

August 25, 2021

Ms. Rachel Peterson  
Executive Director  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

**Re: Activation of SCE's CEMA as the result of the Governor's July 30, 2021  
Emergency Proclamation**

Dear Ms. Peterson:

This letter is to inform you that Southern California Edison Company (SCE) has activated its Catastrophic Event Memorandum Account (CEMA) effective July 30, 2021, to comply with state and federal governmental orders relating to the extreme climate impacts across the West, including within and outside of SCE's service territory.

Resolution No. E-3238 (Resolution), issued on July 24, 1991, and Public Utilities Code Section 454.9, which codified the CEMA process, set forth the criteria for utilities to use the CEMA, providing, among other things that its "use will be restricted to events declared disasters by competent state or federal authorities." Governor Gavin Newsom proclaimed a State of Emergency across California on July 30, 2021 in order to "take immediate action to reduce the strain on the energy infrastructure, increase energy capacity, and make energy supply more resilient this year to protect the health and safety of Californians." The Governor's emergency proclamation is intended to free up energy supply to meet demand during extreme heat events and wildfires and to expedite deployment of clean energy resources this year and next year.<sup>1</sup>

The Resolution and CEMA statute specifically allow for a utility to use CEMAs to comply with government agency orders resulting from declared disasters.<sup>2</sup> SCE's Commission-approved CEMA tariff states: "If a Catastrophic Event occurs SCE shall, if possible, inform the Executive Director by letter within 30 days after the Catastrophic Event, if SCE has started booking costs into the CEMA."<sup>3</sup> While it is expected that the State's Department of Finance will reimburse SCE for the majority of costs related to the demand response programs it implements, this letter provides notice to the Commission of

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<sup>1</sup> Available at <https://www.gov.ca.gov/2021/07/30/governor-newsom-signs-emergency-proclamation-to-expedite-clean-energy-projects-and-relieve-demand-on-the-electrical-grid-during-extreme-weather-events-this-summer-as-climate-crisis-threatens-western-s/>

<sup>2</sup> See Public Utilities Code Section 454.9(a), which was modeled after the Resolution: "The commission shall authorize public utilities to establish catastrophic event memorandum accounts and to record in those accounts the costs of the following: (1) Restoring utility services to customers. (2) Repairing, replacing, or restoring damaged utility facilities. (3) Complying with governmental agency orders in connection with events declared disasters by competent state or federal authorities."

<sup>3</sup> See Preliminary Statement, Part N.4 available at [https://library.sce.com/content/dam/sce-doelib/public/regulatory/tariff/electric/preliminary-statements/ELECTRIC\\_PRELIM\\_N.pdf](https://library.sce.com/content/dam/sce-doelib/public/regulatory/tariff/electric/preliminary-statements/ELECTRIC_PRELIM_N.pdf)

SCE's intent to potentially seek recovery of incremental costs incurred to meet demand during extreme heat events and wildfires, and expedite deployment of clean energy and storage resources through the CEMA.

At this time, SCE has not yet developed a complete detailed estimate of the costs to comply with governmental agency orders. Depending on the length and severity of the proclaimed state of emergency, and the associated governmental orders to meet demand, SCE could potentially record incremental costs to the CEMA to fulfill business needs due to force majeure.

Should you have any questions regarding this matter, please contact me or Sue DiBernardo of my staff at 626-302-4353.

Best regards,

/s/ Michael A. Backstrom

Michael A. Backstrom  
Vice President, Strategy and Regulatory Affairs

Attachments

cc: Dorothy Duda, Energy Division  
Edward Randolph, Energy Division