



CITY OF CARSON

Legislation Text

File #: 2019-395, Version: 1

Report to Mayor and City Council

Tuesday, April 16, 2019

Discussion

SUBJECT:

APRIL 2019 UPDATE ON THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA AND SOUTHERN CALIFORNIA EDISON'S ELECTRICITY RATE INCREASE (CITY COUNCIL)

I. SUMMARY

Staff was directed to provide a presentation (Exhibit No.1) similar to the one made during the April 8, 2019 Special City Council Meeting regarding the recovery of Southern California Edison's (SCE) \$825 million dollar undercollection in 2018, and the associated impact on electricity rates in the City of Carson, as well as resident electricity bill complaints and Clean Power Alliance (CPA) customer participation rates.

II. RECOMMENDATION

1. DISCUSS and PROVIDE Direction.

III. ALTERNATIVES

1. TAKE another action the City Council deems appropriate and consistent with the requirements of the law.

IV. BACKGROUND

On January 31, 2019, the CPUC approved SCE's request to recover its costs related to an undercollection of \$825 million from its customers. SCE is set to begin including the recovery of its \$825 million undercollection starting in April 2019. The City of Carson had approximately 25,000 residential accounts that were automatically opted-in to CPA during the month of February 2019.

The rate change will manifest as an increase to the generation rate for SCE bundled customers and an increase to the Power Cost Indifference Adjustment (PCIA) for Carson's CPA customers because they were SCE customers in 2018 and SCE is entitled to recover the pro rata

undercollection from them for a year, even though they are now CPA customers. Implementation of the trigger by SCE will result in a one-year increase to the PCIA. It was necessary, then, for the CPA Board to adjust its rates to maintain its Board-approved bill comparison targets.

Ultimately, the CPA will charge customers less for generation and more for the PCIA, in the amount of the increase owed to SCE, in order to keep the rates level with the current rate. Therefore, the recovery resulted in a large increase to the PCIA and a corresponding increase to SCE generation rates, so that all customers, regardless of whether they are SCE bundled customers or CPA customers, will see the same rate increase. In the first round of SCE increases, CPA actions caused the rates paid by its customers to not increase (Exhibits Nos. 2 and 3).

However, SCE is expected to file an additional set of rate changes of approximately 5-7% to implement the California Public Utilities Commission's (CPUC) final decision on Energy Resource Recovery Account (ERRA). This will include the updated PCIA with the brown power true up and updated ERRA generation rates. CPA staff will bring corresponding changes to the CPA Board at the May or June Board meeting depending on the timing of SCE's advice letter seeking approval of the new rates. In this case, rates for all customers - CPA and SCE - will likely rise by that amount.

ERRA Trigger

On January 31, 2019, the CPUC approved SCE's request to recover its costs related to its 2018 ERRA under collection of \$825 million. The rate change will manifest as an increase to the generation rate for SCE bundled customers and an increase to the PCIA for CPA customers. This retroactive cost recovery is known as the "trigger." Implementation of the trigger by SCE will result in a one-year increase to the PCIA. It was necessary for CPA to adjust its rates to maintain its Board approved bill comparison targets.

Balancing Account and Delivery Rate Changes

Included with SCE's rate change are adjustments to rates to collect or refund revenue from a variety of balancing accounts. The most significant balancing account changes result in rate reductions on the delivery portion of customer bills. These reductions will be part of SCE's April 4, 2019 rate changes and will largely offset the trigger-related rate increase in generation and PCIA rates.

Additional Anticipated Rate Adjustment

CPA staff anticipates bringing forward additional rate updates when SCE implements its approved 2019 ERRA forecast, so that rates for CPA customers can continue to remain within the Board approved bill comparison targets. SCE is expected to implement these rate changes in June, meaning this next rate update will come before the CPA Board at its May or June Board meetings.

Residential Complaints

Staff received relatively few complaints from Carson residents that have seen recent increases in their electricity bills. Staff also receive a complaint about CPA's customer service call center.

Staff does not have access to SCE customer bills. If someone believes their bill is inaccurate, they may provide copies to City or CPA staff to investigate. The one bill that was reviewed by staff showed that the resident used more energy than prior months, which contributed to a higher electricity bill.

CPA's customer service call center is located in Irwindale and is run by CPA's data manager, Calpine. Calpine conducted a thorough review of the call recording between the call center staff and the Carson resident, and determined that the interaction warranted retraining for both the call center representative and the supervisor.

CPA Participation Rates in Carson

The City of Carson had approximately 25,000 residential accounts that were automatically opted-in to CPA during the month of February 2019. Per the March 26, 2019 Customer Status Report, 12 customers opted-up to 100% renewable, 59 customers opted-down to 36% renewable, and 213 opted-out of CPA (Exhibit No. 4). A full set of opt-action data by member agency is attached (Exhibit No. 5).

CPA will serve approximately one million customer accounts at the end of the phased enrollment period as shown below:

Phase 1 - Service began in January 2018 for municipal customers in unincorporated Los Angeles County.

Phase 2 - Service began in June 2018 for commercial customers in unincorporated Los Angeles County, and for municipal and commercial customers in Rolling Hills Estates and South Pasadena.

Phase 3 - Service began in February 2019 for all residential customers within Clean Power Alliance service territory (including Carson's residential customers).

Phase 4 - In May 2019, service will be expanded to all remaining non-residential customers within Clean Power Alliance service territory

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. Presentation. (pgs. 4-13)
2. Resolution No. 19-04-006 - rates for Phase 4 non-residential customer. (pgs. 14-27)
3. Resolution No. 19-04-007 - adjusted 2019 rates for Phase 3 residential customers. (pgs. 28-30)
4. Carson's Customer Status Report - March 26, 2019. (pg. 31)
5. Opt-action data by member agency. (pg. 32)

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