Q. Power Charge Indifference Adjustment Undercollection Balancing Account (PUBA)

1. Purpose

The Power Charge Indifference Adjustment (PCIA) Undercollection Balancing Account (PUBA) is established pursuant to Decision (D.)18-10-019. The purpose of the PUBA is to record any shortfall (and any associated repayment) in billed revenues accruing from departing load customers and the corresponding financing of the revenue shortfall by bundled service customers due to the implementation of PCIA Rate Caps.

The PUBA is comprised of multiple subaccounts by Customer Vintage that record any PCIA obligation (i.e., revenue shortfall or undercollection) from DL customers that accrues as a result of a PCIA Rate Cap (PUBA DL Customer Vintage subaccounts), including any “repayments” of the undercollection in subsequent years. The revenue shortfall (“negative revenues”) recorded in each PUBA DL Customer Vintage subaccount is the difference between the uncapped customer class-specific vintage PCIA rates and the capped customer-class specific PCIA rates, multiplied by the DL customers’ customer class-specific load for each vintage. The undercollected PCIA obligation for each Customer Vintage is summed for all the customer classes within that Customer Vintage and the total is recorded to the applicable vintage PUBA DL Customer Vintage subaccount.

The PUBA also includes a Bundled Service Financing (BSF) subaccount that records the amount “financed” by bundled service customers through a surcharge reflected in bundled service customers’ generation rates.

A PCIA Trigger applies to the balance recorded in the PUBA DL subaccounts, as outlined below.

2. Definitions

a. Customer Vintage:

Departing load customers are assigned a Customer Vintage that generally corresponds to the date in which they depart bundled service. Customers who depart on or before June 30 of the current year are assigned the prior year as their Customer Vintage. Customers who depart on or after July 1 of the current year are assigned the current year as their Customer Vintage.
Q. Power Charge Indifference Adjustment Undercollection Balancing Account (PUBA) (Continued)

2. Definitions (Continued)
   a. PCIA Rate Cap:

   Beginning in 2020, a cap on any upward movement in vintage PCIA rates is set at 0.5 cents / kWh from the final cumulative System Average Rate by Customer Vintage implemented as a result of a final decision in the previous year’s ERRA Forecast proceeding (e.g., for the 2020 ERRA Forecast proceeding, the comparison is between (1) the PCIA rates proposed via Advice 3972-E on March 19, 2019 and implemented via Advice 4006-E on June 1, 2019 (i.e., the 2019 ERRA Forecast Proceeding final as-implemented rates in accordance with D.19-02-024) and (2) the PCIA rates proposed in SCE’s 2020 ERRA Forecast Proceeding (including the November Update)).

   b. System Average Rate:

   The “system average rate” associated with a balancing account is defined as follows:

   System Average Rate = Authorized Balancing Account Revenue Requirement / Forecast kWh Sales of All Customers Responsible for the Costs in that Particular Balancing Account.

3. Operation

The PUBA consists of multiple DL Customer Vintage subaccounts, starting with the PCIA 2009 Customer Vintage. A separate DL Customer Vintage subaccount is added for each subsequent year through the current year. PCIA obligations that accrue as the result of capped PCIA rates by Customer Vintage are tracked and recorded in the PUBA DL Customer Vintage subaccounts.

The PUBA also includes a BSF subaccount to record the amount of the PCIA undercollection that is financed by bundled service customers, with interest. The year-end BSF subaccount balance is returned, in its entirety, to the customers who provided the "loan" through a transfer of the BSF subaccount balance to the applicable vintage subaccount of the Portfolio Allocation Balancing Account (PABA), for amortization in the next year’s rates (e.g., the year-end 2020 PUBA BSF subaccount balance is returned, in its entirety, to 2020 bundled service customers through a transfer of the 2020 PUBA BSF subaccount balance to the 2020 vintage subaccount of PABA, for amortization in 2021 rates).
Q. Power Charge Indifference Adjustment Undercollection Balancing Account (PUBA) (Continued)

3. Operation (Continued)

The following entries will be made to the PUBA subaccounts on a monthly basis, or as applicable, excluding an allowance for Franchise Fee and Uncollectibles (FF&U) account expense:

a. A debit/credit entry equal to the revenue shortfall/repayment attributable to the DL Customer Vintage subaccount representing the difference between the uncapped PCIA rates and the capped PCIA rates, by DL Customer Vintage and class, multiplied by the applicable customer load, by DL Customer Vintage and class.

b. A credit/debit entry to the BSF subaccount to record the amount of the PCIA undercollection financed by bundled service customers related to the revenue shortfall associated with PCIA Rate Caps for DL customers. The year-end balance in this subaccount is returned, in its entirety with interest, through a transfer to the applicable vintage subaccount of the PABA.

c. Interest shall accrue monthly to the PUBA by applying one-twelfth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate), to the average monthly balance in the applicable PUBA subaccounts.

4. PCIA Trigger Applications

In accordance with Ordering Paragraph 10 of D.18-10-019, SCE must file an expedited PCIA trigger application with the Commission within 60 days of the PUBA DL subaccounts’ balance reaching 7 percent of DL customers’ share of the forecast PCIA revenues, provided SCE forecasts that the balance will reach 10 percent of DL customers’ share of the forecast PCIA revenues.

An expedited PCIA Trigger application must include:

a. A projected account balance as of 60 days or more from the application filing date depending on when the applicable PUBA balance is forecasted to reach the 10 percent threshold; and,

b. Revised PCIA rates that will bring the applicable forecast PUBA balance below 7 percent and maintain the balance below that level until January 1 of the following year.
Q. Power Charge Indifference Adjustment Undercollection Balancing Account (PUBA)  
(Continued)

4. PCIA Trigger Applications (Continued)

Alternatively, SCE is authorized to notify the Commission through an advice letter filing, instead of an expedited application, when the applicable PUBA balance exceeds 7 percent and SCE does not seek changes to the PCIA rates because SCE forecasts that the applicable PUBA balance will self-correct below the 7 percent trigger point within 120 days of filing the advice letter. The advice letter must include documentation to support SCE’s forecast that the applicable PUBA balance will self-correct below the 7 percent trigger point within 120 days without an expedited request to modify PCIA rates.

PCIA Triggers

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<tr>
<th>Trigger Point (7%)</th>
<th>Trigger Threshold (10%)</th>
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<tbody>
<tr>
<td>($)</td>
<td>($)</td>
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<tr>
<td>2020 XXX,XXX</td>
<td>XXX,XXX</td>
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5. Disposition

Disposition of the balances in the PUBA subaccounts shall be through the advice letter process, as authorized by the Commission through the annual ERRA Forecast proceeding, or as authorized through a separate application if the PCIA Trigger is reached.

6. Review Procedures

The recorded operation of the PUBA for the Record Period (or previous calendar year 12-month period) shall be reviewed by the Commission in SCE’s annual ERRA Review of Operations application to ensure that the entries made in the PUBA are stated correctly and are consistent with Commission decisions.

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