

November 15, 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 drought conditions in various counties throughout SCE's service territory

Dear Ms. Peterson:

This letter is to inform you that Southern California Edison Company (SCE) has activated its Catastrophic Event Memorandum Account (CEMA) effective April 12, 2021, to comply with governmental directives stemming from the recent drought conditions within its 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 Newsom declared a disaster in various counties within SCE's service territory on April 12, 2021, May 10, 2021, July 8, 2021, and October 22, 2021, "due to the dry conditions resulting in drought in all parts of the state and extreme or exceptional drought in most of the state." The Resolution specifically allows for a utility to use its CEMA for costs resulting from declared disasters in order to (1) restore service to customers, (2) repair, replace, or restore damaged facilities, and (3) comply with governmental agency orders in connection with events declared disasters by competent state or federal authorities. 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." This letter provides notice to the Commission of SCE's intent to potentially seek recovery of costs related to drought conditions through the CEMA.

In SCE's 2021 General Rate Case (GRC) application, SCE included drought-related remediation as part of its vegetation management O&M forecast, and requested a single Vegetation Management Balancing Account (VMBA) for these and other vegetation management costs. In D.21-08-036, SCE's requested test year O&M forecast for the removal of dead, dying or diseased trees was adopted. At this time, SCE anticipates that the costs related to the recent drought conditions will be recorded to the newly created two-way VMBA. However, to the extent recorded costs in the VMBA exceed the cost cap that is currently in place, SCE will record the incremental drought costs to the CEMA.

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

Best regards,

/s/ Shinjini C. Menon

Shinjini C. Menon

Managing Director, State Regulatory Operations

Attachments

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