Application No.:	A.25-12-002
Exhibit No.:	SCE-07
Witnesses:	S. Cheng
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SOUTHERN CALIFORNIA EDISON®

(U 338-E)

Rebuttal Testimony

Before the

Public Utilities Commission of the State of California

Rosemead, California
July 17, 2026

SCE-07 Rebuttal Testimony

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I.

INTRODUCTION

Southern California Edison Company (SCE) submits this Rebuttal Testimony in response to testimony from the California Public Utilities Commission's (CPUC or Commission) Public Advocates Office (Cal Advocates), which recommends substantial disallowances based primarily on previously unsuccessful assertions of documentation and incrementality concerns, rather than substantive evidence that the costs were improperly recorded, unreasonable, or otherwise ineligible for recovery.

On December 4, 2025, SCE initiated this proceeding by filing its Application requesting the Commission's authorization to recover $55.137 million[1] in operation and maintenance (O&M) expenses and $77.860 million in capital expenditures, resulting in a revenue requirement of $47.707 million, related to wildfire mitigation and catastrophic events. SCE seeks:

- Recovery of 2024 incremental costs for wildfire mitigation expenses recorded in the Wildfire Mitigation Plan Memorandum Account (WMPMA) and the Fire Risk Mitigation Memorandum Account (FRMMA);
- Recovery of incremental storm-related costs associated with certain 2017, 2018, 2020 and 2021 events recorded in the Catastrophic Event Memorandum Account (CEMA);
- Authorization to establish the Federal Energy Regulatory Commission 898 Memorandum Account (FERC898MA) to record, as a credit, the revenue requirement associated with O&M expenses and capital expenditures that were already included in CPUC-jurisdictional rates but later included in FERC-jurisdictional transmission rates due to the FERC Order 898 changes; and
- A finding from the Commission that certain 2022 capital expenditures that were not approved for initial revenue requirement recovery in A.23-10-001 are just and reasonable,

[1] The $55.137 million does not include certain WMPMA adjustments that further reduce the overall request. Specifically, it excludes: (1) the shareholder-funded adjustment related to the Thomas Fire Settlement of ($10.0) million adopted in D.25-01-042, (2) the joint IOU covered conductor testing correction of $0.693 million, and (3) the 2019 through 2024 department overhead (DOH) adjustment of ($3.333) million (*see* Section I.A of Exhibit SCE-04). These adjustments collectively reduce the requested O&M expenses by $12.640 million.

and authorization to include the amount in base rates as part of SCE's 2025 General Rate Case (GRC) Post Test Year Ratemaking (PTYR) mechanism.

Cal Advocates does not oppose SCE's proposal to establish the FERC898MA, nor does it address recovery of the 2022 Capital Expenditures that were previously not approved for initial revenue requirement recovery in A.23-10-001.

However, Cal Advocates does propose significant disallowances of SCE's recorded O&M and capital expenditures in the WMPMA and CEMA, totaling $53.5 million, or approximately 40% of the total $133.0 million SCE requested for recovery in this proceeding.[2] The overwhelming majority of Cal Advocates' proposed disallowances are based on Cal Advocates' assertions regarding the sufficiency of supporting documentation and SCE's methodology for determining incrementality, rather than on evidence that the challenged costs were improperly recorded, unreasonable, or otherwise ineligible for recovery.

In its testimony, Cal Advocates repeatedly and falsely asserts that SCE failed to provide sufficient supporting documentation for specific line items, including contracts, invoices, and detailed work descriptions, and therefore concludes that it could not verify the scope, purpose, timing, incrementality, or reasonableness of the recorded costs. In fact, during discovery, SCE *did* provide Cal Advocates with supporting documentation sufficient to meet its burden of proof; SCE responded to twenty-one sets of data requests containing more than four hundred subparts, and consistent with Commission precedent and prior wildfire cost recovery proceedings, provided Cal Advocates with a sample of representative supporting documentation, including approximately 80 invoices totaling approximately $37 million of recorded costs.[3]

Cal Advocates' assertions and disallowance proposals stem from a misunderstanding of the nature of the data requested and a false impression that SCE is required to provide every single invoice (totaling hundreds of thousands of documents) – a practice the Commission has previously found to be

[2] Cal Advocates does not oppose the costs recorded in the FRMMA.

[3] For context, in conducting its independent Attestation of SCE's wildfire mitigation costs, PricewaterhouseCoopers LLP sampled 38 transactions.

"not an efficient use of resources or time," rather than a sample.[4] In response to Cal Advocates' testimony SCE has supplemented the data request responses Cal Advocates points to as evidence for SCE's purported failures with additional supporting documentation, as explained further below.

The level of detail sought by Cal Advocates would require review of hundreds of thousands of underlying accounting records and is neither practical nor necessary to evaluate the reasonableness of the challenged costs. Consistent with Commission precedent and regulatory practice, SCE provided transaction-level listings, representative supporting documentation, supplemental responses, and offered multiple opportunities to conduct live review of underlying accounting records maintained in SCE's SAP system or to provide additional documentation for additional transactions. Despite being afforded those opportunities, Cal Advocates did not pursue a live review of SCE's SAP system, which would have allowed examination of recorded costs at the most granular level of detail. As discussed below, Commission precedent explicitly allows the use of a sampling approach, and providing the level of documentation Cal Advocates believes is required for SCE to meet its burden of proof would be unduly burdensome and an inefficient use of resources.

Finally, Cal Advocates challenges SCE's application of the portfolio approach to determine incremental wildfire mitigation O&M costs. Specifically, Cal Advocates argues that SCE's treatment of Straight-Time Labor ("ST Labor") and Department Overhead ("DOH") undermines SCE's demonstration of incrementality. However, Cal Advocates does not identify any specific costs that should be disallowed as a result of SCE's approach, quantify any alleged overstatement of SCE's requested recovery, or assert that SCE's overall recovery request would differ under an alternative methodology. In fact, although SCE seeks recovery only of incremental wildfire mitigation costs, SCE presented its full 2024 recorded wildfire mitigation expenditures for reasonableness review, allowing the Commission and parties to evaluate all recorded costs—not just the incremental amounts—for prudence and reasonableness. This includes SCE's ST Labor and DOH costs, in addition to all other cost categories. As discussed below, SCE's portfolio approach is consistent with Commission guidance, the

[4] D.25-06-051, p. 25.

portfolio-level manner in which wildfire mitigation funding was authorized through Track 4 of SCE's 2021 GRC, and prior Commission review and approval of wildfire mitigation costs.

As discussed below, SCE provided extensive testimony, workpapers, data request responses, supplemental data request responses, accounting records, transaction-level support, invoices, and other documentation to meet its burden of proof that its costs were reasonable and incremental. Contrary to Cal Advocates' assertions, SCE provided substantial support regarding the nature, purpose, recording, and reasonableness of the challenged expenditures. Accordingly, Cal Advocates' recommendations primarily reflect an incorrect assertion that SCE did not provide sufficient documentation, rather than affirmative evidence that the challenged costs are unreasonable, imprudently incurred, or otherwise ineligible for recovery. For these reasons, Cal Advocates' recommended disallowances should be rejected.

II.

CAL ADVOCATES' CHALLENGES TO SCE'S SAMPLING OF SUPPORTING DOCUMENTS AND PORTFOLIO APPROACH SHOULD BE DISREGARDED

SCE provided extensive information throughout this proceeding to support its wildfire mitigation cost recovery request. Through prepared testimony, workpapers, data request responses, supplemental data request responses, accounting records, transaction-level data, journal entries, invoices, and other supporting materials, SCE provided substantial information regarding the nature, purpose, and recording of the recorded costs. Throughout discovery, Cal Advocates served twenty-one sets of data requests containing more than four hundred subparts. In response, consistent with Commission precedent and prior wildfire cost recovery proceedings, SCE provided approximately 80 invoices and supporting documentation representing approximately $37 million of the recorded costs challenged in this proceeding. SCE also had a meeting with Cal Advocates to walk through SCE's accounting procedures and the types and volume of data available. In comparison, PricewaterhouseCoopers LLP (PwC)'s independent Attestation of SCE's 2024 wildfire mitigation costs involved testing and sampling 38 transactions (including 15 direct capital, 4 overhead capital, 17 direct O&M, and 2 overhead O&M transactions), which provided sufficient evidence for PwC to conclude that the costs were fairly stated in all material respects.[5] Notably, Cal Advocates does not identify specific costs that were improperly recorded or unreasonable in amount based on any of the 80 invoices it reviewed.

A. SCE Properly Provided Samples of Supporting Documentation to Cal Advocates in Response to Voluminous Data Requests

1. Commission Precedent Explicitly Allows For Sampling of Voluminous Data

SCE's provision of a representative sample of invoices and other supporting documents is consistent with Commission precedent and prior cost recovery proceedings. SCE's engaged external auditors, PwC opine that "[s]ampling is a recognized approach used by auditors to test homogenous populations. When conducting examinations, it is often impractical or time-consuming to examine every

[5] *See* SCE-06.

transaction, item, or account within a population. Instead, auditors select a representative sample from the population and perform testing procedures on that sample."[6]

Further, Cal Advocates' challenge of SCE's sampling approach is directly contradictory to recent precedent that permitted utilities to provide a *sampling* of the information requested, rather than *every* record, as requested by intervenors.

In A.23-06-008 (Application of SCE for Recovery of 2022 Incremental Costs Related to Wildfire Mitigation and Vegetation Management), SCE argued that Cal Advocates' proposed requirement for future proceedings to provide line-item detail identifying *each* specific recorded cost associated with its recovery request, including the date the cost was recorded, the vendor who performed the work, and the memorandum or balancing account that the cost was recorded in, was impractical and unduly burdensome within the meaning of Rule 10.1. In Decision 25-06-051, the Commission agreed and found that requiring SCE to provide potentially "voluminous amounts of data in the future that might not be needed is not an efficient use of resources or time."[7]

Similarly, in A.22-12-008 (Application of SDG&E for Recovery of Undercollection Recorded in the Tree Trimming Balancing Account), ALJ Syche Cai ruled that SDG&E was not required to provide "all invoices relating to the activities involved." Instead, ALJ Cai ruled that SDG&E was required to provide the five (5) highest dollar value invoices for each month in which expenses were recorded in the relevant balancing account.[8] This directly aligns with the sampling process that SCE undertook in this proceeding; as applicable, when voluminous numbers of transactions were implicated in a request, SCE typically identified around 5-10 highest dollar value transactions and provided supporting documentation for those.

Finally, in A.23-06-008 (Application of PG&E for Recovery of Recorded Expenditures Related to Wildfire Mitigation and Gas Safety), PG&E argued that discovery from Cal Advocates was

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[6] *See* Exhibit SCE-06.

[7] D.25-06-051, p.25.

[8] A.22-12-008, ALJ Syche Cai E-Mail Ruling Modifying November 15, 2023, Ruling (Dec. 11, 2023), *available at* https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M521/K449/521449014.PDF.

unduly burdensome and required the production of "voluminous supporting documentation." In ruling on a Motion to Compel brought by Cal Advocates, ALJ Watts-Zagha compelled PG&E to provide Cal Advocates with direct access to its database so that Cal Advocates could directly access the information it was seeking, with PG&E's assistance.[9] This is consistent with the access SCE offered to Cal Advocates in response to the data requests seeking line-item detail information, as described further in the section immediately below.[10] Cal Advocates did not pursue the offer.

2. Providing The Level of Detail Cal Advocates Wants Would be Extremely Burdensome and Unworkable For All Sides

Cal Advocates' expectation that SCE produce every invoice, journal entry, and supporting record associated with the challenged work orders is not a practical or reasonable approach for reviewing costs of this magnitude, and would not be an efficient use of SCE's, Cal Advocates' or the Commission's time and resources. As SCE explained during discovery and in prior wildfire cost recovery proceedings,[11] providing line-item details for each recorded cost would be exceedingly burdensome, taking SCE ***thousands*** of hours to put together and result in SCE having to manually gather – and Cal Advocates having to review – ***hundreds of thousands*** of documents. That is a nearly insurmountable burden.

To alleviate that burden, SCE provided spreadsheets to Cal Advocates that show the financial transactions for the activities recorded in the WMPMA and CEMA. These financial transactions were provided at the Final Cost Center (FCC) detail level for O&M and at the work order level for capital, along with cost elements used to categorize and monitor expenses in financial

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[9] A.23-06-008, ALJ Camille Watts-Zagha Ruling Granting Motion of the Public Advocates Office to Compel PG&E to Provide Full and Complete Access to Records and Documentation Supporting Application 23-06-008, pp. 2-3, OP 2 (Jan. 3, 2024), *available at* https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M522/K432/522432383.PDF.

[10] During a call with Cal Advocates on May 1, 2026, SCE invited Cal Advocates to ask questions about its processes and again offered to arrange for a live review of its SAP system of record, or to provide additional samples of invoices. SCE made the same offer in response to numerous data requests.

[11] A.23-10-001, SCE-03, p.91-92.

accounting and controlling.[12] The file containing WMPMA capital line items has nearly 397,000 line-items, and the file containing WMPMA O&M line items has nearly 18,000 line-items. The same concept applies to the financial transactions associated with the activities in CEMA. SCE provided spreadsheets containing work-order level records for both O&M and capital activities. The CEMA capital file includes nearly 700 line-items, while the CEMA O&M file contains nearly 500 line-items. As with the WMPMA, these files represent a large volume of transaction-level detail for CEMA activities.

Given the hundreds of thousands of transactions at this level, SCE requested that Cal Advocates select a sample set of line items, pursuant to the parties' agreement, for which SCE committed to provide more detailed information and supporting documentation. SCE provided samples in the response to several data requests. In total, SCE provided approximately 80 invoices and supporting documentation representing approximately $37 million of SCE's total recorded costs in response to Cal Advocates' data requests.

SCE repeatedly offered Cal Advocates opportunities to review the records maintained within SCE's SAP system. In at least three separate data request responses, SCE stated that it was open to facilitate either an in-person or virtual meeting to allow Cal Advocates to conduct a live review of the SAP system of record, including review of the underlying transaction-level information available within SCE's accounting systems.[13] Such a review would have enabled Cal Advocates to examine recorded costs at the most granular level of detail that it wanted, and to ask follow-up questions concerning specific transactions, accounting entries, and supporting records. SCE also repeatedly stated that it would be willing to provide a reasonable number of additional supporting documents for specific transactions, upon request.

Finally, SCE arranged a call with Cal Advocates to explain its record-keeping system, and why it is unable to provide the level of detail for every transaction, as Cal Advocates requested.

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[12] FCCs are cost objects in SAP which organizational units use to track costs for specific activities for both O&M and capital. Cost elements are used to categorize and analyze the costs within FCCs, and represent various types of charges such as labor, materials, contracts, and/or overheads.

[13] *See, e.g.*, PubAdv-SCE-019-MKD, Question 01.a-o, included in Appendix G.

During this call, SCE invited Cal Advocates to ask questions about its processes and again offered to arrange for a live review of its SAP system of record, or to provide additional samples of invoices. Cal Advocates did not pursue any of these avenues to obtain additional documentation regarding any specific transaction.[14]

* * *

Thus, consistent with Commission precedent, SCE was not required to provide supporting documentation for 400,000+ transactions to meet its burden of proof; the sampling approach SCE utilized has been found sufficient previously and should be found sufficient in this proceeding as well. An expectation that SCE produce support for every underlying transaction would have resulted in an inefficient use of resources for all parties involved, including the Commission, and would have provided limited incremental value beyond the extensive documentation that SCE has already provided.

B. <u>SCE's Determination of Incrementality in the WMPMA for O&M Costs Using its Commission-Approved Portfolio Approach is Reliable, and Cal Advocates Puts Forth No Evidence to Suggest Otherwise</u>

Prior to filing this application, SCE engaged independent accounting firm, PwC, to perform an attestation examination of SCE's 2024 WMPMA and FRMMA costs. PwC concluded, using industry-accepted sampling of SCE's costs, that the recorded costs were incurred for authorized wildfire mitigation activities, accurately recorded, and incremental to amounts previously authorized by the Commission.[15]

Consistent with how SCE recorded its O&M wildfire mitigation costs in 2022 and 2023 in the WMPMA, for 2024 SCE determined incrementality using the Commission-approved portfolio approach. Also consistent with Commission guidance that straight-time labor and division overheads (DOH) should be funded with GRC-authorized funds, and consistent with its 2022 and 2023 practice, SCE first

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[14] SCE's presentation to Cal Advocates during this meeting on May 1, 2026 is included in Appendix A.

[15] *See* SCE-06, Attachment B. PwC tested and sampled 38 transactions (including 15 direct capital, 4 overhead capital, 17 direct O&M, and 2 overhead O&M transactions).

used its GRC-authorized dollars to fund its 2024 straight-time labor and DOH costs, before using authorized funds to cover other cost categories.

While SCE has utilized and disclosed this practice in two prior cost recovery proceedings without objection – A.23-10-002 (2022 WMVM proceeding for 2022 wildfire mitigation O&M costs) and A.24-04-012 (2023 WMCE proceeding for 2023 wildfire mitigation O&M costs)[16] – Cal Advocates, for the first time, takes issue with the practice and argues that SCE's portfolio approach, and prioritization of straight-time labor and DOH funding, leads to SCE's incremental costs being "unreliable." Cal Advocates' assertions are incorrect for the reasons discussed below.

1. SCE's Application Presents *All* Wildfire Mitigation Costs Recorded in 2024 for Reasonableness Review

SCE's portfolio approach does not shield any of its costs from being reviewed for reasonableness. While SCE is only seeking *recovery* of the incremental portion of its wildfire mitigation costs - \$48.5 million in O&M and \$62.2 million in capital – it presents for *reasonableness* review the entirety of its 2024 recorded costs - \$242.7 million in O&M and \$235.9 million in capital.[17] Thus, the Commission, Cal Advocates and any other parties are able to review ***all*** of SCE's 2024 recorded spend for wildfire mitigation activities.

Cal Advocates' testimony does not argue that *any* of SCE's 2024 recorded costs were unreasonable or imprudently spent. Nor does it argue that SCE's methodology overstates the incremental amounts requested or propose some alternative allocation of GRC-authorized funding

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16 *See* A.23-10-001, Ex. SCE-03, Rebuttal Testimony in Support of SCE's Application for Authorization to Recover 2022 Incremental Costs Related to Wildfire Mitigation and Vegetation Management, p. 16; SCE's response to Data Request Set PubAdv-SCE-013-RA6, Question 03.c in A.23-10-001 (2022 WMVM proceeding) (explaining that "GRC-authorized amounts are used to fund normal-time labor and overheads before other costs are funded. Once normal-time labor and overhead costs have been funded, the remaining GRC-authorized amount is used to fund all other wildfire costs (labor and non-labor) based on timing of spend…."); SCE's supplemental response to Data Request Set CalAdvocates-SCE-007-NMI, Question 02.h in A.24-04-005 (2023 WMCE proceeding) (explaining that "CPUC-authorized amounts are used to fund normal-time labor and overheads first before other costs are funded. And once normal-time labor and overhead costs have been funded, the remaining CPUC-authorized amount is used to fund all other wildfire costs based on timing of spend . . ..."), included in Appendix B.

17 *See generally*, SCE-01, pp. 28-155.

across the portfolio would change the total incremental amount requested in this proceeding. This is because it cannot. At the end of the day, no matter what methodology is used – be it an activity-by-activity comparison, SCE's portfolio approach, or something else – the mathematical result would be the same: SCE would be seeking recovery of approximately $48.5 million in O&M for its 2024 wildfire mitigation costs.[18]

Instead, Cal Advocates seemingly argues that, by using the portfolio approach, SCE failed to meet its burden of proof to show that its O&M costs are incremental. Cal Advocates posits that "costs are incremental only if, in addition to completing the planned work that underlies the authorized costs, the utility had to procure additional resources, whether labor or materials, to complete the new activity."[19] Initially, Cal Advocates definition of incrementality is too narrow – costs could be deemed incremental if, for example, wages increased for select workers and SCE was forced to pay more for the same work and for the same number of worker.[20]

Even if one were to accept Cal Advocates' extremely narrow definition, SCE still met its burden of demonstrating the incrementality of its costs. In SCE-01, SCE details its spending for each of the sixteen wildfire mitigation GRC Activities, including the numerous sub-activities contained therein. SCE's testimony imputes a GRC authorized amount for each GRC Activity,[21] and calculates the total recorded costs spent above the imputed authorized amounts for each activity.[22] SCE also explains *why* it spent above the imputed GRC-authorized amounts. For example, SCE explains that the reason it spent

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[18] Cal Advocates does not take issue with SCE's portfolio approach as applied to its capital costs.

[19] CA-02, p. 7.

[20] This exact situation occurred with the passage of SB 247 in 2019. SB 247 required that all qualified line clearance tree trimmers be paid higher rates than had previously been the case. The Commission found SCE's additional spending to pay more for these workers than it had initially anticipated to be reasonable and incremental, and allowed SCE to recover the entirety of its incremental request for 2021 vegetation management costs. D.24-03-008, pp. 46, 58-59.

[21] As detailed in SCE-01 at pages 6-12, SCE's 2024 GRC authorized amounts are based on a settlement reached in Track 4 of SCE's 2021 GRC, which adopted a lump sum authorized amount for O&M for all of SCE's 2024 wildfire mitigation activities. For purposes of the Commission's review of its costs by GRC Activity, SCE provided imputed GRC authorized O&M amounts by GRC Activity. *See* SCE-01, p. 8.

[22] *See* SCE-01, p. 7 Table II-2 (capital expenditures) and p. 8 Table II-3 (O&M).

above authorized for Enhanced Overhead Inspections and Remediations was because it had improved its risk modeling, which resulted in significantly increased volumes of aerial and ground inspections relative to its imputed GRC authorization, and subsequently resulted in more findings that required remediation.[23]

2. Cal Advocates Points to No Commission Precedent to Support Its Claim That SCE Must Track the Movements of Thousands of Employees

Cal Advocates argues that SCE's portfolio approach shifts incremental costs to "other cost categories that lack explicit GRC-level allocations."[24] It should be noted at the outset that SCE's 2024 GRC authorization for wildfire mitigation O&M was based on a black-box, lump sum settlement in Track 4 of SCE's 2021 GRC. As such, by definition, in 2024, SCE was authorized funding for its wildfire mitigation activities on a portfolio basis, without any specific allocation for any specific GRC activity or sub-activity, or by any cost category or number of full-time equivalent (FTEs) employees. The Commission left to SCE's discretion – subject to after-the-fact reasonableness review – how it chooses to spend that money.

Given this reality of how SCE's 2024 wildfire mitigation costs were authorized, Cal Advocates' insistence that SCE demonstrates that it created new positions or hired new FTEs is misplaced. Cal Advocates argues that SCE's failure to track its FTEs in connection with individual GRC activities and sub-activities limits the Commission's ability to assess whether SCE's straight-time labor spend is incremental to GRC authorized rates.[25] Not so.

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[23] *See* SCE-01, p. 39. Note that SCE's Track 4 wildfire mitigation forecast was based on actual recorded spending in 2021. The final Track 4 settlement was based on a reduction to this 2021 costs-based forecast. *See also* SCE-01, p. 111 (SCE's testimony for Alternative Technologies, where we explain investments in Rapid Earth Fault Current Limiters (REFCL) which were a new/unknown technology in 2021, and so were not included in the Track 4 settlement for 2024 GRC authorized funds); SCE-01, p. 118 (SCE's testimony for Enhanced Situational Awareness, where we explain that SCE invested in additional weather stations, HD camera deployment, and additional staffing than in 2021); SCE-01, p. 147 (explaining that SCE undergrounded more miles in 2024 than it had in 2021).

[24] *See* CA-02, p. 7.

[25] CA-02, pp. 8-9.

First, given the fact that SCE is *not* seeking recovery of *any* ST Labor and DOH costs in this proceeding, how many incremental FTEs were hired is not relevant to SCE's request, as it is not asking for any additional dollars for O&M ST Labor and DOH costs.[26]

Second, given the lump-sum nature of SCE's 2024 GRC authorization, how many FTEs it forecasted for, versus how many actually worked on a specific GRC Activity, should be irrelevant. As SCE explained to Cal Advocates in data request responses, a total of 2,020 employees worked on wildfire mitigation GRC activities and sub-activities in 2024. As a general matter, these employees were not hired for any specific GRC activity or sub-activity. Instead, different operating units (OU) – like Transmission & Distribution (T&D), Customer Service (CS), Operational Services (OS), etc. – hire FTEs to work on various projects/activities. For example, an employee may perform undergrounding activities (charging to Targeting Undergrounding) at one point and then work on remediations at another time (charging to Enhanced Overhead Inspections and Remediations). The number of employees, and the realities of their work, makes it extremely difficult, if not impossible, for SCE to track the hiring or staff reassignment of any individual employee.

Despite these limitations, SCE attempted to quantify the number of incremental FTEs that worked on wildfire mitigation activities in 2024, compared to the number that would have been implicitly authorized in Track 4 (again, SCE's GRC authorized amounts for 2024 are based on a black-box, lump-sum settlement, where no specific amount is authorized for any GRC Activity or for any number of FTEs). SCE undertook a theoretical analysis to estimate the number of hypothetical new FTEs that were hired in 2024, compared to the hypothetical number of FTEs that SCE imputed it received GRC authorization for in 2024. To arrive at these theoretical numbers, SCE took the imputed authorized straight time labor amounts for each GRC activity (see Table III-12 in SCE-01) and divided by the average Standard Labor Rate (SLR) for the relevant OU – i.e., T&D, CS, and OS – and assumed each hypothetical FTE dedicated 100% of their time to the specific GRC activity, for each GRC activity.

[26] *See* D.26-05-034, p. 19 (finding that SCE was only seeking $27 million as incremental normal time labor in A.23-10-001 and granting limited rehearing to "correct the amounts of the disallowed S[traight] T[ime] L[abor] and D[ivision] O[ver]H[ead] costs," as more than the requested incremental amount had been originally disallowed).

The analysis concluded that SCE had theoretically hired 53 additional FTEs to perform O&M wildfire mitigation activities, and 16 additional FTEs to perform capital wildfire mitigation activities.[27] But, rather than engaging with this analysis, Cal Advocates' testimony ignores it, and does not explain why this analysis is insufficient to demonstrate SCE's incremental spend on FTEs.

Table II-1 and Table II-2 below show SCE's theoretical analysis and the resulting number of FTEs by GRC Activity.

Table II-1
WMPMA O&M
($ in Thousands)

GRC Actvitiy	2024 Imputed GRC Authorized for Straight Time (ST) Labor	2024 Recorded Expenditures for ST Labor (CPUC)	$ Difference	Avg Standard Labor Rates (SLR)	Total ST Labor FTE Equivalent	Hypothetical Incremental ST Labor FTE Equivalent
Alternative Technologies	$ 182	$ 160	$ (22)	$ 142	1	(0)
Community Resiliency Incentives	$ 5	$ 1	$ (4)	$ 129	0	(0)
Develop and Manage Policy and Initiatives	-	$ 25	$ 25	$ 171	0	0
Enhanced Overhead Inspections and Remediations	$ 13,026	$ 15,362	$ 2,336	$ 142	108	16
Enhanced Situational Awareness	$ 238	$ 517	$ 278	$ 133	4	2
Fire Science and Advanced Modeling	-	$ -	$ -	$ 133	-	-
Fusing Mitigation	$ 2	-	$ (2)	$ 142	-	(0)
HFRA Sectionalizing Devices	$ 8	$ 893	$ 885	$ 142	6	6
Infrared Inspection Program	$ 13	$ 15	$ 1	$ 142	0	0
Organizational Support	$ 73	$ 1	$ (71)	$ 142	0	(1)
PSPS Customer Support	$ 290	$ 2,138	$ 1,848	$ 129	17	14
PSPS Execution	$ 6,233	$ 8,155	$ 1,922	$ 129	63	15
Training Delivery and Development - Transmission and Distribution	-	$ 47	$ 47	$ 142	0	0
Training Seat-Time - Transmission and Distribution	$ 167	$ 61	$ (106)	$ 142	0	(1)
Total	**$ 20,237**	**$ 27,375**	**$ 7,138**		**200**	**53**

[27] SCE response to PubAdv-SCE-001-MKD, Question 1.d and Question 1.d Supplement, included in Appendix C.

Table II-2

WMPMA Capital

($ in Thousands)

GRC Activity	2024 Imputed GRC Authorized for Straight Time (ST) Labor	2024 Recorded Expenditures for ST Labor (CPUC)	$ Difference	Avg Standard Labor Rates (SLR)	Total ST Labor FTE Equivalent	Hypothetical Incremental ST Labor FTE Equivalent
Alternative Technologies	$ 1,656	$ 2,051	$ 396	$ 142	14	3
Distribution Fault Anticipation	$ 2	$ 2	$ -	$ 142	0	-
Enhanced Overhead Inspections and Remediations	$ 7,481	$ 8,757	$ 1,276	$ 142	62	9
Enhanced Situational Awareness	$ 24	$ 27	$ 2	$ 133	0	0
Fire Science and Advanced Modeling	$ 37	$ 42	$ 5	$ 133	0	0
HFRA Sectionalizing Devices	$ 163	$ 262	$ 99	$ 142	2	1
Infrared Inspection Program	$ -	$ -	$ -	$ 142	-	-
PSPS Customer Support	$ 619	$ 856	$ 237	$ 129	7	2
PSPS Execution	$ 238	$ 341	$ 103	$ 129	3	1
Undergrounding	$ 554	$ 615	$ 61	$ 142	4	0
Total	**$ 10,774**	**$ 12,955**	**$ 2,181**		**92**	**16**

III.

SCE'S WILDFIRE MITIGATION O&M COSTS ARE REASONABLE AND INCREMENTAL, AND SHOULD BE APPROVED FOR RECOVERY

Cal Advocates' testimony does not contend that any of SCE's 2024 recorded costs were unreasonable or imprudently incurred. Nor does it assert that SCE overstates the incremental amounts requested, or that SCE's requested costs were not properly recorded in the WMPMA. Instead, Cal Advocates' recommended disallowances are primarily based on its assertion that additional supporting documentation was necessary to verify certain costs, and that SCE's supposed failure to provide that supporting documentation means that it failed to meet its burden of proof to establish the reasonableness of those costs. Not so. As discussed above, SCE provided extensive supporting information and sufficient evidence for the Commission to evaluate its requested costs and determine that they were reasonably incurred and appropriately recorded. As explained in greater detail below, Cal Advocates' proposed disallowances are based on its misunderstanding of the transactions for which it sought supporting documentation.

A. Cal Advocates Mischaracterizes the Supporting Documentation for Selected Transactions

With respect to O&M costs, Cal Advocates' testimony relies heavily on a single data request, PubAdv-SCE-021-MKD, in which Cal Advocates requested supporting documentation for selected line items totaling approximately $43 million, and asserts that SCE did not provide sufficient documentation supporting those costs. However, several of the line items identified in PubAdv-SCE-021-MKD were not underlying cost transactions. Rather, they were accounting entries used to transfer costs from GRC-authorized funding to the WMPMA after the applicable incrementality threshold was reached. These accounting entries reflect the amount of costs transferred to the memorandum account; ***not*** actual cost transactions. Accordingly, SCE provided supporting documentation for those accounting transfers in its original response.

For example, consider a bank account that receives deposits from customers and makes payments to various vendors. The account statement would show each transaction as a separate line item, including customer deposits, vendor payments, and transfers to other accounts. The type of supporting documentation available depends on the nature of the selected transaction. If the selected line item is a transfer to another account, the relevant support would typically be the transfer voucher. By contrast, if the selected line item is a payment to a vendor, the supporting documentation might include a vendor invoice or similar backup. Here, as explained below in Sections III.B., III.C, III.E., and III.G., several of the transactions selected by Cal Advocates represent account transfers instead of actual vendor payments; therefore, the appropriate supporting documentation was the transfer voucher that SCE provided in response to Cal Advocates' data requests.

Cal Advocates advances similar arguments regarding capital expenditures in CA-03, asserting that SCE provided limited documentation that allegedly prevented verification of certain challenged costs. In particular, Cal Advocates references Data Request PubAdv-SCE-013-ABK relating to selected capital work orders. As SCE explained in its original responses, each capital work order consists of numerous cost elements, and each cost element may contain many individual transactions recorded over multiple accounting periods. In response to requests for supporting documentation associated with those work orders, SCE provided a sample of invoices for the highest dollar-value transactions associated with each work order and offered Cal Advocates the opportunity to identify additional transaction samples for further review. However, Cal Advocates did not submit follow-up requests for additional supporting documentation.

After reviewing Cal Advocates' testimony, SCE now understands that Cal Advocates was seeking the underlying transaction-level costs that make up the transferred amounts reflected in the accounting entries. This is not how SCE originally understood Cal Advocates' request at the time it responded to the relevant data requests. As such, it was not the fact that SCE refused to, or was unable to support its recorded expenses, but rather an unfortunate misunderstanding as to what information was being sought.

With the benefit of Cal Advocates' testimony and its better understanding of what Cal Advocates was seeking, SCE performed additional analysis and extracted underlying transaction-level details for the *total* 2024 recorded costs (not only the incremental amounts transferred to the memorandum account) associated with the sub-activities and cost categories challenged by Cal Advocates. SCE then identified the highest dollar-value transactions within this sub-set and provided corresponding invoices through supplemental data request responses.[28] As a result, SCE provided documentation supporting both the accounting transfers and the underlying recorded costs associated with those transfers. SCE's supplemental data request responses, which are attached to this testimony in Appendix C, nullify Cal Advocates' arguments that SCE failed to provide supporting documentation to verify its costs. As such, Cal Advocates' disallowance proposals should be disregarded, and SCE should recover its requested incremental costs.

B. Distribution O&M Preventive Maintenance – Contract Expenses and Other Expenses

1. SCE's Position

In 2024, SCE recorded $51.552 million for Distribution O&M Preventative Maintenance, of which $10.133 million was transferred to the WMPMA as incremental and included in SCE's request in this application.[29] SCE's Distribution O&M Preventive Maintenance costs are reasonable, incremental, and necessary to support wildfire mitigation objectives. This work is part of SCE's risk-informed distribution inspection and remediation programs, which are designed to identify and address existing or potential conditions that could lead to ignitions and catastrophic wildfires if left uncorrected. The contract and other expenses at issue represent costs incurred to perform this wildfire mitigation work and are properly recoverable through the WMPMA to the extent they exceed GRC-authorized funding levels.

2. Cal Advocates' Position

Cal Advocates recommends disallowing most of SCE's requested costs for the Distribution O&M Preventive Maintenance activity. Specifically, Cal Advocates argues that SCE did not provide enough supporting documentation to justify approximately $8.438 million in contractor costs and $4.331 million in "Other" costs. According to Cal Advocates, the information SCE provided did not clearly identify the contractor, describe the work performed, or demonstrate that the costs were

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[28] *See generally*, Appendix C.

[29] *See* SCE-01, p. 33 and pp. 40-45. *See* Appendix D for a summary of SCE's Recorded and Requested O&M.

incremental to funding already authorized in SCE's GRC.[30] As a result, Cal Advocates states it was unable to assess whether the costs were reasonable, prudent, and related to wildfire mitigation activities, and therefore recommends that those costs be denied. Cal Advocates recommends a disallowance of $9.493 related to Distribution O&M Preventive Maintenance.[31]

3. SCE's Rebuttal

As discussed in Section III.A., SCE *did* provide supporting documentation for the line-item Cal Advocates requested: two journal entry transfers of $8.438 million and $4.331 million in Contract and Other costs, respectively. That supporting documentation was the transfer voucher, which is what SCE understood Cal Advocates to be requesting. As explained above, these types of journal entries and transfers are simply accounting entries; they are not actual, underlying transactions with accompanying invoices or time sheets. Had Cal Advocates selected line item related to actual costs – as it did for other sub-activities and categories of costs (as discussed in Section III.A.), SCE would have provided the supporting documentation (e.g., invoices, time sheets, etc.) for that line item. However, Cal Advocates chose a line item representing a journal entry used to transfer the incremental portion of 'Contract' costs associated with Preventive Maintenance.[32]

In the original data request,[33] Cal Advocates requested "supporting documents" for specific line items reflected in SCE's *2024 O&M Detailed Spreadsheet December 4, 2025* workbook. The line items identified were not individual expenditures or invoices. Rather, they are journal entries that record the transfer of incremental wildfire mitigation costs from base rates to the WMPMA after the applicable incrementality threshold (as explained in SCE-01, pages 15-16) has been reached. As such, the requested line items represent accounting entries and are not directly tied to specific invoices, work orders, or other transaction-level records.

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30 *See* CA-02, pp. 10-11.

31 *See* CA-02, pp. 10-11.

32 SCE refers to this journal entry as Corporate General Function (CGF) and explained it in SCE's response to data request PubAdv-SCE-012-MKD, Question 5, included in Appendix G.

33 SCE response to PubAdv-SCE-021-MKD, Question 10.a and 10.b, included in Appendix G.

Accordingly, in its initial response, SCE provided supporting documentation responsive to the journal-entry line items and associated account transfers identified in the data request. SCE did not initially understand Cal Advocates to be seeking supporting documentation for the underlying actual cost transactions that make up the journal-entry line item until it reviewed Cal Advocates' testimony in CA-02. After reviewing Cal Advocates' testimony, SCE understands that Cal Advocates is seeking transaction-level support for the *actual* cost transactions related to the incremental costs recorded in the WMPMA – i.e. the journal entries reflecting the transfer of incremental costs from base rates to the WMPMA.

a) Contract Costs

With the benefit of this new understanding, in a supplemental response[34], SCE provided additional samples of the actual cost underlying transactions that make up the transfer of $8.438 million in Contract costs for Distribution O&M Preventative Maintenance. As SCE has repeatedly stated, to the extent Cal Advocates would like to see additional samples, SCE is amenable to providing an additional, reasonable number of invoices or other suitable supporting documentation. Alternatively, or in addition, as previously offered, SCE would be open to facilitating an in-person or virtual review of its SAP system of record, allowing Cal Advocates to select line items for a live walkthrough and review costs at the most detailed level.

In its supplemental response, SCE prepared a detailed transaction-level spreadsheet showing the total recorded costs associated with each subpart. The "Incrementality" tabs in each file present monthly recorded costs and demonstrate when each activity exceeded its authorized base funding level and became incremental for recording into the WMPMA. As shown in the monthly summaries, incrementality for the wildfire mitigation portfolio was reached during October 2024. Prior to that point, costs were recovered through authorized base funding and were not recorded to the memorandum account and are not sought for recovery in this proceeding.

[34] *See* PubAdv-SCE-021-MKD, Questions 10.a., 10.c., and 12.a. Supplemental, included in Appendix C.

Once incrementality was reached during October 2024, only the portion of October costs determined to be incremental was transferred to the WMPMA, while the remaining October costs continued to be recovered through base rates. Thereafter, all eligible costs recorded during November and December 2024 were transferred to the WMPMA.

The "Transaction Listing" tab provides transaction-level detail supporting the *total* recorded costs for each activity in calendar year 2024 (January-December). SCE filtered the data to the October through December 2024 period and identified the largest transactions for each category. SCE provided the corresponding invoices, together with vendor information and descriptions of the work performed (where applicable) to Cal Advocates in this supplemental response.

In its supplemental response, SCE is provided transaction-level data that reconciles to the $30.589 million in total 2024 recorded Distribution O&M Preventive Maintenance Contract costs. The “Transaction Listing (Contract)” tab contains *17,899 line-item entries* that reconcile to the total recorded costs of $30.589 million for contract costs within the Distribution O&M Preventative Maintenance sub-activity. Of this total amount, $8.438 million was determined to be incremental and transferred to the WMPMA. The journal entry transferring $8.438 million to the WMPMA is what Cal Advocates had initially sought supporting documentation for – and for which SCE had provided a transfer voucher, which Cal Advocates subsequently argued was insufficient to demonstrate SCE’s spending for this sub-activity.

For this supplemental response, SCE identified the fifteen largest transactions (out of the 17,000+ line entries) and provided the corresponding invoices for those transactions. These transactions total $0.912 million, or 10.8% of the incremental $8.438 million transferred to the WMPMA.

b) <u>Other Costs</u>

For costs categorized as “Other”, Cal Advocates proposed a disallowance based, in part, on the $4.331 million journal entry support provided in response to PubAdv-SCE-021-MKD. However, the $4.331 million does not represent the amount of incremental Distribution Preventive

Maintenance “Other” costs for which SCE seeks recovery. Rather, it reflects accruals that were subsequently reversed and therefore had no net impact on the costs ultimately recorded in the WMPMA.

Under Generally Accepted Accounting Principles ("GAAP"), companies are required to record expenses in the period in which they are incurred, regardless of when invoices are received or payments are ultimately made. Accordingly, and in compliance with GAAP, at month-end, SCE records accruals to recognize estimated costs associated with work performed during the accounting period when final invoices or other supporting documentation have not yet been received. Once the actual invoice is received or the underlying costs are recorded in a subsequent accounting period, the accrual is reversed and replaced with the actual recorded costs. As a result, accruals are accounting entries intended to ensure proper matching of costs to the period in which the underlying work occurred and do not represent separate or additional costs. To provide additional clarity regarding the accounting treatment for these entries, SCE includes in the Appendix a summary of the accrual and reversal activity associated with the $4.331 million amount identified by Cal Advocates.[35]

The actual incremental Distribution Preventive Maintenance “Other” costs recorded in the WMPMA totaled $1.054 million. Following review of Cal Advocates’ testimony, SCE supplemented its responses to Cal Advocates’ data requests with transaction details (*e.g.,* journal entry support with vendor names, amounts, and timeframes) for the top 15 entries in the “Other” cost category within Distribution O&M Preventative Maintenance, which total approximately $0.500 million, or 47% of the total recorded costs.

Accordingly, Cal Advocates' reliance on the $4.331 million accrual entry is misplaced because that amount reflects temporary accounting entries that were subsequently reversed and did not remain in the WMPMA on a net basis. The actual recorded incremental "Other" costs challenged by Cal Advocates total $1.054 million, for which SCE has provided additional transaction-level support and documentation.

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[35] *See* PubAdv-SCE-021-MKD, Questions 10.b. Supplemental, included in Appendix C.

As demonstrated above, Cal Advocates' proposed disallowance of Distribution O&M Preventative Maintenance Contract and Other expenses should be rejected. It is based on a misunderstanding of both the nature of the data request and the support provided by SCE. Accordingly, the record demonstrates that SCE provided both the documentation originally requested and extensive supplemental transaction-level support once it became clear the type of information Cal Advocates was seeking. Cal Advocates, therefore, lacks a basis to disallow these costs on grounds of insufficient documentation. Accordingly, it is undisputed that SCE has met its burden to show that these costs were reasonably incurred, and SCE should recover the entirety of its requested costs.

C. HFRA 360 Program – D

1. SCE's Position

In 2024, SCE recorded \$36.473 million for the HFRA 360 Program-D, of which \$4.340 million was transferred to the WMPMA as incremental and included in SCE's request in this application.[36] SCE's HFRA 360 Program – D costs are reasonable, incremental, and necessary to reduce wildfire risk in High Fire Risk Areas ("HFRA"). The HFRA 360 Program combines aerial and ground-based inspections to identify equipment conditions and structural degradation that may not be observable through a single inspection method. Through these inspections, SCE identifies potential ignition risks, including equipment deterioration and unfavorable asset conditions, before they result in wildfire events. Following the successful implementation of the HFRA 360 inspection program in 2023, SCE expanded the program in 2024 to increase the effectiveness of its wildfire risk identification efforts.

SCE's testimony explains that its inspection scope was developed using the Company's risk-informed methodology and the locational risk categorizations established through its Integrated Wildfire Mitigation Strategy (IWMS) Risk Framework. Under this approach, SCE prioritizes inspection resources in areas presenting the greatest wildfire risk and conducts inspections more frequently than the minimum requirements established by General Order 165. The HFRA 360 Program therefore serves an

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[36] *See* SCE-01, p. 34 and pp. 45-49. *See* Appendix D for a summary of SCE's Recorded and Requested O&M.

important role in identifying and mitigating potential ignition risks before they can lead to catastrophic wildfire events.

2. Cal Advocates' Position

Although Cal Advocates does not dispute that the HFRA 360 Program is a wildfire mitigation activity designed to identify equipment conditions and potential ignition risks in HFRA through combined aerial and ground inspections, it argues that the documentation provided was insufficient to support recovery of the contract expenses recorded to the WMPMA. Based on these asserted documentation deficiencies, Cal Advocates recommends removing $6.411 million of HFRA 360 Program – D contract costs from SCE's recovery request.[37]

3. SCE's Rebuttal

Contrary to Cal Advocates' assertion that the challenged contract costs are unsupported, SCE provided substantial documentation and supplemental information demonstrating the nature of the work performed, the basis for the recorded costs, and the incremental amounts transferred to the WMPMA. As explained below, SCE supplemented its discovery responses to provide transaction-level detail, supporting documentation, vendor information, invoices, and incrementality analyses that reconcile the recorded costs to the amounts requested for recovery. The record therefore demonstrates both what work was performed and why the associated costs were incremental to amounts already recovered through base rates.

a) SCE Supplemented its Data Request Responses Based on Clearer Understanding of Documents Cal Advocates is Seeking

As discussed in Section III.A., SCE *did* provide supporting documentation for the line-item Cal Advocates requested: a journal entry transfer of $6.4 million in Contract costs for the HFRA 360 Program – D sub-activity. That supporting documentation was the transfer voucher, which is what SCE understood Cal Advocates to be requesting. As explained above, these types of journal entries and transfers are simply accounting entries; they are not actual, underlying transactions with

[37] *See* CA-02, pp. 12-13.

accompanying invoices or time sheets. Had Cal Advocates selected a line item related to actual costs – as it did for other sub-activities and categories of costs (as discussed in Section III.A), SCE would have provided the supporting documentation (e.g., invoices, etc.) for that line item. However, Cal Advocates chose a line item representing a journal entry used to transfer the incremental portion of costs associated with SCE's HFRA 360 Program.[38]

In the original data request,[39] Cal Advocates requested "supporting documents" for specific line items reflected in SCE's *2024 O&M Detailed Spreadsheet December 4, 2025* workbook. The line items identified were not individual expenditures or invoices. Rather, they are journal entries that record the transfer of incremental wildfire mitigation costs from base rates to the WMPMA after the applicable incrementality threshold (as explained in SCE-01, pages 15-16) has been reached. As such, the requested line item represents an accounting entry and is not directly tied to specific invoices, work orders, or other transaction-level records.

Accordingly, in its initial response, SCE provided supporting documentation responsive to the journal-entry line item and associated account transfers identified in the data request. SCE did not initially understand Cal Advocates to be seeking supporting documentation for the underlying actual cost transactions that make up the journal-entry line item until it reviewed Cal Advocates' testimony in CA-02. After reviewing Cal Advocates' testimony, SCE understands that Cal Advocates is seeking transaction-level support for the *actual* cost transactions related to the incremental costs recorded in the WMPMA – i.e. the journal entries reflecting the transfer of incremental costs from base rates to the WMPMA.

With the benefit of this new understanding, in a supplemental response,[40] SCE provided additional samples of the actual cost transactions that make up the transfer of $6.4 million in Contract costs for the HFRA 360 Program. As SCE has repeatedly stated, to the extent Cal Advocates

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[38] SCE refers to this journal entry as Corporate General Function (CGF) and explained it in SCE's response to data request PubAdv-SCE-012-MKD, Question 5, included in Appendix G.

[39] *See* Data Request PubAdv-SCE-021-MKD, Question 10.c, included in Appendix G.

[40] *See* Data Request PubAdv-SCE-021-MKD, Question 10.a, 10.c., and 12.a., included in Appendix C.

would like to see additional samples, SCE is amenable to providing an additional, reasonable number of invoices or other suitable documentation. Alternatively, or in addition, as previously offered, SCE would be open to facilitating an in-person or virtual review of its SAP system of record, allowing Cal Advocates to select line items for a live walkthrough and review costs at the most detailed level.

In its supplemental response, SCE prepared a detailed transaction-level spreadsheet showing the total recorded costs associated with each subpart. The "Incrementality" tabs in each file present monthly recorded costs and demonstrate when each activity exceeded its authorized base funding level and became incremental for recording into the WMPMA. As shown in the monthly summaries, incrementality for the wildfire mitigation portfolio was reached during October 2024. Prior to that point, costs were recovered through authorized base funding and were not recorded to the memorandum account and are not sought for recovery in this proceeding.

Once incrementality was reached during October 2024, only the portion of October costs determined to be incremental was transferred to the WMPMA, while the remaining October costs continued to be recovered through base rates. Thereafter, all eligible costs recorded during November and December 2024 were transferred to the WMPMA.

The "Transaction Listing" tab provides transaction-level detail supporting the *total* recorded costs for each activity in calendar year 2024 (January-December). SCE filtered the data to the October through December 2024 period and identified the largest transactions for Contract costs for the HFRA 360 Program. SCE provided the corresponding invoices, together with vendor information and descriptions of the work performed (where applicable) to Cal Advocates in this supplemental response.

In its supplemental response, SCE provided transaction-level data of the total recorded HFRA 360-D Contract costs recorded in 2024. The “Transaction Listing” tab contains *363 line-item entries* that reconcile to the total recorded costs of $25.221 million for contract costs within the HFRA 360-D sub-activity. Of this total amount, $6.411 million was determined to be incremental and transferred to the WMPMA. The journal entry transferring this $6.411 million to the WMPMA is what Cal Advocates had initially sought supporting documentation for – and for which SCE had provided a transfer voucher, which Cal Advocates subsequently argued was insufficient to demonstrate SCE's spending for this sub-activity.

For its supplemental response, SCE identified the fifteen largest transactions (out of 300+ line entries) and provided the associated invoices for those transactions. These transactions total $5.620 million, or 87.7% of the incremental $6.411 million transferred to the WMPMA.

b) Cal Advocates' Proposed Disallowance Seeks to Reduce SCE's Request By More Than SCE is Seeking Recovery for in This Proceeding

In this Application, SCE is seeking to recover $4.340 million related to the HFRA 360 Program – D sub-activity.[41] Cal Advocates' proposed reduction of $6.411 million for the HFRA 360 Program – D should be rejected because it improperly removes more costs than SCE seeks to recover through the WMPMA. The record demonstrates that the amount recorded to the WMPMA reflects only those costs that SCE determined were incremental to authorized GRC-base funding after applying its incrementality review process. SCE explained that costs incurred prior to reaching incrementality remained recoverable through authorized GRC funding and were not transferred to the memorandum account; only the incremental portion of eligible costs was transferred to the WMPMA and included in SCE's recovery request. By proposing to disallow contract costs based on the total recorded activity costs rather than the incremental amount actually requested for recovery, Cal Advocates' recommendation effectively removes costs that are not part of SCE's WMPMA request, which the Commission recently found to be erroneous.[42] As a result, Cal Advocates' adjustment overstates any alleged deficiency in SCE's request and produces a reduction that exceeds the amount properly at issue in this proceeding.

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[41] *See* SCE-01, p. 31 and pp. 45-49. *See* Appendix D for a summary of SCE's Recorded and Requested O&M.

[42] *See* D.26-05-034, p. 19 (finding that SCE was only seeking $27 million as incremental normal time labor in A.23-10-001 and granting limited rehearing to "correct the amounts of the disallowed S[traight] T[ime] L[abor] and D[ivision] O[ver]H[ead] costs," as more than the requested incremental amount had been originally disallowed).

Accordingly, Cal Advocates' proposed HFRA 360 Program – D disallowance should be rejected. SCE's supplemental response provides transaction-level detail, invoices, vendor information, and incrementality analyses supporting the costs requested for recovery, and Cal Advocates has not established a basis to disallow amounts that are both supported and incremental. It is undisputed that SCE has met its burden to show that these costs were reasonably incurred, and SCE should recover the entirety of its requested costs.

D. Aerial Suppression

1. SCE's Position

In 2024, SCE recorded $36.059 million for Aerial Suppression, of which $8.243 million was transferred to the WMPMA as incremental and included in SCE's request in this application.[43] SCE's Aerial Suppression program is a reasonable, prudent, and effective wildfire mitigation measure that provides significant benefits to customers by reducing wildfire risk and limiting damage to communities and utility infrastructure. Through its Quick Reaction Force ("QRF") program, SCE funds the standby costs for aerial firefighting resources that are available for rapid deployment during periods of elevated wildfire risk. In 2024, SCE partnered with the fire agencies in Los Angeles, Ventura, and Orange Counties, with SCE funding the standby lease costs for the aircraft while the fire agencies remain responsible for deployment decisions, mission operations, maintenance, pilot readiness, and other operational activities.

SCE's aerial suppression costs are reasonable because the QRF provides wildfire suppression capabilities that can reduce fire spread, limit damage to customers and infrastructure, and improve response times during critical fire conditions. As explained in SCE's testimony, the program was established to address the limited availability of aerial firefighting resources and to support rapid initial attack efforts before fires grow into larger and more destructive events. SCE incurred these costs to reduce wildfire risk and the corresponding costs that would otherwise be borne by customers from wildfire damage, restoration, and service interruptions.

[43] *See* SCE-01, pp. 60-73. *See* Appendix D for a summary of SCE's Recorded and Requested O&M.

SCE further notes that the Commission has repeatedly found aerial suppression expenditures to be reasonable and beneficial to ratepayers. The Commission has concluded that "it is reasonable for ratepayers to fund standby costs for helicopters used to fight fires that would threaten SCE infrastructure if not suppressed" and determined that SCE's Aerial Suppression program is prudent and beneficial to ratepayers.[44] As detailed in SCE-01, SCE obtained full recovery following after-the-fact reasonableness reviews of its Aerial Suppression costs in 2021, 2022 and 2023. In addition, SCE was authorized full funding, based on its forecast, for its Aerial Suppression program for each of the years 2025-2028. The program is also endorsed by wildfire and firefighting stakeholders, including local fire agencies and the Office of Energy Infrastructure Safety, as further evidence that the program remains a reasonable component of SCE's wildfire mitigation portfolio.

Finally, SCE developed a Risk Spend Efficiency ("RSE") value for Aerial Suppression of 1,148. This demonstrates the effectiveness of the program and supports the reasonableness of the associated expenditures. Based on the demonstrated effectiveness of the QRF, prior Commission approvals, and the continued support of fire agencies and wildfire safety organizations, SCE maintains that its 2024 incremental Aerial Suppression costs of $8.243 million are reasonable and should be approved for recovery.

2. Cal Advocates' Position

Cal Advocates does not dispute that the Aerial Suppression program is intended to support wildfire response efforts through SCE's partnership with the fire agencies in Los Angeles, Ventura, and Orange Counties. Instead, Cal Advocates scrutinizes the supporting documentation and evidence provided to demonstrate the reasonableness of the expenditures and the extent to which the costs are appropriately attributable to wildfire mitigation activities. Based on its review, Cal Advocates recommends a reduction of $8.243 million because of its belief that the supporting record is insufficient to justify full recovery of the costs claimed.[45]

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[44] D.24-03-008, p. 86, Finding of Fact (FoF) No, 25.

[45] *See* CA-02, pp. 13-15.

3. SCE's Rebuttal

As discussed in Section III.A, SCE *did* provide supporting documentation for the line-item Cal Advocates requested: a journal entry transfer of $8.243 million in Aerial Suppression costs. That supporting documentation was the transfer voucher, which is what SCE understood Cal Advocates to be requesting. As explained above, these types of journal entries and transfers are simply accounting entries; they are not actual, underlying transactions with accompanying invoices or other supporting documentation.

In the original data request,[46] Cal Advocates requested "supporting documents" for specific line items reflected in SCE's *2024 O&M Detailed Spreadsheet December 4, 2025* workbook. The line items identified were not individual expenditures or invoices. Rather, they are journal entries that record the transfer of incremental wildfire mitigation costs from base rates to the WMPMA after the applicable incrementality threshold (as explained in SCE-01, pages 15-16) has been reached. As such, the requested line items represent accounting entries and are not directly tied to specific invoices, work orders, or other transaction-level records.

Cal Advocates wrongly asserts that "SCE did not provide verifiable and traceable documentation that clearly explained the purpose of this line-item or any support of what, exactly, these funds were spent on."[47] If Cal Advocates was looking for transaction-level records to justify SCE's Aerial Suppression costs (as it seems to have been, given its testimony in CA-02), SCE provided that as well (in addition to the journal entry transfer) – a fact that Cal Advocates overlooks by focusing on SCE's response to Data Request PubAdv-SCE-021-MKD in a vacuum, and failing to acknowledge the extensive record and other SCE data request responses. In fact, SCE provided fully executed agreements with the Los Angeles County, Orange County, and Ventura County fire agencies which govern the funding and the arrangement between SCE and the fire agencies for the QRF program.[48] Those agreements support the entirety of the $36.1 million of total recorded costs for the QRF program in

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[46] Data Request PubAdv-SCE-021-MKD, Question 11a, included in Appendix G.

[47] CA-02, p. 14.

[48] See Appendix E for an excerpt of SCE's Response to PubAdv-SCE-019-MKD, Question 1.

2024. The agreements establish the contractual basis for the recorded costs and describe the services provided, the responsibilities of the participating fire agencies, and SCE's funding obligations under the program. Of the total recorded amount of $36.1 million, $8.243 million is incremental under SCE's portfolio approach, and was transferred into the WMPMA for recovery in this application.[49] Every single dollar of SCE's QRF Program recorded in 2024 – not just the incremental portion – is accounted for and explained in the agreements SCE provided to Cal Advocates.

The Commission has repeatedly recognized the value of SCE's QRF arrangement with fire agencies and has expressly found it reasonable for ratepayers to fund standby helicopter costs used to suppress fires that could threaten SCE infrastructure. Notably, Cal Advocates does not dispute the purpose of the QRF program, the services provided under the executed agreements, or the Commission's prior findings regarding the benefits of aerial suppression. Nor does Cal Advocates identify any evidence demonstrating that the challenged costs were improperly recorded, imprudently incurred, or unrelated to wildfire mitigation activities.

Accordingly, Cal Advocates has not established a basis to disallow SCE's Aerial Suppression costs. The record demonstrates that the QRF program, and its associated costs, are supported by executed agreements, consistent with prior Commission findings, and provides significant wildfire mitigation benefits. The Commission should reject Cal Advocates' proposed disallowance.

E. <u>Line Patrols – D</u>

1. <u>SCE's Position</u>

In 2024, SCE recorded $6.957 million for Line Patrols, of which $3.698 million was transferred to the WMPMA as incremental and included in SCE's request in this application.[50] SCE's Line Patrols – D activity is a critical component of its Public Safety Power Shutoff ("PSPS") program and provides essential situational awareness before, during, and after high fire-threat and PSPS events.

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49 See Appendix E for Aerial Suppression Summary of Costs, which provides a detailed transaction listing for the Aerial Suppression activity, and includes SCE's Aerial Suppression costs by month, and demonstrates when certain of those costs were deemed incremental and recorded in the WMPMA.

50 *See* SCE-01, pp. 80-81. *See* Appendix D for a summary of SCE's Recorded and Requested O&M.

Qualified electrical workers perform pre-patrols, live field observations, restoration patrols, and post-event patrols to identify potential safety hazards, assess asset conditions, monitor weather-related risks, and verify that circuits can be safely re-energized. These activities provide real-time field information that supports operational decision-making and the safe execution of SCE's PSPS protocols. In 2024, SCE conducted more than 1,600 line patrols during PSPS and other high-threat events, demonstrating the significance of this work in protecting customers, communities, and electric infrastructure.

SCE's Line Patrols – D O&M costs are reasonable, prudent, and incremental. The premium-time labor costs associated with this activity reflect the need to deploy qualified electrical workers during emergency conditions, elevated wildfire risk periods, and restoration efforts occurring outside normal working hours. These costs were incurred to support wildfire mitigation and PSPS operations beyond the levels funded through authorized base rates. Consistent with the Commission-approved portfolio methodology, only the portion of costs determined to be incremental relative to GRC-authorized funding was transferred to the WMPMA and included in SCE's recovery request.

2. <u>Cal Advocates' Position</u>

Cal Advocates recommends disallowing $3.351 million of Line Patrols – D premium-time labor costs because, in its view, SCE did not provide sufficient documentation to demonstrate that the costs were incremental, reasonable, and eligible for recovery through the WMPMA.[51] Cal Advocates contends that the premium-time labor costs are unusually high and argues that SCE did not adequately substantiate the basis for the charges or demonstrate why the work could not be performed using resources funded through existing GRC-authorized amounts.

While Cal Advocates does not dispute that line patrols are part of SCE's PSPS and wildfire mitigation activities, it questions whether the premium-time labor costs associated with those activities have been sufficiently supported. Cal Advocates therefore seeks additional documentation demonstrating the nature of the work performed, the labor resources utilized, and the basis for determining that the costs were incremental to authorized funding levels.

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[51] *See* CA-02, pp. 15-16.

3. SCE's Rebuttal

As discussed in Section III.A., SCE *did* provide supporting documentation for the line-item Cal Advocates requested: a journal entry transfer of $3.351 million in premium-time labor costs in connection with the Line Patrols sub-activity. That supporting documentation was the transfer voucher, which is what SCE understood Cal Advocates to be requesting. As explained above, these types of journal entries and transfers are simply accounting entries; they are not actual, underlying transactions with accompanying invoices or time sheets. Had Cal Advocates selected line item related to actual costs – as it did for other sub-activities and categories of costs (as discussed in Section III.A.), SCE would have provided the supporting documentation (e.g., invoices, time sheets, etc.) for that line item. However, Cal Advocates chose a line item representing a journal entry used to transfer the incremental portion of premium-time labor costs associated with Line Patrols.[52]

In PubAdv-SCE-021-MKD, Cal Advocates requested "supporting documents" for specific line items reflected in SCE's *2024 O&M Detailed Spreadsheet December 4, 2025* workbook. The line item identified was not an individual expenditure and did not correspond to specific invoices. Rather, it is a journal entry that records the transfer of incremental wildfire mitigation costs related to the Line Patrols sub-activity from base rates to the WMPMA after the applicable incrementality threshold (as explained in SCE-01, pages 15-16) has been reached. As such, the requested line-item represents an accounting entry and is not directly tied to specific invoices, time sheets, work orders, or other transaction-level records.

Accordingly, in its initial response, SCE provided supporting documentation responsive to the journal-entry line items and associated account transfers identified in the data request. SCE did not initially understand Cal Advocates to be seeking supporting documentation for the underlying actual cost transactions that make up the journal-entry line item until it reviewed Cal Advocates' testimony in CA-02.

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[52] SCE refers to this journal entry as Corporate General Function (CGF) and explained it in SCE's response to data request PubAdv-SCE-012-MKD, Question 5, included in Appendix G.

After reviewing Cal Advocates' testimony, SCE understands that Cal Advocates is seeking transaction-level support for the *actual* cost transactions related to the incremental costs recorded in the WMPMA – i.e. the journal entry reflecting the transfer of incremental costs from base rates to the WMPMA.

With the benefit of this new understanding, in a supplemental response,[53] SCE provided additional samples of the actual cost underlying transactions that make up the transfer of $3.351 million in premium-time labor costs for Line Patrols - D. As SCE has repeatedly stated, to the extent Cal Advocates would like to see additional samples, SCE is amenable to providing an additional, reasonable number of time sheets or other suitable supporting documentation. Alternatively, or in addition, as previously offered, SCE would be open to facilitating an in-person or virtual review of its SAP system of record, allowing Cal Advocates to select line items for a live walkthrough and review costs at the most detailed level.

In its supplemental response, SCE prepared a detailed transaction-level spreadsheet showing the total recorded costs for Line Patrols-D Premium Time labor. The "Incrementality" tabs in each file present monthly recorded costs and demonstrate when each activity exceeded its authorized base funding level and became incremental for recording into the WMPMA. As shown in the monthly summaries, incrementality for the wildfire mitigation portfolio was reached during October 2024. Prior to that point, costs were recovered through authorized base funding and were not recorded to the memorandum account and are not sought for recovery in this proceeding.

Once incrementality was reached during October 2024, only the portion of October costs determined to be incremental was transferred to the WMPMA, while the remaining October costs continued to be recovered through base rates. Thereafter, all eligible costs recorded during November and December 2024 were transferred to the WMPMA.

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[53] *See* PubAdv-SCE-021-MKD, Q. 11.b. Supplemental, included in Appendix C.

The "Transaction Listing" tab provides transaction-level data that reconciles to the $4.105 million in total recorded Line Patrol-D Premium Time expenses in 2024.[54] This tab contains *10,516 line-item entries* that reconcile to the total recorded costs of $4.105 million for premium time labor expenses within the Line Patrol-D sub-activity. Of this total amount, $3.351 million was determined to be incremental and transferred to the WMPMA. The journal entry transferring this $3.351 million to the WMPMA is what Cal Advocates had initially sought supporting documentation for – and for which SCE had provided a transfer voucher, which Cal Advocates subsequently argued was insufficient to demonstrate SCE's spending for this sub-activity.

For its supplemental response, SCE identified the ten largest transactions (out of the 10,000+ line entries) and provided the corresponding SAP *timekeeping details* for those transactions. These transactions total $28,184.[55] Employees are instructed to record their time to wildfire-specific work orders and cost objects which are specific to wildfire mitigation activities. These timesheet entries are reviewed by field supervisors and subsequently approved and recorded in the system. The relatively small dollar value of the ten largest transactions is primarily attributable to the nature of timesheet-based labor charges. Unlike contractor invoices, purchase orders, or other O&M and capital expenditures that may be recorded as individual transactions with significant dollar values, premium time labor costs are recorded at a much more granular level based on employee timekeeping records. As a result, the total recorded amount is distributed across thousands of individual labor entries, with each transaction generally reflecting a limited number of premium-time hours charged by an individual employee during a particular pay period.

Cal Advocates' proposed disallowance of Line Patrols-D Premium Time labor costs should be rejected because it is based on a misunderstanding of both the nature of the data request and the support provided by SCE. Accordingly, the record demonstrates that SCE provided both the documentation originally requested and extensive supplemental transaction-level support once it became

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[54] *See* PubAdv-SCE-021-MKD, Q. 11.b. Supplemental included in Appendix C.

[55] *See* PubAdv-SCE-021-MKD, Q. 11.b. Supplemental, included in Appendix C.

clear that Cal Advocates sought information regarding the underlying labor transactions. Cal Advocates, therefore, lacks a basis to disallow these costs on grounds of insufficient documentation. Accordingly, it is undisputed that SCE has met its burden to show that these costs were reasonably incurred, and SCE should recover the entirety of its requested costs.

F. Community Outreach

1. SCE's Position

In 2024, SCE recorded $5.233 million for Community Outreach, of which $0.886 million was transferred to the WMPMA as incremental and included in SCE's request in this application.[56] SCE's Community Outreach costs were in connection with SCE's PSPS advertising campaign. The campaign was designed to increase customer awareness of PSPS events, emergency preparedness, wildfire mitigation, outage notification preferences, available customer resources, and programs intended to assist vulnerable populations. The campaign delivered these messages through multiple communication channels, including streaming television, radio, streaming audio, social media, and digital advertising, and was conducted in multiple languages to reach a broad cross-section of customers throughout SCE's service territory.

SCE's Community Outreach expenditures were necessary because customer awareness and preparedness are critical components of wildfire mitigation and PSPS execution. SCE selected its advertising agencies through competitive bidding and periodically reviews agency performance to ensure that the most efficient and effective service providers are utilized.

The outreach activities helped customers understand potential de-energization events, prepare for outages, and access available resources before and during wildfire-related emergencies. SCE's testimony explains that the costs covered strategic planning, creative development, customer testing, media planning and purchasing, advertisement production, and campaign reporting. These activities were undertaken to communicate important public safety information and mitigate the impacts of PSPS events on customers and communities.

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[56] *See* SCE-01, p. 83. *See* Appendix D for a summary of SCE's Recorded and Requested O&M.

Accordingly, SCE's Community Outreach costs represent prudent and reasonable expenditures necessary to support wildfire mitigation objectives, enhance customer preparedness, and promote public safety during PSPS and other wildfire-related events.

2. Cal Advocates' Position

Cal Advocates recommends disallowing $0.886 million of SCE's Community Outreach costs because, in its view, SCE did not sufficiently demonstrate that the challenged expenditures were incremental, reasonable, and eligible for recovery through the WMPMA. While Cal Advocates acknowledges that the Community Outreach activity relates to SCE's PSPS communications program and includes advertising intended to inform customers about emergency preparedness, wildfire mitigation, outage notifications, and available customer resources, Cal Advocates questions whether the supporting documentation adequately demonstrates that the recorded costs exceed amounts already authorized through base rates. As support, Cal Advocates states that the invoice SCE provided to substantiate its Community Outreach costs "describes the work only as an 'Ad Campaign' and does not provide any additional detail regarding the nature, scope, or purpose associated with the services performed to determine if the requested costs for the 'Ad Campaign' are appropriate for recovery from ratepayers."[57]

3. SCE's Rebuttal

As Cal Advocates testimony acknowledges, in response to PubAdv-SCE-021-MKD, SCE provided two contractor invoices where the amounts tie directly to the costs identified in the data request.[58] While Cal Advocates claims that the invoice only describes the work as an "Ad Campaign," (which is true on page 1 of the invoices), the invoices, on page 3, actually states that the work "...covers gross media, strategy, planning, account and project management, creative development, production, and reporting for the 2024 PSPS General Market campaign..." The services described in the invoices are consistent and nearly identical with the Community Outreach activities described in SCE's testimony.

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[57] *See* CA-02, pp. 17-18.

[58] PubAdv-SCE-021-MKD, Questions 11c and 11d, included in Appendix G.

Notably, Cal Advocates does not contend that SCE's Community Outreach activities generally, or its PSPS ad campaign, specifically, were unreasonable in any way.

SCE's testimony, together with the supporting invoices already provided in response to PubAdv-SCE-021-MKD, demonstrate that the invoiced services are directly related to the Community Outreach activities and support the costs recorded in the WMPMA. The supporting invoices identify the services performed and demonstrate that the costs relate to the PSPS advertising and outreach activities described in SCE's testimony. Accordingly, contrary to Cal Advocates' claims, SCE has provided sufficient documentation supporting the nature and purpose of the contracted services to meet its burden of proof. For this reason, Cal Advocates' recommendation to disallow these costs should be disregarded.

G. Asset Risk Modeling

1. SCE's Position

In 2024, SCE recorded $4.388 million for Asset Risk Modeling, of which $0.928 million was transferred to the WMPMA as incremental and included in SCE's request in this application.[59] SCE's Asset Risk Modeling activity is a critical component of its wildfire mitigation strategy because it enables the Company to predict wildfire-related asset risk and prioritize inspections, repairs, and replacements to reduce the likelihood of wildfire ignitions. The program supports the development of advanced analytical capabilities, including the deployment and testing of high-performance computing clusters, weather forecasting tools, and modeling platforms that improve SCE's ability to assess asset-related wildfire risk and make risk-informed operational decisions. Through experience implementing its wildfire mitigation portfolio, SCE determined that more granular and accurate modeling capabilities were necessary to support evolving wildfire risk management efforts. As a result, SCE invested in new analytical tools, forecasting products, and modeling capabilities that enhanced its ability to identify and mitigate wildfire risk.

These expenditures are reasonable and necessary because advanced modeling and risk analytics support situational awareness, PSPS decision-making, inspection prioritization, grid hardening

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[59] *See* SCE-01, pp. 152-153. *See* Appendix D for a summary of SCE's Recorded and Requested O&M.

activities, and overall wildfire risk reduction. SCE's Fire Science and Advanced Modeling activities integrate weather, fuels, fire spread, and asset risk data to develop predictive tools that enable more effective deployment of wildfire mitigation resources.

2. Cal Advocates' Position

Cal Advocates acknowledges that the Asset Risk Modeling activity is intended to support SCE's efforts to predict wildfire-related asset risk and prioritize inspections, repairs, and replacements to reduce potential wildfire ignitions. Yet, Cal Advocates recommends disallowing approximately $0.921 million in Asset Risk Modeling contract costs, while recommending recovery of only a minimal amount of indirect and other costs.[60] According to Cal Advocates, SCE has not met its burden to support recovery of the challenged Asset Risk Modeling contract costs as SCE did not provide sufficient supporting documentation to substantiate the challenged contract expenditures. Specifically, Cal Advocates states that when it requested support for the contract costs, SCE provided a spreadsheet but did not provide additional documentation describing the nature, scope, or purpose of the underlying contracted work. As a result, Cal Advocates contends that it could not adequately evaluate the reasonableness of the costs or determine whether the expenditures were properly attributable to the Asset Risk Modeling activity.

3. SCE's Rebuttal

As discussed in Section III.A., if Cal Advocates selected a line item related to actual costs, SCE would have provided the supporting documentation (e.g., invoices, etc.) for that line item. However, Cal Advocates chose a line item representing a journal entry used to transfer the incremental portion of costs associated with Asset Risk Modeling.[61]

In the original data request,[62] Cal Advocates requested "supporting documents" for specific line items reflected in SCE's *2024 O&M Detailed Spreadsheet December 4, 2025* workbook.

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[60] *See* CA-02, pp. 18-19.

[61] SCE refers to this journal entry as Corporate General Function (CGF) and explained it in SCE's response to data request PubAdv-SCE-012-MKD, Question 5, included in Appendix G.

[62] Data Request PubAdv-SCE-021-MKD, Question 12.a, included in Appendix G.

The line items identified were not individual expenditures or invoices. Rather, they are journal entries that record the transfer of incremental wildfire mitigation costs from base rates to the WMPMA after the applicable incrementality threshold (as explained in SCE-01, pages 15-16) has been reached. As such, the requested line items represent accounting entries and are not directly tied to specific invoices, work orders, or other transaction-level records.

Accordingly, in its initial response, SCE provided supporting documentation responsive to the journal-entry line items and associated account transfers identified in the data request. SCE did not initially understand Cal Advocates to be seeking supporting documentation for the underlying actual cost transactions that make up the journal-entry line item until it reviewed Cal Advocates' testimony in CA-02.

After reviewing Cal Advocates' testimony, SCE understands that Cal Advocates is seeking transaction-level support for the *actual* cost transactions related to the incremental costs recorded in the WMPMA – i.e. the journal entries reflecting the transfer of incremental costs from base rates to the WMPMA. In a supplemental response,[63] SCE provided additional samples of the actual cost transactions to facilitate Cal Advocates' review, as explained below. To the extent Cal Advocates would like to see additional samples, SCE is amenable to providing an additional, reasonable number of invoices. Alternatively, or in addition, as previously offered, SCE would be open to facilitating an in-person or virtual review of its SAP system of record, allowing Cal Advocates to select line items for a live walkthrough and review costs at the most detailed level.

In its supplemental response, SCE prepared a detailed transaction-level spreadsheet showing the total recorded costs associated with each subpart. The "Incrementality" tabs in each file present monthly recorded costs and demonstrate when each activity exceeded its authorized base funding level and became incremental for recording into the WMPMA. As shown in the monthly summaries, incrementality for the wildfire mitigation portfolio was reached during October 2024. Prior

[63] *See* PubAdv-SCE-021-MKD, Questions 10.a., 10.c., and 12.a. Supplemental, included in Appendix C.

to that point, costs were recovered through authorized base funding and were not recorded to the memorandum account and are not sought for recovery in this proceeding.

Once incrementality was reached during October 2024, only the portion of October costs determined to be incremental was transferred to the WMPMA, while the remaining October costs continued to be recovered through base rates. Thereafter, all eligible costs recorded during November and December 2024 were transferred to the WMPMA.

The "Transaction Listing" tab provides transaction-level detail supporting the *total* recorded costs for each activity in calendar year 2024 (January-December). SCE filtered the data to the October through December 2024 period and identified the largest transactions for each category. SCE is providing the corresponding invoices, together with vendor information and descriptions of the work performed (where applicable).

For example, SCE is providing transaction-level data that reconciles to the $4.357 million in total recorded Asset Risk Modeling Contract costs. The "Transaction Listing" tab contains *16 line-item entries* that reconcile to the total recorded costs of $4.357 million for contract costs within the Risk Modeling sub-activity. Of this total amount, $0.921 million was determined to be incremental and transferred to the WMPMA. The journal entry transferring this $0.921 million to the WMPMA is what Cal Advocates had initially sought supporting documentation for.

For this supplemental response, SCE identified the largest transaction and is providing the associated invoice. This transaction totals $4.047 million, or 92.9% of the total 2024 recorded costs. In its supplemental response, SCE has provided the underlying analyses, transaction listings, journal entries, and the sample invoice.[64]

Accordingly, Cal Advocates' proposed disallowance should be rejected. SCE's supplemental response provides transaction-level support, incrementality analyses, journal-entry detail, and invoice documentation demonstrating that the challenged Asset Risk Modeling costs were properly recorded, incremental, and recoverable.

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[64] *See* PubAdv-SCE-021-MKD, Questions 10.a., 10.c., and 12.a. Supplemental, included in Appendix C.

H. Alternative Technologies (Emerging Technologies)

1. SCE's Position

In 2024, SCE recorded $1.047 million for Alternative Technologies (Emerging Technologies), of which $0.120 million was transferred to the WMPMA as incremental and included in SCE's request in this application.[65] In 2024, SCE's Alternative Technologies activities included initiatives such as Transmission Open Phase Detection, Distribution Open Phase Detection, Early Fault Detection, Rapid Earth Fault Current Limiter, High Impedance Relay Evaluation, and Remote Grid Feasibility Studies. These technologies are intended to improve system monitoring, identify potential equipment failures before they result in ignition events, evaluate alternatives to traditional grid hardening investments, and enhance wildfire risk reduction capabilities. SCE's position is that evaluating and piloting emerging technologies is reasonable because such technologies have the potential to provide significant wildfire mitigation benefits and improve the efficiency and effectiveness of future mitigation investments.

SCE's Alternative Technologies, now referred to as Emerging Technologies, are an important component of its wildfire mitigation strategy because they evaluate and develop new technologies that may improve the Company's ability to reduce wildfire risk and enhance the effectiveness of existing mitigation programs. These technologies are exploratory in nature and are assessed to determine whether they can be successfully deployed to support SCE's long-term wildfire mitigation objectives. SCE evaluates technologies through a structured process that includes evaluation, pilot testing, small-scale deployment, and, where appropriate, broader implementation as part of its wildfire mitigation portfolio.

SCE's testimony explains that many of these technologies are not yet proven sufficiently for large-scale deployment and therefore require testing and evaluation before implementation decisions can be made. Through these pilot projects and feasibility studies, SCE gains information regarding technology performance, operational suitability, and potential wildfire risk reduction benefits. For

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[65] *See* SCE-01, pp. 106-115.

example, SCE's Early Fault Detection technology may identify equipment defects that are not observable through routine visual inspections, while technologies such as the Rapid Earth Fault Current Limiter may have the potential to provide substantial wildfire risk reduction under certain conditions.

Accordingly, SCE's costs incurred for Alternative Technologies are prudent, reasonable, and directly support the development of innovative wildfire mitigation solutions. These activities help SCE evaluate promising technologies, improve risk-informed decision-making, and advance the Company's long-term wildfire mitigation objectives. Therefore, the requested Alternative Technologies costs should be approved for recovery.

2. Cal Advocates' Position

Cal Advocates recommends disallowing $0.045 million of SCE's Alternative Technologies (Emerging Technologies) costs because, in its view, SCE did not provide sufficient documentation to support certain recorded expenditures and demonstrate that the costs are reasonable and eligible for recovery through the WMPMA.[66] Although Cal Advocates acknowledges that the activity is intended to evaluate and test emerging technologies that may reduce wildfire risk, it questions whether SCE adequately substantiated the underlying costs and the specific benefits associated with the technologies under development.

Cal Advocates recognizes that the Alternative Technologies portfolio includes initiatives such as Open Phase Detection, Early Fault Detection, Rapid Earth Fault Current Limiter evaluations, Remote Grid studies, and other emerging technologies intended to improve wildfire mitigation capabilities. However, Cal Advocates contends that SCE did not provide sufficient supporting information to verify the nature and purpose of certain expenditures or to establish that the challenged costs should be recovered from ratepayers.

Accordingly, Cal Advocates concludes that SCE has not met its burden of demonstrating that all challenged Alternative Technologies costs are reasonable, incremental, and supported by

[66] *See* CA-02, pp. 20-21.

adequate documentation. Based on these concerns, Cal Advocates recommends reducing SCE's requested recovery for Emerging Technologies expenditures recorded to the WMPMA.

3. <u>SCE's Rebuttal</u>

As discussed in Section II.D., if Cal Advocates selected a line item related to actual costs, SCE would have provided the supporting documentation (e.g., invoices, etc.) for that line item.

In the data request,[67] Cal Advocates requested "supporting documents" for specific line items reflected in SCE's *2024 O&M Detailed Spreadsheet December 4, 2025* workbook. The line item identified, $100,493.92 for 'Other Oper Expense – Accruals', does not represent the amount of incremental Alternative Technologies costs for which SCE seeks recovery. Rather, it reflects accruals that were subsequently reversed and therefore had no net impact on the costs ultimately recorded in the WMPMA.

Under Generally Accepted Accounting Principles ("GAAP"), companies are required to record expenses in the period in which they are incurred, regardless of when invoices are received or payments are ultimately made. Accordingly, at month-end, SCE records accruals to recognize estimated costs associated with work performed during the accounting period when final invoices or other supporting documentation have not yet been received. Once the actual invoice is received or the underlying costs are recorded in a subsequent accounting period, the accrual is reversed and replaced with the actual recorded costs. As a result, accruals are accounting entries intended to ensure proper matching of costs to the period in which the underlying work occurred and do not represent separate or additional costs. To provide additional clarity regarding the accounting treatment for these entries, SCE includes in the Appendix a summary of the accrual and reversal activity associated with the $0.100 million amount identified by Cal Advocates.[68]

In SCE's response to question 12.b of PubAdv-SCE-021-MKD, SCE provided the journal entry related to the transfer of costs to the WMPMA. Specifically, the $0.100 million amount

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[67] Data Request PubAdv-SCE-021-MKD, Question 12.b, included in Appendix G.

[68] *See* Appendix F for the accrual and corresponding accrual reversal.

reflects an accrual entry that was subsequently reversed. As such, the accrual and reversal entries fully offset one another, resulting in zero net costs recorded in the WMPMA.

In fact, SCE recorded $1.047 million in costs for Alternative Technologies (Emerging Technologies), with $0.120 million ultimately reflected in the WMPMA as incremental costs. SCE used its portfolio approach to calculate the incremental costs related to Alternative Technologies. Please note that other than accrual activity discussed above, Cal Advocates did not select any other O&M transactions associated with Alternative Technologies for sampling. As a result, SCE was not asked to provide transaction-level support for any specific Alternative Technologies O&M other than the accrual discussed above. Consistent with SCE's prior offers throughout this proceeding, SCE remains willing to facilitate an in-person or virtual review of its SAP system of record, which would allow Cal Advocates to select samples to review at the most detailed level available.

I. Community Resiliency Equipment Incentives

1. SCE's Position

In 2024, SCE recorded $0.270 million for Community Resiliency Equipment Incentives, of which $0.269 million was transferred to the WMPMA as incremental and included in SCE's request in this application. SCE's Community Resiliency Equipment Incentive Program is a Commission-authorized wildfire mitigation activity designed to improve community resilience during PSPS events and other outage conditions. The program provides incentives supporting behind-the-meter distributed generation, energy storage systems, and related microgrid equipment that can help maintain electric service during outages, particularly for facilities serving vulnerable communities. In 2024, SCE recorded approximately $0.27 million of O&M expense associated with a microgrid controller project at an elementary school within the Rialto Unified School District. The school already had distributed generation resources and expanded its resiliency capabilities through the installation of a microgrid controller and energy storage system. SCE's testimony explained that the project was completed in September 2024 and that the accrued amount was based on cost benchmarks from a similar project.[69]

[69] *See* SCE-01, pp. 153-155.

2. Cal Advocates' Position

Cal Advocates recommends that the Commission disallow SCE's entire $0.269 million request for Community Resiliency Equipment Incentives because, in Cal Advocates' view, SCE did not provide sufficient documentation to support recovery of the recorded costs.[70] While Cal Advocates does not challenge the purpose of the Community Resiliency Equipment Incentive Program or its objective of improving community resilience during outages, it argues that SCE failed to substantiate the specific amount requested for recovery.

According to Cal Advocates, SCE acknowledged that the supplier had not provided documentation supporting the full accrued amount associated with the microgrid controller project at an elementary school within the Rialto Unified School District. Cal Advocates notes that, although SCE accrued approximately $0.269 million for the project, the supplier submitted invoices that supported other work and did not substantiate the specific amount included in SCE's request. Because the requested amount was not supported by documentation demonstrating the costs incurred for the Community Resiliency Equipment Incentives project, Cal Advocates contends that the Commission should deny recovery of the entire amount.

3. SCE's Rebuttal

As SCE explained in direct testimony, at the time the Application was filed, the supplier had not yet provided documentation supporting the full accrued amount associated with this project. Consistent with GAAP, SCE records costs in the period in which they are incurred, regardless of when final invoices are received. SCE therefore recorded the accrual based on the best information available at the time and disclosed the status of the supporting documentation in testimony. SCE also explained that audit-ready invoices totaling approximately $0.052 million had been provided for related work.

SCE records costs based on the accrual method of accounting, as is required under both the FERC Uniform System of Accounts and GAAP. Under the well-established accrual method of accounting, revenue is recorded when earned, and expenses are recorded when incurred. SCE's

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[70] *See* CA-02, pp. 22-23.

procedure is to record an initial estimate in the month the expense is incurred. SCE then reverses that accrual when the actual invoice is received and records the actual invoice as paid (which can be lower or higher than the initially accrued estimate) in the month the invoice is processed. Vendor invoices can trail by several months after the work is performed. Because SCE accrues estimated costs on a monthly basis (consistent with GAAP), there is necessarily a true-up that occurs from year-to-year, because utility work is executed continuously over the course of the year.

In this instance, SCE recorded an accrual of $0.269 million in December 2024. That accrual was reversed in January 2025 and re-accrued and reversed each month until the actual invoice was processed. The invoice in the amount of $0.052 million was ultimately paid in December 2025. Thus, customers will get the benefit of the invoice being lower than the estimated accrual in 2025 when SCE seeks cost recovery of its 2025 WMPMA expenses.

SCE expressly disclosed the status of the accrual and explained that, if subsequent documentation demonstrates that any portion of the accrued amount was overstated, the unsupported amount would be reversed through the normal accrual true-up process and returned to customers in a future proceeding. This is precisely how accrual accounting is intended to function. By seeking disallowance of the entire accrued amount based solely on the timing of documentation, Cal Advocates disregards the fact that accruals are subject to subsequent validation and adjustment.

Cal Advocates' proposal effectively ignores this fundamental accounting principle and improperly treats the temporary absence of final documentation as evidence that the recorded costs were not incurred. Although Cal Advocates recommends disallowing the full $0.269 million request because supporting documentation for the accrued amount was not available when the application was filed, it does not challenge the substance of the work, or the benefits to the community from the microgrid controller project. That project specifically, and SCE’s Community Resiliency Equipment Incentives program more generally, are a reasonable and valuable wildfire mitigation activity. No party contends otherwise. The project was completed, provides resiliency benefits to the community served, and the difference between the accrual amount and the actual amount paid will be reflected through the normal

GAAP accrual process. For these reasons, a complete disallowance would be fundamentally unfair to SCE, as SCE was simply following required accounting practices.

Cal Advocates' proposed reduction is incompatible with GAAP accounting principles, ignores SCE's commitment to reverse any unsupported accruals, and would improperly penalize SCE for following established accounting requirements. Therefore, the proposed $0.269 million disallowance should be rejected.

J. PSPS Newsletter

1. SCE's Position

In 2024, SCE recorded $1.210 million for PSPS Newsletter, of which $0.316 million was transferred to the WMPMA as incremental and included in SCE's request in this application.[71] SCE's PSPS Newsletter is a reasonable and necessary customer outreach tool that supports public safety, wildfire mitigation awareness, and customer preparedness before, during, and after PSPS events. In 2024, SCE spent approximately $1.2 million on an integrated marketing campaign designed to provide customers with consistent, customer-focused information regarding wildfire risks, PSPS preparedness, outage safety, emergency planning, and available customer resources. The newsletter was part of a broader communication strategy that delivered PSPS-related messaging through multiple channels and was designed to encourage proactive customer preparedness.

SCE's testimony explains that the PSPS Newsletter was distributed to customers in both High Fire Risk Areas ("HFRA") and non-HFRA areas, with messaging tailored to the needs of each audience. The HFRA version highlighted wildfire mitigation efforts and strategies to reduce PSPS impacts, while the non-HFRA version emphasized outage safety and emergency preparedness. Electronic versions of the newsletter were made available in 19 prevalent languages on SCE's wildfire communications website to ensure broad accessibility for customers across SCE's service territory.

SCE maintains that the costs associated with the PSPS Newsletter are reasonable because they support compliance with Commission requirements regarding customer awareness and public

[71] SCE-01, pp. 104-106.

outreach. SCE's testimony states that the newsletter and related marketing efforts help customers understand PSPS events, prepare for potential outages, and access resources intended to reduce the impact of de-energizations. These communications are an integral part of SCE's overall PSPS Customer Support strategy and are intended to promote public safety and customer resiliency.

SCE's PSPS Newsletter expenditures are reasonable, directly support customer safety and preparedness objectives, and should be approved for recovery.

2. Cal Advocates' Position

Cal Advocates recommends disallowing approximately $0.147 million of PSPS Newsletter costs because, in its view, SCE did not provide sufficient documentation demonstrating the purpose and necessity of certain postage and delivery expenses associated with the newsletter program.[72] Cal Advocates contends that documentation describing costs as "Postage/Delivery" does not provide enough information to determine what specific services were performed, why the costs were necessary, or whether the expenditures were directly related to PSPS customer education and preparedness activities.

Although Cal Advocates recognizes that SCE's PSPS Newsletter is part of a broader customer outreach effort intended to educate customers about wildfire mitigation, PSPS preparedness, outage safety, and available customer resources, Cal Advocates asserts that the supporting documentation provided by SCE was insufficient to verify that the challenged postage and delivery costs were reasonable and properly attributable to the PSPS Newsletter activity.

Based on these alleged documentation deficiencies, Cal Advocates concludes that SCE has not met its burden to justify recovery of the challenged PSPS Newsletter costs and recommends reducing SCE's requested recovery accordingly.

3. SCE's Rebuttal

Notably, Cal Advocates does not challenge the need to mail the PSPS Newsletter to customers who could not be reached electronically, nor does it argue that SCE's spending on

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[72] *See* CA-02, pp. 21-22.

Postage/Delivery was too high or unreasonable. Instead, its sole focus is on a supposed lack of sufficient documentation to explain what the postage costs were and why they were incurred.

In response to PubAdv-SCE-021-MKD, SCE provided a screenshot from its accounting system of record (SAP) supporting the $0.244 million in costs recorded under the description "Postage/Delivery." These costs are associated with SCE's annual PSPS customer outreach newsletters. As described in Exhibit SCE-01, "SCE's integrated marketing campaign included its PSPS Newsletter, which is emailed annually to all customers… and mailed to customers who do not have an email address on file, or whose deployed email was undeliverable."[73]

SCE does not purchase individual postage stamps for customer mailings. Instead, postage is managed through a centralized mail services process that uses postage meters and corporate mailing accounts to process large volumes of mail. The resulting mailing expenses are tracked and recorded in SAP under the "Postage/Delivery" cost category. Accordingly, the costs recorded under "Postage/Delivery" represent the expenses incurred to distribute printed PSPS preparedness communications to customers who could not be reached electronically.

The costs recorded as "Postage/Delivery" reflect the ordinary and necessary costs incurred to mail PSPS Newsletter materials to customers who did not have an email address on file or whose electronic delivery was unsuccessful. SCE supported these costs with SAP records and explained the centralized mail services process used to process large-volume customer mailings. Because these costs directly support SCE's PSPS customer outreach, wildfire preparedness, and public safety communications, they are reasonable, properly recorded, and recoverable. Cal Advocates' proposed disallowance should be rejected.

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[73] Exhibit SCE-01, p.104-105.

IV.

SCE'S WILDFIRE MITIGATION CAPITAL COSTS ARE REASONABLE AND INCREMENTAL, AND SHOULD BE APPROVED FOR RECOVERY

A. Enhanced Overhead Inspections and Remediations

1. SCE's Position

SCE's Enhanced Overhead Inspections and Remediations is a Commission authorized wildfire mitigation activity designed to perform asset inspections as a foundational element of SCE's wildfire mitigation strategy. The purpose of the asset inspections is to identify existing or potential issues with SCE's utility assets that, if left unaddressed, could potentially lead to a wildfire ignition. SCE explains that asset inspections are foundational to its wildfire strategy because they identify existing or potential issues on utility assets, and remediation work is then performed when inspections generate findings requiring corrective action. For 2024, SCE recorded $137.044 million in capital expenditures for Enhanced Overhead Inspections and Remediations, compared to $91.908 million authorized in Track 4, with $1.217 million excluded as FERC-jurisdictional, resulting in $43.918 million of incremental CPUC-jurisdictional capital costs. The capital work primarily included Distribution Capital Preventive and Breakdown Maintenance, HFRI repairs/replacements, AOC repairs/replacements, Long Span Remediation, Transmission HFRI repairs/replacements, Technology Support Tools, Technology Solutions, and Data Platform/Governance, with the largest recorded capital component being distribution remediation-related work at $99.249 million.

SCE's capital spending above authorized levels was driven by the evolution of its risk-informed inspection and remediation strategy since the 2021 recorded-cost baseline used for the Track 4 forecast. SCE states that, based on improvements in risk modeling, it increased the volume of distribution aerial and ground inspections relative to 2021, which produced more findings and, in turn, more remediation work. SCE also expanded the scope and detail of its inspection criteria, including increasing the ground inspection survey from approximately 155 inspection items and question elements in 2021 to approximately 195 beginning in July 2023 and continuing in 2024. In 2024, SCE performed approximately 5,509 capital distribution remediations at a total cost of $99.249 million. Performing these remediations was reasonable because leaving identified conditions unrepaired could increase wildfire risk.

The incremental capital expenditures were reasonable because the Track 4 forecast was based on 2021 recorded costs and did not fully reflect the inspection scope, remediation volume, technology needs, or economic conditions experienced in 2024. SCE cites supply chain issues, inflation, higher labor rates, higher material costs, and the need for technology and data tools to manage larger and more complex inspection and remediation programs. SCE also states that Technology Support Tools were necessary to accommodate a major increase in inspection scope beyond 2021 and to support compliance, data capture, planning, reporting, and transition to more integrated inspection systems. Accordingly, SCE's concludes that the 2024 Enhanced Overhead Inspections and Remediations capital expenditures directly supported wildfire risk reduction, were driven by prudent risk-informed program evolution, and should be approved for recovery as reasonable incremental wildfire mitigation costs.

2. Cal Advocates' Position

Cal Advocates recommends that the Commission disallow $9.036 million of SCE's $43.918 million request for Enhanced Overhead Inspections and Remediations due to insufficient evidentiary support. Cal Advocates claims that the adjustment reflects its determination that a significant portion of SCE's recorded costs are not demonstrated to be reasonable, incremental to GRC-authorized funding, or tied to specific capital work. The recommended disallowance is not a rejection of the entire Enhanced Overhead Inspections and Remediations activity; rather, it targets specific cost descriptions in SCE's 2024 Capital Detailed Spreadsheet. Cal Advocates alleges that SCE relied heavily on high-level cost categories – including outsourced services, information system professional services, T&D overhead, and consulting/professional support – without providing project-level detail identifying the underlying capital work, associated projects, or allocation methodologies. Instead, SCE produced only limited samples. The largest disallowances relate to the following areas:

- Outsourced Service and IT Professional Service (~$4.820M);
- T&D Support and Overhead (~$3.438M); and
- Consultant and Professional Support (~$0.778M).

3. SCE's Rebuttal

During discovery, SCE provided supporting documentation for the Enhanced Overhead Inspections and Remediations work orders that Cal Advocates specifically identified. For example, in response to Question 07 of PubAdv-SCE-013, SCE provided underlying invoices which included vendor names and description of services performed, and supporting documentation for the selected work orders. Cal Advocates subsequently requested additional details regarding certain invoice descriptions and their connection to wildfire mitigation activities. SCE responded to those inquires in PubAdv-SCE-017-ABK (Question 02), explaining the purpose of each item and how it supported wildfire mitigation work.

Further, in response to question 03 of PubAdv-013-ABK, SCE provided additional details regarding several of the cost categories included within Enhanced Overhead Inspections and Remediations. SCE explained that these costs consisted of administrative and professional services necessary to support wildfire mitigation capital execution, including equipment and vehicle rentals, and professional or contractor services used in support of wildfire mitigation projects. This response directly addressed the nature of the costs and their relationship to wildfire mitigation capital activities.

Yet, Cal Advocates states that SCE did not provide items such as unit costs, engineering outputs, or benchmarking comparisons to justify the treatment of such costs as capital expenditures. However, Cal Advocates never requested such information for Enhanced Overhead Inspections and Remediation, or for any other capital activity, during discovery.[74]

Throughout the discovery process, SCE repeatedly offered Cal Advocates opportunities to review the records maintained within our system of record, including through live demonstrations of the transaction-level information. SCE specifically offered to facilitate either an in-person or virtual review on multiple occasions, which would have allowed Cal Advocates to examine any recorded costs at the most granular level of detail and ask follow-up questions regarding specific transactions,

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[74] Further, Cal Advocates cites to Question 01 of PubAdv-SCE-020-ABK as support for its recommended disallowance of Enhanced Overhead Inspections and Remediations costs. However, that data request pertains to PSPS Customer Support and PSPS Execution activities, not Enhanced Overhead Inspections and Remediations.

accounting entries, and supporting documentation. Cal Advocates did not pursue a live review of SCE's SAP system.

More broadly, when Cal Advocates requested supporting documentation, SCE provided detailed project-level cost data through spreadsheets and supporting schedules, including individual line-item cost information, cost-element descriptions, and transaction-level support. SCE also offered sampling opportunities for specific transactions. Further, SCE provided an independent Attestation supporting its methodology for determining incrementality and the reasonableness of costs recorded for wildfire mitigation activities.[75] As explained in SCE-06, the Independent Attestation confirms that SCE's processes and controls are designed to ensure that both Capital and O&M costs recorded for recovery are specifically associated with wildfire mitigation efforts. Cal Advocates does not even reference the Independent Attestation in its testimony.

To further support these costs, SCE has assembled an additional set of supporting documentation, using the categories identified by Cal Advocates in CA-02:

(1) Outsourced Services and Information System Professional Services,

(2) T&D Support and Overhead Descriptions, and

(3) Consulting Services and Other Professional Support,

SCE filtered the Capital Detailed Spreadsheet for Enhanced Overhead Inspections and Remediations and selected the highest-dollar transactions for review. Because the records in the Capital Detailed Spreadsheet often represent multiple underlying transactions, SCE coordinated with its Accounts Payable department to gather the supporting invoices and related documentation associated with the largest expenditures in the selected sample. These materials provide additional visibility into the nature of the work performed and further support the costs recorded for Enhanced Overhead Inspections and Remediations.[76]

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[75] *See generally*, SCE-06.

[76] SCE's Supplemental Response to PubAdv-SCE-013-ABK-07.

The documentation provided during discovery, together with the additional invoices and supporting materials included with this rebuttal, demonstrates that SCE's Enhanced Overhead Inspections and Remediations costs were reasonable and associated with specific capital work related to wildfire mitigation efforts. Given this record, Cal Advocates' assertion that these costs were not sufficiently supported is unfounded. Accordingly, the Commission should reject Cal Advocates' recommendation to disallow $9.036 million in capital expenditures for SCE's Enhanced Overhead Inspections and Remediations activities.

B. Undergrounding

1. SCE's Position

SCE's Targeted Undergrounding ("TUG") is a Commission-authorized wildfire mitigation activity designed to convert overhead electric facilities into underground infrastructure as a foundational element of SCE's wildfire mitigation strategy. The purpose of TUG is to reduce wildfire ignition risk and improve system reliability by relocating poles, wires, and related equipment below ground in high fire risk areas. In 2024, SCE undergrounded approximately 12.18 miles of overhead lines and recorded Targeted Undergrounding capital expenditures of $56.676 million compared to $45.996 million authorized, resulting in an incremental variance of $10.680 million. TUG primarily includes the installation of underground facilities such as trenches, conduit systems, vaults, and pad-mounted equipment.

The higher recorded costs were driven by forecasting assumptions that did not fully capture the complexity of the TUG program, as initial estimates relied on Rule 20A averages that understated actual conditions. Further, spending increased because more miles were undergrounded relative to the 2021 baseline used for forecasting for 2024, and because higher-difficulty projects were accelerated from future years to meet the 2024 Wildfire Mitigation Plan targets. The variance was also driven by increased construction complexity, including high-difficulty terrain, restricted work hours, permitting delays, easement constraints, and red flag warnings that caused crew demobilizations and extended project timelines. Despite these challenges, the expenditures were reasonable because they reflect prudent execution of a Commission-approved program under evolving field conditions that were necessary to advance wildfire risk reduction and reliability objectives.

2. Cal Advocates' Position

Cal Advocates recommends that the Commission disallow SCE's $4.406 million for TUG because SCE did not provide sufficient evidence that the challenged costs were reasonable, incremental, and tied to specific TUG capital work. Cal Advocates' principal concern is that SCE failed to provide the documentation necessary to verify prudence and incrementality. For T&D support and overhead, Cal Advocates recommends a $2.943 million disallowance, including costs for Distribution Construction Support, Distribution Overall Support, Business Unit Overall Support, and Material Management Service Expense, based on the claim that SCE supplied only limited sample support and acknowledged that a full drill-down would involve numerous transactions.

Cal Advocates also recommends removing $1.463 million in engineering, consulting, and professional-service costs because of a lack of sufficient supporting documentation. These include Engineering and Technical Professional, Consults and Professional Services Outside IO, Construction Management Services, Consults and Professional Services Outside Ordinary, and Contract Business Services Other.

3. SCE's Rebuttal

Call Advocates' recommended disallowance for TUG is not supported by the record. In response to Question 07 of PubAdv-SCE-013-ABK, SCE provided supporting documentation for Work Order TD2010338, including the vendor's name, a schedule of work performed, and numerous field-verified photos which document the TUG project captured by the specific work order. SCE also explained that the documentation represented a sample of the work order and offered to provide supporting documentation for additional transactions associated with the work order upon request. Cal Advocates did not pursue that opportunity.

Despite this project-level evidence, Cal Advocates relies primarily on responses to Questions 03 and 06 of PubAdv-SCE-013-ABK to support its proposed disallowance. However, neither response supports the conclusions presented in CA-03.

For example, Question 06 of PubAdv-SCE-013-ABK requested an explanation regarding a specific $1,000 expenditure for TUG. SCE explained that the amount represented a land acquisition fee that was transferred between work orders through an internal accounting process. Nevertheless, Cal Advocates characterizes this response as though the question sought vendor names, scopes of work, project links, and pricing support for consultant charges, none of which were requested in Question 06.

Similarly, Question 03 of PubAdv-SCE-013-ABK did not request the level of detail that Cal Advocates claims that it sought. As discussed previously regarding Enhanced Overhead Inspections and Remediations, SCE provided additional information concerning identified cost categories and explained that the costs represented administrative and professional services necessary to support wildfire mitigation capital execution, including contractor services, equipment rentals, vehicle rentals, and related support activities. In fact, most of the cost categories identified in Question 03 of PubAdv-SCE-013-ABK were not applicable to TUG. The categories applicable to TUG were limited primarily to Manager, Meals, Mileage, and Taxi/Shuttle/Transportation. SCE explained that the costs associated with "Manager" reflect “personnel and management resources necessary to oversee, coordinate, and administer wildfire mitigation capital activities”. Similarly, the costs associated with “Meals” support “employees and contractors working extended hours or away from their normal work locations while performing wildfire mitigation work”. Lastly, traveling expenses associate with “Mileage” and “Taxi/Shuttle/Transportation” were explained as “costs are incurred to enable employees and contractors to travel to and from work at wildfire mitigation project locations”.[77]

Cal Advocates also states that SCE described certain costs as "division overhead" and failed to provide an allocation table showing how costs were assigned to specific underground circuits. Yes, Cal Advocates did not request information concerning overhead allocation methodologies.

In light of Cal Advocates' testimony, SCE assembled additional documentation to supplement its data request response and demonstrate how division overhead costs are calculated and allocated. Using the cost categories identified by Cal Advocates (i.e., T&D Summary Distribution

[77] *See* SCE’s response to PubAdv-SCE-013-ABK, Question 03, included in Appendix G.

Construction Support, T&D Summary Distribution Overall Support, T&D Sum Business Unit Overall Support, T&D Material Management Service Expense, T&D Substation Overall Support, Engineering and Technical Professional, Construction Management Services, Consulting and Professional Services, Procurement Services Charge-back, and Manager), SCE reviewed the Capital Detailed Spreadsheet for TUG and selected the highest-dollar records for examination. The five largest records consisted entirely of division overhead costs. A summary of the allocation methodologies and supporting analyses used to calculate those overhead amounts for the selected work orders is included in the supplemental data request response.[78]

The documentation provided during discovery, together with the additional supporting materials included with this rebuttal, demonstrate that the costs were reasonable and associated with specific capital work related to TUG. Given this record, Cal Advocates' assertion that these costs were not sufficiently supported is unfounded. Accordingly, Cal Advocates' recommendation to disallow the $4.406 million in TUG costs should be rejected.

C. Alternative Technologies & Distribution Fault Anticipation

1. SCE's Position

SCE's Alternative Technologies and Distribution Fault Anticipation (AT&DFA) is a Commission-authorized wildfire mitigation activity designed to evaluate technologies that, if successful, may be adopted to mitigate wildfire risk and advance SCE's long-term wildfire mitigation objectives. The activity is exploratory in nature, and SCE evaluates these technologies to determine whether they work as intended and can be effectively deployed, generally following a progression from evaluation, to pilot, to small-scale deployment, and then to programmatic application where appropriate. In 2024, SCE recorded Alternative Technologies capital expenditures of $27.883 million compared to $24.750 million authorized, resulting in incremental spend of $3.110 million, excluding FERC Jurisdictional costs. The recorded capital expenditures primarily include Ground Fault Neutralizer and Grounding Conversions ($25.385 million), Transmission & Distribution Early Fault Detector ($2.436 million), Transmission

[78] *See* PubAdv-SCE-013-ABK-07 Supplemental, included in Appendix C.

Open Phase Detection ($0.052 million), Distribution Fault Anticipation Rollout ($0.010 million), and High Impedance Relay Evaluation ($0.013 million). These technologies span a range of wildfire mitigation applications, including system protection, system monitoring, improvements to grid hardening initiatives, and technologies that may supplement or improve existing mitigations.

SCE's higher recorded costs were reasonable because many of these technologies were new or not yet known to SCE in 2021, which was the basis for SCE's Track 4 forecast for 2024, and additional spending was warranted as SCE became aware of promising technologies with the potential to improve the effectiveness of its wildfire mitigation portfolio. Examples of promising technologies evaluated in 2024 include REFCL, GFN, and Grounding Conversions, which are intended to reduce ground-fault ignition risk. In fact, regulatory guidance encouraged acceleration of REFCL pilot programs while SCE's approved WMP included targets related to REFCL installation. These expenditures were reasonable and necessary because they supported prudent development and deployment of emerging wildfire mitigation technologies intended to detect system conditions not visible through traditional inspections, reduce ignition risk, and strengthen SCE's overall wildfire mitigation strategy.

2. Cal Advocates' Position

Cal Advocates recommends that the Commission disallow $1.207 million in Alternative Technologies costs. Cal Advocates does not oppose recovery of the underlying AT&DFA capital projects, including physical construction and equipment costs; instead, its adjustment targets overhead, support, consulting, professional-service, procurement, and management-support costs that it claims SCE did not support with project-specific evidence.

Cal Advocates also contested engineering and consulting costs, including Engineering and Technical Professional and Construction Management Services, because SCE did not provide vendor names, scopes of work, work-order linkage, unit quantities, invoices, or evidence showing why the charges were incremental.

Finally, Cal Advocates argues that double-counting of existing GRC-funded labor reassigned to AT&DFA activities cannot be ruled out.

3. SCE's Rebuttal

In its testimony, Cal Advocates acknowledges that it does not oppose recovery of the underlying AT&DFA projects, including the physical equipment, installations, and construction activities associated with those projects. Instead, Cal Advocates seeks disallowance of "overhead, support, consulting, professional-service, procurement, and management support costs" on the grounds "that SCE did not support with project-specific evidence". The evidence that was provided during discovery does not support this recommended disallowance.

First, Cal Advocates' criticisms focus on the level of detail provided during discovery rather than any evidence that the costs were improperly recorded or are unrelated to wildfire mitigation activities. SCE provided the recorded costs associated with AT&DFA activities, along with explanations of the nature of the costs, the accounting treatment, and how those costs support the execution of wildfire mitigation capital projects. The fact that Cal Advocates desired additional details does not establish that the costs are unrecoverable.

Second, and as stated above, the costs represent activities necessary to support the execution of wildfire mitigation capital projects. As explained in response to question 03 of PubAdv-SCE-008-ABK and questions 03 and 04 of PubAdv-SCE-013-ABK, capital work orders accumulate labor, contract services, engineering support, supply management support, management oversight, administration, procurement support, construction support, and other indirect costs necessary to plan and execute wildfire mitigation capital activities. These support functions are a necessary component of the capital work and do not become unrecoverable just because they are recorded within support or overhead cost categories.

Despite Cal Advocates claim that SCE failed to provide allocation methodologies or demonstrate how certain support costs were assigned to AT&DFA projects, in discovery, SCE explained that capital costs are recorded and tracked through wildfire-specific work orders and cost objects which are specific to wildfire mitigation activities. The support costs were recorded as part of those wildfire mitigation activities and support the execution of the work. Cal Advocates identifies no evidence which demonstrates that any of the costs were assigned to capital projects in error.

Cal Advocates goes on to argue that SCE did not demonstrate incrementality because SCE does not evaluate or track incrementality at the individual employee or position level. This argument reflects a misunderstanding of SCE's methodology to calculate incrementality and is not evidence that the costs were non-incremental. As explained throughout discovery and in SCE's testimony, incrementality is determined using a portfolio approach under which total wildfire mitigation expenditures are compared against total authorized wildfire mitigation funding. Incrementality is not evaluated separately for each employee. Cal Advocates does not identify any specific labor or support costs that were already recovered through authorized GRC funding, nor did they make any attempt to quantify any actual double recovery (there is none).

Cal Advocates acknowledges that it cannot identify any specific costs that were improperly recorded to the underlying AT&DFA projects. Instead, Cal Advocates argues that additional information would be necessary to remove every potential concern related to the costs. Cal Advocates could have asked for, and may prefer, a different level of detail, but based on the information sought – and provided – during discovery, the record does not support Cal Advocates' claim that SCE failed to explain the purpose of these costs.

To further support these costs, SCE conducted additional review of the cost categories identified by Cal Advocates. Using the cost elements specifically referenced in CA-03 (i.e., T&D Summary Distribution Overall Support, T&D Summary Distribution Construction Support, T&D Substation Overall Support, T&D Sum Business Unit Overall Support, T&D Material Management Service Expense, Engineering and Technical Professional, Construction Management Services, Consults and Professional Services Outside IO, Consults and Professional Services Outside Ordinary, Contract Business Services Other, Procurement Services Charge-back, and Manager), SCE filtered the Capital Detailed Spreadsheet and selected the highest-dollar transactions for review. This review identified five records. Three of the records are related to contractor costs, while the remaining two reflect monthly allocation of division overhead costs. These records provide additional visibility of the work performed and further support the costs that were incurred in relation to AT&DFA activities.[79]

Given the above, Cal Advocates has not shown that the costs associated with AT&DFA were unreasonable and ineligible for recovery. The Commission should therefore reject the proposed disallowance of $1.207 million.

D. PSPS Customer Support

1. SCE's Position

a) IMT Customer Notification Sub-Activity Under PSPS Customer Support

SCE's PSPS Customer Support capital expenditures are reasonable, prudent, and necessary to reduce the impact of PSPS events on customers and communities. PSPS Customer Support is a key element of SCE's wildfire mitigation strategy and encompasses a variety of customer-focused programs, technologies, and communication tools designed to improve customer preparedness, safety, resiliency, and access to critical information before, during, and after PSPS events. In 2024, SCE recorded $8.426 million in capital expenditures against GRC authorized amount of $1.203 million, resulting in an incremental amount of $7.223 million. These capital expenditures are associated with IMT Customer Notifications activity, that consists of technology investments to improve the accuracy of customers notified through the PSPS notification process and, therefore, reduce the impacts of a PSPS event to customers.

More broadly, SCE's wildfire mitigation-related capital expenditures, including PSPS Customer Support investments, meet the Commission's standards for incrementality because they represent costs incurred beyond GRC-authorized funding levels and were necessary to implement wildfire mitigation activities. These expenditures were recorded in the WMPMA only after applying SCE's Commission-approved methodology for determining which costs exceeded authorized funding levels. These capital expenditures directly support customer resiliency and public safety objectives established in SCE's approved wildfire mitigation plans. These investments are intended to mitigate

[79] SCE's response to PubAdv-SCE-013-ABK-07 Supplemental, included in Appendix C.

PSPS-related impacts, improve situational awareness, enhance customer communications, and support vulnerable customer populations during wildfire events.

b) Line Patrols Sub-Activity Under PSPS Execution[80]

Line Patrols are an important part of SCE's PSPS program and are one of the many inputs that the PSPS IMT considers when initiating PSPS protocols. Line patrols provide critical sources of situational awareness that allow for the execution of SCE's PSPS protocols before, during, and after a PSPS event. SCE states that these activities are necessary to support safe system operations and wildfire risk mitigation. In 2024, SCE testified that $0.845 million of capital expenditures were recorded to support the equipment, vehicles, aircraft, and related technologies required to perform distribution and transmission patrols during PSPS activations and other high-fire-threat events. These investments are reasonable and necessary because they enable field personnel to conduct patrols, identify hazardous conditions, and support the safe restoration of power while reducing wildfire ignition risk.

2. Cal Advocates' Position

Cal Advocates recommends that the Commission disallow $4.180 million of PSPS Customer Support and PSPS Execution costs because SCE did not provide sufficient project-level support for the challenged costs recorded under PSPS Protocol Support Functions. Cal Advocates identifies the contested costs as largely information system professional services, software licenses, outsourced services, manager labor, and professional-service/overhead-type support, and argues that SCE's documentation did not establish the vendors, tasks performed, work-order linkage, invoices, position-level incrementality, or traceability to discrete capital assets or installations.

For Line Patrols, while Cal Advocates does not dispute that line patrols are a necessary part of SCE's PSPS and wildfire mitigation activities, Cal Advocates claims that SCE did not provide evidence to support the costs to Line Patrol capital work, such as patrol miles, pole repairs, and asset installations. For IMT Customer Notifications, Cal Advocates states that SCE failed to provide invoices

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[80] Cal Advocates appears to have misclassified the Line Patrol sub-activity under the PSPS Customer Support GRC Activity. Line Patrols is a sub-activity of PSPS Execution, not PSPS Customer Support.

or records tying professional-service dollars to concrete IMT notification assets or installations and relied on sample transactions rather than a complete support set under IMT Customer Notification.

3. SCE's Rebuttal

For PSPS Customer Support (Line Patrols), SCE provided supporting documentation in response to Question 01 of PubAdv-SCE-019-MKD, including SAP screenshots from our system of record which show the vendor, purchase order description, and associated invoice amounts. SCE also provided the corresponding invoices, which reconcile directly to the information shown in SAP. SCE further expanded upon this support in response to Question 08(d) of PubAdv-SCE-019-MKD. In addition, in response to Question 02 of PubAdv-SCE-017-ABK, SCE explained that the costs are for "…services completed by General Electric included application development and testing which lay the foundation for HERMES to geographically manage SCE's electrical network in response to wildfire risk."[81]

Similarly, for PSPS Customer Support (IMT Customer Notifications), SCE provided SAP screenshots and supporting vendor invoices identifying the vendor, purchase order descriptions, and recorded costs. As explained in responses to Questions 01 and 02 of PubAdv-SCE-009-MKD, the identified vendor was the third-party contractor engaged specifically to support PSPS customer notifications through the Incident Management Team process.

Cal Advocates's testimony does not address or consider the invoices, SAP records, or the responses provided by SCE in response to numerous data requests. Instead, Cal Advocates relies primarily on the response to Question 03 of PubAdv-SCE-013-ABK in a vacuum, without consideration of other data request responses, to support its recommended disallowance.

In CA-03, Cal Advocates asserts that it requested vendor, task, and work-order-level detail for various charges coded as "Information-System Professional Services," "Software License - Electronic Delivery," and "Manager" under the Line Patrols activity.[82] This characterization is

[81] SCE's response to PubAdv-SCE-017-ABK, Q. 2, included in Appendix G.

[82] CA-03, pp. 21-23.

inaccurate. Question 03 of PubAdv-SCE-013-ABK did not request the level of detail that Cal Advocates claims to have asked for. As discussed earlier in Section IV.A.3, SCE responded to Question 03 of PubAdv-SCE-013-ABK by providing additional information concerning several cost categories and explained that the costs represented administrative and professional services supporting wildfire mitigation capital execution, including equipment rentals, vehicle rentals, and contractor or professional services used to support wildfire mitigation projects. Further, two of the categories specifically cited by Cal Advocates in its testimony for PSPS Customer Support (i.e., Information-System Professional Services and Software License - Electronic Delivery) were not among the cost categories requested in Question 03 of PubAdv-SCE-013-ABK. The only category identified in that question that is applicable to PSPS Customer Support was "Manager," for which SCE explained that the "costs reflect personnel and management resources necessary to oversee, coordinate, and administer wildfire mitigation capital activities."[83]

Cal Advocates further claim that SCE did not provide supporting invoices of "a single $2.900 million debit to G/L 6161112 'Info Sys Professional Services'" is incorrect. In fact, SCE did provide an invoice for this exact cost. In response to Question 08(d) of PubAdv-SCE-019-MKD, SCE provided supporting invoices and transaction details associated with the expenditures, including the details of the $2.900 million recorded in the referenced general ledger account.[84]

Additionally, Cal Advocates cites to question 03 of PubAdv-SCE-013-ABK, arguing that it "requested every vendor invoice and the internal journal entry identifying the charging cost-center and evidence that the labor or contract hours were incremental to 2024 GRC funded headcount."[85] Question 03 of PubAdv-SCE-013-ABK makes no such request. Question 3 only asks SCE to explain how each of a set of descriptions (like Animal guards, car rentals, meals, mileage, etc.) in connection with GRC activities relate to wildfire mitigation.[86]

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[83] SCE's response to PubAdv-SCE-013-ABK, Q. 3, included in Appendix G.

[84] *See* excepts from SCE response to PubAdv-SCE-019-MKD, Q. 8(d), included in Appendix G.

[85] CA-03, p. 22.

[86] SCE's response to PubAdv-SCE-013-ABK, Q. 3, included in Appendix G.

But even if Cal Advocates cited data request had requested every vendor invoice, as explained in Section II.A, there are potentially hundreds of thousands of invoices that SCE would have to manually identify, and the Commission has explicitly found that production of such voluminous amounts of data "is not an efficient use of resources or time."[87] As stated earlier, and throughout the discovery period, SCE repeatedly offered Cal Advocates opportunities to review any of the capital records maintained within our system of record, including through live demonstrations of the transaction-level information. Cal Advocates had available opportunities to pursue a live review but declined the offer.

To further support these costs, and consistent with the supplemental details that were prepared above for Enhanced Overhead Inspections and Remediations, SCE assembled an additional set of supporting documentation. Using the categories identified by Cal Advocates in testimony (i.e., Information System Professional Services, Software License Via Electronic Delivery, Outsourced Services, and Manager), SCE filtered the Capital Detailed Spreadsheet for PSPS Customer Support and selected the highest-dollar transactions for review. Because the records in the Capital Detailed Spreadsheet often represent multiple underlying transactions, SCE coordinated with its Accounts Payable department to gather the supporting invoices and related documentation associated with the largest expenditures in the selected sample. These materials provide additional visibility into the nature of the work performed and further support the costs recorded for PSPS Customer Support.[88]

The documentation provided during discovery, together with the additional invoices and supporting materials included with this rebuttal, demonstrate that SCE's PSPS Customer Support costs were reasonable and associated with specific capital work related to PSPS Customer Support. Given this record, Cal Advocates' assertion that these costs were not sufficiently supported is unfounded. Accordingly, the Commission should reject Cal Advocates' recommendation to disallow the $4.180 million.

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[87] D.25-06-051, p.25.

[88] SCE response to PubAdv-SCE-013-ABK-07 Supplemental, included in Appendix C.

V.

SCE'S CEMA COSTS ARE REASONABLE AND INCREMENTAL, AND SHOULD BE APPROVED FOR RECOVERY

A. Cal Advocates' Reasoning for Its Proposed Reduction For Premium Time O&M Labor Is Arbitrary And Should Be Rejected

1. SCE's Position

SCE recorded $0.169 million of incremental O&M labor costs associated with restoration activities performed in response to the Rye, Holiday, Blue Ridge and French Fires (subject catastrophic events).[89] These costs reflect compensation paid to SCE employees performing emergency restoration work outside of their normal work schedules and therefore satisfy the Commission's established definition of incremental costs. Because the labor expenditures were incurred solely because of the wildfire events, were recorded through event-specific accounting controls, and were excluded from authorized GRC funding levels, they are appropriately recoverable through CEMA.

SCE's crews performed both line construction work and removal work. In many cases, the crews performed the work on an around-the-clock basis or on extended shifts so that SCE could restore service to customers as soon as possible. As required by SCE's collective bargaining agreement, different rates of pay were used to compensate a wide variety of job classifications that contributed to the restoration efforts, which resulted in overtime and double-time pay for SCE employees. SCE included all CEMA Storm Event-related SCE overtime labor costs in this request because the costs meet the incremental cost criteria as discussed in SCE's direct testimony.[90]

2. Cal Advocates' Position

Cal Advocates recommends a disallowance of $0.951 million of premium-time labor O&M expenses that SCE recorded in CEMA. According to Cal Advocates, SCE did not provide sufficient transaction-level documentation demonstrating that these labor costs were directly attributable

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[89] SCE-02, p. 47.

[90] *See generally,* SCE-02.

to eligible wildfire restoration activities associated with the Rye Fire, Holiday Fire, Blue Ridge Fire, and French Fire.

Cal Advocates asserts that, during discovery, it requested documentation identifying the specific work performed, labor classifications, employee hours, dates worked, facilities involved, and supporting records demonstrating that the labor expenses were incremental and directly attributable to catastrophic-event restoration activities. Cal Advocates contends that SCE did not provide sufficient supporting records. Cal Advocates argues that the absence of transaction-level documentation prevents verification that the recorded labor expenses were directly attributable to eligible wildfire restoration work.

In essence, Cal Advocates' position is not that premium-time labor is categorically ineligible for CEMA recovery, but rather that SCE allegedly failed to provide sufficient transaction-level evidence to demonstrate that the premium-time labor costs were directly related to eligible restoration activities arising from the subject fire events.

3. SCE's Rebuttal

a) Cal Advocates' Proposed Adjustment Improperly Exceeds SCE's Requested Premium Time O&M Labor Costs

SCE is requesting $0.169 million for incremental O&M labor costs associated with restoration activities performed in response to the subject catastrophic events. Cal Advocates proposes to disallow $0.951 million of premium-time labor costs. Cal Advocates' proposed reduction for premium time labor is fundamentally flawed because it exceeds the amount of premium time labor SCE actually requested for recovery. SCE's application includes only those premium time labor costs that satisfied its established incrementality review process and were determined to be CPUC-jurisdictional, directly attributable to the applicable catastrophic event, reasonable, and incremental to amounts recovered through base rates. As part of that process, SCE excluded non-incremental costs, including straight-time labor, employee benefits, payroll taxes, overheads, and other costs that do not qualify for CEMA recovery. Accordingly, the premium time labor reflected in SCE's request already represents a reduced subset of total event-related labor costs. By proposing a reduction that exceeds the amount of premium time labor SCE seeks to recover, Cal Advocates effectively disallows costs that SCE has already excluded from recovery, resulting in an unreasonable and unsupported outcome that overstates any alleged deficiency in SCE's request.

b) <u>Cal Advocates' Contention That It Requested Transaction-Level Labor Support Is Inconsistent With the Record</u>

Cal Advocates' characterization of its discovery requests is inconsistent with the actual record. The testimony cites PubAdv-SCE-005-BBE, Questions 04 through 06, as purported support for the claim that Cal Advocates requested transaction-level labor support. However, Questions 04 through 06 did not request employee-specific labor records, timesheets, crew activity reports, facility-specific work documentation, employee hours, labor classifications, or any of the other detailed information described in Cal Advocates' testimony. Instead, Question 04 requested identification of "all CEMA-recorded costs that reflect accelerated timing, deferred work, or catch-up activities." Question 05 requested explanations regarding why such costs were incurred during the CEMA event period and why they would not have been incurred absent the catastrophic event. Question 06 requested documentation demonstrating that such costs were directly caused by the CEMA event. None of these requests sought transaction-level labor records, employee timesheets, crew logs, facility-specific documentation, or the other categories of information that Cal Advocates now claims it requested.

Nor does Cal Advocates cite any discovery request in CA-04 which specifically requested the employee-level or transaction-level labor information that it now claims is necessary to support recovery. The discovery record therefore does not support Cal Advocates' assertion that SCE failed to provide information that was requested but withheld. Rather, the record demonstrates that Cal Advocates is attempting to impose evidentiary requirements in testimony that were not articulated in the underlying discovery requests and are not required for SCE to meet its burden of proof.

Moreover, SCE provided extensive testimony describing the restoration activities performed in response to the Rye Fire, Holiday Fire, Blue Ridge Fire, and French Fire, as well as the methodology used to identify and record incremental labor costs.[91] SCE explained that only incremental labor costs—consisting of overtime, double-time, supplemental pay, and other labor costs that would not have been incurred but for the catastrophic events—were included in the CEMA request. Costs were recorded through event-specific work orders and subjected to SCE's incremental cost review process prior to inclusion in the application.

Accordingly, Cal Advocates' contention that it requested transaction-level labor support and that SCE failed to provide such information should be given no weight, as it is contrary to the record. The discovery request on which Cal Advocates relies simply did not seek the categories of information described in CA-04. Consequently, Cal Advocates' recommendation to disallow all premium-time labor costs rests on a premise that is unsupported by the discovery record and should be rejected.

c) Cal Advocates' Claim that SCE Failed to Provide Labor Support is Contrary to the Discovery Record

Cal Advocates asserts that it sought transaction-level labor support demonstrating the nature and eligibility of SCE's recorded labor costs. However, the record shows that SCE provided substantial labor support in response to PubAdv-SCE-018-BBE that Cal Advocates seemingly ignored. Specifically, SCE provided detailed descriptions of the work performed, identified the labor classifications associated with the selected work orders, identified the facilities and equipment involved, and produced supporting spreadsheets containing the dates work was performed and the corresponding labor hours. SCE also explained that the identified labor costs reflected emergency response, damage assessment, repair, supervision, and restoration activities performed in response to the applicable catastrophic events and would not have been incurred absent those events. In addition, SCE explained that all costs recorded to the CEMA-specific work orders were subject to its established review process to ensure that the costs were directly related to the declared event, incremental, and eligible for CEMA

[91] *See generally*, SCE-02.

treatment. Accordingly, the record demonstrates that SCE provided detailed labor support and supporting documentation responsive to Cal Advocates' discovery requests.

d) <u>**Cal Advocates' Unrealistic Documentation Standard Would Improperly Disallow Reasonable and Well-Supported Costs**</u>

Cal Advocates' proposed disallowances based on an alleged lack of documentation should be rejected. SCE provided extensive supporting information throughout discovery, including work-order-level cost data, labor classifications, labor hours, dates worked, descriptions of work performed, facility information, invoices, work order records, and other supporting documentation responsive to Cal Advocates' requests. In addition, when Cal Advocates sought increasingly granular information, SCE provided detailed samples and supporting documentation for selected work orders and transactions, consistent with a reasonable sampling approach, as detailed in Section II.A. SCE also explained that requiring support for every underlying transaction would involve reviewing hundreds of thousands of individual transactions and thousands of supporting records, an approach that is unnecessarily burdensome and inconsistent with prior Commission treatment of large data sets.[92] Accordingly, Cal Advocates cannot reasonably claim that SCE failed to provide support simply because SCE did not produce *every* document associated with *every* recorded transaction.

Moreover, Cal Advocates' apparent expectation that every cost be supported by an invoice reflects a misunderstanding of the nature of the costs at issue. Many CEMA costs, particularly internal labor costs, are not generated through vendor invoicing processes and therefore do not have corresponding invoices. Instead, those costs are supported through SCE's books and records, work orders, labor accounting systems, timekeeping records, supervisory review processes, and other business records used to record and validate restoration activities. SCE provided these forms of support during discovery, including labor hours, work-order information, labor classifications, descriptions of work performed, and explanations demonstrating that the costs were incurred in response to the applicable catastrophic events. The absence of a vendor invoice for a particular labor charge does not undermine

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[92] The Commission has found that "requiring SCE to provide potentially voluminous amounts of data in the future that might not be needed is not an efficient use of resources or time." D.25-06-051, p. 25.

the legitimacy of the underlying cost or justify its disallowance. Therefore, Cal Advocates' proposal to disallow costs based solely on its preferred form of documentation (which may not even exist) is unsupported by the record and should be rejected.

B. Cal Advocates' Proposed Reduction of Contractor and Miscellaneous O&M Costs Is Unsupported by the Evidence

1. SCE's Position

SCE's contractor and miscellaneous O&M costs are reasonable, well-supported, and directly attributable to the subject catastrophic events for which recovery is sought. Throughout discovery, SCE provided substantial supporting documentation, including CEMA workpapers, invoices for selected high-cost items, contractor information, work descriptions, labor support, work-order-level records, and detailed explanations regarding the nature of the restoration activities performed. SCE also responded to multiple rounds of follow-up discovery requests and provided additional information concerning specific contractor charges, labor activities, and restoration work. Accordingly, Cal Advocates' assertion that these costs are unsupported ignores the extensive documentation provided by SCE during discovery.

2. Cal Advocates' Position

Cal Advocates contends that portions of SCE's contractor and miscellaneous O&M costs should be disallowed because, in its view, SCE did not provide sufficient supporting documentation to demonstrate that the costs were directly attributable to the applicable catastrophic events and eligible for CEMA recovery. Cal Advocates argues that the documentation provided does not adequately substantiate the nature of the work performed, the basis for the charges incurred, or the causal connection between the recorded costs and the underlying event. Cal Advocates further contends that the absence of what it considers sufficiently detailed supporting records prevents verification that the costs were incremental, reasonable, and limited to restoration activities necessitated by the catastrophic events. Based on these alleged documentation deficiencies, Cal Advocates recommends reducing SCE's requested recovery by $1.454 million for certain contractors and miscellaneous O&M costs.

3. **SCE's Rebuttal**

Cal Advocates' proposed reduction of contractor and miscellaneous O&M costs should be rejected because it is based on an unsupported assertion that SCE failed to provide sufficient documentation. In fact, SCE produced extensive support for these costs, including CEMA workpapers, work-order-level cost data, invoices for selected high-cost items, contractor information, work descriptions, labor support, and responses to multiple rounds of follow-up discovery. When Cal Advocates requested additional information regarding specific contractor charges and restoration activities, SCE provided supplemental information responsive to those requests. Moreover, many miscellaneous O&M costs and internal labor-related activities are not generated through vendor invoicing processes and therefore do not have the type of invoice documentation Cal Advocates appears to demand. Instead, those costs are supported through SCE's work management, accounting, and timekeeping systems, together with supervisory review and established cost-tracking controls. The absence of a particular form of documentation does not render a cost unsupported or ineligible for recovery where other contemporaneous business records substantiate the work performed and its relationship to the catastrophic event.

Further, as explained in greater detail in Section II.A, given the volume of underlying transactions, SCE reasonably employed a sampling approach and provided additional support for selected transactions identified by Cal Advocates. SCE explained that providing support for every underlying transaction would be unduly burdensome and proposed a progressive sampling process through which Cal Advocates could identify specific transactions or work orders for more detailed review. Cal Advocates availed itself of that process through subsequent discovery requests, and SCE provided additional support in response. Therefore, Cal Advocates' proposed reductions based on alleged documentation deficiencies are unsupported by the record and should be rejected.

C. Cal Advocates' Recommendation To Disallow Capital Costs Simply Because Additions and Removals Are Included In the Same Work Order Is Illogical And Should Be Rejected

1. SCE's Position

SCE recorded both addition and removal transactions within the same capital work order, because it is the normal accounting treatment associated with restoring facilities damaged by a catastrophic event. When storm-damaged facilities are repaired or replaced, the damaged assets must first be removed and replacement assets installed. As a result, both removal and addition transactions are appropriately recorded within the same work order to capture the complete restoration activity following a catastrophic event.

2. Cal Advocates' Position

Cal Advocates questions whether work orders containing both asset removals and additions represent solely storm restoration activities. According to Cal Advocates, the presence of both removal and addition transactions raises concerns that the work may have included capital improvements, upgrades, replacement of pre-existing conditions, or other non-restoration activities beyond the repair of catastrophic-event damage. Cal Advocates argues that costs associated with work orders containing both additions and removals should be disallowed unless SCE demonstrates that the recorded costs are directly attributable to storm restoration and exclude any capital improvements, planned work, or activities unrelated to the catastrophic event. As such, Cal Advocates proposes to disallow $0.565 million associated with work orders containing both "addition" and "removal" entries, because SCE failed to demonstrate that all recorded costs were incremental, directly attributable to eligible wildfire restoration activities, and appropriate for recovery through memorandum account treatment.

3. SCE's Rebuttal

SCE recorded both additions and removals within the same CEMA work orders because those transactions reflect the restoration activities required to repair or replace facilities damaged by the applicable catastrophic events. When damaged facilities are restored, existing damaged assets are removed, and replacement assets are installed as part of a single restoration effort. Accordingly, the presence of both addition and removal transactions within a work order is not evidence of upgrades, planned work, or non-restoration activities. Rather, it reflects the normal accounting treatment associated with removing damaged facilities and installing replacement facilities necessary to restore service and repair fire-related damage. SCE explained in discovery that the identified work orders included removal and installation activities associated with storm damage restoration and provided supporting documentation identifying the assets removed and installed.[93] SCE further explained that all work recorded to these CEMA work orders was directly attributable to the applicable catastrophic event and that no planned work, routine maintenance, or non-emergency activities were recorded to the work orders. Accordingly, Cal Advocates' reliance on the existence of both additions and removals within a work order as a basis for disallowance is unsupported by the record and should be rejected.

D. Cal Advocates' Claim That SCE Failed to Provide Capital Project Documentation Is Contrary to the Discovery Record

1. SCE's Position

SCE provided extensive documentation supporting its CEMA capital costs and responded to multiple rounds of discovery concerning specific capital work orders, assets, labor charges, removals and additions, work descriptions, locations, and the causal relationship between the work and the underlying catastrophic events. The record shows that SCE produced CEMA workpapers, work-order-level data, asset information, maps, labor information, invoices for selected high-cost items, work descriptions, and detailed responses addressing specific capital work orders identified by Cal Advocates. In addition, when Cal Advocates requested further information regarding selected high-dollar capital work orders, SCE provided supplemental documentation and explanations through subsequent data requests, including PubAdv-SCE-010-BBE, PubAdv-SCE-015-BBE, and PubAdv-SCE-018-BBE.

2. Cal Advocates' Position

Cal Advocates contends that SCE failed to provide sufficient project-level documentation to demonstrate that certain high-dollar capital work orders were directly related to catastrophic event

[93] *See* SCE response to PubAdv-SCE-018-BBE, included in Appendix H.

restoration activities and did not include upgrades, planned work, replacement of pre-existing conditions, or other non-restoration activities. Based on these asserted documentation deficiencies, Cal Advocates recommends disallowance of certain capital costs, totaling $1.900 million, arguing that SCE did not sufficiently support the eligibility of the underlying capital projects for CEMA recovery.

3. SCE's Rebuttal

Cal Advocates' assertion that SCE failed to provide project-level documentation supporting certain high-dollar capital work orders is not supported by the record. PubAdv-SCE-005-BBE, Questions 04-06 did not request project-level documentation, asset-level records, or supporting documentation for specific high-dollar capital work orders. Rather, those questions asked SCE to identify costs associated with accelerated, deferred, or catch-up activities, explain why those costs were incurred during the CEMA event period and would not have been incurred absent the event, and provide documentation demonstrating that such costs were directly caused by the CEMA event. In response, SCE provided work-order-level CEMA data and supporting workpapers and explained that the workpaper files contained hundreds of work-order-level line items and represented only a subset of the underlying transactions. SCE further offered a reasonable sampling approach through which Cal Advocates could select specific work orders or transactions for progressively more detailed support and documentation. When Cal Advocates later sought detailed project-level support for selected work orders, SCE responded to those requests through subsequent discovery, including PubAdv-SCE-010-BBE, PubAdv-SCE-015-BBE, and PubAdv-SCE-018-BBE.

SCE therefore did not withhold capital project documentation; rather, it provided documentation responsive to the requests made and supplemented those responses when Cal Advocates sought additional information regarding particular work orders. Accordingly, Cal Advocates cannot credibly claim that SCE failed to provide project-level documentation in response to PubAdv-SCE-005-BBE Q.04-06 because those requests did not seek the specific project-level documentation Cal Advocates now contends was missing.

VI.
SCE'S REVISED REVENUE REQUIREMENT

In response to PubAdv-SCE-021-MKD Q04 and Q05, SCE disclosed that two allocated (indirect) Transportation Services Department (TSD) normal-time (NT) labor-related cost elements were inadvertently included in the WMPMA: (1) "Allocated Labor Normal Time-TSD," approximately $0.0040 million, and (2) "Allocated Labor Other Earnings-TSD," approximately $0.0008 million, that represents allocated paid absence costs. SCE stated that it will remove the total amount of $0.0048 million from the WMPMA revenue requirement. Accordingly, the table below reflects the updated 2024 WMPMA Initial Revenue Requirement. The total updated WMPMA Revenue Requirement is $33.604 million.

Table VI-3
Updated 2024 WMPMA Revenue Requirement[94]
($000)

Line No.	Item Description	WMPMA	REMOVE: NT Labor	Updated WMPMA
1	O&M Expense	48,512	(5)	48,507
2	Capital Related Revenue Requirement			
3	Depreciation	1,500	-	1,500
4	Income Taxes	(7,774)	-	(7,774)
5	Property Taxes	101	-	101
6	Return	2,581	-	2,581
7	Total Capital Related Revenue Requirement	(3,592)	-	(3,592)
8	Subtotal	44,920	(5)	44,915
9	Interest	946	-	946
10	Less: Shareholder Funded Adjustment - Thomas Fire Settlement (D.) 25-01-024	(10,000)	-	(10,000)
11	Less: DOH Adjustment 2019-2024	(3,333)	-	(3,333)
12	Add: Joint IOU CC Testing	693	-	693
13	Franchise Fees & Uncollectibles	383	-	383
14	**Total Revenue Requirement**	**33,609**	**(5)**	**33,604**

94 SCE did not update the revenue requirement for interest and the ongoing capital-related revenue requirement.

Appendix A

May 1, 2026 Presentation to Cal Advocates

For all public appendices, including supporting Excel spreadsheets, go to:

- Step 1 – Go to www.sce.com/regulatory/CPUC-Open-Proceedings
- Step 2 – Click "View and Search all CPUC Documents"
- Step 3 – Click "Acronym" column header
- Step 4 – Click "Filter By," type "WMCE" into the Search box, and "Apply"
- Step 5 – Click "Open and view documents"

Appendix B

Support Related to Sampling Approach

For all public appendices, including supporting Excel spreadsheets, go to:

- Step 1 – Go to www.sce.com/regulatory/CPUC-Open-Proceedings
- Step 2 – Click “View and Search all CPUC Documents”
- Step 3 – Click “Acronym” column header
- Step 4 – Click “Filter By,” type “WMCE” into the Search box, and “Apply”
- Step 5 – Click “Open and view documents”

Appendix C

Supplemental Data Requests

For all public appendices, including supporting Excel spreadsheets, go to:

- Step 1 – Go to www.sce.com/regulatory/CPUC-Open-Proceedings
- Step 2 – Click “View and Search all CPUC Documents”
- Step 3 – Click “Acronym” column header
- Step 4 – Click “Filter By,” type “WMCE” into the Search box, and “Apply”
- Step 5 – Click “Open and view documents”

Appendix D

Summary of WMPMA O&M Costs

For all public appendices, including supporting Excel spreadsheets, go to:

- Step 1 – Go to www.sce.com/regulatory/CPUC-Open-Proceedings
- Step 2 – Click “View and Search all CPUC Documents”
- Step 3 – Click “Acronym” column header
- Step 4 – Click “Filter By,” type “WMCE” into the Search box, and “Apply”
- Step 5 – Click “Open and view documents”

Appendix E

Aerial Suppression

For all public appendices, including supporting Excel spreadsheets, go to:

- Step 1 – Go to www.sce.com/regulatory/CPUC-Open-Proceedings
- Step 2 – Click “View and Search all CPUC Documents”
- Step 3 – Click “Acronym” column header
- Step 4 – Click “Filter By,” type “WMCE” into the Search box, and “Apply”
- Step 5 – Click “Open and view documents”

Appendix F

Alternative Technologies Accrual / Accrual Reversal

For all public appendices, including supporting Excel spreadsheets, go to:

- Step 1 – Go to www.sce.com/regulatory/CPUC-Open-Proceedings
- Step 2 – Click “View and Search all CPUC Documents”
- Step 3 – Click “Acronym” column header
- Step 4 – Click “Filter By,” type “WMCE” into the Search box, and “Apply”
- Step 5 – Click “Open and view documents”

Appendix G

Original Data Request Responses

For all public appendices, including supporting Excel spreadsheets, go to:

- Step 1 – Go to www.sce.com/regulatory/CPUC-Open-Proceedings
- Step 2 – Click “View and Search all CPUC Documents”
- Step 3 – Click “Acronym” column header
- Step 4 – Click “Filter By,” type “WMCE” into the Search box, and “Apply”
- Step 5 – Click “Open and view documents”

Appendix H

CEMA Data Requests

For all public appendices, including supporting Excel spreadsheets, go to:

- Step 1 – Go to www.sce.com/regulatory/CPUC-Open-Proceedings
- Step 2 – Click “View and Search all CPUC Documents”
- Step 3 – Click “Acronym” column header
- Step 4 – Click “Filter By,” type “WMCE” into the Search box, and “Apply”
- Step 5 – Click “Open and view documents”