Pacific Gas and Electric Company®

Lisa Laanisto
Director, Compensation

77 Beale Street
San Francisco, CA 94105

March 2, 2021

Ms. Caroline Thomas Jacobs
Director, Wildfire Safety Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Re: Pacific Gas and Electric Company's Executive Compensation Approval Request Pursuant to Public Utilities Code § 8389(e)(4) and (e)(6)

Dear Ms. Thomas Jacobs:

Pacific Gas and Electric Company ("PG&E") respectfully submits this supplement to its January 15, 2021 submission to the Wildfire Safety Division ("WSD") concerning PG&E's 2021 executive compensation structure. As PG&E noted in its January 15 submission, the structure described therein remained subject to change because it had not yet received final approval from the Compensation Committee of PG&E Corporation's Board of Directors, and in addition, performance metric milestones had not yet been finalized. PG&E submits this supplement to advise WSD of a small number of changes made in connection with Compensation Committee approval, and of the final performance metric milestones.

Changes Since PG&E's January 15, 2021 Submission

PG&E has made the following changes to the 2021 structure in connection with Compensation Committee approval:

First, PG&E has eliminated the individual performance modifier from its Short-Term Incentive Plan ("STIP") program design. As described in PG&E's January 15 submission, the modifier would have potentially reduced an executive's STIP award to as low as 75%, or increased it to as high as 125%, of the amount otherwise payable, based on the individual executive's job performance.[1] Under PG&E's revised structure, no such modification will be applied (although the Compensation Committee and the PG&E Board of Directors always retain discretion to adjust STIP awards, across the entire program or for individual participants, based on the totality of the circumstances). PG&E's elimination of the individual performance modifier moots one of the concerns expressed by The Utility Reform Network in its comments on PG&E's January 15 submission.[2]

[1] *See* January 15, 2021 Letter from PG&E to WSD ("PG&E's January 15 Submission") at 8.

[2] *See* January 29, 2021 Letter from The Utility Reform Network to WSD at 8 (criticizing the individual performance modifier).

Second, PG&E has changed one of the payout levels associated with achievement of the STIP's performance metric milestones. As described in PG&E's January 15 submission, the STIP uses three tiers of milestones: "threshold," "target," and "maximum."[3] Under PG&E's original program design, achievement of the "maximum" milestone on a particular metric would have resulted in payment on that metric of 150% of a target award level (subject to certain qualifying principles as described in the January 15 submission). Under PG&E's revised structure, achievement of the "maximum" milestone instead will result in payment of 200% of the target award level (subject to the same qualifying principles). PG&E believes that this will further promote superior performance on PG&E's important public safety, workforce safety, and other objectives. PG&E also has made this change to align more closely with market practices, so as to mitigate what otherwise would be a competitive disadvantage in attracting and retaining a talented executive team.

Third, PG&E has modified the STIP's Customers Experiencing Multiple Interruptions ("CEMI") metric so that it excludes planned service outages. As explained in PG&E's February 5, 2021 reply comments regarding its executive compensation structure, PG&E strongly believes that the momentous decision of whether to implement a Public Safety Power Shutoff ("PSPS") should be based on safety considerations and objective scientific criteria such as wind speeds and fire threat potential, and should not be influenced, even potentially, by executives' personal financial considerations.[4] PG&E's CEMI metric as originally formulated was consistent with this, in that it excluded 2.5 Beta Major Event Days (*e.g.*, days of significant weather events), which tend to be the days on which PSPS events occur.[5] Nevertheless, it was possible that the metric could capture some PSPS events. PG&E's modification of the CEMI metric ensures that this will not occur, and thus more closely aligns the metric with public safety by ensuring that the decision of whether to implement a PSPS is not influenced by personal financial motivations.

Fourth, PG&E has modified the manner in which performance on the STIP's Large Overpressure Events metric will be calculated (and has changed the name to "Large Overpressure Events Rate"). Under PG&E's original program design, performance would have been calculated based on a simple count of large overpressure events,[6] whereas, as revised, performance will be calculated based on a rate calculated as the number of large overpressure events per 100 Supervisory Control and Data Acquisition ("SCADA") visibility points on the gas system. The SCADA visibility point count includes all safety related pressure monitoring points while excluding other categories such as differential pressure, odorant tank pressure, and air pressures at stations. PG&E believes that this modification will result in a more meaningful metric performance calculation given ongoing additions of SCADA visibility points, will allow for better comparisons of performance year-over-year, and will avoid disincentivizing additions of SCADA visibility points.

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[3] *See* PG&E's January 15 Submission at 3-4.

[4] *See* PG&E's February 5, 2021 Letter to WSD at 4.

[5] *See* PG&E's January 15 Submission, Exhibit A at A-14.

[6] *See id.*, Exhibit A at A-3.

Performance Milestones

PG&E's January 15 submission attached exhibits providing detailed information about each performance metric under both the STIP and the PG&E Corporation Long-Term Incentive Plan ("LTIP") performance share award program design. PG&E's exhibits included placeholders for the 2021 performance milestones because they were still under development. PG&E attaches revised exhibits hereto, which include the milestones for all safety-related and other non-financial metrics as recently approved by the Compensation Committee (and which also reflect the changes to the CEMI and Large Overpressure Events metrics discussed above).[7]

PG&E has not designed the milestones to set baseline or minimum performance expectations, as may be appropriate for regulatory purposes in other contexts (*e.g.*, developing Safety and Operational Metrics for use in conjunction with the Enhanced Oversight and Enforcement Process created by the Commission's Decision Approving Reorganization Plan of PG&E and PG&E Corporation (D.20-05-053)). Rather, PG&E has designed the milestones for a very different purpose, namely, to promote continual *improvement* and *excellence* in performance over time. PG&E and the PG&E Corporation Compensation Committee have done this by exercising their business judgment as to the milestones for each particular metric, taking into account the nature of the metric, recent performance on the relevant activities, performance relative to benchmarks (when available), and other matters. Generally speaking, achieving a "target" level—which is necessary for an executive to obtain a market-competitive level of compensation[8]—requires improving upon 2020 performance (and in many cases, achieving even "threshold" requires improvement over 2020). For example, in 2020, PG&E's score on the Days Away, Restricted, and Transfer Rate metric was 1.34. For 2021, PG&E is requiring 1.18 for "threshold" (lower is better on this metric), 0.91 for "target," and 0.78 for "maximum." Similarly, in 2020, if PG&E had had the Wires Down Events Due to Equipment Failures metric in place, PG&E's score would have been 2.216. For 2021, PG&E is requiring 2.215 for "threshold" (lower is better), 2.161 for "target," and 2.105 for "maximum."

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PG&E trusts that the foregoing will be useful in assessing PG&E's 2021 executive compensation structure in connection with WSD's annual safety certification process. If PG&E can provide further information, please do not hesitate to contact me.

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[7] Due to concerns regarding disclosure of material non-public information, the milestone for the Greater Affordability for Customers metrics is not included. Additionally, for one of the STIP's safety-related metrics, Reportable Fire Ignitions, the milestones have not yet been set because 2020 results are still being audited. PG&E will provide a further supplement to WSD once the audit process is complete and the 2021 milestones for this metric are established.

[8] *See* Declaration of John Lowe (Appendix D to PG&E's Post-Hearing Brief and Comments on Assigned Commissioner's Proposals filed March 13, 2020 in I.19-09-016) at ¶ 6 ("[I]ncentive compensation at target levels is necessary to ensure that executives earn a market-competitive level of compensation. Thus, incentive compensation is an important part of PG&E's ability to compete in the marketplace for talented executives.") (footnote omitted).

Sincerely,

/s/ Lisa Laanisto

Director, Compensation
San Francisco, California 94105
Lisa.Laanisto@pge.com

cc: R.18-10-007 Service List

EXHIBIT A – STIP METRICS

REPORTABLE FIRE IGNITIONS

Definition:	Power line-involved fire incidents annually reportable to the Commission per D.14-02-015 and within PG&E's High Fire Threat Districts. A reportable fire incident includes all of the following: (i) ignition is associated with PG&E's power lines (transmission or distribution); (ii) something other than PG&E facilities burned; and (iii) the fire traveled more than one meter from the ignition point.
Units and Calculation:	An index score of reportable fire ignitions will be based on the categories below. These categories are consistent with designations PG&E uses for ignition reporting to the Commission: • 40% – equipment and animal • 40% – vegetation • 20% – other Each component of the index will have its own set of milestones. The final score will be a summation of the weighted score for each component of the index.
Milestone Type:	Lower is better.
Milestones:	The milestones have not yet been set because 2020 results are still being audited. PG&E will provide a further supplement to WSD once the audit process is complete and the 2021 milestones are established.
Exclusions/Exceptions:	None.

WIRES DOWN EVENTS DUE TO EQUIPMENT FAILURE

Definition:	Instances in which a normally energized electric primary distribution or transmission conductor experiences a component or asset failure (*e.g.*, pole or splice) that results in a conductor falling from its intended position and coming to rest on the ground or on a foreign object (*e.g.*, a vehicle or tree).
Units and Calculation:	Rate expressed as a decimal (three decimal places) based on a count of wire-down events due to equipment failure occurring on non-Major Event Days ("MED") divided by the number of non-MEDs. An MED is a day in which the daily System Average Interruption Duration Index ("SAIDI") exceeds an MED threshold value ("TMED"). For purposes of calculating daily SAIDI, any interruption that spans multiple calendar days is accrued to the day on which the interruption began. Statistically, days having a daily SAIDI greater than TMED are days on which the energy delivery system experienced stresses beyond that normally expected (such as during severe weather). A wire-down event due to equipment failure can sometimes have more than one actual wire down, but the count is by the event; it is not a count of the actual number of wires or spans.
Milestone Type:	Lower is better.
Milestones:	Threshold: 2.215. Target: 2.161. Maximum: 2.105.
Exclusions/Exceptions:	• Wire-down events that are due to a cause other than equipment failure. • Any wire-down event that occurs on a declared MED as defined in Institute of Electrical and Electronics Engineers Standard 1366. • Secondary wires (lines normally operated at less than 1000 volts) down.

LARGE OVERPRESSURE EVENTS RATE

Definition:	Number of large overpressure ("OP") events per 100 SCADA visibility points on the gas system. An OP event occurs when the gas pressure exceeds the maximum allowable operating pressure ("MAOP") of the pipeline. The established pressure limits for large OP events are: • High pressure gas distribution (MAOP 1 pounds per square inch gauge ("psig") to 12 psig) greater than 50% above MAOP. • High pressure gas distribution (MAOP 12 psig to 60 psig) greater than 6 psig. • Low pressure gas distribution by 16 inches water-column. • Transmission pipelines by 10% (or >25 psig on pipelines operating over 250 psig).
Units and Calculation:	Total number of large overpressure events per 100 SCADA visibility points on the gas system, formatted to three decimal points.
Milestone Type:	Lower is better.
Milestones:	Threshold: 0.126. Target: 0.110. Maximum: 0.094.
Exclusions/Exceptions:	OP events that exceed MAOP that have initially been deemed large OP events but are subsequently excluded based on additional data. The SCADA visibility point count includes all safety related pressure monitoring points while excluding all other categories, such as differential pressure, odorant tank pressure, and air pressures at stations.

GAS DIG-IN REDUCTIONS

Definition:	Number of gas dig-ins per 1000 gas-specific Underground Service Alert ("USA") tickets received. This metric tracks all dig-ins to PG&E gas subsurface installations. A dig-in refers to damage that occurs during excavation activities (impact or exposure) and that results in repair or replacement of an underground gas facility. The following definitions adopted by PG&E are in compliance with the Common Ground Alliance: • Damage: Any impact or exposure that results in the need to repair an underground facility due to a weakening or the partial or complete destruction of the facility, including but not limited to the protective coating, lateral support, cathodic protection, or the housing for the line device or facility. • Excavate or Excavation: Any operation using non-mechanized or mechanized equipment, demolition, or explosives in the movement of earth, rock, or other material below existing grade.
Units and Calculation:	Ratio of dig-ins to 1000 tickets received.
Milestone Type:	Lower is better.
Milestones:	Threshold: 1.17. Target: 1.14. Maximum: 1.07.
Exclusions/Exceptions:	Per American Gas Association benchmarking definition: • Pre-existing damages (*e.g.*, due to corrosion). • Any intentional damage to a pipeline (*e.g.*, drilling or cutting). • Damage caused by driving over a covered facility (*e.g.*, heavy vehicles damage a gas pipe). • Damage to abandoned facilities. • Damage due to materials failure. • Damage caused to gas lines by trench collapse or soldering work. • Damage occurring during the STIP reporting year that is reported to PG&E after the close of the STIP reporting for that year.

SAFE DAM OPERATING CAPACITY (SDOC)

Definition:	Operating capability of mechanical equipment used as main control to reduce enterprise risk of large uncontrolled water release.
Units and Calculation:	The metric will be calculated as one minus the ratio of controlled outlet days forced out ("CODFO") to controlled outlet days available ("CODA") for the metric dam population: *SDOC = 1 – (CODFO ÷ CODA)*. The following guidance will be used to calculate SDOC performance: Spillways: • Gates will be considered inoperable when the primary source of energy and all backup sources are unavailable and the gate cannot be opened manually; or when a mechanical failure, physical damage, debris or other condition renders the gate unable to be opened. • If a gate is found inoperable, the metric count will be half the number of days since the gate was last operated. • Each gate will be counted separately and considered equal to all other gates (*i.e.*, each gate counts as one gate-day). • Inoperable means the gate is in the closed position and unable to be opened. Inoperable gates dogged in the open position are considered mitigated and do not count against the metric. • If a gate can be partially opened, the metric considers the gate to be derated based on the gate travel compared to the full design travel of the gate. (For example, if a gate travels five of 10 feet, it is derated by 50%. If it is derated 50% for 30 days, the resulting CODFO is 15 days.) • Uncontrolled overflow spillways, siphons, and flashboards are not counted. Low Level Outlets ("LLOs") • Inoperable means that the LLO cannot be physically operated through its design range. If the LLO can be partially operated, the forced outage days will be calculated using a derate factor calculated by dividing the amount traveled by the design range. (For example, if the valve travels three of six feet, the valve will be considered derated by 50%. If it is derated 50% for 30 days, the resulting CODFO is 15 days.) • If a LLO is found inoperable, the metric count will be half the number of days since the gate was last operated. • Inoperable does not include when the LLO cannot be opened due to potential environmental concerns with turbidity or sediment loading in the stream below the dam, or when opening the gate might cause debris to make it difficult to close the LLO gate or valve.

	Power Tunnels • The number of power tunnel entries for a dam is modeled based on the number of powerhouse units. • Power tunnels will be considered forced out when units are out of service and there is no alternate means of discharge. • Power tunnels that are taken out of service for safety reasons during high flows (normal operating practice) are not counted. • Power tunnel outages will be per the North American Electric Reliability Corporation's Generating Availability Data System outage definitions. Outages that are not included in the Power Generation Equivalate Forced Outage Factor calculation will not be included in the SDOC.
Milestone Type:	Higher is better.
Milestones:	Threshold: 98.50%. Target: 99.00%. Maximum: 99.50%.
Exclusions/Exceptions:	• Planned and maintenance outages for gates, LLOs, and power tunnels. • Known inoperable gates and LLOs as of December 31, 2020, for which the known risks are mitigated, are built into the metric targets and calculations. • Passive equipment and features, such as passive spillways, flashboards, and siphons.

DCPP RELIABILITY AND SAFETY INDICATOR

Definition:	The year-end combined (average) score for Unit 1 and Unit 2 at the Diablo Canyon Power Plant, representing a composite of 11 performance indicators for nuclear power generation developed by the nuclear industry and applied to all U.S. nuclear power plants. Indicator performance periods range from 18 months (rolling) to 36 months. The 11 performance indicators are: • Unit Capability Factor %. • Online Reliability Loss Factor %. • Loss Events (excluding scrams). • Unplanned Weighted Manual and Automatic Scrams. • High-Pressure Safety Injection System Performance. • Auxiliary Feedwater System Performance. • Emergency AC Power System Performance. • Sustained Fuel Reliability. • Chemistry Effectiveness Indicator Revised. • Collective Radiation Exposure. • Total Industrial Safety Accident Index.
Units and Calculation:	The composite score for each Unit is the weighted average of the 11 performance indicator scores. The metric result is the average of the two composite Unit scores.
Milestone Type:	Higher is better.
Milestones:	Threshold: 82.5 Target: 87.5. Maximum: 92.5.
Exclusions/Exceptions:	None.

DAYS AWAY, RESTRICTED, AND TRANSFERRED ("DART") RATE

Definition:	Occupational Safety and Health Administration ("OSHA") recordable incidents that result in lost time or restricted duty per 200,000 hours worked, or for approximately every 100 employees. An OSHA-recordable incident is an occupational (job related) injury or illness that requires medical treatment beyond first aid, or results in work restrictions, lost time, death, or loss of consciousness.
Units and Calculation:	The DART rate is calculated as DART case count divided by 200,000 hours worked.
Milestone Type:	Lower is better.
Milestones:	Threshold: 1.18. Target: 0.91. Maximum: 0.78.
Exclusions/Exceptions:	Contractor incidents and fatality incidents are not included in the DART calculation.

SERIOUS INJURIES ACTUALS

Definition:	A Serious Injury or Fatality ("SIF") Actual is defined as any injury or illness resulting from work at/for PG&E that results in: • A fatality – work related fatal injury or illness; • A life threating injury or illness, which if not addressed could lead to a fatality or work-related injury or illness that required immediate life-preserving rescue action, and if not applied immediately would likely have resulted in the death of that person; or • A life altering injury or illness (one that results in the loss or permanent impairment of a limb, organ or body function). For this metric, only SIF Actuals not resulting in a fatality will be counted. PG&E regards *any* fault-based worker fatality as unacceptable (and in the past has reduced STIP scores on account of an employee fatality).
Units and Calculation:	Count of SIF Actuals that do not result in a fatality. Count includes contractors and subcontractors.
Milestone Type:	Lower is better.
Milestones:	Threshold: 6. Target: 4. Maximum: 2.
Exclusions/Exceptions:	• Fatalities. • SIF Potentials (including incidents initially classified as SIF Actuals that are later downgraded to SIF Potentials, which would require, for purposes of removal from the metric, review and approval of the Chief Safety Officer and the Director of the Enterprise Corrective Action Program).

SERIOUS INJURIES AND FATALITIES INVESTIGATION TIMELINESS

Definition:	SIF Actual and SIF Potential investigations completed within 30 days of classification of an incident as a SIF.
Units and Calculation:	Percentage of SIF Actual and SIF Potential investigations completed within 30 days of classification of an incident as a SIF.
Milestone Type:	Higher is better.
Milestones:	Threshold: 40%. Target: 70%. Maximum: 90%.
Exclusions/Exceptions:	Investigations dependent on third-party reports (*e.g.*, California Highway Patrol or other law enforcement) that would extend the investigation beyond the 30 days and that are outside PG&E's control.

SERIOUS INJURIES AND FATALITIES CORRECTIVE ACTION TIMELINESS

Definition:	Completion of corrective actions relating to SIF Actual or SIF Potential cause evaluations.
Units and Calculation:	Total count of on-time completion of SIF Actual and SIF Potential corrective actions divided by the total number of completion of corrective actions due in that calendar year.
Milestone Type:	Higher is better.
Milestones:	Threshold: 88%. Target: 92%. Maximum: 100%.
Exclusions/Exceptions:	Potential exceptions for unforeseen events such as a pandemic or an unforeseen inability to procure needed equipment from a vendor. For purposes of exclusion from the metric, any exception would require approval of the Chief Safety Officer and the Director of Enterprise Corrective Action Program.

GAS CUSTOMER EMERGENCY RESPONSE

Definition:	PG&E's mean response time from when it receives a customer call or notification reporting a gas odor or gas emergency, to when PG&E personnel arrive onsite to the emergency location.
Units and Calculation:	Total response minutes divided by the total number of gas emergency orders. Customer notification is defined as when a gas emergency order is created and timestamped.
Milestone Type:	Lower is better.
Milestones:	Threshold: 21.2. Target: 20.8. Maximum: 20.0.
Exclusions/Exceptions:	The following immediate response gas emergency jobs are excluded from the total gas emergency orders volume count: • Level 2 and above emergencies, defined in the Gas Emergency Response Plan as a region-wide emergency event that may require one to two days for service restoration. • If the source is a non-planned release of PG&E gas, the original call is included but all subsequent related orders are excluded. • For multiple leak calls from the same Multi-Meter Manifold, the first order is included and all subsequent orders are excluded. • If the source is either a planned release of PG&E gas or another non-leak-related event (*e.g.*, skunk, chemical spill, no discernible cause, etc.), all related orders, including the original call, are excluded from the metric. • Duplicate orders for assistance. • Cancelled orders. • Unknown premise tag with no nearby gas facility. If a technician finds a leak that was not previously identified as non-hazardous by company personnel, the individual order at which the leak was found will be included in the metric, even if the leak was clearly not the source of the odor complaint.

911 EMERGENCY RESPONSE

Definition:	The percentage of time that PG&E personnel arrive onsite within 60 minutes after receiving a 911 call.
Units and Calculation:	Number of 911 calls where PG&E personnel arrive onsite within 60 minutes, divided by the total number of 911 calls received where agency personnel are standing by. Call start time is defined as when the call is received by PG&E personnel and entered into the PG&E's Outage Information System ("OIS"). Onsite time is defined as when PG&E personnel are recorded as at the site in the OIS database.
Milestone Type:	Higher is better.
Milestones:	Threshold: 95.30%. Target: 96.66%. Maximum: 98.01%.
Exclusions/Exceptions:	• Any day that qualifies as a Commission-defined Measured Event. Per General Order 166, a Measured Event is a Major Outage resulting from non-earthquake, weather-related causes, affecting between 10% (simultaneous) and 40% (cumulative) of a utility's electric customer base. • Canceled 911 calls – any call where the 911 agency cancels the call even if PG&E personnel already have responded or are on their way.

CUSTOMERS EXPERIENCING MULTIPLE INTERRUPTIONS

Definition:	The percentage of customers experiencing five or more unplanned service interruptions lasting six minutes or longer.
Units and Calculation:	Percentage of total customers.
Milestone Type:	Lower is better.
Milestones:	Threshold: 2.71%. Target: 2.63%. Maximum: 2.39%.
Exclusions/Exceptions:	• Planned outages. • 2.5 Beta major event days based on Institute of Electrical and Electronics Engineers Standard 1366, generation/ISO (rotating outages), and momentary outages at the transmission and distribution system level. • Secondary outages are excluded from the count of customer outage minutes.

AVERAGE SPEED OF ANSWER FOR EMERGENCIES

Definition:	The average speed of answer, in seconds, for emergency calls handled in PG&E's Contact Operations Center.
Units and Calculation:	Total emergency calls (as identified by the caller) handed, divided by total answer wait time for emergency calls. When a customer calls PG&E, the customer is prompted to denote whether the call relates to an emergency. If the customer denotes an emergency, the call is transferred into a queue at which point a speed-of-answer measurement begins, and then ends when the call is answered by a representative.
Milestone Type:	Lower is better.
Milestones:	Threshold: ≤ 13 seconds. Target: ≤ 10 seconds. Maximum: ≤ 7 seconds.
Exclusions/Exceptions:	None.

NON-GAAP CORE EARNINGS PER SHARE

Definition:	A non-GAAP measure of financial performance from ongoing core operations, in dollars per share.
Units and Calculation:	GAAP earnings less non-core charges in dollars, divided by shares.
Milestone Type:	Higher is better.
Milestones:	Range of $0.95 to $1.05.
Exclusions/Exceptions:	Non-core charges such as bankruptcy-related costs, interest on certain temporary debt, state wildfire fund contributions, and future recovery of wildfire claims.

EXHIBIT B – LTIP METRICS

SYSTEM HARDENING EFFECTIVENESS (RISK MILES)

Definition:	Count of circuit miles worked under system hardening program within high-fire risk areas to reduce wildfire risk through either (i) rebuild of overhead circuitry to current hardening design standards; (ii) undergrounding; (iii) removal of overhead circuitry (line removal); or (iv) enablement for remote grid. This work is performed in HFTD Tiers 2/3 and Tier 1 HFRA. Both of the following conditions must be met for the LTIP score for this metric to be greater than zero: • 80% of system hardening miles must be high-risk miles over the three-year reporting period. High risk areas are defined as (i) top 20% of approved risk model buydown curve; (ii) fire rebuild miles; and (iii) PSPS mitigation miles; and • At least 5% of the completed system hardening project portfolio over the three-year reporting period must be undergrounding or line removal work (with 10% and 15% required to achieve "target" and "maximum" milestones, respectively). Circuit miles are recorded as complete when individual spans/sections for each project are constructed and inspected for quality control and quality assurance against the hardening design standard and are passed as "fire safe."
Units and Calculation:	Number of circuit miles completed, rounded to whole miles.
Milestone Type:	Higher is better.
Milestones:	Threshold: 1030. Target: 1140. Maximum: 1190.
Exclusions/Exceptions:	• Butte County rebuild miles. • Projects completed before January 1, 2021 or after December 31, 2023. • System hardening work completed outside HFTD / HFRA.

ENHANCED VEGETATION MANAGEMENT EFFECTIVENESS (RISK MILES)

Definition:	Completed circuit miles of vegetation cleared consistent with Enhanced Vegetation Management ("EVM") program scope within high-fire risk areas to reduce wildfire risk through (i) achieving 12-foot recommended radial clearance; (ii) removing identified abate trees as identified through a tree assessment tool or an approved hazard tree assessment process; (iii) removing overhangs above and within four feet of power lines; and (iv) reducing vegetative fuels under and adjacent to power lines on a targeted basis. This work is performed in HFTD Tiers 2/3 and Tier 1 HFRA. The following condition must be met for the LTIP score for this metric to be greater than zero: 80% of EVM miles must be high-risk miles over the three-year reporting period. High-risk miles are defined as (i) top 20% of approved risk model buydown curve; and (ii) fire impacted miles. An EVM circuit mile is recorded as complete and included in the metric calculations when work validation has determined that all work has been identified and completed consistent with the scope applicable on the date of inspection.
Units and Calculation:	Number of circuit miles complete rounded to one decimal place.
Milestone Type:	Higher is better.
Milestones:	Threshold: 5400. Target: 5670. Maximum: 6210.
Exclusions/Exceptions:	• EVM miles completed before January 1, 2021 or after December 31, 2023. • Routine compliance clearing or work performed pursuant to PG&E's Catastrophic Event Memorandum Account program. • Work performed outside HFTD / HFRA.

CUSTOMER SATISFACTION SCORE

Definition:	Customer satisfaction as measured by a quarterly survey conducted by a third party retained by PG&E. The score is based on customer responses to a single overall question: "How would you rate the products and/or services offered by PG&E?"
Units and Calculation:	Customers rate PG&E, on a quarterly basis, on a scale of 1 to 10, with 1 meaning "extremely dissatisfied" and 10 meaning "extremely satisfied." Responses are weighted, at the case level, 60% for residential customers and 40% for small business customers. The quarterly score is calculated as the mean of the customer responses during the quarter, multiplied by 10 and rounded to one decimal. (*E.g.*, a mean score of 7.561 would be multiplied by 10 and then rounded to one decimal to become 75.6.) The final metric score is the average of the quarterly scores in 2023.
Milestone Type:	Higher is better.
Milestones:	Threshold: 73.1. Target: 75.3. Maximum: 78.7.
Exclusions/Exceptions:	PG&E employees and customers on the "do not contact" list will be excluded. In the event of tragedies such as the Camp Fire, the San Bruno explosion, or a city evacuation, the research vendor may suppress surveys to the impacted customers until normal PG&E services are resumed or a reasonable recovery period is observed.

PSPS NOTIFICATION ACCURACY

Definition:	The percentage of PSPS-affected customers who receive notifications in advance of a PSPS outage.
Units and Calculation:	The number of PSPS-affected customers who receive notifications in advance of PSPS outages, divided by the total number of PSPS-affected customers. Only customers with electric accounts are included. The final metric score is the average of the percentages during all events across the performance period.
Milestone Type:	Higher is better.
Milestones:	Threshold: 98%. Target: 99%. Maximum: 99.9%.
Exclusions/Exceptions:	Customers for whom PG&E has no contact information will be excluded.

GREATER AFFORDABILITY FOR CUSTOMERS

Definition:	Earnings from core operations excluding unrecoverable interest expense, under authorized earnings.
Units and Calculation:	Authorized Earnings – Core Earnings + Unrecoverable Interest Expense. Authorized Earnings = Authorized Equity Earning Ratebase × Authorized CPUC Return on Equity across the enterprise × Authorized CPUC Equity Ratio Percentage.
Milestone Type:	Lower is better.[9]
Exclusions/Exceptions:	• Non-core items, which represent income or expenses associated with events or circumstances considered unusual and not part of ongoing core operations. • Unrecoverable interest expense.

[9] Due to concerns regarding disclosure of material non-public information, the milestones are not listed.

RELATIVE TOTAL SHAREHOLDER RETURN

Definition:	The internal rate of return of all cash flows to a shareholder during the performance period, including price gains and dividends, relative to the TSR of comparator group companies (a group that is reviewed annually by the PG&E Corporation Compensation Committee).
Units and Calculation:	Beginning and ending values are measured in dollars. Return is expressed as a percentage, rounded to one decimal place. Beginning value is calculated as the average market close price for the security over the 20-trading day period prior to the first trading day of the year, modified for dividend shares earned during the 20-trading day period (if applicable). Ending value is calculated as the average market close price over the 20-trading day period inclusive of the last trading day of the year, modified for dividend shares earned during the year (if applicable).
Milestone Type:	Higher is better.
Milestones:	Threshold: 25th percentile. Target: 50th percentile. Maximum: 90th percentile.
Exclusions/Exceptions:	None.