



December 11, 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 October 8, 2024, request for a Safety Certification¹ meets all statutory requirements. 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.

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). These requirements are detailed below, with an overview of Energy Safety’s findings for PG&E for each requirement.

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 2025 WMP Update on April 2, 2024.² Energy Safety issued its Decision approving PG&E’s 2025 WMP Update on November 19, 2024.³ PG&E has satisfied the requirement of Public Utilities Code section 8389(e)(1).

¹ PG&E’s 2024 Safety Certification Request
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57485&shareable=true>, accessed Oct. 15, 2024).

² PG&E 2025 WMP Update (April 2024)
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56401&shareable=true>, accessed Oct.2, 2024).

³ PG&E 2025 WMP Update Decision (November 2024)
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57629&shareable=true>, accessed Nov. 20, 2024).

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 published its most recent SCA for PG&E on March 22, 2024, and identified four recommendations, listed below:

1. *PG&E should strengthen its safety communications by improving safety-related communication, addressing worker concerns about the lack of easy access to information on near misses and information on wildfire conditions, and providing leadership listening sessions.*
2. *PG&E should optimize its safety-enabling systems to improve the quality of event investigations and improve the hazard and near-miss reporting process to align expectations on what to report and when to report. PG&E should also continue to take steps to increase workers’ psychological safety, building confidence in their speak-up and stop-the-job authority.*
3. *PG&E should continue building on its current worker training plan by:*
 - *Incorporating new safety-related training modalities. This should include more hands-on training and topics that enable all levels of the organization to develop a more proactive and curious mindset. It should also include assessing participant feedback and using it to make trainings more effective, relevant, and engaging.*
 - *Conducting post-training peer learning activities. This should include group discussions. PG&E should also cultivate a mentoring program and/or encourage the appointment of a senior team member to be a “safety steward”—someone experienced who can be an effective communicator about responding to real-life situations that involve judgement calls in the field that are not covered by standard policies or procedures.*
4. *PG&E should continue to recognize and take action to mitigate the risk exposure posed by interactions with the public.*⁴

On April 5, 2024, PG&E formally agreed to implement the findings and recommendations of Energy Safety’s 2023 SCA for PG&E.⁵ PG&E’s agreement to implement the findings satisfies the “good standing” requirement of Public Utilities Code section 8389(e)(2) for its 2024 Safety

⁴ 2023 Safety Culture Assessment for PG&E (March 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56371&shareable=true> , accessed Oct. 2, 2024).

⁵ PG&E’s Acceptance of 2023 Safety Culture Assessment (April 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56455&shareable=true> , accessed Oct.2, 2024).

Certification request because the Energy Safety 2023 SCA is the most recent and only 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) Committee⁶ composed of members of its Board of Directors with relevant safety experience.⁷

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

In Attachment A of its Safety Certification request, PG&E provides a resume for each member of its SNO Committee, highlighting each member's relevant safety-related education and experience.⁸

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

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

⁶ 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>, accessed Oct. 16, 2024). 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.” The committees 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.”

⁷ PG&E's 2024 Safety Certification Request, p. 4 (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57485&shareable=true>, accessed Oct. 31, 2024).

⁸ PG&E's 2024 Safety Certification Request, p. 12 (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57485&shareable=true>, accessed Oct. 31, 2024).

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 2024 executive compensation structure on April 12, 2024.⁹ 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 PG&E’s executive compensation structure on October 4, 2024.¹⁰ PG&E has satisfied the requirements of Public Utilities Code sections 8389(e)(4) and (e)(6).

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 requirement of Public Utilities Code section 8389(e)(5), PG&E’s Safety Certification request cites the August 28th, 2024, 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, the 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

⁹ PG&E’s request for approval of its 2024 Executive Compensation Structure (April 12, 2024) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56478&shareable=true>, accessed Oct. 2, 2024).

¹⁰ Approval of PG&E’s 2024 Executive Compensation Structure (October 4, 2024) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57473&shareable=true>, accessed Oct. 4, 2024).

by Cheryl F. Campbell, Chair of the Board of PG&E 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 requirement¹¹ that an electrical corporation provide any materials used or referenced in the public meeting in its Safety Certification request, PG&E provided its presentation slides in Attachment B of its request.^{12,13}

PG&E has satisfied the requirement 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 submittals must "summarize the implementation of the safety committee recommendations from the electrical corporation's previous notification and submission."

The current 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

¹¹ Energy Safety's 2024 Safety Certification Guidelines, p. 3

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57163&shareable=true>, accessed Oct. 9, 2024).

¹² See PG&E's presentation beginning at 1:07:21 in the recording of the public meeting "2024 Electric Utility Safety Update Briefings, Bear Valley Electric Service (BVES) and Pacific Gas and Electric (PG&E)" (August 28, 2024)

(<https://www.adminmonitor.com/ca/cpuc/other/20240828/>, accessed Oct. 2, 2024).

¹³ PG&E's 2024 Safety Certification Request, p. 24

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57485&shareable=true>, accessed Oct. 31, 2024).

¹⁴ Energy Safety's 2024 Safety Certification Guidelines, p. 4

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57163&shareable=true>, accessed Oct. 3, 2024).

Subsequent to receiving its last Safety Certification,¹⁵ PG&E submitted quarterly notifications to Energy Safety on the required subjects on February 1, 2024,¹⁶ May 1, 2024,¹⁷ August 1, 2024,¹⁸ and November 1, 2024.¹⁹ Attachments to these notifications include the quantitative metrics indicating PG&E's progress on wildfire mitigation initiatives described in its 2023-2025 Base WMP. Pursuant to Public Utilities Code section 8389(e)(7) and the Safety Certification Guidelines, PG&E submitted quarterly notifications to the CPUC as information-only submittals on February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024.²⁰

WMP Implementation Progress:

PG&E reported that as of the end of the second quarter of 2024, it had met its commitments for 43 of the 47 mitigation initiatives in its 2023-2025 Base WMP.

In PG&E's October 8, 2024, Safety Certification request, PG&E reported on all 47 initiatives, stating that 43 were complete or on track. PG&E noted that four of its mitigation initiatives were at risk of being off track for timely completion: Substation Distribution, Substation Transmission, Hydroelectric Substations and Powerhouses, and Vegetation Management – Quality Control. PG&E created internal corrective action plans for the mitigation initiatives that were at risk of being off track and stated that it anticipated it would meet its WMP targets by the end of 2024 for each of these initiatives.²¹

Energy Safety will continue to monitor and assess the implementation of the remaining initiatives as part of Energy Safety's compliance assurance activities.²²

¹⁵ PG&E's 2023 Safety Certification Issuance Letter (Jan. 22, 2024) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56181&shareable=true>, accessed Oct. 2, 2024).

¹⁶ PG&E's Quarterly Notification Letter from February 1, 2024 (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56245&shareable=true>, accessed Oct. 2, 2024).

¹⁷ PG&E's Quarterly Notification Letter from May 1, 2024 (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56569&shareable=true>, accessed Oct. 2, 2024).

¹⁸ PG&E's Quarterly Notification Letter from August 1, 2024 (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57127&shareable=true>, accessed Oct. 2, 2024).

¹⁹ PG&E's Quarterly Notification Letter from November 1, 2024 (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57558&shareable=true>, accessed Nov. 4, 2024).

²⁰ Per PG&E's February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024, Quarterly Notifications.

²¹ PG&E's 2024 Safety Certification Request, p. 8 (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57485&shareable=true>, accessed Oct. 31, 2024).

²² Energy Safety's Compliance Guidelines (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57320&shareable=true>, accessed Nov. 6, 2024).

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 for PG&E included four recommendations, as noted above.²³ PG&E describes actions it has taken to address each SCA recommendation in its Safety Certification request²⁴ and in its quarterly notifications.²⁵

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 included descriptions of its SNO Committee's recommended actions in its quarterly notifications.

According to the descriptions provided in its quarterly notifications, PG&E's management has implemented all the SNO Committee's recommendations.²⁶

PG&E has met the requirement of Public Utilities Code section 8389(e)(7) to provide statements of the recommendations of the SNO 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 to 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.

²³ 2023 Safety Culture Assessment for PG&E (March 2024)
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56371&shareable=true>, accessed Oct. 2, 2024).

²⁴ PG&E's 2024 Safety Certification Request, p. 8
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57485&shareable=true>, accessed Oct. 31, 2024).

²⁵ Per PG&E's February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024, Quarterly Notifications.

²⁶ Per PG&E's February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024, Quarterly Notifications.

/S/ Caroline Thomas Jacobs

Caroline Thomas Jacobs

Director

Office of Energy Infrastructure Safety