

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



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Application of Pacific Gas and Electric
Company for Authority, Among
Other Things, to Increase Rates and
Charges for Electric and Gas Service
Effective on January 1, 2027. (U39M.)

A.25-05-009

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) RESPONSE TO THE
ASSIGNED COMMISSIONER'S AMENDED SCOPING MEMO AND RULING**

CLAIRE TORCHIA

Attorney for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 807-4512
E-mail: Claire.Torchia@sce.com

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Pursuant to the Assigned Commissioner’s January 26, 2026 Amended Scoping Memo and Ruling (Scoping Ruling), Southern California Edison Company (SCE) respectfully submits this response to the Scoping Ruling regarding the impact of California Senate Bill (SB) 254 on memorandum accounts used to track certain costs incurred to mitigate wildfire risk. As explained below, SB 254’s amendments to the Public Utilities Code do not require the Commission to direct a utility to close existing wildfire mitigation memorandum accounts. Such accounts remain critical mechanisms for utilities to responsibly address incremental wildfire and public safety needs which may arise between General Rate Case (GRC) cycles. Requests to continue these memorandum accounts should be evaluated based on utility-specific circumstances and the records developed in each utility’s GRC.

I.

BACKGROUND

SB 254 became effective on September 19, 2025, and, among other things, modified prior statutory language regarding a utility’s use of memorandum accounts to track certain

wildfire mitigation costs. Before SB 254 became effective, SB 901 and Assembly Bill (AB) 1054 required the Commission to authorize a utility to establish a memorandum account to track certain incremental costs incurred to implement its wildfire mitigation plan (WMP).¹ A utility was also permitted to “establish a memorandum account to track costs incurred for fire risk mitigation that are not otherwise covered in the electrical corporation’s revenue requirements.”²

The relevant statutes introduced by SB 901 and AB 1054 recognized the reality that important wildfire mitigation and public safety needs may arise during the development and approval of WMPs and in between GRC cycles. The legislative intent was to enable utilities to track incremental wildfire mitigation costs while preserving regulatory authority to ensure that only reasonable costs are recovered from customers. In 2019, in accordance with the statutory framework, the Commission authorized SCE to establish a Wildfire Mitigation Plan Memorandum Account and a Fire Risk Mitigation Memorandum Account.³ Since the establishment of those accounts more than six years ago, SCE has recorded substantial costs related to important wildfire mitigation investments on behalf of customers, which the Commission has overwhelmingly approved as just and reasonable. For example, in D.25-06-017 approving the settlement agreement resolving SCE’s application for 2023 costs recorded in the WMPMA and FRMMA, the Commission held: “Also, the cause 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.”⁴

SB 254 amended the Public Utilities Code and now gives the Commission discretion to allow an electrical corporation to “establish a memorandum account to track costs incurred for

¹ Pub. Util. Code § 8386.4(a) (effective July 12, 2019); Scoping Ruling, pp. 1-2.

² Pub. Util. Code § 8386.4(b)(1) (effective July 12, 2019); Scoping Ruling, pp. 1-2.

³ See Advice 4022-E & 4022-E-A (establishing SCE’s WMPMA effective as of June 19, 2019); Advice 3936-E & 3936-E-A (establishing SCE’s FRMMA effective as of January 18, 2019).

⁴ Decision (D.) 25-06-017, p. 25. See generally *id.* at Appendix A, p. 19, Table 3 (approving \$115.85 million out of \$116.85 million requested in the WMPMA and FRMMA).

wildfire risk mitigation that are unforeseen and incremental to the wildfire risk mitigation programs and activities authorized in the electrical corporation’s revenue requirements.”⁵

The Scoping Ruling permitted parties to this proceeding to respond to whether there are “issues the Commission should consider with regard to the cited new provision of SB 254.”⁶

II.

RESPONSE TO AMENDED SCOPING MEMO AND RULING

A. The Commission Should Determine Whether Wildfire Mitigation Memorandum Accounts Continue to Be Appropriate Based on the Individual Record in Each Utility’s General Rate Case

SB 254’s amendments to the Public Utilities Code do not require the Commission to direct a utility such as PG&E to close an existing WMPMA or FRMMA (collectively, Wildfire Mitigation Memorandum Accounts). Rather, the legislation gives the Commission discretion to authorize a utility to record unforeseen and incremental wildfire mitigation costs to memorandum accounts, and that discretion should be exercised based on the evidentiary record in each utility’s GRC.

The original purposes of the Wildfire Mitigation Memorandum Accounts have not changed after SB 254 passed. For example, since the Commission authorized SCE’s WMPMA in 2019, its purpose has been to track costs incurred to implement an approved Wildfire Mitigation Plan (WMP) that are (1) not currently reflected in revenue requirements being paid by customers in rates; (2) not pending approval by the Commission via a separate SCE proposal, and (3) not being tracked in an existing Commission-authorized memorandum account. Similarly, SCE’s FRMMA tracks the costs of wildfire mitigation activities that are not included in an approved WMP or otherwise authorized or tracked in another ratemaking account. As was the case when

⁵ Pub. Util. Code § 8386.4(a)(2) (effective Sept. 19, 2025); Scoping Ruling, pp. 1-2.

⁶ Scoping Ruling, p. 4.

SB 901 and AB 1054 passed, the Wildfire Mitigation Memorandum Accounts remain critical mechanisms for utilities to responsibly address incremental wildfire and public safety needs which may arise between GRC cycles but were not able to be included in prior GRC forecasts.⁷

SB 254 intends to align future four-year WMP and GRC cycles. But based on the most recent Office of Energy Infrastructure Safety proposal for future WMP submissions, such alignment is not scheduled to begin until the 2033-2036 GRC and WMP cycles for SCE.⁸ In the years between GRCs and in the time between WMP filings, wildfire mitigation strategies will continue to mature and evolve, new technologies will become available and useful to customers and the public, and unforeseen events could introduce the need for prudent incremental work and additional public safety measures that outpace the cadence of a GRC cycle. New regulatory requirements may also arise from the WMP approval process after GRC forecasts and approvals have already been set. Since GRC and WMP cycles will not align for multiple years, the Wildfire Mitigation Memorandum Accounts continue to be necessary mechanisms for utilities to record incremental costs that could not be anticipated or reasonably forecast in a GRC.

The proper forums to determine whether the Wildfire Mitigation Memorandum Accounts are appropriate is each utility's GRC or in connection with a separate application.⁹ A request to establish a memorandum account "falls within the broad outline of the acceptable uses of memorandum accounts [where an applicant] seek[s] to track and record incremental costs that, for various reasons, could not be included in [its] GRC or other ratemaking applications."¹⁰ The Commission has previously noted that the costs recorded in a memorandum account must be "incremental," "substantial," and "not speculative,"¹¹ and SB 254 specifies that a memorandum

⁷ See, e.g., D.19-09-026, p. 6 (acceptable uses of memorandum accounts include tracking and recording incremental costs that, for various reasons, could not be included in a GRC).

⁸ See Office of Energy Infrastructure Safety Wildfire Mitigation Plan Submission Schedules (Jan. 26, 2026), p. 4, available at <https://efiling.energysafety.ca.gov/Search.aspx?docket=2026-2028-Base-WMPs>.

⁹ For SCE, the next opportunity for this evaluation in a GRC would be the 2029 GRC. However, SCE's four-year GRC and WMP cycles are not currently scheduled to align until the 2033 GRC.

¹⁰ D.19-09-026, p. 6.

¹¹ D.19-09-026, p. 8; see also D.18-11-051, p. 5.

account may be used to track “costs incurred for wildfire risk mitigation that are unforeseen and incremental to the wildfire risk mitigation programs and activities authorized in the electrical corporation’s revenue requirements.”¹² The Commission’s assessment of whether a memorandum account is appropriate is thus a fact-specific inquiry requiring careful consideration of a robust and developed record. Each utility’s wildfire mitigation portfolio is appropriately unique, and costs incurred to mitigate wildfire risk will differ across utilities. Requests to continue the Wildfire Mitigation Memorandum Accounts should therefore be evaluated based on utility-specific circumstances and individualized facts presented in their GRCs, just as utility cost recovery applications seeking after-the-fact Commission review of the costs recorded in those accounts continue to be individualized.

Respectfully submitted,

CLAIRE TORCHIA

/s/ Claire Torchia

By: Claire Torchia

Attorney for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 807-4512
E-mail: Claire.Torchia@sce.com

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¹² Pub. Util. Code § 8386.4(a)(2) (effective Sept. 19, 2025).