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11
12 UNITED STATES DISTRICT COURT
13 FOR THE CENTRAL DISTRICT OF CALIFORNIA
14 WESTERN DIVISION

15 UNITED STATES OF AMERICA,

16 Plaintiff,

17 v.

18 SOUTHERN CALIFORNIA EDISON
COMPANY and Does 1 to 10,

19 Defendants.
20

No. 2:20-cv-11020-WLH-AS

**THOMAS FIRE SETTLEMENT
AGREEMENT**

1 1.0 PARTIES

2 1.1 This Settlement Agreement (“Agreement”) is entered into by and among
3 the United States of America, acting through the United States Attorney’s Office for the
4 Central District of California, on behalf of the United States Department of Agriculture,
5 Forest Service (“the United States” or “Plaintiff”), Southern California Edison Company
6 (“SCE” or “Defendant”), and Edison International. The United States and SCE are
7 referred to collectively as the “Parties,” and each is individually referred to as a “Party,”
8 except where otherwise noted.

9 2.0 RECITALS

10 2.1 SCE is a California corporation with its principal place of business in
11 Rosemead, California, and is a subsidiary of Edison International, a California
12 corporation, also with its principal place of business in Rosemead, California. SCE
13 operates electric power facilities in California, including near and within the Los Padres
14 National Forest.

15 2.2 On December 4, 2017, a fire ignited in Anlauf Canyon in Santa Paula,
16 Ventura County, California. The United States contends that the fire in Anlauf Canyon
17 resulted from the arcing of SCE’s equipment in one of two locations: (1) the area that
18 included the following SCE poles located near a cathodic protection rectifier (“CP
19 Rectifier”): 1025341E, 1202085E, 3002114E, and 1025342E; or (2) near Pole 653761E.
20 SCE disputes these contentions and contends that the origin area of the ignition was near
21 the home of David and Susan Dollar at 16840 Anlauf Canyon Road, Santa Paula, CA
22 93060.

23 2.3 On the same day, another fire initially known as the Koenigstein Fire
24 ignited near Koenigstein Road in Santa Paula, Ventura County, California. These two
25 fires together later became known as the Thomas Fire. The United States has claimed
26 that the Thomas Fire burned approximately 151,731 acres of National Forest System
27 lands located within the Los Padres National Forest. SCE disputes this contention and
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1 contends that the Thomas Fire burned approximately 122,288 acres of National Forest
2 System lands located within the Los Padres National Forest.

3 2.4 On December 3, 2020, the United States filed a complaint in the U.S.
4 District Court for the Central District of California against Defendant, initiating the
5 action entitled *United States of America v. Southern California Edison Company, et al.*,
6 Case No. 2:20-cv-11020-WLH-SK (the “Action”), seeking damages and other remedies
7 allegedly arising out of the Thomas Fire. The Action alleged that Defendant was liable
8 for the Thomas Fire, and on this basis, and as set forth in the Complaint in the Action,
9 the United States brought claims against SCE for alleged negligence; alleged violations
10 of California Health & Safety Code §§ 13001, 13007-13009.1 and California Civil Code
11 § 3287; alleged violations of California Public Resources Code §§ 4435 and 4421 and 36
12 C.F.R. § 261.5; alleged trespass by fire; and for interest and penalties (together with all
13 of the United States’ claims in the Action, including those not explicitly cited here, the
14 “Covered Conduct”).

15 2.5 Defendant denies the United States’ contentions and allegations and denies
16 any liability for the Thomas Fire.

17 2.6 This Agreement is neither an admission of liability by any Party nor a
18 concession by any Party that its claims or defenses are not well-founded. The parties
19 recognize that resolution of this dispute by the trier of fact is uncertain, including with
20 respect to the cause of the fire in Anlauf Canyon, and the settlement reflects a reasonable
21 compromise in light of that uncertainty.

22 3.0 DEFINITIONS

23 3.1 “Released Matters” means all liability and any claims, demands,
24 obligations, actions, causes of action, damages, costs, penalties, losses, attorney’s fees,
25 expert fees, expenses, and amounts of any kind, including any claims for compensatory
26 or punitive damages or civil restitution related to or arising out of the Covered Conduct,
27 claims alleged or that could have been alleged in the Action, or claims otherwise related
28 in any way to the Thomas Fire, including but not limited to claims relating to the debris

1 flows that occurred in Montecito, California on January 9, 2018, with the exception of
2 the excluded claims that are listed in Section 4.3 of this Agreement.

3 3.2 “Released Parties” means, collectively, the SCE Parties and United States
4 Parties, as those terms are defined in Sections 3.3 and 3.4 of this Agreement.

5 3.3 “SCE Parties” means SCE and each of its past, present, or future
6 subsidiaries, divisions, assigns, affiliates and parent companies, agents, representatives,
7 officers, directors, partners, managers, employees, shareholders, sureties, insurers,
8 administrators, trustees, members, attorneys, predecessors, successors and assigns.

9 3.4 “United States Parties” means the United States and each of its past,
10 present, or future employees, officers, representatives, attorneys, insurers, agents,
11 agencies, and departments, including but not limited to, the United States Department of
12 Agriculture, Forest Service.

13 4.0 TERMS AND CONDITIONS

14 To avoid the delay, uncertainty, inconvenience, and expense of protracted
15 litigation of the above claims, and in consideration of the mutual promises and
16 obligations set forth in this Agreement, including the Recitals and Definitions set forth
17 above, which are incorporated herein by reference and are explicitly made part of this
18 Agreement, the Parties agree and covenant to settle this matter as follows:

19 4.1 Payment. In consideration of the obligations of the Parties set forth in this
20 Agreement, Defendant agrees to pay the United States the total sum of Eighty Million
21 Dollars (\$80,000,000) (the “Settlement Amount”). Defendant agrees to make this
22 payment no later than sixty (60) days after the Effective Date of this Agreement as
23 defined in Section 4.21 of this Agreement. Such payment shall be made either by an
24 electronic transfer of funds or by check. Applicable account and other information for
25 purposes of the Defendant making payment by electronic funds transfer or check have
26 been provided separately to Defendant’s counsel.

27 4.2 Mutual Releases. In consideration of the terms of this Agreement, the
28 Parties hereby agree and enter into the following releases:

1 a. Releases by the United States. Subject to the exceptions listed in Section
2 4.3 of this Agreement concerning excluded claims, and conditioned upon
3 the full payment of the Settlement Amount pursuant to the terms set
4 forth in Section 4.1 herein, the United States, on its own behalf and on
5 behalf of the United States Parties, hereby fully and finally releases the
6 SCE Parties from the Released Matters. The United States, on its own
7 behalf and on behalf of the United States Parties, acknowledges that the
8 Released Matters includes claims that are presently unknown, and that
9 the releases contained in this Agreement are intended to and do fully,
10 finally, and forever discharge all Released Matters, whether now
11 asserted or unasserted, known or unknown, real or imaginary, actual or
12 potential, which arise out of or are in connection with the Released
13 Matters.

14 b. Releases by SCE and Edison International. Subject to the exceptions
15 listed in Section 4.3 of this Agreement concerning excluded claims, SCE
16 and Edison International, on their own behalf and on behalf of any of
17 their predecessors, successors and assigns, hereby fully and finally
18 release the United States Parties from the Released Matters. SCE and
19 Edison International, on their own behalf and on behalf of any of their
20 predecessors, successors and assigns, acknowledge that the Released
21 Matters includes claims that are presently unknown, and that the releases
22 contained in this Agreement are intended to and do fully, finally, and
23 forever discharge all Released Matters, whether now asserted or
24 unasserted, known or unknown, real or imaginary, actual or potential,
25 which arise out of or are in connection with the Released Matters.

26 4.3 Excluded Claims. The Parties acknowledge and agree that they are mutually
27 resolving only the Released Matters. Therefore, notwithstanding the releases given in
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1 Section 4.2 of this Agreement, or any other term of this Agreement, the following claims
2 are specifically reserved and are not released:

- 3 a. Any criminal liability;
- 4 b. Any claim by SCE, Edison International, the United States, or the United
5 States Parties, not arising out of or related to the Released Matters; and
- 6 c. Any liability based upon obligations created by this Agreement.

7 4.4 Dismissal. Upon receipt of the payment described in Section 4.1 above, the
8 Parties shall promptly sign and file in the Action a Joint Stipulation of Dismissal of the
9 Action with prejudice pursuant to Rule 41(a)(1).

10 4.5 Attorney's Fees, Costs of Suit, and Litigation Expenses. Each Party to
11 this Agreement and/or its insurers shall bear its own costs, attorney's fees, expert fees,
12 and other expenses incurred in any manner in connection with the investigation,
13 litigation, mediation, and resolution of this matter, including the preparation and
14 performance of this Agreement.

15 4.6 Full and Final Accord and Satisfaction. It is the intention of the Parties
16 that this Agreement shall constitute a full and final accord and satisfaction as to all
17 matters encompassed in the release set forth in Section 4.2 of this Agreement, and
18 once all conditions of this Agreement are satisfied, a bar to entry of judgment on the
19 United States' claims in the Action, as well as a bar to any and all other actions, causes
20 of action, obligations, costs, expenses, attorney's fees, expert fees, damages, losses,
21 claims, liabilities and demands of whatever nature, character or kind, known or
22 unknown, suspected or unsuspected, between or among the Released Parties arising out
23 of or connected with the Released Matters. The Parties acknowledge that they are fully
24 familiar with the facts and assumptions giving rise to this Agreement but agree that this
25 Agreement shall remain fully effective and binding as to each of them even if the facts or
26 assumptions turn out to be different from what they now believe them to be. In addition,
27 the Parties acknowledge that they are familiar with and understand and expressly waive
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1 Section 1542 of the Civil Code of the State of California, as it relates to the Released
2 Matters, which provides as follows:

3 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE
4 CREDITOR OR RELEASING PARTY DOES NOT KNOW OR
5 SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF
6 EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR
7 HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER
8 SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

9 4.7 No Other Actions. Each Party represents and warrants that, except for the
10 claims in the Action, it has not filed or caused any other person or attorney to file any
11 other complaints, claims, cross- or counter-claims, liens, demands, causes of action,
12 lawsuits, or other demands for any relief whatsoever against the Released Parties in any
13 forum (whether a court, an administrative agency, or any other tribunal). Subject to
14 Section 4.3 of this Agreement, each Party agrees that it will not file any complaints,
15 claims, cross- or counter-claims, liens, demands, causes of action, lawsuits, or other
16 demands for any relief whatsoever against the Released Parties in any forum (whether a
17 court, an administrative agency, or any other tribunal) involving or relating to the
18 Released Matters.

19 4.8 Third-Party Beneficiaries. The Parties expressly agree that the Released
20 Parties are third-party beneficiaries and may invoke and enforce the provisions of this
21 Agreement.

22 4.9 Warranty of Capacity and Authority. All individuals signing this Agreement
23 represent and warrant that they are fully authorized to execute this Agreement on behalf
24 of the entities indicated below.

25 4.10 No Transfer. Each Party represents and warrants that it has not transferred
26 anything being released under this Agreement, and is not aware of any such transfer, and
27 that the Party is not aware of any prohibition of any type that prevents the Party from
28 performing this Agreement.

1 4.11 Internal Revenue Code. Nothing in this Agreement constitutes an
2 agreement by the United States concerning the characterization of the Settlement
3 Amount for purposes of Title 26, United States Code (Internal Revenue Code).

4 4.12 Binding. This Agreement is intended to be, and is binding on the Parties'
5 successors in interest, transferees, and assigns.

6 4.13 Representation by Counsel. Each Party warrants that it has been represented
7 by legal counsel with regard to the nature, purpose, and effect of this Agreement. The
8 Agreement was negotiated by the Parties and/or their respective counsel, each of whom
9 had the opportunity to participate in the drafting and editing thereof, as provided in
10 Section 4.16 below. The Parties hereby declare that the terms of this Agreement have
11 been completely read, fully understood, and voluntarily accepted following opportunity
12 for review by the Parties and/or legal counsel of their choice.

13 4.14 No Duress, Freely Entered. Each of the Parties warrants and represents that
14 it freely and voluntarily enters into this Agreement without any degree of duress or
15 compulsion whatsoever. Each of the Parties further warrants and represents that no other
16 Party or its representative has made any promise, representation or warranty, express or
17 implied, except as expressly set forth in this Agreement, and that no Party has relied on
18 any inducements, promises, or representations made by any Party to this Agreement, or
19 its representatives, or any other person, except as expressly set forth herein.

20 4.15 Assumption of Risk. The Parties understand and acknowledge that if the
21 facts regarding the Released Matters are found hereafter to be different from facts now
22 believed by them to be true, they expressly accept and assume the risks of such possible
23 difference in facts and agree that this Agreement shall remain effective, notwithstanding
24 any such difference.

25 4.16 No Construction Against Drafter; Joint Preparation. For purposes of
26 construction, this Agreement shall be deemed to have been drafted by all Parties. The
27 words of this Agreement shall not, therefore, be construed against any Party for that
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1 reason in any subsequent dispute, but shall be construed as a whole, and so as to affect
2 their fair meaning.

3 4.17 Disclosure; Press Releases. SCE consents to the United States' disclosure of
4 this Agreement, and information about the Covered Conduct and this Agreement, to the
5 public, such as in the form of a press release. The United States consents to SCE's
6 disclosure of the Settlement Agreement.

7 4.18 Integrated Agreement. This Agreement constitutes the complete agreement
8 among the Parties and supersedes and replaces all prior negotiations and agreements,
9 whether written or oral, regarding the resolution of the claims among the Parties with
10 respect to the Released Matters. This Agreement may not be altered, amended, or
11 modified, except by a writing duly executed by authorized representatives of all Parties.

12 4.19 Counterparts. This Agreement may be executed in counterparts, each of
13 which constitutes an original and all of which taken together shall constitute one valid
14 and binding Agreement among the Parties.

15 4.20 Applicable Law and Jurisdiction. This Agreement is governed by the laws
16 of the United States. The exclusive jurisdiction and venue for any dispute relating to this
17 Agreement is the United States District Court for the Central District of California.

18 4.21 Final Agreement. This Agreement is effective, final, and binding as of the
19 date it is fully executed and delivered to all Parties ("Effective Date"). Transmittal and
20 receipt of facsimiles or pdf versions of signatures shall constitute acceptable, binding
21 signatures for purposes of this Agreement.

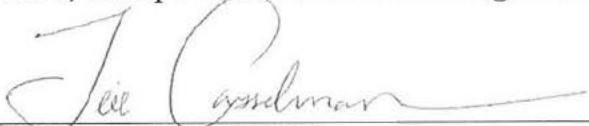
22 4.22 Cooperation. The Parties agree to cooperate fully and to execute any and all
23 supplementary documents and to take all additional actions that may be necessary or
24 appropriate to give full force and effect to the terms and intent of this Agreement.

25 IN WITNESS WHEREOF, the Parties have executed this Agreement on the
26 dates set forth below.

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Dated: February 22, 2024

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Dated: February 23 , 2024

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1 Dated: February 23 , 2024

SOUTHERN CALIFORNIA EDISON
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2
3 *Jennifer Hasbrouck*

Jennifer Hasbrouck (Feb 23, 2024 14:06 PST)

4 JENNIFER R. HASBROUCK
5 Senior Vice President & General Counsel
6 Southern California Edison Company

7
8
9 Dated: February 23 , 2024

EDISON INTERNATIONAL

10
11 *Adam Umanoff*

Adam Umanoff (Feb 23, 2024 14:23 PST)

12 ADAM S. UMANOFF
13 Executive Vice President & General Counsel
14 Edison International