

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of:

Southern California Edison Company

[PROPOSED] ADMINISTRATIVE
CONSENT ORDER AND
AGREEMENT

Issued pursuant to Commission
Resolution M-4846 (adopting
Commission Enforcement Policy on
November 5, 2020)

[PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT

Dated: October 21, 2021

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[PROPOSED] ADMINISTRATIVE CONSENT ORDER AND AGREEMENT

This Administrative Consent Order and Agreement (hereinafter ACO or Agreement) is entered into and agreed to by and between the Safety and Enforcement Division (SED) of the California Public Utilities Commission (Commission or CPUC) and Southern California Edison Company (SCE) (collectively Parties) pursuant to Resolution M-4846, dated November 5, 2020, titled *Resolution Adopting Commission Enforcement Policy*.

WHEREAS:

- The Commission has authorized SED “to investigate, negotiate, and draft proposed Administrative Consent Orders, subject to review and consideration by the Commission” via resolution;¹
- The Commission’s Enforcement Policy requires that a “negotiated proposed settlement . . . be memorialized in a proposed Administrative Consent Order,” which requires items set forth in Section 2, below;²
- Consistent with Resolution M-4846, this ACO is a product of direct negotiations between the Parties to resolve and dispose of all claims, allegations, liabilities and defenses related to the 2017 Liberty, Rye, Meyers, and Thomas Fires (including the Anlauf ignition, Koenigstein ignition and debris flow) and the 2018 Woolsey Fire (collectively referred to as the “2017/2018 Southern California Fires”) based on SED’s multi-year investigations into the same;
- This ACO is entered into as a compromise of disputed claims and defenses in order to minimize the time, expense, and uncertainty of litigation, and with the

¹ Resolution M-4846, Findings and Conclusions #8, p. 15.

² Enforcement Policy, p. 10.

Parties having taken into account the possibility that each Party may or may not prevail on any given issue, and to expedite timely action on critical safety measures and programs that benefit California consumers; and

- The Parties agree to the following terms and conditions as a complete and final resolution of all claims which have been, or might have been, brought by SED related to or arising from the 2017/2018 Southern California Fires, as well as all of SCE's defenses thereto, based on the information available to the Parties, and without trial and adjudication of any issue of law or fact.

NOW, THEREFORE it is agreed that this ACO, together with its appendices, is made and entered into as of this 21st day of October, 2021 ("Effective Date") as follows:

1. Parties

The Parties to this ACO are SED and SCE.

SED is a division of the Commission charged with enforcing compliance with the Public Utilities Code and other relevant utility laws and the Commission's rules, regulations, orders, and decisions. SED is also responsible for investigations of utility incidents, including fires, and assisting the Commission in promoting public safety.

SCE is an investor-owned utility and is subject to the jurisdiction of the Commission with respect to providing electric service to CPUC-jurisdictional retail customers. SCE serves a population of 15 million in a 50,000-square-mile service area within Central, Coastal, and Southern California.

2. Elements Required By Section III.A.7 of the Commission's Enforcement Policy for Administrative Consent Orders

Except as explicitly stated herein, the Parties expressly agree and acknowledge that neither this ACO nor any act performed hereunder is, or may be deemed, an admission or evidence of the validity or invalidity of any allegations or claims of the SED, nor is the

Agreement or any act performed hereunder to be construed as an admission or evidence of any wrongdoing, fault, omission, negligence, imprudence, or liability on the part of SCE. This is a negotiated proposed settlement of a disputed matter and, except where explicitly specified, SCE specifically and expressly denies any fault, negligence, imprudence or violation with respect to the 2017/2018 Southern California Fires.

A. The law or Commission order, resolution, decision, or rule violated by the regulated entity

Appendix A to this ACO sets forth SED's alleged violations of Commission rules that SCE does not contest, as well as additional violations alleged by SED that SCE disputes.

B. The facts that form the basis for each violation

Part I of Appendix A contains relevant stipulated facts relating to the 2017/2018 Southern California Fires and SED's investigations. Part II of Appendix A contains the facts that form the basis for each violation that SCE does not contest, as well as facts alleged by SED that form the basis for SED's additional alleged violations that SCE disputes, and SCE's responses thereto.

C. The number of violations including the dates on which violations occurred

Part II of Appendix A lists the violations that SCE does not contest, with corresponding dates. Appendix A also includes the violations alleged by SED that SCE disputes, with corresponding dates.

D. Information related to the potential for additional or ongoing violations

With regard to the potential for additional or ongoing violations related to the underlying alleged facts and circumstances of the 2017/2018 Southern California Fires, the Parties intend this Agreement to be a complete and final resolution of all claims which have been, or might have been, brought by SED, based on the information available to the Parties.

E. An agreement by the regulated entity to correct each violation

SCE asserts and agrees that it has not left uncorrected any alleged violations, whether uncontested or contested, relating to the 2017/2018 Southern California Fires. Consistent with Section 2.F.2 and Appendix B of this ACO, SCE also commits to expend shareholder funds on Safety Measures, as defined therein.

F. An agreement by the regulated entity to pay any penalty by a date specified

SCE agrees to fines, safety measures and disallowances totaling \$550,000,000 as follows (hereinafter collectively “ACO Amounts,” as described more fully in corresponding sections below):

- \$110,000,000: Fine to the General Fund of the State of California;
- \$ 65,000,000: Shareholder-funded Safety Measures; and
- \$375,000,000: Permanent Disallowances of cost recovery.

The terms of the ACO reflect the Parties’ integrated agreement inclusive of the anticipated tax treatment of the ACO Amounts. Having considered the potential tax treatment applicable to the ACO Amounts, the Parties expressly agree that the ACO Amounts are fair, just, and reasonable without any adjustment to account for any tax benefits or liabilities that may be realized by SCE or its shareholders.³

1) Fine to the General Fund

\$55,000,000, or half of the agreed-upon fine, shall be paid within 90 days after the date of Commission Approval (defined in Section 4.E., below), and the other half, \$55,000,000, shall be paid within 180 days of the first installment.

2) Safety Measures

\$65,000,000 in shareholder funds shall be committed to Safety Measures, defined as a combination of system enhancements; community engagement and protection

³ This result is consistent with D.21-09-026, Conclusion of Law No. 39, p. 96 (“There should be no adjustment to the bill credit or other remedies adopted in this decision to account for any tax benefits PG&E may receive.”) and D.15-04-024, Conclusion of Law No. 49, p. 238 (“There should be no adjustment to the bill credit or other remedies adopted in this decision to account for any tax benefits PG&E should receive.”)

initiatives to protect against future harm to the environment, ecosystem, and natural resources; funding for CPUC regulatory safety program enhancements; and financial contributions to fire safety-focused non-profit organizations. Details regarding the initial scope and allocation of funds among Safety Measures, and SCE's reporting and other obligations, are set forth in Appendix B. Those details may be modified upon agreement by SCE and SED at their mutual discretion, provided that the total committed and spent funding equals \$65,000,000 within five years of Commission Approval of this ACO.

3) Permanent Disallowances of Rate Recovery

SCE agrees to permanently waive its right to seek cost recovery for \$375,000,000 of third-party uninsured claims payments recorded in its Commission-approved Wildfire Expense Memorandum Account (WEMA), with an allocation equal to \$125,000,000 of claims related to the Thomas Fire and \$250,000,000 of claims related to the Woolsey Fire.

SCE and SED agree that the total ACO Amounts are reasonable to resolve all disputed issues involving the 2017/2018 Southern California Fires. In determining the agreed-upon ACO Amounts, both Parties recognize that SCE has not yet filed a cost recovery application formally seeking a reasonableness review of the wildfire claims costs above insurance that are being recorded in the WEMA. With the application of the doctrine of inverse condemnation that imposes liability for property losses regardless of fault when utility equipment operated for the public benefit is a substantial cause of damage, the Parties expressly recognize that SCE has a viable and good faith claim to seek cost recovery for the wildfire claims costs it has borne above insurance.

The Parties have considered and weighed the indeterminate outcome of such future proceeding(s), and have agreed that the Permanent Disallowance component mandating SCE's up-front and permanent waiver of \$125,000,000 of Thomas claims payouts and \$250,000,000 of Woolsey claims payouts, when

considered in the aggregate with the balance of ACO Amounts, is just, reasonable and fair.

3. Additional Terms

A. Confidentiality and Public Disclosure Obligations

The Parties agree to continue to abide by the confidentiality provisions and protections of Rule 12.6 of the Commission's Rules of Practice and Procedure, which governs the discussions, admissions, concessions, and offers to settle that preceded execution of this ACO and that were exchanged in all efforts to support its approval. Those prior negotiations and communications shall remain confidential indefinitely, and the Parties shall not disclose them outside the negotiations without the consent of both Parties. The Parties agree to coordinate as to the timing and content of mutual and/or individual public communications. Notwithstanding the foregoing, SCE may make any disclosures it deems appropriate, in its sole discretion, in order to satisfy its obligations under securities laws.

B. Capital Structure Waiver

SCE financed the regulatory asset associated with the third-party claims payouts for the 2017/2018 Southern California Fires events with debt, and recorded associated after-tax, non-cash charges to equity. Per D.20-05-005, SCE is authorized to 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. Decision 20-05-005 concluded that such an exclusion will not harm customers where the debt is "not used to finance rate base."⁴ Given that neither the \$375,000,000 of Permanent Disallowances, nor the balance of the ACO Amounts, will be included in rate base, the Parties agree that SCE may, on a permanent basis, exclude from its ratemaking capital structure any after-tax charges to equity or debt borrowed to finance the ACO Amounts.

⁴ D.20-05-005, p. 21 (Finding of Fact 16).

C. Future Proceedings

The Parties agree to avoid and abstain from making any collateral attacks on this ACO or taking positions in other venues that would undermine the effect of the ACO.

~~SED shall not participate as a party in any future cost recovery proceeding about SCE's conduct related to the 2017/2018 Southern California Fires, nor shall it oppose any request by SCE to recover costs related to the 2017/2018 Southern California Fires in any future cost recovery proceeding.~~

Nothing in this ACO constitutes a waiver by SED of its legal obligation, authority, or discretion to investigate and enforce applicable safety requirements and standards (including, without limitation, provisions of General Order (GO) 95 and GO 165) as to any future conduct by SCE that SED may identify as the basis for any alleged violation(s). SED shall retain such authority regardless of any factual or legal similarities to the alleged facts and violations related to the 2017/2018 Southern California Fires.

Nothing in this ACO constitutes a waiver by SCE of its legal rights to defend the prudence of its conduct in connection with the 2017/2018 Southern California Fires, including with respect to the relevance and applicability of GO 95 and 165, in a future cost recovery proceeding before the Commission, or in a future enforcement matter regardless of any factual or legal similarities to the alleged facts and violations resolved herein.

D. Regulatory Approval Process

Pursuant to Resolution M-4846, this ACO shall be submitted for public notice and comment. Upon approval or ratification of this ACO, the final resolution will “validate[] the order, which becomes an act of the Commission itself.”⁵

By signing this ACO, the Parties acknowledge that they pledge support for Commission Approval and subsequent implementation of all the provisions of this ACO. The Parties shall use their best efforts to obtain Commission Approval of this ACO without modification, and agree to use best efforts to actively oppose any modification thereto. Should any Alternate Draft Resolution seek a modification to this ACO, and should any Party be unwilling to accept such modification, that Party shall so notify the other Party within five business days of issuance of the Alternate Draft Resolution. The Parties shall thereafter promptly discuss the modification and negotiate in good faith to achieve a resolution acceptable to the Parties and shall promptly seek approval of the resolution so achieved. Failure to resolve such modification to the satisfaction of Parties, or to obtain approval of such resolution promptly thereafter, shall entitle any Party to terminate this Agreement through prompt notice to the other Party. *See also* Section 4.D., below.

If Commission Approval is not obtained, the Parties reserve all rights to take any position whatsoever regarding any fact or matter of law at issue in any future enforcement action or proceeding about the 2017/2018 Southern California Fires.

E. Admissibility

If this ACO is not adopted by the Commission, its terms are inadmissible for any evidentiary purpose unless their admission is agreed to by the Parties. Nothing in this ACO shall be deemed to constitute an admission by either SCE or SED that its

⁵ Resolution M-4846, p. 8.

position on any issue lacks merit or that its position has greater or lesser merit than the position taken by the other Party.

In entering into this ACO, SED and SCE expect and intend that neither the fact of this ACO nor any of its specific contents will be admissible as evidence of fault or liability in any other proceeding before the Commission, any other administrative body, or any court. In this regard, the Parties are relying on Evidence Code section 1152(a) and Public Utilities Code section 315. Furthermore, such use of this ACO or any of its contents in any other proceeding before the Commission, any other administrative body, or any court would frustrate and interfere with the Commission's stated policy preference for settlements rather than litigated outcomes.

F. Due Process

SCE's waiver of its due process rights to an evidentiary hearing on the matters set forth herein is conditioned on a final Commission resolution or order approving this ACO without modification, or with modifications agreeable to the Parties.

4. General Provisions

A. Full Resolution

Upon Commission Approval, this ACO fully and finally resolves any and all claims and disputes between SED and SCE related to the 2017/2018 Southern California Fires, and provides for consideration in full settlement and discharge of all disputes, rights, enforcement actions, notices of violations, citations, claims and causes of action which have, or might have been, brought by SED related to or arising from the 2017/2018 Southern California Fires.

The Parties expressly agree that SED's release of claims is intended to and does extend to any and all claims SED may have against SCE arising out of or related in any way to the 2017/2018 Southern California Fires, now or in the future, whether known or unknown. SED expressly and specifically waives any rights or benefits available to it under California Civil Code Section 1542.

B. Non-Precedent

Except as stated herein, the Parties agree and intend that a final Commission resolution approving this ACO should not be construed as a precedent or statement of policy of any kind for or against either Party in any current or future proceeding with respect to any issue addressed in this ACO.

C. General Considerations for Settlement

Section III.B of the Commission’s Enforcement Policy states that “the following general considerations should be evaluated as part of any proposed settlement to be submitted for Commission review: 1. Equitable Factors; 2. Mitigating circumstances; 3. Evidentiary issues; and 4. Other weaknesses in the enforcement action[.]”⁶ The Parties explicitly considered these factors in their confidential settlement communications. Without waiving the protections of Rule 12.6 of the Commission’s Rules of Practice and Procedure, the Parties represent that they took into account, *inter alia*, the substantial and continuing progress SCE has made since the 2017/2018 Southern California Fires, first through its Grid Safety & Resiliency Program and then through its successive Wildfire Mitigation Plans and Updates thereto, to reduce the risk of ignitions associated with its infrastructure. The Parties also considered the substantial commitment of shareholder funds for wildfire-related issues as a result of Assembly Bill 1054. SED recognizes SCE’s cooperation and willingness to constructively engage with SED on the negotiation of this ACO, and SED explicitly considered a range of evidentiary and other matters that would bear upon its pursuit of enforcement actions seeking penalties or citations on disputed issues of fact and law. When taken as a whole, the Parties agree that the ACO Amounts in Section 2 are within the range of reasonable outcomes had the matters proceeded to formal litigation.

⁶ Enforcement Policy, Section III.B, p. 15.

D. Incorporation of Complete ACO

The Parties have bargained in good faith to reach the ACO terms set forth herein, including appendices. The Parties intend the ACO to be interpreted as a unified, integrated order and agreement, so that, consistent with Paragraph 3.D., above, if the Commission rejects or modifies any portion of this ACO or modifies the obligations placed upon SCE or SED from those that the ACO would impose, each Party shall have a right to withdraw. This ACO is to be treated as a complete package and not as a collection of separate agreements on discrete issues. To accommodate the interests related to diverse issues, the Parties acknowledge that changes, concessions, or compromises by a Party in one section of this ACO resulted in changes, concessions, or compromises by the other Party in other sections. Consequently, consistent with Paragraph 3.D., above, the Parties agree to actively oppose any modification of this ACO, whether proposed by any Party or non-Party to the ACO or proposed by an Alternate Draft Resolution, unless both Parties jointly agree to support such modification.

E. Commission Approval

“Commission Approval” means a resolution or decision of the Commission that (a) is final and no longer subject to appeal, which approves this ACO in full; and (b) does not contain conditions or modification unacceptable to either Party.

F. Governing Law

This ACO 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.

G. Other

- 1) The representatives of the Parties signing this ACO are fully authorized to enter into this Agreement.
- 2) The Parties agree that no provision of this ACO shall be construed against either Party because a particular Party or its counsel drafted the provision.

- 3) This ACO constitutes the entire agreement between the Parties and, with one exception,⁷ supersedes all prior or contemporaneous agreements, negotiations, representations, warranties, and understandings of the Parties with respect to the subject matter set forth herein.
- 4) The rights conferred and obligations imposed on either of the Parties by this ACO shall inure to the benefit of or be binding on that Party's successors in interest or assignees as if such successor or assignee was itself a party to this ACO.
- 5) Should any dispute arise between the Parties regarding the manner in which this ACO or any term shall be implemented, the Parties agree, prior to initiation of any other remedy, to work in good faith to resolve such differences in a manner consistent with both the express language and the intent of the Parties in entering into this ACO.
- 6) This ACO governs CPUC-jurisdictional costs only.
- 7) No Party may unilaterally file a petition for modification or application for rehearing of the Commission resolution or decision approving this ACO without modification.
- 8) This ACO may be executed in counterparts.
- 9) Nothing in this ACO relieves SCE of any safety responsibilities imposed on it by law or Commission rules, orders, or decisions.

⁷ See Section 3.A., above, regarding the continuing obligation to coordinate, as needed, regarding public statements concerning this ACO, with an explicit exception governing SCE's public disclosure obligations.

The Parties mutually believe that, based on the terms and conditions stated above, this ACO is reasonable, is consistent with the law, and is in the public interest.

IT IS HEREBY AGREED.

Dated: 10/21/2021 _____

SAFETY AND ENFORCEMENT DIVISION OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION

DocuSigned by:

E3A37320690E40A

By: Leslie Palmer
Title: Director

Dated: 10/21/2021 _____

SOUTHERN CALIFORNIA EDISON COMPANY

DocuSigned by:

54F66B17F674496...

By: Kevin Payne
Title: President and Chief Executive Officer

Appendix A

Detail Relating to Section 2.A through 2.C of the ACO

I. STIPULATED FACTS RELEVANT TO THE 2017-2018 SOUTHERN CALIFORNIA WILDFIRES

A. Rye

- i. According to the Los Angeles County Fire Department's (LACFD) incident website, on December 5, 2017, at 9:32am, a wildland fire identified as the "Rye Fire" was first reported in the vicinity of the 25000 block of Rye Canyon Loop Road in the City of Santa Clarita in Los Angeles County.
- ii. SCE's records indicate that, on December 5, 2017, at 9:30am, with Red Flag and System Operating Bulletin 322 (reclosers in manual) in effect, the Nighthawk 16kV Circuit out of Lockheed Substation relayed to a lock out. The suspected cause of the relay was found at Pole No. 4389254E. SCE found one of the down guy wires that supported the 66kV transmission line detached from its anchor support. The Parties believe that such down guy likely made contact with a jumper wire for the top phase of the Nighthawk 16kV and a jumper for its common neutral. The Parties believe that arcing was present on the downed section of guy wire and on the Nighthawk 16kV's phase jumper conductor and the neutral jumper conductor.
- iii. CPUC GO 165 provides minimum required intervals for detailed and annual inspections. SCE's records indicate that prior to the Rye Fire, SCE had inspected the area and equipment at issue per such guidelines and according to SCE's Distribution Inspection and Maintenance Program (DIMP).
- iv. The LACFD conducted an investigation into the Rye Fire and found that a failed guy wire made contact with power lines causing an arc flash, igniting grass and brush.

B. Liberty

- i. On December 7, 2017, at approximately 1:14pm, a wildland fire known as the "Liberty Fire" was reported near Los Alamos Road and Clinton Keith Road in the City of Murrieta.
- ii. SCE's records indicate that on December 7, 2017, at approximately 1:08pm, with Red Flag and System Operating Bulletin 322 (reclosers in manual) in effect, the Clydesdale 12 kV Circuit out of Auld Substation relayed. The Parties believe that Pole Switch 2191 failed, which was supported by Pole No. 2090695E.
- iii. CPUC GO 165 provides minimum required intervals for detailed and annual inspections. SCE's records indicate that prior to the Liberty Fire, SCE had inspected the area and equipment at issue per such guidelines and according to SCE's DIMP.

- iv. The California Department of Forestry and Fire Protection (CAL FIRE) performed an investigation into the Liberty Fire and determined that the pole switch 2191 on SCE pole number 2090695E failed, igniting vegetation around the base of the pole.

C. Meyers

- i. SCE's records indicate that, on December 5, 2017, with Red Flag and System Operating Bulletin 322 (reclosers in manual) in effect, the Northpark 12 kV Circuit out of Shandin Substation relayed several times, with the circuit patrolled each time by SCE field personnel before it was re-energized. The last circuit interruption prior to the fire was at 12:16pm.
- ii. On December 5, 2017, at approximately 1:28pm, a grass fire known as the "Meyers Fire" was reported close to the Highway 15 and Highway 215 junction, near Glen Helen Regional Park in the County of San Bernardino.
- iii. Upon notice of the fire incident, SCE dispatched field personnel who discovered a primary tie wire was broken at Pole No. 200046S near the aforementioned location. The Parties believe that when the tie wire failed, three spans of the south phase of a single phase (two-wire) tapline came down.
- iv. CPUC GO 165 provides minimum required internals for detailed and annual inspections. SCE's records indicate that prior to the Meyers Fire, SCE had inspected the area and equipment at issue per such guidelines and according to SCE's DIMP.
- v. The San Bernardino County Fire Department investigated the fire, finding that "it appear[ed] that an energized Edison power line became detached from its pole crossmember insulator, fell and contacted the ground. More likely than not arcing occurred and the surrounding vegetation ignited." The agency ruled the fire "accidental."

D. Thomas

- i. On December 4, 2017, at 6:23pm, two 911 callers reported a wildland fire in the Anlauf Canyon area of Santa Paula. This fire came to be known as the "Thomas Fire." Another 911 caller reported a second wildland fire at 7:30pm near 12695 Koenigstein Road in Santa Paula. This second fire came to be known as the "Koenigstein Fire."
- ii. At the Anlauf Canyon Area, SCE's records indicate that, on December 4, 2017, at approximately 6:41pm, with Red Flag and System Operating Bulletin 322 (reclosers in manual) in effect, Remote Automatic Recloser (RAR) 1228 on the Castro 16kV Circuit out of Wakefield Substation relayed to a lockout. Additionally, a two-second low-voltage event was recorded on several of the smart meters in the area at approximately 6:17pm.

- iii. At the Koenigstein Road Area, SCE's records indicate that on December 4, 2017 at 7:27pm, under conditions of high winds, with Red Flag and System Operating Bulletin (reclosers in manual) in effect, RAR 0179, which is also part of the Castro 16kV Circuit out of Wakefield Substation, relayed to a lock out. SCE identified a downed conductor believed to be the center phase of a three wire, three phase section of the Castro 16kV.
- iv. CPUC GO 165 provides minimum required intervals for detailed and annual inspections for overhead distribution equipment. Prior to the Thomas Fire and Koenigstein Fire, SCE's records indicate that SCE had inspected the areas and equipment at issue within such timelines and according to SCE's DIMP.
- v. CAL FIRE and Ventura County Fire Department (VCFD) performed a joint investigation into the cause of the ignition of the Thomas Fire and determined that there were two separate ignitions: one ignition at Anlauf Canyon and one ignition at Koenigstein Road. CAL FIRE and VCFD concluded in their joint investigation of the Thomas Fire ignited at Anlauf Canyon that that two or more conductors of the Castro 16 kv Circuit between poles numbered 1025341E, 1202085E, and 3002114E made contact on December 4, 2017.

E. Woolsey

- i. On November 8, 2018, a wildfire identified as the "Woolsey Fire" was reported in the vicinity of E Street and Alfa Road, south of Simi Valley (Ventura County). The fire was first reported in an area south of SCE's Chatsworth Substation located near the Santa Susana Field Laboratory.
- ii. SCE's records indicate that on November 8, 2018, at 2:22pm, with Red Flag Warning and System Operating Bulletin 322 (reclosers in manual) in effect, the Big Rock 16kV circuit out of Chatsworth Substation relayed and was blocked from testing due to the constraint on the recloser.
- iii. According to CAL FIRE, the Woolsey Fire started at 2:24pm on November 8, 2018.
- iv. CAL FIRE's Report states the following: "The Investigation Team (IT) determined electrical equipment associated with the Big Rock 16 kV circuit, owned and operated by Southern California Edison (SCE), was the cause of the Woolsey Fire. The IT determined the fire was caused by a series of events. The series of events began when a slack SCE transmission guy wire arced with the energized A-phase jumper conductor on pole number 4534353E at Site #2."
- v. SCE's records indicate that on November 8, 2018, SCE first responders found a guy wire ("Down Guy 1") in proximity to a jumper at a lightweight tubular steel pole, SCE pole number 4534353E ("steel pole location"). Subsequently, at the request of VCFD and CAL FIRE investigators, SCE removed and provided CAL FIRE portions of SCE's facilities located in the vicinity of the

guy wire and jumper, including a pole top and multiple guy wires. In addition to this location, CAL FIRE also retained other SCE telecommunication equipment and telecommunication equipment owned by a third party near a second location (“comm location”).

- vi. SCE’s records indicate that SCE had inspected its distribution facilities at issue near the steel pole location per SCE’s DIMP. The last annual patrol prior to the Woolsey Fire on the Big Rock Circuit near the steel pole was in January 2018 and the last detailed inspection prior to the Woolsey Fire on pole 4534353E was in January 2018. In addition, SCE’s records indicate that SCE also inspected its telecommunication facilities. It last inspected its telecommunication facilities near the steel pole and near the comm location in May 2018.

II. ALLEGED VIOLATIONS AND ALLEGED SUPPORTING FACTS

The tables below list violations alleged by SED and the alleged facts that SED believes form the basis for the alleged violations. SCE does not admit that SED’s alleged violations are valid given the underlying facts. SCE also does not admit that SED’s alleged facts are true, accurate, or complete, that the inferences or conclusions SED draws from those alleged facts are correct, or that SED’s alleged facts form the basis for an alleged violation.

SED does not admit or agree that SCE’s responses to SED’s alleged violations and supporting facts are valid. SED also does not admit or agree that SCE’s responses are true, accurate, or complete, that the inferences or conclusions SCE draws from those responses are correct, or that SCE’s responses form the basis for a valid defense.

A. UNCONTESTED ALLEGED VIOLATIONS

i. **Rye Fire**

- 1. SED Alleged Violation: Violation of GO 95, Rule 44.3, Failure to meet safety factor requirements for associated guy wire. Date: December 5, 2017.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ SED found that SCE failed to replace Guy Wire #4 before its safety factor fell below 1.33, as required by Rule 44.3. The load applied/considered on Guy Wire #4, was less than the required breaking strength for Guy Wire #4. Therefore, the guy wire assembly did not have the strength it was required to have, which is a violation of GO 95, Rule 44.3.
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SCE Response	<ul style="list-style-type: none"> ▪ SCE does not contest this alleged violation for purposes of this Agreement.
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ii. **Woolsey Fire**

2. SED Alleged Violation: GO 95, Rule 18, Failure to assign a priority level to the condition associated with the broken ECS messenger wire and the broken ECS lashing wire. Date: May 10, 2018.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ During SCE's telecommunications inspection on May 10, 2018, SCE did not assign a priority level to that finding or the corresponding corrective action.
SCE Response	<ul style="list-style-type: none"> ▪ SCE does not contest this alleged violation for purposes of this Agreement.

3. SED Alleged Violation: GO 95, Rule 37, Failure to maintain the minimum above ground clearance of its messenger wire (Messenger Wire 3). Date: January 23, 2018.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ SED staff observed and photographed this condition on November 14, 2018. ▪ SCE acknowledged that the messenger had been broken as of January 23, 2018 when it was discovered by an SCE inspector.
SCE Response	<ul style="list-style-type: none"> ▪ SCE does not contest this alleged violation for purposes of this Agreement.

B. CONTESTED ALLEGED VIOLATIONS

i. **Rye Fire**

1. SED Alleged Violation: GO 95, Rule 48, Strength of guy wire. Date: December 5, 2017.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ GO 95, Rule 48 requires that facilities be designed and constructed so that they will not fail at any load less than the calculated maximum working load multiplied by a required safety factor. The guy wire and all of its components were installed in 1999. SCE did not design or construct Guy Wire #4 and its assembly in a way to prevent them from failing under known local wind conditions. A guy wire assembly that is designed (and subsequently maintained) properly should not fail during normal wind conditions.
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	<ul style="list-style-type: none"> ▪ SED’s investigation found no indication or evidence to suggest that the working load imposed on the guy wire was unusual or abnormal.
SCE Response	<ul style="list-style-type: none"> ▪ SCE disputes the alleged violation. ▪ The mere fact that a guy wire and its assembly failed does not mean that the design of the guy wire and its assembly did not meet accepted good practice in the industry. There is no evidence to support SED’s alleged facts that SCE improperly designed and constructed the guy wire and assembly at issue and the fact the subject guy wire assembly functioned for nearly two decades without issue belies SED’s allegation that there may have been an unspecified design or installation failure. ▪ In addition, there is no evidence to support the position that the wind conditions were normal for the area. SCE further notes that air is fluid, and changes may behave differently at the event location compared to the location information considered by SED. Components, such as guy wires, have a rated strength from a manufacturer. It is possible that the actual strength could be less than the rated strength even though SCE’s engineering analyses were all prudent.

ii. **Liberty Fire**

2. SED Alleged Violation: A violation of GO 95, Rule 31.1, Failure to design, construct and maintain electrical supply systems for their intended use, regard being given to the conditions under which they are to be operated, to enable the furnishing of safe, proper, and adequate service. PS 2191 not properly maintained. Date: December 7, 2017.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ A pole switch failed due to electrical arcing during a fault event. The protective scheme on the Clydesdale 12 kV circuit did not prevent a fault event from subsequently causing failure of the pole switch. Utilities employ protective devices, such as fuses, relays, and breakers to interrupt and de-energize a circuit during fault conditions in order to prevent equipment (such as conductors, transformers, switches, etc.) from failing thus causing property damage, fires, injuries, and fatalities. SCE’s protective scheme did not prevent the switch from failing. Instead, the switch failed, arced, and sparked, thus, igniting a fire. Therefore, SCE did not maintain or operate PS 2191 and/or the Clydesdale 12 kV circuit in a safe manner to prevent it from failing and arcing.
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<p>SCE Response</p>	<ul style="list-style-type: none"> ▪ SCE disputes the alleged violation. ▪ Accepted good practice in the industry does not require protective schemes for pole switches to prevent a fault from subsequently causing failure of a pole switch. The mere fact of a pole switch failing does not mean that the protective scheme applied to the circuit did not meet accepted good practice in the industry and as such, is insufficient to give rise to a violation under GO 95, Rule 31.1. ▪ In addition, there is no evidence or specific allegations regarding any alleged improper or deficient maintenance or operation of PS 2191.
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iii. **Meyers Fire**

3. SED Alleged Violation: GO 95, Rule 31.1, Failure to design, construct and maintain electrical supply systems for their intended use, regard being given to the conditions under which they are to be operated, to enable the furnishing of safe, proper, and adequate service. Failure of Northpark 12 kV circuit. Date: December 5, 2017.

<p>SED Alleged Facts</p>	<ul style="list-style-type: none"> ▪ The wind speed at the time the 12 kV conductor and the tie wire fell down was typical for the area, and there was no indication that any other external force could have caused the 12 kV conductor to break and fall, or the tie wire to break or slip from the insulator. A 12 kV conductor and a tie wire that are properly installed and maintained should not fall down during normal conditions. Thus, SCE violated GO 95, Rule 31.1, for failing to maintain the 12 kV conductor and the tie wire safely to prevent them from falling to the ground during condition normal to the area.
<p>SCE Response</p>	<ul style="list-style-type: none"> ▪ SCE disputes this alleged violation. ▪ Accepted good practice in the industry does not require that a conductor or tie wire never detach and fall to the ground. The mere fact of the conductor and associated tie wire detaching and falling to the ground under these conditions does not mean that the conductor and tie wire did not meet accepted good practice in the industry and is insufficient to give rise to a violation under GO 95, Rule 31.1. tie wire never detach and fall to the ground. The mere fact of the conductor and associated tie wire detaching and falling to the ground under these conditions is insufficient to give rise to a violation under GO 95, Rule 31.1. ▪ Furthermore, there is no evidence to support the position that the wind conditions were normal for the area. SCE further notes that air is fluid, and changes may behave differently at the event location compared to the location information considered by SED.

	Components, such as guy wires, have a rated strength from a manufacturer. SED's alleged supporting facts do not establish the wind speed at the location where the conductor fell.
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iv. **Thomas Fire**

4. SED Alleged Violation: GO 95, Rule 38, Failure to maintain minimum conductor clearances. Date: December 4, 2017.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ CAL FIRE and VCFD concluded in their joint investigation of the Anlauf Canyon ignition site that two or more conductors of the same circuit between Pole Nos. 1025341E, 1202085E, and 3002114E made contact on December 4, 2017. ▪ Based on CAL FIRE and VCFD findings, SED determined that the contact between two SCE's overhead 16 kV conductors was in violation of GO 95, Rule 38. ▪ General Order 95, Rule 38, Table 2, Case 17, requires 16 kV conductors of the same circuit to maintain clearance of 6 inches. This clearance shall in no case be reduced more than 10 percent, except mid-span in Tier 3 of the High Fire-Threat District where they shall be reduced by no more than 5 percent, because of temperature and loading as specified in Rule 43.
SCE Response	<ul style="list-style-type: none"> ▪ SCE disputes the alleged violation. ▪ Regarding the alleged supporting facts, SCE disagrees that the alleged line slaps described in the report occurred or, if they did, were in any way associated with the ignition of the Thomas Fire. And SCE disputes that the area of the alleged slaps was in the vicinity of the actual origin of the Thomas Fire. Moreover, SCE notes that if such alleged line slaps occurred during extreme weather conditions, the mere fact of contact between lines under such conditions is insufficient to give rise to a violation under GO 95, Rule 38.

v. **Woolsey Fire**

5. SED Alleged Violation: GO 95, Rule 38, Failure to maintain minimum clearance, Down Guy 1 and SCE 16 kV jumper wire. Date: November 8, 2018.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ On November 14, 2018, SED staff measured the distance between the jumper wire and the down guy wire. The distance was found to be approximately 7 inches. SCE later performed a LiDAR survey of Site 2 on November 16, 2018. The results of the survey showed that the distance between the down guy wire and jumper wire was 0.59 feet, or 7.1 inches.
SCE Response	<ul style="list-style-type: none"> ▪ SCE disputes this alleged violation. ▪ Regarding the alleged supporting facts, SED has not provided sufficient evidence of the spacing under the conditions set forth in Rule 38 prior to the Woolsey Fire. ▪ SCE does not dispute the condition noted by SED during its November 14, 2018 field visit, but SCE does not admit that this condition existed prior to the events of November 8, 2018. This condition was not identified by inspections conducted prior to the Woolsey Fire. There were many intervening activities at this location, including fire suppression and investigation activities, that may have led to changed conditions between what existed prior to November 8 and what SED found on November 14. SCE notes that it had previously tightened the Down Guy at issue in 2017.

6. SED Alleged Violation: GO 95, Rule 38, Failure to maintain minimum vertical clearance, Down Guy 2 and Messenger Wire 1. Date: November 8, 2018.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ The photographs taken by SED staff on November 14, 2018 clearly show these two components in contact.
SCE Response	<ul style="list-style-type: none"> ▪ SCE disputes this alleged violation. ▪ Regarding the alleged supporting facts, SED has not provided sufficient evidence of the spacing under the conditions set forth in Rule 38 prior to the Woolsey Fire. ▪ SCE does not dispute the condition noted by SED during its November 14, 2018 field visit, but SCE does not admit that this condition existed prior to the events of November 8, 2018. This condition was not identified by inspections conducted prior to the Woolsey Fire. There were many intervening activities at this location, including fire suppression and investigation activities, that may have led to changed conditions between what existed prior to November 8 and what SED found on November 14.

7. SED Alleged Violation: GO 95, Rule 38, Failure to maintain minimum vertical clearance, Down Guy 2 and ECS communications conductor No. 06044. Date: November 8, 2018.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ The photographs taken by SED staff on November 14, 2018, show these two components in close proximity. The photographs show that the down guy wire passed approximately three inches above the communications conductor.
SCE Response	<ul style="list-style-type: none"> ▪ SCE disputes this alleged violation. ▪ Regarding the alleged supporting facts, SED has not provided sufficient evidence of the spacing under the conditions set forth in Rule 38 prior to the Woolsey Fire. ▪ SCE does not dispute the condition noted by SED during its November 14, 2018 field visit, but SCE does not admit that this condition existed prior to the events of November 8, 2018. This condition was not identified by inspections conducted prior to the Woolsey Fire. There were many intervening activities at this location, including fire suppression and investigation activities, that may have led to changed conditions between what existed prior to November 8 and what SED found on November 14.

8. SED Alleged Violation: GO 95, Rule 38, Failure to maintain minimum radial clearance, Down Guy 2 and ECS communications conductor No. 06044 traveling westbound. Date: November 8, 2018.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ The photographs taken by SED staff on November 14, 2018, show these two components in close proximity. The photographs show that the down guy wire passed approximately three inches above the communications conductor.
SCE Response	<ul style="list-style-type: none"> ▪ SCE disputes this alleged violation. ▪ Regarding the alleged supporting facts, SED has not provided sufficient evidence of the spacing under the conditions set forth in Rule 38 prior to the Woolsey Fire. ▪ SCE does not dispute the condition noted by SED during its November 14, 2018 field visit, but SCE does not admit that this condition existed prior to the events of November 8, 2018. This condition was not identified by inspections conducted prior to the Woolsey Fire. There were many intervening activities at this location, including fire suppression and investigation activities, that may have led to changed conditions between what existed prior to November 8 and what SED found on November 14.

9. SED Alleged Violation: GO 95, Rule 38, Failure to maintain minimum vertical clearance, ECS communications conductor No. 06051 and third-party communications conductor. Date: November 8, 2018.

<p>SED Alleged Facts</p>	<ul style="list-style-type: none"> ▪ The lashing wire supporting the ECS communications conductor and adjacent third-party communications conductor were both partially melted, indicating that the conductors and their supporting guys and lashings had been in contact at the time the fault occurred. ▪ The two communications conductors in question can be seen to be in close proximity, approximately six inches apart. ▪ SED staff took another picture of the two conductors on November 14, 2018 that shows the two communications conductors crossing and in contact with each other.
<p>SCE Response</p>	<ul style="list-style-type: none"> ▪ SCE disputes this alleged violation. ▪ Regarding the alleged supporting facts, SED has not provided sufficient evidence of the spacing under the conditions set forth in Rule 38 prior to the Woolsey Fire.

10. SED Alleged Violation: GO 95, Rule 56.2, Failure to maintain tautness, Down Guys 1, 2, and 3. Date: November 8, 2018.

<p>SED Alleged Facts</p>	<p><u>Down Guy 1</u></p> <ul style="list-style-type: none"> ▪ Down Guy 1 made contact with the 16 kV jumper wire. It could not have reached the jumper if it were taut. ▪ SED staff observed the down guy to be loose during a November 14, 2018 field visit. <p><u>Down Guy 2</u></p> <ul style="list-style-type: none"> ▪ Photographs taken by SED staff on the same day show the down guy to be slack and loose. ▪ SED staff observed the down guy to be loose during a November 14, 2018 field visit. <p><u>Down Guy 3</u></p> <ul style="list-style-type: none"> ▪ SED staff observed the down guy to be loose during a November 14,
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	2018 field visit.
SCE Response	<ul style="list-style-type: none"> ▪ SCE disputes this alleged violation. ▪ Regarding the alleged supporting facts, SED has not provided sufficient evidence of the condition of the guy wires prior to the Woolsey Fire. ▪ SCE does not dispute the conditions noted by SED during its November 14, 2018 field visit, but SCE does not admit that these conditions existed prior to the events of November 8, 2018 noting that it had previously tightened Down Guy #1 in 2017. These conditions were not identified by inspections conducted prior to the Woolsey Fire. There were many intervening activities at this location, including fire suppression and investigation activities, that may have led to changed conditions between what existed prior to November 8 and what SED found on November 14.

11. SED Alleged Violation: GO 95, Rule 84.4-D4, Failure to maintain clearance between the two northbound ECS communications conductors and Pole 4534353E. Date: November 8, 2018.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ SED staff observed the communications conductors to be in contact with the steel pole but not attached to it during a November 14, 2018 field visit. ▪ SED staff took photographs showing this condition on the same day.
SCE Response	<ul style="list-style-type: none"> ▪ SCE disputes this alleged violation. ▪ SCE does not dispute the condition noted by SED during its November 14, 2018 field visit, but SCE does not admit that this condition existed prior to the events of November 8, 2018. This condition was not identified by inspections conducted prior to the Woolsey Fire. There were many intervening activities at this location, including fire suppression and investigation activities, that may have led to changed conditions between what existed prior to November 8 and what SED found on November 14.

12. SED Alleged Violation: GO 95, Rule 92.4-D1, Failure to ground Messenger Wires 1 and 2. Date: November 8, 2018.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ SED Staff traced Messenger Wire 2 east for approximately one mile and Messenger Wire 1 west for approximately one mile and did not
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	<p>observe any grounding of either messenger wire.</p> <ul style="list-style-type: none"> ▪ SCE also confirmed that the messenger wires were not grounded in a data request response.
SCE Response	<ul style="list-style-type: none"> ▪ SCE disputes this alleged violation. ▪ SCE does not dispute the condition noted by SED during its field visit, but SCE does not admit that this condition existed prior to the events of November 8, 2018. This condition was not identified by inspections conducted prior to the Woolsey Fire. There were many intervening activities at this location, including fire suppression and investigation activities, that may have led to changed conditions between what existed prior to November 8 and what SED found during its site visit.

13. SED Alleged Violation: GO 95, Rule 83.4B, Failure to bond messenger wires that intersect at a common pole. Date: November 8, 2018.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ SED staff observed and photographed this condition on November 14, 2018.
SCE Response	<ul style="list-style-type: none"> ▪ SCE disputes this alleged violation. ▪ SCE does not dispute the condition noted by SED during its November 14, 2018 field visit, but SCE does not admit that this condition existed prior to the events of November 8, 2018. This condition was not identified by inspections conducted prior to the Woolsey Fire. There were many intervening activities at this location, including fire suppression and investigation activities, that may have led to changed conditions between what existed prior to November 8 and what SED found on November 14.

14. SED Alleged Violation: GO 95, Rule 31.2, Failure to inspect lines. Date: December 26, 2016.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ SCE did not create a notification for the unbonded messenger wires on the Stubbed Pole during any of its patrol or detailed inspections during the ten years preceding the November 8, 2018 incident. ▪ SCE failed to thoroughly inspect Site 1 for overgrown vegetation, which caused the clearances between Edison's communications conductor and the other communications conductors in the span to fall below the minimum requirement. These violations were not noted on any inspection forms from between the 2015 fire (the report of
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	<p>which shows that the vegetation in this area was already severely straining the conductors) and the 2018 Woolsey Fire.</p>
SCE Response	<ul style="list-style-type: none"> ▪ SCE disputes this alleged violation. ▪ SCE does not dispute the condition noted by SED during its November 14, 2018 field visit, but SCE does not admit that this condition existed prior to the events of November 8, 2018. SCE disputes that the two alleged conditions existed as far back as 2016. This condition was not identified by inspections conducted prior to the Woolsey Fire. There were many intervening activities at this location, including fire suppression and investigation activities, that may have led to changed conditions between what existed prior to November 8 and what SED found on November 14. ▪ The mere fact that communication cables may make contact with vegetation does not create a safety hazard. The general order permits such contact as long as the cables do not show signs of strain or abrasion. Here, the subject communications conductor did not show signs of strain or abrasion, as those terms are defined under Rule 35. As such, the conditions were not safety hazards necessitating a notification.

15. SED Alleged Violation: GO 95, Rule 35, Failure to maintain vegetation, strain or abrasion. Date: December 26, 2015.

SED Alleged Facts	<ul style="list-style-type: none"> ▪ SED observed and photographed the overgrown vegetation on November 14, 2018.
SCE Response	<ul style="list-style-type: none"> ▪ SCE disputes this alleged violation. ▪ In addition, SCE does not admit that this condition existed prior to the events of November 8, 2018, or as far back as 2015. This condition was not identified by inspections conducted prior to the Woolsey Fire. There were many intervening activities at this location, including fire suppression and investigation activities, that may have led to changed conditions between what existed prior to November 8 and SED's field visits. ▪ Moreover, SCE does not believe that the subject communications conductor showed signs of strain or abrasion, as those terms are defined under Rule 35.

16. SED Alleged Violation: GO 95, Rule 31.1, Failure to design, construct and maintain electrical supply systems for their intended use, regard being given to the conditions under which they are to be operated, to enable the furnishing of safe, proper, and adequate service. Date: December 26, 2015.

<p>SED Alleged Facts</p>	<ul style="list-style-type: none"> ▪ SCE's written procedure for the inspection of communications conductors, Outside Plant Communication Inspection and Maintenance Process, states that detail and patrol inspections should be performed to identify discrepancies and safety hazards. An inspection that identified discrepancies and safety hazards of SCE's facilities at Site 1 would have revealed that the vegetation there was overgrown, and that minimum clearances between SCE's communications conductor and the other communications conductors in the span were not being maintained. However, these violations were not noted on any inspection forms from between the 2015 fire (the report of which shows that the vegetation in this area was already severely straining the conductors) and the 2018 Woolsey Fire.
<p>SCE Response</p>	<ul style="list-style-type: none"> ▪ SCE disputes this alleged violation. ▪ The mere fact that communication cables may make contact with vegetation does not create a safety hazard. The general order permits such contact as long as the cables do not show signs of strain or abrasion. Here, the subject communications conductor did not show signs of strain or abrasion, as those terms are defined under Rule 35. As such, the conditions were not safety hazards necessitating a notification. ▪ In addition, SCE does not admit that this condition existed prior to the events of November 8, 2018, or as far back as 2015. This condition was not identified by inspections conducted prior to the Woolsey Fire. There were many intervening activities at this location, including fire suppression and investigation activities, that may have led to changed conditions between what existed prior to November 8 and SED's field visits. ▪ As for the clearances between the communication conductors, SCE also notes that SED has not met its burden of proof demonstrating that the communication conductors violated the General Orders.

17. SED Alleged Violation: GO 95, Rule 31.6, Failure to remove abandoned communications conductor so that it would not become a hazard to life or property. Date: November 8, 2018.

SED Alleged Facts	<ul style="list-style-type: none">▪ SCE stated in a January 11, 2019 letter that communications cable No. 06044 was not in service at the time of the incident.
SCE Response	<ul style="list-style-type: none">▪ SCE disputes the alleged violation.▪ Regarding the alleged supporting facts, “not in service” is not the same as “abandoned.” While the communications conductor at issue was not in service, it was not abandoned, as evidenced by the fact that, after the fire, SCE replaced cable on No. 06044.

Appendix B
Safety Measures

SAFETY MEASURES

Consistent with Paragraph 2.F.2 of the Administrative Consent Order and Agreement (ACO), Southern California Edison Company (SCE) and the California Public Utilities Commission's Safety and Enforcement Division (SED) (together, Parties) agree that SCE shall commit \$65,000,000 of shareholder funding to the Safety Measures described herein.

I. ALLOCATION

The Parties agree to the following initial allocation across Safety Measures.¹ The parties anticipate that all of the shareholder funds assigned to the Safety Measures below will be exhausted within five years of Commission Approval of the ACO, but in the event any funds remain unspent, the Parties will meet and confer to reach an agreement regarding how the remaining funds are to be spent.

Category	Safety Measure	Shareholder-Funded Dollar Amounts
A	System Enhancements	\$40,000,000
	Community Engagement & Protection	
B	Additional Required Safety Measures and Studies	
C	Funding for CPUC Regulatory Safety Programs	\$1,000,000
D	Financial Contributions to Safety- and Wildfire Mitigation-Focused Non-Profit Organizations	\$24,000,000
Total:		\$65,000,000

II. SCOPE AND ELIGIBILITY OF COSTS

For Category A of Safety Measures above—System Enhancements and Community Engagement & Protection—SCE may select any combination of items to satisfy the agreed-upon

¹ As noted in Paragraph 2.F.2 of the ACO, the Parties may agree to modify this agreed-upon allocation and other details in this Appendix B provided that the total amount of shareholder funds committed to Safety Measures is \$65,000,000 and are expended within five years of Commission Approval of the ACO as defined in Paragraph 4.E of the ACO.

allocation. SCE has no obligation to choose all of the items listed and SCE will prioritize items that protect against harm to the environment, ecosystems, and natural resources. No more than 50% of the aggregate allocated dollars for Category A of the Safety Measures may be applied to costs that were recorded *before* Commission Approval of the ACO in Commission-approved wildfire-related memorandum account(s). SCE shall permanently waive its right to seek cost recovery for those recorded costs. The costs that make up the remaining allocation for Category A must be incurred *after* Commission Approval of the ACO. To the extent the costs are incurred after Commission Approval of the ACO for activities included in SCE's Wildfire Mitigation Plan, the associated scope of work shall be incremental to the program targets set forth in SCE's WMP for execution in the same year. Notwithstanding that incrementality restriction, nothing shall preclude SCE from relying on any or all system enhancements implemented in connection with this ACO for purposes of calculating risk reduction or for reporting on fire risk mitigation progress.

A. Category A: Safety Measures

i. System Enhancements

The following System Enhancements are eligible and, if selected for implementation, shall be informed by wildfire risk reduction prioritization, resource constraints (human and material), intra-year fire weather forecasts, Public Safety Power Shutoff impacts, and other emergent risks.

- *Wire Contact Remediation*: Action to mitigate the risk of conductor slapping from overhead infrastructure within the High Fire Risk Area, as informed by SCE's latest wildfire risk model supplemented by Light Detection and Ranging ("LiDAR") data.
- *Equipment Remediation Through Infrared*: Action to identify and remediate "hot" equipment by scanning infrared across SCE's overhead infrastructure within the High Fire Risk Area, as informed by SCE's latest wildfire risk model.
- *Firebreak Protection at Exempt Poles*: Action to develop a fire break at the base of poles that are exempt under Public Resource Code 4292, consistent with the fire breaks implemented for non-exempt poles,

informed by SCE's latest wildfire risk model supplemented by data about intra-year dry-fuel conditions.

ii. **Community Engagement and Protection**

The following Community Engagement & Protection initiatives are eligible and, if selected, shall entail the following activities, with the scope, frequency and duration to be determined by SCE in consultation with SED.

- *Community Outreach*: Hold meetings with customers in High Fire Risk Areas and community stakeholders, which are to be led by executives from SCE's Operations group; send newsletters to customers; deploy a marketing campaign, and/or conduct customer research surveys regarding SCE's WMP, emergency preparedness, and PSPS.
- *Community Protection*: Contribute additional fire suppression resources to local fire agencies to assist them in protecting SCE's service territory from wildfires.

B. Category B: Additional Required Safety Measures and Studies

SCE is required to perform the following Additional Safety Measures and Studies, except that if remaining allocated funds are projected to be insufficient to meet all the conditions, the Parties will meet and confer to discuss limiting the scope or re-prioritizing the measures referenced below:

- *Tensile Strength Testing*: No later than the next calendar year after Commission Approval of the ACO, SCE will conduct at least 10 tensile strength tests per year, for five years of conductors that are either removed from a wire down event or removed as a result of a proactive replacement project. The test will be performed by a lab specialized in such tests.

- *Wind Study*: Within five years of Commission Approval of the ACO, SCE will conduct a new wind study using a third party expert or its own updated wind modeling capabilities to refresh its existing wind study used for pole loading.
- *Redundant End Fittings*: Within five years of Commission Approval of the ACO, SCE will conduct a study using a reputable testing lab that will include evaluation of existing SCE standards for attaching conductors to structures to determine the efficacy and/or cost-benefits of redundant “end fittings.”

C. Category C: Funding for CPUC Regulatory Safety Programs

The Parties shall meet and confer within three months of Commission Approval of this ACO to determine how \$1,000,000 of shareholder funding will be used for CPUC Regulatory Safety Program support.

D. Category D: Financial Contributions to Safety- and Wildfire Mitigation-Focused Non-Profit Organizations

SCE’s shareholders shall make a total of \$24 million of contributions to safety- and wildfire mitigation-focused non-profit organizations. In selecting the funding recipients, SCE will prioritize those organizations focused on protection against potential fire damage to the environment, ecosystems, and natural resources. SCE has discretion to direct that funding to some or all of the following:

- California Fire Safe Council
- National Forest Foundation
- American Forest Foundation
- California Resilience Challenge
- California Community Foundation
- California Fire Foundation
- Direct Relief
- California Conservation Corps Foundation
- Undetermined Community Organizations, to be determined through mutual agreement between SCE and SED

III. REQUIRED SAFETY ACTIVITIES

Apart from implementing selected eligible Safety Measures from Section II above, SCE shall perform the following Required Safety Activities.

- *Vibration Dampers*: For at least the five-year period following Commission Approval of the ACO, SCE will continue to use vibration dampers as its standard for covered conductor installations for a majority of its construction. However, SCE retains discretion to modify its standard with updated information if a better standard becomes available or if a new failure mode is identified with the current standard.
- *Analysis of Notification Trends*: Beginning immediately after Commission Approval of the ACO, or the start of the next calendar year after Commission Approval of the ACO, SCE will analyze three years' worth of trends from its distribution overhead inspection programs to identify any significant negative trends. If any such significant trends are identified, SCE will investigate the potential underlying cause(s). SCE will transmit to SED a report of its findings by the second quarter in the year following the 3-year analysis period.
- *GO 95 Rulemaking*: SCE will support SED in good faith in any rulemaking opened within five years of Commission Approval of the ACO to examine General Order 95, in which SED may propose that the Commission address the probability of failure related to the median strength and variability of wood equipment (poles and cross arms). SCE reserves the right to express its views about considerations relevant to any proposed rule modification, including, but not limited to, safety benefits, cost-effectiveness, clear and uniform application of any new rules on Commission-jurisdictional utilities, etc.
- *Reporting Switch Failures*: SCE will query repair notifications of all overhead switch failures and report the causes, if known, each year over a five-year period following Commission Approval of the ACO. By the second quarter following each examined year, SCE will submit a report to SED with its findings.
- *Training First Responders*: During the calendar year following Commission Approval of the ACO SCE will provide a bulletin to its first responders stating that, in the event that they are responding to an incident involving an obvious equipment failure or equipment damage, they must first inspect the piece of equipment to ensure its safe use before operating or utilizing such equipment.

IV. TIMING AND COMPLETION OF SAFETY MEASURES

Funds committed to the Safety Measures in Section II shall be expended within five years of Commission Approval of the ACO. Upon expending the full \$65,000,000 of shareholder funding, SCE may elect to seek authority to recover from customers any remaining, unfinished Safety Measures subject to all applicable rules, burden of proof standards, and other procedures for recovery of costs from customers.

V. SCE REPORTING AND OTHER OBLIGATIONS

Except as referenced above, SCE shall submit quarterly reports to SED regarding implementation, progress and cost of the Safety Measures in this Appendix B until the end of the five-year period following Commission Approval of the ACO, or earlier if all \$65,000,000 dedicated to Safety Measures have been expended, whichever is earlier. SCE and SED will meet and make a good faith effort to reach agreement on the contents of the quarterly reports. SCE's quarterly reports shall, at a minimum, describe the Safety Measures implemented year-to-date, progress towards caps, and a computation of unspent funds consistent with the agreed-upon allocations. The Parties agree, however, that even if all \$65,000,000 dedicated to Safety Measures has been expended, SCE will continue to provide reports referenced in Section III under the timelines specified therein.