Decision __________

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison (U 338-E) For Approval Under Public Utilities Code Section 851 To Sell The Lower Tule Hydroelectric Power Plant To Lower Tule Hydro LLC.	Application 25-03-001

DECISION AUTHORIZING SOUTHERN CALIFORNIA EDISON COMPANY'S SALE OF LOWER TULE HYDROELECTRIC PLANT TO LOWER TULE HYDRO, LLC

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DECISION AUTHORIZING SOUTHERN CALIFORNIA EDISON COMPANY'S SALE OF LOWER TULE HYDROELECTRIC PLANT TO LOWER TULE HYDRO, LLC

Summary

This decision grants Southern California Edison Company's application for authority to sell its Lower Tule Hydroelectric Plant and its associated electric facilities to Lower Tule Hydro, LLC pursuant to Section 851 of the California Public Utilities Code and approves, in part, the proposed ratemaking, cost recovery, and revenue allocation treatment of the sale.

This proceeding is closed.

1. Factual and Procedural Background

On March 4, 2025, Southern California Edison Company (SCE) filed Application (A.) 25-03-001 seeking California Public Utilities Commission (Commission or CPUC) approval to sell its Lower Tule Hydroelectric Power Plant (Lower Tule Project) facilities to proposed Buyer Lower Tule Hydro LLC, a Utah limited liability company (Lower Tule Hydro) (A.25-03-001 or Application).[1] The Application also seeks corresponding ratemaking, cost recovery, and revenue allocation treatment for the proposed transaction, not previously reflected in SCE's 2025 General Rate Case (GRC) forecast.[2] Applicant

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[1] See *Application* [25-03-001] *of Southern California Edison (U 338-E) For Approval Under Public Utilities Code Section 851 To Sell The Lower Tule Hydroelectric Power Plant To Lower Tule Hydro LLC* and its attached Public Version Appendix A (*Asset Purchase Agreement*), Appendix B (*Letters Sent by SCE to the Native American Heritage Committee*), Appendix C (*Initial Offer Letters*), Appendix D (*Final Offer Letters*), and Appendix E (*Financial Statements, including Balance Sheet and Statement of Income for December 31, 2024*).

[2] See Application at 5-6. See also Application [23-05-010] *of SCE for Authority to Increase its Authorized Revenues for Electric Service in 2025, Among Other Things, and to Reflect that Increase in Rates* and Decision (D.) 25-09-030.

SCE also filed a motion for confidential treatment of specific interconnection facility design information contained in Appendix A (*Asset Purchase Agreement*) to its March 4, 2025, Application.[3]

SCE is a private investor-owned utility (IOU) regulated by the Commission, License No. U338E. SCE, located in Rosemead, California, is engaged in the business of generating, purchasing, transmitting, distributing, and selling electric energy for light, heat, and power in portions of Central and Southern California.[4]

Proposed Buyer Lower Tule Hydro is located in Ivins, Utah.[5] SCE's Lower Tule Project, located in Tulare County, California is part of SCE's Tulare Hydroelectric Project Portfolios (Tulare Portfolios) comprised of 1) the Lower Tule Project and 2) Kaweah Hydroelectric Project 1, 2, and 3 (FERC License 298) (Kaweah Project).[6] The Tulare Portfolios have a combined estimated generating capacity of 11.4 megawatt (MW). Applicant's Lower Tule Project accounts for

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[3] See *Motion of Southern California Edison Company (U 338-E) for Leave to File Under Seal The Confidential Version Of Its Application For Approval Under Public Utilities Code Section 851 To Sell The Lower Tule Hydroelectric Power Plant To Lower Tule Hydro LLC* (March 4, 2025) (Motion To Seal). See also Application, [Public Version] Appendix A (*Asset Purchase Agreement by and between Southern California Edison Company as Seller; and Lower Tule Hydro LLC, as Purchaser December 4, 2024*) (Lower Tule APA) at 87-189, Exhibit D (*Forms of Generator Interconnection Agreements*).

[4] See Application at 9.

[5] See Application at 18.

[6] See Exhibit SCE-0002 (*Appendices A-B of Southern California Edison Company (U338E) In Support of Its Application for Approval Under Public Utilities Code Section 851 To Sell Its Lower Tule Hydroelectric Power Plant To Lower Tule Hydro LLC*) at Bates SCE0035.

2.25 MW aggregate capacity and the Kaweah Project accounts for 8.85 MW aggregate capacity of the total 11.4 MW Tulare Portfolio generating capacity.[7]

Consummation of the sale of the Lower Tule Project is, in part, conditioned on Proposed Buyer Lower Tule Hydro execution and delivery of an asset purchase agreement (APA) for SCE's Kaweah Project.[8] The Lower Tule APA also withholds tender of the proposed transfer payment for the Lower Tule Project from Seller SCE to Buyer Lower Tule Hydro until receipt of an executed Kaweah Project APA. As detailed hereinbelow, SCE does not seek authority to sell the Kaweah Project in the instant A.25-03-001 proceeding. However, the transfer payment for the proposed sale of the Lower Tule Project is inextricably linked to the APAs for both the Lower Tule Project and the Kaweah Project and is considered for that limited purpose.[9]

Pursuant to Public Utilities (Pub. Util.) Code Section 851, Commission authorization is required for SCE's proposed sale of the Lower Tule Project (the Proposed Sale).

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[7] See Exhibit SCE-0002 at Bates SCE00043-0045. See also Application at 14. See also Application at Appendix A Lower Tule APA at A-Page 15-16 (*Project Asset Definition*) and its Exhibit A (*Form of Bill of Sale*) [Bill of Sale for Project Assets] at A-Page 64-67 ; Exhibit C (*Form of Grant Deed*) [Grant Deed for Real Property and Water Rights] at A-Page 79-83; and Schedule 1.1(g) (*Project Owned Real Property*) at A-Page 222-224.

[8] See Application at 4 and 14-15. See also Application at Appendix A Lower Tule APA at A-Page 15-16 and A-Page-21-22. See also Exhibit SCE-0003, Attachment A (*Amendment to the Lower Tule Asset Purchase Agreement*) at Bates SCE0053-0060.

[9] See Application at 4 and Footnote 2.

Commissioner Matthew Baker and Administrative Law Judge (ALJ) Andrea D. McGary were assigned to this A.25-03-001 proceeding on April 4, 2025.

Parties to this A.25-03-001 proceeding currently include Applicant SCE and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates).[10]

On April 10, 2025, *Administrative Law Judge's Ruling Setting Remote Prehearing Conference & Prehearing Conference Statement Deadline* was issued, setting a prehearing conference (PHC) for May 12, 2025, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and to address other matters as necessary. On May 5, 2025, in advance of the PHC, SCE and Cal Advocates filed a Joint PHC Statement. The PHC was held on May 12, 2025, before ALJ Andrea D. McGary. The parties indicated an interest in waiver of evidentiary hearing in both their May 5, 2025, Joint PHC Statement and on the record during the May 12, 2025, PHC.[11]

Pursuant to June 30, 2025, *Assigned Commissioner's Scoping Memo And Ruling*, the logistics for resolution of this proceeding without evidentiary hearing, by document only evidence submission, and the briefing schedule were to be set forth in a subsequent ALJ Ruling. On June 30, 2025, the assigned ALJ

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[10] Cal Advocates was granted party status to represent and advocate on behalf of the interest of public utility customers and subscribers on April 18, 2025. See *Administrative Law Judge's Ruling On Motion For Party Status Of The Public Advocates Office Of The California Public Utilities Commission* (April 18, 2025). See also Pub. Util. Code §309.5 (a) and Commission Rule 1.4.

[11] See *Joint Prehearing Conference Statement of Southern California Edison (U 338-E) and The Public Advocates Office* (May 5, 2025) at 2. See also *Reporter's Transcript of May 12, 2025, Prehearing Conference Virtual Proceeding* file endorsed May 19, 2025, at 8:13-9:1 and 14:10-13.

issued *Administrative Law Judge's Ruling Regarding Document Only Evidence Process and Briefing Schedule* requiring all Parties to: (1) meet and confer, (2) prepare and serve a final list of stipulated exhibits and stipulated material facts for entry into the record of this proceeding without objection, and (3) upload pre-marked final stipulated exhibits to the Commission's online Supporting Documents system on or before August 29, 2025.

Joint Motion for Entry of Stipulated Exhibits and Joint Statement Regarding Material Facts of Southern California Edison Company (U 338E) and The Public Advocates Office was filed on August 4, 2025, (Joint Motion to Enter Evidence). The Joint Motion to Enter Evidence, with an incorporated joint statement regarding material facts,[12] and supporting Appendix A (*Joint Exhibit List*) was timely filed by SCE and Cal Advocates on August 4, 2025. On August 29, 2025, a proposed final stipulated list of exhibits was timely circulated to the A.25-03-001 Official Service List and lodged with the Commission by SCE and Cal Advocates.

Pursuant to June 30, 2025, *Administrative Law Judge's Ruling Regarding Document Only Evidence Process and Briefing Schedule*, the Parties timely submitted concurrent opening and reply briefs on September 15, 2025, and October 10, 2025, respectively in support of the document only prove-up process.[13] Cal Advocates' Reply Brief confirmed it no longer contested the Application.[14]

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[12] SCE and Cal Advocates jointly assert that there are no material facts in dispute requiring a stipulation. See also Joint Motion to Enter Evidence at 2.

[13] See *Southern California Edison Company (U 338-E)'s Opening Brief* (September 15, 2025) (SCE Opening Brief). See also *Reply Brief of the Public Advocates Office* (October 10, 2025) (Cal Advocates Reply Brief).

[14] Cal Advocates Reply Brief at 3.

Stipulated exhibits were entered in the record on December 18, 2025, pursuant to *Administrative Law Judge's Ruling Entering Stipulated Exhibits into the Evidentiary Record*.[15]

The A.25-03-001 evidentiary record was reopened on May 6, 2026, to supplement the record regarding the terms and conditions for SCE's proposed sale of its Lower Tule Project to Buyer Lower Tule Hydro, including the Lower Tule Project transfer payment terms and ancillary APA information for the Kaweah Project.[16]

On June 19, 2026, Applicant SCE filed a motion to reopen and supplement the record regarding:

1. Amendments to the original December 4, 2024, Lower Tule APA;[17]
2. Updated Loss-on-Sale calculations; and
3. Updated Application and Testimony values for the proposed sale of the Lower Tule Project to Lower Tule Hydro.[18]

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[15] Exhibit SCE-0001: *Testimony of Southern California Edison Company (U338E) In Support Of Its Application for Approval Under Public Utilities Code Section 851 To Sell Certain Hydroelectric Power Plants to Lower Tule Hydro LLC*, August 29, 2025.

Exhibit SCE-0002: A*ppendices A-B of Southern California Edison Company (U338E) In Support of Its Application for Approval Under Public Utilities Code Section 851 To Sell Its Lower Tule Hydroelectric Power Plant To Lower Tule Hydro LLC*, August 29, 2025.

[16] See *Southern California Edison Company's (U 338-E) Response To Administrative Law Judge's Ruling Requesting Supplemental Asset Purchase Agreement Information* (May 18, 2026) (May 2026 SCE Record Supplement).

[17] See Application at Appendix A, Lower Tule APA.

[18] See *Southern California Edison Company's Motion To Reopen The Record To Submit Additional Evidence* (June 19, 2026) (SCE's Motion To Reopen Record) at 5-6 and Attachment A.

SCE's Motion To Reopen Record was granted on July 10, 2026; receiving new Exhibit SCE-0003 into the record and amending the December 18, 2025, final joint stipulated exhibit list.[19]

No motions in limine or other objection to the evidentiary record were filed. All final exhibits supporting this decision have been uploaded to the Commission Support Document System and are available for public viewing at the links provided in Appendix A to the July 10, 2026, ALJ Final Evidence Ruling in the A.25-03-001 Docket.

2. Submission Date

This matter was submitted for decision on July 10, 2026, the date of issuance of the assigned ALJ's Final Evidence Ruling reopening the record and admitting additional evidence.

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[19] See *Administrative Law Judge's Ruling On Southern California Edison Company's Motion To Reopen The Record To Submit Additional Evidence And Amending The Stipulated Joint Exhibit List* (July 10, 2026) (ALJ Final Evidence Ruling) at Appendix A (*Amended Joint Exhibit List*):

Exhibit SCE-0001: *Testimony of Southern California Edison Company (U338E) In Support Of Its Application for Approval Under Public Utilities Code Section 851 To Sell Certain Hydroelectric Power Plants to Lower Tule Hydro LLC*, Bates Range SCE 0001-0020.

Exhibit SCE-0002: A*ppendices A-B of Southern California Edison Company (U338E) In Support of Its Application for Approval Under Public Utilities Code Section 851 To Sell Its Lower Tule Hydroelectric Power Plant To Lower Tule Hydro LLC*, Bates Range SCE 0021-0045.

Exhibit SCE-0003: *SCE Exhibit In Support Of Its Lower Tule Hydroelectric 851 Sale To Lower Tule Hydro, LLC – Amendment To The Lower Tule Asset Purchase Agreement Between SCE and Lower Tule Hydro LLC, Updated Loss-on-Sale Calculation Worksheet, and Updated Values References In SCE's Application and SCE-0001*, Bates Range SCE 0045-0070, June 29, 2026.

3. Jurisdiction

SCE is an IOU regulated by the CPUC under License No. U-338-E as a public utility and is subject to the Commission's jurisdiction to authorize the sale of assets pursuant to Pub. Util. Code Section 851.

The Federal Power Act (FPA) grants exclusive jurisdiction over the licensing of non-federal hydroelectric projects to the Federal Energy Regulatory Commission (FERC)[20] and vests in FERC comprehensive control over the regulation of hydroelectric resources.[21] Related FERC proceedings are discussed in Section 9, below.

4. Issues Before the Commission

The issues to be determined or otherwise considered in the Commission's review of the Application are:

1. Whether SCE's proposed sale of its Lower Tule Project to Lower Tule Hydro complies with all applicable Commission requirements, are in the public interest, and should be approved by the Commission pursuant to Pub. Util. Code Section 851;
2. Whether the Commission should approve SCE's proposed ratemaking, cost recovery, and revenue allocation treatment of the sale to Lower Tule Hydro;
3. Whether SCE's proposed sale or transfer of the Lower Tule Project is exempt from the requirements of the California Environmental Quality Act; and
4. Whether SCE has complied with the Tribal Land Transfer Policy for the proposed sale of the Lower Tule Project in Tulare County, California?

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[20] 16 U.S.C. §797 (e).

[21] 16 U.S.C. §803 (a)(1).

5. Public Utilities Code Section 851 Compliance

In 2021, SCE hired Bodington & Company, an investment banking firm that specializes in power generation, to advise on the sale and evaluation of six (6) indicative proposals[22] including the assumptions in SCE's Present Value Revenue Requirement (PVRR) analysis of repair and continued operations options and decommissioning options. After analysis of the proposals, SCE narrowed the potential qualified buyers to three and subsequently entered into the subject December 4, 2024, Lower Tule APA, as amended on April 29, 2026,[23] with proposed Buyer Lower Tule Hydro, subject to concurrent CPUC and FERC approvals.[24]

Pub. Util. Code Section 851(a), in relevant part, provides:

> A public utility…..shall not sell, lease, assign, mortgage, or otherwise dispose of, or encumber the whole or any part of its…..line, plant, system, or other property <u>necessary or useful in the performance of its duties to the public</u>, or any franchise or permit or any right thereunder, or by any means whatsoever, directly or indirectly, merge or consolidate its…..line, plant, system, or other property…..without first having either secured an order from the commission authorizing it to do so for <u>qualified transactions valued above five million dollars ($5,000,000)</u>, or for qualified transactions valued at five million

[22] An "indicative proposal," also known as indicative bid, is a non-binding offer that provides the seller with a first formal indication of the buyer's valuation, interest, and proposed terms.

[23] <u>See</u> Exhibit SCE-0003 at Attachment A (*Amendment to Lower Tule Asset Purchase Agreement*) at Bates SCE0053-0060.

[24] <u>See</u> SCE Opening Brief at 3-5. <u>See</u> <u>also</u> Exhibit SCE-0001, Ch. III (*Reasonableness of Transaction*) at Bates SCE0007-0009. <u>See</u> <u>also</u> Exhibit SCE-0001, Ch. IV (*Alternatives To Sale*) at SCE-0014--0015.

dollars ($5,000,000) or less, filed an advice letter and obtained approval from the commission authorizing it to do so.

Emphasis added.

Necessary or Useful: In evaluating the transaction pursuant to Pub. Util. Code Section 851, we first look to determine if the Lower Tule Project is "necessary or useful" in SCE's performance of its duties as a public utility.[25] The Lower Tule Project consists of multiple components located along the middle fork of the Tule River and Highway 190 east of Springville in Tulare County, California including: (1) two small diversion dams, (2) six miles of flowline, (3) a 3.4 acre forebay, (4) a 2,815 foot long penstock, and (5) a 2.5 MW powerhouse with two 1.25 MW units.[26]

The Lower Tule Project has been in service since 1909 but is not currently in operation due to damage to its water conveyance flowline sustained first during the Pier Fire (2017)[27] and later the Wishon Fire (2022).[28] Evidence presented indicates that much of the 1909 infrastructure of the Project is original

[25] Pub. Util. Code §851(a).

[26] See Application at 2. See also SCE Opening Brief at 2. See also Exhibit SCE-0001 at Bates SCE0008. See also Exhibit SCE-0002 at Bates SCE0044.

[27] Pier Fire: August 29, 2017-January 9, 2018); Highway 190, east of Springville, California and in the Sequoia National Forest (36,556 Acres) (Source: www.fire.ca.gov/incidents/2017/8/29)

Wishon Fire: August 15, 2022-August 28, 2022; Highway 190 and NF20S82, east of Springville, California (325 Acres) (Source: www.fire.ca.gov/incidents/2022/8/15).

[28] See SCE Opening Brief at 2-3. See also Exhibit SCE-0002 at Appendix B (*Non Confidential Summary of SCE's 15.0 MW East End and 11.4 MW Tulare Hydroelectric Project Portfolios*) at Bates SCE0044.

equipment over 100 years old that will require "significant refurbishment for future operation."[29]

With significant repair and refurbishment to restore operations, the Lower Tule Project's aggregate generating capacity is approximately 2.5 MW.[30] Accordingly, we find the Lower Tule Project useful for its ability to generate hydroelectric power and the provisions of Pub. Util. Code Section 851 apply to this transaction.

In Excess of $5 Million: Next, we look to determine if the Project values are above $5 million. SCE's original historical cost for the Lower Tule Project is approximately $40.8 million. The accumulated depreciation a/k/a forecasted reserve is approximately $23.9 million. The net book value is $16.9 million, calculated as the original historical $40.8 million cost less the $23.9 million accumulated depreciation.[31] The revised negotiated Transfer Payment from SCE to the proposed Buyer Lower Tule Hydro at close is $6.268 million, calculated as the sum of (a) $6.268 million base transfer payment and (b) a $0.00 million "estimated cost-of-ownership charge"(COO) for the Lower Tule Project.[32] While

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[29] See Application at 2. See also SCE Opening Brief at 3. See also Exhibit SCE-0001 at Bates SCE0005.

[30] See Application at 2 and 14. See also SCE Opening Brief at 2. See also Exhibit SCE-0001, Ch. II (*Description of Small Hydro Assets to Be Sold*) at Bates SCE0008.

[31] Exhibit SCE-0003, Attachment B (*Lower Tule Updated Loss-on-Sale Calculations*) at Bates SCE0065-0067.

[32] Prior to SCE and proposed Buyer Lower Tule Hydro's April 29, 2026, First Amendment to the December 4, 2024, Lower Tule APA, the base transfer payment was forecasted as an estimated $6.268 Million and the COO as an estimated $2.918 Million, for a total of $8.888 Million. See Application at 14-15 and its Appendix A-Page 12. See also Exhibit SCE-0001, Ch. V (*Ratemaking*

Footnote continued on next page.

the revised Transfer payment calculations do not include a COO line item, SCE will invoice Buyer a fixed rate of $1,000 per month per powerhouse for the entire duration of the Generator Interconnection Agreement (GIA) and record it as Other Operating Revenue for the life of the GIA.[33]

The amended Lower Tule APA also continues to withhold tender of the full Transfer Payment for the Lower Tule Project from Seller SCE to Buyer Lower Tule Hydro until receipt of an executed Kaweah Project APA.[34] Additionally, SCE's recent amendments and updates to the Application and Testimony assert that $298,000 of its June 2026 revised $6.268 million base transfer payment estimate flows from:

> [I]ncreased operating costs for the Buyer related to leased Ethernet cable service enabling a SCE-required remote terminal unit (RTU) that was not originally accounted for in the transfer payment and additional interest incurred by the Buyer due to delays in the regulatory approvals as a result of this request to reopen the record.[35]

Proposal) at Bates SCE0016-0017. See also Exhibit SCE-0003 at Bates SCE-0051-0052, SCE0055 (*First Amendment to Asset Purchase Agreement*, subsections 2 (k)-(m)), and SCE0068-0070 (*Updated Application and Testimony Values*).

[33] Estimated cost-of-ownership (COO) refers to Seller SCE's reimbursement of the aggregate charge to be paid by Buyer Lower Tule Hydro under the Lower Tule Project's current GIA. See Application at 3 and Appendix A-Page 11 (*Estimated Cost-Of-Ownership Charge* Definition) and A-Page-12 (*Generator Interconnection Agreement* Definitions). See also Exhibit SCE-0003 at Bates SCE0051. See also Application, Appendix A, Exhibit D (*Forms of Generator Interconnection Agreements*) at A-Page-84 to A-Page-189 (redacted).

[34] See Application, Appendix A Lower Tule APA at Section 2.2 (*Transfer Payment*) at A-Page-21 to A-Page-24. See also May 2026 SCE Record Supplement at 2-3.

[35] See Exhibit SCE-0003 at Bates SCE0052.

SCE's request does not include material evidence in support of its proposal to pay additional buyer interest. SCE's $298,000 aggregated figure provided in Exhibit SCE-0003 does not bifurcate the asserted increased base transfer payment estimates for 1) leased RTU ethernet cable service operating costs and 2) additional buyer interest to Lower Tule Hydro. SCE's current proffer provides no distinguishable evidence to allow the Commission to assess the reasonableness and prudency of the additional interest sought on behalf of non-Applicant proposed Buyer Lower Tule Hydro. Relevant evidence and support documentation is specifically lacking as to:

1. The sum certain or estimated amount of the additional interest SCE proposes to pay Lower Tule Hydro;
2. The date ranges, nature, and source of any pertinent purported regulatory delays; and
3. The principal, interest rate, and other actuarial information SCE used in developing its buyer-specific reopened record interest expense calculations as to the at-issue $298,000 figure.[36]

Overall, SCE assumes an amended target closing date of June 30, 2026, in support of its forecast of an aggregate pre-tax loss on the Proposed Sale of approximately $25.1 million.[37] The estimated aggregate after-tax loss for the sale is $19.66 million.[38] Accordingly, the total value of the Proposed Sale represents

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[36] *Id*.

[37] See Exhibit SCE-0003 at Attachment B (*Lower Tule Updated Loss-on-Sale Calculation*) at Bates SCE0067. See also Exhibit SCE-0003 at Attachment C (*Updated Application and Testimony Values*) at Bates SCE0069. See also Exhibit SCE-0001, Ch. V (*Ratemaking Proposal*) at Bates SCE0014-0017.

[38] *Id*. See also SCE Opening Brief at 6 and Exhibit SCE-0001, Ch. V (*Ratemaking Proposal*), Table V-2 (*Sales Price and Gain/(Loss) Impact ($ in Millions)*) at Bates SCE0016-0017.

estimated aggregate losses above the $5 million threshold for Commission review of the transaction pursuant to Pub. Util. Code Section 851.

Public Interest. The Commission reviews Pub. Util Code Section 851 proceedings to determine whether the Proposed Sale is in the public interest.[39] SCE asserts that the Lower Tule Project has not been operational since 2017 and is a non-core asset, which SCE no longer needs to provide its customers with "*economical, reliable, and clean electric power*."[40] We begin with our review of SCE's cost and benefit analysis of three alternatives for the future ownership and operation of the Project:

1. Repair and continue operation of the Project and renewal of FERC licenses when [the] current license expires [in 2034;]
2. Decommission the Project in 2035; or
3. Sell the Project to [a] third party.[41]

SCE's cost benefit analysis indicates that, relative to the identified alternatives, the sale of the Project to proposed Buyer Lower Tule Hydro will reduce costs to SCE customers. Specifically, SCE demonstrates that sale of the

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[39] See D.26-04-030 (Adopting a standard of review that the Applicant bears the burden to affirmatively demonstrate that the proposed transaction will serve the public interest. In addition, the Commission must comply with its obligations to protect ratepayers and the public and ensure just and reasonable rates). See also D.05-09-047 (Order Denying Rehearing of Decision D.05-07-016 concluding that PG&E's proposed transfer of pipeline and pump station assets is in the public interest pursuant to section 851 was adequately supported and reasoning, in part, that the property had not been in use by the utility prior to the transfer, so there was little cause for concern that utility service would be impaired.

[40] See Application at 14. See also Exhibit SCE-0001 at Bates SCE0003.

[41] See Exhibit SCE-0001, Ch. IV (*Alternative To Sale*), Table IV-1 (*Total Cost to Customers PVR Alternative Scenarios in Millions*) at Bates SCE0014-0015. See also SCE Opening Brief at 4-5.

Project offers customers an estimated aggregate savings of $17.4 million, as compared to the cost of continued operation and/or decommission of the Lower Tule Project.[42] SCE further determined that the Proposed Sale, at a negative purchase price, would be the least-cost option for SCE's customers by avoiding:

1. The cost and risk of capital repairs or upgrades;
2. The costs of future relicensing or other regulatory proceedings including costs associated with implementing license conditions;
3. Future O&M costs; and
4. Future decommissioning costs.[43]

SCE has determined that the Proposed Sale will not interfere with SCE's operations or its provision of safe and reliable utility service to its customers.[44]

Upon review, we agree that sale of the Project is the most cost-effective alternative for SCE customers. Having identified no foreseeable adverse impacts of this transaction, we also find SCE's sale of the Lower Tule Project is in the public interest.

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[42] Estimated at $101.8 million to repair and continue operations, or $ 57.6 million to decommission, or $40.2 million to sell the Lower Tule Project. See also Exhibit SCE-0001, Ch. IV (*Alternatives to Sale*), Table IV-2 (*Total Cost To Customers PVRR Alternative Scenario $ in Millions*) at Bates SCE0014-0015.

[43] See Application at 2. See also Exhibit SCE-0001, Ch. IV (*Alternatives to Sale*), Table IV-2 (*Total Cost To Customers PVRR Alternative Scenario $ in Millions*) at Bates SCE0014-0015.

[44] See Application at 4. See also Exhibit SCE-0002, Appendix B at Bates SCE0039.

6. Compliance with the California Environmental Quality Act

To authorize the Proposed Sale, the Commission must find that the transaction complies with CEQA.[45] CEQA requires any state or local government agency approving a discretionary project[46] to consider the direct or reasonably foreseeable indirect environmental impact of the project.[47]

SCE asserts that the Proposed Sale is not subject to CEQA review because sale and transfer of its interest in the Lower Tule Project would not involve a direct or reasonably foreseeable indirect physical change in the environment.[48] Moreover, SCE asserts that the Proposed Sale is categorically exempt from review pursuant to CEQA Guidelines, Class 1 (*Existing Facilities*) exemptions[49] in that, pursuant to the transaction proposed in the Application:

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[45] Cal. Pub. Res Code §21000 et seq.

[46] 14 Cal. Code Regs. §15357, in pertinent part, provides:

> *"Discretionary project" means a project which requires the exercise of judgment or deliberation when the public agency or body decides to approve or disapprove a particular activity, as distinguished from situations where the public agency or body merely has to determine whether there has been conformity with applicable statutes, ordinances, regulations, or other fixed standards.*

[47] Cal. Pub. Res. Code §21080.

[48] <u>See</u> Application at 7-8. <u>See</u> <u>also</u> SCE Opening Brief at 2 and 7-8.

[49] CEQA Categorical Exemption, 14 Cal. Code Regs. §15301 (*Existing Facilities*) provides in pertinent part:

> *Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or*
>
> *topographical features, involving negligible or no expansion of existing or former use……The key consideration is whether the project involves negligible or no expansion of use.*
>
> Examples include but are not limited to:

Footnote continued on next page.

1. Buyer Lower Tule Hydro would operate the Lower Tule Project in accordance with its existing use and operation;
2. Buyer's future maintenance and repairs to the existing utility facilities of the Lower Tule Project do not contemplate expansion of existing or former use; and
3. Buyer would be responsible for obtaining any necessary CEQA approval from the lead CEQA agency.[50]

We agree that the Proposed Sale is exempt from CEQA review. We find that there are no significant environmental impacts associated with the Proposed Sale and transfer of SCE's interest in the Lower Tule Project. If the Buyer seeks to repair or expand existing use, former use, or operation of the Project, it will be responsible for obtaining any necessary CEQA approval from the lead CEQA agency.

7. Ratemaking Treatment of the Projects

Summarily, SCE proposes to reduce its rate base by the amount of the historical costs of the Lower Tule Project less: (1) depreciated value of the assets and (2) deferred income taxes, at close and following ratemaking for the Proposed Sale.[51] Ratemaking on the Proposed Sale is not reflected in SCE's 2025 GRC cycle. Therefore, any approved ratemaking treatment herein will be

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(b) Existing facilities of both investor and publicly-owned utilities used to provide electric power, natural gas, sewerage, or other public utility services;

[50] See Application at 12. See also SCE Opening Brief at 7-8.

[51] See Exhibit SCE-0001, Ch. V, Section B (*Ratemaking and Gain (Loss) on Sale Decision*) at Bates SCE0017-0018.

applied to the periods remaining in the 2025 GRC cycle after close of the Proposed Sale.[52]

The Commission uses after-tax gain or loss on sales to determine whether a ratemaking proposal is reasonable.[53] SCE requests to recover the accounting losses from the Proposed Sale by application of the percentage allocation rule promulgated in Commission D.06-05-041, as modified by D.06-12-043 and which provides for:

a. 100 percent allocation of loss on depreciable assets to ratepayer;
b. 67 percent allocation of loss on non-depreciable assets to ratepayers; and
c. 33 percent allocation of loss on non-depreciable assets to shareholders.[54]

In routine utility asset sales where the Proposed Sale is $50 million or less and the after-tax loss from the asset is $10 million or less, an IOU may apply the percentage allocation rule to treatment of its losses.[55] Ordering Paragraph 9 of D.06-05-041 also provides that: "[I]n cases involving losses of $50 million or less, the utility may also seek allocation of loss according to the percentage allocation rule."[56]

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[52] See Application at 5-6. See also SCE Opening Brief at 5-6. See also Exhibit SCE-0001 at Ch. V (*Ratemaking Proposal*), Bates SCE0015-0017.

[53] See D.06-05-41 at 48, 96; D.06-12-043 at 21 (amending D.06-05-41); and D.22-11-002 at 8.

[54] See D.06-05-041 at 97-98. See also D.06-12-043, Ordering Paragraph 21 (amending D.06-12-041, Ordering Paragraph 9 at 96).

[55] Ibid.

[56] See D.06-05-041 at 97-98; as amended by D.06-12-043.

As discussed, the revised negotiated Transfer Payment to proposed Buyer Lower Tule Hydro at close is $6.268 million (less than $50 million sale) and the estimated aggregate after-tax loss for the Proposed Sale is $19.66 million (less than $50 million after-tax loss).[57] Cal Advocates does not contest SCE's request to apply the percentage allocation rule to the recover accounting losses from the Proposed Sale.[58] We concur and SCE is hereby authorized to allocate accounting losses under $50 million in accordance with the percentage allocation rule in this proceeding.

SCE proposes the following ratemaking for the Proposed Sale of the Lower Tule Project transaction, which was not reflected in SCE's 2025 GRC[59] forecast:

> SCE proposes to recover the pre-tax loss on sale, inclusive of the interconnection costs and transaction costs (totaling approximately $[1.2] million and $[0.8] million, respectively), by recording a debit in the Legacy Utility Owned Generation (UOG) subaccount within the Portfolio Allocation Balancing Account (PABA). Amounts recorded in PABA are recovered from bundled and non-exempt departing load customers through generation and vintaged Power Charge Indifference Adjustment (PCIA) rates.
>
> SCE proposes to recover any remaining regulatory tax assets related to the Projects by recording a debit in the Legacy UOG subaccount of PABA. Additionally, due to differences in timing between when revenue recovered from customers is

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[57] See Exhibit SCE-0003, Attachment C (*Updated Application and Testimony Values*) at SCE0068-0070. See also Exhibit SCE-0001, Ch. V, Table V-2 (*Sales Price and Gain/(Loss) Impact by Project ($ in Missions)*) at Bates SCE0017.

[58] See Cal Advocates Reply Brief at 1-2.

[59] See A.25-03-001 at 5-6. See also *Application* [23-05-010] *of Southern California Edison for Authority to Increase its Authorized Revenues For Electric Service in 2025, Among Other Things, and To Reflect That Increase In Rates*.

> taxable and when the tax loss on the Projects is deductible, an Accumulated Deferred Income Tax balance will be created on this transaction and included in rate base until the book-tax timing differences unwind.
>
> SCE also proposes to reduce the revenue requirement associated with the Project's retired rate base and maintenance costs requested in the 2025 GRC upon close of the sale by recording a credit in PABA for approximately $1.1 million. This revenue reduction will be applied to the remaining periods in the 2025 GRC cycle from the closing of the sale.
>
> SCE proposes that the updated calculation of the loss-on-sale and tax information be provided to the Commission in a Tier 1 advice letter submittal . . . within 60 days following closing.[60]

The Commission authorizes SCE to recover its $25.1 million pre-tax loss on Proposed Sale by recording a debit in the UOG subaccount of the PABA.[61] The debits recorded in the PABA will be recovered from bundled and non-exempt departing load customers through generation and vintaged Power Charge Indifference Adjustment (PCIA) rates.

SCE's proposal to recover any remaining regulatory assets related to the Proposed Sale by recording a debit in the Legacy UOG subaccount of PABA is approved. To compensate for differences in timing between when revenue recovered from customers is taxable and when the tax loss on the facilities is deductible, the Commission authorizes SCE to create an Accumulated Deferred

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[60] See Exhibit SCE-0003, Attachment C (*Updated Application and Testimony Values*) at SCE0068-0070. See Application at 5-6. See also Exhibit SCE-0001 at Ch. V, Section B (*Ratemaking and Gain (Loss) on Sale Decision*) at Bates SCE0018-0019.

[61] *Id*.

Income Tax (ADIT) balance on the Proposed Sale. SCE may include the ADIT balance in its rate base until the book-tax timing differences unwind.[62]

The Commission accepts, in part, SCE's proposal to reduce its rate base by the Lower Tule Project's historical cost amount less (1) the depreciated value of the assets at close of sale and (2) deferred income taxes.

To adjust for rate base and maintenance costs reductions arising from the Proposed Sale, the Commission authorizes SCE to record a per annum credit in the PABA for the remaining periods in the 2025 GRC cycle upon close of the sale.[63] SCE's final calculation of the per annum amounts to be recorded in the PABA to adjust for reductions associated with the Lower Tule Project rate base and maintenance costs reductions arising from the transaction shall be submitted by Tier 1 Advice Letter to the Commission's Energy Division within 60 days following close of the transaction.

SCE's request to submit final loss-on-sale and tax calculations related to the Proposed Sale in a Tier 1 Advice Letter to the Commission's Energy Division within 60 days following closing of the Proposed Sale is reasonable and

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[62] A regulatory asset is a Commission authorized accounting mechanism allowing an IOU to capitalize certain costs and depreciate them over time on its balance sheet rather than recognizing them as immediate expenses on the income statement. A regulatory asset must be authorized by the Commission, and its treatment is subject to Commission discretion. SCE's Balance Sheet and Statement of Income for December 2024 submitted in support of this Application indicate SCE's Current Regulatory Assets are $2,748 Million and estimates Deferred Regulatory Assets are $8,886 Million. See also Application at 13 and its Appendix E (*Financial Statements, including Balance sheet and Statement of Income for December 31, 2024*) at E2-E3.

[63] See Application at 5-6. See also Exhibit SCE-0001 at Bates SCE0018.

consistent with comparable procedures ordered in prior Commission decisions[64] and we grant the request.

8. Tribal Land Transfer Policy

On December 5, 2019, the Commission adopted the Tribal Land Transfer Policy. The Tribal Land Transfer Policy provides that utilities must (a) notify the appropriate local Native American Tribes of their intent to sell fee title properties in the Tribes' ancestral areas and (b) offer such Tribes the right of first refusal for the purchase of those properties before marketing them for sale to other parties.[65]

The California Native American Heritage Commission (NAHC) provided SCE with a list of Native American Tribes with a potential ancestral interest in the Lower Tule Project lands.[66] SCE sent two rounds of letters on November 1, 2021, and December 6, 2021, to the NAHC identified Tribes to inform them of the Proposed Sale.[67] SCE did not receive any responses.[68] The Commission finds that the Proposed Sale satisfies the requirements of its Tribal Land Transfer

[64] See D.19-10-010 at 3; D.19-10-011 at 19; D.20-11-024 at 15 and 23; D.20-09-027 at 11 and 18; and D.22-11-002 at 11 and 16.

[65] *Investor-Owned Utility Real Property—Land Disposition—First Right of Refusal for Disposition of Real Property Within the Ancestral Territories of California Native American Tribes, Cal. Pub. Utils. Comm'n* (Dec. 5, 2019). The Commission's Tribal Land Transfer Policy is available on the Commission's website at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/tribal/final-land-transfer-policy-116.pdf/.

[66] See Application at 8 and Appendix B (*Letters Sent by SCE to the Native American Heritage Committee*)

[67] See Application at 8-9 and Appendix C (*Initial Offer Letters*) and Appendix D (*Final Offer Letters*)

[68] See Application at 8.

Policy as no tribal governments have sought to exercise their right of first refusal or raise specific concerns within this Application.[69]

9. Related Federal Energy Regulatory Commission Proceedings

SCE's Lower Tule Project operates pursuant to FERC License No. 372 which expires on August 31, 2034.[70] Section 8 of the Federal Power Act (FPA) grants exclusive jurisdiction over the licensing of non-federal hydroelectric projects to FERC, and vests comprehensive control over the regulation of hydroelectric resources with FERC.[71]

FERC licenses may be transferred only with the written approval of FERC.[72] Accordingly, sale of the Lower Tule Project is conditioned on both the receipt of (a) CPUC approval of the transaction and its ratemaking and (b) FERC approval of the transfer of existing Lower Tule Project FERC License 372.[73]

Licensee SCE and Lower Tule Hydro, the proposed License Transferee/Buyer, must also file a joint application with FERC to approve any transfer of the Lower Tule Project as well as substantiate Lower Tule Hydro's qualifications to hold FERC License 372 and to operate the Lower Tule Project.

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[69] *Id.* at 9.

[70] See SCE Exhibit SCE-0001 at Ch. II (*Description of Small Hydro Assets to Be Sold*), Figure II-1 at Bates SCE0006.

[71] 16 U.S.C. §797(e) and §803(a)(1).

[72] 16 U.S.C. §801.

[73] See Application at 3. See also SCE Opening Brief at 3; Exhibit SCE-0001, Ch. VI (*Related Proceedings*) at Bates SCE0020; and Exhibit SCE-0002 at Bates SCE0044-0045.

SCE projects that any required FERC approvals will be obtained within 12 months.[74]

10. Compliance with the Authority Granted Herein

SCE must file a Tier 1 Advice Letter with the Commission's Energy Division within 60 days of the Asset Purchasing Agreement closing date to implement the authority granted herein. The Tier 1 Advice Letter shall include the final calculation of the loss on sale and tax information related to the transaction as well as the final calculation of the per annum amounts to be recorded in the PABA to adjust for reductions associated with the Lower Tule Project rate base and maintenance costs reductions arising from the transaction.

The financial information shall also include calculations for leased ethernet cable service operating costs for SCE-required remote terminal unit for the Lower Tule Hydroelectric facilities as well as 1) the sum certain or estimated amounts of additional interest SCE proposes to pay Lower Tule Hydro from the proposed $298,000 lump sum base transfer payment increase included in its current $6.268 million base transfer payment estimate; 2) the date ranges, nature, and source of any pertinent regulatory delays, 3) and the principal amounts, interest rates, and other actuarial information used to develop SCE's modeling for additional interest payments to Lower Tule Hydro.[75]

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[74] Exhibit SCE-0001 at Bates SCE0020.

[75] See Exhibit SCE-0003 at Bates SCE0052. See also July 10, 2026, ALJ Final Evidence Ruling at 3-4 and Appendix A (*Amended Joint Exhibit List*).

11. Confidential Treatment of Testimony and Exhibits

Pursuant to Commission Rule 11.4, Commission General Order (GO) 66-D, and SCE Tariff Rule 21, SCE submitted both a public redacted version and a confidential unredacted version of its documents in support of the Application, pending Commission grant or denial of its March 4, 2025, Motion To Seal.[76] The motion seeks confidential treatment of the following interconnection facility design contained in the Lower Tule APA:

DOCUMENTS	PAGES	DESCRIPTION
Exhibit D (*Forms of Generator Interconnection Agreements*) of Appendix A to Application 25-03-001	Pages 168-173 and 259.	Redacted Interconnection Facility Design information in Exhibit A and Exhibit C(1) of the Generator Interconnection Agreement

Pub. Util. Code Section 583 and Commission GO 66-D, authorizes the Commission to seal information furnished by a public utility from public inspection by order during hearing or proceeding or by determination in a decision.[77]

SCE Tariff Rule 21 in pertinent part, provides for confidential treatment of:

> [C]onfidential, proprietary or trade secret information related to the present or planned business of Applicant, Customer, Producer, or

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[76] See Rule 11.4 (*Motion for Leave to File Under Seal*). See also GO 66-D (*Procedure for:*
- i. *Submission of Information to the California Public Utilities Commission with Claims of Confidentiality;*
- ii. *Submission of Request Per the California Public Records Act; and*
- iii. *The Release of Any Information by the Commission, Including Pursuant to the California Public Record Act*).

See also SCE Tariff Rule 21 (*Generating Facility Interconnections*).

[77] See Pub. Util. Code §588(a) (*Reports to the Commission*). See also GO 66-D, Section 3.4 (*Preemptive Determination of Confidentiality in a Decision*).

> Distribution provider . . . including all information related to the Party's technology, research and development, business affairs, and pricing.
>
> For the purposes of this Rule all design, operating specifications, and metering data provided by Applicant shall be deemed Confidential information whether it is clearly marked or otherwise designated as such, except as provided in section D.7.b [Limitations Scope].
>
> In providing the information to the Commission, FERC, or their respective staff, the Party shall, pursuant to PUC section 583 and General Order 66-D in the case of disclosure to the Commission . . . request that the information be treated as confidential and non-public by the Commission . . . and their respective staff and that the information be withheld from public disclosure.[78]

Good cause appearing, SCE's Motion to Seal is hereby granted. The confidential portions of the unredacted version of SCE's Application and its Appendix A (*Asset Purchase Agreement*), as listed in the above charts of this decision, shall remain under seal and shall not be made accessible or disclosed to anyone other than Commission staff except on the order or ruling of the Commission, the Assigned Commissioner, the Assigned Administrative Law Judge, or designated Law and Motion Judge.

12. Summary of Public Comment

The Commission encourages and welcomes comments from the public on issues and proceedings to help us reach informed decisions. Commission Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket

[78] See SCE Tariff Rule 21 (D)(7)(c).

for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comments submitted in a proceeding must be summarized in the final decision issued in that proceeding.

In this A.25-03-001 proceeding, 31 comments were posted to the Docket card. The public comments were posts primarily from Southern California residents residing in the Kings County,[79] Los Angeles County,[80] Orange County,[81] Riverside County,[82] Sacramento County,[83] San Bernardino County,[84] and Ventura County[85] regions. Collectively, the 31 Public Commenters expressed general opposition to the Proposed Sale if it would result in rate increases. The Commenters also put forth specific concerns about:

1. Whether the Proposed Sale is in the public interest;
2. Whether the Proposed Sale will result in new short term or long term increases to consumer rates and/or negatively impact fixed, low income, senior citizen or other limited consumer budgets;
3. Why repair and continued operation or decommission costs for the Lower Tule Project were not previously addressed in SCE's 2025 GRC; and

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[79] Hanford, CA.

[80] Acton, Covina, La Crescenta, Lakewood, La Marida, Lancaster, South Pasadena, Santa Clarita, Redondo Beach, West Covina, and Whittier, CA.

[81] Beuna Park, Fountain Valley, Garden Grove, Laguna Hills, Huntington Beach, Rancho Santa Margarita, and Yorba Linda, CA.

[82] Palm Desert and Temecula, CA.

[83] Sacramento, CA.

[84] Barstow, Redlands, and Santa Paula, CA.

[85] Santa Paula, Thousand Oaks, and Ventura, CA.

4. Whether the terms of the proposed Lower Tule APA are reasonable and financially sound in light of the term providing for a Transfer Payment by SCE to proposed Buyer Lower Tule Hydro to consummate the sale of the Lower Tule Project.

13. Comments on Proposed Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, as provided in Rule 14.6(c)(2), the otherwise applicable 30-day public review and comment period for this decision is waived.

14. Assignment of Proceeding

Commissioner Matthew Baker is the assigned Commissioner and Andrea D. McGary is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The Lower Tule Project is a small hydroelectric project located along the middle fork of the Tule River in Springville, Tulare County, California.

2. SCE owns the Lower Tule Project.

3. SCE's Lower Tule Project is part of its Tulare Hydroelectric Project Portfolios comprised of the Lower Tule Project (FERC License 272) and the Kaweah Hydroelectric Project (FERC License 298).

4. The Lower Tule Project is not currently operational.

5. When operational, the Lower Tule Project has an aggregate capacity of 2.5W MW.

6. The Lower Tule Project's FERC License No. 372 expires on August 31, 2034.

7. SCE entered into the Lower Tule APA, dated December 4, 2024, for the proposed sale of the Lower Tule Project to Lower Tule Hydro.

8. Lower Tule Hydro is a Utah limited liability company located in Ivins, Utah and is not a Party in this Application (A.) 25-03-001 proceeding.

9. A.25-03-001 was filed by SCE on March 4, 2025, seeking Commission authority to sell the Lower Tule Project to Lower Tule Hydro.

10. SCE does not seek Commission authority to sell the Kaweah Project in the instant A.25-03-001 proceeding but sale of the Lower Tule Project is conditioned, in part, on Lower Tule Hydro executing and delivering a separate APA for SCE's Kaweah Project.

11. The Lower Tule APA withholds tender of the Transfer Payment for the Lower Tule Project from SCE to Lower Tule Hydro until receipt of an executed Kaweah Project APA.

12. On April 29, 2026, SCE and Lower Tule Hydro executed an amendment to their December 4, 2024, Lower Tule APA for the proposed sale of the Lower Tule Project to address scope, schedule, cost estimates, and forecast changes related to interconnection facilities design and engineering for the Lower Tule Project after the A.25-03-001 filing date.

13. The A.25-03-001 record does not include evidence or testimony on:

a. The sum certain or estimated amounts of additional interest SCE proposes to pay Lower Tule Hydro from its estimated $298,000 lump sum base transfer payment increase included in its total $6.268 million base transfer payment estimate;

b. The date ranges, nature, and source of any pertinent regulatory delays; or

c. The principal amounts, interest rates, and other actuarial information used to develop SCE's modeling for additional interest payments to Lower Tule Hydro.

14. Lower Tule Hydro intends to operate the Lower Tule Project in accordance with SCE's historical operation.

15. The Lower Tule Project is a non-core asset of SCE and is no longer required for SCE to provide its customers with economical, reliable, and clean electric power.

16. SCE sent letters on November 1, 2021, and December 6, 2021, to Native American Tribes identified by the NAHC as having a potential ancestral interest in the Lower Tule Project land to notify them of their right of first refusal under the Commission's Tribal Land Transfer Policy.

17. SCE did not receive any responses from the Tribes to its November 2021, and December 2021, right of first refusal notices regarding the Lower Tule Project land.

18. SCE's original historical cost for the Lower Tule Project is approximately $40.8 million.

19. The accumulated depreciation a/k/a forecasted reserve is approximately $23.9 million for the Lower Tule Project.

20. The net book value for the Lower Tule Project is approximately $16.9 million, calculated as the original historical $40.8 million project cost less the $23.9 million accumulated depreciation.

21. The negotiated Transfer Payment to proposed Buyer Lower Tule Hydro at close is $6.268 million, calculated as (a) $6.268 million estimated base transfer payment and (b) $0.00 million estimated COO charge, subject to GIA fixed

monthly payments and other adjustments detailed in the original December 4, 2024, Lower Tule APA and the April 29, 2026, amendments thereto.

22. The aggregate pre-tax loss on the Proposed Sale is approximately $25.1 million for the Lower Tule Project.

23. The estimated aggregate after-tax loss for the Proposed Sale is $19.66 million for the Lower Tule Project.

24. SCE's analysis, using its Present Value of Revenue Requirement model, of the costs of:

a. Retaining and operating the projects;
b. Decommissioning the projects; or
c. Selling the projects has determined that selling the Lower Tule Project are the least-cost option for SCE's customers.

25. SCE hired Bodington & Company in 2021 to advise on the sale of the Lower Tule Project and to assist with bid evaluation, including testing the assumptions in SCE's Present Value Revenue Requirement analysis.

26. The Proposed Sale will not interfere with SCE's operations or SCE's provision of safe and reliable utility service to its customers.

27. The Proposed Sale will create differences in timing between when revenue SCE recovers from customers is taxable and when the tax loss on the Lower Tule Project is deductible.

Conclusions of Law

1. Pub. Util. Code Section 851 applies to the Proposed Sale of the Lower Tule Project.

2. The Lower Tule Project is useful but not necessary for SCE's performance of its public duties.

3. The original December 4, 2024, Lower Tule APA for the Proposed Sale and the April 29, 2026, amendments meet the requirements of Pub. Util. Code Section 851.

4. The Proposed Sale of the Lower Tule Project is in the public interest.

5. The Proposed Sale of the Lower Tule Project is categorically exempt under CEQA.

6. SCE complied with the requirements of the Commission's Tribal Land Transfer Policy.

7. SCE's proposed ratemaking is reasonable.

8. The Commission should authorize SCE to sell the Lower Tule Project and its associated electric facilities to Lower Tule Hydro pursuant to Pub. Util. Code Section 851.

9. The Lower Tule Project is a depreciable asset and 100 percent of losses should be allocated to ratepayers.

10. It is just and reasonable for the accounting losses from the sale of the Lower Tule Project to be recovered in accordance with the percentage allocation rule (100% of depreciable assets to customers; 67% of non-depreciable assets to customers and 33% of non-depreciable assets to shareholders) of Ordering Paragraph 4 of the Commission's Gain on Sale of Utility Assets decision, pursuant to D.06-05-041, as modified by D.06-12-043.

11. SCE should record a reduction in the PABA to adjust the revenue requirement associated with the Project's retired rate base upon close of sale.

12. Within 60 days after the closing date of the Lower Tule APA, SCE should submit the final calculation of the loss on sale and tax information

associated with the Lower Tule Project, including but not limited to all requested interest increases regarding the April 2026 amendments to the Lower Tule APA, to the Commission's Energy Division through a Tier 1 Advice Letter.

13. Within 60 days after the closing date of the Lower Tule APA, SCE should submit the final calculation of the reduction in the PABA to adjust the revenue requirement associated with the Lower Tule Project retired rate base upon close of sale to the Commission's Energy Division through a Tier 1 Advice Letter.

14. It is reasonable to grant confidential treatment to information in the Lower Tule APA related to specific interconnection facility design information.

15. All rulings of the assigned Commissioner and the assigned ALJ should be affirmed herein, and all motions not specifically addressed herein or previously addressed by the assigned Commissioner or assigned ALJ should be denied.

16. The Lower Tule APA meets the requirements of Pub. Util. Code Section 851.

17. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. Pursuant to Public Utilities Code Section 851, Southern California Edison Company (SCE) is authorized to enter into the *Asset Purchase Agreement by and between Southern California Edison Company as Seller; and Lower Tule Hydro LLC, as Purchaser* dated December 4, 2024, attached as Appendix A to SCE's Application 25-03-001, and fully incorporated herein by reference.

2. Pursuant to Public Utilities Code Section 851, Southern California Edison Company (SCE) is authorized to enter into the *First Amendment To Asset Purchase Agreement*, dated April 29, 2026, at Attachment A to Exhibit SCE-0003 admitted into the evidentiary record of this proceeding on July 10, 2026, and fully incorporated herein by reference.

3. Southern California Edison Company is authorized to recover the $25.1 million pre-tax loss from the sale of the Lower Tule Hydroelectric Power Plant and associated electric facilities by recording a debit in the Legacy Utility Owned Generation subaccount of the Portfolio Allocation Balancing Account, to be allocated to bundled and non-exempt departing load customers.

4. Southern California Edison Company is authorized to recover the remaining regulatory assets from the sale of the Lower Tule Hydroelectric Power Plant and associated electric facilities by recording a debit in the Legacy Utility Owned Generation subaccount of the Portfolio Allocation Balancing Account, to be allocated to bundled and non-exempt departing load customers.

5. Southern California Edison Company is authorized to create an Accumulated Deferred Income Tax balance on the proposed sale of the Lower Tule Hydroelectric Power Plant and associated electric facilities for inclusion in its rate base until book-tax timing differences arising from cost recovery for the sale of the facilities unwind.

6. Within 60 days after the closing date of the Asset Purchase Agreement, Southern California Edison Company shall submit the closing financial information to the California Public Utilities Commission's Energy Division as a Tier 1 Advice Letter. The financial information shall consist of the final

calculation of the loss on sale and tax information related to Lower Tule Hydroelectric Power Plant and associated electric facilities. The financial information shall also include:

a. Final calculation of the reductions to be recorded in the Portfolio Allocation Balancing Account to adjust for the rate base and maintenance costs reductions associated with the Lower Tule Hydroelectric Power Plant and associated electric facilities retired rate base arising from the transaction;

b. Base transfer payment calculations for leased Ethernet cable service operating costs for Southern California Edison Company's required remote terminal unit for the Lower Tule Hydroelectric Project facilities; and

c. Sum certain or estimated amounts of the additional interest Southern California Edison Company proposes to pay Lower Tule Hydro, LLC.;

d. Principal, interest rate, and other specific actuarial information used to calculate any requested additional interest.

7. Southern California Edison Company's request to increase the base transfer payment for the sale of Lower Tule Hydroelectric Power Plant to include additional interest incurred by Lower Tule Hydro, LLC due to delays in regulatory approvals related to *Southern California Edison Company's Motion To Reopen The Record To Submit Additional Evidence* filed in this Application 25-03-001 on June 19, 2026, and granted on July 10, 2026, is denied without prejudice.

8. *Motion of Southern California Edison Company (U 338-E) for Leave to File Under Seal The Confidential Version Of Its Application For Approval Under Public Utilities Code Section 851 To Sell The Lower Tule Hydroelectric Power Plant To Lower*

Tule Hydro LLC filed on March 4, 2025, is granted for a period of three years from the date of this order. During the three-year period, the interconnection facility design information contained in in Appendix A (*Asset Purchase Agreement*) to Application 25-03-001 shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling. If SCE believes that it is necessary for this information to remain under seal for longer than three (3) years, it may file a new motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

9. All rulings of the assigned Commissioner and the assigned Administrative Law Judge are affirmed herein, and all motions not specifically addressed herein or previously addressed by the assigned Commissioner or Administrative Law Judge are denied.

10. Application 25-03-001 is closed.

This decision is effective today.

Dated _______________, 2026, at San Francisco, California