

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

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October 6, 2015

Advice Letter: 3214-E

Russell G. Worden
Managing Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, CA 91770

Michael R. Hoover
Director, State Regulatory Affairs
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, CA 94102

RE: Disposition rejecting without prejudice Southern California Edison's Advice Letter regarding Modification of the CARE and Medical Baseline Exemption to elements of the Cost Responsibility Surcharge

Dear Mr. Worden:

This is to notify you that Energy Division is rejecting Advice Letter (AL) 3214-E without prejudice.

On May 1, 2015, SCE filed AL 3214-E to request modification of the Special Conditions of Schedules DA-CRA and CCA-CRA to specify that CARE and Medical Baseline Customers are not exempt from the Power Charge Indifference Adjustment (PCIA) component of the Cost Responsibility Surcharge.

The City of Lancaster (Lancaster Choice Energy), The Center for Accessible Technology (CforAT)/The Greenlining Institute, The County of Los Angeles, LEAN Energy US, and Marin Clean Energy (MCE) on May 21, 2015 timely filed comments to SCE AL 3214-E. On May 29, 2015, SCE timely filed reply comments.

Staff finds that this request is not appropriate for an advice letter filing, but rather should be taken up in a formal proceeding such as SCE's GRC Phase II filing, rate design window or any future ratesetting proceeding relating to DA/CCA or CARE issues. SCE is directed to refile in a more appropriate venue.

A discussion of the background and relevant issues is contained in Attachment 1.

Please contact Whitney Richardson of the Energy Division at (415) 703-2108 (wr1@cpuc.ca.gov) if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "ER", with a long horizontal stroke extending to the right.

Edward Randolph
Director, Energy Division

I. Background

Decision (D.)02-11-022 established the Cost Responsibility Surcharge (CRS) to recover energy crisis related costs from Departing Load customers. These costs included the Department of Water Resources (DWR) Bond Charge, Historical Procurement Charge (HPC), DWR Power Charge, Utility Retained Generation costs and the Competition Transition Charge (CTC).

Resolution E-3813 implementing the CRS directed SCE and the other utilities to provide an exemption to all components of the CRS for Direct Access (DA) and Community Choice Aggregation (CCA) California Alternative Rates for Energy (CARE) customers with the exception of the CTC charges.

This policy was not addressed in D.04-12-046, which determined the methodology ('vintaging') by which to assign CRS costs to CCA customers. D.05-12-041, which determined CARE policy for CCA customers merely reaffirmed that these customers are exempt from the DWR Bond Charge.

Pursuant to D.06-07-030, SCE and the other utilities instituted the Power Charge Indifference Adjustment (PCIA), a rate component of the DA CRS charge. As a successor charge to the DWR Bond Charge, this component recovers the costs of post-energy crisis, above-market generation incurred on behalf of Departing Load customers.

SCE believes that the exemption from all components of the CRS (with the exception of the CTC) for Departing Load CARE and Medical Baseline customers is no longer symmetrical with the treatment of bundled CARE and Medical Baseline customers who do pay the PCIA component. On May 1, 2015 SCE filed AL-3214 seeking to remove the exemption from the PCIA component of the CRS for CARE and Medical Baseline Customers.

II. Party Protests, Comments and Reply

The City of Lancaster (Lancaster Choice Energy), The Center for Accessible Technology (CforAT)/The Greenlining Institute, The County of Los Angeles, LEAN Energy US, and Marin Clean Energy (MCE) on May 21, 2015 timely filed comments to SCE AL 3214-E. On May 29, 2015, SCE timely filed reply comments.

The comments variously addressed the increase in the PCIA and the unreasonableness of the charge on vulnerable customers, but most focused on the advice letter as the wrong forum for this issue.

The City of Lancaster protested that the advice letter procedure was inappropriate for this issue as it is complicated and required the ability of parties to challenge SCE's proposal. They cite that D.04-12-046 instructs the utilities to address the matter of exemptions for 'baseline' customers in a ratemaking proceeding. They also assert that PG&E addressed the exemption issue in its 2007 General Rate Case (GRC) Phase 2 (A.06-03-005) and that this is the appropriate procedure. LEAN Energy US, The County of Los Angeles, CforAT/The Greenlining Institute, and MCE echo these comments, expressing their wish to address this issue in a more formal proceeding.

SCE's reply states that the parties have mischaracterized D.04-12-046 by wrongly equating the 'baseline' customers described in that decision with CARE and Medical Baseline customers. 'Baseline' in that decision refers to customers with usage below 130% of baseline. They disagree that the advice letter procedure is inappropriate, citing the Commission preference for symmetric treatment related to DWR costs between bundled and departing load customers stated in D.01-05-064. SCE interprets this to mean that once the DWR costs have ended, the exemption ends. "Here, SCE interprets Resolution E-3813 as a Commission directive ordering SCE to exempt Departing Load CARE and MB customers from the PCIA only as long as analogous bundled service CARE and MB customers were shielded from paying now-satisfied Energy Crisis liabilities."

They also cite PU Code §366.2 which prohibits cost-shifting between utility bundled service customers and CCA customers.

III. Discussion

Neither D.02-11-022, Resolution E-3813, D.04-12-046 nor D.05-12-041 make any specific provisions for addressing this exemption via Commission order. SCE is correct that D.04-12-016 only refers to the removal of exemptions for customers with usage below 130% of baseline. However, D.04-12-016 does characterize the calculation and implementation of CRS charges for CCA customers in general as "complex and somewhat controversial,"¹. Indeed, D.04-12-016 mentions that these issues are so complex that they cannot even be handled in the scope of that proceeding.²

As stated in General Rule 5.1, "The advice letter process provides a quick and simplified review of the types of utility requests that are expected neither to be controversial nor to raise important policy questions." In addition, SCE has both a new CCA in its territory and changes to the CARE discount which may affect the calculation of the CRS.

In light of the absence of any order to address this exemption in a Commission decision, the complexity of the issue, the vulnerability of the affected population and the presence of additional stakeholders, Staff finds that the advice letter procedure is not appropriate for addressing this issue. Pursuant to General Rule 5.3, SCE should resubmit this request in a ratemaking proceeding.

¹ (page 23)

² (p.37)