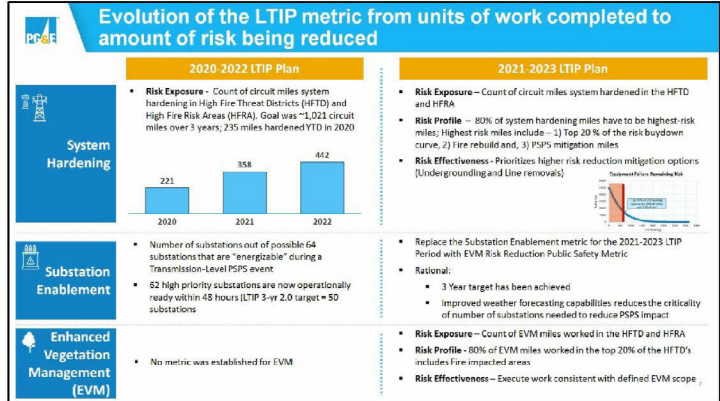


**Public Safety
Long Term Incentive Plan (LTIP)
Target Setting**

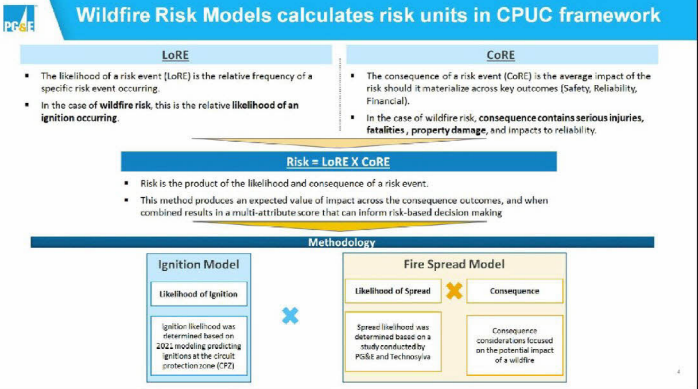
November 23, 2020

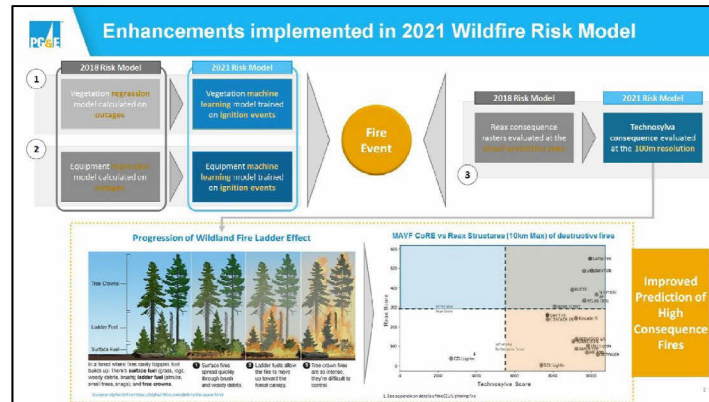


Together, Building
a Better California



Risk Model and Risk Quantification

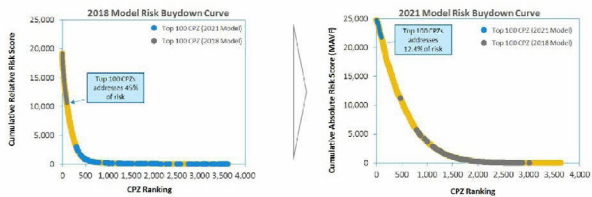






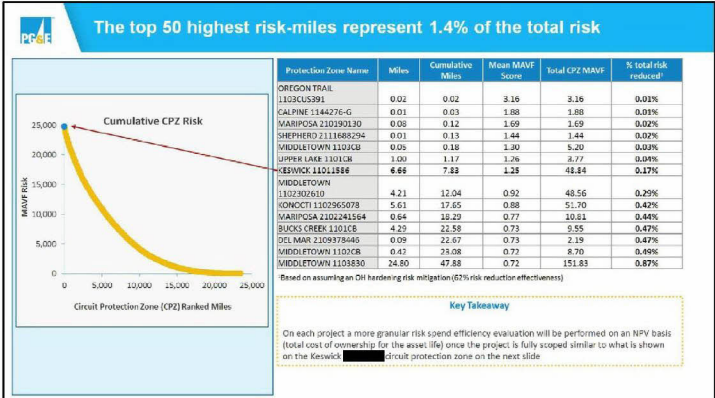
Risk models provide risk buydown curves to guide workplan

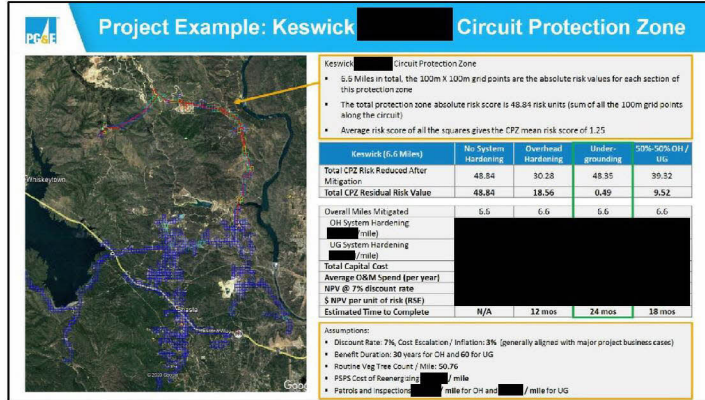
The risk buydown curve shows the amount of risk that can be addressed with every subsequent mile within a CPZ that is mitigated. This view shows the relative magnitude of potential projects and can compare impacts of programs with varied effectiveness. The visualization helps to highlight the consolidation of risk by CPZ as you move down the prioritization list.



Equipment (Conductor) Risk Buydown curves highlight the significant shift of where the top 100 CPZ's are between the two models primarily as a result of the shift in the consequence model

Project Example





Target Setting

10/20/2024

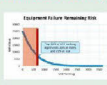
System Hardening

Conditions

Condition 1: 80% of system hardening miles have to be highest-risk miles over the three-year period or LTIP is 0

Risk Profile (Highest Risk Miles defined as)

1. Top 20% of risk buydown curve
2. Fire rebuild miles
3. PSPS mitigation miles



Condition 2: Minimum percentage of miles mitigated with either Line Removal or Undergrounding over the three-year period or LTIP is 0

Risk Effectiveness

- 10% of Undergrounding or Line Removal work in the System Hardening project portfolio¹

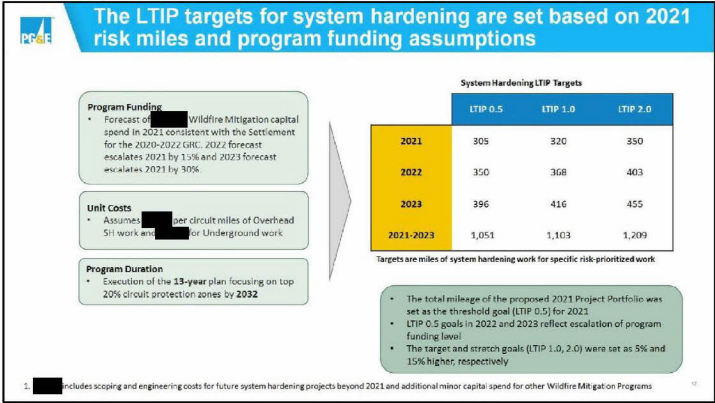
Risk Exposure

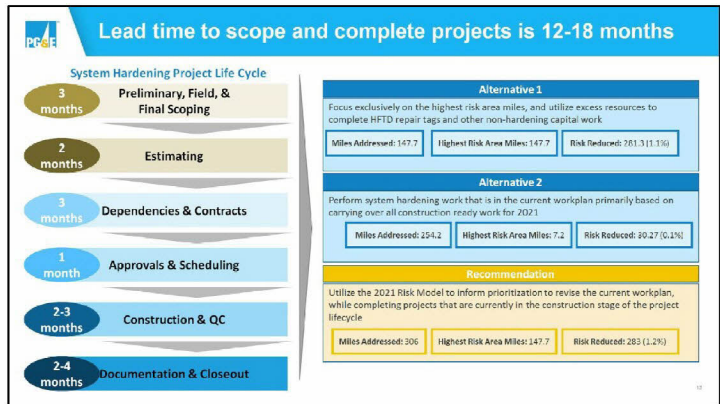
- Count of circuit miles system hardened in the HFTD and HFRA

System Hardening Targets (Risk Miles)

	LTIP 0.5	LTIP 1.0	LTIP 2.0
2021	305	320	350
2022	350	368	403
2023	396	416	455
2021-2023	1,051	1,103	1,209

1. Basis of the 80% is to allow for operational execution considerations including permitting, weather related access, and mob/demob efficiencies
 2. Basis of the top 20% correlates to ~70% of the risk on the risk buydown curve
 3. Risk mitigation effectiveness for Overhead Hardening is estimated at 62% and Undergrounding or Line Removal is estimated at 90%





Enhanced Vegetation Management (EVM)

Conditions

Condition 1: 80% of EVM miles have to be highest-risk miles over the three-year period or LTIP is 0

Risk Profile (Highest Risk Miles defined as)

- Top 20% of risk model buydown curve
- Five impacted miles

Risk Effectiveness

- Execute work consistent with defined EVM scope
 - Achieve 2.2' recommended radial clearance
 - Assess three potential trees including high-risk species
 - Remove overhangs above and within 4 feet of power lines
 - Mitigate vegetative fuels under and adjacent to powerlines on targeted basis

Risk Exposure

- Count of EVM miles worked in the HFTD and HFRA

EVM Targets (Risk Miles)

	LTIP 0.5	LTIP 1.0	LTIP 2.0
2021	1,800	1,890	2,070
2022	1,800	1,890	2,070
2023	1,800	1,890	2,070
2021-2023	5,400	5,670	6,210

Notes: Targets are based on 13-yr EVM Program pace (2021 - 2033) consistent with the PGR. Evaluating viability of 10-yr pace (2021 - 2030).

1. Basis of the 80% is to allow for operational execution considerations including permitting, weather-related access and, customer approvals

2. Basis of the top 20% correlates to "85% of true risk on the risk buydown curve"

The LTIP targets for EVM are set based on work to be completed over the remaining twelve years of the program

- Program Duration**
- Assumes execution of the 12-year Enhanced Vegetation management Plan (2021-2032)
 - Forecasting viability of 10-year pace (2021-2030)
- Program Funding**
- Forecast of [redacted] and [redacted] spend on EVM program in 2021, 2022 and 2023 respectively (in alignment with POR)
 - 10-year pace will result in incremental forecast of [redacted] per year
- Unit Costs**
- Assumes [redacted] per miles of EVM work

Enhanced Vegetation Management LTIP Targets

	LTIP 0.5	LTIP 1.0	LTIP 2.0
2021	1,800	1,890	2,070
2022	1,800	1,890	2,070
2023	1,800	1,890	2,070
2021-2023	5,400	5,670	6,210

Targets are miles of EVM work for specific risk-prioritized work.

- The total mileage of the proposed 2021 Project Portfolio was set as the threshold goal (LTIP 0.5) for 2021
- The target and stretch goals (LTIP 1.0, 2.0) were set as 5% and 15% higher, respectively



Governance and Oversight

Wildfire Risk Governance Committee

- 2021 System Hardening Projects will be formally approved by the Chief Risk Officer.
 - To ensure risk focus and to ensure other factors do not dilute the risk reduction objective
 - Allows judgement to be applied to address 2021 Work plan transition due to a big shift in the risk model
- List of 2021 Enhanced Vegetation Miles (specific location) will also be formally approved by the Chief Risk Officer

PG&E Board – SNO and Compensation Committees

- List of 2021 System Hardening Projects and List of 2021 Enhanced Vegetation Miles (specific location) will be provided to the PG&E Board by the Chief Risk Officer
- In 2021 Quarterly Updates regarding progress on both System Hardening and Enhanced Vegetation Management will be submitted to the PG&E Board by the Chief Risk Officer, focusing on
 - Amount of Risk Reduced at the Project Level, from both location of the project / miles on the risk curve and mitigation that was performed (line removal, underground, overhead)
- Progress being made on developing 2022 plan

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Appendix

11/1/2024

