STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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November 13, 2025

Agenda ID #23859
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 24-10-002:

This is the proposed decision of Administrative Law Judge Regina DeAngelis. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's December 18, 2025 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

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

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

/s/ MICHELLE COOKE
Michelle Cooke
Chief Administrative Law Judge

MLC:nd3
Attachment

Decision **PROPOSED DECISION OF ALJ DeANGELIS (Mailed 11/13/2025)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Authority to Recover Costs Related to the 2018 Woolsey Fire Recorded in the Wildfire Expense Memorandum Account and Catastrophic Event Memorandum Account.	Application 24-10-002

DECISION ADOPTING SETTLEMENT ON THE REQUEST BY SOUTHERN CALIFORNIA EDISON COMPANY FOR COST RECOVERY RELATED TO THE 2018 WOOLSEY FIRE RECORDED IN THE WILDFIRE EXPENSE MEMORANDUM ACCOUNT AND CATASTROPHIC EVENT MEMORANDUM ACCOUNT

TABLE OF CONTENTS

DECISION ADOPTING SETTLEMENT ON THE REQUEST BY SOUTHERN CALIFORNIA EDISON COMPANY FOR COST RECOVERY RELATED TO THE 2018 WOOLSEY FIRE RECORDED IN THE WILDFIRE EXPENSE MEMORANDUM ACCOUNT AND CATASTROPHIC EVENT MEMORANDUM ACCOUNT

Summary

This decision adopts the September 19, 2025 Settlement Agreement regarding the request by Southern California Edison Company (SCE) for approval and recovery of certain costs associated with the November 2018 Woolsey Fire (Ventura County). The adopted Settlement Agreement includes, among other things, a permanent disallowance of approximately $3.676 billion of SCE's recorded costs associated with the Woolsey Fire. The Settlement Agreement reflects a reduction, as SCE's initial request was $5.43 billion of costs recorded to the Wildfire Expense Memorandum Account (WEMA) for third-party claims, legal costs, and financing costs minus insurance reimbursements and non-jurisdictional costs and $83.8 million of costs recorded to the Catastrophic Event Memorandum Account (CEMA), including $82.3 million in capital expenditures and $1.5 million in expense to restore service to customers, repair, replace, or restore damaged facilities, and comply with government orders related to the Woolsey Fire. The adopted Settlement Agreement authorizes cost recovery of approximately $1.9 billion of the WEMA recorded costs (35%) and approximately $71 million of the CEMA recorded costs (85%). Cost recovery will be primarily sought through a securitization application to be filed by SCE under Section 850 *et seq.* of the Public Utilities Code.

The proceeding is closed.

1. Background

On October 8, 2024, Southern California Edison Company (SCE) filed Application (A.) 24-10-002, *Application of Southern California Edison Company for Authority to Recover Costs Related to the 2018 Woolsey Fire Recorded in the Wildfire Expense Memorandum Account and Catastrophic Event Memorandum Account* (Application).[1] SCE also submitted prepared direct testimony in support of its request.[2]

In this Application, SCE requested authority to recover in rates certain costs related to the 2018 Woolsey Fire, which SCE recorded in two memorandum accounts, the Wildfire Expense Memorandum Account (WEMA) and a Catastrophic Event Memorandum Account (CEMA).[3] SCE requested recovery of approximately $5.4 billion in costs incurred, as of August 2024, and recorded in SCE's WEMA, which is net of insurance recoveries, as well as approximately $84 million in restoration-related capital costs and capital-related expenses incurred and recorded in SCE's CEMA.[4]

On November 11, 2024, Wild Tree Foundation (Wild Tree) filed a protest in opposition to the request.[5] On November 12, 2024, the Public Advocates Office at

[1] All pleadings filed in this proceeding are available on the Commission's website at *Docket Card* by searching *A2410002*.

[2] The prepared testimony submitted by parties is available on the Commission's website at *Commission's E-Filed Documents Search Form* under the drop-down menu *Supporting Documents*.

[3] SCE Application at 1.

[4] SCE Application at 1-2.

[5] November 11, 2025 *Wild Tree Foundation Protest at* 1, states, among other things, that "Wild Tree Foundation is a 501(c)(3) non-profit organization dedicated to protection of our environment, climate, and wildlife. Wild Tree advocates that our future is dependent upon a transition away from fossil fueled and utility-scale energy reliant upon lengthy transmission systems and for-profit, investor owned utilities to a system based upon local, distributed, publicly and cooperatively owned renewable resources."

the California Public Utilities Commission (Cal Advocates) and The Utility Reform Network (TURN) filed protests in opposition to the request.[6] On November 21, 2024, SCE filed a response to these protests.[7]

On December 3, 2024, Small Business Utility Advocates (SBUA) filed a motion for party status, which was granted by an Administrative Law Judge (ALJ) Ruling on December 4, 2024.[8] According to the motion, "SBUA's mission is to represent the utility-related concerns of the small business utility customers" and claims that "[t]he interests of this class often diverge from residential ratepayers and larger commercial customers on a variety of utility matters, including the development of new programs, revenue expenditures, rates and cost allocations."[9]

On December 16, 2024, SCE filed the Proof of Rule 3.2 Compliance with the notice requirements of Rules 3.2(b), (c), and (d) of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules).

A prehearing conference was held on December 20, 2024 to identify disputed issues of law and fact, determine the need for evidentiary hearings, set the schedule for resolving the proceeding, and address other matters as necessary. SCE, Cal Advocates, TURN, and SBUA attended.

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[6] November 12, 2024 *Protest of The Utility Reform Network*, November 12, 2024 *Protest of the Public Advocates Office to the Application of Southern California Edison Company to Recover Costs Related to the 2018 Woolsey Fire.*

[7] November 21, 2024 *Southern California Edison Company's Reply to Protest and Responses.*

[8] December 3, 2024 *Small Business Utility Advocates' Motion for Party Status*.

[9] December 3, 2024 *Small Business Utility Advocates' Motion for Party Status* at 2.

On January 30, 2025, Cal Advocates and TURN filed a joint motion to exclude cost-of-capital issues from the proceeding.[10] On February 7, 2025, SCE filed a response in opposition to the motion.[11] On February 18, 2025, Cal Advocates and TURN filed a joint reply.[12]

On March 10, 2025, assigned Commissioner Matthew Baker issued a Scoping Memo and Ruling to set forth the issues to be considered and a schedule for the proceeding.[13] The assigned Commissioner also designated the ALJ as the presiding officer and denied the motion to exclude the cost-of-capital evidence filed by Cal Advocates and TURN to provide SCE with an opportunity to establish the relevance of the evidence at hearings, at which time a motion to exclude could be reconsidered.[14]

On April 25, 2025, Energy Producers and Users Coalition (EPUC) filed a motion for party status, which was granted by ALJ Ruling on April 29, 2025.[15]

On June 3, 2025, Cal Advocates and EPUC submitted prepared direct testimony.

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[10] January 30, 2025 *Joint Motion of the Public Advocates Office and The Utility Reform Network to Exclude Cost-of-Capital Issues from the Scope of the Proceeding.*

[11] February 7, 2025 *Response of Southern California Edison Company to Joint Motion of the Public Advocates Office and The Utility Reform Network to Exclude Cost-of-Capital Issues from the Scope of the Proceeding.*

[12] February 18, 2025 *Reply of the Public Advocates Office and The Utility Reform Network to Southern California Edison's Response to Joint Motion to Exclude Cost-of-Capital Issues.*

[13] March 10, 2025 *Assigned Commissioner's Scoping Memo and Ruling* at 4.

[14] March 10, 2025 *Assigned Commissioner's Scoping Memo and Ruling* at 4, 5, and 12.

[15] April 25, 2025 *Energy Producers and Users Coalition Motion to Become a Party* at 1 (fn. 1): "EPUC represents the electricity end-use interests of the following companies in this proceeding: California Resources Corp., Chevron U.S.A. Inc., PBF Holding Company, Phillips 66 Company, and Tesoro Refining & Marketing Company LLC."

On July 15, 2025, SCE submitted prepared rebuttal testimony and provided an updated WEMA balance, as of May 31, 2025, related to the Woolsey Fire reflecting an additional approximately $206 million in WEMA-eligible costs incurred between August 31, 2024 and May 31, 2025.[16] EPUC and SBUA also submitted prepared rebuttal testimony.

During the proceeding, the parties met and conferred, as required under the Commission's Rules of Practice and Procedure, and also engaged in settlement discussions.

On August 11, 2025, the ALJ issued a ruling granting an email motion by SCE and Cal Advocates to suspend several procedural deadlines, including the August 12, 2025 deadline for parties to file motions for settlement, the August 26, 2025 status conference, and the September 8-12, 2025 evidentiary hearings.

On August 27, 2025 and September 9, 2025, the assigned ALJ issued rulings further extending SCE's and Cal Advocates' request to suspend the procedural schedule in response to the requests by the parties.

On September 19, 2025, pursuant to Rule 12 of the Commission's Rules of Practice and Procedure, SCE, Cal Advocates, EPUC, and SBUA (collectively, Settling Parties) filed a joint motion (Joint Motion for Settlement) to request the Commission adopt the *Settlement Agreement Resolving Woolsey Fire Cost Recovery Application* (Settlement Agreement), attached to the Joint Motion for Settlement.[17]

[16] SCE Ex-14 (Rebuttal Cost Recovery Update Testimony) July 15, 2025.

[17] September 19, 2025 *Joint Motion by Southern California Edison Company, the Public Advocates Office, Energy Producers and Users Coalition, and Small Business Utility Advocates for Approval of Settlement Agreement Resolving Woolsey Fire Cost Recovery Application*.

The Utility Reform Network (TURN) authorized the Settling Parties to represent that TURN did not plan to oppose the Joint Motion for Settlement.[18]

On September 19, 2025, the Settling Parties also filed motions to enter prepared testimony into the evidentiary record and place certain confidential documents under seal.[19] The ALJ granted these motions on October 21, 2025.

On October 3, 2025, Wild Tree filed comments in opposition to the Joint Motion for Settlement.[20]

On October 10, 2025, the Settling Parties filed a reply to the opposition by Wild Tree.[21]

2. Submission Date

This matter was submitted on October 10, 2025 upon receipt of the reply by Settling Parties.

3. Standard of Review for Settlements

The Commission may adopt a settlement after determining whether the settlement satisfies the three-prong test of Rule 12.1(d), which provides as follows: "The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest."[22]

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[18] Joint Motion for Settlement at 1 (fn. 1).

[19] September 19, 2025 *Motion of Southern California Edison Company to Seal a Portion of the Evidentiary Record* and September 19, 2025 *Joint Motion of Southern California Edison Company, the Public Advocates Office, Energy Producers and Users Coalition, and Small Business Utility Advocates to Offer Prepared Exhibits into Evidence*.

[20] October 3, 2025 *Wild Tree Foundation Comments in Opposition to Proposed Settlement.*

[21] October 10, 2025 *Joint Reply Comments of Southern California Edison Company, the Public Advocates Office, Energy Producers and Users Coalition, and Small Business Utility Advocates in Support of the Motion for Approval of Settlement Agreement Resolving Woolsey Fire Cost Recovery Application.*

[22] Rule 12.1(d) of the Commission's Rules of Practice and Procedure.

The Commission has stated that, "Beyond this basic [Rule 12.1(d)] standard, we have incorporated other standards into its analysis, which have largely depended on situational factors, such as the type of proceeding at issue, the interests of the settling parties and whether the settlement is contested."[23]

Moreover, although the Commission favors settlements, all matters decided by the Commission must meet the overall "just and reasonable" standard of the Public Utilities Code (Pub. Util. Code).[24] The Commission considers whether a settlement is just and reasonable based on the proposed settlement agreement as a whole, not on individual provisions: "In assessing settlements, we consider individual settlement provisions but, in light of strong public policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome."[25]

The Commission has stated that the public policy favoring settlement supports many worthwhile goals. These goals include reducing the expense of litigation costs, conserving scarce resources of parties and the Commission, and allowing parties to reduce the risk that litigation will produce unacceptable results.[26]

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[23] D.23-02-017, *Decision Approving Settlement [PG&E]* (February 2, 2023) at 16.

[24] D.25-01-042, *Decision Regarding Settlement Agreement Authorizing [SCE] Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025) at 9, *citing to* Pub. Util. Code Section 451 which requires that all public utility charges "shall be just and reasonable" and that every "unjust and unreasonable charge… is unlawful."

[25] D.25-01-042, *Decision Regarding Settlement Agreement Authorizing [SCE] Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025) at 9; D.12-03-015, *Decision Approving Settlement Regarding Pacific Gas and Electric Company Revised Customer Energy Statement* (March 8, 2012) at 19.

[26] D.23-02-017, *Decision Approving Settlement [PG&E]* (February 2, 2023) at 17.

To approve a proposed settlement, the Commission must also find that the settling parties had a sound and thorough understanding of the Application and all the underlying assumptions and data included in the record of the proceeding.[27]

4. Issues Before the Commission

The issue before the Commission is whether the Settlement Agreement complies with the requirements of Rule 12 of the Commission's Rules of Practice and Procedure for approval of settlements. The following issues were found to be in the scope of this proceeding to be determined or otherwise considered:[28]

1. Whether SCE was prudent with respect to the design, construction, operation, engineering, and maintenance of any facilities linked to the ignitions of the Woolsey Fire?
2. Whether it is just and reasonable for SCE to recover in rates the costs sought in the Application?
3. Whether SCE's actions in connection with settling of legal claims arising from the Woolsey Fire were reasonable?
4. Whether SCE's legal costs paid in defense of claims arising from the Woolsey Fire were reasonable?
5. Whether SCE's incurred and estimated financing costs relating to the Woolsey Fire are reasonable?
6. Whether SCE's restoration costs are incremental and reasonable?
7. Whether SCE's cost recovery proposal should be adopted, including its proposal to quantify the additional claims and associated costs as part of its rebuttal testimony, true up estimated financing costs in a subsequent financing order application proceeding, and use a Tier 2 Advice Letter for

[27] D.25-01-042, *Decision Regarding Settlement Agreement Authorizing [SCE] Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025) at 10, *citing to* D.23-11-069 at 752-753.

[28] March 10, 2025 *Assigned Commissioner's Scoping Memo and Ruling* at 5.

claims and associated costs not reviewed in this Application (giving effect to the $250 million of claims waived in the Administrative Consent Order entered into between SCE and the Commission's Safety and Enforcement Division in connection with the Woolsey Fire)?

5. SCE's Application

SCE requested a finding of just and reasonable costs pursuant to Pub. Util. Code Sections 451 and 454.9 and Decision (D.) 18-11-051 and D.21-08-024 pertaining to approximately $5.4 billion in claims costs paid and legal costs incurred as of August 2024 (and updated on July 15, 2025) to resolve third-party claims arising from the 2018 Woolsey Fire and associated financing costs and, additionally, approximately $84 million in restoration-related costs.[29] SCE requested authority to recover these costs in rates, as follows: (1) costs related to the 2018 Woolsey Fire recorded in SCE's WEMA; and (2) restoration costs associated with the Woolsey Fire recorded in SCE's CEMA.[30] At the time the Woolsey Fire ignited in November 2018, SCE held $1 billion of liability insurance coverage that was applied to claims and related costs associated with the Woolsey Fire.[31]

Regarding the ratemaking mechanism for recovery of these costs, SCE proposed to finance the WEMA costs through the issuance of recovery bonds pursuant to Pub. Util. Code Section 850 *et seq.*[32] SCE stated its intent to file a separate application for further authorizations under Section 850 *et seq.*[33] SCE

[29] SCE Application at 1-2.

[30] SCE Application at 1 and 32.

[31] Joint Motion for Settlement, Attachment-Settlement Agreement at A-7.

[32] SCE Application at 17.

[33] SCE Ex-09 at 17.

estimated that securitization would result in the average residential customer paying an estimated $3.44 per month for 30 years for the WEMA costs.[34] SCE proposed to recover the CEMA costs through traditional methods of cost recovery.[35] The below chart from SCE Ex-09 presents the cost recovery request set forth in the October 8, 2024 Application.

Cost Recovery Request Summary
($000)

Line No.	Recorded Item	Woolsey Fire
1.	Claims Payments	5,712,306
2.	Legal Costs	98,478
3.	Insurance Reimbursements	(1,000,000)
4.	**Subtotal**	**4,810,783**
5.	**Less FERC-Jurisdictional Amounts**	**(319,955)**
6.	Debt Issuance Costs	37,751
7.	Financing Costs	375,320
8.	Financing Costs (post-August 2024)	525,667
9.	**Subtotal**	**938,738**
10.	**WEMA-Eligible Costs (Lines 4+5+9)**	**5,429,566**
11.	**CEMA-Eligible Costs**	**83,812**

The above chart does not reflect certain smaller amounts of costs that are described at Section 7.2, herein.

[34] SCE Application at 14-15.

[35] SCE Application at 17.

5.1. July 15, 2025 SCE Update

On July 15, 2025, SCE filed an update to its original WEMA claims and legal costs, calculated as of August 2024. The updated WEMA costs reflect ongoing financing, legal costs, and additional claims payments made from August 4, 2024 to May 31, 2025.[36]

Event Costs Recorded in the WEMA as of May 31, 2025 and Estimate of Ongoing Financing Costs ($000)[8]

Line No.	Item	Woolsey Fire Subaccount as of May 31, 2025	Woolsey Fire Subaccount as of August 31, 2024	Change from August 31, 2024
1	Claims Payments	5,966,838	5,712,306	254,532
2	Insurance Reimbursements	(1,000,000)	(1,000,000)	-
3	Less ACO Disallowance	(56,097)	-	(56,097)
4	Less FERC-Jurisdictional Amounts	(330,474)	(313,522)	(16,952)
5	**Subtotal - Claims Recovery Request**	**4,580,267**	**4,398,784**	**181,484**
6	Legal Costs	110,173	98,478	11,696
7	Less FERC-Jurisdictional Amounts	(7,214)	(6,433)	(782)
8	**Subtotal - Legal Cost Recovery Request**	**102,959**	**92,045**	**10,914**
9	**Total**	**4,683,226**	**4,490,829**	**192,398**
10	Debt Issuance Costs	40,628	37,751	2,877
11	Financing Costs	538,326	375,320	163,007
12	**Subtotal - Financing Cost Recovery Reques**	**578,954**	**413,071**	**165,883**
13	**Ending WEMA Balance as of May 31, 2025**	**5,262,180**	**4,903,899**	**358,281**
14	Financing Costs (post-May 2025 estimate)	373,292	525,667	(152,375)
15	**Total - WEMA Cost Recovery Request**	**5,635,472**	**5,429,566**	**205,906**

5.2. The 2018 Woolsey Fire

SCE provided details of the Woolsey Fire in its Application and supporting prepared testimony. The Woolsey Fire ignited at the Santa Susana Field Laboratory in the Simi Valley area of Ventura County on November 8, 2018. The ignition area was located on or near SCE facilities carrying the

[36] SCE Ex-14 at 2.

Chatsworth-Thrust 66kV subtransmission circuit and the Big Rock 16kV distribution circuit.[37] A report prepared by the Ventura County Fire Department and California Department of Forestry and Fire Protection (Fire Agency Report) concluded that the Woolsey Fire occurred at approximately 2:22 p.m.[38]

According to the Joint Motion for Settlement, the climatological and wind factors caused the Woolsey Fire to spread rapidly and intensely.[39] The Woolsey Fire occurred during a Red Flag Warning in a remote location.[40] In the overnight hours of November 8-9, 2018 high winds led the fire to jump Highway 101, propelling it all the way to the coast in a matter of hours.[41] The Joint Motion for Settlement states that, according to the Fire Agency Report, the Woolsey Fire burned approximately 97,000 acres in total, destroyed or damaged an estimated 2,007 structures, and resulted in three confirmed fatalities.[42]

Following the Woolsey Fire, more than 9,100 individual claimants, nearly 400 subrogation plaintiffs and 19 public entities brought claims against SCE.[43] SCE settled all but a small number of these claims.[44] In managing and resolving these claims, the Joint Motion for Settlement states that SCE recorded outside

[37] Joint Motion for Settlement at 5-6.

[38] Joint Motion for Settlement at 5-6.

[39] Joint Motion for Settlement at 5-6.

[40] Joint Motion for Settlement at 5-6.

[41] Joint Motion for Settlement at 5-6.

[42] Joint Motion for Settlement at 5-6.

[43] Joint Motion for Settlement at 5-6.

[44] Joint Motion for Settlement at 5-6.

legal fees and financing costs, which, together with the claims costs, are eligible to be recorded in SCE's WEMA.[45]

SCE replaced over 1,890 poles and 293 transformers, and replaced 161 miles of damaged electrical conductor with covered conductor.[46] The Joint Motion for Settlement states that SCE deployed resources to safely and promptly restore service to customers, with full restoration of service within 40 days of the initial ignition.[47] SCE recorded eligible incremental restoration-related costs and expenses associated with the Woolsey Fire to SCE's CEMA.[48]

5.3. Court Litigation Resulting from Woolsey Fire

In the Application, SCE provided details of the court litigation and stated that, beginning in November 2018 and continuing into June 2024 (when the last lawsuit was filed), 656 lawsuits comprising 9,574 plaintiffs were initiated against SCE in connection with the 2018 Woolsey Fire.[49] According to SCE, given the doctrine of inverse condemnation and considering the risks and costs of litigation, SCE decided to resolve the claims through settlement negotiations pursuant to a court-approved mediation protocol.[50] As of the date of filing the

[45] Joint Motion for Settlement at 5-6 and fn. 5, *citing to* D.18-04-001, *Decision Authorizing Southern California Edison Company to Establish a Wildfire Expense Memorandum Account* (April 4, 2018) at 10.

[46] Joint Motion for Settlement at 5-6.

[47] Joint Motion for Settlement at 5-6.

[48] Joint Motion for Settlement at 5-6, *citing to* CPUC Resolution E-3238, *Order Authorizing All Utilities to Establish Catastrophic Event Memorandum Accounts, as Defined, to Record Costs Resulting from Declared Disasters* (July 24, 1991) at 1.

[49] SCE Application at 6.

[50] SCE Application at 6, *citing to* SCE Ex-06; SCE Application at 7, stating "SCE believes the doctrine of inverse condemnation has been misapplied by California courts, and SCE continues to contest the application of that doctrine to investor-owned utilities. Nevertheless, up to now, the courts have elected not to limit inverse condemnation claims (fn. omitted), compelling SCE to address claims arising from the Woolsey Fire under the prevailing standard."

Application, on October 8, 2024, SCE stated it resolved "substantially all third-party claims brought against it arising from the Woolsey Fire, representing approximately 92 percent of SCE's current best estimate of liabilities for these litigation matters."[51] SCE further stated it recorded the claims costs of these settlements in the WEMA.[52] Regarding any pending claims, SCE stated it will address these by a combination of the $250 million Administrative Consent Order (ACO) waiver, described below, and the post-decision advice letter process set forth in SCE Ex-09.[53] After a final decision is issued in this proceeding, SCE proposes to submit a Tier 2 advice letter to the Commission for approval of claims paid that were not already resolved in this Application, including the associated outside legal expenses and financing costs. This Tier 2 advice letter will include reductions consistent with SCE's Administrative Consent Order waiver and will propose the mechanism by which SCE seeks to recover these costs in customer rates.[54]

5.4. Resolution of Commission Enforcement Action on Woolsey Fire

On October 21, 2021, SCE and the Commission's Safety and Enforcement Division executed an Administrative Consent Order to resolve allegations that SCE violated certain rules and regulations with respect to the Woolsey Fire and other fires in 2017-2018, including the 2017 Thomas Fire.[55] The Commission

[51] SCE Application at 6.

[52] SCE Application at 6.

[53] SCE Application at 7.

[54] SCE Ex-09 at 16.

[55] Joint Motion for Settlement at 5.

approved the Administrative Consent Order in CPUC Resolution SED-5 on December 16, 2021.[56]

The Administrative Consent Order stipulated that SCE shall pay $110 million in fines and allocate $65 million in shareholder funds to wildfire safety measures.[57] The Administrative Consent Order also stipulated that SCE will not seek recovery of $250 million of third-party claims costs related to the Woolsey Fire.[58] According to the Joint Motion for Settlement, the Administrative Consent Order expressly stated that the underlying agreement may not be deemed an admission or evidence of the validity of any of the Safety Enforcement Division allegations or claims and is not to be construed as an admission or evidence of any wrongdoing, fault, omission, negligence, imprudence, or liability on the part of SCE.[59] The Joint Motion for Settlement states that this agreement constitutes a full resolution of the Commission's claims for penalties based on SCE's alleged violations of Commission rules and regulations.[60]

[56] Following limited rehearing, a revised resolution, CPUC Resolution SED-5A, was approved by the Commission on July 15, 2022. On rehearing, the Commission incorporated the analysis of the Penalty Assessment Methodology. *See*, D.22-04-057, *Order Granting Application for Rehearing of Resolution SED-5 for the Limited Purpose of Including the Penalty Assessment Methodology, and Denying Rehearing on All Other Grounds* (April 21, 2022) at Ordering Paragraphs 1 and 3.

[57] Joint Motion for Settlement at 5, *citing to* Administrative Consent Order at 4.

[58] Joint Motion for Settlement at 5, *citing to* Administrative Consent Order at 5.

[59] Joint Motion for Settlement at 5, *citing to* Administrative Consent Order at 2-3.

[60] Joint Motion for Settlement at 5, *citing to* Administrative Consent Order at 9; CPUC Resolution SED-5 at 2.

5.5. Description of the Accounts under Review

SCE's Application requested recovery of costs recorded in two accounts. A description of the two accounts, the WEMA and CEMA, and the amounts recorded by SCE to each account are described below.

5.5.1. WEMA

On December 3, 2018, the Commission approved SCE's WEMA effective April 3, 2018, finding it reasonable to establish a WEMA given the "current state law [on utility liability for wildfires] and its effect on utilities, coupled with a lack of certainty about how, when, and if it might change."[61] The WEMA is set forth in SCE's Preliminary Statement Part N, which provides that the purpose of the WEMA is to "track all amounts paid by [SCE] that are related to or are the result of a wildfire, and that were not previously authorized in SCE's General Rate Case… including: (1) payments to satisfy Wildfire Claims, including any deductibles, coinsurance, and other insurance expenses paid by SCE; (2) outside legal expenses incurred in the defense of wildfire claims; (3) payments made for liability and property wildfire insurance and related risk-transfer mechanisms; [and] (4) the cost of financing these amounts."[62] In approving the WEMA, the Commission directed that "[t]he recovery of costs recorded in the WEMA should be addressed in separate rate recovery proceedings."[63]

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[61] SCE Application at 9, *citing to* D.18-11-051, *Decision Authorizing Southern California Edison Company to Establish a Wildfire Expense Memorandum Account* (November 29, 2018) at 7 (brackets in original).

[62] SCE Application at 9, *citing to* SCE Tariff Preliminary Statement Part N.52.a; Advice Letter 3913-E.

[63] SCE Application at 9, *citing to* D.18-11-051, *Decision Authorizing Southern California Edison Company to Establish a Wildfire Expense Memorandum Account* (November 29, 2018) at Conclusion of Law 4.

5.5.2. CEMA

SCE established a CEMA for the Woolsey Fire.[64] The framework for CEMA accounts is set forth in statutory law, Pub. Util. Code Section 454.9. The Commission has authorized SCE to establish CEMA accounts and to record in those accounts the costs of (1) restoring utility service to customers; (2) repairing, replacing, or restoring damaged utility facilities; and (3) complying with governmental agency orders resulting from declared disasters.[65] SCE states that on November 15, 2018, SCE notified the Commission's Executive Director that it activated a CEMA account for the Woolsey Fire.[66] SCE states it recorded in this CEMA the expenses incurred to restore service to customers and repair or replace facilities damaged in the Woolsey Fire.[67]

6. Parties' Litigation Positions and Review of SCE Request

Cal Advocates served extensive discovery on SCE, San Diego Gas & Electric Company (SDG&E), and Pacific Gas and Electric Company (PG&E) on issues related to SCE's Application and prepared testimony. In addition to 87 data requests served on SCE, Cal Advocates served four data requests on SDG&E and two data requests on PG&E. On June 3, 2025, Cal Advocates submitted 11 chapters of prepared testimony that were sponsored by eight witnesses and, together with associated attachments, totaled approximately 4,900 pages. Cal Advocates' testimony addressed a wide range of issues related to SCE's Application and prepared testimony, with a focus on considerations SCE

[64] SCE Application at 9.

[65] SCE Application at 9, *citing to* CPUC Resolution E-3238. *See, also,* Pub. Util. Code Section 454.9.

[66] SCE Application at 9.

[67] SCE Application at 9.

should have made in response to wildfire risk including the history of prior utility-related wildfires in SCE's service area during Red Flag conditions; local geography and environmental risk factors in the area where the Woolsey Fire ignited and risk factors specific to the SCE circuit at issue; and situational awareness and wildfire mitigation measures that could have prevented or reduced the risk of wildfires, including more weather stations to support a more robust Public Safety Power Shutoff program similar to the program that SDG&E implemented. Cal Advocates stated deficiencies existed in SCE's design, construction, and inspection practices at the facilities associated with the Woolsey Fire's ignition, specifically in relation to down guy wires and pole loading, and deficiencies in SCE's utility operations, telecommunications operations, asset management, recordkeeping, and system protection practices.

EPUC submitted a chapter of prepared testimony sponsored by an independent expert and, together with associated attachments, EPUC's prepared testimony totaled approximately 140 pages. EPUC's prepared testimony was supported by alleged findings and conclusions in the Fire Agency Report and the report prepared by the Commission's Safety and Enforcement Division related to the Woolsey Fire, and SCE filed testimony and responses to discovery for the referenced reports and testimony. EPUC examined SCE claims and evidence that contrary to the Fire Agency Report and the Commission's Safety and Enforcement Division report, it complied with General Order 95 safety regulations on the infrastructure that was responsible for igniting the Woolsey Fire. In prepared testimony, EPUC argued that evidence and findings demonstrated that SCE failed to comply with General Order 95 regulations and thus it did not satisfy the prudent manager standard. EPUC recommended that the Commission deny SCE's proposed cost recovery in its entirety. EPUC's

prepared testimony also responded to SCE's claim that denial of its requested WEMA relief of full cost recovery would harm customers by negatively impacting SCE's credit rating and access to capital. EPUC argued that allowing SCE to recover imprudent costs would harm customers and to the contrary, if recovery of imprudent costs is denied, SCE would be able to restore its financial standing without unjust charges to customers. EPUC served prepared rebuttal testimony. EPUC's prepared rebuttal testimony reiterated and agreed with portions of Cal Advocates' prepared testimony.

While SBUA did not serve prepared direct testimony, SBUA served prepared rebuttal testimony and disagreed with EPUC and SCE's testimony regarding the nature of the prudent manager standard and the assumptions underlying SCE's calculation of estimated annual revenue requirements for recovering the claims amounts, and addressed trailing costs.

7. Settlement Agreement

The Settlement Agreement provides a description of this proceeding and the negotiation process between the Settling Parties. It also includes the procedural history and details of the extensive engagement by Cal Advocates and EPUC and to a lesser extent SBUA, along with a description of the Woolsey Fire. It also includes a summary of prepared testimony,[68] the extensive

[68] Joint Motion for Settlement, Attachment-Settlement Agreement at A-11, for example, the extensive prepared testimony is described, in part, as follows: "Cal Advocates served 11 chapters of testimony totaling approximately 4,900 pages. Cal Advocates' testimony addressed a wide range of issues related to SCE's Application and testimony, including chapters focused on considerations SCE should have made in response to wildfire risk including the history of prior utility-related wildfires in SCE's service area during Red Flag Warning conditions; local geography and environmental risk factors in the area where the Woolsey Fire ignited and risk factors specific to the SCE circuit at issue; situational awareness and wildfire mitigation measures that could have prevented or reduced the risk of wildfires, including more weather stations to support a more robust Public Safety Power Shutoff (PSPS) program like the one

Footnote continued on next page.

discovery,[69] settlement activities, areas of agreement and disputes regarding the factual record,[70] the agreed upon resolution of issues, and additional terms. SCE and Cal Advocates engaged in earnest, arms-length, and good-faith negotiations over the course of almost three months.[71] In August 2025, EPUC and SBUA likewise began participating in certain settlement discussions.[72] The Settling Parties thereafter continued to explore whether a settled outcome could be achieved.[73] Regarding this process, the Settling Parties state:

> With the benefit of this extensive record, the Settling Parties bargained earnestly and in good faith to reach the resolution reflected in the Settlement Agreement, in order to conserve time, expenses, and the Commission's and parties' resources, and to avoid the uncertainty of continued litigation in this proceeding. The Settlement Agreement is the product of arms-length negotiations and reflects a reasonable compromise of the Settling Parties' litigation positions on numerous disputed factual issues, ….[74]

SDG&E had implemented; the deficiencies in SCE's design, construction, and inspection practices at the facilities associated with the Woolsey Fire's ignition, specifically in relation to down guy wires and pole loading, and deficiencies in SCE's utility operations, telecommunications operations, asset management, recordkeeping, and system protection practices."

[69] Joint Motion for Settlement, Attachment-Settlement Agreement at A-5, for example, the extensive discovery by Cal Advocates is described as follows: "Cal Advocates propounded 9 data requests addressing a range of issues, including but not limited to SCE's vegetation management, SCE's routine patrol and overhead detailed inspections, SCE's quality control program, SCE's pole and telecommunication line inspections, the local environmental risk factors, SCE's weather stations, and the cause and ignition of the Woolsey Fire."

[70] Joint Motion for Settlement, Attachment-Settlement Agreement at A-23 to A-30.

[71] Joint Motion for Settlement at 12.

[72] Joint Motion for Settlement at 12.

[73] Joint Motion for Settlement at 12.

[74] Joint Motion for Settlement at 3.

A brief description of the issues addressed in the Settlement Agreement is found below. Notably, at Section F of the Settlement Agreement, the Settling Parties set forth the key financial terms in the following three areas:

7.1. Cost Recovery and Disallowances for WEMA and CEMA Woolsey Fire

The Settlement Agreement sets forth the agreed-upon cost recovery and permanent disallowances related to the 2018 Woolsey Fire regarding SCE's WEMA amounts and CEMA amounts, summarized as described herein.

7.1.1. WEMA Amounts

Under the Settlement Agreement, SCE recovers 35% of the WEMA amounts. Specifically, upon approval of the Settlement Agreement, SCE is authorized to recover 35% of (i) the approximately $5.6 billion of WEMA costs set forth in the Application; and (ii) the approximately $206 million update reflecting WEMA claims and associated costs recorded between August 31, 2024, and May 31, 2025.[75] The remaining approximately 65% of the WEMA amounts, approximately $3.7 billion, is permanently disallowed.[76] With regards to cost recovery, the Settlement Agreement provides that SCE will file a separate application seeking Commission approval to recover the approximately 35% of the WEMA through the issuance of recovery bonds, as authorized by Pub. Util.

[75] Joint Motion for Settlement at 13-14.

[76] Joint Motion for Settlement at 13-14. Regarding ratemaking capital structure for the debt issued to finance these amounts and the associated after-tax charges to equity, the Settlement Agreement provides: "In connection with the agreed-upon permanent disallowance of WEMA costs, the Settling Parties have agreed that SCE should be permitted to, and upon Commission approval of the Settlement Agreement, will be authorized to, permanently exclude from its ratemaking capital structure the debt issued to finance these amounts and the associated after-tax charges to equity. This relief would make permanent the temporary capital structure waiver granted in D.23-08-031 and at issue in A.25-08-003 as applied to the WEMA costs permanently disallowed under this Settlement Agreement."

Code Sections 451.2(c) and 850 *et seq.* or, in certain circumstances, SCE will recover the WEMA amounts over five years, financed using long-term debt.[77]

7.1.2. CEMA Amounts

Under the Settlement Agreement, SCE recovers 85% of the CEMA costs. Specifically, upon approval of the Settlement Agreement, SCE is authorized to recover 85% of the $83.812 million of CEMA costs set forth in the Application. The remaining 15% of the CEMA costs is permanently disallowed. With regard to the method of cost recovery, SCE will recover the approximately 85% of the CEMA amounts through the traditional course of recovery for capital expenditures and 12-month operations and maintenance recovery following submission of a Tier 1 advice letter.

The table below from the Settlement Agreement illustrates the WEMA and CEMA amounts.[78]

Table 1 Reproduced from the Settlement Agreement
Woolsey Fire Authorized Cost Recovery and Permanent Disallowances

($ in thousands)	SCE Application	Final Settlement		*Recovery (%)*
		Authorized WEMA/CEMA Amounts	Permanent Disallowances	
WEMA Initial Application	$5,429,566	$1,900,348	$3,529,218	*35.0%*
WEMA Costs Incurred 9/1/24 to 5/31/25	$205,906	$72,067	$133,839	*35.0%*
Total WEMA through 5/31/25	**$5,635,472**	**$1,972,415**	**$3,663,057**	***35.0%***
Woolsey Fire: Restoration/CEMA	$83,812	$71,240	$12,572	*85.0%*
Total WEMA and CEMA	**$5,719,284**	**$2,043,655**	**$3,675,629**	

[77] Joint Motion for Settlement at 14.

[78] Joint Motion for Settlement at Attachment-Settlement Agreement at A-28.

7.2. Cost Recovery and Disallowances for Trailing Amounts, Costs Recorded After May 31, 2025, and Advice Letter Process

According to the Settlement Agreement, Trailing Amounts are those WEMA amounts, if any, incurred after May 31, 2025, after deducting the remainder of the $250 million Administrative Consent Order amount and associated financing costs.[79] The final WEMA Trailing Amounts will depend on recorded costs from resolving the remaining Woolsey Fire-related claims and recoveries.[80] Consistent with the Settling Parties' agreement regarding the above WEMA amounts, the Settling Parties agree that SCE will recover 35% of the WEMA Trailing Amounts, if any.[81] The Settling Parties propose that the WEMA Trailing Amounts, if any, be recovered, once incurred, through the Tier 2 advice letter process as described in the Settlement Agreement, meaning that SCE will propose in the Tier 2 advice letter(s) a method for recovering the specific trailing costs at issue (either conventional operations and maintenance expense recovery or financing through the issuance of recovery bonds pursuant to Pub. Util. Code Section 850 *et seq.*, depending on the timing and amounts).

[79] Joint Motion for Settlement at 16, stating: "As of the date of its rebuttal testimony, SCE's best estimate of its trailing costs equaled the remainder of the $250 million ACO [Administrative Consent Order] amount not already excluded from SCE's Application. In the event that CPUC-jurisdictional amount of WEMA claims costs incurred after May 31, 2025, does not exceed the remainder of the $250 million in WEMA claims costs waived under the ACO, SCE will ensure that the full $250 million is given effect, through a refund to customers if necessary. *See* Settlement Agreement, § F.2. SCE will confirm application of the $250 million ACO amount through this Tier 2 advice letter process. *See* Settlement Agreement, § F.2."

[80] Joint Motion for Settlement at 16 (fn. 19).

[81] Joint Motion for Settlement at 16 (fn. 19).

7.3. Waiver of Recovery of $157 Million in WEMA Costs and Other Pre-July 12, 2019 Costs

According to the Settlement Agreement, SCE paid or settled approximately $157 million in costs associated with the other pre-July 12, 2019 wildfires, meaning apart from the 2017 Thomas Fire and Montecito debris flow events (A.23-08-013) and the 2018 Woolsey Fire (this proceeding).[82] SCE recorded (or will record) this approximately $157 million in the WEMA.[83] However, the Settlement Agreement provides that SCE waives its right to seek rate recovery at the Commission for this $157 million and any associated costs incurred for claims, legal fees and financing costs.[84] The Settling Parties state that this waiver is made in order to bring final resolution with respect to cost recovery matters associated with other pre-July 12, 2019 wildfires.[85] According to the Joint Motion for Settlement, SCE's waiver applies to such costs recorded in its WEMA as of July 31, 2025 as well as costs subsequently recorded in the WEMA after July 31, 2025.[86]

8. Wild Tree Opposition

Wild Tree opposes the Joint Motion for Settlement.[87] No other party filed in opposition. Wild Tree asserts that SCE has not met its burden of proof to show that its conduct was reasonable and prudent.[88] Wild Tree also states the Settlement Agreement is not reasonable in light of the whole record, not

[82] Joint Motion for Settlement at 17.

[83] Joint Motion for Settlement at 17.

[84] Joint Motion for Settlement at 17.

[85] Joint Motion for Settlement at 17.

[86] Joint Motion for Settlement at 17.

[87] October 3, 2025 *Wild Tree Foundation Comments in Opposition to Proposed Settlement.*

[88] October 3, 2025 *Wild Tree Foundation Comments in Opposition to Proposed Settlement at* 2-7.

consistent with the law, and not in the public interest.[89] Wild Tree urges the Commission to deny the Joint Motion for Settlement.

In replying to the opposition by Wild Tree, the Settling Parties state they have demonstrated that the Settlement Agreement meets the Commission's standard for approval because it is reasonable in light of the whole record, consistent with the law, and in the public interest.[90] The Settling Parties argue that Wild Tree misapplies the Commission's legal standard and precedents for reviewing settlements. The Settling Parties also contend that Wild Tree's public interest arguments are without merit.[91] Lastly, according to the Settling Parties, Wild Tree raised similar objections to the recent settlement on SCE's application for recovery of costs related to the 2017 Thomas Fire and Montecito debris flow events. In that prior case, the Settling Parties state that the Commission rejected Wild Tree's assertions.[92]

9. Analysis — Approval of Settlement Agreement

The Commission finds, as fully explained below, that the Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest.[93] The Commission fully considers and analyzes all relevant objections and concerns of Wild Tree at Section 9.4, herein. Based on the extensive record, the Commission also finds that the Settling Parties had a sound and thorough understanding of the Application and all underlying assumptions

[89] October 3, 2025 *Wild Tree Foundation Comments in Opposition to Proposed Settlement at* 7-9.

[90] October 10, 2025 Joint Reply at 2.

[91] October 10, 2025 Joint Reply at 1-3.

[92] October 10, 2025 Joint Reply at 2.

[93] Rule 12.1(d) of the Commission's Rules of Practice and Procedure.

and data. As elaborated below, the Commission addresses the opposition by Wild Tree and adopts the Settlement Agreement.

9.1. Reasonable in Light of the Whole Record

The Commission has consistently reiterated that there is "a strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record."[94] The Commission recognizes that settlement supports a number of worthwhile policy goals including, for example, reducing the expense and uncertainty of litigation and conserving valuable Commission resources.[95] To these ends, the Commission has explained:

> In assessing settlements we consider individual settlement provisions but, in light of strong public policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome.[96]

In assessing whether a settlement should be approved, the Commission has considered various factors including: (1) the risk, expense, complexity and likely duration of further litigation; (2) whether the settlement fairly and reasonably resolves the disputed issues and conserves public and private resources; (3) whether the agreed-upon terms fall clearly within the range of possible outcomes had the parties fully litigated; (4) whether the settlement negotiations were at arms-length and without collusion; (5) whether major issues were addressed; (6) the presence of a governmental participant; and (7) whether

[94] *See*, *e.g.*, D.07-11-018 at 6 (original italics omitted, citations omitted).

[95] *See*, *e.g.*, D.19-10-003 at 6, D.14-11-040 at 21-22.

[96] D.10-04-033 at 9.

the parties were adequately represented.[97] In this proceeding and as discussed further below, each of those factors supports approval of the Settlement Agreement as reasonable in light of the whole record.

First, the disputed issues in this proceeding required and produced a record including extensive testimony across a broad range of subject areas and numerous independent experts; and further administrative litigation, such as an evidentiary hearing and subsequent briefing, will necessarily be complex, expensive, and time consuming, and will require resolution of complicated factual disputes.

Second, the compromises negotiated by the Settling Parties reflected in the Settlement Agreement reasonably resolve the disputed issues in this proceeding and, by allowing the parties and the Commission to avoid continued complex administrative litigation, the Settlement Agreement conserves public and private resources.

Third, in light of the litigation positions of the Settling Parties and the extensive record developed in this proceeding, the Settlement Agreement also falls within the range of potential outcomes had this proceeding been litigated to conclusion.

Fourth, the Settlement Agreement is a product of extensive good faith negotiations, aggressive bargaining and exchanges of positions grounded in the factual record, and, ultimately, compromise by each Settling Party in order to reach consensus.

Fifth, the Settlement Agreement addresses SCE's request for cost recovery, and resolves cost recovery treatment for all WEMA and CEMA costs related to

[97] *See, e.g.*, D.00-11-041 at 6; D.96-05-070 (66 CPUC 2d 314, 317); D.91-05-029 (40 CPUC 2d 301, 326); D.88-12-083 (30 CPUC 2d 189, 221-223).

the Woolsey Fire. In doing so, the Settlement Agreement engages with, and describes the Settling Parties' positions on, the numerous issues highlighted in the extensive record developed in this proceeding.

Sixth, one of the Settling Parties, Cal Advocates, is a governmental organization independently positioned within the Commission and statutorily mandated to advocate on behalf of public utility customers.

Finally, the Settling Parties are each well-versed in California regulatory law and are represented by experienced Commission practitioners.

Based on the above analysis, plus a review of the evidence and legal arguments, the Settlement Agreement will result in, among other benefits, a reduction of approximately 65% of the WEMA amount requested, with approximately $3.7 billion permanently disallowed, and a reduction of approximately 15% of the CEMA amount request, with $12.5 million permanently disallowed.

Accordingly, the Commission finds that, in light of the whole record, this reduction of over $3.7 billion represents a reasonable compromise between the respective parties' litigation positions and will result in a lower rate increase for customers than would be the case under SCE's initial request.

9.2. Consistent with the Law

Based on our review of the Settlement Agreement and the record of this proceeding, the Commission finds that the Settlement Agreement is consistent with the Pub. Util. Code, Commission decisions, all other applicable laws and promotes state policy goals.

> With respect to whether a settlement agreement is consistent with the law, the Commission must be assured that no term of the settlement agreement contravenes statutory provisions or prior Commission decisions. A settlement that implements or

> promotes state and Commission policy goals embodied in statutes or Commission decisions would be consistent with the law.[98]

The Commission has reviewed and finds that the costs were tracked and recorded in authorized memorandum accounts, accounts previously approved by the Commission. The Commission further finds that it is consistent with law to authorize SCE's partial recovery of recorded WEMA and CEMA costs and authorizing the related permanent disallowances is consistent with the just and reasonable requirements of Pub. Util. Code Section 451. The Commission also finds that the Settlement Agreement supports the strong public policy favoring settled outcomes of litigated proceedings, as reflected in numerous cases.[99]

Based on the nature of the costs which were tracked in authorized accounts, associated with clear policy goals, and the over $3.7 billion reduction to the amount SCE is requesting, the Settlement Agreement is found to be consistent with the law.

9.3. In the Public Interest

Based on our review of the Settlement Agreement and the record of this proceeding, we find the Settlement Agreement is in the public interest. The Commission has previously noted that "in order to consider [a] proposed Settlement Agreement… as being in the public interest, we must be convinced

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[98] D.10-12-035 at 26; *see also, e.g.*, D.12-03-015 at 19-20.

[99] D.11-05-008 at 14; *see also, e.g.*, D.15-04-006 at 8-9 ("Commission decisions on settlements . . . express the strong public policy favoring settlement"); D.10-06-038 at 38 ("The Commission also takes into consideration a long-standing policy favoring settlements."); D.10-04-033 at 9 (Commission has "often acknowledged California's strong public policy favoring settlements"); *see* D.14-12-040 at 15 ("[T]he Commission favors settlement of disputed issues if the resolution is fair and reasonable in light of the whole record."); D.10-06-031 at 12 ("The Commission favors settlements because they generally support 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.").

that the parties have a sound and thorough understanding of the application and all the underlying assumptions and data included in the record. This level of understanding of the application and development of an adequate record is necessary to meet our requirements for considering any settlement."[100]

In this instance the Settling Parties are sophisticated parties. SCE, Cal Advocates, and EPUC have extensive experience and expertise with Commission cost recovery applications. Indeed, Cal Advocates participates in most large electric utility applications for wildfire cost recovery. The record here is well developed with the proposed Settlement Agreement occurring after development of the evidentiary record with extensive prepared testimony. The Settling Parties have a sound and thorough understanding of the Application and all the underlying assumptions and data included in the record. The Settling Parties also fairly represent the interests of the public affected by the Application.

Substantively, the overall reduction in the revenue requirement is within the public interest as the Settling Parties acknowledge the cost burden on customers of SCE's initial request. Also, the causes of much of the costs at issue are related to wildfire mitigation, wildfire impacts, and other issues that impact customers. Advancement of the policy and legal goals that are the genesis of, or related to, the costs at issue is in the public interest. The Joint Motion for Settlement is opposed by Wild Tree, and the issues or concerns raised by Wild Tree are addressed and disposed of below.

Based on the reduction of over $3.7 billion and the expertise of the Settling Parties, the Commission finds the Settlement Agreement to be in the public interest.

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[100] D.20-12-005, *Decision Addressing the Test Year 2020 General Rate Case of Pacific Gas and Electric Company* (December 3, 2020) at 25-26.

9.4. Opposition of Wild Tree Lacks Merit

The below analysis focuses on three fatal weaknesses in Wild Tree's arguments in opposition to the Settlement Agreement: (1) Wild Tree evaluates the Settlement Agreement under the wrong standard of review; (2) Wild Tree fails to consider the Commission's long-standing policy supporting settlement; and (3) Wild Tree relies on arguments recently rejected in D.25-01-042.[101]

Wild Tree argues that the September 19, 2025 Settlement Agreement should not be approved because "SCE has not met its burden of proof that its conduct was reasonable and prudent," *i.e.*, the burden that SCE would have to meet to prevail on its litigation position had this proceeding been litigated to a conclusion on the merits.[102] Wild Tree's conclusion is based on the wrong standard of review. Under Rule 12.1(d), the issue presently before the Commission is whether the Settlement Agreement is "reasonable in light of the whole record, consistent with law, and in the public interest," not whether SCE has met its burden of proof under a fully litigated case.[103] To this point, the Commission has explained that "[W]e do not convert our settlement review into a full scale mini-hearing on the merits of the case."[104] In addition, the Commission recently specifically addressed this same error alleged by Wild Tree when reviewing SCE and Cal Advocates' settlement of SCE's application to recover costs associated with the 2017 Thomas Fire and Montecito debris

[101] *Decision Regarding Settlement Agreement Authorizing Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025).

[102] October 3, 2025 *Wild Tree Foundation Comments in Opposition to Settlement* at 2.

[103] October 3, 2025 *Wild Tree Foundation Comments in Opposition to Settlement* at 2.

[104] D.88-12-083 at 55, 30 CPUC 2d 189 (Dec. 19, 1988); *see also* D.00-09-034 at 20.

flows.[105] There, the Commission disagreed with Wild Tree and noted "this is not the standard used by the Commission in our review of proposed settlements."[106] Because Wild Tree applies the incorrect standard of review and, as a result, reaches inaccurate conclusions, Wild Tree's analysis lacks merit and the Commission's finding that "the Joint Motion for Settlement demonstrates that the Settlement Agreement is reasonable in light of the whole record, consistent with the law, and in the public interest," remains unchanged.

Wild Tree also argues that the Commission must fully litigate this matter because resolving this matter through a settlement is not in the public interest. Wild Tree's argument lacks merit. The Commission has a long-standing policy of supporting settlement as a means of resolving disputed matters. For instance, only recently when approving a settlement regarding costs associated with the 2017 Thomas Fire and Montecito debris flows, the Commission rejected Wild Tree's similar argument.[107] There, the Commission noted certain public benefits, such as that the agreed-upon permanent disallowance represented a "significant and direct financial benefit to ratepayers" while allowing SCE to partially recover costs that "were incurred by SCE in connection with its provision and restoration of electric service."[108] The Commission further noted additional public benefits, that resolving the proceeding via settlement minimized the total

[105] D.25-01-042, *Decision Regarding Settlement Agreement Authorizing Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025) at 17.

[106] D.25-01-042, *Decision Regarding Settlement Agreement Authorizing Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025) at 17-18.

[107] D.25-01-042, *Decision Regarding Settlement Agreement Authorizing Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025) at 40-41, Finding of Fact 7 and Conclusion of Law 4.

[108] D.25-01-042, *Decision Regarding Settlement Agreement Authorizing Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025) at 20.

amount of financing costs that might otherwise be payable by ratepayers; contributed to SCE's credit metrics and financial health; and conserved time and resources of the Commission and parties.[109] After consideration of Wild Tree's argument that the public interest is not served by adoption of the Settlement Agreement, the Commission finds Wild Tree's arguments without merit based on the Commission's long-standing policy of supporting settlement, including those benefits noted above.

In addition, Wild Tree presents similar arguments in opposition to this Settlement Agreement that the Commission only recently considered and rejected in D.25-01-042, the decision addressing costs related to the 2017 Thomas Fire and Montecito debris flows.[110] In presenting similar arguments here, Wild Tree fails to explain why these arguments have merit now. In short, Wild Tree made this same assertion less than a year ago in its opposition to the settlement on SCE's application for recovery of costs related to the 2017 Thomas Fire and Montecito debris flow events, and the Commission rejected those arguments.[111] Wild Tree points to no changes that might change the prior conclusion of the Commission and justify Wild Tree's previously rejected arguments.

Therefore, as found in D.25-01-042, the Commission finds Wild Tree's arguments without merit.

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[109] D.25-01-042, *Decision Regarding Settlement Agreement Authorizing Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025) at 20-21.

[110] *Decision Regarding Settlement Agreement Authorizing Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025).

[111] D.25-01-042, *Decision Regarding Settlement Agreement Authorizing Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025) at 17-19.

10. Implementation

With regard to the method of recovery for the WEMA costs, SCE will file a separate application seeking Commission approval to recover the WEMA amounts through the issuance of recovery bonds under Pub. Util. Code Section 850 *et seq.*, which would be repaid by customers via a nonbypassable charge if approved by the Commission.[112] Cal Advocates and EPUC take no position on securitization of the Authorized WEMA amounts at this time.[113] The Settling Parties reserve the right to take different positions in that proceeding on the appropriate bond recovery period of the securitization.[114] The Settling Parties further agree that in the event SCE's anticipated application for securitization is denied, the WEMA amounts will be recovered in rates over five years, financed using long-term debt.[115] Under either method of recovery, the Settling Parties agree that recovery will include actual debt financing and the debt will be excluded from SCE's ratemaking costs capital structure.[116]

With regard to the CEMA amount, the Settling Parties agree that the CEMA amount should be deemed incremental, just, reasonable, and recoverable through rates.[117] With regard to the method of recovery, the Settling Parties agree that SCE will recover the CEMA amounts, which are restoration-related capital costs and capital-related expenses, through normal course capital expenditure

[112] Joint Motion for Settlement, Attachment-Settlement Agreement at A-27.

[113] Joint Motion for Settlement, Attachment-Settlement Agreement at A-27.

[114] Joint Motion for Settlement, Attachment-Settlement Agreement at A-27.

[115] Joint Motion for Settlement, Attachment-Settlement Agreement at A-27.

[116] Joint Motion for Settlement, Attachment-Settlement Agreement at A-27.

[117] Joint Motion for Settlement, Attachment-Settlement Agreement at A-27 to A-28.

recovery and 12-month operations and maintenance recovery.[118] SCE will submit a Tier 1 advice letter filing after a Commission decision approving the Settlement Agreement.[119]

Regarding the adopted Administrative Consent Order in Resolution SED-05 to permanently waive the right to seek cost recovery of $250 million, the Settling Parties state that the $205.9 million amount, as shown at the table at Section 5.1, herein, for WEMA costs incurred from September 1, 2024 to May 31, 2025 reflects an exclusion of $56.097 million.[120] SCE will exclude the remaining $193.9 million of the Administrative Consent Order amount from WEMA claim costs incurred after May 31, 2025.[121] SCE will not seek to recover financing costs for the $250 million in WEMA claims costs that were waived under the Administrative Consent Order.[122]

Regarding the WEMA Trailing Amounts, the Settling Parties agree that these amounts, once incurred and in excess of the remaining $193.9 million Administrative Consent Order exclusion amount will be recovered by SCE through the Tier 2 advice letter process, as described in the Settlement

[118] Joint Motion for Settlement, Attachment-Settlement Agreement at A-27 to A-28.

[119] Joint Motion for Settlement, Attachment-Settlement Agreement at A-27 to A-28.

[120] Joint Motion for Settlement, Attachment-Settlement Agreement at A-28 and fn. 45, *citing to* SCE Ex-14 at 2-3 and note 13.

[121] Joint Motion for Settlement, Attachment-Settlement Agreement at A-29 (fn. 46.), stating "In the event that the CPUC-jurisdictional amount of WEMA claims costs incurred after May 31, 2025, does not exceed the remainder of the $250 million in WEMA claims costs waived under the ACO, SCE will ensure that the full $250 million is given effect, through a refund to customers if necessary."

[122] Joint Motion for Settlement, Attachment-Settlement Agreement at A-29.

Agreement.[123] The Commission estimates this amount to be approximately $193.9 million.[124]

11. Affordability Metrics

On August 4, 2022, the Commission adopted D.22-08-023, which directs when and how the affordability metrics adopted in D.20-07-032 will be applied in Commission energy, water, and communications proceedings and further developed the tools and methodologies used to calculate the affordability metrics. D.22-08-023 requires that SCE include the affordability metrics in any initial filing of a proceeding with a revenue increase estimated to exceed one percent of currently authorized revenues systemwide for a single fuel. Because the revenue requirement requested in this Application exceeds one percent of SCE's currently authorized revenues (*i.e.*, exceeds $178.878 million), SCE is required to introduce the Affordability Ratio 20 (AR 20) by climate zone, Affordability Ratio 50 (AR 50) by climate zone, and Hours-at-Minimum-Wage (HM) associated with revenues in effect at the time of the filing. SCE is also required to include essential usage bills by climate zone, underlying the affordability metrics associated with revenues in effect at the time of the filing; average usage bills by climate zone associated with revenues in effect at the time of the filing; and, for climate zones with Areas of Affordability Concern (AAC) as defined in the most recent annual Affordability Report, AR 20 by climate zones subdivided by Public Use Microdata Area. In addition, SCE must introduce the aforementioned metrics along with changes in the AR 20 by climate zone, AR 50

[123] Joint Motion for Settlement, Attachment-Settlement Agreement at A-29.

[124] SCE Ex-14 at 3. *See also*, Joint Motion for Settlement, Attachment-Settlement Agreement at A-29, which notes that "SCE's best estimate of the WEMA trailing amounts equaled the remainder of the $250 million ACO amount."

by climate zone, and HM associated with the proposed new revenue requested annually for each year in which the new revenues are proposed. Because the impact of the proposed new revenue is expected to be limited to 2025, SCE only includes metrics associated with that year.[125]

The Commission finds that SCE provides evidence to support the requirements set forth in D.22-08-023.[126] As such, the Commission concludes that SCE has complied with the requirement of D.22-08-023.

12. Summary of Public Comment

Rule 1.18 of the Commission's Rules allows members of the public to submit written comments in a Commission proceeding in a number of different ways, including via the *Public Comment* tab, which is found at the online *Docket Card* on the Commission's website. Rule 1.18(b) requires that comments by the public submitted in a proceeding be summarized in the decision issued in that proceeding. The public comments submitted in this proceeding were received from customers across SCE's service territory. These comments generally addressed the initial request by SCE, rather than the Settlement Agreement, and state that the Commission should deny this request based on concerns regarding rate increases, including recent rate increases due to wildfire mitigation and vegetation management, and company profits. More information regarding the public comments is available on the Commission's website.

13. Procedural Matters

This decision affirms the rulings made by the assigned ALJ and the assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

[125] SCE Application at 14.

[126] SCE Ex-01, Vol. 6 at 39.

14. Comments on Proposed Decision

The proposed decision of ALJ Regina DeAngelis in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311 and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

15. Assignment of Proceeding

Commissioner Matthew Baker is the assigned Commissioner and Regina DeAngelis is the assigned ALJ in this proceeding.

Findings of Fact

1. The disputed issues in this proceeding required and produced a record including extensive testimony across a broad range of subject areas and numerous independent experts; and further administrative litigation, such as an evidentiary hearing and subsequent briefing, will necessarily be complex, expensive, and time consuming, and will require resolution of complicated factual disputes.

2. The compromises negotiated by the Settling Parties reflected in the Settlement Agreement reasonably resolve the disputed issues in this proceeding and, by allowing the parties and the Commission to avoid continued complex administrative litigation, the Settlement Agreement conserves public and private resources.

3. In light of the litigation positions of the Settling Parties and the extensive record developed in this proceeding, the Settlement Agreement also falls within the range of potential outcomes had this proceeding been litigated to conclusion.

4. The Settlement Agreement is a product of extensive good faith negotiations, aggressive bargaining and exchanges of positions grounded in the

factual record, and, ultimately, compromise by each Settling Party in order to reach consensus.

5. The Settlement Agreement addresses SCE's request for cost recovery, and resolves cost recovery treatment for all WEMA and CEMA costs related to the Woolsey Fire and, as such, the Settlement Agreement engages with, and describes the Settling Parties' positions on, the numerous issues highlighted in the extensive record developed in this proceeding.

6. One of the Settling Parties, Cal Advocates, is a governmental organization independently positioned within the Commission and statutorily mandated to advocate on behalf of public utility customers.

7. The Settling Parties, SCE, Cal Advocates, EPUC, and SBUA, are each well-versed in California regulatory law and are represented by experienced Commission practitioners.

8. Based on review of the evidence and legal arguments, the Settlement Agreement will result in, among other benefits, a reduction of approximately 65% of the WEMA amount requested, with approximately $3.7 billion permanently disallowed, and in approximately 15% of the CEMA amount request, with $12.5 million permanently disallowed.

9. The costs were tracked and recorded in authorized memorandum accounts, accounts previously approved by the Commission.

10. It is consistent with law to authorize SCE's partial recovery of recorded WEMA and CEMA costs and, in addition, authorizing the related permanent disallowances are consistent with the just and reasonable requirements of Pub. Util. Code Section 451.

11. The Settlement Agreement supports the strong public policy favoring settled outcomes of litigated proceedings, as reflected in numerous cases.

12. The Settling Parties are sophisticated parties because, for instance, SCE and Cal Advocates and EPUC have extensive experience and expertise with Commission cost recovery applications and, in addition, Cal Advocates participates in most large electric utility applications for wildfire cost recovery.

13. The record here is well developed with the proposed Settlement Agreement occurring after development of the evidentiary record with extensive prepared testimony.

14. The Settling Parties, SCE, Cal Advocates, EPUC, and SBUA, have a sound and thorough understanding of the Application and all the underlying assumptions and data included in the record.

15. The Settling Parties, SCE, Cal Advocates, EPUC, and SBUA, also fairly represent the interests of the public affected by the Application.

16. The overall reduction in the revenue requirement is in the public interest as the Settling Parties acknowledge the cost burden on customers of SCE's initial request.

17. Wild Tree's opposition to the Settlement Agreement has three fatal weaknesses: (1) Wild Tree evaluates the Settlement Agreement under the wrong standard of review; (2) Wild Tree fails to consider the Commission's long-standing policy supporting settlement; and (3) Wild Tree relies on arguments recently rejected in D.25-01-042.

18. SCE provides evidence to support the requirements set forth in D.22-08-023 (Affordability Metrics).

Conclusions of Law

1. In light of the whole record, the reduction of over $3.7 billion represents a reasonable compromise between the respective parties' positions and will result in a lower rate increase than would be the case under SCE's initial request.

2. Based on the nature of the costs which SCE tracked in Commission-authorized WEMA and CEMA accounts, costs which were associated with clear policy goals together with the over $3.7 billion reduction to the amount SCE initially requested, the Settlement Agreement is found to be consistent with the Pub. Util. Code, Commission decisions, all other applicable laws and promotes state policy goals.

3. The advancement of the policy and legal goals that are the genesis of, or related to, the costs at issue in this proceeding is in the public interest.

4. Based on the reduction of over $3.7 billion and the expertise of the Settling Parties, the Settlement is in the public interest

5. Wild Tree's argument that "SCE has not met its burden of proof that its conduct was reasonable and prudent" is not based on Rule 12.1(d), the correct standard of review, *i.e.*, whether the Settlement Agreement is "reasonable in light of the whole record, consistent with law, and in the public interest."

6. Because Wild Tree applies the incorrect standard of review and, as a result, reaches inaccurate conclusions, Wild Tree's analysis lacks merit and the finding that the Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest remains unchanged.

7. Based on the Commission's long-standing policy of supporting settlement as a means of resolving disputed matters, Wild Tree's argument that the Commission must fully litigate this matter because resolving this matter through the Settlement Agreement is not in the public interest lacks merit.

8. Because Wild Tree presents similar arguments in opposition to this Settlement Agreement that the Commission recently considered and rejected in D.25-01-042 while failing to explain why these arguments have merit now, Wild Tree's arguments are without merit.

9. SCE has complied with the requirement of D.22-08-023 (Affordability Metrics).

10. All rulings made by the assigned ALJ and the assigned Commissioner in this proceeding are affirmed. All motions not ruled on are deemed denied.

11. The Joint Motion for Settlement should be granted because the Settlement Agreement is found reasonable in light of the whole record, consistent with law, and in the public interest.

O R D E R

IT IS ORDERED that:

1. The September 19, 2025 *Joint Motion by Southern California Edison Company, the Public Advocates Office, Energy Producers and Users Coalition, and Small Business Utility Advocates for Approval of Settlement Agreement Resolving Woolsey Fire Cost Recovery Application* is granted and the terms of the *Settlement Agreement Resolving Woolsey Fire Cost Recovery Application,* attached to the motion, are authorized.

2. Application 24-10-002 is closed.

This order is effective today.

Dated _____, at Sacramento, California.

APPENDIX

September 19, 2025 ***Joint Motion by Southern California Edison Company, the Public Advocates Office, Energy Producers and Users Coalition, and Small Business Utility Advocates for Approval of Settlement Agreement Resolving Woolsey Fire Cost Recovery Application*** **– with attached Settlement Agreement and Appendix 1 Illustrative Authorized WEMA Amount Cost Recovery Scenarios**