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| **Lisa Laanisto**  Director, Compensation | 77 Beale Street  San Francisco, CA 94105 |

October 17, 2022

Ms. Caroline Thomas Jacobs

Director, Office of Energy Infrastructure Safety

715 P Street, 20th Floor

Sacramento, California 95814

Re: PG&E Reply Comments on Draft 2023 Executive Compensation Structure Submission Guidelines (Docket 2023-EC)

Dear Director Thomas Jacobs:

Pacific Gas and Electric Company (“PG&E”) respectfully provides the following reply to Public Advocates Office’s comments on the Office of Energy Infrastructure Safety’s (“Energy Safety”) Draft 2023 Executive Compensation Guidelines (the “Draft Guidelines”).

Public Advocates Office has proposed that, following an electrical corporation’s submission of its executive compensation structure approval request: (i) stakeholders be permitted to propound two sets of data requests; and (ii) while the electrical corporation would have only 10 days to respond, stakeholders would have a full 30 days to submit comments, and an even longer period if there is any extension of the 10-day data response period. PG&E does not believe that two full rounds of stakeholder data requests are necessary (especially given that the Draft Guidelines contemplate data requests from Energy Safety itself), nor does PG&E believe that stakeholders need 30 days to prepare their comments. PG&E nevertheless defers to Energy Safety’s judgment on these issues, while urging Energy Safety to bear two considerations in mind.

First, as PG&E previously has explained, it is important to adopt a schedule that yields a decision on an executive compensation structure approval request early in the year. Assembly Bill (“AB”) 1054 seeks to ensure that an electrical corporation has an executive compensation structure that uses appropriate financial incentives to promote safety and financial stability.[[1]](#footnote-1) An incentive compensation program that is subject to change mid-year as a result of Energy Safety action, or that is in an uncertain holding pattern pending an Energy Safety decision, could lose much of its incentive effect, contrary to the goals of the statute. PG&E therefore believes that, whatever Energy Safety decides about the number of rounds of data requests and the timing of stakeholder comments, the process should be expeditious and calculated to result in a decision as soon as practicable.

Second, and relatedly, PG&E urges Energy Safety to bear in mind that significant changes to guidance or negative findings with respect to an electrical corporation’s executive compensation structure can be highly disruptive if they take effect in the middle of a year. Therefore, PG&E believes that it is preferable for any significant additional requirements contained in Energy Safety guidance, or any negative comments on an electrical corporation’s structure, to be raised in one year but not formally take effect until the following year (*e.g.*, any significant additions to the requirements in the existing Draft Guidelines for 2023, or any negative findings with respect to an electrical corporation’s 2023 structure, should apply no earlier than 2024).

PG&E thanks Energy Safety for its consideration of the foregoing.

Sincerely,

/s/

Lisa Laanisto

Director, Compensation

Pacific Gas and Electric Company

1. *See* Pub. Util. Code § 8389(e)(4). [↑](#footnote-ref-1)