MMM. Distribution Resources Plan Demonstration Balancing Account (DRPDBA)

1. Purpose

The purpose of the one-way Distribution Resources Plan Demonstration Balancing Account (DRPDBA) is to record revenue requirements associated with up to $3 million in Operations & Maintenance (O&M) expenses and capital expenditures for SCE’s Demonstration Project C as authorized in D.17-02-007. SCE will also record revenue requirements associated with up to a soft cap of $0.888 million in incremental O&M and capital expenditures in the DRPDBA for Demonstration Project E as authorized in D. 17-06-012.

2. Operation of the DRPDBA

Monthly entries to the DRPDBA shall be determined as follows:

a. A debit entry equal to SCE’s recorded incremental O&M expenses associated with actual expenses for each DRP Demonstration Project;

b. A debit entry equal to SCE’s recorded capital-related revenue requirement (including book depreciation, applicable taxes, and an authorized rate of return on recorded rate base) associated with each DRP Demonstration Project; and

c. A credit entry to transfer the balance to the distribution sub-account of the Base Revenue Requirement Balancing Account (BRRBA) at the end of the Demonstration Period.

Interest shall accrue monthly to the DRPDBA by applying the Interest Rate to the average of the beginning of month and end of month balance in the DRPDBA.

The $3 million spending cap for Demonstration Project C and the $0.888 million soft cap for Demonstration Project E are based on direct capital expenditures and O&M expenses and refers to project-related spend, controllable by program managers. Pursuant to D.17-02-007, SCE will not record overheads or administrative and general expenses in the DRPDBA that would otherwise be approved in a general rate case.
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3. Disposition

For Demonstration Project C, SCE will only collect in rates the revenue requirements associated with costs up to the $3 million non-procurement cost cap pursuant to D.17-02-007. At the end of the demonstration period for Project C, SCE will transfer the revenue requirements recorded in the DRPDBA associated with up to $3 million in costs to the distribution subaccount of the Base Revenue Requirement Balancing Account (BRRBA) for recovery in distribution rates. For Demonstration Project E SCE will only collect in rates the revenue requirements associated with costs up to the $0.888 million soft cost cap pursuant to D.17-06-012. At the end of the demonstration period for Project E, SCE will transfer the revenue requirements recorded in the DRPDBA associated with up to $0.888 million in costs to the distribution subaccount of the BRRBA for recovery in distribution rates. Any on-going revenue requirement associated with any capital expenditures for Demonstration Project C and Demonstration Project E will continue to be recorded in the BRRBA until the capital-related revenue requirements are included in SCE’s General Rate Case revenue requirement.

4. Review Procedures

The operation of the DRPDBA will be reviewed in SCE’s annual April 1 Energy Resource Recovery Account (ERRA) Review proceeding to ensure the entries are stated correctly and are consistent with and D.17-02-007.