

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 17, 2020

Ms. Carla Peterman
Senior Vice President Regulatory Affairs
Southern California Edison
8631 Rush Street
Rosemead, CA 91770

**SUBJECT: Wildfire Safety Division Approval of Southern California Edison Company's
2020 Safety Certification Request**

Dear Ms. Peterman:

This letter constitutes the Wildfire Safety Division's (WSD's) issuance of Southern California Edison (SCE) Company's 2020 Safety Certification. This letter represents the WSD's certification that SCE has met all the relevant requirements of Public Utilities Code (Pub. Util. Code) §8389, as detailed below, regarding its 2020 Safety Certification. This Safety Certification is valid for twelve months from issuance and has only the force and effect given to it by Pub. Util. Code §§451.1(c) and 8389.

On May 8, 2020,¹ the WSD issued a guidance letter² outlining the submission requirements for the 2020 Safety Certification requests pursuant to Pub. Util. Code §8389(f)(2). SCE submitted its 2020 Safety Certification request on June 19, 2020. On June 25, 2020, the WSD³ solicited stakeholder input on the 2020 Safety Certification requests and provided supplemental guidance on the meaning of an approved Wildfire Mitigation Plan (WMP) requirement under Pub. Util. Code §8389(e)(1). Stakeholders submitted comments on July 9, 2020, and SCE replied to comments on July 16, 2020.

Requests submitted for 2020 Safety Certifications have been reviewed in accordance with the statutory requirements enumerated in Pub. Util. Code §8389(e). The WSD takes a particular interest, however, in how the utilities are implementing all the components required in the Safety Certification across the organization to reduce utility-caused catastrophic wildfire risk. Specifically, the WSD is attuned to understanding how key metrics identified in WMPs,

¹ The guidance letter is dated May 6, 2020 but was served on the service list of Rulemaking 18-10-007 on May 8, 2020.

² WSD's letter issuing guidance to SCE on the 2020 Safety Certification process- [WSD Guidance on Submission of 2020 Safety Certification Requests Pursuant to Public Utilities Code § 8389\(f\)\(2\)](#)

³ WSD's letter soliciting Stakeholders input to the 2020 Safety Certification request - [WSD 2020 Safety Certification Process - Stakeholder Comments and Supplemental Guidance](#)

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Executive Compensation structures, and Safety Culture Assessments are aligned to ensure the reduction of wildfire risks.

Discussion

For the purposes of this review, the WSD will confirm the electric corporation meets the requirements for a Safety Certification under the following criteria:

- Wildfire Mitigation Plans: Current year WMPs must be approved, and the approved activities in the WMPs must be in progress.
- Board of Directors: The electrical corporation's Board of Directors must have a safety committee comprised of members with relevant safety experience and establish an executive-level reporting structure to the Commission on safety issues.
- Executive Compensation: The compensation structure for the company's executives must have the proper incentives to reduce catastrophic wildfire risk.
- Safety Culture: The electrical corporation must agree to implement the findings of their most recent safety culture assessment.

Wildfire Mitigation Plans

On February 7, 2020, SCE submitted its WMP covering the years of 2020 to 2022. Following a comprehensive review of SCE's WMP and related stakeholder input, the Commission ratified the WSD's approval of SCE's WMP with conditions on June 11, 2020, via Resolution WSD-004. On the basis of the WSD's conditional approval of SCE's 2020 WMP, SCE has satisfied the requirement under Pub. Util. Code §8389(e)(1), that "the electrical corporation has an approved Wildfire Mitigation Plan (§8389 (e)(1))."

All electrical corporations who submitted a WMP were also subject to the twelve conditions listed in WSD-002, which found the electrical corporations' WMPs to contain deficiencies and required follow-up information to be submitted via a Remedial Compliance Plan (RCP), Quarterly Report, and its annual update.⁴ In addition, the WSD imposed several specific conditions on SCE's WMP as listed in WSD-004.

The WSD acknowledges the recommendations from stakeholders; Protect Our Communities Foundation (PCF), Public Advocates Office (PAO) and The Utility Reform Network (TURN) advocate against the issuance of a Safety Certification to SCE until the WSD has found that SCE

⁴ See [RES WSD-002 Final Guidance Resolution](#) for complete description of Remedial Compliance Plan, Quarterly Report etc.

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has satisfied the conditions contained in WSD-002 and WSD-004. The WSD will continue to oversee compliance with the WMP, consistent with the criteria prescribed under Pub. Util. Code §8386.3(c), including deficiencies identified in SCE's WMP. On the basis of WSD's conditional approval of SCE's 2020 WMP, SCE has satisfied the requirement under Pub. Util. Code §8389(e)(1), that "the electrical corporation has an approved Wildfire Mitigation Plan (§8389 (e)(1))."

Pub. Util. Code §8389(e)(7) provides that the electrical corporation is implementing its approved WMP, including the submission of Tier 1 Advice Letters containing information as required by this code section. To satisfy the requirements of §8389(e)(7), the electrical corporation was required to include with its request for a Safety Certification all Tier 1 advice letters required by §8389(e)(7) submitted since issuance of the initial Safety Certification, along with an explanation of how the information reported in the advice letters complies with §8389(e)(7). The electrical corporation was also required to submit the results of any WSD compliance audits of 2019 WMPs, or audits associated with 2020 WMPs, if any, along with an explanation of remedies.

SCE submitted three Tier 1 advice letters detailing implementation of its approved WMP. The three submissions demonstrate WMP progress updates describing SCE's advancement in meeting WMP goals and metrics. The WSD finds that SCE's submission is adequate to satisfy the requirement of Pub. Util. Code §8389(e)(7).

Board of Directors

An electrical corporation must meet two requirements related to its Board of Directors to satisfy the statutory requirements for issuance of a subsequent Safety Certification. The first requirement states that its Board of Directors must have a safety committee comprised of members with appropriate and relevant experience. The second requirement states that the electrical corporation's board must establish executive-level reporting to the Commission on safety issues. The WSD requested documentation to verify these requirements.

SCE submitted the names and curriculum vitae of each member of its Safety and Operations Committee to demonstrate their safety expertise. The members of SCE's Safety and Operations Committee consist of six people of its Board of Directors with relevant safety experience. The chair is Timothy O'Toole, who according to SCE is recognized globally as a safety professional with decades of safety management experience. The other members of the safety committee identified in Exhibit J of SCE's application are Jeanne Beliveau-Dunn, Cary Smith, Linda Stunz, Peter Taylor, and Keith Trent, each with various years of safety experience, qualifications and involvement implementing safety requirements.

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SCE stated in its application that since the issuance of its initial Safety Certification in 2019, it has satisfied the executive-level communication requirement by meeting with Commissioners. Although SCE did not provide any meeting materials of the meetings held with the Commissioners, a log of meetings with the Commissioners was provided. SCE further indicated that Mr. Payne, President and CEO of SCE, and a Director on the SCE Board, will continue to make himself available to meet and report to the Commission on safety issues on an as needed basis.

In comments received by the WSD, TURN stated that SCE's efforts to demonstrate compliance with Section 8389(e)(5) miss the point because the "meet and greet" meetings of SCE executives and Commissioners does not provide any written materials to show what was discussed. TURN further suggested that SCE designate a Board-level contact with the Commission on safety issues and that the reporting meet any requirements the WSD or the Commission may establish. No further comments from stakeholders were received regarding the experience of SCE's Board of Directors members.

The WSD shares TURN's concern that additional requirements may be necessary to meet the spirit of the code. At its most basic level, SCE has satisfied the requirements of §8389(e)(3) and §8389(e)(5) for issuance of its 2020 Safety Certification. SCE has established a safety committee with relevant expertise and has established reporting to the Commission.

Safety Culture Assessment

Pub. Util. Code §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." To date, the WSD has not completed a Safety Culture Assessment for SCE, although such an assessment is under development.

The WSD held a two-day workshop on August 11 and 12, 2020 focused on utility safety culture and other topics. On August 26, 2020, the WSD received stakeholder comments on the WSD's recommendations for developing a Safety Culture Assessment process. The statutory deadline for Commission consideration of the WSD-proposed WMP guidelines and Safety Culture Assessment process updates is December 1, 2020.

Absent a safety culture assessment conducted by the WSD and the Commission, SCE followed the guidance letter issued by the WSD on May 8, 2020 and submitted documentation to demonstrate its compliance with the Pub. Util. Code §8389(e)(2).

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The documentation SCE submitted covers six areas:

- safety policies, including employee and contractor safety;
- number of reported ignitions to date in 2020 pursuant to Decision 14-02-015;
- number of fatalities and/or structures damaged and/or destroyed by wildfires alleged to have been ignited by utility infrastructure and/or equipment;
- worker and contractor fatalities and incidents since issuance of the previous Safety Certification;
- Commission investigations and court actions, if any, related to safety violations of the electrical corporation, including ongoing and closed investigations; and
- responses to any WSD requests for remedies as a result of compliance findings from the evaluation of the 2019 and 2020 Wildfire Mitigation Plans for remedies.

Based on the documents submitted from SCE, the WSD is concerned about the number of worker and contractor fatalities and incidents SCE experienced since the issuance of the previous Safety Certification. SCE reported that three contract workers were fatally injured, five SCE employees were involved in serious injuries, and ten contract workers were involved in serious injuries.

The WSD submitted a data request to SCE on August 14, 2020 requesting information about if or how these safety incidents were related to SCE's wildfire programs. SCE reported that one injury occurred on a wildfire mitigation initiative.

The WSD reviewed the six documents submitted on June 19, 2020 and the response to the WSD's data request that SCE submitted to the WSD on August 14, 2020. Despite the alarming number of employee incidents, the WSD is satisfied with SCE's explanation and approach with handling safety incidents. Following a safety incident, SCE implements a rigorous cause evaluation process learning the causes of the event, identification of corrective actions, conducting safety stand downs companywide, and implementing corrective actions that reduce the likelihood of recurrence is satisfactory.

As the WSD refines its approach to annual Safety Culture Assessments, key metrics such as employee and contractor injuries and fatalities will likely be reviewed through the lens of wildfire initiatives. The WSD expects that safety will continue to be the first of SCE's core values as demonstrated through the company's commitment to creating and maintaining a safe environment for employees, contractors, and the public.

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The WSD acknowledges the limitations of the current year safety culture submissions and expects that the annual Safety Culture Assessment currently under development will inform future submission. While the submissions in 2020 were informative, they do not provide the holistic assessment the WSD seeks to obtain.

Accordingly, based on information received to date, the WSD approves SCE's submission as satisfying § 8389(e)(2).

Executive Compensation

Pub. Util. Code §8389(e)(4) provides that the electrical corporation must establish an executive incentive compensation structure to: promote safety as a priority, ensure public safety and utility financial stability with performance metrics, and include incentive compensation based on meeting performance metrics that are measurable and enforceable. This may include tying up to 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.

SCE asserts in its submission that its executive compensation structure meets the requirements of Pub. Util. Code §8389(e)(4). To support this assertion, SCE provided the supporting documentation in its January 14, 2020, submission to the WSD and in its February 11, 2020, supplement in response to TURN and California Environmental Justice Alliance's (CEJA) comments. SCE further asserts that its Compensation and Executive Personnel Committee approved the final 2020 company goals on February 26, 2020.

In its June 30, 2020, letter⁵, the WSD found that SCE's Executive Compensation program minimally and conditionally satisfies the requirements of Pub. Util. Code §§8389(e)(4) and 8389(e)(6). To reiterate the WSD's June 30, 2020 letter approving SCE's Executive Compensation program, SCE's 2020 Executive Compensation program minimally and conditionally satisfies the conditions §8389(e)(4) and §8389(e)(6) for issuance of a Safety Certification.

Conclusion

⁵ Link to [Approval Letter from WSD](#) Approving Southern California Edison Company's 2020 Executive Compensation Program Pursuant to Public Utilities Code §§ 8389(e)4 and 8389(e)6.

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SCE's request for a Safety Certification satisfies the statutory requirements in Pub. Util. Code §8389. The WSD expects SCE to uphold the values stated in their submission and continue to advance safety as a top priority. This letter approves SCE's 2020 request for a Safety Certification. This Safety Certification is valid for one year from the date of this letter.

Sincerely,



Caroline Thomas Jacobs
Director, Wildfire Safety Division
California Public Utilities Commission

cc: Diana. S. Gallegos (diana.s.genasci@sce.com)