



January 22, 2024

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SUBJECT: Office of Energy Infrastructure Safety Issuance of Pacific Gas and Electric Company’s Safety Certification

Mr. Singh:

The Office of Energy Infrastructure Safety (Energy Safety) hereby issues Pacific Gas and Electric Company (PG&E) a Safety Certification pursuant to Public Utilities Code section 8389(e). PG&E’s December 1, 2023, request for a Safety Certification meets all of the statutory requirements.¹ 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 PG&E’s Safety Certification request.

An overview of Energy Safety’s findings follows.

Energy Safety must issue a Safety Certification if PG&E provides documentation that it meets the requirements set forth in Public Utilities Code section 8389(e)(1) through (e)(7), as detailed below.

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].” PG&E submitted its 2023-2025 WMP on March 27,

¹ [PG&E’s 2023 Safety Certification request](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56011&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56011&shareable=true>, accessed Dec. 14, 2023).

2023.² Energy Safety issued its decision approving PG&E's 2023-2025 WMP on December 29, 2023.³ PG&E has satisfied the requirement of Public Utilities Code section 8389(e)(1).

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's 2023 SCA Guidelines describe Energy Safety's current Public Utilities Code section 8389(d)(4) SCA process.⁴ Energy Safety published its 2022 SCA report for PG&E on May 8, 2023.⁵ The report identified eight recommendations, listed below:

1. *Continue to execute its 2025 Workforce Safety Strategy with clearly defined tactics and performance measurements for leadership.*
2. *Finalize and execute its Safety Leadership Development Program for all levels of its leadership, including senior leadership and frontline supervisors in the field.*
3. *Review communication channels and tactics for opportunities to increase the effectiveness and consistency of safety communications across the organization.*
4. *Optimize its safety-enabling systems to improve the quality of event investigations (with a focus on controls), continue to share event investigation results across the organization (not just workgroups), improve the hazard and near hit/near miss reporting process to align expectations on what to report and when to report.*
5. *Incorporate new safety-related training modalities and topics that enable all levels of the organization to develop a more proactive and curious mindset and also assess participant feedback and use it to make trainings more effective, relevant, and engaging.*
6. *Include in its safety trainings, when possible, post-training activities such as group discussions and other peer learning opportunities.*
7. *Continue to mitigate the risk exposure posed by interactions with the public.*

² [PG&E's 2023-2025 Wildfire Mitigation Plan](#) (see [the 2023-2025 WMPs docket log](#) for PG&E's attachments submitted with the WMP on March 27, 2023) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53547&shareable=true>; <https://efiling.energysafety.ca.gov/Lists/DocketLog.aspx?docketnumber=2023-2025-WMPs>, both accessed Nov. 28, 2023).

³ [PG&E 2023-2025 WMP Decision and Cover Letter \(December 2023\)](#) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56134&shareable=true>, accessed Jan. 2, 2024).

⁴ [2023 Safety Culture Assessment Guidelines \(April 2023\)](#) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53626&shareable=true>, accessed Nov. 28, 2023).

⁵ [2022 Safety Culture Assessment Report for PG&E \(May 2023\)](#) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53798&shareable=true>, accessed Nov. 28, 2023).

8. *Review and update its organizational policies regarding fatigue management, distracted driving, and stress management.*

On June 16, 2023, PG&E formally agreed to implement the findings (including the recommendations) of its 2022 SCA report.⁶ PG&E's agreement to implement the report's findings satisfies the "good standing" requirement of Public Utilities Code section 8389(e)(2) for its 2023 Safety Certification request since this is its most recent 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."

PG&E's Safety Certification request states that it has established a Safety and Nuclear Oversight (SNO) Committee⁷ composed of members of its Board of Directors with relevant experience.

PG&E reports the SNO Committee membership as follows:

- Chair Cheryl F. Campbell
- Jessica L. Denecour
- Admiral Mark E. Ferguson III
- W. Craig Fugate
- Michael R. Niggli
- William L. Smith

PG&E provides brief biographies for these individuals and includes their resumes, highlighting their relevant safety-related education and experience, in Attachment A of its Safety Certification request.

PG&E has satisfied the requirement of Public Utilities Code section 8389(e)(3).

⁶ [PG&E's Acceptance of 2022 Safety Culture Assessment Report \(June 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54152&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54152&shareable=true>, accessed Nov. 28, 2023).

⁷ Formerly the "Nuclear Oversight and Safety Committee," which was established in 2011, per [the PG&E web page on the SNO Committee](https://www.pgecorp.com/corp/about-us/corporate-governance/corporation-policies/safety-and-nuclear-oversight-committee.page) (<https://www.pgecorp.com/corp/about-us/corporate-governance/corporation-policies/safety-and-nuclear-oversight-committee.page>, accessed Nov. 28, 2023). This committee is alternately referenced in the singular and the plural in PG&E's Safety Certification and quarterly notification submissions. It appears that there are technically two committees, sometimes called the "Safety and Nuclear Oversight Committees of the Board of Directors of PG&E Corporation and Pacific Gas and Electric Company." They appear to have the same membership per committee meeting minutes. In this letter the two identical committees will be referenced in the singular as "the SNO Committee."

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 indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation.”

PG&E submitted a request for approval of its 2023 executive compensation structure on March 13, 2023.⁸ PG&E submitted a revised executive compensation structure approval request on March 27, 2023.⁹ PG&E submitted a second revised executive compensation structure approval request on April 25, 2023.¹⁰ Energy Safety determined that PG&E’s executive compensation structure satisfied the requirements of Public Utilities Code sections 8389(e)(4) and (e)(6) and approved its executive compensation structure on September 20, 2023.¹¹ PG&E has satisfied the requirements of Public Utilities Code sections 8389(e)(4) and (e)(6).

⁸ [PG&E’s request for approval of its 2023 executive compensation structure \(March 13, 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53441&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53441&shareable=true, accessed Nov. 28, 2023).

⁹ [PG&E revised executive compensation structure approval request \(March 27, 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53562&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53562&shareable=true, accessed Nov. 28, 2023).

¹⁰ [PG&E’s revised executive compensation structure approval request \(April 25, 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53707&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53707&shareable=true, accessed Nov. 28, 2023).

¹¹ [Approval of PG&E’s 2023 executive compensation structure \(September 20, 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55618&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55618&shareable=true, accessed Nov. 28, 2023).

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), PG&E's Safety Certification request cites the July 6, 2023, 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, Director of Energy Safety, and the public about the electrical infrastructure safety efforts of PG&E, including progress and challenges concerning wildfire mitigation, worker safety, and safety culture. During this meeting, a member of PG&E's Board of Directors and two members of the executive staff gave a presentation and answered questions from the CPUC and Energy Safety. PG&E was represented by Cheryl F. Campbell, Chair of the Board of Pacific Gas and Electric Company, and Chair of the SNO Committee, Sumeet Singh, Executive Vice President for Operations and Chief Operating Officer, and Matt Hayes, Vice President for Enterprise Health and Safety and Chief Safety Officer.

Pursuant to the Safety Certification Guidelines requirement¹² that electrical corporations provide any materials used or referenced in the public meeting in their Safety Certification requests, PG&E provided its presentation slides in Attachment B of its request.¹³

PG&E has met the requirements 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

¹² [Energy Safety's 2023 Safety Certification Guidelines](https://efiling.energy-safety.ca.gov/eFiling/Getfile.aspx?fileid=54211&shareable=true) p. 3 (https://efiling.energy-safety.ca.gov/eFiling/Getfile.aspx?fileid=54211&shareable=true, accessed Nov. 28, 2023).

¹³ See PG&E's presentation beginning at 1:27:20 in the recording of the public meeting “[2023 Electric Utility Safety Update Briefings, Bear Valley Electric Service \(BVES\) and Pacific Gas and Electric \(PG&E\)](https://www.adminmonitor.com/ca/cpuc/hearing/20230706/)” (July 6, 2023) (https://www.adminmonitor.com/ca/cpuc/hearing/20230706/, accessed Nov. 28, 2023).

submittals must “summarize the implementation of the safety committee recommendations from the electrical corporation’s previous notification and submission.”

The 2023 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.¹⁴

Subsequent to receiving its last Safety Certification,¹⁵ PG&E submitted quarterly notifications to Energy Safety on the required subjects on February 1,¹⁶ May 1,¹⁷ August 1,¹⁸ and November 1, 2023.¹⁹ Attachments to these notifications include the quantitative metrics indicating PG&E’s progress on wildfire mitigation initiatives described in its 2023-2025 WMP.

PG&E concurrently provides its quarterly notifications as information-only submittals to the CPUC by posting them to its service lists for CPUC Investigations 19-09-016 and 15-08-019 and submitting them via email to the CPUC’s Safety Policy Division at safetypolicydivision@cpuc.ca.gov.²⁰

WMP Implementation Progress:

PG&E reported that 62 of its 63 mitigation initiatives have met their 2023 commitment.

In PG&E’s December 1, 2023, Safety Certification request, PG&E reported its progress on 62 of its 63 mitigation initiatives, with 62 completed or on track for timely completion. PG&E subsequently submitted the status of the missing initiative in an addendum, indicating that it

¹⁴ [Energy Safety’s 2023 Safety Certification Guidelines](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54211&shareable=true) p. 4
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54211&shareable=true>, accessed Nov. 28, 2023).

¹⁵ [PG&E’s 2022 Safety Certification Issuance Letter \(Dec. 13, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53303&shareable=true)
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53303&shareable=true>, accessed Nov. 28, 2023).

¹⁶ [PG&E’s Quarterly Notification Letter from Feb. 1, 2023](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53353&shareable=true)
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53353&shareable=true>, accessed Nov. 28, 2023).

¹⁷ [PG&E’s Quarterly Notification Letter from May 1, 2023](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53777&shareable=true)
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53777&shareable=true>, accessed Nov. 28, 2023).

¹⁸ [PG&E’s Quarterly Notification Letter from Aug. 1, 2023](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54420&shareable=true)
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54420&shareable=true>, accessed Nov. 28, 2023).

¹⁹ [PG&E’s Quarterly Notification Letter from Nov. 1, 2023](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55886&shareable=true)
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55886&shareable=true>, accessed Nov. 28, 2023).

²⁰ Per an email from PG&E Regulatory Relations Advocacy Director Wade Greenacre (Nov. 1, 2023).

had been completed.²¹ On December 5, 2023, PG&E provided an update to Energy Safety's Compliance Team noting that two of its initiatives were no longer on track for timely completion and would be delayed in meeting 2023 targets. Subsequently, on January 9, 2024, PG&E reported that one of the two delayed initiatives remains incomplete due to "external factors," and a plan to complete that initiative is pending.²² As of January 10, 2024,²³ PG&E confirmed that it has met its 2023 commitment for 62 out of 63 initiatives.

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

PG&E 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 report for PG&E included eight recommendations, as noted above.²⁵ PG&E describes actions it has taken to address each recommendation in its Safety Certification request and in its quarterly notifications.

PG&E has met the requirement of Public Utilities Code section 8389(e)(7) to provide information on the implementation of the recommendations of PG&E's most recent SCA.

Board Safety Committee Recommendations and Implementation Summary:

PG&E's Safety Certification request indicates that PG&E has included in its quarterly notifications descriptions of its Safety and Operations Committee's recommended actions.

According to the descriptions provided in quarterly notifications, PG&E's management has implemented all of the Safety Committee's recommendations.

²¹ Footnote 4, [Addendum 1 to PG&E's Request for 2023 Safety Certification Pursuant to Public Utilities Code § 8389 \(January 2024\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56150&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56150&shareable=true, accessed Jan. 18, 2024).

²² According to PG&E's Jan. 9, 2024, update regarding the initiative GM-02, HFTD/HFRA Open Tag Reduction – Transmission, PG&E has addressed 16,069 open repair tags, with 762 still outstanding due to "external factors." PG&E is working on addressing these "as quickly as possible."

²³ Per an email from PG&E Regulatory Relations Advocacy Director Wade Greenacre (Jan. 10, 2024), one of the two initiatives reported delayed on Dec. 5, 2023, VM-09, Constraint Resolution Procedural Guideline, met its 2023 commitment.

²⁴ Energy Safety's compliance assurance activities are described in the [Compliance Operational Protocols](https://energysafety.ca.gov/wp-content/uploads/docs/misc/wsd/2021.02.16-compliance-operational-protocols.pdf), dated February 16, 2021 (https://energysafety.ca.gov/wp-content/uploads/docs/misc/wsd/2021.02.16-compliance-operational-protocols.pdf, accessed Nov. 28, 2023).

²⁵ [2022 Safety Culture Assessment Report for PG&E \(May 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53798&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53798&shareable=true, accessed Nov. 28, 2023).

PG&E has met the requirement of Public Utilities Code section 8389(e)(7) to provide statements of the recommendations of the Board of Directors Safety Committee meetings and summaries of the implementation status of those recommendations.

Conclusion

PG&E's request for a Safety Certification satisfies the statutory requirements in Public Utilities Code section 8389(e). Energy Safety expects PG&E to uphold the values stated in its submissions and continue to advance safety as a top priority. This letter constitutes Energy Safety's issuance of PG&E'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.

/S/ Caroline Thomas Jacobs

Caroline Thomas Jacobs

Director

Office of Energy Infrastructure Safety