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August 6, 2018

Ms. Alice Stebbins
Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: State of Emergency Proclamation – July 2018 Wildfire

Dear Ms. Stebbins,

Pursuant to Governor Brown's Declaration of Emergency of July 6, 2018, San Diego Gas and Electric (SDG&E) is providing notice that its electric and gas Catastrophic Event Memorandum Accounts (CEMA) have been invoked as a result of a recent catastrophic event declared State of Emergency by government authorities. This letter 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 – West Fire

On July 6, 2018 Governor Edmund Brown proclaimed a State of Emergency due to the West Fire that started on July 6, 2018 in the County of San Diego.¹ Because of the need for immediate repairs and emergency services, SDG&E incurred extraordinary and substantial costs for materials and supplies and for payroll. The damage, some of which became apparent only upon return to normal operations, and the related costs were unforeseeable.

Background

The CEMA requires that within 30 days of the event SDG&E provide the Executive Director of the California Public Utilities Commission (CPUC) 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

¹ Available at <https://www.gov.ca.gov/2018/07/06/governor-brown-declares-state-of-emergency-in-san-diego-county-due-to-west-fire/>.

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 West Fire experienced July 6 - 11 2018, SDG&E has restored service to approximately 3,000 customers between July 6 and July 8, 2018. It is estimated that the fire burned approximately 505 acres in the Alpine area, located in the eastern portion of San Diego County.² A preliminary estimate is that at least 26 poles, 12 transformers and approximately 2 miles of overhead power wires have been or need to be replaced/ reconstructed due to this catastrophic event. In addition, 29 gas services (includes the riser & a section of poly back to the main or property line) were either removed, replaced or locked for safety. The media has reported that the West wildfire destroyed 56 structures and damaged 20 others.³

Restoration efforts have included the use of SDG&E employees as well as contract crews working around the clock to replace destroyed utility property, repair damage to utility property and restore power to our customers. Preliminary estimates of the total costs incurred by SDG&E in response to the event, associated with the restoration of electric and/or natural gas service and the repair or replacement of facilities due to the wildfire is anticipated to be in the range of \$1-2 million. A complete cost estimate, separated by capital and expense items, will be provided as soon as it is available.

Questions should be directed to SDG&E Tariffs by email to SDG&ETariffs@semprautilities.com.

CLAY FABER
Director – Regulatory Affairs

cc: CPUC President Michael Picker
Commissioner Liane M. Randolph
Commissioner Clifford Rechtschaffen
Commissioner Carla J. Peterman
Commissioner Martha Guzman-Aceves
Edward Randolph, Energy Division

² http://www.fire.ca.gov/current_incidents/incidentdetails/Index/2112

³ <https://fox5sandiego.com/2018/07/09/alpine-residents-return-home-after-devastating-west-fire/>