

1 Exhibit No: SBUA-01
2 Date: December 12, 2025
3 Witness: Matt Sheriff
4

1
2 **BEFORE THE PUBLIC UTILITIES COMMISSION**
3 **OF THE STATE OF CALIFORNIA**
4

5 Application of Liberty Utilities (CalPeco Electric)
6 LLC (U 933-E) for Authority to Recover Costs
7 Related to the 2020 Mountain View Fire Recorded
8 in the Wildfire Expense Memorandum Account

9 Application 25-06-017
10 (Filed June 20, 2025)
11
12

13 **PREPARED TESTIMONY OF MATT SHERIFF ON BEHALF OF SMALL BUSINESS**
14 **UTILITY ADVOCATES**
15
16
17
18
19
20

21 Ariel Strauss
22 Regulatory Counsel
23 **Small Business Utility Advocates**
24 548 Market St., Suite 11200
San Francisco, CA 94080
Telephone: (310) 709-1213
Email: ariel@utilityadvocates.org



TABLE OF CONTENTS

3	I.	IDENTIFICATION & QUALIFICATIONS	3
4	II.	PREPARED DIRECT TESTIMONY	4
5		A. Liberty Utilities Request.....	4
6		B. Issues to be Addressed in this Proceeding.....	5
7		C. Issues Addressed in Testimony of M. Sheriff	6
8		D. Summary of Key Findings.....	6
9	III.	BACKGROUND AND SUMMARY OF DISCOVERY	7
10		A. Review of Liberty's Ignition Testimony	7
11		B. Review of Prudence Testimony	9
12		C. Review of Data-Request Responses and Critical Findings	10
13	IV.	LIBERTY HAS NOT ESTABLISHED PRUDENCE	12
14		A. Compliance With CPUC Standards Does Not Demonstrate Prudence ..	12
15		B. Liberty Fails to Identify a Root Cause of the Conductor Contact	13
16		C. Liberty's Operational Decisions on November 17, 2020 Were Not	
17		Reasonable	14
18		D. Liberty Presents No Analysis of Conductor Dynamics Under Wind	
19		Conditions	14
20	V.	WHY COST RECOVERY MUST BE DENIED	15
21	VI.	LIBERTY'S COST RECOVERY PROPOSAL IS UNREASONABLE	16
22	VII.	LIBERTY'S CREDIBILITY IS ON THE LINE IN THIS PROCEEDING	18
23			
24			
25		Attachment 1: Qualifications	
26		Attachment 2: SBUA-SCG Data Requests	
27			

2 **I. IDENTIFICATION & QUALIFICATIONS**3 **Q: MR. SHERIFF, PLEASE STATE YOUR NAME, OCCUPATION, BUSINESS**
4 **ADDRESS AND PROFESSIONAL EDUCATION AND EXPERIENCE.**5 A. My name is Matt Sheriff, my business address is 5052 Range Horse Ln., Rolling Hills
6 Estates, CA 90274 and my qualifications are stated in Attachment 1.7 **Q: HAVE YOU TESTIFIED PREVIOUSLY IN UTILITY PROCEEDINGS?**8 A. Yes. Most recently I submitted expert testimony on behalf of Small Business Utility
9 Advocates (SBUA) in Applications 25-04-015, 24-10-014, 25-04-020 and A.25-05-004,
10 with the last three currently pending before the Commission.11 **Q: ON WHOSE BEHALF ARE YOU TESTIFYING?**12 A. I am testifying on behalf of SBUA. SBUA's mission is to represent the utility concerns of
13 the small business community. Promoting an electricity rate structure that facilitates the
14 success of small commercial customers with cost effective utilities supplying clean and
15 renewable energy is central to this mission.¹ In its 2025 GRC, Liberty Utilities (CalPeco
16 Electric) LLC reported that it serves 5,490 small commercial customers17 Small businesses are vital to California's economic health and welfare and
18 constitute an important class of ratepayers for utilities. There are approximately 4.1 million
19 small businesses in California, comprising 99.8% of all employer firms.² These businesses
20 employ 7.5 million people, which accounts for 47.6% of California's workforce; between
21 March 2021 and March 2022, small businesses created a net increase of 769,454 jobs,
22 comprising 65.5% of the state's net job growth; additionally, small firms contributed 42.2%

¹ See, SBUA website at www.utilityadvocates.org.

² California Small Business Profile, U.S. Small Business Administration Office of Advocacy.

<https://advocacy.sba.gov/wp-content/uploads/2023/11/2023-Small-Business-Economic-Profile-CA.pdf>.

1 of the state's \$163.9 billion in exports, amounting to \$69.1 billion.³ The interests of this
2 class often diverge from residential ratepayers and larger commercial customers on a
3 variety of utility matters, including the development of new programs, revenue
4 expenditures, rates and cost allocations.

5 **II. PREPARED DIRECT TESTIMONY**

6 **A. *Liberty Utilities Request***

7 Liberty is requesting approval from the California Public Utilities Commission
8 (CPUC) to recover approximately \$78.2 million in costs related to the 2020 Mountain
9 View Fire through its Wildfire Expense Memorandum Account (WEMA). These costs
10 include uninsured expenses for resolving third-party claims, legal fees, and financing
11 costs. Liberty argues that its actions during the fire were reasonable and consistent with
12 industry standards, and that external factors like extreme weather and climate change
13 exacerbated the fire's damages. The company proposes spreading the recovery over three
14 years to minimize customer bill impacts and emphasizes that approval is critical for
15 maintaining financial health and supporting future investments in safety and reliability.⁴

16 Regarding rate and bill impacts, Liberty estimates that over its recommended
17 three-year amortization period, the average small business customer will experience a
18 13% (\$69.26) bill increase per month based on a 13% requested rate increase.⁵

³ *Id.*

⁴ Application of Liberty Utilities (CalPeco Electric) LLC for Authority to Recover Costs
Related to the 2020 Mountain View Fire Recorded in the Wildfire Expense Memorandum
Account, summary of pages 7 -10.

⁵ Exhibit Liberty-07 - Cost Recovery, page 7. See Tables 5 and 6 customer class A1 - Small
General Service

1 ***B. Issues to be Addressed in this Proceeding***

2 On August 22, 2021, assigned Administrative Law Judge Wercinski issued
3 a scoping memo and ruling setting forth the following issues.

4 1. Whether Liberty should be authorized to recover the approximately
5 \$78.2 million in costs to resolve third-party claims arising from the
6 Mountain View Fire, as well as associated legal and financing
7 costs, as requested in the Application.

8 2. Whether Liberty prudently designed, inspected, maintained, and
9 operated its facilities in relation to the Mountain View Fire and
10 that its programs and policies conformed to regulatory
11 requirements and were consistent with industry practices for
12 wildfire mitigation.

13 3. Whether Liberty's settlements of the legal claims arising from the
14 Mountain View Fire were reasonable.

15 4. Whether legal costs Liberty paid in defense of claims arising from
16 the Mountain View Fire were reasonable.

17 5. Whether Liberty's incurred and estimated future financing costs
18 related to the Mountain Fire are reasonable.

19 6. Whether Liberty's cost recovery proposal is reasonable. The
20 proposal includes, but is not limited to, a three-year amortization
21 period, a proposal to quantify additional claims and associated
22 costs as part of its rebuttal testimony, and a proposal to use a Tier 2
23 Advice Letter process for claims and associated costs not reviewed
24 and authorized in this Application.

25 7. How to mitigate any identified impacts of Liberty's Application on
26 environmental and social justice communities, including the extent
27 to which any of Liberty's proposals impact the achievement of any

1 of the goals of the Commission’s Environmental and Social Justice
2 Action Plan?⁶

3 ***C. Issues Addressed in Testimony of M. Sheriff***

4 I am a regulatory expert with more than 17 years of experience, specializing in
5 utility operations, grid modernization & infrastructure investments, cost recovery and
6 revenue requirements, and rate design and affordability. My testimony will primarily
7 address issues one and two related to Liberty’s request for recovery of approximately \$78
8 million and whether the utility acted prudently. I have evaluated Liberty’s operations,
9 ignition analysis, and prudence testimony relating to the Mountain View Fire. I also
10 contextualize Liberty’s cost recovery proposal, scoping issue seven, and provide my
11 thoughts on a potential Rule 1.1 violation.

12 ***D. Summary of Key Findings***

- 13 • Liberty has not identified the root cause of the conductor-to-conductor contact that
14 ignited the Mountain View Fire.
- 15 • Liberty’s explanation of “chaotic movement” is not an engineering concept, not
16 supported by analysis, and does not meet CPUC requirements for root cause.
- 17 • Metallurgical evidence and expert opinion suggest that long term fatigue due to line
18 slap degraded the conductors and that devices to prevent vibration and line slapping
19 should have been installed.
- 20 • Liberty’s decision-making and operations on November 17, 2020 were not reasonable
21 under the circumstances, as required by the Prudent Manager Standard.
- 22 • Liberty lacked a safety certificate and therefore bears the full burden of proving
23 prudence, which it has failed to do.

⁶ ALJ Scoping Memo and Ruling dated August 22, 2025, page 4.

1 • Liberty is therefore not eligible for cost recovery under AB 1054 and its request
2 should be denied in its entirety.

3 • A full denial of Liberty's request is still nearly 60% recovery of its wildfire costs
4 related to this incident, which is consistent with or exceeds other recent utility
5 outcomes.

6 • Liberty's characterization of the ongoing SED investigation and its failure to provide
7 internal analysis regarding the cause and its response is troubling and may violate
8 Rule 1.1 of the Commission's Rules of Practice and Procedure.

9 **III. BACKGROUND AND SUMMARY OF DISCOVERY**

10 ***A. Review of Liberty's Ignition Testimony***

11 Liberty's Ignition volume is a potent combination of facts, opinion, and specious
12 conjecture aimed at creating obfuscating doubt around the origin of ignition while
13 ignoring the more important issue of the root cause. Liberty states that "the fire was first
14 reported at approximately 11:58 a.m. in a field alongside Highway 395 between the
15 Mountain View Barbeque Restaurant and the Andruss Motel.⁷ Liberty criticizes a Cal
16 Fire report and investigation into the origin and cause of the fire, but admits that "Despite
17 the investigation's limitations and shortcomings, the possibility that electrical facilities
18 caused the Mountain View Fire cannot be ruled out, and Liberty acknowledges there is
19 evidence consistent with such a conclusion."⁸

20 Liberty identifies phase-to-phase contact between the center and field phase
21 conductors as the likely ignition source. The metallurgical witness G. Fowler states
22 "From my review of the metallurgical evidence, I conclude that it is consistent with the

⁷ Exhibit Liberty-02 page 1.

⁸ *Ibid*

1 field and center phase conductors coming into contact and arcing on the day of the
2 Mountain View Fire, with the field phase subsequently separating and falling to the
3 ground. The separation of the field phase conductor was caused by melting due to
4 arcing.”⁹

5 Liberty’s metallurgical evidence shows the conductor melted due to arcing, with
6 separation ~135’ from the West Pole. Liberty’s witness Fowler states, “The center and
7 field phase conductors show evidence of recent arcing consistent with phase-to-phase
8 contact on November 17, 2020. The area of contact was approximately mid-span between
9 the West and East Poles, including at the location where the field phase conductor
10 ultimately separated and fell to the ground. The field phase conductor exhibited arcing
11 and melting on each end of the separation point. In particular, there was melting on every
12 aluminum strand at all points of separation, including the steel core strand.”¹⁰ Footnote 8
13 identifies the point of separation as approximately 135 feet, 8 inches from the West
14 Pole.¹¹

15 Liberty does not identify a mechanical explanation for what caused the energized
16 conductors to touch. No technical information is given in either the Ignition or Prudence
17 volumes, only the fact that the lines come in contact. The only mention is an eyewitness
18 statement describing a conductor “moving **chaotically**,” which is offered without
19 engineering explanation. Liberty states, “One of those eyewitnesses also reported seeing
20 a power line **moving chaotically** in the air while sparking and arcing.”¹² Liberty admits
21 that, “Notwithstanding these inconsistencies, the eyewitness accounts of the incipient

⁹ *Ibid*, pp. 7-8.

¹⁰ *Ibid*

¹¹ *Ibid*, Footnote 8, p.8

¹² *Ibid*, p. 7

1 phase of the Mountain View Fire are broadly consistent with an ignition located adjacent
2 to and possibly caused by Liberty facilities.”¹³

3 ***B. Review of Prudence Testimony***

4 Liberty’s Prudence volume is a master class in obfuscation that makes clear
5 Liberty does not understand the root cause of the line contact and that it has no plans or
6 means to gain this understanding. Liberty states that GO 95 clearances and GO 165
7 inspections were met but provides no dynamic analysis. Liberty states, “...design and
8 construction standards conform to the requirements of GO 95. Given the location of its
9 service area, Liberty’s Overhead Electric Standards are designed to comply with GO 95’s
10 heavy loading requirements.”¹⁴ More importantly, “Clearance standards are required to
11 be met under all expected operating conditions, including sag from operating load, ice,
12 and wind loading. In some instances Liberty used line spacers to mitigate the potential for
13 line contact at the discretion of field personnel.”¹⁵ Liberty states the span was normal and
14 had no abnormal sag, “The Specific Facilities’ conductor clearances at the West Pole
15 were consistent with Liberty’s 10 standards and exceeded GO 95 requirements.”¹⁶
16 Liberty asserts all construction requirements were met — again without explaining why
17 conductors touched.

18 “Post-fire measurements recorded radial clearances of 54
19 inches between center and road and field phases at the West Pole.
20 Liberty’s standards for both poles utilized 8-foot cross arms, with
21 insulators mounted at pre-fabricated through-holes approximately

¹³ *Ibid*

¹⁴ Exhibit Liberty-03, Prudence Volume, p. 14.

¹⁵ *Ibid*

¹⁶ *Ibid*

1 four inches from either end of the crossarms. Based on these
2 dimensions and configuration, the calculated horizontal and vertical
3 clearances at the East and West Poles exceeded of GO 95's
4 requirements.”¹⁷

5 Liberty's explanations focus on inspection programs, vegetation management,
6 equipment maintenance and consistency with design standards, but ignore analysis of line
7 conductor dynamics, wind loading, tension effects, or blowout.

8 ***C. Review of Data-Request Responses and Critical Findings***

9 SBUA issued two data requests. The first requested all workpapers in Excel
10 format and all other intervenor data requests, including confidential responses. The
11 second was a comprehensive data request unique to witness M. Sheriff and SBUA.

12 My investigation highlighted five critical discoveries: First, Liberty admits there
13 was no formal root-cause evaluation. In response to Request No. SBUA DR-02 Question
14 18, Liberty states, “Liberty is not aware of any formal root cause evaluation of the phase
15 to-phase contact on November 17, 2020.”¹⁸ This is a major deficiency for a utility
16 seeking wildfire cost recovery.

17 Second, Liberty claims the cause was “chaotic movement in very high winds”¹⁹
18 based solely on witness observation. This phrase appears nowhere else in their testimony,
19 volumes 02 and 03 Ignition and Prudency respectively. “Chaotic movement” is not an
20 accepted engineering term and is not rooted in conductor-motion modeling. Liberty

¹⁷ *Ibid*

¹⁸ Data Request No.: SBUA-Liberty-DR-02, Question 18, page 8

¹⁹ *Ibid*

1 presents no supporting analysis or model to substantiate this explanation such as
2 engineering modeling of blowout, galloping, tension changes, uplift, or wind effects.²⁰

3 Third, Liberty acknowledges slack was removed earlier that day upstream of the
4 subject span. Liberty explained, “Liberty’s records indicate that on the morning of
5 November 17, 2020, Liberty Electric Inspector 00003028 supervised reconductoring
6 associated with Phase Five of the Topaz Line Rebuild Project. Electric Inspector
7 00003028 also removed slack on a portion of the Topaz 1261 Circuit located northwest of
8 the Subject Span after the 9:48 a.m. outage, as well as after an earlier outage near
9 Wunderlich Way.”²¹ This is an important operational fact but which is never analyzed for
10 effects on sag, tension, or wind response.

11 Fourth, Liberty provides no substantiation that a direct inspection was performed.
12 I asked for inspection logs for the subject span after the 9:48 outage. Referring to
13 reconductoring work associated with the Topaz Line Rebuild Project, Liberty responded,
14 “Liberty understands this inspection included the span between the East and West
15 Poles.”²² This vague response, lacking documentation, is problematic.

16 Fifth, Liberty avoids evidence of fatigue and age, and potential line slap
17 prevention methods. Liberty provided the transcript and exhibits from the deposition of
18 metallurgy expert Dr. Arun Kumar.²³ Dr. Kumar concluded that:

²⁰ For a discussion of these issues, see [EPRI Transmission Line Reference Book: Conductor Motion, 2023 Edition](#) Link <https://www.epri.com/research/products/00000003002026983> See also Wang, Jeff. (2008). Overhead Transmission Line Vibration and Galloping. 2008 International Conference on High Voltage Engineering and Application, ICHVE 2008. 120 - 123. 10.1109/ICHVE.2008.4773888. Wang discusses, “The three forms of wind-induced conductor vibrations: Aeolian vibration, galloping and subspan oscillation.

²¹ *Ibid*, Question 1, page 2

²² Data Request No.: SBUA-Liberty-DR-02, Question 11, page 5

²³ Dr. Kumar is plaintiffs’ designated metallurgy expert in the civil litigation.

Both the field-side conductor and center conductors between Pole #1 and #2 had multiple fractured conductor strands, numerous arcing spots due to line slapping, and repair splice sleeves, indicating old and aged conductors that should have been replaced similar to the road-side conductor.²⁴

And, crucially, that:

Any equipment (e.g. spacers/dampeners) that reduces vibration in the conductors will reduce the conductor stresses for fatigue fractures and eliminate line slapping.²⁵

In sum, there is no engineering analysis anywhere that describes: how slack removal may have changed tension on the Subject Span, whether tension increased dynamic blowout risk, or whether the work contributed to the mid-span contact. The root cause of conductor contact under wind is well understood and analyzable. I am aware of no evidence to confirm that the subject span was inspected for sag in the hours before the ignition. Further, there is evidence that pre-existing fatigue contributed to long-term conductor degradation and that methods to reduce vibration existed.

IV. LIBERTY HAS NOT ESTABLISHED PRUDENCE

A. Compliance With CPUC Standards Does Not Demonstrate Prudence

The Commission's Legal Standard is that prudence is more than minimum compliance. The Commission has repeatedly held that GO 95, GO 165, and WMP

²⁴ Bullet point 8 of Dr. Kumar's "OPINIONS- Mountain View Fire" provide via Question 1 of CalAdvocates-LIB-A2506017-038, which is contained within CONFIDENTIAL-Attachments to SBUA-Liberty-DR-01-Q1.zip

²⁵ Ibid, bullet point 9

1 compliance represent minimum requirements, not a substitute for prudence. A prudent
2 utility must demonstrate that it acted reasonably in anticipating and mitigating foreseeable
3 risks, not simply that it met construction or inspection standards. As far back as 2018, the
4 Commission explained:

5 Under [the Prudent Manager Standard], a utility has the
6 burden to affirmatively prove that it reasonably and prudently
7 operated and managed its system...that means a utility must show
8 that its actions, practices, methods, and decisions show reasonable
9 judgment **in light of what it knew or should have known at the**
10 **time**, and in the interest of achieving safety, reliability and
11 reasonable cost.²⁶ (**emphasis added**)

12 Liberty repeatedly asserts that it met GO 95 clearances and GO 165 inspection
13 intervals, but these assertions do nothing to explain *why the conductors contacted* or whether
14 Liberty took reasonable steps to avoid that risk.

15 **B. Liberty Fails to Identify a Root Cause of the Conductor Contact**

16 Liberty admits it performed no formal root-cause analysis. As the Prudent Manager
17 Standard requires, a utility seeking wildfire cost recovery must show that it identified the
18 cause of its equipment failure. Liberty's only explanation is "chaotic movement," which is
19 not an engineering concept. Liberty did not analyze which of the known wind driven
20 mechanisms occurred. Liberty conducted no blowout modeling, no galloping analysis, no
21 uplift evaluation, and no sag-tension modeling. Dr. Kumar found pre-existing fatigue
22 cracking, oxidation, and mechanical wear indicative of long-term conductor degradation
23 Without identifying the root cause of the conductor contact or conclusive evidence that

²⁶ Decision 18-07-025, *Application of San Diego Gas & Electric Company (U902E) for Authorization to Recover Costs Related to the 2007 Southern California Wildfires Recorded in the Wildfire Expense Memorandum Account (WEMA)*, p. 3.

1 fatigue was not a contributing factor and that all methods to reduce wind induced vibration
2 were implemented, Liberty cannot show that its actions were reasonable—or that it
3 implemented preventative measures consistent with prudence.

4 ***C. Liberty's Operational Decisions on November 17, 2020 Were Not Reasonable***

5 Liberty ignored the implications of the 9:48 a.m. fault. Liberty acknowledges the
6 occurrence of an earlier fault and subsequent slack removal. As discussed above, “Electric
7 Inspector 00003028 also removed slack on a portion of the Topaz 1261 Circuit located
8 northwest of the Subject Span after the 9:48 a.m. outage...”²⁷ This is a reference to a
9 “fault” and then slack removal on the same circuit earlier in the day. A fault during extreme
10 wind conditions is a clear warning signal of conductor instability or abnormal motion. Yet I
11 can find no evidence that Liberty performed a subsequent patrol of the Subject Span and
12 instead re-energized the line without verifying conditions. Liberty should have evaluated
13 whether slack removal on the adjacent line affected conductor movement on the Subject
14 Span. Liberty failed to take heightened precautions during extreme winds. Liberty knew
15 extremely high winds were forecast, yet it did not take additional precautions given known
16 wildfire risk and known conductor-movement mechanisms.

17 ***D. Liberty Presents No Analysis of Conductor Dynamics Under Wind Conditions***

18 Liberty has not modeled physical mechanisms known to cause contact such as wind
19 blowout, galloping, vertical uplift, torsional oscillation, and dynamic sag/tension variation.
20 These phenomena are universally recognized by utilities and engineering bodies (EPRI,
21 IEEE, CIGRÉ) as causes of phase-to-phase contact. The absence of such analysis in
22 Liberty’s testimony is a striking deficiency. Unconvincingly, Liberty states it “designed
23 and constructed its electric system in accordance with GO 95 standards, including

²⁷ Data Request No.: SBUA-Liberty-DR-02, Question 18, page 8

1 conductor clearance and spacing requirements, as well as pole strength and loading
2 requirements.”²⁸ Doubling down on design, Liberty relies on general assurances that forces
3 were within conductor limits stating, “The strength of the ACSR conductor far exceeded
4 the applied forces, and the strength of the steel core alone is more than sufficient to support
5 the conductor for a span between the West and East Poles, even during windy conditions
6 such as on November 17, 2020.” This merely addresses conductor tensile strength, not
7 conductor movement or dynamic. It has nothing to do with why the phases came together
8 mid-span. As discussed above metallurgical expert Dr. Kumar concluded that Liberty
9 failed to install devices that reduce vibration in the conductors in order to reduce conductor
10 stresses leading to fatigue fractures and the elimination of line slapping.²⁹ Failure to
11 analyze dynamic risks and install line slap preventative devices defeats any prudence
12 finding.³⁰ A prudent utility must examine whether its conductor clearances, tensions,
13 system design and preventative equipment were adequate for actual conditions. Liberty did
14 none of this.

15 **V. WHY COST RECOVERY MUST BE DENIED**

16 In summary, without a root cause or a reasonableness showing, Liberty has not met
17 the Commission’s Prudent Manager Standard. Liberty has not demonstrated its operations
18 were reasonable given that it:

19 • Fails to identify a root cause

²⁸ Ex. Liberty-03, p. 13.

²⁹ Bullet point 9 of Dr. Kumar’s “OPINIONS- Mountain View Fire” provide via Question 1 of CalAdvocates-LIB-A2506017-038, which is contained within CONFIDENTIAL-Attachments to SBUA-Liberty-DR-01-Q1.zip

³⁰ Peer utilities routinely conduct blowout and galloping modeling for spans of similar length; Liberty’s failure to do so falls below industry standard.

- Fails to analyze conductor dynamics
- Lacks evidence of any meaningful inspection of the Subject Span in response to the 9:48 a.m. fault
- Does not explain why no precautions were taken on the Subject in light of the action taken on the Span Topaz 1261 Circuit
- Fails to explain the effects of slack removal on an adjacent line
- Fails to justify why it did not deploy wind vibration prevention devices to prevent fatigue due to line slap
- Relies merely on adherence to minimum standards, and presents only a non-technical explanation of “chaotic movement”

Liberty bears the full burden of proof without a safety certificate. Because Liberty did not hold a safety certificate, it receives no presumption of prudence under §451.1. Liberty has not carried its burden. Accordingly, the Commission should deny Liberty’s request for cost recovery.

VI. LIBERTY’S COST RECOVERY PROPOSAL IS UNREASONABLE

Liberty has failed to demonstrate prudence in its operations leading to the fire. Liberty has recovered almost 60%³¹ of its Mountain View Fire costs through insurance claims, already substantially mitigating Liberty’s financial exposure; any remaining unrecovered costs should appropriately be borne by shareholders rather than ratepayers.³²

³¹ Table 1 of Ex. Liberty-07, Cost Recovery indicates total costs of \$174.8 million in claims, \$.8 million is legal costs, and \$2.8 million in financing costs, for a total of \$182.4 million. The same table shows Liberty’s total uncollected estimate including future financing costs of \$78.2 million. This amount over the total of \$182.4 million represents a 58.7% recovery.

³² Ex. Liberty-07, p. 1 “Liberty offsets any costs recorded to its WEMA with amounts recovered from Liberty’s insurers for claims payments and other insured costs. Therefore, the recorded costs in

1 This allocation of responsibility is consistent with recent Commission outcomes in other
2 utility wildfire proceedings. In the Thomas Fire proceeding (60% recovery), the
3 Commission assigned a similar share of costs to Southern California Edison's shareholders
4 through approval of the settlement, rather than a Commission-imposed penalty.³³ The
5 Thomas Fire request, similar to Liberty's, was SCE's largest request at that time.³⁴ Of note,
6 in the Woolsey Fire Settlement, SCE second recent and large request for wildfire recovery,
7 currently pending before the Commission, SCE shareholders are expected to absorb a much
8 larger a portion of costs with recovery of merely 35% of its costs.³⁵ In both cases, the
9 Commission made clear that when a utility cannot demonstrate that its conduct not meet
10 the Prudent Manager Standard, or it chooses to settle, shareholders must bear the
11 unrecovered costs. The same principle applies here: with more than half of Liberty's losses
12 already covered by insurance, the remaining portion should be absorbed by shareholders
13 consistent with Commission precedent and fundamental fairness to ratepayers.

Liberty's WEMA, including the costs discussed in the next section of this testimony, are incremental and should be recoverable through this Application.”

³³ Decision 25-01-042 January 30, 2025, *DECISION REGARDING SETTLEMENT AGREEMENT AUTHORIZING COST RECOVERY FOR 2017 THOMAS FIRE AND 2018 MONTECITO DEBRIS FLOW*, p. 2 allows recovery of “60% of the amounts recorded in WEMA through May 31, 2024.”

³⁴ SCE's first major wildfire-related regulatory case involving shareholder responsibility was the 2007 Wildfires (Decision 13-09-028). *DECISION CONDITIONALLY APPROVING THE SOUTHERN CALIFORNIA EDISON COMPANY SETTLEMENT AGREEMENT REGARDING THE MALIBU CANYON FIRE*

³⁵ See the *JOINT MOTION BY SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E), THE PUBLIC ADVOCATES OFFICE, ENERGY PRODUCERS AND USERS COALITION, AND SMALL BUSINESS UTILITY ADVOCATES FOR APPROVAL OF SETTLEMENT AGREEMENT RESOLVING WOOLSEY FIRE COST RECOVERY APPLICATION* filed on September 19, 2025.

1 **VII. LIBERTY'S CREDIBILITY IS ON THE LINE IN THIS PROCEEDING**

2 While researching past wildfire recovery outcomes, I note that in the 2007 Malibu
3 Canyon Fire decision the Commission stated, “SCE further admits that it violated Rule 1.1
4 of the Commission’s Rules of Practice and Procedure (Rule 1.1) when SCE withheld
5 pertinent information from SED and the Commission.”³⁶ SCE agreed to pay a fine of \$20
6 million to the State of California General Fund and also agreed to provide \$17 million for a
7 utility pole assessment program.

8 Rule 1.1 prohibits misleading the Commission through omissions or incomplete
9 statements.³⁷ As SBUA notes in its RESPONSE TO CAL ADVOCATES’ MOTION TO
10 DENY APPLICATION WITHOUT PREJUDICE submitted on November 24, 2025,
11 Liberty may have misled the Commission by describing the Commission’s Safety
12 Enforcement Division’s investigation as complete by stating, “The Commission’s Safety
13 and Enforcement Division also investigated the Mountain View Fire, and no investigation
14 report or alleged violations were issued.” Liberty was still under investigation as of
15 October 22, 2025.³⁸ Liberty’s data response to Cal Advocates shows that Liberty responded
16 to an SED data request in third-quarter 2025 suggesting that Liberty is aware that the
17 investigation is ongoing (i.e., not in the past).³⁹ Liberty must update the Commission and

³⁶ *Ibid* Decision 13-09-028, p. 2.

³⁷ Rule 1.1 Ethics, “Any person who signs a pleading or brief, enters an appearance, offers testimony at a hearing, or transacts business with the Commission, by such act represents that he or she is authorized to do so and agrees to comply with the laws of this State; to maintain the respect due to the Commission, members of the Commission and its Administrative Law Judges; and never to mislead the Commission or its staff by an artifice or false statement of fact or law.”

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M209/K618/209618807.PDF>

³⁸ MOTION OF THE PUBLIC ADVOCATES OFFICE TO DENY APPLICATION WITHOUT PREJUDICE filed on November 7, 2025.

³⁹ *Ibid*, Motion, Attachment A.

1 all interested parties with ERRATA testimony that corrects the language originally filed in
2 its Application.

3 Further, Liberty responded to SBUA via a data request regarding any “root cause
4 analysis” that:

5 Liberty objects to this Question as vague and
6 ambiguous as framed. Liberty further objects to this
7 Question to the extent that it seeks information protected by
8 the attorney-client privilege and/or attorney work product
9 doctrine. Subject to and without waiving its objections,
10 Liberty responds as follows: Liberty **conducted an after-**
11 **action review of its response** to the Mountain View Fire
12 on January 7, 2021. The contents of this after-action review
13 are subject to the privileges asserted above.⁴⁰ (**emphasis**
14 **added**)

15
16 Liberty has not provided an “after-action review.” Discovery revealed that a report
17 exists, indicating that Liberty has a deeper understanding of the cause of the contact
18 between the electrical distribution lines on the section known as the Subject Span. The
19 company's failure to present the results of its internal analysis is troubling.

20 Wildfires caused by electrical equipment pose an existential threat to California's
21 communities, economy, and way of life. In this environment, utilities must demonstrate not
22 only compliance, but full cooperation and complete transparency, including robust and
23 timely disclosure of all relevant information. Such openness is essential to maintaining
24 public trust and, equally important, to enabling regulators and stakeholders to conduct a
25 thorough review of each incident. Only through comprehensive disclosure can the

40

1 Commission and the public ensure that lessons are learned, risks are understood, and
2 system operations are improved to prevent future catastrophic events. Based on my review
3 of Liberty's submissions in this proceeding, I do not believe Liberty has met this standard
4 of cooperation or transparency.

5 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

6 A. Yes, it does.

7

8

9

10

ATTACHMENT 1**STATEMENT OF QUALIFICATIONS OF MATT SHERIFF**

Matt Sheriff is a Senior Financial and Regulatory Policy Expert with Palo Verdes Advisors, LLC. Prior to consulting with Small Business Utility Advocates (SBUA), Mr. Sheriff worked at Southern California Edison (SCE) for more than 17 years. His professional experience also includes financial and accounting roles in the consumer goods industry (Mars/Masterfoods), aerospace (Raytheon), and real estate development (KB Home).

Mr. Sheriff's utility experience includes seven years in financial analysis within the Treasurer's Department at SCE. His responsibilities involved cost-benefit analysis and preparing workpapers for SCE's largest capital projects, including the SONGS Steam Generator Replacement, the sale of the Four Corners Generating Station, and the SmartConnect (AMI 1.0) meter replacement project. He developed complex models related to the valuation of generation assets, the leveled cost of electricity for renewable energy projects and updated revenue requirement models to account for tax changes, such as the Investment Tax Credit and Federal Energy Regulatory Commission (FERC) tax incentives.

In 2014, Mr. Sheriff transitioned to a senior role in SCE's Regulatory Affairs department, focusing on cost recovery efforts. He contributed to multiple proceedings before the California Public Utilities Commission (CPUC), where he developed regulatory strategies, authored and sponsored testimony, prepared workpapers, and engaged in regulatory advocacy. Mr. Sheriff provided testimony on cost recovery, revenue requirements, rate impacts, balancing account recovery and review, cost effectiveness, and reasonableness assessments. Notable proceedings include SCE's energy storage, Charge Ready/Transportation Electrification, building electrification, Wildfire Fund Charge, demand response and energy efficiency, building decarbonization, ERRA Review, ERRA Forecast, and securitization cases.

From 2014 to 2024, Mr. Sheriff served as SCE's lead expert for the greenhouse gas (GHG) revenue and Climate Credit return chapter. In this role, he proposed significant improvements to the templates required by the Commission and the California Air Resources Board (CARB) for calculating and reporting the return of GHG funds to customers. Mr. Sheriff's work has led to favorable outcomes in numerous cases, gaining agreement and recognition from the Commission. Additionally, he developed an affordability reporting tool (Cost and Rate tracker) now a required submission for all major California Investor-Owned Utilities (IOUs). This tool is also used by Commissioners for enhancing transparency of the rate impacts of pending decisions. Mr. Sheriff has spearheaded initiatives to unpack the factors contributing to unprecedented electric utility rate increases over the past decade and has recommended measures to mitigate future rate hikes.

Mr. Sheriff holds a Bachelor of Arts degree in Political Science from the University of Maryland, Baltimore County, and an MBA in Finance from the University of Southern California's Marshall School of Business. Mr. Sheriff has also completed training in the development and application of AI models at Stanford University.

1

ATTACHMENT 2

Pubic Data Responses of Liberty to SBUA Data Request Sets 1 and 2

2



Liberty CalPeco's Response to DR SBL



Liberty CalPeco's Response to DR SBL