

March 31, 2020

Ms. Alice Stebbins  
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 COVID-19 Global Pandemic**

Dear Ms. Stebbins:

This letter is to inform you that Southern California Edison Company (SCE) has activated its Catastrophic Event Memorandum Account (CEMA) effective March 1, 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." 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."<sup>1</sup> 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."<sup>2</sup> 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."<sup>3</sup>

The Resolution and CEMA statute specifically allows for a utility to use CEMAs to comply with government agency orders resulting from declared disasters.<sup>4</sup> SCE's Commission-approved CEMA tariff states: "If a Catastrophic Event occurs SCE shall, if

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<sup>1</sup> 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/>

<sup>2</sup> 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>

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

<sup>4</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."

possible, inform the Executive Director by letter within 30 days after the Catastrophic Event, if SCE has started booking costs into the CEMA.”<sup>5</sup> 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.<sup>6</sup>

At this time, due to rapidly changing conditions, SCE has not yet developed a complete detailed estimate of the costs to comply with governmental agency orders.<sup>7</sup> They include, but are not limited to, 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

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<sup>5</sup> See Preliminary Statement, Part N.4 available at [https://library.sce.com/content/dam/sce-doctlib/public/regulatory/tariff/electric/preliminary-statements/ELECTRIC\\_PRELIM\\_N.pdf](https://library.sce.com/content/dam/sce-doctlib/public/regulatory/tariff/electric/preliminary-statements/ELECTRIC_PRELIM_N.pdf)

<sup>6</sup> In response to a March 17, 2020 letter from Ms. Alice Stebbins directed to SCE and several Commission-regulated utilities, SCE submitted Advice 230-G/4174-E (March 19, 2020) indicating its intent to record the costs of implementing consumer protection measures adopted in D.19-07-015 to the Emergency Consumer Protections Memorandum Account, including (1) suspension of disconnections for nonpayment; (2) waiver of deposit requirements and late fees; and (3) implementation of flexible payment plan options.

<sup>7</sup> 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.

bcc: Mike Backstrom  
Don Daigler  
Sue DiBernardo  
Laura Genao  
Sue Gladysz  
Ben Hodges  
Gloria Ing  
Thomas Jacobus  
Fadia Khoury  
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