

Docket	:	<u>A.26-03-003</u>
Exhibit Number	:	<u>CalAdv-02</u>
Commissioner	:	<u>Matthew Baker</u>
Administrative Law Judge	:	<u>Douglas M. Long</u>
Public Advocates Office	:	<u>Lindsay Loethen</u>
Witness		



PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION

**REPORT
ON
CATASTROPHIC EVENT
MEMORANDUM ACCOUNT,
COVID-19 GAS ACCOUNT**

San Francisco, California
September 11, 2026

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MEMORANDUM

The Public Advocates Office at the California Public Utilities Commission (“Cal Advocates”) examined application material, data request responses, and other information presented by Southern California Edison (“SCE”) in Application (“A.”) 26-03-003 to provide the California Public Utilities Commission (“Commission” or “CPUC”) with recommendations in the interests of ratepayers for safe and reliable service at the lowest cost. Mr. Mehboob Aslam is Cal Advocates’ project lead for this proceeding. Mr. Victor Chan is the oversight supervisor, and Ms. Marybelle Ang is the legal counsel.

Although every effort was made to comprehensively review, analyze, and provide the Commission with recommendations on each ratemaking and policy aspect presented in the Application, the absence from Cal Advocates’ testimony of any particular issue should not be construed as agreement or disagreement of the underlying request, methodology, or policy position related to that issue.

Chapter #	Description	Witness
1	COVID-19 CEMA GAS ACCOUNT	Lindsay Loethen

1 **CHAPTER 1 COVID-19 CEMA GAS ACCOUNTS**

2 **I. INTRODUCTION**

3 This testimony presents the analysis and recommendations of the Public
4 Advocates Office at the California Public Utilities Commission (Cal Advocates)
5 regarding the *Application of Southern California Edison Company for Authority Recover*
6 *Costs For Its Class C Water Utility and Small Gas Utility* (Application), filed on March
7 11, 2026.¹ Specifically, this testimony addresses Southern California Edison Company’s
8 (SCE) COVID-19 Operations and Maintenance (O&M) expenses recorded in the
9 Catastrophic Events Memorandum Account (CEMA) for Gas Utilities on Santa Catalina
10 Island.

11 SCE seeks authorization to recover O&M costs of \$6.207 million (\$5.779 million
12 for Water and \$0.428 million for Gas) for “costs that SCE incurred in the course of
13 providing water and gas services to customers on Santa Catalina Island (Catalina, or the
14 Island).”² This testimony specifically evaluates SCE’s request to recover CEMA-
15 recorded gas costs of \$0.428 million over two years.³

16 **II. SUMMARY OF RECOMMENDATIONS**

17 The Commission should not authorize SCE’s recovery of \$428,197 of expenses
18 recorded in COVID-19 CEMA for 2020-2022. Cal Advocates recommends zero
19 recovery, which is \$428,197 lower than SCE’s request.

20 Table 1-1 below shows SCE’s request and Cal Advocates’ total 2020-2022
21 COVID-19 CEMA recommendations for Gas.

¹ Application (A.) 26-03-003, *Application of Southern California Edison Company for Authority to, Among Other Things, Recover Costs For Its Class C Water Utility and Small Gas Utility*, March 11, 2026.

² SCE Prepared Testimony at 1.

³ SCE Prepared Testimony at 1.

Table 1-1
2020-2022 COVID-19 CEMA Gas Account
(in \$000)

Description (a)	SCE Proposed⁴ (b)	Cal Advocates' Recommended (c)	Amount SCE>Cal Advocates (d=b-c)
O&M Expenses	\$428,197	\$0	\$428,197

Table 1-2 below shows SCE's request and Cal Advocates' expense recommendations, by year.

Table 1-2
2020-2022 CEMA Gas Account Expenses
(in \$000)

Description (a)	SCE Proposed⁵ (b)	Cal Advocates' Recommended (c)	Amount SCE>Cal Advocates (d=b-c)
2020	\$337,098	\$0	\$337,098
2021	\$95,902	\$0	\$95,902
2022	-\$4,803	\$0	-\$4,803
Total	\$428,197	\$0	\$428,197

III. BACKGROUND

On April 14, 2020, in response to the COVID 19 pandemic, SCE submitted Advice Letter 2031-G and Advice Letter 119-W to establish CEMA Accounts for its Gas and Water utilities on Catalina in accordance with Resolution E-3238. These advice letters were intended for (1) recording the costs associated with a catastrophic event for

⁴ SCE Prepared Testimony at 24.

⁵ SCE Prepared Testimony at 24.

1 restoring service to water and gas customers; (2) repairing, replacing, or restoring
2 damaged utility facilities; and (3) complying with governmental agency orders.⁶

3 In this Application, SCE seeks to recover the costs incurred for employee
4 sequestration related to its Water and Gas utilities.⁷ Cal Advocates conducted its analysis
5 by reviewing SCE's Testimony and Application. Cal Advocates also issued numerous
6 data requests and analyzed the responses to obtain additional information to clarify SCE's
7 recovery requests. Cal Advocates analyzed the line-item detail of 2020-2022 costs
8 recorded in SCE's Catalina Island CEMA to determine which costs were incremental,
9 reasonable, and appropriate for cost recovery.

10 Regarding the evaluation, determination, and authorization of costs in
11 reasonableness reviews, the Commission requires that a utility's costs not only be prudent
12 but also verifiable for reasonableness before it can recover the costs as follows:

13 ...to recover reasonable costs prudently incurred to comply with
14 the changes to the Commission's rules adopted today. To be clear,
15 we do not find today that all costs incurred to comply with the
16 revised rules will be automatically assumed to be reasonable but
17 that, after the Commission verifies the reasonableness of costs,
18 recovery will be permitted.⁸

19 **IV. DISCUSSION**

20 **A. The Commission Should Deny Recovery of SCE's 2020-2022** 21 **CEMA COVID-19 Gas Expenses**

22 SCE's recovery request of \$428,197 for 2020-2022 CEMA COVID-19 Gas
23 expenses is not justified and should be rejected in its entirety because the recovery period
24 has passed. Table 1-3 shows SCE's CEMA request and Cal Advocates' recommendation
25 for 2020-2022:
26

⁶ SCE Prepared Testimony at 16.

⁷ SCE Prepared Testimony at 17.

⁸ D.12-01-032 at 151.

Table 1-3
2020-2022 CEMA Gas Account COVID-19 Expenses
(In \$000)

Description (a)	SCE Proposed² (b)	Cal Advocates Recommended (c)	Amount SCE>Cal Advocates (d=b-c)
2020-2022	\$428,197	\$0	\$428,197

The Commission should deny SCE's recovery request because the period during which SCE could have recovered its under-collection has passed. General Order (G.O.) 96-B, Water Industry Rule 8.5 provides that "[a] Utility may not request recovery for an under-collection that is over three years old."¹⁰ General Rule 1.2, which applies to all utilities regardless of industry, states:

If a utility provides services within two or more of the covered industries, the utility shall comply with each of the Industry Rules applicable to the respective services. In addition, if a utility provides two or more types of utility service covered in this General Order, the utility shall comply with the requirements of General Rules 8 to 8.5.8 by means of separate tariffs for each type of utility service provided.¹¹

This rule expressly mandates utilities to comply with all industry-specific rules, particularly if they provide services in more than one covered industry. Because SCE seeks to recover both Water and Gas under-collections from over three years ago in the same Application, Rule 8.5's standard should apply uniformly.

SCE's request has passed the three-year statute of limitations under G.O 96-B. Six years have passed since 2020, five years have passed since 2021, and four years have passed since 2022. It would be unjust and unreasonable to allow SCE to recover 2020-2022 COVID-19 sequestration costs beyond the allowed timeframe.

² PG&E's 2022 WMCE Testimony at 2-4.

¹⁰ G.O. 96-B, Water Industry Rule 8.5.

¹¹ G.O. 96-B, General Rule 1.2.

1 Accordingly, the Commission should deny recovery of SCE’s 2020-2022 Catalina
2 Gas expenses in this Application. Denying SCE’s recovery request for these costs is
3 reasonable and appropriate. SCE has had ample time and opportunity to monitor,
4 maintain and correct its records and provide timely support for recovery of these costs
5 within the three-year recovery period mandated by G.O. 96-B but the utility has failed to
6 do so. Therefore, SCE’s request should be rejected.

7 **B. Cal Advocates Does Not Oppose Recovery of CEMA COVID-19**
8 **Gas Expenses Recovery Mechanism**

9 SCE proposes recovering the CEMA balance over a two-year period to mitigate a
10 relatively larger rate increase.¹² SCE claims that this would “smooth out” the increase
11 compared to recovering over a typical 12-month amortization period.¹³ Cal Advocates
12 does not oppose SCE’s Gas recovery mechanism.

13 **V. CONCLUSION**

14 The Commission should reject SCE’s request for \$428,197 recorded in its 2020-
15 2022 COVID-19 CEMA Gas account because the recovery period has passed. SCE
16 should be authorized to recover the recorded balance in the relevant Gas memorandum
17 account over two years, beginning 30 days after a final decision is issued in this
18 proceeding.

¹² SCE Prepared Testimony at 8.

¹³ SCE Prepared Testimony at 8.

APPENDIX A:
Qualifications of Witness

**QUALIFICATIONS AND PREPARED TESTIMONY
OF
LINDSAY LOETHEN**

Q.1 Please state your name and address.

A.1 My name is Lindsay J. Loethen. My business address is 320 W. 4th Street, Los Angeles, California.

Q.2 By whom are you employed and what is your job title?

A.2 I am employed by the Public Advocates Office (Cal Advocates) as a Public Utilities Regulatory Analyst V in the Energy Cost of Service and Natural Gas Branch.

Q.3 Please describe your educational and professional experience.

A.3. I received a Bachelor of Science degree in Environmental Planning, Policy and Analysis from the University of California, Davis. Since joining Cal Advocates in 2007, I have worked as an expert witness on General Rate Cases (GRCs) and Reasonableness Reviews involving companies such as Southern California Edison, Bear Valley Electric Service, San Jose Water, Great Oaks Water, PacifiCorp, Pacific Gas and Electric, San Diego Gas and Electric and Southern California Gas. I have covered various areas including Operations and Maintenance (O&M) and Capital expenses in areas including Wildfire Mitigation, Vegetation Management, Energy Supply, Shared Services; and Administrative and General (A&G) expenses.

Q.4 What is your area of responsibility in this proceeding?

A.4 CEMA COVID-19 Gas Account Expenses 2020-2022.

Q.5 Does that complete your prepared testimony?

A.5 Yes