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Ratesetting**TO PARTIES OF RECORD IN APPLICATION 19-07-021:**

This is the proposed decision of Administrative Law Judge Garrett Toy. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's August 5, 2021 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, ex parte communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ ANNE E. SIMON
Anne E. Simon
Chief Administrative Law Judge

AES:avs

Attachment

Decision PROPOSED DECISION OF ALJ GARRETT TOY (Mailed 7/2/2021)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Authorization to Recover Costs Related to 2017-2018 Drought and 2017 Firestorms and Recorded in the Catastrophic Event Memorandum Account.

Application 19-07-021

DECISION AUTHORIZING SOUTHERN CALIFORNIA EDISON COMPANY TO RECOVER COSTS RELATED TO 2017-2018 DROUGHT IN CATASTROPHIC EVENT MEMORANDUM ACCOUNT, AND DENYING WITHOUT PREJUDICE COSTS RELATED TO 2017 CATASTROPHIC FIRESTORMS

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DECISION AUTHORIZING SOUTHERN CALIFORNIA EDISON COMPANY TO RECOVER COSTS RELATED TO 2017-2018 DROUGHT IN CATASTROPHIC EVENT MEMORANDUM ACCOUNT, AND DENYING WITHOUT PREJUDICE COSTS RELATED TO 2017 CATASTROPHIC FIRESTORMS

Summary

This decision grants Southern California Edison Company the authority it requests to recover the incremental expenses recorded in the Catastrophic Event Memorandum Account, incurred in 2017-2018 responding to catastrophic drought conditions, but denies without prejudice recovery of capital costs incurred in 2017 for responding to catastrophic Firestorms.

This proceeding is closed.

1. Background

1.1. Factual Background

Due to significantly low amounts of rainfall and snowpack from 2012-2016, California experienced severe drought conditions. As a result of these severe conditions, on January 17, 2014, Governor Brown proclaimed a State of Emergency and “directed state officials to take all necessary actions to prepare for drought conditions.”¹

On April 1, 2015, Governor Brown issued Executive Order B-29-15 that proclaimed a Continued State of Emergency and ordered significant water conservation measures, and directed the California Department of Forestry and Fire Protection to launch a public information campaign to educate the public on actions they can take to prevent wildfires, including the proper treatment of dead and dying trees.²

¹ Southern California Edison (SCE) Application (Application), at 4, quoting Governor Brown’s State of Emergency Proclamation. Exhibit SCE-01 (SCE-01), at 8-9 quoting the Governor’s Proclamation, January 17, 2014.

² Exhibit SCE-01 (SCE-01), at 46.

On June 12, 2014, the California Public Utilities Commission (CPUC or Commission) approved Resolution (Res.) ESRB-4 that ordered California Investor-Owned Utilities (IOUs) to “take practicable measures to reduce the likelihood of fires associated with their facilities” and stated that incremental cost recovery through Catastrophic Event Memorandum Accounts (CEMAs) may be sought.

On April 7, 2017, Governor Brown ended the drought state of emergency but noted ongoing issues with regards to drought-stressed forests.³

Beginning on July 6, 2017, Southern California experienced a series of intense wildfires. As a result of those wildfires, the Governor issued four State of Emergency Proclamations for Southern California:⁴

- On September 7, 2017, Governor Brown issued an Emergency Proclamation for Madera, Mariposa, and Tulare counties due to the effects of multiple fires, including the Pier Fire;
- On October 9, 2017, Governor Brown issued an Emergency Proclamation for Butte, Lake, Mendocino, Nevada, and Orange Counties due to the effects of multiple fires, including the Canyon 1 and Canyon 2 Fires;
- On December 5, 2017, Governor Brown issued an Emergency Proclamation for Los Angeles County due to the effects of the Creek and Rye Fires; and
- On December 5, 2017, Governor Brown issued an Emergency Proclamation for Ventura County due to the effects of the Thomas Fire.

³ Application, at 5.

⁴ Application, at 6.

Between August 2017 and January 2018, these fires burned 352,000 acres in Southern California Edison Company's (SCE) territory and disrupted service to over 52,450 customers.

**Summary of Pier, Canyon 1, Canyon 2,
Thomas, Creek, and Rye Fires Included in CEMA⁵**

Fire	County	Fire Start Date	Containment Date	Acreage Burned
Pier	Tulare	8/29/2017	9/24/2017	36,566
Canyon 1	Orange	9/25/2017	10/4/2017	2,662
Canyon 2	Orange	10/9/2017	10/17/2017	9,217
Thomas	Santa Barbara and Ventura	12/4/2017	1/10/2018	281,893
Creek	Los Angeles	12/5/2017	12/23/2017	15,619
Rye	Los Angeles	12/5/2017	12/12/2017	6,049

Under the Commission's existing practices, the above-named proclamations allowed SCE to invoke the CEMA in accordance with Public Utilities Code⁶ § 454.9(b) and Res. E-3238 which allow a regulated utility an opportunity to recover any reasonable costs to address the event provided that the costs are incremental to existing allowances in rates.

Section 454.9(b) allows IOUs to recover in rates the costs incurred responding to catastrophic events. Res. E-3238, dated July 24, 1991, authorized SCE to establish CEMA accounts and to record in those accounts the costs of the following: (1) restoring utility service to customers; (2) repairing, replacing, or

⁵ Application, at 7-8.

⁶ All references to the "Code" or "Section" shall be to the California Public Utilities Code.

restoring damaged utility facilities; and (3) complying with governmental agency orders resulting from declared disasters. Res. E-3238 also authorized utilities to record capital-related costs such as depreciation and return on capitalized plant additions. Among other things, recovery of costs may be limited by consideration of the extent to which losses are covered by insurance, the level of loss already built into existing rates, and possibly other factors relevant to the particular utility and event.⁷

SCE notified the Commission's Executive Director that it had activated the CEMA for the following fires:

Fire	County	Fire Start Date	CEMA Activation Date	Date of CPUC Notification⁸
Pier	Tulare	8/29/2017	8/29/2017	9/15/2017
Canyon 1	Orange	9/25/2017	9/25/2017	11/9/2017
Canyon 2	Orange	10/9/2017	9/25/2017	11/9/2017
Thomas	Santa Barbara and Ventura	12/4/2017	12/4/2017	12/20/2017
Creek	Los Angeles	12/5/2017	12/5/2017	12/20/2017
Rye	Los Angeles	12/5/2017	12/5/2017	12/20/2017

1.2. Procedural Background

On July 31, 2019, SCE filed Application (A.) 19-07-021 requesting that the Commission authorize SCE to recover costs recorded in SCE's CEMA as follows:

⁷ Public Advocates Office (Cal Advocates) Opening Brief, at 4, quoting Res. E-3238, at 2.

⁸ See Application, at 9.

- Find reasonable \$78.762 million in Operation and Maintenance (O&M) expenses related to the 2017-2018 Drought Mitigation efforts;
- Authorize SCE to recover approximately \$80.88 million⁹ related to Drought CEMA revenue requirement, and transfer the recorded balance in the Drought CEMA O&M subaccount to the distribution sub-account of the Base Revenue Requirement Balancing Account (BRRBA) for recovery in distribution rates, upon the effective date of a final Commission decision in this proceeding;
- Find reasonable \$56.987 million of incremental capital expenditures and \$3.287 million in capital-related expense used as the basis for the revenue requirement recorded in SCE's 2017 CEMA Firestorm capital costs subaccounts; and
- Authorize SCE to continue to record the monthly capital-related revenue requirement in the 2017 CEMA Firestorms subaccounts and transfer the December 31, 2020 recorded balance, estimated to be \$7.6 million, to the distribution sub-account of the BRRBA for recovery in distribution rates.

Protests to the application were filed by the Public Advocates Office of the California Public Utilities Commission (Cal Advocates) and The Utility Reform Network (TURN) on September 5, 2019. A Reply was filed by SCE on September 16, 2019.

A prehearing conference (PHC) was held on October 29, 2019. On December 6, 2019, a Scoping Memo and Ruling addressing the Scope of the proceeding and other procedural matters was issued.

On July 31, 2020, Cal Advocates served its Report on the Results of Examination of SCE's CEMA Requested Recovery Costs and Testimony. TURN

⁹ Includes interest and Franchise Fees and Uncollectibles (FF&U) expense. (See SCE Application, at 2.)

served Opening Testimony on September 11, 2020. SCE served Rebuttal Testimony on October 12, 2020.

On November 4, 2020, the proceeding schedule was updated, cancelling evidentiary hearings per the results of a Meet and Confer Report filed by SCE. Opening Briefs were filed December 3, 2020. Reply Briefs were filed December 17, 2020.

On February 26, 2021, the parties jointly filed a Motion to move their testimony into evidence.

2. Issues Before the Commission

The scope of this proceeding encompasses all factual, policy, and legal issues necessary to determine whether SCE has met its burden of proving that it is entitled to rate recovery pursuant to § 454.9 for costs properly recorded in its CEMA as a result of the CEMA events mentioned above.

Per the Scoping Memo, the issues to be determined are:

1. Whether the 2017 and 2018 drought and firestorm-related costs were associated with complying with government agency orders resulting from declared disasters as required by ESRB-4 and E-3238;
2. Whether the expenses and capital expenditures for which SCE seeks rate recovery appropriately related to declared disasters, both in terms of geography and the nature of impacts covered by the disaster declarations;
3. Whether SCE's proposed recovery of \$7.6 million in revenue requirement associated with the firestorms are CEMA-eligible costs that are incremental, reasonable, and recoverable;
4. Whether SCE's proposed recovery of \$80.880 million in revenue requirement associated with the drought are CEMA-eligible costs that are incremental, reasonable, and recoverable;

5. Whether SCE's request to recover \$88.48 million for drought and firestorms is associated with: 1) restoring utility service to customers, and 2) repairing, restoring, or replacing damaged utility facilities;
6. Whether the accounting method(s) used for booking the costs for fire and storm-related CEMA events is reasonable, justified, and consistent with the law; and
7. Whether SCE's proposed recovery methods of CEMA's costs in rates is reasonable, justified, and consistent with the law.

3. Admittance of Testimony and Exhibits into Record

Since evidentiary hearings were not held in A.19-07-021, there was no opportunity to enter prepared testimony and exhibits into the record. In order to fairly access the record, it is necessary to include all testimony and exhibits served by SCE, TURN, and Cal Advocates. With its Application, SCE served its initial Testimony (Exhibit SCE-01, or SCE-01). On July 31, 2020, Cal Advocates served its testimony (Exhibit PAO-01, or PAO-01). On September 11, 2020, TURN served its Prepared Testimony (Exhibit TURN-01, or TURN-01). On October 12, 2020, SCE served its Rebuttal Testimony (Exhibit SCE-02, or SCE-02). On February 26, the parties filed a Joint Motion to Offer Prepared Testimony into Evidence. This motion is granted, and these exhibits are formally accepted into the record for consideration in this proceeding.

4. SCE's Proposed Costs Are Properly Associated with Drought Mitigation Efforts or Declared Disasters

SCE proposes to recover in rates \$88.48 million in 2017 CEMA Firestorm and Drought related expenditures. In order for such costs to be eligible for recovery, SCE must meet the requirements laid out in § 454.9, Res. E-3238, and Res. ESRB-4. Both § 454.9 and Res. E-3238 require that utilities show that CEMA

proposed costs were incurred either restoring utility service to customers, repairing, replacing, or restoring damaged utility facilities, or complying with government agency orders resulting from declared disasters.¹⁰ Res. E-3238 also requires that any costs tracked to the CEMA be “costs associated with truly unusual, catastrophic events,” which it defines as those that have been “declared disasters by competent state or federal authorities.”¹¹ In response to ongoing wildfire concerns due to drought, the Commission also approved Res. ESRB-4, which also allows for costs to be tracked to the CEMA if they are taken “to reduce the likelihood of fires associated with their facilities,” including increased vegetation inspection, removal of hazardous, dead and sick trees, and clearing access roads.¹² The Commission finds that the costs spent by SCE were appropriately associated with either catastrophic events (in this case, firestorms) or drought mitigation activities.

SCE provided background and context in its Application for its recent usage of the CEMA to track drought disaster costs.¹³ It noted that despite the lifting of the declared drought emergency, there remains an ongoing threat of wildfires throughout its service territory due to high tree mortality rates since the drought.¹⁴ SCE has therefore taken steps to reduce the likelihood of fires associated with its facilities, as authorized by Res. ESRB-4.¹⁵ SCE’s testimony notes that all of the drought related costs in this application were incurred to

¹⁰ § 454.9; Res. E-3238, at 2.

¹¹ Res. E-3238, at 2.

¹² Res. ESRB-4, Ordering Paragraph 14, at 14.

¹³ Application, at 4-9.

¹⁴ *Id.* at 5; SCE-01, at 20-23.

¹⁵ Application, at 6; SCE-01, at 50.

reduce the likelihood of fires started by or threatening utility facilities,¹⁶ and followed guidelines approved by state entities.¹⁷ Much of this work consisted of the removal of dead, diseased, and dying trees around SCE's powerlines in 2017 and 2018.¹⁸ Examples include patrol activities to determine which trees were likely to fall into SCE facilities.¹⁹

SCE's Application also discussed the 2017-2018 Pier, Canyon, Thomas, Creek, and Rye Fires for which it seeks cost recovery for in this Application. Governor Proclamations were issued for the Pier, Canyon, Thomas, Creek, and Rye Fires, with SCE subsequently providing the Commission with notification that pursuant to Res. E-3238 it was activating the CEMA for tracking of its costs spent responding to those fires.²⁰ SCE's testimony provided context for the fire costs.²¹ SCE's testimony notes that in order to be included in this application, firestorm incremental costs must have been related to the act of restoring service to customers, including the repair, replacement, and restoration of facilities damaged by the 2017 firestorms.²² SCE discusses in its testimony the costs incurred in conducting these activities, including labor, contractor, equipment and transportation, and material procurement.²³ SCE also notes that it utilizes specific firestorm work order accounting procedures to separately track

¹⁶ SCE-01, at 48.

¹⁷ SCE-01, at 20.

¹⁸ *Id.*; SCE-01, at 20-39

¹⁹ SCE-01, at 26.

²⁰ Application, at 9; Application Workpapers, at 1-11; 50-55.

²¹ SCE-01, at 40-47.

²² SCE-01, at 57.

²³ SCE-01, at 40-47, 64-67.

firestorm-related costs,²⁴ and reviews the costs prior to CEMA inclusion to validate their relation to the firestorm events.²⁵ SCE also notes that it only included firestorm costs for counties in which the disaster declaration had been made.²⁶

No party disputed that the costs proposed in this Application were appropriately incurred by SCE in response to declared disasters or drought conditions. Cal Advocates “concluded that SCE reasonably supported that the costs were Drought and Firestorm related and thus properly recorded to its CEMA accounts.”²⁷ The Commission therefore finds that the costs proposed in the Application properly have a nexus with the CEMA as required by Res. ESRB-4 and Res. E-3238.

5. SCE’s Proposed \$80.880 Million in Costs Related to Drought Mitigation are Incremental, Reasonable, and Recoverable

SCE proposes to recover \$80.880 million in O&M costs associated with drought mitigation and wildfire risk activities, by transferring these costs to the BRRBA for recovery in distribution rates. These costs have been recorded in its 2017-2018 Drought CEMA subaccount. Such costs consist of work completed to reduce the likelihood of fire started by or threatening utility facilities.²⁸ The costs relate to the removal of dead, diseased, and dying trees, and patrol and

²⁴ SCE-01, at 62-63.

²⁵ SCE-01, at 62.

²⁶ SCE-01, at 63.

²⁷ Cal Advocates Opening Brief, footnote 13, at 4.

²⁸ SCE-01, at 48.

environmental survey costs.²⁹ In order to be eligible for recovery through the CEMA, costs must be incremental, reasonable, and recoverable.³⁰

5.1. Costs Recorded in the Drought CEMA O&M Subaccount are Incremental and Recoverable

In determining whether costs are incremental, we must determine whether the costs are in addition to amounts previously authorized to be recovered in rates.³¹ SCE's testimony discussed the standard by which it determined whether drought costs were incremental. SCE is seeking revenue requirement for "O&M expenses incurred by SCE as a result of (and due solely to) the Drought."³² "Furthermore, only costs that are not part of SCE's normal business operations (and are therefore not funded through existing rates) are included."³³ Such costs include the payment of overtime to non-salaried employees for performing drought-related work, and do not include salaried labor costs, as they would have been incurred regardless of the drought.³⁴ SCE also provided discussion showing how the drought-related CEMA activities and costs differed from its routine vegetation management activities.³⁵ SCE also calculated its 2017 and 2018 vegetation management-related O&M expenses, and found that SCE had recorded approximately \$15 million more in expenses than had been authorized

²⁹ SCE-01, at 50-52.

³⁰ See Res. E-3238; § 454.9; Res. ESRB-4.

³¹ Res. E-3238, at 2-3.

³² SCE-01, at 48.

³³ *Id.* at 49.

³⁴ *Id.*

³⁵ SCE-01, at 38-39.

for recovery in rates.³⁶ Based on this information, SCE argues its drought-related CEMA costs are incremental.

Rather than limiting the incrementality analysis to vegetation management-related O&M expenses, Cal Advocates argues that the Commission should instead consider whether SCE's authorized company-wide O&M expenses exceeded actual O&M expenses.³⁷ Cal Advocates contends that Res. E-3238 and Res. ESRB-4 were designed to solve the issue of retroactive ratemaking with regards to emergency funds spent on disasters, and not as an opportunity for double recovery,³⁸ and that they grant the Commission with broad authority to determine what factors it will analyze in determining what "incremental" means in any given circumstance.³⁹ Cal Advocates then notes that, according to filings in other proceedings, SCE spent \$257.995 million less in total-company O&M expenses than it had recovered in base rates.⁴⁰ Cal Advocates therefore proposes to reject \$47.34 million of SCE's proposed drought CEMA revenue requirement, based on 2017 expenses.⁴¹ Cal Advocates cites to Decision (D.) 19-04-039, which states that costs are not "truly incremental" if they are recoverable under another mechanism.⁴² Here, because

³⁶ *Id.*

³⁷ PAO-01, at 2; Cal Advocates Opening Brief, at 7.

³⁸ Cal Advocates Opening Brief, at 6.

³⁹ PAO-01, at 6; Cal Advocates Opening Brief at 4-6.

⁴⁰ Cal Advocates Opening Brief, at 6; PAO-01, at 6-7.

⁴¹ PAO-01, at 6; Cal Advocates Opening Brief, at 7.

⁴² Cal Advocates Opening Brief, at 7; Res. ESRB-4, Ordering Paragraph 4, at 14.

costs are recoverable from unspent 2017 O&M funds, Cal Advocates argues that the expenses are not incremental and should be denied.⁴³

SCE counters that Cal Advocates' proposal to look to previous years' total O&M expenses is inconsistent with Commission precedent, which has approved past CEMA drought requests after consideration of vegetation management costs only.⁴⁴ SCE also notes that Res. E-3238 instructs that the Commission, before approving CEMA costs, will determine how such costs "relate to the overall costs currently authorized for these types of repairs."⁴⁵ SCE argues that Cal Advocates has not articulated a reason for changing from Commission precedent.⁴⁶ SCE states that Cal Advocates, in determining that SCE did not spend as much as it was authorized to recover in 2017 O&M expenses, relied on an adjusted total which does not reflect actual total 2017 O&M expenses.⁴⁷ SCE claims that actual expenses were higher. SCE does not, however, provide unadjusted recorded expense data to use.

After reviewing the positions of both parties, we find that Cal Advocates has not sufficiently justified its position. Although SCE's total O&M spending may have been under what was approved for recovery in rates, Commission precedent as well as the language in Res. E-3238 and Res. ESRB-4 suggest that the proper comparison is to vegetation management costs (in the case of drought maintenance). Res. ESRB-4, which authorized the recovery of drought-related costs in the CEMA, discusses the potential for double-counting of drought and

⁴³ *Id.*

⁴⁴ SCE Opening Brief, at 4-10; SCE-02, at 5-6.

⁴⁵ Res. E-3238, at 3; SCE Opening Brief, at 5.

⁴⁶ SCE Reply Brief, at 3-4.

⁴⁷ SCE Opening Brief, at 11-12.

wildfire costs. It provides specific examples of accounts wherein similar costs may have already been recoverable, and specifically identifies fire and vegetation management cost recovery mechanisms – and not overall O&M.⁴⁸ Res. ESRB-4 states that drought costs not recovered through those accounts may be considered for CEMA recovery.⁴⁹

We are also not persuaded by Cal Advocates' argument that costs are not incremental if they are recoverable using rates previously authorized for another category of spending.⁵⁰ In D.19-04-039, at issue was whether PG&E could prospectively book costs into the CEMA before they had been incurred. Res. ESRB-4 requires that utilities show that costs are not recoverable via other methods in order to be eligible for CEMA booking.⁵¹ There, the Commission determined that PG&E had not shown that the proposed future CEMA costs were not recoverable via any other method – and therefore the costs were not recoverable through the CEMA at that time.⁵² Here, the costs have already been incurred and another mechanism other than the CEMA for recovery has not been proposed.⁵³

We therefore find that SCE's 2017-2018 Drought CEMA costs are incremental and recoverable. Although we approve SCE's costs for drought related expenses in this proceeding, we do note that the amount of incremental O&M drought costs sought has now risen from \$46.7 million in the 2015-2016

⁴⁸ Res. ESRB-4, at 10, referencing the Fire Hazard Prevention Memorandum Accounts, as well as authorized vegetation management costs in balancing accounts.

⁴⁹ *Id.*

⁵⁰ Cal Advocates Opening Brief, at 7.

⁵¹ Res. ESRB-4, at 10, Ordering Paragraph 4, at 14.

⁵² D.19-04-039, at 11.

⁵³ SCE-01, at 53.

SCE CEMA Application to \$80.88 million in this proceeding. Now having been almost seven years since the passage of Res. ESRB-4, and having had multiple General Rate Cases since, it is reasonable to expect that SCE should have a better understanding of the amount of work needed to address drought conditions moving forward. Future requests for rate recovery through the CEMA of drought-related costs shall be subject to greater scrutiny, and SCE shall justify why it was unable to estimate these costs for recovery at the time of the appropriate General Rate Case or other methods by which it could have recovered the costs.

5.2. Costs Recorded in the Drought CEMA O&M Subaccount are Reasonable

As set forth in Section 5.1, SCE discussed its activities with regards to its drought-related costs in its testimony.⁵⁴ With regards to a reasonableness standard, SCE states that it limited the requested drought-CEMA costs to measures that include increasing vegetation inspections and removing hazardous, dead and sick trees and other vegetation near the Investor Owned Utilities' electric power lines and poles."⁵⁵ In order to ensure reasonableness, SCE also used competitively bid contractors and normal supply chains.⁵⁶

No party challenged the reasonableness of the costs.⁵⁷ We therefore find reasonable SCE's request to recover \$80.880 million in Drought CEMA revenue requirement.

⁵⁴ SCE-01, at 20-38.

⁵⁵ SCE-01, at 55-56, citing Res. ESRB-4.

⁵⁶ SCE-01, at 49.

⁵⁷ SCE Opening Brief, at 10.

5.3. Conclusion

The Commission finds that the approximately \$80.880 million in costs tracked to the Drought CEMA O&M subaccount are incremental and reasonable and are therefore recoverable.⁵⁸ SCE is authorized to recover these costs.

6. SCE's Proposal to Recover \$7.6 Million in Revenue Requirement Associated with the 2017 Firestorms Should Be Denied Without Prejudice

SCE proposes to recover \$7.6 million in revenue requirement associated with 2017 Firestorms, including the Thomas, Rye, Canyon 1 and 2, Pier, and Creek Fires. Such costs consist of the monthly capital-related revenue requirement, including depreciation expense, return on rate base, and related taxes. SCE seeks Commission approval to transfer the December 31, 2020, recorded balance in the 2017 CEMA Firestorms subaccount (estimated to be \$7.6 million) to the distribution subaccount of the BRRBA for recovery in distribution rates. These costs are derived from the \$56.987 million in incremental capital expenditures and \$3.287 million in capital-related expenses which SCE has recorded in its 2017 CEMA Firestorm subaccount.

In considering whether to approve the \$7.6 million in revenue requirement, the Commission must first analyze whether the incremental capital expenditures are appropriate to authorize for cost recovery. At the outset, we note there is an outstanding question of SCE's responsibility for and possible contribution to the Thomas and Rye Fires, based on California Department of Forestry and Fire Protection (CalFire) reports which found that SCE equipment ignited those fires.⁵⁹ Accordingly, we find that SCE has not met its burden of

⁵⁸ This figure is an approximation because the record closed prior to the end of 2020, and the specific value of the authorized costs will be updated to reflect current interest calculations.

⁵⁹ TURN Opening Brief at 2; TURN-01, Attachment 1, DR-001 TURN-SCE DR-001.

proof to demonstrate the costs associated with these two fires are reasonable and therefore recoverable. It may file a subsequent cost recovery application if it can demonstrate that it operated its system prudently under the prevailing standard at the time. Although we could authorize SCE to recover revenue requirements associated with the 2017 Pier and Canyons 1 and 2 firestorms, for which there are no outstanding questions of SCE involvement, SCE has not provided sufficient detail in this application to determine what amounts of the presented \$56.987 million in incremental capital expenditures are specifically attributable to which fires. We also therefore decline to make a judgment on the revenue requirement recovery request for these fires. Additionally, in any future application, SCE shall comply with § 451.2 and provide information regarding the effect any disallowance of costs incurred as a result of a catastrophic wildfire with an ignition date in 2017 will have on its ability to provide adequate and safe service.

6.1. Capital Costs Recorded in the CEMA Related to the 2017 Firestorm Costs Are Incremental

In determining whether costs are incremental, it must be determined whether the costs are in addition to amounts previously authorized to be recovered in rates.⁶⁰ SCE, in its testimony, defined incremental costs with regards to the firestorms as costs that “would not have been incurred ‘but for’ the Firestorms, and are not funded through existing rates.”⁶¹

SCE provided a number of factors it considered before determining whether costs were incremental. SCE first compared the actual recorded costs in a specific cost category (in this case, storms) with the amount authorized by the

⁶⁰ Res. E-3238, at 2-3.

⁶¹ SCE-01, at 57, 61.

Commission for those specific cost categories.⁶² SCE's testimony shows that in both 2017 and 2018, SCE incurred more storm-related capital expenditures than it was authorized to collect through rates.⁶³ SCE is not seeking recovery of recorded 2017 CEMA Firestorm operations and maintenance expenses in this application, as SCE's recorded expenses for such costs was lower than it was authorized to collect in 2017.⁶⁴ SCE provided information regarding the types of costs (labor, contractor, equipment) and how it determined whether work of a given type was found to be incremental.⁶⁵ After this analysis, SCE removed \$23.755 million of capital expenditures as non-incremental, resulting in the final \$56.987 million figure. To ensure recoverability, SCE also limited the costs presented to those incurred in the counties in which the State of Emergency Proclamations were made.⁶⁶

For similar reasons as to the drought revenue requirement, Cal Advocates challenges whether the proposed incremental capital-related expenses are in fact incremental, given that SCE's total authorized O&M expenses in 2017 exceeded actual recorded costs by \$257.995 million.⁶⁷ Based on the authority granted in Res. E-3238, Cal Advocates argues that because the proposed incremental capital-related firestorm costs may be absorbed by the difference between authorized and spent company-wide O&M rates, the costs are not incremental.⁶⁸ As

⁶² SCE Opening Brief, at 6.

⁶³ SCE-01, at 58.

⁶⁴ *Id.*

⁶⁵ SCE-01, at 65-67.

⁶⁶ SCE-01, at 63.

⁶⁷ PAO-01, at 7; Cal Advocates Opening Brief, at 8.

⁶⁸ PAO-1, at 8.

discussed above, we disagree with Cal Advocates position on this issue. The argument that the costs can be subsumed in already collected O&M rates is even less persuasive with regards to the firestorm capital expenditures, as the relationship between O&M costs no longer exists. It is reasonable for SCE to compare its CEMA costs to authorized recovery for similar expenditures.

Historically⁶⁹ the Commission has considered SCE's authorized storm-related capital and O&M expenses in determining whether CEMA recovery is appropriate for firestorm related costs. SCE relies on this approach in this Application.⁷⁰ These costs bear a reasonable relationship to the costs requested in the CEMA. Here, SCE chose not to seek recovery of O&M expenses related to 2017 Firestorms, because SCE's storm O&M expenses in 2017 were lower than what SCE had been authorized to collect in rates.⁷¹ For capital expenditures, however, SCE calculated that it had spent almost \$63 million and had been authorized to collect almost \$49 million, a deficit of \$14 million, meaning that SCE had overspent what it had been authorized to collect in rates.⁷² SCE similarly ran a collection deficit for both storm-related capital and O&M expenses in 2018, in the amounts of \$16 million and \$23 million, respectively.⁷³

Given the recovery deficit for firestorm related capital expenditures in 2017 and 2018, as well as the incrementality test conducted by SCE for the costs being sought, the Commission finds that SCE's 2017 CEMA Firestorm capital expenditures are incremental.

⁶⁹ See D.19-01-006.

⁷⁰ SCE-01, at 58.

⁷¹ SCE-01, at 58.

⁷² *Id.*

⁷³ *Id.*

6.2. SCE Has Not Demonstrated that Capital Costs Incurred Related to the Thomas and Rye Fires Are Reasonable.

Section 454.9(b) states that CEMA costs shall be recoverable following a Commission finding of their reasonableness.⁷⁴ As part of the Commission's review of any application for recovery of 2017 catastrophic wildfire costs, § 451.2(a) requires that the Commission consider whether the costs and expenses "are just and reasonable in accordance with section 451."⁷⁵ Section 451 requires that "all charges demanded or received by any public utility ... shall be just and reasonable."⁷⁶ It also requires that public utilities "shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities ... as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public." Res. E-3238 states that recovery of CEMA costs "may be limited by consideration of the extent to which losses are covered by insurance, the level of loss already built into existing rates, and possibly other factors relevant to the particular utility and event."⁷⁷

As part of this CEMA application, we must therefore consider a number of factors in determining whether these 2017 Firestorm costs are reasonable. TURN argues that one such factor is the utility's role in the ignition of the fire. TURN argues that granting SCE authority to recover costs related to the Thomas and Rye Fires would be unreasonable at this time, until it is determined whether SCE

⁷⁴ § 454.9(b).

⁷⁵ § 451.2(a).

⁷⁶ § 451.

⁷⁷ Res. E-3238, 1991 Cal. PUC LEXIS 915, at 3.

prudently managed its equipment in relation to these fires.⁷⁸ SCE, in a data request, admits that CalFire and other local fire departments investigated the Thomas and Rye Fires and issued reports finding that SCE equipment ignited these fires.⁷⁹ TURN argues that because CalFire has determined that SCE's equipment ignited the Thomas and Rye Fires, it would be premature to grant SCE recovery for related costs before it is determined whether SCE imprudently maintained its infrastructure.⁸⁰ If SCE imprudently maintained its infrastructure, TURN argues it would be unreasonable to grant cost recovery in the form of revenue requirement and additions to rate base for actions taken to remedy the fires caused by that imprudence.⁸¹

SCE contends that TURN's argument would have the effect of precluding recovery "unless and until there is some affirmative finding that the utility acted prudently..."⁸² SCE states that in establishing the CEMA mechanism, neither the California Legislature nor the Commission stated that cost recovery shall be contingent on an affirmative finding of prudence, and that the CEMA was instead established to ensure that utilities are incentivized to restore service immediately after declared disasters.⁸³ SCE also references D.20-09-024 (WEMA Decision), where the Commission determined that wildfire liability insurance costs are recoverable so long as SCE acted prudently in procuring the liability insurance, regardless of whether SCE acted prudently with regards to any

⁷⁸ TURN Opening Brief, at 2-3.

⁷⁹ TURN-01, Attachment 1, DR-001 TURN-SCE DR-001.

⁸⁰ TURN Opening Brief, at 2.

⁸¹ *Id.*, at 6.

⁸² SCE Opening Brief, at 13.

⁸³ *Id.*; see also Res. E-3238, at 2.

underlying wildfire events that necessitate the purchase of the insurance. SCE also notes that “the Commission can fashion an appropriate remedy in the future that reflects the actual imprudence” rather than denying recovery related to facility repair and restoring service.⁸⁴

6.2.1. Statute and Commission Precedent Require That Utilities Have Acted Reasonably in Order to Recover CEMA Costs

We note that although the CEMA was designed to provide utilities with a mechanism to quickly recover costs related to declared disasters,⁸⁵ recovery is still contingent upon a Commission finding of their reasonableness.⁸⁶ SCE has the burden to demonstrate reasonableness, and it failed to meet that burden for the Thomas and Rye Fires. In past Commission decisions, we have considered utility knowledge of hazards and whether they should have taken action to prevent the damages caused by a disaster, in determining whether the utility acted reasonably and whether CEMA recovery is appropriate for related costs. In D.01-02-07 the Commission considered a Southern California Gas Company (SoCalGas) CEMA Application, for damages caused by the 1998 El Niño Storms. The decision stated that the Commission was “charged with determining whether particular damage was caused by the event that was declared a disaster... and whether those costs are reasonable. We are also concerned with the reasonableness of SoCalGas’ actions in maintaining these pipelines prior to the 1998 winter storms.”⁸⁷ The Commission noted that its review considered “the appropriateness of the initial siting of the pipelines” as well as “the

⁸⁴ SCE Opening Brief, at 15.

⁸⁵ § 454.9(b).

⁸⁶ § 451; § 454.9; § 451.2.

⁸⁷ D.01-02-007, at 20.

company's actions to monitor the situation and to reduce or avoid predictable damage prior to incurring substantial damage requiring relocation."⁸⁸ After conducting its review, the Commission determined that SoCalGas had prior knowledge of soil instabilities that had led to landslides,⁸⁹ but lacked a sufficient record on other issues, such as the cost-effectiveness of any actions that SoCalGas could have taken to avoid the damage. It therefore directed the parties to continue to litigate the issue in another proceeding.⁹⁰ It also directed SoCalGas to provide information on the level of capital expenditure losses built into rates and the degree to which costs could have been avoided or reduced, among other issues.⁹¹

We have also conducted reasonableness reviews in past instances when considering whether to grant recovery for wildfire related costs. In A.15-09-010, the Commission determined that San Diego Gas & Electric Company (SDG&E) did not reasonably manage and operate its facilities prior to 2007 wildfires, and therefore denied the utility's request to recover costs. In that proceeding to recover Wildfire Expense Memorandum Account (WEMA) costs, the Commission considered the utility's management and operation of its facilities prior to the ignition of the subject fires, with review under the Commission's prudent manager standard,⁹² in order to determine whether the utility acted reasonably under § 451.⁹³ Evidence considered included CalFire ignition

⁸⁸ *Id.*

⁸⁹ *Id.* at 25.

⁹⁰ *Id.* at 30-31.

⁹¹ *Id.* at 33.

⁹² D.17-11-033, at 10.

⁹³ *Id.* at 70, Conclusions of Law 2-3.

findings,⁹⁴ response times,⁹⁵ potential actions that could have limited damage,⁹⁶ foreseeability, compliance with General Order 95 standards,⁹⁷ and inspection information,⁹⁸ among a number of other factors. In that proceeding, the Commission determined that SDG&E did not show by a preponderance of the evidence that it prudently managed and operated its facilities prior to certain 2007 wildfires, and therefore denied the utility's request to recover WEMA costs.⁹⁹

A review of Commission precedent shows that in past CEMA applications we have included consideration of utility prudence in determining whether to grant cost recovery. Further, while AB 1054 modified the standard of review applicable under § 451.1 for cost recovery applications for catastrophic wildfires caused by an electrical corporation that ignited on or after July 12, 2019,¹⁰⁰ the standard of review applicable to the 2017 Firestorms is governed by § 451 and § 451.2, and our past precedent is fully applicable to this decision.

6.2.2. SCE Must Present Additional Information in Order to Show That It Acted Reasonably and Prudently Maintained Its Equipment Involved with the Thomas and Rye Fires

In the instant case, there is evidence on the record that SCE equipment ignited the Thomas and Rye Fires, and SCE has not provided any information regarding the reasonableness of SCE's actions in maintaining the equipment that

⁹⁴ *Id.* at 12.

⁹⁵ *Id.* at 22.

⁹⁶ *Id.* at 28.

⁹⁷ *Id.* at 31-32.

⁹⁸ *Id.* at 32.

⁹⁹ *Id.* at 70-72, Conclusions of Law 9, 13, 15-16, 21-22, 25.

¹⁰⁰ *See* § 451.1, § 1701.8

ignited the Thomas and Rye Fires. SCE's application only provides information regarding the reasonableness of the repairs and actions taken to ensure costs incurred related to these firestorms were reasonable. For example, SCE notes that it utilized contractors with whom it maintains competitively bid purchase orders with and utilized its normal supply chain to obtain supplies.¹⁰¹ However, given the open question as to SCE's contribution to these fires, as part of the reasonableness review we must also consider whether SCE acted prudently in maintaining its equipment. As part of such a review, it would be important to consider SCE's risk mitigation, maintenance, and monitoring activities in the area, and whether it had any forewarning of fire dangers due to equipment in the area.

As required by statute, SCE has the burden to prove that it acted prudently in order to obtain cost recovery of CEMA costs. Thus, where evidence shows utility equipment was involved in igniting the fires for which the utility seeks recovery, the utility must present evidence such that the Commission can determine in the CEMA proceeding whether the utility acted reasonably by prudently maintaining and operating its equipment. As SCE did not provide any information or testimony showing it prudently maintained its equipment in its application, despite evidence that SCE's equipment was the ignition source of the Thomas and Rye fires, we are unable to make a finding on the reasonableness of the proposed CEMA Firestorm capital costs at this time. We therefore deny SCE's request for cost recovery of the Thomas and Rye Fire costs without prejudice.

¹⁰¹ SCE-01, at 49.

Should SCE seek recovery of the Thomas and Rye wildfire costs requested in this application at a later date, we direct it to file such application within 18 months from the date of this Decision. SCE is to include additional evidence, given the outstanding question of whether SCE prudently operated its electrical infrastructure notwithstanding the involvement of SCE's facilities in the ignition of the Thomas and Rye Fires. SCE should provide information that will help the Commission determine whether SCE acted reasonably in its maintenance of the areas in which these fires took place.

6.3. SCE Has Not Provided Sufficient Detail to Determine What Firestorm Costs Are Not Attributable to the Thomas and Rye Fires

Our analysis of reasonableness above is only applicable to the Thomas and Rye fires, for which there is evidence that SCE equipment ignited the fires. For the Canyons 1 and 2 and Pier fires, there is no evidence on the record to suggest SCE may have contributed to the fire, and as such we could at this time consider the reasonableness of such costs. However, SCE did not provide sufficient detail in its application to review costs for those fires individually. Although its testimony provides a breakdown of revenue requirements for these fires,¹⁰² it did not specifically break down in full the labor, contractor, equipment and transportation, materials and supplies, and other recorded incremental capital expenditures on a per fire basis.¹⁰³ In any future application, SCE should more clearly separate these costs by individual fire. SCE shall have 18 months from the date of issuance of this decision to re-file an application to recover these costs.

¹⁰² SCE-01, at 70.

¹⁰³ SCE-01, at 64.

6.4. SCE Has Not Demonstrated that it is Otherwise Entitled to Recover Wildfire Costs Under Section 451.2.

Section 451.2(b) requires the Commission, when considering costs and expenses arising from, or incurred as a result of, catastrophic wildfires with an ignition date in the 2017 calendar year,¹⁰⁴ to “consider the electrical corporation’s financial status and determine the maximum amount the corporation can pay without harming ratepayers or materially impacting its ability to provide adequate and safe service. The commission shall ensure that the costs or expenses described in subdivision (a) that are disallowed for recovery in rates assessed for the wildfires, in the aggregate, do not exceed that amount.”¹⁰⁵

As implemented by the Commission, this process is known as the financial “stress test.”¹⁰⁶ The process provides a methodology for considering an electrical corporation’s financial status and determining the maximum amount the corporation can pay for 2017 catastrophic wildfire costs, without harming ratepayers or materially impacting its ability to provide adequate and safe service. At a utility’s request, the stress test may be applied to determine whether the utility should receive cost recovery for 2017 catastrophic wildfire costs that would otherwise be denied.¹⁰⁷ This issue was not considered in this proceeding. SCE did not request application of the stress test, nor did it provide any evidence or briefing regarding its ability to shoulder costs incurred as a result of the 2017 firestorms without harming ratepayers or materially impacting its ability to provide adequate and safe service, if any of the proposed fire costs

¹⁰⁴ § 451.2(a).

¹⁰⁵ § 451.2(b).

¹⁰⁶ D.19-06-027.

¹⁰⁷ D.19-06-027, at 50.

are disallowed. Given that the issue was not directly scoped into the proceeding and that SCE did not offer any evidence suggesting that the 2017 firestorm costs, if disallowed, would exceed the maximum SCE can pay without harming ratepayers, there is not sufficient analysis or record to otherwise allow recovery of these costs for the purposes of § 451.2(b).¹⁰⁸ In any future application, SCE shall provide evidence pursuant to the stress test methodology or state that the costs shall not, if denied, materially impact its ability to provide adequate and safe service.

7. Conclusion

The Commission finds reasonable SCE's expenditures of \$78.762 million in Drought mitigation O&M activities. SCE's Application to transfer to the distribution sub-account of the BRRBA for recovery in distribution rates the \$80.880 million from the Drought CEMA O&M subaccount is approved.

The Commission finds that the approximately \$56.987 million in incremental capital expenditures, and \$3.287 million in capital-related expense tracked to the 2017 CEMA Firestorms capital costs subaccount are denied without prejudice. Should SCE seek recovery of these costs in a future CEMA proceeding, it shall file its application within 18 months of the issuance of this decision, and shall include in its application information about its financial ability to absorb the fire costs as required by § 451.2(b), as well as additional information that aids the Commission in determining whether it acted reasonably, such as information about its maintenance activities and knowledge of fire risks in the area. It shall also provide more specificity with regards to cost-allocation for each individual fire.

¹⁰⁸ Cal Advocates Opening Brief, at 6; PAO-01 at 6-7.

8. Comments on Proposed Decision

The proposed decision of Administrative Law Judge (ALJ) Garrett Toy in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code. Comments allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure were filed on _____ by _____ and reply comments were filed on _____ by _____.

9. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Garrett Toy is the assigned ALJ in this proceeding.

Findings of Fact

1. SCE's costs recorded in the 2017 Drought Catastrophic Event Memorandum Account Operations and Maintenance Subaccount were spent on activities which reduce the likelihood of fires associated with their facilities.
2. SCE's costs recorded in the 2017 Catastrophic Event Memorandum Account Firestorm Capital Costs Subaccount were spent on activities restoring utility service to customers, repairing, replacing or restoring damaged utility facilities, or complying with government agency orders resulting from declared disasters, in response to a disaster declared by competent state authorities.
3. SCE spent more in 2017 on vegetation management operations and maintenance costs than it was authorized to collect in rates.
4. SCE spent more in 2017 on storm-related capital costs than it was authorized to collect in rates.
5. Cal Advocates conducted a review of the proposed costs and found no irregularities with the tracking of costs to the Catastrophic Event Memorandum Account.

6. It is reasonable for SCE to seek recovery of Catastrophic Event Memorandum Account costs through transfer to the Base Revenue Requirement Balancing Account, for recovery in distribution rates.

7. Evidence in the record shows that CalFire determined that SCE equipment ignited the Thomas and Rye fires.

8. SCE did not provide any evidence regarding any material effect a disallowance of 2017 Wildfire costs would have on its ability to provide safe and adequate service.

9. SCE did not provide information as to whether it prudently maintained its infrastructure in relation to the 2017 Thomas and Rye fires.

10. SCE did not provide enough specificity to properly separate firestorm costs unrelated to the Thomas and Rye fires.

Conclusions of Law

1. The disaster declarations issued by Governor Brown constitute events declared to be a disaster by competent state or federal authorities for purposes of Public Utilities Code § 454.9 and Res. E-3238.

2. SCE appropriately used the Catastrophic Event Memorandum Account to track costs associated with 2017-2018 Drought costs, per the requirements of Public Utilities Code § 454.9, Res. ESRB-4, and Res. E-3238.

3. In determining whether costs are incremental, it is reasonable for SCE to compare its drought operations and maintenance costs to its authorized vegetation management costs.

4. In determining whether costs are incremental, it is reasonable for SCE to compare its Firestorm capital expenditures to its authorized storm-related capital expenditures.

5. SCE's \$80.88 million in 2017-2018 Drought Catastrophic Event Memorandum Account Operations and Maintenance Costs, incurred from January 1, 2017, to December 31, 2018, are incremental, reasonable, and recoverable.

6. SCE's proposed \$56.987 million of incremental capital expenditures and \$3.287 million in capital-related expenses, recorded in the 2017 Firestorm Catastrophic Event Memorandum Account Capital costs subaccount, are incremental.

7. In a review of an application for recovery of Catastrophic Event Memorandum Account Capital costs, the Commission considers the reasonableness of the proposed costs.

8. As part of its reasonableness review of proposed Catastrophic Event Memorandum Account Wildfire costs for fires with an ignition date in 2017, where there is evidence that utility equipment ignited the fire for which the utility seeks cost recovery it is reasonable to consider the utility's maintenance of its equipment, knowledge of risks in the area, and other factors that go to whether it prudently maintained its equipment.

9. The record is insufficient to determine whether SCE acted reasonably with regards to wildfire costs related to the Thomas and Rye Wildfires, as required by Public Utilities Code § 451, § 454.9, and § 451.2.

10. SCE's proposed \$56.987 million of incremental capital expenditures and \$3.287 million in capital-related expenses, recorded in the 2017 Firestorm Catastrophic Event Memorandum Account Capital costs subaccount, should be denied without prejudice, until SCE can show it acted reasonably in maintaining its equipment.

11. Pursuant to Public Utilities Code § 451.2(b), in order for the Commission to allocate disallowed 2017 wildfire costs to ratepayers, the Commission is required to consider the utility's ability to pay such costs without harming service to ratepayers.

12. The record is insufficient to determine SCE's ability to pay the 2017 Wildfire costs in this application without materially impacting its ability to provide adequate and safe service, or otherwise harming ratepayers.

13. In any future application for 2017 Catastrophic Event Memorandum Account Wildfire costs, SCE should provide evidence pursuant to the stress test methodology adopted in D.19-06-027 or state that disallowance of the costs shall not materially impact its ability to provide adequate and safe service.

14. SCE's proposed cost recovery methods for Catastrophic Event Memorandum Account Drought costs are reasonable.

15. The accounting methods used for the proposed Catastrophic Event Memorandum Account Drought costs were reasonable and justified.

16. We should change our preliminary and Scoping Memo determination regarding hearings to no hearings are necessary.

17. SCE Exhibits SCE-01 and SCE-02, Cal Advocates' Exhibit PAO-01, and TURN Exhibit TURN-01 should be received into evidence.

18. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company (SCE) is authorized to recover revenue requirements associated with SCE's reasonably incurred incremental operations and maintenance (O&M) expenses associated with its 2017-2018 Drought response:

- (a) Incremental O&M expenses of \$80.88 million recorded in SCE's 2017-2018 Drought Catastrophic Event Memorandum Account O&M subaccount for the period of January 1, 2017-December 31, 2018.

2. Southern California Edison Company is authorized to transfer the recorded balance in the Catastrophic Event Memorandum Account Drought Operations and Maintenance subaccount, including interest, to the distribution sub-account of the Base Revenue Requirement Balancing Account for Recovery in distribution rates, upon the effective date of a final Commission decision in this proceeding.

3. The prepared Testimony of Southern California Edison Company, the Public Advocates Office of the California Public Utilities Commission, and The Utility Reform Network, consisting of Exhibits SCE-01, SCE-02, PAO-01, and TURN-01, are received into evidence.

4. Southern California Edison Company's request to find reasonable \$56.987 million of incremental capital expenditures and \$3.287 million in capital-related expense used as the basis for the revenue requirement recorded in SCE's 2017 CEMA Firestorm capital costs subaccounts is denied without prejudice.

5. Southern California Edison Company's request to recover \$7.6 million in capital-related revenue requirements for expenditures recorded in the 2017 Catastrophic Event Memorandum Account Firestorm (Canyons, Creek, Pier, Rye, and Thomas Fires) subaccounts is denied without prejudice.

6. Southern California Edison Company shall have 18 months from the issuance of this decision to re-file any application for recovery of costs denied in this proceeding.

7. No hearings are required for this proceeding.

8. Application 19-07-021 is closed.

This order is effective today.

Dated _____, at San Francisco, California