



December 13, 2022

Michael Backstrom  
Vice President, Regulatory Affairs  
Southern California Edison  
P.O. Box 800  
Rosemead, CA 91770

**SUBJECT: Office of Energy Infrastructure Safety Issuance of Southern California Edison Company's Safety Certification**

Dear Mr. Backstrom:

The Office of Energy Infrastructure Safety (Energy Safety) hereby issues Southern California Edison Company (SCE) a Safety Certification pursuant to Public Utilities Code section 8389(e). As detailed below, SCE's September 14, 2022, request for a Safety Certification meets all of the statutory requirements.<sup>1</sup> This Safety Certification is valid for twelve months from issuance and has only the force and effect given to it by Public Utilities Code sections 451.1(c) and 8389.

On August 25, 2022, Energy Safety issued its 2022 Safety Certification Guidelines providing the submission requirements for 2022 Safety Certification requests pursuant to Public Utilities Code section 8389(f)(2).<sup>2</sup> Energy Safety received opening comments on SCE's Safety Certification request from one stakeholder, the California Public Advocates Office (Cal Advocates).<sup>3</sup> SCE submitted reply comments on October 14, 2022.<sup>4</sup>

Energy Safety has reviewed SCE's request for a Safety Certification in accordance with the statutory requirements set out in Public Utilities Code section 8389(e). An overview of Energy Safety's findings follows.

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<sup>1</sup> [SCE's 2022 Safety Certification request](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53020&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53020&shareable=true>, accessed Oct. 17, 2022).

<sup>2</sup> [Energy Safety's 2022 Safety Certification Guidelines](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52973&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52973&shareable=true>, accessed Sept. 27, 2022).

<sup>3</sup> [Public Advocates Office Comments on Electric Utilities' Safety Certification Requests \(Oct. 4, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53086&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53086&shareable=true>, accessed Oct. 12, 2022).

<sup>4</sup> [Reply Comments of Southern California Edison Company on the 2022 Safety Certification Request \(Oct. 17, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53106&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53106&shareable=true>, accessed Oct. 17, 2022)

## Discussion

Energy Safety must issue a Safety Certification if SCE provides documentation that it meets the requirements set forth in Public Utilities Code section 8389(e)(1) through (e)(7), as detailed below.

### 1. Approved Wildfire Mitigation Plan

Public Utilities Code section 8389(e)(1) requires that “[t]he electrical corporation has an approved wildfire mitigation plan [WMP].” SCE submitted its 2022 WMP Update on February 18, 2022.<sup>5</sup> Energy Safety issued its decision approving SCE’s 2022 WMP Update on July 20, 2022.<sup>6</sup> SCE has satisfied the requirement of Public Utilities Code section 8389(e)(1).

### 2. Good Standing

Public Utilities Code section 8389(e)(2) requires that “[t]he electrical corporation is in good standing, which can be satisfied by the electrical corporation having agreed to implement the findings of its most recent safety culture assessment [SCA] performed pursuant to Section 8386.2 and paragraph (4) of subdivision (d), if applicable.”

Energy Safety’s 2022 SCA Guidelines describe Energy Safety’s current Public Utilities Code section 8389(d)(4) SCA process.<sup>7</sup> Energy Safety published its inaugural SCA report for SCE on September 2, 2021.<sup>8</sup> SCE’s SCA was performed by DEKRA Services, Inc. (DEKRA), under contract with Energy Safety. DEKRA identified four recommendations, listed below:

1. *Improve safety-related communication. Update current safety leader activities to address issues with wildfire/PSPS communications, roles, and decisions.*
2. *Use Safety Culture Pulse Surveys to evaluate progress of supervisors engaging frontline workers on wildfire hazards and clearly communicating wildfire procedures.*
3. *Embed learning organization concepts into the culture via training, incident investigations, and corrective action systems.*
4. *Recognize and take action to mitigate the risk exposure posed by interactions with certain discontented members of the public.*

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<sup>5</sup> [SCE’s 2022 Wildfire Mitigation Plan Update](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52051&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52051&shareable=true>, accessed Oct. 17, 2022)

<sup>6</sup> [Energy Safety’s Decision on SCE’s 2022 WMP Update](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52703&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52703&shareable=true>, accessed Oct. 17, 2022).

<sup>7</sup> [2022 Safety Culture Assessment Guidelines \(March 1, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52124&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52124&shareable=true>, accessed Oct. 17, 2022)

<sup>8</sup> [2021 Safety Culture Assessment Report for SCE \(Sept. 2, 2021\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51714&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51714&shareable=true>, accessed Oct. 17, 2022).

On September 9, 2021, SCE formally agreed to implement the findings (including the recommendations) of its 2021 SCA report.<sup>9</sup> SCE's agreement to implement the report's findings satisfies the "good standing" requirement of Public Utilities Code section 8389(e)(2) for its 2022 Safety Certification request since this is its most recent SCA performed pursuant to Public Utilities Code section 8386.2 or paragraph (4) of subdivision (d) of Public Utilities Code section 8389. Energy Safety's 2022 SCA report for SCE is scheduled to be released by the end of the year, at which time SCE may consider whether to commit to implementing the findings of the 2022 report.

The California Public Utilities Commission (CPUC) is developing its process for carrying out SCAs under Public Utilities Code section 8386.2. For more information on the development of this process, see the relevant scoping memo issued on April 28, 2022,<sup>10</sup> and the Order Instituting Rulemaking establishing the proceeding for developing the CPUC's SCA process issued on October 07, 2021.<sup>11, 12</sup>

### **3. Board of Directors Safety Committee**

Public Utilities Code section 8389(e)(3) requires that "[t]he electrical corporation has established a safety committee of its board of directors composed of members with relevant safety experience."

SCE's Safety Certification request states that it has established a safety committee composed of members of its Board of Directors with relevant experience, called the Safety and Operations Committee.<sup>13</sup>

SCE reports the membership of its Safety and Operations Committee as follows:

- Timothy O'Toole (Chair)
- Jeanne Beliveau-Dunn
- Marcy Reed

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<sup>9</sup> [Southern California Edison Company's Agreement to Implement the Findings \(Including Recommendations\) of the 2021 Safety Culture Assessment Report \(Sept. 9, 2021\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51726&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51726&shareable=true>, accessed Oct. 17, 2022).

<sup>10</sup> [CPUC Rulemaking 21-10-001, "Assigned Commissioner's Scoping Memo and Ruling" \(April 28, 2022\)](https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M471/K485/471485952.PDF)

(<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M471/K485/471485952.PDF>, accessed Oct. 12, 2022).

<sup>11</sup> [CPUC Rulemaking 21-10-001, "Order Instituting Rulemaking to Develop Safety Culture Assessments for Electric and Natural Gas Utilities" \(Oct. 7, 2021\)](https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M414/K981/414981208.PDF)

(<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M414/K981/414981208.PDF>, accessed Oct. 12, 2022).

<sup>12</sup> [The CPUC docket for Rulemaking 21-10-001](https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R2110001)

([https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5\\_PROCEEDING\\_SELECT:R2110001](https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R2110001), accessed Oct. 13, 2022)

<sup>13</sup> From SCE's Quarterly Notification dated February 1, 2022: "SCE's board of directors' safety committee is known as the Safety and Operations Committee of the Board of Directors..."

- Carey Smith
- Keith Trent

SCE provides resumes for these individuals, highlighting their relevant safety-related education and experience, in Attachment A of its Safety Certification request. In future Safety Certification requests, Energy Safety encourages SCE to describe the members' safety qualifications more thoroughly.

SCE has satisfied the requirement of Public Utilities Code section 8389(e)(3).

#### **4. Executive Compensation**

Public Utilities Code section 8389(e)(4) requires that "[t]he electrical corporation has established an executive incentive compensation structure approved by [Energy Safety] and structured to promote safety as a priority and to ensure public safety and utility financial stability with performance metrics, including incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers, as defined in Section 451.5. This may include tying 100 percent of incentive compensation to safety performance and denying all incentive compensation in the event the electrical corporation causes a catastrophic wildfire that results in one or more fatalities."

Public Utilities Code section 8389(e)(6)(A)(i)(I) requires "[s]trict limits on guaranteed cash compensation, with the primary portion of the executive officers' compensation based on achievement of objective performance metrics." Subsection (i)(II), requires "[n]o guaranteed monetary incentives in the compensation structure." Subsection (ii) requires that the compensation structure "satisfies the compensation principles identified in paragraph (4)," noted above. Subsection (iii) requires "[a] long-term structure that provides a significant portion of compensation, which may take the form of grants of the electrical corporation's stock, based on the electrical corporation's long-term performance and value. This compensation shall be held or deferred for a period of at least three years." Subsection (iv) requires "[m]inimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation."

Energy Safety published its 2022 Executive Compensation Structure Submission Guidelines on February 14, 2022.<sup>14</sup> SCE submitted a request for approval of its 2022 executive compensation structure on March 14, 2022.<sup>15</sup> Energy Safety determined that SCE's executive compensation structure satisfied the requirements of Public Utilities Code sections 8389(e)(4) and (e)(6) and

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<sup>14</sup> [2022 Executive Compensation Guidelines \(Feb. 14, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52036&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52036&shareable=true>, accessed Oct. 3, 2022).

<sup>15</sup> [2022 Executive Compensation Submission of Southern California Edison Pursuant to Assembly Bill 1054 \(March 14, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52169&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52169&shareable=true>, accessed Oct. 17, 2022).

approved its executive compensation structure on July 28, 2022.<sup>16</sup> SCE has satisfied the requirements of Public Utilities Code sections 8389(e)(4) and (e)(6).

### **5. Board-Level Safety Reporting**

Public Utilities Code section 8389(e)(5) requires that “[t]he electrical corporation has established board-of-director-level reporting to the [California Public Utilities Commission (CPUC)] and [Energy Safety] on safety issues.”

To satisfy the requirements of Public Utilities Code section 8389(e)(5), SCE's Safety Certification request cites the public meeting on utility safety practices, hosted jointly by the CPUC and Energy Safety, held on September 14, 2022, simultaneous with SCE's Safety Certification request submission. It states that on that date, “SCE's Chair of the Safety and Operations Committee of the Board of Directors, Timothy O'Toole, along with Executive Vice President of Operations, Jill Anderson, Vice President of Enterprise Risk Management & Insurance and General Auditor, David Heller, and Vice President of Safety, Security and Business Resiliency, Andrew Martinez, provided a briefing to the Commission and Energy Safety on SCE's safety performance.”<sup>17</sup> The purpose of this meeting was to provide information to the CPUC, Energy Safety, and the public about the electrical infrastructure safety efforts of SCE, including progress and challenges concerning wildfire mitigation, worker safety, and safety culture. SCE provided its presentation materials in Appendix B of its Safety Certification request.

SCE has met the requirements of Public Utilities Code section 8389(e)(5).

### **6. Limits on Executive Compensation**

Public Utilities Code section 8389(e)(6) is addressed under “Executive Compensation” above.

### **7. Implementation of a WMP**

Public Utilities Code section 8389(e)(7) requires that “[t]he electrical corporation is implementing its approved [WMP].” This statute requires the electrical corporation to “file a notification of implementation of its [WMP] with [Energy Safety] and an information-only submittal with the [CPUC] on a quarterly basis.” These quarterly notifications and information-only submittals must include information on “the implementation of both its approved [WMP] and recommendations of the most recent [SCAs] by the [CPUC] and [Energy Safety], and a statement of the recommendations of the board of directors safety committee meetings that occurred during the quarter.” The statute also stipulates that these quarterly notifications and

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<sup>16</sup> [Approval of SCE's 2022 Executive Compensation structure \(dated July 28, 2022, published July 29, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52813&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52813&shareable=true, accessed Oct. 17, 2022).

<sup>17</sup> [View a recording of the meeting held September 14, 2022, “Public Briefings on Utility Safety Practices”](https://www.adminmonitor.com/ca/cpuc/other/20220914/) (https://www.adminmonitor.com/ca/cpuc/other/20220914/, accessed Oct. 17, 2022). SCE's presentation begins at the 1:13:45 minute mark.

submittals must “summarize the implementation of the safety committee recommendations from the electrical corporation’s previous notification and submission.”

The 2022 Safety Certification Guidelines further specify that “the electrical corporation must demonstrate meaningful progress in implementing its WMP and the recommendations of its CPUC and Energy Safety [SCAs]. Safety Certification requests should highlight the progress made toward completing WMP targets and explain any delayed or off-track efforts. Requests should also demonstrate progress in implementing the findings of its most recent [SCA].”

Subsequent to receiving its last Safety Certification,<sup>18</sup> SCE submitted quarterly notifications to Energy Safety on the required subjects on February 1,<sup>19</sup> May 2,<sup>20</sup> August 1,<sup>21</sup> and November 1, 2022.<sup>22</sup> Attachments to these notifications include the quantitative metrics indicating SCE’s progress on wildfire mitigation initiatives described in its 2022 WMP Update.

SCE reports that it provides its Quarterly Notifications as information-only submittals to the CPUC.<sup>23</sup>

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<sup>18</sup> [Office of Energy Infrastructure Safety Issuance of Southern California Edison Company’s Safety Certification from Dec. 10, 2021](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51908&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51908&shareable=true, accessed Oct. 18, 2022).

<sup>19</sup> [SCE Quarterly Notification Letter from Feb. 1, 2022](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52007&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52007&shareable=true, accessed Oct. 18, 2022).

<sup>20</sup> [SCE Quarterly Notification Letter from May 2, 2022](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52385&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52385&shareable=true, accessed Oct. 18, 2022).

<sup>21</sup> [SCE Quarterly Notification Letter from Aug. 1, 2022](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52838&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52838&shareable=true, accessed Oct. 18, 2022).

<sup>22</sup> [SCE Quarterly Notification Letter from Nov. 1, 2022](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53177&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53177&shareable=true, accessed Nov. 15, 2022).

<sup>23</sup> Per email from SCE Principal Manager for Regulatory Relations Marissa Blunschi (Oct. 20, 2022): SCE sends “via email, the Information-Only Notification to the CPUC Executive Director and other CPUC leadership.”

### **WMP Implementation Progress:**

In its Safety Certification request, SCE reports that it is tracking a total of 49 targets from its 2022 WMP Update: "39 wildfire-related programs and activities" and "[ad]ditionally, [...] ten key vegetation metrics. It reports that it is "substantially on track to complete 37 of 39 goals" and "[a]s of July 31, 2022, all vegetation metrics are projected to meet their year-end targets."

SCE reports two 2022 initiatives that are at risk of being off-track.

Energy Safety's Compliance Assurance Division is aware of these two initiatives that are at risk of being off-track for 2022. The Compliance Assurance Division will monitor and assess the implementation of these initiatives as part of Energy Safety's compliance assurance activities.<sup>24</sup>

SCE has met the requirement of Public Utilities Code section 8389(e)(7) to provide information on the implementation of its approved WMP.

### **SCA Recommendation Implementation Progress:**

Energy Safety's most recent SCA<sup>25</sup> for SCE included four recommendations. SCE describes actions it has taken to address each recommendation in its Safety Certification request and in its Quarterly Notifications dated February 1, May 2, August 1, and November 1, 2022.

SCE has met the requirement of Public Utilities Code section 8389(e)(7) to provide information on the implementation of the recommendations of SCE's most recent SCA.

### **Board Safety Committee Recommendations and Implementation Summary:**

SCE provides a statement of the recommendations of its Safety and Operations Committee and a summary of the implementation of the Committee's recommendations in its Quarterly Notifications dated February 1, May 2, August 1, and November 1, 2022.

According to the descriptions provided in Quarterly Notifications, SCE's management has responded to the majority of the Safety and Operations Committee's recommendations.

SCE has met the requirement of Public Utilities Code section 8389(e)(7) to provide statements of the recommendations of the Board of Directors Safety Committee meetings and summaries of the implementation status of those recommendations.

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<sup>24</sup> Energy Safety's compliance assurance activities are described in the [Compliance Operational Protocols](https://energysafety.ca.gov/wp-content/uploads/docs/misc/wsd/2021.02.16-compliance-operational-protocols.pdf), dated February 16, 2021 (https://energysafety.ca.gov/wp-content/uploads/docs/misc/wsd/2021.02.16-compliance-operational-protocols.pdf, accessed Oct. 6, 2022).

<sup>25</sup> [2021 Safety Culture Assessment Report for SCE \(Sept. 2, 2021\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51714&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51714&shareable=true, accessed Oct. 17, 2022).

**Conclusion**

SCE's request for a Safety Certification satisfies the statutory requirements in Public Utilities Code section 8389(e). Energy Safety expects SCE to uphold the values stated in its submissions and continue to advance safety as a top priority. This letter constitutes Energy Safety's issuance of SCE's Safety Certification. Pursuant to Public Utilities Code section 8389(f)(1), this Safety Certification is valid for twelve months from the date of this letter.

/S/ CAROLINE THOMAS JACOBS

Caroline Thomas Jacobs

Director

Office of Energy Infrastructure Safety