**SCE Advice Letter –** SCE submitted Consolidated Advice Letter (AL) 4488-E on April 30, 2021, which was supplemented by AL 4488-E-A on May 14. These advice letter filings combine several rate changes into one, resulting in a net 1% increase in electric rates and bills beginning on June 1, 2021.

**Estimated Bill Impacts of All Requested Electric Rate Changes Effective June 1, 2021:**

|  |  |
| --- | --- |
| Estimated Residential Electric Bill Impacts[[1]](#footnote-2)  | SCE as of June 1, 2021 |
| * Average Non-CARE electric bill
 | $126.90 |
| * Average Non-CARE electric bill increase
 | $1.30 (1.04%) |
| * Average CARE electric bill
 | $80.70 |
| * Average CARE electric bill increase
 | $0.80 (1.00%) |

Below are the main drivers of SCE’s June 1, 2021 electric rate change due to a total increase of $115.885 million in revenue needed to fund its electric utility operations and various programs. Dollar amounts shown below represent the increase (total $234.907 million) and decrease (total 119.021 million) in revenue collected from customers compared to the authorized February 1, 2021 revenue requirement; ***not*** total program costs for each category.

**Change in Consolidated Revenue Requirements (in $000) by Proceeding**

**as of June 1, 2021, Compared to Requirements as of February 1, 2021**

|  |  |  |
| --- | --- | --- |
| Increases in Revenue Requirements | Decreases in Revenue Requirements | Total  |
| Mobilehome Park Master Meter Balancing Account | $25,926 | 11% | 2021 GRC Phase 1, Track 2 | ($9,700) | -8% |  |
| Summer Reliability OIR | $12,330 | 5% | Safety and Reliability Investment Incentive Mechanism | ($21,627) | -18% |  |
| Energy Efficiency Program | $76,617 | 43% | Demand Response Programs | ($194) | -0.2% |  |
| School Energy Efficiency Stimulus Program | $100,699 | 8% | FERC Transmission Balancing Account | ($87,500) | -74% |  |
| Recovery Bonds | $19,435 | 33% |  --  |  |  |  |
| Subtotal | **$234,907** | **Subtotal** | **($119,021)** | **$115,885** |

A summary of each revenue change item listed in the table above:

* The primary drivers of the June 1st rate increase are:
	+ **Mobilehome Park Master Meter Balancing Account (MMMBA) ($25.926 million)**
		- In accordance with D.14-03-021, SCE submitted Advice 4372-E to provide the operation of the MMMBA in 2020 and to transfer the December 31, 2020 MMMBA balance to be collected from customers in 2021 distribution rates.
		- Advice 4372-E was approved by Energy Division on April 13, 2021, with a December 17, 2020 effective date. As a result, SCE transferred the actual 2020 recorded year-end balance in the MMMBA of $25.634 million, which will increase the June 1, 2021 revenues for recovery via distribution rates.
	+ **Summer Reliability OIR ($12.33 million)**
		- On November 19, 2020, the CPUC initiated R.20-11-003 to establish policies, processes, and rules to ensure reliable electric service in California in the event of an extreme weather event in 2021/22.
		- In accordance with OPs 3 and 15 of D.21-03-056, SCE submitted Advice 4474-E to set forth the incremental 2021-22 authorized Demand Response (DR) and Statewide Marketing, Education, and Outreach (SME&O) funding amounts adopted in the decision.
		- SCE is authorized to recover $5.46 million for SME&O funding, and $4.68 million in distribution rates and $2.19 million in generation rates for DR program funding.
	+ **Energy Efficiency Program ($76.617 million)**
		- SCE submitted Advice 4285-E-A to set forth SCE’s Energy Efficiency (EE) Program and Portfolio Annual Budget Advice Letter (ABAL) for 2021. The ABAL proposed detailed budgets for cost recovery, transfer, and contracting for SCE’s EE portfolio for 2021.
		- In a disposition letter issued December 28, 2020, Energy Division rejected Advice Letter 4285-E-A, but nevertheless approved SCE’s 2021 budget request because it represented a “good faith effort” to estimate “energy efficiency costs and benefits, as well as budgets” in light of COVID-19 impacts as envisioned by the Commission in the Energy Efficiency proceeding.[[2]](#footnote-3) However, this approval was received too late to include in SCE’s February 1, 2021 rate change and so was included here.
	+ **School Energy Efficiency Stimulus Program ($100.699 million)**
		- AB 841, signed into law on September 30, 2020, established the School Energy Efficiency Stimulus Program. The purpose of the Stimulus Program is to improve ventilation and replace old or inefficient plumbing fixtures to prepare schools for operating during the COVID-19 pandemic.
		- On February 1, 2021, SCE submitted Advice Letters 4406-E and 4408-E to fund the Stimulus Program. As discussed in Advice 4408-E, SCE will recover 2021 Stimulus Program funding through its public purpose program charge rate levels beginning with the June 1, 2021 consolidated rate change.
	+ **Recovery Bonds ($19.435 million)**
		- On November 5, 2020, the CPUC issued a Financing Order granting SCE authority under AB 1054 and Pub. Util. Code Section 850.1 to issue a recovery bond to finance its initial tranche of fire risk mitigation capital expenditures.
		- The initial Recovery Bonds will finance approximately $327 million of the total approved $1.575 billion of fire risk mitigation capital expenditures.
		- SCE submitted Advice Letter 4416-E setting forth the final terms and pricing for the bonds, including using the cost allocation and rate design methodology and Fixed Recovery Charge cash flow formula to establish initial Fixed Recovery Charges.
		- The $19.4 million revenue increase is associated with the Fixed Recovery Charges for the bonds’ first and second payment periods.
* In addition, the following items result in revenue decreases and mitigate the increases described above:
	+ 2021 GRC Phase 1, Track 2 (A.19-08-031) (AL 4412-E) (-$9.7 million)
		- Ratepayers received a $9.7 million credit due to tax adjustments.
	+ Safety and Reliability Investment Incentive Mechanism (SRIIM) (AL 4442-E) (-$27.627 million)
		- SCE’s Preliminary Statement Part LL requires SCE to report and refund the authorized SRIIM capital additions that exceed the adjusted recorded SRIIM additions for calendar years 2018-2020.
		- The excess amount of $21.627 million will be credited to ratepayers through the distribution sub-account of the Base Revenue Requirement Balancing Account.
	+ Demand Response Programs as part of the 2021 EE budget request revenue requirement (AL 4285-E) (-$0.194 million)
	+ FERC Transmission Balancing Account (-$87.5 million).
		- The revised FERC Transmission Access Charge (TAC) rate applicable to SCE’s end-use customers effective June 1, 2021 is $0.00315 per kilowatt-hour, decreased from $0.00419 per kilowatt-hour.
		- This decrease in the TAC rate is primarily due to a smaller undercollection balance in the TAC Balancing Account and a smaller CAISO TAC net cost-shift.
1. Based on a typical residential bundled customer using, on average, 500 kilowatt-hours per month. [↑](#footnote-ref-2)
2. R.13-11-015, Amended Scoping Ruling Addressing Impacts of COVID-19, p. 8, July 3, 2020. [↑](#footnote-ref-3)