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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Application of Southern California Edison
Company (U 338-E) for Authority to Recover
Costs Related to the 2017 Thomas Fire and
2018 Debris Flow Events Recorded in the
Wildfire Expense Memorandum Account and
Catastrophic Event Memorandum Account.

A.23-08-013

**JOINT SUBMITTAL OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) AND
THE PUBLIC ADVOCATES OFFICE OF COMPLETE AMENDED SETTLEMENT
AGREEMENT**

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Dated: **December 6, 2024**

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Application of Southern California Edison Company (U 338-E) for Authority to Recover Costs Related to the 2017 Thomas Fire and 2018 Debris Flow Events Recorded in the Wildfire Expense Memorandum Account and Catastrophic Event Memorandum Account.

A.23-08-013

**JOINT SUBMITTAL OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)
AND THE PUBLIC ADVOCATES OFFICE OF COMPLETE AMENDED
SETTLEMENT AGREEMENT**

Pursuant to Administrative Law Judge John H. Larsen’s (ALJ) Ruling of November 26, 2024, Southern California Edison Company and the Public Advocates Office at the California Public Utilities Commission respectfully submit the attached complete Amended Settlement Agreement Between Southern California Edison Company And The Public Advocates Office Resolving Thomas Fire And Debris Flow Cost Recovery Application (A.23-08- 013). Pursuant to ALJ Larsen’s instructions, the attached version is an integrated, clean copy of the unaltered sections of the Settlement Agreement first executed on August 28, 2024, and the amended and re-stated Section F.1.A executed on November 4, 2024. Thus, signature blocks from both dates are included in Attachment A, and the integrated PDF is suitable for attachment to a Proposed Decision.

Respectfully submitted,

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Dated: **December 6, 2024**

Attachment A

Complete Amended Settlement Agreement

**AMENDED SETTLEMENT AGREEMENT BETWEEN SOUTHERN CALIFORNIA EDISON
COMPANY AND THE PUBLIC ADVOCATES OFFICE RESOLVING THOMAS FIRE AND
DEBRIS FLOW COST RECOVERY APPLICATION (A.23-08-013)**

Amended Settlement Agreement Between Southern California Edison Company And The Public Advocates Office Resolving Thomas Fire And Debris Flow Cost Recovery Application (A.23-08-013)

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Amended Settlement Agreement Between Southern California Edison Company And The Public Advocates Office Resolving Thomas Fire And Debris Flow Cost Recovery Application (A.23-08-013)

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APPENDIX A SYSTEM ENHANCEMENT PROGRAM PROPOSALS

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application Of Southern California Edison
Company (U 338-E) For Authority To Recover
Costs Related to the 2017 Thomas Fire and 2018
Debris Flow Events Recorded in the Wildfire
Expense Memorandum Account and Catastrophic
Event Memorandum Account

A.23-08-013

**AMENDED SETTLEMENT AGREEMENT BETWEEN SOUTHERN CALIFORNIA
EDISON COMPANY AND THE PUBLIC ADVOCATES OFFICE RESOLVING
THOMAS FIRE AND DEBRIS FLOW COST RECOVERY APPLICATION
(A.23-08-013)**

The parties to this Settlement Agreement are Southern California Edison Company (SCE) and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) (collectively referred to as Settling Parties, or individually as a Settling Party). In accordance with Article 12 of the Rules of Practice and Procedure (Rules) of the California Public Utilities Commission (Commission or CPUC), the Settling Parties hereby agree to settle and resolve all issues in this proceeding pursuant to the agreed-upon terms set forth in this Settlement Agreement.

The Settling Parties bargained earnestly and in good faith to compromise and develop this Settlement Agreement, which is the product of arms-length negotiations on a number of disputed issues, in order to minimize the time, expense, and uncertainty of continued litigation of this proceeding. The Settling Parties agree that the Settlement Agreement addresses each disputed issue in a fair and balanced manner. The Settling Parties have reached this Settlement Agreement after taking into account the possibility that each Settling Party may or may not prevail on any given issue. This Settlement Agreement is the product of concessions and trade-offs among the Settling Parties. As set forth herein, the Settling Parties agree that the various

elements and sections of this Settlement Agreement are closely interrelated, and the Settling Parties intend that the Settlement Agreement be treated as an integrated package of elements that balances and aligns the interests of each Settling Party and the public interest. The Settling Parties agree that this Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest.

A. Settling Parties

The parties to this Settlement Agreement are:

1. SCE, the Applicant, an investor-owned public utility that provides electric service to more than 15 million residents across a 50,000-square-mile service area in California and is subject to the jurisdiction of the California Public Utilities Commission, including with respect to providing electric service to SCE's CPUC-jurisdictional customers; and
2. Cal Advocates, a litigant in this proceeding. Cal Advocates is the independent consumer advocacy organization, housed at the Commission, whose statutory mission includes obtaining the lowest possible rate for service consistent with reliable, safe service levels, and the State's environmental goals. Cal Advocates is the only State entity charged with helping ensure Californians are represented at the Commission and other forums by recommending solutions and alternatives in utility customer best interests for decision-makers to consider when making policy and investment decisions on how to advance the State's energy, water, and communications goals.

B. Recitals

1. Procedural History

1. On August 22, 2023, SCE filed A.23-08-013 for authority to recover in rates costs related to the Thomas Fire and Montecito debris flows which were recorded in

SCE's Wildfire Expense Memorandum Account (WEMA) and Catastrophic Event Memorandum Account (CEMA). The Application seeks recovery of approximately \$2.407 billion in costs incurred as of July 2023 and recorded in SCE's WEMA, which is net of insurance recoveries, as well as approximately \$65 million in restoration-related capital costs incurred and recorded in SCE's CEMA.

2. Several parties filed responses, protests, or motions in response to the Application. Cal Advocates, The Utility Reform Network (TURN), and Wild Tree Foundation (Wild Tree) filed protests. The Center for Accessible Technology (CforAT) filed a response. Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and the City of Rancho Palos Verdes filed motions for party status, which were granted by the assigned Administrative Law Judge (ALJ) in an Email Ruling issued November 16, 2023.
3. On November 28, 2023, the assigned ALJ held a prehearing conference attended by SCE, Cal Advocates, TURN, CforAT, Wild Tree, PG&E and SDG&E.
4. On February 6, 2024, the Assigned Commissioner, President Alice Reynolds, issued a Scoping Memo and Ruling identifying scoped issues and setting an initial schedule for the proceeding. The Scoping Memo determined that hearing all issues in a single phase, rather than in multiple distinct phases, was a reasonable approach that could expedite resolution of the proceeding. The Scoping Memo established a preliminary schedule that called for the submission of intervenor testimony by May 29, 2024; submission of rebuttal testimony by June 28, 2024; submission of a Joint Motion for Approval of Settlement or, alternatively, Status Conference Statements and Witness Lists by July 12, 2024; a Hearing Status Conference on August 13, 2024; and an evidentiary hearing from August 20 to August 22, 2024.
5. The dates for intervenor testimony and rebuttal testimony were subsequently extended by parties' agreement and ALJ's rulings, with intervenor testimony due

on June 6, 2024, and SCE's rebuttal testimony due on July 11, 2024. On July 1, 2024, the assigned ALJ issued an email ruling that suspended the proceeding schedule and established a deadline for SCE to serve either a motion for approval of a settlement or a case management statement by August 7, 2024.

6. On August 5, 2024, the assigned ALJ issued an email ruling granting an email motion by SCE to suspend the August 7, 2024 deadline. The email ruling set a September 7, 2024 deadline for service of a motion for approval of a settlement or a case management statement.

2. **Cal Advocates' Engagement in this Proceeding**

1. Cal Advocates committed significant time and resources to engage substantively and extensively in this proceeding, through wide-ranging discovery, a large volume of prepared testimony, and pleadings.
2. Cal Advocates served extensive discovery on SCE on issues related to SCE's Application and testimony. Cal Advocates served its first set of data requests within 10 days of the filing of SCE's Application, and in total SCE has responded to 58 sets of data requests served by Cal Advocates. These sets included over 440 questions, with more than 1,580 individual sub-parts. Cal Advocates also served multiple sets of data requests on SDG&E and PG&E related to issues in this proceeding.
3. Cal Advocates was the sole party to serve testimony in response to SCE's Application. On June 6, 2024, Cal Advocates submitted 10 chapters of prepared testimony. These 10 chapters were sponsored by 8 witnesses and, together with associated attachments, totaled approximately 2,500 pages.
4. After service of SCE's rebuttal testimony, Cal Advocates propounded numerous data requests addressing a range of issues, including SCE's weather stations, SCE's wildfire mitigation measures including on the Castro Circuit, SCE's

infrared and other inspections, SCE's asset repair prioritization, pole loading, industry standard practices and best practices, system protection, SCE's cost update, restoration cost-related information, SCE's investigation of the Anlauf ignition, and sources on which SCE's experts relied in developing their analyses.

3. ***The 2017 Thomas Fire and 2018 Montecito Debris Flows***

1. The Thomas Fire resulted from ignitions at two separate locations in Santa Paula, California, on December 4, 2017, referred to as the Anlauf ignition and the Koenigstein ignition. The ignitions merged within hours, and the Application and this Settlement Agreement refer to the fires collectively as the Thomas Fire. Both the Anlauf and Koenigstein ignition areas were located on or near SCE's Castro 16kV distribution circuit (Castro Circuit).
2. The Anlauf ignition occurred in Anlauf Canyon on the evening of December 4, 2017. A report prepared by the Ventura County Fire Department (VCFD) and California Department of Forestry and Fire Protection (CAL FIRE) (the "Anlauf fire agency report") concluded that the Anlauf ignition occurred at 6:17 p.m. and was caused by contact between SCE conductors in an area near a cathodic protection (CP) rectifier. As described in more detail below, SCE conducted its own investigation of the Anlauf ignition and disputes the conclusions of the Anlauf fire agency report based on SCE's experts' conclusions and other evidence. As also described in more detail below, Cal Advocates reviewed the Anlauf fire agency report and SCE's experts' conclusions, and conducted its own independent analysis and fact-finding; based on this examination, Cal Advocates concurred with the conclusions of the Anlauf fire agency report.
3. The Koenigstein ignition occurred on Koenigstein Road at approximately 7:30 p.m. on December 4, 2017. A report prepared by VCFD and CAL FIRE (the "Koenigstein fire agency report") concluded that the Koenigstein ignition was the

result of a downed power line arcing in a receptive fuel bed. SCE does not dispute the ultimate conclusion of the Koenigstein fire agency report.

4. Climatological and wind factors caused the Thomas Fire to spread rapidly and intensely in December 2017. The Anlauf and Koenigstein ignitions occurred within 24 hours of a Red Flag Warning that went into effect on December 3, 2017. That Red Flag Warning event lasted 12 consecutive days (beginning December 3, 2017 and expiring December 15, 2017), which was the longest Red Flag Warning to date in California and significantly longer than the average 1.5-day Red Flag Warnings typically experienced in the area of the Thomas Fire ignitions.
5. According to CAL FIRE, the Thomas Fire burned more than 280,000 acres in total, destroyed or damaged an estimated 1,343 structures, and resulted in two confirmed fatalities. The Thomas Fire was, at the time, the largest wildfire in California's recorded history.
6. On January 9, 2018, while the Thomas Fire was still burning, heavy rainfall from an intense storm led to debris flows in Montecito, California. The storm dropped approximately half an inch of water in five minutes in some areas. Due in part to the effects of the Thomas Fire on vegetation and soil, in combination with the intensity of the rainfall, the rainfall dislodged mud and boulders. The debris flows resulted in 23 fatalities and significant damage. The damages of the debris flows at Montecito were exacerbated by environmental (rainfall and erosion) and human factors outside of SCE's control. These factors included infrastructure design and maintenance (debris flow basin design; bridge and road crossing design), land-use policies (development patterns in floodplains), and human decision-making (evacuation orders and process).
7. Following the Thomas Fire and Montecito debris flows, more than 5,800 individual claimants, more than 300 subrogation plaintiffs, and 15 public entities

brought claims against SCE. SCE has now settled all but a small number of these claims.¹ In managing and resolving these claims, SCE also incurred outside legal fees and financing costs which, together with the claims costs, are eligible to be recorded in SCE's WEMA.

8. At the time the Thomas Fire ignited, SCE held \$1 billion of liability insurance coverage that was applied to claims and related costs associated with the Thomas Fire, including the subsequent Montecito debris flows. This comprised \$805 million of insurance for wildfire liabilities and \$195 million of general liability insurance coverage.
9. At the time the Thomas Fire ignited, SCE held no insurance that applied to service restoration costs, i.e., costs recorded to SCE's CEMA.
10. SCE has recorded and will continue to record its eligible incremental costs and recoveries associated with the Thomas Fire and Montecito debris flows to SCE's WEMA. These include payments to satisfy claims, including any co-insurance, deductibles, and other insurance expense paid by SCE, outside legal expenses and costs, and associated financing costs, as well as amounts received from insurance or other third parties.
11. In the WEMA, SCE separately recorded costs for the 2017 Thomas Fire and the 2018 Montecito debris flows in distinct subaccounts, using an allocation methodology (based on the value of claims paid that could be linked to each event) to record insurance reimbursements in the WEMA subaccount for each event. SCE's allocation method resulted in approximately 65.6 percent of insurance reimbursements being recorded to the Thomas Fire subaccount of the WEMA and the remaining 34.4 percent being recorded to the Montecito debris

¹ Exhibit SCE-10, Section II.F described the status of individual plaintiff and other litigation as of the filing of SCE's Application. Of the individual plaintiffs, fewer than 50 household claims remain unresolved. The class action and potential Cal OES action remain with no change to the unlikelihood of material liability at this time.

flow subaccount. SCE did not separately record costs for the Anlauf ignition and the Koenigstein ignition in the WEMA. SCE recorded costs associated with both ignitions in the Thomas Fire subaccount. Because the Anlauf and Koenigstein ignitions merged within hours, SCE did not identify claims as being specifically attributable to either the Anlauf ignition or the Koenigstein ignition.

12. SCE incurred incremental costs to restore service and repair, replace, and restore utility facilities damaged as a result of the 2017 Thomas Fire, which included more than 800 poles and approximately 50 miles of electrical conductor. SCE deployed resources to safely and promptly restore service to customers, with full restoration of service within 19 days of the initial ignition. SCE has recorded eligible incremental restoration-related capital costs associated with the Thomas Fire to SCE's CEMA. SCE did not record debris flow costs to CEMA.
13. On October 21, 2021, SCE and the Commission's Safety and Enforcement Division (SED) executed an administrative consent order to resolve allegations that SCE violated certain rules and regulations with respect to the Thomas Fire and Montecito debris flows and other fires in 2017-18 (ACO). The Commission approved the ACO in Resolution SED-5 on December 16, 2021. SCE did not admit to any violations concerning the Anlauf ignition (and there were no alleged violations concerning the Koenigstein ignition). Following limited rehearing, a revised resolution (Resolution SED-5A) was approved by the Commission on July 15, 2022.

C. Summary of Testimony

The following summarizes the Settling Parties' testimony, which the Settling Parties agree to move into the evidentiary record. However, in doing so, neither Settling Party endorses the other Settling Party's testimony.

1. **Summary of SCE's Cost Recovery Request and Supporting Testimony**

1. In support of the Application, SCE submitted 11 chapters of prepared testimony sponsored by 30 witnesses, including 12 independent experts. SCE's testimony and associated attachments totaled more than 700 pages. SCE's testimony stated that recovery of the Thomas Fire-related and Montecito debris flow-related costs is in the public interest because the costs arose from SCE's provision of public service and did not result from any imprudence on the part of SCE.

SCE's testimony further asserted the benefits to customers of cost recovery given the connection between utility financial integrity and SCE's access to low-cost capital essential for capital investments to enhance safety and to achieve the State's ambitious clean energy goals, which ultimately redounds to the benefit of customers. SCE's testimony also described the unprecedented weather conditions in which the Thomas Fire ignited and progressed in December 2017.²

2. SCE's testimony set forth a showing that SCE's actions and practices were prudent with respect to the Anlauf and Koenigstein ignitions specifically and more broadly, including with respect to the design, construction, inspection, and maintenance of SCE's facilities, SCE's deployment of protective devices, and SCE's operations and fire mitigation measures.³
3. With respect to the Anlauf ignition, SCE's testimony presented expert analysis disputing the conclusions of the Anlauf fire agency report. In particular, SCE's experts concluded that the origin area of the Anlauf ignition was near a private residence and that the origin and cause theory posited by the Anlauf fire agency report was not credible based on metallurgical, photogrammetric, radar, fire

² See Exhibit SCE-01.

³ See Exhibits SCE-02 and SCE-03.

growth, and electrical event analysis. SCE's expert investigation concluded that SCE's facilities likely were not the cause of the Anlauf ignition.⁴

4. With respect to the Koenigstein ignition, SCE's testimony presented expert analysis agreeing with the fire agencies' conclusion that the ignition resulted from a downed power line arcing in a receptive fuel bed and explaining that SCE has not been able to reach a definitive conclusion as to why the conductor separated in the manner it did. SCE's testimony presented expert opinion that the event was unexpected and extremely unusual and explained that the evidence shows that SCE had no prior indication that the conductor would separate under the circumstances in which it did.⁵
5. SCE also presented testimony that described the extreme climatological and wind factors outside of SCE's control that caused the Thomas Fire to spread rapidly and intensely in December 2017 and drove the size and magnitude of damages caused by the fire.⁶
6. With respect to the Montecito debris flows, SCE presented expert analysis regarding the external factors that contributed to the magnitude of damage caused by the debris flows that followed the Thomas Fire. These factors which exacerbated the impact of the debris flows included a powerful storm that dropped high-intensity rainfall combined with inadequate flood control infrastructure, and inadequate evacuation communications from Santa Barbara County officials.⁷
7. With respect to claims costs, SCE's testimony affirmed that it had resolved a substantial portion of third-party claims brought against SCE arising from the Thomas Fire and Montecito debris flows and committed to providing an update in its rebuttal testimony quantifying the additional claims and related costs paid

⁴ See Exhibit SCE-02.

⁵ See Exhibit SCE-02.

⁶ See Exhibit SCE-04.

⁷ See Exhibit SCE-05.

since July 31, 2023, the latest date included in SCE's Application, and on the status of SCE's cross-claims.⁸ SCE also presented testimony explaining the reasonableness of SCE's process for resolving these claims in light of the inverse condemnation doctrine, as well as the risks and costs of litigation, and attached a mediator declaration supporting the reasonableness of the settlement process.⁹ SCE also presented testimony supporting the reasonableness of its outside counsel costs.¹⁰ SCE's testimony also explained that it had taken legal action to attempt to recover at least a part of its settlement payments from certain public entities who caused or contributed to damages arising from the 2018 Montecito debris flows, and that those actions remain pending.¹¹

8. SCE's testimony also described the costs that SCE prudently incurred to finance the third-party claims and litigation costs tracked in its WEMA. Specifically, the testimony described that SCE financed these costs with dedicated long-term debt and appropriately varied the principal amounts and tenors of its issuances to reduce its financing costs.¹²
9. With respect to restoration costs, SCE's testimony described the reasonable incremental costs that SCE incurred to restore service within 19 days of the initial ignition and to repair, replace, and restore utility facilities damaged by the Thomas Fire, for the direct and long-lasting benefit of SCE's customers.¹³
10. Finally, SCE presented testimony summarizing the total costs requested in the Application and SCE's proposal to recover those costs through securitization.

⁸ See *infra*, C.3¶ 7.

⁹ See Exhibit SCE-06.

¹⁰ See Exhibit SCE-07.

¹¹ See Exhibit SCE-06. The civil litigation related to the Thomas Fire and Montecito debris flows was coordinated in the proceeding Southern California Fire Cases, Case No. JCCP 4965, Superior Court of the State of California, County of Los Angeles. This includes SCE's cross-complaints against certain public entities (Case Nos. BC699216 and BC698429).

¹² See Exhibit SCE-08.

¹³ See Exhibit SCE-09.

Specifically, SCE described the CPUC-jurisdictional WEMA and CEMA balances at issue.¹⁴ For WEMA, this included the total claims, legal, debt issuance, and financing costs after applying the approximately \$1 billion of liability insurance reimbursements SCE received to reduce the WEMA balance. For CEMA, this included the \$65 million in restoration-related capital costs incurred. SCE further stated its intention to file a separate application seeking Commission approval to recover the costs authorized in this proceeding through the issuance of recovery bonds under Public Utilities Code sections 850 *et seq.*, which would mitigate rate impacts and alleviate affordability concerns.¹⁵

2. Summary of Cal Advocates' Testimony

1. Cal Advocates' testimony addressed a wide range of issues related to SCE's Application and testimony, including chapters focused on considerations SCE should have made in response to wildfire risk including the history of prior utility-related wildfires in SCE's service territory and more generally in Southern California; wind conditions and environmental risk factors related to the Thomas Fire ignition areas; risk factors specific to the SCE circuit at issue; situational awareness and wildfire mitigation measures that could have prevented or reduced the risk of wildfires including Public Safety Power Shutoffs (PSPS) and "fast trip" settings which SDG&E but not SCE implemented prior to the Thomas Fire; issues specific to the Anlauf and Koenigstein ignitions; and potential deficiencies of SCE's utility operations and system protection practices.¹⁶
2. Cal Advocates' testimony discussed the history of utility-caused wildfires in SCE's service territory prior to the Thomas Fire, including the October 2007

¹⁴ See Exhibit SCE-10 at 1, tbl. I-1.

¹⁵ See Exhibit SCE-10.

¹⁶ See Exhibit CA-01.

Malibu Canyon Fire, which led to a settlement agreement with the Commission's Safety and Enforcement Division approved by the Commission in D.13-09-028.¹⁷

3. Cal Advocates' testimony described the local wind conditions at the time of the fire, noting the lack of reliable local weather station data near the ignition areas and that SCE subsequently installed a weather station in Anlauf Canyon after the Thomas Fire.¹⁸
4. Cal Advocates described the environmental risk factors on the Castro Circuit and in the specific Thomas Fire ignition areas. Cal Advocates included maps and data showing the Commission's High Fire Threat Districts, fire scar history, red flag warning days, and the SCE-determined wind load ratings for assets in the region. Cal Advocates noted that the Thomas Fire ignition areas are high fire-risk areas with more than 70 total Red Flag Warnings from 2013 to 2017.¹⁹
5. Cal Advocates also presented testimony describing the risk factors of the Castro Circuit that SCE should have more adequately considered as part of its wildfire risk mitigation actions. This included testimony describing prior events on the circuit, such as an alleged prior ignition, wire-down events, unplanned outages, and the time of year in which these events occurred.²⁰ Cal Advocates' testimony also focused on SCE's consideration of the asset maintenance needs on the circuit, including if SCE appropriately established the priority level, remediation periods, status, and fire risk designation of SCE's maintenance notifications.²¹
6. With respect to wildfire mitigation measures, Cal Advocates explained that, in the years following the October 2007 wildfires in Southern California, SDG&E implemented a PSPS program, implemented "fast trip" settings for its protective

¹⁷ See Exhibit CA-02.

¹⁸ See Exhibit CA-03.

¹⁹ See Exhibit CA-04.

²⁰ See Exhibit CA-05.

²¹ See Exhibit CA-05.

devices, and installed an extensive network of weather stations, while SCE did not take any of these three steps. Cal Advocates' experts contended that SCE was aware of SDG&E's extensive network of weather stations, was aware of SDG&E's PSPS program, and was aware of SDG&E's fast trip settings. Cal Advocates noted that SCE had previously implemented a proactive shutoff program related to a bark beetle infestation, and SCE did not take steps between 2005 and 2017 to develop or deploy similar measures when SDG&E had done so.²²

7. Cal Advocates' experts further noted that, on December 4, 2017, SDG&E implemented its largest PSPS event to date in response to the Red Flag Warning, and suggested that earlier deployment of these or similar measures by SCE could possibly have prevented the Thomas Fire.²³
8. With respect to the Anlauf ignition, Cal Advocates disputed several of the conclusions of SCE's experts and provided evidence that supports the Anlauf fire agency report's conclusion that the ignition occurred at 6:17 p.m. near the CP Rectifier and was caused by SCE facilities.²⁴
9. Cal Advocates' experts raised key questions regarding SCE's expert investigation and testimony, including with respect to fire markers, metallurgical and radar analysis, photo and video analysis, and fire growth analysis. Cal Advocates also raised concerns regarding SCE's design and construction of certain facilities in Anlauf Canyon near the CP rectifier. Cal Advocates pointed to 911 call records and witness statements as being inconsistent with SCE's conclusion that the Anlauf ignition occurred near the private residence.²⁵

²² See Exhibit CA-06.

²³ See Exhibit CA-06.

²⁴ See Exhibit CA-07.

²⁵ See Exhibit CA-07.

10. With respect to the Koenigstein ignition, Cal Advocates noted that the conductor in question was likely damaged at some point prior to December 4, 2017, and stated that there were shortcomings regarding SCE's approach to infrared inspections and gaps in SCE's recordkeeping related to conductor and downed wire. Cal Advocates posited that earlier implementation of SCE's "fast trip" recloser settings (called Fast Curve settings) could possibly have avoided the Koenigstein ignition.²⁶
11. With respect to prudent utility operations, Cal Advocates' experts identified concerns with several aspects of SCE's inspection practices, quality control practices, system protection settings, and maintenance practices regarding high-risk notifications. Cal Advocates' witnesses identified improvements that could have been made in each of these areas. For instance, Cal Advocates pointed to deficiencies in the design of SCE's infrared inspection pilot program, criticized SCE's quality control practices and sample sizes, criticized SCE's wind study and pole loading program, and argued that SCE's maintenance notifications were not appropriately calibrated to risk, pointing to a loose cross-arm notification as a case study.²⁷
12. Cal Advocates analyzed SCE's system protection on the Castro circuit, and identified changes SCE had made to recloser settings in 2014 that made these protective devices less sensitive. Cal Advocates' expert also contended that SCE did not adequately consider wildfire risk when adjusting recloser settings and that SCE should have been more prudent with respect to recloser settings in fire risk zones on Red Flag Warning days. Cal Advocates' expert asserted that implementing different recloser settings would have reduced the fault energy

²⁶ See Exhibit CA-08.

²⁷ See Exhibit CA-09.

released at the Anlauf and Koenigstein ignition sites and reduced the likelihood of an ignition occurring.²⁸

13. Cal Advocates served data requests in discovery related to the debris flows and to SCE's claims resolution process, outside legal expenses, financing costs and restoration costs. Those topics were not discussed in Cal Advocates' testimony. The Settling Parties stipulated to entry into the record of certain of these data request responses, which is being sought in a concurrently filed motion.

3. *SCE's Rebuttal Testimony*

1. On June 13, 2024, SCE served discovery on Cal Advocates related to Cal Advocates' testimony. On July 11, 2024, SCE served its rebuttal testimony. SCE's rebuttal included five chapters of prepared testimony and attachments totaling more than 230 pages, responding directly to the issues raised in Cal Advocates' testimony. In particular, SCE's rebuttal testimony articulated SCE's view that Cal Advocates' testimony reflected hindsight bias. SCE offered further context for evaluating the reasonableness and efficacy of SCE's wildfire mitigation efforts in the years preceding the Thomas Fire, responded to Cal Advocates' testimony regarding the Anlauf and Koenigstein ignitions, and defended the prudence of SCE's construction, inspection, and maintenance practices and quality control program.²⁹
2. In response to Cal Advocates' focus on the PSPS program and "fast trip" settings implemented by SDG&E following the October 2007 wildfires, SCE explained that SCE already had operational fire mitigation measures in place as of 2007 and highlighted other efforts undertaken by SCE in the years preceding the Thomas Fire to address the risks specific to its service territory, including with respect to

²⁸ See Exhibit CA-10.

²⁹ See Exhibit SCE-12.

system hardening and downed wire. SCE’s rebuttal testimony provided detailed background on the Commission proceeding addressing SDG&E’s PSPS application, including the focus in that proceeding on the public safety impacts of power outages, which raise additional unique concerns in emergency conditions such as wildfires, as further context for SCE’s decision to not implement those measures prior to the Thomas Fire. SCE presented testimony from a wildfire mitigation expert explaining that PSPS and “fast trip” settings were not standard in the industry at the time of the Thomas Fire and come with their own risks.³⁰

3. With respect to the Anlauf ignition, SCE’s rebuttal testimony addressed the arguments raised by Cal Advocates with respect to the conclusions of SCE’s experts. SCE’s experts reaffirmed their conclusions that the Anlauf ignition occurred in an area outside the origin area posited in the Anlauf fire agency report and at a time prior to any electrical event on SCE’s system. SCE’s rebuttal testimony also pointed to metallurgical, photogrammetric, radar, and electrical evidence that is inconsistent with the Anlauf fire agency report’s conclusions and shows that the ignition likely was not attributable to SCE’s facilities.³¹
4. With respect to the Koenigstein ignition, SCE emphasized that Cal Advocates acknowledged that SCE had no prior indication of damage to the conductor that separated and fell to the ground on December 4, 2017, and asserted that Cal Advocates’ testimony relied on speculative theories and vague criticisms. Regarding Cal Advocates’ suggestion that earlier implementation of SCE’s “fast trip” settings could possibly have avoided the ignition, SCE explained that earlier implementation would not have changed how protective devices operated on December 4, 2017, in response to events at the Koenigstein location. SCE further explained that Cal Advocates’ criticisms of its infrared inspection program and

³⁰ See Exhibit SCE-12.

³¹ See Exhibit SCE-13.

recordkeeping did not have any causal connection to the ignition and were not tied to industry practice for electric utilities.³²

5. With respect to prudent utility operations, SCE presented additional evidence in its rebuttal affirming that it had taken appropriate steps to inspect, maintain, and operate its system to provide safe and reliable service prior to the Thomas Fire. SCE's rebuttal testimony also explained that no connection had been established between any alleged imprudence and the ignitions at issue, pointing to Cal Advocates' critiques of SCE's operation and maintenance of facilities outside of the ignition areas and criticisms of SCE's programs, such as pole loading, when no pole failure was at issue. SCE had timely assessed all of the specific facilities at issue and completed pole replacements identified through that process prior to the Thomas Fire.³³
6. SCE's prudence rebuttal testimony also explained that SCE's open maintenance notifications on the relevant circuit indicated the robustness of SCE's maintenance practices and that SCE appropriately calibrated remediation timeframes to risk, including for the cross-arm repair notification highlighted by Cal Advocates. SCE further explained how it appropriately designed and coordinated its system protection on the relevant circuit to quickly interrupt fault current and constructed its facilities to withstand windy conditions. SCE also highlighted the clear benefits of its infrared pilot program, its efforts to proactively evaluate and mitigate the risk of wire down events, and the appropriateness of its quality control programs and situational awareness programs. In response to Cal Advocates' claims regarding risk factors on the SCE circuit involved in the Thomas Fire, SCE also further articulated how its operational practices and procedures prior to the fire (such as blocking automatic

³² See Exhibit SCE-13.

³³ See Exhibit SCE-14.

reclosing) appropriately accounted for and mitigated the risk of wildfires on all its circuits in high fire-risk areas, including the subject circuit.³⁴

7. As part of its rebuttal testimony, SCE also provided an update regarding its trailing claims and related costs. Specifically, SCE's rebuttal testimony provided an updated WEMA balance related to the Thomas Fire and Montecito debris flows as of May 31, 2024, which reflected the additional claims and related costs incurred between July 31, 2023 and May 31, 2024, as well as an updated estimate of SCE's cost to finance this WEMA balance through the end of 2025.

This reflected an additional approximately \$305 million in WEMA costs to the \$2.407 billion in SCE's Application, for approximately \$2.711 billion in WEMA costs.³⁵ SCE separately provided cost information regarding unresolved claims as of May 31, 2024. SCE's rebuttal testimony affirmed that SCE's then-current best estimate of the CPUC-jurisdictional amount of these unresolved trailing claims exceeded the \$125 million of Thomas Fire-related claims costs that SCE committed not to seek from customers in the ACO. With respect to its pending cross-claims, SCE's update indicated that SCE intended to appeal an unfavorable ruling against it regarding the County of Santa Barbara, and resolution of that appeal was expected to take years (with similar predicted delays regarding cross-claims against the City of Santa Barbara).³⁶

D. Settlement Activity

1. Following Cal Advocates' service of the only intervenor testimony, and in light of the extensive record developed in this proceeding by SCE and Cal Advocates and, in particular, material issues of disputed fact, the Settling Parties agreed to explore whether a settled outcome could be achieved. The Settling Parties engaged in

³⁴ See Exhibit SCE-14.

³⁵ See Exhibit SCE-15 at 2, tbl. II-1.

³⁶ See Exhibit SCE-15.

earnest, arms-length, and good-faith negotiations over the course of almost three months.

2. Prior to executing this Settlement Agreement, and in compliance with Rule 12.1(b), the Settling Parties convened a settlement conference on August 5, 2024, and served notice of the settlement conference on all parties on the official service list of this proceeding on July 29, 2024. SCE, Cal Advocates, TURN and the City of Rancho Palos Verdes attended the settlement conference.
3. The Settling Parties now wish to resolve all issues in contention between them in order to avoid the expense, burden, and uncertainty of continued litigation of this proceeding. That uncertainty includes but is not limited to the uncertainty created by the application of Public Utilities Code § 451 in light of California courts' rulings on the doctrine of inverse condemnation to investor-owned utilities under California law. Accordingly, the Settling Parties have reached an agreement that resolves all issues, as set forth in Section F and Section G of this Settlement Agreement.
4. Without waiving the protections of Rule 12.6, the Settling Parties represent that they considered, among other things, the extensive factual record developed in this proceeding, the material issues of disputed fact, and the possibility that each Settling Party may or may not prevail on any given issue. The Settling Parties also considered the nature of the different categories of costs at issue in this proceeding, including the different types of WEMA costs (i.e., claims costs, legal expenses, financing costs) and CEMA costs, and how that relates to their reasonableness and recoverability.
5. The Settling Parties worked diligently to reach mutual agreement on terms that address each disputed issue in a fair and balanced manner. As the product of concessions and trade-offs among the Settling Parties, the Settlement Agreement reflects partial recovery by SCE of the costs requested in this Application and

permanent disallowance of the remainder of those requested costs.³⁷ The Settling Parties agree that the authorized cost recovery and related permanent disallowances outlined in this Settlement Agreement are (i) just and reasonable consistent with the requirements of Public Utilities Code 451, based on the extensive record developed in this proceeding and (ii) also consistent with Commission policy and precedent supporting partial recovery and settled outcomes of litigated proceedings. The Settling Parties agree resolution of this proceeding through the Settlement Agreement is in the public interest, is in the interests of SCE and its customers, and promotes utility financial health.

6. In constructing the key terms of this Settlement Agreement, particularly for System Enhancements, the Settling Parties recognized the advances SCE has made in the years since the Thomas Fire, including through SCE's Wildfire Mitigation Plan, implementation of its PSPS program and Fast Curve settings, and extensive installation of covered conductor in areas with heightened fire risk under its Grid Safety and Resiliency Program and General Rate Cases, among other measures. The Settling Parties also recognized that there are always opportunities for utilities to improve and that SCE could further enhance its efforts and benefit from studying industry best practices and piloting and evaluating other technologies that can further reduce wildfire risk in SCE's service area. The Settlement Agreement will advance innovative mitigation measures and promote progress toward achieving cost-effective wildfire mitigation for SCE's customers.

³⁷ The WEMA costs permanently disallowed in the Settlement Agreement are separate from and in addition to the permanent \$125 million of claims recovery already waived/disallowed in the ACO for the Thomas Fire.

E. Summary of Areas of Agreement and Dispute Regarding the Factual Record

In connection with agreeing to this Settlement Agreement, the Settling Parties summarize in this Section E certain areas of agreement and dispute between the Settling Parties regarding the factual record. Section E does not comprehensively set forth all areas of agreement and dispute, and each Settling Party's position is described in more detail in Section C and in each Settling Party's respective exhibits.

1. **Anlauf Ignition:** The Settling Parties disagree regarding the origin location, cause, and time of the Anlauf ignition.³⁸
 - a. The Anlauf fire agency report concluded that the ignition was caused by phase-to-phase contact between two SCE conductors at 6:17 p.m., during severe winds on a line connecting a cathodic protection (CP) rectifier³⁹ to the main line in Anlauf Canyon. Cal Advocates' testimony states that the Castro Circuit in Anlauf Canyon mainly runs parallel to the prevailing winds, but the spur line at the CP rectifier runs perpendicular to the prevailing winds and is consequently subject to strong lateral forces during Santa Ana wind events. The Anlauf fire agency investigators identified eight areas of interest, but were unable to determine a specific origin area (SOA) in the course of their investigation.⁴⁰
 - b. SCE conducted its own independent expert investigation and found that the preponderance of evidence shows that the Anlauf ignition occurred near a private residence in Anlauf Canyon, some time before 6:07 p.m.⁴¹

³⁸ See Exhibits SCE-02 and CA-07.

³⁹ A CP rectifier is a device that helps prevent corrosion by converting alternating current to direct current.

⁴⁰ See Exhibit SCE-02.

⁴¹ See Exhibit SCE-02.

- c. Plaintiffs in civil cases posited that the ignition occurred at or near SCE pole 761, which is near the private residence.⁴² The Settling Parties agree that the preponderance of evidence does not support the conclusions of the plaintiffs regarding pole 761.
 - d. Cal Advocates reviewed and analyzed both the Anlauf fire agency report's findings and SCE's conclusions regarding the Anlauf ignition and found that the preponderance of evidence supports the Anlauf fire agency report's findings.⁴³
 - e. The Settling Parties are not aware of any conclusive evidence that definitively proves the origin and cause of the Anlauf ignition.
2. **Koenigstein Ignition:** The Settling Parties agree with the conclusion of the Koenigstein fire agency report that the Koenigstein ignition resulted from a downed power line arcing in a receptive fuel bed. The root cause of the Koenigstein ignition (i.e., why the conductor separated) is undetermined.⁴⁴
3. **Wildfire Mitigation Measures:** The Settling Parties agree that, at the time of the Thomas Fire, SCE had a variety of wildfire mitigation measures in place.
- a. The cornerstone of SCE's operational wildfire mitigation practices was SCE's longstanding practice of blocking automatic reclosing on lines traversing high fire-risk areas during Red Flag Warning conditions, as set forth in SCE's System Operating Bulletin (SOB) 322. SCE also increased its deployment of protection devices, including remote automatic reclosers and branch line fuses, in order to more quickly detect and isolate faults, thereby mitigating fire risk and minimizing the number of customers affected by outages.

⁴² See Exhibit SCE-02.

⁴³ See Exhibit CA-07.

⁴⁴ See Exhibits SCE-02 and CA-08.

- b. Prior to the Thomas Fire, SCE also focused efforts on system hardening through its Pole Loading Program (PLP) to mitigate the risk of pole failures which can lead to wildfires and other safety hazards, prioritizing poles in SCE's high fire-risk areas and high-wind areas.
 - c. At the time of the Thomas Fire, SCE had not implemented two additional measures used by SDG&E: (i) a system-wide, Public Safety Power Shutoff (PSPS) program; and (ii) the use of more sensitive "fast trip" settings on remote automatic reclosers monitoring distribution lines. As described below, the Settling Parties disagree regarding the prudence of SCE not implementing a system-wide PSPS program and "fast trip" settings prior to the Thomas Fire.
4. **Proactive Power Shutoffs:** The Settling Parties disagree regarding the prudence of SCE not having a proactive de-energization program at the time of the Thomas Fire.⁴⁵
- a. Proactive power shutoffs (now known as Public Safety Power Shutoffs, or "PSPS") are a measure of last resort designed to de-energize power lines during dangerous weather conditions to prevent electric infrastructure from becoming a source of ignition.
 - b. SCE implemented the earliest iteration of a proactive power shutoff program in California, the Protective Outage Plan (POP). POP was initiated in 2003 in response to emergency conditions related to a bark beetle infestation which had created the potential for catastrophic forest fires in specific areas of the State.⁴⁶ SCE terminated POP in August 2005 at the conclusion of the bark beetle infestation emergency. SCE began exploring the development of its current PSPS program in November

⁴⁵ See Exhibits SCE-12 and CA-06.

⁴⁶ D.09-09-030, pp. 40-41.

2017, in response to the fires that were occurring in PG&E's territory in the fall of 2017. SCE began implementing its PSPS program in May 2018.⁴⁷

- c. SDG&E implemented a PSPS program after the October 2007 wildfires. In its decision denying SDG&E's initial proposed PSPS plan, the Commission emphasized the significant adverse impacts of power shutoffs, as identified by Cal Advocates and many other parties opposed to SDG&E's plan.⁴⁸ SDG&E implemented its first PSPS event in 2013. On December 4, 2017, in response to forecasted Santa Ana winds conditions, SDG&E implemented its largest PSPS event up to that time.⁴⁹
- d. Using PSPS as a wildfire mitigation measure was not standard in the industry in 2017 at the time of the Thomas Fire.⁵⁰

5. **System Protection and Fast-Trip Settings:** Though the Settling Parties agree that SCE made certain settings changes to its protective devices prior to the Thomas Fire as part of coordination studies, the Settling Parties disagree regarding the prudence of these settings changes. The Settling Parties also disagree regarding the prudence of SCE not implementing its more sensitive "Fast Curve" settings prior to the Thomas Fire and whether either of these settings changes could have prevented the ignitions.⁵¹

- a. Automatic Reclosers, a type of protective device, are automatic switches that trip open to shut off electric power when faults occur. Remote

⁴⁷ See Exhibits SCE-12 and CA-06.

⁴⁸ See D.09-09-030; see also D.12-04-024. SDG&E's initial PSPS proposal was opposed by Mussey Grade Road Alliance, AT&T, CCTA, CFB, Cox, the Safety and Enforcement Division, CTIA, Cal Advocates, Disability Rights Advocates, the San Diego County Superintendent of Schools, a consortium of six water districts, and UCAN.

⁴⁹ See Exhibits SCE-12 and CA-06.

⁵⁰ See Exhibits SCE-12 and CA-06.

⁵¹ See Exhibits SCE-03, SCE-13, SCE-14, CA-06, CA-08, and CA-10.

Automatic Reclosers (RARs) operate similarly to circuit breakers but are located along distribution mainline circuitry or larger branch line segments, facilitating rapid fault isolation. When automatic reclosing is activated, this function of RARs also facilitates rapid service restoration following temporary faults.⁵²

- b. Remote Automatic Recloser (RAR) 1228 was the nearest recloser that was upstream of the Anlauf ignition location. Remote Automatic Recloser (RAR) 179 was the nearest recloser that was upstream of the Koenigstein ignition location. In 2014, SCE upgraded RAR 1228 to a microprocessor-based relay; in connection with that upgrade, SCE performed a relay coordination study and short-circuit fault studies for the protective devices on the Castro Circuit. SCE adjusted the settings of RAR 1228 and RAR 179, increasing the phase and ground minimum-to-trip values for RAR 1228 and increasing the ground minimum-to-trip value for RAR 179.⁵³ These settings changes were made to provide adequate coordination with downstream devices and to ensure that the protective devices would operate effectively for end of line faults. Although evaluating fire risk was not a specific consideration or focus of SCE's relay coordination studies, SCE increased deployment of system protection devices for fire risk mitigation and other reasons.⁵⁴

⁵² See Exhibits SCE-03 and CA-10.

⁵³ The minimum-to-trip value is the threshold above which elevated current will cause a recloser to operate in accordance with the applicable time-current curve. For details regarding the settings of RAR 1228 and RAR 179, see Exhibits SCE-02 (Appendix A), CA-10, and SCE-13.

⁵⁴ See Exhibits SCE-03, SCE-13, SCE-14, CA-08, and CA-10. From 2010 through 2017, SCE installed approximately 530 reclosers in its service area, an increase of nearly 50 percent. As of 2017, SCE had approximately 1,600 RARs deployed on its distribution system, with approximately 50 percent within or at the boundaries of HFRA. See Exhibit SCE-02.

- c. SCE's protective devices on the Castro Circuit operated as intended on December 4, 2017 to interrupt fault conditions. RAR 1228 operated to de-energize the line in Anlauf Canyon in response to a permanent fault at approximately 6:41 p.m. With respect to Koenigstein, at approximately 7:27:03.8 p.m., an A phase-to-C phase fault occurred. A branch line fuse operated in less than a tenth of a second to isolate the portion of the line downstream of the fuse. Approximately two seconds later (approximately 7:27:05.7 p.m.), a C phase-to-ground fault occurred as a result of the conductor separating and falling to the ground, which occurred upstream of the branch line fuse but downstream of RAR 179. In response to the phase-to-ground fault current, RAR 179 operated at 7:27:09.2 p.m. (approximately 1 second after the ground fault current was stable) to de-energize the line in the area where the conductor had separated.⁵⁵
- d. Fast-trip settings (also known as "fast curve" or "sensitive relay profile" settings") are more sensitive settings that make a protective device more likely to operate to de-energize a circuit in response to fault current than normal relay settings. SDG&E began using fast-trip settings ("sensitive relay profiles") in 2011 as a wildfire mitigation measure. SCE began developing its comparable program ("Fast Curve") in November 2017 and began to implement it in February 2018. Using fast-trip settings as a wildfire mitigation measure was not standard in the industry in 2017 at the time of the Thomas Fire.⁵⁶

⁵⁵ See Exhibit SCE-02. Ground faults are by nature chaotic with respect to their fault currents. This is because the energized conductors are moving and the earth is a poor conductor. This rapid change of fault current is evident in the electrical event records, which show that RAR 179 recorded brief bursts of current before detecting a stable, sustained fault current that caused the recloser to operate. See Exhibit SCE-02.

⁵⁶ See Exhibits SCE-13, SCE-14, and CA-06.

6. **Situational Awareness and the Castro Circuit:** Though the Settling Parties agree that both ignitions occurred in high fire-risk areas, the Settling Parties disagree regarding the prudence of SCE’s situational awareness practices at the time of the Thomas Fire.
- a. The ignition areas were designated as “Very High” risk on the Fire and Resource Assessment Program (FRAP) map that the Commission used from 2009 to 2017 to identify fire-risk areas. Both ignition areas are in Tier 3 on the Commission’s current High Fire Threat District (HFTD) map. The National Weather Service issued 72 total Red Flag Warnings affecting the Castro circuit from 2013 to 2017, including 40 Red Flag Warnings that affected both the Anlauf and Koenigstein ignition areas.⁵⁷
 - b. Weather stations can provide accurate and localized meteorological data to utility operators. At the time of the Thomas Fire, the nearest weather station to the Anlauf and Koenigstein ignitions was located in the town of Santa Paula. In 2018, SCE installed a weather station in Anlauf Canyon, which typically reports higher wind gust speeds than those measured at the Santa Paula weather station.⁵⁸
 - c. SCE did not install its own network of weather stations until after the 2017 wildfire season. The purpose of SCE’s new weather station network was to operationalize its PSPS program. As described above, SCE did not have a PSPS program at the time of the Thomas Fire. For SCE’s operational requirements at the time of the Thomas Fire, SCE relied on publicly available weather data, including Red Flag Warnings issued by the National Weather Service, which SCE used to activate its SOB 322 protocols, as well as forecasts from government agencies (e.g., National

⁵⁷ See Exhibits SCE-02, SCE-14, and CA-04.

⁵⁸ See Exhibit CA-03.

Oceanic and Atmospheric Administration (NOAA), Bureau of Land Management, U.S. Forest Service, CAL FIRE, Los Angeles County Fire) and other publicly available weather sources. SDG&E began installing utility-owned weather stations in 2009 and had 170 active utility-owned weather stations as of December 2017. Cal Advocates' testimony states that in 2017, SDG&E had one utility-owned weather station per approximately 38 miles of overhead distribution lines.⁵⁹

7. **Prudence of Asset Management Practices:** The Settling Parties disagree regarding the prudence of SCE's asset management practices, including with respect to the specific facilities at issue in the Anlauf and Koenigstein ignitions.⁶⁰
- a. In 2016, SCE initiated a pilot overhead infrared inspection program. In 2017, SCE's infrared inspections identified a total of 481 "hot spots" for further review. In March through May 2017, SCE performed an infrared inspection of the Castro Circuit that did not identify any issues. In 2017, SCE did not require infrared inspections to be performed during elevated circuit loading.⁶¹ In 2017, infrared inspections were not required by General Orders, nor were they a standard practice among California electric utilities.⁶²
 - b. SCE conducts patrols of its distribution circuits annually as well as in response to outages or other interruptions that occur on the lines. SCE also conducts other proactive asset inspection and maintenance practices and vegetation management activities, including detailed inspections, seasonal patrols for vegetation management, and SOB 322 patrols. At the time of the Thomas Fire, SCE's procedures did not require reactive patrols

⁵⁹ See Exhibit CA-06.

⁶⁰ See Exhibits SCE-02, SCE-03, CA-07, and CA-08.

⁶¹ See Exhibit CA-09.

⁶² See Exhibit SCE-14.

in response to high-wind events (such as two wind events that occurred in October 2017) unless an unplanned outage occurred. Cal Advocates' testimony states that such patrols might have identified and facilitated the remediation of damage.⁶³

8. **Restoration Costs:**⁶⁴ The costs incurred to reconstruct SCE's facilities and equipment provide immediate benefits to SCE customers. New assets replaced older assets in the areas affected by the Thomas Fire, and those replacements would have become necessary at some point regardless of the Thomas Fire. SCE has estimated that the assets that were damaged or destroyed by the Thomas Fire had reached 83% of their average service life and 64% of their probable life. Cal Advocates does not contest SCE's assessment. This Settlement Agreement takes into consideration the age and the residual value of the assets that were replaced during the Thomas Fire restoration effort. For service restoration after the Thomas Fire, SCE incurred \$62.651 million of incremental capital expenditures and \$2.323 million in incremental capital-related expenses. SCE used these amounts as the basis for the revenue requirement recorded in SCE's CEMA. Cal Advocates has reviewed SCE's requests and agrees that: (i) SCE correctly computed the incremental restoration costs it has recorded in the CEMA for the Thomas Fire; and (ii) SCE does not seek recovery of service restoration costs related to damages from the Montecito debris flows.
9. **Insurance:**⁶⁵ Cal Advocates reviewed SCE's allocation of liability insurance between the Thomas Fire subaccount and Montecito debris flow subaccount and does not oppose SCE's allocation of insurance proceeds between the two events.

⁶³ See Exhibits SCE-03, SCE-14, and CA-09.

⁶⁴ See Exhibit SCE-09.

⁶⁵ See Exhibit SCE-10.

10. **Financing Costs and Outside Counsel Fees:**⁶⁶ In light of the doctrine of inverse condemnation as applied to investor-owned utilities in California, utilities like SCE often incur incremental legal expenses to manage and reasonably defend against wildfire liability claims. A process to record and review the reasonableness of such incremental legal expenses is necessary. In light of the legal and regulatory framework governing SCE's WEMA cost recovery request, there was an inherent delay between when SCE made claims payments and incurred legal expenses and when SCE could receive a Commission decision regarding its ability to recover those costs. This delay makes financing costs necessary in order to bridge that multi-year period and to facilitate the regulatory process. The Settling Parties agree that SCE utilized a variety of tenors to obtain efficient rates of financing while aiming to avoid being under- or over-financed and having large, concentrated debt maturities. SCE's actual incurred financing costs—and forecasted to continue to be incurred—are incremental to the financing costs SCE is authorized to recover in the general rate case and other cost recovery proceedings, at rates as authorized in the cost of capital proceeding. The amounts that SCE has requested for financing costs after July 2023 are estimated on a forecast basis and will be trued up to actual costs in connection with SCE's financing order application or other recovery from customers of the costs authorized in this Settlement Agreement.

F. Agreement

In consideration of the mutual obligations, covenants and conditions contained herein, the Settling Parties agree to the key financial terms of this Settlement Agreement in the following areas: (1) authorized cost recovery and disallowances for recorded costs related to the Thomas Fire and Montecito debris flows; (2) authorized cost recovery and disallowances for trailing costs

⁶⁶ See Exhibits SCE-07 and SCE-08.

and potential recoveries recorded after May 31, 2024 related to the Thomas Fire and Montecito debris flows, including a post-decision advice letter process to effectuate the same; and (3) SCE shareholder-funded system enhancements totaling \$50 million (System Enhancements), with the amounts above in (1), (2) and (3) collectively referred to as the Settlement Agreement Amounts, as described more fully in corresponding sections below.

1. Authorized Cost Recovery and Disallowances

With respect to the costs related to the 2017 Thomas Fire and 2018 Montecito debris flow events in SCE's WEMA (WEMA Amounts) and CEMA (CEMA Amounts), the Settling Parties agree as follows regarding authorized cost recovery and permanent disallowances for recorded costs:

a) Authorized WEMA Amounts

Subject to Section F.2. regarding the application of the Commission-approved ACO, SCE will recover 60% of the WEMA Amounts; the remaining 40% of the WEMA Amounts will be permanently disallowed. Upon approval of the Settlement Agreement, SCE is authorized to recover 60% of (i) the approximately \$2.407 billion of WEMA costs set forth in the Application and (ii) the approximately \$304.932 million update reflecting WEMA claims and associated costs incurred between July 31, 2023, and May 31, 2024, collectively referred to as the Authorized WEMA Amounts.⁶⁷ The Settling Parties agree that the Authorized WEMA Amounts are and should be deemed just, reasonable, and recoverable through rates.

⁶⁷ A portion of the \$305 million update is an estimate for the cost of financing from May 31, 2024, through the end of 2025 (the assumed date on which SCE would receive the proceeds from its anticipated securitization). The Settling Parties agree that the Authorized WEMA Amounts recovered from customers (via SCE's anticipated securitization request or otherwise) will be true-up to reflect SCE's actual financing costs recorded in SCE's WEMA. This true-up will occur through one or more advice letter filings in connection with SCE's securitization application or other recovery of the Authorized WEMA Amounts in customer rates.

With regard to the method of recovery, SCE will file a separate application seeking Commission approval to recover the Authorized WEMA Amounts through the issuance of recovery bonds under Public Utilities Code sections 850 et seq., which would be repaid by customers via a nonbypassable charge if approved. Cal Advocates supports securitization of the Authorized WEMA Amounts. The Settling Parties reserve the right to take different positions in that proceeding on the appropriate bond recovery period of the securitization (i.e., the bond maturity term).

In light of Judge Larsen's October 24, 2024 Email Ruling, the Settling Parties further agree that in the event SCE's anticipated application for securitization is denied, the Authorized WEMA Amounts will be recovered in rates over five years, financed using long-term debt. The Settling Parties agree that this method is less preferable than securitization. Under either method of recovery, the Settling Parties agree that recovery will include actual debt financing costsⁱ and the debt will be excluded from SCE's ratemaking capital structure.

b) Authorized CEMA Amounts

SCE will recover 85% of its CEMA costs; the remaining 15% of its CEMA costs will be permanently disallowed. Upon approval of the Settlement Agreement, SCE is authorized to recover 85% of the \$64.974 million of CEMA costs set forth in the Application (Authorized CEMA Amounts). The Settling Parties agree that the Authorized CEMA Amounts are and should be deemed incremental, just, reasonable, and recoverable through rates. With regard to the method of recovery, the Settling Parties agree that SCE will recover the

ⁱ Actual debt financing costs will be determined at the time the recovery bonds are issued or at the time long-term debt is issued to finance the alternative five-year recovery term.

Authorized CEMA Amounts, which are restoration-related capital costs, through normal course capital expenditure recovery. SCE will submit a Tier 1 advice letter filing after a Commission decision approving the Settlement Agreement.

c) Overview of Cost Recovery and Disallowances

The Authorized WEMA Amounts and Authorized CEMA Amounts, and the related permanently disallowed amounts, are set forth in the following table:

Table 1
Thomas Fire and Debris Flow Authorized Cost Recovery and Permanent Disallowances

| (\$ in thousands) | SCE Application | Final Settlement | | Recovery (%) |
|--|--------------------|------------------------------------|----------------------------|-----------------|
| | | Authorized WEMA/CEMA Amounts | Permanent Disallowances | |
| WEMA Initial Application | \$2,406,504 | \$1,443,902 | \$962,602 | 60.0% |
| WEMA Costs Incurred 7/31/23 to 5/31/24 | 304,932 | 182,959 | 121,973 | 60.0% |
| Total WEMA through 5/31/24 | \$2,711,436 | \$1,626,862 | \$1,084,574 | 60.0% |
| Thomas Fire: Restoration/CEMA | 64,974 | 55,228 | 9,746 | 85.0% |
| Total WEMA and CEMA | \$2,776,410 | \$1,682,090 | \$1,094,321 | |

2. WEMA Trailing Costs and Recoveries

The Settling Parties agree that SCE will not seek to recover \$125 million in WEMA claims costs incurred after May 31, 2024, consistent with SCE’s agreement to permanently waive the right to seek cost recovery of that amount of Thomas Fire-related claims in connection with the Commission-approved ACO.⁶⁸ The Settling Parties also agree that SCE will not seek to recover financing costs for the \$125 million in WEMA claims costs that were waived under the ACO.

WEMA Trailing Amounts are those WEMA Amounts incurred after May 31, 2024, after deducting the \$125 million ACO amount and associated financing costs. As of the

⁶⁸ In the unlikely event that the CPUC-jurisdictional amount of WEMA claims costs incurred after May 31, 2024 does not exceed the \$125 million in WEMA claims costs waived under the ACO, SCE will ensure that the full \$125 million is given effect, through a refund to customers if necessary.

date of its rebuttal testimony, SCE's best estimate of its trailing costs exceeded the \$125 million ACO amount and the WEMA Trailing Amounts will be based on the final recorded costs once all Thomas Fire-related claims and recoveries are resolved. Consistent with the Settling Parties' agreement regarding the Authorized WEMA Amounts described above and subject to the terms in the following paragraph, the Settling Parties agree that SCE will recover 60% of the WEMA Trailing Amounts (Authorized WEMA Trailing Amounts). The Settling Parties agree that the Authorized WEMA Trailing Amounts are and should be deemed just, reasonable, and recoverable through rates. The Settling Parties further agree that the Authorized WEMA Trailing Amounts will be recovered, once incurred, through the Tier 2 advice letter process described below.

With respect to SCE's cross-claim litigation related to the Montecito debris flows, the Settling Parties further agree that SCE will expeditiously credit to customers 60% of any amount recovered by SCE in that litigation and that SCE will recover 75% of any outside legal fees and costs incurred after May 31, 2024 to pursue those cross-claims.

The Settling Parties agree that the WEMA Trailing Amounts will be addressed through a Tier 2 advice letter process. SCE will file one or more Tier 2 advice letters to address rate recovery and/or rate credit related to the WEMA Trailing Amounts and to confirm application of the \$125 million ACO disallowance. SCE will propose a method for cost recovery (for example, but not limited to, conventional Operations and Maintenance expense (O&M) recovery in rates over a 12-month period) or refund therein. As of the time it served rebuttal testimony, SCE estimated that the WEMA Trailing Amounts net of the ACO disallowance would be \$9 million (60% of which would be recoverable from customers), but that estimate is subject to change.

3. System Enhancements

The Settling Parties agree that SCE shall commit \$50,000,000 of shareholder funding to System Enhancements described in more detail below pursuant to the terms described

herein. System Enhancements are defined as enhancements and/or other initiatives, studies, pilots, programs, and processes which are designed to reduce the risk of wildfire and/or other safety incidents resulting from the operation of SCE's electrical system. The Settling Parties agree that the implementation of System Enhancements benefits ratepayers by promoting public safety, reducing the risk of events that result in incremental costs that may be eligible for cost recovery, and further enhancing the safety of SCE's electrical system. SCE will consider both O&M spending and capital spending towards the \$50,000,000 of System Enhancements, as appropriate. SCE will record expenses in a manner that ensures the costs will be funded by shareholders and not included in subsequent SCE cost recovery requests.

Appendix A sets forth a non-exhaustive list of potential System Enhancements, one or more of which SCE will undertake to fulfill its obligations pursuant to the Settlement Agreement. SCE is not obligated to implement all of the potential System Enhancements described in Appendix A. SCE will have discretion to implement one or more of the potential System Enhancements described in Appendix A using up to \$25,000,000 of the \$50,000,000 commitment in this Settlement Agreement. For potential System Enhancements not included in Appendix A, or described in Appendix A but in excess of \$25,000,000, selection and implementation of such System Enhancements will be made through collaboration and consensus between the Settling Parties. The Settling Parties note that, as part of the ACO, SCE agreed to commit \$65,000,000 of shareholder funding to several safety measures, which include system enhancements. The System Enhancements described in Appendix A are separate from any system enhancements funded as a result of the ACO, although the Settling Parties may agree to further fund one or more of the system enhancements initiated under the ACO as a part of this Settlement Agreement.

The Settling Parties anticipate that the \$50,000,000 of shareholder funds committed to System Enhancements will be exhausted within five years of Commission Approval of the Settlement Agreement, or by December 31, 2030, whichever is later (System Enhancements Term). In the event any funds remain unspent at the expiration of the System

Enhancements Term, SCE will return the remainder to customers via SCE's Annual Electric True-Up Advice Letter unless otherwise agreed to by both SCE and Cal Advocates. Nothing in this Settlement Agreement obligates SCE to spend in excess of \$50,000,000 on System Enhancements. SCE may elect to seek authority to recover from customers the cost of any remaining, unfinished System Enhancements costs in excess of \$50,000,000, subject to all applicable rules, burden of proof standards, and other procedures for recovery of costs from customers.

The Settling Parties agree to meet when either party makes a request during the System Enhancements Term to confer about potential System Enhancements; consider selecting System Enhancements to deploy, expand, continue, or discontinue; and try to reach agreement on appropriate funding levels for specific System Enhancements.

SCE shall submit annual reports to Cal Advocates regarding the System Enhancements until the end of the System Enhancements Term or until all \$50,000,000 dedicated to the System Enhancements have been expended, whichever is earlier. SCE's annual reports shall, at a minimum, describe the System Enhancements implemented year-to-date and the total amount of funds expended.

G. Additional Terms

1. Full Resolution of All Issues Raised by Settling Parties

The Settling Parties agree that this Settlement Agreement fully resolves all issues raised in this proceeding. The Settling Parties confirm that further litigation between the Settling Parties on any issue in this proceeding will cease on the Signature Date referenced below. Following the Signature Date, the Settling Parties' participation in this proceeding will be limited to advocating for, and supporting final approval by the Commission of, this Settlement Agreement without modification. Notwithstanding the foregoing, if this Settlement Agreement is not approved by the Commission and the Settling Parties' good faith renegotiations as set forth in Section G.4. are unsuccessful, then litigation between the Settling Parties in this proceeding

may resume, and the Settling Parties' participation in this proceeding shall no longer be limited by this provision.

2. Execution and Binding Effect of Settlement Agreement

Execution of this Settlement Agreement shall be complete as of the last signature date of the Settling Parties. This Settlement Agreement can be executed in counterparts, each of which shall be deemed an original. This Settlement Agreement shall become effective and binding on each of the Settling Parties as of the date when it is fully executed. It shall also be binding upon each of the Settling Parties' respective successors, subsidiaries, affiliates, representatives, agents, officers, directors, employees, and personal representatives, whether past, present, or future. Each Settling Party represents and warrants that the individual executing this Settlement Agreement and the related Motion on behalf of the Settling Party is duly authorized to sign for that Settling Party.

3. Confidentiality and Public Disclosure Obligations

The Settling Parties agree to continue to abide by the confidentiality provisions and protections of Rule 12.6, which governs the discussions, admissions, concessions, and offers to settle that preceded execution of the Settlement Agreement and that were exchanged in all efforts to support its approval. Those prior negotiations and communications shall remain confidential indefinitely, and the Settling Parties shall not disclose them outside the negotiations without the consent of both Parties. Notwithstanding the foregoing, SCE may make any disclosures it deems necessary, in its sole discretion, in order to satisfy its obligations under securities laws.

4. Regulatory Approval

The Settling Parties, by signing this Settlement Agreement, acknowledge that they pledge support for Commission approval and subsequent implementation of all the provisions of this Settlement Agreement. The Settling Parties shall jointly request that the Commission approve

the Settlement Agreement in its entirety without modification and make a finding that this Settlement Agreement is reasonable, consistent with law, and in the public interest. The Settling Parties shall use their best efforts to obtain Commission approval of this Settlement Agreement without modification, and agree to use best efforts to actively oppose any modification thereto. The Settling Parties agree to cooperate reasonably on all submissions, including briefs and notices, necessary to achieve Commission approval of this Settlement Agreement.

Once fully executed by the Settling Parties, and adopted and approved by a Commission decision, this Settlement Agreement fully and finally settles any and all disputes among and between the Settling Parties in this proceeding, unless otherwise specifically provided in the Settlement Agreement. If the Commission does not approve this Settlement Agreement without modification, the Parties agree to renegotiate this Settlement Agreement in good faith with regard to any Commission-proposed changes in order to preserve the balance of benefits and burdens to the Settling Parties. If the Settling Parties achieve a mutually agreeable resolution, they shall promptly seek Commission approval of the resolution so achieved. If the Settling Parties cannot mutually agree to resolve the issues raised by the Commission's actions, or if the Settling Parties fail to obtain Commission approval of a mutually acceptable resolution, the Settlement Agreement shall be rescinded. In that event, the Settling Parties shall be released from any and all obligations and representations set forth in the Settlement Agreement, except that the Settling Parties agree that the confidentiality provisions and protections of Rule 12.6 as set forth in Section G.3. shall remain in full force and effect, and the Settling Parties shall be restored to their respective positions prior to having entered into the Settlement Agreement. Thereafter the Settling Parties may pursue any action they deem appropriate but agree to cooperate in establishing a procedural schedule. The Settling Parties reserve all rights set forth in Rule 12.4.

5. Tax and Capital Structure Treatment of Settlement Agreement Amounts

The terms of the Settlement Agreement reflect the Parties' integrated agreement inclusive of the anticipated tax treatment of the Settlement Agreement Amounts. Having considered the potential tax treatment applicable to the Settlement Agreement Amounts, the Parties expressly agree that the Settlement Agreement Amounts are fair, just, and reasonable without any adjustment needed to account for any tax benefits or liabilities that may be realized by SCE or its shareholders.

SCE financed liabilities for third-party claims payouts and associated costs for the 2017/2018 Southern California Fires events with debt, and recorded associated after-tax, non-cash charges to equity. Per D.23-08-031, SCE is authorized to temporarily exclude the debt and after-tax charges to equity stemming from the 2017/2018 Southern California Fires for purposes of calculating compliance with its authorized capital structure. D.23-08-031 (p. 9) reaffirmed the Commission's prior conclusion in D.20-05-005 that such an exclusion will not harm customers where the debt will "not be used to finance assets in rate base." For similar reasons, the Commission-approved ACO (p. 6) authorized SCE to permanently exclude from its ratemaking capital structure any after-tax charges to equity and debt associated with the amounts agreed to under the ACO. Given that costs disallowed or funded by shareholders in this Settlement Agreement will not be included in rate base, the Settling Parties agree that SCE should be permitted to, and upon Commission approval of this Settlement Agreement, SCE will be authorized to, exclude on a permanent basis from its ratemaking capital structure consistent with D.23-08-031 and Resolution SED-5 the debt issued to finance these amounts and any after-tax charges to equity. This provision is not intended to modify D.23-08-031 or Resolution SED-5 or alter the scope of relief granted therein.

6. Compromise of Disputed Claims

This Settlement Agreement represents a compromise of disputed claims between the Settling Parties after arm's-length negotiations. Nothing in this Settlement Agreement shall be

deemed to constitute an admission by any Settling Party that its position on any issue lacks merit, or that its position has greater or lesser merit than the position taken by any other Settling Party. The Settling Parties have reached this Settlement Agreement after taking into account the possibility that each Settling Party may or may not prevail on any given issue. The Settling Parties agree that this Settlement Agreement is reasonable based on the evidentiary record, consistent with law, and in the public interest.

7. **Settlement Is Not Precedential**

The Settling Parties acknowledge that Commission approval of the Settlement Agreement is non-precedential, consistent with Rule 12.5.

8. **Previous Communications**

The Settlement Agreement contains the entire agreement and understanding between the Settling Parties as to the subject matter of this Settlement Agreement. In the event there is any conflict between the terms and scope of this Settlement Agreement and the terms and scope of the accompanying joint motion in support of the Settlement Agreement, the Settlement Agreement shall govern.

9. **No Reliance**

No Settling Party has relied or presently relies on any statement, promise, or representation by any other Settling Party, whether oral or written, except as specifically set forth in this Settlement Agreement. Each Settling Party expressly assumes the risk of any mistake of law or fact made by such Settling Party or its authorized representative.

10. **Term of the Agreement**

This Settlement Agreement shall be final and in full force on the date of Commission approval.

11. Incorporation of Complete Settlement Agreement

This Settlement Agreement is to be treated as a complete integrated package and not as a collection of separate agreements on discrete issues. The Settling Parties acknowledge that changes, concessions, or compromises by a Settling Party or Settling Parties in one section of this Settlement Agreement resulted in changes, concessions, or compromises by a Settling Party or Settling Parties in other sections. Consequently, the Settling Parties agree that the provisions of this Settlement Agreement are non-severable and further agree to affirmatively oppose any proposed modification of this Settlement Agreement unless the Settling Parties jointly agree in writing to support such modification. This Settlement Agreement may not be altered, amended, or modified in any respect except in writing and with the express written and signed consent of all the Settling Parties.

12. Non-Waiver

None of the provisions of this Settlement Agreement shall be considered waived by any Settling Party unless such waiver is given in a writing signed by that Settling Party. The failure of a Settling Party to insist in any one or more instances upon strict performance of any of the provisions of this Settlement Agreement or take advantage of any of their rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

13. No Admission

The Settling Parties agree that neither this Settlement Agreement nor any act performed hereunder is, or may be deemed, an admission or evidence of any wrongdoing, fault, omission, negligence, imprudence, or liability on the part of SCE, or an admission by Cal Advocates of prudence on the part of SCE. Nothing in this Settlement Agreement or related negotiations may be used as evidence in any state court, federal court, state administrative agency, or federal

administrative agency, except before the Commission solely to enforce the terms of this Settlement Agreement.

14. Effect of Subject Headings and Construction

Subject headings in this Settlement Agreement are inserted for convenience only, and shall not be construed as interpretations of the text. This Settlement Agreement shall not be construed against any Settling Party on the basis that such Party was a drafter of the Settlement Agreement.

15. Voluntary and Knowing Acceptance

Each Settling Party acknowledges and stipulates that it is agreeing to this Settlement Agreement freely, voluntarily, and without any fraud, duress, or undue influence by any other Settling Party. Each Settling Party has read and fully understands its rights, privileges, and duties under this Settlement Agreement, including its right to discuss this Settlement Agreement with its legal counsel, which has been exercised to the extent deemed necessary by each Settling Party.

16. Governing Law and Jurisdiction

This Settlement Agreement shall be interpreted, governed and construed under the laws of the State of California, including Commission decisions, orders and rulings, as if executed and to be performed wholly within the State of California, notwithstanding otherwise applicable conflict of law principles. The Settling Parties agree that the Commission retains jurisdiction to enforce the terms of this Settlement Agreement and resolve any disputes regarding the Settling Parties' performance under the Settlement Agreement.

17. Performance

The Settling Parties agree to perform diligently, and in good faith, all actions required hereunder, including, but not limited to, the execution of any other documents and the taking of any other actions reasonably required to effectuate the terms of this Settlement Agreement, and

the preparation of exhibits reasonably required for, and presentation of witnesses reasonably required at, any hearings or other proceedings required to obtain approval and adoption of this Settlement Agreement by the Commission.

SOUTHERN CALIFORNIA EDISON COMPANY

Dated: August 28, 2024

Signed by:

Steven D. Powell

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By: Steven D. Powell

Title: President and Chief Executive Officer

CALIFORNIA PUBLIC UTILITIES COMMISSION
PUBLIC ADVOCATES OFFICE

Dated: August 28, 2024

Signed by:

Darwin Farrar

CDCC9D0CED0F444...

By: Darwin Farrar

Title: Chief Counsel

SOUTHERN CALIFORNIA EDISON COMPANY

Dated: November 4, 2024

/s/ Steven D. Powell

By: Steven D. Powell

Title: President and Chief Executive Officer

CALIFORNIA PUBLIC UTILITIES COMMISSION
PUBLIC ADVOCATES OFFICE

Dated: November 4, 2024

/s/ Darwin Farrar

By: Darwin Farrar

Title: Chief Counsel

Appendix A

System Enhancement Program Proposals

System Enhancement Program Proposals

Examples of System Enhancements as defined in Section F.3 may include:

Sensors: Pilot and/or work with third-party vendors to install and/or test new sensors on the distribution and transmission system that provide situational awareness and information about assets, asset environment, usage and system performance beyond those currently available. The purpose of such sensors is to enable the identification of risks and performance. The sensors could include electrical, visual, acoustic, seismic or other types of sensors. Furthermore, new sensors coupled with Artificial Intelligence (AI) may enable insights into system performance that were not available previously.

Artificial Intelligence and Machine Learning (ML) Enhancements: Pilot and/or explore tools that leverage AI/ML to enhance and automate the asset management programs (e.g., root cause and trend analysis of fault events, incipient or real-time fault detection, inspections, asset lifecycle, and predictive analytics), protection protocols and system analysis.

Example: Develop an intelligent inspection and maintenance strategy for overhead and/or underground assets using AI/ML that analyzes available images, historical performance, and critical asset attributes (including asset environment, expected usage, and other exogenous factors) that will reduce risks and costs for SCE customers.

Drone Enhancements: Pilot the use of drones along difficult areas for PSPS pre/post inspections, hard-to-reach areas for asset inspections, and/or frequently impacted or exceptionally high-risk circuits.

Data Enhancements: Evaluate and, where appropriate, implement methods and solutions (including through the use of AI/ML) to further enhance the robustness of data acquisition, visualization, management and utilization of asset attributes, condition, performance, usage, environment, and connectivity to improve situational awareness and facilitate more targeted, efficient risk identification and assessment.

Example: Use LiDAR and/or satellite imagery to validate asset geolocation and connectivity; identify and monitor clearances from vegetation, underbuilds and encroachments; and build digital twins¹ to help develop operational protocols and AI models.

Industry Best Practices Study on Relay Settings: Commission a third-party consultant to provide a study on best practices regarding relay settings; SCE would then evaluate the findings to determine if changes to SCE’s relay settings would be appropriate. SCE would publish any such study (excepting any confidential information) in a trade publication or other suitable venue, to promote the sharing of knowledge across the electric utility sector.

Root Cause Analysis: Utilize third-party consultants to provide additional root cause support for safety incidents (e.g., wire-down incidents), such as metallurgical testing, mitigation testing, and destructive asset evaluation. SCE to then evaluate the findings to determine appropriate individualized and/or systemic corrective actions to improve the safety and reliability of its system.

¹ A digital twin in the electric utility industry is an advanced digital replica that combines 3D geospatial models of infrastructure with comprehensive data, including asset relationships, maintenance records, and live sensor information (Satellite, Lidar, etc.), to enhance system planning, reliability, and safety. “The Distribution Digital Twin: A Key Enabler of Grid Modernization,” Parsons, February 2023, <https://www.parsons.com/2023/02/the-distribution-digital-twin-a-key-enabler-of-grid-modernization/>