



December 11, 2024

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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 October 8, 2024, request for a Safety Certification¹ meets all statutory requirements. 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.

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). These requirements are detailed below, with an overview of Energy Safety's findings for SCE for each requirement.

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 2025 WMP Update on April 2, 2024.² Energy Safety issued its Decision approving SCE's 2025 WMP Update on October 31, 2024.³ SCE has satisfied the requirement of Public Utilities Code section 8389(e)(1).

¹ SCE's 2024 Safety Certification Request

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57487&shareable=true>, accessed Oct. 15, 2024).

² SCE 2025 WMP Update (April 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56417&shareable=true>, accessed Oct. 2, 2024).

³ SCE 2025 WMP Update Decision (October 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57548&shareable=true>, accessed Oct. 31, 2024).

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 published its most recent SCA for SCE on March 22, 2024, and identified five recommendations, listed below:

1. *SCE should build its capacity as a learning organization. It should take a proactive approach to incorporating feedback to improve organizational processes. It should also take steps to increase workers' psychological safety to improve the quantity and quality of safety event (near-miss and hazard) reports.*
2. *SCE should continue efforts to improve safety communications between leadership and frontline workers.*
3. *SCE should increase training for frontline workers on wildfire suppression and the installation and operation of new technologies related to wildfire mitigation, including rapid earth fault current limiter (REFCL) devices.*
4. *SCE should continue to recognize and take action to mitigate the risk exposure posed by interactions with the public.*
5. *SCE should increase engagement on the safety culture assessment within the workforce supporting wildfire mitigation initiatives.⁴*

On April 4, 2024, SCE formally agreed to implement the findings and recommendations of Energy Safety's 2023 SCA for SCE.⁵ SCE's agreement to implement these findings satisfies the “good standing” requirement of Public Utilities Code section 8389(e)(2) for its 2024 Safety Certification request because the Energy Safety 2023 SCA is the most recent and only SCA performed pursuant to Public Utilities Code section 8386.2 or paragraph (4) of subdivision (d) of Public Utilities Code section 8389.

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.”

⁴ 2023 Safety Culture Assessment for SCE (March 2024)
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56372&shareable=true>, accessed Nov 25, 2024).

⁵ SCE's Acceptance of 2023 Safety Culture Assessment (April 2024)
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56531&shareable=true>, accessed Oct. 2, 2024).

SCE's Safety Certification request states that it has established a Safety and Operations Committee⁶ composed of members of its Board of Directors with relevant safety experience.⁷

SCE reports the Safety and Operations Committee membership as follows:

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

In Addendum 1 of its Safety Certification request, SCE provides a resume for each member of its Safety and Operations Committee, highlighting each member's relevant safety-related education and experience.⁸

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 for a period of at least three years." Clause (iv) requires "[m]inimization or elimination of

⁶ SCE's 2024 Safety Certification Request, p. 5
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57487&shareable=true>, accessed Nov 19, 2024).

⁷ SCE's 2024 Safety Certification Request, p. 5
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57487&shareable=true>, accessed Nov 19, 2024).

⁸ SCE's 2024 Safety Certification Request Addendum 1
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57488&shareable=true>, accessed Nov 19, 2024).

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 2024 executive compensation structure on April 12, 2024.⁹ On April 26, 2024, SCE submitted a revised Executive Compensation request.¹⁰ 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 SCE's executive compensation structure on October 4, 2024.¹¹ 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 August 29, 2024, 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, the 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, a member of SCE's Board of Directors and three members of the executive staff gave a presentation and answered questions from the CPUC and Energy Safety. SCE was represented by Timothy O'Toole, Chair of the Safety and Operations Committee of the Board of Directors; Jill Anderson, Executive Vice President and Chief Operating Officer; David Heller, Vice President of Enterprise Risk Management & Insurance and General Auditor; and Marc Ulrich, Vice President of Environmental, Health, Safety, and Quality.

⁹ SCE's request for approval of its 2024 Executive Compensation Structure (April 12, 2024) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56485&shareable=true>, accessed Oct. 2, 2024).

¹⁰ SCE's Revised 2024 Executive Compensation Structure Submission (April 26, 2024) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56555&shareable=true>, accessed Oct. 7, 2024).

¹¹ Approval of SCE's 2024 Executive Compensation Structure (October 4, 2024) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57474&shareable=true>, accessed Oct. 7, 2024).

Pursuant to the Safety Certification Guidelines requirement¹² that an electrical corporation provide any materials used or referenced in the public meeting in its Safety Certification request, SCE provided its presentation slides in Addendum 2 of its request.^{13,14}

SCE has satisfied the requirement 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. 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 current 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."¹⁵

¹² Energy Safety's 2024 Safety Certification Guidelines, p. 3

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57163&shareable=true>, accessed Oct. 9, 2024).

¹³ See SCE's presentation beginning at 3:16:47 in the recording of the public meeting "2024 Electric Utility Safety Update Briefings, San Diego Gas and Electric (SDG&E) and Southern California Edison (SCE)" (Aug 29, 2024)

(<https://www.adminmonitor.com/ca/cpuc/other/20240829/> accessed Oct. 2, 2024).

¹⁴ SCE's 2024 Safety Certification Request Addendum 2

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57489&shareable=true>, accessed Nov. 19, 2024).

¹⁵ Energy Safety's 2024 Safety Certification Guidelines, p. 4

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57163&shareable=true>, accessed Oct. 3, 2024).

Subsequent to receiving its last Safety Certification,¹⁶ SCE submitted quarterly notifications to Energy Safety on the required subjects on February 1, 2024,¹⁷ May 1, 2024,¹⁸ August 1, 2024,¹⁹ and November 1, 2024.²⁰ Attachments to these notifications include the quantitative metrics indicating SCE's progress on wildfire mitigation initiatives described in its 2023-2025 Base WMP. Pursuant to Public Utilities Code section 8389(e)(7) and the Safety Certification Guidelines, SCE submitted quarterly notifications to the CPUC as information-only submittals on February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024.²¹

WMP Implementation Progress:

SCE reported that as of the end of the second quarter of 2024, it had met its commitments for five of the 37 mitigation initiatives in its 2023-2025 Base WMP.

In SCE's October 8, 2024, Safety Certification request, SCE reported on all 37 initiatives, stating that 29 were complete or on track. SCE noted that eight of its mitigation initiatives were not on track for timely completion: Cover Conductor, Targeted Undergrounding, Rapid Earth Fault Current Limiter (REFCL) Ground Fault Neutralizer (GFN), REFCL-Grounding Conversion, Inspection & Maintenance Tools InspectForce, Tree Attachment Remediation, Structure Brushing, and High Definition (HD) Cameras.²² SCE provided details on its internal get-well plan for the mitigation initiatives that are at risk of being off track. SCE stated that it will not meet its year-end targets for four of its at-risk mitigation initiatives: Covered Conductor, Targeted Undergrounding, InspectForce, and REFCL Ground Fault Neutralizer.²³

¹⁶ SCE's 2023 Safety Certification Issuance Letter (Dec. 7, 2023)
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56039&shareable=true>, accessed Oct. 3, 2024).

¹⁷ SCE's Quarterly Notification Letter from February 1, 2024
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56258&shareable=true>, accessed Oct. 3, 2024).

¹⁸ SCE's Quarterly Notification Letter from May 1, 2024
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56570&shareable=true>, accessed Oct. 3, 2024).

¹⁹ SCE's Quarterly Notification Letter from August 1, 2024
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57125&shareable=true>, accessed Oct. 3, 2024).

²⁰ SCE's Quarterly Notification Letter from November 1, 2024
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57557&shareable=true>, accessed Nov. 18, 2024).

²¹ Per SCE's February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024, Quarterly Notifications.

²² SCE's 2024 Safety Certification Request, p. 9
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57487&shareable=true>, accessed Nov 19, 2024).

²³ SCE's Quarterly Notification Letter from November 1, 2024
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57557&shareable=true>, accessed Nov. 18, 2024).

Energy Safety will continue to monitor and assess the implementation of the remaining initiatives as part of Energy Safety's compliance assurance activities.²⁴

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 for SCE included five recommendations, as noted above.²⁵ SCE describes actions it has taken to address each SCA recommendation in its Safety Certification request²⁶ and in its quarterly notifications.²⁷

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 included descriptions of its Safety and Operations Committee's recommended actions in its quarterly notifications.

According to the descriptions provided in quarterly notifications, SCE's management has implemented all the Safety and Operations Committee's recommendations.²⁸

SCE has met the requirement of Public Utilities Code section 8389(e)(7) to provide statements of the recommendations of the Safety and Operations 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 to 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 12 months from the date of this letter.

²⁴ Energy Safety's Compliance Guidelines

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57320&shareable=true>, accessed Nov. 19, 2024).

²⁵ 2023 Safety Culture Assessment for SCE (March 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56372&shareable=true>, accessed Oct. 2, 2024).

²⁶ SCE's 2024 Safety Certification Request, p. 6

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57487&shareable=true>, accessed Nov. 19, 2024).

²⁷ Per SCE's February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024, Quarterly Notifications.

²⁸ Per SCE's February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024, Quarterly Notifications.

/S/ Caroline Thomas Jacobs

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Director

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