SOUTHERN CALIFORNIA EDISON
An EDISON INTERNATIONAL® Company

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Managing Director, State Regulatory Operations

March 14, 2018

ADVICE 3768-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Request for Z-Factor Recovery of the Revenue Requirement Associated with Incremental Wildfire-Related Liability Insurance

PURPOSE

Southern California Edison Company (SCE) respectfully submits this Tier 3 advice letter requesting Z-Factor recovery of approximately $108 million[1] incurred to obtain a 12-month, $300 million wildfire insurance policy for 2018.[2] SCE obtained this insurance policy from the *only* insurer in the global market willing to provide this much capacity of sufficiently broad insurance coverage this low in the insurance "tower" for a California private electric utility.[3] Prudence dictated SCE acquiring replacement wildfire liability coverage, however, following the unprecedented, catastrophic 2017 wildfire season and, in particular, the Thomas Fire. The Thomas Fire started on December 4, 2017, and became the largest wildfire by acreage in California's history, causing widespread damage in Ventura and Santa Barbara Counties. It was also the first catastrophic fire to take place as late in the year as December, signaling a "new normal" of year-round fire risk due to ongoing drought and climate change. Indeed, the Thomas Fire came on the heels of 22 fires in northern California in October 2017.

Without speculating about the cause of the Thomas Fire nor the standard of care to which SCE might be held, SCE understood that if causation was later tied to electrical

1 The cost of the premium, including broker fees, was $120.9 million, plus taxes, less the FERC-jurisdictional allocation, and the $10 million deductible, which results in a CPUC-jurisdictional revenue requirement of $107.156 million. (A one-time deductible of $10 million is required by Preliminary Statement AAA, Section (5) (c)).

2 SCE's Preliminary Statement Part AAA, Section (5)(b), provides that in order to receive recovery of a Z-Factor, SCE shall include its request for recovery of the revenue requirement associated with the Potential Z-Factor in an Advice Filing.

3 *See* Background, Section A, for an explanation of the insurance "tower" concept. By "sufficiently broad insurance coverage," SCE means the equivalent of the coverage being replaced, *i.e.*, coverage for bodily injury, property damage, and loss of use.

equipment, then the magnitude of the Thomas Fire has the potential to exhaust SCE's current wildfire insurance coverage, leaving SCE with little to no coverage for any possible wildfire events in 2018. SCE also understood that equivalent replacement coverage might be prohibitively expensive, or even unavailable altogether, in 2018. Consequently, SCE determined that it was in the best interests of the Company and its customers to replenish its wildfire insurance at the end of 2017 to ensure there would be some wildfire insurance coverage available for 2018.[4]

The events giving rise to this expense, including SCE's payment of the premium, took place during 2017, the post-test year of SCE's 2015 General Rate Case (GRC) Application, (A.)13-11-003. More specifically, the timing of the late December Thomas fire drove SCE's decision to acquire replacement insurance before the end of 2017. SCE paid the premium on December 29, 2017, in the 2017 post-test year of the 2015 GRC, and this amount is incremental to what the Commission authorized in SCE's 2015 GRC. While SCE forecasted increasing insurance premiums in its 2015 GRC proceeding, it could not have predicted either: 1) the need to replenish its wildfire insurance in the aftermath of California's unprecedented 2017 wildfire season and specifically the December Thomas Fire, or 2) the accelerated shrinking of the wildfire insurance market and resulting increasing costs for California IOUs. SCE also notes that these costs are not duplicative of its forecast insurance costs in its 2018 GRC, A.16-09-001—any revenue requirement authorized in SCE's 2018 GRC will be used to buy additional coverage, in a market stressed by insurers withdrawing and any who remain demanding steep premiums to compensate for the heightened risk.

The key facts supporting this filing are detailed below and in the attached declaration of Edison International's (EIX) Director of Risk Management, John Butler. This filing is made in compliance with SCE's Preliminary Statement Part AAA, Section (5) and its Test Year 2015 GRC Decision (D.)15-11-021. It follows SCE's December 29, 2017 Z-Factor notification letter to the Executive Director of the California Public Utilities Commission (Commission), also attached. SCE's December 29, 2017 notification letter explained the urgent need to replenish its wildfire insurance in 2017, and provided notice of its intention to seek recovery of the premium's cost. SCE has selected the Z-Factor mechanism as the vehicle for its cost recovery request.[5]

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[4] In 2018, SCE will seek additional wildfire insurance above the $300 million level to "rebuild" its insurance tower for wildfire events.

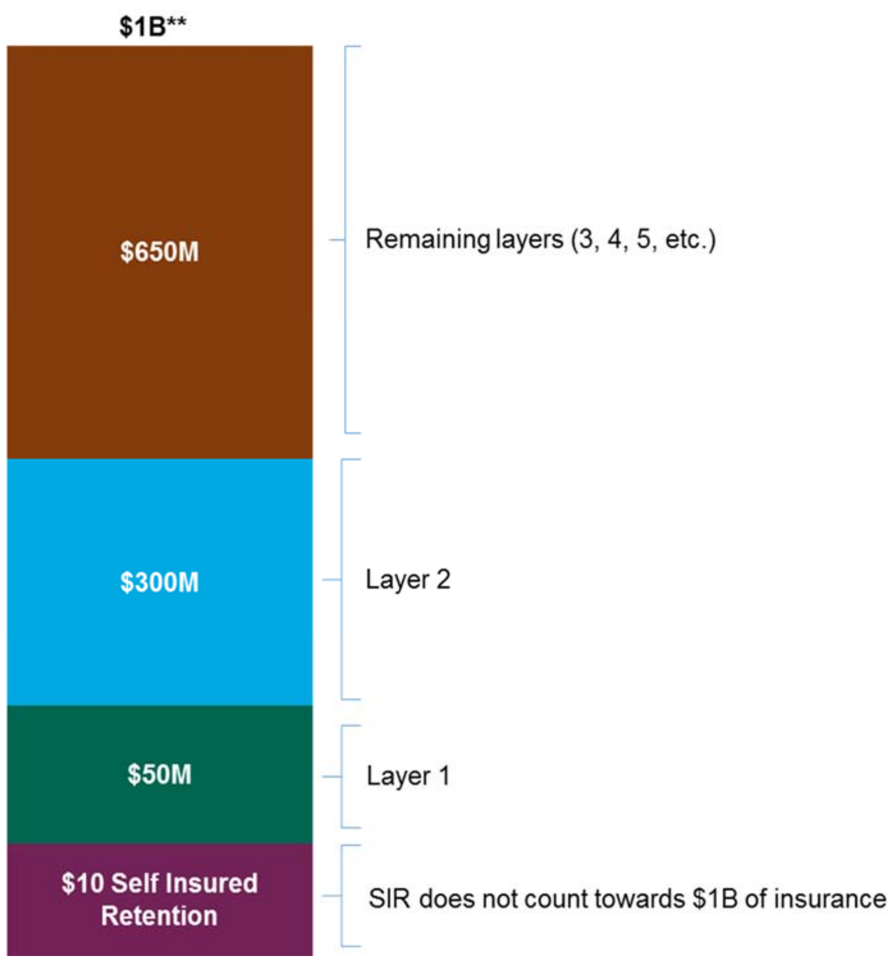
[5] The notification letter was simultaneously served to the Energy Division and Office of Ratepayer Advocates (ORA), and all parties to SCE's Test Year 2015 GRC A.13-11-003.

BACKGROUND

A. Overview of SCE's Insurance Coverage Strategy

SCE buys insurance that is commercially available in the markets at an acceptable price. The Company buys from various insurers, procuring increasing amounts of coverage and progressively building a "tower" of overall coverage to cover its needs. Some of SCE's general liability insurance covers both wildfire and non-wildfire exposures, but the majority is earmarked to either wildfire or non-wildfire categories. Since wildfire coverage is more limited in availability and much more expensive than non-wildfire coverage, SCE buys separate coverage so non-wildfire claims will not use up the expensive wildfire insurance. SCE's total wildfire coverage is approximately $1 billion for wildfire events occurring from June 2017 through May 2018.

Illustration of Insurance "Tower" Concept*



*This is a hypothetical tower, shown for illustrative purposes only.
**SCE's wildfire insurance tower includes insurance and reinsurance and, in some instances, is combined with non-wildfire liability coverage. Insurance is broad coverage.

SCE has extensive experience obtaining wildfire liability coverage. SCE's experience with the current market for wildfire liability coverage is that insurance companies are continuing to reduce or eliminate their wildfire liability coverage for investor-owned utilities (IOUs), premiums are increasing sharply, and available insurance is decreasing. Stated differently, both the insurance and reinsurance markets for wildfire liability are "hardening," meaning the number of insurance companies willing to provide this coverage at the same level is going down and pricing is going up. This trend began a few years ago because of large wildfire liability claims against California utilities and is accelerating this year due to the 2017 wildfires.

This hardening of the wildfire liability coverage market is primarily due to two key factors: 1) the increased frequency and severity of wildfire events throughout California; and 2) the unique application of inverse condemnation in California to IOUs. Together, these factors have combined to make it unattractive for insurers to offer wildfire liability insurance to IOUs in California. Some insurance companies have dropped out of the California utility wildfire insurance market, others are reducing the amount of wildfire insurance they are willing to sell in California, and still others are indicating they may drop out of California if there is another large wildfire. Given the magnitude of risk in California due to drought and climate issues, wildfire risk is on the increase just as wildfire insurance becomes increasingly scarce and expensive.

B. The 2017 Wildfires' Impact on SCE's Insurance Coverage

Wildfires have always been a part of California's landscape due to the state's geography, ecology, and weather patterns. Recent experience, however, suggests that intense, devastating wildfires are here to stay. The past year saw five of the most destructive wildfires in California history.[6] Climate change and human land use and management practices have combined to increase the environmental, physical, and economic threats posed by wildfires.[7]

The wildfires in southern California brought widespread damage to homes, property, and landscapes. Among these, the Thomas Fire stood out in that it started very late in the year, on December 4, 2017, and spread to over 280,000 acres in Ventura and Santa Barbara counties. It was driven by powerful Santa Ana winds and low humidity. These extraordinary late-year fires are unusual and the years of construction and

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6 Cal. Dep't of Forestry & Fire Prot., *Top 20 Most Destructive California Wildfires*, CA.gov (Jan. 12, 2018), http://www.fire.ca.gov/communications/downloads/fact_sheets/Top20_Destruction.pdf.

7 *See, e.g.*, John T. Abatzoglou & A. Park Williams, Impact of Anthropogenic Climate Change on Wildfire Across Western US Forests, 113-42 Proc. Nat'l Acad. Sci. 11770–11775 (Oct. 2016); Robinson Meyer, Has Climate Change Intensified 2017's Western Wildfires?, The Atlantic (Sep. 7, 2017), https://www.theatlantic.com/science/archive/2017/09/why-is-2017-so-bad-for-wildfires-climate-change/539130/; Chelsea Harvey, Here's What We Know About Wildfires and Climate Change, Sci. Am. (Oct. 13, 2017), https://www.scientificamerican.com/article/heres-what-we-know-about-wildfires-and-climate-change/.

growing population density at the wildland-urban interface often result in greater damage in the wake of more recent wildfires. Governor Brown proclaimed a State of Emergency in Ventura and Santa Barbara Counties on December 5, 2017 and December 7, 2017, respectively, “due to the effects of the Thomas fire, which has damaged critical infrastructure, destroyed hundreds of homes and caused the evacuation of residents.” Governor Brown also proclaimed a State of Emergency in Los Angeles County on December 5, 2017 “due to the effects of the Creek and Rye fires, which have threatened critical infrastructure, destroyed homes and caused the evacuation of residents.” These December fires came on the heels of 22 fires in northern California in October 2017.

The investigation into the cause of the Thomas Fire is ongoing and responsibility has not yet been determined. Without speculating about the source of the Thomas Fire nor the standard of care to which SCE might be held, SCE understood that if causation was later tied to electrical equipment, then the magnitude of the Thomas Fire has the potential to exhaust SCE’s current wildfire insurance coverage, leaving SCE and its customers with little to no coverage for any possible wildfire events in 2018. SCE therefore concluded that prudence dictated the acquisition of replacement wildfire insurance coverage now that was broad enough to cover claims for bodily injury, property damage, and loss of use.

The decision was also made in consideration of the likelihood that acquiring equivalent insurance in 2018 might be significantly more expensive due to the diminishing general liability and wildfire insurance market in California for IOUs, to the extent even available. Failure to purchase replacement insurance coverage could force SCE to pay future claims on a “dollar-for-dollar” basis from authorized revenues, rather than seeking reimbursement from its insurers.[8] Incurring such incremental expenses for future occurrences could impair SCE’s ability to conduct planned work on the electric system and/or drive-up financing costs for company operations.

C. SCE’s Decision to Replenish Its Wildfire Insurance for 2018

SCE retains an insurance broker, Marsh, which is one of the two largest commercial insurance brokers in the U.S. and in the world and has significant experience with the wildfire insurance market.[9] In mid-December 2017, SCE and Marsh discussed options for replenishing SCE’s wildfire insurance. Marsh’s assessment of the wildfire insurance market was that the utility industry mutual insurance companies, Associated Electric & Gas Insurance Services Limited (AEGIS) and Energy Insurance Mutual (EIM), would probably be willing to continue providing coverage for part of the first $60 million of a future wildfire loss as they have previously, but that other insurers would be unwilling to

[8] SCE notes concerns about the Commission’s recent decision, D.17-11-003, denying San Diego Gas & Electric cost recovery associated with claims payments above insured amounts following the 2007 wildfires.

[9] By “Marsh,” SCE refers to insurance brokerage (Marsh) and reinsurance brokerage (Guy Carpenter), both wholly-owned subsidiaries of Marsh & McLennan Companies.

provide similar coverage for the next $300 to $500 million of a future wildfire loss. There was only one exception, with a carrier that makes a business of providing coverage (normally through reinsurance) that other carriers are not willing to provide.

As explained above, SCE believed it was in the best interests of the Company and its customers to acquire replacement wildfire insurance for 2018. SCE therefore approached the only identified carrier willing to offer this much capacity of sufficiently broad insurance coverage this low in the insurance tower. By “sufficiently broad” insurance coverage, this means the carrier was willing to offer coverage equivalent to what SCE previously had, *i.e.*, for bodily injury, property damage, and loss of use. It was critically important that SCE obtain this scope of coverage in the $300 million level of the insurance tower.

In mid-to-late December 2017, SCE held numerous discussions with its reinsurance broker, Guy Carpenter, facilitating negotiations, and some discussions with both its reinsurance broker and the carrier to discuss coverage alternatives. This included evaluating the coverage term (6, 12, or 18 months), amount ($300 million or $500 million), and other features (*e.g.*, with or without reinstatement). SCE ultimately determined that the most prudent course of action was to obtain a 12-month policy with a limit of $300 million in excess of a $60 million retention (which could be met through self-insurance or insured partly through AEGIS and EIM). SCE and Marsh negotiated with the carrier to obtain the best available price in light of the circumstances, and SCE paid the premium on December 29, 2017 and secured this coverage effective December 31, 2017.[10] The cost of the premium was $120.9 million, including broker fees. A copy of the insurance policy “binder” detailing the insurance policy is attached to Mr. Butler’s declaration and dated December 29, 2017.

The purchase of replacement insurance coverage at the end of 2017 through the transaction described below did not duplicate the forecast of insurance coverage planned for 2018. In discussions with Marsh, SCE learned that $300 million of coverage equivalent to the December 2017 purchase would not likely be available in 2018. SCE forecast expenses of $14.070 million for property insurance and $92.427 million for liability insurance in its 2018 GRC. However, because of the diminishing general liability and wildfire insurance market, even if equivalent coverage were available in 2018, it would be substantially more expensive than was contemplated in the GRC forecast. Any revenue requirement authorized in SCE’s 2018 GRC will be used to buy additional coverage, in a market stressed by insurers withdrawing and any who remain demanding steep premiums to compensate for the heightened risk. Finally, SCE notes that it has forecasted increasing insurance premiums over the course of its prior GRC

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[10] SCE wired payment to Edison International’s captive insurer, Edison Insurance Services (EIS) on December 28, 2017, which, in turn, wired payment to the broker, Marsh, on December 29, 2017. The binder was signed by the carrier on December 29, 2017 and coverage began on December 31, 2017. Marsh wired payment to the carrier on January 10, 2018.

proceedings, but it could not have predicted either: 1) the need to replenish its wildfire insurance following California's unprecedented 2017 wildfire season and specifically the December Thomas Fire, or 2) the accelerated shrinking of the wildfire insurance market and increasing costs for California IOUs.[11]

D. SCE's December 29, 2017 Z-Factor Notification Letter

Consistent with its Preliminary Statement, SCE sent a notification letter to the Commission's Executive Director, Timothy Sullivan, on December 29, 2017. SCE's December 29, 2017 notification letter explained the urgent need to replenish its wildfire insurance in 2017, and provided notice of its intention to seek recovery of the premium's cost via the most appropriate vehicle for recovering unforeseen, substantial expenses of this nature, the Z-Factor mechanism. SCE's letter also met the tariff's requirements by: 1) clearly identifying the Potential Z-Factor; 2) providing a detailed description of the event; 3) including a forecast of the annual financial impact of the Potential Z-Factor; and 4) showing how the Potential Z-Factor meets the required criteria per D.94-06-011.

Below is a summary of the Z-Factor criteria and an explanation of why SCE's request qualifies for Z-Factor recovery:

1. **Was the event exogenous?** Yes. The Thomas Fire was unprecedented, driven by strong Santa Ana winds and low humidity, and occurring later in the year than could have been foreseen with devastating consequences. SCE also cannot control the global wildfire insurance market, which is contracting due to outside factors such as the application of inverse condemnation and resulting in severely limited available coverage.
2. **Is the cost clearly beyond management's control?** Yes. See #1 above. Plus, only *one* carrier in the global market was willing to offer this much capacity of sufficiently broad insurance coverage this low in the insurance tower.
3. **Is the cost a normal cost of business even if increased by an exogenous event?** No. While the presence of wildfire damage is foreseeable, the magnitude of the Thomas Fire, SCE's potential exposure, and the resulting need to procure additional insurance amid a contracting market could not have been anticipated and incorporated into SCE's 2015 GRC Test Year forecast.
4. **Does the event have a disproportionate impact on the company?** Yes. If SCE did not augment its insurance coverage, it would have faced the possibility of entering 2018 without sufficient wildfire insurance for any future wildfire events. The $108 million premium is also significantly more than what SCE has paid in the past for such insurance. California's unique application of inverse condemnation to IOUs is also a factor.

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[11] For example, SCE forecast total liability insurance expenses of approximately $75.5 million in its 2015 GRC, A.13-11-003, (the Commission ultimately approved $70.3 million) and approximately $92.4 million in its 2018 GRC, A.16-09-001. These increases are driven primarily by increasing wildfire insurance costs.

5. **Is the cost caused by the event reflected in the economy-wide inflation factor used in the GRC?** No.
6. **Does the event have a major impact on the utility's overall costs?** Yes, see responses to 3 and 4.
7. **Can actual costs be used to measure the financial impact of the event or can the costs be determined with reasonable certainty and minimal controversy?** Yes. SCE will establish segregated accounting for the incremental insurance premium expenses.
8. **Are the costs proposed for the Z-Factor treatment reasonable?** Yes. SCE used one of the world's leading brokers, Marsh, to assist in procuring this insurance. Marsh's assessment was that only one insurer was willing to provide this coverage. SCE determined it was in the Company's and customers' best interests to procure this additional coverage, and SCE and Marsh negotiated to obtain the best available price for this coverage.

E. TURN's January 28, 2018 Letter

On January 29, 2018, The Utility Reform Network (TURN) sent a letter to Commission Executive Director Timothy Sullivan recommending that SCE file an application requesting recovery of the insurance premium. TURN agrees that SCE's Preliminary Statement tariff specifies filing a Tier 3 advice letter for Z-Factor recovery; however, TURN believes SCE should deviate from its tariff because the premium supposedly is "far greater than amounts typically being reviewed for the first (and only) time via an advice letter."[12] The Commission should reject TURN's request because the fact that SCE's costs are "significant," by itself, does not warrant filing an application. SCE notes that the Commission has used the advice letter process to review and approve many renewable power contracts involving payments of over $100 million.[13] However, even if TURN's assertion were true, this does not justify a departure from the established Z-Factor process laid out in the approved tariffs. Indeed, Z-Factors are expressly defined as "as events that cause a *significant* financial impact of more than $10 million."[14] TURN's reasoning, if adopted, would introduce substantial uncertainty into SCE's Z-Factor process since it is not unreasonable to expect that unforeseen, catastrophic events will involve over $100 million in financial impacts to the utility. And while this advice letter may be the first time SCE has requested cost recovery for an insurance premium, this circumstance is precisely why the Commission approved the Z-Factor mechanism – an emergency circumstance. TURN does not claim it to be otherwise.

TURN also suggests that SCE's shareholders should pay an unspecified portion of the premium's cost if the policy is broad enough to cover potential negligence claims.

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[12] TURN January 29, 2018 Letter, p. 1.

[13] *See* D.03-06-071, p. 39 (finding that utilities shall request approval of Renewables Portfolio Standard ("RPS") contracts by advice letter); D.14-11-042, p. 72 (reiterating that utilities file Tier 3 advice letters seeking approval of RPS contracts).

[14] D.15-11-021, p. 385.

Essentially, TURN is signaling it will seek a disallowance against SCE for obtaining the broadest coverage possible for potential wildfire events. The Commission should dismiss this argument as a matter of policy, to prevent TURN from essentially interjecting itself into commercial transactions between SCE and its insurer and attempting to allocate who pays for claims due to inverse condemnation or negligence. Whether or not the insurer pays for future claims by SCE against the policy is between the insurer and SCE. Just like any institution, including non-profit, public interest entities, SCE buys insurance as a hedge against future risk. TURN is confusing a theoretical cost recovery allocation between SCE and its customers for losses exceeding insurance coverage with the matter addressed in this advice letter, *i.e.*, allocation of the cost of the premium necessary to secure insurance coverage. SCE is unaware of any circumstance in which the Commission has predicted and prejudged future insurance *claims* and then allocated the cost of insurance *premiums* between SCE and its customers. Indeed, insurance has consistently been found to be necessary for the provision of service to utility customers and thus has been included in customer rates.[15] Further, TURN overlooks that there already has been an allocation to SCE via the Z-Factor's required $10 million deductible.

TURN concludes by drawing a comparison to San Diego Gas & Electric's (SDG&E) application requesting Z-Factor recovery of increased wildfire insurance premiums, filed under similar circumstances after the 2007 wildfires in SDG&E's service area. But TURN overlooks that this proceeding, while contested, nonetheless produced a Commission decision providing strong policy support for SCE's present filing. In D.10-12-053, the Commission recognized it was important to "establish sound public policy" by agreeing with SDG&E's decision to obtain additional liability insurance, even at higher premiums, under facts substantially similar to those at issue here:

- The global insurance market was affected by factors outside SDG&E's control, including supply, demand, competition, economic conditions, and perception of an entity's exposure to risk. *Id.*, p. 29.
- SDG&E, as "price taker," had to accept the imposed changes in costs and availability of insurance caused by external factors, including the large injection of claims into the market after the 2007 wildfires, insurers' concerns over the increasing use of inverse condemnation, and the financial market meltdown. *Id.*
- A cost increase of 1,000 percent was not a creation of SDG&E and was "plainly exogenous," not a normal cost of doing business, and had a major financial impact. *Id.*, pp. 30, 33, and 34.
- Specific information regarding the unexpected changes in liability insurance was unknown to SDG&E until early 2009 when it attempted to renew its insurance. *Id.*, p. 32.; and

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[15] *See e.g.*, the Commission's final decisions in SCE's 2012 and 2015 GRC proceedings, D.12-11-051, pp. 512-513 and D.15-11-021, pp. 300 - 301, respectively.

- SDG&E took aggressive steps to procure liability insurance, including using Marsh, "a seasoned brokerage firm," to canvass the global insurance market to reach qualified insurers. *Id.,* p. 36.

Here, as explained above and in the attached declaration of Mr. Butler, the facts are even starker than what SDG&E experienced when it sought to renew its wildfire insurance. Among other things, SCE faced: 1) an unprecedented year of wildfires in both northern and southern California, in particular the catastrophic, late-year Thomas Fire; 2) a more volatile, hardening global wildfire insurance market for California private utilities; 3) substantially fewer wildfire insurance providers—in fact only *one* such provider— offering this much capacity of sufficiently broad insurance coverage this low in the insurance tower; and 4) a substantial increase in insurance premium costs. SCE also used the same broker that SDG&E used, Marsh, to assess the global insurance markets for available replacement coverage and assist in negotiations with the carrier.

Cost Recovery of the Wildfire Insurance Premium Revenue Requirement

As discussed above, through a transfer of funds on December 29, 2017, SCE secured replacement wildfire insurance. The term of the insurance contract is from December 31, 2017 through December 30, 2018 for a policy limit of $300 million. The premium, was $120.9 million, including broker fees. SCE incurred the obligation and paid for the coverage in 2017. Accordingly, in December 2017, SCE debited the BRRBA for the 2017 revenue requirement of the annual premium.[16] As shown in Table 1, the 2017 CPUC-jurisdictional revenue requirement of the annual premium is $107.156 million.[17]

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[16] This BRRBA entry was excluded from the January 1, 2018 consolidated revenue requirement and rate change.

[17] As discussed earlier in this advice filing, the purchase of replacement insurance coverage at the end of 2017 does not duplicate the forecast of insurance coverage previously planned for 2018. SCE forecast expenses of $14.070 million for property insurance and $92.427 million for liability insurance in its Test Year 2018 GRC. Any revenue requirement ultimately adopted in the 2018 GRC will be put to use buying additional coverage.

Table 1
2017 Revenue Requirement/December 2017 BRRBA Entry[18]
($ millions)

Wildfire Insurance		
		2017
Premium	$	120.900
3% tax	$	3.627
Total	**$**	**124.527**
FERC Jurisdictional %		5.92%
FERC Jurisdictional $	$	7.371
CPUC Jurisdictional $	**$**	**117.156**
Z-Factor Deductible	$	(10.000)
CPUC Jurisdictional $	**$**	**107.156**

Cost recovery of this incremental wildfire insurance premium is subject to a one-time deductible of $10 million. Specifically, SCE's Preliminary Statement declares that "SCE will bear the risk of all potential Z-Factors which do not have a financial impact on SCE of more than $10 million. The $10 million threshold amount is also applied as a deductible on a one-time basis to each Z-Factor authorized for recovery by the Commission. The deductible amount is only applied in the first year's ratemaking treatment for the Z-Factor."[19] The 2017 revenue requirement for the insurance, entered as a debit in the BRRBA balancing account, reflects this $10 million deductible.

As shown in Table 1 above, and in accordance with GRC ratemaking, the 2017 revenue requirement associated with the $120.9 million premium payment (including broker fees) is also subject to allocation between the CPUC and FERC jurisdictions.
The operating expenses and investment-related costs in a GRC include base-related FERC-jurisdictional costs. Wildfire Insurance costs are accounted for in FERC Account 925 "Injuries and Damages." To determine the CPUC-jurisdictional revenue requirement, SCE splits the costs based on jurisdictional factors. For Administrative and General (A&G) costs, which include FERC Account 925 costs, SCE applies a labor allocation percentage based on labor cost ratios. In D.15-11-015, the adopted A&G labor allocation percentage for the FERC-jurisdiction is 5.92%.

In addition, the $120.9 million Wildfire Insurance Premium is subject to a 3% tax. Generally, policyholders (EIX/SCE) who directly purchase or renew an insurance contract during the calendar quarter from an insurance company that is not admitted to transact insurance business in California (EIS) must pay a nonadmitted insurance

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18 Entries in the BRRBA exclude Franchise Fees and Uncollectibles (FF&U) expense. SCE grosses up the year-end total BRRBA balance for FF&U when it is reflected in rates for cost recovery.

19 SCE Tariff Preliminary Statement, Section AAA, Section 5.C.

tax. The 3% tax is on all premiums paid or to be paid to nonadmitted insurers by a California insured (EIX/SCE).

Upon Commission approval of this advice letter, SCE will reflect the $107.156 million revenue requirement in January 1, 2019 rates through SCE's year-end consolidated revenue requirement and rate change advice filing.[20] Given the magnitude of the premium, SCE proposes to amortize the cost recovery of the annual insurance premium over a 12-month period through the inclusion of the BRRBA balancing account balance in rates upon receiving Commission approval.

This advice filing will not cause the withdrawal of service or conflict with any other schedule or rule.

TIER DESIGNATION

Pursuant to General Order (GO) 96-B, Energy Industry Rule 5.3, this advice letter is submitted with a Tier 3 designation.

EFFECTIVE DATE

This advice filing is effective upon Commission approval.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be submitted to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

[20] SCE will include accumulated interest at the three-month commercial paper rate commencing December 2017 through the date of the BRRBA transfer.

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There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and must be received by the deadline shown above.

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B and A.13-11-003 service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-3719. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at https://www.sce.com/wps/portal/home/regulatory/advice-letters.

For questions, please contact Douglas Snow at (626) 302-2035 or by electronic mail at Douglas.Snow@sce.com.

Southern California Edison Company

/s/ Gary A. Stern
Gary A. Stern, Ph.D.

GAS:ds:cm
Enclosures

Appendix A

Declaration of John W. Butler

DECLARATION OF JOHN W. BUTLER

I, John W. Butler, declare and state:

1. I am Director of corporate risk management at Edison International, the parent company of Southern California Edison ("SCE"). In my current role, I am responsible for managing SCE's property and casualty insurance programs. I have served in this role for approximately 20 years, as Manager and later Director.

2. I have personal knowledge of the facts and representations herein and, if called to testify, could and would do so, except for those facts expressly stated to be based upon information and belief, and as to those matters, I believe them to be true.

3. SCE buys insurance that is commercially available in the markets at an acceptable price. The Company buys from various insurers, procuring increasing amounts of coverage and progressively building a "tower" of overall coverage to cover its needs. Some of SCE's general liability insurance covers both wildfire and non-wildfire exposures, but the majority is earmarked to either wildfire or non-wildfire. Since wildfire coverage is more limited in availability and much more expensive than non-wildfire coverage, SCE buys separate coverage so that non-wildfire claims will not generally use up the expensive wildfire insurance. SCE currently maintains approximately $1 billion of wildfire coverage for wildfire events occurring from June 2017 through May 2018.

4. SCE has extensive experience obtaining wildfire liability coverage. SCE's experience with the current market for wildfire liability coverage is that insurance companies are continuing to reduce or eliminate their wildfire liability coverage for investor owned utilities (IOUs), premiums are increasing sharply, and available insurance is decreasing. Stated differently, both the insurance and reinsurance markets for wildfire liability are "hardening," meaning the number of insurance companies willing to provide this coverage at the same level is going down and pricing is going up. This trend began a few years ago because of large wildfire liability claims against California utilities and is accelerating this year due to the 2017 wildfires.

5. This hardening of the wildfire liability coverage market is primarily due to the following key factors: 1) the increased frequency and severity of wildfire events throughout California; and 2) the unique application of inverse condemnation in California to IOUs. Together, these factors have combined to make it unattractive for insurers to offer wildfire liability insurance to investor-owned utilities in California. Some insurance companies have dropped out of the California utility wildfire insurance market, others are reducing the amount of wildfire insurance they are willing to sell in California, and still others are indicating they may drop out of California if there is another large wildfire. Given the magnitude of risk in California due to drought and climate issues, wildfire risk in on the increase just as wildfire insurance becomes increasingly scarce and expensive.

6. The Thomas Fire began the evening of December 4, 2017 and became the largest wildfire by acreage in California's history, impacting more than 281,000 acres in Ventura and Santa Barbara Counties and destroying more than 1,000 structures and damaging 280 structures. Without concluding or speculating about the source of this wildfire nor the standard of liability to which SCE might be held, SCE understood that if causation was later tied to electrical equipment, then the magnitude of the Thomas Fire has the potential to exhaust SCE's current wildfire insurance coverage, leaving SCE and its customers with little to no coverage for any wildfire events in 2018. Several days after the Thomas Fire started, while the fire was still active, SCE learned that the California Department of Forestry and Fire (Cal Fire) was investigating SCE as a possible cause.

7. SCE concluded that prudence dictated the acquisition of replacement wildfire insurance coverage in the face of both the possibility that its current coverage could be exhausted (leaving SCE with little or no coverage for 2018) and the likelihood that acquiring equivalent insurance in 2018 may be significantly more expensive due to the diminishing general liability and wildfire insurance market in California for investor-owned utilities, to the extent even available. Failing to purchase replacement insurance coverage could force SCE to pay future claims on a "dollar-for-dollar" basis from authorized revenues, rather than seeking reimbursement from its

insurers. Incurring these kinds of incremental expenses for future occurrences could impair SCE's ability to conduct previously planned work on the electric system and/or drive-up financing costs for company operations.

8. SCE retains an insurance broker, Marsh, which is one of the two largest commercial insurance brokers in the U.S. and in the world and has significant experience with the wildfire insurance market. In mid-December 2017, SCE and Marsh discussed options for replenishing SCE's wildfire insurance.[1] Marsh's assessment of the wildfire insurance market was that the utility industry mutual insurance companies, Associated Electric & Gas Insurance Services Limited ("AEGIS") and Energy Insurance Mutual ("EIM"), would probably be willing to continue providing coverage for part of the first $60 million of a future wildfire loss as they have previously, but that other insurers would be unwilling to provide similar coverage for the next $300 to $500 million of a future wildfire loss. There was only one exception, with an insurance carrier that makes a business of providing coverage (normally through reinsurance) that other carriers are not willing to provide.

9. As explained above, SCE believed it was in the best interests of the Company and its ratepayers to acquire replacement wildfire insurance for 2018. SCE therefore decided to approach the only identified carrier willing to offer this much capacity of sufficiently-broad insurance coverage this low in the insurance tower.[2] In mid-to-late December 2017, SCE held numerous discussions with its reinsurance broker facilitating negotiations with the carrier, and some discussions with both its reinsurance broker and the carrier, to discuss coverage alternatives. This included the coverage term (6, 12, or 18 months), amount ($300 million or $500 million), and other features (*e.g.*, with or without mandatory reinstatement of coverage following a loss).

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[1] By "Marsh," SCE refers to insurance brokerage (Marsh) and reinsurance brokerage (Guy Carpenter), both wholly-owned subsidiaries of Marsh & McLennan Companies.

[2] By "sufficiently broad insurance coverage," SCE means the equivalent of the coverage that was being replaced, *i.e.*, coverage for bodily injury, property damage, and loss of use.

10. SCE ultimately determined that the most prudent course of action was to obtain a 12-month policy with a limit of $300 million in excess of a $60 million retention (which could be met through self-insurance or insured partly through AEGIS and EIM). This policy also does not include mandatory reinstatement of coverage following a loss. It is worth noting that in discussions with Marsh, SCE learned that $300 million of coverage this low in the insurance tower (equivalent to the December 2017 purchase) would not likely be available in 2018. SCE further notes that although it has forecasted increasing insurance premiums over the course of its prior General Rate Case (GRC) proceedings, it could not have predicted either: 1) the need to replenish its wildfire insurance in the aftermath of California's unprecedented 2017 wildfire season and specifically the December Thomas Fire or 2) the accelerated shrinking of the wildfire insurance market and resulting increasing costs for California IOUs.

11. SCE and Marsh negotiated with the carrier to obtain the best available price for this coverage, given the circumstances described above. The cost of the reinsurance premium, including broker fees, was $120.9 million. A copy of the reinsurance policy "binder" is attached detailing the terms of the reinsurance policy.

12. On December 29, 2017, SCE wired payment of the $120.9 million insurance premium (including broker fees) and placed the coverage, which was effective December 31, 2017.[3]

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on March 14, 2018 at Hamilton, Bermuda.

/s/ John W. Butler
John W. Butler

[3] SCE wired payment to Edison International's captive insurer, Edison Insurance Services (EIS) on December 28, 2017, which, in turn, wired payment to the broker, Marsh, on December 29, 2017. The binder was signed by the carrier on December 29, 2017 and coverage began on December 31, 2017. Marsh wired payment to the carrier on January 10, 2018.

Appendix B

Reinsurance Binder

Reinsurance Binder

Type:	Wildfire Liability Excess of Loss Reinsurance
Reinsured:	Edison Insurance Services, Inc.
Named Insured:	Southern California Edison – parent and affiliates to be insureds
Reinsurer	National Indemnity Company
Period:	12:01 am December 31, 2017 to 12:01am December 31, 2018 in respect of the Policy covered hereunder, for Claims and Occurrences for Wildfires first made and reported on or after the Effective Date of this Contract in accordance with same Claims/Occurrence reporting terms applicable in the Followed Policy.
Peril:	Wildfire only (as defined in Followed Policy)
Policy	Edison Insurance Services, Inc. Policy No. TBD
Followed Policy:	Excess Liability Insurance Policy (Policy No. XL5167906P) issued by the Associated Electric & Gas Insurance Services Limited
Retention:	$60 million each and every Occurrence. Each and every Occurrence shall be subject to a minimum retention of $60,000,000, regardless of the number of Occurrences during the Term
Limit of Liability:	$300 million per Occurrence and in the Aggregate
Reinsurance Premium:	$120 million, payable immediately
Exclusions	- Losses excluded under the Followed Policy - Liability under any insolvency fund - Any loss or liability arising from fire incident listed on the Incident Information page of the Cal Fire website with a start date on or prior to 12:01 am on December 31, 2017. - Loss or liability arising out of bodily injury, personal injury or property damage caused by any peril other than "Wildfire," as such term is defined under the Followed Policy
Conditions	- Coverage provided excess of available coverage applicable under existing "Wildfire" excess insurance tower and/or "Wildfire Property Damage" - Advanced payment of loss Clause - TBA - For claims to be covered under this reinsurance contract, a Wildfire first occurring during the Policy Period must be reported by or before 12:01 a.m. December 31, 2019, irrespective of the provisions of the Indemnification and Errors and Omissions Article.

National Indemnity Company

Peter Shelley

Date: 12/29/17

Appendix C

SCE's December 29, 2017 Notification Letter

SOUTHERN CALIFORNIA EDISON
An EDISON INTERNATIONAL® Company

Russell G. Worden
Managing Director, State Regulatory Operations

December 29, 2017

Mr. Timothy J. Sullivan
Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

SUBJECT: Letter of notification establishing a Z-Factor for costs associated with incremental wildfire-related liability insurance.

Dear Mr. Sullivan:

This letter of Z-Factor notification is being submitted under the terms of SCE's Preliminary Statement of its tariffs, Section AAA (5); and SCE's Test Year 2015 General Rate Case Decision, D. 15-11-021.

BACKGROUND

The wildfires in southern California have brought widespread damage to homes, property and landscapes in just a few recent weeks. The Thomas Fire has destroyed 273,400 acres in Ventura and Santa Barbara counties as of December 23, 2017. The Thomas fire is the largest acreage wildfire ever experienced in California causing widespread damage. These extraordinary winter fires are unusual and the years of construction and growing population density at the wildlands interface often results in greater damages in the wake of new wildfires. Governor Brown proclaimed a State of Emergency in Ventura and Santa Barbara Counties on December 5, 2017 and December 7, 2017, respectively, "due to the effects of the Thomas fire, which has damaged critical infrastructure, destroyed hundreds of homes and caused the evacuation of residents." Governor Brown also proclaimed a State of Emergency in Los Angeles County on December 5, 2017 "due to the effects of the Creek and Rye fires, which have threatened critical infrastructure, destroyed homes and caused the evacuation of residents."

Currently, the investigations of the causes of the December southern California wildfires are ongoing and responsibility has not yet been determined. Nonetheless, should responsibility in an inverse condemnation environment ultimately be assigned to SCE for a significant portion of the losses associated with these wildfires, there is a real risk SCE could exhaust its wildfire coverage at a time when the market for wildfire insurance is contracting. As it may not be possible to obtain additional coverage this low in the insurance tower in the future if SCE's existing coverage is exhausted, it was prudent to obtain a crucial $300 million layer of additional coverage this year while the market permits.

Prolonged drought conditions and shifting weather patterns in California resulting from climate change have increased the duration of the wildfire season and the risk of severe wildfire events. These factors, together with the unique application of inverse condemnation in California, have combined to make it unattractive for insurers to offer wildfire liability insurance to investor-owned utilities in California. Some insurance companies have dropped out of the California utility wildfire insurance market, others are reducing the amount of wildfire insurance they are willing to sell in California, and we understand that still others are indicating they may drop out of California if there is another large wildfire attributed to utility facilities. As insurance companies continue to reduce or eliminate their wildfire liability coverage, premiums have increased sharply and available insurance is decreasing. Some of SCE's general liability insurance policies cover both wildfire and non-wildfire exposures, but the majority are earmarked to either wildfire or non-wildfire. Since wildfire coverage is more limited in availability and much more expensive than non-wildfire coverage, SCE buys separate coverage so that non-wildfire claims will not use up the expensive wildfire insurance.

Given the foregoing circumstances and those described below, SCE concluded that prudence dictated the acquisition of additional wildfire insurance coverage in the face of both the possibility that its current coverage could be exhausted and the likelihood that acquiring insurance next year, when SCE would typically renew, may be significantly more expensive due to the diminishing general liability and wildfire insurance market in California for investor-owned utilities, to the extent even available. Failing to purchase additional insurance coverage could force SCE to pay future claims on a "dollar-for-dollar" basis from authorized revenues, rather than seeking reimbursement from its insurers. Incurring these kinds of incremental expenses for future occurrences could impair SCE's ability to conduct previously planned work on the electric system and/or drive-up financing costs for company operations.

The purchase of replacement insurance coverage at the end of 2017 through the transaction described below did not duplicate the forecast of insurance coverage previously planned for 2018. In discussions with SCE's insurance broker over the last week, SCE has learned that $300 million of coverage equivalent to this week's purchase may not be available in 2018 when SCE customarily renews insurance. SCE forecast expenses of $14.070 million for property insurance and $92.427 million for liability insurance in its Test Year 2018 General Rate Case. However, because of the diminishing, collapsing general liability and wildfire insurance market noted above, even if equivalent coverage were available next year, it would be significantly more expensive than was contemplated in the general rate case forecast. Any revenue requirement authorized in SCE's 2018 GRC will be put to use buying additional coverage, in a market stressed by insurers withdrawing and any who remain demanding steep premiums to compensate for the heightened risk.

Through the transfer of funds on December 29, 2017, SCE secured additional insurance from the one insurer that our broker identified as willing to provide coverage this low in the wildfire insurance tower. The term of the insurance contract is from December 31, 2017 through December 30, 2018 for a new limit of $300 million. The premium paid on December 29, 2017, was $120.9 million, including required fees. SCE incurred the obligation and paid for the coverage in 2017, consistent with the Z-Factor's intent. The Post-Test Year Ratemaking section of SCE's tariffs[1] does not require or contemplate authorization of a memorandum account to go forward with the Z-Factor.

Recovery of incremental insurance expense is subject to a one-time deductible of $10 million. Specifically, SCE's preliminary statement declares that "SCE will bear the risk of all potential Z-Factors which do not have a financial impact on SCE of more than $10 million. The $10 million threshold amount is also applied as a deductible on a one-time basis to each Z-Factor authorized for recovery by the Commission. The deductible amount is only applied in the first year's ratemaking treatment for the Z-Factor."[2]

Upon payment by SCE for the additional insurance, SCE will debit the Base Revenue Requirement Balancing Account (BRRBA) for December, net of the $10 million deductible and capitalization, plus taxes, etc. This BRRBA entry for the revenue requirement of the annual premium will be excluded from the January 1, 2018, consolidated rate change previously approved by the Commission. SCE is required to secure Commission approval in a future advice letter before commencing cost recovery of the Z-Factor expense. SCE plans to file this advice letter in the first quarter of 2018. Given the magnitude of the premium, SCE proposes to amortize the cost recovery of the annual insurance premium over 12 months through the BRRBA balancing account upon receiving Commission approval. The insurance coverage will follow customary accounting and ratemaking, with monthly revenues and expenses recognized, offset somewhat by regulatory lag.

SCE's Preliminary Statement directs SCE that "[i]n order to receive recovery of a Z-Factor, SCE shall include in its request for recovery of the revenue requirement associated with the Potential Z-Factor in an Advice Filing."[3] This upcoming advice filing will include declarations or testimony demonstrating the reasonableness of SCE's actions securing the additional coverage in 2017.

Z FACTOR ELIGIBILITY

Section AAA (5) of SCE's Preliminary Statement describes the process for establishing a Z-Factor. Specifically, section a (4) requires SCE to "...show how the Potential Z-Factor meets the Z-Factor Criteria per D. 94-06-011." The section below answers the questions stated in D. 94-06-011, conformed to apply to an electric utility.

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[1] SCE Tariff Preliminary Statement, Section AAA

[2] SCE Preliminary Statement, AAA. Post Test Year Ratemaking Mechanism (PTYR), Sheet 3, Section 5. C.

[3] Ibid, Section 5. b

1. Is the event creating the cost at issue exogenous?

   Yes, these fires are unprecedented because they are occurring late in the year over a few short weeks and the devastation brought about (especially by the Thomas fire) could not have been predicted. Each year, SCE buys as much insurance as is commercially available in the markets at an acceptable price. The company buys from various insurers, progressively building a "tower" of overall coverage. The tower is comprised of segments of insurance coverage for a range of damages, each with specific terms and conditions and premium prices.

   This strategy, followed by most corporations, is designed to realize optimal coverage for likely losses and progressively buying additional segments of coverage with greater dollar values of coverage, aligning the greater coverage with improbable need of having to file a claim. This strategy permits SCE to optimize the coverage for most likely claims at the lowest reasonable price.

   The availability and cost of wildfire insurance is also an exogenous circumstance because SCE cannot dictate or influence the price of premiums or the deductibles. The cost of insurance premiums is strongly influenced by the California courts' application of inverse condemnation to investor-owned utilities, the number and severity of recent wildfire occurrences within the wildland-urban interface, and the insurers' perception of risk in the California market for all utilities. These outside factors dictate the availability and price of wildfire insurance, not SCE.

2. Did the event causing the cost occur after late 1989?

   Yes.

3. Is the cost clearly beyond management's control?

   Yes, please see the response to Question 1.

4. Is the cost a normal cost of doing business even if it is increased by an exogenous event?

   No, the magnitude of these fires and SCE's potential full limit loss of current coverage is not a normal expense that could have been anticipated and incorporated in SCE's Test Year 2015 GRC forecast. While the presence of wildfire damage from year to year is a foreseeable expense, the cumulative effects of the sharp increase in the frequency and magnitude of the wildfires, the growing amount of property damage in the wake of each wildfire, and the declining availability of wildfire liability insurance in the California market could not have been anticipated.

5. Does the event have a disproportionate impact on the company?

   Yes, the anticipated cost of insurance premiums would have a significant impact on SCE's operations. If the company does not augment its insurance coverage it would face the specter of reallocating authorized revenues to pay claims, thus deferring planned, critical work in the coming years. If SCE was unable to delay planned work, funding the stepped-up number of claims from revenues earmarked for bond payments and earnings, then SCE's cost of financing company operations would become more expensive. This phenomenon would impede SCE's opportunity to earn its authorized return on capital investments, causing future capital investment to be scaled back or be more expensive to SCE customers. This latter, negative scenario would have long-lasting impacts on SCE's financing costs as the investment community would view California as an increased risk.

6. Is the cost caused by the event reflected in the economy-wide inflation factor used in the GRC?

   No, such costs are not within the escalation factors adopted by the Commission in D.15-11-021, SCE's test year 2015 General Rate Case.

7. Does the event have a major impact on the utility's overall costs?

   Yes, please see responses to Questions 4 & 5.

8. Can actual costs be used to measure the financial impact of the event or can the costs be determined with reasonable certainty and minimal controversy?

   Yes, SCE will establish segregated accounting for these incremental insurance premium expenses.

9. Are the costs proposed for Z Factor treatment reasonable?

   SCE will demonstrate that its actions were reasonable because it sought coverage through a reputable insurance broker to replenish the insurance coverage from those carriers who might remain in the California utility wildfire liability insurance market. Given the number and severity of California wildfires in 2017, SCE's broker identified only one insurer who would sell insurance to SCE this low in the wildfire tower at a price considered reasonable under the circumstances. SCE purchased the additional insurance because it recognized it might reach full limit loss of current coverage, although investigations of the fires' causes are ongoing.

For questions, please contact me at (626) 302-4177 or by electronic mail at Russell.Worden@sce.com.

Southern California Edison Company

Russell G. Worden

Russell G. Worden

RGW

cc:

All Parties in A. 13-11-003
Ed Randolph, Energy Division Director
Dorothy Duda, Energy Division
James Loewen, Energy Division
Elizabeth Echols, ORA Director
Robert M. Pocta, ORA

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:	Contact Person: Darrah Morgan
☑ ELC ☐ GAS	Phone #: (626) 302-2086
☐ PLC ☐ HEAT ☐ WATER	E-mail: Darrah.Morgan@sce.com
	E-mail Disposition Notice to: AdviceTariffManager@sce.com

EXPLANATION OF UTILITY TYPE	(Date Filed/ Received Stamp by CPUC)
ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	

Advice Letter (AL) #: 3768-E Tier Designation: 3

Subject of AL: Request for Z-Factor Recovery of the Revenue Requirement Associated with Incremental Wildfire-Related Liability Insurance

Keywords (choose from CPUC listing):

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☐ Yes ☑ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.
Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required? ☑ Yes ☐ No

Requested effective date: Upon Commission Approval No. of tariff sheets: -0-

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: None

Service affected and changes proposed[1]:

Pending advice letters that revise the same tariff sheets: None

[1] Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

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