

Exhibit 1

4. I received a Bachelor of Science and Engineering degree from the University of Arizona, a Professional Engineer License in Mechanical Engineering, and a Master in Business Administration from California State Polytechnic University, Pomona.

5. I have submitted testimony to this Commission in SCE's 2008 through 2016 Reliability Services filings (Docket Nos. ER08-82, ER09-95, ER10-105, ER11-1974, ER12-201, ER13-227, ER14-222, ER15-216, ER16-174, ER17-232, ER18-184, and ER19-219), and in SCE's TO4, TO5, TO6, and TO2018 transmission rate case proceedings (Docket Nos. ER08-1343, ER09-1534, ER11-3697, and ER18-169).

6. The purpose of my Declaration is to describe SCE's proposed revisions to the retail rate calculation of SCE's formula transmission rate ("Formula Rate") necessary to implement the California Public Utilities Commission ("CPUC") decision on SCE's retail rate design, Decision (D.) 18-05-040 (the "TE Order"), issued on May 31, 2018.

7. My Declaration is organized as follows:

- In Section II, I describe the changes to retail rate design resulting from the TE Order.
- In Section III, I describe the revisions to the retail rate module of the Formula Rate necessary to conform the calculation of retail transmission rates to the TE Order.
- Attachment 1 is the TE Order.
- Attachment 2 is the Stipulation.
- Attachment 3 is the Excel spreadsheet entitled "Example Proposed Schedule 33 for SCE Transportation Electrification Filing."

II. THE TE ORDER

8. The TE Order approves SCE's proposed vehicle charging program, as modified by Stipulation in ways not relevant to this filing.¹ The TE Order provides for the establishment of three new, commercial EV Rate Schedules: TOU-EV-7, TOU-EV-8 and TOU-EV-9 for commercial and industrial customers with maximum monthly demand of up to 20 kW, between 21 kW and 500 kW, and over 500 kW, respectively.² These rates are optional and are separately metered. The TE Order provides that these rates will be in effect for five years and are to be recovered via volumetric (\$/kWh) energy charges.³

9. Although not relevant to this filing, the TE Order also provides for a transition in the future to greater utilization of demand charges for transmission and distribution retail revenue recovery beginning in year 6 and⁴ increasing until 70% of the transmission related-costs are recovered through demand charges in year 10. These changes are not the subject of this instant 205 filing. SCE intends to file a subsequent single-issue 205 filing in the future to reflect these changes in years 6-10.

¹ A.17-01-021, TE Order at p. 161, Ordering Paragraph 43; Exhibit Joint-12, Southern California Edison Company, Office of Ratepayer Advocates, Natural Resources Defense Council, Environmental Defense Fund, Siemens, Sierra Club, and the Coalition of California Utility Employees Stipulation ("Stipulation") (November 2, 2017). The Stipulation is included as Attachment 2 to this Exhibit 1. The Stipulation makes modifications that impact rate design in years 6-10 and other changes that only impact state-jurisdictional rates.

² TE Order at p. 110, n. 423 and Ordering Paragraph 45 on p. 162.

³ TE Order at p. 111 ("For a defined five-year implementation period, the proposed rates would not include a demand charge, and SCE would recover costs primarily through energy charges."); p. 161, Ordering Paragraph 43, and Stipulation, p.4 (providing for volumetric recovery of transmission costs for years 1-5).

⁴ *Id.* ("For rates that include a demand charge, the demand charge would be introduced in year six, annually increasing to full cost by year 11."). *See also* Stipulation, p. 4 ("...for years 6–10 the peak components should be recovered through volumetric TOU rates while the grid components should be recovered through demand charges.").

10. As described in detail below, the changes to retail transmission rate design required by the TE Order cannot be accommodated utilizing SCE's current Formula Rate Spreadsheet. Specifically, the TE Order creates three new Rate Schedules for various levels of commercial EV load, which are not included in the current Schedule 33.

III. REVISIONS NEEDED TO THE FORMULA RATE TO CONFORM TO TE ORDER

11. Schedule 33 is designed with the flexibility to handle changes to certain aspects of CPUC-authorized retail rate design without needing to make a revision to the Formula Rate revenue allocation. For example, if the CPUC creates new Rate Groups or Rate Schedules, the Formula Rate Tariff can accept the new or revised Rate Groups or Rate Schedules without revising the Formula Rate allocation, because the names of the Rate Groups and Rate Schedules are designated as inputs to the Formula Rate.

12. However, not all aspects of prospective retail rate design are anticipated and incorporated in the existing formula format. Accordingly, if the CPUC revises the retail rate design in a way not anticipated or reflected in the Formula Rate or inputs thereto, such that changes to the Formula Rate are necessitated in order to remain consistent with the new CPUC rate design, then SCE must revise the Formula Rate accordingly.

13. The TE Order affects some aspects of retail rate design that will require revisions to inputs in Schedule 33 of the Formula Rate Spreadsheet. In particular, the addition of three new Rate Schedules requires modifying six Rate Groups: Rate Schedule TOU-EV-7⁵ is only

⁵ The Stipulation provides that rates for customers with demands of 20 kilowatt (kW) or less should include a TOU-EV-7 Option A (as identified in the Stipulation) with no demand charge. TOU-EV-7 Option B (as identified in the Stipulation) starts in year six of the transition period, so is not relevant to this filing. *See* Stipulation at p. 1.

offered in the GS-1 Rate Group, Rate Schedule TOU-EV-8 is offered to customers with demands of 21 kW through 500 kW, which represents customers in the GS-2 and TOU-GS-3 Rate Groups, and Rate Schedule TOU-EV-9 is offered to customers in three voltage-differentiated, non-standby TOU-8 Rate Groups. These relationships are shown in Lines 25-26o of Schedule 33. Additionally, SCE has revised Schedule 33 for the tariff revisions necessary to reflect the new EV Rate Schedules. These changes include the addition of new column 11, on Lines 12-16h, which reflects the proposed volumetric (\$/kWh) transmission energy charges and related descriptions.⁶ The addition of new Rate Schedules to Schedule 33 cannot be reflected through the normal operation of the Formula Rate.

14. Attachment 3 to my Declaration is the proposed revised Schedule 33 as an Excel file with illustrative values to show how the mechanics of Schedule 33 would work. SCE is not seeking approval of these values, which are based on a hypothetical Base TRR. SCE is separately including a blank Schedule 33 in clean and redline form for purposes of seeking approval of the TO Tariff changes.

15. SCE intends to make these rates available to customers on March 1, 2019.

16. In this filing, SCE is only requesting to change Schedule 33 of the Formula Rate Spreadsheet, and not to the Formula Rate protocols. This means that the way revenues are allocated to the various Rate Groups will not change, only Rate Schedules applicable to Rate Groups are changing.

⁶ See *supra* n. 10 re TOU-EV-7, see also Stipulation, p. 4 (“for... TOU-EV-8, and TOU-EV-9, ... both the peak and grid components of . . . transmission costs should be recovered through volumetric energy rates during the introductory period (years 1–5)...”).

IV. CONCLUSION

17. My Declaration demonstrates that the revisions SCE is proposing to Schedule 33 of the Formula Rate Spreadsheet are necessary and properly reflect the TE Order.

I declare under penalty of perjury that the foregoing statement is true and correct. Executed on the 14th day of November, 2018, at Rosemead, California.



Robert A. Thomas