



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

**FILED**  
08/07/19  
04:59 PM

Order Instituting Rulemaking to  
Consider Authorization of a  
Non-Bypassable Charge to Support  
California's Wildfire Fund.

Rulemaking 19-07-017

**PREHEARING CONFERENCE STATEMENT OF**  
**SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)**

FADIA RAFEEDIE KHOURY  
GARY Y. CHEN

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-7214  
E-mail: Gary.Chen@sce.com

Dated: **August 7, 2019**

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

Order Instituting Rulemaking to  
Consider Authorization of a  
Non-Bypassable Charge to Support  
California's Wildfire Fund.

Rulemaking 19-07-017

**PREHEARING CONFERENCE STATEMENT OF  
SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)**

**I.**

**INTRODUCTION**

Pursuant to the California Public Utilities Commission's (CPUC or Commission) July 26, 2019 Order Instituting Rulemaking (OIR), Southern California Edison Company (SCE) hereby submits its Prehearing Conference (PHC) Statement before the PHC scheduled for August 8, 2019 at 10:00 a.m. This PHC statement addresses the following issues identified in the OIR:

1. Whether it is appropriate for the Commission to exercise its authority under Public Utilities Code Section 701 to require certain electrical corporations to impose a non-bypassable charge on ratepayers to support California's Wildfire Fund established by AB 1054, including payment of bonds issued pursuant to Section 80500 et seq. of the Water Code.
2. Whether imposition of the Wildfire Fund non-bypassable charge is just and reasonable.
3. The estimated dollar amount of the revenue requirement referred to in Section 3289 of the Public Utilities Code.
4. The nature of the Commission's agreement with the Department of Water Resources pursuant to Water Code Section 80524(b).
5. Other issues relating to the Wildfire Fund non-bypassable charge that must be addressed before the Wildfire Fund non-bypassable charge may be imposed.

SCE appreciates the opportunity to participate as a respondent in this proceeding. The safety of the public, our customers, employees and contractors is always our first priority.

## II.

### ISSUES

A. **Issue #1 – Whether it is appropriate for the Commission to exercise its authority under Public Utilities Code Section 701 to require certain electrical corporations to impose a non-bypassable charge on ratepayers to support California’s Wildfire Fund established by AB 1054, including payment of bonds issued pursuant to Section 10500 et seq. of the Water Code**

It is appropriate for the Commission to exercise its authority under Public Utilities Code Section 701 to require certain electrical corporations to impose a non-bypassable charge on ratepayers to support California’s Wildfire Fund (Wildfire Fund Charge). Section 701 states:

“The commission may supervise and regulate every public utility in the State and may do all things, whether specifically designated in this part or in addition thereto, which are necessary and convenient in the exercise of such power and jurisdiction.”

Section 701 provides the Commission with plenary authority to take necessary actions, such as impose a Wildfire Fund Charge. While section 701 does not provide the Commission authority used in a manner that would contravene legislative directives, the Wildfire Fund Charge does not contravene any express direction of the Legislature, and actually advances the purpose of AB 1054. As such, it is appropriate for the Commission to require certain electrical corporations to impose the Wildfire Fund Charge.

B. **Issue #2 – Whether imposition of the Wildfire Fund Charge is just and reasonable**

Imposing the Wildfire Fund Charge is just and reasonable. Without the Wildfire Fund Charge, SCE faces an imminent downgrade by rating agencies to junk status. For example, after downgrading SCE’s ratings in March of this year, Moody’s Investors Service stated that SCE’s

ratings “could fall further if California fails to pass legislation or enact regulatory changes that substantively mitigates the financial impact of wildfires on SCE[.]”<sup>1</sup> Without the Wildfire Fund Charge, AB 1054 would not substantively mitigate the financial impact of wildfires on SCE.

The state needs financially healthy utilities to attract capital investment at a reasonable cost to support infrastructure investment, including programs designed to mitigate the wildfire crisis. Financially stable electric utilities benefit our customers, our investors and California’s economic and environmental vision. The electric sector and affordable electricity are pivotal to the state’s decarbonized and clean air future. Maintaining investment grade utilities helps California achieve our shared environmental goals and helps keep customer energy costs down. This is particularly important as SCE continues to invest in infrastructure to improve system safety, reliability and resiliency and to expand opportunities for efficient electrification of the transportation and building sectors. Accordingly, the Wildfire Fund Charge will contribute significantly to customer benefits and market stability and is thus just and reasonable and consistent with the public interest.

**C. Issue #3 – The estimated dollar amount of the revenue requirement referred to in Section 3289 of the Public Utilities Code**

Per section 80524, the revenue requirement is calculated as follows:

The revenue requirement for each year or, with respect to the first year and last year, the pro rata portion of the year, shall be equal to the average annual amount of collections by the department with respect to charges imposed pursuant to the revenue requirements established by the department under Section 80110 of Division 27 for the period from January 1, 2013, through December 31, 2018. (emphasis added)

The average annual amount of collections by the Department of Water Resources (DWR) for the period from January 1, 2013, through December 31, 2018 is illustrated in Table II-1 below.

---

<sup>1</sup> [https://www.moody.com/research/Moodys-downgrades-Edison-International-to-Baa3-and-Southern-California-Edison--PR\\_396014](https://www.moody.com/research/Moodys-downgrades-Edison-International-to-Baa3-and-Southern-California-Edison--PR_396014)

**Table II-1**  
**DWR Bond Charge Revenues**  
**2013-2018 (millions)**

<b>Year</b>	<b>Revenue Collected<sup>2</sup></b>
2013	\$860
2014	\$880
2015	\$898
2016	\$919
2017	\$912
2018	\$906
<b>Average</b>	<b>\$896</b>

The Commission’s estimated revenue requirement of \$880 million appears to be derived from DWR’s revenue requirement as illustrated in Table II-2 below.

**Table II-2**  
**DWR Bond Charge Revenue Requirement**  
**2013-2018 (millions)**

<b>Year</b>	<b>Amount</b>	<b>Decision</b>
2013	\$ 860	D. 12-11-040
2014	\$ 869	D. 13-12-004
2015	\$ 881	D. 14-12-002
2016	\$ 891	D. 15-12-003
2017	\$ 887	D. 16-12-008
2018	\$ 892	D. 17-11-018
Average	\$ 880	

The statute requires a revenue requirement equal to the average amount *collected per the revenue requirement*, not an average of the revenue requirement. SCE requests that the Commission clarify whether the Wildfire Fund bond charge revenue requirement will be based

---

<sup>2</sup> For years 2013-2014, see pp.40-41 of [https://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Website/Content/Utilities\\_and\\_Industries/Energy/Reports\\_and\\_White\\_Papers/2014AB67Final.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUC_Website/Content/Utilities_and_Industries/Energy/Reports_and_White_Papers/2014AB67Final.pdf); for years 2015-2018, see pp. 53-56 of [https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/About\\_Us/Organization/Divisions/Office\\_of\\_Governmental\\_Affairs/Legislation/2019/2018%20AB%2067%20Report.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/About_Us/Organization/Divisions/Office_of_Governmental_Affairs/Legislation/2019/2018%20AB%2067%20Report.pdf)

on DWR's stated revenue requirement or the actual DWR bond charge revenues collected for the period of January 1, 2013 through December 31, 2018.

**D. Issue #4 – The nature of the Commission's agreement with the Department of Water Resources pursuant to Water Code Section 80524(b)**

Similar to the development of the agreement between the Commission and California Department of Water Resources pursuant to Water Code §§ 80110 and 80130 that was adopted in D.02-02-051, stakeholder input will be important to the development of an agreement to facilitate collection of the Wildfire Fund Charge. SCE respectfully requests that the Commission establish a schedule providing dates when a draft agreement will be distributed to parties and for submission of initial comments and reply comments on the draft agreement prior to its adoption.

**E. Issue #5 – Other issues relating to the Wildfire Fund Charge that must be addressed before the Wildfire Fund Charge may be imposed**

Aside from the aforementioned, SCE is currently unaware of any further issues that must be addressed prior to the Commission implementing the Wildfire Fund Charge. SCE may offer suggestions for consideration to improve the effectiveness of the Wildfire Fund bond charge to better balance catastrophic wildfire risk among the people of the state in its comments due on August 22, 2019, or in a separate proceeding or separate phase of this proceeding. SCE urges the CPUC to adhere to the expedited schedule set out to date in the OIR.

**III.**

**CONCLUSION**

SCE appreciates the opportunity to provide its recommendations on the proceeding's scope and other issues before the PHC. SCE looks forward to discussing these issues further at the PHC.

Respectfully submitted,

FADIA RAFEEDIE KHOURY  
GARY Y. CHEN

*/s/ Gary Y. Chen*

By: Gary Y. Chen

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-7214  
E-mail: Gary.Chen@sce.com

August 7, 2019