



December 7, 2023

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

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). SCE's September 12, 2023, request for a Safety Certification meets all of the statutory requirements.¹ This Safety Certification is valid for 12 months from issuance and has only the force and effect given to it by Public Utilities Code sections 451.1(c) and 8389.

Energy Safety did not receive any comments from stakeholders on SCE's Safety Certification request.

An overview of Energy Safety's findings follows.

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 2023-2025 WMP on March 27,

¹ [SCE's 2023 Safety Certification request](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55595&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55595&shareable=true>, accessed Oct. 27, 2023).

2023.² Energy Safety issued its decision approving SCE's 2023-2025 WMP on October 24, 2023.³ 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 2023 SCA Guidelines describe Energy Safety's current Public Utilities Code section 8389(d)(4) SCA process.⁴ Energy Safety published its 2022 SCA report for SCE on May 8, 2023.⁵ The report identified four recommendations, listed below:

1. *Continue to build SCE's capacity as a learning organization.*
2. *Optimize safety communications between leadership and frontline workers.*
3. *Mitigate risk exposure posed by interactions with the public.*
4. *Improve training for frontline workers on new technologies related to wildfire mitigation.*

On June 21, 2023, SCE formally agreed to implement the findings (including the recommendations) of its 2022 SCA report.⁶ SCE's agreement to implement the report's findings satisfies the "good standing" requirement of Public Utilities Code section 8389(e)(2) for its 2023 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.

² [SCE's 2023-2025 Wildfire Mitigation Plan](#) (see [the 2023-2025 WMPs docket log](#) for SCE's attachments submitted with the WMP on March 27, 2023)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53492&shareable=true>;
<https://efiling.energysafety.ca.gov/Lists/DocketLog.aspx?docketnumber=2023-2025-WMPs>, both accessed Oct. 27, 2023).

³ [SCE 2023-2025 WMP Decision and Cover Letter \(October 2023\)](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55857&shareable=true>, accessed Oct. 27, 2023).

⁴ [2023 Safety Culture Assessment Guidelines \(April 2023\)](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53626&shareable=true>, accessed Sept. 14, 2023).

⁵ [2022 Safety Culture Assessment Report for SCE \(May 2023\)](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53799&shareable=true>, accessed Oct. 27, 2023).

⁶ [SCE's Acceptance of 2022 Safety Culture Assessment Report \(June 2023\)](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54186&shareable=true>, accessed Oct. 27, 2023).

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.⁷

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

- Timothy O'Toole (Chair)
- Jeanne Beliveau-Dunn
- Marcy Reed
- Carey Smith
- Keith Trent

SCE provides the “safety qualifications” for these individuals, summarizing their safety-related education and experience, in Addendum 1 of its Safety Certification request.

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.” Clause (i)(II), requires “[n]o guaranteed monetary incentives in the compensation structure.” Clause (ii) requires that the compensation structure “satisfies the compensation principles identified in paragraph (4),” noted above. Clause (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

⁷ From SCE's quarterly notification dated February 1, 2023: “SCE's board of directors' safety committee is known as the Safety and Operations Committee of the Board of Directors....”

for a period of at least three years." Clause (iv) requires "[m]inimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation."

SCE submitted a request for approval of its 2023 executive compensation structure on March 13, 2023.⁸ Energy Safety determined that SCE's executive compensation structure satisfied the requirements of Public Utilities Code sections 8389(e)(4) and (e)(6) and approved its executive compensation structure on September 20, 2023.⁹ 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 July 20, 2023, public meeting on utility safety practices, hosted jointly by the CPUC and Energy Safety. The purpose of this meeting was to provide information to the CPUC Commissioners, Director of 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. During this meeting, SCE's Chair of the Safety and Operations Committee of the Board of Directors, Timothy O'Toole, along with Steve Powell who also serves as SCE Board Chair, 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 on SCE's safety performance.

Pursuant to the Safety Certification Guidelines requirement¹⁰ that electrical corporations provide any materials used or referenced in the public meeting in their Safety Certification requests, SCE provided its presentation slides in Addendum 2 of its request.¹¹

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

⁸ [SCE's request for approval of its 2023 executive compensation structure \(March 13, 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53442&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53442&shareable=true, accessed Oct. 27, 2023).

⁹ [Approval of SCE's 2023 executive compensation structure \(September 20, 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55619&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55619&shareable=true, accessed Oct. 27, 2023).

¹⁰ [Energy Safety's 2023 Safety Certification Guidelines](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54211&shareable=true) p. 3 (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54211&shareable=true, accessed Sept. 14, 2023).

¹¹ See SCE's presentation beginning at 14:13 ["2023 Electric Utility Safety Update Briefings, San Diego Gas and Electric \(SDG&E\) and Southern California Edison \(SCE\)" \(July 20, 2023\)](https://www.adminmonitor.com/ca/cpuc/hearing/20230720/) (https://www.adminmonitor.com/ca/cpuc/hearing/20230720/, accessed Oct. 27, 2023).

6. Limits on Executive Compensation

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

7. WMP Implementation

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 submittals must "summarize the implementation of the safety committee recommendations from the electrical corporation's previous notification and submission."

The 2023 Safety Certification Guidelines further specify that:

Safety Certification requests must highlight the progress made toward completing WMP targets and explain any delayed or off-track efforts. Requests must also demonstrate progress in implementing the findings of its most recent safety culture assessment(s). Furthermore, [...] to meet the requirements of section 8389(e)(7), electrical corporations must submit quarterly notifications.¹²

Subsequent to receiving its last Safety Certification,¹³ SCE submitted quarterly notifications¹⁴ to Energy Safety on the required subjects on February 1,¹⁴ May 1,¹⁵ August 1,¹⁶ and November 1, 2023.¹⁷ Attachments to these notifications include the quantitative metrics indicating SCE's progress on wildfire mitigation initiatives described in its 2023-2025 WMP. SCE states in its

¹² [Energy Safety's 2023 Safety Certification Guidelines](#) p. 4

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54211&shareable=true>, accessed Sept. 14, 2023).

¹³ [SCE's 2022 Safety Certification Issuance Letter \(Dec. 13, 2022\)](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53302&shareable=true>, accessed Oct. 27, 2023).

¹⁴ [SCE's Quarterly Notification Letter from Feb. 1, 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53357&shareable=true>, accessed Oct. 30, 2023).

¹⁵ [SCE's Quarterly Notification Letter from May 1, 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53778&shareable=true>, accessed Oct. 30, 2023).

¹⁶ [SCE's Quarterly Notification Letter from Aug. 1, 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54415&shareable=true>, accessed Oct. 30, 2023).

¹⁷ [SCE's Quarterly Notification Letter from Nov. 1, 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55892&shareable=true>, accessed Nov. 2, 2023).

November 1, 2023, quarterly notification that it provided its quarterly notification to the CPUC as an information-only submittal.¹⁸

WMP Implementation Progress:

In its November 1 quarterly notification, SCE reports that 30 of the 40 WMP activities are on track or completed. Delays in 10 activities are due to factors including weather, lack of access, material shortages, permitting delays, and resource availability. Six of these delayed activities are expected to meet year-end program targets. Three are at risk of not meeting year-end targets; however, there are plans in place to facilitate substantial completion. One activity, Undergrounding Overhead Conductor (SH-2), will not meet its year-end target due to constraints associated with easement agreements, but SCE expects to complete it in 2024. Energy Safety will continue to monitor and assess the implementation of this initiative as part of Energy Safety's compliance assurance activities.¹⁹

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 report for SCE included four recommendations, as noted above.²⁰ SCE describes actions it has taken to address each recommendation in its Safety Certification request and in its quarterly notifications.

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's Safety Certification request indicates that SCE has included in its quarterly notifications descriptions of its Safety and Operations Committee's recommended actions. It notes that some recommendations require more time to implement than others, so some recommendations are pending response, but "[t]o date, there have not been any Committee recommended actions that SCE has declined to implement."

¹⁸ Per SCE's Nov. 1 quarterly notification: "SCE is simultaneously submitting this quarterly notification to the California Public Utilities Commission as an information-only submittal via email to Executive Director Rachel Peterson at rachel.peterson@cpuc.ca.gov; Forest Kaser at forest.kaser@cpuc.ca.gov; Simon Baker at simon.baker@cpuc.ca.gov; Daniel Bout at daniel.bout@cpuc.ca.gov; Eric Wu at eric.wu@cpuc.ca.gov and Leslie Palmer at leslie.palmer@cpuc.ca.gov."

¹⁹ 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. 30, 2023).

²⁰ [2022 Safety Culture Assessment Report for SCE \(May 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53799&shareable=true) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53799&shareable=true>, accessed Oct. 27, 2023).

According to the descriptions provided in quarterly notifications, SCE's management has implemented all of the Safety 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.

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 embed safety throughout its organization and operations. 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 12 months from the date of this letter.

/S/ Caroline Thomas Jacobs

Caroline Thomas Jacobs

Director

Office of Energy Infrastructure Safety