**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**Consumer Protection and Enforcement Division** **Resolution UEB-018**
**October 29, 2026**

# RESOLUTION

**RESOLUTION UEB-018 APPROVING ADMINISTRATIVE CONSENT ORDER AND AGREEMENT OF THE CONSUMER PROTECTION AND ENFORCEMENT DIVISION AND SOUTHERN CALIFORNIA EDISON COMPANY REGARDING SECURITY DEPOSITS**

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## PROPOSED OUTCOME:

In this Resolution, the California Public Utilities Commission (Commission) approves an Administrative Consent Order and Agreement (ACO) between the Consumer Protection and Enforcement Division (CPED) and Southern California Edison Company (SCE) to resolve all issues involving SCE's compliance with Resolutions M-4842, M-4849, UEB-006, and Decision (D.) 20-06-003 regarding customer service deposit requirements from April 1, 2020, to August 31, 2021. SCE agrees to a total penalty amount of $7,767,700.00 at shareholders' expense.

## SAFETY CONSIDERATIONS:

SCE asserts it has remediated any alleged continuing violations when it implemented its final system enhancement to permanently prevent residential customers from being billed a deposit through SCE.com in accordance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003. Accordingly, CPED finds that no safety considerations exist.

## ESTIMATED COST:

Pursuant to the ACO, SCE agrees to pay $7,767,700.00 in penalties at shareholders' expense to resolve the alleged violations, which is allocated as follows:

- $3,119,350.00 paid to residential accounts that were billed a service deposit on or after April 1, 2020;
- $3,948,350.00 paid to SCE's Energy Assistance Fund ("EAF"); and,
- $700,000.00 as penalties paid to the State of California's General Fund ("General Fund").

## SUMMARY

In this Resolution, the California Public Utilities Commission (Commission) approves an ACO, included as Attachment A, between CPED and SCE, to resolve all issues involving SCE's compliance with Resolutions M-4846, M-4849, UEB-006, and D.20-06-003 regarding customer service deposit requirements from April 1, 2020, to August 31, 2021. To resolve CPED's allegations, SCE agreed to pay a total penalty amount of $7,767,700.00. This Resolution includes an analysis of the Penalty Assessment Methodology.

## BACKGROUND

CPED, through its Utilities Enforcement Branch (UEB), is responsible for ensuring utilities' compliance with the Public Utilities Code, other relevant utility laws, and the Commission's rules, regulations, orders, and decisions.

CPED alleges that SCE billed 65,773 residential customers credit deposits totaling $10,484,895 for the establishment of service between April 1, 2020, and August 31, 2021. Of these 65,773 residential customers billed, 19,667 customers paid some or all of the deposit, totaling $2,959,208. CPED alleges that SCE violated Resolution M-4842 by billing 33,741 customers service deposits totaling $5,321,080 between April 1, 2020, and June 15, 2020. Of the 33,741 customers, 18,497 paid the deposits totaling $2,776,727. CPED alleges that SCE violated Resolution M-4842 and D.20-06-003 by billing 8,277 customers service deposits totaling $1,415,265 between June 16, 2020, and December 16, 2020. Of the 8,277 customers, 1,161 paid deposits totaling $175,971. CPED alleges that SCE violated Resolutions M-4842, UEB-006, and D.20-06-003 by billing four customers service deposits totaling $11,120 between December 17, 2020, and February 10, 2021. Two of the four customers paid the deposits totaling $3,345. CPED alleges that SCE violated Resolution M-4849, UEB-006, and D.20-06-003 by billing 14,957 customers service deposits totaling $2,362,140 between February 11, 2021, and June 30, 2021. Five of the 14,957 customers paid the deposits totaling $2,545. CPED alleges that SCE violated Resolution UEB-006 and D.20-06-003 by billing 8,794 customers service deposits totaling $1,375,290 between July 1, 2021, and August 31, 2021. Two of the 8,794 customers paid the deposits totaling $620.

CPED and SCE engaged in extensive direct settlement discussions. CPED and SCE both share the common goal of promoting and improving public safety and complying with the Commission's Orders, including Resolutions M-4846, M-4849, UEB-006, and D.20-06-003 regarding customer service deposit requirements.

## DISCUSSION

Resolution M-4846, issued in November 2020, adopted the Commission Enforcement and Penalty Policy (Enforcement Policy) and authorized Commission staff to negotiate and propose an ACO to resolve an enforcement matter, subject to review and consideration by the Commission.[1] CPED and SCE executed the attached ACO,[2] pursuant to and consistent with the Enforcement Policy, which resolves all issues related to SCE's compliance with Resolutions M-4846, M-4849, UEB-006, and D.20-06-003 regarding customer service deposit requirements from April 1, 2020 through August 31, 2021 and any enforcement action CPED might have brought related to or arising therefrom. In accordance with the Enforcement Policy, the proposed settlement between CPED and SCE (collectively, Parties) is memorialized in the attached ACO. The ACO includes information consistent with the requirements of Section III.A.7 of the Enforcement Policy.

The Enforcement Policy provides that "the following general considerations should be evaluated as part of any proposed settlement to be submitted for Commission review: (1) [e]quitable factors; (2) [m]itigating circumstances; (3) [e]vid按entiary issues; and (4) [o]ther weaknesses in the enforcement action[.]"[3] The Parties explicitly considered these factors in their confidential settlement communications under Commission Rule 12.6. CPED acknowledges SCE's cooperation with CPED on the negotiation of the ACO, and CPED explicitly considered a range of evidentiary and other matters that would bear upon its pursuit of enforcement actions seeking penalties or citations on disputed issues of fact and law.

The Penalty Assessment Methodology sets forth five factors that staff and the Commission must consider in determining the amount of a penalty for each violation: "[s]everity or gravity of the offense, conduct of the regulated entity, financial resources of the regulated entity, including the size of the business, totality of the circumstances in furtherance of the public interest, and the role of precedent."[4] These factors are addressed here.

### A. Severity or Gravity of the Offenses

The Commission has stated that the severity of the offense includes several considerations, including economic harm, physical harm, and harm to the regulatory process.

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[1] Resolution M-4846, Findings and Conclusions No. 8; *see also, id.,* Enforcement Policy at 11.

[2] The ACO is attached as Attachment A.

[3] Resolution M-4846, Enforcement Policy at 15.

[4] *Id.* at 16-21.

### 1. Physical and Economic Harm

The Commission has described the physical and economic harm criteria as follows:

> Economic harm reflects the amount of expense which was imposed upon the victims. In comparison, violations that cause actual physical harm to people or property are generally considered the most severe, followed by violations that threaten such harm.[5]

SCE's deposit violations primarily resulted in potential financial harms related to emergency customer protections to support California customers during the COVID-19 pandemic. As explained in Resolution M-4842, the response to COVID-19 was extremely disruptive to all Californians and impacted many Californians' ability to work. The COVID-19 pandemic represents a different type of emergency, one where the threat necessitates a response which impacts Californians' ability to pay for utility service. Due to a billing system upgrade and manual billing challenges, SCE continued to assess deposits on some residential customers during the COVID-19 customer protection period and after the issuance of Resolution M-4842 and D.20-06-003. Although not all customers paid the deposits assessed, some did. Of the customers who paid the deposit, SCE reviewed the accounts, and these accounts have all received a credit to offset the amount of the deposit charged. The penalty assessed against SCE considers the severity of the threat to Californians' ability to pay for service that arose from SCE's alleged violations during the COVID-19 protection period where the threat to Californians' ability to pay for service was heightened by the response to COVID-19. CPED's investigation into SCE's compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003 does not allege physical harm to people. Furthermore, CPED is unaware of specific economic harms caused by SCE's alleged violation. The ACO acknowledges and reflects a minimal penalty from lack of known physical and economic harm.

### 2. Harm to the Regulatory Process

As part of the severity of the offense factor, the Commission has described the harm to the regulatory process criterion as follows:

> "Every public utility shall obey and comply with every order, decision, direction, or rule made or prescribed by the Commission in the matters specified in this part, or any other matter in any way relating to or affecting its business as a public utility, and shall do everything necessary or proper to secure compliance therewith by all of its officers, agents, and employees." (Public Utilities Code § 702).

[5] *Id.* at 16.

> Such compliance is essential to the proper functioning of the regulatory process. For this reason, disregarding a statutory or Commission directive, regardless of the effects on the public, will be accorded a high level of severity.[6]

The ACO reflects a reasonable penalty considering the degree of harm to the regulatory process. SCE complied with CPED during the investigation of and in the negotiation and presentation of the ACO.

Although CPED maintains that SCE violated Resolutions M-4846, M-4849, UEB-006, and D.20-06-003 regarding customer service deposit requirements from April 1, 2020, through August 31, 2021, CPED acknowledges that SCE proactively communicated with the Commission to self-report issues related to the service deposit operating systems. Despite SCE's proactive engagement with Commission staff, SCE was unable to stop billing its residential customers service deposits from April 1, 2020, through August 31, 2021, which resulted in the ACO.

### 3. Number of Customers Affected

A "widespread violation which affects a large number of consumers is a more severe offense than one that is limited in scope."[7] CPED alleges that SCE billed 65,773 residential customers credit deposits totaling $10,484,895 for the establishment of service between April 1, 2020, and August 31, 2021. Of these 65,773 residential customers billed, 19,667 customers paid some or all of the deposit totaling $2,959,208. CPED alleges that SCE violated Resolution M-4842 by billing 33,741 customers service deposits totaling $5,321,080 between April 1, 2020, to June 15, 2020. Of the 33,741 customers, 18,497 paid deposits totaling $2,776,727. Furthermore, CPED alleges that SCE billed 8,277 customers service deposits totaling $1,415,265 between June 16, 2020, and December 16, 2020. Of the 8,277 customers billed, 1,161 customers paid deposits totaling $175,971. Additionally, CPED alleges that SCE billed four customers service deposits totaling $11,120 between December 17, 2020, and February 10, 2021. Two of the four customers paid the deposits totaling $3,345. CPED alleges that SCE billed 14,957 customers service deposits totaling $2,362,140 between February 11, 2021, and June 30, 2021. Of the 14,957 customers billed, five paid the deposits totaling $2,545. Moreover, CPED alleges that SCE billed 8,794 customers service deposits totaling $1,375,290 between July 1, 2021, and August 31, 2021. Of the 8,794 customers billed, two paid the deposits totaling $620. SCE responds that it reported compliance issues and explained that it attempted to correct the deposits to avoid adversely impacting its customers. Of the customers who paid the deposit, SCE reviewed the accounts, and all have received a credit to offset the deposit amount. SCE was also responsive to UEB's

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[6] *Id.* at 17.

[7] *Id.*

requests for data and information during UEB's investigation. (Part II of the Appendix to this ACO sets forth CPED's alleged violations, with corresponding dates.)

### B. The Conduct of the Utility

In evaluating the conduct of the utility, the Commission considers the utility's conduct in preventing the violation, detecting the violation, and disclosing and rectifying the violation.[8] SCE has conducted itself appropriately in rectifying the violation and cooperating with the CPED regarding the alleged violations. For example, SCE took several steps to communicate its challenges and mitigate the assessment of deposits, including interim manual fixes to quickly unwind deposit requests. In addition, SCE reported compliance issues and explained that it made attempts to correct the deposits so that it would not adversely impact its customers.

Of the customers who paid the deposit, SCE reviewed the accounts, and these accounts have all received a credit to offset the amount of the deposit charged. SCE was also responsive to UEB's requests for data and information during UEB's investigation. The Parties considered, among other things, SCE's conduct in preventing the alleged violations, detecting the alleged violations, and disclosing and rectifying the alleged violations.

### C. Financial Resources of the Utility

The Commission has described this criterion as follows:

> Effective deterrence also requires that staff recognize the financial resources of the regulated entity in setting a penalty that balances the need for deterrence with the constitutional limitations on excessive penalties . . . . If appropriate, penalty levels will be adjusted to achieve the objective of deterrence, without becoming excessive, based on each regulated entity's financial resources.

Of the ACO Amount described above, totaling $7,767,700, SCE shall pay $700,000.00 of this amount as penalties to the State's General Fund. The remaining amount will be allocated to directly benefit SCE customers, as detailed in the ACO. The settlement amount is enough to emphasize the importance of compliance with the deposit requirements, provide relief to SCE customers, and is reasonable given SCE's financial resources.

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[8] Resolution M-4846, Enforcement Policy at 17.

### D. Totality of Circumstances in Furtherance of Public Interest

The Commission has described this criterion as follows:

> Setting a penalty at a level that effectively deters further unlawful conduct by the regulated entity and others requires that staff specifically tailor the package of sanctions, including any penalty, to the unique facts of the case. Staff will review facts that tend to mitigate the degree of wrongdoing as well as any facts that exacerbate the wrongdoing. In all cases, the harm will be evaluated from the perspective of the public interest.[9]

The Commission must evaluate penalties in the totality of the circumstances, with an emphasis on protecting the public interest. The ACO Amounts described above were tailored to the unique facts of the case and are reasonable. The Parties have negotiated in good faith and submit that the totality of the circumstances in furtherance of the public interest supports approval of this ACO.

It is in the public interest to resolve this matter now. Approving the ACO would obviate the need for CPED to initiate an enforcement proceeding and for the Commission to hold evidentiary hearings to adjudicate the disputed facts, alleged violations, and appropriate penalty amounts related to CPED's investigation into SCE's compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003. Approval of the ACO promotes administrative efficiency, preventing further expenditure of substantial time and resources on litigation of a matter that the Parties have satisfactorily and reasonably resolved.

As described above, the $7,767,700.00 settlement is reasonable under the circumstances and is in the public interest. Resolution M-4842 detailed the importance of customer protections during the COVID-19 pandemic. Further, D.20-06-003 discussed the importance of not requesting deposits because "deposits can adversely impact a household's ability to meet its financial obligations." This fine represents the importance the Commission placed on the COVID-19 customer protections and the elimination of deposits in D.20-06-003. It also provides benefits to SCE's customers.

### E. Consistency with Precedent

The Commission has described this criterion as follows:

> Penalties are assessed in a wide range of cases. The penalties assessed in cases are not usually directly comparable. Nevertheless, when a case involves reasonably comparable

[9] Resolution M-4846, Enforcement Policy at 19.

> factual circumstances to another case where penalties were assessed, the similarities and differences between the two cases should be considered in setting the penalty amount.[10]

While not binding precedent, prior settlements are useful for comparison, with the acknowledgement that settlements involve compromise positions. On April 10, 2023, the Commission issued Resolution UEB-012 that approved an ACO and Settlement Agreement between UEB and Southern California Gas Company (SoCalGas).[11] Resolution UEB-012 approved the ACO and Settlement Agreement in which SoCalGas agreed to pay $2,700,000 due to SoCalGas's improper collection of residential and small business deposits. In that matter, UEB determined that SoCalGas billed 100,380 residential and 4,537 small business customers deposits for establishment or reestablishment of service between March 4, 2020, and April 16, 2021. UEB also determined that SoCalGas did not bill residential customers after December 17, 2020, the date Resolution UEB-006 was issued. CPED and SCE assert that the $7,767,700.00 settlement in this instance is in accordance with the precedent and serves as an adequate deterrence from alleged deposit violations under Resolution M-4842 and D.20-06-003 and is reasonable under Resolution M-4846.

The Parties mutually believe that, based on the terms and conditions stated above, this ACO is reasonable, consistent with the law, and in the public interest.

## COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Pursuant to Rule 14.5 of the Commission's Rules of Practice and Procedure, any person may comment on a draft resolution by serving comments on the Commission within 20 days of the date of its mailing and publication on the Commission's website, and in accordance with the instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed and published for public review on September 25, 2026, and will be placed on the Commission's agenda no earlier than 30 days after its mailing and publication.

[10] Resolution M-4846, Enforcement Policy at 21.

[11] Resolution UEB-012.

**FINDINGS AND CONCLUSIONS**

1. Resolution M-4846 authorized Commission staff to negotiate and propose an ACO to resolve an enforcement matter, subject to review and consideration by the Commission.
2. CPED and SCE have engaged in settlement negotiations and, consistent with Resolution M-4846 and the Enforcement Policy, have memorialized their proposed settlement in the attached ACO.
3. CPED and SCE have agreed that the attached ACO resolves all issues related to CPED's investigations of and any enforcement action CPED might have brought related to or arising from SCE's billing of customer service deposits from April 1, 2020, through August 31, 2021, in violation of Resolutions M-4842, M-4849, UEB-006, and D.20-06-003.
4. The agreed-upon fines and remedial actions have appropriately resolved all issues related to CPED's investigation and any enforcement action CPED may have brought, are reasonable in light of the circumstances, consistent with the law, and in the public interest.
5. Based on the analysis under the Penalty Assessment Methodology, the agreed-upon fines are reasonable in light of the circumstances.

**THEREFORE, IT IS ORDERED** that:

1. The ACO between CPED and SCE relating to SCE's compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003 requirements are adopted.
2. This Resolution is effective today.

I certify that the foregoing Resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on October 29, 2026; the following Commissioners voting favorably thereon:

____________________________________

Leuwam Tesfai
Executive Director

Dated ____________________2026, at San Francsico, California.

# ATTACHMENT A

# Administrative Consent Order

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

| | |
|---|---|
| In the matter of:<br><br>Southern California Edison Company: Failure to Comply with the Deposit Requirements Established in D.20-06-003. | [PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT<br><br>Issued pursuant to Commission Resolution M-4846 (adopting Commission Enforcement Policy) |

**[PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT**

September 25, 2026

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**[PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT**

This Administrative Consent Order and Agreement (hereinafter "ACO" or Agreement") is entered into and agreed to by and between the Utilities Enforcement Branch ("UEB") of the Consumer Protection and Enforcement Division ("CPED") of the California Public Utilities Commission ("CPUC" or "Commission") and Southern California Edison Company ("SCE") (collectively, the "Parties") pursuant to Resolution M-4846 and Resolution UEB-006.

WHEREAS:

- The Commission has authorized CPED "to investigate, negotiate, and draft proposed Administrative Consent Orders, subject to review and consideration by the Commission" via resolution;[1]
- The Commission's Enforcement Policy requires that a "negotiated proposed settlement . . . be memorialized in a proposed Administrative Consent Order," which requires certain items as set forth in Section 2, below;[2]
- Consistent with Resolution M-4846, this ACO is a product of direct negotiations between the Parties to resolve and dispose of all claims, allegations, liabilities, and defenses related to UEB's investigation into SCE's compliance from April 1, 2020 to August 31, 2021, ("Investigation Period") with respect to the guidelines established in Resolutions M-4842, M-4849, and UEB-006, and Decision (D.) 20-06-003. In particular, it is alleged that SCE failed to comply with the requirements set forth in Resolutions M-4842, M-4849, UEB-006, and D.20-06-003 when it billed customers service deposits.[3] Specifically, SCE billed thousands of residential customers credit deposits to establish service between April 1, 2020, and August 31, 2021. Part I of the Appendix to this ACO contains relevant stipulated facts relating to SCE's compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003;

[1] Resolution M-4846 at 15 (Findings and Conclusions No. 8).

[2] Resolution M-4846, Enforcement Policy at 10.

[3] D.20-06-003 at 147 and Resolution UEB-006 at 3.

- Part II of the Appendix to this ACO contains the alleged facts that form the basis for CPED's alleged violations, and SCE's responses thereto. CPED's findings are contained in an investigative staff report (see Appendix II, Summary of Allegations);
- This ACO is entered into as a compromise of disputed claims and defenses in order to minimize the time, expense, and uncertainty of an evidentiary hearing, any further enforcement proceedings, and/or any subsequent appeals, and with the Parties having taken into account the possibility that each of the Parties may or may not prevail on any given issue, and to expedite timely action on initiatives that benefit California consumers; and
- The Parties agree to the following terms and conditions as a complete and final resolution of all claims which have been, or might have been, brought by UEB related to or arising from non-compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003 and all of SCE's defenses thereto, based on the information available to the Parties, and without trial and adjudication of any issue of law or fact.

NOW, THEREFORE, it is agreed that this ACO is made and entered as follows:

## I. PARTIES

The parties to this ACO are CPED and SCE. CPED's UEB enforces compliance with the Public Utilities Code, other relevant utility laws, and the Commission's rules, regulations, orders, and decisions.

SCE (U-338-E) is an investor-owned utility (IOU) operating as a subsidiary of Edison International. Edison International is a generator and distributor of electric power, as well as a provider of energy services and technologies, including renewable energy, and is headquartered in Rosemead, California. SCE provides power to 15 million people in 50,000 square miles across central, coastal, and Southern California. SCE's service area includes more than 180 incorporated cities and 15 counties.

## II. ELEMENTS REQUIRED BY SECTION III.A.7 OF THE COMMISSION'S ENFORCEMENT POLICY FOR ADMINISTRATIVE CONSENT ORDERS

Section III.A.7. of the CPUC Enforcement Policy requires every ACO to include (a) the law or Commission order, resolution, decision, or rule violated by the regulated entity; (b) the facts that form the basis for each violation; (c) the number of violations, including the dates on which violations occurred; (d) information related to the potential for additional or ongoing violations; (e) an agreement by the regulated entity to correct each violation; (f) a date by which the regulated entity must certify it corrected all violations; and (g) an agreement by the regulated entity to pay any penalty by a date specified. The Parties address each of these elements below.

Except as explicitly stated herein, the Parties expressly agree and acknowledge that neither this ACO nor any act performed hereunder is, or may be deemed, an admission or evidence of the validity or invalidity of any allegations or claims of CPED, nor is the Agreement or any act performed hereunder to be construed as an admission or evidence of any wrongdoing, fault, omission, negligence, imprudence, or liability on the part of SCE. This is a negotiated settlement of disputed matters.

### A. The Law or Commission Order, Resolution, Decision, or Rule Violated by the Regulated Entity

Part II of the Appendix to this ACO sets forth SCE's alleged violations of Commission rules. Specifically, UEB's allegations arise from its investigation into SCE's compliance with Resolutions M-4842, M-4849, and UEB-006: "*Adoption of a*

*Disconnection Citation Program to Enforce Compliance with the Rules in Commission Decision 20-06-003*", and D.20-06-003.

### B. The Facts that Form the Basis for Each Violation

The factual basis of CPED staff's allegations is set forth in its investigative report (summarized in Appendix II). Part I of the Appendix to this ACO contains relevant stipulated facts relating to SCE's compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003. Part II of the Appendix to this ACO contains the facts that form the basis for CPED's alleged violations, and SCE's responses thereto.

### C. The Number of Violations Including the Dates on Which Violations Occurred

CPED alleges that between April 1, 2020, and August 31, 2021, SCE failed to comply with the requirements established in Resolutions M-4842, M-4849, UEB-006, and D.20-06-003 by billing customers for service deposits.[4] Specifically, SCE billed 65,773 residential customers credit deposits totaling $10,484,895 for the establishment of service between April 1, 2020, and August 31, 2021. Of these 65,773 residential customers billed, 19,667 customers paid some or all of the deposit totaling $2,959,208. CPED alleges that SCE violated Resolution M-4842 by billing 33,741 customers service deposits totaling $5,321,080 between April 1, 2020, to June 15, 2020. Of the 33,741 customers, 18,497 paid deposits totaling $2,776,727. Furthermore, CPED alleges that SCE violated Resolution M-4842 and D.20-06-003 by billing 8,277 customers service deposits totaling $1,415,265 between June 16, 2020, and December 16, 2020. Of the

[4] Resolution M-4842 at 5, D.20-06-003 at 147, and Resolution UEB-006 at 3.

8,277 customers billed, 1,161 customers paid deposits totaling $175,971. Additionally, CPED alleges that SCE violated Resolutions M-4842, UEB-006, and D.20-06-003 by billing four customers service deposits totaling $11,120 between December 17, 2020, and February 10, 2021. Two of the four customers paid the deposits totaling $3,345. CPED alleges that SCE violated Resolution M-4849, UEB-006, and D.20-06-003 by billing 14,957 customers service deposits totaling $2,362,140 between February 11, 2021, and June 30, 2021. Of the 14,957 customers billed, five paid the deposits totaling $2,545. Moreover, CPED alleges that SCE violated Resolution UEB-006 and D.20-06-003 by billing 8,794 customers service deposits totaling $1,375,290 between July 1, 2021, and August 31, 2021. Of the 8,794 customers billed, two paid the deposits totaling $620. SCE responds that it reported compliance issues and explained that it attempted to correct the deposits to avoid adversely impacting its customers. Of the customers who paid the deposit, SCE reviewed the accounts, and all have received a credit to offset the deposit amount. SCE was also responsive to UEB's requests for data and information during UEB's investigation. (Part II of the Appendix to this ACO sets forth CPED's alleged violations, with corresponding dates.)

### D. Information Related to the Potential for Additional or Ongoing Violations

The Parties intend this Agreement to be a complete and final resolution of all claims which have been, or might have been, brought by CPED related to SCE's ongoing compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003, based on the information known, or that could have been known, by the Parties.

### E. An Agreement by the Regulated Entity to Correct Each Violation

SCE asserts and agrees that it has remediated any alleged continuing violations that it has agreed, solely for purposes of this ACO, to not contest. Specifically, SCE implemented its final system enhancement to permanently prevent residential customers from being billed a deposit through SCE.com in accordance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003.

#### 1. An Agreement by the Regulated Entity to Pay Any Penalty by a Date Specified

SCE agrees to corrective actions and penalties. SCE agrees to pay a total of $7,767,700.00 at shareholders' expense as follows (hereinafter collectively "ACO Amounts," as described more fully in corresponding sections below):

- $3,119,350.00 paid to residential accounts that were billed a service deposit on or after April 1, 2020;
- $3,948,350.00 paid to SCE's Energy Assistance Fund ("EAF"); and,
- $700,000.00 as penalties paid to the State of California's General Fund ("General Fund").

The Settlement Payment is the total penalty payable under this Agreement, and no additional payment shall be made by SCE or any of its affiliated entities in regards to Resolutions M-4842 and M-4849, D.20-06-003, and Resolution UEB-006 billed security deposit matters during the Investigation Period and up through the date this Agreement is approved or rejected by the Commission through a resolution or decision resolving this ACO ("Settlement Period").

### 2. $3,119,350 Payment at Shareholder Expense

SCE agrees to pay a total of $3,119,350.00 at shareholders' expense to directly benefit residential customers who were billed a deposit on or after April 1, 2020. Residential customers who were assessed and paid a deposit will receive $100. Residential customers who were assessed but did not pay a deposit will receive $25. For customers who were billed a deposit, but subsequently closed that account, SCE will attempt to locate those customers in its billing system using available customer identifiers. If no customer matches are identified, the credit will be applied to EAF.

The Parties agree that for purposes of the identification requirement of Section 162(f)(2)(A)(ii) of the Internal Revenue Code, the payments made by SCE to residential customers discussed above in this Section E.3 of this ACO are restitution or required in order to come into compliance with the law.

The amount of $3,119,350.00 will be credited to customer accounts to directly benefit residential customers who were billed a deposit on or after April 1, 2020, within 120 days of the Effective Date of this ACO.

### 3. Payments to SCE's Energy Assistance Fund at Shareholder Expense

SCE will provide $3,948,350.00 to EAF at shareholders' expense, inclusive of third-party administrator fees, to provide direct benefits to customers needing financial assistance in paying their bills. Through EAF, a maximum of $200 is available once per 12 months to eligible low-income customers. EAF is currently funded through voluntary donations from SCE employees, shareholders, and customers. SCE will not incur additional administrative costs in distributing additional funds to customers resulting from this settlement. EAF would be able to help more customers as soon as the funds become available.

The amount of $3,948,350.00 will be paid to the EAF within 60 days of the Effective Date of this Agreement. Any credits to customers with closed accounts and who could not be identified will be paid to the EAF within 120 days of the Effective Date of this Agreement. SCE will provide an accounting to CPED of the total number of customers and the credit amounts for those customers' credits that are redirected to the EAF within 180 days of the Effective Date of this Agreement. SCE will also provide an annual report to CPED on the amount of EAF funding that was derived from this settlement and applied to its customers until such time the entire amount of $3,948,350.00 is exhausted.

#### 4. Penalty to the General Fund at Shareholder Expense

SCE shall deliver the Settlement Payment of $700,000 at shareholders' expense to the Commission by check or money order payable to the California Public Utilities Commission, mailed or delivered to the Commission's Fiscal Office at 505 Van Ness Avenue, Room 3000, San Francisco, CA 94102, within thirty (30) days of the Commission issuing a final decision approving this Agreement (as further defined in Section IV.E. below). The Commission shall thereafter deposit the Settlement Payment into the State's General Fund.

## III. ADDITIONAL TERMS

### A. Confidentiality and Public Disclosure Obligations

The Parties agree to continue to abide by the confidentiality provisions and protections of Commission Rule 12.6, which govern the discussions, admissions, concessions, and offers to settle that preceded execution of this ACO and that were exchanged in all efforts to support its approval. Those prior negotiations and communications shall remain confidential indefinitely, and the Parties shall not disclose them outside the negotiations without the consent of both Parties. The Parties agree to coordinate as to the timing and content of mutual and/or individual public communications. Notwithstanding the foregoing, SCE may make any disclosures it deems appropriate, in its sole discretion, to satisfy its obligations under securities laws.

### B. Future Proceedings

The Parties agree to avoid and abstain from making any collateral attacks on this ACO or taking positions in other venues that would undermine the effect or intent of the ACO.

The Parties agree that this Agreement releases and discharges SCE from claims relating to any and all actual or alleged actions or omissions by SCE with respect to compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003 regarding billed security deposits through the Settlement Period.

Nothing in this ACO constitutes a waiver by CPED or UEB of the legal obligations, authority, or discretion to investigate and enforce applicable safety requirements and standards as to other conduct by SCE unrelated to this ACO that UEB may identify as the basis for any alleged violation(s). UEB shall retain such authority regardless of any factual or legal similarities that other SCE conduct, and any alleged violation(s), may have to UEB's conduct/alleged violations related to compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003. Accordingly, any such similarities shall not preclude UEB from using other conduct and alleged violation(s) as a basis for seeking future enforcement actions.

**C. Regulatory Approval Process**

Pursuant to Resolution M-4846, this ACO shall be submitted for public notice and comment. Upon approval or ratification of this ACO, the final resolution will "validate[] the order, which becomes an act of the Commission itself."[5]

By signing this ACO, the Parties acknowledge that they pledge support for Commission Approval and subsequent implementation of all the provisions of this ACO. The Parties shall use their best efforts to obtain Commission Approval of this ACO without modification, and agree to use their best efforts to actively oppose any modification thereto. Should any Alternate Draft Resolution seek a modification to this ACO, and should either of the Parties be unwilling to accept such modification, that Party shall so notify the other Party within five business days of issuance of the Alternate Draft Resolution. The Parties shall thereafter promptly discuss the modification and negotiate in good faith to achieve a resolution acceptable to the Parties and shall promptly seek approval of the resolution so achieved. Failure to resolve such modification to the

[5] Resolution M-4846 at 8.

satisfaction of either of the Parties, or to obtain approval of such resolution promptly thereafter, shall entitle either Party to terminate this Agreement through prompt notice to the other Party. (See also Section IV.D. below.)

If Commission Approval is not obtained, the Parties reserve all rights to take any position whatsoever regarding any fact or matter of law at issue in any future enforcement action or proceeding related to SCE's compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003.

### D. Admissibility

If this ACO is not adopted by the Commission, its terms are inadmissible for any evidentiary purpose unless their admission is agreed to by the Parties.

## IV. GENERAL PROVISIONS

### A. Full Resolution

Upon Commission Approval, this ACO fully and finally resolves any and all claims and disputes between CPED and SCE and its predecessors, successors, subsidiaries, affiliates, assigns, current and former agents, employees, independent contractors, representatives, officers, directors, insurers, accountants, and attorneys related to compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003 regarding billed security deposits between April 1, 2020, and August 31, 2021, through the Settlement Period, and provides for consideration in full settlement and discharge of all disputes, rights, enforcement actions, notices of violations, citations, claims, and causes of action which have, or might have been, brought by CPED related to SCE's compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003 regarding billed security deposits during the Settlement Period based on the information known, or that could have been known, to CPED at the time that CPED executes this ACO.

**B. Non-Precedent**

This ACO is not intended by the Parties to be precedent for any other proceeding, whether pending or instituted in the future. The Parties have assented to the terms of this ACO only for the purpose of arriving at the settlement embodied in this ACO. Each of the Parties expressly reserves its right to advocate, in other current and future proceedings, or in the event that the ACO is not adopted by the Commission, positions, principles, assumptions, arguments, and methodologies which may be different than those underlying this ACO. The Parties agree and intend that, consistent with Commission Rule 12.5, a final Commission resolution approving this ACO should not be construed as a precedent or statement of policy of any kind for or against either Party in any current or future proceeding with respect to any issue addressed in this ACO.

**C. General Considerations for Settlement**

Section III.B of the Commission's Enforcement Policy states that "the following general considerations should be evaluated as part of any proposed settlement to be submitted for Commission review: 1. [e]quitable Factors; 2. [m]itigating circumstances; 3. [e]vidientiary issues; and 4. [o]ther weaknesses in the enforcement action[.]"[6] The Parties explicitly considered these factors in their confidential settlement communications. Without waiving the protections of Commission Rule 12.6, the Parties

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[6] Resolution M-4846, Enforcement Policy at 15.

represent that they took these factors into account, and each Party considered the risks and weaknesses of their positions. When taken as a whole, the Parties agree that the ACO Amounts set forth in Section II are within the range of reasonable outcomes had this matter proceeded to formal litigation.

**D. Incorporation of Complete ACO**

The Parties have bargained in good faith to reach the ACO terms set forth herein, including in the Appendix. The Parties intend the ACO to be interpreted as a unified, integrated order and agreement, so that, consistent with Section III.C. above, if the Commission rejects or modifies any portion of this ACO or modifies the obligations placed upon SCE or CPED from those that the ACO would impose, each of the Parties shall have a right to withdraw. This ACO is to be treated as a complete package and not as a collection of separate agreements on discrete issues. To accommodate the interests related to diverse issues, the Parties acknowledge that changes, concessions, or compromises by a Party in one section of this ACO resulted in changes, concessions, or compromises by the other Party in other sections. Consequently, consistent with Section III.C. above, the Parties agree to actively oppose any modification of this ACO, whether proposed by any Party or non-Party to the ACO or proposed by an Alternate Draft Resolution, unless both Parties jointly agree to support such modification.

**E. Commission Approval**

"Commission Approval" means a resolution or decision of the Commission that is (a) final and no longer subject to appeal, which approves this ACO in full; and (b) does not contain conditions or modifications unacceptable to either of the Parties.

### F. Governing Law

This ACO shall be interpreted, governed, and construed under the laws of the State of California, including Commission decisions, orders and rulings, as if executed and to be performed wholly within the State of California.

### G. Other

1. The representatives of the Parties signing this ACO are fully authorized to enter into this Agreement.

2. The Parties agree that, notwithstanding any inference to the contrary, this ACO will constitute one (1) UEB Action in 2026 when CPED provides information to the CPUC's Energy Division for calculating the Annual Fee in 2027 (or, should the Commission alter the calculation of the Annual Fee, this ACO shall count as a single violation of D.20-06-003);

3. The Parties agree that no provision of this ACO shall be construed against either of the Parties because a particular Party or its counsel drafted the provision.

4. This ACO constitutes the entire agreement between the Parties and, supersedes all prior or contemporaneous agreements, negotiations, representations, warranties, and understandings of the Parties with respect to the subject matter set forth herein.

5. The rights conferred and obligations imposed on either of the Parties by this ACO shall inure to the benefit of or be binding on that Party's successors in interest or assignees as if such successor or assignee was itself a party to this ACO.

6. Should any dispute arise between the Parties regarding the manner in which this ACO or any term shall be implemented, the Parties agree, prior to initiation of any other remedy, to work in good faith to resolve such differences in a manner consistent with both the express language and the intent of the Parties in entering into this ACO.

7. This ACO may be executed in counterparts.

**8.** The provisions of Paragraph III.C. shall impose obligations on the Parties immediately upon the execution of this ACO.

## V. DISCUSSION OF PENALTY ASSESSMENT METHODOLOGY FACTORS

The Penalty Assessment Methodology appended to the Commission's Enforcement Policy sets forth five factors that staff and the Commission must consider in determining the amount of a penalty for each violation: (1) severity or gravity of the offense; (2) conduct of the regulated entity; (3) financial resources of the regulated entity; (4) totality of the circumstances in furtherance of the public interest; and (5) the role of precedent.[7] This ACO was the result of arms-length negotiation between CPED and SCE, which was guided by the factors set forth in the Penalty Assessment Methodology. As discussed below, consideration of those factors supports a Commission finding that the ACO is reasonable and in the public interest. The Appendix to this ACO includes stipulated facts, as well as facts in dispute, which provide a record basis for the Commission's determination.

Severity or Gravity of the Offense. The Commission has stated that the severity or gravity of the offense includes several considerations, including economic harm, physical harm, and harm to the regulatory process. Violations that caused actual physical harm to people or property are considered particularly severe.[8] SCE's deposit violations

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[7] Resolution M-4846, Enforcement Policy at 16-21; *see also* D.22-04-058 at 3–4 (affirming that consideration of the Penalty Assessment Methodology provides a basis for the Commission to determine that a negotiated settlement under the Commission's Enforcement Policy is reasonable and in the public interest).

[8] D.20-05-019 at 20; Resolution M-4846, Enforcement Policy at 16.

primarily resulted in potential financial harms related to emergency customer protections to support California customers during the COVID-19 pandemic. As explained in Resolution M-4842, the response to COVID-19 was extremely disruptive to all Californians and impacted many Californians' ability to work. The COVID-19 pandemic represents a different type of emergency, one where the threat --in this case, a virus-- necessitates a response which impacts Californians' ability to pay for utility service. Due to a billing system upgrade and manual billing challenges, SCE continued to assess deposits on some residential customers during the COVID-19 customer protection period and after the issuance of Resolution M-4842 and D.20-06-003. Although not all customers paid the deposits assessed, some did. Of the customers who paid the deposit, SCE reviewed the accounts, and these accounts have all received a credit to offset the amount of the deposit charged. The penalty assessed against SCE takes into account the severity of the threat to Californians' ability to pay for service that arose from SCE's alleged violations during the COVID-19 protection period where the threat to Californians' ability to pay for service was heightened by the response to COVID-19. CPED's investigation into SCE's compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003 does not allege physical harm to people. Furthermore, CPED is unaware of specific economic harms caused by SCE's alleged violation. The ACO acknowledges and reflects a minimal penalty from lack of known physical and economic harm.

The Conduct of the Utility. In evaluating the conduct of the utility, the Commission considers the utility's conduct in preventing the violation, detecting the violation, and disclosing and rectifying the violation.[9] SCE has conducted itself appropriately in rectifying the violation and cooperating with the CPED regarding the alleged violations.

For example, SCE took several steps to communicate its challenges and mitigate the assessment of deposits, including interim manual fixes to quickly unwind deposit requests. In addition, SCE reported compliance issues and explained that it made attempts to correct the deposits so that it would not adversely impact its customers. Of the customers who paid the deposit, SCE reviewed the accounts, and these accounts have all received a credit to offset the amount of the deposit charged. SCE was also responsive to UEB's requests for data and information during UEB's investigation.

The Parties considered, among other things, SCE's conduct in preventing the alleged violations, detecting the alleged violations, and disclosing and rectifying the alleged violations.

Financial Resources of the Utility. The Commission has described this criterion as follows:

> Effective deterrence also requires that staff recognize the financial resources of the regulated entity in setting a penalty that balances the need for deterrence with the constitutional limitations on excessive penalties . . . . If appropriate, penalty levels will be adjusted to achieve the objective of deterrence, without becoming excessive, based on each regulated entity's financial resources.[10]

[9] Resolution M-4846, Enforcement Policy at 17.

[10] Resolution M-4846, Enforcement Policy at 19.

Of the ACO Amount described above, totaling $7,767,700, SCE shall pay $700,000.00 of this amount as penalties to the State's General Fund. The remaining amount will be allocated to directly benefit SCE customers, as detailed in the ACO. The settlement amount is enough to emphasize the importance of compliance with the deposit requirements, provide relief to SCE customers, and is reasonable given SCE's financial resources.[11]

Totality of Circumstances in Furtherance of Public Interest. The Commission has described this criterion as follows:

> Setting a penalty at a level that effectively deters further unlawful conduct by the regulated entity and others requires that staff specifically tailor the package of sanctions, including any penalty, to the unique facts of the case. Staff will review facts that tend to mitigate the degree of wrongdoing as well as any facts that exacerbate the wrongdoing. In all cases, the harm will be evaluated from the perspective of the public interest.[12]

The Commission must evaluate penalties in the totality of the circumstances, with an emphasis on protecting the public interest. The ACO Amounts described above were tailored to the unique facts of the case and are reasonable. The Parties have negotiated in good faith and submit that the totality of the circumstances in furtherance of the public interest supports approval of this ACO.

It is in the public interest to resolve this matter now. Approving the ACO would obviate the need for CPED to initiate an enforcement proceeding and for the Commission

[11] The number of customers SCE serves provides additional information on SCE's financial resources. SCE serves 15 million people in 50,000 square miles across central, coastal and Southern California and includes more than 180 incorporated cities and 15 counties.

[12] Resolution M-4846, Enforcement Policy at 19.

to hold evidentiary hearings to adjudicate the disputed facts, alleged violations, and appropriate penalty amounts related to CPED's investigation into SCE's compliance with Resolutions M-4842, M-4849, UEB-006, and D.20-06-003. Approval of the ACO promotes administrative efficiency, preventing further expenditure of substantial time and resources on litigation of a matter that the Parties have satisfactorily and reasonably resolved.

As described above, the $7,767,700.00 settlement is reasonable under the circumstances and is in the public interest. Resolution M-4842 detailed the importance of customer protections during the COVID-19 pandemic. Further, D.20-06-003 discussed the importance of not requesting deposits because "deposits can adversely impact a household's ability to meet its financial obligations." This fine represents the importance the Commission placed on the COVID-19 customer protections and the elimination of deposits in D.20-06-003. It also provides benefits to SCE's customers.

<u>The Role of Precedent.</u> The Commission has described this criterion as follows:

> Penalties are assessed in a wide range of cases. The penalties assessed in cases are not usually directly comparable. Nevertheless, when a case involves reasonably comparable factual circumstances to another case where penalties were assessed, the similarities and differences between the two cases should be considered in setting the penalty amount.[13]

While not binding precedent, prior settlements are useful for comparison, with the acknowledgement that settlements involve compromise positions. The Commission previously entered into an ACO with Southern California Gas Company regarding the

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[13] Resolution M-4846, Enforcement Policy at 21.

improper collection of residential and small business deposits. CPED and SCE assert that the $7,767,700.00 settlement in this instance is in accordance with the precedent and serves as an adequate deterrence from alleged deposit violations under Resolution M-4842 and D.20-06-003 and is reasonable under Resolution M-4846.

The Parties mutually believe that, based on the terms and conditions stated above, this ACO is reasonable, consistent with the law, and in the public interest.

**IT IS HEREBY AGREED.**

[Signatures immediately follow this page]

DATED: 9/24/2026

Signed by:
Jendy Burchfield
01FC05E966FA4C3...

By: Director Customer Experience
Southern California Edison Company

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DATED: 09/24/2026

By:

Terra Curtis, Director
Consumer Protection Enforcement Division
California Public Utilities Commission

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# APPENDIX

## I. STIPULATED FACTS RELATED TO UEB's INVESTIGATION

For purposes of this Administrative Consent Order and Agreement ("ACO"), the Utilities Enforcement Branch ("UEB") of the Consumer Protection and Enforcement Division ("CPED") of the California Public Utilities Commission ("Commission") and Southern California Edison Company ("SCE") (collectively, the "Parties") have stipulated to the facts set forth below.

1) IOUs previously had the authority to assess deposits for customers who sought to connect new service based on creditworthiness or active customers based on the timeliness of payments.
2) On April 17, 2020, the Commission issued a set of guidelines, namely, Resolution M-4842, directing the IOUs to implement consumer protections using the emergency disaster relief program guidelines set forth in D.19-07-015 during the COVID-19 pandemic, including waiving deposits for residential and small business customers retroactively to March 4, 2020 – the date of Governor Gavin Newsom's declaration of a State of Emergency in response to the COVID-19 pandemic.
3) On May 7, 2020, the Commission sent email correspondence to the IOUs requesting that the IOUs provide written confirmation that the IOUs are complying with the COVID-19 consumer protection regulations and waiving requirements for security deposits to connect or re-connect service.
4) On February 11, 2021, the Commission issued Resolution M-4849, extending the customer protections established in Resolution M-4842 until June 30, 2021.
5) The Commission adopted D.20-06-003 on June 11, 2020, with a date of issuance of June 16, 2020, which prohibits the IOUs from requiring any residential customer to pay establishment of credit deposits for new service or reestablishment of service deposits for any reestablishment of service.
6) The Commission unanimously approved Resolution UEB-006, issued on December 17, 2020, which imposes a violation of $1,000 per affected residential customer where the IOU "bills a residential customer for a credit or service deposit in order to establish or re-establish service."[1]

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[1] Resolution UEB-006 at 11.

7) Although SCE waived security deposits for active customers and stopped reassessing creditworthiness that could result in additional deposits, SCE stated that it was unable to update its system to prevent asking for deposits from its residential and small business customers who signed up online through SCE.com or by an SCE call center or back-office agent between April 17, 2020, to April 6, 2021.

8) SCE was unable to update its system to prevent deposit requests because of a system freeze in preparation for a major billing system implementation scheduled for April 2021. This pre-implementation system freeze limited SCE's ability to make system and process changes.

9) SCE implemented workarounds and controls to mitigate the erroneous billing of customer deposits at various points during this time.

10) SCE continued to use its only available means to waive deposits by unwinding them through a manual process.

11) SCE remained in continuous communication with the Commission's Energy Division ("ED") about any issues experienced during its billing system upgrades.

12) On March 10, 2021, SCE self-disclosed to ED that it sent deposit requests to 9,561 SCE residential customers between June 11, 2020, and the end of February 2021. SCE estimated that 1,245 of the 9,561 customers paid the deposit and 963 were refunded. At that time, SCE also informed ED that it was still researching the remaining deposits that had not yet been refunded.

13) Although SCE attempted to prevent the collection of deposits, SCE was unable to prevent deposits from being requested by an SCE call center or back-office agent, or online through SCE.com due to a post-implementation stabilization period in which system and process changes were still limited.

14) SCE implemented temporary manual processes and workarounds until a permanent solution could be implemented to prevent the billing and collection of service deposits.

15) The first manual procedure was implemented in May of 2020 when SCE implemented a method to review residential and small commercial deposits that it requested in error. Once identified, those deposits were canceled or waived, and any paid amounts were returned to the customer.

16) In June of 2020, SCE implemented a manual process to intercept the deposit requests and to contact all customers wrongly assessed deposits via direct mail and outbound calls.

17) In June and July of 2020, and continuing for the following months, SCE provided training to several hundred live agents on SCE's new credit policies, ensuring service deposits were not being billed and collected.

18) In August of 2020, to further reduce errant deposit requests, SCE modified the service deposit calculation in its new Customer Service Re-Platform ("CSRP") to zero out the service deposit that would otherwise be charged to the customer, thereby preventing an erroneous deposit charge.

19) SCE also created a daily report that identified any residential or small business customer accounts that were issued a deposit request.

20) When detected, SCE would reverse the transaction to avoid the deposit from being billed.

21) For deposits SCE did not detect and that were subsequently billed to customers, SCE issued refund checks that were mailed to the respective customers' address on file or applied as credits to their accounts if requested by the customer.

22) SCE's call center and back-office agents no longer had the ability to request a security deposit from a residential customer after the implementation of its new billing system on April 6, 2021.

23) Customers who signed up for service via SCE.com were still being charged a service deposit.

24) SCE continued to implement manual controls and workarounds until a permanent solution was implemented to prevent the inadvertent billing of service deposits.

25) SCE continued to bill and collect deposits for online customer requests until August 30, 2021, when SCE implemented its final system enhancement to permanently prevent residential customers from being billed a deposit through SCE.com.

26) SCE billed 65,773 residential customers credit deposits totaling $10,484,895 for the establishment of service between April 1, 2020, and August 31, 2021. Of these 65,773 residential customers billed, 19,667 customers paid some or all of the deposit, totaling $2,959,208.

## II. SUMMARY OF CPED'S ALLEGATIONS

The following is a summary of the CPED's Staff Report, *Investigation of Southern California Edison's (SCE)Service Deposit Billing Issues:*

- SCE billed 65,773 residential customers credit deposits totaling $10,484,895 for the establishment of service between April 1, 2020, and August 31, 2021.
- Of these 65,773 residential customers billed, 19,667 customers paid some or all of the deposit, totaling $2,959,208.
- SCE violated Resolution M-4842 by billing 33,741 customers service deposits totaling $5,321,080 between April 1, 2020, and June 15, 2020. Of the 33,741 customers, 18,497 paid the deposits totaling $2,776,727.
- SCE violated Resolution M-4842 and D.20-06-003 by billing 8,277 customers service deposits totaling $1,415,265 between June 16, 2020, and December 16, 2020. Of the 8,277 customers, 1,161 paid deposits totaling $175,971.
- SCE violated Resolutions M-4842, UEB-006, and D.20-06-003 by billing four customers service deposits totaling $11,120 between December 17, 2020, and February 10, 2021. Two of the four customers paid the deposits totaling $3,345.
- SCE violated Resolution M-4849, UEB-006, and D.20-06-003 by billing 14,957 customers service deposits totaling $2,362,140 between February 11, 2021, and June 30, 2021. Five of the 14,957 customers paid the deposits totaling $2,545.
- SCE violated Resolution UEB-006 and D.20-06-003 by billing 8,794 customers service deposits totaling $1,375,290 between July 1, 2021, and August 31, 2021. Two of the 8,794 customers paid the deposits totaling $620.

# ATTACHMENT B

# CPED Staff Report

**CALIFORNIA PUBLIC UTILITIES COMMISSION**
**CONSUMER PROTECTION AND ENFORCEMENT DIVISION**

# STAFF REPORT

**INVESTIGATION OF SOUTHERN CALIFORNIA EDISON'S (SCE)**
**SERVICE DEPOSIT BILLING ISSUES**

By Víctor Bañuelos
February 5, 2026

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## I. EXECUTIVE SUMMARY

The California Public Utilities Commission's (Commission or CPUC) Consumer Protection and Enforcement Division (CPED) hereby documents the results of its investigation of Southern California Edison's (SCE) unlawful billing of service deposits from its residential customers. CPED's Utilities Enforcement Branch (UEB) commenced its investigation after the Energy Division (ED) referred the matter to UEB on April 20, 2023.[1]

SCE replaced its 30-year-old mainframe-based Customer Service System (CSS) with its new cloud-based Customer Service Re-Platform (CSRP) system on April 6, 2021. The transition created system limitations and process changes which resulted in SCE continuing to bill customers for service deposits through SCE.com despite the Commission's issuance of Resolutions M-4842 and M-4849, Resolution UEB-006, and Decision (D.) 20-06-003, prohibiting the large investor owned utilities (IOUs), including SCE, from requiring any residential and small business customers to pay a deposit for the establishment of service.[2]

SCE continued to request deposits from some residential customers seeking to establish service, in violation of Commission directives that prohibited SCE and other utilities from requiring any residential and small business customers to pay a deposit for the establishment of service. SCE's unlawful billing of service deposits placed an unnecessary negative financial impact on its customers. UEB staff found that:

1. From April 1, 2020, to August 31, 2021, SCE unlawfully billed 65,773 residential customers service deposits totaling $10,484,895 in violation of Resolutions M-4842, M-4849,[3] UEB-006, and D.20-06-003.[4]

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[1] Buch, Dan, Francisco, Tory, and Palmer, Brett. "Energy Division Referral to Utility Enforcement Branch Management Regarding Customer Impacts of SCE's Billing System Update," April 20, 2023.

[2] SCE's September 8, 2023 Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

[3] On February 11, 2021, the Commission issued Resolution M-4849, extending the customer protections established in Resolution M-4842 until June 30, 2021.

[4] 19,667 of the 66,032 customers paid the service deposit between April 1, 2020, to August 31, 2021.

a. SCE violated Resolution M-4842[5] by billing 33,741 customers service deposits totaling $5,321,080 between April 1, 2020, and June 15, 2020. Of the 33,741 customers, 18,497 paid the deposits totaling $2,776,727.

b. SCE violated Resolution M-4842 and D.20-06-003[6] by billing 8,277 customers service deposits totaling $1,415,265 between June 16, 2020, and December 16, 2020. Of the 8,277 customers, 1,161 paid deposits totaling $175,971.

c. SCE violated Resolutions M-4842, UEB-006,[7] and D.20-06-003 by billing four customers service deposits totaling $11,120 between December 17, 2020, and February 10, 2021. Two of the four customers paid the deposits totaling $3,345.

d. SCE violated Resolutions M-4849, UEB-006, and D.20-06-003 by billing 14,957 customers service deposits totaling $2,362,140 between February 11, 2021, and June 30, 2021. Five of the 14,957 customers paid the deposits totaling $2,545.

e. SCE violated Resolution UEB-006 and D.20-06-003 by billing 8,794 customers service deposits totaling $1,375,290 between July 1, 2021, and August 31, 2021. Two of the 8,794 customers paid the deposits totaling $620.

CPED recommends seeking delegated authority to pursue an Administrative Consent Order (ACO) to request penalties based on UEB staff's findings and enter into a settlement agreement with SCE for allegedly billing 65,773 customers service deposits from April 1, 2020, to August 31, 2021, totaling $10,484,895, of which 19,667 customers paid $2,959,208, in violation of Resolutions M-4842, M-4849, UEB-006, and D.20-06-003.

## II. COMPANY INFORMATION

Southern California Edison (U-338-E) is an investor-owned utility (IOU) operating as a subsidiary of Edison International. Edison International is a generator and distributor of electric power, as well as a provider of energy services and technologies,

[5] Resolution M-4842 was issued on April 17, 2020, with a retroactive effective date of March 4, 2020.

[6] D.20-06-003 was issued on June 16, 2020.

[7] Resolution UEB-006 was issued on December 17, 2020.

including renewable energy and is headquartered in Rosemead, California. SCE provides power to 15 million people in 50,000 square miles across central, coastal and Southern California. SCE's service area includes more than 180 incorporated cities and 15 counties.

SCE has historically charged residential and small business customers, who posed a credit risk to SCE, a deposit for the establishment of credit; and, current customers, a deposit for the re-establishment of credit.[8] These deposits were applied to secure new services or for service restorations, generally after customers were disconnected for non-payment of service, or to establish or re-establish service. Once SCE collected the deposit and if the customer remained current on their monthly utility bills for 24-months, SCE would return the deposit to its customer with interest. If a customer was disconnected for non-payment during the 24-months, the deposit would be applied to the customer's account, and any remaining portion of the deposit would be returned to the customer by check.[9]

## III. SCE Unlawfully Billed 65,773 Residential Service Deposits

### A. Background and Extent on SCE's Unlawful Billing of Service Deposits From its Residential Customers

In response to the Covid-19 pandemic, the California Governor, Gavin Newsom, declared a State of Emergency on March 4, 2020.[10] This declaration enacted the Emergency Disaster Relief program guidelines set forth in D.19-07-015, which are "…designed to ensure that California utility customers who experience a housing or financial crisis due to a disaster, keep vital utility services and receive financial support in the wake of a disaster."[11]

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[8] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 1.

[9] SCE's September 8, 2023, Response to Question 3 of CPED Data Request ELE-00231-01, "SCE00000042," at 1.

[10] https://www.gov.ca.gov/2020/03/04/governor-newsom-declares-state-of-emergency-to-help-state-prepare-for-broader-spread-of-covid-19/

[11] D.19-07-015, at 2.

On April 17, 2020, the CPUC issued Resolution M-4842, with an effective date of March 4, 2020, adopting additional specific customer protections in response to the Covid-19 pandemic.[12] Resolution M-4842 enacted the emergency customer protections set forth in D.19-07-015 through April 16, 2021, with an option to extend it. On February 11, 2021, the Commission issued Resolution M-4849, extending the customer protections established in Resolution M-4842 until June 30, 2021. Among these protections was the waiver of the establishment of service deposit requirements for residential and small business customers.[13]

The Commission also issued D.20-06-003 on June 16, 2020, adopting rules and policy changes to reduce residential customer disconnections for the larger California jurisdictional energy utilities. D.20-06-003 also permanently prohibited SCE and other utilities from requiring any residential and small business customers to pay a deposit for the establishment of service.[14]

On December 17, 2020, the Commission issued Resolution UEB-006, approving a citation program to enforce compliance with the disconnection rules adopted in D.20-06-003. Specifically, Resolution UEB-006 approved a penalty of $1,000 per affected customer when the IOU violates the deposit requirement by billing residential customers a credit deposit to establish service.[15]

Despite the approval of D.20-06-003, Resolutions M-4842, M-4849, and UEB-006, SCE unlawfully billed residential customers a credit deposit to establish service. On March 10, 2021, SCE self-reported to the CPUC's Energy Division that it sent deposit requests to 9,561 SCE residential customers between June 11, 2020, to the end of February 2021.[16] SCE estimated that 1,245 of the 9,561 customers paid the deposit and 963 were refunded. At that time, SCE also informed Energy Division that it was still

[12] Resolution M-4842, at 1.

[13] Resolution M-4842, at 5.

[14] D.20-06-003 Ordering Paragraphs 8-9.

[15] Resolution UEB-006, December 17, 2020, at 10-11.

[16] SCE's September 8, 2023, Response to Question 4 of CPED Data Request ELE-00231-01, at 1.

researching the remaining 282 deposits that had not yet been refunded. SCE later provided additional information confirming that these 282 paid deposits were refunded.[17] SCE stated that it was unable to update its system to prevent asking for deposits from its residential and small business customers who signed up online through SCE.com or by an SCE call center or back-office agent between April 17, 2020, and April 6, 2021.[18] This was due to a system freeze in preparation for a major billing system implementation that was scheduled to be implemented in April 2021. This pre-implementation system freeze limited SCE's ability to make system and process changes. As a result, SCE implemented workarounds and controls to mitigate the erroneous billing of customer deposits at various points during this time.[19]

On May 1, 2020, SCE filed Advice Letter (AL) 4250-E to comply with directives set forth in Resolution M-4842, which waived deposit requirements for the establishment and re-establishment of credit for all residential and small business customers.

Although SCE attempted to prevent the collection of deposits, SCE was unable to prevent deposits from being requested by an SCE call center or back-office agent, or online through SCE.com, during a post-implementation stabilization period in which system and process changes were still limited.[20] SCE indicated that it implemented temporary manual processes and workarounds until a permanent solution could be implemented to prevent the billing and collection of service deposits.

The first manual procedure was implemented in May of 2020. SCE implemented a method to review residential and small commercial deposits that it requested in error. Once identified, those deposits were cancelled or waived and any paid amounts were returned to the customer.[21]

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[17] SCE's September 8, 2023, Response to Question 4 of CPED Data Request ELE-00231-01, at 1.

[18] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

[19] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

[20] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

[21] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

In June of 2020, SCE implemented a manual process to intercept deposit requests and to contact all customers with wrongly assessed deposits via direct mail and outbound calls.[22]

In June and July of 2020, SCE provided training to several hundred live agents on its new credit policies to ensure service deposits were not being billed and collected.[23] SCE states that it "continued to train its call center agents after this time period."[24]

In August of 2020, to further reduce errant deposit requests, SCE modified the service deposit calculation in its new CSRP platform to set the service deposit to zero, preventing it from being erroneously charged. SCE also created a daily report that identified any residential or small business customer accounts that were issued a deposit request. When detected, SCE would reverse the transaction to avoid the deposit from being billed. For deposits that SCE did not detect and subsequently billed to customers, SCE mailed refund checks to the customers' addresses on file or applied credits to their accounts upon the customer's request.[25]

SCE asserts that it attempted to comply with D.20-06-003 but continued to collect deposits from residential customers because of its manual processes.[26] SCE initially reported to the Energy Division that it billed 9,561 residential customers deposits for establishment or re-establishment of service and 1,245 of them paid the deposit between June 11, 2020, and February 2021.[27] However, SCE stated in its response to CPED data request ELE-00231-02 that, "over 66,000 deposits were requested between April 2020 and December 2021."[28] This is nearly seven times more than the initially reported number of customers affected.

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[22] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

[23] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

[24] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

[25] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

[26] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

[27] SCE's September 8, 2023, Response to Question 3 of CPED Data Request ELE-00231-01, "SCE000000104.pdl" *Disconnection OIR Citation Program: SCE Self-Report & Compliance Check*, at 3.

[28] SCE's September 22, 2023, Response to Question 1 of CPED Data Request ELE-00231-01, at 1.

SCE indicated that its call center and back-office agents no longer had the ability to request a security deposit from a residential customer after its new billing system was implemented on April 6, 2021. However, SCE stated that customers who signed up for service via SCE.com were billed a service deposit. SCE continued to implement manual controls and workarounds until a permanent solution was implemented to prevent the inadvertent billing of service deposits. In addition, to help eliminate customer confusion, SCE added the following message on its SCE.com website:

> SCE is not billing deposits to our residential customers. In the event you do see a deposit amount listed on the summary and confirmation page, be assured that you will not be billed a deposit. In the unlikely event a deposit is requested on your first bill, please contact us at 1-800-655-4555."[29]

SCE continued to bill and collect deposits for online customer requests until August 30, 2021, when SCE implemented its final system enhancement to permanently prevent residential customers from being billed a deposit through SCE.com.[30]

## B. Applicable Commission Resolutions and Decisions to SCE's Billing and Collection of Service Deposits

### 1. Resolutions M-4842 and M-4849

On April 17, 2020, the CPUC issued Resolution M-4842 in response to the Covid-19 pandemic. This resolution ratified directions issued by the Commission's Executive Director on March 17, 2020, that were communicated to all utility corporations, and would retroactively apply customer protection measures from March 4, 2020, onward. Resolution M-4842 implemented specific customer protections applicable to all residential and small business customers in California using the Emergency Disaster Relief program guidelines in D.19-07-015. One of the customer protections in Resolution M-4842 ordered all electric and gas companies to "waive deposit and late fee requirements for residential customers."[31]

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[29] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2-3.

[30] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 3.

[31] Resolution M-4842, April 17, 2020, at.5.

The CPUC issued Resolution M-4849 on February 11, 2021, extending the Emergency Customer Protections adopted in Resolution M-4842 through June 30, 2021.

### 2. Commission Decision 20-06-003

The CPUC issued D.20-06-003 on June 16, 2020, adopting rules and policy changes to reduce residential customer disconnections for the larger California jurisdictional energy utilities. Ordering Paragraphs (OP) 8 of D.20-06-003 states, "Southern California Edison Company, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Gas Company are prohibited from requiring any residential customers to pay establishment of credit deposits for new service"[32] and that such "deposits can adversely impact a household's ability to meet its financial obligations."[33] SCE's billing and collection of credit deposits from its residential customers for the establishment of service from June 16, 2020, to August 31, 2021 violated D.20-06-003.

### 3. Resolution UEB-006

The CPUC issued Resolution UEB-006 on December 17, 2020, approving a citation program to enforce compliance with the rules adopted in D.20-03-006. Specifically, Resolution UEB-006 determined that "IOUs shall not require residential customers to provide any form of deposits to establish or re-establish service," and violation of the deposit requirement is subject to a citation of $1,000 per affected customer.[34] SCE billed 23,755 residential customers a credit deposit for the establishment of service from December 17, 2020, to August 31, 2021.

## C. Findings On SCE's Unlawful Billing of Service Deposits From its Residential Customers

SCE responded to UEB's Data Request SCE-00231-01 on September 22, 2023, providing information on its residential customers that were billed a credit deposit for the

[32] D.20-06-003, at 147.

[33] D.20-06-003, at 3.

[34] Resolution UEB-006, December 17, 2020, at 10-11.

establishment of service from April 1, 2020, to August 31, 2021. In their response, SCE provided data to confirm that it billed 65,773 customers an establishment of service deposit.[35] SCE also stated that, although it attempted to comply with Commission directives, it continued to bill service deposits "due to the post-implementation stabilization period in which system and process changes were still limited, SCE was unable to update its system to prevent deposits from being requested through SCE.com." [36]

The CPUC issued Resolutions M-4842, M-4849, UEB-006, and D.20-06-003, all of which the Commission strictly prohibited utility companies from charging customers credit deposits for the establishment of service. However, even though the CPUC issued these four orders, SCE failed to make the necessary operational changes to fully cease the collection of deposits to establish service.

Resolution M-4842, adopted on April 17, 2020, with a retroactive effective date of March 4, 2020, ordered utility companies to file an advice letter to implement the Emergency Customer Protections to support California customers for up to one year from the date of the resolution, until April 17, 2021.[37] Among these protections for electric and gas utility customers was the waiver of deposits for residential and small business customers.[38] Although SCE submitted AL 4205-E on May 1, 2020, to implement the service deposit waiver requirements, it failed to waive service deposits in compliance with this requirement. Between April 1, 2020, and June 15, 2020, SCE billed 33,741 customers a total of $5,321,080 for the establishment of service. Of these customers, 18,497 customers paid a total of $2,776,727 for the establishment of service. UEB staff confirmed that SCE had since provided every one of these customers with a credit, refund, or waived the amount billed. However, UEB staff notes that on average about 57

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[35] SCE's September 22, 2023, Response to Question 1 of CPED Data Request ELE-00231-01, "CONFIDENTIAL RESIDENTIAL DEPOSITS UEB Data Request (DR-ELE-00231-1)."

[36] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

[37] Resolution M-4842, April 17, 2020, at 1.

[38] Resolution M-4842, April 17, 2020, at 1.

days elapsed between the date when the service deposit was requested to when a credit, refund, or waiver of the service deposit was provided.[39]

Additionally, on June 16, 2020, the CPUC issued D.20-06-003. Specifically, OP 8 of D.20-06-003, permanently prohibited gas and electric companies from requiring residential and small business customers to pay any type of credit deposit for any new service.[40] However, SCE failed to comply with D.20-06-003 and Resolution M-4842. Between June 16, 2020, and December 16, 2020, SCE billed 8,277 customers, a total of $1,415,265 for the establishment of service. Of these 8,277 residential customers, 1,161 paid a total of $175,971 for the service deposit. UEB staff confirmed that SCE had since provided each of the 8,277 customers with a credit, refund, or waived the amount billed. However, UEB staff notes that on average, 22 days elapsed between the date when the service deposit was requested to when a credit, refund, or waiver of the service deposit was provided.[41] Therefore, UEB staff believes SCE to be in violation of the Commission's directives from Ordering Paragraph 8 of D.20-06-003 and Resolution M-4842.

On December 17, 2020, the Commission issued Resolution UEB-006, which approved a citation program to enforce compliance with D.20-06-003. Specifically, Rule 6 of Resolution UEB-006 prevented IOUs from requiring residential customers to provide any form of deposit to establish service. This Resolution also authorizes the issuance of a $1,000 citation per affected customer for violation of the deposit requirement. Between December 17, 2020, and February 10, 2021, SCE billed four customers a total of $11,120 in service deposits. Of these four customers, two paid a total of $3,345 for the service deposit. SCE has provided each of the four customers with a credit, refund, or waived the amount billed. However, UEB staff notes that on average,

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[39] SCE's September 22, 2023, Response to Question 1 of CPED Data Request ELE-00231-01, "CONFIDENTIAL RESIDENTIAL DEPOSITS UEB Data Request (DR-ELE-00231-1)."

[40] D.20-06-003, June 16, 2020, at 147.

[41] SCE's September 22, 2023, Response to Question 1 of CPED Data Request ELE-00231-01, "CONFIDENTIAL RESIDENTIAL DEPOSITS UEB Data Request (DR-ELE-00231-1)."

208 days elapsed between the date when the service deposit was requested to when a credit, refund, or waive of the service deposit was provided.[42] Therefore, SCE's continued non-compliance with the Commission's directives violates OP 8 of D.20-06-003, Resolution M-4842, and Rule 6 of Resolution UEB-006.

After the issuance of D.20-06-003 and Resolution UEB-006, the Commission also issued Resolution M-4849 on February 11, 2021. Resolution M-4849 extended the Emergency Customer Protections activated in Resolution M-4842 through June 30, 2021.[43] During the extension of these customer protections, SCE continued to bill for and collect credit deposits for the establishment of service. Between February 11, 2021, and June 30, 2021, SCE billed 14,957 customers a total of $2,362,140 for the establishment of service. Of these customers, five customers paid a total of $2,545 in credit deposits for the establishment of service. SCE has provided all 14,957 customers with a credit, refund, or waived the amount billed. UEB staff notes that on average only 2 days elapsed between when each customer was billed and when a credit, refund, or waiver of the service deposit was provided.[44]

After the expiration of Resolutions M-4842 and M-4849, Resolution UEB-006 and D. 20-06-003 were still effective and continued to prohibit the billing and collection of credit deposits. From July 1, 2021, to August 31, 2021, SCE billed 8,794 customers credit deposits totaling $1,375,290 for the establishment of service. Of these 8,794 SCE residential customers, two paid a total of $620 in credit deposits for the establishment of service. SCE has provided all 8,794 customers with a credit, refund, or waived the amount billed. UEB staff notes that on average only 2 days elapsed between when each customer was billed and when a credit, refund, or waiver of the service deposit was provided.[45]

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[42] SCE's September 22, 2023, Response to Question 1 of CPED Data Request ELE-00231-01, "CONFIDENTIAL RESIDENTIAL DEPOSITS UEB Data Request (DR-ELE-00231-1)."

[43] Resolution M-4849, February 11, 2021, at 1.

[44] SCE's September 22, 2023, Response to Question 1 of CPED Data Request ELE-00231-01, "CONFIDENTIAL RESIDENTIAL DEPOSITS UEB Data Request (DR-ELE-00231-1)."

[45] SCE's September 22, 2023, Response to Question 1 of CPED Data Request ELE-00231-01,

**Table 1: Number of SCE Affected Customers per Resolutions M-4842, M-4849, UEB-006, and D.20-06-003**

| Time Period | Customers Billed a Service Deposit | Customers Billed and Paid the Service Deposit | Amount Billed | Amount Paid | Effective Decision / Resolution |
|---|---|---|---|---|---|
| April 1, 2020<br>June 15, 2020 | 33,741 | 18,497 | \$ 5,321,080 | \$ 2,776,727 | Resolution M-4842 |
| June 16, 2020<br>December 16, 2020 | 8,277 | 1,161 | \$ 1,415,265 | \$ 175,971 | Res M-4842 & D.20-06-003 |
| December 17, 2020<br>February 10, 2021 | 4 | 2 | \$ 11,120 | \$ 3,345 | Res M-4842/UEB-006 & D.20-06-003 |
| February 11, 2021<br>June 30, 2021 | 14,957 | 5 | \$ 2,362,140 | \$ 2,545 | Res M-4849/UEB-006 & D.20-06-003 |
| July 1, 2021<br>August 31, 2021 | 8,794 | 2 | \$ 1,375,290 | \$ 620 | Res UEB-006 & D.20-06-003 |
| **Total** | **65,773** | **19,667** | **\$ 10,484,895** | **\$ 2,959,208** | |

UEB Staff found that 23,755 of the 65,773 violations occurred after the Commission issued Resolution UEB-006 on December 17, 2020, to enforce compliance with the rules established in D.20-06-003. UEB staff notes that Rule 6 of Resolution UEB-006 prohibited IOUs from requiring any residential customers to pay a credit deposit for new or re-establishment of service. Resolution UEB-006 approved a penalty of \$1,000 per affected customer when the IOU violates the deposit requirement if it bills a residential customer for a credit or service deposit in order to establish or re-establish service.[46]

**Table 2: Number of Affected Customers per Resolutions UEB-006**

| Time Period | Customers Billed a Service Deposit | Customers Billed and Paid the Service Deposit | Amount Billed | Amount Paid | Effective Decision / Resolution |
|---|---|---|---|---|---|
| December 17, 2020<br>August 31, 2021 | 23,755 | 9 | \$ 3,748,550 | \$ 6,510 | Resolution UEB-006 |

"CONFIDENTIAL RESIDENTIAL DEPOSITS UEB Data Request (DR-ELE-00231-1)."

[46] Resolution UEB-006, December 17, 2020, at 10-11.

### D. SCE Implemented Improvements and Manual Workarounds to the CSRP to Refrain from Charging Security Deposits

SCE implemented various temporary measures to avoid charging customer service deposits, none of which were fully effective. According to SCE, in May of 2020, it implemented a method to review residential and small commercial deposits requested in error, and once identified, those deposits would be cancelled or waived, and any paid amounts were refunded to the customers. In June of 2020, SCE implemented a manual process to intercept and waive deposits requested by call center agents and to also refund any deposits paid by customers. In August of 2020, to help further reduce errant deposit requests, SCE modified the service deposit calculation in its new CSRP platform to zero out the service deposit that was to be charged to the customer and thus prevent a deposit from being erroneously charged.[47] It also created a daily report that identified any residential or small business customer accounts that had a deposit request. When detected, SCE would reverse the transaction to avoid the deposit from being billed. For deposits that were not detected and were subsequently billed to customers, SCE waived the security deposit. For those customers that were billed and paid the security deposit, SCE issued refund checks or applied a credit to the customer's account if requested by the customer.[48]

On April 6, 2021, SCE implemented its new billing system. With the implementation of this new billing system, SCE agents no longer had the ability to request a security deposit from a residential or small business customer. However, during the post-implementation stabilization period, when system and process changes were still limited, SCE was still unable to update its system to prevent deposits from being requested through SCE.com.[49] The manual processes mentioned above continued to remain in place until a permanent solution could be implemented.

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[47] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

[48] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

[49] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

On August 30, 2021, a final system enhancement was implemented to prevent a residential customer from being billed a deposit through SCE.com.

SCE admitted that although it attempted to waive security deposits for its residential and small business customers by implementing manual solutions to stop deposit requests, it continued to request them.[50] Based on the data provided by SCE, SCE continued to request service deposits until August 31, 2021, nearly 17 months after the issuance of Resolution M-4842 and 15 months after receiving explicit direction from the Energy Division to waive all deposits.[51] UEB staff believes that the continued collection of customer credit deposits despite receiving explicit direction from the CPUC, is a violation of Resolutions M-4842, M-4849, UEB-006, and D.20-06-003.

Despite SCE's efforts to prevent the billing of credit deposits, UEB staff discovered that SCE billed service deposits for 65,773 customers between April 1, 2020, and August 31, 2021. This collection of customer deposits during the time in which the Commission ordered SCE to refrain from doing so is a violation of the CPUC directives. SCE customers who were charged and paid deposits after the CPUC's directives and during the pandemic, suffered negative financial impacts. Even though SCE has since refunded and/or credited those customers on their monthly bills, these customers were deprived of the intended financial protection and could have experienced financial hardship due to the erroneous payment of the deposit.

## IV. CONCLUSIONS AND RECOMMENDATIONS

Based on its review of information provided by SCE, UEB staff determined that from April 1, 2020, to August 31, 2021, SCE unlawfully billed 65,773 residential customers service deposits totaling $10,484,895 in violation of Resolutions M-4842, M-4849, UEB-006, and D.20-06-003.[52]

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[50] SCE's September 8, 2023, Response to Question 2 of CPED Data Request ELE-00231-01, at 2.

[51] SCE's September 8, 2023, Response to Question 3 of CPED Data Request ELE-00231-01, "SCE00000057.pdf," Email exchange between SCE's Diana Gallegos and ED's Masoud Foudeh, at 2.

[52] 19,667 of the 65,773 customers paid service deposits totaling $2,959,208 between April 1, 2020, to August 31, 2021.

1. From April 1, 2020, to August 31, 2021, SCE unlawfully billed 65,773 residential customers service deposits totaling $10,484,895 in violation of Resolutions M-4842, M-4849,[53] UEB-006, and D.20-06-003.[54]

   a. SCE violated Resolution M-4842 by billing 33,741 customers service deposits totaling $5,321,080 between April 1, 2020, and June 15, 2020. Of the 33,741 customers, 18,497 paid the deposits totaling $2,776,727.

   b. SCE violated Resolution M-4842 and D.20-06-003 by billing 8,277 customers service deposits totaling $1,415,265 between June 16, 2020, and December 16, 2020. Of the 8,277 customers, 1,161 paid deposits totaling $175,971.

   c. SCE violated Resolutions M-4842, UEB-006, and D.20-06-003 by billing four customers service deposits totaling $11,120 between December 17, 2020, and February 10, 2021. Two of the four customers paid the deposits totaling $3,345.

   d. SCE violated Resolutions M-4849, UEB-006, and D.20-06-003 by billing 14,957 customers service deposits totaling $2,362,140 between February 11, 2021, and June 30, 2021. Five of the 14, 957 customers paid the deposits totaling $2,545.

   e. SCE violated Resolution UEB-006 and D.20-06-003 by billing 8,794 customers service deposits totaling $1,375,290 between July 1, 2021, and August 31, 2021. Two of the 8,794 customers paid the deposits totaling $620.

CPED recommends seeking delegated authority to pursue an Administrative Order (ACO) to request penalties based on UEB staff's findings and enter into a settlement agreement with SCE for allegedly billing 65,773 residential customers service deposits totaling $10,484,895 in violation of Resolutions M-4842, M-4849, UEB-006, and D.20-06-003.

[53] On February 11, 2021, the Commission issued Resolution M-4849, extending the customer protections established in Resolution M-4842 until June 30, 2021.

[54] 19,667 of the 65,773 residential customers paid the service deposit between April 1, 2020, to August 31, 2021.

In UEB staff's review of SCE's implementation of the upgrades and system enhancements to its CSRP system to permanently prevent the billing of credit deposits for new service, UEB staff believes that SCE has resolved its credit deposit billing system issues. UEB staff did not find additional SCE customers that have been billed a credit deposit to establish service since August 31, 2021.