

SUPERIOR COURT OF CALIFORNIA

71801

County of Los Angeles

**SEARCH WARRANT RETURN  
and  
INVENTORY**

Search Warrant No. 71801

Issuing Magistrate: M.L. Villar

Date warrant issued: 9/25/2015

Date warrant executed: 9/25/2015

Location/Vehicles/Persons served and title:

Microsoft Corporation  
One Microsoft Way  
Redmond, WA 98052

For personal email records of Stephen Pickett

Manner of service: Faxed to 425-708-0096

FILED 2015 NOV 13 AM 11 21

FILED SW

I, Special Agent Reye Diaz, Office of the Attorney General, the affiant for this search warrant, state: The information listed above is correct and during the execution of the search warrant, the following property was seized:

On September 25, 2015, your affiant served Microsoft Corporation with the search warrant authorized by the Honorable M.L. Villar, Los Angeles County Superior Court on September 25, 2015.

On October 28, 2015, Microsoft Corporation provided me approximately 1,400 emails related to Stephen PICKETT. These emails were subsequently turned over to the Office of the Attorney General's Litigation Support Unit and will be loaded into a database for my review after the emails are reviewed by others for attorney client privilege.

Microsoft has complied to the search warrant as ordered by the court.

I declare under penalty of perjury that the foregoing is true.

Date: 11/13/2015

*Reye Diaz* 11/13/15  
Special Agent Reye Diaz AG#10  
Affiant

*Edmund Willcox Clarke, Jr.*  
Judge of the Court  
EDMUND WILLCOX CLARKE, Jr.



Penal Code § 1537

STATE OF CALIFORNIA - COUNTY OF LOS ANGELES

SEARCH WARRANT AND AFFIDAVIT

(AFFIDAVIT)

Special Agent Reye Diaz, California Department of Justice, swears under oath that the facts expressed by him/her in this Search Warrant, and in the attached and incorporated statement of probable cause consisting of 18 pages, are true and that based thereon he/she has probable cause to believe and does believe that the property and/or person described below is lawfully seizable pursuant to Penal Code Section 1524, as indicated below, and is now located at the locations set forth below. Wherefore, affiant requests that this Search Warrant be issued.

NIGHT SEARCH REQUESTED: YES [ ] NO [X] - Justification on page(s) \_\_\_\_\_

[Signature]  
(Signature of Affiant)

(SEARCH WARRANT)

THE PEOPLE OF THE STATE OF CALIFORNIA TO ANY SHERIFF, POLICEMAN OR PEACE OFFICER IN THE COUNTY OF LOS ANGELES: proof by affidavit having been made before me by Special Agent Reye Diaz, that there is probable cause to believe that the property described herein may be found at the locations set forth herein and that it is lawfully seizable pursuant to Penal Code Section 1524 as indicated below by "x"(s) in that it:

- \_\_\_\_\_ it was stolen or embezzled
- X it was used as the means of committing a felony
- X it is possessed by a person with the intent to use it as means of committing a public offense or is possessed by another to whom he or she may have delivered it for the purpose of concealing it or preventing its discovery
- X it tends to show that a felony has been committed or that a particular person has committed a felony
- \_\_\_\_\_ it tends to show that sexual exploitation of a child, in violation of Section 311.3, or depiction of sexual conduct of a person under the age of 18 years, in violation of Section 311.11, has occurred or is occurring
- \_\_\_\_\_ there is a warrant for the person's arrest;

YOU ARE THEREFORE COMMANDED TO SEARCH:

See attached Exhibit "A" "B"

FOR THE FOLLOWING PROPERTY:

See attached Exhibit "A" "B"

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NOV 13 AM 11 21

SEARCH WARRANT (Page 2)

AND TO SEIZE IT IF FOUND and bring it forthwith before me, or this court, at the courthouse of this court. This Search Warrant and incorporated Affidavit was sworn to as true and subscribed before me this day of 9/25/15, 2015, at 9:40 A.M./P.M. Wherefore, I find probable cause for the issuance of this Search Warrant and do issue it.

M.L. VILLAR  
M.L. VILLAR

NIGHT SEARCH APPROVED: YES [ ] NO [ X ]  
(Magistrate's Initials)

(Signature of Magistrate)

Judge of the Superior Court – County of Los Angeles



Be advised that pursuant to California Penal Code sections 1539 and 1540, you may file a written motion in the court of the above-mentioned judge who issued the warrant, seeking return of the property seized pursuant to this warrant.

For further information concerning this search warrant, contact the officer whose name appears on the warrant, Special Agent Reye Diaz at (916) 916-322-2686 or at [reye.diaz@doj.ca.gov](mailto:reye.diaz@doj.ca.gov)

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LPT

EXHIBIT "A"

LOCATION #1:

Stephen Pickett email account:

See Attached "B" for specific email information:

MAY BE SERVED VIA EMAIL or FAX

FOR THE FOLLOWING PROPERTY:

**Any and all email records and correspondence occurring between January 2012 through current on any, and all, email account(s) belonging to Stephen PICKETT, to specifically include the email account listed in Attachment "B".**

Upon receipt of all emails from Microsoft Corporations or any other provider:

Upon receipt, the emails will be reviewed by California Attorney General personnel for the following items: Any and all records and correspondence from January 2012 until current, involving the San Onofre Nuclear Generating Station (SONGS) closure settlement agreement, the 2013 meeting between Stephen PICKETT and Michael PEEVEY in Poland, communication(s) pertaining to the determination of when and why SONGS would be closed, commitment of monies for research as a result of the closure of SONGS, and communication(s) pertaining to the settlement of the SONGS Order Instituting Investigation (OII). These records are to include:

1. Internal correspondence, emails, text messages, logs, support letters, letters, documentation, as well as correspondence, emails, text messages, logs, support letters, letters, documentation between SCE officials and CPUC officials, decision makers, Michel FLORIO, Michael PEEVEY, Edward RANDOLPH, and CPUC ALJs as they relate to the UCLA Luskin Institute at UCLA, University of California, UCLA's Institute of the Environment and Sustainability, California Center for Sustainable Communities at UCLA, the SONGS closure, the SONGS settlement, the SONGS OII investigation, and commitment of research funds involving the CPUC, and any and all lobbying efforts on any of these topics.
2. SCE communications between SCE executive staff, including but not limited to Ron LITZINGER, Ted CRAVER, and Stephen PICKETT, regarding the meeting between PICKETT and PEEVEY in Poland, the SONGS settlement, the SONGS OII investigation, and monies committed to a research fund as a result of the SONGS closure.

**It is further ordered that Microsoft Corporation, and/or any email provider, not notify any person of the existence of this order until further order of this court. Affiant submits that such an order is justified because notification of the existence of this order could seriously jeopardize the ongoing investigation. Such a disclosure could give account holder(s) an opportunity to destroy evidence.**

71801

SUPERIOR COURT OF CALIFORNIA

County of Los Angeles

**Search Warrant  
Sealing Order**

FILED  
2015 NOV 13 AM 11  
JW

Warrant No. \_\_\_\_\_

Place to be searched: STEPHEN PICKETT EMAIL ACCOUNTS

Application for Sealing Order: I hereby request that the following document(s) submitted in support of the requested search warrant be sealed pending further order of the court:

EXHIBIT "B" OF SEARCH WARRANT  
ATTACHMENT "D" OF AFFIDAVIT

Grounds for order: I believe that the sealing of the above document(s) is warranted for the following reasons:

PUBLIC INTEREST: Sealing serves the following public interest:

- Protect a confidential informant (Evid. Code § 1041)
- Conceal official information: (Evid. Code § 1040)

PREJUDICE TO PUBLIC INTEREST: There exists a substantial probability that this public interest would be prejudiced if the information contained in this document(s) is not sealed.

NARROWLY TAILORED: I do not believe it would be possible to release any of the sealed information without prejudicing this public interest.

Declaration: I declare under penalty of perjury that the above information is true.

9/25/15  
Date

[Signature]  
Affiant REYE DIAZ

Order: Pursuant to Rule 2.550 of the California Rules of Court, the document(s) identified above shall be sealed and retained in the following manner pending further order of the court:

- (1) The document(s) shall be sealed in an envelope with a copy of this Order affixed to the front of the envelope; and
- (2) The Clerk of the Court shall retain custody of the envelope in a secure place and shall not permit it to be opened by anyone except as authorized by written order of the Court.

9/25/15  
Date



[Signature]  
M.L. VILLAR  
Judge of the Superior Court

**AFFIDAVIT OF REYE EUGENE DIAZ  
IN SUPPORT OF SEARCH WARRANT**

That your affiant, Reye Eugene Diaz, has been employed by the Department of Justice since 1997.

I am currently a Special Agent and "investigative or law enforcement officer" of the State of California within the meaning of 830.1 of the California Penal Code who is empowered by law to conduct investigations and make arrests for offenses committed within the State of California.

From November 1999 until January of 2003, I was assigned to the California Department of Justice, Bureau of Narcotic Enforcement, San Francisco Regional Office. During this time, my primary assignment was to conduct narcotic investigations which routinely required me to work in an undercover capacity, conduct surveillance on suspects, develop and handle informants, as well as author and serve search warrants. During this time, I also served as case agent on mid level narcotic investigations and assisted with numerous high level narcotic investigations.

From February 2003 until November 2014, I was assigned to the California Department of Justice, Bureau of Gambling Control and Bureau of Investigation. During my time with both the Gambling Control and Bureau of Investigation, I served as case agent on numerous investigations pertaining to the following crimes: Pimping, Human Trafficking, prostitution, violent loan sharks/extortion, murder for hire, corruption, embezzlement, grand theft, burglary, illegal lottery, counterfeiting, identity theft, forgery, fraud, embezzlement, and political corruption. I routinely worked with the Federal Bureau of Investigation, the United States Secret Service, the Internal Revenue Service,

the Department of Homeland Security, and local law enforcement personnel on numerous major investigations. During these aforementioned investigations, I have conducted numerous hours of surveillance, routinely utilized sophisticated investigative equipment, conducted numerous interviews and interrogations, conducted numerous undercover operations, arrested hundreds of suspects, routinely worked with informants, written numerous search warrants, and have routinely testified in court.

I am cross designated as a task force agent with the FBI and have received the California Attorney General Peace Officer Award for my work as a criminal investigator. I am currently assigned to the California Attorney General's Financial Fraud Section and Special Prosecutions Unit where I am tasked by the California Attorney General's Office to combat human trafficking, sex trafficking related crimes, as well as conduct financial fraud investigations.

## I. Introduction

This affidavit is submitted in support of a request for a search warrant to be issued and executed for email records belonging to Stephen PICKETT, the former Executive Vice President of External Relations at Southern California Edison (SCE). Your affiant believes there is probable cause to conduct this search warrant for the following reasons:

1) There is probable cause to believe that Michael PEEVEY, former President of the California Public Utilities Commission, utilized his position to influence SCE's commitment of millions of dollars to UCLA to fund a research program. There is also probable cause to believe Stephen PICKETT, former Executive President of External Relations at SCE, and PEEVEY knowingly engaged in and conspired to engage in prohibited *ex parte* communications regarding the closure of a nuclear facility, to the advantage of SCE and to the disadvantage of other interested parties. And there is probable cause to believe that evidence showing that PICKETT knowingly engaged in prohibited *ex parte* communications with PEEVEY will be found in personal emails belonging to Stephen PICKETT.

## I. BACKGROUND

In **January 2012**, Southern California Edison (SCE) announced that a radiation leak likely occurred in a steam generator at the San Onofre Nuclear Generating Station (SONGS). As a result, SONGS' two reactor units, referred to as Unit 2 and Unit 3,

remained offline until it could be determined whether the issues with the steam generators could be corrected. SONGS has not been operational since.

On **November 1, 2012**, the CPUC initiated a proceeding through an Order Instituting Investigation (OII) in order to determine, among other issues, how to allocate the financial burden associated with the closure between rate payers and SCE shareholders.

On **June 7, 2013**, SCE announced the permanent shut-down of SONGS. SCE participated in settlement negotiations with rate payer advocacy groups including The Utility Reform Network (TURN) and the California Office of Ratepayer Advocates (ORA). SCE negotiated on behalf of SDG&E. Any agreed upon settlement was required to be submitted to CPUC for approval.

On **April 4, 2014**, the settling parties filed their proposed settlement with CPUC for approval. CPUC Commissioner Michel FLORIO and Administrative Law Judge (ALJ) Melanie DARLING were assigned oversight of the proceedings.

On **September 5, 2014**, Commissioner FLORIO and ALJ DARLING issued a ruling that the proposed settlement could not be accepted unless amended to include a \$25 million dollar commitment by SCE to the University of California over five years to address environmental offsets and greenhouse gas mitigation.

On **November 25, 2014**, after the settling parties agreed to the amendments, CPUC issued a decision approving the settlement.

## **II. LEGAL FRAMEWORK**

### **A. The California Public Utilities Commission**

The California Public Utilities Commission (CPUC) is a state regulatory agency. According to its website, CPUC regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit, and passenger transportation companies. The CPUC's mission is to serve the public interest by protecting consumers and ensuring the provision of safe, reliable utility service and infrastructure at reasonable rates, with a commitment to environmental enhancement and a healthy California economy. The CPUC is located in San Francisco, CA.

**B. Public Utilities Code Prohibitions on Ex Parte Communications**

*Ex parte* communications are defined in the Public Utilities Code as “any oral or written communication between a decision maker and a person with an interest in a matter before the commission concerning substantive, but not procedural issues, that does not occur in a public hearing, workshop, or other public proceeding, or on the official record of the proceeding on the matter.” (Pub. Util. Code §1701.1(c)(4).) *Ex parte* communications are prohibited in adjudicatory cases. (Pub. Util. Code . § 1701.2.) The SONGS OII and associated settlement discussions are considered adjudicatory. Violation of this prohibition is a misdemeanor. (Public Util. Code § 2110.)

**C. Obstruction of Justice and Conspiracy to Obstruct Justice**

Under California law, “every judicial officer, court commissioner, or referee who commits any act that he or she knows perverts or obstructs justice, is guilty of a public offense punishable by imprisonment in a county jail for not more than one year.” (Cal. Penal Code § 96.5). Penal Code section 182 (a) (5) makes it a felony to “commit any act injurious to the public health, to public morals, or to pervert or obstruct justice, or the due administration of the laws.” Conspiracy to commit a misdemeanor offense can also

be charged as a felony, pursuant to Penal Code Section 182 (a) (1).

### III. FACTUAL EVIDENCE IN SUPPORT OF SEARCH WARRANT

#### A. **PEEVEY and PICKETT Secretly Discussed Specific Terms of SONGS Settlement at Hotel Bristol in Poland.**

##### 1. **PEEVEY and PICKETT *ex parte* conversation**

On **March 26, 2013**, while SONGS was still offline and CPUC Oil proceedings were still ongoing, Stephen PICKETT, then the Executive Vice President of External Relations at SCE, met with Michael PEEVEY, then the President of the CPUC, at an unrelated fact finding mission in Warsaw, Poland. According to handwritten notes memorialized on stationery from Warsaw's Bristol Hotel, PICKETT and PEEVEY discussed settlement terms related to the closure of SONGS which included, among other things, decommissioning costs, investment recoveries, shutdown procedures, employee severance packages, rate payer costs, and a \$25 million dollar donation to an agreed upon greenhouse gas or environmental academic research fund. Your affiant obtained these notes in a home-office desk while executing a search warrant at PEEVEY's residence in La Canada, California, on January 27, 2015.

PICKETT reported back to his management at SCE within one week of his meeting with PEEVEY in Poland, and subsequently provided his management with his own version of the notes based on his recollection of the meeting with PEEVEY.

The notes seized from PEEVEY's residence address the following nine topics with additional information pertaining to each topic:

1. Pre-RSG Investment;
2. RSG and post – RSG investment;
3. Replacement Power Responsibility;
4. Neil Insurance Recoveries;
5. MHI Recovery;

6. Decommissioning Costs;
7. O&M;
8. Environmental Offset;
9. Process.

PICKETT's typed notes, entitled "Elements of a SONGS Deal," contain the same nine topics, in almost the exact same order, as the Hotel Bristol notes. PICKETT's notes also contain one additional topic entitled "Other Notes." Copies of both notes are included as Attachment #A.

**2. SCE Filed a Notice of Ex Parte Communications Two Years Late, Only After the Poland Meeting was Publicly Disclosed.**

On **January 27, 2015** your affiant executed a search warrant at PEEVEY's residence in La Canada, California, at which time your affiant seized handwritten notes on Hotel Bristol stationery associated with the SONGS closure. Your affiant subsequently filed a search warrant return with the San Francisco County Superior Court and attached a copy of the property receipt. The Superior Court ordered the declaration sealed, but the property receipt remained publicly available.

On **January 30, 2015**, as a result of the search warrant return, the *San Diego Union-Tribune* reported the details of the search warrant and emphasized that law enforcement had seized "RSG notes on Hotel Bristol stationery."

On **February 9, 2015**, nine days after the *San Diego Union-Tribune* reported the seizure of the notes, and approximately two years after the actual meeting took place between PICKETT (SCE) and PEEVEY (CPUC), SCE belatedly disclosed that PICKETT met privately with PEEVEY in Poland on March 26, 2013, and that SCE failed to disclose the *ex parte* communication. According to the late-filed notice of *ex parte* communication, PEEVEY initiated the communication on a framework for a possible

resolution of the pending OII regarding the closure of SONGS. SCE also reported that PICKETT took notes during the meeting, and PEEVEY kept the notes. According to SCE, it did not originally report the *ex parte* communication based on an understanding that “the substantive communication on a framework for a possible resolution of the OII was made by Mr. PEEVEY to Mr. PICKETT, and not from Mr. PICKETT to Mr. PEEVEY.” SCE further stated, “However, based on further information received from Mr. PICKETT last week, while Mr. PICKETT does not recall exactly what he communicated to Mr. PEEVEY, it now appears that he may have crossed into a substantive communication.”

**3. April 4, 2013 email from PICKETT to SCE personnel.**

Your affiant reviewed an email, dated April 4, 2013, one week after the meeting in Poland and approximately 1-2 days after PICKETT developed his own version of the notes, from PICKETT to two specific individuals that work for Southern California Edison. In this email, PICKETT advises, “First, we should take my notes and turn it into a simple term sheet we could use to help guide the negotiations.”

**4. LITZINGER and PICKETT did not file *ex parte* report.**

On March 20, 2015, your affiant interviewed Ron LITZINGER, President of SCE. According to LITZINGER, he told PICKETT after the Poland trip that PICKETT was not authorized to engage in negotiations with PEEVEY regarding the closure of SONGS. LITZINGER claimed that when PICKETT came back from the trip and notified him about the conversation, LITZINGER wondered why there was a “conversation taking place” while there was an active proceeding. Nevertheless, LITZINGER did not file, nor did he request that PICKETT file, a notice of *ex parte* communication.

Although SCE did not decide to close SONGS until May 2013, LITZINGER said he had to reinforce to PICKETT on April 11<sup>th</sup> that he (PICKETT) was not going to be part of the settlement team and that the settlement process was going to be very tightly controlled. LITZINGER said that he had to remind PICKETT of this fact, as PICKETT was "still talking like he was going to be part of the settlement team."

**5. PEEVEY pressured LITZINGER to make commitment to UCLA as part of SONGS settlement agreement.**

LITZINGER also stated that, in a conversation with PEEVEY on **May 2, 2014**, while SONGS settlement proceedings were ongoing, PEEVEY requested that SCE make a \$25 million commitment to UCLA as part of the settlement. According to LITZINGER, PEEVEY emphasized the fact that he had discussed the matter with PICKETT in Poland. LITZINGER told your affiant that PEEVEY waved hand written notes. LITZINGER stated that he told PEEVEY, "I was aware that conversation took place, but Steve [PICKETT] was not authorized to speak on behalf of the company."

**6. Edward RANDOLPH's description of the Poland meeting**

Your affiant also interviewed Edward RANDOLPH, the current Director of Energy at the CPUC. RANDOLPH advised your affiant that he was present during the discussion between PEEVEY and PICKETT in Poland. RANDOLPH told your affiant that there were "ground rules" as to what they could talk to SCE about on the trip. When asked if these ground rules would prohibit substantive discussion on "pending proceedings," RANDOLPH stated yes. RANDOLPH stated that there was an "offline discussion" between RANDOLPH, PEEVEY, and PICKETT at a bar at the Bristol Hotel in Poland. When asked what pending proceeding they discussed, RANDOLPH answered, "The prime point of the discussion was to discuss the timing of a

determination of if Southern California Edison was going to permanently shut down the San Onofre Nuclear Generation Facility." RANDOLPH said that the discussion, in itself, did not relate to a proceeding in his opinion. According to RANDOLPH, the reason they were discussing the permanent shut down of SONGS is that it was already heading into a second summer in which the plant had been shut down, and SCE had not made a long term determination of what they would do if the plant closed permanently. RANDOLPH said CPUC wanted SCE to do a long term determination so it could do long term planning and not short term "patchwork" which would be more expensive for the rate payers.

When RANDOLPH was asked if there was a more specific conversation about a settlement agreement, RANDOLPH answered, "Sort of, after we finished the discussion about making a determination about the plant closing, which was probably about a ten minute conversation, the conversation did drift into a conversation on what the financials on closing a plant would look like." When asked who led the conversation, RANDOLPH stated that the first part of the conversation, regarding a determination on if the plant was going to be permanently closed, was led by PEEVEY. According to RANDOLPH, the second part of the conversation, regarding the financials of a plant closure, was led by PICKETT. RANDOLPH's recollection of events contradicts PICKETT's assertion to his management that the discussion with PEEVEY was just one-way. RANDOLPH told your affiant that, in his opinion, the discussion in Poland was an *ex parte* communication, and SCE should have reported it.

## **7. Effects of Poland Conversation on Other Interested Parties**

As a result of a recent public disclosure of the PEEVEY notes your affiant seized at PEEVEY's residence, both ratepayer settlement parties (ORA and TURN) that negotiated with SCE, without the advantage of being aware of the PICKETT meeting with PEEVEY in Poland, issued the following separate statements on April 17, 2015:

ORA STATEMENT:

*"ORA has reviewed the Hotel Bristol Notes and has made a comparative analysis with the final SONGS settlement agreement. The Hotel Bristol Notes appear to set a framework for settlement that is similar to the elements of the settlement that was ultimately accepted by the CPUC. The Hotel Bristol Notes appear to demonstrate the degree to which Peevey and Pickett collaborated to orchestrate a settlement of the SONGS outage investigation. Based on ORA's analysis of the Hotel Bristol Notes and the final settlement agreement, customers still saved at least \$780 million more than the "deal" that Peevey and Pickett had described. However, ORA cannot honestly say that it got the best deal for ratepayers. Edison was likely able to use its knowledge of Peevey's position to steer the settlement in the direction it wanted. While ORA believes it worked to strike a good deal for ratepayers based on legal precedents, we are troubled by the possibility that we might have been able to strike a better deal."*

TURN STATEMENT:

*"The Warsaw meeting was a flagrant violation of CPUC rules governing ex parte contacts," said TURN staff attorney Matt Freedman. "The CPUC has properly ordered SCE to turn over all documents relating to communications with CPUC decision makers about the possible settlement of SONGS. Based on the responses to this ruling, TURN may seek a reopening of the case. At a minimum, TURN will urge the CPUC to assess the maximum sanction on SCE for its ex parte violations and apply any financial penalties toward reducing customer rates."*

The Utilities and Commerce Committee of the California Assembly also formally requested that John GEESMAN, Attorney for Alliance for Nuclear Responsibility, analyze the PEEVEY notes and make an assessment of the differences between the terms outlined in the notes and the actual settlement proposal. According to GEESMAN, *"Prompt disclosure of ex parte communications like that between Mr. PICKETT and Mr. PEEVEY is an essential prerequisite for a level playing field in a regulatory proceeding."*

In regards to the advantage SCE had going into the negotiations as a result of the PEEVEY and PICKETT meeting and SCE's failure to disclose the meeting as required by law, GEESMAN stated, *"It appears to me that SCE managed to improve its position by at least \$919 million, and arguable \$1.522 billion, from what CPUC President PEEVEY had identified at the Hotel Bristol as a framework for a possible resolution."*

**B. PEEVEY's Request for UCLA Research Funds**

The University of California, Los Angeles (UCLA), has disclosed that while the SONGS closure settlement negotiations were still ongoing, and prior to a proposal being submitted to CPUC, PEEVEY requested that Stephanie PINCETL, the Director of UCLA's California Center for Sustainable Communities and Professor-in-Residence at UCLA's Institute of the Environment and Sustainability, submit a proposal for exactly \$25 million dollars that would be available as a result of the closure of SONGS.

On **April 4, 2014**, the settlement parties filed their proposed settlement to CPUC for approval. CPUC Commissioner Michel FLORIO and ALJ Melanie DARLING oversaw the settlement proceedings. The initial settlement proposal did not include \$25 million dollars towards greenhouse gas research.

As noted, LITZINGER advised your affiant that PEEVEY told him on **May 2, 2014**, right after the settlement proposal was submitted to CPUC, that SCE needed to make a \$25 million dollar commitment to UCLA. PEEVEY referenced the fact that he had discussed the matter with PICKETT in Poland and waved hand written notes. According to LITZINGER, Commissioner FLORIO, the CPUC commissioner presiding over the matter, was also present during this conversation. LITZINGER advised your

affiant that he refused to engage in conversation with PEEVEY on this matter.

According to a LITZINGER declaration, after this meeting, he called FLORIO to advise that SCE was considering filing an *ex parte* notice. LITZINGER claimed that Commissioner FLORIO later told him he had discussed the matter with PEEVEY's chief of staff, and they had concluded there was no reason to disclose that the two sides had met. According to LITZINGER, over the next several weeks, PEEVEY attempted multiple times to pressure SCE to make this financial commitment directly to UCLA. Ultimately, PEEVEY told LITZINGER that he was going to bypass him and go straight to his boss Ted CRAVER, President and Chief Executive Officer of Southern California Edison (SCE) International.

Your affiant interviewed Ted CRAVER who confirmed that PEEVEY "went at him hard," telling him that they (SCE) did not get the importance of combatting climate change and this was an opportunity to do something, and if they were smart, they would figure out how to "wrap this in a cloak" and it would be good for public relations. CRAVER told PEEVEY that he could not talk to PEEVEY about this matter. SCE never agreed to formally commit money to research.

On **May 19, 2014**, in response to an email from Stephanie PINCETL (UCLA) asking about the status of project funding, PEEVEY stated that SCE had advised him that her request was "a lot of money" and would have to be taken to SCE's board for approval. PEEVEY added in his response to PINCETL, "I am, of course, exploring another option."

In addition to PEEVEY's in-person lobbying efforts, PEEVEY appeared to be organizing a letter-writing campaign to support a UCLA research program. Your affiant

has reviewed documents drafted as letters from Los Angeles-area elected officials to the CPUC, dated in early June 2014. The letters urge, as part of the pending SONGS settlement, that CPUC fund a proposed UCLA research program (California Center for Sustainable Communities at UCLA) involving the creation of a “sophisticated energy data analysis” which would result in reduction of GHG emissions. Similar letters were also delivered to SCE executives during the same time period.

On **September 5, 2014**, Commissioner FLORIO and ALJ DARLING issued a ruling that the proposed SONGS closure settlement could not be supported without two amendments, including a \$25 million dollar commitment to the University of California over five years.

LITZINGER told your affiant that SCE was not surprised, based on what had happened since May 2014, and that the commitment to fund research was a prerequisite to approval of the settlement. LITZINGER told your affiant that SCE internally debated the amendments and met with the Board of Directors to discuss the new terms. LITZINGER said SCE agreed to the terms because “our investors wanted the uncertainty of SONGS behind them.” According to LITZINGER, “The benefit of eliminating the uncertainty associated with SONGS far outweighed agreeing to the \$5 million a year.”

On October 2, 2014 Stephanie PINCETL (UCLA) emailed PEEVEY to request a language modification that would enhance UCLA's ability to get the funding. As a result, PEEVEY emailed FLORIO that same day asking for the proposed language to be modified in order to accommodate UCLA. FLORIO emailed PEEVEY back, stating that his Chief of Staff spoke to ALJ Darling and had a “fairly difficult conversation” with her.

FLORIO further stated in the email, "*Melanie (DARLING) seems to be in a particularly sour mood! Bottom line, she said she used the language she got from Lester in her ordering paragraph. I think that is the same as what you handed me today. We will try to clean this up before the PD mails tomorrow, or worst case in the final decision. I don't sense any disagreement about the substance, just another ALJ resisting interference by those pesky commissioners. I am confident we will get there.*"

On **November 25, 2014**, the SONGS settlement was formally approved, including the \$25 million dollar research grant to the University of California.

**C. CPUC Business conducted on personal emails:**

On February 20, 2015, your affiant served a search warrant on PEEVEY's personal email account. I have observed numerous CPUC business related emails on PEEVEY's personal email account. Although PICKETT departed SCE on November 30, 2013, both continued to correspond with each other. In one email, dated February 4, 2015, approximately one month after PEEVEY departed from the CPUC and a week after a search warrant was served at PEEVEY's house, PEEVEY sent an email to PICKETT's personal outlook email account suggesting that they meet for a glass of wine. PICKETT responded by telling PEEVEY that he was sorry he hadn't responded to his earlier voice mails and would be willing to meet with him. However, PICKETT further advised that he could not engage in "substantive discussion" on the matters currently under investigation.

**IV. SUMMARY**

Based on the above evidence and facts, there is probable cause to believe that PICKETT knowingly engaged and conspired to engage in a reportable *ex parte*

communication with PEEVEY in POLAND to the overall advantage of SCE in the subsequent settlement process pertaining to the closure of SONGS. It is also evident that PEEVEY utilized his position to influence SCE's commitment of millions of dollars to UCLA to fund a research program. The facts indicate that PEEVEY conspired to obstruct justice by illegally engaging in *ex parte* communications, concealed *ex parte* communications, and inappropriately interfered with the settlement process on behalf of California Center for Sustainable Communities at UCLA. PEEVEY executed this plan through back channel communications and exertion of pressure, in violation of CPUC *ex parte* rules, and in obstruction of the due administration of laws.

There is probable cause to believe that further evidence showing PICKETT knowingly engaged in a reportable *ex parte* communication with PEEVEY, will be found, if not deleted, in PICKETT's personal outlook email account which will be listed and sealed under Attachment B.

Your affiant requests search warrant authorization from the Superior Court of Los Angeles County. Because SCE is headquartered in Rosemead, CA, and PICKETT resides in Los Angeles County, there is probable cause to believe that at least a portion of the suspected criminal activity occurred in the County of Los Angeles.

Your affiant believes it is reasonable to request any and all records pertaining to the events surrounding the settlement of the SONGS closure, especially communications regarding the SONGS settlement from January 2012 to the present. It is reasonable to limit the search from January 2012 to the present because that is when SONGS was no longer operational. Your affiant is also requesting all emails on PICKETT's email account, as your Affiant was advised by Microsoft Corporations, the

provide of PICKETT's email account, they do not have the ability to filter specific information from email accounts Microsoft Corporations manages.

**SEAL AFFIDAVIT AND WARRANT:**

It is further requested by your affiant, due to the high profile nature of the investigation and the suspects, that a sealing order be granted in sections within the search warrant that specifically cite PICKETT's personal email address.

Your affiant believes there is sufficient probable cause that the property described herein may be found at the locations set forth herein and that it is lawfully seizable pursuant to Penal Code Section 1524.

**LOCATION #1:**

**Stephen PICKETT's personal Email Address:  
See Attachment "B"**

FOR THE FOLLOWING PROPERTY:

**Any and all email records and correspondence occurring between January 2012 through current on any, and all, email account(s) belonging to Stephen PICKETT, to specifically include the email account listed in Attachment "B".**

Upon receipt, the emails will be reviewed California Attorney General personnel for the following items: Emails and correspondence involving the San Onofre Nuclear Generating Station (SONGS) closure settlement agreement, the 2013 meeting between Stephen PICKETT and Michael PEEVEY in Poland, communication(s) pertaining to the determination of when and why SONGS would be closed, commitment of monies for research as a result of the closure of SONGS, and communication(s) pertaining to the settlement of the SONGS Order Instituting Investigation (OII). These records are to include:

1. Internal correspondence, emails, text messages, logs, support letters, letters, documentation, as well as correspondence, emails, text messages, logs, support letters, letters, documentation between SCE officials and CPUC officials, decision makers, Michel FLORIO, Michael PEEVEY, Edward RANDOLPH, and CPUC ALJs as they relate to the UCLA Luskin Institute at UCLA, University of California, UCLA's Institute of the Environment and Sustainability, California Center for Sustainable Communities at UCLA, the SONGS closure, the SONGS settlement, the SONGS OII investigation, and

commitment of research funds involving the CPUC, and any and all lobbying efforts on any of these topics.

2. SCE communications between SCE executive staff, including but not limited to Ron LITZINGER, Ted CRAVER, and Stephen PICKETT, regarding the meeting between PICKETT and PEEVEY in Poland, the SONGS settlement, the SONGS OII investigation, and monies committed to a research fund as a result of the SONGS closure.

I declare under penalty of perjury, under the laws of the State of California, that foregoing facts are true and correct to the best of my knowledge and belief.

Reviewed by Maggy Krell  
Deputy Attorney General  
California Department of Justice

  
Special Agent Reye Eugene Diaz  
Criminal Law Division  
California Department of Justice



HOTEL BRISTOL  
A LUXURY COLLECTION HOTEL

Warsaw

1. Pre-RSG investment: recover w/ debt-level return through 2022.
2. RSG and post-RSG investment: disallow "retroactively out of rate base" effective 2/1/2012 ~~effective~~
3. Replacement power responsibility: customer
4. NEIL/insurance recoveries: to customers
5. MHI recovery: 1<sup>st</sup> to see to the extent of the disallowance  
2<sup>d</sup> to customers
6. Decommissioning costs: remain in rates through time of decommissioning -- periodic redetermination in CPUC proceedings as before
7. O&M:
  - a) Already approved GRC amounts through shutdown + 6 months
  - b) OII to determine shutdown O&M through end of 2017 (i.e., not in GRC)
  - c) shutdown O&M 2018 and beyond determined in GRC's
  - d) Shutdown O&M to include reasonable severance for SONGS employees - A pool of \$50 million

Next page



HOTEL BRISTOL  
A LUXURY COLLECTION HOTEL

Warsaw

8. Environmental offset: SCE to donate <sup>10</sup> \$50 million per year 2014-2022 to \_\_\_\_\_ £ as agreed upon GHG, climate, or environmental academic research fund, institution, etc. }

9. Process
- a) settlement agreement approved in OJI
  - b) balance of OJI closed except for shutdown O&M phase
  - c) new OJI phase for shutdown O&M per 7(b) and 7(d) above
  - d) 2018 GRC for shutdown O&M 2018 and beyond
  - e) Usual CPUC proceedings for review of decommissioning costs

MITI Recovery

- 1 - First \$200 million — 50% custom — 50% SCE
- 2 - Next \$200 million — 70% SCE — 30% custom
- 3 - Any above \$400 million — 80% to SCE — 20% to custom up to dual licenses

Elements of a SONGS Deal

1. Recover pre-RSG investment on a "SONGS 1" basis through 2022 (i.e., with a debt level return).
2. Disallow RSG investment entirely ("out of rate base retroactively").

Note: not clear whether the post-leak investment that is not directly related to the RSG's is included (e.g., the new heads, HP turbine, etc.)

3. Customers responsible for all replacement power costs (no disallowance).
4. Any NEIL proceeds go to customers.
5. MHI recovery: to SCE to the extent of any disallowance, then to customers, with some as yet undefined incentive mechanism to encourage SCE to go after MHI to the maximum extent possible for as long as it takes (thinking about the energy crisis settlement as a model).
6. O&M:
  - a. Already approved GRC amounts to shutdown plus some reasonable period beyond (+/- 6 months)
  - b. Ramp down to shutdown level of O&M thereafter.
  - c. Use a subsequent phase of the OI or a separate proceeding to determine the level of ongoing shutdown O&M.
  - d. Shutdown O&M to include "reasonable but generous" severance for affected SONGS employees.
7. Environmental offset: SCE to pay \$5-10 million per year for the remaining life of SONGS (i.e. through 2022) to an agreed upon GHG, climate, or environmental research fund or academic institution. Structured as a charitable donation.
8. Decommissioning to continue to be collected in rates as before through 2022, with reviews as before in triennial CPUC proceedings.

*Handwritten mark*

9. Process:

- a. Settlement agreement approved in OII.
- b. Balance of OII closed (except possibly a subsequent phase to determine level of ongoing shutdown O&M).

10. Other notes:

- a. Players in deal; Geesman (A4NR), FOE, TURN.
- b. Protecting labor brings TURN along (Carl Wood chair of TURN board).
- c. Privately stated complaints of SDG&E.
- d. Ron Olson involvement per energy crisis.