I. Charge Ready Program Balancing Account (CRPBA)

1. Purpose

The purpose of the Charge Ready Program Balancing Account (CRPBA) is to record the actual incremental operations and maintenance (O&M) expense and capital-related revenue requirements associated with Phase 1 and Bridge Funding of the Charge Ready Program (CRP) and Market Education Program. Pursuant to D.16-01-023 and D.18-12-006, separate sub-accounts are established in the CRPBA to ensure that SCE will only recover a Phase 1 revenue requirement associated with up to $22 million ($2014) and a Bridge Funding revenue requirement associated with up to $22 million ($2014) in direct capital expenditures and O&M in the CRPBA.

Pursuant to D.19-11-017, SCE is authorized to record the actual incremental O&M expense and capital-related revenue requirements associated with the Charge Ready Schools Pilot (Schools) up to $9.89 million ($2018, direct costs) and the Charge Ready Parks Pilot (Parks) programs up to $9.89 million ($2018, direct costs) for a total of no more than $19.77 million ($2018, direct costs), plus CPUC evaluation related expenses capped at 4 percent of the authorized amount.

2. Operation of the CRPBA

Monthly entries to each of the CRPBA sub-accounts shall be determined as follows:

Phase 1 Sub-Account

a. A debit entry equal to SCE’s recorded incremental O&M expenses associated with Phase 1 of the CRP. O&M expenses may include incremental SCE labor, Charge Ready Education & Outreach, Phase 1 Market Education and Transportation Electrification Advisory Services, and Charging Station rebates; and

b. A debit entry equal to SCE’s recorded incremental capital-related revenue requirement (including book depreciation, applicable taxes, and an authorized rate of return on recorded rate base) associated with Phase 1 of the CRP. Capital-related expenses may include utility and customer side installation costs, such as transformer upgrades, service drops, trenching and panel changes.

Bridge Funding Sub-Account:

a. A debit entry equal to SCE’s recorded incremental O&M expenses associated with Bridge Funding of the CRP. O&M expenses may include incremental SCE labor, Charge Ready Education & Outreach, Phase 1 Market Education and Transportation Electrification Advisory Services, and Charging Station rebates; and

(Continued)
I. Charge Ready Program Balancing Account (CRPBA) (Continued)

2. Operation of the CRPBA (Continued)

b. A debit entry equal to SCE’s recorded incremental capital-related revenue requirement (including book depreciation, applicable taxes, and an authorized rate of return on recorded rate base) associated with Bridge Funding of the CRP. Capital-related expenses may include utility and customer side installation costs, such as transformer upgrades, service drops, trenching and panel changes.

The $22 million Phase 1 and $22 million Bridge Funding spending caps are based on 2014 direct capital expenditures and O&M expenses and refers to project-related spend, controllable by program managers. When recording the revenue requirements in the CRPBA, SCE will include provisions for overhead loadings on direct labor dollars to account for payroll taxes based on authorized 2018 GRC loading factor rates. However, Pensions, Post-Employment Benefits Other Than Pensions (PBOPs), and medical, dental and vision labor loadings will not be recorded in the CRPBA since these are recovered through separate balancing accounts.

Charge Ready Schools Pilot (Schools) Sub-Account

a. A debit entry equal to SCE’s recorded incremental O&M expenses associated with Charge Ready Schools Pilot. O&M expenses may include incremental SCE labor, and Charge Ready Schools Pilot Education & Outreach;

b. A debit entry equal to SCE’s recorded incremental capital-related revenue requirement (including book depreciation, applicable taxes, and an authorized rate of return on recorded rate base) associated with Charge Ready Schools Pilot. Capital-related expenses may include utility and customer side installation costs, such as transformer upgrades, service drops, trenching and panel changes; and

c. A debit entry equal to expenses for Commission related evaluation activities.

Charge Ready Parks Pilot (Parks) Sub-Account

a. A debit entry equal to SCE’s recorded incremental O&M expenses associated with Charge Ready Parks Pilot. O&M expenses may include incremental SCE labor, and Charge Ready Parks Pilot Education & Outreach;

b. A debit entry equal to SCE’s recorded incremental capital-related revenue requirement (including book depreciation, applicable taxes, and an authorized rate of return on recorded rate base) associated with Charge Ready Parks Pilot. Capital-related expenses may include utility and customer side installation costs, such as transformer upgrades, service drops, trenching and panel changes; and

c. A debit entry equal to expenses for Commission related evaluation activities.
I. Charge Ready Program Balancing Account (CRPBA) (Continued)

3. Interest

An entry to record interest expense by applying one twelfth of the Interest Rate to the average of the beginning and ending balance based on the totals for all subaccounts in the CRPBA. The Interest Rate shall be one-twelfth of the Federal Reserve three months Commercial Paper Rate—Non Financial, from the Federal Reserve Statistical Release H.15 (expressed as an annual rate). If in any month a non-financial rate is not published, SCE shall use the Federal Reserve three-month Commercial Paper Rate—Financial.

4. Disposition

The CRPBA balance shall be transferred annually to the distribution sub-account in the BRRBA. SCE will not record incremental O&M expense and capital-related revenue requirements associated with direct capital expenditures and O&M that exceed the following authorized caps:

- Phase 1 and Bridge Funding of the Charge Ready Program, up to the $22 million (2014$) each;
- Charge Ready Schools Pilot and Charge Ready Parks Pilot programs up to $9.89 million ($2018, direct costs) each and CPUC evaluation related expenses capped at 4 percent of the authorized costs of the Schools and Parks total cap of $19.77 million.

5. Review Procedures

SCE is authorized to fully recover in distribution rates the revenue requirements associated with direct capital expenditures and O&M up to the authorized caps above and as required by Ordering Paragraph No. 6 of D.16-01-023 and Section 4.3 of D.19-11-017, the entries recorded in the CRPBA will be reviewed in SCE’s annual April 1 ERRA Review proceeding to ensure the entries are stated correctly and are consistent with all requirements of D.16-01-023 and D.19-11-017.