

PG&E's Executive Compensation Structure satisfies the principles outlined in Public Utilities Code Section 8389(e)(4). PG&E's Executive Compensation Structure promotes safety as a priority. Consistent with PG&E's 2022 Executive Compensation Structure, 70 percent of STIP and 40 percent of LTIP is safety focused. It is also structured to ensure public safety and utility financial stability. Specifically, 70 percent of STIP supports safety and 25 percent supports financial stability; 40 percent of LTIP supports safety and 35 percent supports financial stability.

In compliance with Section 8389(e)(4), PG&E's performance metrics are measurable and enforceable. For example, PG&E's electric 911 emergency response metric measures the percentage of time that PG&E's personnel are on site within 60 minutes after receiving a 911 call. Many of the STIP metrics are similar to executive compensation metrics approved by the CPUC in Decision 20-05-053.²⁰ Additionally, PG&E explains that in accordance with the Decision, a material portion of executive incentive compensation shall be withheld if PG&E is the ignition source of a catastrophic wildfire. PG&E asserted that, "[i]n the event of a fatality resulting from any fire caused by PG&E equipment, the Wildfire Risk Reduction metric will automatically be zeroed out,"²¹ indicating that PG&E will eliminate short-term incentives in such cases.

PG&E's Executive Compensation Structure promotes measurable outcomes for safety improvements required by Wildfire Mitigation Plans. Following commitments in PG&E's WMP, 2023 STIP metrics include both lagging and leading indicators to track progress in mitigating wildfire risks in high fire threat districts (HFTDs) and high fire risk areas (HFRA). Lagging, outcome-based indicators include the Wildfire Risk Reduction metric, which is measured by reportable fire ignitions. Leading indicators include timely completion and quality pass rate targets for asset inspections and vegetation management work in HFTDs and HFRA, such as routine vegetation management and transmission inspections, which help to drive proactive safety measures. Compensation awards are based on objective, measurable, and enforceable performance metrics.

PG&E's Executive Compensation Structure also satisfies the principles outlined in Public Utilities Code Section 8389(e)(6). Strict limits are placed on guaranteed cash compensation, with the primary portion of the executive officers' compensation based on achievement of objective performance metrics. Accordingly, target incentive compensation is 74 percent on average. There are no guaranteed monetary incentives. LTIP provides a significant portion of compensation, based on the electrical corporation's long-term performance and value. On average, target LTIP accounts for 55 percent of total direct compensation and is granted in Performance Shares which, if earned, become vested after three years. Indirect or ancillary compensation not aligned with shareholder and taxpayer interest is minimized; on average, indirect or ancillary compensation is 2.4 percent of total compensation excluding SERP.

²⁰ Investigation 19-09-016: Order Instituting Investigation on the Commission's Own Motion to Consider the Ratemaking and Other Implications of a Proposed Plan for Resolution of Voluntary Case filed by Pacific Gas and Electric Company, pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court, Northern District of California, San Francisco Division, In re Pacific Gas and Electric Corporation and Pacific Gas and Electric Company, Case No. 19-30088

²¹ PG&E's 2023 Executive Compensation Structure, page 8.

