

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

Application of Southern California Edison Company (U 338-E) 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

**2021 GENERAL RATE CASE TRACK 4 SETTLEMENT AGREEMENT BETWEEN  
SOUTHERN CALIFORNIA EDISON COMPANY, THE PUBLIC ADVOCATES  
OFFICE, THE UTILITY REFORM NETWORK, SMALL BUSINESS UTILITY  
ADVOCATES, AND THE COALITION OF CALIFORNIA UTILITY EMPLOYEES**

**A. Parties**

1. The Parties to this Settlement Agreement are Southern California Edison Company (SCE), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), The Utility Reform Network (TURN), Small Business Utility Advocates (SBUA), and the Coalition of California Utility Employees (CUE). SCE, Cal Advocates, TURN, SBUA, and CUE are at times collectively referred to as Settling Parties, or individually as a Settling Party. The Settling Parties comprise all the parties that have actively participated in Track 4.
2. SCE is an investor-owned public utility and is subject to the jurisdiction of the California Public Utilities Commission (Commission or CPUC), including with respect to providing electric service to SCE's CPUC-jurisdictional customers.
3. Cal Advocates is a consumer advocacy organization at the Commission whose statutory mission includes obtaining the lowest possible rate for service consistent with reliable and safe service levels, and the state's environmental goals.

4. TURN is an independent, non-profit consumer advocacy organization that represents the interests of residential and small commercial utility customers.
5. SBUA is a nonprofit organization that represents, protects, and promotes the interests of small business utility customers.
6. CUE is a coalition of labor unions whose approximately 43,000 members work at nearly all the California utilities (including SCE), both publicly and privately owned.

**B. Definitions**

1. When used in initial capitalization in this Settlement Agreement, whether in singular or plural, the following terms shall have the meanings set forth below. If the definition is not set forth below, then the term shall have the meaning as specifically defined elsewhere in this Settlement Agreement:
  - a. “2024 Baseline ABRR” means the GRC baseline Authorized Base Revenue Requirement of \$8,425 million that is adopted in this Settlement Agreement for calendar year 2024.
  - b. “ALJ” means administrative law judge.
  - c. “APD” means alternate proposed decision.
  - d. “Capex” means capital expenditures.
  - e. “D.” means CPUC decision.
  - f. “FERC” means Federal Energy Regulatory Commission.
  - g. “FRMMA” Fire Risk Mitigation Memorandum Account.
  - h. “GRC” means general rate case.
  - i. “NSC” means residential and commercial new service connections.
  - j. “O&M” means Operations and Maintenance expense.
  - k. “PD” means proposed decision.
  - l. “PTYR” means post test-year ratemaking.

- m. “RREQ” means revenue requirement.
- n. “SRIIM” means the Safety and Reliability Investment Incentive Mechanism.
- o. “T&D” means SCE’s Transmission and Distribution operating units.
- p. “Track 1” means Track 1 of SCE’s GRC for Test Year 2021, which has been docketed by the Commission as A.19-08-013. Track 1 was resolved in D.21-08-036 (the “Track 1 Final Decision”).
- q. “Track 4” means Track 4 of SCE’s GRC for Test Year 2021, as set forth in the April 17, 2020 Amended Scoping Memo and Ruling of Assigned Commissioner and Assigned Administrative Law Judges.
- r. “Track 4 Request” means SCE’s request that the Commission approve a 2024 revenue requirement as described in SCE’s direct testimonies as amended by errata, Exhibits SCE Tr. 4-01, SCE Tr. 4-02, Tr. 4-01E, and Tr. 4-01E2.
- s. “VMBA” means the Vegetation Management Balancing Account.
- t. “WCCP” means SCE’s Wildfire Covered Conductor Program.
- u. “WMPMA” means the Wildfire Mitigation Plan Memorandum Account.
- v. “WRMBA” means the Wildfire Risk Mitigation Balancing Account.

**C. Recitals**

1. For its Track 4 Request, SCE asked the Commission deem as just and reasonable a 2024 GRC RREQ for O&M expense and Capex of \$8,606 million. SCE explained that its request was based on three primary forecast methodologies: 1) utility-specific index-based escalation for all non-wildfire mitigation, non-vegetation management O&M, and non-wildfire mitigation capital additions (except NSC); 2) 2024 O&M forecasts for wildfire mitigation and vegetation management activities based on 2021 last-year recorded levels; and 3) budget-

based capital additions forecasts for NSC and wildfire mitigation and vegetation management activities. The PTYR mechanism proposed in SCE's testimony included an O&M adjustment to reflect the continuing impact in 2024 of the extraordinary inflation experienced in the economy in 2021, which was not anticipated when the Commission established the Track 1 PTYR mechanism for calendar years 2022 and 2023. SCE also requested authority to true-up its rate base for recorded 2020 non-wildfire Capex and to update its forecasted customer deposit balance for 2024. SCE also requested that the Commission approve an SRIIM mechanism consistent with the mechanism approved in Track 1, that would increase SCE's SRIIM headcount by 80 employees in 2024 to a total of 2,415, net of attrition and subject to an adjustment mechanism that would reduce the target headcount by one-half the percentage change in requested versus authorized T&D capital.

2. On February 15, 2023, Cal Advocates served its direct testimony. Cal Advocates recommended several adjustments to SCE's Track 4 Request, including that SCE's proposed \$444 million for total authorized 2024 vegetation management O&M be reduced to \$378 million and that SCE's forecast of \$867 million for Wildfire Mitigation Grid Hardening Capex be reduced to \$655 million. The recommended reduction in Wildfire Mitigation Grid Hardening expenditures reflected Cal Advocates' recommendation to reduce SCE's proposed 1,200 circuit miles of WCCP in 2024 to 900 circuit miles. Cal Advocates also recommended that the proposed adjustment in SCE's PTYR mechanism for 2021 inflation be rejected and that SCE's request to true-up 2020 recorded Capex be rejected. SCE subsequently modeled Cal Advocates' recommendations and determined they would result in a 2024 RREQ of \$8,408 million.
3. TURN also served direct testimony on February 15, 2023. TURN argued that the Commission should only authorize increases to SCE's 2023 RREQ that were

consistent with the PTYR mechanism approved in Track 1 for 2022 and 2023 and, as a result, recommended multiple reductions to SCE's Track 4 Request. TURN recommended SCE's requests to true-up 2020 recorded non-wildfire Capex and update customer deposits be rejected. TURN recommended that SCE's request for an extra inflation adjustment for O&M, beyond the escalation adjustment adopted in the Track 1 decision for attrition years 2022 and 2023, be rejected. TURN argued that SCE's 2024 vegetation management O&M forecast and wildfire mitigation O&M forecast should be set at 2021 authorized levels with escalation, consistent with the Track 1 PTYR mechanism. TURN also recommended that Capex associated with only 900 circuit miles of WCCP be authorized for 2024 and opposed the adoption of certain 2024 capital budgets for non-WCCP wildfire mitigation activities that were not included or authorized in Track 1. TURN did not evaluate SCE's underlying analyses for wildfire mitigation-related undergrounding but agreed it is an appropriate mitigation strategy for certain very high-risk circuit segments and did not object to the requested funding for 2024. SCE subsequently modeled TURN's recommendations and determined they would result in a 2024 RREQ of \$8,119 million.

4. SBUA also served direct testimony on February 15, 2023. SBUA testified that its testimony in Track 3 of SCE's 2021 GRC informed the Commission's decision in D.22-06-032 to disallow certain 2020 costs related to vegetation management technology. SBUA confirmed that SCE's Track 4 Request does not include costs for vegetation management technology that were disallowed in D.22-06-032, including Survey123 and capital funding for Arbora that relates to functionalities that would have been provided by the Clearion electronic vegetation management system (Clearion VMS) had Clearion VMS not been replaced.

5. CUE also served direct testimony on February 15, 2023. CUE recommended that the SRIIM headcount target for 2024 be increased to 2,674 and that the T&D capital headcount adjustment SRIIM mechanism be eliminated.
6. On March 31, 2023, SCE served its rebuttal testimony. SCE responded to each of the modifications to its Track 4 Request proposed by Cal Advocates, TURN, and CUE. SCE argued that its Track 4 Request is consistent with the April 17, 2020 Amended Scoping Memo and Ruling of Assigned Commissioner and Assigned Administrative Law Judges, the Commission's decision in Track 1 (D.21-08-036), and other Commission decisions in GRCs.
7. On May 8, 2023, in response to an unopposed request from SCE, assigned ALJs Park and Seybert issued an email ruling cancelling the scheduled evidentiary hearing.
8. On May 25, 2023, in response to a joint motion submitted by the Settling Parties, ALJs Park and Seybert issued a ruling admitting the Settling Parties' exhibits, including all their testimonies, into evidence.
9. On July 17, 2023, in response to an unopposed request from SCE, ALJs Park and Seybert issued an email ruling suspending the briefing schedule.
10. On July 20, 2023, a settlement conference was held pursuant to Commission Rule of Practice and Procedure 12.1. SCE provided timely notice of the settlement conference to all parties to the 2021 GRC in compliance with Commission Rule of Practice and Procedure 12.1. All Settling Parties participated in the settlement conference.
11. After multiple verbal settlement negotiations and written exchanges of proposed settlement terms, the Settling Parties wish to resolve all issues in contention between them in Track 4 in order to avoid the expense, burden, and uncertainty of continued litigation. Accordingly, the Settling Parties have reached an agreement

that resolves all Track 4 issues, as indicated in Section D and Section E of this Settlement Agreement.

**D. Agreement**

In consideration of the mutual obligations, covenants and conditions contained herein, the Settling Parties agree to the terms of this Settlement Agreement. Nothing in this Settlement Agreement shall be deemed to constitute an admission by any Settling Party that its position on any issue lacks merit, or that its position has greater or lesser merit than the position taken by any other Settling Party. This Settlement Agreement is subject to the express limitation on precedent described in Commission Rule of Practice and Procedure 12.5, and as set forth in Section I of this Settlement Agreement.

***1. SCE's Track 4 Request***

The Settling Parties agree the CPUC should approve SCE's Track 4 Request subject to the modifications provided in this term sheet.

***2. SCE's Track 4 Revenue Requirement***

Through this Settlement Agreement, the Settling Parties agree that, subject to Commission approval of the Settlement Agreement as just and reasonable and consistent with the public interest, SCE may recover the 2024 Baseline ABRR, subject to the following potential adjustments:

(1) updated O&M escalation rates identified in an advice letter to be submitted by December 1, 2023 (based on then-current S&P Global<sup>1</sup> forecasts, as described in Exhibit SCE Tr. 4-01, Section III.B.5.b), which is consistent with the Track 1 O&M escalation mechanism for attrition years 2022-2023;

(2) then currently authorized Cost of Capital upon implementation; and

(3) wildfire liability self-insurance adjustments.

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<sup>1</sup> S&P Global forecasting was formerly known as IHS Markit.

Regarding (3), pursuant to D.23-05-013, *Decision Modifying Decision 21-08-036 and Adopting Agreement Regarding Wildfire Liability Insurance*, SCE will reduce its baseline ABRR by \$160 million for 2024, subject to an additional one-time credit to customers of up to \$24 million<sup>2</sup> in 2024 to the extent those amounts remain unencumbered by wildfire losses as of January 1, 2024, and subject to an adjustment mechanism described therein. TURN and Cal Advocates agreed to this change pursuant to Section 3.2.2 of that Settlement Agreement and no other Settling Parties contest this reduction.

### ***3. Revenue Requirement Components***

The agreed-to 2024 Baseline ABRR of \$8,425 million includes the components set forth in the table below.

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<sup>2</sup> The \$160 million and \$24 million amounts are total company amounts, inclusive of an allocation to FERC customers, consistent with the authorized levels adopted in the Track 1 Decision (D.21-08-036) at p. 400. 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, as set forth in the settlement agreement terms approved in D.23-05-013.



**Line (\$ in millions)**

1	2023 Estimated ABRR as filed in Advice Letter 4639-E (actual 2023 ABRR will be used to calculate 2024 final ABRR) <sup>3</sup>	\$7,667
2	2024 Base Capital Attrition based on Track 1 Methodology, including: (1) Non-Wildfire Mitigation Capital (0% escalation from 2023 Cap Adds), and (2) Wildfire Mitigation Capital and Residential/Commercial New Service Connections (NSC) Capital (budget-based at 2023 levels) <sup>4</sup>	\$401
3	Estimated 2024 O&M Escalation (final O&M Escalation will be determined in advice letter submitted by December 1, 2023 based on updated S&P Global rates)	\$50
4	Track 4 Errata <sup>5</sup>	\$3
5	<b>SUBTOTAL 2023 RREQ + Uncontested Attrition</b>	<b>\$8,122</b>
6	Additional 2024 Vegetation Management O&M Authorized Amount <sup>6</sup>	\$255
7	Additional 2024 Wildfire Mitigation O&M Authorized Amount <sup>7</sup>	\$52
8	Additional 2024 Budget-Based Capex Attrition Adjustments, reflecting totals of: (1) 1,050 miles for the Wildfire Covered Conductor Program (WCCP) <sup>8</sup> , (2) ~\$95 million in non-WCCP non-contested Wildfire Mitigation capital, (3) ~\$77 million in previously contested budget-based attrition for other wildfire mitigation and vegetation management capital expenditures, and (4) ~\$241 million in non-contested updated 2024 NSC budgets (which represents ~\$11 million budget-based capex reduction from 2023 levels) <sup>9</sup> (See Attachment 1 for a table of these agreed upon budgets)	(\$1)
9	2024 nonbudget-based Capital (Cap Adds Escalation at 1.5%)	(\$3)
10	<b>TOTAL</b>	<b>\$8,425</b>

<sup>3</sup> See also AL 4899-E (setting forth the 2023 ABRR prior to adjustments).

<sup>4</sup> In the Track 1 Final Decision (D.21-08-036 at pp. 548-550), the Commission authorized budget-based attrition for Wildfire Mitigation capital and NSC capital and based other capital attrition on adopted test year capital additions with zero escalation.

*Footnotes continue on next page*

#### ***4. Ratemaking and Balancing Accounts***

Consistent with Section D.1 of this Settlement Agreement, the proposed reasonableness thresholds, modifications, and extensions to the VMBA and the WRMBA described in SCE's Track 4 Request and direct testimony shall be approved. In addition, for all other ratemaking and balancing accounts that were addressed in SCE's GRC Track 1 Application, SCE will maintain the same ratemaking structure as authorized by D.21-08-036.

#### ***5. Rejected Revenue Requirement Components***

SCE's requests to revise its forecast for customer deposit balances in 2024, to true up 2024 rate base to include recorded 2020 non-wildfire Capex, and to address extraordinary inflation experienced in 2021 through its 2024 attrition mechanism are rejected and will not be included in the 2024 RREQ. This Settlement Agreement in no way prejudices or precludes SCE

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<sup>5</sup> See Exhibit SCE Tr. 4-01E. As SCE explained in its email serving Exhibit SCE Tr.4-01E on December 8, 2022, this errata corrected errors in the calculation of SCE's requested 2024 revenue requirement and related amounts. The primary cause of the errors was SCE's inadvertent use of incorrect O&M escalation rates for 2019 and 2020.

<sup>6</sup> Total 2024 authorized amount (meaning the amount that SCE seeks the CPUC to authorize for 2024) for VMBA O&M shall be \$434.827 million (in constant 2018 \$). Consistent with the Track 1 Final Decision (D.21-08-036 at p. 186), 2024 costs between 100-115% of the authorized amount set forth herein recorded in the VMBA shall be subject to review and disposition via a Tier 2 Advice Letter. Any 2024 recorded costs in the VMBA over 115% of the authorized amount set forth herein shall be subject to reasonableness review through a future SCE application.

<sup>7</sup> Total 2024 authorized amount for non-VMBA Wildfire Mitigation O&M shall be \$161.559 million (in constant 2018 \$). Consistent with the Track 1 Final Decision and statute (D.21-08-036 at pp. 250-51; Pub. Util. Code § 8386.4), SCE may record relevant 2024 costs in excess of the authorized amount set forth herein in the WMPMA and FRMMA, as appropriate, and may seek reasonableness review and recovery of such costs through a future SCE application.

<sup>8</sup> Consistent with the Track 1 Final Decision (D.21-08-036, pp. 249-250), 2024 recorded costs for WCCP in the WRMBA above 110% of the capital expenditure amount authorized herein based on SCE's cost-per-mile forecast for the installation of 1,050 circuit miles of covered conductor shall be subject to reasonableness review through a future SCE application. Consistent with the Track 1 Final Decision (D.21-08-036 at COL 102), 2024 capital expenditures between 100-110% of the authorized capital expenditure amount set forth herein recorded in the WRMBA shall be subject to review and disposition via a Tier 2 Advice Letter. The Settling Parties agree that 2024 WCCP recorded costs shall be tracked in SCE's Track 4 proposed 2024-specific sub-account of the WRMBA, and such costs shall not be additive to nor reviewed with the 2019-2023 recorded costs for WCCP recorded in WRMBA as authorized by the Track 1 Decision.

<sup>9</sup> See Exhibit SCE Tr. 4-02, pp. 222-23, Table XIV-59 and Table XIV-60.

from updating its forecast of customer deposit balances and truing up recorded 2020 non-wildfire capital rate base in SCE's pending 2025 GRC.

## **6. *SRIIM***

SCE and CUE agree the SRIIM headcount target for 2024 will be set at 2,397. Further, SCE agrees to continue to keep the apprentice lineman pipeline, as part of SCE's Transmission and Distribution Training and Development programs, filled to the maximum extent, consistent with safe crew staffing ratios.

### **E. Full Resolution of All Issues Raised by Settling Parties**

The Settling Parties agree that this Settlement Agreement fully resolves all issues raised by the Settling Parties in Track 4. The Settling Parties confirm that further litigation between the Settling Parties in Track 4 on any issue will cease on the Signature Date referenced below. Following the Signature Date, the Settling Parties' participation in Track 4 will be limited to advocating for, and supporting final approval by the Commission of, this Settlement Agreement without modification. Notwithstanding the foregoing, if this Settlement Agreement is not approved by the Commission as set forth in Section G, then litigation between the Settling Parties in Track 4 may resume, and the Settling Parties' participation in Track 4 shall no longer be limited by this provision.

### **F. Execution of Settlement Agreement**

Execution of this Settlement Agreement shall be complete as of the last signature date of the Settling Parties. This Settlement Agreement can be executed in counterparts, each of which shall be deemed an original. Each Settling Party represents and warrants that the individual executing this Settlement Agreement on behalf of the Settling Party is duly authorized to sign for that Settling Party.

**G. Regulatory Approval**

1. The Settling Parties, by signing this Settlement Agreement, acknowledge that they pledge support for Commission approval and subsequent implementation of all the provisions of this Settlement Agreement. The Settling Parties shall jointly request that the Commission approve the Settlement Agreement without change, and that the Commission make a finding that this Settlement Agreement is reasonable, consistent with law, and in the public interest.

2. This Settlement Agreement shall become effective upon execution of this Settlement Agreement by the Settling Parties, and binding and final on the date it is approved by the Commission. If the Commission does not approve this Settlement Agreement as reasonable and declines to adopt it without modification, the Parties agree to renegotiate this Settlement Agreement in good faith with regard to any Commission-proposed changes in order to preserve the balance of benefits and burdens to the Settling Parties. In the event such negotiations are unsuccessful, a Settling Party may, in its sole discretion, elect to terminate the Settlement Agreement. Such termination shall be effectuated through written notice that is signed by the Settling Party that has elected to terminate the Settlement Agreement.

3. Should any PD or APD seek a modification to this Settlement Agreement, and should any Settling Party be unwilling to accept such modification, that Settling Party shall so notify the other Settling Parties within five business days of issuance of any PD or APD. The Settling Parties shall thereafter convene a settlement conference within 15 days of the issuance of the PD or APD to discuss the modification and negotiate in good faith to achieve a resolution acceptable to the Settling Parties. If the Settling Parties achieve a mutually agreeable resolution of the issues raised by the PD or APD, they shall promptly seek Commission approval of the resolution so achieved. If the Settling Parties cannot mutually agree to resolve the issues raised by the Commission's actions or fail to obtain Commission approval of a mutually acceptable resolution, the Settlement Agreement shall be rescinded, and the Settling Parties shall be released from their obligation to support the Settlement Agreement. Thereafter the Settling Parties may

pursue any action they deem appropriate but agree to cooperate in establishing a procedural schedule. Settling Parties reserve all rights set forth in Rule 12.4 of the Rules of Practice and Procedure.

4. If the Settlement Agreement is terminated as to all Settling Parties, the signatories shall be released from any and all obligations and representations set forth in the Settlement Agreement, and shall be restored to their positions prior to having entered into the Settlement Agreement. If a party declines to support a Settlement Agreement renegotiated pursuant to Section G.2 or G.3, the particular Settling Party(ies) that declines to support the revised terms shall be released from any and all obligations and representations in the original or renegotiated Settlement Agreement.

#### **H. Compromise of Disputed Claims**

This Settlement Agreement represents a compromise of disputed claims between the Settling Parties after arm's-length negotiations. The Settling Parties have reached this Settlement Agreement after taking into account the possibility that each Settling Party may or may not prevail on any given issue. The Settling Parties assert that this Settlement Agreement is reasonable, consistent with law, and in the public interest.

#### **I. Settlement is Not Precedential**

The agreement contained in this term sheet is non-precedential, consistent with CPUC Rule of Practice and Procedure 12.5, and does not prejudice SCE's requests in its 2025 GRC (A.23-05-010), including SCE's requests to true-up rate base for recorded Capex, to reflect an updated forecast for customer deposits in its requested ratemaking treatment for customer deposits, and SCE's request for approval of an SRIIM headcount target. Likewise, this agreement does not prejudice the recommendations the other Settling Parties may present in SCE's 2025 GRC, in any proceeding in which SCE seeks reasonableness review of costs in excess of the amounts agreed to herein, or in any Wildfire Mitigation Plan review proceeding.

**J. Previous Communications**

The Settlement Agreement contains the entire agreement and understanding between the Settling Parties as to the subject matter of this Settlement Agreement. In the event there is any conflict between the terms and scope of this Settlement Agreement and the terms and scope of the accompanying joint motion in support of the Settlement Agreement, including the comparison exhibit attached to the joint motion, the Settlement Agreement shall govern.

**K. Term of the Agreement**

This Settlement Agreement shall be final and in full force on the date of Commission approval of this Settlement Agreement.

**L. Incorporation of Complete Settlement Agreement**

This Settlement Agreement is to be treated as a complete package and not as a collection of separate agreements on discrete issues. The Settling Parties acknowledge that changes, concessions, or compromises by a Settling Party or Settling Parties in one section of this Settlement Agreement resulted in changes, concessions, or compromises by a Settling Party or Settling Parties in other sections. Consequently, the Parties agree to affirmatively oppose any modification of this Settlement Agreement unless the Settling Parties jointly agree in writing to support such modification.

**M. Non-Waiver**

None of the provisions of this Settlement Agreement shall be considered waived by any Settling Party unless such waiver is given in a writing signed by that Settling Party. The failure of a Settling Party to insist in any one or more instances upon strict performance of any of the provisions of this Settlement Agreement or take advantage of any of their rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

**N. Effect of Subject Headings**

Subject headings in this Settlement Agreement are inserted for convenience only, and shall not be construed as interpretations of the text.

**O. Governing Law and Jurisdiction**

This Settlement Agreement shall be interpreted, governed and construed under the laws of the State of California, including Commission decisions, orders and rulings, as if executed and to be performed wholly within the State of California, notwithstanding otherwise applicable conflict of law principles. The Settling Parties agree that the Commission retains jurisdiction to enforce the terms of this Settlement Agreement and resolve any disputes regarding the Settling Parties' performance under the Settlement Agreement.

**P. Performance**

The Settling Parties agree to perform diligently, and in good faith, all actions required hereunder, including, but not limited to, the execution of any other documents and the taking of any other actions reasonably required to effectuate the terms of this Settlement Agreement, and the preparation of exhibits reasonably required for, and presentation of witnesses reasonably required at, any required hearings to obtain approval and adoption of this Settlement Agreement by the Commission.

SOUTHERN CALIFORNIA EDISON COMPANY

Dated: September 8, 2023

/s/ Steven D. Powell

By: Steven D. Powell

Title: President and Chief Executive Officer

CALIFORNIA PUBLIC UTILITIES COMMISSION  
PUBLIC ADVOCATES OFFICE

Dated: September 8, 2023

/s/ Linda Serizawa

By: Linda Serizawa  
Title: Deputy Director of Energy, Public Advocates  
Office

THE UTILITY REFORM NETWORK

Dated: September 8, 2023

/s/ Hayley Goodson

By: Hayley Goodson  
Title: Managing Attorney

THE COALITION OF CALIFORNIA UTILITY  
EMPLOYEES

Dated: September 8, 2023

/s/ Andrew J. Graf

By: Andrew J. Graf  
Title: Attorney for Coalition of California Utility  
Employees

SMALL BUSINESS UTILITY ADVOCATES

Dated: September 8, 2023

/s/ Britt Marra

By: Britt Marra  
Title: Executive Director



## **ATTACHMENT 1 – Agreed Upon Capital Budgets**

Track 4 Settlement Agreement	WCCP	796,024	194,649	601,375	698,699
Attachment 1	Non-WCCP Wildfire/VM	172,254	77,346	94,908	172,254
Capital Financial Mapping	NSC	240,627	-	240,627	240,627
<i>\$ in Thousands</i>	<b>Total</b>	<b>1,208,905</b>	<b>271,995</b>	<b>936,910</b>	<b>1,111,581</b>

Item No.	Testimony Chapter / Sub Activity	GRC Activity	Sub Activity	SCE Request (Errata)	Contested	Uncontested	Settlement
				Sum of 2024 Forecast (2024 \$)	Sum of 2024 Forecast (2024 \$)	Sum of 2024 Forecast (2024 \$)	Sum of 2024 Forecast (2024 \$)
1	Grid Hardening						
2	Distribution Fault Anticipation	Distribution Fault Anticipation	Distribution Fault Anticipation Rollout	-	-	-	-
3	Early Fault Detection	Alternative Technologies	Early Fault Detection	5,922	5,922	-	5,922
4	Early Fault Detection	Alternative Technologies	Transmission Early Fault Detector	-	-	-	-
5	HFRA Sectionalizing Devices	HFRA Sectionalizing Devices	CB Relay Hardware for Fast Curve	-	-	-	-
6	HFRA Sectionalizing Devices	HFRA Sectionalizing Devices	New RARs	-	-	-	-
7	HFRA Sectionalizing Devices	HFRA Sectionalizing Devices	New RARs (FHPMA)	-	-	-	-
8	Rapid Earth Fault Current Limiter (REFCL)	Alternative Technologies	Ground Fault Neutralizer	13,200	13,200	-	13,200
9	Rapid Earth Fault Current Limiter (REFCL)	Alternative Technologies	Isolation Transformer	5,627	5,627	-	5,627
10	Rapid Earth Fault Current Limiter (REFCL)	Alternative Technologies	REFCL Pilot Project	-	-	-	-
11	Targeted Undergrounding	Undergrounding	Targeted Undergrounding	45,996	-	45,996	45,996
12	Wildfire Covered Conductor Program	Wildfire Covered Conductor Program	Covered Conductor	779,205	194,649	584,556	681,881
13	Wildfire Covered Conductor Program	Wildfire Covered Conductor Program	FR3 Transformers	-	-	-	-
14	Wildfire Covered Conductor Program	Wildfire Covered Conductor Program	Tree Attachment Remediation	16,819	-	16,819	16,819
15	Fusing Mitigation	Fusing Mitigation	Current Limiting Fuses	-	-	-	-
16	Fusing Mitigation	Fusing Mitigation	Substation Class Electronically Controlled Fuses	-	-	-	-
17	Grid Hardening Total			866,770	219,399	647,371	769,445
18	Enhanced Operational Practices						
19	AOCs – Ground-Based & Aerial	Enhanced Overhead Inspections and Remediations	AOC Repairs / Replacements - D	3,086	3,086	-	3,086
20	AOCs – Ground-Based & Aerial	Infrared Inspection Program	Infrared Inspection Program	-	-	-	-
21	AOCs – Ground-Based & Aerial	Enhanced Overhead Inspections and Remediations	AOC Repairs / Replacements - T	853	853	-	853
22	Distribution Capital Breakdown Maintenance (HFRA)	Enhanced Overhead Inspections and Remediations	Distribution Capital Breakdown Maintenance	14,422	14,422	-	14,422
23	Distribution Capital Preventive Maintenance (HFRA)	Enhanced Overhead Inspections and Remediations	Distribution Capital Preventive Maintenance	21,359	21,359	-	21,359
24	HFRI Project Management Support	Enhanced Overhead Inspections and Remediations	HFRI PMO	-	-	-	-
25	HFRI Project Management Support	Enhanced Overhead Inspections and Remediations	HFRI Project Management Support	-	-	-	-
26	HFRI Remediations – Distribution	Enhanced Overhead Inspections and Remediations	HFRI Repairs / Replacements D	20,419	-	20,419	20,419
27	HFRI Remediations – Distribution	Enhanced Overhead Inspections and Remediations	Legacy Facilities	480	-	480	480
28	HFRI Remediations – Transmission	Enhanced Overhead Inspections and Remediations	HFRI Repairs / Replacements T	11,647	-	11,647	11,647
29	Long Span Remediation	Enhanced Overhead Inspections and Remediations	Long Span Remediation	7,839	7,839	-	7,839
30	Technology Solutions	Enhanced Overhead Inspections and Remediations	Technology Solutions	2,707	2,707	-	2,707
31	Technology Support Tools	Enhanced Overhead Inspections and Remediations	Technology Support Tools	7,969	-	7,969	7,969
32	Transmission Enhanced Inspection Methods	Enhanced Overhead Inspections and Remediations	Transmission Splice	1,126	1,126	-	1,126
33	Enhanced Operational Practices Total			91,908	51,393	40,515	91,908
34	Public Safety Power Shutoff						
35	Centralized Data Platform	PSPS Customer Support	IMT Customer Notifications	1,203	1,203	-	1,203
36	HERMES	PSPS Execution	Line Patrols	1,043	-	1,043	1,043
37	SCE.com and Public Safety Partner Portal	PSPS Execution	PSPS Website Improvements	3,285	-	3,285	3,285
38	In-Language Requirements	PSPS Customer Support	In-Language Requirements	-	-	-	-
39	Community Resource Centers	PSPS Execution	Community Resource Centers	-	-	-	-
40	Public Safety Power Shutoff Total			5,530	1,203	4,328	5,530
41	Enhanced Situational Awareness						
42	HD Cameras	Enhanced Situational Awareness	HD Cameras	130	-	130	130
43	Weather Stations	Enhanced Situational Awareness	Weather Stations	1,893	-	1,893	1,893
44	Enhanced Situational Awareness Total			2,023	-	2,023	2,023
45	Fire Science and Weather and Fuel Modeling						
46	Advanced Modeling Computer Hardware	Fire Science and Advanced Modeling	Advanced Modeling Computer Hardware	2,046	-	2,046	2,046
47	Advanced Modeling Computer Hardware	Fire Science and Advanced Modeling	Asset Risk Modeling	-	-	-	-
48	Operational Analytics	Fire Science and Advanced Modeling	Operational Analytics	-	-	-	-
49	Fire Science and Weather and Fuel Modeling Total			2,046	-	2,046	2,046
50	New Service Connection						
51	Commercial New Service Connections	Commercial New Service Connections	Commercial New Service Connections	91,196	-	91,196	91,196
52	Residential New Service Connections	Residential New Service Connections	Residential New Service Connections	149,431	-	149,431	149,431
53	Residential New Service Connections	Residential New Service Connections	Streetlights New Service Connections	-	-	-	-
54	New Service Connection Total			240,627	-	240,627	240,627
55	Activities Excluded from Sub-Activity Tables						
56	Fire Science and Weather and Fuel Modeling	Asset Reliability Risk Analytics	Asset Risk Modeling	-	-	-	-
57	Activities Excluded from Sub-Activity Tables			-	-	-	-
58	Total Capital			1,208,905	271,995	936,910	1,111,581

**Appendix B**  
**Comparison Exhibit**

## APPENDIX B to Motion – RULE 12.1 COMPARISON EXHIBIT

**Table 1 – Summary of Litigation Positions of SCE, Cal Advocates, and TURN on Disputed 2024 Revenue Requirement Issues (\$ in millions)<sup>1</sup>**

	SCE Track 4 Request	Cal Advocates	TURN	Settlement
Subtotal 2023 Revenue Requirement + Uncontested Attrition (Uncontested) <sup>2</sup>	\$8,122	\$8,122	\$8,119 <sup>3</sup>	\$8,122
Additional Vegetation Management O&M Authorized Amount <sup>4</sup>	\$264 <i>Last year recorded (2021) is appropriate forecast basis. 2020 is first year that reflects costs of SB 247 compliance, but 2021 lower. Deferring incremental costs to memorandum account harms customers through intergenerational inequity and increased interest expense.</i>	\$207 <i>2019/2020 average appropriate because 2021 recorded costs not yet authorized in a Wildfire Mitigation/ Vegetation Management filing. SCE can seek to recover incremental amounts recorded in memorandum account in separate proceeding.</i>	\$0 <i>Only costs consistent with Track 1 PTYR mechanism are appropriate. SCE can seek to recover incremental amounts recorded in VMBA in a separate proceeding.</i>	\$255
Additional Wildfire Mitigation O&M Authorized Amount <sup>5</sup>	\$82 <i>SCE's request is not budget based,</i>	\$72 <i>Cal Advocates did not oppose</i>	\$0 <i>SCE's forecast is inconsistent</i>	\$52

- <sup>1</sup> SBUA's review of SCE's Track 4 request focused on proposed costs of vegetation management technology. SBUA confirmed that SCE's Track 4 request does not include costs for vegetation management technology that were disallowed in D.22-06-032, including Survey123 and capital funding for Arbora that relates to functionalities that would have been provided by the Clearion vegetation management system had Clearion not been replaced.
- <sup>2</sup> Exhibit SCE Tr.4-03, p. 2, Table I-1, lines 1, 3, and 4. Note that line 4 in Exhibit SCE Tr.4-03, p. 2, Table I-1 includes updated 2024 inflation from Exhibit SCE Tr.4-01E, SCE's proposal to reflect the impact of extraordinary inflation experienced in 2021 in 2024, and SCE's proposal to escalate capital pursuant to S&P Global (formerly IHS Markit) data. Only the updated 2024 inflation from Exhibit SCE Tr. 4-01E was uncontested.
- <sup>3</sup> TURN's Subtotal 2023 Revenue Requirement + Uncontested Attrition (Uncontested) is \$3 million less than SCE's and Cal Advocates' because it reflects secondary impacts in SCE's modeling of TURN's litigation position that no additional Vegetation Management or Wildfire Mitigation O&M should be authorized.
- <sup>4</sup> Exhibit SCE Tr.4-03, p. 2, Table I-1, line 7.
- <sup>5</sup> Exhibit SCE Tr.4-03, p. 2, Table I-1, line 8.

	<b>SCE Track 4 Request</b>	<b>Cal Advocates</b>	<b>TURN</b>	<b>Settlement</b>
	<i>but is based on last year recorded (2021) expenses, a reasonable forecast basis. Deferring incremental costs to memorandum accounts harms customers through intergenerational inequity and increased interest expense.</i>	<i>basing the forecast on last year recorded expense but recommended a reduced amount. Cal Advocates recommendation is an estimated figure/not modeled.</i>	<i>with the Track 1 decision, which adopted standard escalation adjustments for all O&amp;M expense, not budget-based attrition. SCE can seek to recover incremental amounts recorded in WMPMA in a separate proceeding.</i>	
Wildfire Mitigation Capex Authorized Amount <sup>6</sup>	<p style="text-align: right;">\$(1)</p> <i>Intervenor criticisms not supported by evidence or risk analyses. SCE has demonstrated an ability to complete 1,200 miles of WCCP in a year. 1,200 miles is consistent with Integrated Wildfire Mitigation Strategy Risk Framework.</i>	<p style="text-align: right;">\$(0.7)</p> <i>Reduce SCE's request to reflect 900 miles of WCCP, equal to the yearly miles authorized from 2019-2023 (4,500 divided by 5).</i>	<p style="text-align: right;">\$(0.5)</p> <i>Reduce SCE's request to reflect 900 miles of WCCP, which is the annual mileage adopted by the Track 1 decision for 2019-2023, and only adopt budgets for Track 1 authorized specific Wildfire Mitigation activities. Activities not specifically authorized in Track 1 are outside scope of Track 4.</i>	<p style="text-align: right;">\$(1)</p> <i>Includes 1,050 miles for the WCCP<sup>7</sup>, ~\$95 million in non-WCCP non-contested Wildfire Mitigation capital (e.g., undergrounding), and ~\$77M in previously contested budget-based attrition for other wildfire mitigation and vegetation management Capex</i>

<sup>6</sup> Exhibit SCE Tr.4-03, p. 2, Table I-1, line 9.

<sup>7</sup> Consistent with the Track 1 Final Decision and as SCE's direct testimony proposes to maintain in this proceeding, 2024 recorded costs for WCCP in the Wildfire Risk Mitigation Balancing Account (WRMBA) above 110% of the capital expenditure amount implicitly authorized herein on a cost-per basis based on the installation of 1,050 circuit miles of covered conductor shall be subject to reasonableness review through a future SCE Application.

	<b>SCE Track 4 Request</b>	<b>Cal Advocates</b>	<b>TURN</b>	<b>Settlement</b>
Customer Deposits True-up <sup>8</sup>	\$7 <i>Customer deposits continually decline due to D.20-06-003. Updating customer deposit balance for 2024 is consistent with Track 1, which authorized lowest average annual forecast.</i>	\$7 <i>Does not oppose SCE's request.</i>	\$0 <i>Beyond the scope of Track 4 as set forth in the Scoping Memo.</i>	\$0
2020 Recorded Non-Wildfire Capital Expenditures True-Up <sup>9</sup>	\$41 <i>Truing up for recorded expenditures is consistent with long-established precedent of truing up pre-test year recorded capital expenditures. Fairness requires truing up for recorded capital expenditures because SCE was required to "true-up" capital related revenue requirement for SRIIM activities by refunding to customers the amount related to an underspend.</i>	\$0 <i>Truing up 2020 recorded capital expenditures is beyond the scope of Track 4 as set forth in the Scoping Memo.</i>	\$0 <i>Truing up 2020 recorded capital expenditures is beyond the scope of Track 4 as set forth in the Scoping Memo. SCE can true-up recorded capital expenditures in the 2025 GRC.</i>	\$0
2024 Cap Adds Escalation <sup>10</sup>	\$(4) <i>Escalating capital additions based on S&amp;P Global rates is consistent with the purpose of Track 4, a bridge funding year between the 2021 and 2025 GRCs. Some of the Commission's policy reasons for adopting 0% escalation when Track 1 was decided are no longer</i>	\$0 <i>0% authorized in Track 1 should continue in Track 4. SCE is attempting to relitigate authorized escalation for non-wildfire capital additions. SCE did not provide a line by line documentation or other detail to demonstrate authorized capital</i>	\$0 <i>0% authorized in Track 1 should continue in Track 4. SCE's request for a different escalation rate is beyond the scope of Track 4 as set forth in the Scoping Memo. Further, the Commission should still be concerned</i>	\$(3) <i>The Settling Parties agree to an escalation rate of 1.5%.</i>

<sup>8</sup> Exhibit SCE Tr.4-03, p. 2, Table I-1, line 12.

<sup>9</sup> Exhibit SCE Tr.4-03, p. 2, Table I-1, line 13.

<sup>10</sup> Exhibit SCE Tr.4-03, p. 2, Table I-1, line 1. See fn. 1, supra.

	<b>SCE Track 4 Request</b>	<b>Cal Advocates</b>	<b>TURN</b>	<b>Settlement</b>
	<i>applicable, as the impact of the COVID-19 pandemic is now known as is SCE's incurred spending in attrition years.</i>	<i>projects will substantially increase.</i>	<i>about economic harm to customers from escalating non-wildfire capital additions, as SCE's average monthly bills have increased by 40% and arrearages have grown since the issuance of the Track 1 decision</i>	
Impact of 2021 Inflation in 2024 <sup>11</sup>	\$94 <i>Impact of inflation related to the COVID-19 pandemic in 2021 was historic and could not have been anticipated when SCE filed its 2021 GRC. SCE's proposal simply corrects a substantial forecast inaccuracy in Track 1. Updated O&amp;M escalation rates were not reflected in D.21-08-036, which was issued in August 2021.</i>	\$0 <i>SCE's proposal is beyond the scope of Track 4 as set forth in the Scoping Memo. Actual spending for 2024 may not be at the levels forecasted in Track 1, and SCE can readjust spending priorities to be more efficient.</i>	\$0 <i>SCE's request for a different escalation rate is beyond the scope of Track 4 as set forth in the Scoping Memo. SCE did not present evidence that its financial health and credit standing require the attrition mechanism SCE proposes.</i>	\$0
<b>Total - Track 4 2024 Revenue Requirement</b>	<b>8,606</b>	<b>8,408</b>	<b>8,119</b>	<b>8,425</b>

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<sup>11</sup> Exhibit SCE Tr.4-03, p. 2, Table I-1, line 1. See fn. 1, supra.

**Table 2 – Summary of Litigation Positions of SCE and CUE on SRIIM Headcount**

	<b>SCE Track 4 Request</b>	<b>CUE</b>	<b>Settlement</b>
SRIIM Positions	<p>2,415, subject to adjustment</p> <p><i>The headcount target for SRIIM positions should be 2,415, subject to an adjustment equal to one half the percentage change in authorized vs. requested T&amp;D capital. The request continues the Track 1 SRIIM by adding 80 positions to the 2023 headcount target and continuing the adjustment mechanism.</i></p>	<p>2,674, with no adjustment</p> <p><i>2,674 should be the headcount target, and the adjustment mechanism should be eliminated. 2,674 is calculated by averaging two amounts: (1) the 2021 adjusted headcount target escalated based on SCE's proposed budget increase, without the adjustment mechanism approved in Track 1, and (2) the Track 1 headcount authorized by the Commission, increased by 80, and then increased based on SCE's proposed budget increase from Track 1.</i></p>	<p>2,397 and SCE's agreement to continue to keep the apprentice lineman pipeline, as part of T&amp;D Training and Development programs, filled to the maximum extent, consistent with safe crew staffing ratios.</p>