Decision 23-05-013 May 18, 2023

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

| | |
|---|---|
| Application of Southern California Edison Company (U338E) for Authority to Increase its Authorized Revenues for Electric Service in 2021, among other things, and to Reflect that Increase in Rates. | Application 19-08-013 |

# DECISION MODIFYING DECISION 21-08-036 AND ADOPTING AGREEMENT REGARDING WILDFIRE LIABILITY INSURANCE

## Summary

This decision adopts the uncontested settlement agreement proposed by Southern California Edison Company (SCE), the Public Advocates Office at the California Public Utilities Commission, and The Utility Reform Network addressing SCE's wildfire liability insurance costs for 2023 and 2024. Adoption of the settlement agreement results in a reduction of $80 million to SCE's authorized revenue requirement for 2023, a potential $160 million reduction to SCE's requested revenue requirement for 2024, as well as other potential savings and benefits to ratepayers. This decision modifies and supersedes any wildfire liability insurance provision of Decision 21-08-036 issued in Track 1 of this proceeding that conflicts with this decision.

Application 19-08-013 remains open.

## 1. Background

On August 30, 2019, Southern California Edison Company (SCE) filed Application (A.) 19-08-013 for Authority to Increase its Authorized Revenues for

Electric Service in 2021, among other things, and to Reflect that Increase in Rates. SCE's application also included a request to recover certain recorded expenditures being tracked in various wildfire-related memorandum accounts (MAs).

A prehearing conference (PHC) was held on October 30, 2019, to determine the parties and discuss the scope of issues, categorization, schedule of the proceeding, and other procedural matters. During the PHC, SCE stated its intent to submit an amended application.

On November 7, 2019, SCE submitted its amended application.

On November 25, 2019, the assigned Commissioner issued a Scoping Memo and Ruling and divided the proceeding schedule into different tracks: Track 1 considers SCE's forecast revenue request for 2021-2023, encompassing all the issues generally considered in Phase 1 general rate case (GRC) applications. Tracks 2 and 3 consider review of SCE's 2018-2020 wildfire-related costs recorded in various MAs.

On April 17, 2020, the assigned Commissioner issued an Amended Scoping Memo and Ruling. Pursuant to the direction in Decision (D.) 20-01-002, which modified the GRC cycle for large energy utilities from a three-year to a four-year cycle, the Amended Scoping Memo added a Track 4 to consider funding for a third attrition year covering 2024.

On August 19, 2021, the Commission adopted a decision addressing Track 1 issues, D.21-08-036 (Track 1 Decision), which approved a base revenue requirement for test year 2021 and post-test year revenue requirement adjustments for 2022 and 2023.[1]

[1] A detailed procedural history for Track 1 of this proceeding is set forth in D.21-08-036 at 5-9.

Among other things, the Track 1 Decision determined that it was prudent for SCE to maintain $1 billion in wildfire liability insurance coverage during the rate case cycle because it is consistent with the level of coverage SCE had maintained in prior years and what Assembly Bill (AB) 1054 (Stats. 2019) requires in order for SCE to access the Wildfire Fund.[2] The Wildfire Fund established by AB 1054 is available to provide coverage for eligible wildfire claims exceeding $1 billion in the aggregate in any year.[3]

The Track 1 Decision authorized SCE to collect an annual revenue requirement of $460 million to purchase up to $1 billion of commercial wildfire liability insurance each year through December 31, 2023.[4] The Track 1 Decision also authorized SCE "to continue to track and seek recovery of any wildfire liability insurance costs above the adopted forecast through the [Wildfire Expense Memorandum Account (WEMA)]."[5] SCE was also directed to establish the one-way Risk Management Balancing Account (RMBA) to record and return any overcollection of wildfire liability costs to ratepayers.[6] Noting the significant increase in wildfire liability insurance premiums in recent years, the Track 1 Decision did not foreclose SCE from using alternative risk transfer instruments, including self-insurance, in place of traditional wildfire liability insurance if circumstances warrant.[7]

---

[2] D.21-08-036 at 397 and 615 (Finding of Fact (FOF) 483).

[3] Pub. Util. Code § 3280(f).

[4] D.21-08-036 at 400-401 and 616 (FOF 490).

[5] D.21-08-036 at 405 and 667-668 (Conclusion of Law (COL) 181).

[6] D.21-08-036 at 404-405 and 667-668 (COL 181).

[7] D.21-08-036 at 402 and 667 (COL 177).

On May 13, 2022, SCE filed its Track 4 request for its 2024 base revenue requirement. In its Track 4 request, SCE proposes having the existing authorized annual revenue requirement for its wildfire liability insurance of $460 million brought forward to cover the period January 1, 2024 to December 31, 2024, with zero escalation, consistent with the treatment in 2022 and 2023.[8]

On February 8, 2023, SCE served notice pursuant to Rule 12.1(b)[9] of an all-party settlement conference related to a Petition for Modification of D.21-08-036 regarding wildfire liability insurance, with corresponding changes to SCE's Track 4 request. The settlement conference was held on February 15, 2023.

On February 22, 2023, SCE, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), and The Utility Reform Network (TURN) (collectively, Petitioners) filed a Joint Petition for Modification of Decision 21-08-036 and Expedited Approval and Adoption of the Attached Agreement of SCE, Cal Advocates, and TURN Regarding Wildfire Liability Insurance (Petition).

The Agreement[10] attached to the Petition settles wildfire liability insurance issues affecting Tracks 1 and 4 of this proceeding. The Petitioners seek to establish a customer-funded wildfire liability self-insurance program for SCE covering: (1) the 2023-2024 wildfire liability insurance renewal period (*i.e.*, July 1, 2023-June 30, 2024); and (2) the first half of SCE's 2024-2025 wildfire liability insurance renewal period (covering July 1, 2024-December 31, 2024), in lieu of

---

[8] Petition at 4 citing 2021 GRC Track 4 Workpapers.

[9] Unless otherwise specified, all references to a Rule are to the Commission's Rules of Practice and Procedure.

[10] Agreement Between SCE, TURN, and Cal Advocates to Jointly Petition to Modify D.21-08-036 on Wildfire Liability Insurance Issues, attached as Appendix C to the Petition (Agreement). The Agreement is also provided as an attachment to this decision.

purchasing wildfire liability insurance from the commercial insurance market. The Agreement will result in a reduction in the 2023 calendar year revenue requirement authorized by the Commission in the Track 1 Decision for wildfire liability insurance. The Petitioners seek limited modifications to the Track 1 decision, as identified in Appendix A of the Petition, to effectuate the Agreement. SCE states that, if the Petition is granted, SCE will also make a corresponding adjustment in its Track 4 request to reflect a baseline revenue requirement consistent with the terms of the Agreement (*i.e.*, a reduction of approximately $160 million to its Track 4 request).

The Petitioners request expedited approval and adoption of the Agreement on or before May 18, 2023. SCE's existing commercial wildfire liability policies expire on June 30, 2023, and SCE will need to make decisions regarding any commercial wildfire insurance renewal by approximately mid-May 2023.

Concurrent with the filing of the Petition, the Petitioners filed a motion to shorten the time for responses to the Petition. The Petitioners' unopposed motion to shorten time was granted by ruling on February 23, 2023. No responses to the Petition were filed.

On March 30, 2023, the assigned Administrative Law Judges (ALJs) issued an email ruling directing SCE to provide additional information related to the Petition. SCE filed a response to the ruling on April 4, 2023.

## 2. Summary of Agreement

The Agreement sets forth a framework and a structure that would have SCE rely entirely on self-insurance for wildfire liability insurance coverage during the period between July 1, 2023 and December 31, 2028 (Program Period). However, the Petitioners are not seeking any Commission action at this time regarding SCE's insurance coverage for the 2025 through 2028 period. The Petitioners agree coverage for 2025 through 2028 should be addressed in SCE's 2025 GRC application to be filed on May 15, 2023.[11]

Key elements of the Agreement include:

- The initial rate recovery amount for SCE's revenue requirement from July 1, 2023 to December 31, 2023 shall be $150 million for self-insurance, a reduction of approximately $80 million from SCE's currently authorized revenue requirement for this period. (Section 3.2.1)
- SCE's 2024 baseline revenue requirement for the period January 1, 2024 to December 31, 2024 (covered by the 2021 GRC Track 4) will be $300 million, representing a $160 million reduction in the revenue requirement for wildfire liability insurance currently requested by SCE in that track. This baseline revenue requirement of $300 million for 2024 will be subject to a one-time additional customer credit of up to $24 million of wildfire liability insurance amounts previously collected from SCE customers to the extent that those amounts remain unencumbered by previous wildfire losses as of January 1, 2024 as further described in the Agreement, as well as the Adjustment Mechanism described below. (Section 3.2.2)
- In each year of the Program Period, SCE would have a shareholder contribution of 2.5 percent of any self-insurance costs ultimately paid for wildfire events that occur and result in claims that exceed $500 million, in aggregate, up to $1 billion. The total amount of the contribution will not exceed $12.5 million annually (*i.e.*, 2.5 percent of $500 million). No rate recovery of such shareholder contribution costs will be permitted. (Section 3.2.4)

[11] Petition at 5.

- The accrued self-insurance funds will be invested and the resulting returns used to offset a portion of the cost to Commission-jurisdictional customers. (Section 3.6)
- To the extent recovery is available from transmission customers under SCE's Federal Energy Regulatory Commission (FERC) formula rate, the amounts recovered would be applied toward achieving a total, available self-insurance accrual amount of $1 billion. (Section 3.5)
- The following mechanism for annual adjustments for 2024 and subsequent years of the Program Period would apply:[12]
    - Beginning in 2024, if the estimated claims for wildfire events from July 1, 2023 to December 31, 2023 exceed $150 million, the baseline revenue requirement of $300 million authorized to be collected in rates for self-insurance in 2024 would increase by 50% of the difference between the estimated self-insurance costs for wildfire events in the prior six-month period and $300 million. (Section 3.2.3.1)
    - Beginning in 2025 and through the remainder of the Program Period, if the estimated self-insurance costs for wildfire events from the immediately preceding year (including any increase or decrease in estimated Self-Insurance Costs for Wildfire Events in prior years of the Program Period) exceed the amount collected for self-insurance in that same year, the self-insurance amount authorized to be collected in rates during the following year would increase by 50 percent of the difference between the self-insurance amount collected and the estimated self-insurance costs for wildfire events in the immediately preceding year. The increase in revenue requirement would become effective January 1 of the following year, or as soon thereafter as practicable. (Section 3.2.3.1)

[12] Illustrative calculations of the Adjustment Mechanism and shareholder contribution are included in Appendix A and Appendix B to the Agreement.

    - The amount of any SCE shareholder contribution (Section 3.2.4) or any one-time credit (Section 3.2.2.2) described above would not be considered in determining whether an increase is triggered under the Adjustment Mechanism.
    - The self-insurance amount to be collected in rates annually shall be no greater than the amount that would achieve a total available self-insurance accrual amount of $1 billion as of the end of the year, assuming no wildlife liability self-insurance costs are incurred that year. The amount collected for self-insurance in the annual revenue requirement would be reduced for subsequent years if, when added to the self-insurance fund balance, the total would exceed $1 billion as of the end of that year. (Section 3.2.3.2)
- The Agreement includes provisions for addressing the balance of self-insurance funding at the end of the Program Period, whether the funding is overcollected (such that the amount of wildfire-related claims over the cycle is less than the amount of self-insurance) or undercollected (the amount of claims exceeds the amount of self-insurance). (Section 3.3)
- For the Program Period, no reimbursement of self-insurance funding or self-insurance costs will be subject to reasonableness reviews. (Section 3.4)
- A Tier 2 advice letter process will be used for implementing necessary revenue requirement adjustments under the Agreement, as well as resolution of the overcollection or undercollection that may exist at the end of the Program Period. (Section 3.7)
- SCE's RMBA shall be modified as necessary to support administration of the Agreement and, more broadly, the shift to reliance on 100 percent self-insurance for wildfire liability insurance during the Program Period. (Section 3.8)
- The Petitioners will meet and confer twice annually and can make modifications to the Agreement terms, if and

> only if mutually agreed upon by all parties; SCE agrees to a 100 percent self-insurance model unless parties unanimously agree that third-party insurance is in customers' interest and should be pursued (which modification to the Agreement would be presented via a Tier 1 advice letter). (Sections 3.4 and 3.10.2)

## 3. Standard of Review

Pursuant to Rule 12.1(d), the Commission will not approve a settlement unless it is "reasonable in light of the whole record, consistent with law, and in the public interest." As a matter of public policy, the Commission generally favors settlements of disputes if they are fair and reasonable in light of the record.[13] This policy supports many goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce an unacceptable result.

## 4. Discussion of Agreement

We find that the Agreement satisfies the standard for approval of settlements set forth in Rule 12.1(d).

We find the Agreement to be reasonable in light of the record and in the public interest. SCE's wildfire insurance costs have increased significantly in recent years. In the 2018 GRC, the Commission authorized $92.4 million for total liability insurance expense (combined wildfire and non-wildfire) for the 2018 test year.[14] In the Track 1 decision, the Commission authorized a 2021 test year forecast of $460.0 million for wildfire liability insurance costs to obtain $1 billion of coverage based on SCE's recorded 2020 costs.[15] Due to the volatility and uncertainty of these costs, the Commission authorized SCE to establish the one-

[13] D.14-12-040 at 15; D.11-12-053 at 72.

[14] D.21-08-036 at 398.

[15] D.21-08-036 at 400-401.

way RMBA to ensure any overcollection is returned to ratepayers and also authorized SCE to continue to seek rate recovery of any costs in excess of the forecast through its WEMA.[16] The Commission stated that "If insurance costs continue to escalate, at some point, insurance may no longer be cost effective and consideration of alternative methods of managing risk or allocating costs may be warranted."[17]

SCE expects to see prices increase even further for its next renewal cycle (covering July 2023-June 2024). SCE's declaration supporting the Petition states that in the current market environment, even with a mix of commercial and self-insurance, it is likely that the $460 million annual revenue requirement authorized in the Track 1 Decision may be insufficient to obtain full coverage of $1 billion.[18] SCE anticipates its cost to procure $1 billion of commercial insurance coverage is likely to exceed 50 percent of the insurance limits purchased.[19] SCE attributes the cost increase to a number of factors, including: continued exposure to wildfire risk given California's application of inverse condemnation law to investor-owned utilities, the percentage of SCE's service area located in elevated fire risk areas and the frequency and severity of related wildfire and past claims SCE has paid, and the impact of extreme weather events exacerbated by the effects of climate change, which has reduced insurers' ability to access the reinsurance markets.[20]

---

[16] D.21-08-036 at 404-405, 667-668 (COL 181).

[17] D.21-08-036 at 396-397.

[18] Declaration of John Butler, Appendix B to Petition, at ¶5.

[19] Declaration of John Butler, Appendix B to Petition, at ¶5.

[20] Petition at 6.

The Petitioners contend that under the current circumstances, a self-insurance framework can provide better coverage at a lower cost than traditional third-party commercial wildfire liability insurance. The Petitioners note several potential benefits to customers of a self-insurance framework.[21] First, to the extent funds are not needed to cover losses in a given year, the self-insurance revenue requirement remains available for subsequent years. Under commercial insurance, insurers generally keep the premiums paid regardless of the amount of claims ultimately made against the policy. Second, there is often a lag between the time a wildfire event occurs and the time when claims are ultimately paid. Therefore, the amount of self-insurance that may be necessary to pay claims in future years does not necessarily need to be collected in rates upfront, and all at once.

The Agreement would adopt an annual baseline revenue requirement of $300 million for wildfire liability self-insurance coverage compared to the $460 million revenue requirement for commercial coverage adopted in the Track 1 Decision. Adoption of the Agreement would result in a reduction of $80 million in the authorized revenue requirement for 2023 for the period covering July 1, 2023 to December 31, 2023. If the Adjustment Mechanism remains untriggered in 2023, customers would see an additional $160 million revenue requirement reduction for 2024 compared to SCE's Track 4 request.

In addition, the Agreement provides for potential additional savings and benefits to customers, including:

- Customers would receive a one-time $24 million credit in 2024 from previously collected wildfire liability insurance amounts to the extent those amounts remain

[21] Petition at 8-9.

unencumbered by previous wildfire losses as of January 1, 2024.

- SCE intends to invest the accrued self-insurance funds and use the resulting returns to offset a portion of the cost to Commission-jurisdictional customers.[22]
- SCE shareholders will contribute 2.5 percent of any self-insurance costs ultimately paid for wildfire events that occur and result in claims that exceed $500 million, in aggregate, up to $1 billion. This deductible creates an additional incentive for SCE to mitigate the risk of wildfires caused by its equipment.
- To the extent recovery is available from transmission customers under SCE's FERC formula rate, the amounts recovered would be applied toward achieving a total, available self-insurance accrual amount of $1 billion.

Although there are many potential benefits to customers, it is not guaranteed that customers will pay less under the self-insurance framework set forth in the Agreement compared to commercial wildfire liability coverage. Ultimately, the total cost to SCE customers will depend on the total amount of eligible wildfire liability claims that SCE incurs during the Program Period. In Appendices A and B to the Agreement, Petitioners set forth illustrative calculations showing scenarios that would result in potential revenue requirement increases above the annual baseline revenue requirement. The Petitioners represent they have reviewed potential outcomes under numerous scenarios and believe there is a potential for significant savings through a self-insurance framework, particularly given the low likelihood that annual losses would exceed $1 billion.[23] Based on review of SCE's recent recorded wildfire

[22] The Agreement does not require ratepayers to make additional contributions in the event that the investment of the self-insurance funds incurs losses.

[23] Petition at 16.

liability claims and recovery amounts, we agree with Petitioners that the likelihood of annual losses exceeding $1 billion is low.[24]

Under the circumstances outlined above, we find the Agreement to be reasonable in light of the record and in the public interest. Although not guaranteed, we find it likely that customers will receive more cost savings and benefits from self-insurance in 2023 and 2024 compared to commercial insurance. The proposed self-insurance program for SCE is substantially similar to the multi-year 100 percent self-insurance program for wildfire liability approved for Pacific Gas and Electric Company (PG&E) in its 2023 GRC.[25] In approving PG&E's self-insurance program, we similarly found that: "Since 2017, wildfire liability insurance for third-party claims has risen to the point that self-insurance is likely to achieve sufficient insurance coverage at a lower overall cost to PG&E's customers than commercial insurance."[26]

We also find the Agreement to be consistent with the law. The Agreement is structured to enable SCE to provide wildfire liability insurance coverage within the framework provided by the Wildfire Fund during the Program Period, at a level that is consistent with the requirement that the utility maintain reasonable insurance coverage under Public Utilities Code Section 3293. We are unaware of any inconsistency with the Public Utilities Code, Commission decisions, or the law in general. No party opposed the Agreement or notified the Commission of any statutory provisions or applicable law that would be contravened or compromised by the Agreement.

---

[24] SCE April 4, 2023 Response, Exhibit A.

[25] D.23-01-005 issued in A.21-06-021.

[26] D.23-01-005 at 1.

For the reasons stated above, we find the Agreement to be reasonable in light of the whole record, consistent with law, and in the public interest. The Agreement meets the criteria for approval under Rule 12.1(d), and therefore, we approve the Agreement without modification. Any provision of D.21-08-036 that conflicts with our approval of the Agreement is superseded by this decision.

## 5. Comments on Proposed Decision

The proposed decision of ALJs Sophia J. Park and Ehren D. Seybert 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 May 4, 2023 by the Petitioners expressing their support for the proposed decision. No reply comments were filed.

## 6. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Sophia J. Park and Ehren D. Seybert are the assigned Administrative Law Judges in this proceeding.

## Findings of Fact

1. The Petitioners held a settlement conference on February 15, 2023, with notice to all parties in the proceeding.

2. The recorded cost of commercial insurance to cover SCE's wildfire liability is up to 46 percent of the coverage it would provide.

3. The Wildfire Fund will limit SCE's annual wildfire liability to the annual Wildfire Fund deductible of $1 billion.

4. Unlike with commercial insurance, under a self-insurance framework, if funds are not needed to cover losses in a given year, the self-insurance revenue requirement remains available for subsequent years.

5. Given that there is often a lag between the time a wildfire event occurs and the time when claims are ultimately paid, the amount of self-insurance that may be necessary to pay claims in future years does not necessarily need to be collected in rates upfront all at once.

6. Adoption of the Agreement would result in a reduction of $80 million to the authorized revenue requirement for 2023.

7. Adoption of the Agreement would result in a potential revenue requirement reduction of $160 million to SCE's requested revenue requirement for 2024 if the Adjustment Mechanism remains untriggered in 2023.

8. Pursuant to the Agreement, customers would receive a one-time $24 million credit in 2024 from previously collected wildfire liability insurance amounts to the extent those amounts remain unencumbered by previous wildfire losses as of January 1, 2024.

9. The Agreement provides for investment of the self-insurance funds, with a return that will provide an additional contribution to the amount of accrued funds and could serve to reduce the total amount collected from SCE customers.

10. The Agreement provides for a 2.5% shareholder contribution for annual losses exceeding $500 million up to $1 billion, in the aggregate.

11. The Agreement provides that to the extent recovery for self-insurance costs is available from transmission customers under SCE's FERC formula rate, the amounts recovered would be applied toward achieving a total, available self-insurance accrual amount of $1 billion.

12. The total cost reflected in the revenue requirement to SCE customers of the Agreement will depend on the total amount of eligible wildfire liability claims that SCE incurs during the Program Period.

13. In 2023 and 2024, SCE's wildfire liability insurance costs through self-insurance pursuant to the Agreement are likely to be less than the costs of commercial insurance for $1 billion of coverage.

14. Consideration of SCE's wildfire liability costs for 2025 through 2028 is outside the scope of this proceeding.

### Conclusions of Law

1. The Agreement is consistent with SCE's participation in the Wildfire Fund.
2. The Agreement is reasonable in light of the whole record, consistent with law, and in the public interest.
3. The Agreement should be approved.
4. D.21-08-036 should be modified to the extent necessary to effectuate the Agreement.

## O R D E R

**IT IS ORDERED** that:

1. The Joint Petition for Modification of Decision 21-08-036 and Expedited Approval and Adoption of the Attached Agreement of Southern California Edison Company (SCE), the Public Advocates Office, and The Utility Reform Network Regarding Wildfire Liability Insurance, filed on February 22, 2023, is granted as set forth in this decision. Any provision of Decision 21-08-036 concerning SCE's wildfire liability insurance costs that conflicts with this decision is superseded by this decision.

2. The attached Agreement Between Southern California Edison Company (SCE), The Utility Reform Network, and the Public Advocates Office at the California Public Utilities Commission to Jointly Petition to Modify D.21-08-036 on Wildfire Liability Insurance Issues, dated February 22, 2023 (Agreement), is approved and adopted without modification. The term of the Agreement is for

the remainder of SCE's 2021 General Rate Case period and may be extended in SCE's 2025 General Rate Case as set forth in Section 3.9 of the Agreement.

3. Southern California Edison Company (SCE) shall implement the terms of the Agreement Between SCE, The Utility Reform Network, and the Public Advocates Office at the California Public Utilities Commission to Jointly Petition to Modify D.21-08-036 on Wildfire Liability Insurance Issues, dated February 22, 2023 (Agreement), as soon as practicable, including the following:

(a) On or before April 1 of each year of the Program Period, SCE shall file a Tier 2 advice letter that includes the claims activity for the prior year and shows the calculation of the revenue requirement to be included in rates for the following year under the Adjustment Mechanism in Section 3.2 of the Agreement, effective January 1 of that year. To expedite the adjustment of the revenue requirement, SCE may file a Tier 2 advice letter providing its best estimate of self-insurance costs for the year such that any adjustments to the revenue requirement may be implemented on January 1st of the following year or as soon as practicable thereafter. SCE may also file two additional advice letters throughout the year to inform the Commission of material changes to self-insurance cost data. The advice letter process described in Section 3.7 of the Agreement will continue until modified by the next general rate case.

(b) SCE shall file a Tier 2 advice letter to modify the terms of the Risk Management Balancing Account (RMBA) consistent with the terms of the Agreement and to ensure funds deposited in the RMBA Wildfire Liability Self-Insurance Subaccount are only used to support the self-insurance mechanism approved in this decision within 30 days of the effective date of this decision.

(c) SCE may account for its shareholder annual deductible by offsetting the amount of the revenue requirement to be collected in a following year or by otherwise including the amount of the deductible as a credit to customers in the RMBA, at shareholder cost.

(d) At the end of the Program Period, SCE may file a Tier 2 advice letter in accordance with Section 3.7.3 of the Agreement to true-up over and under collections described in the Agreement.

4. To the extent the Federal Energy Regulatory Commission (FERC) approves recovery self-insurance costs through FERC Transmission Owner (TO) rates, Southern California Edison Company shall: (a) allocate wildfire liability insurance costs to TO customers using the FERC-adopted allocations; and (b) use any amounts collected from TO customers for self-insurance and apply those amounts toward achieving a total available self-insurance accrual amount of $1 billion.

5. During the Program Period, Southern California Edison Company, the Public Advocates Office, and The Utility Reform Network (collectively, Petitioners), shall meet and confer twice annually. The Petitioners may only seek changes to the Agreement Between Southern California Edison Company, The Utility Reform Network, and the Public Advocates Office at the California Public Utilities Commission to Jointly Petition to Modify D.21-08-036 on Wildfire Liability Insurance Issues, dated February 22, 2023 (Agreement), through a petition for modification of this decision except as provided in Section 3.4 of the Agreement.

6. Application 19-08-013 remains open.

This order is effective today.

Dated May 18, 2023, at San Francisco, California.

ALICE REYNOLDS
President
GENEVIEVE SHIROMA
DARCIE L. HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
Commissioners

# ATTACHMENT