

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Authorization to Recover Incremental Costs Related to Wildfire Mitigation, Vegetation Management, Catastrophic Events, and Wildfire Liability Insurance.

A.24-04-005

DECISION APPROVING SETTLEMENT AND AUTHORIZING SOUTHERN CALIFORNIA EDISON COMPANY TO RECOVER COSTS RELATED TO WILDFIRE MITIGATION, VEGETATION MANAGEMENT, CATASTROPHIC EVENTS, AND OTHER COSTS

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Appendix: March 21, 2025 Joint Motion for Approval of Settlement Agreement
(Settlement Agreement attached)

DECISION APPROVING SETTLEMENT AND AUTHORIZING SOUTHERN CALIFORNIA EDISON COMPANY TO RECOVER COSTS RELATED TO WILDFIRE MITIGATION, VEGETATION MANAGEMENT, CATASTROPHIC EVENTS, AND OTHER COSTS

Summary

This decision approves an uncontested Settlement Agreement regarding Southern California Edison Company's (SCE) request to recover expenditures incurred during the four-year period from 2020 through 2023 for the following activities: (1) 2023 wildfire mitigation and vegetation management activities, (2) costs related to SCE's 2019–2023 Wildfire Covered Conductor Program capital expenditures, (3) events recorded in the Catastrophic Event Memorandum Account in 2020, 2021, and 2022, and (4) wildfire liability insurance premiums. The approved Settlement Agreement reduces SCE's request by \$12 million in expenses and the decision approves recovery in rates of approximately \$308.1 million in operations and maintenance expense and \$702.5 million in capital expenditures, plus interest accrued during this proceeding. SCE is directed to update the amount of the revenue requirement via a Tier 1 Advice Letter to reflect the amount authorized as soon as reasonably practicable to minimize additional accrued interest on these accounts.

The proceeding is closed.

1. Background

On April 5, 2024, Southern California Edison Company (SCE) filed *Application for Authorization to Recover Incremental Costs Related to Wildfire Mitigation, Vegetation Management, Catastrophic Events, and Wildfire Liability*

Insurance (Application).¹ SCE's requested cost recovery for an initial revenue requirement of \$326.337 million, which includes \$320.063 million in operations and maintenance (O&M) expense and \$702.449 million in capital expenditures.

SCE estimated that the request set forth in its Application would result in an average residential monthly electric rate increase of \$2.77 or 1.5% over a period of 12 months.² SCE estimated a similar rate impact on other categories of customers, such as small business customers.³

SCE engaged an independent audit firm, PricewaterhouseCoopers LLP (PwC), to review SCE's recorded costs in some of the accounts presented.⁴

On April 5, 2024, SCE submitted prepared direct testimony in support of the Application.⁵

SCE's Application seeks reasonableness review under Public Utilities Code (Pub. Util. Code) Section 451 together with related authority and the recovery of costs for several different types of activities, including 2023 wildfire mitigation-related and vegetation management-related work recorded in the Wildfire Mitigation Plan Memorandum Account (WMPMA), the Fire Risk Mitigation

¹ All pleadings filed in this proceeding are available on the Commission's website at *Docket Card* by searching A2404005.

² SCE Application at 25.

³ SCE Application at 25.

⁴ SCE Ex-02 (*Report of Independent Accountants*) and SCE Ex-03 at Attachment A (*Memorandum Regarding Assessment, Approach, and Results of PricewaterhouseCoopers, LLP's Attestation of Southern California Edison Company's Balances Included Within the Schedule of Wildfire Mitigation and Vegetation Management Costs.*)

⁵ The prepared testimony submitted by parties is available on the Commission's website at *Commission's E-Filed Documents Search Form* under the drop-down menu *Supporting Documents*.

Memorandum Account (FRMMA), and the Vegetation Management Balancing Account (VMBA).⁶ SCE also seeks recovery of cumulative 2019–2023 incremental Wildfire Covered Conductor Program capital expenditures recorded in the Wildfire Risk Mitigation Balancing Account (WRMBA).

SCE further seeks recovery of incremental storm-related costs associated with certain 2020, 2021, and 2022 events recorded in the Catastrophic Event Memorandum Account (CEMA). Finally, SCE seeks recovery of certain wildfire liability insurance premium expenses, which SCE initially sought to allocate to San Onofre Nuclear Generating Station (SONGS) and subsequently recorded to the Wildfire Expense Memorandum Account (WEMA).

On May 8, 2024, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) and The Utility Reform Network (TURN) filed protests in opposition to the Application.

On May 20, 2024, SCE filed a reply to these protests.

On May 22, 2024, a prehearing conference was held to identify disputed issues of law and fact, determine the need for evidentiary hearings, set the schedule for resolving the matter, and address other matters as necessary.

⁶ *Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement* at 3. SCE Ex-01, Vol. 1 at 2, explaining “[T]his is SCE’s third application seeking such cost recovery in the 2021 GRC cycle. In the 2021 WM/VM (A.22-06-003), SCE sought recovery of \$101.47 million of incremental O&M expenses and \$97.52 million of incremental capital expenditures incurred in 2021 associated with wildfire mitigation work recorded in the WMPMA and the FRMMA. Similarly, in the 2022 WM/VM (A.23-10-001), which is currently pending before the Commission, SCE is seeking recovery of \$89.731 million of incremental O&M expenses and \$135.736 million of incremental capital expenditures incurred in 2022 associated with wildfire mitigation work recorded in the WMPMA and the FRMMA.”

On June 5, 2024, PwC issued a report that reviewed SCE's WMPMA, FRMMA, VMBA and WRMBA, referred to herein as the PwC Report.⁷ The PwC Report stated, among other things, that:

"In [PwC's] opinion, management's assertion that the accompanying management assertion of Southern California Edison Company that the Summary of Wildfire Mitigation and Vegetation Management Costs includes O&M & Capital costs which were: (i) incurred for the activities set forth in the corresponding, relevant California Public Utilities Commission (CPUC)-approved Preliminary Statements describing the contents of the balancing and memorandum accounts as further described in the notes to this report; (ii) accurately recorded; and (iii) incremental (i.e., in addition to and separate from amounts previously authorized by the CPUC in the decision resolving SCE's 2021 General Rate Case Decision (D.) 21-08-036) is fairly stated, in all material respects)."⁸

On June 21, 2024, Small Business Utility Advocates (SBUA) filed a motion for party status. This motion was granted on July 3, 2024.

On July 11, 2024, Commissioner Douglas issued the *Assigned Commissioner's Scoping Memo and Ruling* (Assigned Commissioner's Scoping

⁷ The PwC Report is SCE Ex-03. *Assigned Commissioner's Scoping Memo and Ruling* (July 11, 2024) at 5 ordered that "the full audit prepared by" PwC be submitted as prepared direct testimony by SCE and be subject to examination by the parties. In compliance with this order, SCE served Exhibit SCE-03, "Direct Testimony in Response to Assigned Commissioner's Scoping Memo and Ruling Regarding PricewaterhouseCoopers, LLP's Examination of Various Southern California Edison Company 2023 Wildfire Mitigation and Vegetation Management Accounts and 2019-2023 Wildfire Risk Mitigation Balancing Account Expenditures."

⁸ *Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement* at 4 (fn. 5), citing to SCE Ex-02 and SCE Ex-03.

Memo), which set forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Pub. Util. Code Section 1701.1 and Article 7 of the Rules of Practice and Procedure (Rules).

On December 6, 2024, Cal Advocates and SBUA submitted prepared direct testimony.

On January 15, 2025, SCE served prepared rebuttal testimony.

On January 29, 2025, a status conference was held to discuss the need for evidentiary hearings and other procedural matters. At the status conference, parties informed the Administrative Law Judge (ALJ) that limited cross examination was needed and, as a result, the time reserved for evidentiary hearings was reduced. On February 3, 2025, the parties notified the ALJ that no evidentiary hearings were needed.⁹ The ALJ removed the evidentiary hearings from the calendar and directed parties to file a joint stipulation seeking to admit evidence into the record.

The parties met and conferred, as required under the Commission's Rules, and engaged in settlement discussions.

The parties requested extensions of the dates for submission of the exhibit list and to file opening briefs, which the ALJ granted.

On March 10, 2025, the parties filed joint motions to enter exhibits into evidence and to file confidential exhibits under seal. On March 19, 2025, this motion was granted by ALJ ruling.

⁹ February 6, 2025 ALJ Ruling.

On March 21, 2025, SCE, Cal Advocates, and SBUA (Settling Parties) filed *Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement* (Motion for Approval of Settlement Agreement). The Settlement Agreement is attached to the Motion for Approval of Settlement Agreement.

No party filed comments in opposition to the Motion for Approval of Settlement Agreement.

On April 17, 2025, SCE filed a motion to late-file an exhibit.

No parties filed briefs.

2. Submission Date

This matter was submitted on May 14, 2025.

3. Standard of Review for Settlement Agreement

The Commission may only adopt a settlement after determining whether the settlement satisfies the three-prong test of Rule 12.1(d), which provides as follows: “The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.”¹⁰

The Commission has also stated that, “Beyond this basic [Rule 12.1(d)] standard, we have incorporated other standards into its analysis, which have largely depended on situational factors, such as the type of proceeding at issue, the interests of the settling parties and whether the settlement is contested.”¹¹

¹⁰ Rule 12.1(d) of the Commission’s Rules of Practice and Procedure.

¹¹ D.23-02-017, *Decision Approving Settlement [PG&E]* (February 2, 2023) at 16.

Moreover, although the Commission favors settlements, all matters decided by the Commission must meet the overall just and reasonable standard of the Pub. Util. Code.¹² The Commission considers whether a settlement is just and reasonable based on the agreement as a whole, not on individual provisions: “In assessing settlements, we consider individual settlement provisions but, in light of strong public policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome.”¹³

The Commission has stated that the public policy favoring settlement supports many worthwhile goals. These goals include reducing the expense of litigation costs, conserving scarce resources of parties and the Commission, and allowing parties to reduce the risk that litigation will produce unacceptable results.¹⁴

To approve a settlement the Commission must also find that the settling parties had a sound and thorough understanding of the application, and all the underlying assumptions and data included in the record.¹⁵

¹² D.25-01-042, *Decision Regarding Settlement Agreement Authorizing [SCE] Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025) at 9, citing to Pub. Util. Code § 451 which requires that all public utility charges “shall be just and reasonable” and that every “unjust and unreasonable charge... is unlawful.”

¹³ D.25-01-042, *Decision Regarding Settlement Agreement Authorizing [SCE] Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025) at 9; D.12-03-015 at 19.

¹⁴ D.23-02-017, *Decision Approving Settlement [PG&E]* (February 2, 2023) at 17.

¹⁵ D.25-01-042, *Decision Regarding Settlement Agreement Authorizing [SCE] Cost Recovery for 2017 Thomas Fire and 2018 Montecito Debris Flow* (January 30, 2025) at 10, citing to D.23-11-069 at 752-753.

4. Issues Before the Commission

The issues in the scope of this proceeding to be determined or otherwise considered are as follows:¹⁶

1. Whether the Commission should find SCE's requested cost recovery of approximately \$945 million (expense and capital)¹⁷ plus interest, mostly incurred in 2023 and recorded in SCE's WMPMA, FRMMA, VMBA, or WRMBA incremental, just and reasonable, and properly recoverable as expense and capital in revenue requirement through distribution rates over a 12-month period (expense) and until included in the base rates (capital)?
2. Whether the Commission should find SCE's requested cost recovery of approximately \$70.2 million, plus interest, (approximately \$34.0 million in capital and \$36.2 million in expense) incurred and/or recorded related to 10 catastrophic events and recorded in SCE's CEMA incremental, just and reasonable, and properly recoverable in revenue requirement through distribution rates over a 12-month period (expense) and until included in the base rates (capital)?
3. Whether the Commission should find reasonable and properly recoverable the \$7.2 million San Onofre Nuclear Generating Station (SONGS) Adjustment, plus accrued interest expense, recorded in the WEMA, as of February 29, 2024, and authorize SCE to transfer this amount, plus the interest expense that will accrue during the pendency of this proceeding, for recovery in distribution rates over a 12-month period?
4. Whether SCE accurately and sufficiently demonstrated compliance with the affordability metrics pursuant to

¹⁶ *Assigned Commissioner's Scoping Memo and Ruling* (July 11, 2024) at 3-4.

¹⁷ SCE Application at 2. WMPMA (\$179.3 million), FRMMA (\$20.3 million), VMBA (\$159.8 million), and WRMBA (\$585.8 million) = \$945.1 million.

Decision (D.) 22-08-023 and the effects of this Application on the affordability metrics?

5. How to mitigate any identified impacts of SCE's Application on environmental and social justice (ESJ) communities, including the extent to which any of SCE's proposals impact the achievement of any of the goals of the Commission's Environmental and Social Justice Action Plan?¹⁸

5. Description of Accounts under Review

SCE's Application requests recovery of costs recorded in six accounts. The amounts recorded by SCE to each account are set forth below shown as O&M expense or capital expenditure with the impact on revenue requirement.¹⁹

*Summary of SCE's Recorded Incremental Costs
and Initial Revenue Requirement, 2023
(Nominal \$ millions)*

Account	Incremental Capital Expenditures	Incremental O&M Expense	Initial Revenue Requirement
Wildfire Mitigation Plan Memorandum Account (WMPMA)	\$ 82,692	\$ 96,579	\$ 93,471
Fire Risk Mitigation Memorandum Account (FRMMA)	\$ -	\$ 20,275	\$ 20,893
Vegetation Management Balancing Account (VMBA)	\$ -	\$ 159,734	\$ 164,819
Wildfire Risk Mitigation Balancing Account (WRMBA)	\$ 585,788	\$ -	\$ (537)
Catastrophic Event Memorandum Account (CEMA)	\$ 33,969	\$ 36,269	\$ 39,775
Wildfire Expense Memorandum Account (WEMA)	\$ -	\$ 7,206	\$ 7,916
TOTAL	\$ 702,449	\$ 320,063	\$ 326,337

SCE requests that it be authorized to collect the O&M amount over a 12-month period. SCE will collect the capital over the life of the capital asset, which

¹⁸ The Commission's *Environmental and Social Justice Action Plan* is available on the Commission's website.

¹⁹ *Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement* at 7. SCE Ex-01, Vol. 1 at 1, stating: "This amount does not include the \$3.5 million permanent disallowance of Public Safety Power Shutoff (PSPS) program-related costs, pursuant to a settlement agreement adopted in Resolution ALJ-440, as discussed further in SCE-01, Vol. 6."

spans multiple years. A description of each account and the types of costs SCE recorded in each account follows.

5.1 Wildfire Mitigation Plan Memorandum Account

On June 4, 2019, the Commission issued D.19-05-038, approving SCE's 2019 Wildfire Mitigation Plan (WMP). In D.19-05-038, the Commission also authorized SCE to "open the memorandum account described in Public Utilities Code § 8386(e), which provides: 'At the time it approves each [WMP], the [C]ommission shall authorize the utility to establish a memorandum account to track costs incurred to implement the plan.'"²⁰ In authorizing this Section 8386(e) memorandum account, the Commission specified that SCE could not "seek or obtain double recovery of the costs tracked in its Pub. Util. Code § 8386(e) memorandum account in any other account."²¹ Pursuant to D.19-05-038, SCE submitted Advice 4022-E/E-A to establish the WMPMA.²² Consistent with Pub. Util. Code § 8386.4(b), the costs eligible for recovery recorded in the WMPMA must be presented to the Commission for reasonableness review and cost recovery.

²⁰ D.19-05-038, *Decision on Southern California Edison Company's 2019 Wildfire Mitigation Plan Pursuant to Senate Bill 901* (May 30, 2019) at 55, Ordering Paragraph 18 (quoting former Pub. Util. Code § 8386(e) now codified at § 8386.4(a)).

²¹ D.19-05-038, *Decision on Southern California Edison Company's 2019 Wildfire Mitigation Plan Pursuant to Senate Bill 901* (May 30, 2019) at 55, Ordering Paragraph 19.

²² On August 6, 2019, the Commission approved Advice 4022-E/E-A with an effective date of June 19, 2019.

5.2 Fire Risk Mitigation Memorandum Account

The Fire Risk Mitigation Memorandum Account (FRMMA) is authorized by Pub. Util. Code Section 8386.4(b)(1) and the utility may set up the account automatically:

“(b) (1)...Each electrical corporation shall establish a memorandum account to track costs incurred for fire risk mitigation that are not otherwise covered in the electrical corporation’s revenue requirements. The commission shall review the costs in the memorandum accounts and disallow recovery of those costs the commission deems unreasonable.”²³

On September 21, 2018, Senate Bill (SB) 901 (Stats. 2018, Ch. 626) was signed into law, which included a number of directives for electric utilities related to the prevention and recovery from catastrophic wildfires. SB 901 required electric utilities to prepare and submit Wildfire Mitigation Plans that describe the utilities’ plans to prevent, combat, and respond to wildfires. Assembly Bill (AB) 1054 (Stats. 2019, Ch. 79) continued these requirements. The Commission opened Rulemaking (R.) 18-10-007 on October 25, 2018 to implement these provisions. As a result of this rulemaking, on January 18, 2019 and March 12, 2019, SCE submitted Advice 3936-E and Advice 3936-E-A, respectively, proposing the establishment of the FRMMA, in compliance with Pub. Util. Code § 8386(j). The Commission approved Advice 3936-E/E-A on March 12, 2019 with an effective date for FRMMA of January 18, 2019.

²³ Pub. Util. Code Section 8386.4(b)(1).

5.3 Vegetation Management Balancing Account

In D.21-08-036 (SCE's 2021–2023 general rate case), the Commission authorized SCE to create a two-way balancing account, the VMBA, to record the difference between authorized O&M expenses for all vegetation management activities and SCE's incurred expenses for these activities.²⁴ On September 10, 2021 and September 16, 2021, SCE submitted Advice Letter 4586-E and Advice Letter 4586-E-A, respectively, to establish the VMBA. On October 4, 2021, the Commission approved Advice Letter 4586-E/E-A with an effective date of October 1, 2021. In accordance with D.21-08-036 and SCE's tariff, cost recovery for amounts more than 115% of authorized amounts is requested by application. Recovery of any undercollection that is less than 115% of the authorized amount, as well as the refund of any overcollection, is to be requested via a Tier 2 advice letter.²⁵ In this Application, SCE is seeking reasonableness review for recovery of the O&M expenses above 115% of the authorized amount for 2023 pursuant to D.21-08-036. On March 13, 2024, SCE submitted Advice 5245-E to recover 2023 vegetation management costs between 100% and 115% of the authorized amount in accordance with D.21-08-036.²⁶ In 2023, SCE recorded the additional costs

²⁴ D.21-08-036, *Decision on Test Year 2021 General Rate Case for Southern California Edison Company* (August 19, 2021).

²⁵ The Advice Letter 2 applies to amounts between 100% and 115%, which are not presented in this proceeding.

²⁶ D.21-08-036, *Decision on Test Year 2021 General Rate Case for Southern California Edison Company* (August 19, 2021).

associated with SB 247 in the VMBA, in addition to SCE's other vegetation management costs.²⁷

5.4 Wildfire Risk Mitigation Balancing Account

In D.21-08-036 (SCE's 2021–2023 GRC), the Commission authorized SCE to create the WRMBA as a two-way balancing account to track the difference between the Wildfire Covered Conductor Program capital expenditures authorized for the 2019–2023 period and SCE's actual (recorded) capital expenditures over the 2019–2023 period. On September 10, 2021, SCE submitted Advice Letter 4586-E to establish the WRMBA. SCE recorded cumulative 2019–2023 incremental Wildfire Covered Conductor Program capital expenditures in the WRMBA. Pursuant to Pub. Util. Code Section 8386.3(e), the first \$1.575 billion of SCE's wildfire risk mitigation capital expenditures spent after August 1, 2019 and included in SCE's approved wildfire mitigation plans must be excluded from equity rate base and financed through a financing order pursuant to Section 851 (capital expenditures subject to AB 1054). SCE's WRMBA contains two subaccounts: (1) a *Track 1 Wildfire Covered Conductor Program Costs Not Subject to AB 1054* subaccount to track the capital-related revenue requirements for capital expenditures that are not subject to the AB 1054 exclusion from equity rate base, and (2) a *Track 1 Wildfire Covered Conductor Program Costs Subject to AB 1054* subaccount to track the capital-related revenue requirements that are subject to

²⁷ SCE Ex-01, Vol. 6 at 7, explaining that the new law specifies the qualifications for electrical line clearance tree trimmers performing work to comply with the vegetation management requirements in an electrical corporation Wildfire Mitigation Plan. SB 247 also added Section 8386.6, which requires all qualified line clearance tree trimmers or trainees, under the direct supervision and instruction of qualified line clearance tree trimmers, be remunerated no less than a first period apprentice electrical utility lineman.

the AB 1054 exclusion from equity rate base. In this Application, SCE is only seeking recovery of amounts recorded in the *Track 1 Wildfire Covered Conductor Program Costs Not Subject to AB 1054* subaccount.

5.5 Catastrophic Event Memorandum Account

In accordance with Pub. Util. Code Section 454.9(b), SCE recorded in separate CEMA subaccounts O&M expenses and capital expenditures associated with the following events: (1) 2020 COVID-19 Pandemic, (2) 2020 Sequoia Complex Fire, (3) 2021 January Winter Storms, (4) 2021 December Winter Storms, (5) 2021 Alisal Fires, (6) 2021 KNP Complex Fire, (7) 2021 Windy Fire, (8) 2022 August Monsoonal Rain Event, (9) 2022 August/September Heatwave, and (10) 2022 Tropical Storm Kay. There was no insurance coverage for the CEMA events included herein.²⁸

5.6 Wildfire Expense Memorandum Account

SCE's incremental wildfire liability insurance premium expenses are recorded and recovered via the WEMA.²⁹ SCE's WEMA was approved in D.18-11-051 and allows SCE to track, among other costs, incremental wildfire liability insurance premium costs, effective as of April 3, 2018. The WEMA was established in response to increases in liability for wildfire-related events, including wildfire insurance premium costs, given the 2017 and 2018 wildfire

²⁸ SCE Ex-01, Vol. 6 at 33, stating: "The Commission, in Resolution E-3238, stated that 'recovery [of CEMA related costs] may be limited by consideration of the extent to which losses are covered by insurance, the level of loss already built into existing rates, and possibly other factors relevant to the particular utility and event.'"

²⁹ SCE Ex-01, Vol 6 at 1.

events in SCE's service area.³⁰ SCE seeks recovery of \$7.2 million, plus accrued interest expense, related to incremental wildfire liability insurance premiums incurred during the 2019–2020 policy years, which is also known as the SONGS Adjustment.³¹ As the current decommissioning agent for SONGS, SCE allocates a certain proportion of its overall wildfire liability insurance premium costs to the SONGS Co-Owners because the SONGS facility contributes to some potential wildfire liability risk that SCE must insure against as the operator of SONGS.³² SCE previously sought recovery of this amount but, in D.23-05-033, the Commission denied, without prejudice, SCE's request to recover this amount from ratepayers.³³ The principal reason for the denial in D.23-05-033 related to a disagreement between SCE and Cal Advocates on allocation of costs to ratepayers. Cal Advocates has now agreed to settle this claim.

³⁰ SCE Ex-01, Vol. 5 at 1-2.

³¹ SCE Ex-01, Vol. 5 at 1-2. SONGS is an abbreviation for San Onofre Nuclear Generating Station.

³² SCE Ex-01, Vol. 5 at 4-5, stating "SONGS is currently undergoing permanent decommissioning as funded by its NDT [Nuclear Decommissioning Trust]. The SONGS Decommissioning Agreement was executed on April 23, 2015, by SCE, SDG&E, and two non-CPUC-jurisdictional municipal utilities, the cities of Riverside and Anaheim (collectively referred to as Co-Owners, as noted above). SCE's proportionate share is approximately 77%. The SONGS Decommissioning Agreement designates SCE as the decommissioning agent, provides for the performance of decommissioning work, and identifies the separate rights, duties, and obligations of the Co-Owners responsible for decommissioning work and decommissioning costs. As the decommissioning agent, each year SCE assigns a small percentage of its systemwide wildfire liability insurance premium costs to the SONGS facility, to be paid pro-ratably by each Co-Owner's NDT. The SONGS Decommissioning Agreement requires major decisions to be made unanimously by the Co-Owners."

³³ SCE Ex-01, Vol. 5 at 1-2.

6. Summary of SCE's Application

SCE seeks to recover costs recorded in a number of accounts.

SCE seeks to recover amounts recorded in the WMPMA, FRMMA, VMBA, and WRMBA, which it states were necessary costs to comply with statutory and regulatory obligations and in response to the increase in California's wildfire risk in recent years due to climate change and drought, among other factors. SCE states its activities were prudent and essential to ensure safety, reliability, and resiliency against wildfire risks, and that this request reflects costs that are incremental to the costs that the Commission has previously authorized.³⁴ This is SCE's third application seeking cost recovery in the 2021–2023 GRC cycle regarding WMPMA, FRMMA, and VMBA. SCE's previous requests include A.22-06-003 and A.23-10-001.³⁵

SCE also requests that the Commission authorize SCE to recover costs recorded in its CEMA associated with ten catastrophic events, including the COVID-19 pandemic, four wildfires, two windstorms, a monsoonal rain event, a heatwave, and a tropical storm.³⁶

³⁴ *Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement* at 5 and fn. 10, citing to "Exhibit SCE-01, Vol. 01 (discussing the costs recorded in the WMPMA and wildfire mitigation costs recorded in the FRMMA), Exhibit SCE-01, Vol. 02 (discussing the costs recorded in the VMBA and environmental support costs recorded in the FRMMA), and Exhibit SCE-01, Vol. 03 (discussing the costs recorded in the WRMBA)."

³⁵ SCE Ex-01, Vol. 1 at 2.

³⁶ *Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement* at 6.

Lastly, SCE seeks recovery of \$7.2 million recorded in the WEMA related to incremental wildfire liability insurance premiums incurred during the 2019–2020 policy years.³⁷

7. Summary of Settlement Agreement

The chart below provides a summary of SCE initial request, and Cal Advocates' and SBUA's initial proposed reductions, as set forth in prepared testimony.³⁸

Comparison of Party Positions (Nominal \$ millions)

	Account	SCE Request (in Direct Testimony)	Cal Advocates	SBUA	SCE Rebuttal Request
O&M	Wildfire Mitigation Plan Memorandum Account (WMPMA)	\$ 96,579	\$ (3,500)	Not Quantified	\$ 96,579
	Fire Risk Mitigation Memorandum Account (FRMMA)	\$ 20,275	\$ (1,959)	Not Quantified	\$ 20,275
	Vegetation Management Balancing Account (VMBA)	\$ 159,734	\$ (39,225)	Not Quantified	\$ 159,734
	Wildfire Risk Mitigation Balancing Account (WRMBA)	\$ -	\$ -	\$ -	\$ -
	Catastrophic Event Memorandum Account (CEMA)	\$ 36,269	\$ (784)	\$ (2,438)	\$ 36,269
	Wildfire Expense Memorandum Account (WEMA)	\$ 7,206	\$ (7,206)	\$ -	\$ 7,206
	TOTAL	\$ 320,063	\$ (52,674)	\$ (2,438)	\$ 320,063
Capital	Wildfire Mitigation Plan Memorandum Account (WMPMA)	\$ 82,692	\$ -	\$ -	\$ 82,692
	Fire Risk Mitigation Memorandum Account (FRMMA)	\$ -	\$ -	\$ -	\$ -
	Vegetation Management Balancing Account (VMBA)	\$ -	\$ -	\$ -	\$ -
	Wildfire Risk Mitigation Balancing Account (WRMBA)	\$ 585,788	\$ -	\$ -	\$ 585,788
	Catastrophic Event Memorandum Account (CEMA)	\$ 33,969	\$ -	\$ -	\$ 33,969
	Wildfire Expense Memorandum Account (WEMA)	\$ -	\$ -	\$ -	\$ -
	TOTAL	\$ 702,449	\$ -	\$ -	\$ 702,449

The Settlement Agreement seeks approval of \$308.1 million in O&M (i.e., \$320.1 million minus \$12 million in reductions) and \$702.5 million in capital (i.e., \$702.5 million minus \$0 million in reductions), for a revised total initial revenue requirement of \$314.3 million.³⁹

³⁷ Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement at 6.

³⁸ Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement at 7-8.

³⁹ Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement at 18.

Regarding ratemaking treatment under the Settlement Agreement, SCE will transfer the authorized incremental O&M plus the additional interest expense that has been accrued during the pendency of this proceeding from the WMPMA, FRMMA, VMBA, CEMA, and WEMA to the distribution subaccount of the Base Revenue Requirement Balancing Account (BRRBA) for recovery in customers' distribution rates over a 12-month period.⁴⁰ For authorized capital expenditures, SCE will transfer the initial capital-related revenue requirement plus the ongoing capital-related revenue requirement and interest expense recorded in the WMPMA, WRMBA, and CEMA during the pendency of this proceeding to the distribution subaccount of the BRRBA for recovery in customers' distribution rates over a 12-month period.⁴¹ SCE will then annually transfer, each December 31, the ongoing capital-related revenue requirement associated with the eligible approved capital expenditures to the distribution subaccount of the BRRBA until the ongoing capital-related revenue requirement is included in general rate case base rates.⁴²

⁴⁰ *Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement* at 20.

⁴¹ *Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement* at 20.

⁴² *Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement* at 20.

SCE states that it will implement the Settlement Agreement revenue requirement during SCE's next scheduled rate change (or as soon after as reasonably practicable).⁴³

The Settlement Agreement includes non-financial terms, as follows:

"a. On a non-precedential basis and to promote enhance transparency, SCE will take steps to make accounting, reporting and internal control changes to record its vegetation management accruals, accrual reversals, and actual costs under the same cost element group, rather than all such accruals and accrual reversals recording under an "other" category as is SCE's current practice. This new approach will be fully implemented beginning on January 1, 2026. SCE shall notify the Commission of subsequent changes to this new approach 60 days prior to making them via a Tier 2 Advice Letter that specifies the planned modification and the reason for the modification.

b. In future after-the-fact reasonableness review applications seeking recovery of SCE's costs for the Quick Reaction Force (QRF):

i. SCE will document the (1) firefighting agencies' efforts that it is aware of to find alternative sources of QRF funding and a (2) description of the firefighting agencies' efforts to secure other non-financial resources (e.g., through mutual aid agreements) for the period covered by the application or for ongoing efforts for future years.

ii. To demonstrate efforts to reduce firefighting agencies' reliance on SCE customer funding, SCE will report on the firefighting agencies' ongoing and planned efforts that it is aware of to obtain alternative funding or efforts to secure other non-financial resources (e.g., through mutual aid

⁴³ *Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement* at 20.

agreements) for future years for which SCE has not entered into funding agreements with the firefighting agencies, such as by means of filing actual budget requests, grant applications, proposed legislation, etc., as appropriate to agencies actual budgeting/funding processes.

iii. SCE will also report on the firefighting agencies' budget for non-SCE funded aerial suppression assets, to the extent that information is reasonably available to SCE and ascertainable, from the subject application year onward.

c. In future after-the-fact reasonableness review applications seeking recovery of incremental Vegetation Management Balancing Account (VMBA) costs in 2024 and through the 2025–2028 GRC Period, including any future tracks or phases that may be established in SCE's 2025 GRC, SCE will include variance explanations identifying and explaining overspends or underspends of SCE's recorded costs and, where feasible, variances in the quantity of activity, as compared to, the applicable categories of costs and quantities described in SCE's testimony and workpapers submitted in the applicable GRC filing for which funding for the activity or program was approved, to the extent that information is reasonably available and ascertainable to SCE.

d. In future after-the-fact reasonableness review applications seeking review of SCE's WMPMA, FRMMA or VMBA costs in 2024 and through the 2025–2028 GRC Period, including any future tracks or phases that may be established in connection with SCE's 2025 GRC, SCE will identify (i) the forecasted average percentage and dollar bill impact for three National American Industry Classification System (NAICS) codes including Food Services and Drinking Places (NAICS 722), Ambulatory Health Care Services (NAICS 621), and Real Estate (Property Management, NAICS 531), as well as for "small retail store" building types; and (ii) total anticipated bill changes to small business customers. SCE will provide this information at the time the application is filed, and, in the

event it seeks interim rate recovery, also during the pendency of the proceeding.”⁴⁴

8. The Settlement Agreement is Approved

The record in this proceeding consists of all filed documents, the testimony received into evidence and the Motion by SCE, Cal Advocates, and SBUA requesting the Commission’s adoption of the Settlement Agreement. A list of the admitted exhibits is attached to the motion filed on March 10, 2025.⁴⁵

Rule 12.1(d) provides that settlements need not be joined by all parties, and the March 21, 2025 Settlement Agreement is not an all-party settlement. However, the March 21, 2025 Settlement is not contested. As discussed below, the Commission finds that the March 21, 2025 Settlement Agreement meets the criteria set forth in Rule 12.1(d) of the Commission’s Rules of Practice and Procedure. Because settlements discussions are confidential, the Commission does not speculate or dissect why the parties agreed upon any particular settlement position or why they agreed to any specific adjustments, as shown below. In evaluating this Settlement Agreement, the Commission accepts that Cal Advocates and SBUA have the expertise and reasoned judgement to decide to settle a matter rather than litigate.

⁴⁴ *Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement* at 21-22.

⁴⁵ *March 10, 2025 Joint Motion of Southern California Edison Company (U 338-E), Public Advocates Office and Small Business Utility Advocates to Admit Testimony and Exhibits into Evidence and Joint Motion of Southern California Edison Company (U 338-E), Public Advocates Office and Small Business Utility Advocates to Seal the Evidentiary Record.*

8.1 Reasonable in Light of the Whole Record

The Commission has consistently reiterated that there is “a strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record.”⁴⁶ We have recognized that settlement supports a number of worthwhile policy goals including, for example, reducing the expense and uncertainty of litigation and conserving valuable Commission resources.⁴⁷ To these ends, we have explained:

“In assessing settlements we consider individual settlement provisions but, in light of strong public policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome.”⁴⁸

After review of the Settlement Agreement dated March 21, 2025, we conclude the Settlement Agreement is reasonable in light of the whole record. The substantive record of this proceeding includes an application, protests and responses to that application, testimony, motions and rulings regarding the scope of the record, and a joint motion for approval of Settlement Agreement.

Based on a review of the evidence and legal arguments, the Settlement Agreement, which will result in a \$12 million reduction, represents a reasonable compromise between the respective parties’ positions. While the settlement amounts are more than initially proposed in testimony prepared by Cal

⁴⁶ See, e.g., D.07-11-018 at 6 (original italics omitted, citations omitted).

⁴⁷ See, e.g., D.19-10-003 at 6, D.14-11-040 at 21-22.

⁴⁸ D.10-04-033 at 9.

Advocates and SBUA, this amount will result in a lower rate increase than would be the case under SCE's initial request.

Based on the Commission's review of the pleadings, the evidence, and legal arguments, and the Settlement Agreement, which will result in a \$12 million reduction in rates compared to SCE's request, represents a reasonable compromise between the respective parties' positions.

8.2 Consistent with the Law

Based on our review of the Settlement Agreement and the record of this proceeding, the Commission finds that the Settlement Agreement is consistent with the Pub. Util. Code, Commission decisions, and all other applicable laws.

The costs were tracked and recorded in memorandum accounts previously approved by the Commission. These costs are part of SCE's efforts to address Commission approved and/or ratified wildfire mitigation plans, risk mitigation strategies, or in response to government-declared emergency events.

Further, the terms and scope of the proposed Settlement Agreement are similar to past Commission decisions regarding WMPMA, FRMMA, VMBA, WEMA, and CEMA-related settlements.⁴⁹

Based on the nature of the costs which were tracked in authorized accounts, are associated with clear policy goals, the reduction to the amount SCE

⁴⁹ See, e.g., D.23-02-017, *Decision Approving Settlement [PG&E]* (February 2, 2023); D.22-03-016 *Decision Approving Settlement Recovering Costs Due to the 2018 Klamathon and Delta Fires [PacifiCorp]* (March 17, 2022); and D.21-01-012, *Decision Adopting Track 2 Settlement Agreement Addressing Southern California Edison Company's Recorded Wildfire Mitigation Costs* (January 14, 2021).

is requesting, and the similarity of this Settlement Agreement to past decisions of the Commission, the Settlement is found to be consistent with the law.

8.3 In the Public Interest

Based on our review of the Settlement Agreement and the record of this proceeding, we find the Settlement Agreement is in the public interest. The Commission has previously noted that “in order to consider [a] proposed Settlement Agreement... as being in the public interest, we must be convinced that the parties have a sound and thorough understanding of the application and all the underlying assumptions and data included in the record. This level of understanding of the application and development of an adequate record is necessary to meet our requirements for considering any settlement.”⁵⁰

In this instance the Settling Parties are sophisticated parties. SCE and Cal Advocates and SBUA, have extensive experience and expertise with Commission ratemaking applications. Indeed, Cal Advocates participates in most large electric utility applications for wildfire cost recovery, as does TURN. TURN did not file comments in opposition or response to the settlement. The record here is well developed with the proposed Settlement Agreement occurring after development of the evidentiary record with extensive prepared testimony, along with the PwC audit. Settling Parties have a sound and thorough understanding of the Application and all the underlying assumptions and data included in the record. The Settling Parties also fairly represent the interests of the public affected by the application.

⁵⁰ D.20-12-005, *Decision Addressing the Test Year 2020 General Rate Case of Pacific Gas and Electric Company* (December 3, 2020) at 25-26.

Substantively, the overall reduction in the revenue requirement is within the public interest as the Settling Parties acknowledge the cost burden on customers of SCE's initial request. Also, the cause of much of the costs at issue are related to wildfire mitigation, wildfire impacts, and other issues that impact customers. Advancement of the policy and legal goals that are the genesis of, or related to, the costs at issue is in the public interest. The settlement is unopposed, and no issues or concerns were raised by non-settling parties. Based on the reduction and the expertise of the Settling Parties, the Commission finds the Settlement Agreement to be in the public interest.

Consistent with Rule 12.5 of the Commission's Rules of Practice and Procedure, the adoption of the Settlement Agreement "does not constitute approval of, or precedent regarding, any principle or issue in the proceeding or in any future proceeding."

9. Implementation

SCE states that it will implement the Settlement Agreement revenue requirement during SCE's next scheduled rate change (or as soon after as reasonably practicable).⁵¹ The Commission agrees that the rate change should occur as soon as reasonably practicable and, in light of the Commission's goal of reducing interest on these accounts, SCE should explore earlier opportunities to implement this rate change, instead of only considering implementing this change "during SCE's next scheduled rate change." As such, the Commission directs SCE to update its revenue requirement via a Tier 1 Advice Letter to reflect

⁵¹ *Joint Motion by Southern California Edison Company, The Public Advocates Office, and Small Business Utility Advocates for Approval of Settlement Agreement* at 20.

the amounts authorized as soon as reasonably practicable to minimize additional accrued interest on these accounts.

10. SCE April 17, 2025 Motion

On April 17, 2025, SCE filed a *Motion for Admission of Late-Filed Exhibit* (April 17, 2025 Motion). SCE states that it recently discovered that it inadvertently overallocated department overheads and other common costs to wildfire mitigation cost centers instead of those costs appropriately remaining in non-wildfire base rates.⁵² To avoid double recovery, SCE states that a ratemaking correction will need to be made spanning calendar years 2019–2023.⁵³ SCE has calculated that this allocation issue affected \$3.02 million in costs that should have been categorized as base rates O&M and \$19.6 million that should have been categorized as base rate capital across all relevant years.⁵⁴ This correction will result in reducing customer responsibility for a portion of these costs and therefore rates.⁵⁵ This error does not affect the material terms of the Settlement Agreement negotiated by the Settling Parties.⁵⁶ SCE has calculated that this reduces by approximately \$5 million the total costs in this proceeding. SCE explains this matter in detail in the late-filed exhibit. No party opposed the motion. After consideration of SCE’s motion, the Commission grants SCE’s request to identify and receive into evidence in this proceeding Exhibit SCE-07.

⁵² April 27, 2025 Motion at 1.

⁵³ April 27, 2025 Motion at 1.

⁵⁴ April 27, 2025 Motion at 1-2.

⁵⁵ April 27, 2025 Motion at 1-2.

⁵⁶ April 27, 2025 Motion at 1-2.

11. Affordability Metrics

On August 4, 2022, the Commission adopted D.22-08-023, which directs when and how the affordability metrics adopted in D.20-07-032 will be applied in Commission energy, water, and communications proceedings and further developed the tools and methodologies used to calculate the affordability metrics. D.22-08-023 requires that SCE include the affordability metrics in any initial filing of a proceeding with a revenue increase estimated to exceed one percent of currently authorized revenues systemwide for a single fuel. Because the revenue requirement requested in this Application exceeds one percent of SCE's currently authorized revenues (i.e., exceeds \$178.878 million), SCE is required to introduce the Affordability Ratio 20 (AR 20) by climate zone, Affordability Ratio 50 (AR 50) by climate zone, and Hours-at-Minimum-Wage (HM) associated with revenues in effect at the time of the filing. SCE is also required to include essential usage bills by climate zone, underlying the affordability metrics associated with revenues in effect at the time of the filing; average usage bills by climate zone associated with revenues in effect at the time of the filing; and, for climate zones with Areas of Affordability Concern (AAC) as defined in the most recent annual Affordability Report, AR 20 by climate zones subdivided by Public Use Microdata Area. In addition, SCE must introduce the aforementioned metrics along with changes in the AR 20 by climate zone, AR 50 by climate zone, and HM associated with the proposed new revenue requested annually for each year in which the new revenues are proposed. Because the

impact of the proposed new revenue is expected to be limited to 2025, SCE only includes metrics associated with that year.⁵⁷

The Commission finds that SCE provides evidence to support the requirements set forth in D.22-08-023.⁵⁸ As such, the Commission concludes that SCE has complied with the requirement of D.22-08-023.

12. Summary of Public Comment

Rule 1.18 of the Commission's Rules of Practice and Procedure allows members of the public to submit written comments in a Commission proceeding in a number of different ways, including via the *Public Comment* tab, which is found at the online *Docket Card* on the Commission's website. Rule 1.18(b) requires that comments by the public submitted in a proceeding be summarized in the decision issued in that proceeding. The public comments submitted in this proceeding were received from customers across SCE's service territory. These comments generally state that the Commission should deny this request based on concerns regarding rate increases, including recent rate increases due to wildfire mitigation and vegetation management, and company profits. More information regarding the public comments is available on the Commission's website.

13. Procedural Matters

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

⁵⁷ SCE Application at 14.

⁵⁸ SCE Ex-01, Vol. 6 at 39.

14. Waiver of Section 311 Comments Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Pub. Util. Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

15. Assignment of Proceeding

Karen Douglas is the assigned Commissioner and Regina DeAngelis is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The Settlement Agreement seeks approval of \$308.1 million in O&M (i.e., \$320.1 million minus \$12 million in reductions) and \$702.5 million in capital (i.e., \$702.5 million minus \$0 million in reductions) for a revised total initial revenue requirement of \$314.3 million.
2. The Settlement Agreement includes non-financial terms in addition to the \$12 million reduction.
3. The March 21, 2025 Settlement is not contested.
4. The March 21, 2025 Settlement Agreement is not an all-party settlement.
5. In evaluating this Settlement Agreement, the Commission accepts that Cal Advocates and SBUA have the expertise and reasoned judgement to decide to settle a matter rather than litigate.
6. Based on a review of the evidence and legal arguments, the Settlement Agreement, which will result in a \$12 million reduction, represents a reasonable compromise between the respective parties' positions.

7. While the settlement amounts are more than initially proposed in testimony prepared by Cal Advocates and SBUA, this amount will result in a lower rate increase than would be the case under SCE's initial request.

8. The costs presented by SCE were tracked and recorded in memorandum accounts, accounts previously approved by the Commission.

9. The costs presented are part of SCE's efforts to address Commission approved and/or ratified wildfire mitigation plans, risk mitigation strategies, or in response to government-declared emergency events.

10. Based on the review of the Settlement Agreement and the record of this proceeding, the Commission finds that the Settlement Agreement is consistent with the Pub. Util. Code, Commission decisions, and all other applicable laws.

11. The terms and scope of the proposed Settlement Agreement are similar to past Commission decisions regarding WMPMA, FRMMA, VMBA, WEMA, and CEMA-related settlements, such as D.23-02-017, D.22-03-016, and D.21-01-012.

12. The Settling Parties, SCE, Cal Advocates, and SBUA, are sophisticated parties with extensive experience and expertise with ratemaking applications, such as this proceeding.

13. The record is well developed with the Settlement Agreement occurring after development of the evidentiary record with extensive prepared testimony, along with the PwC audit.

14. The Settling Parties have a sound and thorough understanding of the Application and all the underlying assumptions and data included in the record.

15. The Settling Parties fairly represent the interests of the public affected by the Application.

16. The overall reduction in the revenue requirement, \$12 million, is within the public interest as the Settling Parties acknowledge the high cost burden on SCE's customers.

17. Much of the costs at issue are related to wildfire mitigation and wildfire impacts.

18. The advancement of the policy and legal goals that are the genesis of, or related to, the costs presented here are in the public interest.

19. The settlement is unopposed, and no issues or concerns were raised by non-settling parties.

20. The rate change approved in this proceeding should occur as soon as reasonably practicable, consistent with the Commission's goal of reducing interest on these accounts.

21. SCE should explore earlier opportunities to implement this rate change, instead of only considering implementing this change "during SCE's next scheduled rate change."

22. SCE's April 17, 2025 Motion for Admission of Late-Filed Exhibit makes a correction to its prepared testimony resulting in a reduction of approximately \$5 million to the total costs requested in this proceeding but does not affect the material terms of the Settlement Agreement negotiated by the Settling Parties.

23. No party opposed SCE's April 17, 2025 Motion for Admission of Late-Filed Exhibit.

24. This is an uncontested matter under Pub. Util. Code Section 311 in which the decision grants the relief requested.

Conclusions of Law

1. Based on the review of the pleadings, evidence, legal arguments, and the Settlement Agreement, which results in a \$12 million reduction in rates compared to SCE's initial request, the Settlement Agreement should be found to represent a reasonable compromise between the respective parties' positions.

2. Based on the nature of the costs, which were tracked in the authorized accounts and which are associated with clear state policy goals, the \$12 million reduction to the amount SCE initially requested, and the similarity of this Settlement Agreement to past decisions of the Commission, the Settlement is found to be consistent with the law.

3. Based on the record in this proceeding, the \$12 million reduction, and the expertise of the Settling Parties, the Settlement Agreement should be found to be in the public interest.

4. The Settlement Agreement should be found to meet the applicable standard of review, which is reasonable in light of the whole record, consistent with law, and in the public interest

5. It is reasonable to direct SCE to revise its revenue requirement via a Tier 1 Advice Letter to reflect the amounts authorized as soon as reasonably practicable to minimize additional accrued interest on these accounts.

6. It is reasonable to grant SCE's April 17, 2025 Motion for Admission of Late-Filed Exhibit, which is received into evidence in this proceeding Exhibit SCE-07.

7. The rulings made by the Administrative Law Judge and the assigned Commissioner in this proceeding are affirmed and the motions not ruled upon are deemed denied.

8. Pursuant to Section 311(g)(2) of the Pub. Util. Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived because this is an uncontested matter in which the decision grants the relief requested.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company (SCE) shall transfer the authorized incremental operations and maintenance (O&M) expense of approximately \$308.1 million plus the additional interest expense that has been accrued during the pendency of this proceeding from the Wildfire Mitigation Plan Memorandum Account (WMPMA), the Fire Risk Mitigation Memorandum Account, the Vegetation Management Balancing Account, the Catastrophic Event Memorandum Account (CEMA), and the Wildfire Expense Memorandum Account to the distribution subaccount of the Base Revenue Requirement Balancing Account (BRRBA) for recovery in customers' distribution rates over a 12-month period. For authorized capital expenditures of \$702.5 million, SCE shall transfer the initial capital-related revenue requirement plus the ongoing capital-related revenue requirement and interest expense recorded in the WMPMA, Wildfire Risk Mitigation Balancing Account, and the CEMA during the pendency of this proceeding to the distribution subaccount of the BRRBA for recovery in customers' distribution rates over a 12-month period. SCE shall then annually transfer, each December 31, the ongoing capital-related revenue requirement associated with the approved capital expenditures to the distribution subaccount

of the BRRBA until the ongoing capital-related revenue requirement is included in general rate case base rates.

2. Application 24-04-005 is closed.

This order is effective today.

Dated _____, at San Francisco, California

Appendix: March 21, 2025 Joint Motion for Approval of Settlement Agreement (Settlement Agreement attached)