



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

FILED

08/30/19
08:00 AM

A1908013

Application Of Southern California Edison
Company (U 338-E) For Authority To Increase
Its Authorized Revenues For Electric Service In
2021, Among Other Things, And To Reflect That
Increase In Rates.

A.19-08-__

**TEST YEAR 2021 GENERAL RATE CASE APPLICATION OF
SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)**

FADIA RAFEEDIE KHOURY
RUSSELL A. ARCHER

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-2865
E-mail: Russell.Archer@sce.com

Dated: **August 30, 2019**

**TEST YEAR 2021 GENERAL RATE CASE APPLICATION OF
SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)**

TABLE OF CONTENTS

Section	Page
I. INTRODUCTION	1
A. Summary Of Reasons For SCE’s Request.....	2
B. CPUC-Jurisdictional Revenue Requirement.....	6
C. SCE Has Reorganized the Structure of Testimony in this GRC.....	7
D. Summary of Application.....	10
II. PROCEDURAL PROPOSALS	12
A. This GRC’s Interaction with Other Pending and Anticipated Regulatory Proceedings.....	12
1. Fire-Threat Safety Map OIR (R.15-05-006).....	12
2. Risk Assessment Mitigation Phase (RAMP).....	12
3. 2018 Grid Safety & Resiliency Program Application (A.18-09-002).....	14
4. 2019 Wildfire Mitigation Plan (R.18-10-007).....	15
5. 2020 Cost of Capital Application (A.19-04-014).....	15
6. 2019 WEMA Cost Recovery Application (A.19-07-020).....	15
7. 2020 WMP	16
B. SCE’s Multiple-Track Proposal for Cost Review in this GRC.....	17
1. Recovery of 2018-19 Balances Recorded in Fire Mitigation-Related Memorandum Accounts.....	17
2. Recovery of 2020 Balances Recorded in Fire Mitigation-Related Memorandum Accounts.....	18
C. SCE’s Proposed Mechanism for Updating Its Wildfire Mitigation Activities and Infrastructure Replacement Forecasts	18
D. Proposed Schedule and Cost Recovery Details for Wildfire Memorandum Accounts	20

**TEST YEAR 2021 GENERAL RATE CASE APPLICATION OF
SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)**

TABLE OF CONTENTS (Continued)

Section	Page
III. IMPACT OF ASSEMBLY BILL 1054 ON THIS GRC	23
A. Capital Expenditures Excluded from Equity Rate Base	23
B. Chief Executive Officer Certification.....	24
IV. ANTICIPATED UPDATES TO TESTIMONY.....	25
A. Necessary Changes to Certain Wildfire-Related Forecasts	25
B. Updates to 2018 SRIIM Authorized Amounts.....	26
V. SCE’S RATEMAKING PROPOSALS TO ESTABLISH, MODIFY, AND ELIMINATE VARIOUS BALANCING/MEMORANDUM ACCOUNTS AND RECOVER CERTAIN MEMORANDUM ACCOUNT BALANCES	28
A. Establishment of Balancing/Memorandum Accounts	28
B. Modification of Certain Balancing/Memorandum Accounts	29
C. Elimination of Certain Balancing/Memorandum Accounts	30
D. Recovery of Certain Non-Wildfire Memorandum Account Balances.....	30
VI. OTHER ISSUES.....	31
A. Previously Litigated Issues On Which The Commission Has Taken A Position	31
1. Customer Deposits	31
2. Long-Term and Short-Term Incentive Pay.....	32
B. Customer Accessibility Issues	34
VII. STATUTORY AND REGULATORY REQUIREMENTS	35
A. Statutory And Other Authority – Rule 2.1	35
B. Legal Name and Correspondence – Rules 2.1(a) and 2.1(b)	35
C. Proposed Categorization, Need For Hearings, Issues To Be Considered, Proposed Schedule – Rule 2.1(c).....	36
D. Organization And Qualification to Transact Business – Rule 2.2	37

**TEST YEAR 2021 GENERAL RATE CASE APPLICATION OF
SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)**

TABLE OF CONTENTS (Continued)

Section	Page
E. Balance Sheet And Income Statement – Rule 2.3(h) and Rule 3.2(a)(1)	39
F. Present And Proposed Rates – Rule 3.2(a)(2) And Rule 3.2(a)(3).....	39
G. Description Of SCE’s Property And Equipment, Original Cost Thereof, And Depreciation Reserve – Rule 3.2(a)(4)	40
H. Summary Of Earnings – Rule 3.2(a)(5).....	41
I. Tax Depreciation – Rule 3.2(a)(7)	41
J. Proxy Statement – Rule 3.2(a)(8)	41
K. Statement Pursuant To Rule 3.2(a)(10)	42
L. Service Of Notice – Rules 3.2(b), 3.2(c), 3.2(d).....	42
M. Treatment of Confidential Information.....	42
N. Other Information	43
O. Service List	43
VIII. CONCLUSION AND REQUEST FOR RELIEF	44
APPENDIX A FINANCIAL STATEMENTS, INCLUDING INCOME STATEMENT AND BALANCE SHEET	
APPENDIX B LIST OF CITIES AND COUNTIES	
APPENDIX C AB 1054 CERTIFICATION OF MR. KEVIN PAYNE, PRESIDENT AND CHIEF EXECUTIVE OFFICER OF SOUTHERN CALIFORNIA EDISON	
APPENDIX D TESTIMONY FORECASTS AFFECTED BY CHANGING DEFINITION OF HIGH FIRE RISK AREAS (HFRA)	
APPENDIX E INDEX FOR TESTIMONY SUPPORTING O&M AND CAPITAL	

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

Application Of Southern California Edison
Company (U 338-E) For Authority To Increase
Its Authorized Revenues For Electric Service In
2021, Among Other Things, And To Reflect That
Increase In Rates.

A.19-08-___

**TEST YEAR 2021 GENERAL RATE CASE APPLICATION OF
SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)**

I.

INTRODUCTION

Southern California Edison Company (SCE or Company) respectfully files this application for a Test Year 2021 General Rate Case (GRC). In this application, SCE asks the California Public Utilities Commission (CPUC or Commission) for an authorized base revenue requirement (ABRR) of \$7.601 billion to become effective January 1, 2021, and to reflect the ABRR in distribution, generation and new system generation rates. Including sales reductions and \$87.1 million in one-time memorandum accounts recoveries, our request represents a \$1.295 billion, or 20.1 percent, increase in 2021 over currently authorized and requested base rates. As discussed in Section II.B below, SCE also requests authorization through separate sub-tracks of this proceeding to recover 2019 and 2020 recorded expenditures currently being tracked in various wildfire-related memorandum accounts.

Table 1 summarizes SCE's requested ABRR and CPUC-jurisdictional base-rate revenue changes for Test Year 2021 and the two post-Test Years, 2022 and 2023.

TABLE 1
Summary of Earnings At Present and Proposed Rates
(\$000)

Line No.	Item	Recorded		Estimated		FERC		CPUC-GRC	
		2018	2019	2020	2021	2021	2021	2022	2023
At Present Rates									
1.	Authorized Base Revenue Requirement	6,290,164	6,540,698	7,510,135	7,500,000	1,054,089	6,445,911	6,445,911	6,445,911
2.	Expenses:								
3.	Operation & Maintenance	2,144,435	2,830,237	3,066,453	2,959,165	209,594	2,749,571	2,815,416	2,870,170
4.	Depreciation	1,786,255	1,882,909	2,047,431	2,451,229	305,932	2,145,298	2,285,653	2,458,093
5.	Taxes	445,134	333,476	546,208	497,214	221,995	275,219	380,141	368,073
6.	Revenue Credits	(213,091)	(215,019)	(218,694)	(219,965)	(54,351)	(165,614)	(166,567)	(167,495)
7.	Total Expense	4,162,733	4,831,603	5,441,398	5,687,644	683,170	5,004,474	5,314,643	5,528,841
8.	NET OPERATING REVENUE	2,127,431	1,709,094	2,068,736	1,812,357	370,919	1,441,437	1,131,268	917,070
9.	RATE BASE	27,668,781	30,839,460	33,290,929	35,546,378	6,888,043	28,658,334	30,592,441	32,912,293
10.	RATE OF RETURN	7.69%	5.54%	6.21%	5.10%	5.38%	5.03%	3.70%	2.79%
At Proposed Rates									
11.	Authorized Base Revenue Requirement						6,445,911	7,601,164	8,001,579
12.	Proposed Change						1,155,253	400,415	530,946
13.	Total Proposed Revenue Requirement						7,601,164	8,001,579	8,532,525
14.	Expenses:								
15.	Operation & Maintenance						2,764,162	2,815,564	2,870,296
16.	Depreciation						2,176,971	2,317,326	2,489,767
17.	Taxes						644,975	707,416	835,595
18.	Revenue Credits						(165,614)	(166,567)	(167,495)
19.	Total Expense						5,420,494	5,673,739	6,028,163
20.	NET OPERATING REVENUE						2,180,670	2,327,840	2,504,362
21.	RATE BASE						28,658,334	30,592,441	32,912,293
22.	RATE OF RETURN						7.61%	7.61%	7.61%
Revenue Change									
23.	Customer Service Re-Platform Memorandum Account (CSRPMMA)						86,151	(86,151)	
24.	IDER/Distribution Deferral Administration Costs Memorandum Accounts						848	(848)	
25.	Emergency Customer Protections Memorandum Account (ECPMA)						55	(55)	
26.									
27.									
23.							87,053	(87,053)	
24.	GRC Estimated kWh Sales Reductions						(53,141)	(53,141)	(3,258)
25.	GRC Revenue Change						1,295,447	366,502	534,203

A. Summary Of Reasons For SCE’s Request

“California’s electric ... utilities provide essential services to California residents and businesses, which are necessary to maintaining the vitality of California’s economy.”¹

As discussed in SCE President and Chief Executive Officer Kevin Payne’s testimony in Exhibit SCE-01, for more than 130 years Southern California Edison Company has delivered safe, reliable,

¹ California Public Utilities Code (P.U.C.) Section 854.2(a)(1).

affordable and increasingly clean electricity to our customers. That mission is not changing in this GRC cycle, and as the effects of the global climate crisis are being experienced in our region, SCE has provided and continues to provide the infrastructure and programs necessary to implement the State’s ambitious public policy goals, including wildfire mitigation, de-carbonization of the economy through electrification, and integration of distributed energy resources across a rapidly modernizing grid.

The bulk of SCE’s revenue requirement request in this GRC relates to the foundational work that SCE has always performed to maintain and improve the grid and the support functions necessary to provide our services, while continuing the investments necessary to implement the State’s primary policy objective to reduce greenhouse gas (GHG) emissions. SCE is dedicated to performing these crucial functions in a manner that is affordable for customers and is fundamentally committed to spending customer dollars wisely and prudently to provide commensurate value for the important services that we provide. As the Legislature recently recognized, SCE needs to continue to do the important work and make the investments that are crucial to fostering the health of the California economy. SCE’s requests in this GRC are vital to that goal.

“The increased risk of catastrophic wildfires poses an immediate threat to communities and properties throughout the state.”²

As Mr. Payne also observes in his testimony, California’s residents, and the electric utilities who serve them, are confronted with the substantial challenges posed by our global climate crisis. As SCE continues to take action in the coming years to dramatically reduce GHG emissions and improve air quality, the State is faced with immediate and unprecedented safety risks from catastrophic wildfires, the magnitude of which even one rate case cycle ago was unforeseeable. On March 22, 2019, Governor Newsom issued a State of Emergency proclamation because of the “conditions of extreme peril to the safety of persons and property [that] exist” related to wildfires across the state. SCE’s primary and foremost mission is the safety of the public, our customers, and our workers. SCE’s fundamental mission to protect public safety underlies the requests set forth throughout this application.

² Assembly Bill (AB) 1054, Section 1(a)(1).

“The state’s electrical corporations must invest in hardening of the state’s electrical infrastructure and vegetation management to reduce the risk of catastrophic wildfires.”³

As set forth in Mr. Payne’s Policy Testimony and described in more detail in Exhibits SCE-02, Volume 6 and SCE-04, Volume 5, in this GRC SCE proposes the continuation of comprehensive programs, activities, and actions aimed at significantly mitigating and minimizing the risk of wildfire associated with our equipment in light of more extreme environmental conditions and other factors.

Overall, SCE’s wildfire safety measures in this GRC focus on:

- System hardening – SCE’s Grid Safety & Resiliency Program (GSRP), Wildfire Mitigation Program (WMP), and efforts in this rate case all include robust grid resiliency measures, centered around the implementation of our Wildfire Covered Conductor Program (WCCP). Through the WCCP, SCE is replacing and insulating formerly bare utility wires to reduce the chance of ignitions associated with objects contacting energized wires.
- Improved situational awareness – SCE is pursuing additional situational awareness programs, including the use of high-definition cameras and weather stations to detect and monitor any ignitions that do occur to prevent the spread of fire and limit its consequences.
- Expanded inspections and vegetation management programs – SCE has implemented expanded infrastructure inspection programs. These include the Enhanced Overhead Inspection (EOI) program, which goes above and beyond the Commission’s previous overhead inspection regulatory requirements. In addition, SCE is pursuing increased vegetation management measures to materially increase pruning clearances and remove hazardous trees that threaten public safety.
- Enhanced public outreach and operational practices – It is critical for SCE to continue to educate customers about the threat of wildfire and to closely coordinate with local fire agencies and communities during periods of extreme fire danger such as Red Flag Warning days. During those and other appropriate risk-informed times, and in order to protect

³ AB 1054, Section 2(b).

customers, SCE will also proactively and selectively de-energize lines through its new Public Safety Power Shutoff (PSPS) program.

“[E]lectrical corporation[s] shall maintain reasonable insurance coverage.”⁴

Consistent with the Legislature’s recent direction in AB 1054, SCE is also continuing to purchase wildfire insurance to protect customers from third-party wildfire claims, and to ensure that we have the funds necessary to operate the system and serve customers should further utility-related wildfire events occur notwithstanding our best efforts to prevent them. It is prudent and necessary for utilities to continue carrying sufficient insurance (to the extent it is available from commercial market providers or potentially by utilizing more cost-effective self-insurance alternatives) to reduce liability risk exposure for customers and aid in maintaining the financial health required to permit utilities to properly serve their customers.

“It is the policy of the state that eligible renewable energy resources and zero-carbon resources supply 100 percent of all retail sales of electricity to California end-use customers”⁵

Though wildfire and associated public safety risks are appropriately front and center in this GRC cycle, SCE must also continue to do the important work we have always done in order to “keep the lights on” and meet our customers’ service needs. SCE must continue to maintain its largely carbon-free utility-owned generation fleet and adapt our grid and operational processes to, for example, integrate Distributed Energy Resources (DERs), increase electrification, and support customer retail choice in order to advance California’s clean energy policies aimed at combatting the climate crisis, and to support the evolving energy economy.

⁴ P.U.C. Section 3293.

⁵ P.U.C. Section 454.53(a).

“[R]ecognizing that electricity is a basic necessity, and that all residents of the state should be able to afford essential electricity ... the commission [shall] ensure that low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures”⁶

As set forth in Mr. Payne’s testimony and in Exhibit SCE-07, Volume 4, when SCE puts forward any request to increase customer rates, including in this GRC, one of the key factors we assess is affordability and the associated impact of our requests on customer rates and bills.

In assessing affordability in this proceeding, SCE urges the Commission to consider the following proposed four-part framework:

- 1) Are the objectives that SCE proposes reasonable when considering the customer benefits the programs provide?
- 2) Has SCE selected a reasonable and prudent scope, pace and cost to achieve these objectives?
- 3) Has SCE undertaken cost-control measures to reduce, to the extent practicable, the cost impact on customers overall?
- 4) How does the request impact SCE customers’ ability to pay their electric bills (with a special focus on income-qualified customers)?

B. CPUC-Jurisdictional Revenue Requirement

The expenses and capital expenditures presented in the prepared testimony accompanying this application include certain items that are subject to the ratemaking authority of the Federal Energy Regulatory Commission (FERC). To determine 2021-2023 CPUC-jurisdictional revenue requirements, SCE must split those costs that are to be recovered through rates authorized by the Commission from those authorized by FERC. In D.04-07-022 (SCE’s 2003 GRC), the Commission adopted SCE’s proposed method for doing so. The Commission followed this same method in SCE’s prior GRCs since 2006.⁷ In addition, as discussed in detail below, SCE has excluded from its request the revenue

⁶ P.U.C. Section 382(b).

⁷ See D.06-05-016, D.09-03-025, D.12-11-051, D.15-11-021, D.19-05-020.

requirement associated with certain wildfire mitigation-related capital expenditures pursuant to AB 1054.

C. SCE Has Reorganized the Structure of Testimony in this GRC

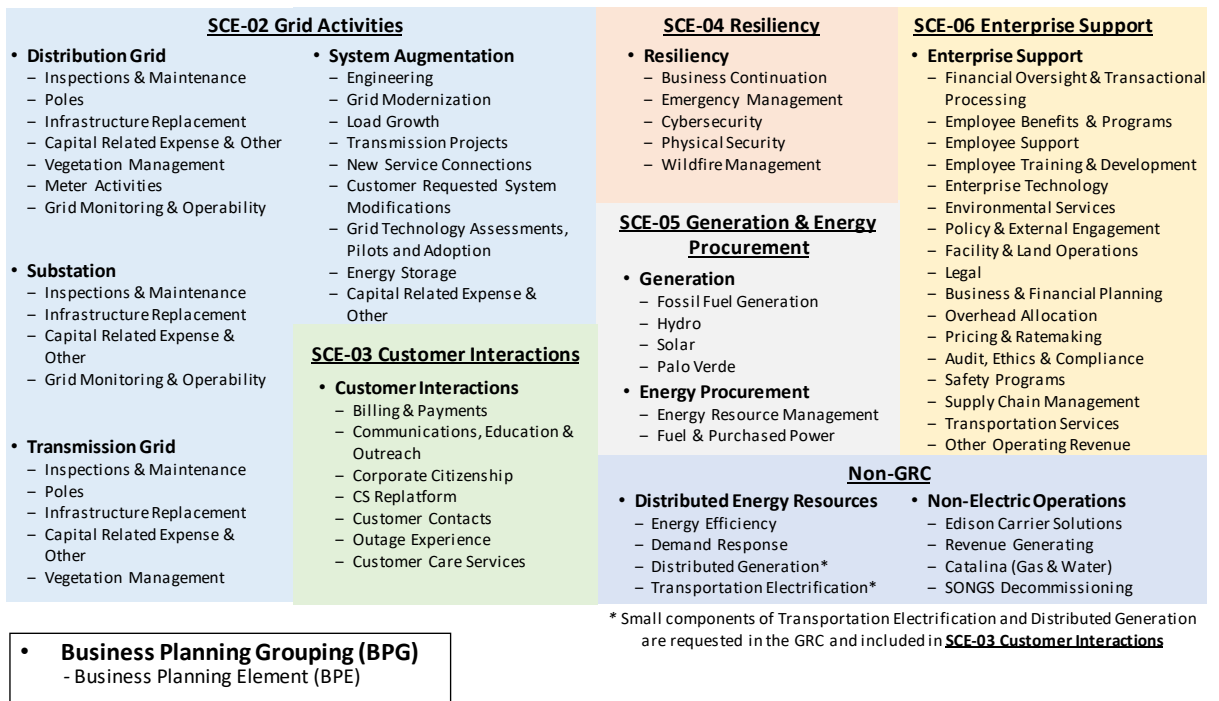
As explained in Exhibit SCE-07, Volume 1, SCE re-organized the testimony in this 2021 GRC as compared to previous GRCs to align more closely with the work that is being done rather than which business line is performing the work. This change should provide additional transparency to the process, allowing the Commission and interested parties to better understand, for example, how much of our proposals (and associated spending) relate to safety or grid maintenance, regardless of where the work is being performed within the Company.

As a first step in the development of this new internal structure, we looked at SCE's company-wide objectives and examined the major categories of work that support those objectives. Looking to the highest-level categorization of the associated work to meet these objectives, SCE performs work to 1) maintain or prudently "augment" the grid, 2) interact with customers and enable customer choice, 3) help ensure grid and operational resiliency in the face of key risks, 4) efficiently generate and procure energy, 5) enable distributed energy resources to encourage demand response and energy efficiency, and 6) support the overall business operations across our service territory to safely and reliably deliver clean and affordable energy. These conclusions drove the establishment of the SCE business planning model and the following major categories of work that we have named "Business Planning Groupings" (BPGs):

- Grid Activities (Distribution, Substation, Transmission & System Augmentation)
- Customer Interactions
- Resiliency
- Generation & Energy Procurement
- Enterprise Support
- Non-GRC

SCE then divided these BPGs into more granular underlying “Business Planning Elements” (BPEs) and work activities. These more granular work activities are very similar to and consistent with how SCE has organized past rate cases. To align Commission-authorized capital and O&M funding with SCE’s internal operating model, SCE’s 2021 GRC showing is based on the new BPG/BPE structure. Figure 2 sets forth SCE’s new testimony structure.

Figure 2
SCE’s 2021 GRC Testimony Structure⁸



⁸ For a more detailed depiction of these exhibits and their Business Planning elements, see Appendix E.

2021 General Rate Case Exhibit List
SCE-01 – Policy
SCE-01 Vol. 01 – Policy
SCE-01 Vol. 02 – Risk Informed Strategy & Business Plan
SCE-02 – Grid Activities
SCE-02 Vol. 01 Pt. 1 – Distribution Infrastructure Replacement
SCE-02 Vol. 01 Pt. 2 – Distribution Inspections & Maintenance and Capital-Related
SCE-02 Vol. 01 Pt. 3 – Meter Activities
SCE-02 Vol. 02 – Transmission Grid
SCE-02 Vol. 03 – Substation
SCE-02 Vol. 04 Pt. 1 – Grid Modernization, Grid Technology, and Energy Storage
SCE-02 Vol. 04 Pt. 2 – Load Growth, Transmission Projects, and Engineering
SCE-02 Vol. 04 Pt. 3 – New Service Connections and Customer Requested System Modifications
SCE-02 Vol. 05 – Poles
SCE-02 Vol. 06 – Vegetation Management
SCE-02 Vol. 07 – Other Costs & OOR
SCE-03 – Customer Interactions
SCE-03 Vol. 01 – Billing & Payments
SCE-03 Vol. 02 – Communications, Education & Outreach
SCE-03 Vol. 03 – CS Re-platform
SCE-03 Vol. 04 – Customer Contacts
SCE-03 Vol. 05 – Customer Care Services
SCE-03 Vol. 06 – Other Operating Revenue, Service Fees & Service Guarantees
SCE-04 – Resiliency
SCE-04 Vol. 01 – Business Continuation
SCE-04 Vol. 02 – Emergency Management
SCE-04 Vol. 03 – Cybersecurity
SCE-04 Vol. 04 – Physical Security
SCE-04 Vol. 05 – Wildfire Management

2021 General Rate Case Exhibit List
SCE-05 – Generation and Energy Procurement
SCE-05 Vol. 01 – Generation
SCE-05 Vol. 02 – Energy Procurement
SCE-06 – Enterprise Support
SCE-06 Vol. 01 Pt. 1 – Enterprise Technology
SCE-06 Vol. 01 Pt. 2 – Enterprise Technology- OU Capital Software
SCE-06 Vol. 02 – Enterprise Planning & Governance
SCE-06 Vol. 03 Pt. 1 – Employee Benefits, Training & Support
SCE-06 Vol. 03 Pt. 2 – Total Compensation Study
SCE-06 Vol. 04 – Environmental Services, Audit, Ethics & Compliance, and Safety Programs
SCE-06 Vol. 05 – Enterprise Operations
SCE-06 Vol. 06 – Policy, External Engagement and Ratemaking
SCE-07 – Results of Operations
SCE-07 Vol. 01 – Results of Operations ²
SCE-07 Vol. 02 – Rate Base, Depreciation Expense, and Taxes
SCE-07 Vol. 03 – SCE Asset Depreciation Study
SCE-07 Vol. 04 – Affordability, Post-Test Year Ratemaking
SCE-08 – Compliance Requirements
SCE-09 – Accessibility Issues
SCE-10 – Witness Qualifications

D. Summary of Application

This Application is structured as follows: In Chapter II.A, SCE first describes the various recent, current, or future CPUC regulatory proceedings that influence and interact with this GRC. Chapter II.B describes SCE’s proposal to review certain wildfire mitigation-related costs set forth in this GRC on a separate schedule (or “track”). Chapter II.C sets forth SCE’s procedural proposal to potentially update its wildfire mitigation and infrastructure replacement forecasts during the pendency of the proceeding.

² This volume includes GRC balancing account and memorandum account proposals, and other items.

In Chapter II.D, SCE proposes a comprehensive procedural schedule, and provides additional detail about the timing and structure of its various cost recovery proposals.

Chapter III discusses the impact on this proceeding of the Legislature's recent passage of AB 1054, specifically its requirement for SCE to exclude certain wildfire-related expenditures from equity rate base as well as a new certification requirement. Chapter IV sets forth anticipated minor updates to SCE's testimony. In Chapter V, SCE describes various proposals to establish, modify, or eliminate various ratemaking balancing accounts.

Chapter VI addresses other miscellaneous issues including previously litigated issues on which the Commission has taken a position in previous GRCs, as well as SCE's collaboration with the Center for Accessible Technology (CforAT) on disabled customer accessibility issues. Chapter VII addresses the various statutory and procedural issues required in every GRC, and Chapter VIII contains SCE's various requests for relief.

II.

PROCEDURAL PROPOSALS

A. This GRC's Interaction with Other Pending and Anticipated Regulatory Proceedings

SCE submits this GRC at a time when other important and related CPUC regulatory proceedings have recently concluded, are pending, or are soon anticipated. Below, SCE discusses the interaction between this GRC and those other proceedings as a prelude to procedural proposals that are new in this GRC.

1. Fire-Threat Safety Map OIR (R.15-05-006)

In late 2017 the Commission concluded an OIR that adopted new regulations to enhance the fire safety of electric power lines located in high fire-threat areas.¹⁰ In D.17-12-024, the Commission adopted new inspection, maintenance and vegetation management regulations; created what is known as the High Fire Threat District (HFTD) statewide fire map; and authorized the utilities to track the costs they incur to implement the regulations and seek cost recovery in future applications. Pursuant to that decision, SCE began tracking those costs in an established memorandum account (the Fire Safety Memorandum Account) and now seeks recovery in this GRC as discussed in Chapter II.B below.

2. Risk Assessment Mitigation Phase (RAMP)

SCE submitted its Risk Assessment Mitigation Phase (RAMP) Report in November 2018.¹¹ That RAMP Report examined the top safety risks to our customers and the communities we are privileged to serve, to our company, and to our employees and contractors.¹² SCE's RAMP Report

¹⁰ See D.17-12-024.

¹¹ Please refer to Exhibit SCE-01, Vol. 2, Chapters II and III for detailed testimony regarding SCE's RAMP Report, SCE's response to comments and guidance provided by the Commission's Safety Enforcement Division (SED), and SCE's integration of RAMP material into this GRC showing.

¹² These top safety risks were: Wildfire; Employee, Contractor, and Public Safety; Building Safety; Contact with Energized Equipment; Cyber Attack; Physical Security; Underground Equipment Failure; Climate Change; and Hydro Asset Safety.

analyzed existing controls and identified new mitigations that can and will help address these risks. For each mitigation plan, SCE also presented two separate alternative mitigation plans that were considered. SCE explained why, out of the three potential alternatives, SCE ultimately chose the selected mitigation plan. Moreover, SCE deployed a new multi-attribute probabilistic risk evaluation model to evaluate the top risks and the effectiveness of the associated controls and mitigations. After reviewing SCE's RAMP Report, SED concluded that SCE had met the applicable RAMP requirements.¹³

SCE's RAMP Report material has been incorporated into this GRC showing. Throughout the testimony supporting the funding requests in this GRC, SCE will indicate if work performed within a GRC Activity relates to a control or mitigation as described in SCE's RAMP Report. This content can be found throughout the GRC showing in a "RAMP Integration" section that appears in both O&M and Capital portions of testimony (as appropriate and applicable).

Within the "RAMP Integration" section, the reader will find a comparison and reconciliation between what SCE estimated in its 2018 RAMP Report, and what SCE now forecasts in this GRC.¹⁴ This will be shown for each control and mitigation within each GRC Activity in the "Reconciliation Between RAMP and GRC" subsection, due to the fact that risk analysis and risk mitigation planning has necessarily evolved in the nine-and-a-half months since SCE filed its RAMP Report.¹⁵

Also, within the "RAMP Integration" section, SCE may, as applicable and appropriate, address feedback that SED or parties provided with regard to SCE's RAMP report.

¹³ See *A Regulatory Review of Southern California Edison's Risk Assessment Mitigation Phase Report for the Test Case 2021 General Rate Case* (SED Report), p. 60. The SED Report is dated May 15, 2019 and was placed into the record of I.18-11-006.

¹⁴ See WP SCE-01, Volume 2, "2018 RAMP to 2021 GRC Forecast Comparison" pp. 1-3, for a comparison of RAMP to GRC forecasts for RAMP controls and mitigations with forecast costs (2019-2021 for O&M, and 2019-2023 for Capital).

¹⁵ SCE will continue to refine the risk analysis, prioritization methodologies, and risk mitigation planning that are currently in use. Our efforts are informed by the data and analysis that is available at the time. As we obtain better and more refined information and gather more data, we will leverage that information and data to try to find ways to get better and more efficient at examining and mitigating risks.

A RAMP to GRC Roadmap maps each RAMP risk to the corresponding GRC activity and provides the location of the description/reconciliation in each GRC exhibit/volume.¹⁶ Most mitigation plans included in RAMP are primarily consistent in scope and forecast with SCE's 2021 GRC request. However, SCE's accelerated wildfire mitigation plan introduced material scope and forecast changes, which in turn has resulted in re-running certain RAMP risk models. SCE's efforts here have resulted in revised risk analyses for certain RAMP risks; the updates to the model inputs are summarized in testimony,¹⁷ and the results are discussed in workpapers.¹⁸

3. 2018 Grid Safety & Resiliency Program Application (A.18-09-002)

On September 10, 2018, prior to the passage of SB 901, SCE filed A.18-09-002, an application requesting approval of proposed wildfire mitigation programs and activities (and associated costs) related to "grid hardening" over the 2018-2020 time horizon. The filing, known as the Grid Safety & Resiliency Program (GSRP) Application, was meant to serve as a "bridge" between the 2018 and 2021 GRCs for critical wildfire mitigation work necessary to protect public safety. On July 31, 2019, SCE filed a Motion for Approval of a Settlement Agreement in A.18-09-002. That settlement agreement, which remains pending as of the time of this submittal, would authorize a 2018-2020 *per se* reasonable revenue requirement for GSRP and allows SCE to seek recovery of GSRP-related spend above the settlement amount after further reasonableness review. Once the settlement is approved, SCE will: (1) place the O&M costs associated with settled amounts into customer rates; and (2) apply for a financing order for the capital expenditures relating to the settled amount consistent with the AB 1054 discussion in Chapter III, below. SCE proposes that the Commission review and approve for reasonableness and cost recovery the expenditures incremental to the settled amounts in Track 2 of this proceeding as discussed in Chapter II.B.2.

¹⁶ See Appendix A to Exhibit SCE-01, Volume 2, RAMP to GRC Roadmap for the location of each RAMP control/mitigation in the corresponding GRC Exhibit/volume.

¹⁷ See Exhibit SCE-01, Volume 2, Chapter III.C.

¹⁸ See WP SCE-01, Volume 2, Updated RAMP Risk Analysis, pp. 4-10.

4. 2019 Wildfire Mitigation Plan (R.18-10-007)

On February 6, 2019, SCE filed its 2019 Wildfire Mitigation Plan (WMP) in R.18-10-007, describing the programs and activities it intended to pursue in 2019 related to wildfire risk mitigation. In D.19-05-038, the Commission approved SCE's 2019 WMP. As discussed herein in Chapter II.B, SCE seeks a reasonableness review and recovery of the costs related to those approved programs and activities. The Commission made explicit that approval of the IOUs' respective 2019 WMPs in no way constituted authorization of cost recovery for any of the programs and activities set forth therein, but rather reserved that review for this GRC.¹⁹

5. 2020 Cost of Capital Application (A.19-04-014)

On April 22, 2019, SCE filed an application seeking changes to SCE's authorized capital structure as well as authorization to collect costs of long-term debt and a return on common equity commensurate with SCE's risk. As noted in Mr. Payne's Policy Testimony in Exhibit SCE-01, the revenue requirement requested here uses SCE's currently authorized cost of capital and capital structure, and does not take into account changes to SCE's authorized cost of capital or capital structure that will result from that proceeding.

6. 2019 WEMA Cost Recovery Application (A.19-07-020)

On July 31, 2019, SCE filed an application seeking cost recovery for incremental 2018-2020 wildfire liability insurance premiums recorded in its Wildfire Expense Memorandum Account. The 2021 GRC forecast wildfire insurance premium-related expenses in Exhibit SCE-04, Volume 5 are incremental to that request. The table below sets forth various relevant wildfire liability insurance premium cost recovery requests.

¹⁹ See D.19-05-036 at pp. 20-21 ("Indeed, approval of a WMP here is not dispositive of an IOU's ultimate cost recovery for the operations and maintenance costs of hardening its system, managing vegetation, increasing situational awareness and taking the other steps to mitigate wildfire risk. ... The [SB 901] statute defers all consideration of cost to the GRC.") (emphasis added).

Proceeding/Advice Letter	Coverage Period	Amount to be Recovered	Status
Z-Factor	2018	\$107M	Approved ²⁰
2018 GRC	2018-2020	\$228M ²¹	Approved ²²
2019 WEMA	April 2018-July 2020	\$478M ²³	Pending ²⁴
2020 WEMA	July 2020– December 2020	TBD	Not yet filed
2021 GRC	2021-2023 ²⁵	\$1,871M ²⁶	Pending

7. **2020 WMP**

The Commission has recently begun the process of planning for the utilities' 2020 WMPs.²⁷ Pursuant to AB 1054, the utilities going-forward WMPs will cover three-year time horizons. SCE anticipates receiving guidance from the Commission that may inform necessary changes to SCE's wildfire mitigation cost forecasts in this GRC, and which would then support the potential forecast refinements SCE's procedural schedule proposes for June 2, 2020.

²⁰ See Resolution E-4994.

²¹ D.19-05-020 did not break out wildfire-specific insurance when it authorized SCE's liability insurance request in the 2018 GRC. The number in this table is netted of non-wildfire-related insurance pursuant to SCE's proposed methodology set forth in its WEMA application.

²² See D.19-05-020 at Conclusion of Law 173.

²³ Excludes financing costs.

²⁴ See A.19-07-020. The requested amounts are incremental to those approved in the 2018 GRC.

²⁵ Forecast costs.

²⁶ Over the three-year GRC cycle in constant 2018 dollars.

²⁷ See June 14, 2019 Assigned Commissioner and Administrative Law Judge's Ruling Launching Phase 2 of the Wildfire Mitigation Plan Proceeding in R.18-10-007.

B. SCE's Multiple-Track Proposal for Cost Review in this GRC

1. Recovery of 2018-19 Balances Recorded in Fire Mitigation-Related Memorandum Accounts

On September 21, 2018, the California Legislature passed Senate Bill (SB) 901, which is codified at Public Utilities Code (P.U.C.) Section 8386, et seq. Among other requirements, SB 901 required California's Investor-Owned Utilities (IOUs) to submit for Commission approval annual Wildfire Mitigation Plans (WMPs). SB 901 also permitted the utilities to track the wildfire-related costs associated with implementing their respective WMPs, and/or not otherwise included in their approved revenue requirements, in a memorandum account.²⁸ Accordingly, SCE established its Wildfire Mitigation Plan Memorandum Account (WMPMA).²⁹ In addition, and pursuant to other Commission decisions authorizing the recording of certain wildfire-related costs in other memorandum accounts, SCE has tracked costs in its Fire Hazard Prevention Memorandum Account (FHPMA),³⁰ Grid Safety and Resiliency Program Memorandum Account (GSRPMA),³¹ and Fire Risk Mitigation Memorandum Account (FRMMA)³² (collectively with the WMPMA, the Fire Mitigation MAs).

Through this Application and as set forth in the proposed schedule below, SCE proposes that the Commission review for reasonableness the specific recorded amounts in the Fire Mitigation MAs for 2018, 2019, and 2020 in this GRC, but on separate tracks. Because the 2019 and 2020 recorded costs in the Fire Mitigation MAs are not yet known, SCE proposes to submit supplemental testimony in February 2020 to facilitate review of the 2019 recorded amounts.

²⁸ See P.U.C. Section 8386.4(a) and (b)(1). SB 901 required these costs to be reviewed in a GRC. AB 1054 continued to allow these costs to be reviewed in a GRC but does not require them to be. See P.U.C. Section 8386.4(b)(1) and (2).

²⁹ Established in Advice Filing 4022-E to track the incremental (*i.e.*, not reflected in authorized revenue requirements or tracked in another memorandum account) costs of implementing SCE's approved WMP.

³⁰ Modified in Advice Filing 3727-E and 3727 E-A to track the incremental costs of complying with D.17-12-024, the Commission's decision adopting regulations to enhance fire safety in the High Fire-Threat District.

³¹ D.19-01-019.

³² Established in Advice Filings 3936-E and 3936-E-A.

2. **Recovery of 2020 Balances Recorded in Fire Mitigation-Related Memorandum Accounts**

SCE proposes to submit further supplemental testimony in March 2021 (initiating “Track 2” of this proceeding) to facilitate review of the 2020 recorded amounts. Track 2 will also review for reasonableness the amount of costs recorded in the GSRPMA incremental to the pending settlement agreement amount.³³

Although SCE proposes to seek review of the costs in these accounts through future tracks in this proceeding,³⁴ Exhibit SCE-04, Volume 5 (Wildfire Management) and Exhibit SCE-02, Volume 6 (Vegetation Management) include a complete description of the currently forecasted activities (and their associated forecast costs) across the entire suite of SCE’s wildfire mitigation programs for 2019-2023.

C. **SCE’s Proposed Mechanism for Updating Its Wildfire Mitigation Activities and Infrastructure Replacement Forecasts**

SB 901 precludes the IOUs from diverting revenues that the Commission has already authorized for WMP implementation to any activities or investments outside of the WMP.³⁵ Wildfire mitigation work is SCE’s top public safety priority in this rate case cycle. In many cases, the same crews that support wildfire mitigation activities are responsible for executing SCE’s traditional infrastructure replacement (IR) work. Those crews are finite and in this rate case cycle SCE faces real resource constraints. Accordingly, even though our traditional IR work is and remains important, at this point SCE is proposing to do less of that work than we otherwise would propose in the absence of such resource constraints (see Exhibit SCE-02, Volumes 1-3).

³³ Pursuant to the terms of the pending settlement agreement, once the Commission approves the settlement, the GSRPMA will be replaced by the Grid Safety & Resiliency Program Balancing Account (GSRPBA).

³⁴ As discussed below, the post-July 2019 capital recorded in the Fire Mitigation MAs will count towards SCE’s AB 1054-eligible equity rate base exclusion. Recovery of the revenue requirement associated with that capital will occur outside of this proceeding. Recovery of the O&M expenses in the Fire Mitigation MAs will occur within this proceeding.

³⁵ As continued in AB 1054 and codified in P.U.C. Section 8386.3(d).

SCE continues to refine its risk-based modeling, the results of which inform both our wildfire mitigation and IR-related proposals. In addition, during the pendency of this rate case cycle the Commission will also adopt new wildfire mitigation “metrics” in Phase 2 of the SB 901 Wildfire Mitigation Plan Order Instituting Rulemaking (SB 901 OIR) and begin consideration of the IOUs’ 2020 WMPs.³⁶ If during the pendency of this proceeding either SCE’s internal risk-based modeling or Commission guidance in the SB 901 OIR indicate that SCE can accomplish the same amount of risk reduction using fewer resources, SCE proposes that it be permitted to reduce its GRC forecast before issuance of a final decision for wildfire mitigation programs and increase the forecast for IR work.³⁷ Conversely, if it proves necessary during the pendency of this proceeding to increase the wildfire forecast to perform additional wildfire mitigation work beyond its original forecast, SCE proposes to be given the opportunity to reduce its IR forecast to align with what its crews’ resources can accomplish.

In addition, if it proves necessary after a final decision has been issued in this proceeding to accomplish additional wildfire work above what a final Track 1 decision authorizes as just and reasonable, SCE proposes to modify the existing Safety and Reliability Investment Incentive Mechanism (SRIIM) to allow for the one-way flow of authorized expenditures from IR programs subject to SRIIM treatment to non-SRIIM wildfire mitigation work, without penalty.

SCE’s proposed procedural schedule provides a full and fair opportunity for intervenors and the Commission to examine any such potential proposals at the appropriate time.

³⁶ See June 14, 2019 Assigned Commissioner and Administrative Law Judge’s Ruling Launching Phase 2 of the Wildfire Mitigation Plan Proceeding in R.18-10-007 at p. 3 and P.U.C. Section 8386(b).

³⁷ Such a result may also necessitate a change to SCE’s Post Test Year Ratemaking (PTYR) proposal. See Exhibit SCE-07, Volume 4.

D. Proposed Schedule and Cost Recovery Details for Wildfire Memorandum Accounts

SCE's 2021 General Rate Case Proposed Schedule

Event	SCE Proposal	Rate Case Plan⁽⁷⁾
Application Filed ⁽¹⁾	8/30/2019	9/3/2019
Mandated Workshop	10/15/2019	10/15/2019
Pre-hearing Conference	10/30/2019	10/31/2019
Cal Advocates Direct Testimony	2/20/2020	2/20/2020
SCE Supplemental Testimony ⁽²⁾	2/20/2020	N/A
Intervenor Direct Testimony	3/17/2020	3/17/2020
Public Participation Hearings	March/April 2020	March/April 2020
Concurrent Rebuttal Testimony and Cal Advocates and Intervenor Direct Testimony on Supplemental Testimony	5/1/2020	5/1/2020
SCE Second Supplemental Testimony (if necessary) ⁽³⁾	6/2/2020	N/A
Evidentiary Hearings	7/6-7/24/2020	May/June 2020
Update Testimony ⁽⁴⁾	7/24/2020	May/June 2020
Hearings on Update + Supplemental Testimony	8/5-8/7/2020	May/June 2020
Settlement Conference	8/10/2020	N/A
Opening Briefs	8/14/2020	TBD
Reply Briefs	9/4/2020	TBD
Track 1 Proposed Decision	November 2020	September/October 2020
Oral Argument	Early December 2020	N/A
Track 1 Final Decision ⁽⁵⁾	December 2020	November 2020
Track 2 SCE Testimony ⁽⁶⁾	3/2/2021	N/A
Track 2 Cal Advocates and Intervenor Testimony	4/2/2021	N/A
Track 2 Rebuttal Testimony	5/3/2021	N/A
Track 2 Evidentiary Hearings	6/1-6/11/2021	N/A
Track 2 Opening Briefs	7/2/2021	N/A

Event	SCE Proposal	Rate Case Plan⁽⁷⁾
Track 2 Reply Briefs	8/2/2021	N/A
Track 2 Proposed Decision	10/1/2021	N/A
Track 2 Final Decision	Early December 2021	N/A

- ⁽¹⁾ Including proposed flexibility mechanism for WF/IR spend
- ⁽²⁾ For 2018-2019 final recorded costs for Fire Mitigation MAs (WMPMA, FRMMA, FHPMA) & study regarding arrearages/disconnections required by 2018 GRC final decision
- ⁽³⁾ For WF/IR re-prioritization proposals and PTYR update (if necessary)
- ⁽⁴⁾ (1) Standard update re changes in law/postage/etc.; (2)2019 recorded + 2020 forecast cost review for non-Fire Mitigation MAs (CSRPMA, IDER/DDAC MA, Emergency Consumer Protections MA); and (3) IR/WF (if necessary).
- ⁽⁵⁾ Final Decision on forecast 2021 GRC issues + 2018-19 recorded costs for Fire Mitigation MAs
- ⁽⁶⁾ Track 2 is dedicated solely to 2020 recorded cost review for Fire Mitigation MAs (including 2018-2020 GSRP costs above settlement amount)
- ⁽⁷⁾ See D.14-12-025 at p. 42

TABLE 2
Venue for Review and Approval of Costs of Fire Mitigation Memorandum and Balancing Accounts³⁸

Regulatory Account	GS&RP Application (A.18-09-002)	Costs to be Reviewed in 2021 GRC Track 1	Costs to be Reviewed in 2021 GRC Track 2
GSRPMA	2018-20 Settled Amount		2018-20 Recorded Above Settled Amount
WMPMA		2019 Recorded	2020 Recorded
FRMMA		2019 Recorded	2020 Recorded
FHPMA		2018-2019 Recorded	2020 Recorded
Wildfire Risk Mitigation Balancing Account (WRMBA)		2021-23 Forecast	

³⁸ Note that the first \$1.575 billion of fire mitigation-related capital expenditures that post-date the effective date of AB 1054, irrespective of whether they are recorded in these four MAs or included in SCE’s approved 2021-23 GRC forecast requests, will be excluded from SCE’s equity rate base pursuant to the statutory requirements. Cost recovery will occur in connection with the statutory financing order process.

III.

IMPACT OF ASSEMBLY BILL 1054 ON THIS GRC

A. Capital Expenditures Excluded from Equity Rate Base

On July 12, 2019, the California Legislature passed Assembly Bill (AB) 1054, which is codified at P.U.C. Section 8386, *et seq.* Among other requirements, AB 1054 precludes California's three large IOUs from including in their respective equity rate bases the collective first \$5 billion of capital expenditures incurred pursuant to a Commission-approved WMP. Specifically, the statute states:

The commission shall not allow a large corporation to include in its equity rate base its share, as determined pursuant to the Wildfire Fund allocation metric specified in Section 3280, of the first five billion dollars (\$5,000,000) expended in aggregate by large corporations on fire risk mitigation capital expenditures included in the electrical corporations' approved wildfire mitigation plans.³⁹

SCE's share of the \$5 billion total pursuant to the statutory allocation metric is 31.5%; *i.e.*, \$1.575 billion. Accordingly, SCE has excluded from the proposed GRC revenue requirement the first \$1.575 billion of wildfire mitigation-related recorded and forecast capital expenditures starting as of July 12, 2019 (the effective date of the law).⁴⁰ The specific expenditures—which include those made in 2019, and currently expected to be made in 2020 and 2021—that make up the \$1.575 billion are set forth in Exhibit SCE-07, Volume 01.⁴¹ SCE will separately seek rate recovery of those expenditures outside of this GRC pursuant to the relevant statutory requirements.⁴² As is true of the SB 901-related memorandum account expenditures discussed in Chapter II.B above, however, Exhibit SCE-04, Volume 05 (Wildfire Management) includes a complete description of the activities (and their associated forecast costs) across the entire suite of SCE's wildfire mitigation programs for 2019-2023. The Commission

³⁹ P.U.C. Section 8386.3(e).

⁴⁰ To limit internal accounting complications, SCE is proposing to begin the rate base capital exclusionary period on August 1, 2019 (*i.e.*, the first day of the first month following the effective date of the legislation).

⁴¹ The post-July 2019 capital recorded in the Fire Mitigation MAs will count towards SCE's AB 1054-eligible equity rate base exclusion and rate recovery of these amounts (up to the \$1.575 billion cap) will occur outside of this proceeding.

⁴² See P.U.C. Section 8386.3(e).

should review and approve the recorded wildfire-related costs for 2019 and 2020 as just and reasonable in future stages of the proceeding as discussed above, including those associated with SCE’s share of the \$1.575 billion equity rate base exclusion. The Commission should also review and approve the 2021-23 wildfire-related forecast costs as just and reasonable in a final decision resolving Track 1 of this proceeding, including those associated with SCE’s share of the \$1.575 billion equity rate base exclusion. Once the Commission has made those determinations, SCE will seek cost recovery of the relevant portion of those costs pursuant to the statutory requirement to exclude a portion of those costs from equity rate base and to recover them through a subsequent financing application.

B. Chief Executive Officer Certification

Section 8386.4 of the Public Utilities Code governs recovery for costs related to approved WMPs, and requires “[t]he chief executive officer of a corporation [to] certify in each general rate case application that the electrical corporation has not received authorization from the commission to recover the costs in a previous proceeding, including wildfire cost recovery applications.”⁴³ This provision is intended to bar double recovery of WMP-related costs that have already been approved elsewhere (e.g., in previous wildfire cost recovery applications). The “AB 1054 Certification of Mr. Kevin Payne”⁴⁴ attached hereto as Appendix C so certifies.⁴⁵

⁴³ P.U.C. Section 8386.4(b)(3).

⁴⁴ Mr. Payne has also executed the traditional required Rule 1.11 officer verification, which is attached to this Application.

⁴⁵ That certification also covers Section 451.3 of the Public Utilities Code, added by AB 1054, which would permit (not require) the Commission to issue penalties if the utility re-requests previously authorized wildfire mitigation plan-related costs.

IV.

ANTICIPATED UPDATES TO TESTIMONY

The forecasts underpinning the requests in this GRC were developed and generally finalized by early July 2019. SCE believes those forecasts continue to remain reasonable although in the normal course SCE will likely serve errata. In addition, SCE's proposed schedule also provides for updates to certain areas of testimony, including updates to costs in memorandum accounts. The following two items identified below, however, will require correction that could not be finalized by the time of this filing. Only the first item affects the going forward forecast revenue requirement.

A. Necessary Changes to Certain Wildfire-Related Forecasts

Some of SCE's wildfire mitigation programs and activities forecasts are based on assumptions about the amount of – and number of circuit miles contained in – SCE's High Fire Risk Areas (HFRA). Traditionally, SCE has defined its HFRA to include both Commission-designed high-threat "Tier" 2 and 3 areas (collectively known as High Fire Threat Districts (HFTD)) as well as non-Commission-designated areas that SCE has historically considered to be at elevated risk of wildfires (Non-Tiered Areas). As required by D.19-05-038, SCE has completed an internal rigorous assessment of its Non-Tiered Areas that determined which subsections of those areas should be retained as HFRA and which should be excluded from HFRA on a going-forward basis. SCE documented those efforts in detail both in its July 5, 2019 Advice Letter 4030-E as well as its August 19, 2019 Petition for Modification (PFM) of D.17-12-024, the latter of which formally requests the Commission make changes to its official HFTD fire maps to include the portion of Non-Tiered Areas SCE proposes to retain as HFRA.

Because SCE's testimony in this proceeding was developed during the pendency of the internal analysis discussed above, we needed to make certain assumptions about what percentage of the Non-Tiered Areas would be retained as HFRA, and what percentage should be excluded. In various places, the testimony in this GRC assumes an 88% exclusion rate (i.e., a 12% retention rate) for these Non-Tiered Areas. SCE's final analysis, however, concluded that a 99% exclusion rate (i.e., a 1% retention

rate) was appropriate, and this latter figure is the basis of the pending PFM of D.17-12-024.

Accordingly, some – but not all – of the wildfire mitigation, distribution and maintenance, and poles forecasts in the testimony supporting this application somewhat overstate the forecast work (and associated spending) that will actually take place in HFRA.

As a separate issue, but one that has the same directional effect, in the testimony SCE’s forecast counted the number of HFRA circuit miles using a “roll-up” methodology, which was based on our historical operational practices. SCE has subsequently developed a new HFRA circuit mile calculation methodology known as the “spatial clip” method, which more precisely counts the exact number of circuit miles that physically reside in each HFRA tier from a geospatial perspective. Because we feel using the new circuit mile calculation methodology is more appropriate, some – but not all – of the wildfire mitigation forecasts in the testimony supporting this application somewhat overstate the forecast work (and associated spending) that will actually take place.

SCE commits to transparently update the above-referenced forecasts in the near future. The particular affected sections of testimony are set forth in Appendix D hereto.

B. Updates to 2018 SRIIM Authorized Amounts

In the 2018 GRC Final Decision (D.19-05-020), the Commission authorized certain funding for 2018-2020 across the suite of programs contained within SCE’s Safety and Reliability Investment Incentive Mechanism (SRIIM). In SCE’s 2018 GRC implementation advice letter (AL 4012-E), SCE incorrectly reported the SRIIM-related cumulative authorized capital additions as \$3.410 billion across the three-year GRC cycle. Instead, the appropriate and correct authorized capital additions amount is \$3.065 billion. The reasons for the difference are as follows: In AL 4012-E, SCE inadvertently (1) included in SRIIM FERC-related project expenditures that should have been excluded; (2) included in SRIIM certain costs that were unrelated to the SRIIM program (*i.e.*, certain costs related to Grid Modernization); and (3) allocated the pro-rata share of the approved 2018 GRC OpEx reductions to the SRIIM programs in a manner that was inconsistent with the approach utilized in SCE’s testimony and workpapers. Prior to this Application, SCE filed a supplemental advice letter correcting AL 4012-E.

To the extent that corrections are also necessary to the 2021 GRC testimony and/or workpapers regarding the required 2018 “authorized to recorded” comparison, SCE will submit errata in the near future. No forecasts are affected.

V.

**SCE’S RATEMAKING PROPOSALS TO ESTABLISH, MODIFY, AND ELIMINATE
VARIOUS BALANCING/MEMORANDUM ACCOUNTS AND RECOVER CERTAIN
MEMORANDUM ACCOUNT BALANCES**

In addition to SCE’s requests described above, SCE is also making several other ratemaking requests, which are summarized below and explained in detail in Exhibit SCE-07, Volume 01.

New Accounts
Wildfire Risk Mitigation Balancing Account (WRMBA)
Vegetation Management Balancing Account (VMBA)
Risk Management Balancing Account (RMBA)
Distributed Resources Plan Write-Off Costs Memorandum Account (DRPWOCMA)
Z-Factor Memorandum Account (ZFMA)
Modified Accounts
Greenhouse Gas Revenue Balancing Account (GHGRBA)
Energy Resource Recovery Account (ERRA)
Tree Mortality Non-Bypassable Charge Balancing Account (TMNBCBA)
California Alternate Rates for Energy Balancing Account (CAREBA)
Eliminated Accounts
Aliso Canyon Energy Storage Balancing Account (ACESBA)

A. Establishment of Balancing/Memorandum Accounts

SCE proposes to establish the Wildfire Risk Mitigation Balancing Account (WRMBA), Vegetation Management Balancing Account (VMBA), and Risk Management Balancing Account (RMBA). SCE proposes that these two-way balancing accounts be established to recover the actual recorded costs of SCE’s wildfire risk mitigation activities, vegetation management activities, and wildfire-liability insurance premiums, respectively. Upon Commission approval and establishment of SCE’s WRMBA and VMBA, SCE will no longer record costs to its Fire Mitigation MAs and will propose to eliminate those accounts once the pre-2021 balances have been approved for recovery. To the extent that SCE has not reached its pro-rata share of the AB 1054 capital expenditure exclusion from

equity rate base (i.e., \$1.575 billion) before 2021, SCE will remove any necessary capital expenditures from the WRMBA to seek recovery pursuant to the appropriate statutory procedure.

Similarly, upon Commission approval and establishment of SCE's RMBA, SCE will modify its WEMA to no longer include incremental wildfire insurance premium expenses.

SCE also proposes to establish the Distributed Resources Plan Write-Off Costs Memorandum Account (DRPWOCMA). The DRPWOCMA will be used to track "contingency planning" costs (i.e., pre-construction activities such as design and engineering work) incurred in parallel with the pursuit of a Distributed Energy Resources (DER) solution. SCE will seek recovery of the DRPWOCMA in a future GRC or other appropriate ratemaking proceeding.

SCE also proposes to establish the Z-Factor Memorandum Account (ZFMA). The ZFMA will be used to track costs associated with events that are potential "Z-Factors," defined as exogenous events that result in a major cost impact for SCE and protect against retroactive ratemaking concerns. Upon Commission approval of this proposal, SCE will modify its Post Test Year Ratemaking (PTYR) Mechanism, Preliminary Statement AAA, to add the ZFMA.

B. Modification of Certain Balancing/Memorandum Accounts

SCE proposes to modify its Greenhouse Gas Revenue Balancing Account (GHGRBA), Energy Resource Recovery Account (ERRA), and Tree Mortality Non-Bypassable Charge Balancing Account (TMNBCBA) to recover certain expenses that have historically been included in SCE's GRC forecast.⁴⁶ If SCE's proposal to recover these expenses in the GHGRBA, ERRA, and TMNBCBA is adopted, the Commission will remove the forecast relevant O&M expenses from its adopted 2021 test year GRC revenue requirement. SCE would then provide a forecast of these expenses in its annual ERRA Forecast proceedings for the 2021 forecast year and beyond and recover them from customers on an actual (recorded) basis through the operation of the GHGRBA, ERRA, and TMNBCBA.

⁴⁶ These expenses include California Air Resource Board (CARB) administrative fees, which SCE proposes to recover in the GHGRBA, energy market data subscription fees, which SCE proposes to recover in the ERRA, and third-party BioRAM facility audit costs incurred pursuant to Resolution E-4805, which SCE proposes to recover in the TMNBCBA.

SCE also proposes to modify its California Alternate Rates for Energy (CARE) Balancing Account to remove cooling center costs. Pursuant to D.16-11-022, the forecast costs associated with SCE's 2021-2023 cooling center activities are reflected in this Application and thus will no longer be recovered through the CARE Balancing Account.

C. Elimination of Certain Balancing/Memorandum Accounts

SCE proposes to eliminate its Aliso Canyon Energy Storage Utility Owned Generation Balancing Account (ACESBA). As discussed in Exhibit SCE-05, Vol. 01, SCE has included both the ongoing capital-related revenue requirement associated with the recorded capital investment and the forecast O&M expenses associated with its Aliso Canyon Energy Storage projects in its 2021, 2022, and 2023 ABRR. Therefore, effective upon a decision in this proceeding, SCE will no longer record the revenue requirement in the ACESBA, and Preliminary Statement OOO, ACESBA, will be eliminated from SCE's tariffs.

D. Recovery of Certain Non-Wildfire Memorandum Account Balances

SCE requests that the Commission find reasonable SCE's recorded entries in its Customer Service Re-Platform (CSRPM), Integrated Distributed Energy Resources (IDERMA), Distribution Deferral Administration Costs (DDACMA), and Emergency Consumer Protections (ECPMA) memorandum accounts, and its forecast for those accounts through December 31, 2020, and authorize the transfer of the December 31, 2020 balance to SCE's BRRBA for cost recovery. The recorded (January 2018-May 2019) and forecast (June 2019-December 2020) memorandum account balances for which SCE seeks recovery is \$87.1 million. SCE will update for more recent recorded data in its GRC Update Testimony (see proposed schedule above) and will provide the final recorded December 31, 2020 balances in the advice letter implementing the 2021 GRC decision.

VI.

OTHER ISSUES

A. Previously Litigated Issues On Which The Commission Has Taken A Position

The cost estimates and requests included in SCE's Test Year 2021 GRC are consistent with applicable laws. In resolving SCE's 2018 GRC, the Commission suggested that SCE should "provid[e] an explanation as to what has changed to warrant a different outcome" when "renew[ing] previously denied arguments."⁴⁷ SCE sets forth two important examples below.

1. Customer Deposits

SCE has removed customer deposits (CDs) from rate base, consistent with the Commission's findings in D.19-05-020 (2018 GRC Decision). However, SCE notes that the Commission is considering the treatment of CDs in A.17-10-007 (Sempra's 2019 GRC), and that on August 22, 2019, the assigned Administrative Law Judge issued a proposed decision (PD) in that proceeding adhering to the long-standing ratemaking treatment described in Standard Practice (SP) U-16, which excludes interest-bearing accounts such as CDs from working cash.⁴⁸ Based on this finding, the PD authorizes San Diego Gas & Electric Company (SDG&E) to exclude interest-bearing customer deposits from working cash. In addition, the PD states that the principles of SP U-16 are "applicable to all utilities."⁴⁹ To the extent the Commission ultimately adopts the PD in A.17-10-007 on this issue, SCE respectfully requests that it be given similar ratemaking treatment for its CDs. SCE further proposes that this would result in SCE not reducing its rate base by the amount of CDs, excluding the 10% of CDs placed through SCE's minority and community bank program, consistent with SP U-16 and the ratemaking treatment adopted for the other California utilities.

⁴⁷ D.19-05-020 at p. 390.

⁴⁸ A.17-10-007, Proposed Decision (issued August 22, 2019), p. 629.

⁴⁹ *Id.*

2. Long-Term and Short-Term Incentive Pay

With respect to long-term incentive pay, there has been an important legislative change to the incentive pay landscape for utility officers since the time SCE's 2018 GRC application was submitted. The Legislature has expressly barred customer funding not just for a subset of utility officers' Long-Term Incentive compensation (LTI), but for *any and all compensation that those officers receive*.⁵⁰ Accordingly, SCE has removed all such items from its GRC request, and all of this compensation will be funded by shareholders. SCE intends to advocate in legal briefing that the passage of this law, as subsequently interpreted by the Commission, supports a legislative intent to permit cost recovery for LTI paid to officers *not* covered by the new law.

With respect to short-term incentive compensation paid to non-officers, our arguments in this GRC are as true now as they were when we asserted them in the 2006, 2009, 2012, 2015 and 2018 GRCs. We have again hired an independent expert to perform a Total Compensation Study. For SCE's 2018 GRC, Cal Advocates declined to participate in selecting the independent expert and managing the total compensation study. SCE did continue to use Aon Hewitt, the same expert that ORA jointly selected in the 2006, 2009, 2012, and 2015 GRCs,⁵¹ to perform that study. SCE continues that practice for this 2021 GRC.⁵² The study compares SCE's total compensation – salaries, benefits, and long- and short-term incentives – to compensation offered at other employers in the relevant labor markets.

Those studies showed that the total compensation paid to SCE rank-and-file employees, inclusive of short-term incentives, is essentially at market levels. Despite that result, the Commission's decisions in the 2012, 2015 and 2018 GRCs allowed only partial recovery of short-term incentives to our employees. This rejection is fundamentally incompatible with cost-of-service ratemaking principles, bypasses evidence of SCE's market level compensation, and ignores the customer benefits arising from the use of variable pay programs.

⁵⁰ P.U.C. Section 706. The Commission issued a resolution after the law went into effect that further defined which officers are subject to the bar. *See* Resolution E-4963.

⁵¹ In 2011, Hewitt and Associates LLC (the independent expert selected for total compensation studies in the 2006, 2009, and 2012 GRCs) was acquired by AON and is now known as AON Hewitt.

⁵² Cal Advocates also declined to participate in the 2021 total compensation study.

The substantial majority of SCE's employees participate in SCE's short-term incentive compensation programs, and the payouts are based on their individual performance. Placing a portion of compensation at risk based on individual performance encourages employees to seek to improve their performance and achieve more productive results. When the Company has the ability to vary an individual's compensation level based on performance, it also serves as a disincentive for employees to "settle" for lesser levels of performance or productivity in carrying out their job duties. A compensation design that uses base salary plus incentives is standard in our industry, as well as other industries, and is proven to achieve better results.

However, the Commission has repeatedly assigned a portion of SCE's short-term incentive programs to shareholders based on the proportion of the corporate goals tied to meeting "core earnings" targets. This disallowance improperly mandates that shareholders fund expenses that benefit our customers. The goals that performance (and, ultimately, incentive compensation) are measured against tie directly to customer benefits. Reducing our request on the incorrect assumption that our employees' daily work can somehow be balkanized into customer versus shareholder benefit devalues and distorts the work that our hard-working employees accomplish.

Accordingly, SCE respectfully requests full cost recovery for the short-term incentive compensation it pays to non-officers. The majority of SCE's rank-and-file employees are eligible to receive it, and it is an important part of their market-based salaries. In addition to this core cost-of-service argument, there is another more basic one. Because the amount of STIP can vary, an employee's STIP award is not taken into account in determining certain pension and benefits costs that are a function of an employee's base pay. Base pay accrues regardless of employee job performance, and any increase in base pay results in a corresponding increase in associated pension and benefit costs. Accordingly, variable pay components, like STIP, benefit customers by adding to reasonable employee compensation in a fashion that avoids those increased costs associated with base pay. In other words, a dollar in base pay costs customers more than a dollar in STIP. SCE has provided a new calculation showing that if the variable costs attributed to STIP were instead included in base pay, assuming a

reasonable cost of benefits, then the additional cost to customers would be \$30.608 million per year for the increase in pension and benefits.⁵³

B. Customer Accessibility Issues

In advance of the filing of this GRC, SCE proactively approached CforAT to explore the development of a joint proposal to cover the 2021 GRC cycle to build on previous progress promoting accessibility for SCE's customers who have disabilities. As set forth in Exhibit SCE-09, and building on work done in previous GRCs, in this proceeding SCE and CforAT have jointly developed such a proposal. SCE and CforAT propose that SCE spend or incur \$1.0 million on average per year over the 2021 GRC cycle on eligible activities supporting and enhancing the accessibility of SCE's facilities, programs, communications and services for customers with disabilities. These expenditures will be incremental to any spending on accessibility issues required by Commission decisions in other proceedings.

⁵³ See Exhibit SCE-06, Vol. 3, Part 1, Chapter III, Section B.3.

VII.

STATUTORY AND REGULATORY REQUIREMENTS

A. Statutory And Other Authority – Rule 2.1

Rule 2.1 requires that all applications: (1) clearly and concisely state authority or relief sought; (2) cite the statutory or other authority under which that relief is sought; and, (3) be verified by the applicant. Rules 2.1(a), 2.1(b), and 2.1(c) set forth further requirements that are addressed separately below. The relief being sought is summarized in Chapters I, II, III, V, and VIII, and is further described in the testimony accompanying this application. The statutory and other authority under which this relief is being sought include California Public Utilities Code Sections 314.5, 377, 451, 454, 463, 463.5, 491, 701, 728, 728.1, 729, 740.1, 795, 850, 854, 3293, 8386 *et al.*, the Commission's Rules of Practice and Procedure, and prior decisions, orders, and resolutions of this Commission, including D.14-12-025. This application has been verified by an SCE officer as provided in Rule 1.11.

B. Legal Name and Correspondence – Rules 2.1(a) and 2.1(b)

Pursuant to Rules 2.1(a) and 2.1(b),⁵⁴ SCE is a public utility organized and existing under the laws of the State of California. The location of SCE's principal place of business is: 2244 Walnut Grove Avenue, Rosemead, California.

⁵⁴ Rule 2.1(a) requires the application to state the exact legal name of the applicant and location of its principal place of business, and, if a corporation, the state under the laws of which the applicant was organized. Rule 2.1(b) requires the application to state the name, title, address, telephone number, facsimile transmission number, and e-mail address of the person to whom correspondence or communications in regard to the application are to be addressed.

Correspondence or communications regarding this application should be addressed to:

Case Administration
Southern California Edison Company
Post Office Box 800
8631 Rush Street
Rosemead, California 91770
Telephone: (626) 302-3062
Facsimile: (626) 302-6693
E-mail: scegrc@sce.com

C. Proposed Categorization, Need For Hearings, Issues To Be Considered, Proposed Schedule – Rule 2.1(c)

Commission Rule 2.1(c) requires that all applications shall state “the proposed category for the proceeding, the need for hearing, the issues to be considered including relevant safety considerations, and a proposed schedule.”⁵⁵ SCE proposes this application be designated a “ratesetting” proceeding, as defined in California Public Utilities Code §1701.1(c)(3) and Rule 1.3(e).⁵⁶ The need for hearings and the issues to be considered in such hearings will depend in large part on the degree to which other parties contest SCE’s request. In Exhibit SCE-07, Volume 4, SCE provides testimony on its corporate safety programs. In addition, where relevant, SCE has included testimony on relevant risk factors, including safety and reliability, in the other volumes of testimony.⁵⁷

SCE’s proposed procedural schedule in Chapter II.D. is aligned with the Commission’s modified Rate Case Plan (RCP) schedule from D.14-12-025. SCE has made proposed additions and modifications to the RCP schedule in large part to address the issues discussed in Chapter II.B above, as well as to provide for the opportunity for settlement discussions (Rule 12.1).⁵⁸

⁵⁵ TITLE 20 CAL. CODE REGS. Div. 1, Art. 2, §2.1.

⁵⁶ “Ratesetting cases, for purposes of this article, are cases in which rates are established for a specific company, including, but not limited to, general rate cases, performance-based ratemaking, and other ratesetting mechanisms.” CAL. PUB. UTIL. CODE §1701.1(c)(3). “‘Ratesetting’ proceedings are proceedings in which the Commission sets or investigates rates for a specifically named utility (or utilities) or establishes a mechanism that in turn sets the rates for a specifically named utility (or utilities).” TITLE 20 CAL. CODE REGS §1.3(e).

⁵⁷ See, e.g., Exhibit SCE-01, Volume 2.

⁵⁸ SCE’s proposed schedule provides for a settlement conference following Track 1 evidentiary hearings. However, whether and precisely when such a conference might take place cannot be determined at this time.

Finally, while the RCP provides for public participation hearings in the applicant utility's service territory, SCE requests that a portion of the evidentiary hearings for the 2021 GRC be held in Southern California. The Commission held two days of evidentiary hearings in Southern California for SCE's 2009 GRC (A.07-11-011), SCE's 2012 GRC (A.10-11-015) and three days for SCE's 2018 GRC (A.16-09-001). The witnesses that sponsor SCE's proposals in this application reside in Southern California. Travel to and from the Commission's San Francisco offices for those witnesses, plus SCE's attorneys and other support staff, is costly, both in terms of direct costs and time away from other duties. Those costs are ultimately passed on to SCE's customers.

SCE therefore requests that the Commission schedule at least a portion of the evidentiary hearings for this 2021 GRC application in Southern California. More importantly, SCE requests that the necessary pre-Proposed Decision (PD) Results of Operation (RO) modeling work be conducted in Southern California. The RO modeling requires extensive work and cooperation between a dedicated (and ethically walled) SCE employee and Energy Division. SCE also requests that the evidentiary hearings in this case be webcast, as they were in SCE's 2009 GRC.

D. Organization And Qualification to Transact Business – Rule 2.2

In compliance with Rule 2.2,⁵⁹ a copy of SCE's Certificate of Restated Articles of Incorporation, effective on March 2, 2006, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 14, 2006, in connection with Application No. 06-03-020,⁶⁰ and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series D Preference Stock filed with the California Secretary of State on March 7, 2011, and presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2011, in connection with Application No. 11-04-001, and is by reference made a part hereof.

⁵⁹ Rule 2.2 requires the applicant to submit a copy of its organizing documents and evidence of its qualification to transact business in California, or to refer to that documentation if previously filed with the Commission.

⁶⁰ Application 06-03-020, *For Approval of Early Transfer of Anaheim's Share of SONGS 2&3 to SCE*.

A copy of SCE's Certificate of Determination of Preferences of the Series E Preference Stock filed with the California Secretary of State on January 12, 2012, and a copy of SCE's Certificate of Increase of Authorized Shares of the Series E Preference Stock filed with the California Secretary of State on January 31, 2012, and presently in effect, certified by the California Secretary of State, were filed with the Commission on March 5, 2012, in connection with Application No. 12-03-004, and are by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series F Preference Stock filed with the California Secretary of State on May 5, 2012, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 29, 2012, in connection with Application No. 12-06-017, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series G Preference Stock filed with the California Secretary of State on January 24, 2013, and presently in effect, certified by the California Secretary of State, was filed with the Commission on January 31, 2013, in connection with Application No. 13-01-016, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series H Preference Stock, filed with the California Secretary of State on February 28, 2014, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 24, 2014, in connection with Application No. 14-03-013, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series J Preference Stock, filed with the California Secretary of State on August 19, 2015, and presently in effect, certified by the California Secretary of State, was filed with the Commission on October 2, 2015, in connection with Application No. 15-10-001, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series K Preference Stock, filed with the California Secretary of State on March 2, 2016, and presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2016, in connection with Application No. 16-04-001, and is by reference made a part hereof.

A copy of SCE’s Certificate of Determination of Preferences of the Series L Preference Stock filed with the California Secretary of State on June 20, 2017, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 30, 2017, in connection with Application No. 17-06-030, and is incorporated herein by this reference.

Certain classes and series of SCE’s capital stock are listed on a “national securities exchange” as defined in the Securities Exchange Act of 1934 and copies of SCE’s latest Annual Report to Shareholders and its latest proxy statement sent to its stockholders has been filed with the Commission with a letter of transmittal dated March 18, 2019, pursuant to General Order Nos. 65-A and 104-A of the Commission.

E. Balance Sheet And Income Statement – Rule 2.3(h) and Rule 3.2(a)(1)

Appendix A to this application contains copies of SCE's balance sheet as of June 30, 2019, and income statement for the period ended June 30, 2019, the most recent period available.

F. Present And Proposed Rates – Rule 3.2(a)(2) And Rule 3.2(a)(3)

The presently effective rates proposed to be changed, and the changes proposed to be made thereto are addressed in Exhibit SCE-07, Volume 01. Proposed tariff sheets reflecting SCE’s revenue allocation and rate design proposals will be addressed in Phase 2 of this proceeding.

If the Commission were to allocate the increase in 2021 revenues shown in Table 1 to SCE’s customer groups on a System Average Percentage Change (SAPC) basis, the impact on each customer group would be as shown in Table 3.

TABLE 3
Estimated Impact Of This Request On Customer Rates

Customer Group	System Revenues (\$000)			Bundled Service (cents/kWh)	
	Current Revenues (\$000) ^[1]	2018 GRC Proposed	% Change over Current	Current Rates	Proposed Rates
Residential	4,316,794	652,891	15.1%	18.1	20.6
Lighting - Small and Medium Power	3,511,599	419,661	12.0%	17.3	19.1
Large Power	1,582,601	158,903	10.0%	12.4	13.5
Agricultural and Pumping	391,119	42,066	10.8%	13.7	15.1
Street and Area Lighting	111,525	3,473	3.1%	25.5	26.2
Standby	287,976	18,454	6.4%	10.2	10.8
Total	10,201,615	1,295,447	12.7%	16.3	18.2

^[1] Current July 26, 2019 Rates with 2021 sales forecast

The increases shown in Table 3 are illustrative only. As mentioned earlier, revenue allocation and rate design issues associated with this filing will be addressed in a separate phase (commonly known as a “GRC Phase 2”). In addition, the rates will be updated consistent with the Commission’s decision(s) in this proceeding to reflect SCE’s then-current authorized revenues when such rates are implemented. SCE’s current rates and charges for electric service are in its electric tariffs and schedules on file with the Commission. These tariffs and schedules are filed with and made effective by the Commission in its decisions, orders, resolutions, and approvals of advice letters pursuant to Commission General Order 96-B.

G. Description Of SCE’s Property And Equipment, Original Cost Thereof, And Depreciation Reserve – Rule 3.2(a)(4)

SCE’s service territory is located throughout central and southern California and includes approximately 200 incorporated communities as well as outlying rural territories. A list of the counties and municipalities served by SCE is attached hereto as Appendix B.

SCE is engaged in the business of generating, transmitting, and distributing electric energy in portions of central and southern California. In addition to its properties in California, SCE owns, jointly with others, a facility located in Arizona.

SCE owns and operates 33 hydroelectric plants located throughout central and southern California, one combined-cycle gas plant with two units, five gas-fired peaker units, a diesel-driven electric generating plant, and 25 solar photovoltaic sites (rooftop solar plants in southern California, as well as one ground-based solar plant located in central California). SCE has a 78.21% interest in San Onofre Nuclear Generating Station (SONGS) Units 2 and 3 located in Southern California. SCE does not operate but owns a 15.8% interest in Palo Verde Nuclear Generating Station Units 1, 2, and 3 located in Arizona.

Pursuant to Commission Order in Decision No. 49665, dated February 16, 1954, SCE has, since 1954, used straight-line remaining life depreciation for computing book depreciation expense for accounting and ratemaking purposes. The original cost and depreciation reserve applicable to SCE’s

property and equipment are shown in the Balance Sheet attached as Appendix A of this application, and in the schedules included as Exhibit SCE-07, Volume 3 (Depreciation Study) of the testimony supporting this application.

H. Summary Of Earnings – Rule 3.2(a)(5)

A summary of earnings is shown in Table 1, above.

I. Tax Depreciation – Rule 3.2(a)(7)

Pursuant to Commission Decision No. 59926, dated April 12, 1960, SCE uses accelerated depreciation for income tax purposes and “flows through” reductions in income tax to ratepayers within the Commission’s jurisdiction for property placed in service prior to 1981. Pursuant to Decision No. 93848 in Order Instituting Investigation (OII) No. 24, SCE uses the Accelerated Cost Recovery System (ACRS) in determining depreciation for federal income tax purposes and “normalizes” the depreciation timing differences to ratepayers for property placed in service after 1980 in compliance with the Economic Recovery Tax Act of 1981. Pursuant to Decision No. 86-01-061 in OII No. 86-11-019, Phase II, SCE uses the Modified Accelerated Cost Recovery System (MACRS) in determining depreciation for federal income tax purposes and, in compliance with the Tax Reform Act of 1986, continues to “normalize” depreciation timing differences to ratepayers for property placed in service after 1986.

J. Proxy Statement – Rule 3.2(a)(8)

Certain classes and series of SCE’s and Edison International’s (SCE’s parent company) capital stock are listed on a “National Securities Exchange” as defined in the Securities Exchange Act of 1934.

Three copies of the 2019 Edison International and SCE joint proxy statement were provided to the Commission in compliance with Ordering Paragraph No. 1 of Decision No. 88-01-063, Condition No. 5d, by a letter of transmittal dated March 18, 2019.

K. Statement Pursuant To Rule 3.2(a)(10)

Rule 3.2(a)(10) requires that the “application of electrical ... corporations shall separately state whether or not the increase reflects and passes through to customers only increased costs to the corporation for the services or commodities furnished by it.” SCE’s application includes a request for authorization to add various capital expenditures to rate base. Other than the investments excluded from equity rate base pursuant to AB 1054 discussed above, these requested rate base additions would earn a return on, as well as a return of capital. In that sense, SCE’s request in this proceeding is not limited to passing through to customers “only increased costs to the corporation for the services or commodities furnished by it.”

L. Service Of Notice – Rules 3.2(b), 3.2(c), 3.2(d)

As required by Rule 3.2(b), a notice stating in general terms the proposed increases in rates will be mailed to the designated officials of the state and the counties and cities listed in Appendix B. As required by Rule 3.2(c), notice will be published in a newspaper of general circulation in each county in SCE’s service territory within which the rate changes would be effective. A list of the cities and counties affected by the increases proposed in this application is attached as Appendix B. Pursuant to Rule 3.2(d), notice shall be furnished to customers affected by the proposed increase by including such notice with the regular bills mailed to those customers and by electronically linking to such notice for customers that receive their bills electronically. Finally, pursuant to Rule 3.2(e), SCE will file proof of compliance with the notice requirements of Rule 3.2(b)-(d) within 20 days after compliance with the last of these subsections that is applicable.

M. Treatment of Confidential Information

In September 2017, the Commission issued a decision in R.14-11-001 regarding the submission of confidential information to the Commission (D.17-09-003). SCE’s August 30, 2019 submission of confidential information to the Commission (testimony, workpapers, and data request responses) complies with the requirements of D.17-09-003. As such, SCE has submitted a declaration executed by

an officer (or authorized designee) supporting SCE's submission of any confidential master data request response and any volume of testimony or workpaper that contains confidential information.

N. Other Information

In Appendix A of Decision No. 07-07-004 on the Rate Case Plan,⁶¹ the Commission required the submission of a compliance exhibit as part of the utilities' Notice of Intent (NOI) for a general rate case application.⁶² Although SCE is no longer required to submit an NOI,⁶³ SCE has still submitted a compliance exhibit as Exhibit SCE-08.⁶⁴

O. Service List

The official service list has not yet been established in this proceeding. SCE is thus serving this application on the service list established by the Commission in SCE's 2018 General Rate Case in A.16-09-001, the RAMP service list (I.18-11-006), and the 2018-2020 Triennial Investment Plan for the Electric Program Investment Charge (EPIC) service list (A.17-05-005).

⁶¹ D.07-07-004, Appendix A, pp. A.30 – A.33.

⁶² See Section 7.A on p. A-32 of Appendix A in D.07-07-004 (“All studies and information required to be submitted in the rate case by the Commissioner in prior rate decisions and subsequent policy statements of decisions.”).

⁶³ See D.14-12-025 where the CPUC eliminated the requirement for utilities to submit an NOI.

⁶⁴ In addition, SCE is still submitting in its 2021 GRC other requirements previously identified for the NOI such as five years of recorded data, adjustments, etc. See page A-31 of Appendix A in D.07-07-004. SCE continues to not submit information on demand side management, resource plan, and rate design in its Phase I GRC submission for the reasons stated in SCE's 2015 Application (A.13-11-003).

VIII.

CONCLUSION AND REQUEST FOR RELIEF

SCE respectfully asks the Commission to authorize the revenue adjustments and other requests included herein to become effective January 1, 2021, and to issue its decision:

1. Finding reasonable the requested ABRR and ordering that ABRR to be made effective January 1, 2021;
2. Ordering the concurrent withdrawal and cancellation of existing rates, charges, and classifications to be superseded by rates and other tariff changes that reflect the revenues requested herein;
3. Approve as reasonable the establishment of the two-way Wildfire Risk Mitigation Balancing Account (WRMBA), Vegetation Management Balancing Account (VMBA), and Risk Management Balancing Account (RMBA), and upon such approval the elimination of SCE's existing Fire Mitigation MAs once the pre-2021 balances have been recovered from customers;
4. Approve as just and reasonable the 2018-2020 incremental recorded costs in the various Fire Mitigation MAs pursuant to SCE's proposed schedule and authorize those costs to be placed in customer rates consistent with the requirements and limitations set forth in AB 1054;
5. Issue a decision explicitly establishing that authorized forecast wildfire mitigation-related costs are just and reasonable and therefore eligible for, as applicable: (1) an AB 1054 financing order (to be sought in a separate proceeding) for capital expenditures subject to the AB 1054 cost recovery equity rate base exclusion amount (*i.e.*, the first \$1.575 billion); (2) GRC base rate cost recovery to the extent that approved forecast capital expenditures exceed the AB 1054 equity rate base exclusion amount that is applicable to SCE; or (3) GRC base rate cost recovery for relevant authorized forecast O&M expenses. Recorded wildfire mitigation costs in excess of the authorized forecast will be reviewed

for reasonableness at a later date. To the extent that SCE's recorded costs in the WRMBA are lower than the authorized forecast, the delta will be refunded to customers pursuant to existing law;

6. Rendering Findings of Fact and Conclusions of Law, and issuing Orders consistent with the materials accompanying this filing; and,
7. Granting such other relief as the Commission finds to be just and reasonable.

Respectfully submitted,

FADIA RAFEEDIE KHOURY
RUSSELL A. ARCHER

/s/ Russell A. Archer

By: Russell A. Archer

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-2865
E-mail: Russell.Archer@sce.com

August 30, 2019

Appendix A

Financial Statements,

Including Income Statement and Balance Sheet

SOUTHERN CALIFORNIA EDISON COMPANY

(h) A balance sheet as of the latest available date, together with an income statement covering the period from close of last year for which an annual report has been filed with the Commission to the date of the balance sheet attached to the application.

STATEMENT OF INCOME
SIX MONTHS ENDED JUNE 30, 2019

(In millions)

OPERATING REVENUE	<u>\$ 5,616</u>
OPERATING EXPENSES:	
Purchase power and fuel	2,140
Other operation and maintenance	1,440
Depreciation, decommissioning and amortization	800
Property and other taxes	202
Impairment and other charges	166
Other operating income	(3)
Total operating expenses	<u>4,745</u>
OPERATING INCOME	871
Interest expense	(366)
Other income and (expense)	94
INCOME BEFORE INCOME TAX	<u>599</u>
Income tax benefit	(173)
NET INCOME	<u>772</u>
Less: Preferred and preference stock dividend requirements	<u>60</u>
NET INCOME AVAILABLE FOR COMMON STOCK	<u>\$ 712</u>

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET
JUNE 30, 2019
ASSETS
(in millions)

UTILITY PLANT:	
Utility plant, at original cost	\$ 47,853
Less- accumulated provision for depreciation and decommissioning	9,743
	<u>38,110</u>
Construction work in progress	4,091
Nuclear fuel, at amortized cost	128
	<u>42,329</u>
OTHER PROPERTY AND INVESTMENTS:	
Nonutility property - less accumulated depreciation of \$77	81
Nuclear decommissioning trusts	4,421
Special Funds and Other investments	67
	<u>4,569</u>
CURRENT ASSETS:	
Cash and equivalents	26
Receivables, less allowances of \$49 for uncollectible accounts	780
Accrued unbilled revenue	562
Inventory	331
Income tax receivables	211
Prepaid expenses	406
Derivative assets	55
Regulatory assets	1,294
Other current assets	96
	<u>3,761</u>
DEFERRED CHARGES:	
Regulatory assets	5,469
Operating lease right-of-use assets	738
Long-term insurance receivable due from affiliate	1,000
Other long-term assets	1,371
	<u>8,578</u>
	<u>\$ 59,237</u>

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET
JUNE 30, 2019
CAPITALIZATION AND LIABILITIES
(in millions)

CAPITALIZATION:	
Common stock	\$ 2,168
Additional paid-in capital	1,886
Accumulated other comprehensive loss	(26)
Retained earnings	9,219
Common shareholder's equity	<u>13,247</u>
Preferred and preference stock	2,245
Long-term debt	13,946
Total capitalization	<u>29,438</u>
CURRENT LIABILITIES:	
Short-term debt	213
Current portion of long-term debt	79
Accounts payable	1,577
Accrued interest	257
Customer deposits	302
Regulatory liabilities	767
Current portion of operating lease liabilities	107
Power purchases contracts	208
Other current liabilities	497
	<u>4,007</u>
DEFERRED CREDITS:	
Deferred income taxes and credits	6,184
Pensions and benefits	430
Asset retirement obligations	3,016
Regulatory liabilities	8,685
Operating lease liabilities	631
Wildfire-related claims	4,669
Other deferred credits and other long-term liabilities	2,177
	<u>25,792</u>
	<u>\$ 59,237</u>

Southern California Edison
 2018 GRC Summary of Earnings
 Advice Letter 4012-E (RO Model 7.1)
 Thousands of Dollars

Southern California Edison Summary of Earnings 2018 GRC Adopted Revenue Requirement Thousands of Dollars		
Line No.	Item	Total
1.	Base Revenues	5,115,860
2.	Expenses:	
3.	Operation & Maintenance	1,732,986
4.	Depreciation	1,579,362
5.	Taxes	296,269
6.	Revenue Credits	(151,220)
7.	Total Expenses	3,457,396
8.	Net Operating Revenue	1,658,464
9.	Rate Base	22,321,623
10.	Rate of Return	7.43%

Southern California Edison Summary of Earnings 2019 GRC Adopted Revenue Requirement Thousands of Dollars		
Line No.	Item	Total
1.	Base Revenues	5,450,965
2.	Expenses:	
3.	Operation & Maintenance	1,782,074
4.	Depreciation	1,656,845
5.	Taxes	366,005
6.	Revenue Credits	(155,758)
7.	Total Expenses	3,649,166
8.	Net Operating Revenue	1,801,799
9.	Rate Base	24,205,329
10.	Rate of Return	7.44%

Southern California Edison Summary of Earnings 2020 GRC Adopted Revenue Requirement Thousands of Dollars		
Line No.	Item	Total
1.	Base Revenues	5,860,081
2.	Expenses:	
3.	Operation & Maintenance	1,832,133
4.	Depreciation	1,760,137
5.	Taxes	478,767
6.	Revenue Credits	(158,663)
7.	Total Expenses	3,912,375
8.	Net Operating Revenue	1,947,707
9.	Rate Base	26,122,849
10.	Rate of Return	7.46%

Appendix B

List of Cities and Counties



SOUTHERN CALIFORNIA
EDISON[®]
Energy for What's Ahead[®]

INCORPORATED CITIES AND COUNTIES SERVED BY SCE

COUNTIES

Fresno	Kern	Madera	Riverside	Tuolumne
Imperial	Kings	Mono	San Bernardino	Tulare
Inyo	Los Angeles	Orange	Santa Barbara	Ventura

CITIES

Adelanto	Commerce	Hesperia	Lynwood	Porterville	Tehachapi
Agoura Hills	Compton	Hidden Hills	Malibu	Rancho Cucamonga	Temecula
Alhambra	Corona	Highland	Mammoth Lakes	Rancho Mirage	Temple City
Aliso Viejo	Costa Mesa	Huntington Beach	Manhattan Beach	Rancho Palos Verdes	Thousand Oaks
Apple Valley	Covina	Huntington Park	Maywood	Rancho Santa Margarita	Torrance
Arcadia	Cudahy	Indian Wells	McFarland	Redlands	Tulare
Artesia	Culver City	Industry	Menifee	Redondo Beach	Tustin
Avalon	Cypress	Inglewood	Mission Viejo	Rialto	Twentynine Palms
Baldwin Park	Delano	Irvine	Monrovia	Ridgecrest	Upland
Barstow	Desert Hot Springs	Irwindale	Montclair	Rolling Hills	Ventura
Beaumont	Diamond Bar	Jurupa Valley	Montebello	Rolling Hills Estates	Victorville
Bell	Downey	La Canada Flintridge	Monterey Park	Rosemead	Villa Park
Bell Gardens	Duarte	La Habra	Moorpark	San Bernardino	Visalia
Bellflower	Eastvale	La Habra Heights	Moreno Valley	San Dimas	Walnut
Beverly Hills	El Monte	La Mirada	Murrieta	San Fernando	West Covina
Bishop	El Segundo	La Palma	Newport Beach	San Gabriel	West Hollywood
Blythe	Exeter	La Puente	Norco	San Jacinto	Westlake Village
Bradbury	Farmersville	La Verne	Norwalk	San Marino	Westminster
Brea	Fillmore	Laguna Beach	Ojai	Santa Ana	Whittier
Buena Park	Fontana	Laguna Hills	Ontario	Santa Barbara	Wildomar
Calabasas	Fountain Valley	Laguna Niguel	Orange	Santa Clarita	Woodlake (Three Rivers)
California City	Fullerton	Laguna Woods	Oxnard	Santa Fe Springs	Ventura
Calimesa	Garden Grove	Lake Elsinore	Palm Desert	Santa Monica	Yorba Linda
Camarillo	Gardena	Lake Forest	Palm Springs	Santa Paula	Yucaipa
Canyon Lake	Glendora	Lakewood	Palmdale	Seal Beach	Yucca Valley
Carpinteria	Goleta	Lancaster	Palos Verdes Estates	Sierra Madre	
Carson	Grand Terrace	Lawndale	Paramount	Signal Hill	
Cathedral City	Hanford	Lindsay	Perris	Simi Valley	
Cerritos	Hawaiian Gardens	Loma Linda	Pico Rivera	South El Monte	
Chino	Hawthorne	Lomita	Placentia	South Gate	
Chino Hills	Hemet	Long Beach	Pomona	South Pasadena	
Claremont	Hermosa Beach	Los Alamitos	Port Hueneme	Stanton	

Updated: 4/25/2019

Appendix C

AB 1054 Certification of Mr. Kevin Payne,

President and Chief Executive Officer of Southern California Edison

AB 1054 CERTIFICATION (PUBLIC UTILITIES CODE SECTION 8386.4)

1. I am the President and Chief Executive Officer of Southern California Edison Company (SCE).

2. I hereby certify that SCE has not, in a previous proceeding, received authorization from the California Public Utilities Commission to recover the wildfire mitigation plan-related costs sought in this General Rate Case application for activities described in SCE's 2019 wildfire mitigation plan (which is SCE's only wildfire mitigation plan that has been submitted and approved prior to the filing of this application).

3. In this GRC, as discussed in the Application at Chapter II.B, in addition to seeking authorized revenues for forecast wildfire mitigation programs and activities, SCE is seeking the review of 2018-2020 wildfire mitigation-related costs recorded in the various Fire Mitigation Memorandum Accounts. In this proceeding, SCE is seeking to recover only the amounts authorized in those accounts that are incremental to the settled amounts in the Grid Safety & Resiliency Proceeding and the authorized amounts in SCE's 2018 GRC. SCE will present testimony reflecting its reasoned position on which costs are incremental, but I recognize that whether a particular cost is incremental may be contested and that the Commission will make the ultimate determination. My certification therefore reflects my belief that SCE's position on which costs are eligible for rate recovery is and will be reasonable; and is based on SCE's interpretation and understanding of Public Utilities Code Section 8386.4 and information from SCE employees on whom I rely for their knowledge about the details of these issues.

Executed this 27th day of August, 2019 at Irwindale, California.

/s/ Kevin M. Payne
Kevin M. Payne
President & CEO
SOUTHERN CALIFORNIA EDISON COMPANY

8631 Rush Street
Post Office Box 800
Rosemead, California 91770

Appendix D

Testimony Forecasts Affected by Changing Definition of High Fire Risk Areas (HFRA)

Appendix D

Testimony Forecasts Affected by Changing Definition of High Fire Risk Areas (HFRA)

SCE-02, Volume 1 – Distribution M&I

- Distribution Overhead Detailed Inspections O&M Expenses
- Distribution Preventive and Breakdown O&M Maintenance
- Distribution Preventive and Breakdown Capital Maintenance
- Distribution Transformers Capital (p. 55)

SCE-02, Volume 2 – Transmission Grid

- Transmission Line Patrols
- Transmission O&M Maintenance
- Transmission Capital Maintenance

SCE-02, Volume 5 – Poles

- Distribution Pole Replacement
- Transmission Pole Replacement
- Wood Pole Disposal
- Joint Pole Capital Credits

SCE-04, Volume 5 – Wildfire Management

- Tree Attachment Remediations
- Current Limiting Fuses (O&M)
- Current Limiting Fuses (CAP)
- EOI Inspections - D
- EOI Repairs / Replacements - D
- EOI Repairs / Replacements - D
- EOI Repairs / Replacements - T
- EOI Repairs / Replacements – T
- EOI Inspections - D (Aerial Inspections)
- Infrared Inspection Program - Distribution IR
- Infrared Inspection Program - Transmission IR & Corona Scans

Appendix E

Index for Testimony Supporting O&M and Capital

GRC Exhibit	GRC Vol.	Volume Title	Business Plan Element (BPE)
SCE-2 Grid Activities	1	Distribution Grid	Infrastructure Replacement Inspections & Maintenance, Capital Related Expense & Other Meter Activities
	2	Transmission	Inspections & Maintenance Capital Related Expense & Other
	3	Substation	Grid Monitoring & Operability Infrastructure Replacement Inspections & Maintenance Capital Related Expense & Other
	4	System Augmentation	Grid Modernization Grid Technology Assessments, Pilots & Adoption Energy Storage Load Growth Transmission Projects Engineering New Service Connections
	5	Poles	Customer Requested System Modifications Poles
	6	Vegetation Management	Vegetation Management Wildfire Management
	7	Other Costs & Other Operating Revenue	Capital Related Expense & Other Other Operating Revenue
SCE-3 Customer Interactions	1	Billing & Payments	Billing & Payments
	2	Communications, Education & Outreach	Communications, Education & Outreach
	3	CS Replatform	CS Replatform
	4	Customer Contacts	Customer Contacts
	5	Customer Care Services	Customer Care Services Distributed Generation
	6	Other Operating Revenue, Service Fees & Service	Transportation Electrification Other Operating Revenue
SCE-4 Resiliency	1	Business Continuation	Business Continuation
	2	Emergency Management	Emergency Management
	3	Cybersecurity	Cybersecurity
	4	Physical Security	Physical Security
	5	Wildfire Management	Wildfire Management

GRC Exhibit	GRC Vol.	Volume Title	Business Plan Element (BPE)
SCE-5 Generation & Energy Procurement	1	Generation	Fossil Fuel Generation Hydro Solar Palo Verde
	2	Energy Procurement	Energy Resource Management
SCE-6 Enterprise Support	1	Enterprise Technology	Enterprise Technology Financial Oversight & Transactional Processing
	2	Enterprise Planning & Governance	Insurance Legal Business & Financial Planning Supply Chain Management
	3	Employee Benefits, Training & Support	Employee Benefits & Programs Employee Support Employee Training & Development
	4	Environmental Services, Audit, Ethics & Compliance, and Safety Programs	Environmental Services Audit, Ethics & Compliance Safety Programs
	5	Enterprise Operations	Facility & Land Operations Transportation Services
	6	Policy & External Engagement	Policy & External Engagement Pricing & Ratemaking

RULE 1.11 VERIFICATION

I am an officer of the applicant corporation herein and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 27th day of August, 2019 at Irwindale, California.

/s/ Kevin M. Payne
Kevin M. Payne
President & CEO
SOUTHERN CALIFORNIA EDISON COMPANY
8631 Rush Street
Post Office Box 800
Rosemead, California 91770