

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

Order Instituting Investigation into the November
2018 Submission of Southern California Edison
Risk Assessment and Mitigation Phase.

I.18-11-006

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U338-E)
NOTICE OF EX PARTE COMMUNICATIONS**

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Dated: November 18, 2019

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Pursuant to Rule 8.4(a) of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), Southern California Edison Company ("SCE") respectfully gives notice of the following *ex parte* communications. SCE timely filed and served advance notice of each of these communications.

DATES AND TIMES OF COMMUNICATIONS:

- (1) November 14, 2019, from 2:00 p.m. to 2:30 p.m.
- (2) November 14, 2019, from 4:30 p.m. to approximately 4:55 p.m.

LOCATION OF COMMUNICATIONS: Offices of the Commission, 505 Van Ness Ave, San Francisco, CA 94102.

TYPE OF COMMUNICATION: In person.

WHO INITIATED COMMUNICATIONS: SCE.

NAMES AND TITLES OF NON-CPUC PERSONS PRESENT: For both meetings: Dawn Anaiscourt, SCE Director of CPUC Regulatory Affairs; and Douglas Snow, SCE General Rate Case Director.

NAMES AND TITLES OF CPUC PERSONS PRESENT:

- (1) Anand Durvasula, Suzanne Casazza, and Jason Ortego, advisors to Commissioner Liane Randolph.

- (2) Leuwam Tesfai, Chief of Staff for Commissioner Genevieve Shiroma.

BRIEF DESCRIPTION OF COMMUNICATIONS:

In each of the two meetings, SCE provided an overview of SCE’s Test Year 2021 General Rate Case (“GRC”) application. In doing so, SCE utilized and referred to the slide deck attached to this notice as Attachment A, and incorporated herein by reference. In meeting (1), SCE also briefly described the differences between its 2018 GRC and 2021 GRC depreciation proposals.

SCE also briefly touched on the issue of imposition of a fourth year in SCE’s 2021 GRC. SCE stated that it supports the orderly inclusion of a fourth year to utility GRCs as outlined in the pending proposed decision issued in the Rate Case Plan rulemaking,¹ provided that the utilities receive an attrition year mechanism that fully funds reasonable spending during the three attrition years and avoids funding shortfalls. SCE indicated that it opposes the untimely injection of a fourth year into its pending GRC proceeding.

WRITTEN MATERIALS PROVIDED: SCE utilized and referred to the written materials attached to this notice as Attachment A.

Respectfully submitted,

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KRIS G. VYAS

/s/ Kris G. Vyas

By: Kris G. Vyas

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November 18, 2019

¹ R.13-11-006.

Attachment A

SCE 2021 General Rate Case Overview

SCE 2021 General Rate Case Overview

Summary

- On August 30, SCE filed its 2021 General Rate Case (GRC) application for the three-year period 2021-2023, requesting a 2021 Test Year revenue requirement of \$7.601 billion¹, an increase of \$1.295 billion or 20.1% above 2020 estimated base revenues, and 12.7% above total present rate revenues
 - Additional revenue increases of \$367 million in 2022 and \$534 million in 2023
- SCE's request balances the need to address emergent wildfire public safety risks and advance the State's ambitious decarbonization policy goals, while also continuing to provide safe, reliable and affordable electricity to customers
- Two-track schedule proposed to approve 2021-2023 revenue requirement and reasonableness of 2018-2020 recorded incremental amounts in the Fire Mitigation memorandum accounts (MA)²
 - Track 1 – Review 2018 and 2019 Fire Mitigation MA recorded costs and 2021-2023 forecast GRC revenue requirement
 - Track 2 – Review 2020 Fire Mitigation MA recorded costs

1. The 2021 GRC revenue requirement excludes the impact of SCE's 2020 Cost of Capital proposal. It also excludes recovery of SCE's 31.5% share, or \$1.575 billion of the statewide fire mitigation capital expenditures as set forth in AB 1054. Once found reasonable by the Commission, these costs will be recovered through a financing order application that will establish a separate charge on customers' bills. Per AB 1054, those fire mitigation capital expenditures are not allowed to earn an equity return, but instead will be funded entirely with debt.

2. Includes Wildfire Mitigation Plan Memo Account, Fire Hazard Prevention Memo Account, Grid Safety and Resiliency Program Memo Account and Fire Risk Mitigation Memo Account

November 7th Amendment

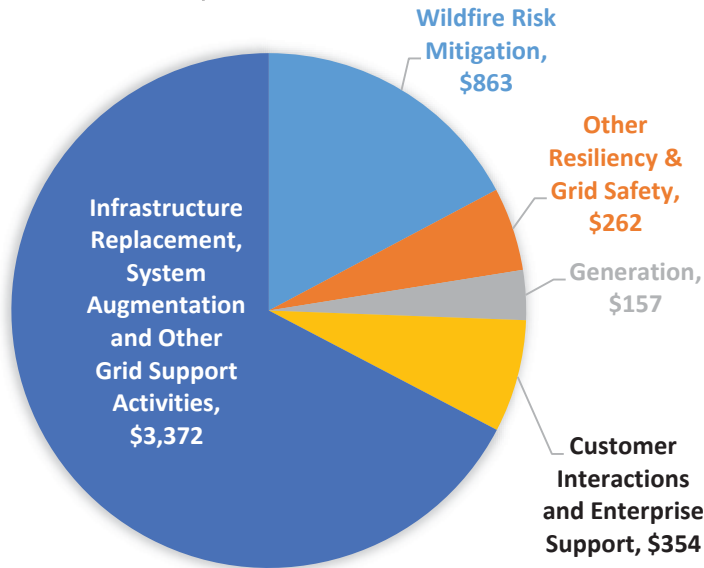
SCE filed an amendment to its GRC application resulting in a \$24 million increase in its 2021 Test Year revenue requirement

- Assembly Bill 1054 Fire Mitigation Expenditures to correct for:
 - Removing more than our share of the \$5 billion, or \$1.575 billion of fire mitigation capital expenditures exceeding the amount as defined in the statute
 - Modeled exclusion date of June 1, 2019 instead of the intended August 1, 2019 date
- Customer Deposits:
 - Because the Commission has recently re-considered the treatment of CDs in Sempra's 2019 GRC and approved a decision adopting treatment consistent with Standard Practice U 16, SCE respectfully requests that it be given equivalent ratemaking treatment for its CDs

Capital and O&M Overview

Capital Expenditures - (2021 Nominal \$ Million)

Total TY Request - \$5,008 million

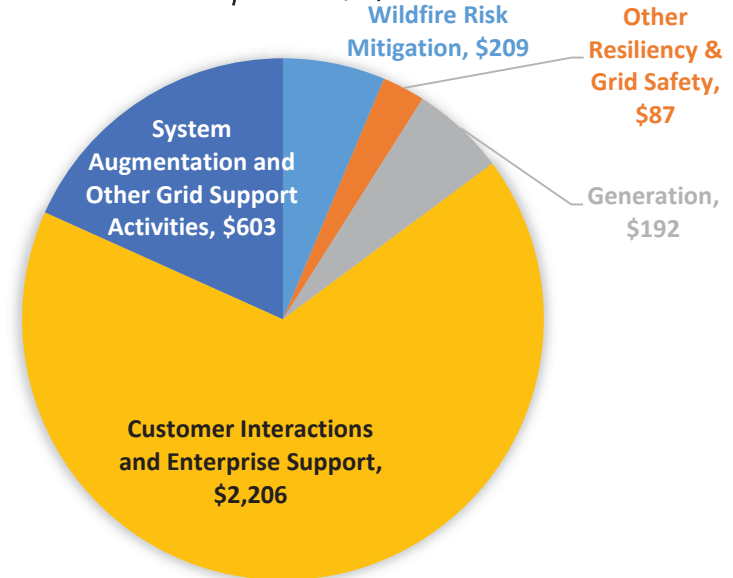


Major Activities

- **Infrastructure Replacement, System Augmentation and Other Grid:** Grid activities to support SCE's safety, and reliability objectives including infrastructure replacement of major assets¹, inspections & maintenance remediation, grid modernization and customer driven work
- **Wildfire Risk Mitigation:** Activities to mitigate ignition risk and increase resiliency to wildfire including covered conductor, EOI remediations and enhanced situational awareness

O&M Expense - (2018 Constant \$ Million)

Total TY Request - \$3,298 million



Major Activities

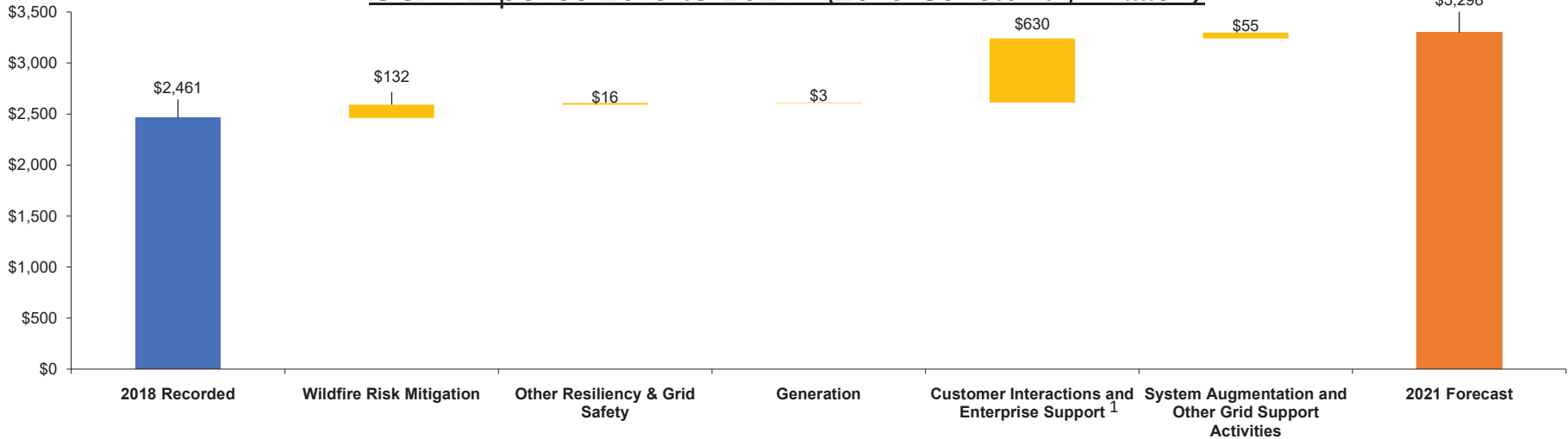
- **System Augmentation and Other Grid:** Includes compliance-driven maintenance & inspection activities, routine vegetation management and grid operations
- **Wildfire Risk Mitigation:** Activities to mitigate wildfire ignition risk including enhanced overhead inspections (EOI), public safety power shutoff, and wildfire vegetation management.
- **Customer Interactions and Enterprise Support:** Customer Contacts & Billing, Employee Benefits, Training & Support, Technology & Software Maintenance and Liability Insurance (Including Wildfire)

¹ Poles, overhead conductors, underground cables, circuit breakers, transformers, relays, underground structures, etc.

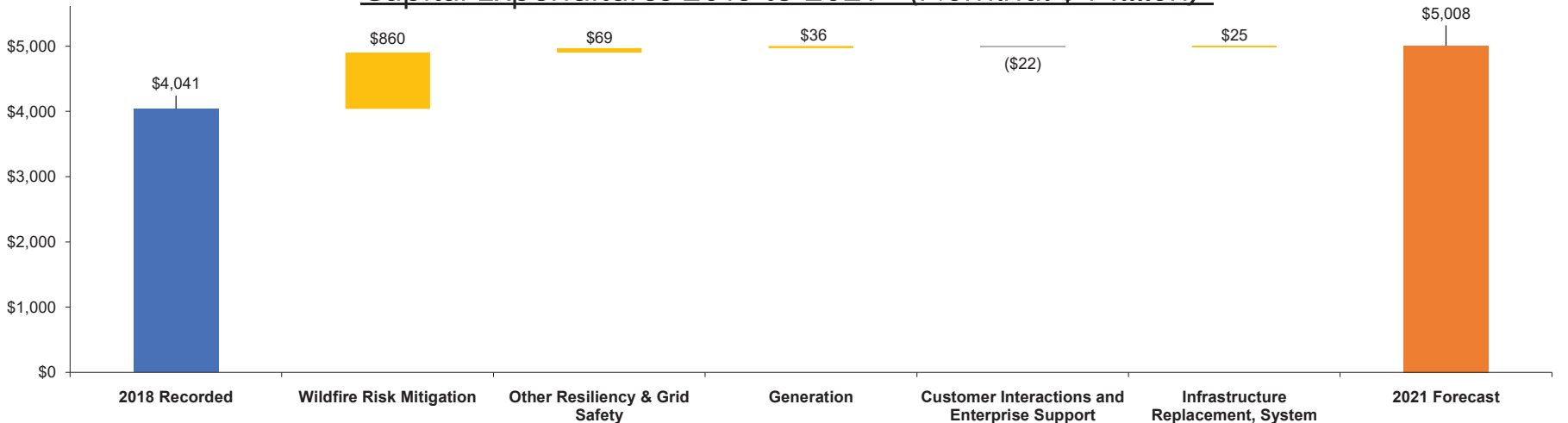
Increase Spending from 2018 to 2021

SCE's 2021 spending remains relatively flat as compared to 2018 for areas not impacted by wildfire. Wildfire risk mitigation activities and wildfire liability insurance are driving the majority of the O&M and capital increases.

O&M Expense 2018 to 2021 - (2018 Constant \$ Million)



Capital Expenditures 2018 to 2021 - (Nominal \$ Million)²



1) Increase primarily due to wildfire insurance costs and employee benefits & programs

2) Some capital expenditures for infrastructure replacement, load growth and grid modernization programs deferred over next five years to support reallocation of distribution resources to wildfire risk mitigation

SCE 2021 GRC Overview

Items Carried Over from 2018 GRC

- Requests continuation of Tax Accounting Memorandum Account (TAMA) to adjust annual revenues for over and under-collection of income taxes
- Requests continuation of pole loading capital and O&M recovery through balancing account
- Requests continuation of infrastructure replacement and grid modernization activities, albeit at a smaller scale than authorized in the 2018 GRC given prioritization of wildfire risk mitigation and distribution crew resource constraints
- Requests recovery of 2018-2020 Customer Service Re-platform (CSRP) project costs currently tracked in a memo account established in the 2018 GRC
- Proposal to increase depreciation expense to reflect updated cost of removal estimates for transmission & distribution (T&D) assets¹

1. Cost of removal is spending to remove existing equipment at the end of its useful life. It is recovered from customers through depreciation expense over the life of the asset

New Items from 2021 GRC

- Builds upon proposed activities in SCE's Grid Safety & Resiliency Program and 2019 Wildfire Mitigation Plan including enhanced vegetation management and inspection activities, and grid hardening programs
 - Excludes revenue requirement for SCE's share of Assembly Bill 1054 fire mitigation capital expenditures (~\$1.6 billion) to be recovered in a separate application
 - Requests ability to rebalance funding between infrastructure replacement and wildfire work to the extent resource requirements allow during pendency of the proceeding
 - Proposes to establish two-way Wildfire Mitigation Balancing Account and a two-way Vegetation Management Balancing Account
- SCE continues to seek sufficient wildfire-related liability insurance in an increasingly tightening insurance market for the best interests of customers
 - Proposes to establish a two-way Risk Management Balancing Account for premiums
- Risk Assessment Mitigation Phase (RAMP) plans integrated into the GRC; funding is requested for mitigation activities for SCE's top nine safety risks as identified in the 2018 RAMP Report

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CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of **SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) NOTICE OF EX PARTE COMMUNICATIONS** on all parties identified on the attached service list(s) for **I.18-11-006**. Service was effected by transmitting the copies via e-mail to all parties who have provided an e-mail address, including the e-mail addresses listed below:

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and by placing the copies in sealed envelopes and causing such envelopes to be delivered by U.S. Mail to the offices of the ALJ(s) or other addresses(s).

ALJ Eric Wildgrube
CPUC
Division of ALJs, Room 5113
505 Van Ness Avenue
San Francisco, CA 94102-3214

Executed on **November 18, 2019**, at Rosemead, California.

/s/ Regina Coburn
Regina Coburn
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California
Public Utilities
Commission



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