



**Dan Skopec**  
Vice President, Regulatory Affairs

8330 Century Park Court, CP33A  
San Diego, CA 92123-1530  
Tel: 858-650-4189  
DSkopec@sdge.com

March 17, 2020

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

**Re: State of Emergency Proclamation – COVID-19 Coronavirus Preparation**

Dear Ms. Stebbins,

Pursuant to Governor Newsom's Proclamation of a State of Emergency of March 4, 2020, and President Donald Trump's Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (Covid-19) Outbreak of March 13, 2020, San Diego Gas and Electric (SDG&E) is providing notice that its electric and gas Catastrophic Event Memorandum Accounts (CEMA) have been invoked to prepare for and respond to the declared State of Emergency by government authorities. This letter is being provided in accordance with the provisions of California Public Utilities Commission (Commission) Resolution No. E-3238, dated July 24, 1991, and Section III.A of the Preliminary Statement of SDG&E's electric tariff book and Section V.A of the Preliminary Statement in SDG&E's gas tariff book, which require SDG&E to provide information concerning the impact of the catastrophic event on its facilities and an estimate of costs that have been or will be incurred in response to the catastrophic event.

**State of Emergency Declared – March 4, 2020**

On March 4, 2020, Governor Gavin Newsom proclaimed a State of Emergency in response to the outbreak of novel coronavirus, COVID-19.<sup>1</sup> In addition, President Trump signed an Emergency Declaration on March 13, 2020.<sup>2</sup> Throughout California, communities are responding to an increasing number of reported COVID-19 cases. News media and health experts predict that the number of cases will continue to increase. Certain California counties have banned large gatherings, and the Governor of New York has announced the implementation of a "containment zone" in an effort to control the spread of the virus. As of March 10, 2020, 157 Californians had tested positive for the virus, with over 10,000 being monitored.<sup>3</sup> SDG&E has implemented measures in an effort to protect its employees from the spread of the virus, including but not limited to a hold on non-essential travel, limiting large meetings, encouraging the use of video or web conferences, and increased sanitization practices. If the epidemic continues to grow, SDG&E plans to increase its efforts to protect employees and the public through additional measures. SDG&E is committed to complying with directions from the Commission, the state of California, and the federal government in response to the evolving pandemic.

---

<sup>1</sup> Available at <https://www.gov.ca.gov/2020/03/04/governor-newsom-declares-state-of-emergency-to-help-state-prepare-for-broader-spread-of-covid-19/>  
<sup>2</sup> Available at <https://www.whitehouse.gov/presidential-actions/proclamation-declaring-national-emergency-concerning-novel-coronavirus-disease-covid-19-outbreak/>  
<sup>3</sup> See <https://www.cdph.ca.gov/Programs/OPA/Pages/NR20-017.aspx>

## **Background**

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

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

## **Impacts on Services and Facilities**

Unlike other emergencies, the uncertainty surrounding the COVID-19 outbreak and its spread are difficult to predict. For example, in an earthquake or wildfire situation, the emergency event occurs, there is a declaration of emergency, the emergency ends, and the utility is left in a position to identify the associated costs incurred. In a developing pandemic situation, the full scope of the impact is slow in developing and may not be known for some time. Regardless of these uncertainties, employee and public safety are SDG&E's top priority. Currently, SDG&E has implemented initial measures to prevent the spread of COVID-19 at its facilities and protect the safety of its customers and employees. For example, SDG&E has activated its Emergency Operations Center at a Level 4 to monitor the situation and has created a cross-department pandemic taskforce to respond to any forthcoming challenges. Also, as described above, SDG&E has already implemented preventative measures. Should the outbreak and associated government response continue to escalate, however, SDG&E could face additional costs, including but not limited to those related to supply and equipment shortages, and the cancellation of contracts or need to engage alternative suppliers to fulfill business needs due to *force majeure*.

Accordingly, out of an abundance of caution, and to comply with the Commission's requirement that a utility invoke its CEMA within 30 days of a disaster declaration, SDG&E is opening its CEMA to track costs associated with the COVID-19 response. As of this date, such expenses are minimal. Future costs will be incurred to the extent required to protect public and employee safety, and ensure continuation of safe, reliable operations. Although a complete cost estimate cannot be provided at this time, SDG&E is committed to maintaining an open line of communication with the Commission and intends to report further additional costs as they arise under this uniquely challenging situation.

Please feel free to contact me if you have any questions or need additional information.

Very truly yours,



---

Dan Skopec  
Vice President – Regulatory Affairs

cc: CPUC President Marybel Batjer  
Commissioner Liane M. Randolph  
Commissioner Clifford Rechtschaffen  
Commissioner Genevieve Shiroma  
Commissioner Martha Guzman-Aceves  
Edward Randolph, Energy Division