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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority to Establish its Authorized Cost of Capital for Utility Operations for 2026. (U39M)	A.25-03-010
And Related Matters.	A.25-03-011 A.25-03-012 A.25-03-013

AMENDED MOTION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR ADMISSION OF EXHIBITS INTO EVIDENCE

PUBLIC VERSION

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September 19, 2025

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

Application of Pacific Gas and Electric Company for Authority to Establish its Authorized Cost of Capital for Utility Operations for 2026. (U39M)	A.25-03-010
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Pursuant to Rule 11.1 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, Southern California Edison Company (SCE) files this amended motion to admit into evidence the following exhibits:[1]

Exhibit Number	Title/Description	Available At:
SCE-09	S&P Global Ratings, *Edison International And Subsidiary Downgraded To 'BBB-' On Smaller-Than-Expected Wildfire Fund; Outlook Is Negative*, September 17, 2025 - Public Version	Appendix A
SCE-09C	S&P Global Ratings, *Edison International And Subsidiary Downgraded To 'BBB-' On Smaller-Than-Expected Wildfire Fund; Outlook Is Negative*, September 17, 2025 - Confidential Version	Appendix B

[1] This Amended Motion of SCE for Admission of Exhibit Into Evidence replaces the Motion of SCE for Admission of Exhibit Into Evidence previously filed on September 18, 2025, which is hereby withdrawn. SCE subsequently became aware that a portion of the report is publicly available; accordingly, SCE is no longer seeking confidential treatment for that portion of the report and is providing a public redacted version of SCE-09.

A confidential version of this amended motion has been served on ALJ Lakey and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) and made available to parties with signed Non-Disclosure Agreements (NDAs) in this proceeding.

I. BACKGROUND

On September 17, 2025, as shown in Exhibit SCE-09C, S&P Global Ratings lowered SCE's Corporate Credit Rating to BBB- with a negative outlook, among other ratings downgrades for SCE and its parent company Edison International. Prior to this rating action, on August 29, 2025, the parties to this proceeding had stipulated to the entry of SCE's S&P credit ratings as of August 29, 2025, including an S&P Corporate Credit Rating of BBB (the Stipulated Facts).

II. REQUEST FOR RELIEF

SCE respectfully requests that Exhibits SCE-09 (public version) and SCE-09C (confidential version) be admitted into the evidentiary record for this proceeding. There is good cause for admission of the exhibit because it will provide an accurate record of SCE's current S&P credit ratings, which have changed since the parties submitted Stipulated Facts noting SCE's credit ratings as of August 29, 2025. SCE's current credit ratings as of September 17, 2025, are now as set forth below:

Rating	**Standard & Poor's**	**Moody's**	**Fitch**
Corporate Credit Rating (Outlook)	BBB- (Negative)	Baa1 (Stable)	BBB (Watch Negative)
First Mortgage Bonds	BBB+	A2	A-
Senior Unsecured Debt	BBB-	Baa1	BBB+
Preferred Stock	BB	Baa3	BBB-
Short-Term Debt	A-3	P-2	F3

Parties recognized the relevance of credit rating information in this proceeding by citing it in their testimony. Moreover, the Commission has relied on current credit rating information in past cost of capital decisions.[2] Exhibit SCE-09 provides S&P's rationale for its decision and contains credit rating agency commentary on SCE's financial outlook in light of the California legislature's recent passage of Senate Bill (SB) 254, the continued risk of wildfire and the wildfire fund size that is highly relevant to the Commission's decision in this proceeding. SCE could not have moved for the admission of SCE-09 earlier in the proceeding because the document was not published until September 17, 2025.

While Fitch and Moody's also issued commentary or reports on September 16 and 17, respectively, they maintained SCE's current ratings while noting the credit supportive and adverse features of SB 254 and the pressing need for a long-term, comprehensive solution. SCE is not seeking to enter these reports into the record given that they did not change SCE's credit ratings, but notes that the Fitch report is available online for parties to reference.[3]

III. REQUEST FOR EXPEDITED RELIEF

Pursuant to Rule 11.1(g), SCE respectfully requests that this amended motion be decided on an expedited basis before responses or replies are filed. The Assigned Commissioner's Ruling Consolidating Four Applications and Scoping Memo and Ruling (Scoping Memo) provides for a Proposed Decision in this proceeding in November 2025. An expedited ruling is therefore warranted to ensure that the record is accurate and complete as soon as possible.

In the alternative, should the Commission wish to give parties an opportunity to respond, SCE requests an expedited schedule for responses be set to ensure a prompt resolution and establishment of the record.

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[2] *See*, *e.g.*, D.22-12-031, pp. 6-7 (citing SCE's credit ratings since the prior cost of capital decision); Findings of Fact 41-45 (citing the utilities' credit ratings).

[3] *California's Three Large Investor-Owned Utilities to Benefit from SB 254 Passage*, Fitch Ratings (Sept. 16, 2025), *available at* https://www.fitchratings.com/research/corporate-finance/californias-three-large-investor-owned-utilities-to-benefit-from-sb-254-passage-16-09-2025.

IV. CONCLUSION

Based on the foregoing, SCE respectfully requests that Exhibits SCE-09 (public version) and SCE-09C (confidential version) be admitted into evidence for this proceeding and that a ruling granting this relief be issued on an expedited basis.

Respectfully submitted,

/s/ Ainsley Carreno

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September 19, 2025

Appendix A

SCE-09- S&P Global Ratings, *Edison International And Subsidiary Downgraded To 'BBB-' On Smaller-Than-Expected Wildfire Fund; Outlook Is Negative*, September 17, 2025

Public Version

S&P Global
Ratings

RatingsDirect®

Research Update:

Edison International And Subsidiary Downgraded To 'BBB-' On Smaller-Than-Expected Wildfire Fund; Outlook Is Negative

September 17, 2025

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Rating Action Overview

- The California legislature recently passed Senate Bill (SB) 254, which creates a wildfire fund continuation account that provides the state's investor-owned utilities (IOU), including Edison International (Edison) and subsidiary Southern California Edison Co. (SCE), with access to an incremental $18 billion for future wildfires. We expect SB 254 will be enacted into law in the near term.
- We assess the new fund as about 50% smaller on a net present value basis compared with the prior roughly $21 billion wildfire fund created in 2019 through Assembly Bill (AB) 1054, weakening Edison's credit quality.
- Accordingly, S&P Global Ratings lowered its long-term issuer credit rating (ICR) on Edison and subsidiary SCE to 'BBB-' from 'BBB'. We also lowered the issue-level rating on Edison's senior unsecured debt to 'BB+' from 'BBB-', lowered the short-term rating to 'A-3' from 'A-2', and lowered our rating on its junior-subordinated notes to 'BB' from 'BB+'.
- At the same time, we also lowered our ratings on SCE's first-mortgage bonds to 'BBB+' from 'A-', senior unsecured debt to 'BBB-' from 'BBB', short-term rating to 'A-3' from 'A-2', and preference stock to 'BB' from 'BB+'. Absent the passage of SB 254, Edison's ICR would have likely weakened by more than one-notch.
- The negative outlook reflects the uncertainty regarding the Eaton Fire liabilities that could be higher than our base case and if the wildfire fire fund weakens to lower than two-thirds of its original size or to about $14 billion.

Rating Action Rationale

The one-notch downgrade of Edison and subsidiary SCE reflects our expectations of a shrinking wildfire fund. SB 254 authorizes a wildfire continuation account that effectively increases the fund's limit by about $18 billion. Of the total amount, $9 billion will be sourced from a 10-year extension starting in 2036 of the current non-bypassable charge on customer bills, $5.1 billion will be sourced through $300 million annual contributions (2029-2045) from the IOUs, with Edison's portion expected to be about $144 million annually. IOUs will fund the remaining $3.9 billion only if requested by the Wildfire Fund Administrator and paid over five years. Edison's annual portion of the $3.9 billion is expected to be about $373 million. Overall, SB254 raised Edison's fund contribution percentage to about 48% from 32%.

However, based on the timing of contributions through 2045, we estimate the net present value of the continuation account provides an incremental $10.5 billion. We acknowledge this could be modestly higher or lower based on key assumptions, including discount rates and securitization maturity dates. We expect the $10.5 billion, along with the remaining amounts after funding the Eaton Fire liabilities (which we expect will not fully consume the current approximately $21 billion fund currently available for repayment), will represent only about 70%-75% of the prior $21 billion fund or approximately $14 billion - $16 billion, weakening Edison's credit quality.

We revised the comparable rating analysis (CRA) modifier to negative from neutral. We based this revision on our expectations of a smaller wildfire fund, which is essential for Edison's credit quality. Overall, we assess Edison at the lower end of the range for its strong business risk profile, relative to peers.

The 2025 Eaton Fire and the 2018 Camp Fire highlight California IOUs' exposure to catastrophic wildfires. The occurrence of these severe wildfires, occurring slightly more than six years apart, suggests a potential for continued negative impacts on California's IOU's credit quality due to escalating wildfire risks. While multi-billion-dollar investments such as system hardening and situational awareness aimed at mitigating wildfire risk are beneficial, they do not eliminate the possibility of a catastrophic event. A single, devastating wildfire could significantly impair a utility's financial performance and trigger a multi-notch downgrade. We believe such high risks faced by California's IOUs are unsustainable.

Based on the devastating wildfire damages from the Camp and the Eaton fires, we estimate Edison requires a consistent approximate $20 billion wildfire fund to maintain credit quality, absent other material reforms. As such, as we determine that the wildfire fund's size is decreasing, Edison's credit quality weakens. A wildfire fund serves as a critical financial cushion when a utility is facing a catastrophic wildfire event. Elimination or full depletion of the wildfire fund will likely limit Edison's credit rating to a maximum of 'BB-'.

Climate change and inverse condemnation are increasing Edison's wildfire risks. Because of climate change, areas are becoming drier for longer periods, increasing their susceptibility to catastrophic wildfires. Furthermore, under California's interpretation of the legal doctrine of inverse condemnation, a Californian utility can be financially responsible for a wildfire if its facilities were a contributing cause of the fire, irrespective of negligence. These rising risks are increasing for all of California's IOUs.

Utilities were never established to be the last resort for wildfire risk. Utilities earn modest returns on equity at 9%-11% and are leveraged at about 50%. Accordingly, the utility industry was never designed to handle this enormous rising wildfire risk. Other industries, such as insurance companies, which are generally characterized by lower financial leverage compared to other sectors and that have a greater capacity to absorb high losses during extreme weather events, are better positioned to take on wildfire risks.

SB 254 recognizes that more must be done to support Edison's credit quality. The bill requires of the Wildfire Fund Administrator to submit a report by April 2026 that recommends new approaches to mitigate damages, accelerate recovery, and equitably allocate the burdens from natural catastrophes across stakeholders to complement or replace the fund. While we believe the state is committed to identifying new solutions, we expect that given the complexity of the problems, such measures could be challenging to implement in a durable manner. We expect to closely monitor these developments to determine their effects on Edison's credit quality.

Other credit supportive elements in SB254 include providing IOUs the Right of First Refusal in the sales of insurance subrogation rights, securitization option for 2025 fires until the effective date of SB254, counting utility contributions toward future disallowance and determination of the liability cap based on the year of ignition. While these factors support credit quality, we believe a robust wildfire fund is critical for Edison's credit quality.

We continue to assess Edison's financial risk profile as significant. We base our assessment on our medial volatility financial benchmark table, reflecting the company's regulated utility business and effective regulatory risk management. We expect the company's FFO to debt to improve in 2025, reflecting increased cash collections from several balancing accounts, approximately $1.6 billion in securitization financing from the Thomas fire, Koenigstein fire, and Montecito mudslides (TKM) events, and our expectation of constructive regulatory decisions on SCE's 2025 general rate case.

Under our base-case scenario, we expect annual capital expenditures to average just about $7.5 billion annually over our forecast period. Our base case also assumes manageable operating expense levels, steady use of SCE's regulatory mechanism that support cash flow, and dividends averaging about $1.4 billion over our forecast period. Furthermore, our base case assumes negative discretionary cash flow, reflecting the company's capital spending and dividend payments. Overall, we anticipate Edison's financial measures will reflect FFO to debt of 15%-16% through 2027. Furthermore, similar to the TKM cost recovery proceeding, SCE is requesting cost recovery for approximately $5.4 billion in losses incurred related to the Woolsey Fire event (2018). This matter is still pending. We estimate a constructive outcome on this proceeding could improve Edison's consolidated FFO to debt by 70-80 basis points from 2026 onward.

Outlook

The negative outlooks on Edison and SCE reflects the uncertainty regarding the Eaton Fire liabilities that could be higher than our base case and that the wildfire fire fund could further weaken to below two-thirds of its original size or to about $14 billion. The negative outlooks also reflect the potential for a more challenging operating environment going forward for Edison and SCE due to wildfire risk, which could further weaken credit quality.

Downside scenario

We could lower our ratings on Edison and subsidiary SCE within the next 12 to 24 months if:

- SB254 is not enacted into law;
- The size of the wildfire fund based on a net present value falls to less than two-thirds of its original size or below $14 billion. This would likely occur if the liabilities associated with the Eaton fire are higher than our base case, largely consuming most of the original approximate $21 billion wildfire fund;
- If SCE or another participating IOU in the fund experience a significant wildfire that materially increases wildfire-related liabilities;

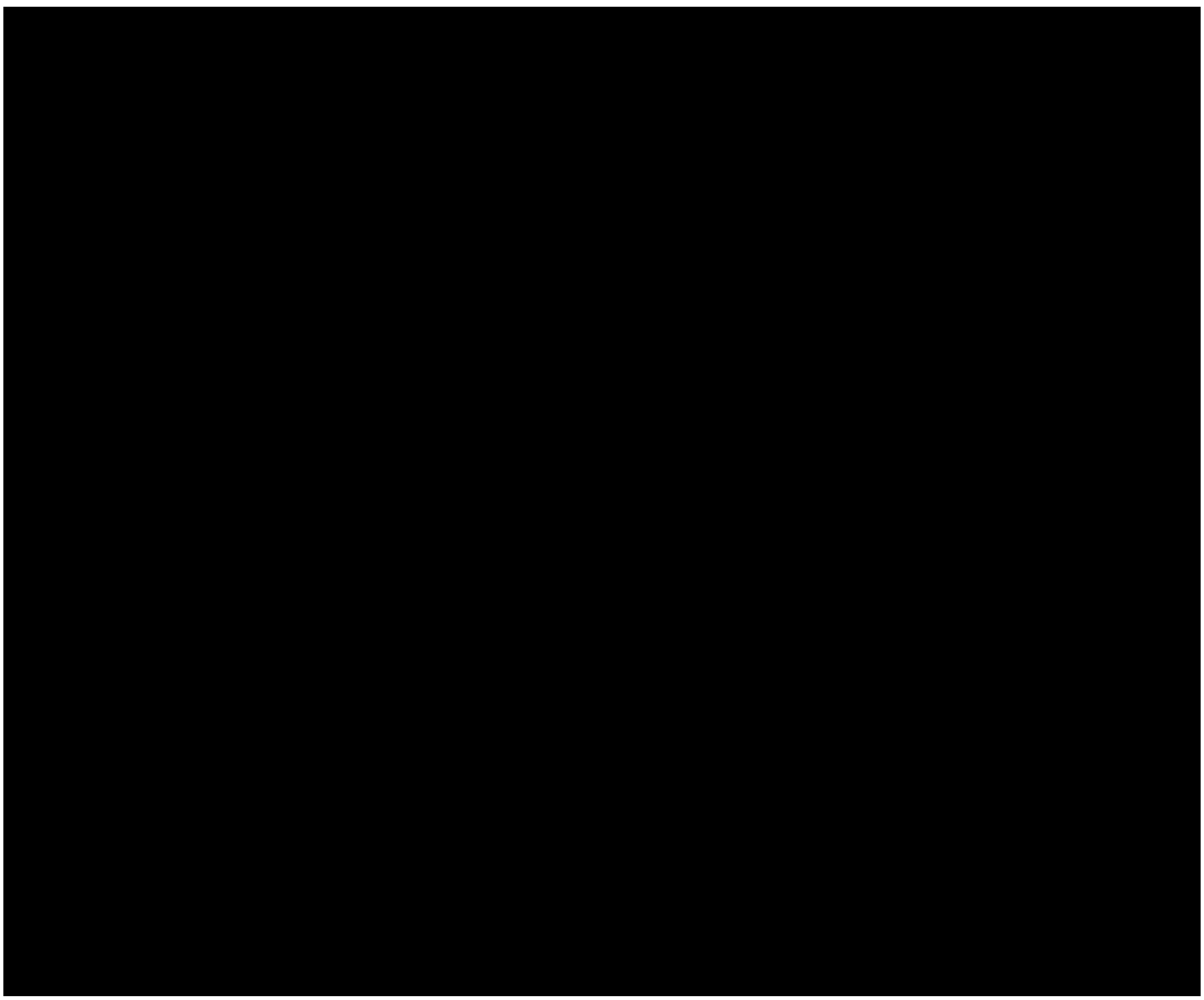
- We conclude that the company's wildfire mitigation strategies are insufficient to consistently protect the company against severe wildfire losses; or
- Edison's consolidated financial measures weaken, reflecting FFO to debt of less than 13%.

Upside scenario

We could affirm the ratings and revise the outlook to stable within the next 24 months if California enacts new measures in 2026 that materially reduces Edison’s wildfire risks. We could also revise the outlook to stable if there are no further catastrophic wildfires and the Eaton Fire liabilities are consistent with our base case such that the wildfire fund balance is consistently maintained at greater than $14 billion and Edison maintains FFO to debt consistently greater than 13%.

Company Description

Edison is a holding company that, through regulated utility subsidiary SCE, has more than 3,500 megawatts of owned electric generation capacity and serves more than 5 million customers in central, coastal, and Southern California.



[redacted]

[redacted]

Related Criteria

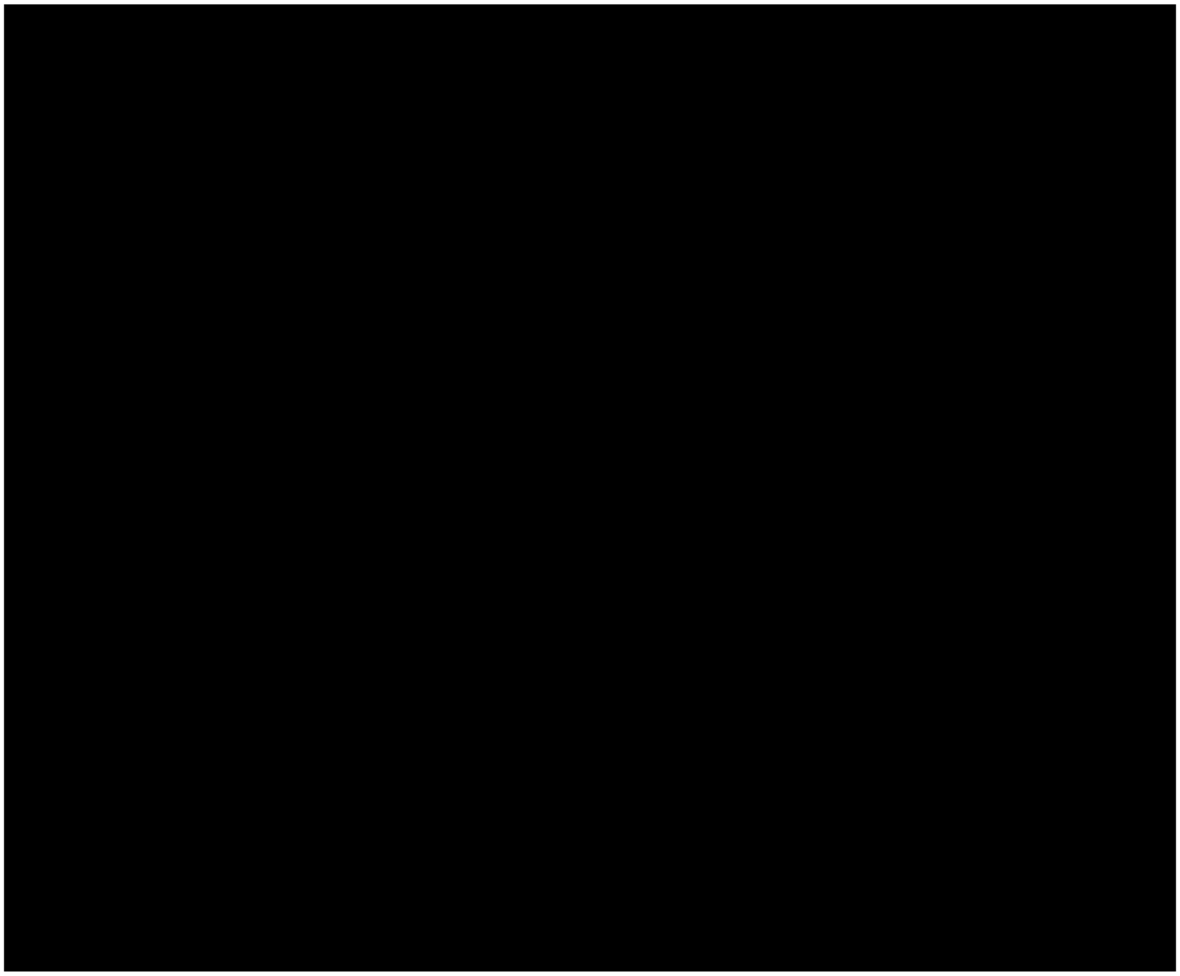
- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019

- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Southern California's Historic Wildfire Destruction Puts Heat On North America Investor-Owned Utilities' Credit Quality, Jan. 15, 2025
- Bulletin: Edison International And Subsidiary Southern California Edison Actively Monitored Amid Wildfire-Related Incident Reports, Jan. 13, 2025
- Tear Sheet: Edison International Actively Monitored Amid Significant Wildfires, Jan. 8, 2025
- Wildfire-Exposed U.S. Investor-Owned Utilities Face Increasing Credit Risks Without Comprehensive Solutions, Nov. 6, 2024
- Tear Sheet: TKM Settlement Agreement Is Potentially Supportive For Edison International's Credit Quality, Sept. 9, 2024

[redacted]



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Appendix B

SCE-09C- S&P Global Ratings, *Edison International And Subsidiary Downgraded To 'BBB-' On Smaller-Than-Expected Wildfire Fund; Outlook Is Negative*, September 17, 2025

Confidential Version

The confidential attachment has been redacted in its entirety.

Southern California Edison Company's 2026 Cost of Capital Proceeding A.25-03-012
DECLARATION OF ALLISON BAHEN
REGARDING THE CONFIDENTIALITY OF CERTAIN DATA

I, Allison Bahen, declare and state:

1. I am a Director of Capital Asset Analytics, Regulatory Economics & Reporting at Southern California Edison (SCE). Daniel Wood, Vice President Financial Planning & Analysis, delegated authority to me to sign this declaration. I had responsibility for overseeing and reviewing the submission of the below document in this proceeding.

2. I am making this declaration in accordance with the instructions set forth in Decision 16-08-024 and Decision 17-09-023 in R.14-11-001, which were issued August 25, 2016, and September 28, 2017, respectively, and General Order 66-D, which collectively govern the submission of confidential documents to the Commission.

3. I have personal knowledge of the facts and representations herein and, if called upon to testify, could and would do so, except for those facts expressly stated to be based upon information and belief, and as to those matters, I believe them to be true.

4. Listed below is the information for which SCE is seeking confidential protection.

#	Location of Confidential Information	Pages	Description of Confidential Information	Basis for SCE's Confidentiality Claim
1	Exhibit SCE-09C	Portions of pp. 4-8	Proprietary credit report from rating agency	This information was obtained from S&P Global, which is a proprietary service. SCE does not own the copyright but has received permission to produce this document on a confidential basis in response to this data request.

#	Location of Confidential Information	Pages	Description of Confidential Information	Basis for SCE's Confidentiality Claim
				Protected under Gov't Code §§7924.510; 7927.705, and the Federal Copyright Act of 1976, 17 U.S. Code Title 17.

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

Executed on 9/19/2025 at Santa Monica, California.

Signed by:
Allison Bahen
15C68DC3373B4CF...
Allison Bahen