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APPENDIX

September 19, 2025 Joint Motion by Southern California Edison Company, the Public Advocates Office, Energy Producers and Users Coalition, and Small Business Utility Advocates for Approval of Settlement Agreement Resolving Woolsey Fire Cost Recovery Application - with attached Settlement Agreement and Appendix 1 Illustrative Authorized WEMA Amount Cost Recovery Scenarios

**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 2018 Woolsey Fire
Recorded in the Wildfire Expense
Memorandum Account and Catastrophic Event
Memorandum Account

A.24-10-002

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

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Dated: September 19, 2025

**Joint Motion by Southern California Edison Company (U 338-E), the Public
Advocates Office, Energy Producers and Users Coalition, and Small Business Utility
Advocates for Approval of Settlement Agreement Resolving Woolsey Fire Cost
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I.

INTRODUCTION

Pursuant to Article 12 of the Rules of Practice and Procedure (Rules) of the California Public Utilities Commission (CPUC or Commission), Southern California Edison Company (SCE), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), the Energy Producers and Users Coalition (EPUC), and Small Business Utility Advocates (SBUA) (collectively referred to as the Settling Parties), file this joint motion (Joint Motion) to respectfully request that the Commission approve and adopt the Settlement Agreement Resolving Woolsey Fire Cost Recovery Application (Settlement Agreement), attached hereto as Attachment A.¹ The Settlement Agreement complies with the requirements of

¹ The Utility Reform Network (TURN) has authorized the Settling Parties to represent that TURN does not plan to oppose the Joint Motion.

Article 12, and if adopted by the Commission, would resolve all issues within the scope of this proceeding.²

This Joint Motion contains statements of factual and legal considerations sufficient to advise the Commission of the scope of the Settlement Agreement and the grounds on which its approval is urged, as required by Rule 12.1(a). As described in Section IV herein, the Settlement Agreement is reasonable in light of the record, consistent with law, in the public interest, and consistent with the requirements for Commission approval set forth in Rule 12.1(d). Prior to signing the Settlement Agreement, the Settling Parties convened a Settlement Conference with seven days' advance notice to all parties to this proceeding, as required by Rule 12.1(b).

At issue in this proceeding is SCE's request to recover costs recorded in its Wildfire Expense Memorandum Account (WEMA) related to the 2018 Woolsey Fire, as well as capital costs and capital-related expenses recorded in SCE's Catastrophic Event Memorandum Account (CEMA). As shown by SCE's Application, the Settling Parties' submitted testimony, and other exhibits, the underlying factual issues are complex and voluminous.

In support of the Application, SCE presented expert testimony addressing the ignition of the Woolsey Fire as well as SCE's design, construction, maintenance, inspection, and operation of its facilities in the areas of ignition. In addition, SCE's testimony addressed its resolution of thousands of claims brought against it related to the fire, and the legal and financing costs SCE recorded to resolve those claims pending the Commission's review of SCE's cost recovery request.

In response to SCE's Application and testimony, Cal Advocates served extensive discovery to probe and evaluate SCE's showing; EPUC and SBUA also served discovery. Drawing on this discovery, Cal Advocates' and EPUC's testimony raised questions and disputes as to many of the underlying factual issues, including as they related to the prudence of SCE's management and programs prior to the Woolsey Fire. SCE subsequently served discovery on

² Pursuant to Rule 1.8(d), counsel for SCE confirms that Cal Advocates, EPUC, and SBUA have authorized SCE to file this motion on their behalf.

Cal Advocates and EPUC related to their testimony and thereafter submitted rebuttal testimony addressing Cal Advocates' and EPUC's issues and disputes. SBUA also engaged in the proceeding by serving rebuttal testimony regarding the nature of the prudent manager standard and the assumptions underlying SCE's calculation of estimated annual revenue requirements for recovering the claims amounts.

In total, SCE, Cal Advocates, EPUC, and SBUA submitted testimony that spans thousands of pages (including supporting materials) prepared by 38 witnesses, including 8 independent experts.

With the benefit of this extensive record, the Settling Parties bargained earnestly and in good faith to reach the resolution reflected in the Settlement Agreement, in order to conserve time, expenses, and the Commission's and parties' resources, and to avoid the uncertainty of continued litigation in this proceeding. The Settlement Agreement is the product of arms-length negotiations and reflects a reasonable compromise of the Settling Parties' litigation positions on numerous disputed factual issues, as described in more detail below.

The Settlement Agreement authorizes cost recovery of 35% of the amounts recorded in SCE's WEMA and 85% of the amounts recorded in SCE's CEMA. As shown in Table 1 of the Settlement Agreement, this results in recovery by SCE of approximately \$2.044 billion of its approximately \$5.719 billion of recorded costs and a permanent disallowance of approximately \$3.676 billion of SCE's recorded WEMA and CEMA costs associated with the Woolsey Fire.

The method for recovering the authorized amounts is addressed in the Settlement Agreement. With respect to the authorized WEMA amounts, SCE will file a separate application seeking Commission approval to finance these costs through the issuance of recovery bonds pursuant to Public Utilities Code sections 451.2(c) and 850 *et seq.* Cal Advocates and EPUC take no position on securitization at this time. If SCE's securitization application is not granted, SCE will recover the authorized amounts over five years, financed using long-term debt. The authorized CEMA costs will be recovered through the normal course of capital expenditure recovery and 12-month operation and maintenance recovery.

The Settlement Agreement reflects that SCE will not seek to recover \$250 million in WEMA-eligible claims costs. SCE posits that this settlement term is consistent with the Commission-approved Administrative Consent Order (ACO), and Resolutions SED-5 and SED-5A, resolving the enforcement proceeding related to the Woolsey Fire and other 2017 and 2018 wildfires, and captures the full benefit of the \$250 million allocated towards the Woolsey Fire. Cal Advocates, EPUC, and SBUA agree with SCE's approach. The Settlement Agreement adopts a Tier 2 advice letter process to effectuate rate recovery and/or credit related to the trailing WEMA costs and recoveries, with such costs subject to the same authorized recovery and permanent disallowance ratio described above (35% recovery / 65% disallowance), if any.³ Under the Settlement Agreement, SCE also agrees to waive any future cost recovery for claims and associated costs related to all other fires with an ignition date before July 12, 2019 recorded or to be recorded in its WEMA (aside from the Thomas and Woolsey Fires), currently estimated at approximately \$157 million.⁴

The settled outcome achieved by the Settling Parties resolves all issues in contention between them that are in scope in this proceeding, and avoids the associated time, expense, and administrative burden of further litigation. Consistent with longstanding Commission precedent recognizing the strong public policy favoring settlements, the Settlement Agreement reflects a reasonable and equitable resolution based on the record, which promotes judicial economy and efficiency, avoids the uncertainty of continued litigation, and benefits customers. The Settling Parties respectfully request that the Commission approve the Settlement Agreement in its entirety and without modification.

³ As of the date of its rebuttal testimony, SCE's best estimate of the WEMA Trailing Amounts equaled the remainder of the \$250 million ACO amount. *See* Settlement Agreement, § F. 2, at A-29.

⁴ July 12, 2019 is the effective date of Cal. Assemb. B. 1054, 2019–2020 Leg., Reg. Sess. (Cal. 2019) (enacted). *See* Cal. Pub. Util. Code § 1701.8(a)(1) (defining a “covered wildfire” as only including wildfires which ignited on or after July 12, 2019). Because the Woolsey Fire ignited before July 12, 2019, it is not a “covered wildfire” governed by Public Utilities Code section 451.1.

II.

BACKGROUND

A. The 2018 Woolsey Fire

The Woolsey Fire ignited at the Santa Susana Field Laboratory in the Simi Valley area of Ventura County on November 8, 2018. The ignition area was located on or near SCE facilities carrying the Chatsworth-Thrust 66kV subtransmission circuit and the Big Rock 16kV distribution circuit. A report prepared by the Ventura County Fire Department (VCFD) and California Department of Forestry and Fire Protection (CAL FIRE) (Fire Agency Report) concluded that the Woolsey Fire occurred at approximately 2:22 p.m.

Climatological and wind factors caused the Woolsey Fire to spread rapidly and intensely. The Woolsey Fire occurred during a Red Flag Warning in a remote location. In the overnight hours of November 8-9, high winds led the fire to jump Highway 101, propelling it all the way to the coast in a matter of hours. According to the Fire Agency Report, the Woolsey Fire burned approximately 97,000 acres in total, destroyed or damaged an estimated 2,007 structures, and resulted in three confirmed fatalities.

Following the Woolsey Fire, more than 9,100 individual claimants, nearly 400 subrogation plaintiffs, and 19 public entities brought claims against SCE. SCE has now settled all but a small number of these claims. In managing and resolving these claims, SCE also recorded outside legal fees and financing costs, which, together with the claims costs, are eligible to be recorded in SCE's WEMA.⁵

SCE also recorded incremental costs to restore service and repair, replace, and restore utility facilities damaged as a result of the 2018 Woolsey Fire. SCE replaced over 1,890 poles and 293 transformers, and replaced 161 miles of damaged electrical conductor with covered conductor. SCE deployed resources to safely and promptly restore service to customers, with

⁵ See D.18-04-001, *Decision Authorizing Southern California Edison Company to Establish a Wildfire Expense Memorandum Account*, Apr. 4, at 10.

full restoration of service within 40 days of the initial ignition. SCE has recorded eligible incremental restoration-related costs and expenses associated with the Woolsey Fire to SCE's CEMA.⁶

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 Woolsey Fire and other fires in 2017-18 (ACO). The Commission approved the ACO in Resolution SED-5 on December 16, 2021.⁷

B. Procedural History

On October 8, 2024, SCE filed A.24-10-002 for authority to recover in rates costs related to the Woolsey Fire which were recorded in SCE's Wildfire Expense Memorandum Account (WEMA) and Catastrophic Event Memorandum Account (CEMA). The Application seeks recovery of approximately \$5.4 billion in costs incurred as of August 2024 and recorded in SCE's WEMA, which is net of insurance recoveries, as well as approximately \$84 million in restoration-related capital costs and capital-related expenses incurred and recorded in SCE's CEMA. 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. SBUA filed a motion for party status, which was granted by the assigned Administrative Law Judge (ALJ) in an Email Ruling issued December 4, 2024. On December 20, 2024, the assigned ALJ held a prehearing conference attended by SCE, Cal Advocates, TURN, and SBUA.

On January 30, 2025, Cal Advocates and TURN filed a joint motion to exclude cost-of-capital issues from the proceeding. On March 10, 2025, the Assigned Commissioner, Matthew

⁶ See Commission Resolution E-3238, *Order Authorizing All Utilities to Establish Catastrophic Event Memorandum Accounts, as Defined, to Record Costs Resulting from Declared Disasters*, Jul. 24, 1991, at 1.

⁷ Resolution SED-5, Dec. 16, 2021. Following limited rehearing, a revised resolution, Resolution SED-5A, was approved by the Commission on July 15, 2022.

Baker, issued a Scoping Memo and Ruling identifying scoped issues and setting an initial schedule for the proceeding. The Scoping Memo established a preliminary schedule that called for the submission of intervenor testimony by June 3, 2025; submission of rebuttal testimony by July 15, 2025; submission of a Motion for Consideration of Settlement or, alternatively, Joint Statement of Stipulation and Issues by August 12, 2025; a Hearing Status Conference on August 26, 2025; and an evidentiary hearing from September 8-12, 2025. On April 25, 2025, EPUC filed a motion for party status, which was granted in the assigned ALJ's Email Ruling issued April 29, 2025.

On August 11, 2025, the assigned ALJ issued an Email Ruling granting an email motion by SCE and Cal Advocates to suspend the August 12, 2025 deadline for parties to file any motions for settlement, the August 26, 2025 Hearing Status Conference and the September 8-12, 2025 evidentiary hearings. On August 27 and September 9, 2025, the assigned ALJ issued additional Email Rulings further extending SCE and Cal Advocates' request to suspend the procedural schedule.

The Settling Parties' prepared testimony is briefly summarized below; it is described in greater depth in the attached Settlement Agreement.

1. Summary of SCE's Application and Opening Testimony

The Application seeks recovery of approximately \$5.4 billion in costs recorded as of August 2024 in SCE's WEMA, which is net of insurance recoveries, as well as approximately \$84 million in restoration-related capital costs recorded in SCE's CEMA.⁸ A detailed summary of SCE's cost recovery request as of the date of the Application is set forth in Exhibit SCE-09, Table I-1:

⁸ As set forth below in Section II.B.3, SCE's rebuttal testimony provided an updated WEMA balance related to the Woolsey Fire as of May 31, 2025, reflecting an additional approximately \$206 million in WEMA-eligible costs incurred between August 31, 2024, and May 31, 2025.

***Table Reproduced from SCE's Exhibit SCE-09
Cost Recovery Request Summary
(\$000)²***

Line No.	Recorded Item	Woolsey Fire
1.	Claims Payments	5,712,306
2.	Legal Costs	98,478
3.	Insurance Reimbursements	(1,000,000)
4.	Subtotal	4,810,783
5.	Less FERC-Jurisdictional Amounts	(319,955)
6.	Debt Issuance Costs	37,751
7.	Financing Costs	375,320
8.	Financing Costs (post-August 2024)	525,667
9.	Subtotal	938,738
10.	WEMA-Eligible Costs (Lines 4+5+9)	5,429,566
11.	CEMA-Eligible Costs	83,812

In support of the Application, SCE submitted 15 chapters of prepared testimony sponsored by 28 witnesses, including 7 independent experts. SCE's testimony and associated attachments totaled more than 1,100 pages. SCE's testimony stated that SCE's actions and practices were prudent with respect to the initiating event of the Woolsey Fire, a slack subtransmission guy contacting a distribution jumper in high wind conditions, 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. SCE's testimony further explained 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 how numerous factors outside of SCE's control also contributed to the Woolsey Fire's final footprint,

² Exhibit SCE-09 at 1, Table I-1.

including the severely constrained firefighting resources available during the early hours of the fire.

2. Cal Advocates' and EPUC's Opening Testimony

During investigation, Cal Advocates served extensive discovery on SCE, San Diego Gas and Electric Company (SDG&E), and Pacific Gas and Electric Company (PG&E) on issues related to SCE's Application and testimony.¹⁰ On June 3, 2025, Cal Advocates submitted 11 chapters of prepared testimony. These 11 chapters were sponsored by 8 witnesses and, together with associated attachments, totaled approximately 4,900 pages.

Cal Advocates' testimony addressed a wide range of issues related to SCE's Application and testimony. The testimony focused on considerations SCE should have made in response to wildfire risk including the history of prior utility-related wildfires in SCE's service area during Red Flag conditions; local geography and environmental risk factors in the area where the Woolsey Fire ignited and risk factors specific to the SCE circuit at issue; and situational awareness and wildfire mitigation measures that could have prevented or reduced the risk of wildfires, including more weather stations to support a more robust Public Safety Power Shutoff (PSPS) program like the one SDG&E had implemented. Cal Advocates also stated there were deficiencies in SCE's design, construction, and inspection practices at the facilities associated with the Woolsey Fire's ignition, specifically in relation to down guy wires and pole loading, and deficiencies in SCE's utility operations, telecommunications operations, asset management, recordkeeping, and system protection practices.

EPUC submitted a chapter of prepared testimony sponsored by an independent expert and, together with associated attachments, this testimony totaled approximately 140 pages. EPUC's testimony was supported by alleged findings and conclusions in the Fire Agency Report and the report prepared by the SED related to the Woolsey Fire, and SCE filed testimony and

¹⁰ In addition to the 87 sets of data requests served on SCE, Cal Advocates served 4 sets of data requests on SDG&E and 2 sets of data requests on PG&E.

responses to discovery for the referenced reports and testimony. Overall, EPUC examined SCE claims and evidence that contrary to the Fire Agency Report and SED report, it complied with GO 95 safety regulations on the infrastructure that was responsible for igniting the Woolsey Fire. EPUC argued that evidence and findings demonstrated that SCE failed to comply with GO 95 regulations and thus it did not satisfy the prudent manager standard. EPUC recommended that the Commission deny SCE's proposed cost recovery in its entirety. EPUC's testimony also responded to SCE's claim that denial of its requested WEMA relief of full cost recovery would harm customers by negatively impacting SCE's credit rating and access to capital. EPUC argued that allowing SCE to recover imprudent costs would harm customers and to the contrary, if recovery of imprudent costs is denied, SCE would be able to restore its financial standing without unjust charges to customers.

3. Rebuttal Testimony

SCE's rebuttal included four chapters of prepared testimony and attachments totaling more than 290 pages, responding directly to the issues raised in Cal Advocates' testimony, as well as to the testimony submitted by EPUC. In particular, SCE's rebuttal testimony presented SCE's view that Intervenor's testimony reflected hindsight. SCE offered further context for evaluating the reasonableness and efficacy of SCE's wildfire mitigation efforts in the years preceding the Woolsey Fire and defended the prudence of SCE's construction, inspection, and maintenance practices with respect to its electric system and telecommunications infrastructure. SCE's rebuttal testimony also asserted that no connection had been established between any alleged imprudence and the ignitions at issue and that Cal Advocates overlooked the mix of external factors that drove the Woolsey Fire's immense destruction. Prior to submitting its rebuttal testimony, SCE served discovery on Cal Advocates and EPUC.

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 Woolsey Fire as of May 31, 2025, which reflected the additional claims

and related costs incurred between August 31, 2024, and May 31, 2025, as well as an updated estimate of SCE's cost to finance this WEMA balance through the anticipated date of securitization (2027). This update reflected an additional approximately \$206 million in WEMA costs to the \$5.429 billion in SCE's Application, for approximately \$5.635 billion in WEMA costs.¹¹

Table Reproduced from Exhibit SCE-14
Event Costs Recorded in the WEMA as of May 31, 2025 and Estimate of Ongoing
Financing Costs
(\$000)¹²

Line No.	Item	Woolsey Fire Subaccount as of May 31, 2025	Woolsey Fire Subaccount as of August 31, 2024	Change from August 31, 2024
1	Claims Payments	5,966,838	5,712,306	254,532
2	Insurance Reimbursements	(1,000,000)	(1,000,000)	-
3	Less ACO Disallowance	(56,097)	-	(56,097)
4	Less FERC-Jurisdictional Amounts	(330,474)	(313,522)	(16,952)
5	Subtotal - Claims Recovery Request	4,580,267	4,398,784	181,484
6	Legal Costs	110,173	98,478	11,696
7	Less FERC-Jurisdictional Amounts	(7,214)	(6,433)	(782)
8	Subtotal - Legal Cost Recovery Request	102,959	92,045	10,914
9	Total	4,683,226	4,490,829	192,398
10	Debt Issuance Costs	40,628	37,751	2,877
11	Financing Costs	538,326	375,320	163,007
12	Subtotal - Financing Cost Recovery Reques	578,954	413,071	165,883
13	Ending WEMA Balance as of May 31, 2025	5,262,180	4,903,899	358,281
14	Financing Costs (post-May 2025 estimate)	373,292	525,667	(152,375)
15	Total - WEMA Cost Recovery Request	5,635,472	5,429,566	205,906

EPUC and SBUA also served rebuttal testimony. EPUC's testimony reiterated and agreed with portions of Cal Advocates' testimony. SBUA's testimony disagreed with EPUC and SCE's testimony regarding the nature of the prudent manager standard and the assumptions

¹¹ The \$206 million in WEMA costs reflects an exclusion of \$56.097 million as part of giving effect to the ACO disallowance. The remainder of the \$250 million ACO amount is \$193.9 million.

¹² Exhibit SCE-14 at 2, Table II-1.

underlying SCE's calculation of estimated annual revenue requirements for recovering the claims amounts, and addressed trailing costs.

C. The Settlement Process

Following Cal Advocates' service of intervenor testimony, SCE and Cal Advocates agreed to explore whether a settled outcome could be achieved, in consideration of the material issues of disputed fact, and in light of the extensive record developed in this proceeding as described above. SCE and Cal Advocates engaged in earnest, arms-length, and good-faith negotiations over the course of almost three months. In August 2025, EPUC and SBUA likewise began participating in certain settlement discussions. The Settling Parties thereafter explored whether a settled outcome could be achieved.

In compliance with Rule 12.1(b), prior to executing this Settlement Agreement, on September 3, 2025, SCE gave notice of a settlement conference to all parties on the official service list of this proceeding. The Settling Parties convened the settlement conference on September 10, 2025. The following parties were in attendance: SCE, Cal Advocates, EPUC, and TURN.

The Settlement Agreement was finalized and executed by the Settling Parties on September 18, 2025.

III.

SETTLEMENT TERMS AND CONDITIONS

The Settling Parties have agreed to resolve this proceeding through the attached Settlement Agreement,¹³ Section F of which sets forth the key financial terms in the following areas, summarized below: (1) authorized cost recovery and disallowances for recorded costs

¹³ In the event of any perceived conflict between the summary of settlement terms in this Motion and the Settlement Agreement, the Settlement Agreement prevails. Capitalized terms not defined in the body of this Motion shall have the definition set forth for such terms in the accompanying Settlement Agreement.

related to the Woolsey Fire; (2) authorized cost recovery and disallowances for trailing costs and potential recoveries recorded after May 31, 2025, related to the Woolsey Fire, including a post-decision advice letter process to effectuate the same; and (3) waiver of SCE's right to seek future cost recovery for approximately \$157 million in WEMA costs associated with other wildfire events with an ignition date before July 12, 2019 (Other Pre-July 12, 2019 Wildfires).¹⁴ Section G of the Settlement Agreement includes additional terms, including terms governing the Settling Parties' respective rights and obligations.

A. Authorized Cost Recovery and Permanent Disallowances

Section F.1. of the Settlement Agreement sets forth the agreed-upon cost recovery and permanent disallowances related to the 2017 Woolsey Fire in SCE's WEMA (WEMA Amounts) and CEMA (CEMA Amounts), summarized as follows:

- **Authorized WEMA Amounts:** SCE will recover 35% of the WEMA Amounts. Specifically, upon approval of the Settlement Agreement, SCE is authorized to recover 35% of (i) the approximately \$5.4 billion of WEMA costs set forth in the Application and (ii) the approximately \$206 million update reflecting WEMA claims and associated costs recorded between August 31, 2024, and May 31, 2025,¹⁵ collectively referred to as the Authorized WEMA Amounts. The remaining 65% of the WEMA Amounts—approximately \$3.7 billion—will be permanently disallowed.¹⁶

¹⁴ These key financial terms are collectively referred to as the Settlement Agreement Amounts.

¹⁵ A portion of the \$206 million "update" costs is an estimate for the cost of financing from May 31, 2025 through 2027 (the assumed date on which SCE would receive the proceeds from its anticipated securitization). The Settling Parties agree that the amount recovered from customers (via SCE's anticipated securitization request or otherwise) will be trued up to reflect SCE's actual financing costs recorded in SCE's WEMA.

¹⁶ As set forth in the Settlement Agreement, a portion of the \$206 million update is an estimate for the cost of financing from May 31, 2025, through 2027 (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 trued up to reflect SCE's actual financing costs recorded in SCE's WEMA.

Footnotes continue on next page

In connection with the agreed-upon permanent disallowance of WEMA costs, the Settling Parties have agreed that SCE should be permitted to, and upon Commission approval of the Settlement Agreement, will be authorized to, permanently exclude from its ratemaking capital structure the debt issued to finance these amounts and the associated after-tax charges to equity. This relief would make permanent the temporary capital structure waiver granted in D.23-08-031 and at issue in A.25-08-003 as applied to the WEMA costs permanently disallowed under this Settlement Agreement.¹⁷

With regard to the method of cost recovery, SCE will file a separate application seeking Commission approval to recover the Authorized WEMA Amounts through the issuance of recovery bonds, as authorized by Public Utilities Code sections 451.2(c) and 850 *et seq.* Cal Advocates and EPUC take no position at this time on SCE's anticipated application for securitization. In the event SCE's anticipated securitization application is denied, the Settlement Agreement provides that SCE will recover the Authorized WEMA Amounts over five years, financed using long-term debt. *See* Appendix 1 for a table of estimated residential bill impacts under both scenarios (securitization versus five-year recovery using long-term debt).

- **Authorized CEMA Amounts:** SCE will recover 85% of its CEMA costs. Specifically, upon approval of the Settlement Agreement, SCE is authorized to recover 85% of the \$83.812 million of CEMA costs set forth in the Application

¹⁷ 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. *See* Settlement Agreement, § G.5. The Settling Parties have also agreed that SCE should be permitted to, and upon Commission approval of the Settlement Agreement, will be authorized to, permanently exclude from its ratemaking capital structure any debt issued to finance the amounts waived under Settlement Agreement § F.3 (Waiver of SCE's Right to Seek Recovery of WEMA Costs for Other Fires With Ignition Dates Prior to July 12, 2019) and the associated after-tax charges to equity. *See id.*

(Authorized CEMA Amounts). The remaining 15% of the CEMA costs will be permanently disallowed.

With regard to the method of cost recovery, the Authorized CEMA amounts will be recovered through the normal course recovery of capital expenditures and 12-month operation and maintenance recovery following submission of a Tier 1 advice letter.

The Authorized WEMA Amounts and Authorized CEMA Amounts, and the related permanently disallowed amounts, are set forth in Table 1 in the Settlement Agreement:

***Table 1 Reproduced from the Settlement Agreement
Woolsey Fire Authorized Cost Recovery and Permanent Disallowances***

(\$ in thousands)	SCE Application	Final Settlement		Recovery (%)
		Authorized WEMA/CEMA Amounts	Permanent Disallowances	
WEMA Initial Application	\$5,429,566	\$1,900,348	\$3,529,218	35.0%
WEMA Costs Incurred 9/1/24 to 5/31/25	\$205,906	\$72,067	\$133,839	35.0%
Total WEMA through 5/31/25	\$5,635,472	\$1,972,415	\$3,663,057	35.0%
Woolsey Fire: Restoration/CEMA	\$83,812	\$71,240	\$12,572	85.0%
Total WEMA and CEMA	\$5,719,284	\$2,043,655	\$3,675,629	

B. WEMA Trailing Costs and Recoveries

Section F.2. of the Settlement Agreement addresses the WEMA trailing costs and recoveries. The Settling Parties agree that SCE will not seek to recover \$250 million in WEMA claims costs, consistent with SCE's agreement to permanently waive the right to seek cost recovery of that amount of Woolsey Fire-related claims in connection with the Commission-approved ACO. The \$205.9 million amount shown in Table 1 for WEMA costs incurred from

September 1, 2024 to May 31, 2025 already reflects an exclusion of \$56.097 million. SCE will exclude the remaining \$193.9 million of the ACO amount from WEMA claim costs incurred after May 31, 2025. SCE will not seek to recover financing costs for the \$250 million in WEMA claims costs that were waived under the ACO.

SCE posits that this approach is consistent with the ACO, Resolutions SED-5 and SED-05A, and captures the full benefit of the \$250 million allocated towards the Woolsey Fire. Cal Advocates and EPUC agree with SCE's approach.

WEMA Trailing Amounts are those WEMA Amounts, if any, incurred after May 31, 2025, after deducting the remainder of the \$250 million ACO amount and associated financing costs (WEMA Trailing Amounts).¹⁸ Consistent with the Settling Parties' agreement regarding the Authorized WEMA Amounts, the Settling Parties agree that SCE will recover 35% of the WEMA Trailing Amounts, if any (Authorized WEMA Trailing Amounts). The Authorized WEMA Trailing Amounts, if any, will be recovered, once incurred, through the Tier 2 advice letter process, as described in the Settlement Agreement.¹⁹

With regard to the method of cost recovery, SCE will propose in the Tier 2 advice letter(s) a method for recovering the specific trailing costs at issue (either conventional Operations and Maintenance (O&M) expense recovery or financing through the issuance of recovery bonds, depending on the timing and amounts).

¹⁸ As of the date of its rebuttal testimony, SCE's best estimate of its trailing costs equaled the remainder of the \$250 million ACO amount not already excluded from SCE's Application. In the event that CPUC-jurisdictional amount of WEMA claims costs incurred after May 31, 2025, does not exceed the remainder of the \$250 million in WEMA claims costs waived under the ACO, SCE will ensure that the full \$250 million is given effect, through a refund to customers if necessary. *See* Settlement Agreement, § F.2. SCE will confirm application of the \$250 million ACO amount through this Tier 2 advice letter process. *See* Settlement Agreement, § F.2.

¹⁹ The final WEMA Trailing Amounts will depend on recorded costs from resolving the remaining Woolsey Fire-related claims and recoveries.

C. Waiver of SCE’s Right to Seek Recovery of WEMA Costs for Other Pre-July 12, 2019 Wildfires

Apart from the 2017 Thomas Fire and 2018 Debris Flow Events (at issue in A.23-08-013) and the 2018 Woolsey Fire (at issue here in this proceeding), as of July 31, 2025 SCE had paid or settled approximately \$157 million in costs associated with the Other Pre-July 12, 2019 Wildfires, with those costs recorded or to be recorded in its WEMA. Under Section F.3 of the Settlement Agreement, in order to bring final resolution with respect to cost recovery matters associated with Other Pre-July 12, 2019 Wildfires, SCE waived its right to seek rate recovery at the Commission for associated costs incurred for claims, legal fees and financing costs. SCE’s waiver applies to such costs recorded in its WEMA as of July 31, 2025 as well as costs subsequently recorded in the WEMA after July 31, 2025.

IV.

THE SETTLEMENT AGREEMENT IS REASONABLE IN LIGHT OF THE WHOLE RECORD, CONSISTENT WITH LAW, AND IN THE PUBLIC INTEREST

Rule 12.1(d) states that “[t]he Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.”²⁰ As explained further below, the proposed Settlement Agreement meets each of the requirements for approval under Rule 12.1(d). The Commission approves settlement agreements based on whether the settlement is just and reasonable as a whole:

In assessing settlements, we consider individual settlement provisions but, in light of strong public policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome.²¹

²⁰ Rule 12.1(d).

²¹ D.12-03-015 at 19.

Long-standing Commission precedent recognizes that “strong public policy favor[s] settlement.”²² This is, in part, because settlement reduces litigation expenses and conserves Commission resources, and also allows parties to reduce the risk of unacceptable litigation results.²³

In assessing whether a settlement should be approved, the Commission has considered various factors including: (1) the risk, expense, complexity and likely duration of further litigation; (2) whether the settlement fairly and reasonably resolves the disputed issues and conserves public and private resources; (3) whether the agreed-upon terms fall clearly within the range of possible outcomes had the parties fully litigated; (4) whether the settlement negotiations were at arms-length and without collusion; (5) whether major issues were addressed; (6) the presence of a governmental participant; and (7) whether the parties were adequately represented.²⁴

In this proceeding and as discussed further below, each of those factors supports approval of the Settlement Agreement.

- First, the disputed issues in this proceeding have required and produced a record including extensive testimony across a broad range of subject areas and numerous independent experts; further litigation, including an evidentiary hearing and subsequent briefing, will necessarily be complex, expensive, and long, and will require resolution of complicated factual disputes.
- Second, the compromises by the Settling Parties reflected in the Settlement Agreement reasonably resolve the disputed issues in this proceeding and, by allowing the parties and the Commission to avoid continued complex litigation, the Settlement Agreement conserves public and private resources.

²² D.11-05-008 at 14; *see also, e.g.*, D.15-04-006 at 8-9 (“Commission decisions on settlements . . . express the strong public policy favoring settlement”); D.10-06-038 at 38 (“The Commission also takes into consideration a long-standing policy favoring settlements.”); D.10-04-033 at 9 (Commission has “often acknowledged California’s strong public policy favoring settlements”).

²³ *See* D.14-12-040 at 15 (“[T]he Commission favors settlement of disputed issues if the resolution is fair and reasonable in light of the whole record.”); D.10-06-031 at 12 (“The Commission favors settlements because they generally support worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results.”).

²⁴ *See, e.g.*, D.00-11-041 at 6; D.96-05-070 (66 CPUC 2d 314, 317); D.91-05-029 (40 CPUC 2d 301, 326); D.88-12-083 (30 CPUC 2d 189, 221-223).

- Third, in light of the litigation positions of the Settling Parties and the extensive record developed in this proceeding, the Settlement Agreement also falls within the range of potential outcomes had this proceeding been litigated to conclusion.
- Fourth, the Settlement Agreement is a product of extensive good faith negotiations, aggressive bargaining and exchanges of positions grounded in the factual record, and, ultimately, compromise by each Settling Party in order to reach consensus.
- Fifth, the Settlement Agreement comprehensively addresses SCE's request for cost recovery, and fully resolves treatment for all WEMA and CEMA costs related to the Woolsey Fire. In doing so, the Settlement Agreement engages with, and describes the Settling Parties' positions on, the numerous issues highlighted in the broad record developed in this proceeding.
- Sixth, one of the Settling Parties, Cal Advocates, is a governmental organization independently housed within the Commission and statutorily mandated to advocate on behalf of public utility customers.
- Lastly, the Settling Parties were each represented by experienced and capable Commission practitioners.

A. The Settlement Agreement is Reasonable in Light of the Whole Record

The Settlement Agreement is reasonable in light of the whole record and in fact was made possible by the extensive record developed by SCE, Cal Advocates, EPUC, and SBUA in this proceeding. That record is robust and amply supports approval of the Settlement Agreement.

As reflected in the exhibits in the concurrently-filed motion to enter exhibits into the record, the Settling Parties developed a factual record across 32 cumulative chapters of testimony sponsored by 38 witnesses, including 8 independent experts.²⁵ The Settling Parties' testimony was informed, in part, by the extensive discovery served in this proceeding, including Cal Advocates' 87 sets of data requests containing over 635 questions to SCE, data requests served by Cal Advocates on SDG&E and PG&E on related issues, data requests served by EPUC, SCE's data requests to Cal Advocates and EPUC, and SBUA's data request to EPUC.

²⁵ In support of this Joint Motion and the Commission's consideration of the Settlement Agreement pursuant to Rule 12.1(d), the Settling Parties have concurrently filed a Joint Motion to Offer Prepared Exhibits Into Evidence, requesting entry of the prepared testimony and certain additional exhibits into the evidentiary record of this proceeding.

In the over 6,000 pages of testimony and exhibits served in this proceeding, the Settling Parties discuss factual issues spanning a wide range of substantive matters, including: the cause of the Woolsey Fire, which involved an initiating event that subsequently resulted in two ignitions at two separate locations, collectively involving subtransmission, distribution, and telecommunications facilities; SCE's work, and related costs incurred, to restore service to customers; SCE's resolution of various claims related to the Woolsey Fire, as well as related legal and financing fees; SCE's policies, programs and practices prior to and at the time of the Woolsey Fire related to the design, construction, and maintenance of its facilities; SCE's operational practices prior to and at the time of the Woolsey Fire in a number of areas, including risk prioritization, maintenance notifications, and inspections; and SCE's wildfire preparedness and use of PSPS as a wildfire mitigation measure.

SCE's Application and supporting testimony set forth its litigation position for full cost recovery in this proceeding. For instance, with respect to the initiating event of the Woolsey Fire, SCE's testimony explained that the subtransmission down guy at the Subject Pole becoming slack and making contact with energized distribution facilities was not attributable to any imprudence on the part of SCE, but that it was reasonable for SCE to nevertheless settle claims against it because it allowed SCE to avoid the risks, uncertainties, delay, and expense of litigation while reaching reasonable resolution of claims. SCE put forward evidence on the prudence of SCE's programs and practices at the time of the Woolsey Fire, the reasonableness of its wildfire mitigation efforts in the years preceding the fire, and the reasonableness of its conduct in other areas, including resolving the claims brought against it and incurring outside legal fees and costs as well as financing costs. With respect to PSPS, SCE addressed Intervenor's criticisms of its weather station network and PSPS program by highlighting the significant resources that SCE had dedicated to building out these programs and the inherently multiyear nature of implementing these systemwide operational measures.²⁶

²⁶ See Exhibit SCE-12 and Section C.3 of the attached Settlement Agreement.

By contrast, Cal Advocates', EPUC's, and SBUA's testimony set forth their respective litigation position in this proceeding, raising questions about SCE's entitlement to recover its WEMA and CEMA costs and challenging numerous aspects of SCE's showing. Cal Advocates presented considerations SCE should have made in response to wildfire risk including the history of prior utility-related wildfires in SCE's service area during Red Flag conditions, and local geography and environmental risk factors in the area where the Woolsey Fire ignited and risk factors specific to the SCE circuit at issue. Cal Advocates further addressed deficiencies in SCE's design, construction, and inspection practices at the facilities associated with the Woolsey Fire's ignition, specifically in relation to down guy wires and pole loading, and deficiencies in SCE's utility operations, telecommunications operations, asset management, recordkeeping, and system protection practices. With respect to fire preparedness, Cal Advocates compared SCE's wildfire mitigation efforts in the years preceding the Woolsey Fire to those undertaken by SDG&E following the October 2007 wildfires and questioned whether SCE should have done more to mitigate fire risk and potentially avoid the Woolsey Fire, including by creating a systemwide PSPS program earlier as SDG&E had implemented. EPUC likewise challenged the prudence of SCE's conduct, particularly as it related to the facilities at issue and their guy wires, and recommended that the Commission deny SCE's proposed cost recovery in its entirety. SBUA challenged SCE's and EPUC's interpretation of reasonableness and the standards for cost recovery as well as SCE's proposal for recovering costs from future litigation.

Thus, the extensive record in this proceeding contains numerous disputes of material fact including, but not limited to, the following: the reasonableness of SCE's wildfire preparedness; the reasonableness of SCE's remediation of a slack down guy condition at the Subject Pole in January, 2017; and the prudence of SCE's operations in areas such as risk prioritization and potential for improvements in particular programs such as inspections, recordkeeping, and quality control.²⁷

²⁷ The Settling Parties' positions and disputes on each of these points are described in more detail in the Settlement Agreement.

The integrated Settlement Agreement is the result of, and reflects the compromise between, the positions of the Settling Parties in each of the disputed areas. Indeed, the Settlement Agreement embodies the product of substantial negotiation efforts on behalf of each of the Settling Parties, the success of which is largely attributable to the magnitude of information and depth of analysis set forth in said record. The Settlement Agreement's key terms—35% recovery and 65% permanent disallowance of SCE's WEMA costs; 85% recovery and 15% permanent disallowance of CEMA costs; plus a waiver of WEMA costs associated with the Other Pre-July 12, 2019 Wildfires—represent a reasonable compromise between the Settling Parties' litigation positions across this range of factual disputes within the record, as well as a recognition of the varied considerations at play in assessing different categories of WEMA-eligible costs and the value to customers of the asset replacements through CEMA-eligible restoration work.²⁸

B. The Agreement is Consistent with the Law

The Settlement Agreement is also consistent with the law. A settlement agreement is consistent with the law where no terms contravene statutory provisions or Commission precedent, and where a settlement implements or promotes state and Commission policy goals.²⁹

The Settling Parties are aware of no statutory provisions or controlling law that would be contravened or compromised by the Settlement Agreement. In agreeing to the terms of the Settlement Agreement, the Settling Parties considered relevant statutes and Commission decisions and determined that the Agreement is fully consistent with those statutes and prior decisions. For instance, the Settlement Agreement reflects the Settling Parties' agreement that

²⁸ For example, the Settlement Agreement recognizes the necessity of various legal and financing needs in the circumstances in question.

²⁹ D.10-12-035 at 26 (“With respect to whether a settlement agreement is consistent with the law, the Commission must be assured that no term of the settlement agreement contravenes statutory provisions or prior Commission decisions. A settlement that implements or promotes state and Commission policy goals embodied in statutes or Commission decisions would be consistent with the law.”); *see also*, e.g., D.12-03-015 at 19-20 (same).

SCE's partial recovery of its recorded WEMA and CEMA costs as reflected in the Settlement Agreement and the related permanent disallowances are consistent with the just and reasonable requirements of Section 451.³⁰ The Settling Parties further agree that the partial recoveries and related permanent disallowances reflected in the Settlement Agreement are consistent with Commission precedent supporting partial recovery³¹ and the strong public policy favoring settled outcomes of litigated proceedings described above. The costs included in the Application and supporting testimony which are the subject of the Settlement Agreement are costs tracked and recorded in Commission-authorized memorandum accounts (namely, SCE's WEMA and CEMA).

C. The Agreement is in the Public Interest

The Settlement Agreement is in the public interest because it represents a fair and equitable resolution of SCE's Woolsey Fire application in a manner that benefits customers and the general public. Here, the Settling Parties are SCE (the Applicant); Cal Advocates, whose statutory mission includes obtaining the lowest possible rate for service consistent with reliable and safe service levels, and with the state's environmental goals;³² EPUC, which represents the interests of certain large industrial users; and SBUA, which represents the interests of small commercial customers. Cal Advocates' mission is to advocate for the lowest possible bills for customers of California's regulated utilities consistent with safety, reliability, and the state's climate goals. As summarized above and set forth in detail in the Settlement Agreement, Cal Advocates has vigorously pursued its statutory mandate in this proceeding—through extensive

³⁰ Pub. Util. Code § 451.

³¹ See, e.g., D.19-02-004 at 40, 89 (authorizing 50% recovery of certain costs associated with pipeline replacement project in light of imprudence findings related to the failure to separate and apportion recoverable costs from non-recoverable costs); D.89-02-074 at 96 (disallowing only a portion of costs for power purchase contract based on consideration of SDG&E's imprudent actions as "tempered by [the Commission's] recognition of ... the many prudent actions and decisions SDG&E took").

³² See Pub. Util. Code § 309.5.

discovery and prepared testimony reflecting substantial effort and analysis of the complex underlying facts and through the negotiations that led to the Settlement Agreement.

The Settlement Agreement serves the public interest by directly and indirectly benefitting customers and the broader public. First, and most directly, the Settlement Agreement authorizes SCE to partially recover its WEMA and CEMA costs related to the Woolsey Fire. Cal Advocates, EPUC, and SBUA do not dispute that these costs and expenses were incurred by SCE in connection with its provision (and restoration) of electric service to customers. The agreed-upon recovery will permit SCE to reduce the significant debt it has incurred to pay claims related to the Woolsey Fire, which will improve its credit metrics and financial health and thus permit more cost-effective access to capital for the benefit of customers. The significant permanent disallowances reflected in the Settlement Agreement—estimated to total approximately \$3.7 billion of costs recorded in SCE’s WEMA and CEMA, in addition to the \$250 million already waived under the ACO—as well as the approximately \$157 million in waived WEMA costs from the Other Pre-July 12, 2019 Wildfires constitute a significant and direct financial benefit for SCE’s customers as a result of the Settlement Agreement. Resolving this proceeding through settlement rather than through a lengthy litigated outcome also minimizes the total amount of financing costs eligible for recovery from customers, which are quantified as accruing at a rate of approximately \$19 million per month as of the date of the Settlement Agreement.

Second, the Settlement Agreement, if adopted by the Commission, resolves the numerous disputed issues of material fact in this proceeding without further litigation, thereby conserving the Commission’s and parties’ time and resources to the benefit of SCE customers and the broader public. Conversely, absent the Settlement Agreement, future action in this proceeding would involve the Settling Parties and the Commission in a lengthy, time-consuming, and complex litigation process that would be costly and burdensome.

Finally, approval of the Settlement Agreement signals a constructive regulatory framework by respecting the arms-length, extensively negotiated outcome achieved by the two

parties that actively engaged in and developed the record in this proceeding. By resolving this proceeding in a reasonable, constructive, and mutually agreeable manner, the Settlement Agreement brings certainty to the outcome of this significant proceeding.

D. The Settlement Agreement Should Be Approved Without Modification

As set forth above, the Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest. As set forth in the Settlement Agreement itself, the Settlement Agreement is presented as a whole, and the Settling Parties request that it be adopted as a whole. Each provision of the Settlement Agreement is dependent on the other provisions of the Settlement Agreement; modification of any one part of the Settlement Agreement would upset the balance of interests and compromises embodied in the integrated Settlement Agreement. The various provisions reflect specific compromises related to the Settling Parties' litigation positions and different interests; in some instances, the proposed outcome may reflect a party's concession on one issue in consideration for the outcome proposed on a different issue. As noted above, the proposed outcome on each issue is reasonable in light of the entire record and the Settling Parties' competing positions on disputed issues. Accordingly, the Settling Parties respectfully request that the Commission consider and approve the Settlement Agreement as a whole, without modification.

V.

CONCLUSION

For the reasons explained above, the Settling Parties respectfully request that the Commission approve, expeditiously and without modification, the proposed Settlement Agreement attached as Attachment A to this Joint Motion.

Respectfully submitted,

FADIA RAFEEDIE KHOURY
REBECCA FURMAN

/s/ Rebecca Furman

By: Rebecca Furman

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September 19, 2025

on behalf of the Settling Parties

Attachment A

Proposed Settlement Agreement

A.24-10-002 ALJ/RMD/nd3

**SETTLEMENT AGREEMENT BETWEEN SOUTHERN CALIFORNIA EDISON COMPANY,
THE PUBLIC ADVOCATES OFFICE, ENERGY PRODUCERS AND USERS COALITION, AND
SMALL BUSINESS UTILITY ADVOCATES RESOLVING WOOLSEY FIRE COST RECOVERY
APPLICATION (A.24-10-002)**

A.24-10-002 ALJ/RMD/nd3

Settlement Agreement Between Southern California Edison Company, the Public Advocates Office, Energy Producers and Users Coalition, and Small Business Utility Advocates Resolving Woolsey Fire Cost Recovery Application (A.24-10-002)

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A.24-10-002 ALJ/RMD/nd3

Settlement Agreement Between Southern California Edison Company, the Public Advocates Office, Energy Producers and Users Coalition, and Small Business Utility Advocates Resolving Woolsey Fire Cost Recovery Application (A.24-10-002)

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A.24-10-002 ALJ/RMD/nd3

**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 2018 Woolsey Fire Recorded
in the Wildfire Expense Memorandum Account
and Catastrophic Event Memorandum Account

A.24-10-002

**SETTLEMENT AGREEMENT BETWEEN SOUTHERN CALIFORNIA EDISON
COMPANY, THE PUBLIC ADVOCATES OFFICE, ENERGY PRODUCERS AND
USERS COALITION, AND SMALL BUSINESS UTILITY ADVOCATES RESOLVING
WOOLSEY FIRE COST RECOVERY APPLICATION
(A.24-10-002)**

The parties to this Settlement Agreement are Southern California Edison Company (SCE), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), the Energy Producers and Users Coalition (EPUC), and Small Business Utility Advocates (SBUA) (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;
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; and

3. EPUC, a litigant in this proceeding. EPUC is an *ad hoc* group representing the electric end use and customer generation interest of its members who are located in SCE's service territory.¹
4. SBUA, a litigant in this proceeding. SBUA is a nonprofit organization that represents, protects, and promotes the interests of the small business utility customers.

B. Recitals

1. Procedural History

1. On October 8, 2024, SCE filed A.24-10-002 for authority to recover in rates costs related to the Woolsey Fire which were recorded in SCE's Wildfire Expense Memorandum Account (WEMA) and Catastrophic Event Memorandum Account (CEMA). The Application seeks recovery of approximately \$5.4 billion in costs incurred as of August 2024 and recorded in SCE's WEMA, which is net of insurance recoveries, as well as approximately \$84 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. SBUA filed a motion for party status, which was granted by the assigned Administrative Law Judge (ALJ) in an Email Ruling issued December 4, 2024.
3. On December 20, 2024, the assigned ALJ held a prehearing conference attended by SCE, Cal Advocates, TURN, and Small Business Utility Advocates.

¹ EPUC represents the electricity end-use interests of the following companies in this proceeding: California Resources Corp., Chevron U.S.A. Inc., PBF Holding Company, Phillips 66 Company, and Tesoro Refining & Marketing Company LLC.

4. On January 30, 2025, Cal Advocates and TURN filed a joint motion to exclude cost-of-capital issues from the proceeding.
5. On March 10, 2025, the Assigned Commissioner, Matthew Baker, issued a Scoping Memo and Ruling identifying scoped issues and setting an initial schedule for the proceeding. The Scoping Memo denied the January 30, 2025 joint motion to exclude cost-of-capital issues. The Scoping Memo found the argument presented by Cal Advocates and TURN persuasive but refrained from excluding the evidence before the evidentiary hearings to provide SCE with the opportunity to establish relevance upon cross-examination or otherwise.² The Scoping Memo established a preliminary schedule that called for the submission of intervenor testimony by June 3, 2025; submission of rebuttal testimony by July 15, 2025; submission of a Motion for Consideration of Settlement or, alternatively, Joint Statement of Stipulation and Issues by August 12, 2025; a Hearing Status Conference on August 26, 2025; and an evidentiary hearing from September 8-12, 2025.
6. On April 25, 2025, EPUC filed a motion for party status, which was granted in the assigned ALJ's Email Ruling issued April 29, 2025.
7. On August 11, 2025, the assigned ALJ issued an Email Ruling granting an email motion by SCE and Cal Advocates to suspend the August 12, 2025 deadline for parties to file any motions for settlement, the August 26, 2025 Status Conference and the September 8-12, 2025 Evidentiary Hearings. On August 27 and September 9, 2025, the assigned ALJ issued additional Email Rulings further extending SCE and Cal Advocates' request to suspend the procedural schedule.

² *Assigned Commissioner's Scoping Memo and Ruling*, Mar. 10, 2025, at 4-5.

2. Cal Advocates', EPUC's, and SBUA's 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 6 days of the filing of SCE's Application, and in total SCE has responded to 87 sets of data requests served by Cal Advocates. These sets included about 635 questions, with more than 2,700 individual sub-parts. Cal Advocates also served 4 sets of data requests (including 30 questions) on San Diego Gas & Electric Company (SDG&E) and 2 sets of data requests (including 5 questions) to Pacific Gas & Electric Company (PG&E) related to issues in this proceeding.
3. On June 3, 2025, Cal Advocates submitted 11 chapters of prepared testimony. These 11 chapters were sponsored by 8 witnesses and, together with associated attachments, totaled approximately 4,900 pages.
4. After SCE served rebuttal testimony, Cal Advocates propounded 9 data requests addressing a range of issues, including but not limited to SCE's vegetation management, SCE's routine patrol and overhead detailed inspections, SCE's quality control program, SCE's pole and telecommunication line inspections, the local environmental risk factors, SCE's weather stations, and the cause and ignition of the Woolsey Fire.
5. Following the ruling granting EPUC's motion for party status in April 2025, EPUC also actively engaged in this proceeding, propounding 6 sets of data requests, serving intervenor and rebuttal testimony, and participating in a meet and confer process with SCE to resolve discovery disputes. As a result of the meet

and confer with EPUC, SCE served an ERRATA to SCE-03, *Prudence of Operations Testimony*, on August 6, 2025.

6. SBUA also engaged in this proceeding by serving rebuttal testimony.

3. The 2018 Woolsey Fire

1. The Woolsey Fire ignited at the Santa Susana Field Laboratory in the Simi Valley area of Ventura County on November 8, 2018. The two ignitions were located near SCE facilities carrying the Chatsworth-Thrust 66kV subtransmission circuit and the Big Rock 16kV distribution circuit.
2. A report prepared by the Ventura County Fire Department (VCFD) and California Department of Forestry and Fire Protection (CAL FIRE) (the Fire Agency Report) concluded that the Woolsey Fire occurred at approximately 2:22 p.m. The initiating event of the Woolsey Fire was contact between a slack subtransmission down guy on a steel pole (Subject Pole) and a distribution jumper cable at the Big Rock 16kV distribution circuit, which caused an electrical fault and arcing that ignited the fuel bed below.³ A second guy wire carried the fault current from the Subject Pole to an adjacent wooden pole (the Telecom Pole), where it energized communications infrastructure. This resulted in a secondary ignition.⁴ SCE conducted its own investigation of the Woolsey Fire and does not dispute the ultimate conclusion of the Fire Agency Report that SCE's equipment was associated with both the ignitions of the Woolsey Fire. Cal Advocates concurred with the conclusions of the Fire Agency Report.
3. Climatological and wind factors caused the Woolsey Fire to spread rapidly and intensely. The Woolsey Fire occurred during a Red Flag Warning in a remote location. The Woolsey Fire ignited on the same day as the Camp Fire in Northern

³ This location is referred to as "Site #2" in the Fire Agency Report. (Fire Agency Report at 7.)

⁴ This location is referred to as "Site #1" in the Fire Agency Report. (Fire Agency Report at 7.)

California and the Hill Fire nearby and one day after a devastating mass shooting event at the Borderline Bar and Grill in Thousand Oaks. SCE contends that these events limited emergency response efforts in the critical early hours of the fire and hampered suppression efforts, driving its destructiveness. In the overnight hours of November 8-9, high winds led the fire to jump Highway 101, propelling it all the way to the coast in a matter of hours.

4. According to the Fire Agency Report, the Woolsey Fire burned approximately 97,000 acres in total, destroyed or damaged an estimated 2,007 structures, and resulted in three confirmed fatalities.
5. Following the Woolsey Fire, more than 9,100 individual claimants, nearly 400 subrogation plaintiffs, and 19 public entities brought claims against SCE. SCE has now settled all but a small number of these claims.⁵ 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.
6. At the time the Woolsey Fire ignited, SCE held \$1 billion of liability insurance coverage that was applied to claims and related costs associated with the Woolsey Fire.
7. At the time the Woolsey Fire ignited, SCE held no insurance that applied to service restoration costs, *i.e.*, costs recorded to SCE's CEMA.
8. SCE has recorded and will continue to record its eligible incremental costs and recoveries associated with the Woolsey Fire to SCE's WEMA. These include payments to satisfy claims, including any co-insurance, deductibles, and other

⁵ Exhibit SCE-09, 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; claims by two public entity plaintiffs, the California Governor's Office of Emergency Services (Cal OES) and Mountains Recreation and Conservation Authority (MRCA), remain unresolved.

insurance expense paid by SCE, outside legal expenses and costs, and associated financing costs, as well as amounts received from insurance.

9. SCE incurred incremental costs to restore service and repair, replace, and restore utility facilities damaged as a result of the 2018 Woolsey Fire. SCE replaced over 1,890 poles and 293 transformers, and replaced 161 miles of damaged electrical conductor with covered conductor. SCE deployed resources to safely and promptly restore service to customers, with full restoration of service within 40 days of the initial ignition. SCE has recorded eligible incremental restoration-related capital costs associated with the Woolsey Fire to SCE's CEMA.
10. 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 Woolsey Fire other fires in 2017-18 (ACO). The Commission approved the ACO in Resolution SED-5 on December 16, 2021.⁶ Following limited rehearing, a revised resolution (Resolution SED-5A) was approved by the Commission on July 15, 2022.⁷

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 15 chapters of prepared testimony sponsored by 28 witnesses, including 7 independent experts. SCE's testimony and associated attachments totaled more than 1,100 pages. SCE's testimony stated that recovery of the Woolsey Fire-related costs is in the public interest

⁶ Resolution SED-5, Dec. 16, 2021.

⁷ Resolution SED-5A, Jul. 14, 2022.

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.

2. SCE's testimony described how SCE's actions and practices were prudent with respect to the initiating event 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.⁸
3. With respect to the initiating event of the Woolsey Fire, SCE's testimony explained that the subtransmission down guy at the Subject Pole becoming slack and making contact with energized distribution facilities was not attributable to any imprudence on the part of SCE. SCE stated that it had examined the Subject Pole six weeks prior to the fire and confirmed the subtransmission down guys were in good condition at that time. SCE's testimony also indicated that it properly responded to and fully remediated a prior January 2017 outage, which did not put SCE on notice of any larger issue or otherwise warrant a different response.
4. With respect to the secondary ignition, SCE's testimony indicated that while there were potential missed opportunities to identify and remediate certain conditions associated with the secondary ignition, none of them were associated with the initiating event. SCE's testimony also indicated that none of the WEMA costs SCE seeks to recover in this proceeding are connected to Intervenor's criticisms

⁸ See Exhibits SCE-02 and SCE-03.

of the secondary ignition, since the secondary ignition did not materially affect the ultimate progression of the Woolsey Fire, and expert analysis supported that the material constraint during the critical early hours of attack against the Woolsey Fire was the unavailability of sufficient fire suppression resources.

5. Likewise, SCE's testimony also described the "perfect storm of factors" that strained firefighting resources, hampered suppression efforts, and ultimately contributed to the fire's destructiveness in November 2018.⁹
6. With respect to claims costs, SCE's testimony explained that it had resolved a substantial portion of third-party claims brought against SCE arising from the Woolsey Fire and committed to providing an update in its rebuttal testimony quantifying the additional claims and related costs paid since August 31, 2024, the latest date included in SCE's Application.¹⁰ 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.¹¹ SCE also presented testimony supporting the reasonableness of its outside counsel costs.¹²
7. 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.¹³

⁹ See Exhibit SCE-04.

¹⁰ See *infra*, C.3¶ 7.

¹¹ See Exhibit SCE-05, App'x A.

¹² See Exhibit SCE-06. The civil litigation related to the Woolsey Fire was coordinated in the proceeding Woolsey Fire Cases, Case No. JCCP 5000, Superior Court of the State of California, County of Los Angeles.

¹³ See Exhibit SCE-07.

8. With respect to restoration costs, SCE's testimony described the reasonable incremental costs that SCE incurred to restore service within 40 days of the initial ignition and to repair, replace, and restore utility facilities damaged by the Woolsey Fire, for the direct and long-lasting benefit of SCE's customers.¹⁴
9. Finally, SCE presented testimony summarizing the total costs requested in the Application and SCE's proposal to recover those costs through securitization. Specifically, SCE described the CPUC-jurisdictional WEMA and CEMA balances at issue.¹⁵ 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 \$84 million in restoration-related capital costs incurred. SCE further stated its intention to file a separate application seeking Commission approval to recover WEMA 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.¹⁶

2. **Summary of Cal Advocates' Testimony**

1. Cal Advocates served 11 chapters of testimony totaling approximately 4,900 pages. 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 area during Red Flag Warning conditions; local geography and environmental risk factors in the area where the Woolsey Fire ignited and risk factors specific to the SCE circuit at issue; situational awareness and wildfire mitigation measures that could have prevented

¹⁴ See Exhibit SCE-08.

¹⁵ See Exhibit SCE-09 at 1, tbl. I-1.

¹⁶ See Exhibit SCE-09.

or reduced the risk of wildfires, including more weather stations to support a more robust Public Safety Power Shutoff (PSPS) program like the one SDG&E had implemented; the deficiencies in SCE's design, construction, and inspection practices at the facilities associated with the Woolsey Fire's ignition, specifically in relation to down guy wires and pole loading, and deficiencies in SCE's utility operations, telecommunications operations, asset management, recordkeeping, and system protection practices.¹⁷

2. Cal Advocates' testimony CA-02 discussed the history of utility-caused wildfires in SCE's service area prior to the Woolsey Fire and presented a list of 31 fires linked to SCE's equipment in the 20 years preceding the 2018 Woolsey Fire that met one of four criteria related to size and damage. Cal Advocates discussed in greater depth the causes and consequences of three wildfires linked to SCE's equipment in this period that occurred during Santa Ana windstorms: the October 2007 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, the December 2017 Rye Fire, and the December 2017 Thomas Fire.¹⁸
3. Cal Advocates' testimony CA-03 described the local geography and wildfire risk factors affecting the area surrounding the Big Rock distribution circuit, including designation as high-fire threat districts, fire scar history, history of Red Flag Warning days, SCE-determined wind load ratings for assets in the area, and previous outages or wire-down incidents associated with the Big Rock distribution circuit that occurred during Red Flag Warnings. Cal Advocates emphasized that the Woolsey Fire ignition area was a high fire-risk area

¹⁷ See Exhibit CA-01.

¹⁸ See Exhibit CA-02.

frequently affected by Red Flag Warnings, and this was known to SCE before the Woolsey Fire.¹⁹

4. Cal Advocates' testimony CA-04 presented information about SCE's efforts to understand severe weather conditions across its territory and to respond with effective operational decisions to mitigate risk. Cal Advocates described SDG&E's implementation of an extensive network of utility-owned weather stations and a robust PSPS program after the catastrophic wildfires in Southern California in October 2007, while asserting that SCE significantly lagged behind SDG&E in developing both a weather station network and a PSPS program. Cal Advocates explained that SCE's weather station network was insufficient and stated that SCE did not use its weather station network effectively. Additionally, Cal Advocates' testimony stated that SCE's PSPS program was new and limited at the time of the Woolsey Fire. Cal Advocates posited that SCE could have done more to observe and learn from SDG&E's situational awareness and PSPS practices between 2008 and 2017, while acknowledging progress made in 2018.²⁰
5. Cal Advocates' testimony CA-05 presented a timeline of events on the Big Rock distribution circuit and Chatsworth-Thrust subtransmission circuit from 2008 to the Woolsey Fire to orient the reader and provide a roadmap for discussion. Cal Advocates described a January 2017 outage caused by SCE's subtransmission down guy becoming slack and contacting the same distribution jumper at the Subject Pole that was involved in the ignition of the Woolsey Fire. Cal Advocates also described a December 2015 fire that occurred in the area while SCE stated that it was not aware of this fire until 2020. Discussing the Woolsey Fire ignitions, Cal Advocates suggested that the secondary ignition reduced the

¹⁹ See Exhibit CA-03.

²⁰ See Exhibit CA-04.

effectiveness of the initial fire suppression efforts and slowed the firefighting response to the Woolsey Fire, leading to its burning out of control.²¹

6. Cal Advocates' testimony CA-06 pointed to deficiencies with respect to SCE's design, construction, and inspection practices in relation to the electric and telecommunications infrastructure at the origin area. Cal Advocates contended that SCE's design and construction decisions increased the ignition risk associated with the Subject Pole and SCE's adjacent equipment. For example, Cal Advocates contended that the clearance distances between subtransmission down guy and distribution jumper were inadequate, and SCE's decision to route the subtransmission guy wire through an oak tree increased the risk of the design; that the clearance between distribution down guy and telecommunications lines failed to comply with GO 95 and thus was insufficient to account for conditions that could have caused the guys to move or become slack; that SCE's inspections of the subject facilities were inadequate; and that SCE's pole loading calculations were flawed.²²
7. Cal Advocates presented testimony CA-07 describing deficiencies in SCE's management of its telecommunications assets near the two ignition sites, such as the omission of the 06051 Line (a communications cable associated with the secondary ignition) from SCE's telecommunications inspection program from 2012 to 2018, and the contact of nearby vegetation with the 06051 Line at the time of the Woolsey Fire.²³ Cal Advocates also criticized SCE's recordkeeping practices with respect to its telecommunications assets, including SCE's reliance on a spreadsheet for telecommunications maintenance and inspection prior to the Woolsey Fire and the lack of formal quality control programs.²⁴

²¹ See Exhibit CA-05.

²² See Exhibit CA-06.

²³ See Exhibit CA-07.

²⁴ See Exhibit CA-10.

8. Cal Advocates presented testimony CA-08 disputing the quality of SCE's asset management and maintenance practices on the Big Rock distribution circuit and on the electric system overall. Cal Advocates stated that SCE did not meet deadlines for asset maintenance in 2014 to 2018. For instance, Cal Advocates' testimony provided an analysis of asset maintenance records on the Big Rock distribution circuit showing that many notifications were overdue for remediation, and contended that the proportion of notifications related to clearance or guy wires showed that an asset failure involving inadequate clearance or a loose guy wire was foreseeable.²⁵
9. Cal Advocates' testimony CA-09 presented that SCE's systemwide data on transmission asset notifications suggested infrastructure degradation, put into question the comprehensiveness and adequacy of SCE's inspection programs, and criticized SCE's lack of formal QA/QC processes for transmission construction.²⁶
10. Cal Advocates presented testimony CA-10 describing deficiencies in SCE's recordkeeping and protocols with respect to its management of both electric assets and communication assets at the time of the Woolsey Fire. Specifically, Cal Advocates stated that SCE failed to maintain important records and documentation related to the installation, inspection, and verification of assets on its electric system. Furthermore, the testimony explained that SCE's manual recordkeeping practices left its telecommunication assets poorly tracked.²⁷
11. Cal Advocates' testimony CA-11 criticized the system protection devices and settings then existing on the Big Rock distribution circuit. Cal Advocates stated that the electromechanical relays (EMRs) protecting the circuit at the time of the Woolsey Fire had slow trip times, required more stringent maintenance, and

²⁵ See Exhibit CA-08.

²⁶ See Exhibit CA-09.

²⁷ See Exhibit CA-10.

compared unfavorably to more modern microprocessor relay devices. Cal Advocates further stated that SCE's changes to protection settings of the electromechanical relays on the Big Rock distribution circuit increased the risk of wildfires.²⁸

3. Summary of EPUC's Testimony

1. EPUC submitted testimony in this proceeding, which EPUC stated was supported by alleged findings and conclusions in the Fire Agency Report, the report prepared by the SED related to the Woolsey Fire (SED Report), and SCE-filed testimony and responses to discovery for the referenced reports and testimony. EPUC's testimony argued that SCE failed to satisfy the prudent manager standard because SCE did not contest that its equipment was associated with ignition; SCE did not comply with GO 95 in operating its electric system; SCE did not contest certain alleged violations of Commission regulations outlined in the ACO; SCE was imprudent for not maintaining the tautness of guy wires associated with the ignition; SCE was imprudent for not initiating a PSPS during Red Flag Warning conditions on the day of ignition; SCE's financing charges methodology should be based on the commercial paper rate; and denial of cost recovery will not negatively impact SCE credit rating and access to capital. EPUC's testimony recommended that the Commission deny SCE's proposed cost recovery in its entirety.

4. SCE's Rebuttal Testimony

1. On July 15, 2025, SCE served its rebuttal testimony. SCE's rebuttal included four chapters of prepared testimony and attachments totaling more than 290 pages, responding directly to the issues raised in Cal Advocates' testimony, as well as to

²⁸ See Exhibit CA-11.

the testimony submitted by EPUC (collectively, Intervenors' testimony). In particular, SCE's rebuttal testimony presented SCE's view that Intervenors' testimony reflected hindsight. SCE offered further context for evaluating the reasonableness and efficacy of SCE's wildfire mitigation efforts in the years preceding the Woolsey Fire and defended the prudence of SCE's construction, inspection, and maintenance practices with respect to its electric system and telecommunications infrastructure. SCE's rebuttal testimony also asserted that no connection had been established between any alleged imprudence and the ignitions at issue and that Cal Advocates overlooked the mix of external factors that drove the Woolsey Fire's immense destruction.²⁹

2. In response to Intervenors' testimony regarding deficiencies in SCE's design and construction practices, SCE reiterated that its design and construction standards complied with regulatory requirements and aligned with industry best practices. SCE stated that Intervenors cited no industry standard requiring a formal procedure outlining the manner in which guy wires should be tightened. SCE explained that its pole loading standards were more stringent than those contained in GO 95 and, in any case, any errors in pole loading calculations of the subject facilities were not causal to the ignition of the Woolsey Fire. SCE also presented statistical analysis of notifications data in support of its assertion that it had no reason to expect that the subtransmission down guy that came into contact with the distribution jumper cable would slacken again after SCE personnel appropriately remediated the issue in January 2017.³⁰
3. To address Cal Advocates' concerns regarding system protection devices, SCE explained that electromechanical relays are as effective as microprocessor relays for detecting and responding to faults and are used by many utilities. SCE further

²⁹ See Exhibit SCE-11.

³⁰ See Exhibit SCE-12, Vol. 01.

explained that its modest increase of the phase minimum trip settings was appropriate to support reliable operation of the system and service to customers in light of load growth and load changes in the area. SCE reiterated that the relays at issue operated as expected on the day of the Woolsey Fire.³¹

4. With respect to inspection and maintenance, SCE's rebuttal testimony explained that its programs met or exceeded regulatory requirements and were, in many cases, industry leading. To address Intervenor's specific criticisms, SCE provided more context and nuance that showed the effectiveness of its pre-2018 transmission patrols, distribution grid patrols, and detailed inspections. SCE explained that the open maintenance notifications on its electric system and the relevant circuit indicated the robustness of SCE's inspection and maintenance practices. SCE's testimony addressed Cal Advocates' contention that asset data reflected systemic problems with SCE's inspection and maintenance programs or indicated any particular guy-related problem on the relevant circuit on which SCE should have acted prior to the Woolsey Fire.³²
5. With respect to situational awareness initiatives, SCE addressed Intervenor's criticisms of its weather station network and PSPS program by highlighting the significant resources that SCE had dedicated to building out these programs and the inherently multiyear nature of implementing these systemwide operational measures. SCE noted that its weather station network and PSPS program were calibrated to the specific risk profile of SCE's service area, making any comparison to SDG&E's programs inapt. SCE described how at the time of the Woolsey Fire, SCE was in the process of refining the way it validated and operationalized data from its rapidly-expanding weather station network in support of the still-maturing PSPS protocol. SCE's rebuttal testimony also

³¹ See Exhibit SCE-12, Vol. 01.

³² See Exhibit SCE-14.

reiterated that it had a longstanding practice of blocking automatic reclosing on lines traversing HFRAAs pursuant to SOB 322.³³

6. With respect to telecommunications facilities, SCE reiterated that its inspection and maintenance practices were prudent in light of the lower risk of ignition presented by communications cables and the still-maturing nature of these programs. SCE emphasized that, although the 06051 Line was inadvertently omitted from its master list of inspections, SCE's records indicated that it had knowledge of this line, that it had inspected communication cables supported on the same poles as this line at the secondary span, and that it was not on notice of any safety or compliance issues that were causal to the Woolsey Fire. SCE emphasized that the incidental vegetation contact with the 06051 Line did not evidence "strain" or "abrasion" that required remediation under GO 95, Rule 35.³⁴
7. SCE's rebuttal testimony reiterated how external factors caused the Woolsey Fire to grow out of control, namely, that initial suppression efforts were complicated by "a perfect storm of factors" that strained firefighting resources and hampered suppression efforts. In response to Cal Advocates' claim based on a comment by a Boeing firefighter that the fire might have been more effectively contained or slowed without the secondary ignition, SCE explained that the Hill Fire had ignited just 20 minutes earlier and was prioritized over the Woolsey Fire, leading to a significant resource drawdown in the critical initial stages. SCE emphasized that the limited available resources would not have been sufficient to suppress the fire on initial attack even in a counterfactual scenario involving a single ignition.³⁵

³³ See Exhibit SCE-12, Vol. 03.

³⁴ See Exhibit SCE-12, Vol. 04.

³⁵ See Exhibit SCE-13.

8. 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 Woolsey Fire as of May 31, 2025, which reflected the additional claims and related costs incurred between August 31, 2024, and May 31, 2025, as well as an updated estimate of SCE's cost to finance this WEMA balance through the anticipated date of securitization (2027). This update reflected an additional approximately \$206 million in WEMA costs to the \$5.429 billion in SCE's Application, for approximately \$5.635 billion in WEMA costs.³⁶ SCE separately provided cost information regarding unresolved claims as of May 31, 2025. SCE's rebuttal testimony explained that, in contrast to its then-best estimate in its opening testimony, the CPUC-jurisdictional amount of these unresolved trailing claims did *not* exceed the \$250 million of Woolsey Fire-related claims costs that SCE committed not to seek from customers in the ACO. Accordingly, the approximately \$206 million WEMA cost update presented in SCE's rebuttal testimony reflected a reduction of \$56.097 million to give effect to a portion of the \$250 million of claims recovery waived/disallowed in the ACO for the Woolsey Fire, with the remaining portion to be applied to trailing claims, and in light of that SCE estimated that there will be no additional CPUC-jurisdictional claims costs for which SCE will need to seek recovery, absent unforeseen circumstances.³⁷

5. **EPUC's Rebuttal Testimony**

1. EPUC served rebuttal testimony, which quoted certain portions of Cal Advocates' testimony related to wildfire risk and history of outages, patrol inspections,

³⁶ See Exhibit SCE-14 at 2, tbl. II-1.

³⁷ See Exhibit SCE-14.

recordkeeping, and PSPS. EPUC's testimony agreed with Cal Advocates' findings and conclusions.

6. SBUA's Rebuttal Testimony

1. SBUA served rebuttal testimony. SBUA's testimony disagreed with EPUC and SCE's testimony regarding the nature of the prudent manager standard and the assumptions underlying SCE's calculation of estimated annual revenue requirements for recovering the claims amounts. It also emphasized that whether SCE should be allowed to update its request to quantify additional costs would depend on the reasonableness of its conduct with respect to pending lawsuits.

D. Settlement Activity

1. Following Cal Advocates' service of intervenor testimony, SCE and Cal Advocates agreed to explore whether a settled outcome could be achieved, in consideration of the material issues of disputed fact, and in light of the extensive record developed in this proceeding as described above. SCE and Cal Advocates engaged in earnest, arms-length, and good-faith negotiations over the course of almost three months.
2. In August 2025, EPUC likewise agreed to participate in settlement discussions and explored with SCE and Cal Advocates whether a settled outcome could be achieved, and SBUA also began engaging in settlement discussions.
3. Prior to executing this Settlement Agreement, and in compliance with Rule 12.1(b), the Settling Parties convened a settlement conference on September 10, 2025, and served notice of the settlement conference on all parties on the official service list of this proceeding on September 3, 2025. SCE, Cal Advocates, EPUC, and TURN attended the settlement conference.
4. 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.

5. 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.
6. 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.³⁸ 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

³⁸ The WEMA costs permanently disallowed in the Settlement Agreement are separate from and in addition to the permanent \$250 million of claims recovery already waived/disallowed in the ACO for the Woolsey Fire.

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.

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 limited areas of agreement and myriad areas of dispute between the Settling Parties regarding the factual record. Section E includes a high-level summary and does not comprehensively set forth all areas of agreement and dispute; each Settling Party's position is described in more detail in Section C and in each Settling Party's respective exhibits.

1. **Prudence of Operations:** The Settling Parties agree that, at the time of the Woolsey Fire, SCE used a variety of wildfire mitigation measures. But the Settling Parties generally disagree regarding the prudence of SCE's operations with respect to its electric system and telecommunications facilities, both programmatically and as it relates to the specific facilities associated with the Woolsey Fire. For instance:
 - a. The Settling Parties disagree regarding the prudence of SCE's design and construction practices at the time of the Woolsey Fire, including with respect to down guy construction and SCE's approach to confirming that construction is completed consistent with the work order and SCE standards.
 - b. The Settling Parties disagree regarding the prudence of SCE's inspection and maintenance programs and practices regarding its electric facilities and its telecommunications facilities at the time of the Woolsey Fire, including with respect to inspections of guy wires, telecommunication inspections, and asset management practices generally.

- c. The Settling Parties disagree regarding the prudence of SCE's operational practices at the time of the Woolsey Fire. This disagreement extends to SCE's response to the January 2017 outage on the Big Rock distribution circuit, as well as SCE's proactive de-energization program at the time of the Woolsey Fire and the development of a weather station network to support that program, including as compared to SDG&E's PSPS program and weather station network at that time. The Settling Parties also disagree regarding whether SCE adequately considered wildfire risk in its approach to system protection and the upgrading of and the settings used for protective devices.
2. **Restoration Costs:**³⁹ The Settling Parties agree that SCE deployed the necessary resources to restore service safely and quickly after the Woolsey Fire and that the costs recorded in the CEMA are incremental and reasonable. In direct response to the destruction caused by the Woolsey Fire, SCE replaced over 1,890 poles and 293 transformers, and replaced 161 miles of conductor damaged by the fire with covered conductor. The costs incurred to reconstruct SCE's facilities and equipment provided immediate benefits to SCE customers. New assets replaced older assets in the areas affected by the Woolsey Fire, and those asset upgrades, in particular, the wide-scale installation of covered conductor, substantially reduced the risk of future wildfires. This Settlement Agreement takes into consideration the age and the residual value of the assets that were replaced during the Woolsey Fire restoration effort. For service restoration after the Woolsey Fire, SCE incurred \$82.299 million in incremental capital expenditures and \$1.513 million in incremental capital-related expenses. SCE used these amounts as the basis for the revenue requirement recorded in SCE's CEMA.

³⁹ See Exhibit SCE-08.

3. **Financing Costs and Outside Counsel Fees:**⁴⁰ 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 WEMA provides a process to record and review the reasonableness of such incremental legal expenses. 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 May 2025 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: (1) the authorized cost recovery and disallowances for recorded costs related to the Woolsey Fire, with the amount of authorized recovery referred to as the Settlement Agreement Amount; and (2) the waiver of SCE's right to seek recovery of WEMA costs from

⁴⁰ See Exhibit SCE-07.

ratepayers for all other fires that ignited prior to July 12, 2019 aside from the Thomas Fire⁴¹ and Woolsey Fire,⁴² with the amounts above in (1) and (2) collectively referred to as the Settlement Agreement Amounts, as described more fully below.

1. Authorized Cost Recovery and Disallowances

With respect to the costs related to the 2018 Woolsey Fire 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 35% of the WEMA Amounts; the remaining 65% of the WEMA Amounts will be permanently disallowed. Upon approval of the Settlement Agreement, SCE is authorized to recover 35% of the approximately \$5.635 billion of WEMA costs set forth in the Application.⁴³ The Settling Parties agree that the Authorized WEMA Amounts are and should be deemed just, reasonable, and recoverable through rates.

⁴¹ SCE filed a separate cost recovery proceeding for the 2017 Thomas Fire, A.23-08-013. On February 7, 2025, the Commission issued D.25-01-042 adopting the settlement agreement between SCE and Cal Advocates resolving that proceeding, with modifications.

⁴² July 12, 2019 is the effective date of Cal. Assemb. B. 1054, 2019–2020 Leg., Reg. Sess. (Cal. 2019) (enacted). See Cal. Pub. Util. Code § 1701.8(a)(1) (defining a “covered wildfire” as only including wildfires which ignited on or after July 12, 2019). Because the Woolsey Fire ignited before July 12, 2019, it is not a “covered wildfire” governed by Public Utilities Code section 451.1.

⁴³ A portion of the amount is an estimate for the cost of financing from May 31, 2025, through 2027 (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 trued 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. The \$5.635 billion of WEMA costs already reflects a reduction of \$56.097 million to give effect to a portion of the \$250 million of claims recovery waived/disallowed in the ACO for the Woolsey Fire, with the remaining portion to be applied to trailing claims, as described further in Section F.2.

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 and EPUC take no position on securitization of the Authorized WEMA Amounts at this time. The Settling Parties reserve the right to take different positions in that proceeding on the appropriate bond recovery period of the securitization.

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. Under either method of recovery, the Settling Parties agree that recovery will include actual debt financing costs⁴⁴ 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 \$83.812 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 Authorized CEMA Amounts, which are restoration-related capital costs and capital-related expenses, through normal course capital expenditure recovery and

⁴⁴ 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.

12-month operation and maintenance 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 tables:

Table 1
Woolsey Fire Flow Authorized Cost Recovery and Permanent Disallowances

(\$ in thousands)	SCE Application	Final Settlement		Recovery (%)
		Authorized WEMA/CEMA Amounts	Permanent Disallowances	
WEMA Initial Application	\$5,429,566	\$1,900,348	\$3,529,218	35.0%
WEMA Costs Incurred 9/1/24 to 5/31/25	\$205,906	\$72,067	\$133,839	35.0%
Total WEMA through 5/31/25	\$5,635,472	\$1,972,415	\$3,663,057	35.0%
Woolsey Fire: Restoration/CEMA	\$83,812	\$71,240	\$12,572	85.0%
Total WEMA and CEMA	\$5,719,284	\$2,043,655	\$3,675,629	

2. WEMA Trailing Amounts and Recoveries

Regarding the adopted ACO in SED-05 to permanently waive the right to seek cost recovery of \$250 million, the \$205.9 million amount shown in Table 1 for WEMA costs incurred from September 1, 2024 to May 31, 2025 already reflects an exclusion of \$56.097 million.⁴⁵ SCE will exclude the remaining \$193.9 million of the ACO amount from WEMA

⁴⁵ See Exhibit SCE-14 at 2-3 & note 13.

claim costs incurred after May 31, 2025.⁴⁶ SCE will not seek to recover financing costs for the \$250 million in WEMA claims costs that were waived under the ACO.

SCE posits that this approach is consistent with the ACO, Resolutions SED-5 and SED-05A, and captures the full benefit of the \$250 million allocated towards the Woolsey Fire. Cal Advocates, EPUC, and SBUA agree with SCE's approach.

WEMA Trailing Amounts are those WEMA Amounts incurred after May 31, 2025, after deducting the remainder of the \$250 million ACO amount and associated financing costs (WEMA Trailing Amounts). As of the date of its rebuttal testimony, SCE's best estimate of the WEMA Trailing Amounts equaled the remainder of the \$250 million ACO amount. However, the Settling Parties recognize that certain litigation remains pending and unresolved, and the Settling Parties agree that the terms of this Settlement Agreement, including this Section F.2, are reasonable notwithstanding the outcome of any trial or judgment on Woolsey Fire-related claims. The WEMA Trailing Amounts will be based on the final recorded costs, including associated actual financing and legal costs, once all Woolsey Fire-related claims and recoveries are resolved. Consistent with the Settling Parties' agreement regarding the Authorized WEMA Amounts described above, the Settling Parties agree that SCE will recover 35% of the WEMA Trailing Amounts, if any (Authorized WEMA Trailing Amounts). The Settling Parties agree that the Authorized WEMA Trailing Amounts, if any, 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.

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

⁴⁶ In the event that the CPUC-jurisdictional amount of WEMA claims costs incurred after May 31, 2025, does not exceed the remainder of the \$250 million in WEMA claims costs waived under the ACO, SCE will ensure that the full \$250 million is given effect, through a refund to customers if necessary.

application of the remainder of the \$250 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.

3. Waiver of SCE's Right to Seek Recovery of WEMA Costs for Other Fires With Ignition Dates Prior to July 12, 2019

Apart from the 2017 Thomas Fire and 2018 Debris Flow Events (at issue in A.24-08-013) and the 2018 Woolsey Fire (at issue here in this proceeding), as of July 31, 2025 SCE had paid or settled approximately \$157 million in costs associated with other wildfire events with an ignition date before July 12, 2019 (Other Pre-July 12, 2019 Wildfires), with those costs recorded or to be recorded in its WEMA. In order to bring final resolution with respect to cost recovery matters associated with the Other Pre-July 12, 2019 Wildfires, SCE hereby irrevocably waives its right to seek rate recovery at the Commission for costs incurred for claims, legal fees or financing costs associated with Other Pre-July 12, 2019 Wildfires. SCE's waiver applies to such costs recorded in its WEMA as of July 31, 2025 as well as costs subsequently recorded in the WEMA after July 31, 2025.

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 (Signature Date). 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 all the Settling 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, Permanent Disallowances, and Costs Associated with Other Pre-July 12, 2019 Wildfires that SCE Will Not Recover**

The terms of the Settlement Agreement reflect the Settling 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 Settling 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. In D.20-05-005 and D.23-08-031, the Commission authorized SCE 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 for the sooner of two years or when the Commission makes a final determination on SCE cost recovery stemming from the 2017/2018 Southern California Fires.

Separately in Resolution SED-5, the Commission adopted a settlement between SCE and the Commission's Safety and Enforcement Division memorialized in an Administrative Consent Order and Agreement (ACO) that requires SCE, in pertinent part, to not seek cost recovery of \$250 million in WEMA costs associated with the Woolsey Fire. This ACO disallowance is reflected in Sections F.1 and F.2. The Commission in Resolution SED-5 authorized SCE to permanently exclude from its ratemaking capital structure any after-tax charges to equity or debt borrowed to finance the ACO disallowed amounts, including the \$250 million permanent disallowance of Woolsey WEMA costs. (Res. SED-5, Attachment, ACO, pp. 5-6). Consistent with Res. SED-5, SCE may permanently exclude from its ratemaking capital structure the debt issued to finance this ACO disallowance and any after-tax charges to equity.

For purposes of this Settlement Agreement, the Settling Parties agree that SCE should be permitted to, and upon Commission approval of this Settlement Agreement, SCE will be authorized to, additionally exclude on a permanent basis from its ratemaking capital structure the debt issued to finance the costs permanently disallowed or waived in this Settlement Agreement, beyond the \$250 million ACO disallowance, and any after-tax charges to equity. Permanently disallowed costs subject to this provision include costs identified in Sections F.1 and F.2, including WEMA disallowances and disallowances of WEMA Trailing Amounts net of the ACO disallowance, and CEMA disallowances. Waived costs are those WEMA costs identified in Section F.3 associated with other wildfire events with an ignition date before July 12, 2019.

Moreover, in light of the end of the temporary exclusion authorized by D.23-08-031 and consistent with SCE's request for a second extension of the temporary capital structure waiver in Application A.25-08-003,⁴⁷ for purposes of this Settlement Agreement the Settling Parties also agree that SCE should be permitted to, and upon Commission approval of this Settlement Agreement, SCE will be authorized to exclude on a temporary basis from its ratemaking capital structure the debt issued to finance the costs allowed for recovery under this Settlement Agreement pursuant to Section F, pending Commission resolution of SCE's anticipated securitization application and subsequent bond issuance, including permanent resolution of SCE's authority to exclude such costs from its ratemaking capital structure. This provision is not intended to modify D.23-08-031 or alter the scope of relief granted therein.

The Settling Parties' agreement to this Section G.5 is without prejudice to their respective litigation positions in A.25-03-012 and future cost of capital proceedings, subject to the terms of this Settlement Agreement and the finality of any Commission decision approving this Settlement Agreement. For avoidance of doubt, the Settling Parties agree not to argue that the capital structure exclusion provided for in this Settlement Agreement should be modified or

⁴⁷ A.25-08-003, *Application of Southern California Edison Company for Second Extension of Waiver of Capital Structure Rule*, filed Aug. 11, 2025.

revised. SCE agrees to serve, annually and for two cost of capital cycles, a summary of its capital structure (as defined by Generally Accepted Accounting Principles (GAAP)) at year end and its then-authorized capital structure approved by the Commission, using the service lists for A.24-10-002 and A.25-03-012 (as well as the service list established in the future for SCE's next Cost of Capital Application).

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, EPUC, or SBUA 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: September 18, 2025

Signed by:

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By: Steven D. Powell
Title: President and Chief Executive Officer

CALIFORNIA PUBLIC UTILITIES COMMISSION
PUBLIC ADVOCATES OFFICE

Dated: September 18, 2025

Signed by:

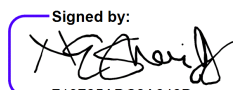
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By: Darwin Farrar
Title: Chief Counsel

A.24-10-002 ALJ/RMD/nd3

ENERGY PRODUCERS AND USERS COALITION

Dated: September 18, 2025

Signed by:

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By: Nora Sherif
Title: Counsel

SMALL BUSINESS UTILITY ADVOCATES

Dated: September 18, 2025

Signed by:

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By: Britt Marra
Title: Executive Director

Appendix 1

Illustrative Authorized WEMA Amount Cost Recovery Scenarios

Illustrative Authorized WEMA Amount Cost Recovery Scenarios

Bill Impact Scenarios	Securitization		Non-Securitized (LT-Debt Only)
Costs to be recovered (\$ millions) ¹	\$1,972	\$1,972	\$1,972
Recovery Period (years) ²	30	25	5
Weighted Average Life (years) ³	~20	~15	~4
Financing cost (annual %) ⁴	5.43%	5.32%	5.12%
Annual revenue requirement (\$ millions)	\$136	\$146	\$462
<u>Estimated Monthly Residential Bill Impact:</u>			
CARE / FERA	-	-	\$2.70
Other Residential	\$1.24	\$1.33	\$4.30
Present Value of Revenue Requirement (\$ millions)	\$1,581	\$1,603	\$1,862

¹ All scenarios exclude upfront costs of issuing financings

² Maximum Expected Maturity for longest bond tranche

³ Weighted Average Life (WAL) represents the average time for each dollar of the bond's principal to be repaid, weighted by the amount of principal repaid in each period; recovery periods of 30yrs and 25yrs via securitization, and 5yrs via LT Debt, equate to approximate WALs of 18.8yrs, 15.1yrs, and 3.6 yrs, respectively and subject to change as transaction structures are developed

⁴ Based on indicative rates as of 9/5/25, which are subject to change based on future market movements; Amortizing LT-Debt assumes levelized mortgage-style recovery

(END OF APPENDIX)