



## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

**FILED**

10/15/26

03:35 PM

October 15, 2026,

**Agenda ID #24594**  
**Ratesetting**

TO PARTIES OF RECORD IN APPLICATION 18-05-007:

This is the proposed decision of Administrative Law Judge Camille Watts-Zagha. 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 November 19, 2026, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

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

/s/ MICHELLE COOKE  
Michelle Cooke  
Chief Administrative Law Judge

MLC: jds

Decision **PROPOSED DECISION OF CMMR DOUGLAS** (Mailed 10/15/2026)

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

In the Matter of the Application of  
SOUTHERN CALIFORNIA EDISON  
COMPANY (U-338E) for a Certificate  
of Public Convenience and Necessity:  
Eldorado-Lugo-Mohave Series  
Capacitor Project.

Application 18-05-007

**DECISION PARTIALLY GRANTING SOUTHERN CALIFORNIA EDISON  
COMPANY'S PETITION FOR MODIFICATION OF DECISION 25-10-012**

## TABLE OF CONTENTS

| Title                                                                                                             | Page |
|-------------------------------------------------------------------------------------------------------------------|------|
| Summary .....                                                                                                     | 1    |
| 1. Project Background.....                                                                                        | 1    |
| 2. Procedural Background .....                                                                                    | 3    |
| 2.1. Submission Date .....                                                                                        | 4    |
| 3. Legal Standards .....                                                                                          | 4    |
| 4. Relief Requested .....                                                                                         | 6    |
| 5. Discussion .....                                                                                               | 7    |
| 5.1. Procedural Compliance: Timeliness, Required Elements .....                                                   | 7    |
| 5.2. The PFM Should be Approved In-Part .....                                                                     | 9    |
| 5.2.1. The Cost Estimates Provided for the ELM Project Were Not<br>Reasonably Accurate Up-Front .....             | 10   |
| 5.2.2. SCE's Second PFM Lacks Accounting for Prior Spending on<br>Mitigation Measures.....                        | 12   |
| 5.2.3. SCE Exerted Control over SoCalGas Costs and Overall Costs .....                                            | 14   |
| 5.2.4. Future Public Convenience and Necessity Require Construction of the<br>Project at the Increased Cost ..... | 17   |
| 5.2.5. SCE Could Have Timely Filed a PFM .....                                                                    | 18   |
| 6. Conclusion .....                                                                                               | 19   |
| 7. Modifications Adopted .....                                                                                    | 20   |
| 8. Motion for Leave to File Under Seal .....                                                                      | 20   |
| 9. Summary of Public Comment.....                                                                                 | 22   |
| 10. Other Procedural Matters .....                                                                                | 22   |
| 11. Comments on Proposed Decision .....                                                                           | 22   |
| 12. Assignment of Proceeding.....                                                                                 | 23   |
| Findings of Fact.....                                                                                             | 23   |
| Conclusions of Law .....                                                                                          | 24   |
| ORDER .....                                                                                                       | 24   |

## **DECISION PARTIALLY GRANTING SOUTHERN CALIFORNIA EDISON PETITION FOR MODIFICATION**

### **Summary**

This decision partially grants Southern California Edison Company's (SCE) unopposed request to modify Decision 25-10-012, increasing the maximum reasonable and prudent cost (MRPC) of its Eldorado-Lugo-Mohave Series Capacitor Project by \$17 million to a total \$312 million. The \$15.9 million that SCE incurred in excess of its approved MRPC without prior approval is denied.

This proceeding is closed.

### **1. Project Background**

The Eldorado-Lugo-Mohave Series Capacitor Project (ELM Project) is a transmission project that increases the functional capacity of three existing transmission lines to provide power. In turn, the increased capacity improves grid reliability while relieving deliverability constraints so as to help enable the integration of renewable energy generation in accordance with the state's Renewables Portfolio Standard (RPS) requirements.

The major construction work of the ELM Project consisted of installing six mid-line series capacitors on the following SCE transmission lines:

- Eldorado-Lugo 500 kV transmission line
- Eldorado-Mohave 500 kV transmission line
- Lugo-Mohave 500 kV transmission line.

The Lugo-Mohave transmission line runs parallel to two gas pipelines owned by Southern California Gas (SoCalGas). The Commission required SCE to mitigate potential impacts from the ELM Project on neighboring utilities before energizing the ELM Project.<sup>1</sup>

---

<sup>1</sup> Petition for Modification of Decision (D.) 25-10-012 (Second PFM) at 3.

The major construction work was complete by May 2025 but the mitigation work along the neighboring SoCalGas pipelines was not. In order to provide some of the additional capacity made possible by the ELM Project, SCE sought and received approval to energize the ELM Project series capacitors along two of the three transmission lines that did not parallel the SoCalGas pipeline. Also, SCE sought and received approval to continue to operate the Lugo-Mohave transmission line consistent with pre-project conditions in advance of completing the SoCalGas mitigations.<sup>2</sup>

---

<sup>2</sup> Second PFM at Appendix B, Attachment A-Page 14, Page 17-18 (Declaration of Selya Juliana Arce), stating that SCE requested permission from the Commission to put the two lines not adjacent to SoCalGas lines in-service in a Minor Project Revision (MPR) on January 7, 2025. The Commission approved the request on February 22, 2025 by CPUC Approval Letter available at [https://ia.cpuc.ca.gov/environment/info/aspen/elm/mprs/mpr008\\_022225.pdf](https://ia.cpuc.ca.gov/environment/info/aspen/elm/mprs/mpr008_022225.pdf). However, SCE sought clarification in a revised MPR on August 26, 2025. On August 28, 2025, the Commission's Energy Division approved the revised MRP on August 28, 2025 by CPUC Approval Letter available at [https://ia.cpuc.ca.gov/environment/info/aspen/elm/mprs/mpr008\\_08282025.pdf](https://ia.cpuc.ca.gov/environment/info/aspen/elm/mprs/mpr008_08282025.pdf).

Estimates of capacity increases by line were as follows:

**Table 1. Proposed Operating Capacity in MegaVolt Amperes (MVA) and Capacity Entitlement Increase in Megawatts (MW)<sup>3</sup>**

|                        | Baseline      | Proposed ELM Project | Increase in Capacity Entitlement (SCE's MW Ownership) |
|------------------------|---------------|----------------------|-------------------------------------------------------|
| Eldorado-Lugo 500 kV   | 1,645 MVA     | 2,858 MVA            | +1,213 MW                                             |
| Lugo-Mohave 500 kV     | 2,078 MVA     | 2,858 MVA            | +780 MW                                               |
| Eldorado-Mohave 500 kV | 1,580 MVA (1) | 2,598 MVA            | +1,018 MW (2)                                         |

1 – For Eldorado-Mohave: allocated between SCE, Los Angeles Department of Water and Power (LADWP) and Nevada Energy (NVE).  
 2 – For Eldorado-Mohave: the entire ELM Project-related increase in capacity entitlement (MW ownership) would be allocated to SCE.  
 Source: SCE April 2018 PEA, Section 3.4.1. Revised by SCE in comments to CPUC (12/13/2018), as shown in MND Section 4.2.1, ELM Project Description.

At the time it filed this petition in January 2026, SCE expected SoCalGas would complete construction of the mitigation measures by June 2026.

SCE submitted its Notice of Completion of SoCalGas's mitigation measures on August 3, 2026.<sup>4</sup>

## 2. Procedural Background

The Commission granted SCE a Certificate of Public Convenience and Necessity (CPCN) for the ELM Project in D.20-08-032, establishing \$239 million in constant 2019 dollars as the maximum reasonable and prudent cost (MRPC).<sup>5</sup> D.20-08-032 ordered SCE to file a Petition for Modification (PFM) if SCE were

<sup>3</sup> D.20-08-032 at 4, referencing SCE's Proponent' Environmental Assessment (PEA), submitted into the record as part of its Application, and the Table is essentially repeated in the MND Section 4.2.1.

<sup>4</sup> Ordering Paragraph (OP) 9 of D.20-08-032 required SCE to notify the CPUC's Energy Division upon project completion.

<sup>5</sup> *Id.* at OP 5, "Pursuant to Public Utilities Code Section 1005.5(a), the maximum cost cap (in 2019 dollars) determined to be reasonable and prudent for Southern California Edison Company's construction of the Eldorado-Lugo-Mohave Series Capacitor Project is \$220,000,000, and up to \$19,000,000 in contingency costs as may be applied in accordance with the terms of this decision."

ever to seek an increase to the ELM Project MRPC.<sup>6</sup> SCE filed a PFM of D.20-08-032 (First PFM) on May 24, 2023 to increase the MRPC cost of the ELM Project from \$239 million to \$295 million. In October 2025, the Commission issued D.25-10-012 approving the First PFM, authorizing an MRPC of \$295 million.

SCE filed a PFM of D.25-10-012 (Second PFM) on January 6, 2026 to increase the MRPC cost of the ELM Project from \$295 million to \$328 million. Concurrently, SCE filed a Motion for Leave to File Under Seal a confidential version of the Second PFM. No protests or responses were filed to the Second PFM.

### **2.1. Submission Date**

This matter was submitted on January 6, 2026, upon SCE's filing of the Second PFM.

### **3. Legal Standards**

Pub. Util. Code Section 1005.5 addresses Commission authorization for new construction of utility plant estimated to cost more than \$50 million.<sup>7</sup> Section 1005.5(a) requires that the Commission specify a maximum cost determined to be reasonable and prudent when granting a CPCN for a project. The Commission explained in D.20-08-032, "SCE must demonstrate that the ELM Project's proposed project maximum cost is reasonable and prudent."

Pub. Util. Code § 1005.5(b) addresses cost increases after the CPCN is issued. It enables a utility to return to the Commission to apply for an increase in the maximum cost specified in the certificate. By the plain language of the governing statute, the Commission must determine "that the costs have in fact increased" and that "the present or future public convenience and necessity

---

<sup>6</sup> *Ibid.*

<sup>7</sup> See D.07-01-040 at 45.

require construction of the project at the increased cost.” Should SCE seek an increase, the Commission observed in D.20-08-032 “that any such alleged increase in costs should be hinged upon factors outside of SCE’s control, and should not be accepted if the alleged increases are the result of a failure of SCE to provide the Commission with reasonably accurate estimates in this proceeding.”<sup>8</sup> Finally, in the event that SCE were to seek an increase, the Commission specified the timing of SCE’s request, stating:

Pursuant to Public Utilities Code Section 1005.5(b), at any point during the Eldorado-Lugo-Mohave Series Capacitor Project (Project), but prior to any expenditures in excess of the maximum reasonable and prudent cost determined in this decision, Southern California Edison Company must file a formal Petition for Modification with the Commission for consideration of a revised determination of the reasonable and prudent maximum cost of the Project.<sup>9</sup>

Section 1005.5(c) requires a utility to seek Commission authorization in the event the utility wishes to discontinue a project prior to completion, and Section 1005.5(d) tells the Commission to consider whether a project’s actual costs are within the MRPC during ratemaking.

The Commission’s instructions for SCE to apply for an increase to the MRPC via a petition for modification (PFM) trigger additional statutory requirements. Rule 16.4 of the Commission’s Rules of Practice and Procedure (Rules) governs the filing of a PFM. Because this Second PFM seeks to modify a Commission order on the First PFM, Pub. Util. Code Section 1708 is also relevant. Pub. Util. Code Section 1708 establishes that a Commission order amending a prior order shall have the same effect as the original order.

---

<sup>8</sup> D.20-08-032 at 34, and OP 5.

<sup>9</sup> *Id.* at OP 5.

Today's decision on SCE's Second PFM determines how SCE's request meets the requirements established in Pub. Util. Code Section 1005.5(b) and Section 1708, D.20-08-032, and Rule 16.4 and adjusts SCE's MRPC accordingly.

#### **4. Relief Requested**

In the Second PFM, SCE requests the Commission increase the MRPC of the ELM Project by about \$33 million, from \$295 million to \$328 million, for "gas pipeline mitigation work," specifically to account for the cost to: (1) conduct an alternating current (A/C) Study to assess whether the ELM Project would have any impacts on SoCalGas pipelines that parallel or cross portions of the ELM Project, and (2) design and install all necessary grounding or other measures needed to mitigate any identified impacts.<sup>10</sup>

Regarding Pub. Util. Code Section 1005(b) requirements, SCE contends:

1. SCE is required to complete the SoCalGas pipeline mitigation work as part of the ELM Project; and
2. The costs actually increased.

Regarding D.20-08-032 substantive requirements, SCE contends that until the A/C Study was complete it was unable to know whether mitigation measures along the SoCalGas pipeline would be necessary. SCE also contends costs and cost estimates were out of its control due to SoCalGas having oversight and control of the construction of the mitigation measures along the SoCalGas pipelines.

Regarding the timing, SCE acknowledges and addresses the D.20-08-032 explicit order to request an increase over the cost cap before incurring costs.<sup>11</sup>

---

<sup>10</sup> Second PFM at 1-2.

<sup>11</sup> *Id.* at 10.

SCE gives at least three reasons that it spent approximately \$15.9 million over the cost cap before filing the PFM: (1) SCE did not know what to do without Commission guidance,<sup>12</sup> (2) SCE was reliant on SoCalGas for cost estimates,<sup>13</sup> and finally, (3) SCE determined that the project could not afford additional delay.<sup>14</sup>

SCE also argues that its good faith informal communication with the Commission's Energy Division staff should be taken into account when evaluating the requirements.

## **5. Discussion**

### **5.1. Procedural Compliance: Timeliness, Required Elements**

Rule 16.4 and D.20-08-032 establish timing requirements and the type of showing required in a PFM. By Rule 16.4, parties wishing to "ask[s] the Commission to make changes to an issued decision" may utilize a PFM.<sup>15</sup> Rule 16.4 requires, in relevant parts, that a PFM must:

1. Be filed and served within one year of the effective date of the decision proposed to be modified. If more than one year has elapsed, the petition must also explain why the petition could not have been presented within one year of the effective date of the decision. If the Commission determines the petitioner failed to justify the late submission, "it may on that ground (alone) issue a summary denial of the petition";<sup>16</sup> and

---

<sup>12</sup> *Ibid*, "Although SCE had made clear that there would be additional costs associated with the SoCalGas pipeline mitigation work that were not included in the May 2023 PRM MRPC request, neither those costs nor the mechanism for reviewing and assessing those costs were addressed in D.25-10-012."

<sup>13</sup> *Id.* at 10-11, 13, 16.

<sup>14</sup> *Id.* at 10.

<sup>15</sup> Rule 16.4(a).

<sup>16</sup> Rule 16.4(d).

2. Concisely state the justification for the requested relief and propose specific wording to carry out all requested modifications to the decision, support any factual allegations with specific citations to the record in the proceeding or to matters that may be officially noticed, and support any allegations of new or changed facts with an appropriate declaration or affidavit.

The Second PFM complies with the requirement to file the PFM within one year. D.25-10-012 was issued on October 9, 2025, and SCE's Second PFM was filed and served on January 6, 2026, which is "within one year of the effective date of the decision proposed to be modified" as required by Rule 16.4(d).

The Second PFM complies with the requirement to identify with specificity the new facts and justification for the modification and support the facts and justification. SCE's Second PFM provides factual evidence of actual and projected spending of the costs at issue and several justifications for the costs at issue.

The Second PFM is supported by detailed cost tables in the PFM<sup>17</sup> and in supporting documentation attached to three Declarations.<sup>18</sup> The Second PFM includes wording for the proposed language as its Appendix A "Proposed Language to Support Petition to Modify D.25-10-012" which contains specific requested changes to Finding of Fact #4; Conclusion of Law #3, and Ordering Paragraph #2. Appendix A also requests the dollar amount appearing in D.20-08-032 be changed to reflect the increase to the MRPC requested in this Second PFM. Therefore, we find that the requirements of Rule 16.4 are met.

D.20-08-032 also established timing requirements for the PFM which are addressed below in section 5.2.5.

---

<sup>17</sup> Second PFM at 14, 17-33.

<sup>18</sup> *Id.* at Appendices B, C, D.

## **5.2. The PFM Should be Approved In-Part**

SCE demonstrates that the general substantive requirements of Pub. Util. Code Section 1005.5 are met, although SCE fails to meet the heightened D.20-08-032 requirements. SCE's mixed results in meeting the substantive requirements factors into our disallowance calculation, discussed later in this decision in section 5.2.5.

Pub. Util. Code Section 1005.5(a) requires the Commission to approve a maximum cost, the MRPC, when authorizing new construction estimated to cost more than \$50 million.<sup>19</sup> Pub. Util. Code Section 1005.5(b) allows a utility to seek an increase to the project MRPC if the project costs have increased and if the present or future public convenience and necessity require construction of the project at the increased cost.<sup>20</sup>

In D.20-08-032, the Commission elaborated on the term in Pub. Util. Code Section 1005.5(b), "cost increase," requiring SCE to also address: (1) whether the increased costs included in the PFM were due to factors outside of SCE's control;

---

<sup>19</sup> Pub. Util. Code § 1005.5(a), ("Whenever the commission issues to an electrical or gas corporation a certificate authorizing the new construction of any addition to or extension of the corporation's plant estimated to cost greater than fifty million dollars (\$50,000,000), the commission shall specify in the certificate a maximum cost determined to be reasonable and prudent for the facility. The commission shall determine the maximum cost using an estimate of the anticipated construction cost, taking into consideration the design of the project, the expected duration of construction, an estimate of the effects of economic inflation, and any known engineering difficulties associated with the project.")

<sup>20</sup> Pub. Util. Code § 1005.5(b) ("After the certificate has been issued, the corporation may apply to the commission for an increase in the maximum cost specified in the certificate. The commission may authorize an increase in the specified maximum cost if it finds and determines that the cost has in fact increased and that the present or future public convenience and necessity require construction of the project at the increased cost; otherwise, it shall deny the application.")

and (2) whether SCE failed to provide reasonably accurate cost estimates during the proceeding.

We observe that any such alleged increase in costs should be hinged upon factors outside of SCE's control, and should not be accepted if the alleged increases are the result of a failure of SCE to provide the Commission with reasonably accurate estimates in this proceeding.<sup>21</sup>

**5.2.1. The Cost Estimates Provided for the ELM Project Were Not Reasonably Accurate Up-Front**

SCE claims the costs in the Second PFM were excluded from the prior approvals (D.20-08-032 and First PFM). SCE states this omission was due to uncertainty over the need for an A/C Study or resulting mitigation measures.<sup>22</sup>

We disagree. With regard to costs associated with the A/C Study, the need for the A/C Study was clear before the year 2020, and SCE also states that around January 2020 it received the SoCalGas cost estimate for the study.<sup>23</sup>

SCE's recitation of events demonstrates that the scope of the A/C Study changed, but not uncertainty over the need for the A/C Study. As part of the California Environmental Quality Act review, the Commission issued a draft Mitigated Negative Declaration (MND) in August 2019 and finalized the MND in November. Per the MND, D.20-08-032 required SCE to: (1) coordinate with SoCalGas to study whether the ELM Project would create an increased risk of corrosion for adjacent SoCalGas pipelines (A/C Study), (2) use the A/C Study data to design mitigation measures to protect SoCalGas pipelines from the

---

<sup>21</sup> D.20-08-032 at 34, and OP 5.

<sup>22</sup> Second PFM at 8-12.

<sup>23</sup> *Id.* at 14-15.

increased risk, and (3) install the mitigation measures prior to putting the ELM Project in-service.<sup>24</sup>

SCE began paying SoCalGas to conduct the A/C Study by January 2020. The A/C Study was underway before the Commission approved SCE's Amended Application in October 2020 and SCE has continually incurred costs related to the A/C Study on an ongoing basis since then, as discussed in more detail in Section 5.2.3.

SCE argues that its statement in the First PFM, "SCE anticipates that a separate PFM to address the costs associated with the AC mitigation effort may be necessary once those details are known," proves that the costs for the A/C Study and the mitigation measures were not in prior approvals.<sup>25</sup> However, SCE's First PFM also demonstrated that SCE understood that the MRPC they requested was an upper spending limit, which SCE knowingly exceeded prior to requesting an increase in its MRPC in the Second PRM.

In SCE's Second PFM, SCE asserts that it excluded the SoCalGas pipeline mitigation work because "it was still an open question as to whether any SoCalGas pipeline mitigation work would be necessary."<sup>26</sup> However, SCE had already incurred costs associated with the A/C Study for the purpose of conducting mitigation measures.

In this Second PRM, SCE further demonstrates it is capable of estimating on the high side, and understands the importance of doing so, in order not to run

---

<sup>24</sup> Second PFM at 3-4 citing D. 20-08-032 at Appendix A at 48 (Mitigation Measure UT-1), from the Final Mitigated Negative Declaration (MND) approved by the Commission for the ELM Project pursuant to the California Environmental Quality Act (Pub. Resources Code § 21000 et seq. CEQA).

<sup>25</sup> Second PFM at 2, footnote 1, citing to SCE's First PFM at 34-35.

<sup>26</sup> *Id.* at 9.

afoul of exceeding the MRPC. SCE assures the Commission that there is no risk to ratepayers should an increased MRPC exceed the actual costs incurred, because SCE plans to true-up the actual costs through the ratemaking process.<sup>27</sup> In essence, SCE conveys its understanding that an estimate does not depend on having a comprehensive bid from a third party in hand, and that more precise cost estimates may not be practicable when requesting an increase to an MRPC. SCE's understanding of the MRPC as an overall upper limit was also evident in SCE's representations to the Commission in the First PFM that "SCE expects that the total ELM Project expenditure will remain within the \$295 million (\$2019 constant) maximum reasonable and prudent cost amount requested in its PFM."<sup>28</sup> The Commission approved the \$295 million MRPC in D.25-10-012 with that understanding.

#### **5.2.2. SCE's Second PFM Lacks Accounting for Prior Spending on Mitigation Measures**

SCE fails to show how its request in the Second PFM is additional to costs approved in the First PFM, which raised the MRPC to \$295 million.

SCE's original and subsequent MRPC requests are compared below.

**Table 2. Comparison of Total Project Cost Estimates, 2019 \$ (Millions)**

| <b>ELM Project Cost</b> | <b>Amended Application</b> | <b>First PFM</b> | <b>Second PFM</b>   |
|-------------------------|----------------------------|------------------|---------------------|
| Direct Cost             | \$220                      | \$276            | <i>confidential</i> |
| Contingency             | \$19                       | \$19             |                     |
| TOTAL                   | \$239                      | \$295            | \$328               |

<sup>27</sup> Second PFM at 6, footnote 16.

<sup>28</sup> D.25-10-012 at 8-9, CoL 4. This statement is consistent with SCE's statements in its status reports in 2024-2025 that it did not expect its MRPC to change. (SCE fourth and fifth status reports to the Commission filed respectively on May 1, 2025 and August 1, 2025).

In its First PFM, SCE compared the MRPC costs approved in D.20-08-032 and its requested costs by Project Element, “for further transparency and ease of comparison.”<sup>29</sup>

**Table 3. Comparison of Cost Estimates by Project Element<sup>30</sup>**  
2019 \$ (Millions)

| Project Element/Subcategory <sup>31</sup>            | D.20-08-032 | D.25-12-012 | Variance |
|------------------------------------------------------|-------------|-------------|----------|
| Licensing                                            | \$16        | \$14        | (\$2)    |
| Substation and Series Capacitors                     | \$132       | \$154       | \$22     |
| Transmission                                         | \$32        | \$50        | \$18     |
| Distribution/ All Distribution works                 | \$1         | \$1         | (\$1)    |
| Telecommunication                                    | \$15        | \$15        | \$0      |
| Real Estate                                          | \$3         | \$1         | (\$1)    |
| Environmental/Monitoring,<br>Mitigation, Restoration | \$21        | \$22        | \$0      |
| PCOs                                                 | ---         | \$28        | \$28     |
| SUBTOTAL                                             | \$220       | \$276       | \$57     |

SCE’s original estimate for the Environmental category was \$21 million, and its revised estimate was slightly increased in the First PFM to \$22 million. The Second PFM is not explicit about whether the cost increase falls into the “Environmental” category, despite the labeling of the Project Cost Summary tables as “Pipeline Mitigation Costs.” Nor does the Second PFM address how, or how much SCE spent in the Environmental category overall.

---

<sup>29</sup> First PFM at 33.

<sup>30</sup> *Id.* at 34.

<sup>31</sup> Some project elements are rounded to the nearest million.

**Table 4. Pipeline Mitigation Costs in Second PFM<sup>32</sup>**  
2019 \$ (Millions)

|                       | Cost                |
|-----------------------|---------------------|
| SoCalGas (Work)       | <i>confidential</i> |
| SCE (Project) Support |                     |
| SCE Environmental     |                     |
| Known Risks           |                     |
| Direct Allocations    |                     |
| Contingency           |                     |
| TOTAL                 | \$33                |

Unlike SCE's First PFM, where it showed how spending was changing from the approved subcategories, this Second PFM does not reconcile the actual spending on the project with the approved estimate. The Second PFM requests an increase to a cost maximum, but does not account for how the initial allocations for the A/C Study and mitigations have changed. Therefore, costs incurred prior to the filing of the Second PFM, which was filed just three months after the decision increasing the MRPC in the Second PFM, should be rejected.

### **5.2.3. SCE Exerted Control over SoCalGas Costs and Overall Costs**

SCE contends it had little to no control over the costs related to the SoCalGas pipeline mitigation work, stating "SCE relied on executed collective work agreements (CWAs) and SoCalGas's expertise to compile a complete

---

<sup>32</sup> Second PFM at 24 (Table 2).

estimate for compliance with MM UT-1.”<sup>33</sup> SCE asserts it was dependent upon SoCalGas to develop a cost estimate, summing up its lack of control thusly,

while [SCE] retained the right to review and validate SoCalGas’s proposed costs, it did not independently develop estimates or control the final amount as the scope and technical requirements were determined by SoCalGas and regulatory agencies. (footnote: The SCE team used its past experience with gas pipeline mitigation work on other projects to develop a high level estimate of per-mile pipeline mitigation costs and used this estimate as one method for assessing whether the costs SoCalGas provided to SCE were reasonable.)<sup>34</sup>

We find SCE overstates its dependence upon SoCalGas. The record shows that SCE demonstrated independence from SoCalGas and cost control over the A/C Study throughout the process. In 2021, SCE rejected SoCalGas’ initial A/C Study, conducted by Ark Engineering, because it required mitigation measures over approximately 47 miles of the 55-mile transmission line, which comprised 85 percent of the line.<sup>35</sup> SCE then hired its own consultant, Corrpro, to peer review the Ark Engineering study and provide a gap analysis, which Corrpro provided in May 2021. Then, it ordered the two separate study teams to jointly collect more field data and collaborate to produce the A/C Study.<sup>36</sup> SCE actively managed these costs with the expectation that overall savings would result: “While I understood that it could cost SCE more to have Corrpro and Ark Engineering gather field data, I believed that it was sensible for SCE to incur

---

<sup>33</sup> *Id.* at 14.

<sup>34</sup> *Ibid.*

<sup>35</sup> *Id.* at Attachment A – Page 8 (Declaration of Selya Juliana Arce).

<sup>36</sup> *Id.* at 14, including note 38, Second PFM at Attachment A – Page 9 (Declaration of Selya Juliana Arce).

these costs because a valid study would bring SCE additional savings if it were to result in a narrower scope of mitigation.”<sup>37</sup>

SoCalGas requested more money for the A/C Study in November 2022 to gather additional field data. SCE paid the SoCalGas invoice for the increased costs in February 2023.<sup>38</sup> SCE’s decision to spend more time and money for a second opinion on the A/C Study had the desired impact of reducing the number of miles of mitigations installed along SoCalGas’s pipelines from 47 to 19 miles. However, SCE does not quantify or compare the cost impacts of this decision.

Similarly, in 2025, SCE made an active decision to accelerate the required environmental restoration work on the Lugo-Mohave transmission line at an increased cost. SCE’s Project Manager reports asking SoCalGas to expedite the construction of the gas pipeline mitigation measures, and reports that SoCalGas was able to complete the construction in approximately eight months instead of one year.<sup>39</sup>

Therefore, even though SoCalGas was contracted to perform the A/C Study and install the required mitigations, SCE exercised judgement and cost control over the work activities managed by SoCalGas throughout the process. SCE also validated the cost estimates provided by SoCalGas by using a second consultant. More significantly, SCE actively managed the costs, deciding to incur additional costs (and additional time) for a second opinion, in an attempt to reduce the distance along the SoCalGas pipeline requiring mitigation work.

---

<sup>37</sup> *Id.* at Appendix B, Attachment A-Page 9 (Declaration of Selya Juliana Arce).

<sup>38</sup> *Id.* at 15.

<sup>39</sup> *Id.* at Appendix B, Attachment A-Page 17 (Declaration of Selya Juliana Arce).

Finally, as described in section 5.2.2 above, we emphasize that SCE understands providing an estimate of an upper limit of costs does not necessarily depend upon having a bid in hand, because SCE explains that in this Second PFM it allowed for headroom to account for remaining changes.

**5.2.4. Future Public Convenience and Necessity  
Require Construction of the Project at the  
Increased Cost**

The ELM Project is needed. SCE explains that the expenditures required to complete the A/C Study and implement the resulting recommendations are “unavoidable, as the mitigation is a required component of the ELM Project. In fact, the ELM Project cannot be fully in-serviced unless these mitigations are in place, and failing to do so could result in potential safety risks.”<sup>40</sup>

In 2020 the Commission explicitly found the ELM Project facilitated California’s Resource Adequacy and Renewable Portfolio Standards (RPS) policy goals. In 2020, California targeted 33 percent of the state’s electricity to come from renewables, and also by 2030 required this to be 60 percent, and the Commission found that development of RPS-eligible resources depended upon the ELM Project.<sup>41</sup> In granting SCE’s First PFM in 2025, the Commission implicitly found the same.<sup>42</sup> To-date, the two of the three transmission lines have increased deliverability and therefore have supported RPS-eligible resources.

Since the Commission made these findings in 2020, the ELM Project continues to be included by the California Independent System Operator

---

<sup>40</sup> *Id.* at 14.

<sup>41</sup> D.20-08-032 at 9, 16, 21 and Col 11. At 16: “The ELM Project enables a series of utility-scale solar projects in the Desert Area to be but and to receive FCDS.”

<sup>42</sup> *Id.* at 9, 21 and CoL 11, and D.25-10-012.

(CAISO) as a previously approved project and base case upon which future planning depends, as recently as the CAISO 2024-25 plan.<sup>43</sup>

Finally, SCE also argues that it incurred costs in excess of the MRPC “to prevent project delays to this important project needed to support renewable energy deliverability.”<sup>44</sup> We find that the mitigation measures are necessary to address environmental impacts to SoCalGas’ pipelines as a result of the ELM Project, and approve them to the extent the costs were spent prior to requesting a cost increase in the Second PFM.

#### **5.2.5. SCE Could Have Timely Filed a PFM**

SCE clearly states that it spent over the cost cap before filing the Second PFM.<sup>45</sup> SCE explains that by October 2025 it had already spent money in excess of the cost cap and by January 2026 it had exceeded the cap by approximately \$15.9 million.<sup>46</sup>

SCE asserts that part of the reason it exceeded the cost cap is that its request to the Commission for guidance related to additional cost increases went unheeded.<sup>47</sup>

We disagree. The Commission directed SCE on how to proceed if another MRPC increase became necessary. D.25-10-012 explicitly affirms the requirements established in D.20-08-032 continue to apply for cost increases. SCE’s statement that the Commission did not address a cost increase on the horizon is unsupported by the facts.

---

<sup>43</sup> Second PFM at 12.

<sup>44</sup> *Id.* at 10.

<sup>45</sup> *Ibid.*

<sup>46</sup> *Id.* at 6, 10.

<sup>47</sup> *Id.* at 10.

SCE's additional reasons why the Commission should excuse the delay are: (1) SCE was reliant on SoCalGas for cost estimates,<sup>48</sup> and (2) SCE determined that the project could not afford additional delay. In section 5.3.2 we describe our conclusion that SCE was responsible for making estimates and determining whether the overall MRPC would be exceeded, even if it did not have specific bids from SoCalGas. With regard to the value of bringing the third line in service at greater cost, SCE offers no evidence to support this statement.

We determine it is reasonable to disallow \$15.9 million that SCE spent over the MRPC prior to filing the Second PFM. Although the strict calculation of the amount is based on the timing failure, the disallowance is also merited because SCE did not meet the Commission's heightened requirements in D.20-08-032.

## **6. Conclusion**

SCE estimated it would spend \$33 million more than the Commission's approved MRPC of \$295 million to complete the ELM Project and deliver additional capacity to integrate renewable generation into the grid in Southern California. SCE demonstrates that substantive requirements of Pub. Util. Code section 1005.5(b) to increase the MRPC are met, that the ELM Project remains necessary, and costs actually increased. However, SCE fails to meet the D.20-08-032 criteria, that costs were out of SCE's control and that SCE provided reasonable estimates initially. Significantly SCE fails to justify its noncompliance with the D.20-08-032 requirement to request an increase in the MRPC prior to incurring costs. Despite SCE's contentions, there is no indication in the formal record of this proceeding (including the SCE status reports filed in the docket of this proceeding through Q2 2025) that the finalized scope of the SoCalGas

---

<sup>48</sup> *Id.* at 10-11, 13, 16.

mitigation work would drive the total costs beyond the MRPC. The Commission's finding in D.25-10-012 was that SCE did not expect the total cost of \$295 million to change.<sup>49</sup> The costs of the SoCalGas pipeline mitigation work may have been unknown but the total project estimate was purported to be complete.

SCE's demonstration of the need to complete the ELM Project, and the documentation of the cost increases persuades us to grant an increase in the MRPC by \$17 million for a total MRPC of \$312 million.

## **7. Modifications Adopted**

The modifications we adopt today are listed in strikethrough for deletions and underlining for additions.

Ordering Paragraph 2 of Decision 25-10-012 is modified as follows:

Ordering Paragraph 4 of Decision 20-08-032 is modified and superseded by the new maximum reasonable and prudent cost for the Eldorado-Lugo Mohave Series Capacitor Project of ~~\$295~~\$312 million.

## **8. Motion for Leave to File Under Seal**

SCE requests leave to file the confidential version of its Second PFM under seal pursuant to General Order (GO) 66-D. Section 3.2 of GO 66-D sets forth four requirements that an information submitter must comply with when submitting information that is alleged to be confidential. The four requirements require an information submitter to:

1. Designate each page, field, or any portion of document for which confidentiality is claimed;
2. Specify the basis for the Commission to provide confidential treatment with specific citation to an applicable provision of the CPRA;

---

<sup>49</sup> D.25-10-012 at 7-8 and Finding of Fact 4.

3. Provide a declaration in support of the legal authority cited in § 3.2(d), signed by an employee or agent designated by an officer; and
4. Provide contact information.

In all cases, the Commission must comply with the California Constitution's public right of access to government records. (*See* Cal. Const. Art. I, Section 3(b)(1).) California Constitution, Article 3(b)(2) further states that statutes, court rules, and other authority limiting access to information must be broadly construed if they further the people's right of access, and narrowly construed if they limit the right of access. Further, while the four requirements in Section 3.2 do not apply per se in formal proceedings, the substantive requirement to prove each confidentiality claim remains for all motions in proceedings. Rule 11.1(d) requires all motions to "concisely state the facts and law supporting the motion and the specific relief requested." Taken together with the requirements of the California Constitution, confidentiality claims made in formal proceedings must also be proven with specificity by the party requesting confidential treatment of information.

SCE asserts certain information such as contract terms and contracts between SCE and SoCalGas and its contractors, subcontractors, vendors and material suppliers are market sensitive. SCE states public disclosure of the contract prices and terms could compromise future marketing positions and negotiations of SCE, SoCalGas and its contractors. SCE also attaches an itemized table of each type of redacted information in its confidential version of the PFM with specific references to page numbers in the PFM, and to Government Code section 7920.000 *et seq.*, with a basis for the asserted confidentiality and the required declaration and contract information.

We are persuaded that the line item details and copies of contracts that SCE seeks to keep confidential are indeed market sensitive. We agree that revealing the price and term details will compromise SCE's future negotiations, and that the public interest is served by preserving SCE's ability to fairly negotiate terms and prices. Thus, we find SCE has met its GO-66 D burden, Rule 11.1 and Rule 11.4 pleading requirements and its motion for confidential treatment is granted.

#### **9. Summary of Public Comment**

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(a) requires that all written public comment submitted prior to the submission of the proceeding are part of the administrative record of the proceeding. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. There are no public comments on the Docket Card of this proceeding.

#### **10. Other Procedural Matters**

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

#### **11. Comments on Proposed Decision**

The proposed decision of ALJ Camille Watts-Zagha in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code 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 \_\_\_\_\_.

**12. Assignment of Proceeding**

Karen Douglas is the assigned Commissioner and Camille Watts-Zagha is the assigned Administrative Law Judge in this proceeding.

**Findings of Fact**

1. The ELM cost increase of \$17 million for the ELM Project is justified.
2. SCE is required to install the gas pipeline mitigation measures before fully energizing the ELM Project.
3. The MRPC of \$239 million approved in D.20-08-032 was a maximum cost to complete all necessary elements of SCE's ELM Project.
4. The MRPC of \$295 million approved in D.25-10-012 was an updated maximum cost to complete all necessary elements of SCE's ELM Project.
5. SCE spent \$303.1 million through December 31, 2025.
6. SCE requests an increase of \$33 million to the MRPC, of which \$15.9 million was incurred prior to filing the PFM.
7. Uncertainty about any particular line item in a project cost estimate does not justify waiting until after the costs are incurred to request a MRPC increase.
8. D.20-08-032 included installation of mitigation such as cathodic protection and grounding, if needed, as a result of any induced alternating current effects the increased power flow might have on nearby gas transmission pipelines as part of the ELM Project that SCE proposed.
9. SCE had the ability to provide an estimate of the SoCalGas pipeline mitigation work in advance of incurring costs.
10. There is no way to reconcile SCE's delay in presenting estimates for the mitigation construction work with the requirement that an increase in the MRPC be filed by PFM before incurring those costs.

11. Only costs of \$17 million incurred after filing the Second PFM can be considered in increasing the MRPC.

12. The ELM Project cost increases that were not incurred prior to SCE filing the Second PFM in January 2026 are eligible for increasing the MRPC.

13. The Petition is unopposed.

### **Conclusions of Law**

1. Pursuant to Pub. Util. Code § 1005.5(b) and D.20-08-032, the Commission should approve an increase of \$17 million to the maximum reasonable and prudent cost for this project.

2. SCE's Motion for Leave to file a confidential version of the PFM meets the GO-66 D burden, Rule 11.1 and Rule 11.4 pleading requirements and should be granted.

## **O R D E R**

### **IT IS ORDERED that:**

1. Southern California Edison Company's Petition for Modification of Decision 25-10-010 is partially granted to increase the maximum reasonable and prudent cost of the Eldorado-Lugo-Mohave Series Capacitor Project by \$17 million.

2. Ordering Paragraph 2 of Decision 25-10-012 is modified as follows:  
"Ordering Paragraph 4 of Decision 20-08-032 is modified and superseded by the new maximum reasonable and prudent cost for the Eldorado-Lugo Mohave Series Capacitor Project is \$312 million."

3. Southern California Edison Company's Motion for Leave to File Under Seal a Confidential Version of the Petition for Modification is granted.

4. The confidential version of the Petition for Modification shall remain under seal and shall not be accessible or disclosed to anyone other than

Commission staff except pursuant to a protective order or on the further order or rule of the Commission.

5. Application 18-05-007 is closed.

This order is effective today.

Dated November \_\_, 2026, at San Francisco, California.