



**Andrew M. Vesey**  
Chief Executive Officer and President

77 Beale Street  
32<sup>nd</sup> Floor  
San Francisco, CA 94105

July 29, 2020

**VIA EMAIL**

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

Re: Pacific Gas and Electric Company's Request for 2020 Safety Certification Pursuant to P.U.C. § 8389

Dear Ms. Thomas Jacobs:

Section 8389(f)(1) of the Public Utilities Code<sup>1</sup> provides that an electrical corporation qualifies for the issuance of an initial safety certification from the Executive Director of the California Public Utilities Commission ("Commission") by providing documentation that it is meeting the requirements set forth in paragraphs (1), (2), (3), and (5) of Section 8389(e). Pacific Gas and Electric Company ("PG&E") was granted initial safety certification on August 23, 2019, valid for 12 consecutive months after issuance. Section 8389(f)(2) of the Public Utilities Code provides that, before the expiration of an initial certification, an electrical corporation shall submit a request for a subsequent certification, providing documentation that it has satisfied the requirements of each paragraph of Section 8389(e). The May 6, 2020 letter from the Director for Wildfire Safety Division ("WSD"), Ms. Caroline Jacobs, provides further guidance on initiating the subsequent certification process under Section 8389(f)(2) by providing documentation that it is meeting the requirements set forth in paragraphs (1), (2), (3), (4), (5), (6) and (7) of Section 8389(e).

PG&E respectfully requests a safety certification in accordance with Section 8389 and the Wildfire Safety Division Guidance on Submission of 2020 Safety Certification. This cover letter summarizes how PG&E meets the relevant requirements of Section 8389, as further documented by the supporting materials referenced herein. My affidavit is also attached, confirming that all of the information provided in this request is true and accurate.

**Paragraph (1) of Section 8389(e): *"The electrical corporation has an approved wildfire mitigation plan."***

On June 11, 2020, the Commission voted unanimously to adopt Resolution WSD-002 and Resolution WSD-003, which conditionally approved PG&E's 2020 Wildfire Mitigation Plan ("WMP"). Additionally, in a June 25, 2020 letter from the WSD, Ms. Caroline Jacobs stated that such Commission ratification of the WSD's approval of an electrical corporation's 2020 WMP,

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<sup>1</sup> As added by Assembly Bill 1054 (Holden), Chapter 79, Statutes of 2019.



subject to the conditions in the ratifying resolution, constitutes documentation of an approved WMP pursuant to Public Utilities Code Section 8389(e)(1). PG&E's WMP was filed February 7, 2020, and subsequently updated on February 28 and March 17, 2020.

PG&E's WMP provides details on PG&E's comprehensive Community Wildfire Safety Program ("CWSP"), incorporates lessons learned from the 2019 wildfire season, and outlines the additional programs planned from 2020 to 2022 to prevent catastrophic wildfires. See Attachment A for details.

**Paragraph (2) of Section 8389(e):** *"The 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, if applicable."*

The Commission's Safety and Enforcement Division ("SED") selected NorthStar Consulting Group ("NorthStar") to assist with performing an assessment of PG&E's safety culture beginning in April 2016. On May 8, 2017, NorthStar issued a report setting forth its recommendations. PG&E agreed to implement all recommendations and proposed an implementation plans for each recommendation.<sup>2</sup> The Commission subsequently adopted the SED's recommendations, as set forth in the NorthStar report, and directed PG&E to implement them and serve quarterly reports on the status of its implementation.<sup>3</sup> On March 29, 2019, NorthStar performed its first update to the assessment of PG&E's safety culture, containing additional recommendations, constituting the most recent safety culture assessment of PG&E. In its initial safety certification application, PG&E similarly agreed to implement all of the recommendations in NorthStar's March 29, 2019 report. PG&E provides further details regarding its efforts to implement all changes recommended by NorthStar in Attachment B.

**Paragraph (3) of Section 8389(e):** *"The electrical corporation has established a safety committee of its board of directors composed of members with relevant safety experience."*

PG&E's Safety and Nuclear Oversight ("SNO") Committee is responsible for, among other things, overseeing goals, programs, policies, and practices with respect to promoting a strong safety culture, and monitoring the impact of changes in laws and regulations affecting safety. Its responsibilities include oversight of, for example, the CWSP and the Public Safety Power Shutoff program. The Committee also monitors and reviews the adequacy and direction of the corporate safety function.<sup>4</sup>

Individual members of PG&E's current Board "possess deep technical and operational expertise related to gas pipeline safety, electric transmission and distribution safety, electric generation safety, nuclear safety, and occupational safety; expertise related to physical asset security and cyber threats; expertise related to pipeline safety management systems, enterprise risk management, and improving safety culture; and expertise related to procedures and protocols for safeguarding individuals and property in various threat contexts and public

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<sup>2</sup> PG&E, *Pacific Gas and Electric Company Safety Culture and Governance OII Prepared Testimony* (January 8, 2018), at 2-1 ("PG&E agrees with all of the 61 recommendations directed at PG&E, commits to complete most recommendations by the end of 2018, and supports their adoption by the Commission.").

<sup>3</sup> See D.18-11-050, Ordering Paragraph 1 and 2.

<sup>4</sup> See PG&E 2019 Joint Proxy Statement at 43, and Charter for Safety and Nuclear Oversight Committee.

emergencies.”<sup>5</sup> The SNO Committee is currently comprised entirely of independent directors. Specifically, the committee is chaired by Cheryl F. Campbell, with Admiral Mark E. Ferguson III, W. Craig Fugate, Michael R. Niggli<sup>6</sup>, and Dean L. Seavers completing the membership list. Details of each Board member’s safety-specific education, training, work experience, and Board experience is reflected in Attachment C hereto. PG&E will provide similar information regarding any new members, including the membership of its SNO Committee, by attaching it to a subsequent quarterly advice letter filed in accordance with Section 8389(e)(7).

**Paragraph (4) and (6) of Section 8389(e):** *“The electrical corporation has established an executive incentive compensation structure approved by the division and structured to promote safety as a priority and to ensure public safety and utility financial stability with performance metrics for all executive officers, including incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers as defined in Section 451.5” and “the electrical corporation has established a compensation structure for any new or amended contracts for executive officers as defined in Section 451.5...”*

PG&E has established an executive compensation structure that complies with and is based on the principles outlined in Public Utilities Code Sections 8389(e)(4) and 8389(e)(6)(A). That structure was conditionally approved by the Commission on May 28, 2020 in Decision 20-05-053, subject to certain additional requirements imposed by that Decision and subject to future proceedings. This structure, including the additional requirements imposed by the Commission, will go into effect immediately upon the effective date of the Plan of Reorganization. In addition to implementing the approved structure, PG&E will provide additional information affirming compliance with additional commitments outlined in the Decision in a future proceeding as directed by the Commission. The approved executive compensation structure is available in Attachment D.

**Paragraph (5) of Section 8389(e):** *“The electrical corporation has established board-of-director-level reporting to the commission on safety issues.”*

The Board is dedicated to achieving safe utility operations and a strong safety culture, and since being seated has invested substantial time and attention to safety issues. In its initial safety certification request, PG&E established Board-of-Director level reporting to the Commission on safety issues by identifying William Johnson, Chief Executive Officer (“CEO”) and President of PG&E Corporation, as the designated person for the past year, which is consistent with PG&E’s Corporate Governance Guidelines. As of the time of filing of this application I, Andrew Vesey, CEO and President of PG&E, have assumed the role as the designated person to report to the Commission on safety issues, consistent with Section 8389(e)(5).

While the WSD’s Guidance Letter seeks documentation of reporting protocols or schedules, PG&E has not established any such protocols or schedules, nor does it believe they are required under any statute or regulation. PG&E is willing to establish such protocols or schedules at the Commission’s or WSD’s direction, recognizing that the Commission’s ex parte rules, as applicable, may be implicated.

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<sup>5</sup> PG&E. *Compliance Filing of Pacific Gas and Electric Company (U 39 M) and PG&E Corporation Pursuant to D.19-06-008 in Investigation 15-08-019* (July 3, 2019), at 4-5.

<sup>6</sup> Member of the PG&E Corporation Safety and Nuclear Oversight Committee only.



As discussed below, PG&E also has provided Board-level communications to the CPUC by submitting reports to the Commission regarding its SNO Committee’s safety-related activities as part of quarterly advice letters filed pursuant to Section 8389(e)(7), which incorporate PG&E’s Safety Order Instituting Investigation quarterly compliance reports containing safety-related discussions and approved meeting minutes. In addition, NorthStar, on behalf of SED, has been attending PG&E Board meetings and meetings of various Committees of the Board and of PG&E Corporation’s Board.

Date	Meeting
September 10, 2019	Safety and Nuclear Oversight (SNO) Committee
November 19, 2019	Joint Audit/Compliance and Public Policy (CPP)/SNO Committees
December 10, 2019	SNO Committee CPP Committee
January 24, 2020	CPP Committee
February 20, 2020	CPP Committee SNO Committee
March 27, 2020	SNO Committee
April 28, 2020	SNO Committee Joint Audit/CPP/SNO Committees
April 29, 2020	Board meeting
June 3, 2020	SNO Committee
June 4, 2020	Board meeting

More information on the safety topics covered in these meetings can be found in PG&E’s Advice Letters 5700-E, 5786-E, and 5817-E available in Attachment E.

**Paragraph (7) of Section 8389(e):** *“The electrical corporation is implementing its approved Wildfire Mitigation Plan” and “shall file a tier 1 advice letter on a quarterly basis that details the implementation....”*

Per WSD’s Guidance on Submission of 2020 Safety Certification, PG&E includes in Attachment E hereto, the Tier 1 Advice Letters it has filed since issuance of its initial safety certification, pursuant to Section 8389(e)(7). These include:

PG&E Advice Letter 5700-E (November 27, 2019) – 120-day suspension expired, no further disposition received

PG&E Advice Letter 5786-E (March 20, 2020) — approved

PG&E Advice Letter 5817-E (April 30, 2020) – suspended

Each of the Advice Letters details PG&E’s implementation of its approved wildfire mitigation plan, including the status of all WMP targets. Additionally, each describes the implementation of its most recent safety culture assessment, contains a statement on the recommendations of the Board of Directors Safety Committee meetings from the previous quarter, and describes the status of implementing such recommendations.

To date, there have been no WSD compliance audits for either the 2019 WMP or the 2020 WMP and therefore no associated findings. The results of PG&E's Section 8389(e)(7) advice letters are noted above.

Therefore, this information demonstrates that PG&E is satisfactorily executing and in compliance with its approved WMP pursuant to the requirements of Section 8389(e)(7) and WSD's Guidance on Submission of 2020 Safety Certification.

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PG&E respectfully submits that, in light of the foregoing, it has met the requirements set forth in paragraphs (1), (2), (3), (4), (5), (6) and (7) of Section 8389(e) and is entitled to the issuance of a safety certification for 2020 within 90 days. Please do not hesitate to contact me with any questions regarding PG&E's request for a subsequent Safety Certification.

Sincerely,



Andrew M. Vesey  
CHIEF EXECUTIVE OFFICER AND PRESIDENT,  
PACIFIC GAS AND ELECTRIC COMPANY

cc: Service list of Rulemaking 18-10-007



## VERIFICATION

I am Chief Executive Officer and President of Pacific Gas and Electric Company, and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true and accurate.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 28th day of June, 2020, at San Francisco, California.

A handwritten signature in blue ink, appearing to read 'A. Vesey'.

Andrew M. Vesey  
CHIEF EXECUTIVE OFFICER AND  
PRESIDENT,  
PACIFIC GAS AND ELECTRIC COMPANY