

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



Pacific Gas & Electric Company
GAS (Corp ID 39)
Status of Advice Letter 4753G/6931E
As of June 13, 2023

Subject: Tier 1 Advice Letter Regarding Executive Compensation

Division Assigned: Energy

Date Filed: 04-28-2023

Date to Calendar: 05-10-2023

Authorizing Documents: D2005053

Disposition:	Accepted
Effective Date:	04-28-2023

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Stuart Rubio

415-973-4587

PGETariffs@pge.com

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to
edtariffunit@cpuc.ca.gov

April 28, 2023

Advice 4753-G/6931-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Tier 1 Advice Letter Regarding Executive Compensation**Purpose**

The California Public Utilities Commission's (the "Commission") June 1, 2020 Decision Approving the Chapter 11 Reorganization Plan of Pacific Gas and Electric Company ("PG&E") and PG&E Corporation (D.20-05-053) (the "POR Decision") imposes requirements on compensation provided to PG&E executive officers. One such requirement is "[a]nnual reporting of awards to the CPUC through a Tier 1 Advice Letter compliance filing."¹ Pursuant to the Commission's directive, PG&E submits this Tier 1 Advice Letter to report on PG&E's 2022 executive officer compensation awards, and to address how such awards comply with certain requirements of the POR Decision and Assembly Bill ("AB") 1054.

Discussion

The following chart summarizes the mix of compensation granted to PG&E's executive officers² in 2022 in the form of salaries, cash incentive awards through PG&E's 2022

¹ D.20-05-053 at 88.

² As used herein, "executive officers" refers to individuals who qualify as "executive officers" within the meaning of Public Utilities Code §§ 451.5 and 8389(e)(4). PG&E generally construes "executive officers" as used in these statutes to connote utility officers who qualify as "executive officers" under 17 C.F.R. § 240.3b-7. *Compare* Pub. Util. Code § 451.5 (definition of "executive officer") *with* 17 C.F.R. § 240.3b-7 (similar definition); *see also* Resolution E-4963 at 8 (CPUC Dec. 13, 2018) (construing "officer" in Public Utilities Code § 706 to mean the executive officers encompassed by § 240.3b-7); Decision on Test Year 2021 General Rate Case for Southern California Edison Co., D.21-08-036, at 419 (CPUC Aug. 20, 2021) ("[W]e find it reasonable to continue to apply the definition of 'officer' adopted in Resolution E-4963."). Compensation for other officers of PG&E, or for individuals who are employed solely by PG&E Corporation, is not discussed herein. For more information on how PG&E construes "executive officers," please refer to PG&E's April 24, 2023 letter to the Office of Energy Infrastructure Safety ("OEIS"). For information on compensation of PG&E Corporation's executive officers for 2022, please refer to pages 41 through 84 of PG&E's and PG&E Corporation's 2023 joint proxy statement, which is available at https://s1.q4cdn.com/880135780/files/doc_financials/2023/ar/Web-Ready-2023-Proxy-Statement-Master-ADA.pdf.

Short-Term Incentive Plan (“STIP”), and performance share equity incentive awards through PG&E Corporation’s Long-Term Incentive Plan (“LTIP”):

Executive Officer³	Base Salary⁴	STIP⁵	LTIP⁶
EVP and Chief Customer Officer	\$875,000 (20.56%)	\$780,000 (18.33%)	\$2,600,000 (61.10%)
EVP, Operations and Chief Operating Officer	\$875,000 (20.56%)	\$780,000 (18.33%)	\$2,600,000 (61.10%)
EVP, Engineering, Planning and Strategy	\$720,000 (23.97%)	\$534,375 (17.79%)	\$1,750,000 (58.25%)
EVP, Chief Risk Officer and Chief Safety Officer	\$675,000 (23.03%)	\$506,250 (17.27%)	\$1,750,000 (59.70%)
EVP, People, Shared Services & Supply Chain	\$645,000 (27.17%)	\$479,375 (20.19%)	\$1,250,000 (52.65%)
VP, Controller, and Chief Financial Officer	\$390,370 (39.70%)	\$192,988 (19.63%)	\$400,000 (40.68%)
Average	\$696,728 (25.83%)	\$545,498 (18.59%)	\$1,725,000 (55.58%)

³ As permitted by PG&E’s Bylaws, the PG&E Board of Directors allocated the powers and duties of the office of PG&E President to three of the EVPs listed in this chart. As such, no individual had the title of PG&E President in 2022, and each of those three EVPs served as a chief executive officer and a principal executive officer of PG&E in 2022.

⁴ Salary figures reflect annualized amounts. For any individual who was not in an executive officer position during the entirety of 2022, the salary figures reflect annualized figures based on such individual’s salary during the period such individual was an executive officer.

⁵ STIP figures reflect annualized award amounts at target levels for the 2022 STIP’s performance period. Payouts were provided in 2023, following conclusion of the 2022 performance period and certification of the STIP performance score by the People and Compensation Committee of the PG&E Corporation Board of Directors.

⁶ LTIP figures reflect annualized award values at target levels pursuant to 2022 LTIP performance share awards with a three-year performance period. Unlike the STIP, which has a one-year performance period, the 2022 LTIP performance shares have a performance period of January 1, 2022 through December 31, 2024. Accordingly, the final performance score, and actual payouts of 2022 LTIP performance shares, if any, will not be determined until after 2024.

PG&E believes that the foregoing complies with AB 1054 and the POR Decision.⁷ In fact, on July 28, 2022, OEIS found that PG&E's 2022 executive compensation structure complies with the statute, observing that it "is 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."⁸ In particular, PG&E believes that the foregoing demonstrates compliance with the following requirements:⁹

- Public Utilities Code § 8389(e)(6)(A)(i)(I) requires a compensation structure for any new or amended contracts with executive officers to be "based" on a "principle[]" of "[s]trict limits on guaranteed cash compensation, with the primary portion of the executive officers' compensation based on achievement of objective performance metrics." As reflected in the chart, guaranteed cash compensation was a minority of total executive officer compensation awarded for 2022, with the primary portion of the executive officers' compensation being "at risk" and granted through the STIP and the LTIP.
- Public Utilities Code § 8389(e)(6)(A)(i)(II) requires a compensation structure for any new or amended contracts with executive officers to be "based" on a "principle[]" of "[n]o guaranteed monetary incentives in the compensation structure." As reflected in the chart, there were no guaranteed monetary incentives for PG&E executive officers; the only cash incentive payments were granted through the STIP, and they were entirely "at risk."¹⁰
- Public Utilities Code § 8389(e)(6)(A)(iii) requires a compensation structure for any new or amended contracts with executive officers to be "based" on a "principle[]" of "[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," with such

⁷ The foregoing chart excludes indirect and ancillary compensation as defined by OEIS for purposes of 2022 executive compensation structures. As stated on page Atch 1-48 of PG&E's May 2, 2022 updated and corrected executive compensation submission to OEIS, such indirect and ancillary compensation was immaterial, averaging approximately 1.53% for the executive officers listed in the chart, and not exceeding approximately 3.3% for any such executive officer.

⁸ July 28, 2022 Letter from OEIS to PG&E at 3, available at <https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52810&shareable=true>.

⁹ Certain requirements of AB 1054 and the POR Decision are not implicated by the mix of compensation reported on in this letter (e.g., a requirement that a utility use performance metrics that are "measurable and enforceable"). Pub. Util. Code § 8389(e)(4). PG&E does not discuss such other requirements herein. For information on such other requirements, PG&E respectfully refers the Commission to PG&E's May 2, 2022 updated and corrected executive compensation submission to OEIS, which is available at <https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52396&shareable=true>.

¹⁰ In 2022, PG&E provided limited non-salary cash payments to executive officers, such as modest stipends in lieu of a package of corporate perquisites. PG&E does not believe that such payments constitute "guaranteed monetary incentives."

“compensation . . . held or deferred for a period of at least three years.” As reflected in the chart, a significant portion of executive officer compensation awarded for 2022, ranging from 40.68% to 61.10% at target levels, consisted of equity-based performance share awards (with such awards being subject to a three-year hold).

- The POR Decision requires a “majority or super-majority of incentive compensation, in the form of equity awards” to be held “or deferr[ed] . . . for at least 3 years.”¹¹ The LTIP performance share awards reflected in the chart above are subject to a three-year performance period, and thus will not be paid out, if at all, until after 2024.
- The POR Decision requires that “[g]uaranteed cash compensation as a percentage of total compensation not exceed industry norms.”¹² In compliance with the POR Decision’s requirement that there be “[a]nnual review of awards by an independent consultant,”¹³ the People and Compensation Committee of the PG&E Corporation Board of Directors uses a nationally recognized independent consultant (Meridian Compensation Partners, LLC) to confirm, among other things, that base salaries for executive officers as a percentage of total compensation do not exceed industry norms. PG&E believes that the base salary percentages in the chart are within industry norms.

For further information regarding PG&E’s 2022 executive officer compensation awards, please refer to PG&E’s May 2, 2022 updated and corrected executive compensation submission to OEIS,¹⁴ PG&E’s and PG&E Corporation’s 2023 joint proxy statement (pages 41 through 84),¹⁵ and PG&E’s Report pursuant to General Order No. 77-M for the year ended December 31, 2022.¹⁶

¹¹ D.20-05-053 at 88. Though PG&E does not read this portion of the POR Decision to require that a majority or super-majority of overall incentive compensation for executive officers be in the form of equity awards, to the extent it can be read that way, PG&E’s 2022 awards also would satisfy such a requirement. As can be derived from the figures in the chart, LTIP performance share equity awards in 2022 at target levels averaged 75.97% of total executive officer incentive compensation in the aggregate, and comprised more than 67.44% of individual executive officer incentive compensation in every case.

¹² *Id.*

¹³ *Id.*

¹⁴ <https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52396&shareable=true>.

¹⁵ https://s1.q4cdn.com/880135780/files/doc_financials/2023/ar/Web-Ready-2023-Proxy-Statement-Master-ADA.pdf.

¹⁶ Available by May 31, 2023 at https://www.pge.com/en_US/about-pge/company-information/regulation/regulation.page.

Protests

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than May 18, 2023, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name and e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

Pursuant to General Order (GO) 96-B, Rule 5.1, this advice letter is submitted with a Tier 1 designation. PG&E requests that this Tier 1 advice submittal become effective upon date of submittal, which is April 28, 2023.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically to parties shown on the attached list and the parties on the service list for I.19-09-016. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (U 39 M)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Stuart Rubio

Phone #: 415-973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: stuart.rubio@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
 PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 4753-G/6931-E

Tier Designation: 1

Subject of AL: Tier 1 Advice Letter Regarding Executive Compensation

Keywords (choose from CPUC listing): Compliance

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.20-05-053

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date: 4/28/23

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

¹Discuss in AL if more space is needed.

Protests and correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division Tariff Unit Email:
EDTariffUnit@cpuc.ca.gov

Contact Name: Sidnev Bob Dietz II. c/o Megan Lawson
Title: Director, Regulatory Relations
Utility/Entity Name: Pacific Gas and Electric Company

Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx:
Email: PGETariffs@pge.com

Contact Name:
Title:
Utility/Entity Name:

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Clear Form

**PG&E Gas and Electric
Advice Submittal List
General Order 96-B, Section IV**

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
Braun Blaising Smith Wynne, P.C.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency
Financing

California Alternative Energy and
Advanced Transportation Financing
Authority
California Public Utilities Commission
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Center for Biological Diversity

Chevron Pipeline and Power
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell
Downey Brand LLP
Dish Wireless L.L.C.

East Bay Community Energy Ellison
Schneider & Harris LLP
Engineers and Scientists of California

GenOn Energy, Inc.
Green Power Institute
Hanna & Morton
ICF

iCommLaw
International Power Technology
Intertie

Intestate Gas Services, Inc.

Johnston, Kevin
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated
Waste Management Task Force
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McClintock IP
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.

Resource Innovations

SCD Energy Solutions
San Diego Gas & Electric Company

SPURR
San Francisco Water Power and Sewer
Sempra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Stoel Rives LLP

Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Utility Cost Management
Utility Power Solutions
Water and Energy Consulting Wellhead
Electric Company
Western Manufactured Housing
Communities Association (WMA)
Yep Energy