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12  
13 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
14 COUNTY OF LOS ANGELES, CENTRAL DISTRICT  
15

16 RALPH HABER, et al.,  
17  
18 Plaintiffs,

19 v.

20 SOUTHERN CALIFORNIA EDISON et al.,

21  
22 Defendants.  
23

24 AND CONSOLIDATED AND CROSS ACTIONS.  
25  
26  
27  
28

Case No. BC 585858 [LEAD CASE]  
Consol/w: BC595757, BC608001, BC608363, BC608411,  
BC609549, BC610560, BC611086, BC615033, BC648862

**REPLY IN SUPPORT OF SOUTHERN  
CALIFORNIA EDISON COMPANY'S  
MOTION FOR LEGAL DETERMINATION**

**Reservation ID 180201286345**

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**Assigned to: Hon. Terry Green**  
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1     **I. INTRODUCTION**

2             SCE’s Motion raises two questions: (1) is the right to socialize losses a necessary prerequisite  
3 to imposing inverse condemnation liability on a private utility? And (2) does the Public Utilities  
4 Commission’s (“PUC’s”) recent decision holding that inverse condemnation liability is not relevant  
5 to ratemaking decisions mean that private utilities cannot lawfully be subject to inverse  
6 condemnation claims?

7             As to the first, the parties appear to be in agreement. Plaintiffs do not dispute that, under  
8 *Barham* and *Pacific Bell*, a private utility can only be subject to inverse condemnation liability, if at  
9 all, if it is entitled to socialize losses.<sup>1</sup> Plaintiffs make no argument that inverse condemnation  
10 liability is proper absent the power to spread costs over all taxpayers or ratepayers. *See Holtz v.*  
11 *Super. Ct.*, 3 Cal. 3d 296, 303 (1970) (“the underlying purpose” of inverse condemnation is to  
12 “distribute throughout the community the loss inflicted upon the individual by the context of public  
13 improvements: to socialize the burden . . . that should be assumed by society.”).

14             As to the second, Plaintiffs dispute SCE’s claim that it is not entitled to socialize losses in  
15 light of the PUC’s decision denying SDG&E’s request for a rate adjustment. Plaintiffs make various  
16 procedural arguments in an attempt to convince this Court to ignore the PUC’s clear instruction that  
17 private utilities are not entitled to rate adjustments for inverse losses. *See Ex. A.* (PUC Decision 17-  
18 11-033) (“Decision”) ( “Inverse Condemnation principles are not relevant” to PUC’s consideration  
19 of applications for rate increase). None of Plaintiffs’ arguments is persuasive.

20             *First*, Plaintiffs incorrectly claim that this Court cannot consider SCE’s Motion under Section  
21 1260.040. But the Second Appellate District held in *Dina v. People ex rel. Dep’t of Transportation*  
22 that Section 1260.040 expressly permits a court to decide whether or not a defendant is subject to  
23 inverse condemnation liability. 151 Cal. App. 4th 1029, 1044 (2007). While Plaintiffs may wish that  
24 this Court turn to issues of procedure and ignore the substance of SCE’s arguments, *Dina* in fact  
25 remains good law and SCE’s Motion is proper.

26             *Second*, SCE’s Motion is ripe and relies on a clear articulation (rather than “dictum”) of PUC  
27 policy that it will not consider inverse condemnation liability in ratemaking determinations (but  
28 instead the PUC will apply its own prudent manager standard to determine whether to permit rate  
increases). This policy determination by the PUC, announced for the first time in the PUC’s Decision

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<sup>1</sup> SCE respectfully submits that a private utility cannot be subject to inverse condemnation liability at all because it is not a governmental entity. However, this Court need not reach that question for purposes of resolving SCE’s motion here.

1 Denying Application (the “Decision”), makes clear a fundamental difference between private utilities  
2 and governments: unlike government entities, SCE and other IOUs *are not* entitled to socialize the  
3 costs of inverse condemnation liability. The PUC’s Decision rejected the foundational assumption  
4 permitting the application of inverse liability to IOUs. This new policy represents a changed  
5 circumstance rendering inverse condemnation inapplicable against IOUs. *See Cianci v. Super. Ct.* 40  
6 Cal. 3d 903 (1985) (rejecting precedent where the “reasoning is unsound because its underlying  
7 premise is unsupported”); *People v. Triggs*, 8 Cal. 3d 884, 891 (1973).

8 *Third*, without the right to socialize costs, the application of inverse condemnation to an IOU  
9 is an unconstitutional taking and deprivation of SCE’s due process rights. Rather than addressing this  
10 argument, Plaintiffs attempt to mischaracterize it by claiming that SCE seeks to turn *any* judgment  
11 against an IOU into an unconstitutional taking, even where an IOU acts imprudently. But Plaintiffs’  
12 misread SCE’s argument. What matters is whether SCE is entitled to socialize costs from inverse,  
13 not whether a utility has acted prudently or not in any given action. And the PUC has made clear that  
14 SCE and other IOUs *cannot* socialize inverse losses like government entities. Without that right,  
15 inverse liability amounts to an unconstitutional taking of SCE’s private property and a violation of  
16 SCE’s due process rights.

17 The issue presented by SCE’s Motion is whether a privately-owned entity can be subject to  
18 strict liability under inverse condemnation where that private entity does not have the right to spread  
19 the costs of that liability. This issue has never before been decided by any court in California. SCE  
20 respectfully submits that the answer is no: inverse condemnation liability cannot apply to IOUs like  
21 SCE because they cannot, as a right, shift private losses to the public.<sup>2</sup> Accordingly, SCE respectfully  
22 requests that the Court grant SCE’s Motion.

23 **II. SECTION 1260.040 IS THE PROPER PROCEDURAL VEHICLE FOR DETERMINING A**  
24 **DISPOSITIVE QUESTION OF LAW IN AN INVERSE CONDEMNATION ACTION**

25 In *Dina*, 151 Cal. App. 4th 1029, 1044 (2007), the Second Appellate District held that Code  
26 of Civil Procedure Section 1260.040 permits a party to move for a legal determination on whether  
27 inverse condemnation liability applies. After conducting a review Section 1260.040’s legislative  
28 history, the court explained “it would be contrary to legislative intent not to permit a party to move  
for a ruling on the legal issue of liability in an inverse condemnation proceeding.” *Id.* at 1044.

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<sup>2</sup> That inverse condemnation liability does not apply to IOUs does not mean that Plaintiffs cannot  
recover from IOUs. Plaintiffs may still seek recovery through other causes of action such as  
negligence or trespass.

1 Accordingly, Section 1260.040 allows this Court to resolve, as a matter of law, “a dispute . . . over  
2 an evidentiary or other legal issue affecting the determination of compensation[.]”

3 Plaintiffs argue that this Court should ignore *Dina* and instead apply the Fourth Appellate  
4 District’s decision in *Weiss v. People ex rel. Dep’t of Transportation*, 20 Cal. App. 5th 1156 (2018),  
5 and find that SCE may not bring a motion under Section 1260.040 relating to inverse condemnation  
6 liability. However, *Weiss* was decided by the Fourth Appellate District after SCE had already filed  
7 its Motion, and the decision plainly contradicts the Second Appellate District’s holding in *Dina*. “As  
8 a practical matter, a superior court will ordinarily follow an appellate opinion emanating from its  
9 own district even though it is not bound to do so.” *McCallum v. McCallum*, 190 Cal. App. 3d 308,  
315 (1987).

10 SCE acknowledges that *Weiss* created a split of authority on this issue, but Plaintiffs’ position  
11 that *Weiss* “requires” this Court to deny SCE’s Motion is incorrect. (Opp. at 3). In *Weiss*, the Fourth  
12 Appellate District read Section 1260.040(a) to only apply to issues determining the amount of  
13 compensation in eminent domain proceedings. 20 Cal. App. 5th at 1171. However, in *Dina*, the  
14 Second Appellate District correctly observed that, because Section 1260.040 on its face states that it  
15 applies to “legal issue[s] affecting the determination of compensation,” Section 1260.040 authorizes  
16 a party to move for a determination on liability. *Dina*, 151 Cal. App. 4th at 1043.<sup>3</sup> Indeed, “[w]hat  
17 could affect the determination of compensation more than whether or not the plaintiffs have a valid  
18 cause of action?” *Id.* at 1041. Accordingly, SCE submits that *Weiss* incorrectly limited the application  
19 of Section 1260.040, especially in light of the legislative intent of Section 1260.040 to “facilitate  
resolution of condemnation cases without trial.”<sup>4</sup> *Id.* at 1043. *Dina* remains good law, and it permits

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20 <sup>3</sup> Plaintiffs claim Section 1260.040 only applies to eminent domain proceedings and is thus inapplicable to  
21 inverse condemnation claims. (Opp. at 2.) Nevertheless, Plaintiffs claim that there are “two types of eminent  
22 domain cases,” a “direct, intended condemnation,” and “inverse condemnation.” (*Id.* at 1.) In other words,  
23 Plaintiffs’ attempt to narrow Section 1260.040 and preclude its application to inverse claims is at odds with  
24 their own arguments and the well-settled doctrine that inverse *is* a type of eminent domain proceeding. *Breidert*  
*v. S. Pac. Co.*, 61 Cal. 2d 659, 663 n.1 (1964) (“An inverse condemnation action is an eminent domain  
proceeding initiated by the property owner rather than the condemner. The principles which affect the parties’  
rights in an inverse condemnation suit are the same as those in an eminent domain action.”).

25 <sup>4</sup> Even if *Weiss* controlled, this Court has the inherent authority to convert SCE’s Motion into a dispositive  
26 motion for judgment on the pleadings. *See Coshov v. City of Escondido*, 132 Cal. App. 4th 687, 701–02  
27 (2005) (“A court’s inherent powers to control litigation and conserve judicial resources authorize it to conduct  
28 hearings and formulate rules of procedure as justice may require.”) Indeed, courts routinely enter judgment in  
favor of a defendant when “motions in limine show that ‘even if the plaintiff’s allegations were proved, they  
would not establish a cause of action.’” *Id.*; *see also Lucas v. Cty. of Los Angeles*, 47 Cal. App. 4th 277, 285  
(1996) (approving conversion of motion in limine into a motion for judgment on the pleadings).

1 SCE’s Motion.

2 **III. SCE CANNOT BE SUBJECT TO INVERSE CONDEMNATION LIABILITY**

3 **A. Inverse Condemnation Claims Are Impermissible Where Defendants Cannot**  
4 **Spread Losses**

5 When the government takes private property for public use, it must pay “just compensation”<sup>5</sup>  
6 for the property and thereby “distribute throughout the community the loss inflicted upon the  
7 individual.” *Holtz*, 3 Cal. 3d at 303. This “loss distribution” function is fundamental to inverse  
8 condemnation liability. A *government* defendant can pass on the plaintiffs’ losses as a matter of  
9 course; a *private* defendant such as SCE cannot.

10 Plaintiffs claim that the PUC Decision does not impact the propriety of inverse liability  
11 because the PUC based its decision on the prudent manager standard rather than inverse liability.  
12 Plaintiffs’ argument misses the mark. Plaintiffs seek to hold SCE strictly liable on an inverse theory,  
13 while the PUC has now made clear that inverse is *not a factor* in ratemaking decisions under the  
14 standard that the PUC applies. Ex. A (Decision) at 65 (“Inverse Condemnation principles are not  
15 relevant to a Commission reasonableness review . . .”). Government entities have the power and  
16 fundamental right, as a sovereign, to socialize losses even if the government acted imprudently or  
17 worse. SCE, however, as a private utility cannot spread inverse losses to ratepayers because any rate  
18 increase requires PUC approval (approval that the PUC has made clear is not ensured).

19 Moreover, the fact that the PUC may in some cases (i.e., where a utility was found to have  
20 acted prudently) allow rate increases is irrelevant; the Decision makes clear that such losses will in  
21 many cases have to be borne entirely by the IOU (and its shareholders) rather than by the broader  
22 public.

23 Plaintiffs have identified no precedent applying inverse to a party that does not have the power  
24 to spread losses. California authorities uniformly hold that the capacity to shift losses from injured  
25 private owners to the public is a necessary precondition for subjecting an entity to inverse liability.  
26 *See, e.g., Gutierrez v. Cty. of San Bernardino*, 198 Cal. App. 4th 831, 837 (2011). Without loss  
27 distribution, private utilities would function effectively as uncompensated general insurers or  
28 reinsurers for all public harm stemming from wildfires that implicate electrical facilities in the chain  
of proximate causation. Nothing in California law supports (much less requires) such an outcome.

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<sup>5</sup> *See, e.g.,* Cal. Const. art. I, § 19 (“Private property may be taken or damaged for public use only when just compensation . . . has been paid.”).

1           **B.       Courts Have Not “Consistently Permitted Inverse Condemnation Claims**  
2                   **Against Private Utilities”**

3           Plaintiffs’ claim that courts have “consistently permitt[ed] inverse condemnation claims  
4 against private utilities,” (Opp. 3), is belied by the paucity of their citations. The California Supreme  
5 Court has considered dozens of inverse condemnation cases, but it has never held that an inverse  
6 condemnation action could be maintained against an IOU. Nor has the United States Supreme Court.  
7 Plaintiffs cite only *two* cases where inverse condemnation was applied to private companies—  
8 *Barham* and *Pacific Bell*.

9           Neither of those cases supports Plaintiffs’ proposed extension of inverse condemnation to  
10 private parties who cannot shift losses to the public. Instead, both cases acknowledged that loss-  
11 spreading is fundamental to inverse condemnation, and both cases based their holding on the  
12 assumption that an IOU defendant could shift inverse condemnation losses to the broader public by  
13 raising electricity rates. Where, as here, evidence establishes that an IOU is not entitled to spread  
14 losses whenever inverse liability is imposed, plaintiffs must rely on traditional tort claims (like  
15 negligence)—not inverse condemnation.

16           Plaintiffs further contend that the doctrine of *stare decisis* compels the Court to ignore  
17 changed circumstances and mechanically apply the holdings of *Barham* and *Pacific Bell*. (Opp. at  
18 13–14.) The Court should reject Plaintiffs’ request to set aside SCE’s constitutional rights by  
19 uncritically copying the outcomes of previous, distinguishable cases, which dealt with different  
20 circumstances. *See Cianci v. Super. Ct.* (1985) 40 Cal. 3d 903 (rejecting precedent where the  
21 “reasoning is unsound because its underlying premise is unsupported”); *Gibson v. Gibson*, 3 Cal. 3d  
22 914, 915, 923 (1971); *People v. Triggs*, 8 Cal. 3d 884, 891 (1973) (precedent is binding only where  
23 the facts before the court are not “fairly distinguishable from the facts of the case in which [a higher  
24 court has] declared the applicable principle of law”).

25           There can be no serious question that the PUC’s Decision represents a fundamental departure  
26 from California appellate courts’ previous assumption that a private utility is entitled to spread  
27 inverse losses, destroying the factual and constitutional foundations of those decisions. *E.g., Pac.*  
28 *Bell*, 208 Cal. App. 4th at 1407 (assuming that the PUC would permit a private utility to “pass on  
damages liability” with a rate adjustment). Those decisions are now “fairly distinguishable” and are  
no longer binding on this Court. *See People v. Linkenauger*, 32 Cal. App. 4th 1603, 1613 (1995)  
(declining to follow Supreme Court precedent because “the instant factual context is fairly  
distinguishable”); *Montandon v. Triangle Publ’ns, Inc.*, 45 Cal. App. 3d 938, 950–52 (1975) (same).

1 Unlike the *Barham* and *Pacific Bell* courts, this Court may not assume as a factual matter that  
2 no “significant differences exist regarding the operation of publicly versus privately owned utilities.”  
3 *Barham*, 74 Cal. App. 4th at 752–53. The PUC has now made clear IOUs cannot recover strict  
4 liability damages through rate increases as a matter of course, unlike government entities. The fact  
5 that the PUC might occasionally permit rate increases under a different standard (prudent manager)  
6 than that applied by the courts (strict liability) does not change this fact.

6 **C. Negligence Concepts Are Irrelevant To Whether SCE Can Socialize Losses**  
7 **Incurred Through The Application Of Inverse Condemnation**

8 Plaintiffs next urge the Court to disregard the PUC’s new policy because Plaintiffs claim that  
9 “SCE completely ignores the fact that SDG&E was found by the CPUC to be an imprudent manager.  
10 . . . In other words they were **negligent**” (emphasis in original). (Opp. at 10). But by pursuing an  
11 inverse condemnation remedy, Plaintiffs hope to recover *without any proof of fault*. The fact that  
12 Plaintiffs seek to hold SCE liable regardless of fault, and that PUC’s “prudent manager” standard  
13 considers fault, supports SCE’s argument. SCE cannot reliably recover inverse condemnation  
14 losses—thereby shifting losses from plaintiffs to the public—precisely because inverse  
15 condemnation is a strict liability claim, not a negligence claim. But the PUC has announced that it  
16 will not allow inverse condemnation losses to be passed on to ratepayers depending on the PUC’s  
17 independent assessment of whether the utility has been “prudent.” This dichotomy puts SCE in the  
18 untenable position of being liable to Plaintiffs in court under one standard (strict liability) but then  
19 not having the benefit of that same standard before the PUC when it seeks to pass on the losses.

20 Inverse condemnation, and SCE’s ability to pass inverse condemnation losses to the broader  
21 public, has nothing to do with negligence. A government defendant held liable in an inverse  
22 condemnation action can spread losses to the public regardless of whether or not the government was  
23 “prudent” or “negligent,” but an IOU cannot do so. Fault, wrongdoing, and foreseeability are  
24 irrelevant concepts in takings law, which is why Plaintiffs find an inverse condemnation claim more  
25 convenient than a tort claim; an inverse claim avoids the need to prove the fault required for tort  
26 liability. This is the fundamental difference between private and government entities, and this  
27 difference renders the application of inverse condemnation inapplicable to IOUs.<sup>6</sup>

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26 <sup>6</sup> Plaintiffs’ reliance on *Gay Law Students Ass’n v. Pacific Telephone & Telegraph Co.*, 24 Cal. 3d 458 (1979),  
27 an anti-discrimination case unrelated to takings or inverse condemnation, is misplaced. Plaintiffs assert that  
28 the economic benefit of a state-sanctioned monopoly justifies the imposition of inverse condemnation on a  
private utility. (Opp. at 13–14.) But the holding of *Gay Law Students Ass’n* is not nearly so broad. The question

1 **IV. THE COURT CAN TAKE JUDICIAL NOTICE OF THE PUC DECISION AND PUC HEARING**

2 This Court may take judicial notice of the existence and contents of PUC proceedings as  
3 official acts of a California agency. (*See generally* SCE’s Reply to Plaintiffs’ Opp. to RJN). Contrary  
4 to Plaintiffs’ claims, SCE does not ask this Court to take judicial notice of the truth of the PUC’s  
5 *factual findings* as to SDG&E’s management of its facilities or any other *factual findings* made by  
6 the PUC. What SCE asks is simply that this Court recognize the PUC issued a decision; recognize  
7 the PUC made findings, judgments, and conclusions as to the application of inverse liability in  
8 ratemaking determinations; and recognize the legal effect of those determinations on privately-  
9 owned utilities. This is a proper request. *See, e.g., Steed v. Dep’t of Consumer Affairs*,  
10 204 Cal. App. 4th 112, 123 (2012) (“The trial court properly took judicial notice of the existence of  
11 the minute order, i.e., of the fact that on June 12, 2009, the trial court issued a minute order granting  
12 Steed’s petition for writ of mandates.”).

11 **V. THE PUC’S REFUSAL TO ALLOW PRIVATELY OWNED UTILITIES TO SOCIALIZE INVERSE**  
12 **LOSSES IS NEITHER “DICTA” NOR “ADVISORY”**

13 To be clear, SCE does not seek review of the PUC’s Decision, nor does SCE ask this Court  
14 to set aside or reverse the PUC’s ratemaking decision. To the contrary, SCE urges the Court to  
15 recognize the import of the PUC’s refusal to permit a private utility to recover inverse losses through  
16 rate increases, and how this fact precludes SCE from being subject to inverse liability. Plaintiffs  
17 similarly err in asserting that the PUC’s decision was “at best a kind of advisory opinion or *dictum*.”  
18 (Opp. at 5.) Rather, the PUC’s decision deliberately deprived privately owned utilities of any right  
19 to secure loss-spreading for inverse condemnation liability.

20 Despite Plaintiffs’ best efforts to recharacterize the PUC’s decision as a “hypothetical  
21 determination” concerning a “hypothetical utility . . . in an unspecific and hypothetical factual  
22 situation,” (Opp. at 5 (emphasis omitted)), the PUC’s decision expressly announced, for the first  
23 time, its policy that inverse condemnation is not relevant to the PUC’s cost recovery analysis:

24 Inverse Condemnation principles are not relevant to a Commission reasonableness  
25 review under the prudent manager standard . . . . Even if SDG&E were strictly

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25 presented in that case was whether the “California constitutional equal protection guarantee [was] violated  
26 when a private utility, which enjoys a state-protected monopoly or quasi-monopoly, utilizes its authority  
27 arbitrarily to exclude a class of individuals from employment opportunities[.]” *Id.* at 460. The California  
28 Supreme Court held that Pacific Telephone & Telegraph Company’s employment decisions constituted state  
action and were therefore constrained by the constitutional prohibition against governmental discrimination.  
The court considered the grant of monopoly or quasi-monopoly by the state as a relevant consideration, but  
the court’s decision did not address inverse liability, and its holding does not come close to suggesting that  
privately owned utilities surrender their constitutional rights by submitting to government regulation.

1           liable, we see nothing in the cited case law that would supersede this Commission’s  
2           exclusive jurisdiction over cost recovery/cost allocation issues involving  
3           Commission regulated utilities.

4           Ex. A at 65. This new PUC determination disproves the very cost-spreading rationale underlying  
5           the judicial expansion of inverse liability to privately owned utilities in the first place:

6                     [T]he doctrine of inverse condemnation, as its been developed by the courts and  
7                     applied to public utilities, may be worth re-examining in a sense that the courts  
8                     applying the cases to public utilities have done so without really grappling with the  
9                     salient difference between public and private utilities, which is that there’s no  
10                    guaranty that private utilities can recover the cost from the ratepayers . . . .

11           Ex. 1 (Transcript of Nov. 30, 2017 PUC Hearing) at 18:15-23 (Statement of Commissioner  
12           Rechtschaffen); *see also* Ex. C at 5 (“[T]he logic for applying inverse condemnation to utilities—  
13           costs will necessarily be socialized across a large group rather than borne by a single injured property  
14           owner, regardless of prudence on the part of the utility—is unsound.”). These statements are not mere  
15           hypotheticals or dicta; rather, they represent a clear articulation of PUC policy. *See San Diego Gas  
16           & Elec. Co. v. Superior Court*, 13 Cal. 4th 893, 928, 934 (1996) (recognizing that the PUC adopted  
17           a policy in a 1993 decision on powerline and magnetic fields, and that the PUC was “still actively  
18           pursuing the broad policy” in subsequent proceedings with other utilities).<sup>7</sup>

19           **VI. TO THE EXTENT “RIPENESS” IS EVEN RELEVANT, SCE’S MOTION IS RIPE**

20           Ripeness is a justiciability doctrine under which a court can decline to “entertain an action  
21           which is not founded on an actual controversy.” *Cal. Water & Tel. Co. v. Los Angeles Cty.*, 253 Cal.  
22           App. 2d 16, 22–23 (1967). Plaintiffs argue that the Court cannot rule on SCE’s Motion because the  
23           PUC’s decision is not “final” and thus not ripe for review. (Opp. at 7–9.) However, SCE is not  
24           challenging the PUC’s decision. Rather, Plaintiffs have sued SCE and seek to recover inverse liability  
25           damages. Accordingly, Plaintiffs cannot claim that one of SCE’s defenses against Plaintiffs’ inverse  
26           claim can be suppressed on “ripeness” grounds even as Plaintiffs’ claim is allowed to proceed.  
27           Plaintiffs essentially want this Court to refuse to consider SCE’s challenge to Plaintiffs’ cause of  
28           action and hold SCE liable under inverse condemnation but then force SCE to take a chance with the

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<sup>7</sup> President and Commissioner Michael Picker and Commissioner Martha Guzman Aceves also stated that the PUC is “concerned that the application of inverse condemnation to utilities [by the courts] in all events of private property loss would fail to recognize the importance distinctions between public and private utilities.” Ex. C at 6.

1 PUC that has already declared that it will not increase rates to account for inverse liability. This is  
2 improper. SCE’s Motion properly alerts the Court that extending inverse condemnation to a private  
3 utility that cannot spread losses would violate due process and constitute an unconstitutional taking  
4 of SCE’s property.

5 Even if SCE was challenging the PUC’s decision (it is not challenging that decision in the  
6 *Round Fire* case), the PUC’s decision nevertheless became binding and effective immediately and  
7 remains binding and effective today. PUC rules make clear that “[f]iling of an application for  
8 rehearing shall not excuse compliance with an order or a decision.” 20 Cal. Code Reg. § 16.1(b).  
9 Plaintiffs argument that the PUC’s opinion may change on rehearing or be reversed on appeal, (Opp.  
10 7–8), is irrelevant to the ultimate issue underlying inverse condemnation: whether an IOU can, as a  
11 right, spread inverse condemnation losses to the public. That question has been answered by the PUC,  
12 and thus, the question of whether inverse condemnation can be applied to IOUs is properly before  
13 the Court.

14 **VII. APPLICATION OF INVERSE CONDEMNATION TO SCE IS UNCONSTITUTIONAL**

15 As explained in SCE’s motion, allowing inverse claims against privately owned utilities  
16 would violate SCE’s constitutional rights. *Eastern Enterprises v. Apfel*, 524 U.S. 498, 522 (1998)  
17 (plurality op.) (“The aim of the [Takings] Clause is to prevent the government ‘from forcing some  
18 people alone to bear public burdens which, in all fairness and justice, should be borne by the public  
19 as a whole.’” (citations omitted)); *Ketchum v. State*, 62 Cal. App. 4th 957, 963 (1998) (due process  
20 rights may be violated where there is no “rational relationship between the State’s purposes” and the  
21 scope of liability).

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2 **VIII. CONCLUSION**

3 Because SCE, a privately-owned utility, lacks the power to automatically or reliably spread  
4 inverse losses to the broader public, the doctrine of inverse condemnation is inapplicable. Plaintiffs  
5 cannot point to a single case in which inverse condemnation was applied to an entity that could not  
6 shift losses to the broader public. SCE respectfully requests this Court to hold that SCE cannot be  
7 liable for inverse condemnation damages.

8 DATED: April 23, 2018.

**MURCHISON & CUMMING, LLP**

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By: 

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GINA E. OCH  
Attorneys for Defendant, Cross-  
Complainant and Cross-Defendant,  
SOUTHERN CALIFORNIA EDISON COMPANY

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**PROOF OF SERVICE**  
**Haber vs. Southern California Edison Company**

**STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

At the time of service, I was over 18 years of age and not a party to this action. I am employed in the County of Los Angeles, State of California. My business address is 801 South Grand Avenue, Ninth Floor, Los Angeles, CA 90017-4613.

On April 23, 2018, I served true copies of the following document described as **REPLY IN SUPPORT OF SOUTHERN CALIFORNIA EDISON COMPANY'S MOTION FOR LEGAL DETERMINATION** on the interested parties in this action as follows:

**BY ELECTRONIC SERVICE via CASEHOMEPAGE** to all parties appearing on the most recent omnibus service list, sent from e-mail address [mdejohnette@murchisonlaw.com](mailto:mdejohnette@murchisonlaw.com). I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

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

Executed on April 23, 2018, at Los Angeles, California.



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MARJORIE K. DE JOHNETTE