



California Public Utilities Commission
505 Van Ness Ave., San Francisco

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Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov

PRESS RELEASE

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CPUC ENHANCES SAFETY, ISSUES \$51.5 MILLION IN PENALTIES AND REMEDIATION AGAINST SCE AND NEXTG FOR MALIBU CANYON FIRE

SAN FRANCISCO, Sept. 19, 2013 -- The California Public Utilities Commission (CPUC) today approved settlement agreements totaling \$51.5 million with Southern California Edison (SCE) and NextG Networks to resolve all issues regarding the October 2007 Malibu Canyon Fire and to significantly enhance public safety.

The Malibu Canyon Fire occurred when three utility poles fell to the ground during a Santa Ana windstorm in October 2007. The settlement agreements approved today not only penalize SCE and NextG for wrongdoing as a deterrent to future violations, but also increase public safety by requiring the inspection of 61,453 poles for compliance with CPUC safety rules, repair or replacement of poles found in violation, and more stringent safety requirements for poles in Malibu.

Under the \$37 million settlement approved between SCE and the CPUC's Safety and Enforcement Division (SED), SCE admits that a pole was overloaded in violation of CPUC rules due to the facilities that were attached to the pole by another utility. SCE also admits that it violated Public Utilities Code when it failed to take prompt action to prevent the pole overloading. SCE further admits that it violated Rule 1.1 of the CPUC's Rules of Practice and Procedure when SCE withheld pertinent information from the CPUC. SCE will pay, in shareholder funds, a fine of \$20 million to California's General Fund. SCE will also pay \$17 million in shareholder funds to assess 1,453 utility poles in the Malibu area to be certain they meet the CPUC's regulations. Substandard poles found by the assessment will be remediated. The settlement requires that all line elements in Malibu Canyon have a wind-load safety factor of at least 4, the most stringent requirement under CPUC regulations, which will help mitigate any repeat of the damage caused by the 2007 fire to Malibu Canyon and the



surrounding communities.

The CPUC also approved a settlement agreement between SED and NextG Networks under which NextG admits that a pole was overloaded in violation of CPUC rules. NextG will pay \$14.5 million, of which \$8.5 million is a fine to California's General Fund. The remaining \$6 million will be used to conduct a safety audit of all of NextG's poles and pole attachments in California, totaling nearly 60,000 utility poles. Any money that remains after the safety audit is complete will be paid to California's General Fund. Conversely, if \$6 million is not sufficient to complete the audit, NextG will provide additional funds to finish the audit. The \$6 million provided for the safety audit will not pay for remedial work on substandard facilities found by the audit. The costs for remedial work will be in addition to the \$14.5 million that NextG is required to pay under the settlement agreement.

"These settlements not only financially penalize two companies for wrongdoing and serve as a deterrent to future violations of CPUC rules, but they also increase safety going forward by requiring inspections, repairs, and strengthening safety factors to make poles in the Malibu area better able to withstand high winds," said Commissioner Carla J. Peterman, the lead Commissioner for the two proceedings.

"CPUC approval of these settlements is an important step to assure the future safety of utility poles should the state again suffer from extraordinary weather conditions, not at all an unlikely prospect," said Commissioner Catherine J.K. Sandoval. "The settlement provides for a safety audit to determine whether poles and pole attachments, upon which our electric and communications systems depend, can withstand the maximum, reasonably foreseeable impacts of Santa Ana windstorms. Moreover, the costs incurred for the safety steps in these two settlements will be borne by the utilities, not ratepayers."

The CPUC in September 2012 approved a settlement agreement for \$12 million between SED and AT&T, Verizon, and Sprint for the Malibu Canyon fire.

The NextG settlement proposal voted on is available at

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M077/K059/77059441.PDF>.



The SCE settlement proposal voted on is available at

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M076/K996/76996747.PDF>.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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