
From: [REDACTED]
To: [REDACTED]
CC: [REDACTED]
Sent: 1/5/2021 9:22:32 PM
Subject: RE: FOR CONSIDERATION: STIP/LTIP Queries and Targets | Methodologies
Attachments: 2021 LTIP Metric Summary - Enhanced Vegetation Management V10.docx; 2021 LTIP Metric Summary - System Hardening V10.docx; Public Safety LTIP Target Setting V42.pptx

[REDACTED]

I'm attaching the latest LTIP documents and the presentation. The main change from the previous versions is that the 2023 targets are set equal to 2022. This still needs to be validated with [REDACTED]. Other than that, the documents are ready to be sent to Compensation. If you could take a quick look at the Target-setting language in the Word documents (Section III 3), that would be great.

[REDACTED] - I can't attend the 8am meeting tomorrow morning, I'm getting COVID vaccinated. I will follow up with you during the day.

Thanks,
[REDACTED]

From: [REDACTED]
Sent: Tuesday, January 05, 2021 8:44 PM
To: [REDACTED]
Subject: Fwd: FOR CONSIDERATION: STIP/LTIP Queries and Targets | Methodologies

Team,
I didn't have visibility to this ask. I would assume that we have EOY performance results finalized for 2020 and can modify 2021 recommendations easily Wednesday morning.
I'll set up a call for early Wednesday to coordinate.
Due end of day Wednesday and we'll need to brief [REDACTED] first.

Thanks,
[REDACTED]

[REDACTED]
Chief of Staff, Electric Operations, PG&E
[REDACTED]

From: [REDACTED]
Sent: Tuesday, January 5, 2021 8:32:16 PM
To: [REDACTED]
Subject: FW: FOR CONSIDERATION: STIP/LTIP Queries and Targets | Methodologies

Classification: [Internal](#)

Oh My. I'm just now seeing this – hopefully you have also seen this earlier today more directly from [REDACTED].
[REDACTED]? What help is needed from me?

Some of the measures included in this email are contemplated as additional precautionary measures intended to further reduce the risk of wildfires.

From: [REDACTED]
 Sent: Tuesday, January 05, 2021 9:10 AM
 To: [REDACTED]
 Cc: [REDACTED]
 Subject: FW: FOR CONSIDERATION: STIP/LTIP Queries and Targets | Methodologies

Hi [REDACTED]

Happy new year! Hope you had a great and healthy break with your family.

I'm helping [REDACTED] move the STIP/LTIP assignments forward (see yours in red). 😊 Gentle reminder: you've got a **deadline tomorrow** to kindly send your Comp Committee responses and your updated targets/asures to HR. Please let me know if you need time with [REDACTED] to vet these once you've sent in your replies.

Thank you!
 [REDACTED]

Date	Meeting	Description/Notes	Attendees/Owner
1/5	Informal CC Meeting (4:15-5:45)	2021 Incentives Discussion to support WSD Filing on 1/15. Key decisions include: <ul style="list-style-type: none"> CC Questions: <ul style="list-style-type: none"> Category Weightings Fatality Reduction Rule (Formerly the modifier) Discussion on Greater Affordability Metric LTIP PS Range: 50%-200% in line with market? Various other questions (IPM, Award Mix for AB 1054 Officers). Note: targets are not included in the filing 	Full CC, [REDACTED] (Compensation Consultant), [REDACTED] (External Counsel)
1/6	N/A	2021 STIP and LTIP Metric Owners turn in updated measures/targets. <ul style="list-style-type: none"> See Comp Committee queries which relate to you below Please refresh targets based on more recent results. (previous targets were based on Sept/Oct YTD results) 	Please send to [REDACTED]
1/7	N/A	Pre-reads go to Patti Meeting for Jan 14 call with the Metric Owners (STIP and LTIP)	[REDACTED]
	N/A	Pre-reads go to Comp Committee for Informal Meeting on Jan 14 with the Metric Owners (LTIP)	[REDACTED]
	N/A	Draft WSD Filing issued for Management Review	[REDACTED]
1/14	Internal 2021 Incentives Meeting (1:15-2:45)	Discuss your STIP and LTIP targets and target setting methodologies.	[REDACTED]
	Informal CC Meeting- LTIP Metrics Deep Dive	Deep Dive into LTIP targets (methodology and numeric values) and non-AB 1054 Officer Structure.	Full CC, [REDACTED] [REDACTED]

	(3:30-5:00)			
	N/A	Pre-reads go to Comp Committee fro Informal Meeting on Jan 14 with the Metric Owners (STIP)		
1/15	N/A	File testimony with WSD	(supported by)	
1/21	Informal CC Meeting- STIP Metrics Deep Dive (3:30-5:00)	Deep Dive into STIP targets (methodology and numeric values).	Full CC,	
2/1	N/A	Pre-Read Materials go to Comp Committee for Pre-Meeting		
2/4	Informal CC Pre-Meeting	Finalize understanding of 2021 Incentive Plans Design	Full CC, TBD	
2/9	Formal CC Meeting	Finalize 2021 Incentive Plans	Full CC, TBD	

From: [REDACTED]
 Sent: Monday, December 14, 2020 12:58 PM
 To: [REDACTED]
 Cc: [REDACTED]
 Subject: Consolidated STIP/LTIP Questions and Comments

*******CAUTION: This email was sent from an EXTERNAL source. Think before clicking links or opening attachments.*******

[REDACTED]: this is the consolidated list from the committee for you to prep the January sessions on STIP/LTIP. Best have one session for each.

—
 Thanks,

[REDACTED]

STIP Metrics:

1. **Electric Operations:** In the change from 2020 to 2021, Electric Operations overall score for officers was reduced from 25 percent to 15%-yet this is the principal area of risk and poor performance going forward. Why?

1.a . For the Corporate Srv/Officers STIP, would recommend to increase the weighting on the electric operations and lower on generation/gas operations given the need to improve so much more in electric operations.

Recommendation: **Increase Electrical to 20%**, and reduce Safety to 15%

2. **STIP Modifier:** Should the performance modifier should be stated that it applies to all STIP awards? A bit unclear in the very first bullet. The language is too narrowly focused on safety and does not reflect the concerns of the Board in other areas of performance. Recommend modification as follows:

“Management may recommend a reduction of the STIP score based on employee or contractor fatalities

(exempting certain no-fault fatalities), public injuries tied to system failures, non-compliance fines, or cybersecurity violations. The Board retains discretion to adjust the STIP modifier in response to these events.”

Also, we would anticipate management would recommend a change to the STIP modifier could be applied selectively to individual executives or broadly to all executives.

2.a. Recommend we consider using “in the event of a fatality other than no-fault fatalities, the Workforce Safety category would be set to 0%). Like First Energy (which they call the fatality reduction rule). Even name it the fatality reduction rule versus a modifier. Very clear.

3. STIP Targets:

1). RFI - Last years target is significantly lower than this years target. Would like to better understand how the targets were determined.

2). RFI - the differences between threshold, target and max are quite small why not something like 130 - 115 - 100?

3). Large over pressure events - Is a 9 year average being utilized to set the target?

4). DCPD reliability - provide further detail on the underlying capacity factor utilized in the target.

5). DCPD reliability - provide a variance analysis between 2020 actual and 2021 target to better understand the drop off.

6). Gas customer emergency response - why would target performance be lower than 2020 forecast?

7). CEMI - why use a 5 year average to set performance?

8.) How are number of SIF actuals determined as a metric— not much difference between threshold and target vs. max?

9). Are SIF actuals included in DART rate?

10). How is ASA metric determined? Is it an industry standard.

11). A general comment, the target setting basis seems like numbers are flat (not improving in the target for the next year) in the reliability section (response) or lower than 2020 forecast (i.e., large overpressure). Were the 2020 targets too aggressive? Target typically is what believe we can achieve which typically is what we have achieved in the previous year (versus a 5 year history look). We want target to be achievable but looks strange to reduce from previous years.

4. STIP Measures

Electric Operations: Electric not weighted high enough. Should be 20%, and workforce Safety reduced to 15%/. Reportable Fire Ignitions should be 15%, and Wires Down 5%.

For Non Officer, Reportable fire ignitions should be 30% and Wire downs 10%. Reportable fire ignitions gives you a better sense of both vegetation management and asset condition.

Workforce Safety: Recommend reduce to 15%

LTIP Metrics:

1. Explain the Greater Affordability for Customer Metric. What does it mean and how are the numbers determined?
2. The Cap on LTIP of 200% seems very high... is this normal in the industry? Also, the low end seems high as well.

Thanks, 