered via volumetric TOU energy charges. The settlement also adopts SCE's uncontested proposal to maintain the current eligibility requirements for Option D TOU-8 Sub, which includes commercial and industrial customers with demands over 500 kW, but excludes certain large water pumping and agricultural customers.

As to Option E for TOU-GS-3, Option E the settlement agreement continues the inclusion of a customer charge, adjusted to recover a portion of the final line transformer costs in the grid distribution demand charge. Generation energy costs will be recovered via TOU energy charges. For generation rate design, a TRD charge will be incorporated that is set at 25 percent of the Standby Backup Demand Charge with the balance of revenues recovered via TOU energy charges. For distribution rate design, 60 percent of revenues (excluding the

[68] *Ibid.*

customer charge revenues) will be recovered via TOU energy charges using SCE's as-proposed peak load risk factor, 30 percent via a FRD charge and 10 percent via flat energy charges. The settling parties also agree that an energy rate scalar will be applied to the TOU-GS-3 Option E energy charge to capture some of the revenue responsibility shift associated with customers participating in Option E. The energy scalar is set to recover twenty-five percent of the revenue responsibility shift within the TOU-GS-3 Option E customer group. The scalar will remain fixed during the attrition years once established during the implementation of the 2025 GRC Phase 2 Decision. Lastly, the settlement adopts SCE's uncontested proposal to maintain the current eligibility requirements for Option E–TOU-GS-3 customers (commercial and industrial customers with demands of 200 kW and up to 500 kW) which includes no eligibility restrictions and exempts customers with DER technologies from standby charges.

As to Option E TOU-8-Sec, TOU-8-Pri and TOU-8-Sub, the settling parties agree to maintain SCE's current rate design and eligibility requirements. The existing eligibility requirements include a participation cap.[69]

As to CPP Option rate design, the settlement agreement maintains the currently effective CPP rates, which include the following program changes adopted in D.18-07-006 and D.21-03-056: (1) Option CPP will no longer be the default rate option for eligible large commercial customers (2) CPP event periods shall coincide with the current TOU peak periods, (3) the CPP event charge is $0.80/kWh and (4) bill protection will be offered to customers for up to one

[69] *Id.* at 10.

year.[70] The setting parties also agree to allow large customers with behind-the-meter solar generation facilities who meet the requirements of D.17-01-006 and D.17-10-018 to be eligible for the legacy rate options (A, B, or R) until the end of their legacy periods. The settlement agreement does not include any structural changes to the legacy rate options.[71]

The settlement agreement includes several rate designs for large power standby customers. For TOU-8-S and TOU-8-RTP-S standby customers, the rate designs will be aligned with the changes for the Option D rates and SCE will continue to apply the algorithm adopted in D.16-03-030 to determine Standby Demand and Supplemental Contract Capacity. The settlement agreement maintains an alternate TOU-8-S option for Renewable Energy Self-Generation Bill Credit Transfer generating accounts. The settling parties agree that TOU-GS-3 standby customers with demands are 500 kW or lower will be served on rate schedules within their applicable rate groups with rider charges for standby service. They agree that standby capacity reservation charge shall be the lesser of the FRD Charge that is based on the customer's otherwise applicable tariff or the standby capacity reservation charge specified for the TOU-8-S-Sec rate class. For standard standby service, the underlying base service will be taken on Option D. The settlement agreement indicates that Renewable Energy Self-Generation Bill

[70] *Id.* at 11.

[71] *Id.* at 12.

Credit Transfer customers with demands of 500 kW or lower can continue to take Standby service on an underlying Option E rate.[72]

The settlement agreement maintains the RTP rate options as modified in D.18-07-006. The settling parties agree to continue the current treatment for Reliability Back-Up Service Rate Design (TOU-8-RBU) with updates to reflect marginal-cost-based changes made to Option D.

The settling parties agree that the Departing Load Non-Bypassable Charges (Schedule DL-NBC) tariff will be updated to reference Public Utilities Code Sections 2827 to 2827.10 to clarify that all renewable resources eligible for net energy metering (NEM) as defined in statute are treated consistently.

As to demand response credits, the settlement agreement adopts SCE's current rate structures and rate designs associated with SCE's demand response programs. The settling parties agree that base interruptible program credits will continue to be provided based on the difference between the customer's average on- and mid-peak demand and firm service level.[73]

As to attrition year changes, the settling parties agree that when SCE's authorized revenues change in the future, it will first adjust rate levels for the default rate schedules using a functional SAPC adjustment and then rebalance optional rate levels to ensure revenue neutrality between the default rate schedule and the optional rate schedules within each rate class.[74]

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[72] *Id.* at 13.

[73] *Id.* at 14.

[74] *Ibid.*

3.1.7.2 Rule 12.1 Analysis

The settling parties assert that the Large Power Group Rate Design Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest.

The settling parties argue that the record contains sufficient information for a Commission finding that settlement agreement is reasonable in light of the record, citing to: (1) the prepared testimony, (2) the Large Power Group Rate Design Settlement Agreement, and (3) the joint motion for adoption of the settlement agreement. They indicate that the settlement agreement represents a reasonable compromise of the settling parties' positions after extensive discovery and testimony.[75]

The settling parties state that the terms of the Large Power Group Rate Design Settlement Agreement are consistent with the law and comply with all applicable statutes and prior Commission decisions, and reasonable interpretations thereof. They also state that in agreeing to the terms of the settlement agreement, they have explicitly considered the relevant statutes and Commission decisions and believe that the Commission can approve the settlement agreement without violating applicable statutes or prior Commission decisions.[76]

The settling parties maintain that adoption of the Large Power Group Rate Design Settlement Agreement is in the public interest. They state that the

[75] *Id.* at 15.

[76] *Id.* at 17.

settlement agreement is supported by parties that fairly represent the affected interests at issue in this proceeding and reflects a reasonable compromise of those parties' positions. Ther settling parties also argue that the settlement agreement benefits the public by fairly resolving issues and providing certainty to large power customers regarding present and future costs. They further contend that adoption of the settlement agreement would avoid the cost of further litigation, and conserve Commission resources for other proceedings.[77]

We find the Large Power Rate Design Settlement Agreement is reasonable in light of the whole record, consistent with the law, and in the public interest. The settlement agreement is reasonable in light of the whole record, consistent with the law, and in the public interest. The record contains sufficient information to find that the settlement agreement is reasonable in light of the record. Additionally, the settlement agreement appears to be consistent with the law and compliant with all applicable statutes and prior Commission decisions. Lastly, the settlement agreement is in the public interest because it results in a reasonable compromise and avoids the cost of further litigation. Therefore, we grant the motion for approval of the Large Power Rate Design Settlement Agreement and grant authority for the implementation of the terms of the settlement agreement, which is in Attachment A to this decision.

[77] *Ibid.*

3.1.8. The Vehicle to Grid Rate Proposal Settlement Agreement

On September 5, 2025, SCE, Calstart, Inc., SBUA, SEIA and VGIC filed a motion for the Commission to adopt the Vehicle to Grid Rate Proposal Settlement Agreement. The settling parties indicate that the settlement agreement resolves issues with respect to Vehicle to Grid Rate Proposal (VGRP) in this proceeding. Cal Advocates filed comments on October 6, 2025 opposing the settlement agreement.[78] The settling parties filed reply comments on October 27, 2025.

3.1.8.2. Summary of the Settlement Agreement

The settlement agreement adopts a VGRP Program, which is a new retail program designed to unlock the potential of electric vehicles (EV) as bidirectional energy resources. The VGRP is intended to enable Electric Vehicle Resources (EVRs) to export energy back to the grid. The VGRP will be offered for two types of EVR arrangements: (1) standalone systems (referred to herein as Option 1) and (2) paired systems (referred to herein as Option 2).

The settling parties agreed that export compensation for the VGRP will reflect the "average hourly weekday and weekend ACC Energy Export Credits, consistent with Schedule Net Billing Tariff (NBT) for bidirectional EVRs under

[78] Cal Advocates included arguments regarding the Vehicle to Grid Rate Proposal Settlement Agreement in its opening brief. We do not consider or afford weight to these arguments. Any arguments regarding a proposed settlement agreement should be limited to formal comments on that settlement. The ALJ provided guidance on the issues that should be addressed in briefs in a ruling issued on October 3, 2025.

VGRP Rate Option 1 and Rate Option 2 when paired in a NEM or NBT arrangement."[79] The settlement agreement indicates that the energy export credit (EEC) pricing for unbundled customers will only reflect the delivery EEC components similar to the billing structure of unbundled NBT customers.

The settling parties also agree that on the following metering requirements for Rate Option 2 EVRs: (1) NBT customers must install either a non-export relay or a power control system to limit discharge from the stationary storage system only when energy exports are detected at the primary meter, or prevent the use of imported energy from the grid to charge the stationary storage system and (2) NEM and NEM-ST customers must install an EVR net generation output meter, or approved EV submeter compliant with a Commission-adopted EV submetering protocol, to measure the EVR bidirectional flow of energy..[80]

The settlement agreement makes VGRP available to bundled and unbundled residential and non-residential customers as a rider to electrification rates, TOU rates, or dynamic pricing rates. For residential customers, the settlement agreement sets an initial program participation cap at 100,000, but SCE can request an increase to the cap via a Tier 2 Advice Letter. The settlement agreement does not set a cap for non-residential customers.[81]

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[79] Joint Motion for Adoption of the Vehicle to Grid Rate Proposal Settlement Agreement at 5.

[80] *Ibid.*

[81] *Id.* at 6.

3.1.8.3. Rule 12.1 Analysis

The settling parties assert that the Vehicle to Grid Rate Proposal Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest.

The settling parties argue that the record contains sufficient information for a Commission finding that settlement agreement is reasonable in light of the record, citing to: (1) the prepared testimony, (2) Vehicle to Grid Rate Proposal Settlement Agreement and (3) the joint motion for adoption of the settlement agreement. They indicate that the settlement agreement represents a reasonable compromise of the settling parties' positions after extensive discovery and testimony.[82]

Cal Advocates argues that the record of the proceeding is insufficient to evaluate the reasonableness of using the ACC to determine export credits. Cal Advocates contends that the use of the ACC is improper because it does not currently comply with the Demand Flexibility Design Principles adopted in D.23-04-040 by offering forecasted average avoided costs and failing to account for the dynamic value of electricity exports under the changing, current grid conditions.[83] Cal Advocates further emphasizes that use of the ACC is problematic because it "relies on static projections and historical trends that do not capture real-time or locational grid conditions."[84]

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[82] *Id.* at 7.

[83] Cal Advocates Comments on Vehicle to Grid Rate Proposal Settlement Agreement at 3; *see* D.23-04-040 at 16.

[84] Cal Advocates Comments on Vehicle to Grid Rate Proposal Settlement Agreement at 4.

Cal Advocates asserts that the Commission should not set EV export rates using the ACC until it has studied: "(1) the accuracy and cost-effectiveness of ACC-based, versus real-time marginal-cost-based, credits in reflecting marginal costs; (2) customer preferences and behaviors regarding export rates; and (3) customer export flexibility under different compensation structures."[85] They state that without evaluation of these study results, there is a considerable risk of under- or over-compensating EV owners without reflecting the dynamic value of their exports.[86] Cal Advocates recommends expanding the existing dynamic rate pilots and continuing to test export credits based on a dynamic price signal until the use of the ACC to set net export EV rates is properly vetted.[87]

In response to Cal Advocates' comments, the settling parties indicate that their testimony supports that ACC-based compensation would support vehicle-to-grid adoption.[88] They argue that Cal Advocates has not cited record to support that the export credit mechanism may undermine vehicle-to-grid adoption.[89]

The settling parties assert that the terms of the settlement agreement are consistent with the law and comply with all applicable statutes and prior Commission decisions, and reasonable interpretations thereof. They also state

[85] *Ibid.*

[86] *Ibid.*

[87] *Ibid.*

[88] Joint Reply to Cal Advocates Comments on the Vehicle to Grid Rate Proposal Settlement Agreement at 10.

[89] *Ibid.*

that in agreeing to the terms of the settlement agreement, the settling parties have explicitly considered the relevant statutes and Commission decisions and believe that the Commission can approve the settlement agreement without violating applicable statutes or prior Commission decisions.[90]

In its comments, Cal Advocates states that the settlement agreement's use of ACC is not consistent with Commission intent, arguing that the ACC was intended as an input for calculating the cost effectiveness of programs and not ascertaining compensation values. Cal Advocates emphasizes that the Commission authorized use of the ACC to evaluate the cost effectiveness of energy efficiency, distributed generation programs, demand response programs and all planning and policy applications.[91] Cal Advocates indicates that the Commission's use of the ACC for ratemaking mechanism is limited to the NBTs and "using the ACC to establish [vehicle-to-grid rate] export credits would depart from Commission precedent and extend the ACC beyond its intended purpose."[92]

In response to Cal Advocates' comments, the settling parties maintain that the use of the ACC settlement agreement is consistent with Commission precedent and policy. They indicate that the VGRP in the settlement agreement

[90] Joint Motion for Adoption of the Vehicle to Grid Rate Proposal Settlement Agreement at 8.

[91] Cal Advocates Comments on Vehicle to Grid Rate Proposal Settlement Agreement at 2.

[92] *Ibid.*

is consistent with Commission decisions and state policy supporting grid reliability and greenhouse gas reductions.[93] The settling parties point to D.22-12-056 as precedent, where the Commission found that "export pricing based on the ACC balances a host of interests, including transparency and ensuring costs and benefits are approximately equal."[94] They dispute Cal Advocates' characterization of D.22-12-056 as "a one-off application", arguing that the decision does not support this characterization, and has findings that supports that the ACC is equally applicable to the VGRP or NBTs.[95]

The settling parties further note that in D.22-12-056 the Commission rejected an identical claim by Cal Advocates that the ACC is not intended for use in ratemaking. They also contend that the proposed VGRP is consistent with both standards that the Commission established in D.22-12-056 for rate designs intended for Distributed Energy Resource applications because the VGRP is a net billing rate structure with export compensation based on the ACC.[96] The settling parties also indicate that the Commission also accepted use of the ACC as a forecast of avoided costs in D.25-08-049, where it determined that the ACC values were an appropriate option for Marginal Generation Capacity Costs (MGCCs) and that alignment with the NBTs was a key consideration.[97]

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[93] Joint Reply to Cal Advocates Comments on the Vehicle to Grid Rate Proposal Settlement Agreement at 5.

[94] *Id.* at 10.

[95] *Id.* at 6.

[96] *Ibid.*

[97] *Id.* at 7.

The settling parties maintain that adoption of the Vehicle to Grid Rate Proposal Settlement Agreement is in the public interest. They state that the settlement agreement is supported by parties that fairly represent the affected interests at issue in this proceeding and reflects a reasonable compromise of those parties' positions. The settling parties also argue that the settlement agreement benefits the public by fairly resolving issues and providing certainty to customers regarding present and future costs. They further contend that adoption of the settlement agreement would avoid the cost of further litigation, and conserve Commission resources for other proceedings.[98]

In its comments, Cal Advocates argues that the settlement agreement is not in the public interest because using the ACC does not adequately balance the interests of customers due to risks of: (1) misaligning compensation with actual system needs, (2) discouraging efficient customer behavior and (3) undermining vehicle-to-grid adoption.[99] Cal Advocates asserts that the Commission should not set EV export rates using the ACC until it has studied: "(1) the accuracy and cost-effectiveness of ACC-based, versus real-time marginal-cost-based, credits in reflecting marginal costs; (2) customer preferences and behaviors regarding export rates; and (3) customer export flexibility under different compensation structures."[100] Cal Advocates states that without evaluation of these study results, there is a considerable risk of under- or over-compensating EV owners

[98] Joint Motion for Adoption of the Vehicle to Grid Rate Proposal Settlement Agreement at 8.

[99] Cal Advocates Comments on the Vehicle to Grid Rate Proposal Settlement Agreement at 4.

[100] *Ibid.*

without reflecting the dynamic value of their exports. Cal Advocates indicates it would be in the public interest to expand existing demand response pilots, such as the dynamic rate pilots authorized in D.24-01-034, until the ACC can be properly vetted for potential use in setting export rates.[101]

In response to Cal Advocates' comments, the settling parties reiterate that the settlement agreement is in the public interest. They argue that Cal Advocates' preferred export compensation option, to expand the dynamic rate pilots, is inconsistent with the Commission's direction and, therefore, is inappropriate for the VGRP export rate.

The settling parties also contend that Cal Advocates' recommendation is based on a mistaken understanding of how customers with energy exports are compensated under the dynamic rate pilots. They emphasize that hourly dynamic rates only apply to the dynamic portion of the load and that "for exports, NEM and NEM-ST customers receive their respective retail level compensation and NBT customers receive compensation based on the ACC."[102] The settling parties assert that the export compensation for VGRP in the settlement agreement is consistent with the compensation received by NBT customers.

The settling parties also state that existing statutes and regulations shaped the settlement agreement because they "restrict deviations from the current

[101] *Id.* at 5.

[102] *Ibid.*

methods of export compensation for NEM/NEM-ST and NBT customers."[103] They also contend that that the settlement agreement benefits the public by avoiding cost shifts to non-participating customers and using existing systems and processes.

We do not find that the Vehicle to Grid Rate Proposal Settlement Agreement meets the requirements of Rule 12.1 because the settlement agreement is not reasonable in light of the whole record, not consistent with the law, and not in the public interest. We agree with Cal Advocates that it is not reasonable in light of the whole record or in the public interest to set EV export rates using the ACC until the Commission has thoroughly evaluated issues that include, but are not limited to: (1) the accuracy and cost-effectiveness of ACC-based, versus real-time marginal-cost-based, credits in reflecting marginal costs; (2) customer preferences and behaviors regarding export rates; and (3) customer and broader distributed energy resource export flexibility under different compensation structures. The record also does not substantiate that cost shifts to non-participants would be avoided.

We are also concerned that adopting an export rate using the ACC without further evaluation presents a significant risk of under- or over-compensating EV owners without reflecting the value of their exports. There is also risk to ratepayers, who, in the scenario of overpayment, could have upward pressure on electric rates, or if there was underpayment, could fail to maximize load shifting potential from these resources for the grid. Until such an evaluation is

[103] *Id.* at 12.

completed, existing dynamic pricing pilots approved in D.24-01-032 should be utilized. Therefore, we deny the motion for approval of the Vehicle to Grid Rate Proposal Settlement Agreement.

3.1.9. Economic Development Rate Settlement Agreement

On September 11, 2025, SCE, SBUA, CLECA, Walmart, CMTA, Energy Users Forum and TURN filed a motion for the Commission to adopt the Economic Development Rate Settlement Agreement. The settling parties indicate that the settlement agreement resolves all issues raised with respect to economic development rate design issues in this proceeding. No party filed comments either opposing or supporting the settlement agreement.

3.1.9.2. Summary of the Settlement Agreement

The Settling Parties agree to a new portfolio approach for the general economic development rates that calls for discount revenues and incremental load revenues to be allocated within these three respective portfolios: (1) Portfolio 1 – Small: TOU-GS-1 rate schedule; (2) Portfolio 2 – Small/Medium: TOU-GS-2 and TOU-GS-3 rate schedules and (3) Portfolio 3 - Large Power: TOU-8-SEC, -PRI, -SUB rate schedules.

The settling parties agree that discount and incremental load revenues will be allocated to the customers on the rate schedules in each portfolio. The revenues for each portfolio will be added together to determine the amount of the economic development rate discount that the schedules within each portfolio shall fund. The settling parties emphasize that the new portfolio approach will

not affect rates for other customers, with the economic development rate discounts being funded by customers on the rate schedules in each portfolio.[104]

The settling parties also agree to changes for small customers, raising the demand limits from 150 kW to 200 kW and the cap on participating small customers from 20 to 60. They also agree to a participation cap of ten incremental customers in the large customer TOU-8-SUB group, with the total cap over the cycle being the sum of existing large customer TOU-8-SUB customers and the incremental cap.[105] The settlement agreement raises the economic development rate discount from 12 percent to 20 percent and allows new participation economic development rate until the implementation of a successor program. The settlement agreement raises the program's MW cap from 200 MW to 300 MW.[106] In order for new economic development rate applicants with loads greater than 60 MW to participate in the program, they must have a full-time equivalent employee to load ratio greater than or equal to 1.0.

Lastly, the settling parties agree to a limited economic development rate program for eligible host site customers while they are supporting the 2028 Olympic Games. This limited economic development rate discount program will have the same portfolio approach as the general economic development rate program and will only allow participation on EDR-Expansion (EDR-E) for incremental load to existing businesses. The incremental load must be at least

[104] Joint Motion for Adoption of the Economic Development Rate Settlement Agreement at 5.

[105] *Id.* at 6.

[106] *Ibid.*

150 kW. LA28, the local organizers of the Olympic Games, will identify the incremental load resulting from the Olympic Games at the existing customer service locations.

3.1.9.3. Rule 12.1 Analysis

The settling parties assert that the Economic Development Rate Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest.

The settling parties argue that the record contains sufficient information for a Commission finding that settlement agreement is reasonable in light of the record, citing to: (1) the prepared testimony, (2) Economic Development Rate Settlement Agreement and (3) the joint motion for adoption of the settlement agreement. They indicate that the settlement agreement represents a reasonable compromise of the settling parties' positions after extensive discovery and testimony.[107] The settling parties emphasize that it also reasonable because of its many safeguards against cost-shifting, including the "liquidated damages provision for fraud and misrepresentation, the overall program cap of 300 MW, the requirement to submit most business cases both to SCE and to The Governor's Office of Business and Economic Development (Go-BIZ), and the expansion of the "But For" affidavit to all contract types."[108] They also indicate that the settlement agreement is reasonable because it prevents other customer

[107] *Id.* at 8.

[108] *Ibid.*

classes from being negatively affected by allocating the discounts and the incremental revenue to the specific rate schedules in each portfolio.

The settling parties assert that the terms of the Economic Development Rate Settlement Agreement are consistent with the law and comply with all applicable statutes and prior Commission decisions, and reasonable interpretations thereof. They also state that in agreeing to the terms of the settlement agreement, the settling parties have explicitly considered the relevant statutes and Commission decisions and believe that the Commission can approve the settlement agreement without violating applicable statutes or prior Commission decisions.[109]

The settling parties maintain that adoption of the Economic Development Rate Settlement Agreement is in the public interest. They state that the settlement agreement is supported by parties that fairly represent the affected interests at issue in this proceeding and reflects a reasonable compromise of those parties' positions. The settling parties also argue that the settlement agreement benefits the public by fairly resolving issues and providing certainty to customers regarding present and future costs. They further contend that adoption of the settlement agreement would avoid the cost of further litigation, and conserve Commission resources for other proceedings.[110]

We find that the Economic Development Rate Settlement Agreement meets the requirements of Rule 12.1. The settlement agreement is reasonable in

[109] *Ibid.*

[110] *Ibid.*

light of the whole record, consistent with the law, and in the public interest. The record contains sufficient information to find that the settlement agreement is reasonable in light of the record. Additionally, the settlement agreement appears to be consistent with the law and compliant with all applicable statutes and prior Commission decisions. Lastly, the settlement agreement is in the public interest because it results in a reasonable compromise and avoids the cost of further litigation. Therefore, we grant the motion for approval of the Economic Development Rate Settlement Agreement and grant authority for the implementation of the terms of the settlement agreement, which is in Attachment A to this decision.

3.1.10. Electric Vehicle Rate Design Settlement Agreement

On September 15, 2025, SCE, Cal Advocates, Calstart, Inc., EVgo, SBUA, Electrify America, LLC, SEIA, Terawatt Infrastructure, Inc. (Terawatt), VGIC and Walmart filed a motion for the Commission to adopt the Electric Vehicle Rate Design Settlement Agreement. No party filed comments either opposing or supporting the settlement agreement.

3.1.10.2. Summary of the Settlement Agreement

The settling parties agree to follow the rate design guiding principles adopted in D.23-04-0403 and that post 2030 EV rates should be addressed in a separate proceeding, such as a Rate Design Window or new Order Instituting Rulemaking, that may include the other IOUs. They indicate that such a process "would allow for more thorough vetting before post-2030 rates are implemented

and could bring consistency across the state through adoption of common policies and rate structures for electric transportation."[111]

The settling agreement addresses several EV rate designs. The settling parties agree that the customer charge for TOU-EV-7 shall be set at $10.79 per month ($0.355 per day). They indicate that the intent of the reduced customer charge is to recover the cost of the additional meter and associated on-going customer service costs, "while recognizing that for a portion of TOU-EV-7 customers, the service point and other associated facility costs are recovered through the customer charge of the primary (main site) infrastructure."[112]

The settling parties agree to maintain the current energy-only rate structure for TOU-EV-8 and TOU-EV-9. The settlement agreement sets the customer charge for TOU-EV-8 at $232.74 per month. The monthly customer charges for TOU-EV-9 will be $1,113.65 for Secondary service, $313.25 for Primary service, and $8,512.50 for subtransmission service.[113] The settling parties indicate that any adjustments to account for customers participating in the TOU-EV-8 and TOU-EV-9 rates will contain the revenue deficiency within the individual rate class in which the deficiency exists. They agree that the energy-only rate structure will continue to be available to Direct Current Fast Charger (DCFC) customers to continue to provide stability to the developing DCFC industry. The settling parties agree that the settlement agreement does not

[111] Joint Motion for Adoption of the Electric Vehicle Rate Design Settlement Agreement at 3.

[112] *Id.* at 4.

[113] *Ibid.*

restrict the Commission from modifying TOU-EV-8 and TOU-EV-9 in any proceeding related to transportation electrification.

The settling parties emphasize that upon implementation of the settlement agreement, the customer charges in the settlement will be adjusted, as necessary, consistent with the customer charge treatment of the then-current revenues allocated to each rate group in accordance with the MCRA Settlement Agreement and specific customer charge treatment described in this Settlement Agreement or the class specific settlement agreements.[114] After this initial adjustment, the customer charges will be adjusted consistent with the base rates for their respective rate classes.

The settlement agreement also includes a load factor-based rate option applicable to TOU-EV rates to address concerns of low load factor customers once demand charges began phasing in post 2030. The rate option will convert the current three-part rate, consisting of customer charge, energy charges and demand charges, to a two-part rate consisting of customer and energy charges.[115] The new rate option will be limited to the TOU-EV-8 and TOU-EV-9 rate schedules during the initial ramp up years and participation is limited to three years from the commencement of energization. SCE will monitor the participating facilities' load factors on a monthly basis to ensure continued eligibility. The settlement agreement indicates that a facility that exceeds the load factor upper threshold for three consecutive months will be moved to the

[114] *Ibid.*

[115] *Id.* at 5.

then default EV rate option and cannot return to the rate option even if its load factor declines below the threshold.

The settlement agreement also includes a TOU-Option H schedule for the TOU-GS-2, TOU-GS-3, TOU-8-SEC rate classes that is "designed for, but not limited to, low to-medium load factor applications in the electric transportation sector and for customers with BTM stationary storage."[116] This rate structure has a Daily Peak Time-Related Demand (TRD) charge for distribution charges that is intended to capture a portion of the Peak-capacity and Grid-related costs, and an FRD exclusion window where the FRD changes do not apply from 8 a.m. to 1 p.m. The settlement agreement sets the FRD charge at 45 percent of the Option E FRD charge for TOU-8-SEC, 46 percent for TOU-GS-3 and 40 percent for TOU-GS-2 with the remainder of the Option E FRD revenues recovered in the Daily Peak-TRD charge. The settlement agreement uses a generation rate design that is identical to Option E where energy and capacity revenues are recovered via a TRD Charge set at 25 percent of the Standby Backup Demand Charge with the balance of revenues recovered via TOU Energy Charges.[117]

Lastly, the settling parties agree to modify the zero-emissions vehicle reporting requirements to provide details on customer migrations from EV rates to Option E rates.

[116] *Id.* at 6.

[117] *Id.* at 7.

3.1.10.2. Rule 12.1 Analysis

The settling parties assert that the Electric Vehicle Rate Design Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest.

The settling parties argue that the record contains sufficient information for a Commission finding that settlement agreement is reasonable in light of the record, citing to: (1) the prepared testimony, (2) Electric Vehicle Rate Design Settlement Agreement and (3) the joint motion for adoption of the settlement agreement. They indicate that the settlement agreement represents a reasonable compromise of the settling parties' positions after extensive discovery and testimony.[118]

The settling parties assert that the terms of the Electric Vehicle Rate Design Settlement Agreement are consistent with the law and comply with all applicable statutes and prior Commission decisions, and reasonable interpretations thereof. They also state that in agreeing to the terms of the settlement agreement, the settling parties have explicitly considered the relevant statutes and Commission decisions and believe that the Commission can approve the settlement agreement without violating applicable statutes or prior Commission decisions.[119]

The settling parties maintain that adoption of the Electric Vehicle Rate Design Settlement Agreement is in the public interest. They state that the settlement agreement is supported by parties that fairly represent the affected

[118] *Id.* at 8.

[119] *Id.* at 9.

interests at issue in this proceeding and reflects a reasonable compromise of those parties' positions. The settling parties also argue that the settlement agreement benefits the public by fairly resolving issues and providing certainty to customers with EVs regarding present and future costs. They further contend that adoption of the settlement agreement would avoid the cost of further litigation, and conserve Commission resources for other proceedings.[120]

We find that the Electric Vehicle Rate Design Settlement Agreement meets the requirements of Rule 12.1. The settlement agreement is reasonable in light of the whole record, consistent with the law, and in the public interest. The record contains sufficient information to find that the settlement agreement is reasonable in light of the record. Additionally, the settlement agreement appears to be consistent with the law and compliant with all applicable statutes and prior Commission decisions. Lastly, the settlement agreement is in the public interest because it results in a reasonable compromise and avoids the cost of further litigation. Therefore, we grant the motion for approval of the Electric Vehicle Rate Design Settlement Agreement and grant authority for the implementation of the terms of the settlement agreement, which is in Attachment A to this decision.

3.2. Contested Issues

Although the parties resolved a majority of the issues in this proceeding via settlement agreements, parties did not resolve the following contested issues: (1) SCE's TOU-D-PRIME Plus proposal, (2) TURN's proposal to increase the

[120] *Ibid.*

baseline allowance, and (3) SEIA's proposal regarding transmission marginal costs.

3.2.1. SCE's Prime Plus Proposal

SCE proposed the TOU-D-PRIME Plus (PRIME Plus) rate as part of its General Rate Case Phase 2 Application. PRIME Plus is a demand-based variant of SCE's existing residential PRIME rate. It is an optional, opt-in residential rate intended to serve customers with higher electricity usage due to electrification and energy storage adoption. PRIME Plus includes a Base Service Charge and a Peak Usage Charge that is based on the customer's maximum on-peak usage in the billing cycle.

According to SCE, PRIME Plus targets customers capable of shifting load away from peak periods via adoption of multiple decarbonization technologies, such as EVs, electric heating, and behind-the-meter storage. SCE asserts that PRIME Plus advances Commission rate design principles by promoting efficient price signals, marginal cost-based rates, supporting electrification, and encouraging customer behavior that benefits the grid. SCE further argues that customers who voluntarily elect to take service under PRIME Plus are likely to understand the associated rate risks and actively manage their usage in response to price signals. SCE maintains that the proposal aligns with the Commission's broader objectives related to electrification, decarbonization, load flexibility, and peak demand management.

Cal Advocates asserts that the Commission should reject SCE's TOU-D-PRIME Plus proposal. Cal Advocates argues that the proposed TOU-D-PRIME Plus rate "misaligns customer incentives with real-time grid needs and it lacks a

showing of customer demand for the rate or performance data demonstrating the benefits of the rate."[121] Cal Advocates contends that the demand charge design is flawed since it is based on the maximum on-peak demand during the billing period, when system-critical hours can occur outside of the standardized peak periods. Cal Advocates maintains that this structure would not sufficiently incentivize customers to reduce or reshape demand beyond avoiding the single maximum on-peak use event and therefore fail to adequately shift load away from peak periods as currently projected.[122] Cal Advocates recommends that the Commission require that SCE direct interested customers to the Expanded Dynamic Rate Pilot because it is more optimally designed to solicit load response to match real time conditions and enhance grid reliability.

SEIA asserts that the Commission should reject PRIME Plus proposal. SEIA also argues that PRIME Plus will not meaningfully change customer behavior and objects to the fixed charge and demand charge components. SEIA further alleges that the proposed fixed charge is inconsistent with applicable statute and the Commission' interpretation of fixed-charge authority in D.24-05-028.[123]

Both Cal Advocates and SEIA argue that SCE has not demonstrated, with record evidence, that PRIME Plus would deliver incremental load reduction beyond the existing PRIME rate.[124] They also raise concerns regarding customer

[121] Cal Advocates Opening Brief at 2.

[122] *Id.* at 3.

[123] SEIA Opening Brief at 3.

[124] Cal Advocates Opening Brief at 4; SEIA Opening Brief at 4.

comprehension of this rate structure and the absence of detailed outreach and education plans.[125]

We decline to adopt SCE's PRIME Plus proposal at this time. The Commission plans to consider proposed changes to residential time-of-use rates in an industry-wide rulemaking that provides a comprehensive forum for considering residential rate structures in California. Since we anticipate considering this issue in Rulemaking 26-04-009, we do not address the merits of the proposal in this decision.

3.2.2. TURN's Proposal to Increase the Baseline Allowance

TURN proposes that, in addition to setting baseline allowances at the maximum level allowed by statute, the Commission should direct SCE to develop adjustment factors to account for behind-the-meter usage in its calculation of baseline allowances.

TURN indicates that SCE's typical residential bills have increased by roughly 70 percent for non-California Alternate Rates for Energy (CARE) customers and nearly 60 percent for low-income customers eligible for rate assistance under CARE and Family Electric Rate Assistance Program (FERA) since January 2020.[126] TURN contends that these rate increases have driven the adoption of solar rooftops by customers who have sufficient financial resources, reducing SCE's annualized residential usage by 20 percent in a number of

[125] Cal Advocates Reply Brief at 2; SEIA Opening Brief at 7.

[126] TURN Opening Brief at 2.

climate zones.[127] TURN notes that since the number of customers rose by less than 1 percent during the same period it is likely that the increased residential rooftop solar and behind-the-meter generation is the main cause for the drop in residential usage.

TURN argues that SCE's baseline allocation process "fails to account for behind-the-meter consumption by residential NEM customers when determining average residential usage, which artificially decreases baseline allowances for residential customers that should be receiving essential service usage at the lowest pricing tier."[128] TURN contends that SCE's process leads to higher bills for non-NEM residential customers, which is inconsistent with the original intent of the baseline legislation in Public Utilities Code Section 739 and "does not advance equity, affordability, or support California's policy goals to broadly incentivize and encourage electrification."[129]

TURN recommends that the Commission direct SCE to develop adjustment factors to account for behind-the-meter usage to determine baseline allowances that are more appropriately aligned with essential service needs. TURN alleges that such an adjustment would result in ratepayer savings, with significant savings in hotter climate zones in SCE's service territory where usage reduction is difficult.[130] TURN argues that its proposal is consistent with Public Utilities Code Section 739 and that the baseline quantity was intended to account

[127] *Id.* at 3.

[128] *Id.* at 2.

[129] *Ibid.*

[130] *Id.* at 4.

for a significant level of actual monthly household energy needs.[131] TURN urges the Commission to ensure that the baseline allowances reflect the average residential electricity consumption in order to alleviate the disproportionate harm to low-and middle-income, non-NEM customers.

SCE opposes TURN's proposal to increase the baseline allowance. First, SCE argues that TURN's proposal is inconsistent with the definition of "Baseline Quantity" in Public Utilities Code Sections 739(a)(1) and 739(d)(1).[132] SCE asserts that the Public Utilities Code does not authorize the Commission to consider customer-generated energy in calculating the baseline quantities with Sections 739(a)(1) and (d)(1) specifically excluding customer-generated energy from the calculation. SCE emphasizes that the Public Utilities Code allows only the billed or consumed energy delivered by the utility to be billed at a baseline rate, which means that the baseline quantity reflects only billed or consumed energy delivered by the utility.[133] SCE contends that TURN's proposal would be inconsistent with the Public Utilities Code because it would include energy that cannot be billed by the utility because it is a percentage of energy supplied by customer-owned generation. SCE claims that TURN's proposal is unreasonable and impractical because it has the term "baseline quantity" encompassing two inconsistent concepts in these sections: (1) the total energy consumed by a

[131] *Id.* at 6.

[132] SCE Opening Brief at 8.

[133] *Id.* at 9.

customer (delivered by the utility and generated onsite) for Section 739(a)(1), and (2) only the energy delivered by the utility for Section 739(d)(1).[134]

Second, SCE contends that type of change to the baseline allowance proposed by TURN should be considered in a rulemaking.[135] SCE indicates that any change in the calculation of the baseline quantity to include customer-generated energy would not just SCE, but the other large electric investor-owned utilities, who currently only include utility-delivered energy in their baseline allocations. Since the other utilities will be affected and are not parties to this proceeding, SCE indicates "it would be more appropriate to consider TURN's proposed change in a rulemaking or other proceeding that is of general applicability to all utilities so that all impacted stakeholders can participate."[136]

Lastly, SCE argues that the lack of information regarding the drivers of the decline in annual residential usage in recent years demonstrates why TURN's proposal should not be considered in this proceeding. SCE notes that the drivers include distributed generation, energy efficiency, the COVID-19 pandemic, electrification and other factors, "but if they are not understood and accounted for, adjusting the baseline allowance would not be evidence-based or reasonable."[137] SCE contends that accounting for the factors would be a complex process and should be undertaken only in rulemaking proceeding "so all impacted parties can participate and the Commission has sufficient time to

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[134] *Ibid.*

[135] *Ibid.*

[136] *Ibid.*

[137] *Id.* at 12.

develop an adequate record and to consider the implications of adjusting the baseline allocation."[138]

We decline to adopt TURN's proposal to increase the baseline allowance. We agree with SCE that TURN's proposal is inconsistent with the definition of "Baseline Quantity" in Public Utilities Code Sections 739(a)(1) and 739(d)(1) because we agree with the interpretation that "residential consumption" refers to energy delivered to the customer, not energy generated by the customer. Furthermore, we find that TURN has identified an issue that residential solar adoption may lead to baseline quantities that do not reflect the "reasonable energy needs of the average residential customer" per Public Utilities Code Section 739(b). It is logical to extrapolate that, if occurring, this issue is not limited to SCE residential customers. As such, we also agree with SCE that it would be more appropriate to consider this matter in a rulemaking since it could affect the other large electric investor-owned utilities. The consideration of the issue in a rulemaking would allow all stakeholders potentially affected by TURN's proposal to participate and develop an adequate record.

3.2.3. SEIA's Proposal Regarding Transmission Marginal Costs

SEIA proposes that the Commission adopt Marginal Transmission Capacity Costs (MTCCs) in this proceeding. SEIA proposes the Commission: (1) adopt a MTCC of $73/kW-year in this proceeding, and (2) require SCE to present MTCC calculations in its future General Rate Case Phase 2 applications.

[138] *Ibid.*

SEIA argues that the record supports its proposed $73 per kW-year MTCC for SCE. SEIA indicates that although the record contains only SEIA's derivation of MTCCs, the amount was calculated in accordance with the Commission-approved Discounted Total Investment Method methodology, an approach approved by the Commission in D.20-04-010 for use by SCE and San Diego Gas & Electric Company (SDG&E) in calculating marginal transmission costs for use in the ACC.[139] SEIA indicates that it validated $73 per kW-year MTCC by applying the standard National Economic Research Associates regression methodology to SCE's historical and forecasted California Independent System Operator (CAISO) transmission costs.

SEIA claims that, even though transmission rates are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC), the Commission should approve the proposed MTCCs because they are already used for a variety of rate design purposes and an accurate assessment of MTCCs are warranted because their use is increasing in various areas. As an example, SEIA cites the use the IOUs' marginal transmission capacity costs in the export rates for new solar and storage customers under the NBT. SEIA emphasizes that although the Commission adopted marginal transmission capacity costs for Pacific Gas and Electric Company (PG&E) in Decision (D.) 21-11-016, the process for SCE and SDG&E is incomplete.[140] SEIA indicates that adopting an MTCC will enhance the accuracy of the upcoming proceeding to update the NBT export

[139] SEIA Opening Brief at 11.

[140] *Id.* at 9.

rates for each of the IOUs. SEIA asserts that MTCC are needed to derive an accurate transmission component of the dynamic rates that are under development pursuant to R.22-07-005.

SEIA also indicates that having an accurate assessment of SCE's MTCCs is useful to assure that the Commission has "accurate accountings of all of the IOUs' marginal costs as it increasingly moves toward the adoption of rate structures designed to incent electrification."[141] SEIA cites commercial EV rates and economic development rates as areas that would benefit.

SCE opposes SEIA's proposal, asserting that the adoption of marginal cost approaches or methodologies for FERC-jurisdictional revenue requirements proposal is not within the scope of this proceeding. SCE further states that the GRC Phase 2 is not the appropriate proceeding to alter the design of transmission retail rates because it focuses on revenue allocation and rate design associated with Commission-jurisdictional revenue requirements and rates.[142] SCE contends that the Commission should address SCE's transmission dynamic rates through the ongoing dynamic rate applications that SCE filed in 2024 and the CEC Load Management Standards.

SCE emphasizes that the "Demand Flexibility Rulemaking Track B Decision has already provided guidance to utilities with respect to allocation and rate design associated with transmission rates."[143] SCE indicates that the

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[141] *Ibid.*

[142] *Id.* at 10.

[143] D.25-08-049 at 41-48; SCE Opening Brief at 11.

guidance in the decision is applicable to base TOU rates and that it has responded with a proposal that bridges the jurisdictional gap between the Commission and the FERC. SCE contends that SEIA's proposal would increase the jurisdictional gap "by establishing transmission rates based on a MTCC value that results in a revenue requirement that is greater than the actual FERC authorized revenue requirement and by changing the allocation of costs from the FERC authorized embedded cost methodology to the Commission policy of marginal cost allocation."[144] SCE maintains that approval of SEIA's MTCC proposal may result in a cost shift since the "resulting export price will be based on a unit marginal cost value that exceeds the authorized embedded costs."[145]

Cal Advocates also opposes SEIA's proposal. First, Cal Advocates contends that SEIA's MTCC proposal is unsupported by the evidence, and relies on an unjustified assumption of $1.75 billion annual marginal cost revenue that is a significant overestimate of SCE's transmission revenue requirement of approximately $1.4 billion per year.[146] Cal Advocates emphasizes that SEIA did not provide supporting workpapers for its estimate or propose a revenue reconciliation method to ensure its MTCC results in revenue neutral rates. Cal Advocates argues that the Commission should reject SEIA's inflated MTCC because it would overstate SCE's transmission marginal cost and misalign rate design with actual cost causation.[147]

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[144] SCE Reply Brief at 14.

[145] *Id.* at 15.

[146] Cal Advocates Opening Brief at 8.

[147] Cal Advocates Reply Brief at 6.

Second, Cal Advocates asserts that SEIA's proposal is premature and duplicative of "both the Commission's ongoing Transmission and Distribution Cost Study adopted in D.24-04-010 and the Commission's guidance for electric utilities to develop MTCC values for inclusion in dynamic flexibility rates."[148] Cal Advocates notes that the Transmission and Distribution Cost Study is currently underway and scheduled for integration into the 2028 ACC update cycle and that adopting SEIA's MTCC while the study is incomplete would be "premature, inconsistent and duplicative of the efforts towards the study."[149] Cal Advocates states that the Commission has already provided guidance to encourage the development of MTCC for SCE's demand flexibility rates in D.25-08-049, which was issued in R.22-07-005, the Order Instituting Rulemaking to Advance Demand Flexibility through Electric Rates. Cal Advocates indicates that adopting SEIA's proposal would be premature and conflict with ongoing efforts to develop MTCC for SCE's dynamic flexibility rates. Cal Advocates also emphasizes that adoption of SEIA's proposal would result in multiple adopted MTCCs for SCE and lead to procedural inefficiency.[150]

Third, Cal Advocates argues the Commission should reject SEIA's proposal because it circumvents the Commission's established procedural safeguards of the formal ACC methodology update process. Cal Advocates contends that the Commission has repeatedly held "that any update to the

[148] Cal Advocates Opening Brief at 9.

[149] *Ibid.*

[150] *Id.*

ACC's transmission cost methodology must occur within the formal ACC update process, not through GRC Phase 2 proceedings, so that parties can review data and litigate assumptions."[151] Cal Advocates further notes that the Commission has already declined to adopt a similar transmission cost proposal in D.24-08-007. Cal Advocates contends that approval of SEIA's proposal would create inconsistent avoided-cost values across proceedings. Cal Advocates emphasizes that the ACC was designed for a cost-effectiveness evaluation of DER programs, and not to set retail transmission rates. Due to the nature of this evaluation, Cal Advocates stresses that using any version of the ACC's values to set retail rates would be analytically inappropriate and inconsistent with the Commission's stated purpose for the ACC framework.[152]

Lastly, Cal Advocates argues that SEIA's testimony on time differentiated transmission rates should be given no weight as it is unsupported, premature, and outside the scope of this proceeding. Cal Advocates contends that the Commission approach to time differentiated transmission rates in FERC jurisdictional transmission cases as well as any redesign of Commercial and Industrial transmission rates are outside the scope of this proceeding. [153]

In response to the arguments of SCE and Cal Advocates, SEIA maintains that its proposal for SCE's MTCC: (1) is within the scope of the proceeding, (2)

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[151] *Ibid.*

[152] Cal Advocates Opening Brief at 11; Cal Advocates Reply Brief at 6.

[153] Cal Advocates Opening Brief at 12; Cal Advocates Reply Brief at 7.

aligns with actual costs, (3) is not premature and (4) does not modify the ACC methodology.

SEIA disputes the arguments of SCE and Cal Advocates that its proposal is not within the scope of the proceeding. SEIA argues that the determination of an IOU's MTCC has previously occurred in Application 19-11-019, PG&E's GRC Phase 2 proceeding and there is no jurisdictional preclusion that prevents the Commission from considering the issue in this proceeding.[154] SEIA contends that the rationale used by the Commission in that proceeding applies here due to the increasing use of marginal transmission capacity costs in state-jurisdictional ratemaking.[155] SEIA also asserts that its proposal is limited to the adoption of SCE's MTCC and does not call for the "adoption of transmission rates or even for the Commission to address transmission rate design conceptually."[156]

SEIA maintains that its proposal aligns with actual costs and is not inflated. SEIA states that Cal Advocates' opposition is based on a "misreading" of SEIA's testimony and emphasizes that its testimony is intended to demonstrate that a substantial portion of SCE's transmission costs are peak-related.[157] SEIA clarifies that the Commission's currently-approved approved Discounted Total Investment Method calculates the MTCC by using the discounted future capital costs of the subset of future transmission projects and does not utilize SCE' overall transmission revenue requirement. SEIA stresses

[154] SEIA Reply Brief at 6.

[155] *Ibid.*

[156] *Ibid.*

[157] *Id.* at 8.

that "it is a common feature in the Commission's use of marginal cost for ratemaking that marginal cost revenues do not equal the embedded cost revenue requirement."[158]

SEIA contests Cal Advocates' argument that it would be "premature" to adopt SEIA's MTCC in this proceeding due to the ongoing Commission ordered study of the methodologies for determining avoided transmission and distribution costs used in the ACC. SEIA acknowledges that the study is underway, but emphasizes that it is intended to inform the 2028 update of the ACC, at the earliest. SEIA contends that waiting for the study results "ignores the immediate need for an up-to-date value for SCE's marginal transmission costs for use in the 2026 ACC update."[159] SEIA stresses that the avoided transmission and distribution study is an initial step and the study results will require review and additional processes, which will result in more delay when there is an immediate need for an updated MTCC for SCE to use in the 2026 ACC update process.[160]

Lastly, SEIA contests the argument that its Discounted Total Investment Method calculation does not conform with the Commission-approved methodology for determining the transmission cost for use in the ACC. SEIA asserts that it made no changes to the Discounted Total Investment Method methodology and that its update of the data to include the costs of the SCE

[158] *Id.* at 9.

[159] *Id.* at 10.

[160] *Ibid.*

reliability-related transmission projects approved by the CAISO for the 2023-2024 Transmission Plan has not been rejected by the Commission.[161] SEIA also notes that parties had a fair opportunity in this proceeding to review and comment on the its use of updated transmission cost data in calculating of SCE's MTCC.[162]

We decline to adopt SEIA's MTCC proposal. We agree with SCE and Cal Advocates that this issue is outside the specific scope of Application 24-03-019, as defined in the Assigned Commissioner's Scoping Memo and Ruling. Furthermore, we decline to adopt the proposal due to ongoing Commission efforts on the issue, including the Transmission and Distribution Costs Study authorized in D.24-04-010 that includes the derivation of a nominal MTCC value for different CAISO transmission planning zones. Additionally, the Commission has already provided guidance to utilities regarding dynamic transmission rates in D.25-08-049. Therefore, we agree with Cal Advocates that adopting SEIA's MTCC proposal while the Transmission and Distribution Cost Study is incomplete would be premature, inconsistent and duplicative of ongoing efforts to develop MTCC for SCE.

4. 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

[161] *Id.* at 11.

[162] *Id.* at 13.

summarized in the final decision issued in that proceeding. Numerous comments were submitted regarding the application. The comments generally expressed opposition to potential rate increases and emphasized the affordability challenges faced by many ratepayers.

5. Procedural Matters

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

6. Comments on Proposed Decision

The proposed decision of ALJ Marcelo Lins Poirier 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 April 9, 2026 by Calstart, Inc., the Farm Bureau, SCE[163] and VGIC, and reply comments were filed on April 14, 2026 by Cal Advocates. We have considered the comments and made modifications as appropriate.

7. Assignment of Proceeding

Karen Douglas is the assigned Commissioner and Marcelo Lins Poirier is the assigned ALJ in this proceeding.

Findings of Fact

1. The Marginal Cost and Revenue Allocation Settlement Agreement is unopposed.

[163] Section II.B, Section II.C, and Section III of these Comments were submitted by SCE only, while joint comments limited to Section II.A were submitted by VGRP Parties (CALSTART, Inc., SBUA, SCE, SEIA and VGIC).

2. The Amended Streetlight and Traffic Control Rate Group Settlement Agreement is unopposed.

3. The Small Commercial Rate Design Settlement Agreement is unopposed.

4. The Master Meter Rate Design Settlement Agreement is unopposed.

5. The Residential Rate Design Settlement Agreement is unopposed.

6. The Agricultural and Pumping Rate Group Design Settlement Agreement is unopposed.

7. The Large Power Rate Group Rate Design Settlement Agreement is unopposed.

8. The Vehicle to Grid Rate Proposal Settlement Agreement is opposed by Cal Advocates.

9. The Commission has not sufficiently evaluated various aspects of using the ACC to set EV export rates, including: (1) the accuracy and cost-effectiveness of ACC-based, versus real-time marginal-cost-based, credits in reflecting marginal costs; (2) customer preferences and behaviors regarding export rates; and (3) customer export flexibility under different compensation structures.

10. The Economic Development Rate Settlement Agreement is unopposed.

11. The Electric Vehicle Rate Design Settlement Agreement is unopposed.

12. The Commission approved funding for transmission and distribution avoided cost study in D.24-04-010. The study is currently underway and scheduled for integration into the 2028 ACC update cycle.

13. The Commission is currently considering the MTCC issue on an industry-wide, wholistic basis in R.22-11-013.

14. The Commission provided guidance to utilities with respect to allocation and rate design associated with transmission rates in D.25-08-049.

Conclusions of Law

1. The Marginal Cost and Revenue Allocation Settlement Agreement is reasonable in light of the whole record, consistent with law and in the public interest.

2. The Marginal Cost and Revenue Allocation Settlement Agreement meets the criteria for approval of settlements in Rule 12.1(d) and the Commission should grant the joint motion for approval of the settlement agreement filed on June 30, 2025.

3. The Amended Streetlight and Traffic Control Rate Group Settlement Agreement is reasonable in light of the whole record, consistent with law and in the public interest.

4. The Amended Streetlight and Traffic Control Rate Group Settlement Agreement meets the criteria for approval of settlements in Rule 12.1(d) and the Commission should grant the joint motion for approval of the settlement agreement filed on June 30, 2025.

5. The Small Commercial Rate Design Settlement Agreement is reasonable in light of the whole record, consistent with law and in the public interest.

6. The Small Commercial Rate Design Settlement Agreement meets the criteria for approval of settlements in Rule 12.1(d) and the Commission should grant the joint motion for approval of the settlement agreement filed on August 7, 2025.

7. The Master Meter Rate Design Settlement Agreement is reasonable in light of the whole record, consistent with law and in the public interest.

8. The Master Meter Rate Design Settlement Agreement meets the criteria for approval of settlements in Rule 12.1(d) and the Commission should grant the joint motion for approval of the settlement agreement filed on August 12, 2025.

9. The Residential Rate Design Settlement Agreement is reasonable in light of the whole record, consistent with law and in the public interest.

10. The Residential Rate Design Settlement Agreement meets the criteria for approval of settlements in Rule 12.1(d) and the Commission should grant the joint motion for approval of the settlement agreement filed on August 12, 2025.

11. The Agricultural and Pumping Rate Group Design Settlement Agreement is reasonable in light of the whole record, consistent with law and in the public interest.

12. The Agricultural and Pumping Rate Group Design Settlement Agreement meets the criteria for approval of settlements in Rule 12.1(d) and the Commission should grant the joint motion for approval of the settlement agreement filed on August 19, 2025.

13. The Large Power Rate Group Rate Design Settlement Agreement is reasonable in light of the whole record, consistent with law and in the public interest.

14. The Large Power Rate Group Rate Design Settlement Agreement meets the criteria for approval of settlements in Rule 12.1(d) and the Commission should grant the joint motion for approval of the Large Power Rate Group Rate Design Settlement Agreement filed on August 25, 2025.

15. The Vehicle to Grid Rate Proposal Settlement Agreement is not reasonable in light of the whole record, is not consistent with law and is not in the public interest.

16. The Vehicle to Grid Rate Proposal Settlement Agreement does not meet the criteria for approval of settlements in Rule 12.1(d) and the Commission should reject the joint motion for approval of the Vehicle to Grid Rate Proposal Settlement agreement filed on September 5, 2025.

17. The Economic Development Rate Settlement Agreement is reasonable in light of the whole record, consistent with law and in the public interest.

18. The Economic Development Rate Settlement Agreement meets the criteria for approval of settlements in Rule 12.1(d) and the Commission should grant the joint motion for approval of the settlement agreement filed on September 11, 2025.

19. The Electric Vehicle Rate Design Settlement Agreement is reasonable in light of the whole record, consistent with law and in the public interest.

20. The Electric Vehicle Rate Design Settlement Agreement meets the criteria for approval of settlements in Rule 12.1(d) and the Commission should grant the joint motion for approval of the settlement agreement filed on September 15, 2025.

21. The Commission should not adopt SCE's Prime Plus proposal at this time.

22. The Commission should not adopt TURN's proposal to increase the baseline allowance at this time.

23. The Commission should not adopt SEIA's proposal regarding transmission marginal costs at this time.

24. It is reasonable to affirm all rulings made by the assigned ALJ and assigned Commissioner in this proceeding and to deem all motions not ruled on denied.

O R D E R

IT IS ORDERED that:

1. The joint motion for approval of the Marginal Cost and Revenue Allocation Settlement Agreement filed on June 30, 2025 by Southern California Edison Company, Public Advocates Office at the California Public Utilities Commission, California City County Street Light Association, California Manufacturers & Technology Association, California Farm Bureau Federation, California Large Energy Consumers Association, Energy Users Forum, Energy Producers and Users Coalition, Small Business Utilities Advocates, Solar Energy Industries Association, The Utility Reform Network and Walmart Inc. is approved.

2. The joint motion for approval of the Amended Streetlight and Traffic Control Rate Group Settlement Agreement filed on November 20, 2025 by Southern California Edison Company and California City County Street Light Association is approved.

3. The joint motion for approval of the Small Commercial Rate Design Settlement Agreement filed on August 2, 2025 by Southern California Edison Company, Public Advocates Office at the California Public Utilities Commission, Small Business Utilities Advocates and California Farm Bureau Federation is approved.

4. The joint motion for approval of the Master Meter Rate Design Settlement Agreement filed on August 12, 2025 by Southern California Edison Company and Western Manufactured Housing Community Association is approved.

5. The joint motion for approval of the Residential Rate Design Settlement Agreement filed on August 12, 2025 by Southern California Edison Company, Public Advocates Office at the California Public Utilities Commission, The Center for Accessible Technology, Solar Energy Industries Association and The Utility Reform Network is approved.

6. The joint motion for approval of the Agricultural and Pumping Rate Group Design Settlement Agreement filed on August 19, 2025 by Southern California Edison Company and California Farm Bureau Federation is approved.

7. The joint motion for approval of the Large Power Rate Group Rate Design Settlement Agreement filed on August 25, 2025 by Southern California Edison Company, California Large Energy Consumers Association, California Manufacturers & Technology Association, Energy Users Forum, Energy Producers and Users Coalition, Small Business Utilities Advocates, Solar Energy Industries Association, Electrify America, LLC and Walmart Inc. is approved.

8. The joint motion for approval of the Vehicle to Grid Rate Proposal Settlement Agreement filed on September 5, 2025 by Southern California Edison Company, Calstart, Inc., Small Business Utilities Advocates, Solar Energy Industries Association and Vehicle-Grid Integration Coalition is denied.

9. The joint motion for approval of the Economic Development Rate Settlement Agreement filed on September 11, 2025 by Southern California Edison Company, California Manufacturers & Technology Association, California Large

Energy Consumers Association, Energy Users Forum, Small Business Utilities Advocates, Solar Energy Industries Association, The Utility Reform Network and Walmart Inc. is approved.

10. The joint motion for approval of the Electric Vehicle Rate Design Settlement Agreement filed on September 15, 2025 by Southern California Edison Company, Public Advocates Office at the California Public Utilities Commission, CALSTART, Inc., EVgo Services LLC, Small Business Utilities Advocates, Electrify America, LLC, Solar Energy Industries Association, Terawatt Infrastructure, Inc., Vehicle-Grid Integration Coalition and Walmart Inc. is approved.

11. Southern California Edison Company must submit its Consolidated Tier 1 Advice Letter to implement changes to its rates, tariffs, and rate design methodologies described in the conclusions of law of this decision for rates effective as of January 1, 2026 within 60 days of the issuance of this decision.

12. The marginal costs, revenue allocations, and rate designs authorized in this decision shall take effect no earlier than October 1, 2026.

13. All rulings made by the assigned Administrative Law Judge and assigned Commissioner in this proceeding are affirmed, and all motions not ruled on in this proceeding are deemed denied.

14. Application 24-03-019 is closed.

This order is effective today.

Dated _____, at San Francisco, California.