BEFORE THE PUBLIC UTILITIES COMMISSION

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OPENING COMMENTS OF THE UTILITY REFORM NETWORK

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OPENING COMMENTS OF THE UTILITY REFORM NETWORK

In accordance with the August 6, 2026 Scoping Ruling, The Utility Reform Network (TURN) submits these Opening Comments on the Risk Assessment Mitigation Phase (RAMP) submission of Southern California Edison Company (SCE) and the Safety Policy Division Report issued on October 23, 2026 (SPD Report). TURN's comments are limited to SCE's presentation regarding the new Risk-Informed Decision-making Framework (RDF) requirement adopted in Decision (D.) 25-08-032 to present budget-constrained optimized portfolios of mitigations for four prescribed budget scenarios. In these comments, TURN refers to this as the Budget-Constrained Optimization (BCO) requirement.

1. SUMMARY OF TURN'S RECOMMENDATIONS

Analysis of SCE's Presentation of Optimized Portfolios. SCE presented two sets of optimized portfolios under the four required Budget Scenarios– an Optimized *Enterprise* Portfolio and an optional set of Optimized *Risk-Specific* Portfolios. In presenting its preferred optional Risk-Specific portfolios, SCE did not sufficiently justify the different and less cost-effective allocation of costs to risks than would occur under the Optimized Enterprise Portfolio, as required by RDF Rule 25.2. For example, SCE did not explain why it would elect to spend less than optimal amounts on Wildfire mitigations to enable increased funding for less cost-effective mitigations for the PSPS, Employee Safety, and Physical Security risks. While SCE may have a good justification for its preferred allocation of resources among risks, it is not provided. SCE should correct this shortcoming in its GRC submission to improve the usefulness of the new BCO requirement as a tool to help decisionmakers decide which activities are most deserving of funding. Specifically, SCE should do the following in its GRC:

- If SCE chooses to present alternative Optimized Risk-Specific Portfolios under Row 25.2 as its preferred optimized portfolios, it must justify and explain, for each sub-100% budget scenario, why it proposes to allocate costs among risks differently and less cost-effectively than the Row 25.1 Optimized Enterprise Portfolio. For each budget scenario, SCE should identify and explain, for each risk in which SCE proposes a materially different allocation of costs compared to the Row 25.1 portfolio, all non-BCR factors that SCE believes make its less cost-effective recommendation the superior proposal.

In addition, in concurrence with the SPD Report, TURN recommends the following:

- If SCE proposes spending above the budget level with the highest BCR, SCE's GRC filing should provide a robust narrative of each factor on which SCE bases this choice.

Interrelationships Among Mitigations and Controls. A key element of the new BCO requirement is that the activities that are being optimized in the portfolios must take into account the interrelationships among mitigations and controls, such as mutual exclusivity, synergies and diminishing returns. SCE provided a vague explanation of its methodology for complying with that requirement in its RAMP Report[1] and an equally vague, and somewhat different, explanation in one of its Chapter 2 PDF workpapers.[2] SCE's GRC should correct the following problems related to its Mitigation Grouping Framework discussion and presentation:

- Consistent with SPD's recommendation, SCE should provide a clearer and more detailed explanation of how the Framework determines the priority order in which mitigations apply, including concrete examples, and how SCE's methodology complies with the RDF requirement to account for interrelationships, including synergies and diminishing returns, among mitigations within a mitigation group.

- SCE should include compliance activities in its Mitigation Grouping Framework, as required by the RDF, a recommendation with which SPD concurs.

[1] SCE RAMP Report, Chapter 2, p. 33.

[2] Chapter 2 PDF Workpaper: Risk Model and BRC Methodology, Mitigation Grouping and BCR Calculation (Mitigation Grouping workpaper).

- In its Excel workpaper documenting its optimized portfolios,[3] for each row identifying a grouped set of activities, SCE should list the activities in the priority order that SCE claims to have used to account for interrelationships among mitigations.

2. TURN'S ANALYSIS OF SCE'S PRESENTATION OF OPTIMIZED PORTFOLIOS

2.1 Overview of Applicable RDF Requirements

The revised RDF adopted in D.25-08-032 requires Optimized Portfolios at each of four Budget Scenarios.[4] The term "Optimized (Enterprise or Risk Mitigation) Portfolio" is defined as follows:

> A portfolio that is optimized using an optimization model where the objective to be maximized is risk reduction, the constraint is a given budget level in dollars, and the decision variable (i.e., what is selected by the optimization algorithm to maximize the objective function) is whether a given mitigation is included in the portfolio or not.[5]

In other words, an optimized portfolio is one that provides the maximum risk reduction for the given level of spending.

The RDF specifies four Budget Scenarios for the optimized portfolios, 85%, 90%, 95% and 100% of the "Baseline Cost Forecast."[6] The Baseline Cost Forecast is defined as "[a]n estimate of the expenditures for all RAMP-related Mitigation and Control Programs for which an IOU is seeking approval and/or funding in its RAMP or current GRC application."[7]

[3] Chapter 2 Excel Workpaper: SCE 2026 RAMP Optimization.

[4] RDF, Rows 25.1 and 25.2.

[5] RDF, page A-6. In these comments all references to the RDF are to the RDF adopted in D.25-08-032, which is Appendix A to that decision.

[6] RDF, Row 25.1

[7] RDF, p. A-3.

Row 25.1 of the RDF requires an Optimized *Enterprise* Portfolio under each of the four budget scenarios. "Enterprise Portfolio" is defined as a "collection of activities within a specified Budget Scenario reflecting all of the RAMP-related Mitigation and Control Programs to be funded in the utility's General Rate Case."[8] Optimized Enterprise Portfolios thus reflect the most cost-effective activities to address the full set of RAMP risks within the constraint of an overall budget covering all of those risks.

Row 25.2 of the RDF allows the utility to construct Optimized Risk Mitigation Portfolios specific to each risk "based on a different allocation of costs among risks than would occur under the corresponding Optimized Enterprise Portfolio."[9] In other words, the utility can specify an amount it wishes to spend for each risk that is different from the per risk spending amounts that resulted under the Optimized Enterprise Portfolio, thus imposing an additional risk-by-risk budget constraint. Row 25.2 recognizes that, while Enterprise-level optimized portfolios provide important information, the utility may have good reasons for altering the allocation of resources among risks that Enterprise-level optimization would prescribe. By definition, these risk-specific optimized portfolios would not be optimal compared to the Optimized Enterprise Portfolios, in that they will be less cost-effective and achieve less risk reduction at each sub-100% budget level than a portfolio that maximizes risk reduction at the enterprise level. For this

[8] RDF, p. A-4. The definition further states that "[t]he Enterprise Portfolio will include a Risk Mitigation Portfolio for every Enterprise Risk presented in a RAMP."

[9] Row 26 of the RDF states that "the utility must present the set of Optimized Enterprise Portfolios required by Row 25.1 and may present an alternative set of Optimized Risk Mitigation Portfolios within each Enterprise Portfolio in accordance with Row 25.2." This sentence recognizes that the alternative set of Optimized Risk Mitigation Portfolios allowed under Row 25.2 combine to create a different Enterprise Portfolio than the Optimized Enterprise Portfolio required under Row 25.1.

reason, Row 25.2 requires the utility to "justify" the proportion of resources devoted to each risk.[10]

Row 26 imposes additional requirements to identify and justify the utility's preferred portfolios. In both the RAMP and GRC, Row 26 requires the utility to identify its "proposed Enterprise Portfolio," which could be either the Row 25.1 Optimized Enterprise Portfolio or, if the utility so elects, the combined set of optimized risk-specific portfolios to address each RAMP risk.[11] Row 26 states that "[t]he utility must explain how the budget scenario and other constraints factored into the utility's portfolio selection," which means that the utility must indicate its proposed portfolio and provide this explanation *for each budget scenario*. In addition, Row 26 requires the utility to explain whether and how factors other than Benefit-Cost Ratios (BCR) affected its choice of activities to include in its chosen portfolio under the various budget scenarios.[12]

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[10] The role of Row 25.2 risk-specific optimized portfolios is discussed in on pages 4 to 5 of TURN's Opening Comments in R.20-07-013 (dated 8/14/25) on the proposed decision (PD) that was revised to become D.25-08-032. Virtually all of TURN's recommended changes to Rows 25.1, 25.2 and 26 in the PD were adopted verbatim in the final decision.

[11] RDF, Row 26, using the term "proposed Enterprise Portfolio" twice in the fifth paragraph. As noted in footnote 8, the utility's proposed Enterprise Portfolio could be based on either the required Row 25.1 Optimized Enterprise Portfolio, or the entire set of risk-specific optimized portfolios allowed under Row 25.2.

[12] Specifically, the fifth paragraph of Row 26 states: "The utility's proposed Enterprise Portfolio, including its Mitigation and Control Programs selection, Risk Reporting Unit prioritization, and Risk Mitigation Portfolio optimization can be influenced by Benefit-Cost Ratios and other factors including, but not limited to, funding, labor resources, technology, planning and construction lead time, compliance requirements, Risk Tolerance thresholds, operational and execution considerations, and modeling limitations and/or uncertainties affecting the analysis. In the RAMP and GRC, the utility will explain whether and how any such factors affected the utility's proposed Enterprise Portfolio, including its Mitigation and Control Program selections and Risk Reporting Unit prioritization.

2.2 SCE's Presentation of Optimized Portfolios

In an Excel workpaper,[13] SCE presented Row 25.1 Optimized Enterprise Portfolios under each budget scenario. SCE also elected to provide alternative Row 25.2 Optimized Risk Mitigation Portfolios.

For both types of optimization, SCE followed the same basic approach. First, SCE identified what it deemed to be compliance activities, meaning activities SCE viewed as "must-take." The activities and associated funding estimates for these compliance activities were included in all optimized scenarios. Second, for the remaining non-compliance activities, SCE ranked them by BCR and selected them sequentially for inclusion in the portfolio until the applicable total company budget constraint was reached. For the Row 25.1 Optimized Enterprise Portfolios, this meant that SCE ranked by BCR all of the over 11,000 activities that made up its Baseline Cost Forecast and then selected the highest-BCR activities until the given budget scenario limit was reached.

For its alternative Row 25.2 risk-specific optimized portfolios, SCE specified spending amounts for each risk and applied the specific budget scenarios (85%, 90% etc.) to these risk-specific budgets, again following the same sequential activity selection process until the risk-specific budget was exhausted.[14] SCE stated that this was its "preferred approach," using "BCRs

[13] Chapter 2 Excel Workpaper: SCE 2026 RAMP Optimization.

[14] In discovery, SCE explained that, if the cost of the next available mitigation or mitigation tranche in the ranking would cause the budget limit to be exceeded, that activity would not be included. The result was that for certain mitigations, spending was less than the full-budget-constrained amount. SCE Response to DR TURN-SCE-001, Question 4(b). This is reflected in Table 1 below, which shows that the Total NPV Spend is lower under the Risk-Specific Optimization compared to the Enterprise Optimization.

as an input to decision-making within the context of ***risk-specific*** mitigation strategies, rather than a strict rank-ordering at the enterprise level."[15]

The spending results of SCE's two optimization approaches are shown in Table 1 below. The spending amounts reflect SCE's estimated costs of the specific activities that are included in each optimized portfolio. Those activities and costs are detailed in SCE's Excel workpaper. While there are differences in the included activities and the resulting allocation of costs among risks between the enterprise-level (Row 25.1) and risk-specific (Row 25.2) optimizations for all sub-100% budget scenarios, the differences are most pronounced under the 85% budget scenario. Under that scenario, the Risk-Specific Optimization alternative would spend significantly less on the Wildfire, Overhead Equipment Failure, Cyber and Seismic risks and significantly more on the Employee Safety, PSPS, Hydro, Physical Security and Underground Equipment Failure risks, compared to the Optimized Enterprise Portfolio.

[15] SCE RAMP Report, Chapter 2, p. 30 (emphasis in original).

Table 1: SCE's NPV Spend ($M) Under Budget Scenarios

Risk	Enterprise Optimization[16]				Risk-Specific Optimization[17]			
	85%	90%	95%	100%	85%	90%	95%	100%
Cyber	600	600	600	600	487	487	544	600
Seismic	162	162	162	162	115	115	115	162
Contractor Safety	11	15	15	15	11	11	11	15
Wildfire	3,653	3,663	3,666	3,666	3,098	3,294	3,480	3,666
Overhead Equipment Failure	2,702	2,806	2,926	2,957	2,513	2,659	2,809	2,957
Underground Equipment Failure	1,317	1,431	1,538	1,723	1,465	1,551	1,637	1,723
Public Safety	14	112	112	112	14	14	14	112
Employee Safety	26	65	81	223	153	153	153	223
PSPS	11	27	76	123	102	108	117	123
Hydro	7	7	43	84	67	75	78	84
Physical Security	1	47	286	339	288	302	321	339
Total NPV Spend	**8,502**	**8,934**	**9,504**	**10,004**	**8,312**	**8,770**	**9,277**	**10,004**
Overall BCR	**6.93**	**6.61**	**6.23**	**5.92**	**6.79*[18]**	**6.53***	**6.18***	**5.92**

[16] SCE Chapter 2 Excel Workpaper: SCE 2026 RAMP Optimization, "Summary" tab.

[17] Risk-Specific Optimization spending figures were provided by SCE in response to Data Request TURN-SCE-001, Question 3. As explained in footnote 13 above, the reason for the Total NPV Spend disparity between comparable budgets in the Enterprise and Risk-Specific Optimizations is apparently SCE's practice of not including the next available mitigation or mitigation tranche in the ranking if its cost would cause the budget limit to be exceeded.

[18] The asterisks denote adjusted BCR values. To make the Optimized Risk-Specific Portfolio BCRs an apples-to-apples comparison with the Optimized Enterprise Portfolio BCRs, the Risk-Specific BCRs were adjusted to use the same total spending amounts as the Enterprise portfolios at each of the sub-100% budget levels. TURN imputed the incremental NPV benefits associated with the incremental spend amounts to equal the Enterprise total spend based on the BCR of the activity with the lowest BCR at each budget level in the Optimized Enterprise Portfolio. These BCR values were 0.5 for the 85% scenario, 0.2 for the 90% scenario, and 0.1 for the 95% scenario.

SCE's preferred risk-specific portfolios would fund certain activities that are clearly less cost-effective than the more cost-effective activities they would supplant, as shown by the data in Tables 2 and 3 below.

Table 2: BCR of Marginal Activities that Would Not Be Funded in Risk-Specific Optimized Portfolio (85% Scenario)

Risk	BCR of Marginal Unfunded Activity
Wildfire	2.11
Cyber	2.01
Seismic	1.48
Overhead Electric Failure	1.15

Table 3: Average BCR for Entire Risk-Specific Portfolio

Risk	Average Portfolio BCR
Employee Safety	0.49
PSPS	0.28
Hydro	0.08
Physical Security	0.18

To give an idea of the BCRs of the activities that SCE's preferred portfolio would choose not to fund, Table 2 identifies the BCR of the marginal, i.e., next-in-rank, unfunded activity in SCE's risk-specific optimized portfolio for the given risks.[19] Those BCRs significantly exceed the average portfolio BCR of the funded activities for each of the risks shown in Table 3. The upshot is that, for the 85% budget scenario, SCE's preferred portfolios would fund many activities that are much less cost-effective than many of the unfunded activities for the risks

[19] For the Seismic risk, the BCR shown is for the only unfunded activity. For the Cyber risk, the only other unfunded activity had a BCR of 1.90. For each of the Wildfire and Overhead Equipment Failure risks, there were numerous unfunded activities that exceeded all of the portfolio BCRs in Table 3.

shown in Table 2. This is an illustration of the unsurprising result that an optimized *enterprise-level* portfolio is more cost-effective than a set of risk-specific optimized portfolios.

SCE may have good reasons for choosing an allocation of costs among risks that results in funding less cost-effective mitigations at the expense of other more cost-effective activities, but SCE needs to justify its preferences, as required by Rows 25.2 and 26.

2.3 Assessment of SCE's Approach

TURN does not disagree with SCE's optimization approach of using a ranking of activities by BCR to select the activities that will maximize risk reduction under each budget constraint. In fact, this approach was suggested by TURN in Track 4 of R.20-07-013.[20]

However, contrary to Row 25.1, SCE does not sufficiently justify its preferred allocation of resources among risks under its Row 25.2 risk-specific optimizations, compared to the more efficient Row 25.1 enterprise optimizations. Relatedly, contrary to Row 26, SCE does not explain how factors other than BCR affected SCE's proposed portfolio.

As Table 1 shows, SCE's alternative portfolios under Row 25.2 are based on a different allocation of costs among risks than would result under the required Rule 25.1 optimizations. For example, at the 85% budget level, SCE's Row 25.2 risk-specific alternative allocates 85% of Row 25.1 costs to the Wildfire risk, 111% of Row 25.1 costs to the Underground Electric Failure Risk, and 828% of Row 25.1 costs to the PSPS risk, among other differences. Put another way, compared to the Optimized Enterprise Portfolio, SCE's preferred set of risk-specific portfolios would spend less on mitigating the Wildfire risk (among others), and more on risks such as Underground Electric Failure and PSPS.

[20] D.25-08-032, pp. 37-38, discussing TURN's position.

As noted, Rule 25.2 requires SCE to justify, for each optimized risk-specific portfolio, why it allocated such a different proportion of costs compared to the corresponding Row 25.1 optimized portfolio. In discovery, SCE points to Chapter 2, Section P, Part 2, as supplying SCE's justification.[21] There, the only potentially relevant discussion is the following paragraph:

> This proportional allocation is appropriate given that the estimated spend for each RAMP risk has already undergone an initial review through SCE's internal business planning process, which considers feasibility, timing, overall costs, and relative prioritization across risks. As a result, and for RAMP purposes only, the estimates resulting from these budget-constrained scenarios reflect preliminary, risk-informed allocation of resources across the portfolio.[22]

This short paragraph is far too general and vague to provide a meaningful justification of SCE's preferred allocation of costs compared to the enterprise-level optimization. It does not provide any specific explanations of why, for example, SCE believed that, at budget-constrained spending levels, more cost-effective Wildfire and Cyber risk mitigation activities should be sacrificed to boost the amount of less cost-effective activities to address the Physical Security, PSPS, Employee and Hydro risks. Such explanations would be highly informative to parties and decisionmakers. A vague paragraph that only states that the activities and allocation of costs in the risk-specific optimized portfolios are based on the company's planning process does nothing to justify an allocation of costs and a portfolio of activities that is less cost-effective than the Optimized Enterprise Portfolio under each sub-100% budget scenario.

[21] SCE response to DR TURN-SCE-001, Question 6(c).

[22] SCE RAMP Report, Chapter 2, p. 35.

SCE also does not explain the non-BCR factors that cause it to prefer its Row 25.2 risk-specific portfolios under the various budget scenarios, as required by Row 26.[23] SCE omits such a discussion even though its RAMP report quotes the portion of Row 26 that recognizes that non-BCR factors can influence portfolio selection.[24] Rows 25.2 and 26 require SCE not just to state that it disagrees with basing portfolio selection on a ranking of activities by BCR but to present its preferred portfolios under each of the budget scenarios and to justify those less cost-effective scenarios by explaining the non-BCR factors that cause it to propose portfolios that result in less risk reduction at a given budget level.

2.4 Response to SPD Report

In an analysis that is complementary to the analysis TURN presented in its Informal Comments, SPD focused on the total benefits and portfolio BCRs that SCE showed at each budget level. SPD noted that, in both the Enterprise and Risk-Specific Optimizations, the total benefits were almost the same for each budget level and that the portfolio BCRs were highest at the 85% budget level and decreased as budgets increased.[25] SPD recommends that SCE should

[23] The fifth paragraph of Row 26 states: "The utility's proposed Enterprise Portfolio, including its Mitigation and Control Programs selection, Risk Reporting Unit prioritization, and Risk Mitigation Portfolio optimization can be influenced by Benefit-Cost Ratios and other factors including, but not limited to, funding, labor resources, technology, planning and construction lead time, compliance requirements, Risk Tolerance thresholds, operational and execution considerations, and modeling limitations and/or uncertainties affecting the analysis. In the RAMP and GRC, *the utility will explain whether and how any such factors affected the utility's proposed Enterprise Portfolio, including its Mitigation and Control Program selections and Risk Reporting Unit prioritization*." (Emphasis added).

[24] SCE RAMP Report, Chapter 2, pp. 29-30.

[25] SPD Report, pp. 32, 34.

"[p]rovide a robust narrative to justify spending above the optimum budget level which gives the highest BCR, if that is the SCE proposal."[26]

TURN agrees with SPD's recommendation. As SPD shows, at the 85% budget level, total benefits are nearly the same as the benefits at the 100% budget level, which results in significantly higher BCRs at the 85% level. In other words, SCE's 85% portfolios provide benefits comparable to SCE's preferred 100% portfolios, and do so much more cost-effectively. Under these circumstances, which are likely to be repeated to some extent in SCE's GRC filing, SPD correctly recommends that SCE provide a "robust explanation" of why the most cost-effective budget scenario should not be adopted. Such an explanation is required by RDF Row 26, which includes the directive to explain whether and how BCRs and other factors affected the utility's proposed portfolio.[27]

2.5 Recommendations for the GRC

SCE can and must correct the deficiencies discussed in Sections 2.3 and 2.4 in its GRC submission. Row 26 requires SCE's *GRC* showing to meet the Row 25.1 requirement and, if SCE chooses, to provide alternative optimized portfolios under Row 25.2, with the accompanying justification of its less cost-effective allocation of costs among risks.[28] As noted,

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[26] SPD Report, p. 36, Recommendation 5.

[27] See footnote 29 below.

[28] As noted, Row 25.2 requires the utility to "justify why the proportion of the Enterprise Portfolio Budget Scenario was chosen for each Optimized Risk Mitigation Portfolio." The first paragraph of Row 26 states, in relevant part: "The utility's RAMP filing . . . must present the set of Optimized Enterprise Portfolios required by Row 25.1 and may present an alternative set of Optimized Risk Mitigation Portfolios within each Enterprise Portfolio in accordance with Row 25.2. Mitigation/Control Groups defined in Row 25.2 can also be ranked within each portfolio. The utility must justify the portfolio selection, optimization, and structure of Mitigation/Control Groups." The second paragraph of Row 26 requires these RAMP

Row 26 further requires SCE's GRC to explain how the different budget scenarios and any non-BCR factors affected SCE's portfolio selection.[29]

Accordingly, TURN recommends that SCE make the following changes in its GRC:

- If SCE chooses to present alternative Optimized Risk-Specific Portfolios under Row 25.2 as its preferred optimized portfolios, it must justify and explain, for each sub-100% budget scenario, why it proposes to allocate costs among risks differently and less cost-effectively than the Row 25.1 Optimized Enterprise Portfolio. For each budget scenario, SCE should identify and explain, for each risk in which SCE proposes a materially different allocation of costs compared to the Row 25.1 portfolio, all non-BCR factors that SCE believes make its less cost-effective recommendation the superior proposal.

TURN would hope that SCE would view this recommendation as not just a compliance obligation, but as an opportunity to support its longstanding and repeated protestations that BCR rankings alone do not produce optimal portfolios.[30] If SCE elects to recommend portfolios that

showings to be updated in the GRC: "In the GRC, the utility will provide an updated presentation of the set of Optimized Enterprise Portfolios required by Row 25.1 and the optional set of Optimized Risk Mitigation Portfolios within each Enterprise Portfolio in accordance with Row 25.2 if an update is necessary. Any differences in these Optimized Portfolios from the RAMP filing must be clearly explained by the utility in its GRC filing."

[29] The fourth and fifth paragraphs of Row 26 state: "In the RAMP *and GRC*, the utility will clearly and transparently explain its rationale for selecting Mitigation and Control Programs for each enterprise risk presented in the RAMP and for its selection and optimization of its portfolio of Mitigation and Control Programs for each enterprise risk presented in the RAMP. *The utility must explain how the budget scenario and other constraints factored into the utility's portfolio selection.* In the RAMP *and GRC*, the utility will clearly and transparently explain its rationale for prioritizing Risk Reporting Units for each Mitigation and Control Program. [¶] The utility's proposed Enterprise Portfolio, including its Mitigation and Control Programs selection, Risk Reporting Unit prioritization, and Risk Mitigation Portfolio optimization can be influenced by Benefit-Cost Ratios and other factors including, but not limited to, funding, labor resources, technology, planning and construction lead time, compliance requirements, Risk Tolerance thresholds, operational and execution considerations, and modeling limitations and/or uncertainties affecting the analysis. In the RAMP *and GRC*, *the utility will explain whether and how any such factors affected the utility's proposed Enterprise Portfolio, including its Mitigation and Control Program selections and Risk Reporting Unit prioritization*." (Emphasis added).

[30] See, e.g., SCE RAMP Report, Chapter 2, pp. 29-30.

provide less than optimal risk reduction, it should provide specific explanations of each factor that led SCE to those conclusions.

Concurring with the SPD Report, TURN additionally recommends the following:

- If SCE proposes spending above the budget level with the highest BCR, SCE's GRC filing should provide a robust narrative of each factor on which SCE bases this choice.

3. SCE'S MITIGATION GROUPING FRAMEWORK

3.1 RDF Requirements

An important element of the new BCO requirement is that the activities that are being optimized in the portfolios must take into account the interrelationships among mitigations, as specified in Row 25.2 of the RDF:

> Mitigations and Controls in each Optimized Risk Mitigation Portfolio shall account for interrelationships between them, such as mutual exclusivity, synergies, and diminishing returns.
>
> Mutually exclusive Mitigations and Controls must be avoided, only one or the other can address the same asset or system that exhibits risk in the same portfolio.
>
> Synergies and diminishing returns can be captured by combining two or more mitigations to address risk on a given asset or system, called a Mitigation Group. Synergies or diminishing returns can be calculated for the Mitigation Group.
>
> For example, a wildfire mitigation portfolio could include for a given circuit segment: covered conductor as a mitigation, vegetation management as a mitigation, or covered conductor with vegetation management as a mitigation—but not covered conductor and vegetation management as separate mitigations since their benefits are not additive (re: may exhibit diminishing returns).

This requirement also applies to Optimized Enterprise Portfolios under Row 25.1.[31]

[31] The third paragraph of Row 25.1 states: "Optimized Enterprise Portfolios shall account for the interrelationships among mitigations and controls, as described in Row 25.2."

D.25-08-032 describes the importance of accounting for interrelationships among mitigations in constructing optimized portfolios:

> . . . mitigations are often interrelated and may be synergistic, where they work together to decrease the amount of risk, or provide diminishing returns, in which mitigations together reduce risk but as investment in one increases, the need for the other mitigation is reduced. The solution that SPD staff proposes to evaluate interrelated mitigations is to construct portfolios of mitigations that can be compared and ranked.[32]

3.2 SCE's Methodology

SCE labels its effort to comply with the requirement to account for interrelationships among mitigations as its Mitigation Grouping Framework, which is described in a Chapter 2 PDF workpaper.[33] In that workpaper, SCE describes its methodology as follows:

> Under SCE's Mitigation Grouping Framework (MGF), interaction effects are addressed through interaction-adjusted risk reduction calculations, ensuring that the risk-reduction benefits of individual mitigations are credited only once when multiple mitigations are applied to the same asset/RRU/Tranche.
>
> In order to accomplish this, SCE processes mitigations within a specified mitigation grouping in a predefined priority order. *This priority ordering is based on the [sic] whether the mitigation is durable; its relative mitigation effectiveness; as well as the mitigations effective useful life (EUL).* This prioritization order was established through stakeholder review of the individual mitigations contained within each mitigation grouping.
>
> In practice, for a given asset, the mitigation effectiveness of the highest-priority mitigation within a Mitigation Group is first applied to reduce risk associated with the relevant risk drivers at that location. The resulting residual risk baseline then serves as the starting point for subsequent mitigations, which are applied sequentially with each reducing only the remaining available risk based on its mitigation

[32] D.25-08-032, p. 30.

[33] Chapter 2 PDF Workpaper: Risk Model and BRC Methodology, Mitigation Grouping and BCR Calculation (Mitigation Grouping workpaper).

> effectiveness for the applicable risk drivers until all mitigations in the mitigation group have been applied.[34]

As the italicized language shows, SCE's workpaper provided only a vague, one-sentence explanation of how it determines the priority order for applying mitigation effectiveness calculations.

In its RAMP Report, SCE provided an equally vague, and differently worded, explanation of the priority order, as shown in the italicized sentence below:

> In cases in which multiple mitigations are applied to the same assets within a particular RRU, SCE evaluates how those mitigations intersect. Rather than assuming the risk-reduction impacts of these mitigations are additive, SCE applies them sequentially using a predefined prioritization order that reflects their functional role. *Mitigations are selected and applied in the following prioritization order: 1) Permanent mitigations which materially change the underlying risk baseline; 2) Mitigations that mitigate the likelihood of risk events; and 3) Mitigations with longer useful lives.*[35]

3.3 Assessment of SCE's Methodology

The prioritization order is a key element of SCE's Mitigation Grouping Framework. SCE does a poor, and inconsistent, job of explaining how it determines the prioritization order in both the RAMP Report, and its workpaper, which one would expect to provide more detail. The explanations cry out for illustrative examples, but neither document provides any concrete examples of each level of the prioritization order. SPD also commented on SCE's insufficient explanation of how its methodology accounts for interrelationships, including synergies and

[34] Mitigation Grouping Workpaper, p. WP-3 (italics added).

[35] SCE RAMP Report, Chapter 2, p. 33 (italics added)

diminishing return, among mitigations within a mitigation group.[36] These deficiencies should be corrected in SCE's GRC filing.

In addition, TURN reviewed the Excel spreadsheet in which SCE lists each of the over 11,000 activities that SCE included in its optimizations, a significant portion of which consist of two or more grouped mitigations pursuant to SCE's Mitigation Grouping Framework. Sometimes, SCE shows as many as 12 different grouped activities for one tranche of work.[37] In our analysis, TURN found two additional concerns.

First, SCE does not include compliance activities in its Mitigation Grouping Framework, as SCE admitted in response to a TURN data request.[38] Nothing in the RDF allows compliance activities to be removed in the process of accounting for interrelationships among activities. To the contrary, the above-quoted requirement applies expansively, to both mitigations and controls. In addition, the wildfire mitigation portfolio illustration that the RDF provides in Row 25.2 includes an activity that SCE treats as a compliance activity, vegetation management. Row 25.2 points out that covered conductor and vegetation management should be grouped because their benefits may exhibit diminishing returns. In discovery, SCE stated that it nevertheless elected to treat compliance activities separately because they are mandatory requirements.[39] However, this misses the point, reflected in Row 25.2 and admitted by SCE, that compliance and non-

[36] SPD Report, p. 36.

[37] Chapter 2 Excel Workpaper: SCE 2026 RAMP Optimization.

[38] SCE response to DR TURN-SCE-002, question 1(c).

[39] SCE response to DR TURN-SCE-002, question 1(c).

compliance work can influence the other.[40] As recommended below, SCE should remedy this problem in its GRC, a recommendation with which SPD concurs.[41]

Second, SCE's Excel workpaper showing the grouped activities does not list the activities in the priority order in which their mitigation effectiveness was applied,[42] even though this process is central to SCE's Mitigation Grouping Framework. Listing the activities in priority order would assist reviewers in assessing the reasonableness of SCE's efforts. This problem should be remedied in the GRC submission.

3.4 Recommendations for the GRC

TURN urges SCE to make the following changes in its GRC:

- Consistent with SPD's recommendation, SCE should provide a clearer and more detailed explanation of how the Framework determines the priority order in which mitigations apply, including concrete examples, and how SCE's methodology complies with the RDF requirement to account for interrelationships, including synergies and diminishing returns, among mitigations within a mitigation group.

- Consistent with SPD's recommendation, SCE should include compliance activities in its Mitigation Grouping Framework as required by the RDF.

- In its Excel workpaper documenting its optimized portfolios,[43] for each row identifying a grouped set of activities, SCE should list the activities in the priority order that SCE claims to have used to account for interrelationships among mitigations.

[40] SCE response to DR TURN-SCE-002, question 1(d).

[41] SPD Report, p. 36, recommending that SCE prioritize compliance-driven mitigations in its mitigation grouping process, given that they are required.

[42] SCE response to DR TURN-SCE-002, question 1(a).

[43] Chapter 2 Excel Workpaper: SCE 2026 RAMP Optimization.

4. CONCLUSION

TURN appreciates the opportunity to submit these comments. For the foregoing reasons, TURN urges SCE to implement TURN's recommendations in its GRC filing.

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Respectfully submitted,

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