



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

Application of Southern California Edison Company (U 338-E) for Authorization to Recover Incremental Costs Related to Wildfire Mitigation, Vegetation Management, Catastrophic Events, and Wildfire Liability Insurance.

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**JOINT MOTION BY SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E), THE
PUBLIC ADVOCATES OFFICE, AND SMALL BUSINESS UTILITY ADVOCATES
FOR APPROVAL OF SETTLEMENT AGREEMENT**

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Dated: **March 21, 2025**

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I.

INTRODUCTION AND SUMMARY OF MOTION

Pursuant to Rule 12.1 *et seq.* of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure (Rules), Southern California Edison Company (SCE), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), and Small Business Utility Advocates (SBUA) jointly bring this Motion for Approval of the Settlement Agreement they have executed to resolve all issues in this proceeding.¹ Collectively, these parties are referred to in this Motion as “Settling Parties” and are referred to individually as a “Settling Party.”² The Settling Parties respectfully request that the Commission approve the Settlement Agreement appended to this Motion as Attachment A.

¹ Pursuant to Rule 1.8(d), counsel for SCE confirms that Cal Advocates and SBUA have authorized SCE to file this motion on behalf of those parties.

² See, e.g., D.20-04-013 (approving settlement in SCE’s GSRP application (A.18-09-002)). While The Utility Reform Network (TURN) is listed as a party to this proceeding, it did not serve testimony in this proceeding and has not proposed any disallowances.

The Settling parties developed the Settlement Agreement following extensive negotiations with competent counsel for each of the Settling Parties.

The Settlement Agreement authorizes a revenue requirement for costs SCE incurred and recorded in six different memorandum and balancing accounts. As discussed in detail below and in the Settlement Agreement, the settled revenue requirement reduced by \$12 million SCE's request in this proceeding, which is a reasonable resolution of the litigation positions of the Settling Parties, in light of the whole record.

Pursuant to Rule 12.1(b), the Settling Parties provided notice to the Service List for this application (A.24-04-005) of a Settlement Conference set for Wednesday, March 19, 2025 at 11:00 a.m. The Settling Parties conducted that Settlement Conference pursuant to the notice. The Settlement Agreement is consistent with the Commission's policy favoring settlements and negotiated resolution of issues. By reaching a settlement, the Settling Parties were able to resolve all issues between them in this proceeding, without burdening the assigned Administrative Law Judges, the Assigned Commissioner, or Commission Staff with further litigation.

The Settlement Agreement promotes judicial economy and efficiency, is reasonable in light of the whole record, consistent with law, and in the public interest.³ Accordingly, the Settling Parties respectfully request that the Commission approve the Settlement Agreement in its entirety and without modification.

II.

PROCEDURAL AND REGULATORY BACKGROUND

On April 5, 2024, SCE submitted its Application for Authorization to Recover Incremental Costs Related to Wildfire Mitigation, Vegetation Management, Catastrophic Events,

³ See Rule 12.1(d).

and Wildfire Liability Insurance (2023 WMCE).⁴ Contemporaneously with the service and in support of the 2023 WMCE application, SCE served direct testimony.

In the 2023 WMCE application, SCE seeks recovery of 2023 incremental costs for wildfire mitigation- and vegetation management-related work recorded in the Wildfire Mitigation Plan Memorandum Account (WMPMA), the Fire Risk Mitigation Memorandum Account (FRMMA), and the Vegetation Management Balancing Account (VMBA). SCE also seeks recovery of incremental Wildfire Covered Conductor Program (WCCP) cumulative 2019-2023 capital expenditures recorded in the Wildfire Risk Mitigation Balancing Account (WRMBA). SCE further seeks recovery of incremental storm-related costs associated with certain 2020, 2021, and 2022 events recorded in the Catastrophic Event Memorandum Account (CEMA). Finally, SCE seeks recovery of certain wildfire liability insurance premium expenses, which SCE initially sought to allocate to San Onofre Nuclear Generating Station (SONGS) and subsequently recorded to the Wildfire Expense Memorandum Account (WEMA). SCE's 2023 WMCE application sought cost recovery for an initial revenue requirement of \$326.337 million.

Prior to the filing of the 2023 WMCE application, SCE engaged an independent audit firm to review SCE's recorded costs in the WMPMA, FRMMA, VMBA and WRMBA. On June 5, 2024, PricewaterhouseCoopers LLP (PwC) issued a report (PwC Report). The PwC Report stated that:

In [PwC's] opinion, management's assertion that the accompanying management assertion of Southern California Edison Company that the Summary of Wildfire Mitigation and Vegetation Management Costs includes O&M & Capital costs which were: (i) incurred for the activities set forth in the corresponding, relevant California Public Utilities Commission (CPUC)-approved Preliminary Statements describing the contents of the balancing and memorandum accounts as further described in the notes to this report; (ii) accurately recorded; and (iii) incremental (i.e., in addition to and separate from

⁴ Consistent with the Scoping Memo, the costs for which SCE is requesting cost recovery in this proceeding were mostly incurred in 2023. Scoping Memo, p. 3. However, SCE is also seeking costs incurred in other years in this proceeding. For example, the unopposed capital expenditures recorded in the WRMBA encompass costs from 2019-2023. Similarly, the costs recorded in the CEMA include costs for catastrophic events from 2020-2022, and costs recorded in the WEMA relate to wildfire liability insurance for policy years 2019-2020.

amounts previously authorized by the CPUC in the decision resolving SCE’s 2021 General Rate Case Decision (D.) 21-08-036) is fairly stated, in all material respects).⁵

The Scoping Memo, dated July 11, 2024, ordered that “the full audit prepared by” PwC be submitted as prepared direct testimony by SCE and be subject to examination by the parties.⁶ In compliance with this order, SCE served Exhibit SCE-03, “Direct Testimony in Response to Assigned Commissioner’s Scoping Memo and Ruling Regarding PricewaterhouseCoopers, LLP’s Examination of Various Southern California Edison Company 2023 Wildfire Mitigation and Vegetation Management Accounts and 2019-2023 Wildfire Risk Mitigation Balancing Account Expenditures.”

On December 6, 2024, Cal Advocates and SBUA submitted testimony in the 2023 WMCE proceeding, making various recommendations, including disallowance proposals affecting O&M costs recorded in the WMPMA, FRMMA, VMBA, CEMA and WEMA. No party challenged any costs recorded in the WRMBA. Similarly, no party challenged any capital expenditures recorded in any of the memorandum or balancing accounts. Cal Advocates’ and SBUA’s proposed disallowances are set forth in Table 2 in Section III below. Collectively, Cal Advocates and SBUA challenged the reasonableness, prudence, recoverability, and incrementality of numerous costs recorded in the various memorandum and balancing accounts at issue in this proceeding.⁷

On January 15, 2025, SCE served its rebuttal testimony, responding to Cal Advocates’ and SBUA’s positions, and reiterating its request that the Commission authorize recovery of an initial revenue requirement of \$326.3 million.⁸

Subsequently, the Settling Parties met and conferred, as required under the Commission’s Rules, and engaged in settlement discussions. In support of the settlement discussions, the Settling Parties requested extensions of the dates for submission of the Exhibit List and to file

⁵ See Exhibit SCE-02 and Exhibit SCE-03.

⁶ Scoping Memo, p. 5.

⁷ See Exhibits CA-01, CA-02, CA-03, CA-04 and CA-05. See also SBUA-01.

⁸ Exhibit SCE-05, p. 1.

Opening Briefs, which the Administrative Law Judge granted. On March 10, 2025, the Settling Parties filed joint motions to enter exhibits into evidence and to file confidential exhibits under seal.

As discussed above, the Settling Parties arrived at a written settlement-in-principle after extensive arm's length negotiations. The Settlement Agreement has been executed by the Settling Parties and is included as Attachment A to this Motion.

III.

DISCUSSION OF SETTLEMENT PARTIES' POSITIONS AND SUMMARY OF SETTLEMENT TERMS

The Settlement Agreement represents a negotiated compromise among the Settling Parties; it avoids the risks, burdens, and expense of further litigation. The Settling Parties agreed to the terms of the Settlement Agreement solely for purposes of arriving at the compromises set forth in the Settlement Agreement, and pursuant to Rule 12.5, the Settlement Agreement should not be considered precedent in any future proceeding.

Below, the Settling Parties summarize their litigation positions and the basic terms of the Settlement Agreement.⁹

A. Summary of Party Litigation Positions

1. SCE's Direct Testimony

SCE seeks to recover costs recorded in the WMPMA, FRMMA, VMBA, and WRMBAs, which it claims were necessary to comply with statutory and regulatory obligations and in response to the increase in California's wildfire risk in recent years due to climate change and drought, among other factors. SCE maintains that these efforts were prudent and essential to

⁹ In the event of any perceived conflict between the summary of settlement terms in this Motion and the Settlement Agreement, the Settlement Agreement prevails. Capitalized terms not defined in the body of this Motion shall have the definition set forth for such terms in the accompanying Settlement Agreement.

ensure safety, reliability, and resiliency against wildfire risks, and that the costs included in its 2023 WMCE application are incremental to the costs that the Commission has previously authorized.¹⁰

In addition, SCE’s 2023 WMCE application requests that the Commission authorize SCE to recover costs recorded in its CEMA associated with ten catastrophic events, including the COVID-19 pandemic, four wildfires, two windstorms, a monsoonal rain event, a heatwave, and a tropical storm.

Finally, SCE’s 2023 WMCE application seeks recovery of \$7.2 million related to incremental wildfire liability insurance premiums incurred during the 2019-2020 policy years. This represents the CPUC-jurisdictional portion of the \$9 million insurance premium SCE initially sought to recover from SONGS, but which SCE subsequently reduced upon a determination among the SONGS Co-owners that \$1.3 million reflects wildfire risk owing to SONGS. SCE previously sought recovery of this \$7.2 million amount, which is generally referred to as the “SONGS Adjustment,” in a prior WEMA application (A.20-12-010). In that proceeding, the Commission denied SCE’s request, without prejudice.¹¹ In its direct testimony, SCE provides background on the SONGS Adjustment, an overview of the Commission’s findings in the prior application, and SCE’s rationale for why these costs should be found reasonable in this application and authorized for recovery from SCE’s distribution customers.

SCE’s total revenue requirement request for all six memorandum and balancing accounts is shown in Table 1, below:

¹⁰ See Exhibit SCE-01, Vol. 01 (discussing the costs recorded in the WMPMA and wildfire mitigation costs recorded in the FRMMA), Exhibit SCE-01, Vol. 02 (discussing the costs recorded in the VMBA and environmental support costs recorded in the FRMMA), and Exhibit SCE-01, Vol. 03 (discussing the costs recorded in the WRMBA).

¹¹ D.23-05-033.

Table 1
Summary of SCE's Recorded Incremental Costs
and Initial Revenue Requirement, 2023
(Nominal \$ millions)

Account	Incremental Capital Expenditures	Incremental O&M Expense	Initial Revenue Requirement
Wildfire Mitigation Plan Memorandum Account (WMPMA)	\$ 82,692	\$ 96,579	\$ 93,471
Fire Risk Mitigation Memorandum Account (FRMMA)	\$ -	\$ 20,275	\$ 20,893
Vegetation Management Balancing Account (VMBA)	\$ -	\$ 159,734	\$ 164,819
Wildfire Risk Mitigation Balancing Account (WRMBA)	\$ 585,788	\$ -	\$ (537)
Catastrophic Event Memorandum Account (CEMA)	\$ 33,969	\$ 36,269	\$ 39,775
Wildfire Expense Memorandum Account (WEMA)	\$ -	\$ 7,206	\$ 7,916
<i>TOTAL</i>	<i>702,449</i>	<i>320,063</i>	<i>326,337</i>

2. Cal Advocates' Disallowance Proposals and SCE's Rebuttal Testimony Response

Collectively, Cal Advocates and SBUA challenged the reasonableness, prudence, recoverability, and incrementality of various O&M costs recorded in SCE's WMPMA, FRMMA, VMBA, CEMA, and WEMA. SCE's rebuttal testimony defended the cost recovery request as prudent, recoverable, and incremental. The specific SCE proposals, and Cal Advocates' and SBUA's initial proposed reductions thereto,¹² are set forth in Table 2 below:

¹² In its testimony, Cal Advocates proposed a disallowance of \$3.5 million in the WMPMA "because discovery disclosed that SCE is not seeking recovery of \$3.5 million included in the \$96.579 million SCE originally requested, due to [sic] PSPS Disallowance." Exhibit CA-03, pp. 2-3. In its rebuttal testimony, SCE confirmed that it is not seeking recovery of the \$3.5 million permanent disallowance, nor is SCE seeking cost recovery of a total of \$96.579 million in this proceeding. Exhibit SCE-05, p. 27. Based on that clarification, Cal Advocates no longer proposes a disallowance in this area.

Table 2
Comparison of Party Positions
(Nominal \$ millions)

		Account	SCE Request (in Direct Testimony)	Cal Advocates	SBUA	SCE Rebuttal Request
O&M	Wildfire Mitigation Plan Memorandum Account (WMPMA)	\$ 96,579	\$ (3,500)	Not Quantified	\$ 96,579	
	Fire Risk Mitigation Memorandum Account (FRMMA)	\$ 20,275	\$ (1,959)	Not Quantified	\$ 20,275	
	Vegetation Management Balancing Account (VMBA)	\$ 159,734	\$ (39,225)	Not Quantified	\$ 159,734	
	Wildfire Risk Mitigation Balancing Account (WRMBA)	\$ -	\$ -	\$ -	\$ -	
	Catastrophic Event Memorandum Account (CEMA)	\$ 36,269	\$ (784)	\$ (2,438)	\$ 36,269	
	Wildfire Expense Memorandum Account (WEMA)	\$ 7,206	\$ (7,206)	\$ -	\$ 7,206	
	TOTAL	\$ 320,063	\$ (52,674)	\$ (2,438)	\$ 320,063	
Capital	Wildfire Mitigation Plan Memorandum Account (WMPMA)	\$ 82,692	\$ -	\$ -	\$ 82,692	
	Fire Risk Mitigation Memorandum Account (FRMMA)	\$ -	\$ -	\$ -	\$ -	
	Vegetation Management Balancing Account (VMBA)	\$ -	\$ -	\$ -	\$ -	
	Wildfire Risk Mitigation Balancing Account (WRMBA)	\$ 585,788	\$ -	\$ -	\$ 585,788	
	Catastrophic Event Memorandum Account (CEMA)	\$ 33,969	\$ -	\$ -	\$ 33,969	
	Wildfire Expense Memorandum Account (WEMA)	\$ -	\$ -	\$ -	\$ -	
	TOTAL	\$ 702,449	\$ -	\$ -	\$ 702,449	

a) **Cal Advocates' Disallowance Proposal of Vegetation Management and Environmental Support Costs Recorded in the VMBA and FRMMA**

(1) **Cal Advocates' Position**

Cal Advocates' direct testimony proposed a \$41.184 million vegetation management-related disallowance (\$39.225 million from the VMBA and \$1.959 million from the FRMMA) because these costs "related to activities that were performed in 2022," "are not related to the activities performed in 2023," were not substantiated, and are "outside the scope of the review" for this proceeding related to 2023 costs. Cal Advocates argued that "[c]osts need to be separated by year to maintain transparency."¹³ Cal Advocates also stated that, based on its understanding of SCE's practices, SCE's accounting was not in compliance with Generally Accepted Accounting Principles (GAAP).¹⁴

¹³ Exhibit CA-02, p. 8.

¹⁴ Exhibit CA-02, p. 8 ("SCE's reference to GAAP to justify including 2022 costs in the 2023 reasonableness review are not consistent with GAAP accrual basis of accounting.")

(2) SCE's Rebuttal Position

In its rebuttal testimony, SCE stated that its accrual procedures do not conflict with GAAP and are required by GAAP. SCE also stated that Cal Advocates' disallowance proposal is incorrect.¹⁵ SCE also maintained that its post-rebuttal testimony exhibits demonstrate that SCE's 2022 accruals for 2022 work more than exceed SCE's final recorded costs for such work.

b) Cal Advocates' Disallowance Proposal of COVID-19 Case Manager Costs Recorded in the CEMA

(1) Cal Advocates' Position

On February 28, 2023, Governor Newsom issued a proclamation terminating the emergency declaration for the COVID-19 pandemic. Based on that, Cal Advocates asserted in its testimony that costs incurred for the COVID-19 pandemic after that date and recorded in the CEMA should be disallowed. Cal Advocates recommended a disallowance of \$0.784 million for COVID-19 Case Manager costs incurred after February 28, 2023.¹⁶

(2) SCE's Rebuttal Position

In its rebuttal testimony, SCE explained that incremental costs recorded in the CEMA for COVID-19 case managers satisfy the tenet of Resolution E-3238 of complying with governmental agency orders in connection with events declared disasters by a competent state or federal authority.¹⁷ SCE maintained that Cal/OSHA standard's reporting requirements remained in force after the Governor declared an end to the State of Emergency and therefore the costs associated with the COVID-19 case managers were appropriately recoverable through CEMA.

¹⁵ Exhibit SCE-05, p. 6 (citing D.22-06-032, pp. 35-36).

¹⁶ See Exhibit CA-04, pp. 8-10.

¹⁷ See Resolution E-3238, p. 2.

c) **Cal Advocates' Disallowance Proposal of Wildfire Insurance Premiums Recorded in the WEMA**

(1) **Cal Advocates' Position**

In its testimony, Cal Advocates argued, first, that “SCE attempts to provide evidence as to why only this \$1.3 million should be attributable to SONGS,” but that this does not “justify SCE’s current request to allocate the \$7.2 [million] SONGS Adjustment to the WEMA.” Second, Cal Advocates argued that evidence of the SONGS Co-owners’ refusal to accept the SONGS Adjustment is not relevant to justify recovery from ratepayers. Finally, Cal Advocates argues that SCE failed to show that the \$7.2 million was not already recovered and also failed to show that it should not continue to be allocated to SONGS.¹⁸

(2) **SCE’s Rebuttal Position**

In its rebuttal testimony, SCE responded that its opening testimony explains the methodology for attributing \$1.3 million of the \$9 million liability insurance premium to SONGS and demonstrates that the \$7.2 million CPUC-jurisdictional SONGS Adjustment pertains to increased wildfire risk on SCE’s electrical system at large, which is not attributable to SONGS. SCE maintained that its WEMA cost recovery request here was reasonable, incremental, and appropriately recoverable through the WEMA.

¹⁸ Exhibit CA-05, pp. 3-4.

3. SBUA's Disallowance Proposals and SCE's Rebuttal Testimony Response

a) SBUA's Disallowance Proposal for Vegetation Management Costs Recorded in the VMBA

(1) SBUA's Position

In its testimony, SBUA criticized SCE's application as deficient, arguing that it does not allow for evaluation of the incrementality or reasonableness of 2023 VMBA expenditures.¹⁹ SBUA asserted that SCE's testimony does not quantify how the level of activity or wildfire safety mitigation achieved in 2023 compares with the level forecasted in the 2021 GRC, and does not present information that enables the Commission to pinpoint the drivers of the overage.²⁰ SBUA also claimed that SCE does not identify stand-downs or claim any inefficiencies would offer a credible explanation for VMBA cost overruns.²¹ SBUA asserted that the manner of presenting VMBA information is not consistent with the direction provided in D.24-03-008 where the Commission noted that "SCE's presentation of all SCE wildfire mitigation and VMBA activities as if all activities and sub-activities were equally important in mitigating wildfire risks and all activities and sub-activities had incurred costs beyond their forecasts."²² SBUA recommended that SCE revise its application to justify its VMBA costs in light of the extent of work performed, as compared with that approved in the 2021 GRC, and by providing unit-specific cost comparisons with justifications.²³

In lieu of cross examination, SBUA entered into the record data responses concerning VMBA costs (Exhibit SBUA-07) and also portions of SCE's vegetation management workpapers from its 2021GRC (Exhibit SBUA-08) to show the manner that SCE originally presented unit costs.

¹⁹ See Exhibit SBUA-01, p. 4 and Exhibit SBUA-02, p. 1.

²⁰ See Exhibit SBUA-01, p. 4.

²¹ See Exhibit SBUA-01, p. 5.

²² D.24-03-008, p. 76.

²³ See Exhibit SBUA-01, p. 5.

(2) SCE's Rebuttal Position

In its rebuttal testimony, SCE identified the evidence it has provided supporting the incrementality and reasonableness of its vegetation management costs and activities in 2023. SCE described the detailed information it provided at the account, GRC Activity, and/or sub-activity levels, including specific volumes of work completed, recorded costs, and an explanation for why spending levels were reasonable.²⁴ SCE contends that there is no incremental amount calculated for each individual sub-activity or program because SCE is authorized O&M amounts at the GRC Activity level, and because the VMBA uses a portfolio approach for cost recovery, consistent with the governing tariff and Commission direction.²⁵ In addition, SCE's contends that post-rebuttal data responses entered into the evidentiary record further described why forecasts from the 2021 GRC are not directly comparable to 2023 recorded costs or quantities, and do not factor into the incrementality determination for regulatory cost recovery purposes.²⁶

SCE also identified numerous drivers that resulted in higher vegetation management costs in 2023 compared to authorized amounts, including, but not limited to: the adoption of SB 247, higher contractor rates, collective bargaining activity, higher contractor operating costs such as fuel and insurance, and heightened competition in the labor markets.²⁷ SCE made clear that the effects of safety standdowns and scheduling and environmental review changes from 2021 continue to impact costs in 2023.²⁸ Finally, SCE pointed out that on both a total recorded and incremental basis, SCE's vegetation management spend was lower in 2023 compared to other years (including for 2021, which the Commission approved as reasonable in D.24-03-008).²⁹

²⁴ See Exhibit SCE-05, pp. 14-15.

²⁵ See Exhibit SCE-05, pp. 15-16.

²⁶ See Exhibit SBUA-07, pp. 7-17.

²⁷ See Exhibit SCE-05, pp. 18-20 and Exhibit SBUA-07, pp. 1-6.

²⁸ See Exhibit SCE-05, pp. 17-18.

²⁹ See Exhibit SCE-05, pp. 16-17.

b) SBUA's Disallowance Proposal for Environmental Support Costs Recorded in the FRMMA

(1) SBUA's Position

In its testimony, SBUA argued that without more support, SCE should not be approved for environmental review expenses beyond the level previously approved in the 2021 GRC.³⁰ In lieu of cross examination, SBUA entered into the record data responses with details on additional environmental review work conducted in 2023 and information on the manner that it does and does not specifically track those costs.³¹ SBUA asserted that SCE's 2023 environmental support costs exceeded 2022 levels despite performing less work and having more time to improve the efficiency of processes first implemented in 2021.³²

(2) SCE's Rebuttal Position

In its rebuttal testimony, SCE explained why its environmental support costs recorded in the FRMMA were higher in 2023 than authorized, primarily as a result of an expanded Environmentally Sensitive Area (ESA) layer, increased vegetation management scope and accompanying environmental impact, and higher costs for field support due to various factors.³³ Post-rebuttal data responses entered into the evidentiary record further described the work performed in districts with sensitive species and locations with increased agency and/or permitting requirements (e.g., national forests).³⁴

In response to SBUA's argument, SCE also clarified that its 2023 environmental support costs in FRMMA were actually lower than its 2022 costs. SCE also performed a lower volume of environmental work points in 2023.³⁵ However, SCE cautioned against direct comparisons by

³⁰ See Exhibit SBUA-01, p. 6.

³¹ See Exhibit SBUA-04, p. 4.

³² See Exhibit SBUA-01, p. 6 and Exhibit SBUA-02, p. 1.

³³ See Exhibit SCE-05, pp. 21-22.

³⁴ See Exhibit SBUA-04, pp. 4-8.

³⁵ See Exhibit SCE-05, pp. 22-23.

pointing out that environmental support costs can be influenced not only by volume but also by other factors, such as the location in sensitive areas.³⁶ SCE’s rebuttal testimony and discovery responses identified numerous factors that impacted the mix and types of environmental support work performed in 2023, including new regulatory changes, agency permitting requirements for certain protected species, and work on government lands and national forests.³⁷ SCE’s discovery responses also identified various measures SCE has implemented since 2021 to enhance the efficiency of environmental review and support activities.³⁸

c) SBUA’s Disallowance Proposal of Quick Reaction Force Aerial Suppression Costs Recorded in the WMPMA

(1) SBUA’s Position

In its testimony, SBUA asserted that the aerial firefighting expenditures for the Quick Reaction Force (QRF) were not established to be an appropriate use of ratepayer funds, and that a significant portion of those costs should be disallowed. SBUA’s position was that the Commission must be careful to ensure that ratepayers are not paying for conventional public safety resources. SBUA expressed concerns about the potential for the deployment of the QRF outside of SCE’s service area. SBUA also questioned the expansion of the contractual period for the QRF from its previous 165-day term to year-round coverage, asserting that it is likely that most major fires do not occur in months well outside the previous 165-day period. SBUA also took issue with SCE’s assertion of the need for QRF resources outside of peak periods, arguing that SCE’s opening testimony emphasized the need for QRF arising from limited fire suppression resources available statewide during peak demand, which does not establish that agencies cannot respond quickly with their existing assets or mutual aid to fires occurring outside of the “fire season.” Finally, SBUA asserted that SCE had not demonstrated that it conducted an

³⁶ See Exhibit SCE-05, pp. 23-24.

³⁷ See Exhibit SCE-05, pp. 23-24 and Exhibit SBUA-04, p. 4-8.

³⁸ See Exhibit SBUA-04, pp. 1-3.

inquiry into the firefighting agencies' ability to obtain sufficient assets through conventional, non-ratepayer funding sources.³⁹

In lieu of cross examination, SBUA entered into the record data request responses (Exhibit SBUA-03 and Exhibits SBUA-06/SBUA-06C). SBUA contends that SCE's responses reinforce the validity of SBUA's concerns regarding insufficient evaluation of the firefighting agencies' ability to provide year-round rapid response without ratepayer funding and evaluation of aerial asset contracting alternatives.⁴⁰

(2) SCE's Rebuttal Position

In its rebuttal testimony, SCE maintained that its QRF aerial suppression resources have reduced wildfire risk to customers and communities SCE serves and have protected SCE's equipment from damage. SCE asserted that the magnitude of historical and potential future costs to repair and replace SCE infrastructure alone—without even considering the significant public safety benefits the QRF provides—strongly supports recovery of aerial suppression costs in 2023. SCE's position was that the transition to year-round coverage in 2023 was due to the county fire departments' assessment (that SCE agrees with) that catastrophic fires were becoming more prevalent outside of the traditional fire season months, consistent with several public proclamations from Governor Newsom. The transition was also driven by the provider of the QRF resources and equipment stating that, due to competing international demand, the resources would no longer be available if only contracted for part of the year. SCE noted that the Commission has approved customer funding for the QRF and for the other IOUs' analogous resources without exception, and that even one avoided fire could prevent damages that would pay for the QRF's annual costs several times over. SCE claimed that sufficient public funding was not available for these resources in 2023, and that SCE has been increasing advocacy to

³⁹ Exhibit SBUA-01, pp. 6-8.

⁴⁰ See Exhibit SBUA-06, pp.2, 4; Exhibit SBUA-03, pp. 22, 35.

transition the funding to other sources in 2026 and beyond. SCE is engaged in ongoing efforts to fund the program through non-customer-funded methods in the future.⁴¹

d) SBUA's Disallowance Proposal of Salvage Costs for Disposal of Personal Protective Equipment (PPE) and Consumables Recorded in the CEMA

(1) SBUA's Position

In its testimony, SBUA challenged SCE's PPE and consumables disposal and salvage costs, claiming: "SCE's testimony and workpapers do not provide details on the specific PPE items and consumables acquired in 2020 that reached the manufacture [sic] expiration date and were eliminated from inventory as salvage in 2023." SBUA alleged that "based on experience during the COVID-19 pandemic, there is other equipment that can reliably and effectively be used past expiration dates." SBUA references the Center for Disease Control and states that certain N95 masks could be used past their expiration dates if properly stored and that the manufacturer expiration date is not the only factor to determine the continued usability of expired PPE and consumables. SBUA recommended a disallowance of \$2.438 million for 2023 COVID-19-related costs related to salvaged consumables and PPE in 2023.⁴² In lieu of cross examination, SBUA entered into the record a data response (Exhibit SBUA-05) with additional detail on the scale of the storage needs and storage and disposal costs.

(2) SCE's Rebuttal Position

In its rebuttal testimony, SCE explained why its request to recover \$2.438 million for salvage expenses should be approved in full. When the pandemic first began, SCE purchased many materials in order to keep both employees and the public safe from the effects of COVID-19. Prior to March 2020, most of these materials were not included in SCE's typical inventory,

⁴¹ Exhibit SCE-05, pp. 30-43.

⁴² See Exhibit SBUA-01, p. 8.

because they were not needed in the normal course of business. As the COVID-19 pandemic requirements lessened over time, SCE’s usage forecast for the supplies purchased solely for usage during the pandemic also lessened. Approximately two years after the start of the COVID-19 global pandemic, SCE’s usage forecast for these materials was nil. As soon as SCE no longer needed these materials, SCE proactively attempted to sell and/or donate its PPE and consumables; however, due to large surpluses already existing at other companies, SCE discovered there was no market for the purchase of these products. Despite SCE’s efforts to prudently manage its excess PPE and consumables, not all were able to be consumed before their respective expiration. Accordingly, SCE salvaged these materials in a safe manner. It would not be efficient or cost-effective for SCE to house materials that are very unlikely to be used in the future because of space constraints and carrying costs that would likely far outweigh the benefit of these items potentially being used in the future.

e) **SBUA’s Request for Additional Transparency Regarding Affordability Implications for Small Commercial Customers**

Finally, in addition to the positions detailed above, SBUA’s testimony explained that “commercial class customers face distinctly different economic pressures than residential ratepayers” and that “small commercial customers lack the resources and personnel of larger commercial ratepayers to manage their energy bills.” SBUA argued that “[w]ithout affordability standards for non-residential customers, neither the utility nor the Commission can effectively evaluate the economic consequences to these ratepayers of proposed rate increase.” SBUA proposed that SCE disaggregate small-medium business customers and provide illustrative bill amounts.⁴³

⁴³ Exhibit SBUA-01, pp. 2-3.

B. Summary of Settlement Terms

1. O&M Expenses and Capital Expenditures

The Settlement Agreement seeks Commission approval, as just and reasonable, of SCE’s proposed O&M costs and capital expenditures subject to the revenue requirement reductions explained below. Specifically, the Settlement Agreement seeks approval of \$308.1 million in O&M (i.e., \$320.1 million minus \$12 million in reductions) and \$702.5 million in capital (i.e., \$702.5 million minus \$0 million in reductions), for a revised total initial revenue requirement of \$314.3 million (the Settlement Agreement Revenue Requirement).

2. Revenue Requirement Reductions

The Settlement Agreement adopts a \$12 million revenue requirement reduction effectuated through a reduction to SCE’s O&M costs in the following memorandum and balancing accounts:⁴⁴

- FRMMA – \$1.0 million reduction
- VMBA – \$9.5 million reduction
- CEMA – \$1.4 million reduction
- WEMA – \$0.1 million reduction

The Settlement Agreement’s \$12 million total O&M reduction is taken in approximate proportion to SCE’s initial revenue requirement request, based on agreement among the Settling Parties. When agreeing to this settlement, the reasonableness of those costs was evaluated by the parties cumulatively as addressed in Section IV, below.

The Settlement Agreement revenue requirement reductions and resulting adopted settlement revenue requirement are shown in Table 3 below:

⁴⁴ The Settlement Agreement also approves the full recovery of SCE’s incremental costs recorded in the WMPMA and the WRMB. The Settling Parties agreed to not include reductions to the incremental O&M in the WMPMA. The WRMB does not include any incremental O&M; the capital expenditures recorded to the WRMB are unchallenged.

Table 3
Settlement Agreement O&M Reductions and Revenue Requirement
(\$000)

	Original O&M	Revised O&M Per Settlement	Capital	Original Rev Req	Settlement Agreement Rev Req	Difference
WMPMA	\$ 96,579	\$ 96,579	\$ 82,692	\$ 93,471	\$ 93,471	\$ 0
FRMMA	\$ 20,275	\$ 19,275	\$ -	\$ 20,893	\$ 19,893	(\$ 1,000)
VMBA	\$ 159,734	\$ 150,234	\$ -	\$ 64,819	\$ 155,319	(\$ 9,500)
WRMBA	\$ -	\$ -	\$ 85,788	\$ (537)	\$ (537)	\$ 0
CEMA	\$ 36,269	\$ 34,869	\$ 33,969	\$ 39,775	\$ 38,375	(\$ 1,400)
WEMA	\$ 7,206	\$ 7,106	\$ -	\$ 7,916	\$ 7,816	(\$ 100)
Total	\$ 320,063	\$ 308,063	\$ 702,449	\$ 326,337	\$ 314,337	(\$ 12,000)

3. Ratemaking and Amortization Period

Upon Commission approval of this Settlement Agreement, SCE will transfer the authorized incremental O&M plus the additional interest expense that has been accrued during the pendency of this proceeding from the WMPMA, FRMMA, VMBA, CEMA, and WEMA to the distribution subaccount of the Base Revenue Requirement Balancing Account (BRRBA) for recovery in customers' distribution rates over a 12-month period.⁴⁵

For authorized capital expenditures, SCE will transfer the initial capital-related revenue requirement plus the ongoing capital-related revenue requirement and interest expense recorded

⁴⁵ See Exhibit SCE-01, Vol. 06, pp. 40-43.

in the WMPMA, WRMBA, and CEMA during the pendency of this proceeding to the distribution subaccount of the BRRBA for recovery in customers' distribution rates over a 12-month period. SCE will then annually transfer, each December 31, the ongoing capital-related revenue requirement associated with the eligible approved capital expenditures to the distribution subaccount of the BRRBA until the ongoing capital-related revenue requirement is included in GRC base rates.⁴⁶

The 2023 WMCE Settlement Agreement Revenue Requirement will be implemented during SCE's next scheduled rate change upon Commission approval (or as soon after as reasonably practicable).

4. Non-Financial Terms

The Settling Parties also agree to the following non-financial terms:

- a. On a non-precedential basis and to promote enhance transparency, SCE will take steps to make accounting, reporting and internal control changes to record its vegetation management accruals, accrual reversals, and actual costs under the same cost element group, rather than all such accruals and accrual reversals recording under an "other" category as is SCE's current practice. This new approach will be fully implemented beginning on January 1, 2026. SCE shall notify the Commission of subsequent changes to this new approach 60 days prior to making them via a Tier 2 Advice Letter that specifies the planned modification and the reason for the modification.
- b. In future after-the-fact reasonableness review applications seeking recovery of SCE's costs for the Quick Reaction Force (QRF):
 - i. SCE will document the (1) firefighting agencies' efforts that it is aware of to find alternative sources of QRF funding and a (2) description of the firefighting agencies' efforts to secure other non-financial resources (e.g.,

⁴⁶ See Exhibit SCE-01, Vol. 06, pp. 40-43.

through mutual aid agreements) for the period covered by the application or for ongoing efforts for future years.

- ii. To demonstrate efforts to reduce firefighting agencies' reliance on SCE customer funding, SCE will report on the firefighting agencies' ongoing and planned efforts that it is aware of to obtain alternative funding or efforts to secure other non-financial resources (e.g., through mutual aid agreements) for future years for which SCE has not entered into funding agreements with the firefighting agencies, such as by means of filing actual budget requests, grant applications, proposed legislation, etc., as appropriate to agencies actual budgeting/funding processes.
- iii. SCE will also report on the firefighting agencies' budget for non-SCE-funded aerial suppression assets, to the extent that information is reasonably available to SCE and ascertainable, from the subject application year onward.

- c. In future after-the-fact reasonableness review applications seeking recovery of incremental Vegetation Management Balancing Account (VMBA) costs in 2024 and through the 2025-2028 GRC Period, including any future tracks or phases that may be established in SCE's 2025 GRC, SCE will include variance explanations identifying and explaining overspends or underspends of SCE's recorded costs and, where feasible, variances in the quantity of activity, as compared to, the applicable categories of costs and quantities described in SCE's testimony and workpapers submitted in the applicable GRC filing for which funding for the activity or program was approved, to the extent that information is reasonably available and ascertainable to SCE.
- d. In future after-the-fact reasonableness review applications seeking review of SCE's WMPMA, FRMMA or VMBA costs in 2024 and through the 2025-2028 GRC Period, including any future tracks or phases that may be established in

connection with SCE’s 2025 GRC, SCE will identify (i) the forecasted average percentage and dollar bill impact for three National American Industry Classification System (NAICS) codes including Food Services and Drinking Places (NAICS 722), Ambulatory Health Care Services (NAICS 621), and Real Estate (Property Management, NAICS 531), as well as for “small retail store” building types; and (ii) total anticipated bill changes to small business customers. SCE will provide this information at the time the application is filed, and, in the event it seeks interim rate recovery, also during the pendency of the proceeding.

IV.

REQUEST FOR ADOPTION OF THE SETTLEMENT AGREEMENT

The Settlement Agreement is submitted pursuant to Rule 12.1 *et seq.* The Settlement Agreement is consistent with Commission decisions on settlements, which consistently cite the strong public policy favoring settlement of disputes if they are fair and reasonable in light of the record. This public policy supports many worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results.⁴⁷ As long as a settlement taken as a whole is reasonable in light of the record, consistent with the law, and in the public interest, it should be adopted without change.

The Settlement Agreement complies with Commission guidelines and relevant precedent for settlements. The criteria for Commission approval of settlements is stated in Rule 12.1(d):

The Commission will not approve stipulations or settlements, whether contested or uncontested, unless the stipulation or settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

The Settlement Agreement meets the criteria for a settlement pursuant to Rule 12.1(d).

⁴⁷ D.92-12-019, 46 CPUC 2d 538, 553.

A. The Settlement Agreement Is Reasonable in Light of the Record

The record of this proceeding⁴⁸ relevant to the issues addressed by the Settlement Agreement includes SCE's direct and rebuttal testimony; the testimony of Cal Advocates and SBUA; PwC's Report; discovery responses; post-rebuttal exhibits; this Motion; and the Settlement Agreement. These documents provide the information necessary for the Commission to find the Settlement Agreement reasonable in light of the record as a whole. Further, as discussed above, the Settling Parties reached the settlement after discovery and investigation, preparation of testimony exhibits, and careful and detailed arm's length negotiations. Any conflict between the terms of the Settlement Agreement and the descriptions in this Motion shall be resolved in favor of the Settlement Agreement.

The Settlement Agreement represents a reasonable resolution and compromise of the issues that Cal Advocates and SBUA raised in this proceeding, within the range of the parties' positions. Absent reaching the settlement, the Settling Parties would have continued to litigate their issues, with attendant expense, burden, and drain on finite Commission resources. For these reasons, and in light of the terms the Settling Parties negotiated as memorialized in the Settlement Agreement, the Settlement Agreement is reasonable in light of the whole record.

B. The Settlement Agreement is Consistent with Law

The Settling Parties believe that the terms of the Settlement Agreement comply with all applicable statutes, rules, and prior Commission decisions, and reasonable interpretations thereof. In agreeing to the terms of the Settlement Agreement, the Settling Parties have explicitly considered the relevant statutes and Commission decisions and believe that the Commission can approve the Settlement Agreement without any conflict with applicable statutes, tariffs, or prior Commission decisions. As noted above, the Settling Parties comprehensively resolve their disputes in this proceeding.

⁴⁸ On March 11, 2025, pursuant to Rules 11.1 and 13.8(c), the Settling Parties jointly filed a Joint Motion to Admit Testimony and Exhibits into Evidence.

C. The Settlement Agreement is in the Public Interest

The Settlement Agreement involves parties that fairly represented the affected interests at stake in this proceeding. As the Commission has found:

While it is true that we employ a ‘heightened’ focus on the individual elements of a settlement when all interest groups are not accommodated, the focus itself is on whether the settling parties brought to the table representatives of all groups affected by the settlement. This is not necessarily the same as accommodating the litigation positions of all parties.⁴⁹

In this instance, the signatories to the Settlement Agreement represented the interests of parties concerned with the issues, including residential customer interests (Cal Advocates) and small business customer interests (SBUA). The Settling Parties reasonably expect that this Motion will be unopposed, which further supports approval of the Settlement Agreement. The Settlement Agreement represents a reasonable compromise of the Settling Parties’ litigation positions. It resolves the issues in a prudent and economical manner, and provides appropriate, timely resolution of the disputed issues for the Settling Parties. Approval of the Settlement Agreement will allow stakeholders to avoid the costs, uncertainty, and burden that is inherent to litigation. Resolving this proceeding now through settlement rather than a protracted litigated outcome minimizes the total amount of financing costs potentially subject to recovery from ratepayers. These financing costs are accruing at a rate of approximately \$1 million per month. Minimizing these costs saves costs that might otherwise be payable by customers. Resolving this proceeding now may also contribute to improving SCE’s credit metrics and financial health, which may permit more cost-effective access to capital that can also benefit SCE and its customers. Finally, by settling their issues, the Settling Parties have helped reduce burdens on Commission resources that would otherwise need to be devoted to continued litigation, including the preparation and resolution of a final decision on the contested matters.

All portions of the Settlement Agreement are dependent upon the other portions of the document. Changes to one portion of the Settlement Agreement would alter the balance of

⁴⁹ D.07-11-018, p. 7 (citing *Re Southern California Edison Company*, 1996, 64 Cal.P.U.C.2d 241, 267).

interests and the mutually agreed-upon compromises and outcomes that are contained in the Settlement Agreement. As such, the Settling Parties request that the Settlement Agreement be adopted as a whole by the Commission and without modification.

V.

CONCLUSION

The Settlement Agreement is (1) reasonable in light of the whole record and positions of the parties, (2) consistent with the law, and (3) in the public interest. The Settlement Agreement represents a mutually acceptable outcome in a pending regulatory proceeding, and thereby avoids the time, expense, uncertainty, and burden of litigating the merits of the application and issues raised by Cal Advocates and SBUA. Accordingly, the Settling Parties respectfully request that the Commission grant this Motion and approve the Settlement Agreement.

Respectfully submitted,

CLAIRE E. TORCHIA
NAYIRI PILIKYAN
PETER VAN MIEGHEN

/s/ Nayiri Pilikyan
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[on behalf of the Settling Parties]

March 21, 2025

Appendix A
2023 WMCE Settlement Agreement

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

Application of Southern California Edison Company (U 338-E) for Authorization to Recover Incremental Costs Related to Wildfire Mitigation, Vegetation Management, Catastrophic Events, and Wildfire Liability Insurance.

A.24-04-005

**SETTLEMENT AGREEMENT BETWEEN SOUTHERN CALIFORNIA EDISON
COMPANY, THE PUBLIC ADVOCATES OFFICE AND SMALL BUSINESS UTILITY
ADVOCATES**

A. Parties

1. The Parties to this Settlement Agreement are all the active parties in this proceeding: Southern California Edison Company (SCE), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) and Small Business Utility Advocates (SBUA). SCE, Cal Advocates and SBUA are at times collectively referred to as Settling Parties, or individually as a Settling Party.
2. SCE is an investor-owned public utility and is subject to the jurisdiction of the California Public Utilities Commission (Commission or CPUC), including with respect to providing electric service to SCE's CPUC-jurisdictional customers.
3. Cal Advocates is an independent ratepayer advocate with a mandate to obtain the lowest possible rates for utility services, consistent with reliable and safe service levels and the state's environmental goals.
4. SBUA is a nonprofit organization that represents, protects, and promotes the interests of small business utility customers.

B. Definitions

1. When used in initial capitalization in this Settlement Agreement, whether in singular or plural, the following terms shall have the meanings set forth below. If the definition is not set forth below, then the term shall have the meaning as specifically defined elsewhere in this Settlement Agreement:
 - a. “2022 WMVM” means the Application of SCE for Authorization to Recover 2022 Incremental Costs Related to Wildfire Mitigation and Vegetation Management, which has been docketed by the Commission as A.23-10-001, as set forth in the Scoping Memo therein.
 - b. “2023 WMCE” means the Application of SCE for Authorization to Recover Incremental Costs Related to Wildfire Mitigation, Vegetation Management, Catastrophic Events, and Wildfire Liability Insurance, which has been docketed by the Commission as A.24-04-005, as set forth in the Scoping Memo therein.
 - c. “BRRBA” means SCE’s Base Revenue Requirement Balancing Account.
 - d. “CEMA” means SCE’s Catastrophic Events Memorandum Account.
 - e. “FRMMA” means SCE’s Fire Risk Mitigation Memorandum Account.
 - f. “GRC” means General Rate Case
 - g. “O&M” means Operations and Maintenance expense.
 - h. “PSPS” means Public Safety Power Shutoff
 - i. “PSPS Disallowance” means the requirement that SCE reduce its cost recovery request in this 2023 WMCE proceeding by \$3.5 million, pursuant to Resolution ALJ-440, which instituted a \$6 million permanent disallowance of PSPS program-related costs in a settlement agreement to resolve all issues related to the Commission’s Safety and Enforcement Division’s (SED) investigation of SCE’s 2020 PSPS events. Under that

settlement agreement with SED, SCE agreed to permanently waive its right to seek cost recovery for \$6 million of PSPS program-related O&M expenses focused on customer outreach, critical care backup batteries, and notification requirements that are eligible for recovery in the WMPMA and/or the FRMMA. Of the \$6 million, pursuant to the Commission’s Resolution, \$2.5 million of the disallowance was applied to 2022 incremental costs (and was deducted from SCE’s 2022 WMVM application), and the remaining \$3.5 million was required to be applied to 2023 incremental costs.¹

- j. “PwC” means Price Waterhouse Coopers LLP.
- k. “PwC Report” means PwC’s June 5, 2024 *Summary of Various 2023 Wildfire Mitigation and Vegetation Management Tracking Accounts and 2019-2023 Wildfire Risk Mitigation Balancing Account Expenditures: Management’s Assertion for Independent Audit*.²
- l. “Settlement Agreement Revenue Requirement” has the meaning ascribed to it in Section D.1.
- m. “VMBA” means SCE’s Vegetation Management Balancing Account.
- n. “WEMA” means SCE’s Wildfire Expense Memorandum Account.
- o. “WMPMA” means SCE’s Wildfire Mitigation Plan Memorandum Account.
- p. “WRMBA” means SCE’s Wildfire Risk Mitigation Balancing Account.

¹ Exhibit SCE-01, Vol. 01, pp. 1, 4, 51; Exhibit SCE-01, Vol. 06, pp. 2, 8; Exhibit SCE-05, pp. 26-29. *See also* Resolution ALJ-440, p. 4.

² *See* Exhibit SCE-02 and Exhibit SCE-03.

C. Recitals

1. SCE filed the 2023 WMCE application on April 5, 2024. In the 2023 WMCE application, SCE seeks Commission authorization to recover an initial revenue requirement of \$326.3 million. SCE seeks recovery of 2023 incremental costs for wildfire mitigation and vegetation management recorded in the WMPMA, the FRMMA, and the VMBA. SCE also seeks recovery of incremental wildfire covered conductor program cumulative 2019-2023 capital expenditures recorded in the WRMBA.³ SCE further seeks recovery of incremental storm-related costs associated with certain 2020, 2021, and 2022 events recorded in the CEMA. Finally, SCE seeks recovery of certain wildfire liability insurance premium expenses incurred during the 2019-2020 policy year recorded in the WEMA.⁴ SCE's 2023 WMCE application asked the Commission to deem as just and reasonable, and authorize for recovery, total incremental spending of approximately \$702.5 million in capital expenditures and approximately \$320.1 million in O&M expense that SCE recorded in the above referenced accounts.
2. SCE retained its independent auditor, PwC, to examine the WMCE recorded costs in this application. On June 5, 2024, PwC issued the PwC Report. The PwC Report stated that SCE's requests are incremental and recorded accurately.⁵
3. On December 6, 2024, Cal Advocates served its direct testimony. Cal Advocates' testimony recommended disallowances of the following O&M costs: (a) \$41.184 million in vegetation management and environmental support costs recorded in the VMBA and the FRMMA; (b) \$0.784 million in costs related to COVID-19

³ SCE's WRMBA request herein is incremental to the amount approved by the Commission in Track 1 of SCE's 2021 General Rate Case (GRC) in D.21-08-036.

⁴ See Exhibit SCE-05, p. 1.

⁵ See Exhibit SCE-02 and Exhibit SCE-03.

case managers recorded in the CEMA; and (c) \$7.2 million in costs related to insurance premiums recorded in the WEMA.⁶

4. On December 6, 2024, SBUA served its direct testimony. SBUA's testimony recommended, but did not quantify, disallowances in the following cost categories: (a) vegetation management costs recorded in the VMBA; (b) environmental support costs recorded in the FRMMA; and (c) Quick Reaction Force aerial suppression costs recorded in the WMPMA. SBUA also recommended a disallowance of \$2.4 million in O&M salvage costs for the disposal of personal protective equipment and consumables in connection with the COVID-19 global pandemic, recorded in the CEMA. SBUA also sought additional transparency regarding the incrementality and reasonableness of VMBA costs and the affordability implications of SCE's application for small commercial customers.⁷
5. On January 15, 2025, SCE served its rebuttal testimony, responding to Cal Advocates' and SBUA's positions, and reiterating its request that the Commission authorize recovery of an initial revenue requirement of \$326.3 million.⁸
6. On March 10, 2025, the Settling Parties filed a joint motion to admit testimony and exhibits into evidence. On March 11, 2025, Administrative Law Judge DeAngelis extended the deadline to file Opening Briefs to March 21, 2025, to allow the Settling Parties sufficient time to finalize and execute a Settlement Agreement.

⁶ See Exhibits CA-01, CA-02, CA-03, CA-04 and CA-05. Cal Advocates' direct testimony also included a proposed disallowance of \$3.5 million for the PSPS Disallowance. See Exhibit CA-03, pp. 1-3. Cal Advocates now understands that the PSPS Disallowance was, in fact, removed from SCE's original request, and no longer proposes a \$3.5 million disallowance in the WMPMA.

⁷ See Exhibit SBUA-01.

⁸ Exhibit SCE-05, p. 1.

7. The Settling Parties wish to resolve all issues in contention between them in the 2023 WMCE and avoid the expense and burden of protracted litigation.

Accordingly, the Settling Parties have reached an agreement that resolves all 2023 WMCE issues, as indicated in Section E of this Settlement Agreement.

D. Agreement

In consideration of the mutual obligations, covenants and conditions contained herein, the Settling Parties agree to the terms of this Settlement Agreement. Nothing in this Settlement Agreement shall be deemed to constitute an admission by any Settling Party that its position on any issue lacks merit, or that its position has greater or lesser merit than the position taken by any other Settling Party. This Settlement Agreement is subject to the express limitation on precedent described in Commission Rule of Practice and Procedure 12.5 and as set forth in Section I of this Settlement Agreement.

1. *SCE's 2023 WMCE O&M and Capital Expenditures*

This Settlement Agreement seeks Commission approval for recovery of SCE's proposed O&M and capital expenditures subject to the revenue requirement reductions explained below. Specifically, the Settlement Agreement adopts \$308.1 million in O&M (i.e., \$320.1 million minus \$12 million in revenue requirement reductions) and \$702.5 million in capital (i.e., \$702.5 million minus \$0 million in disallowances), for a revised total initial revenue requirement of \$314.3 million (the Settlement Agreement Revenue Requirement).⁹

⁹ The Settlement Agreement Revenue Requirement implicitly includes a \$3.5 million reduction for the PSPS Disallowance, because SCE excluded the \$3.5 million PSPS Disallowance from its original 2023 WMCE cost recovery application. *See Exhibit SCE-01, Vol. 01, pp. 1, 4, 51; Exhibit SCE-01, Vol. 06, pp. 2, 8; Exhibit SCE-05, pp. 26-29. See also Resolution ALJ-440, p. 4.*

2. Revenue Requirement Reductions

The Settlement Agreement adopts a \$12 million revenue requirement reduction effectuated through a reduction to SCE's O&M recorded costs in the following memorandum and balancing accounts:¹⁰

- FRMMA – \$1.0 million reduction
- VMBA – \$9.5 million reduction
- CEMA – \$1.4 million reduction
- WEMA – \$0.1 million reduction

By reducing the amounts of O&M costs recorded in these memorandum accounts as set forth in this section, SCE agrees that it will not seek recovery of these costs or revenue requirements from ratepayers in any other future proceeding or application at the CPUC (subject to the term set forth in Section G.4 below). These revenue requirement reductions and resulting Settlement Agreement Revenue Requirement amounts are shown in Table 1 below:

¹⁰ The Settlement Agreement also approves the full recovery of SCE's incremental costs recorded in the WMPMA and the WRMB. The Settling Parties agreed to not include reductions to the incremental O&M in the WMPMA. The WRMB does not include any incremental O&M; the capital expenditures recorded to the WRMB are unchallenged.

Table 1
Settlement Agreement O&M Reductions and Revenue Requirement
(\$000)

	Original O&M	Revised O&M Per Settlement	Capital	Original Rev Req	Settlement Agreement Rev Req	Difference
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VMBA	\$ 159,734	\$ 150,234	\$ -	\$ 164,819	\$ 155,319	(\$ 9,500)
WRMBA	\$ -	\$ -	\$ 585,788	\$ (537)	\$ (537)	\$ 0
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Total	\$ 320,063	\$ 308,063	\$ 702,449	\$ 326,337	\$ 314,337	(\$ 12,000)

3. Ratemaking and Amortization Period

Upon Commission approval of this Settlement Agreement, SCE will transfer the authorized incremental O&M costs plus the additional interest expense that have been accrued during the pendency of this proceeding from WMPMA, FRMMA, VMBA, CEMA, and WEMA to the distribution subaccount of the BRRBA for recovery in customers' distribution rates over a 12-month period.¹¹

For authorized capital expenditures, SCE will transfer the initial capital-related revenue requirement plus the ongoing capital-related revenue requirement and interest expense recorded in the WMPMA, WRMBA, and CEMA during the pendency of this proceeding to the distribution subaccount of the BRRBA for recovery in customers' distribution rates over a 12-month period. SCE will then annually transfer, each December 31, the ongoing capital-related revenue requirement associated with the eligible approved capital expenditures to the distribution

¹¹ See Exhibit SCE-01, Vol. 06, pp. 40-43.

subaccount of the BRRBA until the ongoing capital-related revenue requirement is included in GRC base rates.¹²

The 2023 WMCE Settlement Agreement Revenue Requirement will be implemented during SCE's next scheduled rate change upon Commission approval (or as soon after as reasonably practicable).

4. Non-Financial Terms

The Settling Parties also agree to the following non-financial terms:

- a. On a non-precedential basis and to promote transparency, SCE will take steps to make accounting, reporting and internal control changes to record its vegetation management accruals, accrual reversals, and actual costs under the same cost element group, rather than all such accruals and accrual reversals recording under an “other” category as is SCE’s current practice. This new approach will be fully implemented beginning on January 1, 2026. SCE shall notify the Commission of subsequent changes to this new approach 60 days prior to making them via a Tier 2 Advice Letter that specifies the planned modification and the reason for the modification.
- b. In future after-the-fact reasonableness review applications seeking recovery of SCE’s costs for the Quick Reaction Force (QRF):
 - i. SCE will document the (1) firefighting agencies’ efforts that it is aware of to find alternative sources of QRF funding and a (2) description of the firefighting agencies’ efforts to secure other non-financial resources (e.g., through mutual aid agreements) for the period covered by the application or for ongoing efforts for future years.
 - ii. To demonstrate efforts to reduce firefighting agencies’ reliance on SCE customer funding, SCE will report on the firefighting agencies’ ongoing

¹² See Exhibit SCE-01, Vol. 06, pp. 40-43.

and planned efforts that it is aware of to obtain alternative funding or efforts to secure other non-financial resources (e.g., through mutual aid agreements) for future years for which SCE has not entered into funding agreements with the firefighting agencies, such as by means of filing actual budget requests, grant applications, proposed legislation, etc., as appropriate to agencies actual budgeting/funding processes.

- iii. SCE will also report on the firefighting agencies' budget for non-SCE-funded aerial suppression assets, to the extent that information is reasonably available to SCE and ascertainable, from the subject application year onward.
- c. In future after-the-fact reasonableness review applications seeking recovery of incremental Vegetation Management Balancing Account (VMBA) costs in 2024 and through the 2025-2028 GRC Period, including any future tracks or phases that may be established in SCE's 2025 GRC, SCE will include variance explanations identifying and explaining overspends or underspends of SCE's recorded costs and, where feasible, variances in the quantity of activity, as compared to, the applicable categories of costs and quantities described in SCE's testimony and workpapers submitted in the applicable GRC filing for which funding for the activity or program was approved, to the extent that information is reasonably available and ascertainable to SCE.
- d. In future after-the-fact reasonableness review applications seeking review of SCE's WMPMA, FRMMA, or VMBA costs in 2024 and through the 2025-2028 GRC Period, including any future tracks or phases that may be established in connection with SCE's 2025 GRC, SCE will identify (i) the forecasted average percentage and dollar bill impact for three National American Industry Classification System (NAICS) codes including Food Services and Drinking Places (NAICS 722), Ambulatory Health Care Services (NAICS 621), and Real

Estate (Property Management, NAICS 531), as well as for “small retail store” building types; and (ii) total anticipated bill changes to small business customers. SCE will provide this information at the time the application is filed and in the event it seeks interim rate recovery, also during the pendency of the proceeding.

E. Resolution of All Issues Raised by Cal Advocates and SBUA in 2023 WMCE

The Settling Parties agree that this Settlement Agreement fully resolves all issues in the 2023 WMCE. The Settling Parties confirm that further litigation between the Settling Parties in the 2023 WMCE on any issue will cease on the Signature Date referenced below. Following the Signature Date, Cal Advocates’ and SBUA’s participation in the 2023 WMCE will be limited to advocating for, and supporting final approval by the Commission of, this Settlement Agreement without modification. Notwithstanding the foregoing, if this Settlement Agreement is not approved by the Commission as set forth in Section G, then litigation between the Settling Parties in the 2023 WMCE may resume, and Cal Advocates’ and SBUA’s participation in the 2023 WMCE shall no longer be limited by this provision.

F. Execution of Settlement Agreement

Execution of this Settlement Agreement shall be complete as of the last signature date of the Settling Parties. This Settlement Agreement can be executed in counterparts, each of which shall be deemed an original. Each Settling Party represents and warrants that the individual executing this Settlement Agreement on behalf of the Settling Party is duly authorized to sign for that Settling Party.

G. Regulatory Approval

1. The Settling Parties, by signing this Settlement Agreement, acknowledge that they pledge support for Commission approval and subsequent implementation of all the provisions of this Settlement Agreement. The Settling Parties shall jointly request that the Commission

approve the Settlement Agreement without change and that the Commission make a finding that this Settlement Agreement is reasonable, consistent with law, and in the public interest. The Settling Parties will make reasonable efforts to advocate for timely resolution of this proceeding, even if a proposed decision adopting the Settlement Agreement is not issued by the deadlines outlined in the Scoping Memo.

2. This Settlement Agreement shall become binding on the Settling Parties as of the date it is approved by the Commission. If the Commission does not approve this Settlement Agreement as reasonable and declines to adopt it without modification, the Parties agree to renegotiate this Settlement Agreement in good faith with regard to any Commission-ordered changes in order to preserve the balance of benefits and burdens. In the event such negotiations are unsuccessful, a Settling Party may, in its sole discretion, elect to terminate the Settlement Agreement. Such termination shall be effectuated through written notice that is signed by the Settling Party that has elected to terminate the Settlement Agreement.

3. Should any Proposed Decision (PD) or Alternate Proposed Decision (APD) seek a modification to this Settlement Agreement, and should any Settling Party be unwilling to accept such modification, that Settling Party shall so notify the other Settling Parties within five business days of issuance of the PD or APD. The Settling Parties shall thereafter promptly discuss the modification and negotiate in good faith to achieve a resolution acceptable to the Settling Parties, and shall promptly seek Commission approval of the resolution so achieved. Failure to resolve such approach to any modification to the satisfaction of Settling Parties, or to obtain Commission approval of such resolution promptly, thereafter, shall entitle any Settling Party to withdraw its support for this Settlement Agreement through prompt notice to all other Settling Parties. If SCE withdraws its support, this Settlement Agreement shall be terminated.

4. If the Settlement Agreement is terminated as to all Settling Parties, the signatories shall be released from any and all obligations and representations set forth in the Settlement Agreement, and restored to their positions prior to having entered into the Settlement Agreement. If a party declines to support a Settlement Agreement renegotiated pursuant to Sections G.2 or

G.3, the particular Settling Party(ies) that declines to support the revised terms shall be released from any and all obligations and representations in the original or renegotiated Settlement Agreement.

H. Compromise of Disputed Claims

This Settlement Agreement represents a compromise of disputed claims between the Settling Parties after arm's-length negotiations. The Settling Parties have reached this Settlement Agreement after taking into account the possibility that each Settling Party may or may not prevail on any given issue. The Settling Parties assert that this Settlement Agreement is reasonable, consistent with law, and in the public interest.

I. Settlement is Not Precedential

Consistent with Rule 12.5 of the Commission's Rules of Practice and Procedure, unless the Commission expressly provides otherwise, adoption of this Settlement Agreement does not constitute approval of or precedent regarding any issue or principle in this proceeding or in any future proceeding. This Settlement Agreement does not limit the discretion of any Settling Party to re-raise any issue resolved in this Settlement Agreement if this Settlement Agreement is terminated under Section G of this Settlement Agreement.

J. Previous Communications

The Settlement Agreement contains the entire agreement and understanding between the Settling Parties as to the subject matter of this Settlement Agreement. In the event there is any conflict between the terms and scope of this Settlement Agreement and the terms and scope of the accompanying Joint Motion in support of the Settlement Agreement, the Settlement Agreement shall govern.

K. Term of the Agreement

This Settlement Agreement shall be final and in full force on the date of Commission approval of this Settlement Agreement.

L. Incorporation of Complete Settlement Agreement

This Settlement Agreement is to be treated as a complete package and not as a collection of separate agreements on discrete issues. The Settling Parties acknowledge that changes, concessions, or compromises by a Settling Party or Settling Parties in one section of this Settlement Agreement resulted in changes, concessions, or compromises by a Settling Party or Settling Parties in other sections. Consequently, the Parties agree to affirmatively oppose any modification of this Settlement Agreement unless the Settling Parties jointly agree in writing to support such modification.

M. Non-Waiver

None of the provisions of this Settlement Agreement shall be considered waived by any Settling Party unless such waiver is given in a writing signed by that Settling Party. The failure of a Settling Party to insist in any one or more instances upon strict performance of any of the provisions of this Settlement Agreement or take advantage of any of their rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

N. Effect of Subject Headings

Subject headings in this Settlement Agreement are inserted for convenience only and shall not be construed as interpretations of the text.

O. Governing Law and Jurisdiction

This Settlement Agreement shall be interpreted, governed, and construed under the laws of the State of California, including Commission decisions, orders and rulings, as if executed and to be performed wholly within the State of California, notwithstanding otherwise applicable conflict of law principles. The Settling Parties agree that the Commission retains jurisdiction to enforce the terms of this Settlement Agreement and resolve any disputes regarding the Settling Parties' performance under the Settlement Agreement.

P. Performance

The Settling Parties agree to perform diligently, and in good faith, all actions required hereunder, including, but not limited to, the execution of any other documents and the taking of any other actions reasonably required to effectuate the terms of this Settlement Agreement, and the preparation of exhibits reasonably required for, and presentation of witnesses reasonably required at, any required hearings to obtain approval and adoption of this Settlement Agreement by the Commission.

SOUTHERN CALIFORNIA EDISON COMPANY

Dated: March 21, 2025

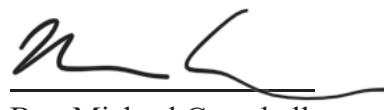
/s/ Michael Backstrom

By: Michael Backstrom

Title: Senior Vice President, Regulatory Affairs

CALIFORNIA PUBLIC UTILITIES COMMISSION
PUBLIC ADVOCATES OFFICE

Dated: March 21, 2025



By: Michael Campbell
Title: Energy Deputy Director

SMALL BUSINESS UTILITY ADVOCATES

Dated: March 21, 2025

/s/ *B. Marra*

By: Britt Marra
Title: Executive Director