

Application No.: A.23-05-010  
Exhibit No.: SCE-03 Vol. 01  
Witnesses: A. Baldwin  
L. Blackwell  
C. Garcia  
C. Hu  
E. Quon



(U 338-E)

## **2025 General Rate Case**

### ***Customer Service Operations***

Before the

**Public Utilities Commission of the State of California**

Rosemead, California  
May 12, 2023

# SCE-03 Vol. 01: Customer Service Operations

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**I.**

**INTRODUCTION**

Southern California Edison’s (SCE) Customer Interactions (CI) Business Planning Group (BPG) organization has primary responsibility for interacting with SCE’s customers, including educating customers about how their energy usage impacts their bill, billing customers in an accurate and timely manner, responding to customer requests for service, and addressing customer questions and concerns. In addition to meeting customers’ needs and expectations for customer service, activities undertaken by SCE in the CI BPG help SCE achieve state and federal energy policy goals that rely on customer participation in rates and programs. Finally, the CI BPG includes activities through which SCE educates external audiences on a range of topics including safety, outages and storms, and clean energy initiatives to meet the state’s goals.

In 2022, SCE provided customer care to 4.5 million customers with over 5.2 million service accounts. SCE’s customers range from individual residential customers to some of the largest commercial, industrial, agricultural, and public sector organizations in California. These activities are described in this exhibit, with Customer Service Operations presented in Volume 1, Business Customer Services in Volume 2, and Customer Programs and Services in Volume 3.

**A. Content and Organization of Volume**

This volume presents SCE’s Test Year 2025 forecast of Operations and Maintenance (O&M) for CI activities within the Billing and Payments and Customer Contacts Business Planning Elements (BPEs). The Billing and Payments BPE, presented in Chapter II, includes Billing Services, Credit and Payment Services, Postage, and Uncollectible Expenses activities. The Customer Contacts BPE, presented in Chapter III, includes the Customer Contact Center and Escalated Complaints and Outreach activities. The O&M activities detailed in this volume are primarily managed by SCE’s Customer Service Operations Division (CSOD). For the O&M activities in this volume, Chapters II and III summarize the scope of work, key drivers for the work, and regulatory mandates that impact the level of O&M forecast. This volume also includes: (1) analysis of O&M authorized in the 2021 General Rate Case (GRC) compared to recorded amounts in 2021, and (2) the 2025 Test Year O&M forecasts relative to historical spending. In addition, Chapter II of this volume includes analysis of capital funding authorized in the 2021 GRC compared to recorded amounts in 2021, and the capital equipment and capital software forecasts for the Billing and Payments BPE.

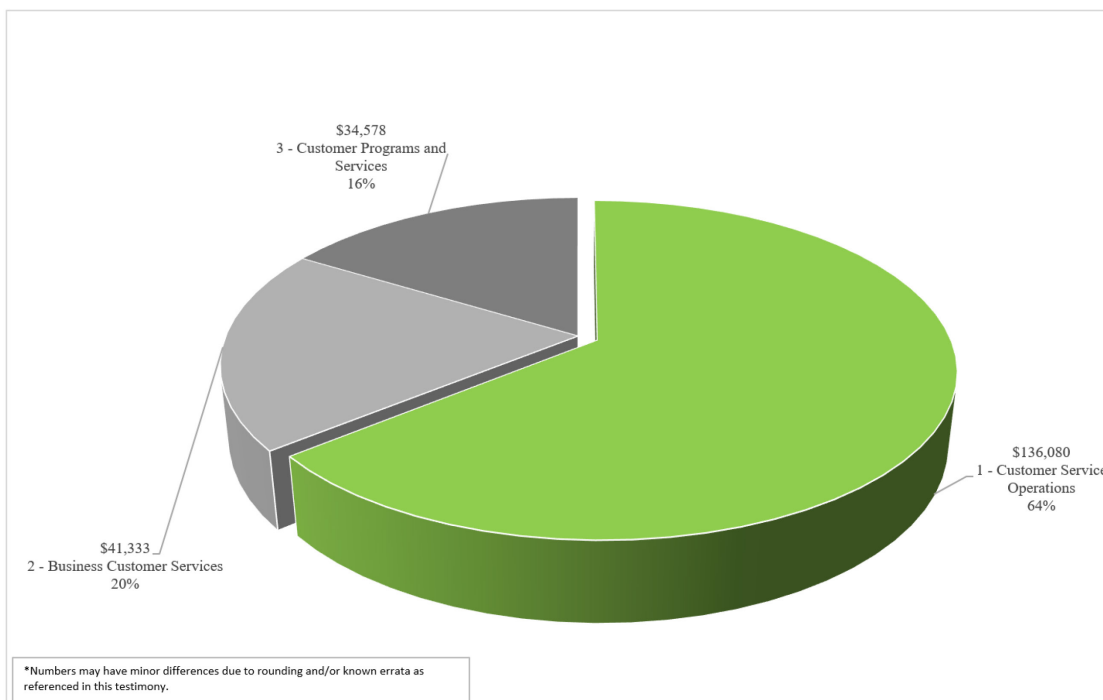
1 This volume also contains, in Chapter IV, a description of the activities related to the Customer  
2 Service Re-Platform (CSRP) project's post-implementation activities, including the costs and benefits  
3 recorded in the CSRP memorandum account in 2022 and forecast for 2023-2024.

4 Finally, Chapter V presents SCE's Test Year 2025 forecast of Other Operating Revenues (OOR)  
5 for CI activities. The service fees are charges to individual customers and third parties who receive  
6 services that cause SCE to incur additional operational expenses. These services are above the standard  
7 operational services provided by SCE. As such, SCE should not recover the cost from these services  
8 from all customers through general rates and instead should charge separately for these services.  
9 The revenue received for these services is accounted for as OOR. These services include, for example,  
10 returned check charges to offset costs associated with processing checks that are returned from the bank  
11 due to insufficient funds, late payment charges to recover SCE's cost of carrying late receivables, at-  
12 pole charges to Edison SmartConnect Opt-Out, services associated with Direct Access (DA),  
13 Community Choice Aggregation (CCA), Demand Response Program (DRP), and other special services.

14 **B. Summary of O&M, Capital, and OOR Request**

15 Figure I-1 shows SCE's forecast of \$135.378 million of O&M expenses for the 2025 Test Year  
16 described in this volume, and the total Exhibit SCE-03 Test Year forecast of \$208.415 million of O&M  
17 for CI. Table I-1 breaks down the O&M forecast shown in Exhibit SCE-03 by Volume, BPE, and GRC  
18 activity. This amount excludes uncollectible expenses, which SCE forecasts through an uncollectibles  
19 factor of 0.191 percent (expressed as a percent of SCE's total revenue).

**Figure I-1**  
**Total Customer Interactions O&M Expenses<sup>1</sup>**  
*(Constant 2022 \$000)*



<sup>1</sup> This figure does not include Uncollectible expenses presented in Exhibit SCE-03, Vol. 01. In addition, errors were identified subsequent to the finalization of financial data. Therefore, the intended financial number that is stated here in testimony does not align with the financial numbers in standardized workpapers and the RO model. An errata will be submitted to align the financial numbers in testimony, standardized workpapers, and the RO model at a future date.

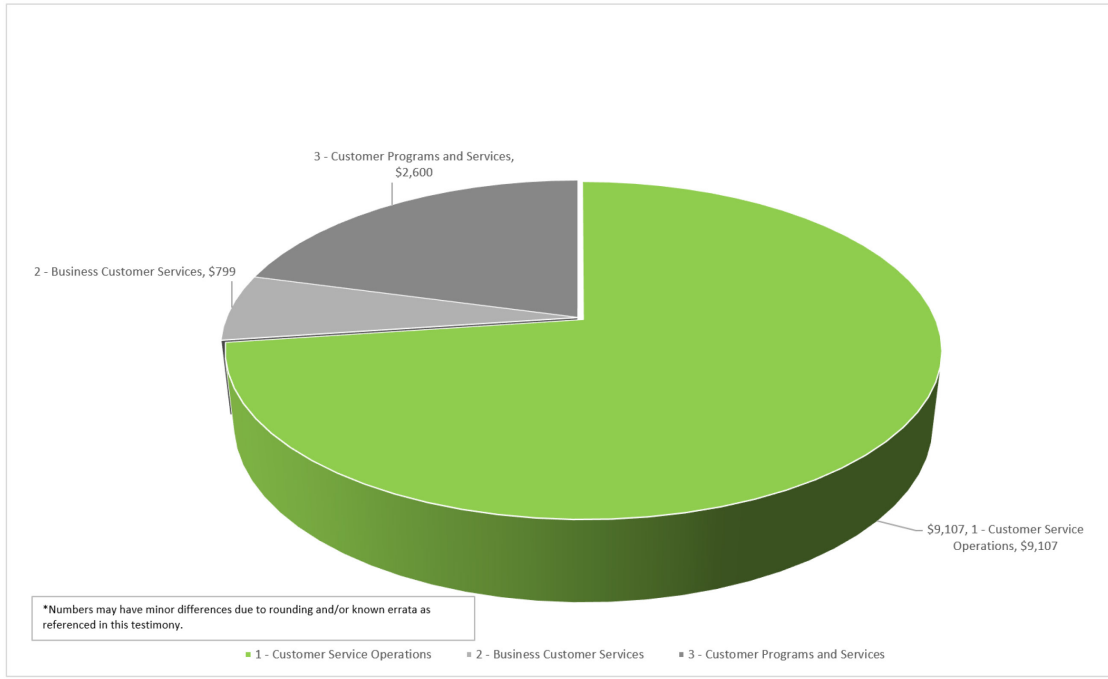
**Table I-1**  
**Customer Interactions O&M Expense Forecast<sup>2</sup>**  
*(Constant 2022 \$ Million)*

Line No.	Volume	BPE / GRC Activity	2025 Total
1	SCE-03, Vol. 1	Billing and Payments	
2		Billing Services	\$48.150
3		Postage	\$14.988
4		Credit and Payment Services	\$12.896
5		Customer Contacts	
6		Customer Contact Center	\$57.801
7		Escalated Complaints and Outreach	\$1.542
8		<b>SCE-03, Volume 1 Total</b>	<b>\$135.378</b>
9	SCE-03, Vol. 2	Business Customer Services	
10		Business Customer Service	\$26.140
11		Communications, Education, and Outreach	
12		External Communications	\$12.319
13		<b>SCE-03, Volume 2 Total</b>	<b>\$38.459</b>
14	SCE-03, Vol. 3	Customer Care Services	
15		Customer Experience Management	\$22.732
16		Customer Programs Management	\$11.846
17		<b>SCE-03, Volume 3 Total</b>	<b>\$34.578</b>
18		<b>Exhibit 3 Total</b>	<b>\$208.415</b>

1            Figure I-2 shows SCE’s forecast of \$12.506 million for CI Capital for the forecast period 2023-  
2            2028. Capital costs for CI include mailing operations capital equipment, software automation, and  
3            specialized equipment with the specific breakdown shown in Table I-2.

<sup>2</sup> This table does not include Uncollectible expenses presented in Exhibit SCE-03, Vol. 01 in the Billing and Payments section.

**Figure I-2**  
**Total Customer Interactions Capital Expenditures (2023-2028)**  
(Nominal \$000)



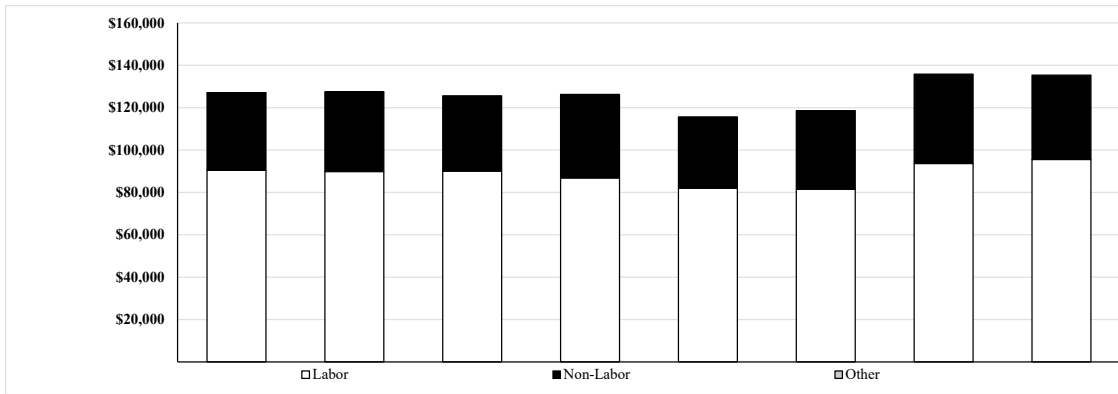
**Table I-2**  
**Customer Interactions Capital Expenditures (2023-2028)**  
(Nominal \$ Million)

Line No.	Description	2023	2024	2025	2026	2027	2028
1	Mailing Operations Capital (Vol. 1)	\$ 5.162	\$ 0.125	\$ -	\$ -	\$ -	\$ -
2	Software Automation - Billing (Vol. 1)	-	-	1.750	0.670	0.690	0.710
3	Specialized Equipment (Vols. 2 and 3)	0.910	0.390	1.295	0.398	0.201	0.204
4	Total	\$ 6.072	\$ 0.515	\$ 3.045	\$ 1.068	\$ 0.891	\$ 0.915

1 As noted above, this volume presents SCE’s Test Year 2025 forecast of O&M for CI activities  
2 within the Billing and Payments and Customer Contacts BPEs. Figure I-3 shows SCE’s O&M recorded  
3 costs from 2018 to 2022 and forecast for 2023 to 2025 for these activities in Constant 2022 dollars.  
4 Figure I-4 shows capital expenditures recorded from 2018 to 2022 and forecast for 2023-2028 associated  
5 with these activities. Finally, Table I-3 below presents CI recorded OOR from 2018-2022, forecast OOR  
6 for 2023-2025 based on current fees, and forecast OOR for 2025 based on proposed fees. The proposed

1 fee updates are based on current costs to provide services along with fee eliminations and additions.  
 2 A detailed analysis of each of the historical values presented in each of these tables is presented at the  
 3 individual activity level in Chapters II, III, and V below.

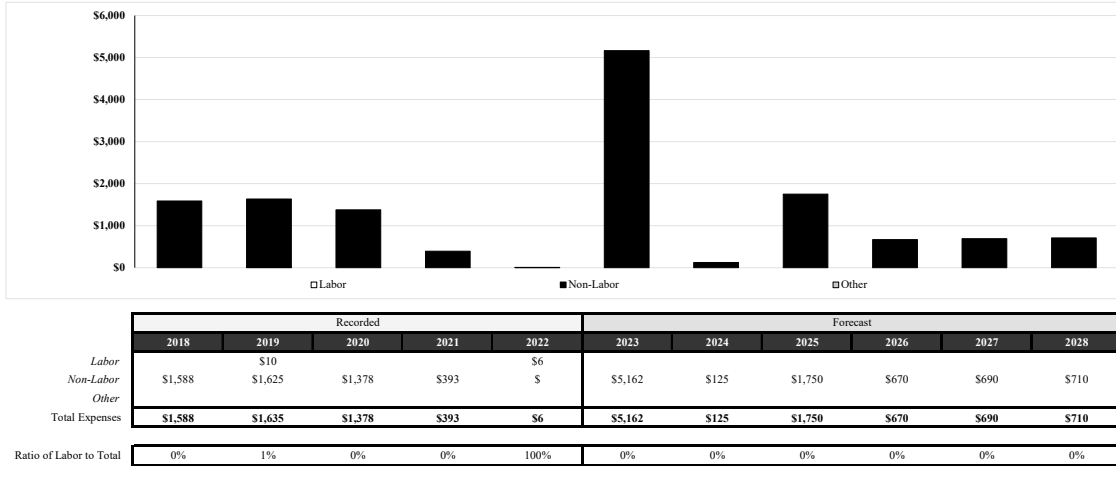
**Figure I-3**  
**Billing and Payments, and Customer Contacts O&M Expenses**  
**2018-2022 Recorded and 2023-2025 Forecast**  
*(Constant 2022 \$000)*



	Recorded					Forecast		
	2018	2019	2020	2021	2022	2023	2024	2025
Labor	\$90,410	\$89,870	\$90,065	\$86,847	\$81,945	\$81,472	\$93,671	\$95,589
Non-Labor	\$36,517	\$37,420	\$35,548	\$39,380	\$33,742	\$37,139	\$42,158	\$39,789
Other	\$26	\$37	\$	\$	\$	\$	\$	\$
<b>Total Expenses</b>	<b>\$126,954</b>	<b>\$127,327</b>	<b>\$125,612</b>	<b>\$126,227</b>	<b>\$115,687</b>	<b>\$118,611</b>	<b>\$135,829</b>	<b>\$135,378</b>
Ratio of Labor to Total	71%	71%	72%	69%	71%	69%	69%	71%



**Figure I-4**  
**Billing and Payments, and Customer Contacts Capital Expenditures**  
**2018-2022 Recorded and 2023-2025 Forecast**  
*(Nominal \$000)*



1 Analysis of the Test Year OOR Forecast is included, along with the forecast method of OOR, in  
 2 Chapter V.

**Table I-3**  
**Customer Interactions OOR**  
**Recorded 2018-2022 and Forecast 2023-2025**  
**(Nominal \$000)**

Line No.	Account Name	Recorded					Forecast			Proposed
		2018	2019	2020	2021	2022	2023	2024	2025	2025
1	Paper Bill Fee – Residential	n/a								\$7,553
2	Late Payment Charge – Residential	\$11,586	\$10,435	\$2,856	\$3,295	\$9,814	\$7,942	\$7,634	\$5,530	\$7,374
3	Connection Charge – Residential	5,807	5,612	4,054	2,906	-	3,690	3,714	3,738	-
4	Opt-Out CARE – Initial	2	2	2	0	0	0	0	0	0
5	Opt-Out NON-CARE – Initial	53	47	37	6	1	1	1	1	1
6	Opt-Out CARE – Monthly	30	32	36	29	14	14	14	14	14
7	Opt-Out NON-CARE – Monthly	193	188	198	138	102	102	102	102	264
8	Paper Bill Fee – Non-Residential	n/a								1,864
9	Late Payment Charge – Non-Residential	6,160	5,566	3,191	5,490	7,350	5,083	4,072	2,950	3,933
10	Connection Charge – Non-Residential	2,166	2,115	1,833	1,506	1,945	2,373	2,388	2,404	-
11	Returned Check Charge	1,600	1,560	1,213	1,002	1,209	1,180	1,187	1,195	1,195
12	Connection Charge – At Pole	22	24	14	2	2	31	31	31	31
13	Optimal Billing Period	0	0	0	-	-	-	8	8	8
14	Misc. Revenue – Recovery Unauthorized Use Non-Energy	146	104	86	65	62	121	121	121	121
15	Customer Information Service Request (CISR) Fees	-	-	-	-	-	25	101	101	318
16	Community Choice Aggregation	391	1,477	2,638	1,619	2,485	3,397	3,366	3,366	5,723
17	Direct Access Services	175	160	114	47	60	105	143	143	707
18	<b>TOTAL CS OOR</b>	<b>\$28,332</b>	<b>\$27,323</b>	<b>\$16,272</b>	<b>\$16,107</b>	<b>\$23,042</b>	<b>\$24,064</b>	<b>\$22,883</b>	<b>\$19,704</b>	<b>\$29,107</b>

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## II.

### **BILLING AND PAYMENTS**

#### **A. Overview**

The Billing and Payments BPE includes billing, payment, postage, credit, and collections operations, as well as support personnel and management for those activities. The Billing and Payments BPE encompasses the activities associated with establishing new service accounts, administering credit policies, delivering bills and associated notices, and processing customer payments.

In 2022, SCE delivered approximately 65.9 million billing statements (printed and electronic), notices, reminders, and other correspondence to its 4.5 million customers (for 5.2 million service accounts). Accurate and timely billing that customers can easily understand is essential to the billing function. To this end, SCE’s Billing and Payments operation validates and processes interval and non-interval usage data, develops and presents customer bills, and processes bill exceptions.<sup>3</sup> The operation also implements regulatory initiatives that impact the routine customer energy usage validation, billing, and credit processes. Credit and payment activities establish and implement credit policies, oversee payment processing, and provide customers with convenient and flexible payment options. Credit activities also help SCE manage its uncollectible expenses. These work activities, summarized below, are described in more detail in Section II.C.

**Billing Services** – The Billing Services work activity provides timely and accurate billing to approximately 5.2 million service accounts and is conducted primarily by the Customer Billing Operations (CBO) group, which is part of SCE’s Revenue Services Organization (RSO).

**Postage** – This activity includes SCE’s costs to send billing statements, notices, reminders, and other correspondence to SCE customers. This cost is primarily driven by the volume and postage costs to send these items.

**Credit and Payment Services** – The Credit and Payment Services activity consists of credit policy development and enforcement, customer verification, fraud prevention, customer risk assessments, collections activities, and the overall management of credit-related operations to minimize arrearages and uncollectible expenses.

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<sup>3</sup> A billing exception occurs any time an account cannot be processed through SCE’s automated billing system due to various conditions (e.g., missing or out-of-tolerance usage data or other information needed to produce a billing statement) that require manual review and resolution by a Billing Analyst, before a billing statement can be created and released to a customer.

1           **Uncollectible Expenses** – The amount of revenue SCE is unable to collect, despite collection  
2 efforts, is recorded as Uncollectible expenses.

3           **1.     Regulatory Background/Policies Driving SCE’s Request**

4           As described below, regulatory policies impacting the Billing and Payments BPE include  
5 policies related to disaster relief and disconnection for nonpayment.

6           From Rulemaking (R.)18-03-011, Order Instituting Rulemaking (OIR) Regarding  
7 Emergency Disaster Relief Program, Decision (D.)19-07-015 requires customer protections in a state of  
8 emergency. These protections include, among others, suspending disconnection for nonpayment for  
9 residential and small business customers, implementing payment plan options for residential customers,  
10 and supporting low-income residential customers. In March 2020, following Governor Newsom’s  
11 declaration of a state of emergency due to the COVID-19 pandemic, the California Public Utilities  
12 Commission’s (CPUC or Commission) Executive Director issued a letter directing energy utilities to  
13 implement the protections established in D.19-07-015. In April 2020, the Commission issued Resolution  
14 M-4842 ordering all residential and small business customers eligible for protections for one year, and  
15 then extended the duration of protections in Resolution M-4849. The Commission adopted a COVID-19  
16 moratorium for medium and large non-residential customers in D.21-04-015 from R.18-03-011. The  
17 Commission also issued D.21-06-036 in R.21-02-014, Order Instituting Rulemaking to Address Energy  
18 Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic, to further extend the duration  
19 of the disconnection moratorium, and to require auto-enrollment of COVID-19 relief payment plans for  
20 residential and small business customers.

21           In addition to Commission’s policies in response to the COVID-19 pandemic, the 2021  
22 California Arrearage Payment Program (2021 CAPP), established in the 2021 State Budget and  
23 administered by the Department of Community Services and Development, provides funds to reduce  
24 qualifying customer debt accumulated during the COVID-19 pandemic. Energy utilities apply for 2021  
25 CAPP funding, and upon receiving funds, provide a credit to customer accounts. SCE received, and  
26 applied to its customers’ outstanding balances, \$205 million in CAPP funding in 2021. In 2022,  
27 California extended the CAPP program. SCE received and applied an additional \$217 million to its  
28 customers’ outstanding balances.

29           In R.18-07-005, Order Instituting Rulemaking to Consider New Approaches to  
30 Disconnections and Reconnections to Improve Energy Access and Contain Costs, the Commission in  
31 D.20-06-003 ordered, among other requirements, utilities (1) to cap residential disconnections at

1 specified percentages for years 2020-2024, (2) not to disconnect residential customers for nonpayment  
2 until the utility offers to enroll eligible customers in all applicable benefit programs administered by the  
3 utility, (3) not to disconnect residential customers for nonpayment until the utility offers a 12-month  
4 payment plan, and (4) not to disconnect residential customers for nonpayment if they currently have a  
5 Low-Income Home Energy Assistance Program pledge pending. Further, for residential customers, this  
6 decision prohibits establishment of credit deposits for new service, prohibits reestablishment of service  
7 deposits for any reestablishment of service, and eliminates reconnection fees.

## 8 **2. Compliance Requirements**

9 Billing and Payments compliance requirements include adhering to SCE’s tariffs.  
10 Additional compliance requirements arise from state and federal laws (e.g., the Americans with  
11 Disabilities Act), Commission decisions, and settlement agreements. Compliance items required for  
12 inclusion in SCE’s 2025 GRC are listed below.

### 13 **a) Residential Disconnections**

14 Requirement. In SCE’s 2021 GRC Final Decision (D.21-08-036), the  
15 Commission ordered SCE to “include in its next [GRC] filing a report on the number and percentage of  
16 residential utility disconnections and amount of arrearages during this GRC cycle.”<sup>4</sup>

17 SCE Compliance. Although the collections and disconnection processes are  
18 managed within the Billing and Payments BPE, the number and percentage of residential utility  
19 disconnections and amount of arrearages are presented and discussed in detail in SCE-07, Vol. 05.

### 20 **b) Review and Recovery of Amounts Tracked in Residential Disconnections** 21 **Implementation Cost Memorandum Account (RDICMA)**

22 Requirement. In compliance with D.20-06-003, Ordering Paragraph (OP) 95, SCE  
23 established the Residential Disconnections Implementation Cost Memorandum Account (RDICMA) to  
24 track the incremental costs associated with implementing the requirements in D.20-06-003, including the  
25 administration of the Arrearage Management Program (AMP).<sup>5</sup> Further, D.20-06-003 directs that any  
26 costs associated with the AMP should be addressed in the utilities’ next GRC.<sup>6</sup>

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<sup>4</sup> D.21-08-036, Ordering Paragraph (OP) 11.

<sup>5</sup> For details regarding RDICMA, *see* SCE Advice Letter 4284-E and Preliminary Statement Part N.15.

<sup>6</sup> D.20-06-003, p. 109.

1                    SCE Compliance. SCE began its AMP program in February 2021.<sup>7</sup> The AMP  
2 program will sunset after four years unless the Commission issues a decision otherwise.<sup>8</sup> Thus, AMP is  
3 currently slated to sunset in January 2025. Due to the limited AMP duration and costs in this GRC  
4 forecast period, SCE is not including AMP implementation expenses in this GRC.

5                    **c)        Uncollectible Expenses**

6                    Requirement. D.22-10-004, Decision Approving SCE’s 2020 Energy Resource  
7 Recovery Account Entries and Related Matters, orders SCE, in its next GRC, to (1) adjust its  
8 uncollectibles factor calculation methodology so that its uncollectibles factor would update annually,  
9 and (2) revise its allocation methodology to incorporate billed revenues rather than historical write-offs.<sup>9</sup>

10                    SCE Compliance. SCE’s Uncollectibles Expenses forecast presented in Section  
11 II.C.4 meets the requirements specified above.

12                    **B.        2021 Decision**

13                    **1.        Comparison of Authorized 2021 to Recorded O&M Expenses**

14                    Figure II-5 compares the requested and authorized O&M expenses from SCE’s 2021  
15 GRC with the recorded expense for Billing and Payments, excluding Uncollectible Expenses.<sup>10</sup> For the  
16 Billing and Payments BPE, excluding Uncollectible Expenses, the 2021 recorded amount of \$67.805  
17 million was less than the authorized amount of \$69.992 million by \$2.188 million, or three percent. A  
18 discussion of the authorized versus recorded amounts for 2021 for Billing Services, Postage, Credit and  
19 Payment Services, and Uncollectible Expenses is provided for each area below.

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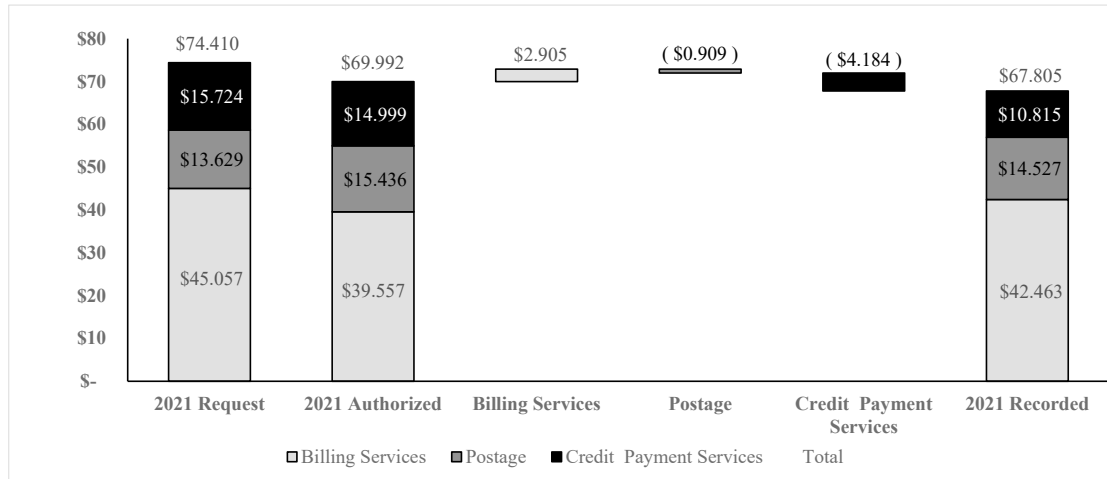
<sup>7</sup> Resolution E-5114, approving SCE’s AMP, ordered SCE, at OP 9, to begin enrolling customers within 45 days of the resolution’s effective date, which was December 17, 2020. Thus, SCE launched its AMP on February 1, 2021.

<sup>8</sup> See D.20-06-003, OP 86.

<sup>9</sup> See D.22-10-004, OP 6.

<sup>10</sup> Uncollectible expenses are a component of the Billing and Payments BPE but are litigated as a percent of revenue and not reflected in O&M expense totals.

**Figure II-5**  
**Billing and Payments<sup>11</sup>**  
**Comparison of 2021 GRC Authorized versus Recorded O&M Expenses**  
**(Constant 2022 \$ millions)**



2. **Comparison of Authorized 2021 to Recorded Capital Expenditures**

SCE did not include any capital expenditures in its 2021 GRC for Billing and Payments activities. In 2021, SCE recorded a total of \$178,000 in this area to upgrade the printing and mailing system’s cutters when they began to fail. In its 2021 GRC, SCE did include capitalized software projects necessary to support Billing and Payments in the Enterprise Technology volume.<sup>12</sup> A discussion of the authorized vs. recorded amounts for the Billing and Payments Enterprise Technology activities is presented in SCE-06, Vol. 2.

C. **O&M Forecast**

1. **Billing Services**

a) **Work Description and Need for Activity**

The purpose of the Billing Services activity is to provide timely and accurate billing services for approximately 4.5 million customers and 5.2 million service accounts. The Billing Services work activity is primarily conducted by CBO which is part of SCE’s RSO. To conduct the

<sup>11</sup> Refer to WP SCE-07, Vol. 01, Authorized vs. Recorded.

<sup>12</sup> In its 2021 Testimony, SCE included a Rate Design Project in its “Enterprise Technology - OU Capital Software” testimony (see A.19-08-013, Exhibit SCE-06, Vol. 1, Part 2A, pp. 54-58). SCE’s Enterprise Technology testimony in this GRC is presented in Exhibit SCE-06, Vol. 02.

1 Billing Services activity, RSO manages, develops, maintains, and supports the customer usage and  
2 billing processes and operations. As noted above, in 2022, SCE issued approximately 65.9 million  
3 customer billing statements, notices, reminders, and other correspondence.<sup>13</sup> In addition to the majority  
4 of accounts that are billed using SCE's Systems, Applications, and Products (SAP) software,<sup>14</sup> in 2022,  
5 an average of approximately 2,500 customers per month required complex manual billing.

6 Billing Services is part of providing basic service to customers and is necessary to  
7 provide customers their energy usage and billing information in compliance with SCE's rules and tariffs.  
8 Customers need usage and billing information to pay their bill as well as to make decisions about how  
9 and when they choose to use electricity. For customers, knowing and understanding their billing and  
10 usage information is important for them to manage their energy usage and energy costs which ultimately  
11 impact energy affordability and greenhouse gas emissions. For SCE, Billing Services is essential to  
12 recovering SCE's cost of providing electric service. The primary sub-activities within the Billing  
13 Services work activity are discussed below.

14 **(1) Billing Exception Processing**

15 SCE calculates and delivers the majority of bills through a highly  
16 automated process requiring little or no manual intervention. However, with approximately 248,000  
17 billing accounts processed per cycle day and the large quantity of interval-usage data involved, even a  
18 small percentage of missing or out-of-tolerance data creates a considerable amount of labor-intensive  
19 exception analysis.<sup>15</sup> The Customer Billing functional group reviews, analyzes, and resolves these  
20 exceptions. This group helps ensure accurate and timely customer billing and initiates corrective action,  
21 as necessary.

22 In 2021, with deployment of SAP as SCE's billing system, SCE began  
23 tracking billing exceptions using different categories and processes that better matched the billing  
24 exception processes implemented in conjunction with SAP. This, as well as growth in the number of  
25 CCA, Net Energy Metering (NEM), and bundled customers served, increased billing exception volume

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<sup>13</sup> SCE also issues bills in large format and Braille for customers who request them in compliance with SCE's settlement agreement with the Disability Rights Advocates in its 2012 GRC. *See* D.12-11-051, OP 41.

<sup>14</sup> In April 2021, SCE completed its Customer Service Re-Platform (CSRP) project implementing SAP to replace its legacy Customer Service System (CSS).

<sup>15</sup> A cycle day is a business day on which accounts are processed for billing. In 2022, there were 252 cycle days. With 5.2 million service accounts, SCE processes approximately 62.4 million service account bills per year. (62.4 million service account bills / 252 cycle days = 248,000 service accounts per cycle day).



1 in the Base Year. In addition, SCE observed that the average handle time to resolve individual billing  
2 exceptions increased significantly to approximately 26 minutes in 2022. This increase was due to  
3 escalated clearing of unanticipated aged backlog as a result of SCE's SAP implementation, meter  
4 shortages,<sup>16</sup> and customer participation in more complex rates (e.g., NEM rates), requiring additional  
5 time to resolve exceptions in SAP. SCE processed approximately 2.7 million billing exceptions in 2022,  
6 approximately 300,000 greater than forecast. SCE expects that the processing of billing exceptions will  
7 continue to require significant effort. For this reason, SCE is focused on increasing productivity in the  
8 area as described in Section II.C.1.d)(1) below.

9 **(2) Process Oversight and Support**

10 The Process Oversight and Support sub-activity includes the routine  
11 operations and oversight of the energy usage and billing process, and includes usage validation, bill  
12 calculation, bill consolidation, and bill delivery. This sub-activity also includes monitoring quality  
13 control processes for regulatory compliance and billing accuracy.

14 For this activity, the CBO group (a) performs process-improvement  
15 analysis to reduce failure points and maintain efficiency within the usage validation and customer billing  
16 processes, and (b) conducts random sampling of bills and notices to verify accuracy and timeliness.  
17 When errors are found, the CBO group identifies the cause(s) of billing errors and changes billing  
18 operations, procedures, or systems to avoid similar error in the future. Additionally, since SCE provides  
19 customers with a variety of options to receive their bills, the CBO group oversees other billing options,  
20 such as Electronic Data Interchange (EDI), CheckFree, large print bill, Braille bills, and bill presentment  
21 on SCE.com.<sup>17</sup>

22 The CBO group uses billing performance measures to confirm that  
23 customers are billed in a timely and accurate manner. SCE's billing performance measures include  
24 percentage of Revenue Billed, Customers Billed, Bills Prepared Accurately, and Estimated Bills

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<sup>16</sup> Refer to Exhibit SCE-02, Vol. 03 for details regarding meter shortages and supply chain restraints.

<sup>17</sup> EDI Billing is a billing option, typically used by commercial customers, that provides energy billing statements digitally through a secure, third-party network provider. CheckFree is a billing option, typically used by residential customers, available through their bank or other online financial service providers and allows customers to view and pay amounts owed on energy billing statements over the internet. As of February 2023, approximately 52,000 customers are enrolled in EDI Billing and approximately 150,000 customers are enrolled in CheckFree.

(relative to total revenue billed and total bills, as described below). Table II-4 below shows the billing performance measures results from 2018 through 2022.

**Table II-4**  
**Billing Performance Measures**  
**2018-2022**

<b>Line No.</b>	<b>Description</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
1	Revenue Billed	99.0%	96.8%	97.0%	90.0%	94.0%
2	Customers Billed	99.3%	98.0%	99.2%	97.8%	98.6%
3	Bills Prepared Accurately	99.9%	99.5%	99.9%	99.5%	98.5%
4	Estimated Bills	0.2%	0.2%	0.3%	0.3%	0.5%

Revenue Billed measures the revenue billed as a percentage of total potential revenue that should have been billed. SCE observed an overall decline in the Revenue Billed metric from 2018 through 2021 due to impacts related to the Meter Data Management System (MDMS) upgrade in late 2018, and with the implementation of SCE’s new billing system in 2021. Both of these factors resulted in higher-than-normal delayed bill volumes, contributing to lower billed revenue for that time period. Customers Billed measures the number of customers sent bills as a percentage of customers who should have been sent bills. Similar to the Revenue Billed metric, SCE observed a slight decline in Customers Billed in 2021, attributed to the implementation of SCE’s new billing system and the temporary increase in delayed bill volumes. Bills Prepared Accurately measures the number of accurate bills as a percentage of all bills sent. SCE observed a slight decline in billed accuracy in 2022 due to the discovery of post-CSR implementation billing issues that required correction. Overall, SCE anticipates a return to historic performance for these metrics as it continues to stabilize post-CSR operations.

To properly perform this sub-activity, SCE has an operational quality and compliance function and a process management and strategy integration function. The quality and compliance function responds to regulatory and legislative compliance requirements and oversees quality management activities that impact Billing Services. The process management and strategy integration function supports the implementation of changes in new customer programs, rate options, and other offerings, and also serves as business or operational leads for major initiatives.

1                                   **(3)     Mailing Operations**

2                                   The Mailing Operations group prints, inserts, reconciles, and mails over  
3 120,000 paper bill statements, letters, and checks each business day.<sup>18</sup> Mainframe servers, high-volume  
4 printers, and bill inserters automate customer bill printing and mailing. The mainframe servers also  
5 support operations for calculating, printing, and mailing bills to approximately 2.5 million SCE  
6 customers not enrolled in paperless billing, paychecks to SCE’s employees, and payment checks to  
7 SCE’s suppliers.<sup>19</sup>

8                                   **(4)     Digital Labor**

9                                   The purpose of SCE’s Digital Labor group is to utilize digital labor in the  
10 form of Robotic Process Automation (RPA) software programs to automate routine, rule-based, high-  
11 volume transactions for Customer Service. RPAs use structured routines and data, and automate the  
12 execution of transactions, which increases efficiency and accuracy while lowering cost through avoided  
13 labor. Once developed, the costs included in this GRC activity involve the operations and maintenance  
14 costs for these automated processes, which involve scheduling and running batch automation  
15 transactions, and monitoring and troubleshooting RPAs to support routine customer service processes.  
16 Recent examples of CSOD RPAs include processing customer applications, billing exceptions,<sup>20</sup> and  
17 policy adjustments; adding activities and notes to customer accounts; and performing billing set-up for  
18 certain accounts. Approximately 9 million robotic transactions were completed in 2022 related to this  
19 activity.<sup>21</sup>

20                                   **(5)     Project Management**

21                                   Project managers and analysts support Billing Services by implementing  
22 billing and other Customer Service (CS) operational projects, such as rate changes, new rate schedules,  
23 programs mandated by regulatory decisions, and system and process improvements. The Project  
24 Management group is essential to the implementation of regulatory-directed programs which affect  
25 billing, payments, and other CS operations. This Project Management group also develops and

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<sup>18</sup> In 2022, SCE’s billing-related mail volume totaled 31.2 million pieces.

<sup>19</sup> The costs related to printing employee paychecks are not included in this GRC activity.

<sup>20</sup> RPAs process SAP Business Process Exception Management (BPEM) exceptions (i.e., post-CSR exceptions identified by SAP for manual resolution).

<sup>21</sup> The implementation of software automation to support Billing Services is discussed in Section II.D.3 below.

1 prioritizes business requirements for process improvements, such as business requirements to support  
2 various Operational Excellence initiatives.

3 **(6) Rate Implementation**

4 The implementation of new rates is included in the Billing Services GRC  
5 activity. This sub-activity includes maintaining SCE's rate comparison tool,<sup>22</sup> providing residential  
6 customers with an annual rate comparison letter,<sup>23</sup> and supporting developing pilots and programs, such  
7 as the proposed Net Billing Tariff and SCE's Flexible Rate pilot, which tests the ability for customers to  
8 respond to market-based pricing. Other rate implementation efforts managed by this team include  
9 Residential Rate Reform,<sup>24</sup> transitioning legacy Time-of-Use (TOU) customers to new TOU periods,  
10 and designing and planning renewable energy rates and programs. For example, SCE offers renewable  
11 energy rates and programs for customers in disadvantaged communities (DAC), such as the DAC-Green  
12 and DAC-Community Solar Green Tariff (CSGT) programs.<sup>25</sup>

13 **(7) Move-In/Move-Out**

14 SCE's customers request Move-In/Move-Outs when they initiate service  
15 (i.e., Move-In) or when they elect to terminate service (i.e., Move-Out). This customer action begins or  
16 ends electric service for a specific service account and likewise begins or ends the billing and payment  
17 process. Approximately 96 percent of customer meters are activated and deactivated remotely using the  
18 Edison SmartConnect Remote Service Switch (RSS). The remaining meters are activated and  
19 deactivated manually using field resources following a Move-In or Move-Out request. These manual  
20 Move-In or Move-Out service requests are downloaded, paged, or radioed to Field Service  
21 Representatives' (FSRs) wireless laptop computers daily. FSRs then fulfill service by manually

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<sup>22</sup> The Rate Plan Comparison Tool provides customers with an analysis of potential bill amounts on different rate plans, helping customers to consider changing to another rate plan. The Rate Plan Comparison Tool had 92,000 unique visitors in 2018, up 217 percent from 29,000 in 2017, and volumes continue to grow, as the tool was expanded in 2019 to include non-residential customers as well. The Rate Plan Comparison Tool currently models 30 rates or rate components across multiple customer types.

<sup>23</sup> Cal. Pub. Util. Code § 745(c)(5) and D.19-07-004, OP 35, require SCE to provide each residential customer a rate comparison summary at least annually.

<sup>24</sup> In addition to sending an annual Rate Comparison letter or email to all residential customers, ongoing activities regarding Residential Rate Reform include ongoing rate communications and tools to help customers learn about Time-of-Use rates and other rate options.

<sup>25</sup> See D.18-06-027, Alternate Decision Adopting Alternatives to Promote Solar Distributed Generation in Disadvantaged Communities, approving the DAC-Green Tariff and Community Solar Green Tariff programs, including appropriate cost recovery mechanisms.

1 activating or deactivating the specified meter. In addition to completing service orders while at customer  
2 sites, FSRs also review the field environment to identify potential energy theft situations and hazardous  
3 field conditions which are recorded for follow-up.<sup>26</sup>

4 **(8) Capitalized Software Supporting Billing Services**

5 SCE presents capitalized software projects supporting the Billing Services  
6 in Section III.B of its “Enterprise Technology - OU Capitalized Software” testimony (SCE-06, Vol. 02).  
7 These projects include the CX Roadmap – Billing Enhancement and Redesign, Demand Flexibility  
8 Initiative, and GRC Phase 2 Implementation.

9 **b) Comparison of Authorized to Recorded 2021 O&M Expenses**

10 Figure II-6 below compares the requested and authorized O&M expenses from  
11 SCE’s 2021 GRC with the recorded expense for Billing Services in compliance with D.21-08-036.<sup>27</sup>  
12 In its 2021 GRC (Application (A.)19-08-013), SCE requested \$5.582 million in 2022 dollars<sup>28</sup> to handle  
13 billing exceptions bringing the total Billing Services forecast to \$45.057 million.<sup>29</sup> In D.21-08-036, the  
14 Commission rejected SCE’s forecast adjustment related to billing exceptions and approved and adopted  
15 a forecast of \$39.557 million.<sup>30</sup> As shown in Figure II-6, SCE’s Billing Services recorded expenses in  
16 2021 totaled \$42.463 million, or \$2.905 million (7.3 percent) above the authorized amount, which was  
17 primarily due to costs related to processing billing exceptions.

18 In D.21-08-036, the Commission approved SCE’s request to continue recording  
19 costs related to the implementation of D.15-07-001 (Residential Rate reform) in the Residential Rate  
20 Implementation Memorandum Account (RRIMA) through SCE’s 2021 GRC cycle.<sup>31</sup> Although SCE  
21 recorded such costs in the RRIMA, SCE’s recorded expenses for 2021 shown in Figure II-6 below

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<sup>26</sup> Currently, Move-In services costs are recovered directly from customers requesting this service through the Service Connection charge (\$5 for residential customers and \$29 for non-residential customers). In this GRC, SCE proposes to eliminate the Connection Charge. For additional information on the Service Connection charge, refer to the service fee discussion in Chapter V below.

<sup>27</sup> See D. 21-08-036, OP 36.

<sup>28</sup> Amounts in this section are shown in 2022 \$. SCE’s forecast adjustments for bundled and CCA customer billing exceptions totaled \$4.905 million in 2018 \$.

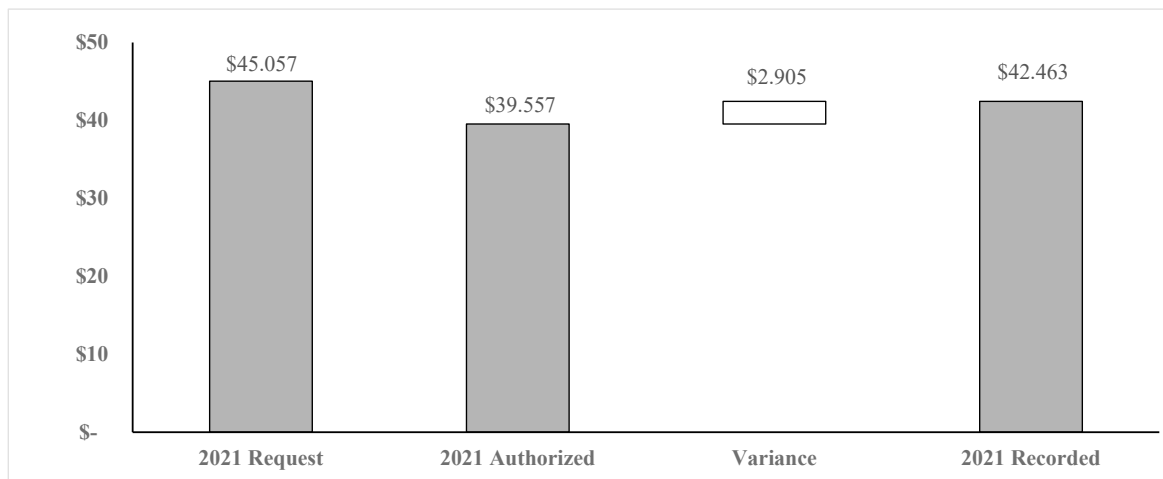
<sup>29</sup> SCE’s Billing services request in its 2021 GRC totaled \$37.435 million in 2018 \$. Figures presented here include sub-activities that were re-mapped into the Billing Services activity. Amounts presented in Figure II-6 are in 2022 dollars.

<sup>30</sup> See D.21-08-036, p. 268. The authorized amount for Billing Services was \$32.602 million in 2018 \$.

<sup>31</sup> See D.21-08-036, p. 466.

1 include the portion of those RRIMA-recorded costs which are related to the Billing Services activity and  
 2 which will remain ongoing in the 2025 GRC forecast period, to better represent SCE’s historical Billing  
 3 Services costs. The 2021 recorded amount of \$42.463 million shown in Figure II-6 includes \$1.311  
 4 million for ongoing RRIMA activities which will no longer be recorded in RRIMA beginning in 2025.<sup>32</sup>  
 5 Excluding this adjustment, the 2021 recorded totals \$41.152 million which exceeded the authorized  
 6 amount by \$1.595 million, or four percent of the authorized amount.

**Figure II-6**  
**Billing Services**  
**Comparison of 2021 GRC Authorized versus Recorded O&M Expenses<sup>33</sup>**  
*(Constant 2022 \$ Millions)*



7 **c) Scope and Forecast Analysis**

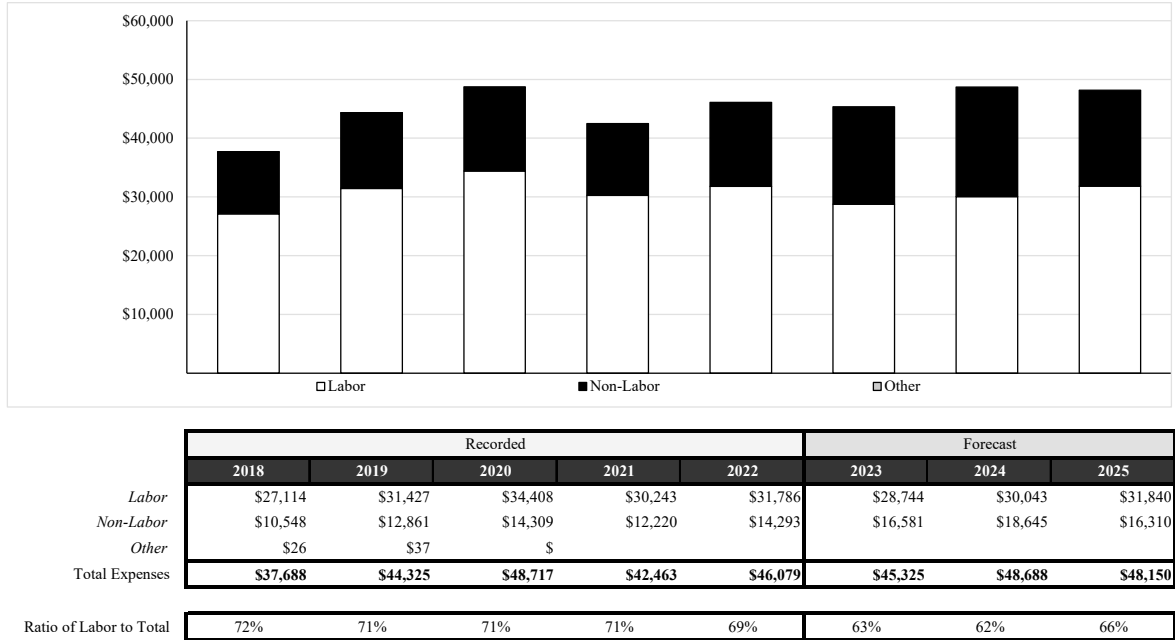
8 This section describes the historical O&M expenses, the Test Year forecast  
 9 method, and the adjustments included in the Test Year O&M forecast for the Billing Services activity.  
 10 The recorded and forecast O&M expenses for Billing Services are shown in Figure II-7 and discussed  
 11 below. As explained above with respect to recorded expenses for 2021, recorded O&M expenses for  
 12 other historical years also include the portion of RRIMA-recorded costs which are related to the Billing

<sup>32</sup> Refer to WP SCE-03, Vol. 01, p. 7, Residential Rate Implementation Memorandum Account (RRIMA) Historical Adjustments, for details regarding the historical adjustments made to Billing Services to reflect ongoing RRIMA expenses.

<sup>33</sup> Refer to WP SCE-07, Vol. 01, Authorized vs. Recorded.

1 Services activity and which will remain ongoing in the 2025 GRC forecast period, to better represent  
 2 SCE’s historical Billing Services costs.<sup>34</sup>

**Figure II-7**  
**Billing Services**  
**Recorded 2018-2022 and Forecast 2023-2025 O&M Expenses<sup>35</sup>**  
 (Constant 2022 \$000)



3 **(1) Historical Variance Analysis**

4 **(a) Labor**

5 In 2019, SCE labor expenses increased by \$4.313 million dollars  
 6 primarily as a result of two factors. First, the upgrade of SCE’s MDMS completed in late 2018, and  
 7 resulted in a large backlog of billing exceptions. Second, in 2019, SCE migrated approximately 1  
 8 million service accounts from bundled customer to CCA status, resulting in a large number of billing

<sup>34</sup> Refer to WP SCE-03, Vol. 01, p. 7 Residential Rate Implementation Memorandum Account (RRIMA) Historical Adjustments, for details regarding the historical adjustments made to Billing Services to reflect ongoing RRIMA expenses.

<sup>35</sup> Refer to WP SCE-03, Vol. 01, pp. 2-6, O&M Detail for Billing Services. An error was identified subsequent to the finalization of financial data. Therefore, the intended financial number that is stated here in testimony does not align with the financial numbers in standardized workpapers and the RO model. An errata will be submitted to align the financial numbers in testimony, standardized workpapers, and the RO model at a future date.

1 exceptions. To address these issues, SCE increased staffing at a cost of approximately \$2.7 million.  
2 In addition, SCE reviewed the job requirements for approximately 150 positions in CBO and determined  
3 that a classification upgrade was appropriate due to the increased complexity of the work performed in  
4 these positions, resulting in an increase in labor expenses of approximately \$500,000. In 2021, labor  
5 expenses decreased by \$4.165 million after the reduction of the billing exception backlog.<sup>36</sup>

6 **(b) Non-Labor**

7 As noted above, the implementation of the MDMS system resulted  
8 in a large backlog of billing exceptions. In 2019, non-labor expenses increased by \$2.313 million.  
9 This increase was primarily due to SCE adding contract workers in 2019 to assist with resolving the  
10 billing exceptions. In 2020, non-labor increased by \$1.448 million from 2019 due to SCE continuing to  
11 add contract workers to address billing exceptions associated with the MDMS system implementation.  
12 In 2021, non-labor expenses were reduced by approximately \$2.089 million primarily due to a reduction  
13 on contract labor as SCE reduced its MDMS-related billing exception backlog to acceptable levels.  
14 In 2022, non-labor expenses increased by \$2.073 million primarily due to an increase in contract labor to  
15 address (1) an increase in NEM applications requiring the transfer of customers to the NEM tariff, and  
16 (2) an increased number of meter usage exceptions due to shortages in meter inventories.<sup>37</sup> In addition,  
17 approximately \$662,000 of this variance was due to an increase in ongoing RRIMA expenses.<sup>38</sup>

18 **(2) Forecast**

19 For Test Year 2025, SCE forecasts \$48.150 million in constant 2022  
20 dollars as detailed below.

21 **(a) Labor**

22 For Test Year 2025, SCE forecasts labor expenses of \$31.840  
23 million, which is \$53,000 above Base Year 2022 recorded costs of \$31.786 million. The details and  
24 justification for this increase are discussed in the Test Year Adjustments section below.

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<sup>36</sup> In 2020, SCE labor expenses increased by \$2.981 million, or 9.5 percent. In 2022, labor expenses increased by \$1.543 million, or five percent. These variances are within operational expectations.

<sup>37</sup> Refer to Exhibit SCE-02, Vol. 03 for additional details related to SCE's inability to acquire necessary meters due to supply chain supply constraints.

<sup>38</sup> Refer to WP SCE-03, Vol. 01, p. 7, Residential Rate Implementation Memorandum Account (RRIMA) Historical Adjustments, for details regarding the historical adjustments made to Billing Services to reflect ongoing RRIMA expenses.





**Table II-5**  
**Billing Services**  
**2025 Test Year O&M Adjustments**  
*(Constant 2022 \$000)*

<b>Line No.</b>	<b>Description</b>	<b>Labor</b>	<b>Non-Labor</b>	<b>Total</b>
1	Frontline Billing Operations			
2	Operational Efficiency Measures	(2,602)	1,672	(930)
3	NEM Application Processing	1,071	-	1,071
4	Other Billing Operational Adjustments			
5	Digital Labor	(578)	330	(248)
6	Mailing Operations Reduction	-	(395)	(395)
7	Productivity Tracking Initiative	-	374	374
8	Other Adjustments			
9	Customer Solutions Integration	172	15	187
10	Move-In / Move Out (T&D)	319	22	341
11	Employee Compensation Program	1,672	-	1,672
12	<b>Total Forecast Adjustments</b>	<b>53</b>	<b>2,018</b>	<b>2,071</b>

**(1) Frontline Billing Operations**

**(a) Operational Efficiency Measures<sup>40</sup>**

Currently, SCE uses a combination of employees and supplemental workers<sup>41</sup> to process operational tasks that cannot be completed through system automation. These tasks include the review and resolution of billing exceptions, validating and resolving missing or out-of-tolerance energy usage data, processing NEM applications, completing customer move-in/move-out processes that require manual review, and resolving billing errors. Since CSR implementation, SCE has gained experience in prioritizing and categorizing Billing Operations tasks, enabling the cost-effective outsourcing of less complex, lower average handle time transactions to supplemental workers. An example of a less complex, lower average handle time billing exception is an Edison SmartConnect (ESC) usage exception, for which a Billing Analyst uses readily accessible meter data to validate energy usage and correct accounts if needed before a billing statement is released to a customer. In this GRC,

<sup>40</sup> Refer to WP SCE-03, Vol. 01, pp. 8-11, Frontline Billing Operations - Operational Efficiency Measures, for the details regarding this forecast adjustment.

<sup>41</sup> In some cases, SCE hires and trains vendor resources to support Billing Operations tasks.

1 SCE proposes to shift a large portion of these less complex activities to supplemental workers and retain  
2 the remaining higher-complexity activities with Billing Operations frontline employees, who have  
3 received specialized training and acquired the experience needed to effectively complete more complex  
4 transactions. Examples of more complex, higher average handle time billing exceptions are NEM  
5 Aggregation, Multifamily Affordable Solar Housing (MASH) and Solar on Multifamily Affordable  
6 Housing (SOMAH) accounts, for which a Billing Analyst is required to research rate types and program  
7 participation requirements, while also reviewing and validating both energy usage and generation data in  
8 order to resolve potential issues prior to releasing a billing statement to a customer. To this end, SCE  
9 plans to reduce its frontline billing staff by 20 FTEs in 2025 resulting in a reduction in direct labor  
10 expenses of \$1.373 million. This reduction is offset by increased non-labor expenses for supplemental  
11 workers totaling \$1.672 million, for a net increase in frontline billing expenses of \$299,000 at the GRC  
12 activity level. (When fringe benefits are included, this represented an overall reduction of approximately  
13 \$154,000).<sup>42</sup>

14 In addition, SCE forecasts that CSRP implementation will result in  
15 reduced O&M expenses in the forecast period. In its CSRP Track 2 testimony,<sup>43</sup> SCE noted that “[t]he  
16 primary benefits of the CSRP project are to reduce catastrophic system failure risk, improve system  
17 reliability, and improve customer experience.”<sup>44</sup> In addition, SCE stated that CSRP implementation  
18 would “generate IT and operational benefits resulting in avoided cost savings”<sup>45</sup> beyond the 2023-2025  
19 timeframe included in the CSRP Track 2 testimony. These cost savings for Billing Services, totaling  
20 \$1.229 million annually during the forecast period, are reflected in the reduced O&M expenses forecast  
21 for frontline billing operations.<sup>46</sup> (When fringe benefits are included, this represented an overall  
22 reduction of approximately \$1.635 million.)

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<sup>42</sup> Fringe benefits total approximately 33 percent of direct labor costs, thus a \$1.373 million reduction in direct labor represents a \$1.826 million (\$1.373 million x 1.33) reduction in costs. Combined with the \$1.672 million increase in non-labor expenses, the shift to supplemental workers yields a \$154,000 overall reduction. For additional information on fringe benefits, refer to Exhibit SCE-06, Vol. 04, Section III.

<sup>43</sup> See A.21-07-009, Exhibit SCE-05.

<sup>44</sup> A.21-07-009, Exhibit SCE-05, p. 44.

<sup>45</sup> A.21-07-009, Exhibit SCE-05, p. 45.

<sup>46</sup> Refer to WP SCE-03, Vol. 01, pp. 8-11, Frontline Billing Operations - Operational Efficiency Measures, for the details regarding the CSRP Benefits included in the Billing Services Test Year forecast adjustment.

1 Combined, these measures result in a reduction in O&M expenses  
2 of \$930,000 at the GRC activity level (or \$1.971 million when fringe benefits expenses are included).

3 **(b) NEM Application Processing**

4 SCE expects notable incremental growth in energy storage and  
5 solar photovoltaic systems, largely driven by incremental installations funded by Self Generation  
6 Incentive Program, Equity Resiliency Incentive Program, the Energy Storage Pilot program, and Title 24  
7 building code requirements for both residential and non-residential new construction.<sup>47</sup> As a result, SCE  
8 expects an incremental increase in NEM Application and Energy Storage-related exception processing  
9 volumes of approximately 300,000 for the period 2025-2028 based upon an expected average 3.4  
10 percent exception rate. (Historically, SCE’s NEM exception rate has ranged from 4.5 percent in 2018 to  
11 3.6 percent in 2022. SCE expects to reduce this rate to 3.4 percent as a result of process improvements  
12 discussed above.) These exceptions can arise throughout the entire lifecycle from initial application  
13 verifications and processing, set-up processing, meter issues, rate issues, move in/move out issues, and  
14 missing usage issues. To address the anticipated exceptions, SCE forecasts total incremental labor of  
15 \$1.071 million per year increase over Base Year expenses.<sup>48</sup>

16 **(2) Other Billing Operational Adjustments**

17 **(a) Work Management – Digital Labor**

18 SCE automates manual billing processes when doing so makes  
19 economic sense using software automation, or “robotics.” Currently, this activity includes the  
20 maintenance of existing automations as well as the development of new software automation  
21 capabilities. SCE has determined that it is appropriate to capitalize the cost necessary to develop and  
22 implement software automation activities described above beginning in 2025.<sup>49</sup> These capital costs are  
23 presented in Section II.D.3 and reflect a shift of 5.2 FTEs from O&M-funded to capital. (Costs related to  
24 maintaining software automations that have already been developed will continue to be O&M funded.)

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<sup>47</sup> Refer to Exhibit SCE-07, Vol. 01, pp. 91-92, for details regarding incremental installations of energy storage and solar photovoltaic systems.

<sup>48</sup> Refer to WP SCE-03, Vol. 01, pp. 12 – Frontline Billing Operations – Net Energy Metering Exception Forecast – for details regarding the NEM exception processing in the Test Year forecast.

<sup>49</sup> In May 2021, SCE determined that it is appropriate to capitalize the software automation efforts associated with developing and implementing new automations, for the reasons explained in Section II.D. SCE will not capitalize these efforts prior to 2025 as they were previously funded as part of Commission-approved O&M for Billing Services.

1 Accordingly, SCE forecasts a reduction in O&M labor expenses of \$578,000. This reduction is partially  
2 offset by software licensing costs for existing software automations that were not incurred in the Base  
3 Year, resulting in a net reduction in O&M expenses of \$248,000.<sup>50</sup>

4 **(b) Mailing Operations Improvements**

5 SCE expects to reduce mailing operating expenses by \$395,000 in  
6 the Test Year due to changes associated with the replacement of its printing and mailing equipment and  
7 related activities. As described in Section II.D.2, in 2023 SCE plans to replace its aging bill printing and  
8 mailing equipment due to its having reached its end of life. As a result, SCE expects to reduce its  
9 equipment maintenance, printer usage charges, and the need for two supplemental workers. In addition,  
10 SCE is retiring its disaster recovery location in Irvine and, instead, will contract disaster recovery billing  
11 and mailing operations to a third party.<sup>51</sup>

12 **(c) Productivity Tracking Initiative**

13 To improve productivity tracking of SCE's Billing Frontline and  
14 key operations employees, as well as gain increased visibility to potential process improvements, SCE  
15 initiated a project in 2022 to implement a specialized software that records all desktop activity  
16 performed by personnel and visually (through dashboards) presents real-time metrics to their managers  
17 and supervisors for more immediate action and coaching. In addition to tracking the productivity of  
18 SCE's remote, hybrid, and offshore employees, the software provides detailed information on the actual  
19 process steps executed by the user to determine if the employee is conforming to training procedures  
20 and/or if process changes or increased training is needed to improve the user's performance, such as  
21 when processing billing exceptions. Starting in 2025, incremental costs totaling \$374,000 per year will  
22 be paid to a third-party vendor that include the access fee (equivalent to the per-user license fee) and the  
23 contract labor required to maintain this software.<sup>52</sup>

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<sup>50</sup> Refer to WP SCE-03, Vol. 01, p. 13, Digital Labor O&M Expense Adjustment, for additional details regarding the reduction in digital labor O&M expenses.

<sup>51</sup> Refer to WP SCE-03, Vol. 01, p. 14, Mailing Operations O&M Expense Forecast Adjustment, for additional details regarding the reduction in mailing operations O&M expenses.

<sup>52</sup> Refer to WP SCE-03, Vol. 01, p. 15, Productivity Tracking O&M Expense Forecast Adjustment, for additional details regarding the Productivity Tracking Initiative cost estimate.

1                                   **(3)     Other Billing Services Test Year Adjustments**

2                                   **(a)     Customer Solutions Integration (CSI)**

3                                   The CSI team consists of specialized business and technical  
4 resources with requisite skills and knowledge related to the new CSRP SAP IS-U (and related systems).  
5 The team works with SCE’s Customer Service and IT organizations to better leverage and optimize the  
6 new SAP and related systems. More specifically, the CSI team performs key functions supporting  
7 customer service organizations by providing technology governance, system configuration support, and  
8 vendor release management. Section VI.B.2 provides further detail regarding the creation of the CSI  
9 function following CSRP implementation and its continued necessity through 2024.

10                                   As previously discussed in SCE’s Track 2 testimony in  
11 A.21-07-009, costs for the CSI function were not included in SCE’s 2021 GRC forecast as this function  
12 became operational in October 2021 and was primarily staffed by SCE employees who had previously  
13 been part of the CSRP project team, as well as supplemental staffing resources from outside contractors.  
14 Thus, these costs were incremental to what SCE was authorized in its 2021 GRC and have been, and  
15 will continue to be, recorded in the CSRP memorandum account through 2024. Starting in 2025,  
16 however, CSI will return to base rates as part of Billing Services and the Customer Contact Center until  
17 the team is eliminated in 2026.

18                                   In 2025, CSI will continue to work with IT and business units to  
19 address the remaining operational improvement requests related to CSRP implementation through  
20 various system enhancements, technical solutions, process improvements, end user training, and co-  
21 innovation with the system vendor. As part of this support, CSI will continue to work in collaboration  
22 with an IT operating model to effectively manage the integrated solutions. Specifically, CSI will  
23 continue to coordinate technical development and support with IT; improve customer outcomes, gain  
24 operational efficiencies, and reduce operational risk; and support the delivery of business-prioritized and  
25 mandated functionality in an efficient and timely manner. To help ensure SCE is able to stay current on  
26 releases of SAP ISU and C4 products over the next few years, CSI developed a specialized software  
27 release plan with IT and SAP. CSI also established a co-innovation process with SAP. In 2025, CSI will  
28 continue to execute and operationalize the historical SAP release plan. In addition, through the co-  
29 innovation process with SAP, CSI will continue to proactively maintain relationships with other utilities  
30 and vendors of CSRP-related applications such as SAP for continued alignment and co-innovation on

1 technology roadmaps. The team will work with SAP to influence future product roadmap to innovate  
2 and implement capabilities into the system.

3 Annual costs for the CSI team total \$1.495 million, however,  
4 (a) SCE plans to transition CSI functions into base operations and eliminate the separate CSI team in  
5 2026, and (b) since the CSI team supports both Billing Services and the Customer Contact Center, the  
6 cost for the CSI team is split between those two GRC activities. As a result, the impact of the CSI team  
7 on the Test Year Forecast for Billing Services totals \$187,000.<sup>53</sup>

8 **(b) Move-In / Move-Out**

9 In 2025, SCE expects that it will have to deploy more FSRs during  
10 the move-in / move-out process as a result of an increase in aging Advanced Metering Infrastructure  
11 (AMI) meters failing to respond to RSS signals.<sup>54</sup> SCE deployed approximately five million AMI meters  
12 between 2007 and 2012. Many of these meters are thus approaching their fifteen-year useful service life  
13 and SCE is observing an increasing number of failures due to aging meters. As a result, SCE expects  
14 that the number of meters requiring an FSR during the move-in/move-out process to increase by  
15 approximately 3,700 meters per year which will result in an increase of \$341,000 in O&M expenses in  
16 the test year.<sup>55</sup>

17 **(c) Changes to SCE's Employee Compensation Program**

18 The forecast incorporates an adjustment of \$1.672 million to  
19 reflect certain changes made to SCE's employee compensation program. Please refer to SCE-06,  
20 Vol. 04.

21 **e) Summary of Billing Services O&M Forecast**

22 As shown in Figure II-8 below, for the 2025 Test Year, SCE forecasts \$48.150  
23 million in O&M expenses for Billing Services, an increase of \$2.071 million compared to the 2022 Base  
24 Year O&M expenses of \$46.079 million. As discussed above, SCE's forecast of Test Year O&M  
25 expenses for Billing Services is based on the 2022 Last Recorded Year with adjustments.

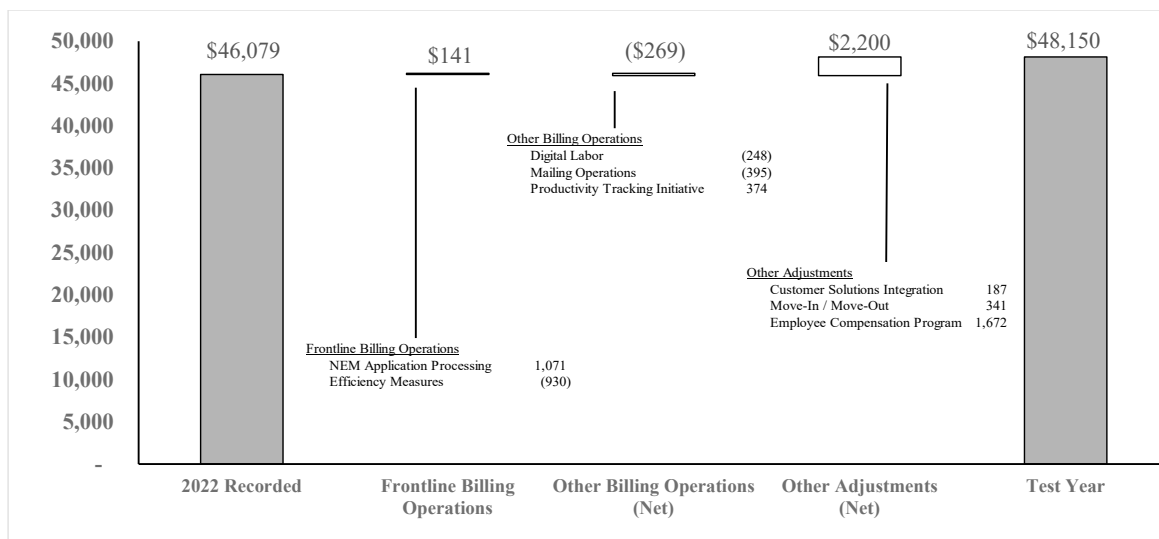
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<sup>53</sup> Refer to WP SCE-03, Vol. 01, p. 16, Customer Solutions Integration O&M Expense Forecast, for additional details regarding the CSI Test Year forecast adjustment.

<sup>54</sup> Refer to Exhibit SCE-02, Vol. 03 for a discussion of the aging of installed AMI 1.0 meters.

<sup>55</sup> Refer to WP SCE-03, Vol. 01, p. 17, Move-In / Move-Out O&M Expense Forecast, for additional details.

**Figure II-8**  
**Billing Services**  
**Comparison of 2022 Base Year to 2025 Test Year**  
*(Constant 2022 \$000)*



**2. Postage**

**a) Work Description and Need for Activity**

In 2022, SCE mailed over 31.2 million printed billing statements, notices, reminders, and correspondence with a total postage expense of \$14.2 million.<sup>56</sup> This cost is driven by the number of bills, and associated notices, reminders, and correspondence sent to customers. SCE minimizes postage costs by using bulk mail discounts and by using a residual mail contract for mail volumes that are too small to qualify for a volume discount. Postage expense is also affected by the weight of mailed items. As such, SCE monitors both the bill length and the number of bill inserts (both of which contribute to weight) to manage its postage costs.

Postage expense enables SCE to provide the basic service of mailing customers their bills and other associated correspondence. As such, postage is a normal part of providing service to customers, unless the customer selects electronic billing as their preferred delivery option. Without this expense, SCE would be unable to mail bills and other information to its customers.

Table II-6 shows SCE’s recorded and forecast number of mailings per customer.

<sup>56</sup> Refer to Table II-6.



**Table II-6**  
**Mailings Per Customer**  
**Recorded 2018-2022 and Forecast 2023-2025**  
*(In 000s Except For Mailings Per Customer)*

Line No.	Topic	Recorded					Forecasted		
		2018	2019	2020	2021	2022	2023	2024	2025
1	Customers	5,127	5,151	5,183	5,201	5,240	5,273	5,307	5,342
2	All Mailing Types	65,618	64,848	61,169	59,788	61,283	64,787	66,666	67,064
3	Electronic Billing	25,050	26,206	28,158	29,212	30,132	32,400	33,812	34,643
4	Physical Mailings*	40,568	38,643	33,010	30,576	31,151	32,387	32,854	32,421
5	Mailings/Customer	7.91	7.50	6.37	5.88	5.94	6.14	6.19	6.07
6	3-Year Average			6.06					
7	5-Year Average	6.72							

\* Physical mailings include customer bills, collection notices, and letters.

In recent years, SCE managed to reduce mailing costs significantly by encouraging customers to convert to electronic billing. As shown in Table II-6, SCE reduced physical mailings from 40.6 million mailings in 2018 to 31.2 million mailings in 2022, or 23.2 percent. This reduction corresponds with the increase in electronic billing transactions from 25.1 million in 2018 to 30.1 million electronic billing transactions in 2022. In 2022, about 49 percent of all mailing types were sent electronically, as opposed to being sent as paper mailings.

**b) Comparison of Authorized to Recorded 2021 O&M Expenses**

Figure II-9 below compares the requested and authorized O&M expenses from SCE’s 2021 GRC with the recorded expenses for Postage, in compliance with D.21-08-036.<sup>57</sup> As shown in Figure II-9, SCE’s postage recorded expenses in 2021 were less than authorized by about \$0.91 million, which equals approximately a 5.9 percent variance. The main reason for the variance is that no disconnection notices<sup>58</sup> were mailed during 2021 due to the temporary suspension of disconnections for nonpayment, initiated in response to the COVID-19 pandemic. The CPUC-ordered suspension began in March 2020,<sup>59</sup> and ended on September 30, 2021. SCE continued the suspension after September 2021

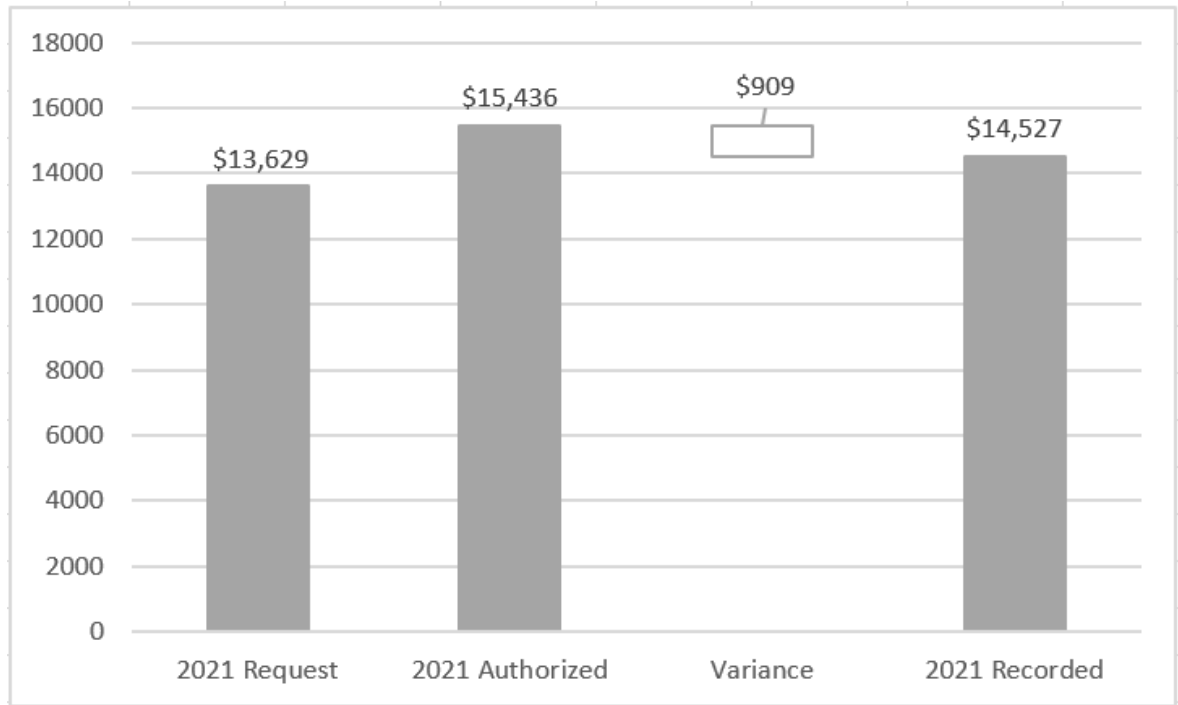
<sup>57</sup> See D. 21-08-036, OP 36.

<sup>58</sup> As used in this Chapter II, “disconnection notices” means final call notices, and does not include past due notices.

<sup>59</sup> Although the CPUC-ordered start in March 2020 was applicable only to residential and small business customers, SCE suspended disconnections for nonpayment for all customer classes beginning in March 2020.

1 and did not re-start collections activities<sup>60</sup> until March 2022 for commercial customers and October  
2 2022 for residential customers.<sup>61</sup>

**Figure II-9**  
**Postage**  
**Comparison of 2021 GRC Authorized versus Recorded O&M Expenses<sup>62, 63</sup>**  
*(Constant 2022 \$000)*



<sup>60</sup> Collections activities are explained in Section II.C.3.a)(2). To effectuate the suspension on disconnections for nonpayment (which is one step in the collections process), SCE stopped all collections activities.

<sup>61</sup> SCE was still stabilizing its new billing system when the CPUC-ordered disconnection moratorium ended in September 2021, and was not well-positioned to restart and maintain certain billing and collections activities in compliance with various CPUC requirements from D.20-06-003 and D.21-11-014. Restarting collections activities at this time would have required overly complex and costly manual workarounds. SCE made the business decision to delay the restart of collections activities to (1) avoid the costs associated with implementing complex manual workarounds, and (2) better prepare its systems to restart and handle billing and collections activities in compliance with CPUC requirements, while providing additional time for customers to pay down arrearages prior to resuming disconnections for nonpayment.

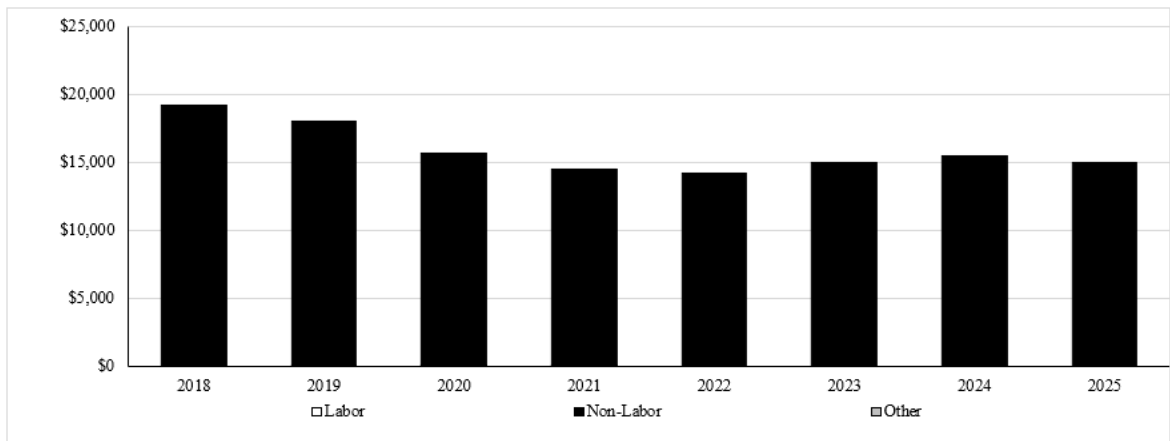
<sup>62</sup> The authorized amount is higher than the requested amount because SCE's 2021 request included projected savings from its proposed Analytics & Integrated Marketing (AIM) initiative. D.21-08-036 rejected the proposed AIM initiative and removed the associated savings from SCE's Postage forecast, thereby authorizing a higher amount than requested.

<sup>63</sup> Refer to WP SCE-07, Vol. 01, Authorized vs. Recorded.

1 **c) Scope and Forecast Analysis**

2 This section describes the historical O&M expenses, the Test Year forecast  
 3 method, and the adjustments included in the Test Year O&M forecast for the Postage activity.  
 4 The recorded and forecast O&M expenses for Postage are shown in Figure II-10 and discussed below.  
 5 The 2025 expense shown in this figure is normalized.

**Figure II-10**  
**Postage**  
**Recorded 2018-2022 and Forecast 2023-2025 O&M Expenses<sup>64, 65</sup>**  
*(Constant 2022 \$000)*



	Recorded					Forecast		
	2018	2019	2020	2021	2022	2023	2024	2025
Labor		\$1	\$1	\$	\$			
Non-Labor	\$19,235	\$18,064	\$15,702	\$14,527	\$14,248	\$15,050	\$15,496	\$14,988
Other								
<b>Total Expenses</b>	<b>\$19,235</b>	<b>\$18,065</b>	<b>\$15,702</b>	<b>\$14,527</b>	<b>\$14,248</b>	<b>\$15,050</b>	<b>\$15,496</b>	<b>\$14,988</b>

6 **(1) Historical Variance Analysis**

7 During the 2018 to 2022 period, postage expenses declined by \$5.0  
 8 million, or 25.9 percent. Increased participation in the electronic billing program drove some reductions  
 9 throughout this period. A more significant driver of the decline was that SCE stopped sending  
 10 disconnection notices and certain past due notices in March 2020 when it temporarily suspended  
 11 disconnections for nonpayment, consistent with Commission directives to provide customer protections  
 12 in response to the COVID-19 pandemic. Halting disconnection notices and certain past due notices

<sup>64</sup> Refer to WP SCE-03, Vol. 01, pp. 19-23, for O&M Detail for Postage Expense.

<sup>65</sup> All postage expenses are categorized as non-labor. The minimal labor costs shown in 2019 and 2020 are due to a categorization error.

1 resulted in an approximately \$1.8 million reduction in postage expenses in 2020.<sup>66</sup> Postage expenses  
2 remained at depressed levels through 2021 and partly through 2022, when SCE resumed collections  
3 activities, including restarting disconnection notices in March 2022<sup>67</sup> for commercial customers and  
4 October 2022 for residential customers.

5 **(2) Forecast**

6 As explained above, SCE's recorded Postage expenses in 2020 to 2022  
7 experienced significant impacts from the temporary suspension of disconnections, mainly due to  
8 reduced volumes of disconnection notices. For commercial customers, collections activities were halted  
9 from March 2020 to March 2022, during which time SCE did not send disconnection notices or active  
10 account past due notices.<sup>68</sup> For residential customers, collections activities were halted from March 2020  
11 to October 2022, during which time SCE did not send disconnection notices, but continued to mail past  
12 due notices, which are part of the residential customer's billing statement. To illustrate the significance  
13 of the impact on notice volumes, SCE mailed 5.3 million disconnection and past due notices in 2019  
14 (the last full year before the suspension), 1.5 million in 2020, 0.2 million in 2021, and 0.6 million in  
15 2022.<sup>69</sup> The difference between 2019 and 2022 levels is 4.8 million, or 89.3 percent. Because collections  
16 activities restarted partway through 2022, these fluctuations were temporary and SCE forecasts these  
17 volumes returning to pre-pandemic (i.e., 2019) disconnection and past due volumes in 2023.

18 At the same time, other mailing types (like bills) were not impacted by the  
19 suspension in disconnections and are better forecasted based on recent historical trends, like adoption of  
20 electronic billing. To account for these kinds of differences across mailing types, SCE forecasted  
21 Postage expenses using an itemized methodology, separately forecasting volumes for individual mailing  
22 types. For each individual mailing type, SCE forecasted by (1) starting with historical volumes from the

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<sup>66</sup> SCE sent 6,029,351 disconnection and past due notices in 2018 and 1,457,569 in 2020. Hence, SCE sent 4,571,782 fewer disconnection and past due notices in 2020, compared to 2018. The average postage rate for a disconnection and past due notice in 2020 was \$.40. Therefore, the cost reduction associated with the decrease in volumes from 2018 to 2020 was approximately \$1,828,712.

<sup>67</sup> For commercial customers, SCE started sending small amounts of disconnection notices in March 2022 as part of a pilot program to test SAP system functionality. In July 2022, SCE began the official restart of collections activities, including sending disconnection notices, for these customers.

<sup>68</sup> SCE also continued to mail, per usual processes, "inactive notices," which are notices of past due amounts to customers with closed accounts; inactive notices are categorized as past due notices.

<sup>69</sup> These figures exclude residential past due notices that are included as part of mailed billing statements.

1 appropriate year, (2) making adjustments to those volumes as appropriate, and then (3) applying the  
2 relevant postage rates for that mailing type.

3 For disconnection and past due notice volumes, SCE used 2019 volumes  
4 (the last year before the suspension on disconnections) as the basis for its forecast, because of the  
5 impacts explained above. For letters, SCE used an average of 2018 to 2021 volumes as the basis for its  
6 forecast. SCE used an average of recent years because letter volumes (which are generally low and sent  
7 for reasons like notification of returned checks or information on available financial benefit programs)  
8 are highly variable from year to year. SCE did not include 2022 volumes in the average because they  
9 were unusually high compared to historical volumes, likely driven by customers facing economic  
10 hardship during the COVID-19 pandemic, resulting in (1) higher notifications of returned checks, and  
11 (2) additional letters sent to inform customers of available financial benefit programs. For bills, which  
12 were not affected by the suspension on disconnections, SCE used 2022 volumes (the last recorded year)  
13 as the basis for its forecast.<sup>70</sup>

14 SCE then made adjustments to 2022 bill volumes to account for customer  
15 growth and adoption of electronic billing.<sup>71</sup> SCE forecasts 0.64 percent customer growth in 2023, 0.63  
16 percent in 2024, 0.66 percent annual growth in 2025-2027, and 0.65 percent in 2028.<sup>72</sup> SCE forecasts  
17 electronic billing adoption rates at 54 percent in 2023, 56 percent in 2024, 57 percent in 2025, 58  
18 percent in 2026, 59 percent in 2027, and 60 percent in 2028. The electronic billing adoption forecasts are  
19 based on historical trends and SCE's anticipated future adoption resulting from SCE's established  
20 process to encourage electronic billing. This process consists of low-cost actions to identify potential  
21 electronic billing customers based on their behavior and to auto-enroll such customers in electronic  
22 billing (e-billing). For example, customers who have registered for My Account and then elect to pay a  
23 bill online are auto-enrolled in electronic billing. These customers can revert back to paper billing if they  
24 choose.

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<sup>70</sup> Refer to WP SCE-03, Vol. 01, p. 24, 2023-2028 Postage Volume Forecast Information.

<sup>71</sup> SCE did not make such adjustments for disconnection and past due notices, or for letters. Disconnection and past due notices do not increase purely as a function of customer growth, because they are sent only when customers are past due or face disconnection, and volumes are thus more dependent on customer behavior. Letters also do not increase purely as a function of customer growth, because only a small population of customers receives letters, and they are occasionally dependent on customer behavior. Mailing of disconnection notices and letters are also not impacted by customer adoption of electronic billing.

<sup>72</sup> Customer growth forecast details are in Exhibit SCE-07, Vol. 01.

1 SCE applied customer growth rates to 2022 bill volumes (which include  
2 paper bills and electronic bills), and then applied its forecasted electronic billing adoption rates to arrive  
3 at the volume of paper bills for mailing at a 2025-2028 average of 25.5 million paper bills per year,  
4 compared to 29.5 million paper bills in 2022. SCE also forecasts a 2025-2028 average of 35.9 million  
5 electronic bills (e-bills) per year, versus 30.1 million e-bills in 2022.<sup>73</sup>

6 After arriving as forecasted 2025-2028 volumes of disconnection and past  
7 due notices, letters, and bills, SCE then applied the relevant postage rate for each mailing type to  
8 determine the total forecasted Postage expense. SCE used 2022 postage rates for all mailing types, since  
9 they are the most current rates, adjusted for inflation, for forecasting purposes. SCE also applied  
10 discounts it currently receives due to its bulk mailing operations. SCE receives two categories of such  
11 discounts. First, SCE receives a manifest mail discount for the following three types of mailings:

- 12 • 5-Digit Presorted mailings,
- 13 • Automated Area Distribution Center (AADC) mailings, and
- 14 • Mixed AADC mailings.

15 Second, SCE receives a pre-sort discount for mail that does not qualify for  
16 the maximum postage discount because of insufficient volume, also known as “residual” mail.

17 To minimize the postage expense for residual mail, SCE uses a presort-contractor that combines SCE’s  
18 residual mail with similar pieces of mail from other large mail volume companies daily. This qualifies  
19 such mail for a discounted rate, which would otherwise not be available. SCE receives this presort  
20 discount for four types of mailings:

- 21 • Non-Manifest 1st Class,
- 22 • Summary First Class Overweights,
- 23 • Late Notices, and
- 24 • Customer Correspondence Letters.

25 Table II-7 shows the recorded and forecast postage rates and total  
26 expenses by type of mailing. It also includes adjustments to forecasted bill volumes due to customer  
27 growth and adoption of electronic billing. Normalized, the 2025 through 2028 forecasts shown in  
28 Table II-7 yield SCE’s Test Year forecast of \$14.988 million.

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<sup>73</sup> Refer to WP SCE-03, Vol. 01, p. 25, Customer Growth and E-bill Adoption Calculations.

**Table II-7**  
**Postage Expense**  
**Postage Rates and Total Expense by Type of Mailing<sup>74</sup>**  
*(Constant 2022 \$000)*

Line No.	Type of Mailing	Recorded		Forecasted				
		2022	2023	2024	2025	2026	2027	2028
1	Postal Rate Category							
2	5 Digit*	0.452	0.452	0.452	0.452	0.452	0.452	0.452
3	AADC**	0.488	0.488	0.488	0.488	0.488	0.488	0.488
4	Mixed AADC***	0.512	0.512	0.512	0.512	0.512	0.512	0.512
5	Misc 1st Class Overweights (1)	0.491	0.491	0.491	0.491	0.491	0.491	0.491
6	Full 1st Class Overweights (2)	0.570	0.570	0.570	0.570	0.570	0.570	0.570
7	Full 1st Class Overweights (Over 2oz)	1.159	1.159	1.159	1.159	1.159	1.159	1.159
8	Non-Manifest 1st Class****	0.491	0.491	0.491	0.491	0.491	0.491	0.491
9	Summary 1st Class Overweights*****	1.259	1.097	1.097	1.097	1.097	1.097	1.097
10	Retypes	0.570	0.570	0.570	0.570	0.570	0.570	0.570
11	Late Notices	0.491	0.491	0.491	0.491	0.491	0.491	0.491
12	Misc Pieces	0.491	0.491	0.491	0.491	0.491	0.491	0.491
13	Weighted Average	0.454	0.468	0.475	0.475	0.475	0.475	0.475
14	Postal Expense							
15	5 Digit*	\$9,088	\$9,567	\$9,719	\$9,579	\$9,436	\$9,290	\$9,142
16	AADC**	\$3,444	\$3,874	\$3,935	\$3,878	\$3,820	\$3,761	\$3,701
17	Mixed AADC***	\$263	\$151	\$153	\$151	\$148	\$146	\$144
18	Misc 1st Class Overweights (1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	Full 1st Class Overweights (2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	Full 1st Class Overweights (Over 2oz)	\$6.6	\$6.6	\$6.6	\$6.6	\$7	\$7	\$7
21	Non-Manifest 1st Class****	\$278	\$290	\$290	\$290	\$290	\$290	\$290
22	Summary 1st Class Overweights*****	\$259	\$213	\$213	\$213	\$213	\$213	\$213
23	Retypes	\$0.07	\$0	\$0.00	\$0.00	\$0	\$0	\$0
24	Late Notices	\$244	\$670	\$670	\$670	\$670	\$670	\$670
25	Misc Pieces	\$584	\$302	\$302	\$302	\$302	\$302	\$302
26	Prepaid Meter Postage	\$91	\$0	\$0	\$0	\$0	\$0	\$0
27	Presort Mailing Charges	\$146	\$100	\$100	\$100	\$100	\$100	\$100
28	Other Postage Related Activities	\$65	\$107	\$107	\$107	\$107	\$107	\$107
29	USPS Informed Delivery Promotion Savings*****	-\$221	-\$230	NA	NA	NA	NA	NA
30	Totals	\$14,248	\$15,050	\$15,496	\$15,296	\$15,093	\$14,887	\$14,676

\* 5 digit includes Manifest Bills and Collection Notices.

\*\* AADC includes Manifest Bills and Collections Notices.

\*\*\* Mixed AADC includes Manifest Bills and Collection Notices.

\*\*\*\* Non-Manifest 1st Class includes Non-Manifest Bill, Collection Notices, Overweights & Misc Pieces.

\*\*\*\*\* Summary 1st Class Does Not include Collection Notices & other customer correspondence.

\*\*\*\*\* Transitioned from Prepaid Meter Postage to Prepaid Permit Imprint Postage in 2021.

\*\*\*\*\* USPS Promotion initiated in 2020 offering 2-4% postage discounts for 3-5 month promotion durations.

1. Transitioned to permit imprint mailing in 2021. Mail volume and postage consolidated into Line 7, Non-Manifest 1st Class.

2. Transitioned to permit imprint mailing in 2021. Mail volume and postage consolidated into Line 7, Non-Manifest 1st Class. Additional full rate postage captured in Line 13- Presort Mailings Charges.

**d) Summary of Postage O&M Forecast**

For the 2025 Test Year, SCE forecasts \$14.988 million in O&M expenses for Postage, an increase of \$0.739 million, or 5.2 percent, compared to the 2022 Base Year O&M expenses of \$14.248 million.

<sup>74</sup> Refer to WP SCE-03, Vol. 01, pp. 26-36, Postage Studies (2018-2028).

1           **3.       Credit and Payment Services**

2                   **a)       Work Description and Need for Activity**

3                               Credit and Payment Services work is conducted primarily by the Credit and  
4 Payment Services group which is also part of RSO. Credit and Payment Services is a normal part of  
5 providing basic service and is a necessary activity for processing payments and providing credit and  
6 payment services according to SCE’s tariffs. In addition, collections activities are necessary to minimize  
7 uncollectible expenses, and payment services are essential to provide in-person, mail-in, and electronic  
8 payment options that are convenient and cost effective for customers.

9                               Credit and Payment Services work consists of three main activities: Credit  
10 Services, Collections Activities, and Payment Services.

11                               **(1)       Credit Services**

12                               A primary goal of Credit Services activities is to mitigate loss of revenue  
13 by acquiring adequate security for newly established customers and higher-risk existing customers.  
14 These processes have been prescribed by the Commission and implemented in accordance with SCE’s  
15 established tariffs.<sup>75</sup>

16                               SCE’s Credit Services activities are performed by the Credit Specialists  
17 within the Credit and Payment Services organization and the Field Services personnel that manage the  
18 requests received from the Credit and Payment Services organization. The Field Services organization is  
19 part of SCE’s Transmission & Distribution (T&D) organization, and dispatches personnel to customer  
20 locations that do not have a smart meter to perform disconnection and reconnection services. Credit  
21 services includes completing a risk assessment of SCE’s customers. At the time of service application,  
22 the identity of all residential customers is verified in accordance with the Federal Trade Commission  
23 Red Flag Rules. Credit checks are not completed on residential customers due to the Commission  
24 requirement that residential customers not be charged deposits.<sup>76</sup> Small business customers undergo a  
25 credit check process with an external service provider. Security deposits are required in the event the  
26 customer poses a credit risk to SCE. All medium and large commercial customers must provide a  
27 security deposit to establish credit. SCE reviews the financial statements of publicly traded customers  
28 and continues to regularly monitor customers’ financial status for any material change. If a material

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<sup>75</sup> See Rule 6: Establishment and Re-Establishment of Credit; Rule 7: Deposits.

<sup>76</sup> See D.20-06-003, OP 8, which prohibits SCE requiring any residential customer to pay establishment of credit deposits for new service.



1 change occurs, SCE will require a security deposit to reestablish credit. All security deposits for  
2 commercial customers can be submitted via cash or using an approved non-cash option, such as a surety  
3 bond or irrevocable letter of credit.

#### 4 (2) Collections Activities

5 Collections activities include tracking, monitoring, and performing follow-  
6 up actions on delinquent active and closed accounts.<sup>77</sup> SCE's goal is to collect past due revenue while  
7 helping customers avoid disconnection. SCE helps customers avoid disconnections by providing alerts  
8 on energy spending goals, providing energy conservation education which can drive lower bill costs, and  
9 conducting outreach to generate awareness of SCE programs like bill payment assistance and financial  
10 assistance. Unpaid closed-account balances remain visible when a customer attempts to reestablish  
11 services with SCE and the Collections Activities group continues to monitor these balances to attempt  
12 collection. Closed-account collections activities include a manual and automated skip-trace process and  
13 contracting with agencies to collect unpaid balances.

14 According to SCE's collections processes, the delay from the time the bill  
15 is presented until service is potentially disconnected for nonpayment will vary. Residential accounts  
16 vary from 53 days to 54 days delay while commercial accounts vary from 38 days to as long as 110 days  
17 for sensitive or critical accounts. Typically, residential customers disconnected for nonpayment owe in  
18 excess of two months of services. The processes to enable meter disconnections, and subsequent  
19 reconnections, have been improved with the Edison SmartConnect meter's RSS implementation.  
20 The RSS capability provides for the remote turn-on or turn-off of over 99 percent of meters. For meters  
21 that cannot be disconnected or reconnected through RSS, field personnel perform disconnections and  
22 reconnections at the meter for nonpayment.

#### 23 (3) Payment Services

24 The Payment Services activities include providing SCE customers with  
25 convenient, efficient, and cost-effective payment options. While SCE customers can pay their bill  
26 through the U.S. mail, they also have seven electronic payment options and can pay in-person at an  
27 Authorized Payment Agency (APA). In total, SCE posts over 47 million payments annually.  
28 Eighty-one percent of SCE's customers paid their bill through an electronic payment option in 2022,

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<sup>77</sup> In addition, written notifications and SCE's Interactive Voice Response (IVR) system in the Customer Contact Center provide outbound "final call" notifications to SCE's past due customers. Refer to Section III.C.1 for more information about costs related to SCE's Customer Contact Center.

1 while the other nineteen percent of customers used the U.S. mail or paid in-person at an APA.  
2 Between December 2021 and December 2022, the number of APA locations has increased from 207  
3 locations to 267 locations. Additional information regarding payment posting, APA Network and its  
4 compliance with the Americans with Disabilities Act, and electronic payment options is provided below.

5 **(a) Payment Posting**

6 As shown in Table II-8 below, the volume of payments processed  
7 decreased by 3 million, or 6 percent, from 50 million in 2018 to 47 million in 2022. For the same time  
8 period, Mail-In payments decreased by 29 percent, In-Person (APA) payments decreased by 55 percent,  
9 and Electronic Payments increased by 3.6 percent. The overall decrease from 2018 to 2022 in payment  
10 postings is attributable to factors related to the COVID-19 pandemic, such as customer protections and  
11 financial hardship that result in fewer payments.

12 As of 2022, Mail-In payments account for 7.1 million payments or  
13 approximately 15 percent of all payments received. As customers continue to become familiar with the  
14 convenience and security of electronic payment options, SCE expects a continued movement from Mail-  
15 In and In-Person payment options to Electronic Payment options.

16 The volume of APA payments has decreased by 1.8 million from  
17 2018 to 2022, or approximately 55 percent, as a result of customers migrating to electronic payment  
18 options. A portion of the decline is due to normal year-over-year shifting to electronic options.  
19 During the COVID-19 pandemic, there was a substantial decline in APA payments due to local  
20 businesses closing during lockdowns and customers opting to avoid in-person interactions. APAs  
21 collected 1.5 million payments in 2022, which represents 3.1 percent of SCE's total payments collected.

22 Resolution E-5005, issued on October 10, 2019, authorized the  
23 closure of SCE rural payment offices in three groups with the first group (Arrowhead, Blythe, Catalina,  
24 Mammoth, and Shaver Lake offices) authorized for immediate closure, the second group (Kernville,  
25 Tehachapi, and Yucca Valley offices) to close within six months of the resolution, and the final group  
26 (Barstow, Bishop, and Ridgecrest offices) to close no sooner than 18 months after the issuance of the  
27 resolution. Due to the operational restrictions SCE implemented in 2020 following the COVID-19  
28 outbreak, SCE closed all of its rural payment offices in March 2020. SCE continues to add APA  
29 locations to the APA network to continue the convenience and availability of In-Person payment for  
30 customers who prefer in-person interactions.

**Table II-8**  
**Payment Posting Volume 2018 – 2022**  
*(In 000s)*

<b>Line No.</b>	<b>Description</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
1	<u>Mail-In Payments</u>	10,051	9,293	8,695	8,196	7,094
2	<u>In-Person Payment:</u>					
3	Authorized Payment Agencies	3,224	2,954	2,226	1,860	1,458
4	Rural/Local Offices	39	15	4		
5	<u>In-Person Subtotal</u>	3,263	2,969	2,230	1,860	1,458
6	<u>Electronic Payments:</u>					
7	Electronic Funds Transfer	10,634	9,918	9,650	9,173	8,544
8	Direct Payment	9,006	9,526	10,359	10,763	11,617
9	Quick Check	1,247	1,271	837	1,463	1,601
10	On-line Bill Payment	11,124	11,562	12,577	12,830	12,483
11	Electronic Data Interchange	698	702	726	718	724
12	Pay-by-Phone	1,482	1,522	1,435	357	
13	<u>Credit/Debit Card</u>	2,697	3,098	3,027	3,083	3,246
14	<u>Electronic Payments Subtotal</u>	36,888	37,599	38,611	38,387	38,215
15	<u>Misc Payments</u> <u>(EAH, HEAP, Collection</u> <u>Agency, Wire Credits)</u>	76	66	60	66	319
<b>16</b>	<b>Total</b>	<b>50,278</b>	<b>49,927</b>	<b>49,596</b>	<b>48,509</b>	<b>47,086</b>

**(b) APA Network Americans with Disabilities Act (ADA)**  
**Compliance**

SCE monitors its Authorized Payment Agencies (APAs) network’s compliance with the Americans with Disabilities Act (ADA) as it relates to public access standards and related transactional elements. To confirm APA compliance with ADA requirements, SCE annually surveys ten percent of its APA network, including a minimum of four new APAs. As of December 2022, all APA locations are compliant with ADA requirements and have provided documentation of compliance through either a Standard Agent survey or Declaration Letter. An increase in the volume of agents that have a declaration letter was due to the addition of a larger chain that opted to provide this method of documented compliance. Three locations have an approved exemption. The access issues for SCE’s APAs and the need to comply with established public access standards and related ADA transactional elements were specifically addressed in SCE’s 2012 GRC. Table II-9 below shows the

historical 2018-2022 recorded APA / ADA compliance results. SCE’s website provides a locational listing of accessible APAs, which is updated as changes are made to the APA network.<sup>78</sup>

**Table II-9  
2018 - 2022 APA / ADA Compliance Results**

Line No.	APA Network	2018	2019	2020	2021	2022
1	Standard Agents	197	212	205	207	158
2	Declaration Letter Agents					100
3	Approved Exception Agents*	4	4	3	3	3
4	<b>Total</b>	<b>201</b>	<b>216</b>	<b>208</b>	<b>210</b>	<b>261</b>

*\*Approved by the Center for Accessible Technology (CforAT)*

**(c) Electronic Payment Options**

Electronic payment options have become preferred method of payment for SCE customers, comprising over 81 percent of all payments in 2022. These options and the volume for each are shown in Table II-8. Electronic payments have increased from 36.9 million in 2018 to 38.2 million in 2022, a 3.6 percent increase, due to the convenience and security provided by these options. As explained above, a shift from walk-in to electronic payments was also observed during the pandemic.

**(4) Operations Support**

To properly perform the Credit and Payment Services activity, SCE has an operational quality and compliance function and a process management and strategy integration function. The quality and compliance function responds to regulatory and legislative compliance requirements and oversees quality management activities that impact Credit and Payment Services. The process management and strategy integration function rolls out changes in new customer programs, rate options, and other offerings, and also serves as the business/operational lead for major initiatives like CSR. P.

**b) Comparison of Authorized to Recorded 2021 O&M Expenses**

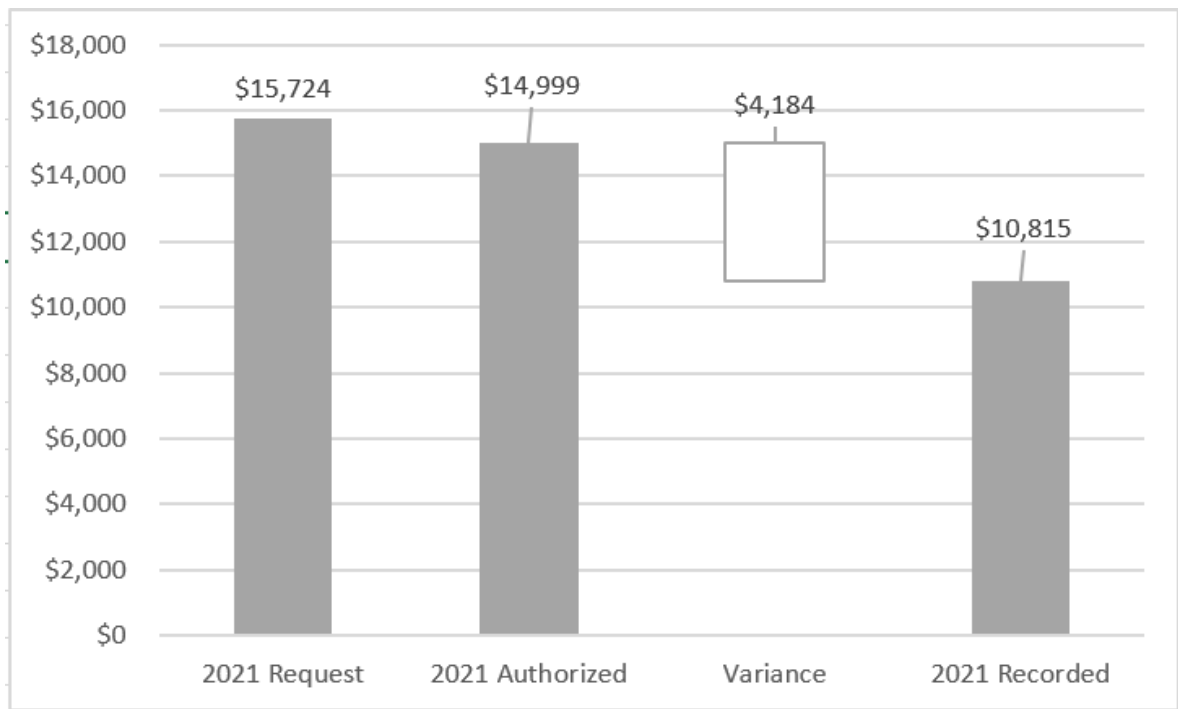
Figure II-11 below compares the requested and authorized O&M expenses from SCE’s 2021 GRC with the recorded expense for Credit and Payment Services, in compliance with D.21-08-036.<sup>79</sup> As shown in Figure II-11, SCE’s Credit and Payment Services recorded expenses in

<sup>78</sup> See SCE’s APA locator, available at [https://www.sce.com/apps/map?ecid=van\\_apalocator](https://www.sce.com/apps/map?ecid=van_apalocator).

<sup>79</sup> See D.21-08-036, OP 36.

1 2021 of \$10.815 million were less than the 2021 authorized amount of \$14.999 million by \$4.184  
2 million, which equals approximately a 27.9 percent variance. This variance was mainly due to fewer  
3 disconnections and reconnections performed by field personnel due to the suspension on disconnections  
4 for nonpayment resulting from the COVID-19 pandemic.

**Figure II-11**  
**Credit and Payment Services<sup>80</sup>**  
**Comparison of 2021 GRC Authorized versus Recorded O&M Expenses**  
**(Constant 2022 \$000)**



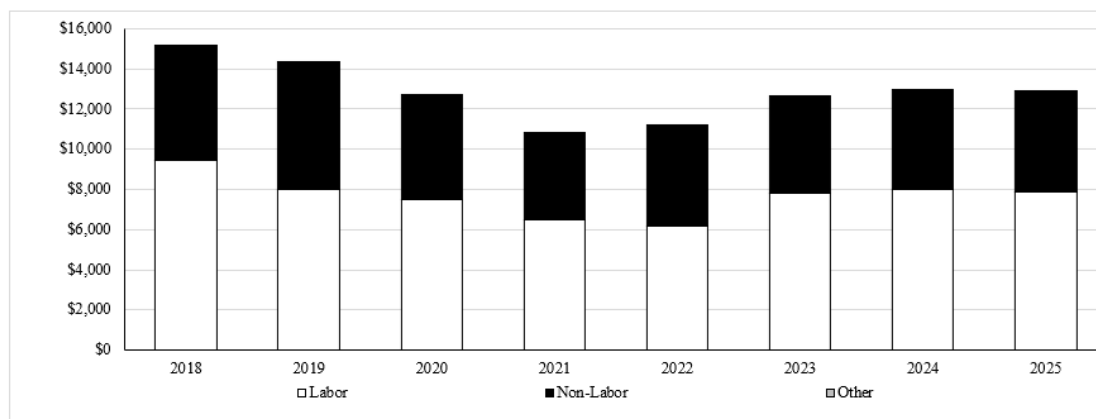
5 **c) Scope and Forecast Analysis**

6 This section describes the historical O&M expenses, the Test Year forecast  
7 method, and the adjustments included in the Test Year O&M forecast for the Credit and Payment  
8 Services activity. The recorded and forecast O&M expenses for Credit and Payment Services are shown  
9 in Figure II-12 and discussed below.

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<sup>80</sup> Refer to WP SCE-07, Vol. 01, Authorized vs. Recorded.

**Figure II-12**  
**Credit and Payment Services**  
**Recorded 2018-2022 and Forecast 2023-2025 O&M Expenses<sup>81</sup>**  
**(Constant 2022 \$000)**



	Recorded					Forecast		
	2018	2019	2020	2021	2022	2023	2024	2025
<i>Labor</i>	\$9,456	\$8,021	\$7,513	\$6,513	\$6,169	\$7,788	\$8,008	\$7,848
<i>Non-Labor</i>	\$5,743	\$6,342	\$5,199	\$4,301	\$5,018	\$4,868	\$4,980	\$5,049
<i>Other</i>								
<b>Total Expenses</b>	<b>\$15,199</b>	<b>\$14,363</b>	<b>\$12,712</b>	<b>\$10,815</b>	<b>\$11,187</b>	<b>\$12,656</b>	<b>\$12,988</b>	<b>\$12,897</b>
<b>Ratio of Labor to Total</b>	<b>62%</b>	<b>56%</b>	<b>59%</b>	<b>60%</b>	<b>55%</b>	<b>62%</b>	<b>62%</b>	<b>61%</b>

**(1) Historical Variance Analysis**

**(a) Labor**

Labor decreased from 2018 to 2019 for two main reasons. First, SCE completed its upgrade of Over-the-Air system in 2019, resulting in a reduction of approximately \$0.7 million in field labor to perform disconnections. Second, multiple vacancies went unfilled in 2019, resulting in a temporary reduction of approximately \$0.5 million in labor expenses. The decrease in labor from 2019 to 2021 is attributable primarily to a temporary reduction of collections activities from 2020 into 2022 due to the disconnection moratorium, including field labor for disconnections for nonpayment and reconnections.

<sup>81</sup> Refer to WP SCE-03, Vol. 01, pp. 38-42, for O&M Detail for Credit and Payment Services. An error was identified subsequent to the finalization of financial data. Therefore, the intended financial number that is stated here in testimony does not align with the financial numbers in standardized workpapers and the RO model. An errata will be submitted to align the financial numbers in testimony, standardized workpapers, and the RO model at a future date.



**Table II-10**  
**Credit & Payment Services 2025 Test Year Adjustments<sup>84</sup>**  
*(Constant 2022 \$)*

Line No.	Description	Labor	Non-Labor	Total
1	Return to Pre-Pandemic - Disconnections/Reconnections	\$701,250		\$701,250
2	Vendor Adjustments		\$664,636	\$664,636
3	Employee Compensation Program	\$343,745		\$343,745
4	Total Forecast Adjustments	\$1,044,995	\$664,636	\$1,709,631

**(1) Return to Pre-Pandemic Disconnection and Reconnection Levels**

As explained above, as a result of the disconnection moratorium resulting from the COVID-19 pandemic, SCE ceased collections activities (including disconnections for nonpayment) for all customers in March 2020. SCE restarted collections activities in March 2022 for commercial customers and October 2022 for residential customers, albeit at reduced levels to facilitate a gradual return to normal operations.<sup>85</sup> Since then, SCE has been increasing the level of collections activities over time, and expects to reach standard, pre-pandemic operations levels of disconnections for nonpayment by third quarter (Q3) 2023.<sup>86</sup> Accordingly, field work to disconnect and reconnect customers was at suppressed levels in the 2022 base year, but is expected to return to pre-COVID levels by Q3 2023. To illustrate the difference between the base year of 2022 and the last pre-COVID year of 2019, field labor to disconnect and reconnect customers was \$2.821 million in 2019 compared to \$1.272 million in 2022, a 55 percent decrease. In 2022, there were only 128 residential customers and 2,241 non-residential customers disconnected for nonpayment compared to 2019, in which 403,404 residential customers and 22,382 non-residential customers were disconnected for nonpayment.

To resume pre-pandemic levels of disconnection and reconnection operations, SCE forecasts an incremental \$0.70 million in field labor in the test year. SCE based this forecasted amount on (1) historical disconnection and reconnection per-unit disconnection and reconnection costs in 2018 and 2019, the most recent years unaffected by the impacts of COVID-19, and

<sup>84</sup> In the 2025 forecast there are 2022 T&D and accounts receivable costs totaling \$0.63 million that are being moved from non-labor to labor; however, as a total Credit and Payment Services cost, they net a \$0 incremental increase.

<sup>85</sup> For commercial customers, SCE started sending small amounts of collection notices in March 2022 as part of a pilot program to test SAP system functionality. In July 2022 SCE began the official restart of collections activity and noticing for these customers.

<sup>86</sup> SCE will comply with the disconnection caps ordered in D.20-06-003.



1 (2) broader historical disconnection and reconnection levels. This adjustment results in a total estimated  
2 disconnection and reconnection cost for 2025 of \$2.57 million.<sup>87</sup>

3 **(2) Vendor-Related Adjustments**

4 **(a) Compliance with New ACH Regulation**

5 SCE forecasts incremental non-labor expenses in the test year to  
6 comply with a new banking regulation issued by the National Automated Clearinghouse Association  
7 (NACHA). NACHA regulates the ACH Network, the payment system that electronically transfers  
8 money and related payment information quickly and securely from one financial institution account to  
9 another. Specifically, NACHA develops and administers the private sector NACHA Operating Rules for  
10 ACH payments, which define the roles and responsibilities of ACH Network participants. As of March  
11 19, 2022,<sup>88</sup> NACHA made effective a new regulation called the WEB Debit Account Validation Rule,<sup>89</sup>  
12 which requires SCE to validate banking information prior to accepting payment from an entity or a  
13 customer for the first time. SCE began this compliance work in February 2022 by contracting with a  
14 bank to validate the information in compliance with the new regulation. Recorded costs for this work in  
15 2022 were \$0.37 million. Using 2022 recorded payment volumes and factoring in customer growth, SCE  
16 estimates the annual cost to continue this work at \$0.48 million during the GRC Test Year. Accordingly,  
17 SCE includes an incremental adjustment of \$0.11 million for Test Year 2025.<sup>90</sup>

18 **(b) APA Network Management**

19 SCE contracts a vendor to oversee the operations of its APA  
20 network. As explained in Section II.C.3.a)(3), APAs located throughout SCE's service area provide a  
21 walk-in payment service option for SCE customers. Vendor responsibilities include recruiting new APA  
22 locations where there are gaps within SCE's service area, onboarding and training new APAs,  
23 maintaining ADA compliance, reconciling APA payments when needed, and providing location-specific  
24 transaction reporting. SCE customers do not pay a fee when making a payment at an APA. SCE pays a  
25 fee per transaction to cover the cost of the vendor's support as well as a negotiated commission fee to

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<sup>87</sup> Refer to WP SCE-03, Vol. 01, p. 43, Credit and Payment Services T&D Adjustment.

<sup>88</sup> The WEB Debit Account Validation Rule was initially effective as of March 19, 2021. NACHA extended the effective date to March 19, 2022 to provide the industry additional time, education, and guidance to comply.

<sup>89</sup> Information about the WEB Debit Account Validation Rule is *available at* <https://www.nacha.org/rules/supplementing-fraud-detection-standards-web-debits>.

<sup>90</sup> Refer to WP SCE-03, Vol. 01, p. 44, Compliance with New ACH Regulation Forecast Adjustment.

1 the APA in the network. SCE's prior vendor's contract will expire in 2023. The prior vendor requested  
2 approximately double the transaction costs in a new contract. SCE underwent a competitive bidding  
3 process and awarded the work to a new, lower cost vendor. Further, although not directly tied to  
4 contracted costs, the previous vendor offered 255 payment locations, whereas the new vendor will  
5 potentially offer 870 payment locations. Pursuing the more cost-effective contract with a new vendor  
6 still results in increased costs relative to the prior contract. Thus, SCE forecasts \$0.30 million in  
7 incremental non-labor expenses in the test year for APA network management.<sup>91</sup>

8 (c) **Disconnection Notification Calls and Emails**

9 Pursuant to SCE's Rule 8.A., for residential customers SCE must  
10 make a reasonable attempt to contact an adult person residing at the customer's residence either by  
11 telephone or by personal contact at least 24 hours prior to disconnection for nonpayment. SCE  
12 previously made these phone contact attempts through its Interactive Voice Response (IVR) system.  
13 However, SCE determined there was a need to free up phone lines for inbound calls to customer service.  
14 In addition, these IVR outbound calls were not fully integrated with SCE's billing system. During SCE's  
15 transition to SAP in May 2021, SCE saw an opportunity to bridge this gap and thus began using a third-  
16 party vendor for outbound disconnection notification calls. Moving the collection outbound call process  
17 from the IVR to a third party enables SCE to have more phone lines available for customer service  
18 inquiries and fully integrate outbound calls with SAP, which better aligns with SCE's IT technology and  
19 architectural road map to centralize all outbound customer notifications under one platform.

20 Moving to a centralized vendor platform also gives SCE better  
21 traceability to all residential customer notifications (i.e., email, text, and call) and adds flexibility to  
22 deliver notifications based on the customer's communication preference (i.e., email, text, or phone call).  
23 The prior in-house IVR system was limited to outbound calls only, and only a small, pilot-sized number  
24 of customers received disconnection-related email notifications in SCE's legacy system. With the new  
25 vendor providing broader email functionality, SCE sends e-mail disconnection-related notices and  
26 notifications to all residential customers who receive e-bills. These notifications are currently in addition  
27 to, not in lieu of, notices required by Rule 8 (including telephone or personal contact). Providing  
28 notifications through customers' preferred channels helps customers have better awareness of past due  
29 amounts and avoid potential disconnections. Another benefit of the vendor platform is that it provides

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<sup>91</sup> Refer to WP SCE-03, Vol. 01, p. 45, APA Network Management Forecast Adjustment.

1 functionality to implement the D.20-06-003 requirement to provide disconnection notices via email to  
2 customers who have opted to receive electronic communications.<sup>92</sup>

3 Due to the delay in restarting collections related to COVID  
4 protections, SCE experienced minimal costs from this vendor in 2022. SCE's collection volumes are  
5 increasing throughout 2023 and expected to return to pre-pandemic levels by Q3 of 2023. SCE forecasts  
6 \$0.26 million in incremental expenses associated with this work for the test year.<sup>93</sup>

7 **(3) Employee Compensation Program**

8 The \$0.34 million increase in 2025 is attributable to an adjustment to  
9 reflect certain changes made to SCE's employee compensation program. Please refer to SCE-06, Vol.  
10 04.

11 **e) Summary of Credit and Payment Services O&M Forecast**

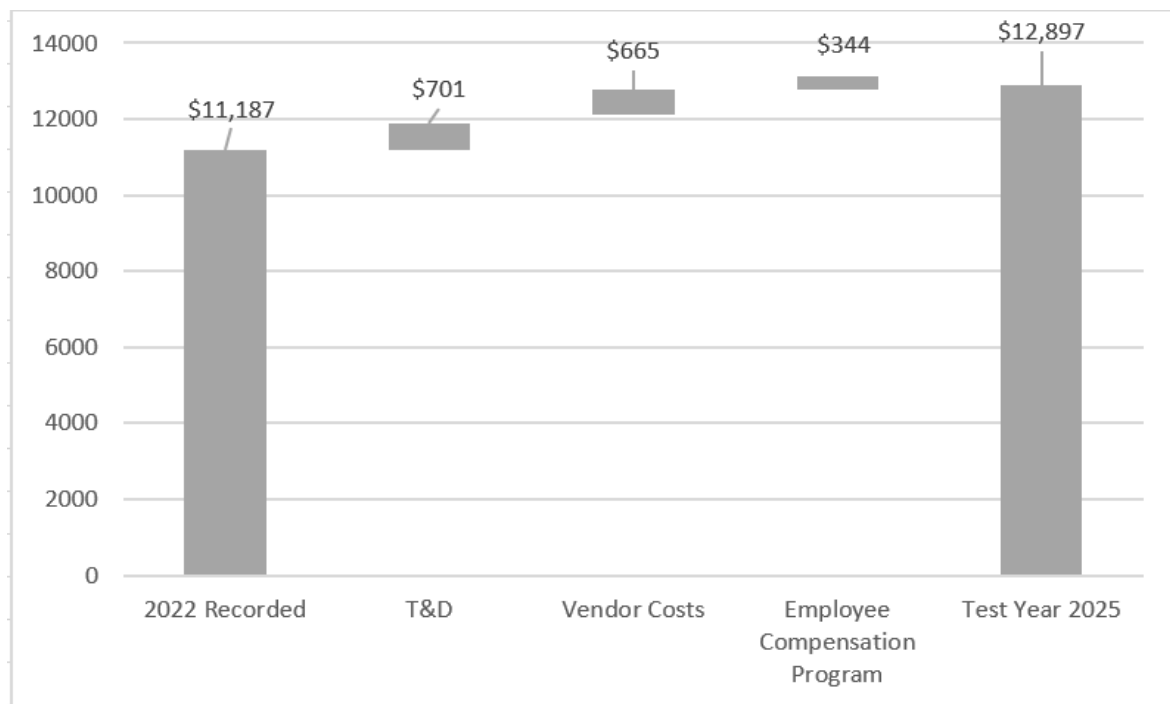
12 For the 2025 Test Year, SCE forecasts \$12.897 million in O&M expenses for  
13 Credit and Payment Services, an increase of \$1.71 million, or 15.3 percent, compared to the 2022 Base  
14 Year O&M expenses of \$11.19 million. As discussed above, SCE's forecast of Test Year O&M  
15 expenses for Credit and Payment Services is based on the 2022 Last Recorded Year with adjustments.  
16 SCE's Test Year O&M forecast for Credit and Payment Services is shown in Figure II-13 below.

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<sup>92</sup> See D.20-06-003, OP 15.

<sup>93</sup> Refer to WP SCE-03, Vol. 01, p. 46, Disconnection Notification Calls and Emails Forecast Adjustment.

**Figure II-13**  
**Credit and Payment Services**  
**Comparison of 2022 Base Year to 2025 Test Year**  
*(Constant 2022 \$000)*



1        **4.     Uncollectible Expenses**

2            **a)     Work Description and Need for Activity**

3            Incurring an uncollectible expense is a normal part of the cost of providing  
4            service to customers. Uncollectible expenses are the necessary result of customers who do not make  
5            payment for the services that they received. SCE attempts to minimize uncollectible expenses by helping  
6            customers through payment arrangements while also complying with the regulatory requirements for  
7            security deposits and disconnections.

8            SCE’s expenses for all revenue components of uncollectible customer accounts  
9            are authorized based on an estimate of the uncollectible expense factor, which is expressed as a percent  
10           of SCE’s total revenue.<sup>94</sup> Once determined by the Commission, this authorized rate of uncollectible  
11           expense factor is applied to Test Year generation and distribution revenues in the GRC proceeding, and

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<sup>94</sup> For purposes of calculating the uncollectible factor, the associated dollar amounts described in this section are expressed in terms of gross revenue.

1 to revenue components litigated in other rate-setting proceedings before the Commission or the Federal  
2 Energy Regulatory Commission (FERC).<sup>95</sup>

3 SCE's forecast for uncollectible expenses is that portion of recorded revenues  
4 subsequently determined to be uncollectible. Because all receivables are recorded as revenue when the  
5 sale is recorded, revenues are overstated by the amount that will not be collected due to customers'  
6 failure to pay. To avoid this overstatement of revenues (and a corresponding overstatement of assets), a  
7 provision for the uncollectible portion is retained as a credit balance in the General Ledger - Provision  
8 for Uncollectible Accounts. This provision for uncollectible expenses is estimated each month because  
9 the actual uncollectible expenses is not known until the uncollectible expenses are written off. As of  
10 April 2021, uncollectible revenues are written off as actual uncollectible expenses approximately 366  
11 days from the date a closing bill remains unpaid.<sup>96</sup>

12 D.22-10-004 approving SCE's 2020 Energy Resource Recovery Account (ERRA)  
13 entries and related matters, issued on October 13, 2022 (ERRA Decision), ordered SCE to "fully align  
14 its authorized uncollectibles methodology with San Diego Gas & Electric Company's [(SDG&E)] and  
15 Pacific Gas and Electric Company's [(PG&E)] methodologies in SCE's next general rate case by  
16 adjusting its uncollectibles factor calculation methodology to update annually and by revising its  
17 authorized uncollectibles to incorporate billed revenues rather than historical write-offs."<sup>97</sup> PG&E and  
18 SDG&E calculate their uncollectibles factor annually using a rolling 10-year average of recorded write-  
19 offs, with a two-year lag. SCE does not have recorded write-offs for 2023 at the time of this GRC filing  
20 and, therefore, has provided a 10-year average using recorded write-offs for years 2013-2022. SCE will  
21 provide an updated 10-year average that includes year 2023 in its 2024 "update testimony."  
22 For subsequent years in this GRC period, SCE will update the uncollectibles factor 10-year average in  
23 an annual advice letter.

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<sup>95</sup> In addition to the distribution and generation revenue requirement being litigated in this rate case, the uncollectible factor is applied to the other fuel and purchased power and public purpose revenue components which are litigated independently. The application of the uncollectible expense factor for revenues determined in other proceedings is described in SCE's Preliminary Statement for each authorized revenue related recovery mechanism, such as the Base Revenue Requirement Account Preliminary Statement, Part YY, Section 2.e.

<sup>96</sup> With the implementation of CSRP in April 2021, beginning in April 2021 the uncollectible revenues were written off approximately 366 days from the date a closing bill remains unpaid instead of the previous 180 days. There is an exception with bankruptcy cases, which are considered uncollectible immediately and are written off as soon as the notification has been made and processing time permits.

<sup>97</sup> D.22-10-004, OP 6.

1                   The ERRA Decision required that SCE segment its GRC-authorized  
2 uncollectibles amount by customer class (i.e., residential, small business, medium/large (M/L), and  
3 other) for the purposes of determining the amount of incremental uncollectibles eligible for recovery in  
4 SCE’s Residential Uncollectibles Balancing Account (RUBA).<sup>98</sup> For the 2021 GRC cycle, this  
5 segmentation is based on a five-year average of historical write-offs by customer class.<sup>99</sup> Beginning with  
6 the 2025 GRC cycle, the ERRA Decision directs SCE to align its segmentation of GRC-authorized  
7 uncollectibles by customer class for the purposes of recording amounts in the RUBA with the  
8 methodology used by PG&E and SDG&E. As a result, beginning in 2025, SCE will utilize monthly  
9 billed revenues to allocate its GRC-authorized uncollectibles amount among customers classes, again,  
10 for the sole purpose of determining the amount of uncollectibles to record in the RUBA. However, out  
11 of an abundance of caution, SCE is also providing the five-year historical average of write-offs by  
12 customer class because the ERRA Decision directed that this information should be incorporated into  
13 future GRC applications,<sup>100</sup> even though SCE is no longer required to use this information beginning in  
14 2025. Therefore, SCE provides Table II-11 showing write-offs by the aforementioned customer classes  
15 for the past five years (2018-2022). Again, this information is provided solely for compliance purposes  
16 with the ERRA Decision. SCE is not requesting that its GRC-authorized uncollectibles be allocated by  
17 customer class. Rather, it continues to request a lump sum amount of GRC-authorized  
18 uncollectibles. The segmentation of GRC-authorized uncollectibles is only required for purposes of  
19 recording in the RUBA (which is a process that falls outside the GRC) and that segmentation will be  
20 done on a monthly basis using billed revenues beginning in 2025.

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<sup>98</sup> See D.22-10-004, OP 6, p. 33.

<sup>99</sup> The ERRA Decision states to base the segmentation of GRC-authorized uncollectibles among customer classes on the five-year average percentage allocation of uncollectibles currently used to calculate the lump sum uncollectibles amount for the GRC test year. See D.22-10-004, p. 33. As stated in Advice 4902-E, approved effective November 14, 2022, SCE uses actual write-offs and not uncollectibles to calculate its lump sum GRC-authorized uncollectibles amount. Therefore, SCE interprets this provision to require SCE to segment its lump sum GRC-authorized uncollectibles amount using historical write-off amounts and not uncollectibles. SCE Advice 4902-E, p. 4.

<sup>100</sup> See D.22-10-004, p. 33.

**Table II-11**  
**Write-Offs by Customer Class (Illustrative Purposes Only)**  
*(Dollar Values are in Nominal \$ Millions)*<sup>101</sup>

<b>Year</b>	<b>Residential</b>		<b>Small Business</b>		<b>Medium/Large Commercial</b>		<b>Other/Miscellaneous</b>		<b>Total</b>
2018	\$17.92	76.0%	\$1.57	6.7%	\$4.04	17.1%	\$0.04	0.2%	\$23.57
2019	\$12.85	71.2%	\$1.60	8.8%	\$3.38	18.7%	\$0.23	1.2%	\$18.04
2020	\$10.94	68.9%	\$1.50	9.5%	\$3.19	20.1%	\$0.25	1.6%	\$15.88
2021	\$2.96	45.0%	\$0.34	5.2%	\$2.91	44.3%	\$0.36	5.5%	\$6.57
2022	\$46.32	81.9%	\$3.84	6.8%	\$6.39	11.3%	\$0.01	0.0%	\$56.55
Average	\$18.20	68.6%	\$1.77	7.4%	\$3.98	22.3%	\$0.18	1.7%	\$24.13

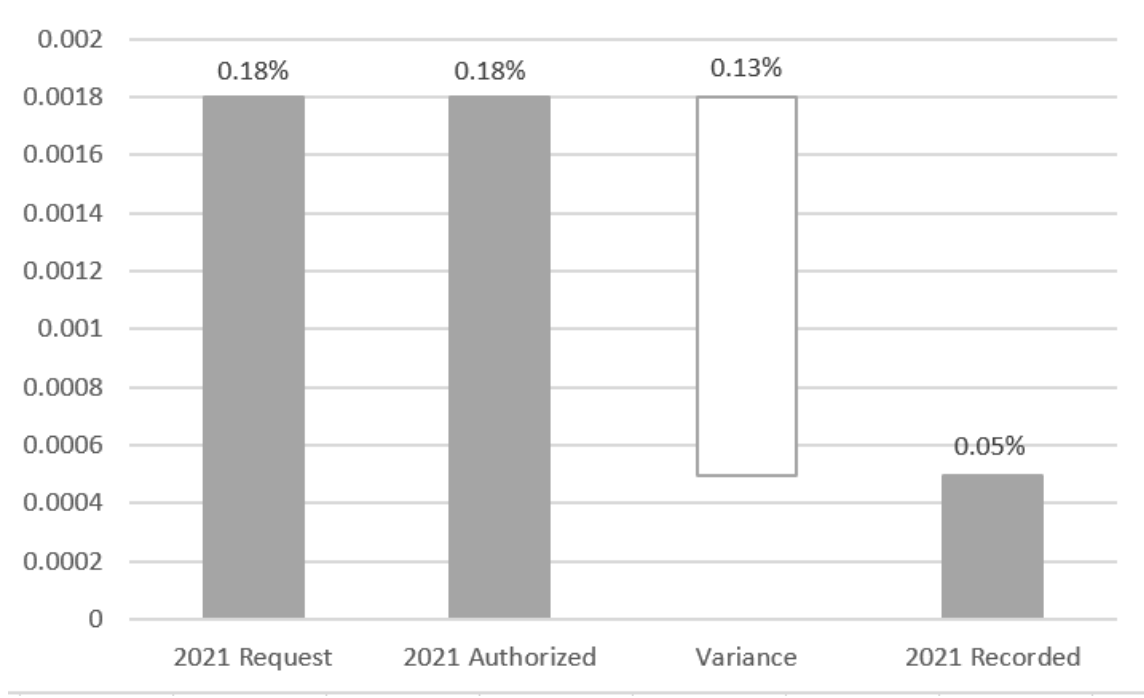
**b) Comparison of Authorized to Recorded 2021 O&M Expenses**

Figure II-14 compares the requested and authorized uncollectible expense factor from SCE’s 2021 GRC<sup>102</sup> with the 2021 recorded uncollectible expense factor in the Uncollectible Expenses work activity. SCE’s 2021 GRC requested uncollectible expense factor of 0.180 percent was uncontested and the same as authorized. As shown in Figure II-14, the 2021 recorded uncollectible expense factor is 0.05 percent, which is lower than the 2021 authorized amount by 0.13 percent. The variance can be explained primarily by two factors. First, when SCE’s new billing system was implemented in April 2021, there was a change in the timing of unpaid inactive balances to align with utility standard practices. Subsequently, the uncollectible revenues were written off approximately 366 days from the date a closing bill remains unpaid instead of the previous 180 days. Therefore, in 2021, there were several months with no recorded write-offs. Second, the customer protection measures in connection with the COVID-19 pandemic delayed any accumulated write-offs from disconnected account closures until the protections ended. These factors are explained further in the following section on historical variance analysis.

<sup>101</sup> The majority of the other/miscellaneous category is streetlight accounts. There is a small amount of accounts in this category that are not classified in the other listed categories.

<sup>102</sup> See D.21-08-036.

**Figure II-14**  
**Uncollectibles Factor**  
**Comparison of 2021 GRC Authorized versus Recorded<sup>103</sup>**



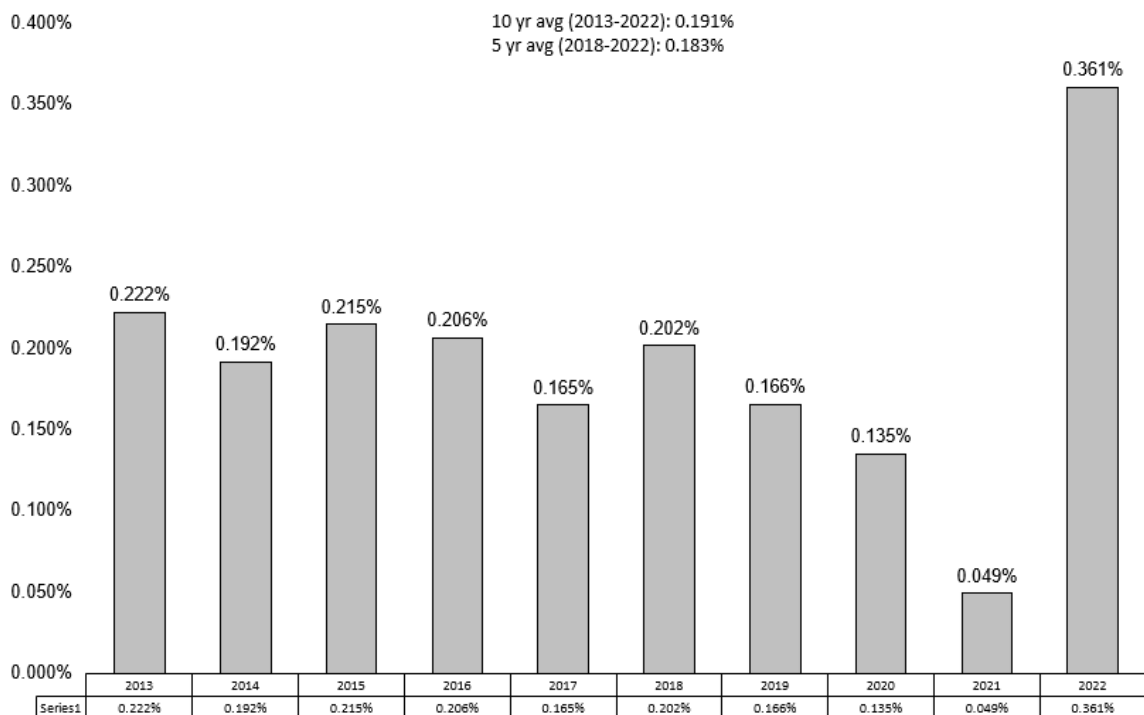
**c) Scope and Forecast Analysis**

This section describes the historical uncollectible expense factors and the Test Year forecast method. The recorded historical uncollectible expense factor is shown in Figure II-15 and discussed below.

<sup>103</sup> 2021 requested and authorized Uncollectibles Factors are taken from D.21-08-036 at p. 275. The 2021 recorded uncollectibles factor calculation can be found in SCE’s WP Uncollectibles Factor Calculations from the 2021 GRC.



**Figure II-15**  
**Uncollectibles Factor<sup>104</sup>**



**(1) Historical Variance Analysis**

Figure II-15 above shows 10 years (2013–2022) of historical recorded uncollectible expense factors. This figure illustrates the variability of the uncollectible expenses factor over time, from a high of 0.361 percent in 2022 to a low of 0.049 percent in 2021. The uncollectible expenses factor in years 2013-2016 were fairly constant. The low uncollectible expenses factor in 2017 was a result of more rigorous enforcement of the credit policy for timely payment and requiring customer deposits in compliance with tariffs. In addition, SCE avoided uncollectible expenses from some large commercial bankruptcies by securing deposits prior to their bankruptcy filings. After rising back up in 2018, the recorded uncollectible expense factors from 2018 to 2021 show a decreasing trend, with 2022 having a sharp increase. SCE attributes the decline in recorded uncollectible expense factors from years 2018 to 2019 to the overall macro-economy growth during that time and the steady declining unemployment rates that generally boost the affordability of payments and customers’ willingness to

<sup>104</sup> Refer to WP SCE-03, Vol. 01, pp. 48-50, for Uncollectibles Factor Calculations.

1 pay. For example, the unemployment rate in January 2017 was 4.7 percent and went down to 3.6 percent  
2 in December 2019.<sup>105</sup>

3 From 2020 to 2021, SCE attributes the decline in recorded uncollectible  
4 expense factors to two main factors. First, when CSRP was implemented in April 2021, there was a  
5 change in write-off timing. Uncollectible revenues were written off approximately 366 days from the  
6 date a closing bill remains unpaid, instead of the previous 180 days. The change in timing resulted in  
7 most write-offs being delayed from 2021 to 2022. Second, SCE halted disconnections for nonpayment  
8 for all customers in March 2020 and did not resume collections activities until March 2022<sup>106</sup> for  
9 commercial customers and October 2022 for residential customers. Because write-offs occur following a  
10 closing bill, and disconnection without subsequent reconnection can result in closing an account  
11 following nonpayment, during the disconnection moratorium write-offs dropped off significantly.<sup>107</sup>

12 The sharp increase in the recorded uncollectibles factor from 2021 to 2022  
13 is partially attributed to the longer-term impacts of the disconnection moratorium, which allowed  
14 customers to continue accumulating arrearages despite not paying. To illustrate, prior to the COVID-19  
15 pandemic, a customer could only accumulate 2-3 months of unpaid bills before SCE disconnected for  
16 nonpayment. However, during the moratorium a customer could accumulate a larger amount of unpaid  
17 bills. Then, when the customer closes their account, the balance is much higher, contributing to higher  
18 write-offs. Lastly, starting February 2022, write-offs that lagged due to the change in write-off timing  
19 from 180 days to 366 restarted.

## 20 (2) **Forecast**

21 Pursuant to the ERRA Decision,<sup>108</sup> SCE's uncollectible expenses factor  
22 Test Year forecast is based on the average of the ten-year period from 2013-2022 of 0.191 percent as  
23 shown in Figure II-15.

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<sup>105</sup> See U.S. Bureau of Labor Statistics *available at* <https://data.bls.gov/timeseries/LNS14000000>.

<sup>106</sup> For commercial customers, SCE started sending small amounts of collection notices in March 2022 as part of a pilot program to test SAP system functionality. In July 2022 SCE began the official restart of collections activity and noticing for these customers.

<sup>107</sup> Write-offs may also occur when SCE determines an account was abandoned, or a customer voluntarily closes the account.

<sup>108</sup> See D.22-10-004, OP 6.

1 **D. Capital Forecast**

2 Activities within the Billing and Payments BPE rely upon capital investment in equipment and  
3 software. Recorded and forecast Billing and Payments capital expenditures are shown in Table II-12  
4 below. In this GRC, SCE plans to replace its aging billing equipment and develop and implement new  
5 software automations. These projects are detailed below in terms of the need for the projects, the project  
6 cost, and benefits associated with the project.

**Table II-12**  
**Billing and Payments Capital Forecast**  
(Nominal \$000)

Line No.	Description	Recorded					Forecast					
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	Mailing Operations	-	-	-	178	6	5,162	125	-	-	-	-
2	Software Automation	-	-	628	-	-	-	-	1,750	670	690	710
3	Total	-	-	628	178	6	5,162	125	1,750	670	690	710

7 **1. Comparison of Authorized 2021 to Recorded Capital Expenditures**

8 SCE did not forecast capital expenditures in the Billing and Payments BPE in its 2021  
9 GRC and, therefore, the Commission did not authorize capital expenditures for this BPE.<sup>109</sup> SCE did  
10 record \$178,000 in capital expenditures in 2021, however, associated with the upgrade of inserters used  
11 in the mailing operations process.

12 **2. Mailing Operations Capital Project (WBS CCS00SECORS00002 and**  
13 **CCS00SECORS00003)**

14 As described in Section II.C.1.a)(3), in 2022 SCE printed approximately 2.5 million  
15 paper bills per month. In addition, SCE also prints over 200,000 past due notices and letters monthly.  
16 Currently, SCE prints these bills and customer correspondence in its headquarters location in Rosemead,  
17 California, and maintains a second location in Irvine, California to serve as a disaster recovery facility to  
18 enable SCE to continue to print bills should the Rosemead location be disabled. The current system,  
19 which includes printers and inserters, were placed in service in 2011 and 2012, and its printers will reach  
20 the end of support in March 2024. This project replaces the current printers.

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<sup>109</sup> In its 2021 GRC, SCE requested capital funding for its CSR effort. On February 20, 2020, however, SCE filed amended testimony that removed SCE's request for CSR funding.

1                   a)       **Project Description**

2                   This project includes the replacement of SCE’s aging commercial-grade printers  
3 at its headquarters in Rosemead, as well as integration of the new printers with existing inserters (which  
4 fold and insert bills into individual envelopes) and SCE’s billing system. In addition, SCE plans to retire  
5 its mailing operations location in Irvine, CA and contract with a third party to print bills and  
6 correspondence in the event that the Rosemead location is unable to do so due to a disaster. The O&M  
7 required to maintain the mailing operations system and disaster recovery operations is included in  
8 Section II.C.1.

9                   Specifically, the project includes the installation of two high speed commercial  
10 printers, one high speed commercial check printer, and paper handling equipment totaling \$2.791  
11 million in hardware costs.<sup>110</sup> In addition, the capital expenditures include \$1.010 million for  
12 maintenance agreements for five years, and \$1.236 million in IT costs to integrate the printers into  
13 SCE’s billing system. SCE estimates total capital costs for this project of \$5.037 million as shown in  
14 Table II-13 below. In addition to the capital costs for this project, SCE forecasts a Test Year O&M  
15 reduction totaling \$395,000 (included in the Billing Services O&M forecast presented in Section II.C).  
16 SCE began this project in January 2023 and expects the new equipment to be in service in January 2024.

**Table II-13**  
**Mailing Operations Project Cost Detail**  
(Nominal \$000)

<b>Line No.</b>	<b>Description</b>	<b>Amount</b>
1	Hardware Total*	\$2,791
2	Service Maintenance Total	\$1,010
3	IT Enhancements	\$1,236
4	<b>Total</b>	<b>\$5,037</b>

\* Hardware costs reflect a reduction of \$110,000 due to the sale of existing hardware.

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<sup>110</sup> The total hardware costs are offset by the sale of existing hardware, estimated at \$110,000.

1                   **b)     Need for the Project**

2                   Mailing operations equipment described above is essential to providing SCE’s  
3 customers with their bills in a timely manner. Though some customers elect to receive their bills through  
4 paperless channels, approximately 2.5 million SCE customers receive physical bills each month.

5                   SCE has been notified by the vendor who provided and maintains its current  
6 printers that, beginning in March 2024, it will no longer guarantee repairs. As a result, repair time would  
7 likely increase, and/or repairs might not be possible, due to the age of the printers and anticipated lack of  
8 parts. In essence, the existing printers were reaching the end of their useful life, which was undermining  
9 their ability to continue to print the over 100,000 bills per day required.<sup>111</sup> Thus, should SCE not take  
10 action to replace its current printers, it risks being unable to provide printed bills and notices to  
11 customers in a timely manner.

12                   In May 2021, SCE evaluated options regarding mailing operations, including  
13 (1) replacing the printers at Rosemead and its Disaster Recovery location in Irvine, (2) replacing the  
14 printers located in Rosemead only while contracting for Disaster Recovery mailing operations, or  
15 (3) outsourcing all mailing operations. SCE determined that the lowest cost option for customers was the  
16 replacement of the printers at Rosemead combined with contracting Disaster Recovery mailing  
17 operations to a third party (hence eliminating the need for the mailing operations facility at Irvine).

18                   **c)     Capital Forecast**

19                   SCE plans to begin the mailing operations capital project in January 2023 and  
20 expects the new printers will be in service by January 2024. SCE estimates total capital costs for this  
21 project of \$5.037 million based on competitive bids from vendors for the hardware totaling \$3.911  
22 million (including five years of capitalized maintenance) and internal IT costs of \$1.236 million for  
23 system integration related to the new printers and the technical implementation of a third-party vendor  
24 for disaster recovery capabilities.<sup>112</sup> In addition, SCE’s forecast includes \$250,000 (\$125,000 in 2023  
25 and \$125,000 in 2024) to enable the Operational Excellence Catalyst Program bringing the total capital  
26 forecast to \$5.287 million as shown in Table II-14.<sup>113</sup>

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<sup>111</sup> Refer to WP SCE-03, Vol. 01, p. 55, Print Engines' End-of-Support Questions (Vendor Email).

<sup>112</sup> Refer to WP SCE-03, Vol. 01, pp. 53-54, Mailing Operations - Printer (CCS00SECORS00002) and Inserter (CCS00SECORS00003) and p. 56, Mailing Operations Capital Detail.

<sup>113</sup> Refer to WP SCE-06, Vol. 03, Operational Excellence Catalyst (OEC) Program.

**Table II-14**  
**Mailing Operations Capital Forecast**  
(Nominal \$000)

Line No.	Description	Recorded					Forecast					
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	Mailing Operations	\$ -	\$ -	\$ -	\$ 178	\$ 6	\$ 5,162	\$ 125	\$ -	\$ -	\$ -	\$ -

1           **3.     Software Automation (WBS CCS00SECOCC18001)**

2                     SCE automates manual processes when doing so makes economic sense using software  
3 automation, or “robotics.” This section presents SCE’s planned robotics efforts developed and  
4 implemented within CSOD organization.<sup>114</sup>

5                     **a)     Robotics Description**

6                     Software automations, or RPAs, are programs which automate processes that  
7 would have otherwise required manual labor processing. They are typically used to replace manual labor  
8 for repeatable processes that have significant volume. Activities related to billing and payments are  
9 supported by RPAs to automate routine, rule-based, high-volume transactions as described in Section  
10 II.C.1. As described in Section II.C.1(d), beginning in 2025, costs related to the development of new  
11 software automations and associated software licensing costs should be capitalized.<sup>115,116</sup> For each  
12 software automation developed, SCE conducts a high-level cost-benefit review to determine whether the  
13 avoided costs associated with deploying the software automation justify the cost of developing the  
14 software automation. The development costs for an individual software automation typically range from  
15 \$15,000 to \$60,000 depending on the complexity of the process being automated, the number of  
16 impacted systems, and the complexity of the business rules to be incorporated into the software

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<sup>114</sup> Capital Software projects implemented by SCE’s IT organization, as opposed to Customer Service, are included in Exhibit SCE-06, Vol. 02. While the Software Automation effort described here is executed primarily to support activities occurring in the Billing and Payments BPE, other activities within the CS organization also benefit from this effort.

<sup>115</sup> The maintenance of existing software automations is funded in the Billing Services GRC activity. The labor costs included here are reflected in the Digital Labor O&M reduction in Section II.C.1. In addition to the labor to implement new automations, SCE prepays 5 years of licenses costs which total \$1.100 million in 2025.

<sup>116</sup> SCE has determined that software automation development efforts can be capitalized if they meet the following criteria: a) the software encompasses those systems and tools which end users typically associate with automating a business process, b) there is a minimum expected life of five years, and c) the development costs must exceed \$250,000.

1 automation. Based on recent experience, SCE expects to develop approximately fifteen new software  
 2 automations annually, consistent with SCE’s recent experience.<sup>117</sup> SCE expects that new rates and rate  
 3 options adopted in future Commission decisions will continue to require software automation throughout  
 4 the forecast period.

5 **b) Need for the Project**

6 As noted above, SCE undertakes robotics projects only when the avoided cost  
 7 labor savings for the potentially automated transaction are projected to exceed the expected development  
 8 costs. This cost/benefit analysis is typically evaluated on a stand-alone basis for each potentially  
 9 automated transaction. The development and implementation of software automations enable SCE to  
 10 process transactions without the need to add staff labor. As such, software automations are needed to  
 11 avoid additional labor costs to SCE’s O&M forecasts to process high volumes of repetitive transactions.

12 **c) Capital Forecast**

13 SCE’s forecast capital expenditures are shown in Table II-15. O&M expenses  
 14 associated with operating, maintaining, and monitoring these software automations, as well as roles  
 15 within CSOD and IT are included in Section II.C.1. This forecast is based upon SCE’s estimate of the  
 16 labor necessary to develop and implement software automation activities described above, as well as  
 17 non-labor expenses for software licenses.<sup>118</sup>

**Table II-15**  
**Robotics Software Automation**  
*(Nominal \$000)*

Line No.	Description	Recorded					Forecast					
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	Robotics Software Automation	\$ -	\$ -	\$ 628	\$ -	\$ -	\$ -	\$ -	\$ 1,750	\$ 670	\$ 690	\$ 710

<sup>117</sup> SCE implemented 20 software automations in 2021 and 13 in 2022.

<sup>118</sup> Refer to WP SCE-03, Vol. 01, pp. 58-59, Software Automation (CCS00SECORS00004) and p. 60, Software Automation Cost Estimate.

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### III.

## CUSTOMER CONTACTS

### A. Overview

The Customer Contacts BPE encompasses the Customer Contact Center (CCC) and Escalated Complaints and Outreach activities, in which SCE interacts with customers through various channels. The CCC activity is performed by SCE’s CCC organization, which interfaces with customers regarding various requests and inquiries, focusing primarily on residential customers, while also serving as the initial point of contact for small to medium non-residential customers. The Escalated Complaints and Outreach activity is performed by SCE’s Consumer Affairs organization, which handles escalated customer inquiries and complaints transferred from the Commission’s Consumer Affairs Branch (CAB) and those received directly by SCE through various channels. These work activities, summarized below, are described in more detail in Section III.C.

**Customer Contact Center** – From 2018 to 2022, SCE’s CCC handled 13.7 million<sup>119</sup> inbound calls annually. The CCC is responsible for fulfilling customer requests for service, addressing credit and billing inquiries, identifying and describing usage patterns to customers, providing technical support for SCE.com, working with field organizations to resolve customer issues, and discussing energy solutions and products with customers. The CCC also responds, 24 hours a day, seven days a week, to emergency calls regarding outages, damaged equipment, and service disconnections.

To handle this wide range of inbound calls, the CCC employs 297 Energy Advisors (SCE’s live agents are referred to as Energy Advisors (ENAs)), who are specially trained to handle customer calls and inquiries.<sup>120</sup> In addition, the CCC uses two third-party contract call vendors<sup>121</sup> to handle certain call types, such as service establishment and transfer of service, credit arrangements, outage, and CCA.<sup>122</sup> The CCC also leverages these contracted call vendors to handle after-hour calls, including after-hour emergency service calls, which are an essential component of SCE’s business resiliency efforts.

**Escalated Complaints and Outreach** – The Escalated Complaints and Outreach work activity is performed by SCE’s Consumer Affairs organization. In addition to handling escalated customer

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<sup>119</sup> Refer to Table III-17. Average of line 7 for 2018-2022.

<sup>120</sup> As of December 2022, the CCC was staffed at 297 ENAs.

<sup>121</sup> As of December 2022, vendor live agent headcounts were at 258 agents across both call centers (162 and 96).

<sup>122</sup> SCE’s contract call center provides general information to customers about CCA service and CCA charges on their electricity bill, as well as refers customers to their CCA for specific questions and information.



1 inquiries and complaints, Consumer Affairs monitors and responds to customer inquiries and complaints  
2 that come through SCE’s social media channels. Consumer Affairs also provides various customer  
3 assistance, such as supporting vulnerable customers dependent on electric medical or mobility  
4 equipment and helping Critical Care<sup>123</sup> customers avoid disconnections for nonpayment.

5 **1. Regulatory Background / Policies Driving SCE’s Request**

6 SCE’s ENAs, contract call vendors, and IVR system conduct their activities in  
7 accordance with SCE’s Commission-supported service-level goal<sup>124</sup> of answering 70 percent of calls  
8 within 50 seconds, 90 percent of the weeks in a calendar year. Additional regulatory policies impacting  
9 the Customer Contacts BPE include policies related to (1) disaster relief, (2) disconnection for  
10 nonpayment, and (3) NEM and electric vehicle (EV) submetering.

11 Disaster Relief. In D.19-07-015, the Commission adopted an Emergency Disaster Relief  
12 Program designed to assist California utility customers who experience a housing or financial crisis due  
13 to disaster, so that these customers can maintain utility services and receive financial support. The  
14 program provides customer protections to be implemented in a state of emergency, including payment  
15 plan options, waiver of fees, and suspension of disconnections for nonpayment. In support of providing  
16 required protections, coordinating consistent messaging, and offering effective customer support during  
17 emergency events, such as wildfires and the COVID-19 pandemic, the CCC’s Disaster Support team<sup>125</sup>  
18 trains live agents and engages with other SCE organizations and key business resiliency contacts during  
19 emergency events.

20 With respect to the COVID-19 pandemic, Governor Newsom declared a state of  
21 emergency in March 2020 and the Commission ordered energy utilities to apply the customer  
22 protections from D.19-07-015, including suspension of disconnections for nonpayment for residential  
23 and small business customers. The Commission later ordered suspension of disconnections for medium  
24 and large non-residential customers.<sup>126</sup> As a result of suspending disconnection-related credit and

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<sup>123</sup> Critical Care customers are defined as Medical Baseline customers who cannot be without electrically operated medical equipment for more than two hours.

<sup>124</sup> See D.98-07-077, p. 13 and Finding of Fact 5, which initially set the goal at answering 75 percent of calls within 50 seconds, for 90 percent of the weeks in a calendar year. In 2020, SCE subsequently modified the goal to 70 percent.

<sup>125</sup> The CCC’s Disaster Support team focuses primarily on events requiring consumer protections that impact credit and collections policies and procedures. PSPS events are excluded from this support.

<sup>126</sup> See D.21-04-015, OP 4.

1 collections activities, SCE experienced a significant decrease in credit call volumes. Credit and  
2 collections activities restarted in March 2022 for commercial customers and October 2022 for residential  
3 customers and have been gradually ramping up since. SCE expects credit call volumes to return to pre-  
4 pandemic levels by Q3 of 2023.

5 Disconnection for Nonpayment. In July 2018, the Commission issued R.18-07-005  
6 pursuant to Senate Bill 598 to address disconnection rates by adopting policies and rules that reduce  
7 disconnections and improve reconnection processes and outcomes for disconnected customers. In that  
8 proceeding, the Commission issued D.18-12-013 and D.20-06-003, which required SCE to update its  
9 policies and processes for residential disconnections for nonpayment. Such disconnection-related rule  
10 changes have driven increased CCC work. For example, pursuant to D.20-06-003, prior to disconnecting  
11 a non-residential customer for nonpayment, ENAs now offer a 12-month payment plan and offer to  
12 enroll eligible customers in applicable benefit programs that are administered by SCE.<sup>127</sup>  
13 The rulemaking is ongoing, and SCE anticipates that additional revisions to existing disconnection rules  
14 and processes may result in updated requirements that further drive additional CCC activities.

15 Commission regulations related to utility disconnection and reconnection processes also  
16 impact the Escalated Complaints and Outreach activity. For example, D.12-03-054 require that no  
17 customer who (1) is on Medical Baseline or (2) certifies they have a serious illness or condition that  
18 could become life threatening if service is disconnected, be disconnected without an in-person attempt to  
19 make contact by a utility representative.<sup>128</sup> The Escalated Complaints and Outreach activity includes  
20 steps to reach a subset of the second category of customers prior to disconnection for nonpayment:  
21 customers whose account indicates that they are on life support equipment.

22 NEM and EV Submetering. In D.22-12-056, the Commission established a new Net  
23 Billing Tariff (NBT) and modified existing NEM tariffs and sub-tariffs to allow for the optimization of  
24 current NEM customers' grid use and incentivize the adoption of combined solar and storage systems.  
25 As a result of these tariff changes, SCE anticipates a growth in NEM customers and a corresponding  
26 increase in customer calls to facilitate enrollment and support ongoing participation, including for  
27 example, providing customer information on the various rate plans available for NEM. In addition, in  
28 D.22-08-024, the Commission adopted a new submetering protocol for customers with plug-in electric

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<sup>127</sup> ENAs offer up to 8 applicable benefit programs on credit calls. The ENA follows scripting for consistency and explains each program if the customer is interested in hearing about the programs.

<sup>128</sup> See D.12-03-054, OP 2b.

1 vehicles (PEV) and customer-owned submeters.<sup>129</sup> The protocol reduces the cost of EV charging;  
2 consumers can avoid having to install a separate utility meter and can instead use submeters to have  
3 their EV charging measured and billed separately from their primary utility meter. SCE expects the new  
4 protocol to drive additional calls, including about how customers can leverage the protocol and about  
5 associated billing components.

## 6 **2. Compliance Requirements**

7 Requirement. Pursuant to D.21-08-036,<sup>130</sup> if SCE's existing Sprout Social system can  
8 accommodate the tracking of customer inquiries and complaints by language with minimal or no  
9 modifications, SCE shall begin tracking this information immediately; otherwise, SCE shall report the  
10 costs to modify its Sprout Social system to be able to track language information in its next GRC filing.

11 Compliance. SCE's Consumer Affairs organization uses an existing Sprout Social system  
12 to track inquiries and complaints. The Sprout system allows for inquiries to be tagged for various  
13 purposes. Following the decision in SCE's 2021 GRC, SCE began tracking customer inquiries and  
14 complaints by language in its Sprout Social system in September 2021, meaning that it began using the  
15 Sprout System's tag function to identify which customer inquiries and complaints are non-English.  
16 In 2022, there were 192 customer interactions with this tag. Of those, the majority are in Spanish.  
17 The system, however, does not tag with the specific language.

## 18 **B. 2021 Decision**

### 19 **1. Comparison of Authorized 2021 to Recorded O&M**

20 Figure III-16 below compares the requested and authorized O&M expenses from SCE's  
21 2021 GRC with the recorded expenses for Customer Contacts. As shown in Figure III-16, SCE's  
22 recorded expenses in 2021 Customer Contacts were \$3.531 million more than authorized, or six percent.  
23 A discussion of the 2021 authorized versus recorded amounts for the CCC and Escalated Complaints  
24 and Outreach is provided for each area below.

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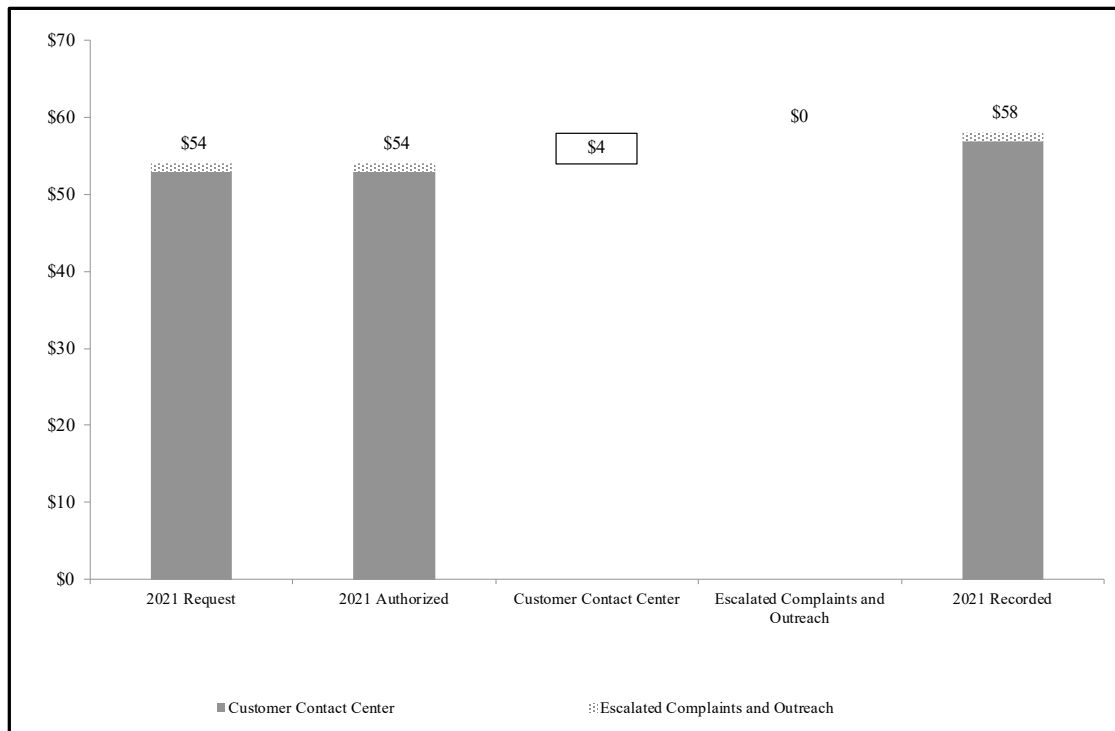
<sup>129</sup> See D.22-08-024, OP 4.

<sup>130</sup> D.21-08-036, OP 21.

1           **2.        Comparison of Authorized 2021 to Recorded Capital**

2            In its 2021 GRC SCE did not request capital funding for the Customer Contacts BPE.  
3 In 2021, SCE recorded \$214,000 associated with an IVR upgrade necessary due to its operation on a  
4 version unsupported by its vendor.<sup>131</sup>

**Figure III-16**  
**Customer Contacts<sup>132</sup>**  
**Comparison of 2021 GRC Authorized versus Recorded**  
**(Constant 2022 \$ Millions)**



5           **C.        O&M Forecast**

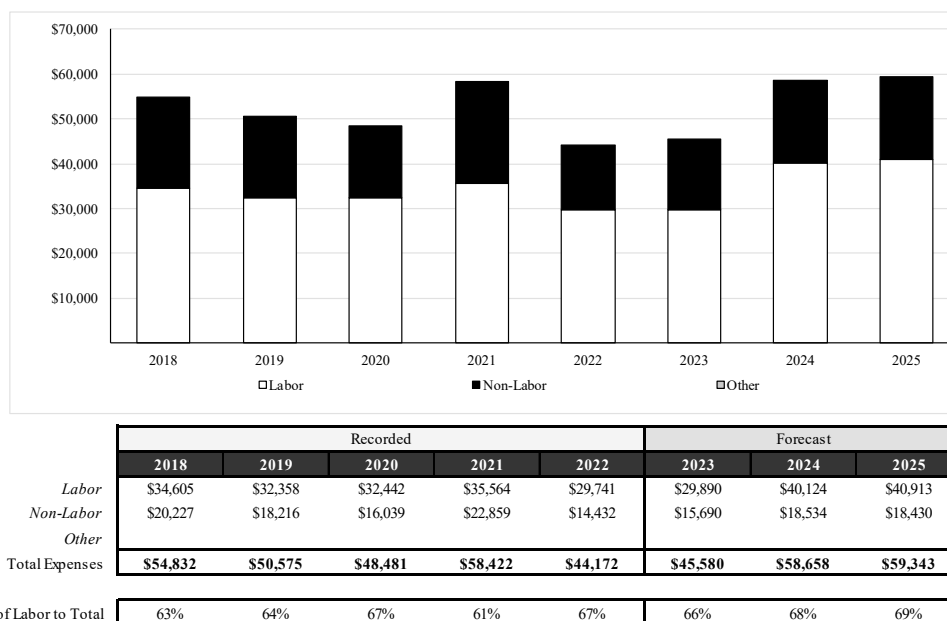
6            Figure III-17 below shows the Customer Contacts O&M expenses recorded for 2018-2022 and  
7 forecast for 2023-2025. Each Customer Contacts GRC Activity forecast is discussed in detail in the  
8 following sections.

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<sup>131</sup> In its 2021 GRC rebuttal testimony, SCE presented forecasted costs for this IVR capital project after discovering the costs were inadvertently excluded from SCE’s direct testimony. This request was denied. See D.21-08-036, pp. 317-318.

<sup>132</sup> Refer to WP SCE-07, Vol. 01, Authorized vs. Recorded.

**Figure III-17**  
**Customer Contacts**  
**Recorded 2018-2022 and Forecast 2023-2025**  
*(Constant 2022 \$000)*



1 Table III-16 below presents the Customer Contacts O&M expenses that were recorded for 2018-  
2 2022 and that are forecasted for 2023-2025, for the work activity within this BPE.

**Table III-16**  
**Customer Contacts**  
**Recorded 2018-2022 and Forecast 2023-2025**  
*(Constant 2022 \$000)*

Line No.	Work Activity	Recorded					Forecast		
		2018	2019	2020	2021	2022	2023	2024	2025
1	Customer Contact Center	\$53,539	\$49,296	\$47,194	\$56,996	\$42,974	\$44,113	\$57,175	\$57,801
2	Escalated Complaints and Outreach	\$1,293	\$1,278	\$1,288	\$1,426	\$1,198	\$1,467	\$1,483	\$1,542
3	Total	\$54,832	\$50,575	\$48,481	\$58,422	\$44,172	\$45,580	\$58,658	\$59,343

3 **1. Customer Contact Center**

4 **a) Work Description**

5 The Customer Contact Center (CCC) handles inbound customer calls which are  
6 received through SCE's SCE ENAs, IVR system, and contract call centers. As mentioned in Section

III.A., the CCC fulfills customer requests for service, addresses credit and billing inquiries, identifies and describes usage patterns to customers, provides technical support for SCE.com, works with field organizations to resolve customer issues, and discusses energy solutions and products with customers. SCE’s CCC also responds to customer inquiries through alternative channels such as web chat, mail correspondence, and Teletypewriter (TTY) channels. Historical CCC activity levels for the period 2018 through 2022 are summarized in Table III-17 below.

**Table III-17**  
**CCC Functions and Activity Levels**  
**2018-2022**

Line No.	Function	2018	2019	2020	2021	2022
1	<b>Communications:</b>					
2	Call Volume Handled - Live Agent	6,096,820	6,394,281	4,968,415	3,606,824	3,370,973
3	Call Volume Handled - IVR	10,508,592	10,760,762	7,747,541	7,723,334	7,292,110
4	Web Chat	23,453	13,218	951	-	-
5	Inbound Correspondence	195,120	81,790	59,650	53,558	22,729
6	Teletypewriter (TTY)	105	2	11	2	3
7	Total Communications	16,824,090	17,250,053	12,776,568	11,383,718	10,685,815

**(1) Customer Communications**

CCC handles a wide breadth of calls including electric service turn-on and turn-off, Credit, TOU, NEM, CCA and Outage calls. The CCC leverages its IVR and automated call-routing technologies to offer multiple self-service functionalities and deliver (or “route”) calls to its ENAs and vendor live agents. When a call comes in, it is categorized by call type based on customer’s selection in the IVR. Depending on the call type, the customer has the option to self-serve using the IVR or SCE.com channels, or to speak to a live agent. If a customer wishes to speak to a live agent, the call is routed to an SCE live agent (i.e., ENA) or vendor live agent, depending on the pre-defined responsibility of the call type and complexity. SCE ENAs generally handle more complex calls than vendor live agents.<sup>133</sup> Some call types are handled by both ENAs and vendor live agents depending on the capacity of each site at any given time, or if calls need to be returned from vendors to SCE for further explanations that vendors may not be able to provide.

<sup>133</sup> In 2020-2021, the CCC began using two vendors to support its outsourced call center volumes. Such strategy was implemented primarily to utilize SCE’s call center agents for higher complexity calls while vendors handled lower complexity calls. SCE’s vendor live agents were also needed to support the call volumes while SCE’s agents were trained (staff augmentation) in preparation for SAP implementation.

1 Examples of more complex calls handled mostly by SCE ENAs include  
2 NEM calls and CCA calls. NEM calls include customer inquiries and discussions about (a) the NEM  
3 rate and how they can participate, (b) the status of their enrollment application, (c) their bill, including  
4 annual and monthly billing options, and (d) why they are or are not net generators. In 2022, NEM calls  
5 had an average handling time (AHT) of approximately 686 seconds. CCA calls require SCE to explain  
6 to customers how to participate in or opt out from a CCA, and to provide detailed explanations of SCE  
7 versus CCA billing components. In 2022, CCA calls had an AHT of approximately 631 seconds.

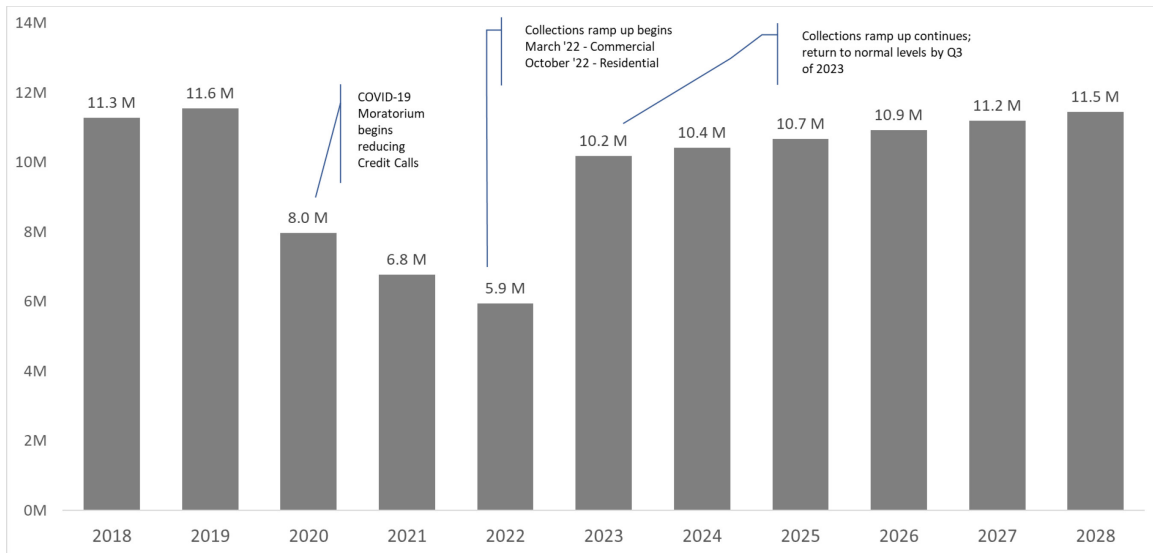
8 Examples of less complex calls handled mostly by CCC vendor live  
9 agents include (a) California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance  
10 (FERA) calls, where customers request information about eligibility, enrollment, or status of a  
11 previously submitted application (approximate AHT of 617 seconds in 2022); (b) calls regarding “My  
12 Account” or other user support for SCE.com (approximate AHT of 514 seconds in 2022); and (c) turn-  
13 off calls, where customers call to turn off service and request a final bill (approximate AHT of 334  
14 seconds in 2022).

15 Examples of call types handled by both ENAs and vendor live agents  
16 include (a) outage calls, where a call agent creates service orders for customers related to power failure  
17 or damaged equipment, updates customers regarding outage status, and provides safety messaging  
18 (approximate AHT of 418 seconds in 2022); (b) billing inquiry calls, which can require review of usage  
19 patterns, rates, and ways customers can save on future bills (approximate AHT of 786 seconds in 2022);  
20 and (c) credit calls in compliance with D.20-06-003, in which ENAs and vendor live agents provide  
21 information on and facilitate enrollment in applicable benefit programs, including Medical Baseline,  
22 CARE, FERA, AMP (approximate AHT of 779 seconds in 2022).

23 As shown in Table III-17, from 2018 to 2022, ENA and vendor live agent  
24 inbound call volume decreased by 45 percent, and IVR-completed call volume decreased by 31 percent.  
25 This decrease was primarily due to suspension of credit and collections activities due to the COVID-19  
26 pandemic, which drove down credit calls starting in 2020 as shown in Figure III-18. Credit calls involve  
27 customers calling to inquire about overdue balances and request payment installment plans. As  
28 explained above, to comply with D.20-06-003, on credit calls agents also offer benefit programs to  
29 residential customers who may be near disconnection. With the restart of collections activities in March  
30 2022 for commercial customers and October 2022 for residential customers, SCE expects credit and

1 collections call volume for live agent and IVR inbound calls to return to pre-pandemic levels by Q3 of  
2 2023,<sup>134</sup> and increase to approximately 10.7 million in 2025 as shown in Figure III-18.

**Figure III-18**  
**Credit Calls Volume 2018 - 2028 (Live Agent and IVR)**



3 Despite the reduced call volumes from 2018 to 2022, during that same  
4 period live agent AHT increased by nearly 200 minutes or 66 percent, as shown in Table III-18.  
5 The increase in AHT from 2020 to 2022 was primarily due to three reasons. First, AHT increased  
6 following CSRP implementation in April 2021 as agents spent more time navigating to new windows,  
7 using new processes in the system, and adjusting to new call handling methods in SAP. Second, in  
8 January 2022, although the disconnection moratorium was still in effect for residential customers, SCE  
9 began discussing applicable benefit programs on certain residential customer calls, pursuant to the  
10 D.20-06-003 requirement to offer applicable benefit programs to residential customers prior to  
11 disconnection. Third, AHT increased because of more complex calls with high handle times, coupled  
12 with fewer calls with low handle times driven by increased IVR self-service functionality that enables a  
13 customer to complete simpler transactions without speaking to a live agent. To illustrate, from 2020 to  
14 2022, the percent of total incoming calls handled by IVR (as opposed to a live agent) increased from  
15 61 percent to 68 percent. The largest driver of this five percent increase was increased self-service  
16 functionality options related to outages, whereby customers could check on the status of an existing

<sup>134</sup> SCE expects the first full year of credit call volumes at pre-pandemic levels to be 2024.



1 outage or report a new outage through IVR. In 2020, the IVR handled 53 percent of inbound outage  
 2 calls; in 2022, the IVR handled 73 percent inbound outage calls, a 38 percent increase.

**Table III-18**  
**CCC Performance Metrics**  
**2018-2022**

Line No.	Performance Metric	2018	2019	2020	2021	2022
1	Average Response Time	25 seconds	48 seconds	50 seconds	230 seconds	63 seconds
2	Weeks per Year Required to Meet Service Level Goal	47 weeks	47 weeks	47 weeks	47 weeks	47 weeks
3	Number of Weeks Service Level Goal Achieved Per Year	52 weeks	52 weeks	52 weeks	53 weeks	52 weeks
4	Average Handle Time (AHT) by Live Agent	340 seconds	345 seconds	354 seconds	516 seconds	564 seconds

*\*All metrics blended (IVR, Live Agent), except for AHT which is live agent only.*

3 The CCC will continue to enable self-service functionality through the  
 4 IVR and drive adoption of self-service channels. Other examples of IVR self-service functionality  
 5 include automated CARE enrollments and recertifications, payment processing, payment arrangement  
 6 set-ups, and trouble order and outage status reporting. IVR also enables customers to select a live agent  
 7 callback date and time if they do not wish to wait in line. With the self-service functionality provided by  
 8 IVR, SCE provides customers with an effective option to handle their requests and get the information  
 9 they need with 24/7 availability.

10 The CCC also serves customers who prefer interacting with SCE in  
 11 languages other than English or who require special communication needs. To serve these customers,  
 12 SCE employs a combination of specially trained ENAs, vendor services, and TTY technology.  
 13 Specifically, the CCC handles inbound calls through in-house multilingual representatives in six  
 14 languages: Spanish, Cambodian, Chinese (Mandarin and Cantonese), Korean, and Vietnamese. In 2022,  
 15 SCE handled 440,997 inbound calls in these 6 languages.<sup>135</sup> For customers who speak another language  
 16 not supported by in-house CCC ENAs, the CCC uses a vendor translation service for over 180  
 17 additional languages to support those customer inquiries.<sup>136</sup> SCE also serves customers with speech and  
 18 hearing disabilities through TTY 24 hours/day, seven days/week. Customers can contact these ENAs via

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<sup>135</sup> Total number of SCE multilingual calls handled by year was – 2020: 541,733 calls; 2021: 443,770 calls; 2022: 440,997 calls. These totals exclude vendor translated calls.

<sup>136</sup> Total number of vendor translated calls handled by year was – 2020: 30,292 calls; 2021: 30,636 calls; 2022: 18,741 calls.

1 a special toll-free number that is listed on the back of SCE’s bill and other customer communications.  
2 In 2022, SCE handled 3 TTY system-assisted calls.

3 **(2) Professional Services Support & Integration**

4 Project managers and analysts in the Professional Services Support &  
5 Integration (PSS&I) organization support the CCC by implementing projects such as Speech Analytics,  
6 IVR upgrades, and policy, system, and process changes mandated by regulatory decisions. PSS&I is  
7 essential to the CCC because they implement regulatory-directed policies or programs that impact CCC  
8 and other CS Operations. PSS&I project managers routinely partner with the IT team to ensure  
9 alignment to objectives, as they did, for example, to implement the California Arrearage Payment  
10 Program (CAPP) in 2021 and 2022. The PSS&I organization also develops and prioritizes business  
11 requirements for process improvements to support various Operational Excellence initiatives and call  
12 center technology upgrades. In addition, PSS&I provides training, planning, and execution for CCC and  
13 other CS operations, as well as long-term resource forecasting and planning.

14 PSS&I also builds and delivers on Robotics Desktop Automations  
15 (RDAs), also known as attended automations, which are automation of tasks, such as extracting data,  
16 filling in forms, and researching information, that call agents trigger when handling calls to reduce  
17 clicks and thus, reduce handle time. RDAs are built using the PEGA programming language, and thus  
18 require expertise and training to develop and maintain. Examples of RDAs developed by PSS&I are an  
19 RDA that creates notes based on actions taken and logs those notes into the customer service system  
20 (SAP), and a move-in/move-out RDA that consolidates various customer information (e.g., recent  
21 premise activity, current and past program participation) into one centralized screen, thereby providing  
22 easier access and avoiding additional clicks as an ENA processes a move-in or move-out request.  
23 Furthermore, SCE expects that the PSS&I group will continue to identify and implement Operational  
24 Excellence initiatives that may offset unexpected increases in call volumes related to emerging efforts,  
25 such as Transportation Electrification and Building Electrification.

26 **b) Need for Activity**

27 Without the CCC activity, SCE would not be able to effectively respond to  
28 routine and emergency customer needs or implement many of the requirements mandated by  
29 Commission directives. Handling customer calls is an essential part of basic customer service and allows  
30 customers to make account inquiries and requests (e.g., service establishment and transfer of service,  
31 payment arrangements, billing inquiries, and credit extensions), report power outages, ask about energy

1 solutions, and inquire regarding programs and services (e.g., the AMP, TOU rates, NEM rates, and plug-  
2 in EV rate options). ENAs also respond to 911 calls from local police and fire agencies to handle urgent  
3 information needs and access to SCE personnel and resources in emergency situations. Without the  
4 proper funding for customer contact resources, SCE would be unable to meet its basic obligations to  
5 serve its customers.

6 Both the IVR and live agent components of the CCC activity are critical to  
7 providing this customer support. Without the IVR and related technologies, SCE would not be able to  
8 cost-effectively respond to customer inquiries and support needs. The IVR and associated technologies  
9 are critical to effectively handle customer requests and enable SCE to meet its Commission-supported  
10 service-level goal<sup>137</sup> of answering 70 percent of calls within 50 seconds, 90 percent of the weeks in a  
11 calendar year in a cost-efficient manner. The IVR handled over 7.3 million customer calls, or 68  
12 percent<sup>138</sup> of all the customer calls received, in 2022. SCE continues to invest in IVR technologies to  
13 further increase adoption of self-service functions and deflect as many calls as possible that can be  
14 handled by it. Without the proper funding for the IVR, SCE would need to increase staffing costs to  
15 handle routine transactions that are more efficiently handled by IVR.

16 While SCE has been able to drive more simple transactions to the IVR from 2018  
17 to 2022, the remaining complex calls and interactions are handled by live agents, with the most complex  
18 items handled by the ENAs. Specially trained ENAs are needed to resolve complex billing inquiries that  
19 require billing research, consumption and rate analysis, and customer education. Additionally,  
20 facilitating customer understanding about programs and services has become increasingly important  
21 given the recent development of new programs and services that are governed by complex and  
22 voluminous rules, thereby requiring more time and knowledge to explain. This live agent support is  
23 essential to enable successful customer enrollment and participation in SCE's programs and services,  
24 helping customers effectively manage their electrical usage and charges.

25 **c) Comparison of Authorized 2021 to Recorded**

26 Figure III-19 below compares the requested and authorized O&M expenses from  
27 SCE's 2021 GRC with the 2021 recorded expenses in the CCC GRC Activity, in compliance with

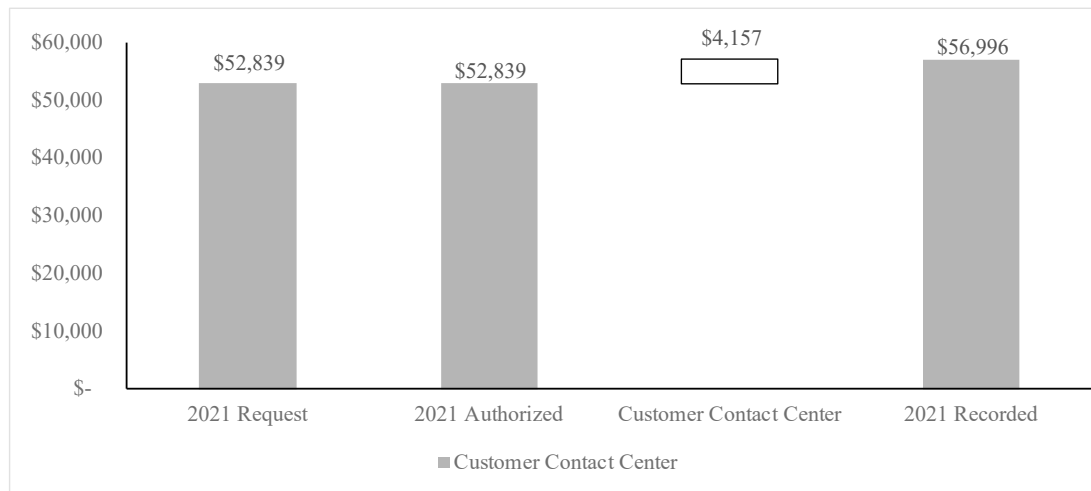
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<sup>137</sup> See D.98-07-077, p. 13 and Finding of Fact 5, which initially set the goal at 75 percent. SCE subsequently modified the goal to 70 percent in 2020.

<sup>138</sup> 68 percent = 7,292,110 IVR call volume / 10,685,815 total call volume.

1 D.21-08-036.<sup>139</sup> As shown in Figure III-19, SCE’s recorded expenses for 2021 in CCC were more than  
2 the authorized amount by \$4.157 million, a variance of 7.9 percent which is within normal operating  
3 expectations. This variance was primarily driven by increased expenses of \$3.657 million associated  
4 with 2020 CSRP Staff Augmentation costs recorded in 2021.<sup>140</sup>

**Figure III-19**  
**Customer Contact Center<sup>141</sup>**  
**Comparison of 2021 GRC Authorized versus Recorded**  
**(Constant 2022 \$000)**



5 **d) Scope and Forecast Analysis**

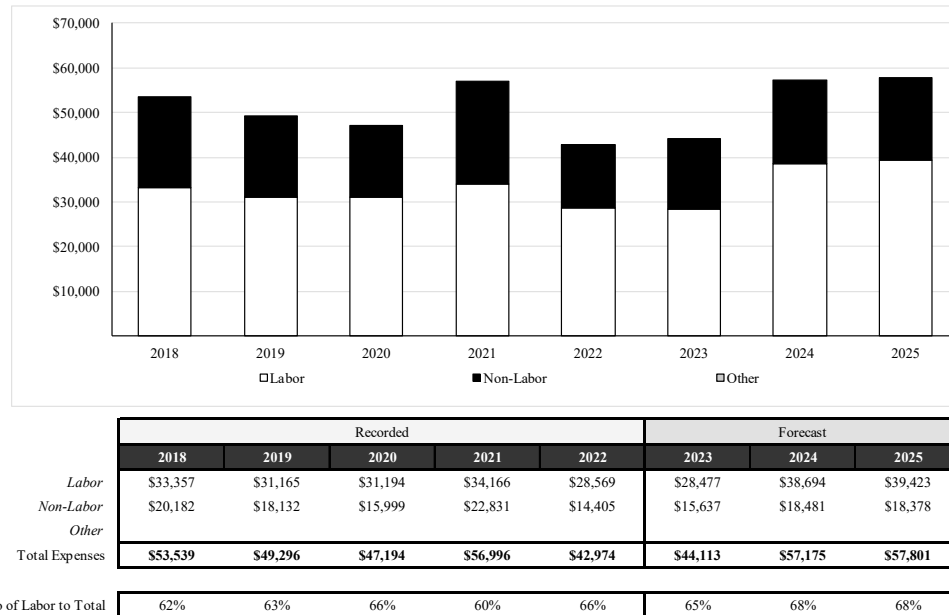
6 This section describes the historical O&M expenses, the Test Year forecast  
7 method, and the adjustments included in the Test Year O&M forecast for the CCC. The recorded  
8 adjusted historical and forecast O&M expenses for CCC are shown in Figure III-20 and discussed  
9 below.

<sup>139</sup> See D.21-08-036, OP 36.

<sup>140</sup> Refer to footnote 143.

<sup>141</sup> Refer to WP SCE-07, Vol. 01, Authorized vs. Recorded.

**Figure III-20**  
**Customer Contact Center**  
**Recorded 2018-2022 and Forecast 2023-2025<sup>142</sup>**  
*(Constant 2022 \$000)*



**(1) Historical Variance Analysis**

**(a) Labor**

Labor costs were generally stable and within normal operating variances from 2018 to 2020. In 2021 and 2022, labor costs included one-time CSRP staff augmentation costs of \$3.472 million in 2021 and \$1.019 million in 2022.<sup>143</sup> These CSRP staff augmentation labor costs of approximately \$4.491 million in the CCC were additional costs attributed to temporary incremental resources retained to mitigate the performance impacts expected and experienced with the

<sup>142</sup> Refer to WP SCE-03, Vol. 01, pp. 62-66, for O&M Detail for Customer Contact Center.

<sup>143</sup> Refer to Chapter IV below and see A-21-07-009, Exhibit SCE-01 E, p. 88 E; A.21-07-009, Exhibit SCE-05, p. 6. To determine the incrementality of staff augmentation costs for the CSRP project, SCE reviewed the recorded costs and determined that recorded costs for the traditional CCC activities were lower than the GRC authorized amounts for 2020-2022. Therefore, the CCC CSRP staff augmentation costs in those years were considered non-incremental and were recorded in O&M instead of the Customer Service Re-Platform Memorandum Account (CSRPMA). The CSRP staff augmentation costs were: in 2020, \$3.657 million (\$1.167 million in labor and \$2.490 million in non-labor); in 2021, \$11.489 million (\$2.305 million in labor and \$9.184 million in non-labor); in 2022, \$3.236 million (\$1.019 million in labor and \$2.217 million in non-labor). The 2020 and 2021 costs were recorded in 2021 O&M. The 2022 costs were recorded in 2022 O&M.

1 2021 CSRP implementation that resulted in a new customer service system, SAP. Temporary resources  
2 and associated costs included additional CCC ENAs, supervisory support, and additional analyst staff in  
3 areas such as quality assurance, staffing and workforce management, and training. Excluding  
4 consideration of these one-time CSRP staff augmentation costs, labor costs generally continued to stay  
5 flat from 2020 to 2021. From 2021 to 2022, excluding consideration of CSRP staff augmentation costs,  
6 labor costs declined by \$3.144 million.<sup>144</sup> This decline was primarily driven by a reduction in the  
7 number of ENAs from 376 agents at month-end December 2021 to 297 agents at month-end December  
8 2022, mainly due to higher than planned attrition attributable to increased market competition for  
9 talented resources and other higher paying jobs with remote options.

10 **(b) Non-Labor**

11 Similar to recorded labor costs, the recorded non-labor costs  
12 include a one-time adjustment for CSRP staff augmentation costs of \$11.674 million in 2021 and \$2.217  
13 million in 2022 recorded in O&M expenses<sup>145</sup> based on the incrementality analysis performed for the  
14 CSRPMA.<sup>146</sup> Excluding the CSRP staff augmentation costs, recorded non-labor decreased from 2018 to  
15 2021 by \$9.025 million or 45 percent. The decrease from 2018 to 2019 is because of reduced spend with  
16 outside consultants and contingent workers, and a decrease in contract vendors due to automating some  
17 of the data entry processes for the Medical Baseline program and insourcing remaining related work.  
18 From 2019 to 2021, there was a reduction of live-agent-handled call volume, including calls handled by  
19 SCE's third-party call center resources, because of (1) suspension of credit and collections activities due  
20 to the COVID-19 pandemic, and (2) fewer outage calls handled by vendor live agents as more of these  
21 calls were deflected by the IVR self-service functionality (approximately 216,000 fewer outage calls  
22 taken by vendors and instead handled by IVR). Non-labor increased from 2021 to 2022 by  
23 approximately \$1.031 million,<sup>147</sup> or nine percent. This increase is primarily attributed to temporary wage  
24 increases in 2022 to help retain trained vendor resources in light of vendors experiencing high attrition  
25 rates.

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<sup>144</sup> \$3.144M = (2022 Labor of \$28.569M – 2022 CSRP Labor staff augmentation cost of \$1.019M) – (2021 Labor of \$34.166M – CSRP Labor staff augmentation cost recorded in 2021 for 2020 and 2021 of \$3.472M).

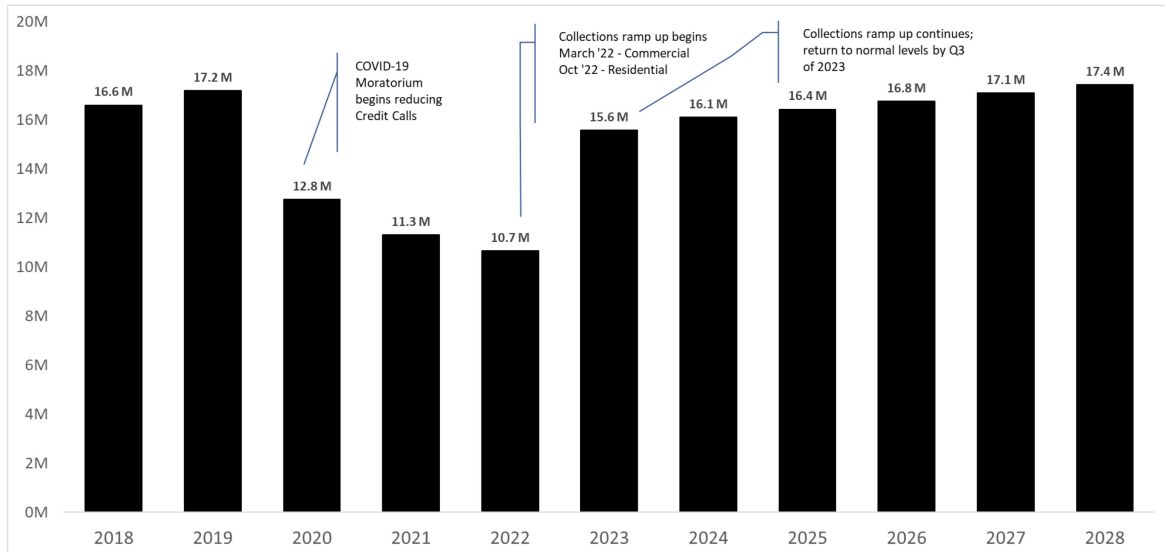
<sup>145</sup> Refer to footnote 143.

<sup>146</sup> Refer to Section IV.B.3.

<sup>147</sup> \$1.031M = (2022 Non-Labor of \$14.405M – 2022 CSRP Non-Labor Staff Augmentation Cost of \$2.217M) – (2021 Non-Labor of \$22.831M – CSRP Non-Labor Staff Augmentation Cost recorded in 2021 for 2020 and 2021 of \$11.674M).



**Figure III-21**  
**Customer Contact Center**  
**Recorded 2018-2022 & Forecast 2023-2025 Calls Received (Live Agent & IVR)**



**(a) Labor**

Using 2019 as the expected base level of CCC activities for the Test Year, SCE then made certain Test Year adjustments to the 2019 Base Year labor expenses to accurately reflect SCE’s anticipated CCC activities in the Test Year, as discussed in section III.C.1.e) below. As a result, the CCC’s 2019 Base Year, combined with the Test Year adjustments detailed below, is the appropriate method for forecasting CCC Test Year labor expenses. For the Test Year 2025, SCE forecasts labor expenses of \$39.423 million, which represents an increase of \$8.258 million from the Base Year 2019 recorded costs of \$31.165 million.

**(b) Non-Labor**

Using 2019 as the expected base level of CCC activities for the Test Year, SCE then made certain Test Year adjustments to the 2019 Base Year non-labor expenses to accurately reflect SCE’s anticipated CCC activities in the Test Year, as discussed in section III.C.1.e) below. As a result, the CCC’s 2019 Base Year, combined with the Test Year adjustments detailed below, is the appropriate method for forecasting CCC Test Year non-labor expenses. For the Test Year 2025, SCE forecasts non-labor expenses of \$18.378 million, which represents an increase of \$247,000 from the Base Year 2019 recorded costs of \$18.132 million.



1                                   **(3)     Basis for O&M Expense Forecast**

2                                   As explained above, SCE uses the 2019 as the base for its 2025 Test Year  
3 forecast.

4                                   **e)     Test Year Adjustments**

5                                   SCE’s forecast of Test Year O&M expenses for CCC reflects increased expenses  
6 compared to 2019 Base Year spending due to various reasons which are described in detail below and  
7 summarized in Table III-19.

**Table III-19**  
**CCC Test Year Adjustments**  
**Forecast O&M Expenses**  
**(Constant 2022 \$000)**

<b>Line No.</b>	<b>Description</b>	<b>Labor</b>	<b>Non-Labor</b>	<b>Total</b>
1	Frontline CCC Activities			
2	Increased NEM, CCA, and Credit Outbound Call Activities	3,355		3,355
3	Wage Increases for Energy Advisors	4,478	-	4,478
4	<i>Frontline CCC Activities Subtotal</i>	7,833	-	7,833
5	CCC Support Activities			
6	CCC Technology	-	880	880
7	Professional Services Support and Integration	214	-	214
8	Customer Solutions Integration (CSI)	172	15	187
9	<i>CCC Support Activities Subtotal</i>	386	895	1,281
10	Other			
11	Operational Efficiencies	(1,517)	(648)	(2,165)
12	Employee Compensation Program	1,556	-	1,556
13	<i>Other Subtotal</i>	39	(648)	(609)
14	<b>Total Forecast Adjustments</b>	<b>8,258</b>	<b>247</b>	<b>8,505</b>

8                                   **(1)     Frontline CCC Activities**

9                                   **(a)     Increased NEM, CCA, and Credit Outbound Call Activities**

10                                   SCE forecasts increased call activity driven by both increased call  
11 volume (i.e., number of calls) and increased handle times (i.e., duration of calls) in three areas: (1) NEM  
12 calls, (2) CCA calls, and (3) Credit related outbound calls.

1 NEM Calls. SCE expects increased NEM participation in the test  
2 year, consistent with observed growth in recent years. NEM participation was at 339,000 customers in  
3 2019 and 626,000 customers in 2022. SCE anticipates NEM participation to reach 825,000 customers in  
4 2025.<sup>148</sup> Growing NEM participation increases call volume because new NEM customers seek  
5 information about program rules and enrollment and have questions about their more complicated bills  
6 and system performance. Accordingly, SCE expects NEM call volumes to increase. Specifically, SCE  
7 assumes a one percent annual growth of NEM call volumes relative to 2019 levels,<sup>149</sup> and thus forecasts  
8 needing to handle 365,000 NEM calls in 2025, which is an increase of 21,000 calls from 344,000 NEM  
9 calls handled in 2019.

10 In addition to an increase in NEM call volumes, SCE expects AHT  
11 for NEM calls to increase from approximately 380 seconds (6 minutes) in 2019 to approximately 703  
12 seconds (12 minutes) by 2025. NEM calls are some of the most complicated and time-intensive calls  
13 handled in the CCC, because agents must educate customers on complex program rules and billing  
14 details, which often entails correcting customer misconceptions about solar operations and their impact  
15 on bills. Specifically, NEM calls could consist of explaining various NEM billing components or  
16 comparing the customer's usage and generation with the benefits they expected out of their system—  
17 requiring ENAs to analyze and work through multiple data points during a customer call, including the  
18 customer's net generation, usage patterns, and size of solar installation. AHT for NEM calls has  
19 increased in recent years, from approximately 380 seconds (6 minutes) in 2019 to approximately 682  
20 seconds (11 minutes) in 2022, due in part to growing NEM participation. NEM customers generate time-  
21 consuming calls because agents must educate first-time participants with explanation of NEM rate and  
22 billing options, explaining how system performance impacts their bill, and walking customers through  
23 initial bills to ensure understanding.

24 SCE anticipates NEM call AHT will continue to increase with  
25 growing participation, coupled with emerging NEM tariffs and options that will necessitate further  
26 explanation from CCC agents and complicate conversations with customers trying to understand their  
27 options and rate impacts. For example, starting in 2023, SCE will begin to default new solar customers

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<sup>148</sup> Refer to Exhibit SCE-07, Vol. 01 for details regarding incremental installations of energy storage and solar photovoltaic systems.

<sup>149</sup> SCE uses 2019 volumes, which were largely level with 2020 volumes, as the basis for its forecast. SCE does not use 2021 or 2022 volumes because due to a process change in 2021 that sends NEM calls to multiple queues, SCE cannot systematically identify all NEM calls.

1 to the new NBT, under which customers' generation credits are calculated differently (based on  
2 fluctuating market prices) and there will be additional bill line-items for calculation of the credit, thus  
3 requiring significantly more time to review with customers who have questions about their new NBT  
4 bills. In addition, SCE expects NEM call AHT to increase as the CCC handles more EV Submetering  
5 calls.<sup>150</sup> EV Submetering calls require time-intensive explanation of how submetering works, what  
6 customer equipment options the customer has, and how the offering impacts their bill, as well as  
7 resolution of complex billing issues when customer sub-meters are not operating.

8 CCA calls. New CCA service accounts drive additional customer  
9 inquiries, such as questions about what CCA service is, why they were enrolled, what the CCA  
10 components are on their bill, and how they can opt out of CCA service. Based on historical CCA call  
11 volumes relative to the number of CCA customers, SCE forecasts CCA call volume at three percent of  
12 annual CCA customers.<sup>151</sup> Accordingly, SCE forecasts handling approximately 48,000 CCA calls in  
13 2025, which is an increase of 19,000 calls from 29,000 CCA calls handled in 2019. In addition to an  
14 increase in CCA call volumes, SCE expects AHT for CCA calls to increase from approximately 398  
15 seconds in 2019 to approximately 506 seconds in 2025, driven primarily by increasing call complexity.  
16 Specifically, CCA calls are increasingly complicated by the interaction of CCA service and CCA billing  
17 components with other customer rates or services, such as NEM or customer-paired storage.  
18 For example, a CCA customer may call to inquire about a CCA charge or billing component, and if the  
19 customer is also on a NEM rate, explanation of that CCA billing component requires a more multi-  
20 faceted, time-intensive explanation.

21 Credit outbound calls. As explained above, D.20-06-003 from the  
22 Disconnect OIR requires that SCE offer to enroll eligible residential customers in applicable benefit  
23 programs prior to disconnecting them for nonpayment. Accordingly, when a residential customer calls  
24 the CCC about a credit issue and is interested in hearing about the applicable benefit programs, the CCC  
25 agent will explain and offer to enroll the customer in up to eight different programs. SCE began this  
26 effort in January 2022. To support compliance with this requirement, the CCC also began an outbound  
27 call initiative in October 2022. As a safeguard for customers who did not receive program offerings on a

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<sup>150</sup> Sub-metering provides NEM customers the option to have their EV charging load applied to a sub-meter that is billed separately from their primary account.

<sup>151</sup> SCE forecasts CCA calls at three percent of CCA customers based on the call-to-customer ratio observed in 2019 and 2020. SCE does not use 2021 or 2022 metrics because of one-time events or anomalies that are not expected to carry through in the forecast period.

1 prior inbound credit call and who face imminent disconnection for nonpayment, the CCC will attempt  
2 multiple outbound calls to make the program offerings before the customer is disconnected for  
3 nonpayment. SCE expects this outbound call initiative to result in approximately 119,000 outbound calls  
4 with an average handle time of approximately 746 seconds in the test year based on observed outbound  
5 calls levels in 2022.

6 Combined, SCE forecasts that this increased call activity in NEM,  
7 CCA, and credit outbound calls will require approximately 43 additional FTEs in the Test Year at an  
8 annual estimated labor expense of approximately \$3.355 million.<sup>152</sup>

9 **(b) Wage Increases for Energy Advisors**

10 SCE forecasts increased labor expenses to provide wage increases  
11 for ENAs to attract and retain qualified personnel. SCE employs approximately 297 SCE ENAs<sup>153</sup> who  
12 are a critical touchpoint with customers. SCE, along with the rest of the contact center industry, is facing  
13 continued attrition attributable to increased market competition for talented resources and other higher  
14 paying jobs with remote options. SCE invests approximately 520 hours of in-class training time per new  
15 ENA, which extends over approximately 13 weeks to help ensure our ENAs are ready to serve complex  
16 customer requests. In addition, SCE provides ongoing trainings and refreshers multiple times a year to  
17 keep ENAs up to date with latest policy or process changes. This training investment is necessary to  
18 help ensure ENAs can provide an excellent experience as customer inquiries and requests continue to  
19 grow in complexity. A more competitive wage would help SCE reduce attrition of highly trained,  
20 skilled, and talented employees who would then be less likely to leave for other, higher paying jobs  
21 perhaps with less stringent expectations or fewer training requirements. Offering a competitive wage  
22 will also allow SCE to attract new qualified personnel as SCE is able to offer more attractive wages in a  
23 very competitive job market. SCE's starting salary for an entry level ENA has stayed level for several  
24 years, as the 2018 starting wage was \$19.47 per hour and in 2022 it was approximately \$21 per hour,  
25 only a 7.8 percent increase over 4 years (compared to a 36 percent increase in California minimum wage  
26 from \$11.00 per hour in 2018 to \$15.00 per hour in 2022).<sup>154</sup>

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<sup>152</sup> Refer to WP SCE-03, Vol. 01, pp. 67-69, Increased NEM, CCA, and Credit Outbound Call Activities.

<sup>153</sup> As of December 2022, the CCC was staffed at 297 SCE ENAs.

<sup>154</sup> See State of California Department of Industrial Relations website, *available at*  
[https://www.dir.ca.gov/dlse/sb3\\_faq.htm](https://www.dir.ca.gov/dlse/sb3_faq.htm).

1 SCE determined a reasonable hourly rate for the job duties and  
2 skills required to perform the work of its ENAs. Therefore, SCE expects its standard labor rate in 2025  
3 will range from \$32.32 to \$39.89 per hour for all three categories of ENAs and will vary depending on  
4 level of complexity of calls handled and training required. These changes would bring SCE's ENA  
5 salaries in line with comparable positions' salary ranges. Accordingly, SCE plans to increase ENA  
6 wages by a total of 28.8 percent by 2025 relative to 2022 wages.<sup>155</sup> In May 2023, SCE began  
7 implementing this increase with an 8.4 percent increase relative to 2022 wages. In total, SCE forecasts a  
8 test year adjustment of \$4.478 million.<sup>156</sup>

9 **(2) CCC Support Activities**

10 **(a) CCC Technology**

11 SCE's test year forecast includes an adjustment for three areas of  
12 CCC technology: SMS messaging, a cloud-based application related to customer usage data, and RDAs.

13 First, through SMS messaging, SCE can send, upon request, ad-  
14 hoc one-way text messages to customers who are in the IVR system or live calls with an agent. With this  
15 capability, SCE can confirm transactions, like IVR payment, via text. SCE can also easily provide  
16 callers with quick links to complete SCE.com self-service requests, such as turn-on, turn-off, and  
17 payment plans. In this way, SMS messaging supports SCE's call deflection goal of driving customers to  
18 self-serve and facilitates more timely resolution of customer requests for those who opt for text  
19 communications, thereby improving customer satisfaction. In 2022, SCE successfully sent over 900,000  
20 SMS messages to customers. To continue sending SMS messages, SCE forecasts needing \$121,000 in  
21 the test year, based on the vendor's quotation, which includes a 3 percent year-over-year increase from  
22 2022.<sup>157</sup> Because SCE did not yet have this SMS messaging service in its 2019 base year, SCE includes  
23 a test year adjustment of \$121,000.<sup>158</sup>

24 Second, the CCC uses a cloud-based application that provides data  
25 management and analytics regarding customer usage, which the application makes available to ENAs to  
26 resolve billing inquiries. For example, when a customer calls with a billing inquiry, the customer may

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<sup>155</sup> The proposed increase is based on 2022 wage rates, which is approximately equal to 2019 wage rates expressed in constant 2022 dollars.

<sup>156</sup> Refer to WP SCE-03, Vol. 01, p. 70, Wage Increases for Energy Advisors Forecast Adjustment.

<sup>157</sup> These are O&M expenditures for sending the SMS messages, not capital expenditures for physical assets.

<sup>158</sup> Refer to WP SCE-03, Vol. 01, p. 71, CCC Technology Forecast Adjustment.

1 expect an explanation for the high usage and charges, as well as how to reduce usage. Using the  
2 application, the ENAs can (1) view and discuss the customer’s hourly and daily usage, (2) understand  
3 the local weather (i.e., average temperatures for the customer’s area), (3) run analytics for the costs  
4 based on the average temperature, (4) compare usage month over month and year over year, and  
5 (5) view predictive analytics to estimate future bill amounts. ENAs leverage this information to have  
6 more informed discussions with customers about their usage and offer recommendations on how to  
7 reduce usage and lower bills. In 2021 and 2022, SCE successfully resolved 174,000 and 141,000  
8 customer billing inquiries, respectively, using the cloud-based application. The benefit to using this  
9 application is that ENAs can quickly navigate to data indicative of the customer’s usage patterns and  
10 predictive analytics for estimating future bills based on those patterns. Timely resolution of billing  
11 inquiries by ENAs improves customer satisfaction and avoids escalation of matters to other SCE groups  
12 and to the CPUC. To continue utilizing this application, SCE forecasts \$390,000 in the test year for  
13 ongoing subscription service costs. Because SCE did not yet have this service in its 2019 base year, SCE  
14 includes a test year adjustment of \$390,000, based on the vendor’s quote for ongoing costs.<sup>159</sup>

15                   The CCC also leverages RDAs to automate less complex  
16 transactions. Since 2022, the CCC has implemented four RDA robots that mimic action steps that an  
17 ENA or vendor live agent completes, in order to execute a transaction in SAP. The RDA robots are  
18 expected to improve the AHT for ENA or vendor live agents by reducing navigation to multiple screens  
19 to complete a transaction. One example of the improvements achieved is AHT for calls related to turn-  
20 on, turn-off, and transfers of service, referred to as Move-In/Move-Out (MIMO). In 2019, the  
21 approximate AHT for MIMO calls was 421 seconds. In 2021, following the implementation of SAP,  
22 AHT increased by approximately 34 percent to 634 seconds. The MIMO robot was implemented in  
23 2022 and as a result, the CCC achieved an AHT reduction from 2021 to 2022 of approximately 11  
24 percent to 567 seconds for SCE ENAs and vendor live agents. SCE cannot use RDAs or realize their  
25 benefits without the associated software, and thus forecasts needing \$369,000<sup>160</sup> in the test year for  
26 licensing costs, based on the vendor’s estimation for ongoing annual costs. Because SCE did not yet

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<sup>159</sup> Refer to WP SCE-03, Vol. 01, p. 71, CCC Technology Forecast Adjustment.

<sup>160</sup> SCE’s forecast of \$369,000 is for the licensing of existing software program for RDA. Thus, the amount is classified as O&M expenditure.

1 have RDA robots or the software to implement RDA robots in its 2019 base year, SCE includes a test  
2 year adjustment of \$369,000.<sup>161</sup>

3 **(b) Professional Services Support and Integration**

4 SCE expects needing additional resources in the PSS&I group to  
5 support development of RDAs totaling \$214,000 in the Test Year. As described previously, RDAs are  
6 located on and launched from a user's desktop computer. ENAs or third-party live agents trigger RDAs  
7 to automate a sequence of routine tasks. By enabling them to perform repetitive tasks more quickly,  
8 RDAs help them more efficiently handle customer inquiries. As ENAs must handle increasingly  
9 complex calls, it will be increasingly important to equip them with RDAs they can leverage. RDAs will  
10 in turn help avoid additional AHT by reducing clicks needed for transactions or time navigating for  
11 information and provide a better experience for customers who call in. Based on recent experience, SCE  
12 expects to develop approximately 15 to 20 RDAs in the test year to facilitate calls. CCC expects that  
13 new rates and rate options adopted in the future Commission decisions will continue to require software  
14 automation throughout the forecast period. An application developer and support senior specialist  
15 analyst will be needed to develop and maintain these RDA jobs. In total, SCE estimates approximately  
16 \$214,000 to fund 2 additional resources for support of RDAs.<sup>162</sup>

17 **(c) Customer Solutions Integration (CSI)**

18 A detailed discussion of the CSI team and activities performed is  
19 presented in Section II.C.1.d)(3)(a) and in Section IV.B below. In summary, the CSI team will perform  
20 key functions supporting customer service organizations by providing technology governance, system  
21 configuration support, and vendor release management. The team will continue to help ensure  
22 stabilization of the system platform, mature operational capabilities, and support advancement of the  
23 SAP systems. As described above, annual costs for the CSI team total \$1.495 million; however, (a) SCE  
24 plans to eliminate the CSI team in 2026, and (b) since the CSI team supports both Billing Services and  
25 the CCC, the costs for the CSI team are split between those two GRC activities. As a result, the impact  
26 of the CSI team on the Test Year Forecast for the CCC totals \$187,000.<sup>163</sup>

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<sup>161</sup> Refer to WP SCE-03, Vol. 01, p. 71, CCC Technology Forecast Adjustment.

<sup>162</sup> Refer to WP SCE-03, Vol. 01, p. 72, Professional Services Support and Integration Forecast Adjustment.

<sup>163</sup> Refer to WP SCE-03, Vol. 01, p. 73, Customer Solutions Integration Forecast Adjustment.

1                                   **(3)    Other**

2                                   **(a)    Operational Efficiencies**

3                                   SCE’s test year forecast includes adjustments for anticipated  
4 benefits or savings resulting from operational improvement projects or efficiencies.

5                                   First, SCE includes a \$0.8 million downward adjustment for two  
6 areas of expected benefits resulting from CSR implementation: (1) credit call deflection, and  
7 (2) deposit and energy combined billing. With respect to credit call deflection, in the legacy system,  
8 when customers paid the reconnection fees at a local APA, the customer was required to call the CCC to  
9 confirm payment was completed by providing the payment receipt number. The reconnection order had  
10 to be manually generated by an agent or through the IVR. With new SAP functionality, once the  
11 reconnection fee is paid, SAP will auto-generate a reconnection order without a customer call back,  
12 which will drive fewer repeat calls. With respect to deposit and energy combined billing, before SAP  
13 implementation, deposit and energy charges were billed on separate accounts, resulting in customer  
14 confusion about the different bills and erroneous payments to the wrong account. Additionally, because  
15 deposits were billed separately and due within 10 days, customers commonly requested payment  
16 arrangements and extensions. In the new SAP system, customers receive a single, combined bill for  
17 deposit and energy charges, thereby reducing inquiries resulting from separate bills. In addition, based  
18 on payment priority rules in SAP, the system will apply payment to the correct account when customers  
19 pay through the IVR or APA to be reconnected. Thus, customers no longer need to specify which  
20 account the payment should be applied to first, thereby reducing customer calls that result from  
21 payments to the wrong account.

22                                   In addition, the 2025 CCC forecast includes efficiencies of \$1.365  
23 million<sup>164</sup> from initiatives that will be implemented by 2025. These initiatives are: implementing a real  
24 time coaching tool, conducting speech data analysis on CCC inbound calls, and developing RDA robots  
25 to improve call handling. The coaching tool will use real-time artificial intelligence to improve call  
26 handling by providing ENAs and vendor live agents with screen pops with scripts and links to help them  
27 through their calls, thereby reducing the agent’s AHT. On average, live agents (ENAs and vendor live  
28 agents) take approximately 9 minutes to process customer calls. During calls, they generally need to  
29 search for the necessary sites and information to respond to customer questions or process customer

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<sup>164</sup> Refer to WP SCE-06, Vol. 03, Operational Excellence Catalyst Program.



1 requests. By providing ENAs and vendor live agents with the needed information, such as forms and  
2 databases, based on the customer queries through analysis of the conversation during the call, the real  
3 time coaching tool is estimated to reduce AHT by approximately 20 seconds on average and increase  
4 customer satisfaction.

5 CCC will also leverage speech analytics data to determine and  
6 implement targeted process improvements, specifically to increase resolution of customers issues on the  
7 first call and improve customer satisfaction. SCE will use speech analytics data to identify trends which  
8 will be shared with other SCE departments to identify and implement improvement initiatives focused  
9 on the customer experience. By helping to resolve customer issues on the first call and thereby avoiding  
10 subsequent repeated calls on the same issue, SCE anticipates that this speech analytics effort will reduce  
11 ENA handled calls by approximately 83,500 annually in the GRC forecast period.

12 Finally, as discussed above, RDAs create efficiencies by  
13 automating tasks performed by ENAs and vendor live agents, and the CCC generally uses RDA robots  
14 to assist ENAs and vendor live agents by gathering data faster and using predictive analytics to help  
15 simplify calls, which in turn reduce AHTs. As part of efforts to improve operational efficiencies, in 2022  
16 SCE began developing and implementing RDA robots that gather data from various SAP transactions  
17 and recommend an action for the ENA and vendor live agents while the customer is on the call. One  
18 example of this is on credit calls, where an RDA robot consolidates the information into a single view,  
19 assesses the customer's current benefit programs, and identifies and displays the programs that must be  
20 offered during the call to the ENA. As a result of these new RDA robots, as well as additional  
21 anticipated RDA robots to be developed and implemented by mid-2024, the CCC expects to achieve an  
22 estimated reduction in AHT by approximately 10 seconds in the test year.

23 As a result of these operational efficiencies, the 2025 CCC forecast  
24 was reduced by \$2.165 million.

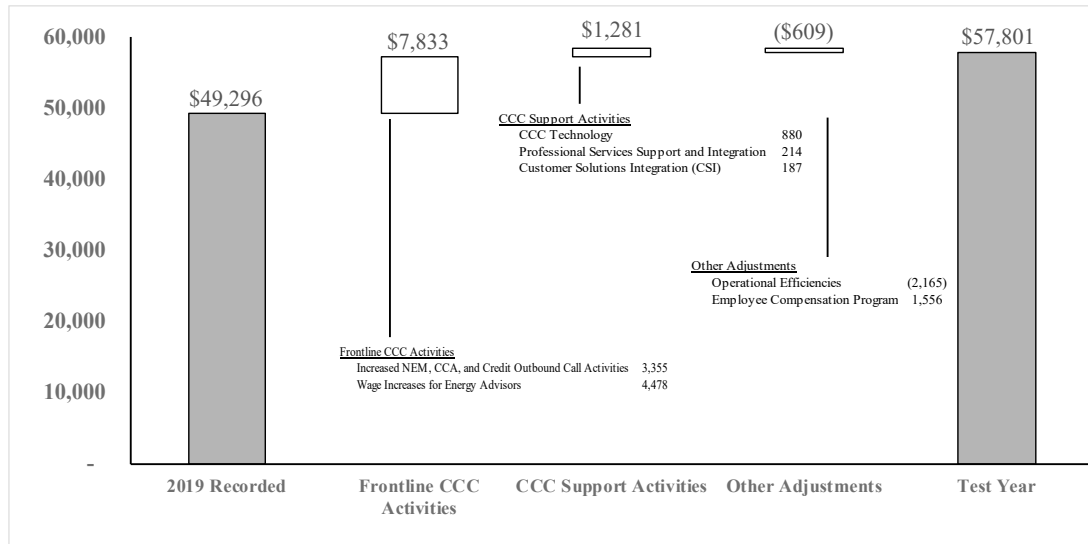
25 **(b) Employee Compensation Program**

26 The forecast incorporates an adjustment of \$1.556 million to  
27 reflect certain changes made to SCE's employee compensation program. Please refer to SCE-06,  
28 Vol. 04.

1 **f) Summary of Request**

2 As shown below in Figure III-22, SCE forecasts \$57.801 million in total O&M  
 3 expenses for the CCC, an increase of \$8.505 million, or 17 percent, compared to the 2019 O&M  
 4 expenses of \$49.296 million.

**Figure III-22**  
**Customer Contact Center**  
**Comparison of 2022 Base Year to 2025 Test Year**  
**(Constant 2022 \$000)**



5 **2. Escalated Complaints and Outreach**

6 **a) Work Description and Need for Activity**

7 The Escalated Complaints and Outreach work activity is carried out by SCE’s  
 8 Consumer Affairs organization. The Consumer Affairs organization reviews, investigates, and responds  
 9 to customer disputes that are received by SCE. While customer disputes are received from a variety of  
 10 sources, typical disputes received and addressed by Consumer Affairs are those that come through the  
 11 Commission, Edison International, elected officials, social media channels (e.g., Facebook, Twitter, and  
 12 Instagram), Better Business Bureau, and general correspondence addressed to the SCE’s corporate  
 13 office. Table III-20 below details the number of inquiries and complaints handled by Consumer Affairs  
 14 from 2018-2022, showing an overall decrease of 12 percent from 2018 to 2022, with an increase of 15  
 15 percent from 2020 to 2021 for factors including customer issues related due to the CSRP project. In

1 resolving customer disputes, the Consumer Affairs organization adheres to SCE rules and tariffs, and  
2 identifies opportunities to mitigate future recurrence to improve customers' experiences with SCE.

**Table III-20**  
***Inquiries and Complaints Resolved by Consumer Affairs***<sup>165</sup>

<b>Line No.</b>	<b>Description</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
1	Telephone Complaints	2,674	2,655	1,586	1,715	1,281
2	Informal Complaints	890	1,347	1,347	2,584	1,258
3	Written Complaints	593	251	251	472	287
4	Social Media Inquiries	41,812	47,777	49,366	55,747	37,606
5	Total Complaints / Inquiries	45,969	52,030	52,550	60,518	40,432

3 In addition to dispute resolution, Escalated Complaints and Outreach supports the  
4 extra care SCE provides to its vulnerable customers, specifically those who rely on electrically operated  
5 medical and mobility equipment or who have a serious illness or condition that could be life-threatening  
6 when power is out. For example, Consumer Affairs proactively provides reminders to customers who  
7 rely on life support equipment in advance of maintenance outages that impact their residence. Also, in  
8 advance of anticipated Public Safety Power Shutoffs (PSPS) events, when initial automated notifications  
9 fail to deliver, Consumer Affairs makes additional attempts to reach these vulnerable customers and  
10 deliver the notification of the event. These attempts can include sending a representative to go to the  
11 home to deliver the message in person.

12 Escalated Complaints and Outreach also includes helping customers enrolled in  
13 SCE's Critical Care program avoid credit-related disconnections. When such customers are subject to  
14 disconnection, SCE's Credit and Payment Services department provides advance notice to Consumer  
15 Affairs, which then attempts to reach these customers to (1) alert them that they are at risk of  
16 disconnection, (2) make payment arrangements, and (3) if applicable, provide information regarding  
17 agencies that may be able to aid the customer with bill payment. When SCE is unable to contact these  
18 customers through phone or direct mail, Consumer Affairs may request local law enforcement or Adult  
19 Protective Services to perform Wellness Checks. In addition, Consumer Affairs oversees the Good

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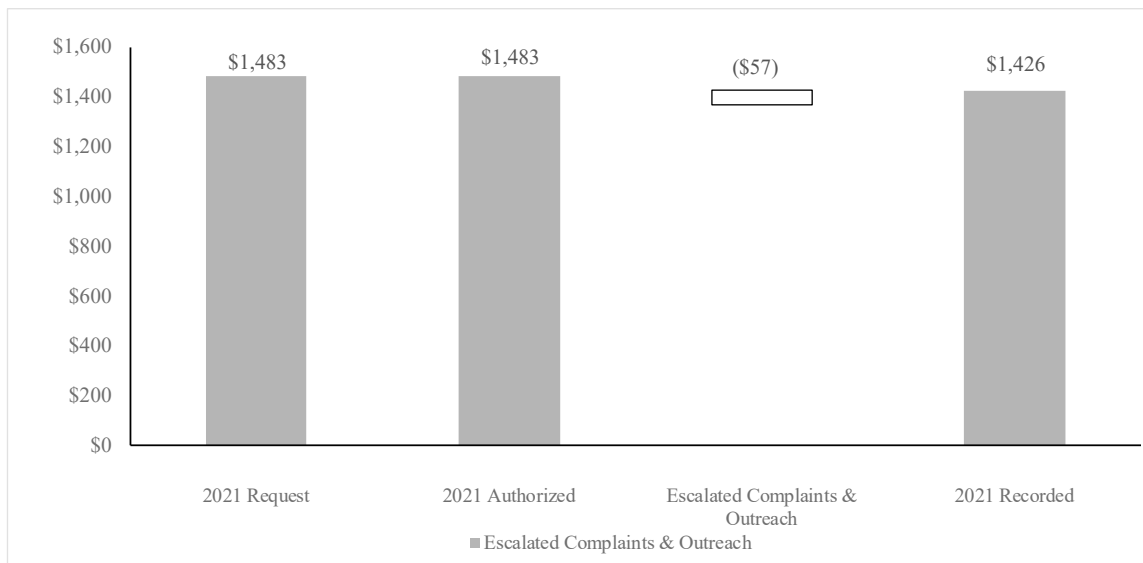
<sup>165</sup> The large increase in social media inquiries between 2018 and 2021 is primarily due to changing customer preference for communication with SCE, but also represents a shift by SCE to more self-service options. Customers often reach out via social media for support in using the self-service options.

1 Neighbor Program, which connects SCE customers and community members with organizations that  
2 can provide them with social services.

3 **b) Comparison of Authorized 2021 to Recorded**

4 Figure III-23 below compares the requested and authorized O&M expenses from  
5 SCE's 2021 GRC with the 2021 recorded expenses in the Escalated Complaints and Outreach GRC  
6 work activity, in compliance with D.21-08-036.<sup>166</sup> As shown in Figure III-23, SCE's recorded expenses  
7 for 2021 in Escalated Complaints and Outreach were less than the authorized amount by \$0.06 million,  
8 an approximately four percent variance. This variance is within normal operating expectations.

**Figure III-23**  
**Escalated Complaints and Outreach<sup>167</sup>**  
**Comparison of 2021 GRC Authorized versus Recorded**  
**(Constant 2022 \$000)**



9 **c) Scope and Forecast Analysis**

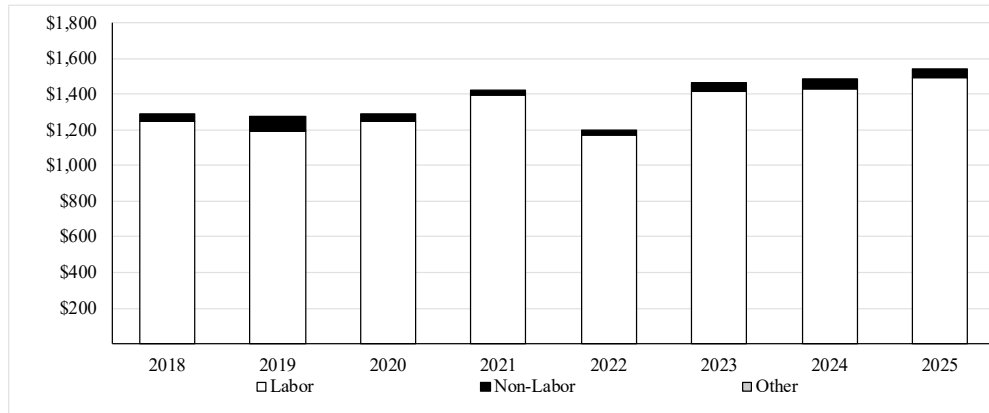
10 This section provides an historical variance analysis and an explanation for  
11 material year-to-year variations in labor and non-labor O&M expenses for the Escalated Complaints and  
12 Outreach work activity between 2018 and 2022. Then, SCE presents the forecasted O&M labor and non-  
13 labor expenses for 2023 through 2025, along with a discussion of the reasons for the requested increase

<sup>166</sup> See D.21-08-036, OP 36.

<sup>167</sup> Refer to WP SCE-07, Vol. 01, Authorized vs. Recorded.

1 in funding for the Test Year 2025. Figure III-24 provides a summarized view of historical and forecasted  
 2 labor and non-labor O&M costs for Escalated Complaints and Outreach.

**Figure III-24**  
**Escalated Complaints and Outreach**  
**Recorded 2018-2022 and Forecast 2023-2025<sup>168</sup>**  
*(Constant 2022 \$000)*



	Recorded					Forecast		
	2018	2019	2020	2021	2022	2023	2024	2025
Labor	\$1,248	\$1,194	\$1,248	\$1,398	\$1,172	\$1,413	\$1,430	\$1,490
Non-Labor	\$44	\$85	\$40	\$28	\$27	\$54	\$53	\$52
Other								
<b>Total Expenses</b>	<b>\$1,293</b>	<b>\$1,278</b>	<b>\$1,288</b>	<b>\$1,426</b>	<b>\$1,198</b>	<b>\$1,467</b>	<b>\$1,483</b>	<b>\$1,542</b>
Ratio of Labor to Total	97%	93%	97%	98%	98%	96%	96%	97%

3 **(1) Historical Variance Analysis**

4 **(a) Labor**

5 Recorded labor was relatively stable from 2018 to 2020, with a  
 6 slight dip in 2019 due to reduced workforce; but to address increasing workload, the vacancies were  
 7 filled in 2020. Recorded labor increased from 2020 to 2021 by \$150,000 due to increased volumes of  
 8 complaints that drove the need to hire additional staff. The increased volumes of complaints were  
 9 attributed to (1) customer frustrations with learning to navigate the new self-service options,  
 10 (2) customer issues related to the CSRP implementation, and (3) increasing demands of customer  
 11 service expectations. In addition, complexity of rates and rate increases have driven customer  
 12 complaints upward, requiring additional staffing for timely resolution of investigations and timely

<sup>168</sup> Refer to WP SCE-03, Vol. 01, pp. 75-79, for O&M Detail for Escalated Complaints and Outreach.

1 response to customers and the CPUC. In 2022, labor decreased by \$226,000 from 2021 due to a reduced  
2 workforce for most of 2022, where vacancies were not filled until the end of or after 2022.

3 **(b) Non-Labor**

4 Recorded non-labor increased from 2018 to 2019 by \$41,000  
5 primarily due to contractor costs to assist with PSPS-related activity. The contractor remained  
6 supporting SCE; however, in 2020 the costs were moved to Customer Experience Management which  
7 encompasses the activities for Access and Functional Needs (AFN), resulting in a decrease from 2019 to  
8 2020. Non-labor continued to decrease from 2020 to 2021 by approximately \$12,000, primarily due to  
9 the impacts of the COVID-19 pandemic. Specifically, employee-related expenses decreased because in-  
10 person events, such as Local Assistance Centers staffing, did not occur. In 2022, non-labor expenses  
11 decreased from 2021 by \$1,000, or 3.5 percent, due to the continued impacts from the COVID-19  
12 pandemic.

13 **(2) Forecast**

14 The 2022 Base Year activities for Escalated Complaints and Outreach are  
15 described above. For both labor and non-labor expenses, SCE began with the Base Year, and then made  
16 certain Test Year adjustments to the Base Year expenses, as discussed below, which are necessary to  
17 accurately reflect SCE's anticipated Escalated Complaints and Outreach activities in the Test Year.<sup>169</sup>  
18 SCE's forecast of Test Year O&M expenses of \$1.541 million for Escalated Complaints and Outreach  
19 reflects an overall increase of \$343,000 over the Base Year. The Test Year adjustments are discussed  
20 below.

21 **(a) Labor**

22 For Test Year 2025, SCE forecasts labor expenses of \$1.490  
23 million for this work activity, which represents an increase of \$318,000 from 2022 recorded labor  
24 expenses. This increase in labor represents two additional resources to investigate and respond to  
25 customer complaints, as well as to provide support for real-time customer communications and issue  
26 resolution stemming from various social media channels, such as Facebook, Twitter, and Instagram.

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<sup>169</sup> This is consistent with D.89-12-057 and D.04-07-022, in which the CPUC stated that if recorded expenses have been relatively stable, or have shown a trend in a certain direction, for three or more years, the last recorded year is an appropriate base estimate. For Escalated Complaints and Outreach, labor has been relatively stable (with the exception of 2021 as explained above) and non-labor has shown a downward trend from 2020 to 2022.

1 In addition, the forecast incorporates a \$71,000 adjustment to reflect certain changes made to SCE’s  
2 employee compensation program.

3 **(b) Non-Labor**

4 For the Test Year 2025, SCE forecasts non-labor expenses of  
5 \$52,000 for this work activity. This amount, which represents an increase of \$25,000 compared to 2022  
6 recorded, is requested for employee training and travel expenses.

7 **(3) Test Year Adjustments**

8 For the 2025 Test Year, SCE forecasts an increase in Escalated  
9 Complaints (a) due to increased Consumer Affairs Support, and (b) to reflect certain changes made to  
10 SCE’s employee compensation program. These adjustments are shown in Table III-21 and described in  
11 detail below.

***Table III-21  
Escalated Complaints and Outreach  
2025 Test Year O&M Adjustments  
(Constant 2022 \$000)***

<b>Line No.</b>	<b>Description</b>	<b>Labor</b>	<b>Non-Labor</b>	<b>Total</b>
1	Increased Consumer Affairs Support	\$ 247	\$ 25	\$ 272
2	Employee Compensation Program	\$ 71	\$ -	\$ 71
3	Total Escalated Complaints Forecast Adjustment	\$ 318	\$ 25	\$ 343

12 **(a) Increased Consumer Affairs Support**

13 The increased Consumer Affairs support will consist of one  
14 position who will support the timely investigation of and response to customer complaints, as well as  
15 one other position who will support online community engagement in SCE’s social media presence,  
16 responding to and resolving customer inquiries and disputes that come through customers’ preferred  
17 social media channels. These additional positions are needed to adequately respond to customer  
18 complaints and inquiries. In addition, SCE forecasts 2025 Test Year non-labor expenses at \$25,000  
19 more than the Base Year, due to returning to pre-pandemic operations, increased employee training, and  
20 travel expenses.<sup>170</sup>

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<sup>170</sup> Refer to WP SCE-03, Vol. 01, p. 80, Increased Consumer Affairs Support Forecast Adjustment.

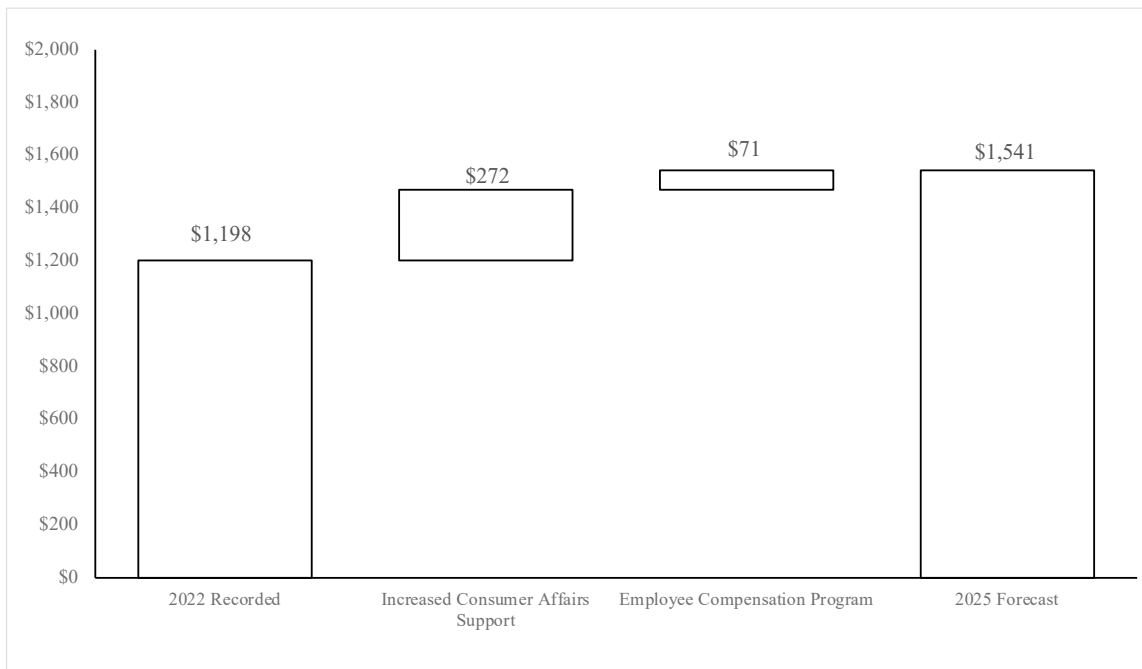
1 (b) **Employee Compensation Program**

2 The forecast incorporates an adjustment of \$71,000 to reflect  
3 certain changes made to SCE’s employee compensation program. Please refer to SCE-06, Vol. 04.

4 d) **Summary of Request**

5 As shown below in Figure III-25, for the 2025 Test Year, SCE forecasts \$1.541  
6 million in O&M expenses for Escalated Complaints and Outreach, an increase of \$343,000, or 28  
7 percent compared to the 2022 Base Year O&M expenses of \$1.198 million. The reasons for this increase  
8 are discussed above.

***Figure III-25  
Escalated Complaints and Outreach  
Comparison of 2022 Base Year to 2025 Test Year  
(Constant 2022 \$000)***





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IV.

**CUSTOMER SERVICE RE-PLATFORM MEMORANDUM ACCOUNT (2022-2024 COSTS)**

**A. Overview**

The Customer Service Re-Platform (CSRP) project replaced the majority of SCE’s outdated Customer Service technology portfolio with a new enterprise customer relationship and billing system that performs core customer-service related functions such as generating customer bills, enabling customer account management, and providing customers access to SCE rates and programs. In addition, the CSRP solution integrates with other SCE and third-party systems to support and enable other capabilities. The project was initiated in 2017 and the new systems went live in April 2021.

SCE first sought recovery for the CSRP project in its 2018 GRC. In the final decision on SCE’s 2018 GRC, the Commission found the CSRP project was “anticipated to be beneficial to customers”<sup>171</sup> and authorized the establishment of the Customer Service Re-Platform Memorandum Account (CSRPMMA) for SCE to record the capital-related revenue requirements associated with capital expenditures from project inception to project close, and O&M expenses and benefits from the beginning of the 2018 Test Year until these expenses begin to be recovered in rates.<sup>172</sup> On July 22, 2021, SCE filed Application A.21-07-009 to begin seeking cost recovery for the costs recorded in the CSRPMMA. That proceeding was phased into two tracks. In Track 1, SCE sought recovery for CSRP costs through April 2021 (i.e., costs through deployment of the new systems). In Track 2, SCE sought recovery for CSRP costs from May 2021 through December 2021 (i.e., costs for stabilization of the new systems through September and post-implementation costs through December).

The Track 1 final Decision (D.) 22-09-015 in A.21-07-009 was issued on September 19, 2022. This decision, which adopted a Settlement Agreement between SCE and The Utility Reform Network, authorized \$12.851 million for the initial Track 1 revenue requirement through April 2021, and approximately \$375.479 million for the on-going Track 1 revenue requirement from May 2021 through

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<sup>171</sup> D.19-05-020, p. 160.

<sup>172</sup> D.19-05-020, OP 10. SCE submitted Advice 4015-E on June 14, 2019 to establish Preliminary Statement Part N.56, the CSRPMMA. SCE subsequently filed a motion in A.21-07-009 requesting an order or ruling authorizing SCE to submit a Tier 1 advice letter to modify Preliminary Statement Part N.56 to enable SCE to record in the CSRPMMA the revenue requirements associated with CSRP-related capital expenditures until such time as they are included in a GRC revenue requirement, which was anticipated to occur beginning January 1, 2025, the commencement of the Test Year in this GRC. On November 5, 2021, this motion was granted, and on December 2, 2021, SCE submitted Advice 4656-E to revise Preliminary Statement Part N.56, the CSRPMMA, to permit SCE to record the revenue requirements associated with CSRP-related capital expenditures until the ongoing revenue requirement can be incorporated in this GRC.

1 December 2024 (i.e., until this revenue requirement is included in this GRC). The Track 2 final decision,  
2 D.23-03-019, was issued on March 21, 2023. In this decision, the Commission authorized \$20.8 million  
3 for the initial Track 2 revenue requirement through December 2021, and approximately \$44.3 million  
4 for the on-going Track 2 revenue requirement from January 2022 through December 2024 (i.e., until this  
5 revenue requirement is included in this GRC). In addition, the decision authorized SCE to seek review  
6 and cost recovery for incremental CSRP costs and benefits for 2022 through 2024 in SCE's 2025 GRC.

7 Accordingly, Sections B and C in this Chapter details the costs and benefits recorded in the  
8 CSRPMA in 2022, as well as SCE's current forecast for incremental CSRP costs and benefits in 2023  
9 and 2024. For 2022 costs, SCE is seeking reasonableness review and recovery of the revenue  
10 requirement associated with \$22.6 million in O&M expenses,<sup>173</sup> \$11.9 million in direct capital  
11 expenditures, and \$7.1 million in realized benefits.<sup>174</sup> For 2023 and 2024 costs, SCE is seeking  
12 reasonableness review of a combined total of \$14.4 million in forecast O&M expenses, \$17.5 million in  
13 forecast direct capital expenditures, and \$25.0 million in forecast realized benefits.

14 Because SCE is not putting a forecast of these costs into rates, Section D discusses SCE's  
15 proposal for truing up the forecast 2023 and 2024 costs and benefits with actuals. Specifically, during  
16 the update phase, SCE will update the record in this proceeding to reflect the most recent CSRPMA  
17 recorded activity. Subsequently, the final CSRPMA recorded December 31, 2024 balance associated  
18 with the 2022-2024 post-implementation CSRP costs and benefits (i.e., the recorded CSRPMA balance  
19 excluding the revenue requirements associated with the costs approved in Tracks 1 and 2 in  
20 A.21-07-009) will be provided in an advice letter implementing the 2025 GRC. SCE proposes to transfer  
21 that December 31, 2024 recorded CSRPMA balance associated with the 2022-2024 post-implementation  
22 CSRP costs and benefits to the distribution subaccount of the Base Revenue Requirement Balancing  
23 Account (BRRBA-D) for recovery in distribution rates from all customers.

24 Following recovery of the 2024 costs, SCE will submit an Advice Letter to close the CSRPMA.  
25 As of the 2025 Test Year in this GRC, costs for ongoing support and maintenance of the new CSRP

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<sup>173</sup> The \$22.6 million in O&M expenses is 2022 recorded labor and non-labor. The total O&M recorded in the CSRPMA is \$23.9 million due to indirect labor costs and a \$0.2 million credit in 2022 that was adjusted in 2023 due to timing. Refer to Table IV-29.

<sup>174</sup> There were \$8.0 million of realized benefits in 2022. However, only \$7.1 million was recorded in the CSRPMA because some of those realized benefits are already captured in other balancing accounts as discussed in Section IV.C.

1 systems are included within SCE’s base rates forecasts for the respective departments incurring those  
2 costs.

3 **B. 2022-2024 Post-Implementation CSRP Costs**

4 After deployment of the new systems in April 2021, SCE’s efforts shifted from solution  
5 development and implementation to stabilization. The CSRP project implementation was officially  
6 completed in September 2021 at the conclusion of the Stabilize phase. Thus, in October 2021, SCE’s  
7 efforts shifted to operational stabilization. These post-implementation activities include technology  
8 enhancements, customer solutions integration, and staff augmentation. Technology enhancement costs  
9 are for the implementation of deferred CSRP project scope and necessary updates to the new systems.  
10 Customer solutions integration includes a variety of costs related to project implementation,  
11 enhancement support defect resolution, and system releases. Staff augmentation includes costs for  
12 incremental staffing needed to mitigate the temporary performance impacts experienced after the CSRP  
13 implementation, including supporting customer and operational performance and billing operations to  
14 reduce the billing backlog and support the collections process.

15 In 2022, SCE recorded \$22.6 million in incremental O&M expenses and \$11.9 million in  
16 incremental direct capital expenditures for CSRP.<sup>175</sup> In 2023 and 2024, SCE forecasts a combined total  
17 of \$14.4 million in incremental O&M expenses and \$17.5 million in incremental direct capital  
18 expenditures for CSRP. Table IV-22 shows these recorded and forecast costs by cost type.

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<sup>175</sup> The \$22.6 million in O&M expenses is 2022 recorded labor and non-labor. The total O&M recorded in the CSRPMA is \$23.9 million due to indirect labor costs and a \$0.2 million credit in 2022 that was adjusted in 2023 due to timing. Refer to Table IV-29.

**Table IV-22**  
**CSRP 2022-2024 Costs (2022 Actuals and 2023-2024 Forecasts)<sup>176,177</sup>**  
*(Nominal \$Millions)*

<b>Line No</b>	<b>Cost Type/Cost Category</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
1	<b>Capital Expenditures</b>			
2	Technology Enhancements	\$ 8.17	\$ 8.35	\$ 5.00
3	Customer Solutions Integration	\$ 3.73	\$ 2.42	\$ 1.72
4	<b>Total Capital Expenditures</b>	<b>\$ 11.90</b>	<b>\$ 10.78</b>	<b>\$ 6.72</b>
5	<b>O&amp;M Expenses</b>			
6	Technology Enhancements	\$ 6.26	\$ 1.00	\$ 0.50
7	Customer Solutions Integration	\$ 5.80	\$ 5.02	\$ 4.11
8	Staff Augmentation	\$ 10.56	\$ 3.80	\$ -
9	<b>Total O&amp;M Expenses</b>	<b>\$ 22.62</b>	<b>\$ 9.82</b>	<b>\$ 4.61</b>
10	<b>Total Costs</b>	<b>\$ 34.52</b>	<b>\$ 20.59</b>	<b>\$ 11.34</b>

1 In the Update Phase of this proceeding, SCE will update the record to reflect the most recent  
2 CSRPMA recorded activity. The final CSRPMA recorded December 31, 2024 balance will be provided  
3 in an advice letter implementing the 2025 GRC.

<sup>176</sup> Refer to WP SCE-03 Vol. 01, pp. 82-88, Customer Service Re-Platform 2022 Cost Details.

<sup>177</sup> Based on SCE's preliminary analysis, the actual CSRP costs incurred for January-February 2023 were \$0.5 million in O&M and \$0.4 million in capital. These preliminary January-February 2023 recorded costs are not included in this table. SCE will provide an update on the actually incurred costs in 2023 and the most recent CSRPMA recorded activity during the Update Phase of this proceeding.

1           **1.     Technology Enhancements**

*Table IV-23  
Technology Enhancements - 2022 Recorded and 2023-24 Forecasted Capital  
and O&M Expenses by Labor and Non-Labor  
(Nominal \$Millions)*

<b>Line No</b>	<b>Cost Type/Cost Category</b>	<b>2022 Capital</b>	<b>2022 O&amp;M</b>	<b>2023 Capital</b>	<b>2023 O&amp;M</b>	<b>2024 Capital</b>	<b>2024 O&amp;M</b>
1	<b>Non-Labor</b>	\$ 7.69	\$ 6.25	\$ 8.35	\$ 1.00	\$ 5.00	\$ 0.50
2	<b>Labor</b>	\$ 0.47	\$ 0.02	-	-	-	-
3	<b>Total</b>	<b>\$ 8.17</b>	<b>\$ 6.26</b>	<b>\$ 8.35</b>	<b>\$ 1.00</b>	<b>\$ 5.00</b>	<b>\$ 0.50</b>

2           As shown in Table IV-23 above, for Technology Enhancements, SCE recorded \$8.2  
3 million in capital expenditures in 2022 as well as \$6.3 million in O&M expenses. SCE forecasts \$8.4  
4 million and \$5 million in capital expenditures in 2023 and 2024, respectively, and \$1 million and \$0.5  
5 million in O&M expenditures in 2023 and 2024, respectively.

6           Technology Enhancement costs include the incremental projects and enhancements  
7 completed as a follow up to the CSRP program to implement deferred project scope and/or to improve  
8 operations of the new systems. The projects and enhancements that are considered deferred project  
9 scope generally consist of CSRP scope changes and upgrades that were identified as needs during the  
10 course of the project (e.g., due to new regulatory requirements issued during the CSRP project, or due to  
11 solution gaps identified during the testing of the CSRP solution) but, due to timing and complexity, were  
12 deferred until after the solution was implemented to avoid implementation risks.

13           In 2022, a total of 6 technology projects and 48 enhancements were implemented.  
14 Enhancements are classified as minor changes that do not require any architecture changes or any  
15 additional training or change management effort. Enhancements within SCE are recorded to O&M and  
16 are delivered by adding capacity to our managed services provider (MSP) teams who support the  
17 relevant applications. After CSRP implementation, SCE had to procure additional MSP capacity for  
18 delivering the necessary enhancements. Unlike enhancements, projects require architecture support and  
19 substantial design change requiring end-to-end testing. Generally, but not always, projects are  
20 capitalized pursuant to Generally Accepted Accounting Principles (GAAP) as a necessary part of

1 software development and implementation.<sup>178</sup> The 6 technology projects implemented in 2022 were as  
2 follows (all capitalized as a necessary part of the overall CSRP software development and  
3 implementation, except for the one identified as being O&M):

4           1. **CCA/DA Account Switch** – To support unbundled customers, the legacy Customer  
5 Service System (CSS) had used one service account for SCE charges and another service account for  
6 Community Choice Aggregation (CCA)/Direct Access (DA) generation charges. If a customer moved  
7 from bundled to unbundled service, the SCE service account number, which did not change, was used to  
8 support data integration and continuity. In the new CSRP solution, however, there is only one service  
9 account number, and that number changes when a customer moves from bundled to unbundled service.  
10 Thus, SCE was no longer able to use the service account number to link customer usage and profile data,  
11 which impacted SCE’s ability to fulfill obligations to share historical usage and program enrollment data  
12 from prior to a customer’s CCA or DA enrollment. To resolve the issue, SCE needed to update all  
13 impacted IT systems, data interfaces, and data extracts to use a different key to link usage and profile  
14 data.

15           2. **CSRP SCCs** – At the close of the CSRP program, a number of scope change control  
16 (SCC) requests were identified to be handled as projects or enhancements. Nineteen of these SCCs were  
17 identified as projects, and in 2022 SCE implemented improvements in the following areas:

18               a. Consolidation of notifications to customers for outage and demand response  
19 programs, which assists in the avoidance of customer complaints and de-enrollments from all  
20 notifications. This also ensured compliance and service guarantees on advance notifications for outages.

21               b. Improved the workflow triggering service disconnects when move-out/move-ins  
22 are processed to address use cases and associated issues.

23               c. Improved handling of CCA customer opt outs.

24               d. Improved the ability to bill residential critical peak pricing (CPP) customers.

25           3. **CSS System C migration to Snowflake** – This project migrated all the historical  
26 data from the legacy CSS system to a data warehouse using Snowflake so that this data would remain  
27 available for future data requests.

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<sup>178</sup> ASC 350-40-55-4 “...recognizes that development of internal-use software may not follow the order [of preliminary project stage, application development and postimplementation-operation stage] Regardless, for costs incurred subsequent to completion of the preliminary project stage, the guidance shall be applied based on the nature of costs incurred, not the timing of their incurrence.” ASC 350-40-25-7 indicates upgrades and enhancements “normally require new software specifications and may also require a change to all or part of the existing software specifications” and should be assessed as capital in line with ASC 350.

1                   4. **NEM Aggregation (AGG)** – This project implemented changes that were necessary  
2 to correct the billing logic being used for Net Energy Metering (NEM) AGG customers.

3                   5. **Digital Mobile App Phase 1 (O&M project)** – This project mitigated mobile  
4 application functionality impacted by the implementation of CSRП and enhanced the application to align  
5 with digital roadmap capabilities. This project further enabled features in the existing MySCE  
6 application, including bill payment, view bill, history, auto-pay and paperless billing, home, business,  
7 and streetlight outage, authentication and authorization, and customer dashboard.

8                   6. **C/4HANA Summary Facet** – C/4HANA is the cloud-based SAP customer  
9 relationship management solution implemented as part of CSRП to support front-office functions.  
10 This project created a custom summary screen (i.e., a Summary Facet) as the new default landing page  
11 for C/4HANA, which was necessary so that Energy Advisors could quickly load the streamlined  
12 information they need in the customer contact center. This new facet consolidated current data from  
13 various locations spread across C/4HANA and S/4HANA, which helps reduce the average handling time  
14 for our Energy Advisors.

15                   7. In 2023, additional enhancements will be implemented with similar volume as in  
16 2022. Additionally, multiple projects are planned to be completed in 2023, including to (1) correct an  
17 issue with billing CCA customers for service fees, (2) automate the streetlight inventory transfer process  
18 for accounts due to enrollment or dropping out of CCA/DA service, (3) enable the WIRETECH rate  
19 schedule for CCA/DA customers, (4) enhance the reporting warehouse with additional details to support  
20 operational reporting, (5) improve operational efficiency by correcting current inefficiencies with  
21 respect to Administrative Move In/Move Outs (MIMOs) and by eliminating exceptions processing, and  
22 (6) improve call center efficiencies by implementing improvements to Alerts and reducing clicks for  
23 Installment Plans. SCE anticipates implementing additional projects and technology enhancements in  
24 2024.

1           **2.       Customer Solutions Integration**

*Table IV-24  
Customer Solutions Integration - 2022 Recorded and 2023-2024 Forecasted  
Capital and O&M Expenses by Labor and Non-Labor  
(Nominal \$ Millions)*

<b>Line No</b>	<b>Cost Type/Cost Category</b>	<b>2022 Capital</b>	<b>2022 O&amp;M</b>	<b>2023 Capital</b>	<b>2023 O&amp;M</b>	<b>2024 Capital</b>	<b>2024 O&amp;M</b>
1	<b>Non-Labor</b>	\$ 1.52	\$ 3.46	\$ -	\$ 2.52	\$ -	\$ 1.97
2	<b>Labor</b>	\$ 2.21	\$ 2.34	\$ 2.42	\$ 2.50	\$ 1.72	\$ 2.14
3	<b>Total</b>	\$ 3.73	\$ 5.80	\$ 2.42	\$ 5.02	\$ 1.72	\$ 4.11

2           As shown in Table IV-24 above, SCE recorded a total of \$3.7 million in capital  
3 expenditures for customer solutions integration (CSI) in 2022, as well as \$5.8 million in O&M. In 2023,  
4 SCE forecasts \$2.4 million in capital expenditures and \$5.0 million in O&M, while in 2024, SCE  
5 forecasts \$1.7 million in capital expenditures and \$4.1 million in O&M for CSI.

6           As previously discussed in SCE’s Track 2 testimony in A.21-07-009, costs for the CSI  
7 function were not included in SCE’s 2021 GRC forecast as this function became operational in October  
8 2021 and was primarily staffed by SCE employees who had previously been part of the CSR project  
9 team (meaning that the labor costs associated with the CSI function were previously being funded by the  
10 CSRMA and not the 2021 GRC), as well as supplemental staffing resources from outside contractors.  
11 Thus, these costs are incremental to what SCE was authorized in the 2021 GRC.

12           The CSI function is performed by a team of approximately 40 specialized business and  
13 technical resources with requisite skills and knowledge related to the new CSR SAP IS-U (and related  
14 systems) and who work with SCE’s Customer Service and IT organizations to better leverage and  
15 optimize the new SAP and related systems. Creating this function allowed SCE to preserve and retain  
16 resources with necessary skills and knowledge to effectively manage future changes to the CSR  
17 systems. If SCE had not done this, then the utilization of the new systems and changes would be less  
18 efficient and more resource-intensive, potentially degrading benefits from the new systems. SCE relied  
19 on benchmarking and consultant feedback to determine the appropriate design and staffing level for this  
20 function, which is a necessary and best practice prior to completing SAP implementations.

21           In 2022, CSI supported the implementation and integration of the 6 projects and 48  
22 enhancements described above in the “Technology Enhancements” cost section by sharing the team’s  
23 primary business knowledge related to the front office, back office, and business-related release



1 management for the S/4HANA IS-U, SAP C4C Hybris, SAP IDP, iEnergy, OpenText solutions, and  
2 edge systems. As part of this support, CSI worked in collaboration with an IT operating model to  
3 effectively manage the integrated solutions. Specifically, CSI coordinated technical development and  
4 support with IT (consistent with the IT service model); fulfilled the commitments of the CSRP program  
5 to improve customer outcomes, gain operational efficiencies, and reduce operational risk; and acted  
6 across business units, stakeholders, and vendors to support the delivery of business-prioritized and  
7 mandated functionality in an efficient and timely manner. CSI will continue to support projects and  
8 enhancements in 2023 and 2024.

9 In addition to supporting the implementation and integration of the 6 projects and 48  
10 enhancements in 2022 as described above, CSI also established the self-service reporting center of  
11 excellence in 2022. This center of excellence was developed to empower operations with access to self-  
12 service reporting, as well as to create a network of subject matter experts to address current and future  
13 SAP reporting needs without the need to rely on CSI resources. To ensure SCE is able to catch up on  
14 historical releases of SAP IS-U and C4 products over the next few years, CSI developed a specialized  
15 software release plan with IT and SAP. In 2022, CSI also established a co-innovation process with SAP.  
16 Through this process, CSI will proactively maintain relationships with other utilities and vendors of  
17 CSRP-related applications, such as SAP, for continued alignment and co-innovation on technology  
18 roadmaps.

19 From 2023-2024, CSI will continue to work with IT and business units to address the  
20 remaining operational improvement requests through various system enhancements, technical solutions,  
21 process improvements, end user training, and co-innovation with the vendor. CSI will continue to  
22 execute knowledge transfer of subject matter expertise back to the business through 2024.

23 When the CSI function began, a capital versus O&M expense determination was initiated  
24 for CSI labor activities pursuant to SCE's standard practices. As part of that determination, the planned  
25 activities and responsibilities for the CSI team were mapped to different O&M and capital categories  
26 (e.g., deferred scope work (capital), solution analysis (capital if supporting design of deferred scope  
27 work), support & maintenance (O&M)). Based on this mapping, it was determined that a default  
28 accounting should be set up for employees with a title below principal manager such that 60 percent of  
29 their time was allocated to capital and 40 percent to O&M. The time for employees with the title  
30 principal manager and above was allocated 100 percent to O&M.

1           **3.     Staff Augmentation**

**Table IV-25**  
**Staff Augmentation - 2022 Recorded and 2023-24 Forecasted Capital and O&M**  
**Expenses by Labor and Non-Labor**  
*(Nominal \$ Millions)*

<b>Line No</b>	<b>Cost Type/Cost Category</b>	<b>2022 Capital</b>	<b>2022 O&amp;M</b>	<b>2023 Capital</b>	<b>2023 O&amp;M</b>	<b>2024 Capital</b>	<b>2024 O&amp;M</b>
1	<b>Non-Labor</b>	\$ -	\$ 5.95	\$ -	\$ 1.02	\$ -	\$ -
2	<b>Labor</b>	\$ -	\$ 4.61	\$ -	\$ 2.78	\$ -	\$ -
3	<b>Total</b>	\$ -	\$ 10.56	\$ -	\$ 3.80	\$ -	\$ -

2           As shown in Table IV-25 above, SCE recorded a total of \$10.6 million in O&M expenses  
3 in 2022 for staff augmentation.<sup>179</sup> SCE forecasts spending an additional \$3.8 million on staff  
4 augmentation in 2023. The recorded non-labor in 2022 was \$6.0 million, while the recorded labor was  
5 \$4.6 million.

6           As previously discussed in SCE’s Track 2 testimony in A.21-07-009, during the post-  
7 implementation period SCE was still experiencing longer than average handle times, increased volumes,  
8 and a much larger-than-normal billing backlog. Thus, SCE needed to retain the temporary staff  
9 augmentation resources during this post-implementation period to continue to mitigate the temporary  
10 performance impacts expected and experienced after the CSRP implementation in April 2021.  
11 SCE provided additional staff augmentation resources in the Customer Contact Center (CCC) and  
12 Billing organizations to ensure that core call center, billing, and payment functions could be performed  
13 while mitigating the impacts experienced from the implementation. SCE also required additional  
14 resources to work the billing backlog that accumulated during the Stabilize phase due to the increased  
15 volume of work and handle times. As discussed in the Track 2 testimony in A.21-07-009, the typical  
16 delayed billing backlog level prior to the April 2021 deployment was approximately 50,000. After  
17 deployment, delayed billing increased to a peak of approximately 178,000 by July 2021. This backlog  
18 increase was largely a result of the system down time necessary for cutover, as well as the various

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<sup>179</sup> This excludes approximately \$3.2 million in non-incremental staff augmentation costs for the CCC during this period.

1 system and process issues expected and encountered in the early stages after the April 2021 deployment.  
2 Thus, SCE allocated additional resources to address this elevated billing backlog.

3 While SCE previously estimated that full reduction of this billing backlog to the pre-  
4 CSRP level would occur in the third quarter of 2022, SCE has since needed to extend certain staff  
5 augmentation resources through 2023 due to complications presented by COVID-19 pandemic protocols  
6 and protections. As a result of those protocols and protections, the active collections process started later  
7 than originally anticipated, which delayed when SCE could test the execution of certain system  
8 processes under live conditions. Specifically, SCE did not re-start collections/disconnection notices until  
9 March 2022 for commercial customers and October 2022 for residential customers due to a COVID-19-  
10 related moratorium suspending disconnections that was in effect from March 2020 through September  
11 30, 2021, as well as the need to make significant system upgrades to our billing and collections  
12 processes in SAP after that moratorium ended in order to implement several new complex legislative  
13 and regulatory requirements, including the California Arrearage Payment Plan and changes to the  
14 automatic payment posting priority process. As a result, the necessary testing for the collections  
15 processes under live conditions for the new CSRP systems (and the finding of issues and defects needing  
16 fixing) was delayed until late in 2022, resulting in SCE needing to retain some staff augmentation  
17 through this testing and subsequent stabilization of the collections processes, which is currently  
18 estimated to be complete in 2023.

19 SCE has been continuing to use a combination of temporary SCE staff and vendor  
20 resources to meet its staff augmentation needs. SCE employees filled supervisory and quality assurance  
21 roles as well as roles that were too complex to source to outsource vendors because deeper expertise was  
22 required (such as billing escalations). For other staff augmentation needs, SCE used vendor resources  
23 from GC Services, Tata Consultancy Services, and Infosys, which were typically less expensive than  
24 onsite resources as the vendor resources were primarily nearshore or offshore. Vendor resource contracts  
25 were also structured such that only time spent working on transactions or training were incurred,  
26 avoiding costs for unproductive time such as vacations and sick leave.

27 To ensure incrementality, SCE compared the GRC-authorized and recorded O&M  
28 expenses for the CCC and Billing GRC activities for 2022. Although SCE overspent compared to  
29 authorized for the Billing activity in 2022, recorded costs for the traditional CCC activity were lower  
30 than authorized. Thus, SCE's 2022 cost recovery request excludes approximately \$3.2 million of non-

1 incremental staff augmentation costs for the CCC. SCE will do the same comparison for recorded 2023  
2 and 2024 staff augmentation costs.

3 **C. 2022-2024 Post-Implementation CSRP Benefits**

4 The primary benefits of the CSRP project were the reduction of catastrophic system failure risk,  
5 improvement of system reliability, and improvement of the customer experience. With the  
6 implementation of the new CSRP systems, SCE has achieved those benefits. The CSRP project has also  
7 generated benefits resulting in avoided cost savings and realized<sup>180</sup> cost savings. In both cases, these  
8 savings reflect costs that would have been incurred in the Customer Service System legacy environment,  
9 but, as the result of the CSRP project, were not actually incurred. Realized cost savings reflect costs that  
10 were authorized as part of GRC funding and collected from customers, while avoided cost savings  
11 reflect costs that were not authorized as part of GRC funding and, thus, never collected from customers.

12 Benefits were categorized into two general categories, Information Technology (IT) and  
13 Operations. The Operations category includes benefits in the Customer Service and Finance  
14 organizations, as well as benefits from software automations across all organizations. In 2022, the CSRP  
15 project generated \$36.8 million in cost savings due to license and maintenance cost savings, among  
16 other benefits. SCE has recorded the reimbursable portion of these cost savings that is not already  
17 captured in other balancing accounts, \$7.1 million, in the CSRPMA as an offset to the project's O&M  
18 costs.<sup>181</sup> In 2023 and 2024, SCE forecasts an additional \$176.3 million in cost savings due to SCE  
19 avoiding certain third-party Managed Service Provider (MSP) costs, other IT vendor costs, and some  
20 SCE staffing costs, among other benefits. SCE will similarly record the reimbursable portion of those  
21 costs savings, currently forecast to be \$25.0 million, in the CSRPMA to the extent those cost savings are  
22 not captured in other balancing accounts. Table IV-26 shows these benefits.

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<sup>180</sup> Realized labor benefits contain both the Operating Unit portion (salary) and Pension & Benefits.

<sup>181</sup> There were \$8.0 million of realized benefits in 2022. However, only \$7.1 million was recorded in the CSRPMA because some of those realized benefits are already captured in other balancing accounts as discussed in the testimony that follows.

**Table IV-26**  
**CSRP 2022-2024 Capital and O&M Benefits (2022 actuals and**  
**2023-2024 Forecasts)<sup>182</sup>**  
**(Nominal \$Millions)**

Line No.	Description	2022			2023			2024		
		Realized Cost Savings	Avoided Cost Savings	Total	Realized Cost Savings	Avoided Cost Savings	Total	Realized Cost Savings	Avoided Cost Savings	Total
1	Information Technology									
2	O&M	\$ 5.71	\$ 5.57	\$ 11.28	\$ 8.94	\$ 7.00	\$ 15.94	\$ 9.10	\$ 43.63	\$ 52.73
3	Capital	\$ -	\$ 6.39	\$ 6.39	\$ -	\$ 28.37	\$ 28.37	\$ -	\$ 43.56	\$ 43.56
4	Operations			\$ -			\$ -			\$ -
5	O&M	\$ 2.25	\$ 16.86	\$ 19.11	\$ 2.51	\$ 14.94	\$ 17.45	\$ 4.44	\$ 13.83	\$ 18.26
6	Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Total Benefits (IT & Operations)	\$ 7.96	\$ 28.82	\$ 36.78	\$ 11.46	\$ 50.30	\$ 61.76	\$ 13.54	\$ 101.02	\$ 114.55
8	O&M Total Benefits	\$ 7.96	\$ 22.43	\$ 30.39	\$ 11.46	\$ 21.94	\$ 33.39	\$ 13.54	\$ 57.46	\$ 71.00
9	Capital Total Benefits	\$ -	\$ 6.39	\$ 6.39	\$ -	\$ 28.37	\$ 28.37	\$ -	\$ 43.56	\$ 43.56

**1. Information Technology**

IT benefits comprised \$17.7 million of cost savings in 2022 (\$12.0 million of avoided cost savings and \$5.7 million of realized cost savings). SCE forecasts additional benefits of \$44.3 million and \$96.3 million in 2023 and 2024, respectively. Table IV-27 below shows the IT benefits.

<sup>182</sup> Line 8 includes \$629,277 in realized benefits for 2022, \$709,059 in forecast realized benefits in 2023, and \$1,448,509 in forecast realized benefits in 2024 for the CCC, CP&S and BCD that are already captured (2022) or will be captured (2023-2024) in various balancing accounts and thus will not be recorded to the CSRPM. Line 8 also includes an RSO benefit called delayed bills that begins in 2024, which has a revenue component due to timing of accounts receivables but is not recorded in the CSRPM.

**Table IV-27**  
**CSRP 2022-2024 IT Benefits (2022 Recorded and 2023-2024 Forecasts)**  
*(Nominal \$Millions)*

Year 2022				
Line No	Description	Realized Cost Savings	Avoided Cost Savings	Total
1	CDAS Refresh	-	-	\$0.00
2	License and Maintenance Cost Savings for Upgrade of Mainframe Operating System	\$4.77	\$0.91	\$5.69
3	Future C4C Implementation Avoidance	-	-	\$0.00
4	Mainframe Hardware	-	-	\$0.00
5	MSPs & Other Vendors	\$0.71	\$11.05	\$11.76
6	ONI Lenovo Maintenance	\$0.22	-	\$0.22
7	<b>Total</b>	<b>\$5.71</b>	<b>\$11.96</b>	<b>\$17.67</b>

Year 2023				
Line No	Description	Realized Cost Savings	Avoided Cost Savings	Total
1	CDAS Refresh	-	\$0.98	\$0.98
2	License and Maintenance Cost Savings for Upgrade of Mainframe Operating System	\$7.39	\$6.41	\$13.80
3	Future C4C Implementation Avoidance	-	-	\$0.00
4	Mainframe Hardware	-	\$16.36	\$16.36
5	MSPs & Other Vendors	\$1.33	\$11.61	\$12.94
6	ONI Lenovo Maintenance	\$0.22	-	\$0.22
7	<b>Total</b>	<b>\$8.94</b>	<b>\$35.37</b>	<b>\$44.31</b>

Year 2024				
Line No	Description	Realized Cost Savings	Avoided Cost Savings	Total
1	CDAS Refresh	-	-	\$0.00
2	License and Maintenance Cost Savings for Upgrade of Mainframe Operating System	\$7.52	\$1.87	\$9.39
3	Future C4C Implementation Avoidance	-	\$72.41	\$72.41
4	Mainframe Hardware	-	-	\$0.00
5	MSPs & Other Vendors	\$1.36	\$12.92	\$14.27
6	ONI Lenovo Maintenance	\$0.23	-	\$0.23
7	<b>Total</b>	<b>\$9.10</b>	<b>\$87.19</b>	<b>\$96.29</b>

1                    These IT cost savings consist of the following:

2                    **CDAS Refresh** – With the implementation of the CSRP project, SCE is able to  
3 decommission the Customer Data Acquisition System (CDAS).<sup>183</sup> As a result, SCE was able to avoid  
4 incurring CDAS refresh capital expenditures starting in 2017 and continuing forward based on the

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<sup>183</sup> CDAS collects 15 minutes interval meter read data for large commercial customers from various systems, validates data integrity, calculates usages/billing determinants, and delivers data for billing and load survey purposes.

1 recommended refresh timeline of every 4-6 years. The CDAS avoided capital expenditures benefit for  
2 2023 was calculated based on historical capital expenditures in 2011 of approximately \$800,000 for the  
3 most recent CDAS refresh, plus escalation. These are avoided cost savings because this capital  
4 expenditure was not included in SCE's 2021 authorized revenue requirement.

#### 5 **License & Maintenance Cost Savings for Upgrade of Mainframe Operating**

6 **System** – Absent the CSRP project, SCE would have performed a full upgrade of its Production (Cycle  
7 2) mainframe during its 2018 refresh due to a need for additional capacity. This would have led SCE to  
8 incur additional yearly maintenance costs (O&M) starting in 2018 and one-time license fees (capital) in  
9 2018. Additionally, the refresh timeline is every 5 years. Based on that, SCE would have incurred  
10 additional yearly maintenance costs (O&M cumulative) and one-time license fees (capital) in 2023,  
11 2028, and 2033. The O&M and capital expenses for the Cycle 2 mainframe operating system were not  
12 included in the 2021 GRC given SCE's expectation that they would not be needed due to CSRP.  
13 Therefore, these are avoided cost savings. Also included in this benefit is the elimination of the  
14 mainframe operating software and mainframe license costs. Once the CSS mainframe and associated  
15 applications as well as all other non-CSS applications are decommissioned, the mainframe operating  
16 software and license costs will be eliminated. Without CSRP, SCE would have had to continue paying  
17 for the license costs. The O&M expenses for these costs were included in the 2021 GRC, therefore these  
18 are realized cost savings.

19 **Future C4C Implementation** – By implementing the SAP Hybris/Cloud for Customer  
20 (C4C) cloud solution with Sales, Services, Marketing products as part of the CSRP implementation, a  
21 future implementation with similar functionality will not be required when SAP's support for the CRM  
22 on-premise solution is no longer supported. This benefit calculates the cost to implement a C4C cloud  
23 solution in the absence of CSRP, which includes system integrator costs, MSP/3rd party costs, staff  
24 augmentation, and hardware/software costs. These are avoided cost savings because this capital  
25 expenditure was not included in SCE's 2021 authorized revenue requirement.

26 **Mainframe Hardware** – This includes the costs associated with periodic mainframe  
27 hardware refresh—Cycle 1 (Disaster Recovery) and Cycle 2 (Production). Peripheral hardware and  
28 future capacity needs are avoided as a result of decommissioning the mainframe used largely for the  
29 CSS (replaced by CSRP). Decommissioning the mainframe occurred in 2022. These are avoided cost  
30 savings because this expenditure was not included in SCE's 2021 authorized revenue requirement.

1                   **MSPs & Other Vendors** – Due to CSRP and the associated planned decommissioning of  
2 the CSS mainframe, SCE avoided certain third-party MSP costs, other IT vendor costs, and some SCE  
3 staffing costs. Specifically, these costs over 2022-2024 consist of \$3.4 million in realized savings for the  
4 MSP infrastructure maintenance costs and \$35.6 million in avoided cost savings for third party  
5 assessments for replacing CSS with new technology, architecture, and project management staffing  
6 costs, future new project development and costs, and maintenance and refresh costs to sustain the legacy  
7 system. The MSP infrastructure maintenance costs were included in the 2021 GRC, and therefore this  
8 was categorized as realized savings. The other costs were not included in the 2021 GRC, and therefore  
9 they are avoided cost savings.

10                   **ONI Lenovo Maintenance** – The 2021 GRC decision authorized \$0.2 million for Test  
11 Year 2021 for ONI HANA Lenovo Maintenance Extension. SCE did not record any costs in 2021 as the  
12 hardware that hosts this CSS data had been migrated to the new CSRP/uPrefer system. Therefore, the  
13 ONI HANA Lenovo system was decommissioned to avoid additional hardware refresh and maintenance  
14 cost. Because this was authorized in the 2021 GRC, the 2022-2024 savings are classified as realized  
15 savings.

16                   **2.       Operational Benefits**

17                   Operational benefits comprised \$19.1 million of the cost savings in 2022 (\$16.9 million  
18 of avoided cost savings and \$2.3 million of realized cost savings). SCE forecasts additional savings of  
19 \$17.5 million and \$18.3 million in 2023 and 2024, respectively. Table IV-28 below shows the  
20 Operational benefits. These benefits are primarily associated with software automations but also include  
21 improved processes in the Customer Programs and Services, Finance, and RSO organizations.



**Table IV-28**  
**CSRP 2022-2024 Operational Benefits**  
**(2022 Recorded and 2023-2024 Forecasts)<sup>184</sup>**  
*(Nominal \$ Millions)*

Year 2022				
Line No	Description	Realized Cost Savings	Avoided Cost Savings	Total
1	Software Automations	-	\$15.53	\$15.53
2	CCC	\$0.91	-	\$0.91
3	CP&S	\$0.27	\$1.33	\$1.60
4	Finance	\$0.14	-	\$0.14
5	RSO	\$0.94	-	\$0.94
6	BCD	-	-	\$0.00
7	<b>Total</b>	<b>\$2.26</b>	<b>\$16.86</b>	<b>\$19.12</b>
Year 2023				
Line No	Description	Realized Cost Savings	Avoided Cost Savings	Total
1	Software Automations	-	\$13.52	\$13.52
2	CCC	\$0.92	-	\$0.92
3	CP&S	\$0.30	\$1.34	\$1.64
4	Finance	\$0.14	-	\$0.14
5	RSO	\$0.96	\$0.08	\$1.05
6	BCD	\$0.18	-	\$0.18
7	<b>Total</b>	<b>\$2.51</b>	<b>\$14.94</b>	<b>\$17.45</b>
Year 2024				
Line No	Description	Realized Cost Savings	Avoided Cost Savings	Total
1	Software Automations	-	\$12.37	\$12.37
2	CCC	\$1.06	-	\$1.06
3	CP&S	\$0.31	\$1.34	\$1.65
4	Finance	\$0.15	-	\$0.15
5	RSO	\$2.64	\$0.11	\$2.75
6	BCD	\$0.28	-	\$0.28
7	<b>Total</b>	<b>\$4.44</b>	<b>\$13.83</b>	<b>\$18.26</b>

1                   These Operational cost savings consist of the following:

2                   **Software Automations** – Software automations are programs which automate processes  
3 that would have otherwise required manual processing. They are typically used to replace manual labor

1 for repeatable processes that have significant volume. The CSRPA and business teams identified  
2 approximately 60 processes as part of the new integrated CSRPA systems to be automated, and these  
3 automations were implemented on various dates between April and December 2021. The automations  
4 performed tasks that would have otherwise been performed by manual labor (i.e., analysis and manual  
5 input keystrokes utilizing SAP IS-U, C/4HANA, and Edge systems). The costs for performing these  
6 processes were not included in SCE's 2021 GRC. In addition, without the software automations, SCE  
7 would have needed to hire additional Staff Augmentation and/or SCE labor resources to perform these  
8 tasks on an ongoing basis. As such, the benefits associated with the automations are avoided cost  
9 savings and carryover into years 2022-2024.

10 **Customer Contact Center (CCC) – Credit Call Deflection and Electronic-**  
11 **Correspondence** – There were two CCC benefits during this period. For Credit Call Deflection, credit  
12 processes within SAP will allow changes to credit policies which will result in calls being deflected.  
13 In SAP, the collection clock/path does not restart when an installment plan (payment arrangement) is  
14 issued for a customer. This new functionality will allow a change in the credit policy that will drive a  
15 first call resolution (FCR) and deflect unnecessary calls back to the call center.

16 For Electronic-Correspondence, the CSS legacy system only allowed CCC a limited  
17 selection of letters to send via email because of system limitations. The system also did not have the  
18 capability to offer back-and-forth email communication with customers, thus limiting the ability to  
19 communicate/send letters electronically. SAP and OpenText integration enabled the CCC to more  
20 efficiently send correspondence via email in large volume in place of paper-based correspondence for  
21 program services offered to the customer, such as CARE/FERA and CCA.

22 Both benefits are realized because the associated costs were authorized in the 2021 GRC.  
23 However, because the Electronic-Correspondence benefit (approximately \$1.0 million from 2022-2024)  
24 records to the CARE/FERA balancing account, that benefit will not be recorded to the CSRPA.<sup>185</sup>

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<sup>184</sup> Lines 2, 3, and 6 include \$629,277 in realized benefits for 2022, \$709,059 in forecast realized benefits in 2023, and \$1,448,509 in forecast realized benefits in 2024 for the CCC, CP&S, and BCD that are already captured (2022) or will be captured (2023-2024) in various balancing accounts and thus will not be recorded in the CSRPA. Line 5 also includes an RSO benefit called delayed bills that begins in 2024, which has a revenue component due to timing of accounts receivables but is not recorded in the CSRPA.

<sup>185</sup> Line 2 in Table IV-28 shows the total realized O&M benefits for CSRPA, which includes this \$1.0 million over 2022-2024 that will not be recorded in the CSRPA.

1 **Customer Programs & Services (CP&S) – Offline Tool (OLT) Replacement**

2 **Benefits** – There were two CP&S benefits during this period. First, CSRPA enhanced protections related  
3 to alerts and notifications. SCE sends texts, emails, and voice messages to customers to provide them  
4 with information related to their service and/or account. However, consumers can recover penalties from  
5 entities who send them unwanted texts or voice messages. The CSRPA program consolidated all customer  
6 contact information into a single database, which reduces the risk of a notification being sent in error  
7 and thus helps SCE avoid penalties. Over 2022-2024, SCE estimates that this avoided cost benefit  
8 totaled \$4.0 million. Second, as a result of the CSRPA project, SCE decommissioned demand side  
9 management online tools and replaced them with iEnergy, resulting in \$0.9 million of realized benefits  
10 over 2022-2024 from the cost reduction in vendor services supporting the prior online tools.  
11 Although this is a realized benefit, this \$0.9 million will not be recorded to the CSRPA because the  
12 costs for this specific activity are funded by the Procurement Energy Efficiency Balancing Account  
13 (PEEBA). Thus, this realized benefit is already captured in the PEEBA.<sup>186</sup>

14 **Finance** – SCE realized one benefit in the Finance organization related to the automation  
15 of journal entries. With the implementation of SAP IS-U and its suite of applications, entries in the  
16 General Ledger now flow directly from SAP instead of going through a manual entry process.  
17 This reduces the manual workload associated with the journal entry process and removes the need for  
18 manual reconciliation efforts for the General Ledger. This was recorded as a realized benefit because it  
19 reflects savings for a cost authorized in the 2021 GRC.

20 **Revenue Services Organization (RSO) – Seven CSRPA Benefits** – There were seven  
21 RSO benefits during this period.

- 22 • First is Billing Exception Management. A reduction in exception volume and average  
23 handling time is expected based on improved work management capabilities,  
24 improved system configuration, improved data quality, and based on benchmarking  
25 of similar utilities that have transitioned to the SAP Customer Relationship and  
26 Billing (CR&B) solution.
- 27 • Second is Delayed Bill Reductions. In CSS, the number of delayed bills and time to  
28 resolve bills was trending upward due to system performance issues and limitations.

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<sup>186</sup> Line 3 in Table IV-28 shows the total realized O&M benefits for CSRPA, which includes this \$0.9 million over 2022-2024 that will not be recorded in the CSRPA.

1 The implementation of SAP IS-U will reduce some system issues and limitations and  
2 improve billing performance.

- 3 • Third is Complex Rates. The management of complex rates were manual in the  
4 legacy system. With the implementation of the CSRP system, the associated manual  
5 effort with managing complex rates has been reduced by automation within the SAP  
6 CR&B system. This has resulted in increased productivity for the associated rates and  
7 will also allow for continuous updating of these rates as regulations and other  
8 requirements are changed. In addition, future complex rates will be able to be  
9 implemented more quickly and efficiently.
- 10 • Fourth is RSO Database Decommissioning. Many of the databases currently  
11 supporting RSO exception management will be decommissioned with the  
12 implementation of SAP CR&B. In the current system, RSO uses, supports, and  
13 maintains 56 databases to manage work delivery within their organization. With the  
14 implementation of SAP CR&B, part of the work delivery by RSO can be managed by  
15 the exception management tool, BDEx. As such, 28 databases will be  
16 decommissioned.
- 17 • Fifth is Remote Service Switch Small Commercial and Industrial (C&I).  
18 Before CSRP, RSO FTEs manually managed reconnects, turn-ons, and turn-offs,  
19 along with reporting and analysis to track order completions status and root cause  
20 analysis for the small C&I customer class. The new SAP system has automated the  
21 manual tasks and reporting around processing remote services switch for small C&I  
22 customers for service connection (move-in or reconnection of service after customer  
23 had their service disconnected) and service disconnection (move out or disconnect a  
24 customer due to credit or nonpayment).
- 25 • Sixth is RSO Direct Pay / ACH Account Storage. In CSS, a third-party bank handled  
26 the direct payment process and stored/handled all of the customer checking account  
27 information. Any updates or changes to the customer checking account information  
28 were made in their system. The bank was responsible for ensuring the customer  
29 checking account was debited 10 days from the date the file is sent (customer  
30 statement). With CSRP, customer checking account information is now stored within  
31 SAP (instead of with the bank's servers). This has reduced fees which the bank

1 previously charged to SCE for storing/handling payment). Customers now enroll  
2 directly with SCE and SCE stores/maintains all customer checking account  
3 information. SCE will generate an ACH file and send to the third-party vendor for the  
4 current account balance to debit the customer's bank account approximately 10 days  
5 after statement generation.

- 6 • Seventh is Future Program Avoided Cost. With the implementation of SAP IS-U and  
7 its suite of applications, new programs will require less staffing due to capabilities  
8 around rate automation.

9 The first six listed benefits associated with RSO are realized benefits, while the seventh  
10 benefit, Future Program Avoided Cost, is an avoided benefit. The realized benefits reflect savings for a  
11 cost authorized in the 2021 GRC, while the avoided cost savings reflect costs that were not authorized as  
12 part of GRC funding.<sup>187</sup>

13 **Business Customer Division (BCD) – Improved Preference Center** – Before CSR, P,  
14 customer preferences were maintained in multiple databases and there was no method for the customer  
15 to maintain preferences through self-service and apply preferences to all systems. Assigned customer  
16 contact/preference/relationships were all manually completed by BCD, which resulted in significant  
17 time spent supporting contact/preference maintenance. CSR, P, resulted in the following benefits:  
18 (1) single preference center for all contacts and customers, (2) improved self-service contact/preference  
19 maintenance through SCE.com, (3) automatic removal of bad contact information, and (4) automatic  
20 check for duplicates prior to creating new contacts/business partners. These are realized benefits starting  
21 in 2023 as they reflect savings for a cost authorized in the 2021 GRC. However, because 14 percent of  
22 the single preference center benefit (approximately \$0.068 million from 2023-2024) and 25 percent of  
23 the improved self-service contact/preference maintenance benefit (approximately \$0.026 million from  
24 2023-2024) record to the Procurement Energy Efficiency Balancing Account, these specific amounts  
25 will not be recorded to the CSR, P, MA.<sup>188</sup>

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<sup>187</sup> Note that Delayed Bill Reductions, which has a revenue component, is not recorded in the CSR, P, MA.

<sup>188</sup> Line 6 in Table IV-28 shows the total realized O&M benefits for CSR, P, which includes this \$0.095 million over 2023-2024 that will not be recorded in the CSR, P, MA.

1 **D. Cost Recovery and Proposal for Truing-Up Forecast 2023-2024 Costs and Benefits with**  
2 **Actuals**

3 Table IV-29 below shows the summary of recorded entries in the CSRPMMA for 2022.

4 The revenue requirement associated with these entries is \$25.5 million through December 31, 2022.

5 As shown in the table, this amount consists of incremental O&M expenses and realized CSRPM benefits,  
6 incremental CSRPM capital-related revenue requirement (i.e., depreciation, return on rate base, and taxes)  
7 associated with the capital expenditures placed in service in 2022, and associated interest.

**Table IV-29**  
**CSRPMA**  
**Summary of Recorded Entries**  
**January 2022 – December 2022 (Excluding FF&U)<sup>189</sup>**  
*(Nominal \$000)*

Line No.	Description	(\$000)
1	Beginning Balance	-
2	Capital Revenue Requirement (Jul 2018 - Apr 2022)	(21)
3	Adjusted Beginning Balance (Line 1 : Line 2)	(21)
Operation and Maintenance		
4	Labor	7,230
5	Non-Labor	15,655
6	Indirect Labor Costs	1,036
7	Total Operations and Maintenance (Line 4 + Line 6)	23,922
Capital-Related Revenue Requirement		
8	Depreciation	1,180
9	Income Taxes	(573)
10	Property Taxes	-
11	Rate of Return	660
12	Total Capital-Related Revenue Requirement (Line 8 : Line 11)	1,268
13	Benefits	(7,069)
14	(Over)/Under Collection (Line 7 + Line 12 + Line 13)	18,120
15	Interest	270
16	Ending Balance (Line 3 + Line 14 + Line 15)	18,369

1 During the update phase of this proceeding, SCE will update the record in this proceeding to  
2 reflect the most recent CSRPMA recorded activity. Upon a final Commission decision in this  
3 proceeding, SCE proposes to transfer the December 31, 2024 recorded CSRPMA balance associated

<sup>189</sup> The O&M total cost in Table IV-29 (line 7) of \$23.9 million does not match the total O&M cost in Table IV-22 because Table IV-22 does not contain indirect labor costs and because there was a \$0.2 million credit in 2022 that was adjusted in 2023 due to timing.

1 with the 2022-2024 post-implementation CSRP costs and benefits (i.e., the recorded CSRPMA balance  
2 excluding the revenue requirements associated with the costs approved in Tracks 1 and 2 in  
3 A.21-07-009) to the distribution subaccount of the Base Revenue Requirement Balancing Account  
4 (BRRBA-D) for recovery in distribution rates from all customers. Because SCE is not putting a forecast  
5 of these costs into rates, only the actual recorded costs as of December 31, 2024 will be recovered from  
6 customers. Any variances between the forecasted costs included herein and the final recorded costs will  
7 be explained in the advice letter implementing the final decision in this proceeding.<sup>190</sup>

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<sup>190</sup> Franchise Fees and Uncollectibles (FF&U) will be added to the recorded costs when recovered in rates from customers.



V.

**OTHER OPERATING REVENUES**

**A. Overview**

This chapter presents SCE’s Test Year 2025 forecast of Other Operating Revenues (OOR) for Customer Interactions (CI) activities. This chapter details the forecast OOR for activities primarily managed in SCE’s Customer Service organization. Service fees are charges to individual customers and third parties who receive services that cause SCE to incur additional operational expenses. These services are above the standard operational services provided by SCE. As such, SCE cannot fund these activities through general rates and must charge separately for these services. The revenue received for these services is accounted for as OOR. These services include service connection charges (fees) for establishing service and reconnecting service following disconnection for nonpayment of bills,<sup>191</sup> returned check charges to offset costs associated with processing checks that are returned from the bank due to insufficient funds, services associated with Direct Access (DA), Community Choice Aggregation (CCA), Demand Response Program (DRP), and other special services.

**1. Chapter Content and Organization**

Service fees charged to residential customers and their associated OOR are presented in Section V.B below. Service fees charged to non-residential customers and their associated OOR are presented in Section V.C below. Other OOR Fees (including returned check charges, Customer Information Service Request (CISR) fees, and associated OOR are presented in Section V.D. Community Choice Aggregator (CCA), Direct Access (DA), and Demand Response Program (DRP) fees and associated OOR are presented in Sections V.E, V.F, and V.G, respectively.

**2. Summary of OOR Forecast**

Table V-30 below presents CI’s recorded OOR from 2018-2022, forecast OOR from 2023-2025 based on current fees, and forecast OOR for 2025 based on proposed fees. The proposed fee updates are based on current costs to provide services. This forecast also incorporates SCE’s recommendations for new, modified, and eliminated fees. The Test Year OOR forecast of \$29.107 million is \$10.170 million more than what the 2025 OOR forecast would have been if based on SCE’s currently authorized OOR fees. This increase is due to a combination of both proposed changes to the overall OOR fee structure (including, the proposed addition of a Paper Bill fee and the elimination of

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<sup>191</sup> Pursuant to D.20-06-003, SCE eliminated reconnection fees for residential customers. SCE has continued to charge reconnection fees to non-residential customers.

1 residential and non-residential connection charges) and changes to individual fees and transaction  
 2 volumes. These changes are discussed in detail in the sections below.

**Table V-30**  
**Other Operating Revenue – Customer Interactions<sup>192</sup>**  
**Recorded 2018-2022 and Forecast 2023-2025**  
*(Nominal \$000)*

Line No.	Account Name	Recorded					Forecast			Proposed
		2018	2019	2020	2021	2022	2023	2024	2025	2025
1	Paper Bill Fee – Residential	n/a								\$7,553
2	Late Payment Charge – Residential	\$11,586	\$10,435	\$2,856	\$3,295	\$9,814	\$7,942	\$7,634	\$5,530	\$7,374
3	Connection Charge – Residential	5,807	5,612	4,054	2,906	3,443	3,690	3,714	3,738	-
4	Opt-Out CARE – Initial	2	2	2	0	0	0	0	0	0
5	Opt-Out NON-CARE – Initial	53	47	37	6	1	1	1	1	1
6	Opt-Out CARE – Monthly	30	32	36	29	14	14	14	14	14
7	Opt-Out NON-CARE – Monthly	193	188	198	138	102	102	102	102	264
8	Paper Bill Fee – Non-Residential	n/a								1,864
9	Late Payment Charge – Non-Residential	6,160	5,566	3,191	5,490	7,350	5,083	4,072	2,950	3,933
10	Connection Charge – Non-Residential	2,166	2,115	1,833	1,506	1,945	2,373	2,388	2,404	-
11	Returned Check Charge	1,600	1,560	1,213	1,002	1,209	1,180	1,187	1,195	1,195
12	Connection Charge – At Pole	22	24	14	2	2	31	31	31	31
13	Optimal Billing Period	0	0	0	-	-	-	8	8	8
14	Misc. Revenue – Recovery Unauthorized Use Non-Energy	146	104	86	65	62	121	121	121	121
15	Customer Information Service Request (CISR) Fees	-	-	-	-	-	25	101	101	318
16	Community Choice Aggregation	391	1,477	2,638	1,619	2,485	3,397	3,366	3,366	5,723
17	Direct Access Services	175	160	114	47	60	105	143	143	707
18	<b>TOTAL CS OOR</b>	<b>\$28,332</b>	<b>\$27,323</b>	<b>\$16,272</b>	<b>\$16,107</b>	<b>\$26,485</b>	<b>\$24,064</b>	<b>\$22,883</b>	<b>\$19,704</b>	<b>\$29,107</b>

3 **3. OOOR Forecast Methods**

4 To forecast the 2025 Test Year revenues associated with the proposed fees based OOR  
 5 activities, SCE:

<sup>192</sup> Errors were identified subsequent to the finalization of financial data. Therefore, the intended financial number that is stated here in testimony does not align with the financial numbers in standardized workpapers and the RO model. An errata will be submitted to align the financial numbers in testimony, standardized workpapers, and the RO model at a future date.

- 1 • identified the processes and activities associated with each existing or new service  
2 fee;
- 3 • identified the costs associated with each activity of the individual service fees,  
4 including updating the service fee cost studies, data analytics, wage rates, and labor  
5 loadings;
- 6 • reviewed the historical record of activity levels and actual revenue collected from  
7 these activities over the last five years (where applicable);
- 8 • determined the basis or method to estimate the transaction volumes in the Test Year;  
9 and
- 10 • calculated the resulting 2025 Test Year revenue forecast for each service fee.

11 Table V-31 provides SCE’s OOR Service Fee Summary, which shows the 2021 GRC  
12 authorized fees, 2025 cost study results, and 2025 proposed fees. Proposed fees greater than \$5.00 are  
13 rounded up or down to the nearest dollar amount. Proposed fees greater than or equal to \$1.00 but less  
14 than or equal to \$5.00 are rounded to the nearest ten cents. Proposed fees that are less than a dollar are  
15 not rounded.

**Table V-31**  
**Other Operating Revenue Service Fee Summary**  
**Currently Authorized and 2025 Proposed Fees**  
*(Nominal \$)*

Line No.	Service Fee	2021		2025	
		GRC Cost Study	Proposed	GRC Cost Study	Proposed
1	<b>Residential</b>				
2	Paper Bill Fee – Residential	N/A	N/A	\$0.62	\$0.61
3	Late Payment Charges – Residential	0.70%	0.70%	0.80%	0.80%
4	Connection Charge – Residential	\$5.35	\$5.00	\$5.57	(Eliminated)
5	Opt-Out CARE – Res-Initial (a)	\$39.88	\$10.00	\$60.00	\$10.00
6	Opt-Out NON – CARE-Res-Initial (a)	\$49.85	\$50.00	\$60.00	\$60.00
7	Opt-Out CARE – Res-Monthly (a)	\$18.41	\$5.00	\$26.23	\$5.00
8	Opt-Out NON – CARE-Res-Monthly (a)	\$23.02	\$10.00	\$26.23	\$26.00
9	<b>Non-Residential</b>				
10	Paper Bill Fee –Non-Residential	N/A	N/A	\$0.62	\$0.61
11	Late Payment Charges – Non-Residential	0.70%	0.70%	0.80%	0.80%
12	Connection Charge – Non-Residential	\$28.77	\$29.00	\$37.14	(Eliminated)
13	<b>Other Service Charges</b>				
14	Returned Check Charge	\$5.94	\$6.00	\$5.66	\$6.00
15	Connection Charge – at Pole	\$204.74	\$205.00	\$201.79	\$202.00
16	Optimal Billing Period	N/A	\$160.00	N/A	\$160.00
17	Misc. Revenue – Recovery Unauthorized Use Non-Energy	N/A	N/A	N/A	N/A
18	Standard Bundled CISR (14-796) Processing	\$2.13	\$2.10	\$9.46	\$9.00
19	Bundled CISR Usage Data - Opt 1-4, 8	\$5.38	\$5.00	\$19.13	\$19.00
20	Bundled CISR Usage Data - Opt 5	\$11.43	\$11.00	\$8.76	\$9.00
21	Bundled CISR Rate Analysis- Option 6	\$24.71	\$25.00	\$35.37	\$35.00
22	Bundled CISR Rate Change - Option 7	\$10.21	\$10.00	\$16.28	\$16.00
23	<b>Customer Information Service Request (CISR) Fees - See Section V.D.3</b>				
24	<b>Community Choice Aggregation Service Fees - See Section V.E</b>				
25	<b>Direct Access Service Fees - See Section V.F</b>				
26	<b>Demand Response Program Service Fees - See Section V.G</b>				

**B. Residential Service Charges and OOR Forecast**

SCE proposes to implement a Paper Bill Fee of \$0.61 per bill, increase the residential Late Payment Charge to 0.8 percent from 0.6 percent of the customer’s past due account balance, eliminate the Residential Connection fee, increase the Edison SmartConnect Opt-Out initial set-up fee to \$60 from \$50 for non-CARE customers, and increase the Edison SmartConnect Opt-Out monthly fee to \$26 from \$10 for non-CARE customers. The reasons for these proposals and forecast revenue for each fee is discussed below.

1           **1. Residential Paper Bill Fee**

2           In 2022, SCE sent approximately 29.3 million paper billing statements to residential and  
3 commercial customers who have not already opted to receive an electronic bill. SCE’s paper bill formats  
4 vary in size and weight; however, the majority (99 percent) of paper billing statements sent to customers  
5 consist of a standard #10 shipping envelope containing the billing statement printed on SCE’s standard  
6 bill paper stock, along with a remittance envelope. Other bill formats provided to customers include  
7 those sent to summary billed customers and some commercial customers, which in some cases require  
8 larger packaging and additional postage. In 2022, SCE incurred approximately \$18 million in total costs  
9 associated with providing paper billing statements.<sup>193</sup> On average, the cost for SCE to provide a standard  
10 paper billing statement is \$0.61 per bill.<sup>194</sup>

11           Currently, these costs are included in SCE’s overall O&M forecast and spread to all  
12 customers through distribution rates, regardless of their chosen bill delivery method. Customers who  
13 have opted to receive an electronic billing (E-Billing) statement, are also paying for the cost to receive a  
14 paper bill even though they do not receive one. The proposed Paper Bill Fee will direct the costs  
15 associated with the delivery of a paper billing statement to only the customers who continue to receive  
16 paper bills. In addition, the proposed paper bill fee will not otherwise alter SCE’s existing electronic  
17 billing practices and does not contravene Cal. Pub. Util. Code § 779.1(a).<sup>195</sup> Under the proposal, SCE  
18 would continue its current CPUC-approved practice of electronically billing customers who are enrolled  
19 in E-Billing, in lieu of mailing them paper bills. For customers not enrolled in E-Billing, SCE would  
20 continue to mail them paper bills, postage prepaid. SCE’s proposal impacts only the method of  
21 recovering paper bill costs. The fee will appear as a separate line-item charge on all paper billing  
22 statements, and not be applicable for other fees or taxes.

23           At the end of 2022, approximately half of SCE’s customers opted to receive E-Billing  
24 statements. Despite customer marketing and E-Billing default efforts, SCE has observed a plateau in

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<sup>193</sup> These costs include applicable postage rates, the cost of the standard bill paper stock, outbound envelopes, remittance envelopes, toner for printers, and labor associated with the operation of the equipment required to produce and prepare paper billing statements for USPS delivery.

<sup>194</sup> Refer to WP SCE-03, Vol. 01, p. 94, Paper Bill Fee – Residential & Non-Residential, for details supporting the \$0.61 per bill cost.

<sup>195</sup> Cal. Pub. Util. Code § 779.1(a) provides, in part, that utilities “shall allow every residential customer at least 19 days from the date of mailing its bill for services, postage prepaid, for payment of the charges demanded.”

1 adoption rates.<sup>196</sup> A Paper Bill Fee may encourage increased e-billing adoption (a low-cost bill delivery  
2 method), which would result in lower overall ratepayer costs in the future. As postage and materials  
3 costs continue to increase, a Paper Bill Fee will prevent these cost pressures from being incongruously  
4 incurred by customers who have opted for E-Billing.<sup>197</sup>

5           The Paper Bill Fee and forecast revenue for the Test Year 2025 are based on forecast  
6 2025 paper bill volumes, weighted average postage rates for standard bill delivery formats, associated  
7 materials and labor, and IT system costs to implement the system logic required to present the fee on a  
8 customer's bill. SCE is excluding the total costs of other bill formats into the fee calculation due to the  
9 overall low volume and incremental cost (approximately 1 percent of overall paper bill volume and  
10 approximately 4 percent of overall cost), and due to the significant increase in IT system complexity and  
11 potential costs to implement a separate fee structure and bill presentment for those non-standard bill  
12 formats. The exclusion of SCE's CARE/FERA population from the Paper Bill Fee reduces the overall  
13 applicable paper bill mailed volume by approximately 28 percent. These exclusions bring the total  
14 applicable forecast mailed volume of paper billing statements to approximately 15.4 million in the Test  
15 Year 2025.

16           SCE proposes a \$0.61 per billing statement fee for both Residential and Non-Residential  
17 customers (excluding CARE/FERA customers), resulting in a Test Year revenue forecast of \$7.553  
18 million for the Residential Paper Bill Fee as shown in Table V-32.

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<sup>196</sup> SCE observed an increase in E-Bills sent of approximately 60 percent from 2014 to 2022 and anticipates only a 13 percent increase in E-Bill volume through 2025.

<sup>197</sup> Weighted average postage rates increased by 17 percent and materials costs (paper stock and outbound envelopes) increased by 30 percent from 2018 to 2022.

**Table V-32**  
**Residential Paper Bill Fee and OOR<sup>198</sup>**

Line No.	Description	Amount
1	2023 Number of Paper Bill Customers (excluding CARE/FERA)	1,293,914
2	2023 Billing Statements	14,233,054
3	Test Year Billing Statements (incl. 13% reduction due to e-billing adoption)	12,382,757
4	Paper Bill Cost (\$ per piece)	\$ 0.61
5	<b>Test Year Forecast Revenue</b> (\$000 nominal; Line 3 x Line 4)	<b>\$ 7,553</b>

**2. Residential Late Payment Charge (LPC)**

The LPC applies to non-CARE residential customers who fail to pay their bill within 20 days of receipt. In D.04-07-022, the Commission authorized SCE to assess this fee to residential customers except for customers participating in the CARE program. SCE sets the rate of the fee based on its currently authorized cost of capital. Consistent with this approach, SCE proposes to increase the LPC to 0.8 percent per month (from the current authorized rate of 0.6 percent per month) based upon SCE’s current cost of capital of 7.44 percent, approved in D.22-12-031, adjusted for taxes.<sup>199</sup>

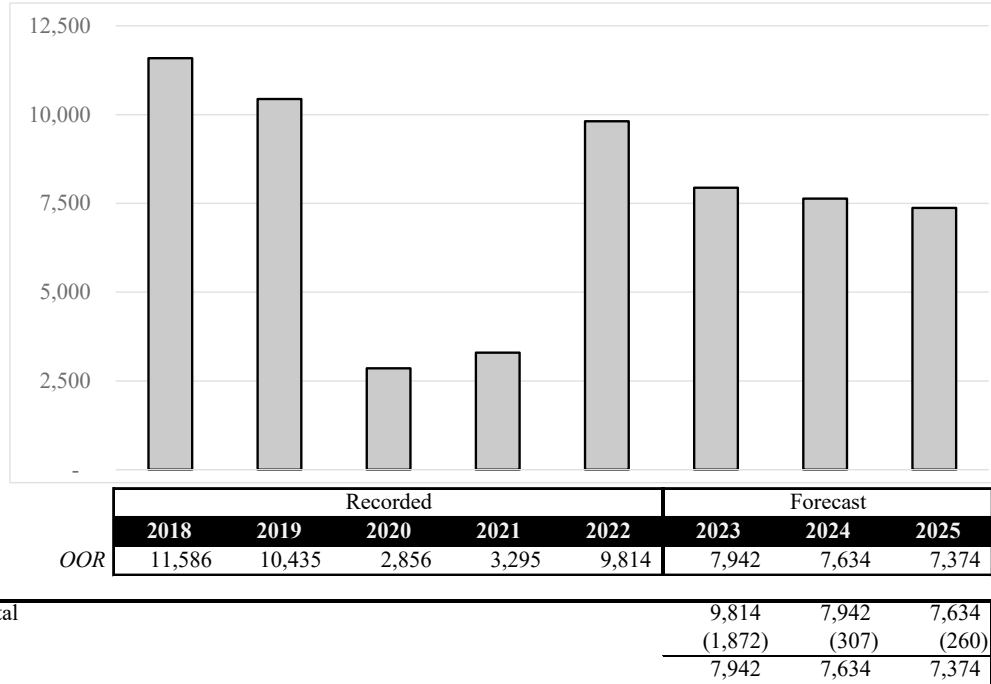
Figure V-26 provides SCE’s Residential LPC annual revenue recorded from 2018 through 2022 and the forecast from 2023 through 2025. As shown in Figure V-26, LPC revenue in 2020 and 2021 was significantly lower than historical levels because SCE temporarily waived all LPCs from March 14, 2019 to September 2021, due to the Commission’s Order directing the implementation of

<sup>198</sup> Refer to WP SCE-03, Vol. 01, pp. 90-93, Residential Paper Bill Fee. In addition, an error was identified subsequent to the finalization of financial data. Therefore, the intended financial number that is stated here in testimony does not align with the financial numbers in standardized workpapers and the RO model. An errata will be submitted to align the financial numbers in testimony, standardized workpapers, and the RO model at a future date.

<sup>199</sup> D.22-12-031, OP 2; refer to WP SCE-03, Vol. 01, p. 100, Late Payment Charge – Residential & Non-Residential – Cost of Capital.

1 emergency customer protections during the COVID-19 pandemic<sup>200</sup> and a delay in the re-  
 2 implementation of LCP during the CSRP program.<sup>201</sup>

**Figure V-26**  
**Residential Late Payment Charge Revenue Forecast**  
**2018-2022 Recorded and 2023-2025 Forecast**  
 (Nominal \$000)



Notes:

1. LPC rates in effect: 2018 - July 2019: 0.8 percent, August 2019-2020: 0.7%; 2021-2024: 0.6%; and 2025: 0.8%.
2. 2025 forecast at proposed fee.

3 Table V-33 below provides the calculation of the Residential LPC revenues forecast for  
 4 2023-2025. SCE based this forecast on its expectation that its accounts receivable balance will decline  
 5 from the historically high 2022 levels (approximately \$1.17 billion) to a level of approximately \$650  
 6 million in 2025 as SCE recommences credit disconnections. This level of receivables, still significantly  
 7 higher than pre-pandemic levels, reflects SCE’s estimate of the implementation of D.20-06-003 which  
 8 mandated a four percent cap on residential disconnections.

<sup>200</sup> See the letter from the Commission’s Executive Director dated March 19, 2019 (subject: “Emergency Customer Protections to Support Customers Affected by the COVID-19 State of Emergency”) and D.19-07-015, OP 1 and p. 3.

<sup>201</sup> SCE delayed the re-implementation of LPC during the CSRP program. SCE implemented LPC for all customers in September 2021 and for Medium and Large non-residential customers in September 2020.



**Table V-33**  
**Residential LPC OOR Forecast Calculation<sup>202</sup>**  
**2022-2025**  
*(Nominal \$000)*

Line No.	Description	2022	2023 [1]	2024	2025	2025
		Recorded	Forecast			Proposed
1	Accounts Receivable Forecast Subject to LPC	\$ 1,170,854	\$ 1,112,114	\$ 890,905	\$ 645,383	\$ 645,383
2	Accounts Receivable (excluding CARE)		\$ 811,843	\$ 650,361	\$ 471,130	\$ 471,130
3	LPC Rate		0.60%	0.60%	0.60%	0.80%
4	Total LPC Revenue (Line 2 x Line 3 x 3 late payments per year)		\$ 14,613	\$ 11,706	\$ 8,480	\$ 11,307
5	Residential Ratio		65%	65%	65%	65%
6	<b>Residential LPC Revenue (Line 4 x Line 5)</b>	<b>\$ 9,814</b>	<b>\$ 7,942</b>	<b>\$ 7,634</b>	<b>\$ 5,530</b>	<b>\$ 7,374</b>

Note: 1. The 2023 forecast is reduced to reflect CAPP payments.

### 3. Residential Connection Charge

Currently, the Residential Connection Charge is charged to residential customers that require a service connection to establish new service or transfer existing service.<sup>203</sup> Since the deployment of ESC meters, SCE has been able to utilize its Remote Service Switch (RSS) to complete residential connections for over 96.4 percent of connections; the remaining 3.6 percent of meter turn-ons are performed manually through a field visit. In this GRC, SCE proposes to eliminate the Residential Connection Charge due to the high utilization rate of the RSS switch. For this reason, routine residential connections can now be considered part of the standard service at no additional cost.<sup>204, 205</sup>

<sup>202</sup> Refer to WP SCE-03, Vol. 01, p. 96-99, Late Payment Charge – Residential, and p. 101, Late Payment Charge Revenue Forecast.

<sup>203</sup> In prior rate cases, the residential connection charge was applied the reconnection of residential customers disconnected for nonpayment. In the Residential Disconnect OIR proceeding, the Commission eliminated fees for reconnecting customers. D.20-06-003, OP 16.

<sup>204</sup> Refer to WP SCE-03, Vol. 01, p. 103-107, Connection Charge - Residential.

<sup>205</sup> SCE is proposing to retain the At-Pole Service Connection Charge.

1           **4.     ESC Opt-Out Program Fee**

2           In 2012, the CPUC required SCE to modify its ESC program to provide an opt-out option  
3 and establish interim fees for this option.<sup>206</sup> Subsequently, in D.14-12-078, the CPUC authorized SCE to  
4 continue charging the opt-out fees, but only for the first three years after a customer opts out of the ESC  
5 program.<sup>207</sup> The Commission also acknowledged the need to re-assess fees in future GRCs.<sup>208</sup> In this  
6 GRC, SCE performed a study assessing the initial and ongoing monthly costs for opting out and  
7 proposes to update the initial fee for non-CARE customers as shown in Table V-34.

***Table V-34  
ESC Opt-Out Program  
Service Fee Summary  
2021 GRC and 2025 GRC***

Line No.	FERC Account Name	2021		2025	
		GRC Cost Study	Authorized	GRC Cost Study	Proposed
1	Opt-Out CARE – Res-Initial	\$39.88	\$10.00	\$60.00	\$10.00
2	Opt-Out NON – CARE-Res-Initial	\$49.85	\$50.00	\$60.00	\$60.00
3	Opt-Out CARE – Res-Monthly	\$18.41	\$5.00	\$26.23	\$5.00
4	Opt-Out NON – CARE-Res-Monthly	\$23.02	\$10.00	\$26.23	\$26.00

8           The results of the 2025 GRC ESC Opt-Out Program cost study are shown below in  
9 Table V-35. The proposed cost associated with the initial fee, based upon the current cost to procure and  
10 set a manual meter increased from \$49.85 (as determined by 2021 GRC cost study) to \$60.00, primarily  
11 driven by increases in the initial processing times. The total monthly costs increased to \$26.23, driven  
12 primarily by higher labor expense associated with the analog meter read. Consequently, SCE proposes  
13 updating the non-CARE customer fees to \$60 for the Initial Opt-Out fee and \$26 for the monthly Opt-  
14 Out fee (rounded down from \$26.23). As noted in Table V-34, SCE proposes no changes to the Opt-Out  
15 fees for CARE customers.

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<sup>206</sup> D.12-04-018 adopted an initial fee of \$75.00 and a monthly charge of \$10.00 per month for Non-CARE customers and an initial fee of \$10.00 and a monthly charge of \$5.00 per month for CARE customers.

<sup>207</sup> D.14-12-078, p. 40 and OP 9.

<sup>208</sup> D.14-12-078, pp. 3-4.

**Table V-35**  
**ESC Initial Meter Installation and Monthly Billing Cost Study**  
**Based on 2022 Recorded Costs and Volumes**

Line No.	Activity Description	Cost
1	<b>Initial Opt-Out Fee</b>	
2	Initial meter swap to analog meter - basic	\$ 37.68
3	Initial Account Processing Time for ESC to Analog Meter	\$ 11.54
4	Initial Account Processing Time for Analog to ESC Meter	\$ 10.79
5	Total Initial Opt-Out Cost	\$ 60.00
6	<b>Proposed Initial Opt-Out Fee per Non-CARE Customer (Rounded)</b>	<b>\$ 60.00</b>
7	<b>Proposed Initial Opt-Out Fee per CARE Customer (Rounded)</b>	<b>\$ 10.00</b>
8	<b>Monthly Opt-Out Fee</b>	
10	Analog Meter Read	\$ 18.84
13	Service Turn Offs - Basic	\$ 0.27
14	Service Turn Offs - Complex	\$ 0.02
15	Meter Shop Testing	\$ 0.32
16	Work Scheduling	\$ 0.06
17	On-Going/Routine Billing / Usage Exception Processing for ESC to Analog Meter	\$ 0.02
18	Write-Off Degradation	\$ 0.10
19	Total O&M Expense	\$ 19.63
20	Capital Revenue Requirement (including F&U)	\$ 6.60
21	Total Monthly Opt-Out Costs	\$ 26.23
22	<b>Proposed Monthly Fee per Non-CARE Customer (Rounded)</b>	<b>\$ 26.00</b>
23	<b>Proposed Monthly Fee per CARE Customer (Rounded)</b>	<b>\$ 5.00</b>

1                   Table V-36 below provides the recorded volumes for the initial fee and monthly fee and  
2 the annual revenues from 2017 through 2022 for the ESC Opt-Out Program fees. The initial Opt-Out fee  
3 volume forecast for years 2023-2025 is based on 2022 initial opt outs and monthly volume figures  
4 which, when combined with the proposed fees for the Test Year, results in an increase to revenues from  
5 \$117,000 in 2022 to \$279,000 in 2025.

**Table V-36**  
**Opt Out Program Fee**  
**Opt-Out Volume and Revenue**  
**2018-2022 Recorded and 2023-2025 Forecast<sup>209</sup>**  
*(Nominal \$000)*

Line No.	Description	Forecast								
		2018	2019	2020	2021	2022	2023	2024	2025	2025
								Current Fees		Proposed Fees
1	<b>Initial Fee – Annual Volume</b>									
2	Total	1,260	1,125	904	153	33	33	33	33	33
3	CARE (25%)	200	175	158	27	8	8	8	8	8
4	Non-CARE (75%)	1,060	950	746	126	25	25	25	25	25
5	<b>Monthly Fee – Annual Volume</b>									
6	Total	25,300	25,116	27,012	19,711	12,929	12,929	12,929	12,929	12,929
7	CARE (25%)	6,000	6,344	7,224	5,894	2,779	2,779	2,779	2,779	2,779
8	Non-CARE (75%)	19,300	18,772	19,788	13,817	10,150	10,150	10,150	10,150	10,150
9	<b>Revenue (\$000s)</b>									
10	Initial Fee – CARE	\$ 2	\$ 2	\$ 2	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
11	Initial Fee – Non-CARE	\$ 53	\$ 47	\$ 37	\$ 6	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
12	Monthly Fee – CARE	\$ 30	\$ 32	\$ 36	\$ 29	\$ 14	\$ 14	\$ 14	\$ 14	\$ 14
13	Monthly Fee – Non-	\$ 193	\$ 188	\$ 198	\$ 138	\$ 102	\$ 102	\$ 102	\$ 102	\$ 264
14	<b>Total (\$000s)</b>	<b>\$278</b>	<b>\$269</b>	<b>\$273</b>	<b>\$174</b>	<b>\$117</b>	<b>\$117</b>	<b>\$117</b>	<b>\$117</b>	<b>\$ 279</b>

**C. Non-Residential Service Charges and OOR Forecast**

For non-residential customers, SCE proposes to implement a Paper Bill fee (similar to that proposed for residential customers in Section V.B.1), increase the non-residential Late Payment Charge to 0.8 percent from 0.6 percent of the customer’s past due account balance, and eliminate the non-residential Connection fee (similar to that proposed for residential customers in Section V.B.3). The reasons for each of these proposals and forecast revenue for each fee is discussed below.

**1. Non-Residential Paper Bill Fee**

Currently, the costs associated with sending a paper billing statement are included in SCE’s overall O&M forecast and spread to all customers through distribution rates, regardless of their chosen bill delivery method. Non-residential customers who have opted to receive an E-Billing statement, are also paying for the cost to receive a paper bill even though they do not receive one. The proposed Non-Residential Paper Bill Fee will direct the costs associated with the delivery of a paper billing statement to only the Non-Residential customers who continue to receive paper bills. For these

<sup>209</sup> Refer to WP SCE-03, Vol. 01, pp. 109-114, SmartConnect Opt Out. An error was identified subsequent to the finalization of financial data. Therefore, the intended financial number that is stated here in testimony does not align with the financial numbers in standardized workpapers and the RO model. An errata will be submitted to align the financial numbers in testimony, standardized workpapers, and the RO model at a future date.

1 reasons and others cited in Section V.B.1, SCE proposes a \$0.61 per paper billing statement<sup>210</sup> fee for  
 2 both Residential and Non-Residential customers, resulting in forecast revenue for the Non-Residential  
 3 portion of the Test Year 2025 forecast of \$1.864 million as shown in Table V-37 below.

**Table V-37**  
***Non-Residential Paper Bill Fee and OOR***<sup>211</sup>

Line No.	Description	Amount
1	2023 Number of Paper Bill Customers	319,322
2	2023 Billing Statements	3,512,542
3	Test Year Billing Statements (incl. 13% reduction due to e-billing adoption)	3,055,912
4	Paper Bill Cost (per piece)	\$ 0.61
5	<b>Test Year Forecast Revenue (\$000 nominal)</b>	<b>\$ 1,864</b>

4 **2. Non-Residential Late Payment Charge (LPC)**

5 The non-residential LPC applies to non-residential customers who fail to pay their bill  
 6 within 19 days of receipt. In D.04-07-022, the Commission authorized SCE to assess this fee to non-  
 7 residential customers. SCE sets the rate of the fee based on its currently authorized cost of capital.  
 8 Consistent with this approach, SCE proposes to increase the LPC to 0.8 percent per month (from the  
 9 current authorized rate of 0.6 percent per month) based on the current annual cost-of-capital of 7.44  
 10 percent approved in D.22-12-031, adjusted for taxes.<sup>212</sup>

11 Figure V-27 provides SCE’s non-residential LPC annual revenue recorded from 2018  
 12 through 2022 and the forecast for 2023 through 2025. As shown in Figure V-27, non-residential LPC  
 13 revenue in 2020 and 2021 was significantly lower than historical levels due to the COVID-19 consumer  
 14 protections adopted by the CPUC in March 2020, which established a temporary moratorium on late

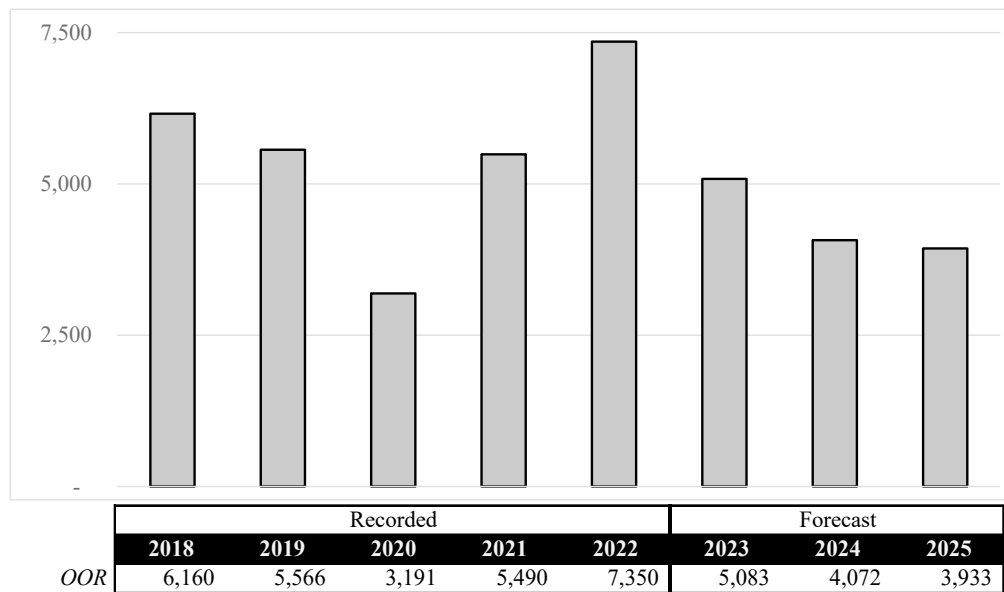
<sup>210</sup> Refer to WP SCE-03, Vol. 01, p. 94, Paper Bill Fee (Residential and Non-Residential), for details supporting the \$0.61 per bill cost.

<sup>211</sup> Refer to WP SCE-03, Vol. 01, pp. 116-119, Non-Residential Paper Bill Fee. In addition, an error was identified subsequent to the finalization of financial data. Therefore, the intended financial number that is stated here in testimony does not align with the financial numbers in standardized workpapers and the RO model. An errata will be submitted to align the financial numbers in testimony, standardized workpapers, and the RO model at a future date.

<sup>212</sup> D.22-12-031, OP 2; refer to WP SCE-03, Vol. 01, p. 100, Late Payment Charge – Residential & Non-Residential – Cost of Capital.

1 payment charges. This moratorium was in effect for residential and small non-residential customers  
 2 from March 2020 through September 2021. In conjunction with this directive, SCE voluntarily extended  
 3 the suspension of LPC to medium and large non-residential customers as well. SCE continued to not  
 4 charge the non-residential LPC until September 2020 for medium and large non-residential customer  
 5 and September 2021 for the remainder of non-residential customers due to the deployment and  
 6 stabilization phases of the CSRP project implementing SCE’s new billing system.<sup>213</sup>

**Figure V-27**  
**Non-Residential Late Payment Charge Revenue Forecast**  
**2018-2022 Recorded and 2023-2025 Forecast**  
 (Nominal \$000)



Prior Year Total					7,350	5,083	4,072
Change					(2,267)	(1,011)	(139)
Total					5,083	4,072	3,933

Notes:

1. LPC rates in effect: 2018 - July 2019: 0.8 percent, August 2019-2020: 0.7%; 2021-2024: 0.6%; and 2025: 0.8%.
2. 2025 forecast at proposed fee.

7 Table V-38 below provides the calculation of the non-residential LPC revenues forecast  
 8 for 2023-2025. As SCE recommences credit disconnections, the accounts receivable forecast is

<sup>213</sup> The stabilization phase of the CSRP project ended in September 2021. For medium and large non-residential customers, SCE manually billed the LPC from September 2020 to September 2021.

1 projected to decline from the historically high 2022 levels (approximately \$1.17 billion) to a level of  
 2 approximately \$650 million in 2025.

**Table V-38**  
**Non-Residential LPC OOR Forecast Calculation<sup>214</sup>**  
**2022-2025**  
*(Nominal \$000)*

Line No.	Description	2022	2023	2024	2025	2025
		Recorded	Forecast			Proposed
1	Accounts Receivable Forecast	\$ 1,170,854	\$ 1,112,114	\$ 890,905	\$ 645,383	\$ 645,383
2	Accounts Receivable (excluding CARE)		\$ 811,843	\$ 650,361	\$ 471,130	\$ 471,130
3	LPC Rate		0.60%	0.60%	0.60%	0.80%
4	Total LPC Revenue (Line 2 x Line 3 x 3 late payments per year)		\$ 14,613	\$ 11,706	\$ 8,480	\$ 11,307
5	Non-Residential Ratio		35%	35%	35%	35%
6	<b>Non-Residential LPC Revenue (Line 4 x Line 5)</b>	<b>\$ 7,350</b>	<b>\$ 5,083</b>	<b>\$ 4,072</b>	<b>\$ 2,950</b>	<b>\$ 3,933</b>

3 **3. Non-Residential Connection Charge**

4 Currently, non-residential customers incur a service connection charge for establishment  
 5 of new service, transfer of existing service, or reconnection of service previously disconnected for bill  
 6 non-payment. Consistent with the proposal for residential customers (see Section V.B.1 above), SCE  
 7 proposes to eliminate the service connection charge for non-residential customers for the same reason;  
 8 namely, the reduction in cost enabled by the use of RSS for Edison SmartConnect meters allows for  
 9 inclusion as part of the standard service provided to customers.<sup>215</sup>

10 **D. Other Service Charges and OOR Forecast**

11 SCE proposes to maintain the Returned Check Charge at \$6 and reduce the At-Pole Service  
 12 Connection Charge to \$202 (from the currently approved \$205). The basis for SCE’s proposals and the  
 13 forecast revenue for each fee, are discussed below.

<sup>214</sup> Refer to WP SCE-03, Vol. 01, pp. 121-124, Late Payment Charge – Non-Residential.

<sup>215</sup> Refer to WP SCE-03, Vol. 01, pp. 126-130, Non-Residential Connection Charge.

1           **1.     Returned Check Charge**

2           The Returned Check Charge applies when a customer’s check is returned to SCE by the  
3 bank for insufficient funds. The proposed service fee is based on a cost study that determined the cost  
4 per transaction of returned checks. The cost study examined each function performed at its applicable  
5 loaded-labor rate and then multiplied this rate by the estimated time required to complete the activities  
6 associated with processing a returned check. The result was a cost of \$5.66 for each returned check,  
7 which consists of labor costs of \$2.31 and non-labor costs of \$3.25 for bank fees, Authorized Payment  
8 Agencies (APA) charges, IVR costs and other third-party costs. As such, SCE proposes a Returned  
9 Check Charge of \$6 rounding the costs up to the nearest dollar as described in the OOR Forecast  
10 Methods (Section V.A.3). Table V-39 presents a summary of this cost study for the Returned Check  
11 Charge.

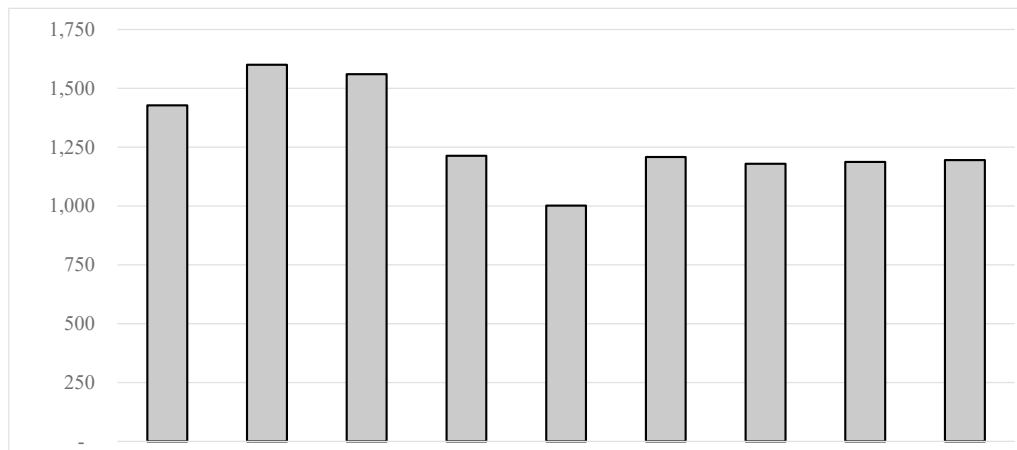
***Table V-39  
Returned Check Charge Cost Study  
(Nominal \$)***

Line No.	Description	Occurrence	Average Per Transaction		
			Minutes	Cost Per Minute or Occurrence	Cost
1	Average Bank Charges				\$1.47
2	Credit Administration (Research and check for payment process for collection)	2.5%	0.77	\$1.36	\$0.03
3	In Person Payments				
4	APA (Receive and process payments)	100.0%	NA	\$0.70	\$0.70
5	Accounts Receivable (Research and post debit to the customer account)	2.2%	2.00	\$0.89	\$0.04
6	Customer Contact Center (Specialist inquiries and extensions)	13.4%	13.50	\$1.24	\$2.24
7	Third Party Payments	18.0%	13.50	\$0.37	\$0.90
8	IVR Payments	68.6%	NA	\$0.41	\$0.28
9	Return Check Total Calculated (Sum of Lines 1, 2, 4, 5, 6, 7, and 8)				\$5.66
10	Proposed Return Check Total (Rounded)				\$ 6.00



1 Figure V-28 provides the Returned Check Charge recorded revenue for 2018-2022 and  
 2 the revenue forecast for 2023-2025. The decreases in revenues during 2020 and 2021 were attributed in  
 3 large part to due to the disaster relief and disconnection policies implemented during the COVID-19  
 4 pandemic which resulted in fewer payments received overall. The forecast revenues assume that future  
 5 volumes would return to levels equal to the average of the volumes observed from 2017 to 2019, less 10  
 6 percent due to process improvements implemented by SCE to reduce returned checks.

**Figure V-28**  
**Returned Check Charge Revenue<sup>216</sup>**  
 (Nominal \$000)



	Recorded						Forecast		
	2017	2018	2019	2020	2021	2022	2023	2024	2025
OOOR	1,428	1,600	1,560	1,213	1,002	1,209	1,180	1,187	1,195

Prior Year Total							1,209	1,180	1,187
Change							(29)	8	8
Total							1,180	1,187	1,195

7 **2. At-Pole Service Connection Charge**

8 Customers incur the At-Pole Service Connection Charge when required access to the  
 9 meter is impeded due to causes such as locked gates, indoor meters, or aggressive dogs.

10 While the frequency of these charges has decreased due to RSS utilization, this charge remains

<sup>216</sup> Refer to WP SCE-03, Vol. 01, p. 132-137, Returned Check Charges.

1 necessary due to the high service costs incurred when a customer fails to meet the access mandates of  
 2 SCE’s service agreement.<sup>217</sup>

3 The proposed service fee is based on a cost study that determined the cost per transaction  
 4 of at-pole service connections. The cost study examined each function performed at its applicable  
 5 loaded-labor rate and then multiplied this rate by the estimated time required to complete the activities  
 6 associated with each at-pole service connection. As a result of the cost analysis reflecting a decreased  
 7 cost of field visits, SCE proposes to reduce the service charge from \$205 to \$202 for At-Pole Service  
 8 Connection as shown in Table V-40.

**Table V-40**  
**At-Pole Service Connection Charge Cost Study**  
 (Nominal \$)

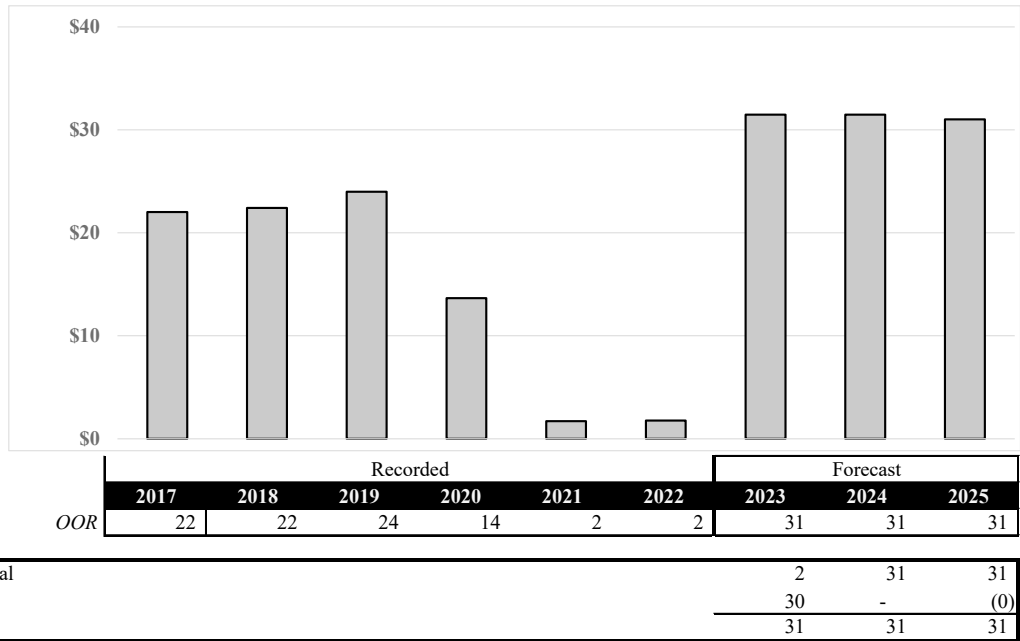
Line No.	Activity	Minutes Per Transaction	Cost Per Minute or Transaction	Manual/Field Visit	
				%	Cost Per Transaction
1	<b>Field Visit</b>				
2	Energize Meter (field visit) - Consolidated Transaction Rate	60.00	\$1.89	100%	\$190.60
3	<b>CCC-Handle Calls</b>				
4	SCE Rep		\$19.49	50%	\$9.75
5	IVR		\$0.41	27%	\$0.11
6	Third Party Vendor		\$5.20	23%	\$1.20
7	<b>Payment Processing</b>				
8	Authorized Payment Agent	n/a	\$0.70	26%	\$0.18
9	Quick Check QC - IVR	n/a	\$0.03	64%	\$0.02
10	SCE.COM	n/a	\$0.02	10%	\$0.00
11	<b>Total (Sum of lines 2, 3, 5, 6, 7, 9, 10, and 11)</b>				<b>\$201.85</b>
12	<b>Total - Rounded</b>				<b>\$202.00</b>

9 Figure V-29 shows the At-Pole Service Connection recorded revenue for 2018-2022 and  
 10 the revenue forecast for 2023-2025. Revenues from 2020-2022 were less than in previous years

<sup>217</sup> SCE’s Rule 16, Section A.11 provides SCE “the right to enter and leave Applicant's Premises for Non-Emergency purposes connected with the furnishing of electric service (e.g., meter reading, inspection, testing, routine repairs, replacement, maintenance, vegetation management, etc.).

1 primarily driven by the COVID-related impacts, including temporary suspension of disconnections and  
 2 reduced volume of non-emergency field visits. The annual revenue forecast of \$31,000 from 2023-  
 3 2025 is based on the average volumes recorded from 2017-2019.

**Figure V-29**  
**At-Pole Service Connection Charge<sup>218</sup>**  
 (Nominal \$000)



4 **3. Optimal Billing Period**

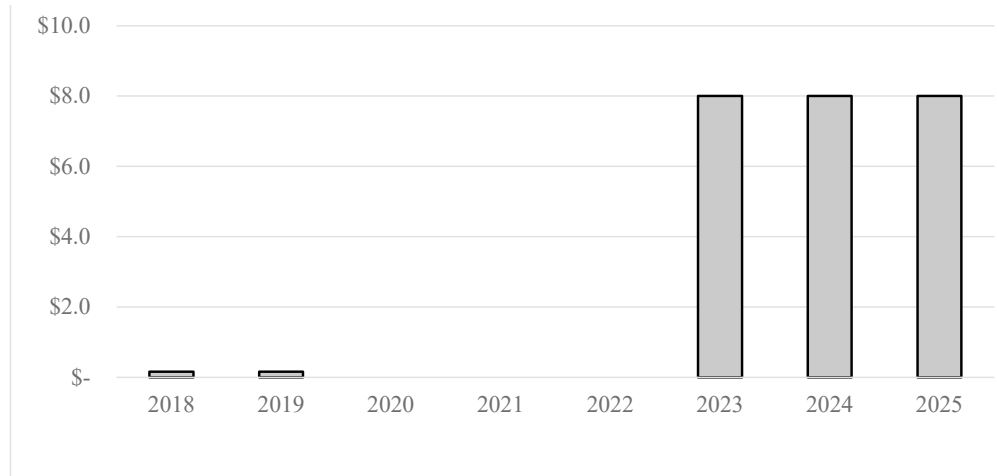
5 SCE Customers may elect the Optimal Billing Period (OBP) service whereby the  
 6 customer can time billing cycles to coincide with the customer’s high-seasonal-production cycle.  
 7 Upon election, the customer designates the OBP by selecting a specific month and day for the start of  
 8 the OBP and a specific month and day for the end of the OBP corresponding with the customer’s high-  
 9 seasonal-production cycle.

10 While SCE proposes no change to the fee (\$160 per year) authorized in the 2021 GRC  
 11 decision, SCE plans to modify the eligibility requirements for the OBP service before the end of 2023.  
 12 These modifications will make TOU-PA-3 customers eligible for the OBP service. Newly eligible  
 13 customers who are anticipated to avail themselves of the OBP service include agricultural processing

<sup>218</sup> Refer to WP SCE-03, Vol. 01, p. 139-144, Connection Charge - At Pole.

1 customers with short operating periods (e.g., cotton ginners and nut haulers). SCE’s 2025 forecast of  
 2 \$8,000 is based on a projected increase of approximately 50 customers for OBP service enrollment and  
 3 is shown in Figure V-30 below.

**Figure V-30**  
**Optimal Billing Period<sup>219</sup>**  
 (Nominal \$000)



	Recorded					Forecast		
	Nominal \$ 000							
	2018	2019	2020	2021	2022	2023	2024	2025
OOB	\$ 0.2	\$ 0.2	\$ -	\$ -	\$ -	\$ 8.0	\$ 8.0	\$ 8.0
Prior Year Total						\$ -	\$ 8.0	\$ 8.0
Change						8.0	-	-
Total						\$ 8.0	\$ 8.0	\$ 8.0

4 **4. Miscellaneous Revenue – Recovery of Unauthorized Use Non-Energy**

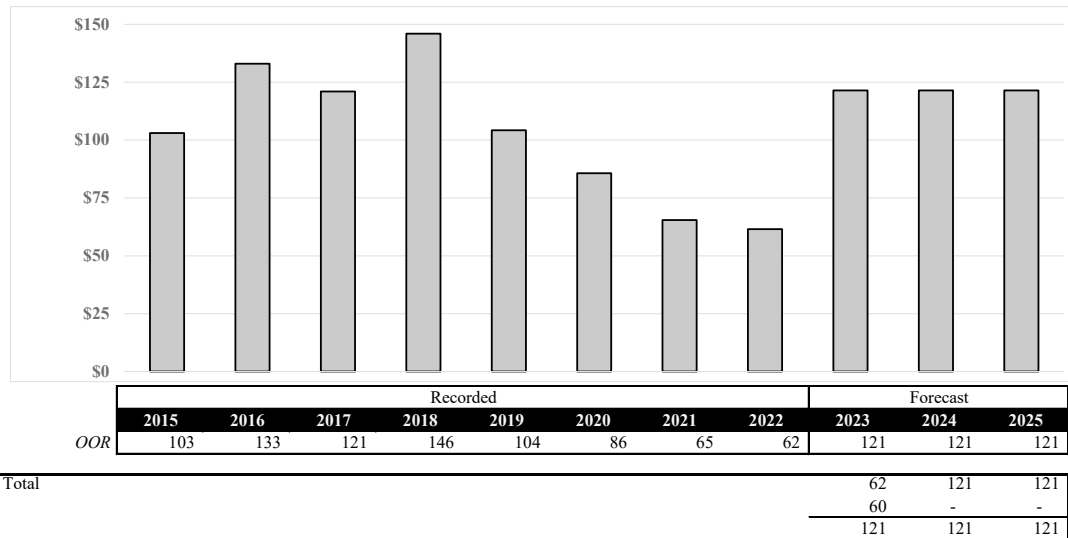
5 SCE recovers non-energy costs from the responsible party for unauthorized use of  
 6 electric service. These costs include the cost of the investigation (i.e., investigator time), bookkeeping  
 7 costs to re-bill the customer, overhead costs, and damages to SCE’s property.

8 As shown in Figure V-31, revenue from this activity declined significantly during the  
 9 years influenced by COVID due to SCE’s reduction of on-site investigations. In addition, other factors  
 10 typically causing variations in OOB associated with this activity include the types of cases and the  
 11 extent of the corrective action taken by the investigator. SCE continues to experience sophisticated,

<sup>219</sup> Refer to WP SCE-03, Vol. 01, p. 146-149, Optimal Billing Period.

1 elaborate theft and unauthorized use conditions that require resources to address. Further, it is difficult to  
 2 accurately predict the levels of future cost recovery associated with unauthorized use of electric service  
 3 driven by unlawful behavior. As shown in Figure V-31, SCE forecasts \$121,000 in Test Year revenue  
 4 for this activity, based on the average revenue for the five years prior to the outbreak of COVID (2015-  
 5 2019).

**Figure V-31**  
**Miscellaneous Revenue – Recovery of Unauthorized Use Non-Energy<sup>220</sup>**  
 (Nominal \$000)



6 **5. CISR Fees**

7 A CISR form is an authorization from the customer for SCE to provide a third party with  
 8 the customer’s information or to act on a customer’s behalf. Customers may authorize a third party to  
 9 receive their confidential account information by submitting a CISR form (14-796), which must be on  
 10 file and active before SCE will provide any customer information to the designated third party. The form  
 11 must be filled out completely and signed by the customer of record and the authorized third party before  
 12 it is processed. This form contains various options, depending on the data the customer is releasing.  
 13 The proposed Bundled Standard CISR fees will recover the cost of processing the request plus the  
 14 specific CISR option or options selected:

- 15 • Bundled Standard CISR (14-796) Processing: Fee for processing each CISR received.

<sup>220</sup> Refer to WP SCE-03, Vol. 01, p. 151-154, Miscellaneous Revenue - Recovery Unauthorized Use Non-Energy.

- Bundled CISR Usage Data – Options 1-4, and 8: Fee to release non-interval data, which includes billing records, billing history, and meter usage data.
- Bundled CISR Usage Data – Option 5: Fee to release interval usage and other metering data.
- Bundled CISR Rate Analysis – Option 6: Fee to process rate analysis requests.
- Bundled CISR Rate Change – Option 7: Fee to process rate change requests.

During the 2021 GRC, SCE proposed fees for the standard processing and related CISR options selected. However, due to a backlog in billing system changes during the CSR project, the implementation of the proposed fees remains an ongoing workstream with completion expected before the end of 2023. Concurrent with this GRC submission, SCE performed an updated study of costs associated with CISR processing, usage data, and rate analysis and change. Based on the results of that study, SCE proposes the fees for the standard CISR processing and each selected option shown in Table V-41 below.

**Table V-41**  
**Proposed CISR Fees for Bundled Customers**  
*(Nominal \$)*

<b>Line No.</b>	<b>Fee Description</b>	<b>Proposed Fees</b>
1	Standard Bundled CISR (13-796) Processing	\$ 9.00
2	Bundled CISR Usage Data - Options 1-4, 8	\$ 19.00
3	Bundled CISR Usage Data - Option 5	\$ 9.00
4	Bundled CISR Rate Analysis - Option 6	\$ 35.00
5	Bundled CISR Rate Change - Option 7	\$ 16.00

**a) CISR Base Processing Fee For Bundled Service Customers**

SCE proposes to charge the requestor a base fee for processing the Commission-approved CISR form. The CISR base processing fee is the average cost for reviewing, processing, and validating each CISR in order to provide the customer’s usage data to the third-party. Table V-42 below shows the CISR Base Processing Fee components and costs.

**Table V-42**  
**CISR Base Processing Fee for Bundled Service Customers**  
*(Nominal \$)*

Line No.	Fee	Activity	SubActivity	Occurrence	Quantity	Unit	Class	Rate/Unit	Cost
1		<b>Standard CISR (14-796) Processing</b>							
2		Processing the CISR							
3			Receive email request granting 3rd Party Permissions	100%	0.43	mins	CSO925_A4	\$ 1.25	\$0.54
4			Create BPEM PP11 case or assign BPEM PP11 case	100%	1.65	mins	CSO925_A4	\$ 1.25	\$2.06
5			Validate information is correct, enter into SAP	100%	5.50	mins	CSO925_A4	\$ 1.25	\$6.86
6		<b>Processing the CISR Total</b>							
7		<b>CISR Usage Data - 14-796 Processing Total</b>							
8		<b>Proposed Fee: CISR Usage Data - 14-796 Processing</b>							
									<b>\$9.46</b>
									<b>\$9.00</b>

**b) Usage Data Fee - CISR - Options 1-4, 8**

If the customer chooses to release certain usage data set forth in Options 1-4 and 8 of the CISR form, SCE is required to perform certain additional administrative activities to process the CISR, and thus the Usage Data fee is necessary. SCE proposes to charge a fulfillment fee for Options 1-4, and 8 of the CISR form in addition to the Base Processing fee described above. Table V-43 below shows the fee components and costs for processing the CISR Form Options 1-4, and 8.

**Table V-43**  
**CISR Usage Data Fee – Option 1-4, 8**  
(Nominal \$)

Line No.	Activity / Subactivity	Occurrence	Quantity	Unit	Rate/Unit	Cost
1	CISR Fulfillment					
2	Input into SAP, generate Bot intake excel, perform BOT excel analysis and initiate BOT intake form. No BOT time allocated to this process. Fulfilling request for billing history for previous 12-36 months	50.0%	2.97	mins	\$ 1.25	\$ 1.85
3	CISR Exception (Enhancement Process) Input details needed for CISR worksheet (excel) to include customer details and validate no duplicate request. Run CISR worksheet (excel) spreadsheet to gather billing history for each account. The enhancement CISR worksheet runs for multiple accounts.	8.0%	6.18	mins	\$ 1.25	\$ 0.62
4	Fulfilling Benchmark AB1103 request	0.6%	5.00	mins		\$ -
5	Receiving and fulfilling correspondence request from 3rd party	8.0%	8.30	mins	\$ 1.30	\$ 0.86
6	Receiving and fulfilling request from 3rd party for an investigation of the bill	37.2%	23.97	mins	\$ 1.24	\$ 11.04
7	Receiving and fulfilling request for balance information and/or discontinuance notices from 3rd party	6.0%	1.67	mins	\$ 1.46	\$ 0.15
8	Receiving emails from AOR with completed requests, Emailing 3rd Party with completed information or rejection reason using templates and Auto/Manual Fulfillment	100%	3.20	mins	\$ 1.25	\$ 3.99
9	Incoming customer/third-party inquiries (i.e. status, request fulfillment changes)	10%	5.00	mins	\$ 1.25	\$ 0.62
10	CISR Fulfillment Total					\$ 19.13
11	<b>Proposed Fee: CISR Usage Data - Options 1-4, and 8</b>					<b>\$ 19.00</b>

**c) Interval Usage Data Fee - CISR – Option 5**

If the customer chooses to release certain usage data set forth in Option 5 of the CISR form, SCE is required to perform certain additional administrative activities to process the CISR, and thus the Usage Data – Option 5 fee is necessary. This proposed fee would apply when interval usage and other metering data is requested and is the fulfillment fee for Option 5 of the CISR form. This fee would be incremental to the Base Processing fee. Table V-44 below shows the fee components and costs for processing the CISR Form Option 5.



**Table V-44**  
**CISR Usage Data Fee – Option 5**  
(Nominal \$)

Line No.	Activity / Subactivity	Occurrence	Quantity	Unit	Rate/ Unit	Cost
1	CISR Fulfillment					
	Input into SAP, generate Bot intake excel, perform BOT excel analysis and initiate BOT intake form.	100.0%	2.97	mins	\$ 1.25	\$ 3.70
2	No BOT time allocated to this process.  Fulfilling requests for interval data					
	CISR Exception (Enhancement Process)	8.0%	8.33	mins	\$ 1.25	\$ 0.83
2	Input details needed for CISR worksheet (excel) to include customer details and validate no duplicate request. Run CISR worksheet (excel) spreadsheet to gather interval data for each account. Enhancement runs for multiple accounts.					
3	Emailing 3rd Party with completed information or rejection reason using templates and Auto/Manual Fulfillment	100.0%	2.88	mins	\$ 1.25	\$ 3.60
4	Incoming customer calls	10%	5.0	mins	\$ 1.25	\$ 0.62
5	<b>CISR Fulfillment Total</b>					\$ 8.76
6	<b>Proposed Fee: CISR Usage Data - Opt 5 (Rounded)</b>					\$ 9.00

d) **Rate Analysis Fee -CISR - Option 6**

If the customer chooses to release rate analysis results set forth in Option 6 of the CISR form, SCE is required to perform a rate analysis on requested accounts, and thus the Rate Analysis Fee – Option 6 is necessary. The Rate Analysis fee is the administrative cost of processing the request, and the fee is in addition to the CISR Base Processing fee. Table V-45 below shows the fee components and costs for processing the CISR Form Option 6.

**Table V-45**  
**CISR Usage Data Fee – Option 6**  
(Nominal \$)

Line No.	Activity / Subactivity	Occurrence	Quantity	Unit	Rate/ Unit	Cost
1	CISR Fulfillment					
2	Sending emails to appropriate AOR to process rate analysis request	100%	2.1	mins	\$ 1.25	\$ 2.64
3	Fulfilling rate analysis request	100%	15.0	mins	\$ 1.88	\$ 28.20
4	Receiving emails from AOR with completed requests, Emailing 3rd Party with completed information or rejection reason using templates	100%	3.1	mins	\$ 1.25	\$ 3.91
5	Incoming customer calls	10%	5.0	mins	\$ 1.25	\$ 0.62
6	<b>CISR Fulfillment Total</b>					\$ 35.37
7	<b>Proposed Fee: CISR Usage Data - Option 6 Fulfillment (Rounded)</b>					\$ 35.00

1                   e)       **Rate Change Fee – CISR – Option 7**

2                               This fee is developed to allow an authorized third party to request SCE to process  
3 rate change requests on the customer’s behalf. This request requires SCE to perform additional  
4 administrative functions, and thus it is necessary for SCE to charge an additional fee. This is a  
5 fulfillment fee for Option 7 of the CISR form and is in addition to the base processing fee. Table V-46  
6 below shows the fee components and costs for processing the CISR Form Option 7.

**Table V-46**  
**CISR Rate Change Fee – Option 7**  
(Nominal \$)

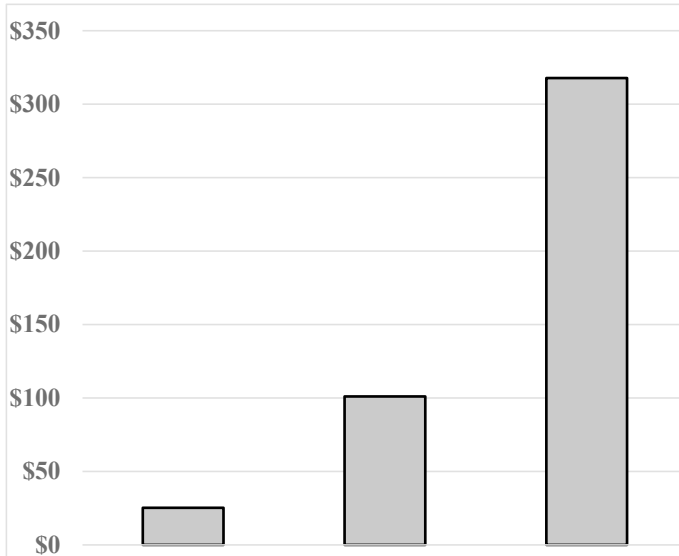
Line No.	Activity / Subactivity	Occurrence	Quantity	Unit	Rate/Unit	Cost
1	CISR Fulfillment					
2	Create <b>BPEM BI15 or BI16</b> to appropriate AOR to process rate change request and add to watchlist	100.0%	3.17	mins	\$ 1.25	\$ 3.95
3	Retrieve email BPEM for rate change request, verify eligibility inSAP and note account	100.0%	5.00	mins	\$ 1.24	\$ 6.18
4	Enter rate change information into Rate Eligibility database and fulfill rate change request (SPCC) in SAP	25.0%	5.00	mins	\$ 1.24	\$ 1.55
5	When BI15 or BI16 is completed a automated email is sent with BPEM completion. User checks the notes in SAP, copies and creates a email to the Third Party.	100.0%	3.18	mins	\$ 1.25	\$ 3.97
6	Incoming Customer Calls	10%	5.0	mins	\$ 1.25	\$ 0.62
7	<b>CISR Fulfillment Total</b>					\$ 16.28
8	<b>Proposed Fee: CISR Usage Data - Option 7 Fulfillment</b>					\$ 16.00

7                   f)       **CISR Revenue Forecast**

8                               SCE forecasts its CISR revenue based on the proposed fees described above and  
9 historic 2021-2022 CISR processing and related option selections.<sup>221</sup> SCE projects that CISR requests  
10 will remain at 2022 levels. Furthermore, SCE assumes that the mix of options requested will remain the  
11 same as observed in 2022 – i.e., 85 percent of CISR forms received request Options 1, or 4-8, 45 percent  
12 request Option 5, 0.1 percent request Option 6, and 5 percent request Option 7. Figure V-32 below  
13 shows the forecast of Bundled Customer CISR revenue of \$318,000 during the Test Year.

<sup>221</sup> Refer to WP SCE-03, Vol. 01, pp. 156-165, Customer Information Service Request (CISR) – Proposed CISR Fees and Revenues for Bundled Customers, for additional information regarding the CISR OOR forecast. Due to system issues, SCE has not charged for CISR activities and does not plan to commence charging for these activities until the fourth quarter of 2023.

**Figure V-32**  
**Bundled Customer CISR Revenue<sup>222</sup>**  
*(Nominal \$000)*



OOR	Forecast		
	2023	2024	2025
	25	101	318

Prior Year Total	-	25	101
Change	25	76	217
Total	25	101	318

**E. Community Choice Aggregation (CCA) Service Fees and OOR Forecast**

Table V-47 below provides a summary of the number of CCA service fees proposed for the 2025 Test Year. SCE proposes no change to 4 CCA services fees, updates to 17 CCA service fees, elimination of 8 existing CCA service fees, and the addition of 4 new CCA service fees. Further, SCE proposes to consolidate 2 existing fees into a new system set up and EDI testing fee, consolidate one existing fee into a CCA monthly account maintenance fee and consolidate 8 existing fees into a new enrollment and reversion project fee. These proposals result in a total of 25 CCA service fees, compared to the current 52 CCA service fees. The background of CCA service fees, CCA service fee estimation method, reasons for these proposals, and the forecast revenue for each fee are discussed below.

<sup>222</sup> SCE did not bill CISR revenues in 2021 and 2022. The 2023 forecast assumes that SCE commences billing for these CISR revenue during the fourth quarter of 2023.

**Table V-47**  
**CCA Service Fees**  
**Summary of Number of Fees**

Line No.	Fee Description	Number of Fees
1	Current CCA Fees	52
2	No change	4
3	Updated	17
4	Eliminated	8
5	Consolidated	23
6	New Fees Proposed	4
7	Test Year CCA Fees	25

**1. Overview**

California Assembly Bill (AB) 117 permits cities, counties, and Joint Power Authorities whose governing boards decide to act as CCAs to purchase and sell electricity on behalf of retail end-use customers within their jurisdictional areas. State law and Commission precedent require SCE to recover all costs specifically attributable to CCAs from CCA customers so that SCE’s bundled service customers remain indifferent to load departing to CCA service and do not subsidize CCA customers.<sup>223</sup> Therefore, SCE is required to charge CCAs for all of SCE’s reasonable costs of notices, billing, metering, collections, customer communication, and other services provided to a CCA.<sup>224</sup> The current CCA service fees are contained in SCE’s Rate Schedule Community Choice Aggregation-Service Fees (CCA-SF), Customer Choice – Discretionary Service Fees (CC-DSF), and Community Choice Aggregation – Information Fees (CCA-INFO). The following subsections detail the proposed CCA fees for the Test Year and the methodology used to calculate them.

**a) CCA Service Fees Estimation Method**

To determine the appropriate CCA fees for the Test Year, SCE performed a comprehensive review of its costs to provide services to CCAs and incorporated the results of this study into its CCA service fee proposal. To estimate service fees, SCE’s cost study evaluated CCA-related labor and non-labor costs. For labor costs, SCE performed a detailed analysis of functions, activities

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<sup>223</sup> Cal. Pub. Util. Code § 366.2(a)(4) (stating that CCA implementation “shall not result in shifting of costs between the customers of the community choice aggregator and the bundled service customers of an electrical corporation . . .”).

<sup>224</sup> Cal. Pub. Util. Code § 366.2(c)(20).

1 performed, time required to perform such activities (generally, measured in minutes or hours), and  
2 identification of the job classification (e.g., analyst, customer service representative), and wage rates (in  
3 nominal dollars) for the personnel performing the activities. Labor wage rates included appropriate costs  
4 for labor loaders.<sup>225</sup>

5 For non-labor costs, SCE reviewed the appropriate unit costs incurred for items,  
6 such as stationery, envelopes, postage, and also automated printing, telecommunications, and other  
7 vendors costs. As part of this analysis, SCE identified activities that are no longer performed, activities  
8 that take less processing time due to process efficiencies and automation, and additional activities  
9 required to support CCA services. Certain fees, as described herein, are charged on a time and materials  
10 basis, and these fees will be appropriately charged based on SCE's time and material costs to provide  
11 such services.

12 For each activity performed, SCE multiplied the labor processing time by the  
13 applicable labor rate of the personnel performing each activity to develop the activity costs. For each  
14 fee, all of the associated activity costs were summed up to develop the labor costs for the specific  
15 service fee. Similarly, for non-labor costs, SCE developed an estimated per unit cost and multiplied that  
16 result by the forecasted volume. SCE then summed the individual non-labor cost components to develop  
17 the non-labor costs for the fee. Finally, for each fee, the labor and non-labor costs were summed to  
18 develop SCE's proposed CCA fee.

19 As a result of the detailed analysis described above, SCE submits the following  
20 CCA service fees' proposal.

21 **b) CCA Service Fees – No Proposed Changes**

22 As shown in Table V-48, SCE proposes no changes to four CCA service fees.  
23 Three of these fees should continue to be offered without a charge and one CCA service fee should  
24 continue to be offered as a time and material fee.

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<sup>225</sup> Refer to WP SCE-03, Vol. 01, p. 210, for additional details regarding the wage rates used in the cost studies.

**Table V-48**  
**CCA Service Fees – No Proposed Changes to Service Fees**  
*(Nominal \$)*

Line No.	Fee Description	Current Fees*	Proposed Fees*
1	Additional Information - Public Goods Charge, Residential Tier Data, Generation Revenue Information	No Charge	No Charge
2	Additional Information - Monthly Energy Efficiency Participation Data Provided for Commission Reporting	No Charge	No Charge
3	Additional Information - Mapping of Rate Schedules by Rate Group	No Charge	No Charge
4	CCA Account Assistance fee	T&M	T&M
* Time and Material			

**c) CCA Service Fees – Proposed Fee Changes**

As of January 2023, SCE had 12 CCAs with 1.58 million customer service accounts operating in its service area and provided various services and information as requested. SCE forecasts that it will serve 1.60 million CCA customer service accounts by the Test Year.<sup>226</sup> Since the last GRC, SCE has accumulated additional information regarding the actual costs to perform billing and other required functions on behalf of the CCAs. Based on this information and the updated cost studies, SCE is proposing updates to several of the CCA fees. As described below, the fee updates are primarily a result of operational efficiencies, changes to material costs, updated processing times, and the identification of additional services routinely being performed that are not captured by the existing fees. SCE proposes to update 17 CCA service fees, which include 8 fee reductions, 8 fee increases and one fee remaining as a time and material cost. These changes are shown below in Table V-49 and described in the following sub-sections. Under the “Reason for Change” column in Table V-49, the primary driver for the fee change is provided; however, a fee may be proposed to be changed due to multiple factors as further detailed in the subsequent sections.

<sup>226</sup> SCE assumed no new mass enrollments in 2025. Refer to Exhibit SCE-07, Vol. 01 for information on customer growth.

**Table V-49**  
**CCA Service Fees – Proposed Fee Changes<sup>227</sup>**  
(Nominal \$)

Line No.	Fee Description	Current Fees*	Proposed Fees*	\$ Variance	% Variance	Reason for Change
1	Community Choice Aggregation Service Request (CCASR) - CCASR Fee	\$ 0.66	\$ 1.30	\$ 0.64	98%	Material Cost Increase
2	Community Choice Aggregation Service Request (CCASR) - Customer Re-entry	\$ 0.47	\$ 1.30	\$ 0.83	174%	Material Cost Increase
3	Community Choice Aggregation Service Request (CCASR) - New Customer	\$ 2.30	\$ 1.30	\$ (1.00)	-43%	Operational Efficiencies
4	Community Choice Aggregation Service Request (CCASR) - Opt-out CCASR Fee	\$ 0.66	\$ 1.30	\$ 0.64	97%	Material Cost Increase
5	Opt-Out Requests - Customer Contact Opt-out	\$ 4.60	\$ 13.00	\$ 8.40	183%	Wage Structure Increase
6	Opt-Out Requests - Internet Opt-out	\$ 0.47	\$ 1.30	\$ 0.83	174%	Material Cost Increase
7	Opt-Out Requests - Voice Response Unit (IVR) Opt-out	\$ 0.55	\$ 1.40	\$ 0.85	155%	Material Cost Increase
8	Special Requirements Data - Standard Output File by Rate Group	\$ 114.00	\$ 21.00	\$ (93.00)	-82%	Operational Efficiencies
9	Special Requirements Data - Aggregate Annual Usage Report, Standard File	\$ 289.00	\$ 104.00	\$ (185.00)	-64%	Operational Efficiencies
10	EDI VAN Charge	\$ 0.05	\$ 0.02	\$ (0.03)	-54%	Wage Structure Decrease
11	Customer Information Standardized Request (CISR) - CISR Base Processing Fee	\$ 2.10	\$ 9.00	\$ 6.90	329%	Handle time increase
12	Customer Information Standardized Request (CISR) - Usage Data Base Fee (Non-Interval) - Opt 1	\$ 9.00	\$ 7.00	\$ (2.00)	-22%	Operational Efficiencies
13	Customer Information Standardized Request (CISR) - Usage Data Base Fee (Interval) - Opt 5	\$ 15.00	\$ 9.00	\$ (6.00)	-40%	Operational Efficiencies
14	CCA Hourly Historical Usage Data (HUD) Report Per Event	\$ 253.00	\$ 241.00	\$ (12.00)	-5%	Operational Efficiencies
16	CCA Meter and Data Management Agent (MDMA) Fee (renamed)	\$ 0.04	\$ 0.02	\$ (0.02)	-62%	Operational Efficiencies
15	CCA Monthly Account Maintenance Fee - per SA	\$ 0.04	\$ 0.22	\$ 0.18	456%	Increase In Activities
17	Special Services Request (rescoped fee)	T&M	T&M	\$ -	0%	Fee scope change

\* T&M = Time and Material

**(1) Fee Change Based on Increase in Activities**

SCE proposes to update the Monthly Account Maintenance Fee by (1) calculating existing activities in this fee by CCA Service Account (SA) as opposed to by CCA and (2) adding additional activities that SCE has identified as routine operational work. The activities encompassed by the Monthly Account Maintenance Fee per SA include services to CCAs that are routine operational work such as: account assistance, exception processing, and CCA system and technology support performed by the Customer Choice Services (CCS) department, Customer Billing Organization (CBO), and Information Technology, among others. Previously, the costs for this fee were associated with the time needed to develop various standard reports. However, the reporting has evolved and there are more daily reporting support activities needed for incremental CCA requests and operational work. Additionally, the current CCA environment has vastly changed since SCE’s last GRC cycle, including the number of CCAs and their customers, which is heightening the volume and complexity of work.

The volume of SAs has grown rapidly from approximately 152,000 SAs in 2018 to 1.1 million SAs by mid-2019 and 1.58 million SAs as of the end of 2022. Based on current CCA operations, new activities have been identified relating to operational and exception work. These activities include routine internal and external CCA operational meetings to address CCA specific

<sup>227</sup> Refer to WP SCE-03 Vol. 01, pp. 171-187, for additional details regarding CCA Service Fees proposed to be updated.

1 inquiries, review SA switches, and resolve billing and data issues. For example, there are weekly  
2 meetings with the CCA's agent on the status of exceptions and weekly meetings with IT to discuss the  
3 status and resolution of specific CCA issues and inquiries. This fee also includes time estimated for ad  
4 hoc meetings. Note, there is a current CCA fee, the Monthly Account Maintenance Fee per CCA, that  
5 will be consolidated into this new fee as it covers some monthly operational activities. SCE proposes  
6 this fee to be per SA rather than per CCA because it will allocate monthly costs more proportionately  
7 among CCAs. The updated of \$0.22 per SA was calculated applying the methodology described in the  
8 CCA Service Fees Estimation Method section above and 2025 forecast revenue can be found in Section  
9 2 below in Table V-53.

10 **(2) Fee Changes Based on Change in Vendor or Material Costs**

11 As described above, SCE performed a function-by-function cost study that  
12 focused on labor and non-labor costs. As part of this study, SCE evaluated its material costs for such  
13 items as automated printing, stationery, envelopes and postage, and telecommunication and vendors  
14 costs. Costs for these items have been updated to current levels resulting in various decreases and  
15 increases to the applicable cost components of SCE's proposed CCA service fees as shown in  
16 Table V-49 above.

17 The changes in material costs were the primary drivers for five fee  
18 changes. Based on increased material costs, SCE proposes to increase two of three existing CCA Opt-  
19 Out Request fees by \$0.83 and \$0.85, respectively. These two Opt-Out Request costs (Internet Opt-Out  
20 and Voice Response Unit Opt-Out) are based on the current telecommunications costs. Additionally,  
21 based on material cost increases, SCE proposes to increase three of the Community Choice Aggregation  
22 Service Request related fees, CCASR Fee, Customer Re-entry Fee and Opt-Out CCASR Fee, by \$0.64,  
23 \$0.83 and \$0.64, respectively. These increases are primarily driven by postage cost increases.

24 **(3) Fee Changes Made Due to Change in Labor Costs**

25 SCE's aforementioned cost study evaluated activities, actual time  
26 (measured in minutes and hours), and job classifications required to perform individual activities related  
27 to its service fees. Based on the cost studies performed, SCE identified one service fee, the EDI VAN  
28 Charge, that should be reduced based on a wage structure decrease in a revised vendor contract.  
29 Additionally, one service fee, the Customer Contact Opt-Out Request, should be increased in line with  
30 the current labor costs. The proposed fee increase is also attributable to longer handling time and higher  
31 materials and postage costs.



1                                   **(4)     Fee Changes Based on Handle Time Increase**

2                                   SCE proposes an increase to the Customer Information Standardized  
3 Requests (CISR) Base Processing Fee to \$6.90. The cost study for this fee reflected that the handling  
4 time and labor costs associated with this fee had increased as compared to the prior GRC.

5                                   **(5)     Fee Changes Based on Operational Efficiencies**

6                                   As shown in Table V-49 above, SCE is proposing decreases to seven  
7 service fees based on operational efficiencies realized since the last GRC. The subject fees are two  
8 special requirements data fees (Standard Output File and Aggregate Annual Usage), the CCASR New  
9 Customer Request Fee, two CISR fees (Non-Interval Base Fee and Interval Base Fee), the CCA Hourly  
10 Historical Usage Data (HUD) Report Per Event fee, and the CCA Meter and Data Management Agent  
11 (MDMA) Fee. Since the filing of last GRC, SCE has implemented new transactional processes and  
12 procedures to automate the provision of CCA-specific information and data services. As a result, the  
13 handling time and labor costs previously associated with these fees have decreased resulting in the lower  
14 proposed fees.

15                                   **(6)     Fee Changes Based on Scope**

16                                   SCE proposes to modify the existing Special Services Request fee to  
17 remove meter related services. As discussed in the Proposed New Fees section below, SCE proposes a  
18 new Meter Related Services fee. If adopted, the Special Services Request Fee would cover ad hoc  
19 requests from the CCAs and continue to be charged as time and materials.

20                                   **d)     CCA Service Fees – Proposed New Fees**

21                                   SCE proposes four new CCA service fees, including a monthly bank fee, meter  
22 related services fee, system set up and EDI testing fee and an enrollment and reversion project fee.  
23 The meter related services fee includes fees that are currently part of the Special Services Request Fee as  
24 noted above. The monthly bank fee includes work activities that are not part of current fees. Details on  
25 these fees are described below and in Table V-50 and Table V-51.

**Table V-50**  
**CCA Service Fees – Proposed New Fees**<sup>228</sup>  
(Nominal \$)

Line No.	Fee Description	Current Fees	Proposed Fees*
1	CCA Monthly Bank Fee per SA	New	\$ 0.01
2	System Set Up and EDI Testing	New	T&M
3	Enrollment & Reversion Project Fee	New	T&M
4	Meter Related Services	New	T&M

\* T&M = Time and Material

**Table V-51**  
**CCA Service Fees – Proposed Consolidated Fees**  
(Nominal \$)

Line No.	Fee Description	Current Fees*	Consolidation Details
1	CCA Establishment - CCA Service Establishment	\$ 228.00	Consolidating into new System Set Up and EDI Testing Fee
2	EDI Testing	T&M	Consolidating into new System Set Up and EDI Testing Fee
3	Monthly Account Maintenance Fee - Per CCA (Fixed)	\$ 269.00	Consolidating into CCA Monthly Account Maintenance Fee per SA
4	Mass Enrollment - Per Event	\$ 2,055.00	Consolidating into new Enrollment & Reversion Project Fee
5	CCA Termination of Service - Voluntary Termination Fee - Per Event	\$ 2,055.00	Consolidating into new Enrollment & Reversion Project Fee
6	Standard Phase In - Mass Enrollment Fee - Per Phase	\$ 2,055.00	Consolidating into new Enrollment & Reversion Project Fee
7	CCA Termination of Service - Involuntary Service Change or Termination of CCA Service	T&M	Consolidating into new Enrollment & Reversion Project Fee
8	Mass Enrollment - Per Service Account	\$ 0.48	Consolidating into new Enrollment & Reversion Project Fee
9	Standard Phase In - Mass enrollment Fee - Per Service Account	\$ 0.48	Consolidating into new Enrollment & Reversion Project Fee
10	CCA Termination of Service - Voluntary Termination Fee - Per Service Account	\$ 0.40	Consolidating into new Enrollment & Reversion Project Fee
11	CCA Project Management Fee	T&M	Consolidating into new Enrollment & Reversion Project Fee
12	Additional Metering Related Services - Engineering Estimate or Job Design	\$ 54.00	Consolidating into new Meter Related Services Fee
13	Additional Metering Related Services - Incomplete Trip Fee	\$ 101.00	Consolidating into new Meter Related Services Fee
14	Meter Replacement Service Fee	\$ 234.00	Consolidating into new Meter Related Services Fee
15	Additional Metering Related Services - Pulse Adapter Equipment and Installation Charge	\$ 287.00	Consolidating into new Meter Related Services Fee
16	Testing Charge: IDR Meter	\$ 196.00	Consolidating into new Meter Related Services Fee
17	ESC Meter with Pulse Output Fee	\$ 454.00	Consolidating into new Meter Related Services Fee
18	Additional Metering Related Services - Investigation and Scheduling Charge	T&M	Consolidating into new Meter Related Services Fee
19	Additional Metering Related Services - Material Handling Charge	T&M	Consolidating into new Meter Related Services Fee
20	Additional Metering Related Services - Dual Socket Adapter Device Charge	T&M	Consolidating into new Meter Related Services Fee
21	Additional Metering Related Services - Dual Socket Adapter Device Installation Charge	T&M	Consolidating into new Meter Related Services Fee
22	Additional Metering Related Services - Third Party Un-Returned Meter Penalty Charge	T&M	Consolidating into new Meter Related Services Fee
23	Additional Metering Related Services - Acceptance Testing of Customer-owned Meter	T&M	Consolidating into new Meter Related Services Fee

\* T&M = Time and Material

**(1) Banking Fee**

SCE proposes to add a new CCA Banking Fee of \$0.013 to charge per SA. SCE is required to collect CCA customer payments on behalf of the CCAs for CCA related charges. SCE incurs a banking fee to provide CCAs a record of customer payment details for every transaction. SCE used the 2022 annual cost incurred to develop a per SA monthly fee. SCE has continually incurred

<sup>228</sup> Refer to WP SCE-03, Vol. 01, pp. 188-192, for additional details regarding CCA proposed new fees.

1 these banking fees; however, with the continually increasing volume of CCAs and associated SAs, the  
2 magnitude of these costs necessitates recovery through the CCAs.

3 **(2) System Setup and EDI Testing Fee**

4 SCE proposes to combine the current Service Establishment Fee (a fixed  
5 price fee) and EDI Testing Fee (a T&M fee) into a single T&M fee, the System Setup and EDI Testing  
6 Fee. Since implementation of SCE's new SAP billing system, the completion of services underlying  
7 both fees were concurrently billed and should be consolidated with a time and material cost. This new  
8 fee would include the services encompassed by both existing fees, and add CCA requests for changes in  
9 system setup to update information in SCE's system (e.g., company name change, banking information,  
10 billing information, etc.). In the past, the services that would be encompassed by the new System Setup  
11 and EDI Testing Fee were previously performed by multiple departments but are now all performed by  
12 SCE's Information Technology department. Consolidating the services into a single T&M fee is  
13 warranted since the level of work varies based upon the specific CCA's compatibility with SCE's  
14 system. Therefore, this fee is proposed to be consolidated with a time and material cost.

15 **(3) Enrollment & Reversion Project Fee**

16 SCE proposes to combine eight existing mass enrollment and termination related  
17 fees into a single new fee, the Enrollment & Reversion Project Fee. The current fees are a mix of fixed  
18 costs and T&M. The new fee will be charged on a T&M basis and include the cost of pre-enrollment  
19 work, such as billing and exception activities needed to enroll or de-enroll the CCA accounts during  
20 mass enrollment or mass reversion events. Consolidating the eight separate fees into a single T&M fee is  
21 warranted since the activities vary depending on the size of the CCA and number of billing system  
22 exceptions that occur.

23 **(4) Meter Related Services Fee**

24 SCE proposes consolidating 12 current fees related to metering services  
25 and the meter related portion of the current Special Services Request Fee into one new fee, the Meter  
26 Related Services Fee.<sup>229</sup> The Special Services Request Fee is currently charged on a T&M basis. Of the  
27 12 other current fees to be consolidated, six are T&M and the other six are set priced fees with fixed  
28 dollar amounts.<sup>230</sup> SCE proposes that the new consolidated fee be charged on a T&M basis.

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<sup>229</sup> Refer to "Special Services Request Fee" discussion in Fee Changes Based on Scope above.

<sup>230</sup> Refer to Table V-51, Lines 12-23.

SCE’s proposed consolidation of meter related services into one fee is based on the increasingly infrequent use of the existing individual meter-related fees. All the current meter-related fees were at relatively minimal volumes in 2022.<sup>231</sup> The meter-related fees are only applicable to customers who own their meters and the volume of such customers have declined historically and this trend is expected to continue.<sup>232</sup> Accordingly, there is little value in maintaining and tracking 12 individual fees for discrete meter-related services that will be rarely requested. Additionally, there are cost efficiencies to implementing and tracking one fee as opposed to 12 separate fees.

Through the proposed consolidation into a single T&M fee, the six fees that are currently charged at fixed dollar amounts will shift to being charged on a T&M basis. For these six fees, SCE proposes that the T&M charge for those specific services, if requested, be based on average costs corresponding to how the fixed dollar amounts were previously calculated.

**e) CCA Service Fees – Eliminated**

***Table V-52  
CCA Service Fees - Fees Proposed to be Eliminated  
(Nominal \$)***

Line No.	Fee Description	Current Fees	Reason for Elimination
1	Community Choice Aggregation Service Request (CCASR) - Cancellation Fee	\$ 2.10	No longer sending mailing for cancellation
2	Consolidated Bill Ready Billing Services - Additional Page Charge	\$ 7.00	Process change, electronic version utilized
3	CCA Non-Energy Billing Receivable Fee	\$ 9.00	Process change, automation
4	CCA Establishment - CCA Credit Establishment Fee	\$ 27.00	Not needed for Cities and Muni
5	Aggregate Annual Usage Report (Section A Report) Fee	\$ 40.00	No longer providing service due to low volume
6	CCA CISR Rate Change Request- Option 7	\$ 4.30	No longer providing service due to low volume
7	Reposting of Usage Data Files Fee	\$ 41.00	No longer providing service due to low volume
8	CCA Requested Opt-Out Fee	\$ 4.90	No longer providing service due to low volume

\* T&M = Time and Material

<sup>231</sup> Only 3 of the current 12 meter related fees used in 2022 by CCAs and CCA customers: (1) the Additional Meter Related Services - Engineering Estimate or Job Design fee was used 5 times, the Additional Metering Related Services – Pulse Adapter Equipment and Installation Charge fee was used 16 times, and the ESC Meter with Pulse Output fee was used twice. The Special Services Request fee was not used at all for meter related work.

<sup>232</sup> The 12 current fees are applicable to both CCAs and CCA customers. If a CCA customer makes the meter-related service request to SCE, the fee will be charged to the CCA customer; if a CCA makes the meter-related service request to SCE, the fee will be charged to the CCA. In 2022, all volumes for the 12 fees occur in the customer-requested scenario.



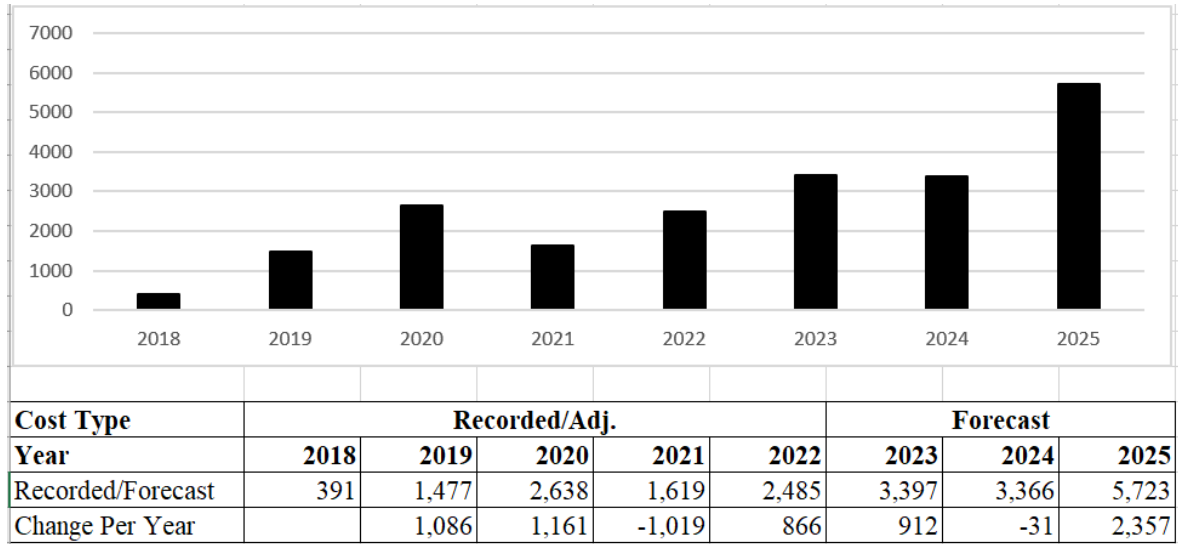
**Table V-53**  
**CCA Service Fees - Test Year Forecast<sup>233</sup>**  
(Nominal \$)

Line No.	Fee Description	Proposed Fees*	Forecast 2025 Annual Revenue*
1	Additional Information - Monthly Energy Efficiency Participation Data Provided for Commission Reporting	No Charge	\$ -
2	Additional Information - Mapping of Rate Schedules by Rate Group	No Charge	\$ -
3	Additional Information - Public Goods Charge, Residential Tier Data, Generation Revenue Information	No Charge	\$ -
4	Opt-Out Requests - Customer Contact Opt-out	\$ 13.00	\$ -
5	Opt-Out Requests - Voice Response Unit (IVR) Opt-out	\$ 1.40	\$ -
6	Opt-Out Requests - Internet Opt-out	\$ 1.30	\$ -
7	Community Choice Aggregation Service Request (CCASR) - CCASR Fee	\$ 1.30	\$ 39,790
8	Community Choice Aggregation Service Request (CCASR) - Customer Re-entry	\$ 1.30	\$ 22,625
9	Community Choice Aggregation Service Request (CCASR) - New Customer	\$ 1.30	\$ 332,491
10	Community Choice Aggregation Service Request (CCASR) - Opt-out CCASR Fee	\$ 1.30	\$ 67,835
11	Special Requirements Data - Standard Output File by Rate Group	\$ 21.00	\$ 252
12	Special Requirements Data - Aggregate Annual Usage Report, Standard File	\$ 104.00	\$ -
13	EDI VAN Charge	\$ 0.02	\$ 439,526
14	Customer Information Standardized Request (CISR) - CISR Base Processing Fee	\$ 9.00	\$ -
15	Customer Information Standardized Request (CISR) - Usage Data Base Fee (Non-Interval) - Opt 1	\$ 7.00	\$ -
16	Customer Information Standardized Request (CISR) - Usage Data Base Fee (Interval) - Opt 5	\$ 9.00	\$ -
17	CCA Monthly Account Maintenance Fee - per SA	\$ 0.22	\$ 4,271,207
18	CCA Meter and Data Management Agent (MDMA) Fee (renamed)	\$ 0.02	\$ 290,093
19	CCA Monthly Bank Fee per SA	\$ 0.01	\$ 249,845
20	CCA Hourly Historical Usage Data (HUD) Report Per Event	\$ 241.00	\$ 2,892
21	Meter Related Services	T&M	\$ 5,770
22	CCA Account Assistance fee	T&M	\$ 300
23	Special Services Request (rescoped fee)	T&M	\$ -
24	System Set Up and EDI Testing	T&M	\$ -
25	Enrollment & Reversion Project Fee	T&M	\$ -
26	<b>Total Revenue (Rounded)</b>		<b>\$ 5,723,000</b>

1 Figure V-33 below shows the 2018-2025 recorded and forecasted CCA Service  
2 Fee OOR revenue. From 2020 to 2021, there was a downward trend due to SAP implementation, which  
3 resulted in a delay in the billing of service fees. From 2021 through 2022, revenues rose as certain  
4 system enhancements were implemented to bill service fees. From 2023-2024, revenues are forecast to  
5 continue rising above 2022 levels as further system enhancements are implemented. During 2024,  
6 forecast revenues are slightly lower due to the assumption of no new planned CCAs that would incur  
7 mass enrollment fees.

<sup>233</sup> Refer to WP SCE-03, Vol. 01, pp. 167-170 and 192-193, for additional details regarding CCA test year forecasts. An error was identified subsequent to the finalization of financial data for year 2024. Therefore, the intended financial number that is stated here in testimony does not align with the financial numbers in standardized workpapers and the RO model. An errata will be submitted to align the financial numbers in testimony, standardized workpapers, and the RO model at a future date.

**Figure V-33**  
**CCA Service Fee Revenue<sup>234</sup>**  
**(Nominal \$000)**



**F. Direct Access (DA) Service Fees and OOR Forecast**

Of its 26 existing DA fees, SCE proposes to update seven fees, eliminate four fees, add three new fees, consolidate one fee into a new ESP Monthly Account Maintenance Fee, consolidate two fees into a new System Set Up and EDI Testing Fee, and consolidate 12 fees into a new meter related services fee. As proposed, the total number of DA fees would decrease to ten in the Test Year as summarized in Table V-54. The reasons for these proposals and the DA service fees forecast revenue are discussed below.

<sup>234</sup> Refer to WP SCE-03, Vol. 03, p. 170, for the recorded and forecast OOR for CCA Service Fees. An error was identified subsequent to the finalization of financial data for year 2024. Therefore, the intended financial number that is stated here in testimony does not align with the financial numbers in standardized workpapers and the RO model. An errata will be submitted to align the financial numbers in testimony, standardized workpapers, and the RO model at a future date.

**Table V-54**  
**DA Service Fees**  
**Summary of Number of Fees**

<b>Line No.</b>	<b>Fee Description</b>	<b>Number of Fees</b>
1	Current DA Fees	26
2	No change	0
3	Updated	7
4	Eliminated	4
5	Consolidated	15
6	New Fees Proposed	3
7	Test Year DA Fees	10

**1. Direct Access (DA) Service Fees Overview**

DA service allows customers to elect to purchase electricity and other services from an Energy Service Provider (ESP). Public Utilities Code section 394 defines ESP as a non-utility entity that offers electric service to customers within the service territory of an electric utility. In D.08-05-003, the Commission authorized SCE to provide DA services to ESPs and collect DA service fees. The current DA service fees are contained in SCE’s Rate Schedule Energy Service Provider – Discretionary Service Fees (ESP-DSF), Energy Service Provider – Non-Discretionary Service Fees (ESP-NDSF), and Customer Choice – Discretionary Service Fees (CC-DSF).

**a) DA Service Fees Estimation Method**

To estimate service fees, SCE conducted cost studies associated with DA services, including labor and non-labor costs. For labor costs, SCE performed a detailed analysis of functions, activities performed, the time required to perform such activities (generally measured in minutes or hours), and identification of the job classification (e.g., analyst, customer service representative) and wage rates (in nominal dollars) for the personnel performing the activities. Labor wage rates included appropriate costs for labor loaders.<sup>235</sup> For non-labor costs, SCE reviewed the appropriate unit costs incurred for items such as automated printing, stationery, envelopes, and postage. As a result of this analysis, SCE identified activities no longer performed, less processing time due to process efficiencies and automation, and new activities required to support DA services. Fees proposed

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<sup>235</sup> Refer to WP SCE-03, Vol. 01, p. 210, for additional details regarding the wage rates used in the cost studies.



to be charged on time and materials basis were not reviewed in the manner described above, as these fees are properly charged based on the volume of activity and wage rates to provide such services.

For each activity performed, SCE multiplied the labor processing time by the applicable labor rate of the personnel performing each activity to develop the activity costs. For each fee, the associated activity costs were then summed to develop the labor costs for the fee. Similarly, for non-labor costs, SCE developed an estimated per unit cost and multiplied by the appropriate volume. SCE then summed the individual non-labor cost components to develop the non-labor costs for the fee. Finally, for each fee, the labor and non-labor costs were summed to develop SCE’s proposed DA fee.

As a result of the detailed analysis described above, SCE proposes the following updates to its DA service fees as described below.

**b) Direct Access Service Fees – Proposed Fee Changes**

The seven DA services fees SCE proposes to update are shown with their current and proposed fees in Table V-55 and described below.

**Table V-55**  
**DA Service Fees – Updated Fees<sup>236</sup>**  
**(Nominal \$)**

Line No.	Fee Description	Current Fees*	Proposed Fees*	\$ Variance	% Variance	Reason for Change
1	EDI VAN Charge	\$ 0.05	\$ 0.02	\$ (0.03)	-54%	Wage Structure Decrease
2	DA Standard CISR (14-796) Processing	\$ 2.10	\$ 9.00	\$ 6.90	329%	Handle time increase
3	DA CISR Usage Data - Option 1	\$ 9.00	\$ 7.00	\$ (2.00)	-22%	Operational Efficiencies
4	DA CISR Usage Data - Opt 5	\$ 15.00	\$ 9.00	\$ (6.00)	-40%	Operational Efficiencies
5	Direct Access Request (DASR) - DASR Fee	\$ 0.66	\$ 1.30	\$ 0.64	97%	Materials Increase
6	ESP Meter and Data Management Agent (MDMA) Fee (renamed)	\$ 0.08	\$ 0.04	\$ (0.04)	-50%	Operational Efficiencies
7	Special Services Request (rescoped fee)	T&M	T&M	\$ -	\$ -	Fee scope change

\* T&M = Time and Material

**(1) Fee Changes Based on Change in Vendor or Material Costs**

SCE proposes to increase the Direct Access Request fee by \$0.64 for a total fee of \$1.30 to reflect current postage and mailing material costs.

<sup>236</sup> Refer to WP SCE-03, Vol. 01, pp. 199-205, for additional details regarding DA Service Fees proposed to be updated.

1                                   **(2)     Fee Changes Due to Change in Labor Costs**

2                                   SCE’s aforementioned cost study evaluated activities, actual time  
3 (measured in minutes and hours), and job classifications required to perform individual activities related  
4 to its service fees. Based on the cost studies performed, SCE identified one service fee (EDI VAN  
5 Charge) that could be reduced based on current labor rates associated with the position responsible for  
6 those services.

7                                   **(3)     Fee Changes Based on Handle Time**

8                                   SCE proposes an increase to the Customer Information Standardized  
9 Requests (Base Processing Fee) to \$6.90 based on an increase in handling time. The cost study for this  
10 fee reflected that the handling time and labor costs associated with this fee had increased as compared to  
11 the prior GRC.

12                                   **(4)     Fee Changes Based on Operational Efficiencies**

13                                   As a result of operational efficiencies attained since the last GRC, SCE  
14 proposes decreases to three fees, the CISR Usage Data - Options 1 and Option 5 and MDMA fees, of  
15 \$2.00, \$6.00, and \$0.04, respectively. The implementation of new transactional processes and  
16 procedures have helped automate DA information and data services and reduces the level of handling  
17 time and/or labor costs.

18                                   **(5)     Fee Changes Based on Scope**

19                                   SCE propose a change in scope to the Special Services Request Fee to  
20 remove meter related services. Those meter related services would be addressed by the new, proposed  
21 Meter Related Services Fee described in the Proposed New Fees section below. The existing Special  
22 Services Request fee will continue to include ad hoc requests from the ESPs and continue to be charged  
23 as time and materials.

24                                   **c)     Direct Access Service Fees – Proposed New Fees**

25                                   The three new DA services fees SCE proposes are shown in Table V-56 and  
26 described below. As shown in Table V-57, each of the existing fees that SCE proposes consolidating  
27 map to one of these three new fees.

**Table V-56**  
**DA Service Fees – Proposed New Fees<sup>237</sup>**  
(Nominal \$)

Line No.	Fee Description	Current Fees	Proposed Fees*
1	System Set Up and EDI Testing	New	T&M
2	ESP Monthly Account Maintenance Fee - per SA	New	\$ 1.30
3	Meter Related Services	New	T&M

\* T&M = Time and Material

**Table V-57**  
**DA Service Fees – Proposed Fees to be Consolidated**  
(Nominal \$)

Line No.	Fee Description	Current Fees*	Consolidation Details
1	ESP Provider Establishment - ESP Service Establishment	\$ 322.00	Consolidating into new System Set Up and EDI Testing Fee
2	Billing Set-up and Ongoing Support	T&M	Consolidating into new System Set Up and EDI Testing Fee
3	Monthly Account Maintenance Fee - Per ESP (Fixed)	\$ 226.00	Consolidating into new ESP Monthly Account Maintenance Fee per SA
4	Investigation and Scheduling Charge	T&M	Consolidating into new Meter Related Services Fee
5	Material Handling Charge	T&M	Consolidating into new Meter Related Services Fee
6	Dual Socket Adapter Device Charge	T&M	Consolidating into new Meter Related Services Fee
7	Dual Socket Adapter Device Installation Charge	T&M	Consolidating into new Meter Related Services Fee
8	Third Party Return of an SCE Meter Penalty	T&M	Consolidating into new Meter Related Services Fee
9	Acceptance Testing of Customer-owned Meter Charge	T&M	Consolidating into new Meter Related Services Fee
10	Meter Replacement Service Fee	\$ 234.00	Consolidating into new Meter Related Services Fee
11	Testing Charge: IDR Meter	\$ 196.00	Consolidating into new Meter Related Services Fee
12	Incomplete Trip Charge	\$ 101.00	Consolidating into new Meter Related Services Fee
13	Pulse Adapter Equipment and Installation Charge	\$ 287.00	Consolidating into new Meter Related Services Fee
14	ESC Meter with Pulse Output Fee	\$ 454.00	Consolidating into new Meter Related Services Fee
15	Engineering Estimate or Job Design	\$ 54.00	Consolidating into new Meter Related Services Fee

\* T&M = Time and Material

**(1) System Setup and EDI Testing**

SCE proposes to create a System Setup and EDI Testing Fee, which mirrors the CCA fee of the same name. This fee covers the cost of establishing a new business relationship with the CCA/DA in SCE service territory and the cost for Electronic Data Interchange (EDI) Testing that CCA/DAs must complete prior to establishing service in SCE territory. Service establishment costs includes activities such as establishing a CCA/DA account in SCE's billing systems. EDI testing costs include successfully completing all standard technical testing which demonstrates the CCA/DA is capable of exchanging data with SCE through EDI. There is a current DA

<sup>237</sup> Refer to WP SCE-03, Vol. 01, pp. 206-208, for additional details regarding DA proposed new fees.

1 fee for ESP Establishment Service Fee and Billing and On-going Support Fee that will be consolidated  
2 into this new Fee. Further, this new fee will also include changes in system setup (i.e., company name  
3 change, banking information, billing information, etc.). The EDI Testing portion of this proposed fee is  
4 new for ESPs. However, this activity is not new for SCE, which has been performing this activity  
5 without charge to the ESPs.

6 **(2) ESP Monthly Account Maintenance Fee Per Service Account**

7 SCE proposes to create a new Monthly Account Maintenance Fee per  
8 Service Account, which mirrors the CCA fee of the same name. The activities encompassed by this fee  
9 include services to ESPs that are routine operational work such as: account assistance and exception  
10 processing and ESP system and technology support performed by the Customer Choice Services (CCS)  
11 department, Customer Billing Organization (CBO) and Information Technology, among others. Based  
12 on current ESP operations, activities were identified relating to operational and exception work. These  
13 activities include periodic internal and external ESP operational meetings to address ESP specific  
14 inquiries, review service account switches, and resolve billing and data issues. For example, there are  
15 meetings with ESPs on the status of their inquiries, as well as meetings with IT to discuss the status and  
16 resolution of specific ESP outstanding account issues. This fee will be charged on a monthly basis per  
17 service account covering on-going exception and routine operational work. Note, there is a current DA  
18 fee, the Monthly Account Maintenance Fee per ESP, that will be consolidated into this new fee as it  
19 covers certain monthly operational activities associated with the time needed to develop various  
20 standard reports. However, reporting has evolved and there are more daily reporting support activities  
21 needed for incremental DA requests and DA operational work. SCE proposes this fee to be per service  
22 account (SA) rather than per ESP because it will allocate monthly costs more proportionately among  
23 ESPs.

24 **(3) Meter Related Services Fee**

25 SCE proposes consolidating 12 current fees related to metering services  
26 and the meter related portion of the current Special Services Request Fee into one new fee, the Meter  
27 Related Services Fee.<sup>238</sup> The Special Services Request Fee is currently charged on a T&M basis. Of the

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<sup>238</sup> Refer to “Special Services Request Fee” discussion in Fee Changes Based on Scope above.

1 12 other current fees to be consolidated, 6 are T&M and the other 6 are set priced fees with fixed dollar  
2 amounts.<sup>239</sup> SCE proposes that the new consolidated fee be charged on a T&M basis.

3 SCE's proposed fee consolidation is based on the increasingly infrequent  
4 use of existing individual meter-related fees. All of the current meter-related fees were at minimal  
5 volumes in 2022.<sup>240</sup> This is because the meter-related fees are only applicable to customers who own  
6 their meters, and the volume of those customers have declined historically and this trend is expected to  
7 continue.<sup>241</sup> Accordingly, there is little value in maintaining and tracking 12 individual fees for discrete  
8 meter-related services that will be rarely requested. Additionally, there are cost efficiencies to  
9 implementing and tracking one fee as opposed to 12 separate fees.

10 Through the proposed consolidation into a single T&M fee, the six fees  
11 that are currently charged at fixed dollar amounts will shift to being charged on a T&M basis. For these  
12 six fees, SCE proposes that the T&M charge for those specific services, if requested, be based on  
13 average costs corresponding to how the fixed dollar amounts were previously calculated.

14 **d) Direct Access Service Fees – Eliminated**

15 The four DA services fees SCE proposes to eliminate are shown in Table V-58  
16 below.

**Table V-58**  
**DA Service Fees - Fees Proposed to be Eliminated**  
*(Nominal \$)*

Line No.	Fee Description	Current Fees	Reason for Elimination
1	Consolidated SCE Billing - Additional Page Charge	\$ 7.00	Process change, electronic version utilized
2	DA CISR Rate Change Request- Option 7	\$ 4.30	No longer providing service due to low volume
3	Reposting of Data Usage Files Fee	\$ 41.00	No longer providing service due to low volume
4	Involuntary Billing Change Charge	\$ 8.00	No longer providing service due to low volume

<sup>239</sup> Refer to Table V-57, Lines 4-15.

<sup>240</sup> Only 3 of the current 12 meter-related fees were used in 2022 by CCAs and CCA customers: (1) the Additional Meter Related Services - Engineering Estimate or Job Design fee was used 5 times, the Additional Metering Related Services – Pulse Adapter Equipment and Installation Charge fee was used 16 times, and the ESC Meter with Pulse Output fee was used twice. The Special Services Request fee was not used at all for meter related work.

<sup>241</sup> The 12 current fees are applicable to both ESPs and ESP customers. If an ESP customer makes the meter-related service request to SCE, the fee will be charged to the ESP customer; if a ESP makes the meter-related service request to SCE, the fee will be charged to the ESP. In 2022, all volumes for the 12 fees occur in the customer-requested scenario.

In this GRC, SCE proposes to eliminate four fixed charge DA Fees. SCE proposes to eliminate one fee, the Consolidated SCE Billing - Additional Page Charge, because it is no longer needed due to the transition to electronic billing. The remaining fees should be eliminated as they are not used by ESPs.

**2. Direct Access Service Fees – Forecast OOR**

Table V-59 below presents the Test Year 2025 forecast revenues of DA service fees. SCE forecasts DA revenue to increase to \$0.71 million by 2025. To forecast DA service fee revenues, the 2022 recorded transaction volumes were increased for the forecast customer growth of 1.96 percent between 2022 and 2025, and the proposed service fees were applied to the forecast volumes. It is anticipated at this time that some fees will have no 2025 volumes and therefore, some fees in the table below show zero revenue.

**Table V-59**  
**DA Service Fee Revenues<sup>242</sup>**  
*(Nominal \$000)*

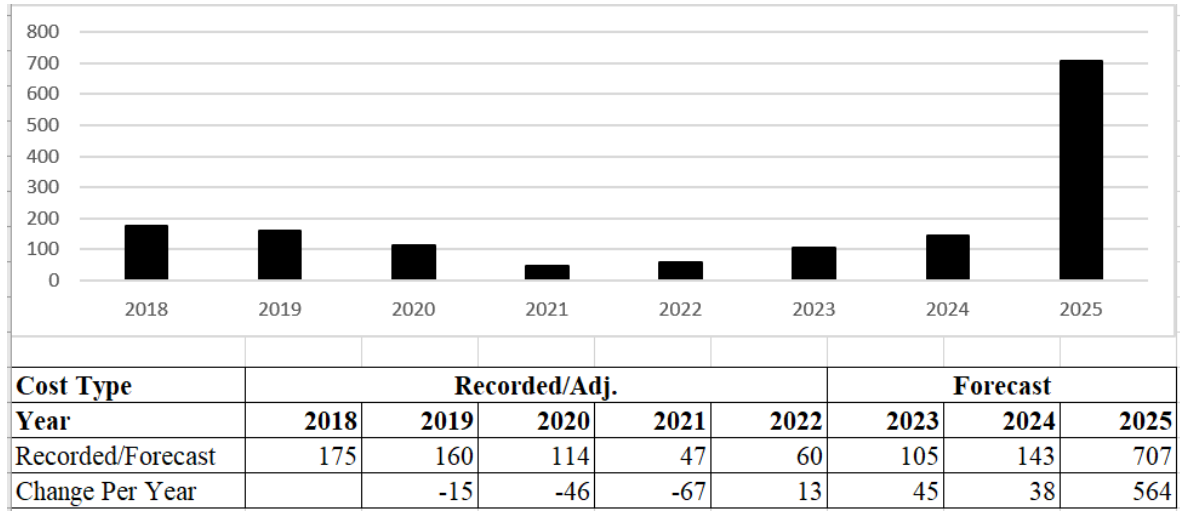
Line No.	Direct Access Services	Proposed Fee*	Forecasted 2025 OOR (\$000s)
1	EDI VAN Charge	\$ 0.02	\$ 11
2	DA Standard CISR (14-796) Processing	\$ 9.00	\$ 10
3	DA CISR Usage Data - Option 1	\$ 7.00	\$ 7
4	DA CISR Usage Data - Opt 5	\$ 9.00	\$ 8
5	Direct Access Request (DASR) - DASR Fee	\$ 1.30	\$ 8
6	ESP Monthly Account Maintenance Fee - per SA	\$ 1.30	\$ 631
7	ESP Meter and Data Management Agent (MDMA) Fee (renamed)	\$ 0.04	\$ 19
8	Special Services Request (rescoped fee)	T&M	\$ -
9	Meter Related Services	T&M	\$ 13
10	System Set Up and EDI Testing	T&M	\$ -
	<b>Total Revenue (Rounded)</b>		<b>\$ 707</b>
* T&M = Time and Material			

Figure V-34 below shows the 2018-2025 recorded and forecasted DA Service Fee OOR revenue. From 2020 to 2021, there was a downward trend due to SAP implementation resulting in a delay in the

<sup>242</sup> Refer to WP SCE-03, Vol. 01, pp. 195-198 and p. 209, for additional details regarding DA test year forecasts. An error was identified subsequent to the finalization of financial data for years 2023 and 2024. Therefore, the intended financial number that is stated here in testimony does not align with the financial numbers in standardized workpapers and the RO model. An errata will be submitted to align the financial numbers in testimony, standardized workpapers, and the RO model at a future date.

1 billing of service fees. From 2021 to 2022, there was an upward trend as certain system enhancements  
 2 were implemented to bill service fees. From 2023 to 2024, revenues are forecast to rise as further system  
 3 enhancements are implemented.

**Figure V-34**  
**DA Services Revenues<sup>243</sup>**  
 (Nominal \$000)



4 **G. Demand Response Program (DRP) Service Fees**

5 On November 29, 2012, the Commission adopted D.12-11-025, which established policies for  
 6 the implementation of direct participation in demand response resources in the CAISO’s wholesale  
 7 market. In 2014, the Commission approved a set of rules that defined the roles and responsibilities of  
 8 third-party demand response providers (DRPs), aggregators, and utilities in direct participation demand  
 9 response. These rules are set forth in SCE’s Tariff, Rule 24.

10 SCE’s Commission-approved Rule 24 budget provides funding for the first 100,000 customer  
 11 registrations. As of January 2023, SCE supported approximately 75,500 active customer registrations.  
 12 The DRP service fees were established to facilitate direct participation of demand response providers in

<sup>243</sup> Refer to WP SCE-03, Vol. 01, p. 198, for the recorded and forecast OOR for DA Service Fees. An error was identified subsequent to the finalization of financial data for years 2023 and 2024. Therefore, the intended financial number that is stated here in testimony does not align with the financial numbers in standardized workpapers and the RO model. An errata will be submitted to align the financial numbers in testimony, standardized workpapers, and the RO model at a future date.

the CAISO wholesale market. The DRP program fees were originally proposed as part of Rule 24 implementation<sup>244</sup> and were based upon SCE’s CCA service fee schedule.<sup>245</sup>

On May 2, 2022, SCE filed A.22-05-004, which requests funding for demand response programs and corresponding budgets for years 2023-2027. Year 2023 was treated as a bridge year and D.22-12-009 approved demand response programs and budgets for that year. Phase II will address 2024-2027 DR program proposals, the future of the DRAM Pilot, and any issues remaining following the conclusion of Phase I. Phase II is ongoing.

In this GRC, SCE proposes to update the DRP service fees by consolidating all fees related to meter service requests into a new Meter Related Services fee. Meter service requests related to DRP are unlikely and therefore, for ease, SCE would like to consolidate these fees. If these requests do occur in the future, SCE requests recovery of costs this GRC, as these costs are not included in SCE’s Demand Response Application. SCE also proposes to eliminate CISR related fees (lines 12-14 in Table below). There is only one dataset related to DRP CISR fees and the funding for these requests is included in SCE’s Demand Response Application. SCE proposes to maintain and make no changes to the Special Services Request Charge. Table V-60 below provides the summary of changes required to update the DRP service fees. The DRP 2025 Test Year revenue forecast is expected to be zero.

**Table V-60**  
**Current & Proposed DRP Service Fees**

Line No.	Fee Description	Current Fees*	Proposed Fees*
1	Dual Socket Adapter Device Charge per Device	T&M	Consolidating into new Meter Related Services Fee
2	Dual Socket Adapter Device Charge (reinstallation of an existing meter & installation of a second meter)	T&M	Consolidating into new Meter Related Services Fee
3	Investigation and Scheduling Charge per installation	T&M	Consolidating into new Meter Related Services Fee
4	Material Handling Charge per removed meter	T&M	Consolidating into new Meter Related Services Fee
5	Un-Returned Meter Penalty Charge per meter per removal	T&M	Consolidating into new Meter Related Services Fee
6	Acceptance Testing of Customer Owned Meter Charge	T&M	Consolidating into new Meter Related Services Fee
7	Engineering Estimate or Job Design Charge per Occurrence	\$54.00	Consolidating into new Meter Related Services Fee
8	Pulse Adapter Equipment and Installation Charge per Occurrence	\$287.00	Consolidating into new Meter Related Services Fee
9	Incomplete Trip Charge per Event	\$101.00	Consolidating into new Meter Related Services Fee
10	Special Services Request Charge per Event	T&M	T&M
11	Usage Data Base Fee (Interval Meter) - Option 5	\$15.00	Eliminate
12	Base Processing Fee	\$2.10	Eliminate
13	Usage Data Base Fee (Non-Interval) - Option 1	\$9.00	Eliminate
14	Rate Change Request - Option 7	\$4.30	Eliminate
15	Meter Related Services	New	T&M

\* T&M = Time and Material

<sup>244</sup> A.14-06-001.

<sup>245</sup> Schedule DRP-SF was established in Advice 3225-E in compliance with Decision 15-03-042, based on the proposed tariff filed in SCE’s Application 14-06-003.