

September 15, 2020

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

Re: Activation of SCE's Catalina Gas Utility CEMA as the result of the COVID-19 Global Pandemic

Dear Ms. Peterson:

This letter is to inform you that Southern California Edison Company (SCE) has activated its Catastrophic Event Memorandum Account (CEMA) for its Catalina Gas Utility effective March 4, 2020, to comply with state and federal governmental orders relating to the recent COVID-19 global pandemic affecting California 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." On April 14, 2020 and April 28, 2020, respectively, SCE submitted Advice Letters 231-G/231-G-A to establish the CEMA for SCE's Catalina Water Utility. On September 3, 2020, Advice Letters 231-G/231-G-A were approved by Energy Division with an effective date of January 31, 2020.

Governor Gavin Newsom proclaimed a State of Emergency across California on March 4, 2020 "as part of the state's response to address the global COVID-19 outbreak."¹ On March 19, 2020, Governor Newsom issued Executive Order N-33-20 ordering "all individuals living in the State of California to stay home or at their place of residence except as needed to maintain the continuity of operations of the federal critical infrastructure sectors."² In addition, on March 13, 2020, President Donald Trump issued a Federal Proclamation stating "that the COVID-19 outbreak in the United States constitutes a national emergency, beginning March 1, 2020."³

The Resolution and CEMA statute specifically allow for a utility to use its CEMA in connection with complying with government agency orders resulting from declared

¹ Available at <https://www.gov.ca.gov/2020/03/04/governor-newsom-declares-state-of-emergency-to-help-state-prepare-for-broader-spread-of-covid-19/>

² Available at <https://www.gov.ca.gov/wp-content/uploads/2020/03/3.19.20-attested-EO-N-33-20-COVID-19-HEALTH-ORDER.pdf>

³ Available at <https://www.whitehouse.gov/presidential-actions/proclamation-declaring-national-emergency-concerning-novel-coronavirus-disease-covid-19-outbreak/>

disasters.⁴ 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."⁵ ⁶ This letter provides notice to the Commission of SCE's intent to potentially seek recovery of incremental costs related to the unprecedented COVID-19 global pandemic through the CEMA.

At this time, due to rapidly changing conditions, SCE has not yet developed a complete and detailed estimate of the costs to comply with governmental agency orders.⁷ Such costs include, but are not limited to, sequestration of certain personnel, IT costs to facilitate teleworking, expanded/modified sick leave to permit employees to care for themselves and loved ones who are affected by COVID-19, the costs of deep cleaning/sanitization of facilities, activation of and support for the Incident Management Team devoted to SCE's response to the crisis, etc. Depending on the length and severity of the pandemic, and the associated governmental orders to shelter-in-place, additional categories of incremental costs could potentially grow to include those related to supply and equipment shortages, and the cancellation of contracts or need to engage alternative suppliers 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/ Gary Stern

Gary Stern
Managing Director, State Regulatory Operations

Attachments

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

⁴ 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."

⁵ See Preliminary Statement, Part I available at https://library.sce.com/content/dam/sce-doelib/public/regulatory/tariff/santa-catalina-island-gas/preliminary-statements/GAS_PRELIM_I.pdf

⁶ SCE's Advice Letter 231-G/231-G-A, establishing a CEMA for SCE's Catalina gas utility, was approved on September 3, 2020, but was made effective on January 31, 2020.

⁷ SCE will record in CEMA the incremental costs the company is incurring in response to COVID-19, and intends to also account for savings it realizes that are a direct result of the government directives. Those savings will offset the costs recorded to CEMA for these purposes.