



Clay Faber – Director
Regulatory Affairs
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October 1, 2020

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

Re: Establishment of Catastrophic Event Memorandum Account (CEMA) for September 2020 Extreme Heat Event and Wildfires

Dear Ms. Peterson:

San Diego Gas & Electric (SDG&E) hereby provides notice to the California Public Utilities Commission (CPUC or Commission) that it has invoked its CEMA authority as a result of recent catastrophic events, as described below. This notice is being provided in accordance with Section III.A of the Preliminary Statement of SDG&E's electric tariff book and Section V.A of the Preliminary Statement in SDG&E's gas tariff book, which require SDG&E to provide information concerning the impact of the catastrophic event on its facilities and an estimate of costs that have been or will be incurred in response to the catastrophic event.

Catastrophic Event Declared – Extreme Heat Event and Fires

Governor Newsom proclaimed a State of Emergency in California on September 3, 2020, declaring that an Extreme Heat Event struck California, causing record-breaking temperatures expected to last several days beginning on September 2, 2020.¹ On September 6, 2020, Governor Newsom issued a separate Proclamation of a State of Emergency noting the ongoing Extreme Heat Event and indicating that high temperatures and dry conditions would further exacerbate the current wildfire situation in California. Additionally, Governor Newsom's Proclamation addressed three fires burning in California, including the Valley Fire in San Diego County, which started on September 5, 2020.²

¹ Available at <https://www.gov.ca.gov/wp-content/uploads/2020/09/9.3.20-Extreme-Heat-Event-Proclamation.pdf>.

² Available at <https://www.gov.ca.gov/wp-content/uploads/2020/09/9.6.20-September-Fires-Emergency.pdf>.

Background

The CEMA requires that within 30 days of the event, SDG&E provide the Executive Director of the Commission information concerning the catastrophic event including the impact on its facilities and a preliminary estimate of the costs that have been or will be incurred in response to the catastrophic event. The costs eligible for entry into the CEMA account are those costs associated with 1) restoring utility services to customers, 2) repairing, replacing, or restoring damaged utility facilities, and 3) complying with governmental agency orders in connection with events declared disasters. Costs recorded in the CEMA shall be restricted to those incremental costs incurred by SDG&E in response to the catastrophic event declared a disaster by government authorities. Before recovery in jurisdictional rates of any costs recorded in the CEMA, SDG&E will make a formal increase request and recommendation by application to the CPUC.

The amount to be recorded to the CEMA will not include costs incurred in response to the event related to electric transmission since these operations are subject to regulation by the Federal Energy Regulatory Commission (FERC).

Impacts on Services and Facilities

As a result of the September 2020 Extreme Heat Event and the Valley Fire, SDG&E experienced damage to its electric facilities. SDG&E preliminarily estimates that over eighty (80) distribution poles and structures, approximately eight (8) miles of overhead conductor and associated equipment – many of which are contained in rugged terrain – have been damaged and require replacement and/or reconstruction due to the Valley Fire. In addition to the Valley Fire restoration, the extreme heat event resulted in damaged underground cable and numerous overheated transformers, which caused them to shut down.

SDG&E has incurred costs to repair, replace or restore the described equipment in order to restore power. The equipment damaged that needed to be replaced to restore service during both events was distribution structures, associated underground or overhead equipment which includes, but is not limited to transformers, cable, conductor, crossarms, customer meters, fuses and associated equipment. The Valley Fire is still being remediated and final charges may not align with this initial range. Preliminary estimates of the total costs SDG&E has incurred and will incur for its activities to repair, replace or restore equipment is anticipated to be in the range of \$7-\$10 million. A complete cost estimate, separated by capital and expense items, will be provided as soon as it is available.

Please let me know if you have any questions regarding this notice. You may also direct any inquiries to the following email address: SDG&ETariffs@semprautilities.com.

Respectfully,

/s/ Clay Faber

Clay Faber

Director – Regulatory Affairs

Rachel A. Peterson, Acting Executive Director
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cc: President Marybel Batjer
Commissioner Liane Randolph
Commissioner Clifford Rechtschaffen
Commissioner Martha Guzman-Aceves
Commissioner Genevieve Shiroma
Edward Randolph, Energy Division