

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of Pacific Gas and Electric
Company for Approval of Regionalization
Proposal.

(U39M)

Application No. 20-06-011

**JOINT MOTION FOR APPROVAL OF SETTLEMENT AGREEMENTS OF PACIFIC
GAS AND ELECTRIC COMPANY (U 39 M), THE CALIFORNIA FARM BUREAU
FEDERATION, THE CALIFORNIA LARGE ENERGY CONSUMERS
ASSOCIATION, THE CENTER FOR ACCESSIBLE TECHNOLOGY, THE
COALITION OF CALIFORNIA UTILITY EMPLOYEES, THE PUBLIC
ADVOCATES OFFICE, THE SMALL BUSINESS UTILITY ADVOCATES, SOUTH
SAN JOAQUIN IRRIGATION DISTRICT, AND WILLIAM B. ABRAMS**

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CALIFORNIA UTILITY EMPLOYEES, THE PUBLIC ADVOCATES OFFICE, THE
SMALL BUSINESS UTILITY ADVOCATES, SOUTH SAN JOAQUIN IRRIGATION
DISTRICT, AND WILLIAM B. ABRAMS**

I. INTRODUCTION AND REQUEST FOR COMMISSION ACTION

In accordance with Rules 12.1 and 1.8(d) of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure (the “Rules”), Pacific Gas and Electric Company (“PG&E”), the California Farm Bureau Federation (“CFBF”), the California Large Energy Consumers Association (“CLECA”), the Center for Accessible Technology (“CforAT”), the Coalition of California Utility Employees (“CUE”) the Public Advocates Office at the California Public Utilities Commission (“Cal Advocates”), the Small Business Utility Advocates (“SBUA”), the South San Joaquin Irrigation District (“SSJID”), and William B. Abrams (collectively the “Settling Parties”) request that the Commission approve two separate settlement agreements (collectively “Settlement Agreements”).^{1/}

PG&E, CFBF, CLECA, CforAT, CUE, Cal Advocates, SBUA, and William B. Abrams request the Commission to approve a comprehensive multi-party settlement agreement of all

^{1/} This motion is filed pursuant to the schedule set forth in the *E-mail ruling granting PG&E's request for schedule modification and related issues* of Administrative Law Judge Brian Stevens (August 20, 2021).

issues in the scope of the proceeding. This settlement agreement, which is referred to herein as the “Multi-Party Settlement” is attached as Exhibit A.

PG&E and SSJID request the Commission to approve a settlement agreement of issues uniquely raised by SSJID in this proceeding. This settlement agreement, referred to herein as the “PG&E/SSJID Settlement” is attached as Exhibit B.

The two Settlement Agreements resolve all disputed issues in this proceeding and request approval of PG&E’s Updated Regionalization Proposal, dated February 26, 2021 (the “Updated Regionalization Proposal”),^{2/} with the modifications set forth in the two Settlement Agreements. The Settlement Agreements are each in the public interest, and represent a fair and equitable resolution of the issues while timely permitting PG&E to continue to implement its Updated Regionalization Proposal to deliver on its goals of improving customer service, safety and operational reliability.

The Settlement Agreements arise from the series of meet and confer meetings to develop stipulations and settlements of issues held by PG&E with the other Settling Parties as directed in the *Assigned Commissioner’s Amended Scoping Memo and Ruling*, dated June 29, 2021 (“Amended Scoping Memo”). Timely approval of the settlements will resolve the issues in dispute in the proceeding and eliminate any further potential delay. Approval of the Settlement Agreements will also reduce the administrative and resource burdens on the Commission and the Settling Parties and is otherwise in the public interest. The Settling Parties request that the Settlement Agreements be timely approved by the Commission without modification.

II. INTERESTS OF THE SETTLING PARTIES

The Settling Parties represent the interests of PG&E and a variety of other interests. For example, Cal Advocates represents the diverse interests of consumers of gas and electricity, including low-income consumers. CFBF represents the interest of farmers, ranchers, and agricultural customers. CLECA represents the interests of large, high load factor, and high

^{2/} Updated Regionalization Proposal.

voltage industrial customers. CforAT represents the interests of customers with disabilities. SBUA represents the interests of small businesses. CUE represents the interests of bargaining unit employees. SSJID represents the interests of a local irrigation district and its customers. William B. Abrams represents the interests of individual customers.

III. PROCEDURAL HISTORY

In Decision (“D.”) 20-05-053 the Commission ordered PG&E to file an application for regional restructuring. There the Commission indicated that: “Regional restructuring of PG&E has the potential to improve safety and responsiveness to local communities.”^{3/} As such, the Commission ordered that by June 30, 2020, PG&E shall file an application for regionalization so that by June 1, 2021, “it will be able to appoint regional executive officers to manage each region...and to appoint regional safety officers.”^{4/}

On June 30, 2020 PG&E filed its Regionalization Application. On August 5, 2020 protests and responses to the Regionalization Application were filed, including by the following Settling Parties: CFBF, CLECA, CforAT, Cal Advocates, CUE, SBUA, and SSJID.^{5/} On August 20, 2020 the Commission held a prehearing conference to address the proceeding’s issues and procedural matters. On October 2, 2020, the Assigned Commissioner President Batjer issued an initial *Assigned Commissioner’s Scoping Memo and Ruling*.

On November 20, 2020 PG&E presented its initial Regionalization Proposal at a Commission held workshop. CFBF on December 10, 2020 and CLECA, Cal Advocates,

^{3/} D.20-05-053, p. 109, Findings of Fact (FOF) 12.

^{4/} D.20-05-053, p. 52.

^{5/} Protests and responses were also filed by the Center for Energy Efficiency and Renewable Technologies, the City of San Jose, the City and County of San Francisco, the Energy Producers and Users Coalition, Marin Clean Energy, Pioneer Community Energy, and The Utility Reform Network which are not Settling Parties.

CforAT, SBUA, SSJID, and William B. Abrams on December 16, 2020 filed Comments on PG&E's Regionalization Application.^{6/}

PG&E filed a revised and Updated Regionalization Proposal on February 26, 2021. PG&E, CLECA, CUE, Cal Advocates, CforAT, SBUA (as amended on April 09, 2021), and SSJID filed opening comments on the Updated Regionalization Proposal on April 2, 2021. PG&E, CFBF, SBUA, and William B. Abrams filed reply comments on the Updated Regionalization Proposal. PG&E presented its proposal at a second public workshop on March 3, 2021.^{7/}

On May 18, 2021, the Commission held a status conference to discuss party positions on the substance of the issues scoped into the proceeding and the process going-forward.

On June 29, 2021, the Commission issued an *Assigned Commissioner's Amended Scoping Memo and Ruling*, which established an updated schedule and other process for the proceeding, including direction for the parties to meet and confer to reach stipulations and settlements on issues active among the parties. The two Settlement Agreements resulted from a series of meet and confer meetings among the Settling Parties.

IV. SUMMARY OF THE SETTLING PARTIES POSITIONS

The Settlement Agreements presents negotiated agreements that resolve all of the Settling Parties' issues in the proceeding achieved through extensive engagement in individual and group meet and confer sessions among the Settling Parties. Each party has made meaningful compromises from its position to reach a settlement of all issues in the proceeding as represented by the Settlement Agreement.

The following subsections summarize the Settling Parties' initial positions.

^{6/} Comments were also filed by the following parties that are not Settling Parties, the City of San Jose, Marin Clean Energy and East Bay Community Energy, Pioneer Community Energy, and The Utility Reform Network.

^{7/} Comments were also filed by The Utility Reform Network, not a Settling Party.

A. PG&E's Position

PG&E seeks Commission approval of its Update Regionalization Proposal which it was directed to present to the Commission pursuant to the Commission decision D.20-05-053 to transform PG&E into a safer, more reliable, and customer centric utility for its hometowns.

The Updated Regionalization Proposal presents a revised regionalization plan that includes feedback and input from the Commission and stakeholders and one that provides the appropriate framework for PG&E for its five regions and regional boundaries, regional leadership, and a phased and timely implementation of the plan that enables flexibility to account for improvements and efficiencies that can be incorporated and realized as part of the plan implementation. The two new ways of work at PG&E, implementation of the Lean Operating System and functional reorganization, in tandem with the implementation of the Updated Regionalization Proposal will enable the company to more effectively achieve its goals of improved safety, customer engagement, and reliability.

Approval of the Settlement Agreement will provide PG&E with regulatory certainty and allow it to continue its progress toward the full and effective implementation of the regionalization plan. It will also facilitate a process of continued transparency and feedback by the stakeholders in the proceeding as PG&E advances through the incremental phases of implementation and provides a forum for continued participation and input by stakeholders and the as appropriate the Commission.

B. CFBF's Position

CFBF provided feedback on the regional boundaries in the Updated Regionalization Proposal. CFBF expressed concerns that the process ensures that the level of service and expertise, including a single point of contact, for the agricultural community, comprised of small, medium, and large farmers and ranchers be retained. CFBF also voiced support for maintaining an open proceeding to allow for necessary input to the Commission as PG&E implements its Updated Regionalization Proposal.

C. CLECA's Position

CLECA provided comments indicating its desire that PG&E's Updated Regionalization Proposal be implemented in a reasonable, thoughtful, and cost-efficient manner incorporating both PG&E's regional as well as functional aspects. CLECA also recognized the improvements in the Updated Regionalization Proposal relative to the original proposal, reflecting feedback provided by CLECA and other stakeholders. CLECA also indicated its interest in continued participation and engagement with PG&E as it moves toward the full implementation of its regionalization plan, including opportunity for feedback and input by CLECA in the process. CLECA emphasized the need for establishing clear metrics and incorporating adequate reporting throughout implementation to ensure appropriate evaluation of PG&E's progress.

D. CforAT's Position

CforAT's comments addressed the needs and concerns of its constituency of utility customers with disabilities and whether the implementation of the Updated Regionalization Proposal will provide for improved service and support for these customers. CforAT is interested in having the opportunity to provide input and feedback to PG&E as it advances through the phases of implementation of its plan, with a focus on ensuring that regionalization does not negatively impact support for customers with disabilities for whom expertise will be retained centrally, and that overall levels of service and support for customers with disabilities and/or medical needs is improved as a result of the implementation of the Updated Regionalization Proposal.

E. CUE's Position

CUE indicated that PG&E's Updated Regionalization Proposal was a significantly improved plan, one that reflects the feedback from stakeholders and the vision of PG&E's new leaders. In particular, CUE supported the balance and efficiencies between the regional and local problem-solving approach taken in the Updated Regionalization Proposal while leveraging the benefits of the larger, central company. In the same vein, it is supportive of PG&E's approach to maintain sufficiently resourced regions with staff and tools to perform the local regional work

while maintaining a utility wide coordination to direct resources throughout the utility in an effective and efficient manner. CUE supports the approval of the Updated Regionalization Proposal.

F. Cal Advocates' Position

Cal Advocates understands the need for a phased approach to the implementation of the Updated Regionalization Proposal. Cal Advocates is interested in participating in a meaningful process through which stakeholders can provide feedback and input as PG&E advances through the full implementation of the regionalization plan with opportunity for incremental check-in and consultation with stakeholders. Cal Advocates wants to see improvement in the execution and decision-making by the newly appointed Regional Vice Presidents, Regional Safety Directors, and the middle management across the utility.

In addition, Cal Advocates wants assurance that PG&E measures the business benefits of regionalization as it advances through implementation of the regionalization plan. Cal Advocates is also seeking assurance through measurement and evaluation of how effective implementation of the Lean Operating System is as it relates to regionalization. Cal Advocates is also interested in participating in meetings and workshops during which PG&E seeks input from stakeholders and provides updates of its progress and achievements of desired goals throughout the course of the regionalization plan implementation, including opportunity to engage with regional leaders.

G. SBUA's Position

SBUA is interested in ensuring that PG&E maintains a balance between the regional and functional structure of its regionalization alignment. In particular, it is interested in ensuring that the regions do not develop into silos or fiefdoms without central and functional alignment, problematic competition between regional executives is avoided, the needs of individual territory-wide constituencies, such as small business customers, are well-served and best practices are shared. SBUA also recognizes that regionalization and the increased degree of

introspection in the most recent proposal has the potential to improve management and service to customers, including small business customers.

SBUA objected to the adequacy of the supporting information originally provided by PG&E in connection with its January 31, 2020 regionalization concept and recommended objectives and requirements for an improved regionalization proposal, many of which were reflected in D.20-05-053. SBUA then opposed the regionalization proposal filed on November 20, 2020, which SBUA viewed as imposing dramatic and rapid operational changes that could exacerbate or reintroduce historical management problems and did not clearly further the safety or service objectives required by D.20-05-053. SBUA views the updated regionalization proposal filed February 26, 2021 as responsive to SBUA input and a more manageable, incremental approach to improving PG&E service. SBUA believes the proposal could benefit from deeper historical analysis of prior organizational structures and could take advantage of enhanced opportunities for regional goal setting and local participation. SBUA also is concerned that PG&E could reintroduce problematic or costly aspects of the prior proposal in the near future without public input or Commission oversight.

To address these issues, SBUA reached out to PG&E to negotiate a settlement. SBUA is also interested in PG&E creating and SBUA participating in a process through which stakeholders have an opportunity to provide feedback and input to PG&E's implementation of its Updated Regionalization Proposal as it advances toward future phases, including opportunities to engage with regional leaders..

H. SSJID's Position

SSJID has actively been working to provide electric service as a publicly owned utility in South San Joaquin County for a number of years, and PG&E has consistently opposed those ongoing efforts. PG&E's regionalization proposal states generally that regional teams will "be able to anticipate and respond to the needs of local communities and communicate PG&E's plans and programs to those communities," and "coordinate with our operations teams to be trouble shooters with local governments and agencies on any issues they are facing." PG&E has not

provided specific information regarding its proposed community coordination and communication efforts, including a description of the needs of local communities it hopes to respond to, the plans and programs it hopes to provide, and the scope of any local government and agency issues it might address. Given PG&E's history of opposing SSJID's efforts to provide electric service, the lack of specific information about PG&E's community coordination and communication efforts gives rise to SSJID's concern that PG&E may include competitive activities as part of those efforts (dissuading a community from choosing publicly owned electric utility service, for example). It would be unreasonable for PG&E to pursue ratepayer funded competitive efforts as regionalization plan implementation activities.

PG&E and SSJID have negotiated a settlement on this particular issue as articulated in Section V(K) of this Motion and in the PG&E/SSJID Settlement Agreement.

I. William B. Abrams' Position

William B. Abrams is interested in PG&E's implementation of the Lean Operating System and adherence to the Commission's Environmental and Social Justice Action Plan to improve PG&E safety, reliability and ensure more equitable service delivery across the PG&E service territory. Mr. Abrams sees the implementation of the Lean Operating System as an opportunity to create efficiencies and reduce costs if the implementation adheres to Lean Operating System principles and includes the measurement of risks and associated risk reduction. Additionally, Mr. Abrams believes that transparency and accountability from PG&E must be a central component of this regionalization plan and ingrained within the implementation of the plan.

V. SUMMARY OF THE SETTLEMENT AGREEMENTS

Subsection A below provides a summary of the terms of the Multi-Party Settlement Agreement among PG&E, CFBF, CLECA, CforAT, CUE, Cal Advocates, SBUA, and William B. Abrams. Subsection B provides a summary of the separate settlement terms between PG&E and SSJID addressing the specific interests of SSJID in this proceeding.

A. Multi-Party Settlement Agreement

The Multi-Party Settlement Agreement includes a framework within which PG&E will facilitate a stakeholder engagement process for parties to the Multi-Party Settlement Agreement to provide updates and a forum for input for stakeholders as it advances through the implementation of the Updated Regionalization Proposal, including additional details, regional metrics to be reported regionally, and refinements developed during the course of implementation. Section III of the Multi-Party Settlement Agreement provides an overview and details of the stakeholder engagement process, including the formation of a Regionalization Stakeholder Group as an advisory group with the ability to escalate issues to the Commission in a timely manner, if PG&E fails to perform in accordance with the terms of the Multi-Party Settlement Agreement in its implementation of the regionalization plan. Section IV of the Multi-Party Settlement Agreement provides the purpose for the formation of the Regionalization Stakeholder Group and the issues in scope for the Regionalization Stakeholder Group, parties to the Regionalization Stakeholder Group, and meeting cadence for the Regionalization Stakeholder Group.

1. Stakeholder Engagement Process

PG&E will support the formation of a Regionalization Stakeholder Group that will consist of members from among the parties to the regionalization proceeding (A.20-06-011) who have agreed to the terms of the Multi-Party Settlement Agreement. This group will serve as an advisory group to provide additional perspective to PG&E as it advances through the implementation of regionalization. PG&E will provide quarterly reports with forward-looking information regarding anticipated milestones, goals, and targets for each quarter, including performance updates for the then immediate previous quarter, all beginning with the first quarter after a final decision of the Commission adopting the Multi-Party Settlement Agreement.

PG&E will develop metrics that will be reported regionally to the Regionalization Stakeholder Group, and the Regional Vice Presidents will develop regional metrics at least once every General Rate Case cycle, which will be informed by public input and external outreach.

PG&E will host two public workshops in 2022 and for each year until the completion of Phase III or its regionalization implementation to provide updates to the public about its regionalization implementation progress. PG&E will coordinate the workshops with the Commission staff to the extent feasible.

PG&E, CFBF, CLECA, CforAT, CUE, Cal Advocates, SBUA, and William B, the parties to the Multi-Party Settlement Agreement, agree and request that the Commission approve the Updated Regionalization Proposal, but leave the proceeding open until the end of Phase III, which is expected to be completed by June 30, 2023.

PG&E will not move operations under the direct control of the Regional Vice Presidents, Regional Safety Directors, or their successors for a period of two years from the date of the Commission Decision adopting the Multi-Party Settlement Agreement. If PG&E does move operations as described in the previous sentence after the two-year period but within the three years immediately following, it will provide advance notice to the parties to the Multi-Party Settlement Agreement.

The parties to the Multi-Party Settlement Agreement may seek intervenor compensation for their participation in the Regionalization Stakeholder Group meetings in the regionalization proceeding (A.20-06-011). If the Commission leaves the proceeding open, any party may seek relief from the Commission concerning performance failures by any other party pursuant to the Multi-Party Settlement Agreement, provided however, that the party seeking relief must have attempted to informally resolve its concern with the other party(s) through the process provided in Section III(17) of the Multi-Party Settlement Agreement.

2. Regionalization Stakeholder Group

The purpose of the Regionalization Stakeholder Group is to provide additional perspective as PG&E continues to implement its Updated Regionalization Proposal. PG&E agrees to the extent reasonable to make personnel, other than the Regionalization Program Management Office (“Regionalization PMO”), including the Regional Vice Presidents and

Regional Safety Directors available during scheduled engagement with the Regionalization Stakeholder Group, and upon reasonable and written request by the group.

The engagements between PG&E and the Regionalization Stakeholder Group are intended to be a forum for the Regionalization PMO or provide updated and communications regarding program and project activities related to the implementation of regionalization and receive input and feedback from the group.

The general scope of the Regionalization Stakeholder Group is PG&E's implementation of the Updated Regionalization Proposal. The activities of the Regionalization PMO, Regional Vice Presidents, Regional Safety Directors, including their offices to the extent related to the implementation of regionalization is within the scope for the Regionalization Stakeholder Group. Subject matter related to the regional metrics and measurements of success and progress in the implementation of regionalization is also within the scope of the Regionalization Stakeholder Group. The implementation of the Lean Operating System as it relates to regionalization and the training of the Regionalization PMO, Regional Vice Presidents, and Regional Safety Directors and their offices, in the Lean Operating System practices is also within scope for the Regionalization Stakeholder Group. Finally, the interaction and relationship between the Regionalization PMO, Regional Vice Presidents, Regional Safety Directors and the utility functional departments, and the question of the impact of regionalization on the Environmental and Social Justice Communities and the Commission's Environmental and Social Justice Action Plan is within the scope for the Regionalization Stakeholder Group.

The cost and cost recovery associated with PG&E's implementation of regionalization is not within the scope for the Regionalization Stakeholder Group.

PG&E will convene Regionalization Stakeholder Group meetings at least four times each year through the completion of Phase III of the implementation of regionalization.

The full text of the Multi-Party Settlement Agreement is provided as Attachment A herein.

B. PG&E and SSJID Settlement

SSJID filed comments in this proceeding raising concerns regarding PG&E's implementation of its Updated Regionalization Proposal and potential competitive implications thereof with respect to SSJID's municipalization efforts. PG&E stated its position that its regionalization efforts are completely unrelated to municipalization efforts.

In the PG&E/SSJID Settlement Agreement, PG&E and SSJID each acknowledge the other's positions and PG&E clarifies and confirms that its implementation of regionalization as managed by the its Regionalization Program Management Office ("Regionalization PMO") will not include any work to oppose SSJID's municipalization efforts. SSJID also acknowledges that PG&E, including the Regional Vice Presidents, Regional Safety Directors and their staff may continue to respond to SSJID's municipalization efforts in other forums and proceedings separate from the regionalization proceeding and/or implementation of the Updated Regionalization Proposal. The Regionalization PMO will document in writing the separation maintained between the implementation of the regionalization plan and PG&E's response to SSJID's municipalization efforts and will make available the documentation to the Commission and SSJID upon written request of either entity.

The full text of the PG&E/SSJID Settlement Agreement is provided as Attachment B.

VI. DISCUSSION

A. Standard of Review

The Commission will approve a settlement if it finds the settlement to be "reasonable in light of the whole record, consistent with law, and in the public interest."^{8/} While the Commission reviews individual terms of a settlement, the Commission approves settlement agreements based on whether the settlement agreement is just and reasonable as a whole:

In assessing settlements we consider individual settlement provisions but, in light of strong public policy favoring settlements, we do not base our conclusion on whether any single

^{8/} Rule 12.1(d).

provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome.^{9/}

Numerous Commission decisions “have endorsed settlements as an ‘appropriate method of alternative ratemaking’ and express a strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record.”^{10/} It is long-standing Commission policy to strongly favor settlement.^{11/} “This policy supports many worthwhile goals, including [not only] reducing the expense of litigation and conserving scarce Commission resources, [but also] allowing parties to reduce the risk that litigation will produce unacceptable results.”^{12/}

B. The Settlement Agreements Are Reasonable in Light of The Whole Record

The Settling Parties agree that the Settlement Agreements are reasonable in light of the whole record. The Settling Parties are knowledgeable and experienced regarding the issues in the regionalization proceeding and represent distinct and affected interests.

The Settling Parties all have been active parties in this proceeding beginning with Commission decision D.20-05-053 in which the Commission ordered PG&E to develop a plan for regional restructuring. PG&E developed its Updated Regionalization Proposal after two iterations and extensive feedback and comments received from Settling Parties and others. PG&E conducted two workshops to introduce the two iterations of its regionalization plan, in which the Settling Parties participated and provided input and comments.

The Settling Parties reached agreement after a series of settlement negotiation meetings, discovery, careful analysis of issues, and settlement discussions. With respect to the overall agreements by the Settling Parties regarding the matters of concern raised by the Settling Parties in this proceeding, all disputed issues have been resolved. Moreover, the evidence in this proceeding, including the diverse set of concerns and interests advocated for by the Settling

^{9/} D.10-04-033, *mimeo*, p. 9; D.17-05-013, *mimeo*, pp. 217-221.

^{10/} See, e.g., D.05-10-041, *mimeo*, p. 47; D.15-03-006, *mimeo*, p. 6; and D.15-04-006, *mimeo*, pp. 8-9.

^{11/} D.10-06-038, *mimeo*, p. 38.

^{12/} D.14-12-040, *mimeo*, p. 34.

Parties, and the Settling Parties' iterative process to reach agreement on each particular issues raised by them, leave the Settling Parties convinced that it is in their mutual interest to adopt the Settlement Agreement and that the Settlement Agreement is reasonable in light of the whole record and reflects a reasonable balance of the various interests affected by this proceeding.

C. The Settlement Agreements Are Consistent with the Law

In agreeing to the terms of the Settlement Agreements, the Settling Parties considered the relevant statutes, rules, and Commission decisions. Procedurally, the settlement process was conducted in accordance with Article 12 of the Rules. Notice of a settlement conference was provided, as required by Rule 12.1(b), and a settlement conference was conducted by the Settling Parties on August 19, 2021.

Substantively, the Settling Parties believe, and herein represent, that no term of the Settlement Agreements contravenes statutory provisions or prior Commission decisions.^{13/} The Settling Parties are aware of no statutory provisions or controlling law that would be contravened or compromised by the Settlement Agreements.

D. The Settlement Agreements Are in the Public Interest

The Commission has a “long-standing policy favoring settlements.”^{14/} As the Commission has stated, the “Commission favors settlements because they generally support worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results.”^{15/} The Commission has held that a settlement that “commands broad support among participants fairly reflective of the affected interests” is an important factor in the “public

^{13/} In D.00-09-037 p. 11, the Commission based its finding that the third criteria had been met on representation by the settling parties that they expended considerable effort ensuring that the Settlement Agreement comports with statute and precedents, and did not believe that any of its terms or provisions contravene statute or prior Commission decisions. *See also*, D.07-04-043, *mimeo*, p. 88.

^{14/} D.10-06-038 at p. 38.

^{15/} D.10-12-035 at p. 58; D.10-11-035 at p. 12.

interest” criterion.^{16/} Furthermore, Commission policy “weighs against the Commission’s alteration of agreements reached through negotiation.”^{17/}

Here, the Settlement Agreements are consistent with the Commission’s policy in support of settlement. Adoption of the Settlement Agreements will conserve the Commission’s resources and achieve a resolution of this proceeding in less time, and at less cost, to the public and the Settling Parties than would be the case if this matter were to be further litigated. The Settlement Agreements are also in the public interest because they resolve all disputed issues among the Settling Parties and provide clear direction forward for the full implementation of regionalization with the resulting benefits of improved customer service, safety and operational reliability to be delivered to PG&E customers without the potential delay of continued regulatory process.

The Multi-Party Settlement Agreement is sponsored by PG&E, CFBF, CLECA, CforAT, CUE, Cal Advocates, SBUA, SSJID, William B. Abrams and the PG&E/SSJID Settlement Agreement is sponsored by PG&E and SSJID. Therefore, the Settlement Agreements are supported by active participants who fairly reflect the affected interests, and they do not contravene statutory provisions, as discussed above. All Settling Parties seek a fair and balanced resolution of this matter and support adoption of the Settlement Agreements as such. Together, the Settling Parties’ collective agreement to recommend adoption of the Settlement Agreements supports the notion that the settlement is in the public interest.

VII. CONCLUSION

As demonstrated above, the Settlement Agreements are reasonable in light of the whole record, consistent with law, and in the public interest. Thus, the Settling Parties respectfully request that the Commission approve the Settlement Agreements without modification. Pursuant

^{16/} See *Decision Approving Settlement Agreement for Southern California Edison Company’s and Pacific Gas and Electric Company’s Economic Development Rate Program* (D.10-06-015), (June 3, 2010) at pp. 11-12, citing 1992 Cal. PUC LEXIS 867 at 16.

^{17/} D.06-06-014 at p. 12.

to Rule 1.8(d) PG&E has been authorized by the Settling Parties to sign this Motion on behalf of the Settling Parties.

Respectfully Submitted,

PACIFIC GAS AND ELECTRIC COMPANY

By: /s/ Daniel S. Hashimi

DANIEL S. HASHIMI

Pacific Gas and Electric Company
77 Beale Street, B30A
San Francisco, CA 94105
Telephone: (818) 388-1711
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E-Mail: daniel.hashimi@pge.com

Dated: August 31, 2021

Attorney for
PACIFIC GAS AND ELECTRIC COMPANY

ATTACHMENT A

Multi-Party Settlement Agreement:
PG&E's Application for Approval of Regionalization Proposal
Application 20-06-011

Multi-Party Settlement Agreement:
PG&E's Application for Approval of Regionalization Proposal
Application 20-06-011

I. INTRODUCTION

On June 30, 2020, PG&E filed Application (A.) 21-06-011 for approval of its Regionalization Proposal following the directions of the California Public Utilities Commission ("Commission") in D.20-05-053. In accordance with Article 12 of the Commission's Rules of Practice and Procedure ("Rule"), the Parties (as defined in the paragraph below) mutually accept the terms and conditions stated herein and enter into this Multi-Party Settlement Agreement ("Settlement Agreement") to resolve all disputed issues in this matter without the need for an evidentiary hearing before the Commission.

II. PARTIES

The Parties to this Settlement Agreement include the Public Advocates Offices at the California Public Utilities Commission ("Cal Advocates"), Pacific Gas and Electric Company ("PG&E"), the California Farm Bureau Federation ("CFBF"), the California Large Energy Consumers Association ("CLECA"), the Center for Accessible Technology ("CforAT"), the Coalition of California Utility Employees ("CUE"), the Small Business Utility Advocates ("SBUA") and William B. Abrams, each of which individually may be referred to herein as a ("Party") or collectively as the ("Parties"). Any reference below to a Section shall be deemed as a reference to a Section of this Settlement Agreement, unless otherwise specified.

III. SETTLEMENT TERMS AND CONDITIONS

To address concerns on evaluating the success of the Updated Regionalization Proposal in PG&E's *Application for Approval of its Regionalization Proposal*, A.20-06-011 ("Proceeding"), the Parties agree as follows:

1. PG&E will support the formation of a regionalization stakeholder group ("Regionalization Stakeholder Group") as described in Sections 2 through 34 below.
2. The Regionalization Stakeholder Group is an advisory group and does not have the right nor the obligation to direct PG&E's activities, including PG&E's implementation of regionalization. The purpose of the Regionalization Stakeholder Group, as described in more detail in Sections 25 through 27, is to provide additional perspectives to PG&E in its implementation of regionalization.
3. PG&E shall prepare quarterly reports summarizing updates to its implementation of regionalization and serve the reports on the service list for the Proceeding. The first report will be served in the calendar quarter immediately following the quarter in which a final decision by the Commission adopting this Settlement Agreement is issued. If such decision is issued on a date that is fewer than forty-five (45) days prior to the end of the quarter, PG&E will serve its first report in the quarter after the following quarter, e.g. if

the decision is issued fewer than forty-five (45) days prior to the end of the first quarter, PG&E will serve its first report in the third quarter.

4. The quarterly reports described in Section 3 will include (i) anticipated milestones, goals, and targets for the then upcoming quarter as they become available; and (ii) except for the first report, a summary of PG&E's performance as measured against the then previous quarter's milestones, goals, and targets.
5. PG&E will prepare an expanded narrative of its previous experience with different regional models based on interviews with employees. PG&E will include such expanded narratives in a future quarterly report that will include a more detailed description and analysis of PG&E's history of various regional organizational structures and a table identifying materials consulted (e.g. former organizational charts, prior internal or consultant evaluation structure, etc.) and individuals interviewed.
6. PG&E will develop metrics that will be reported regionally to the Regionalization Stakeholder Group, including but not limited to the Safety Performance Metrics and Safety and Operational Metrics adopted in Rulemaking 20-07-013, by the conclusion of Phase II of the implementation schedule for the regionalization plan. Nothing in this Settlement Agreement prevents PG&E from adding, removing, or otherwise modifying the metrics developed in compliance with this Section.
7. The Regional Vice Presidents will, at least once every General Rate Case ("GRC") cycle, establish public goals, metrics, and priorities for their respective regions.
8. The Regional Vice Presidents will solicit stakeholder input, including input from Community Based Organizations ("CBO"), as part of their external outreach, including the process described in Section 7.
9. PG&E will convene at least one meet and confer within thirty (30) days of a final decision by the Commission adopting this Settlement Agreement to discuss the scope, schedule, and agendas for the Regionalization Stakeholder Group.
10. Beginning in the year 2022 and continuing through completion of Phase III of the implementation schedule for the regionalization plan ("Phase III"), PG&E agrees to host two public workshops each year regarding the status of its regionalization efforts, including how it is meeting its milestones and objectives. PG&E will coordinate the workshops with Commission staff. If feasible, PG&E will record meetings and agrees to make notes and/or recordings of the meetings available publicly.
11. The Parties request that the Commission leave the Proceeding open until the end of Phase III, which is scheduled to end on June 30, 2023. PG&E will file a motion to request that the proceeding close when it completes Phase III.
12. The Parties request that the Commission issue a final decision authorizing PG&E to implement regionalization as described in the Updated Regionalization Proposal.

13. PG&E will not move operations under the direct control of either the Regional Vice Presidents, Regional Safety Directors, or their successors, for a period of two years from the date of the Commission decision adopting this Settlement Agreement. Operations is defined as PG&E's electric, gas, or power generation business. PG&E specifies that the electric business includes but is not limited to electric distribution and transmission operations.
14. Upon the expiration of the two year period described in Section 13, if PG&E moves operations under the direct control of either the Regional Vice Presidents, Regional Safety Directors, or their successors, PG&E will provide advance notice to the parties for an additional three years.
15. The Regionalization Stakeholder Group will provide PG&E with the valuable perspectives of stakeholders during the implementation of regionalization. Therefore, the Parties request the Commission to allow eligible participants in the Regionalization Stakeholder Group to have the opportunity to seek intervenor compensation from the Commission for their participation in the group meetings. Any such request shall be submitted to the Commission in the Proceeding.
16. If the Commission determines to leave the Proceeding open, any Party may seek relief from the Commission in this docket to address performance failures with this Settlement Agreement. As a condition to escalating an issue to the Commission, the Parties agree to first exhaust the resolution processes provided in this Settlement Agreement. Any Party may oppose a request for relief from the Commission by any other Party. However, no Party shall challenge a request for relief from the Commission by any other Party on procedural grounds to the extent the Party requesting relief has complied with the requirements of this Settlement Agreement.
17. If a matter of disagreement arises among the Parties, prior to any Party seeking relief from the Commission, the Party or Parties raising the issue will initiate an informal discussion with the other Parties to attempt to resolve the issue in a reasonable and informal manner. If the issue cannot be resolved informally, the Party raising the issue will provide written notice to the other Parties and the Parties will convene at least one meet and confer within ten (10) business days after such written notice. The written notice from the Party raising the issue shall, at a minimum, present in detail the basis of the issue it has raised and the specific relief it intends to seek from the Commission. The Parties will convene the meet and confer at a time and in a manner agreed to by the Parties.

IV. REGIONALIZATION STAKEHOLDER GROUP

A. Definitions

18. An "issue" is a point or matter in question or dispute, or a point of matter that is not settled and is under discussion or over which there are opposing views or disagreements.

19. A “Program” is a set of related projects, subsidiary programs, and program activities managed in a coordinated manner.
20. A “Project” is a temporary endeavor undertaken to create a unique product, service, or result.
21. “Lean Operating System” (“Lean”) is generally defined as: the pursuit of the highest quality, the lowest cost and shortest lead time for service (delivery) to the customer with the elimination of waste in every aspect of the business, and centered around the greatest asset of the business, its employees.
22. “Environmental and Social Justice” (“ESJ”) communities are generally defined as historically disadvantaged communities including, but not limited to:
 - Predominantly communities of color or low-income;
 - Underrepresented in the policy setting or decision-making process;
 - Subject to a disproportionate impact from one or more environmental hazards; and
 - Likely to experience disparate implementation of environmental regulations and socioeconomic investments in their communities.

On the ground, targeted communities typically include but are not limited to:

- Disadvantaged Communities, located in the most environmentally burdened California census tracts, as determined by the 25 percent highest scores (75th percentile) when using Cal EPA's CalEnviroScreen tool;
- All Tribal lands;
- Low-income households (Household incomes below 80 percent of the area median income); and
- Low-income census tracts (Census tracts where aggregated household incomes are less than 80 percent of area or state median income).

B. Purpose

23. PG&E describes the purpose of regionalization in its February 26, 2021 Updated Regionalization Proposal. Generally, through regionalization, PG&E seeks to further improve its operations, safety performance, and customer and community satisfaction, by improving its local presence and its understanding of and ability to act upon the needs and priorities of each community.
24. PG&E has established the Regionalization Program Management Office (“Regionalization PMO”). The Regionalization PMO manages and coordinates the program and project work for regionalization.

25. The purpose of the Regionalization Stakeholder Group is to provide additional perspectives to PG&E in its implementation of regionalization as described in the Updated Regionalization Proposal.
26. PG&E agrees that to the extent reasonable other personnel, including the Regional Vice Presidents and Regional Safety Directors, shall participate in the meetings of the Regionalization Stakeholder Group. In addition, PG&E agrees to facilitate the attendance of its personnel in other meetings related to the implementation of the Updated Regionalization Proposal, including the Regional Vice Presidents and Regional Safety Directors, upon the reasonable request in writing by members of the Regionalization Stakeholder Group at a time and in a manner that is reasonable.
27. The Regionalization Stakeholder Group meetings are forums in which the Regionalization PMO shall provide updates and communications regarding program and project activities related to the implementation of regionalization and receive feedback from the Parties; and for the Parties to receive information and updates from the Regionalization PMO on the implementation of regionalization and to communicate their perspectives, including identifying any opportunities, risks and issues.

C. Scope of Regionalization Stakeholder Group

28. Sections 28 through 31 describe the scope of the Regionalization Stakeholder Group and the relevant subject matter that PG&E will address either on its own initiative or at the request of Party or Parties where reasonable during meetings of or at the reasonable request of the Regionalization Stakeholder Group. PG&E will only be obligated to address subject matter that is explicitly included in this scope section and will not be obligated to address anything explicitly established as out of scope herein.
29. The general scope of the Regionalization Stakeholder Group is the activities related to implementation of PG&E's Updated Regionalization Proposal.
30. In addition to the general scope described above, the following subject matter will also be in scope.
 - a. To the extent that it relates to the implementation of PG&E's Updated Regionalization Proposal, the activities of (i) the Regionalization PMO (ii) the Regional Vice Presidents and their offices, (iii) and the Regional Safety Directors and their offices.
 - b. The following topics related to the Regionalization PMO's program and project management approach:
 - i. The Regionalization PMO's program and project management framework(s) to manage implementation of regionalization, including, to the extent relevant, gating, milestones, activities grouped into common workstreams, and task dependencies;

- ii. How the framework(s) assist the Regionalization PMO in adapting program and project work to changes in policy, public opinion, environmental conditions, and local systems and processes, as relevant to the implementation of regionalization;
 - iii. Whether and how the framework(s) assist the Regionalization PMO in adapting to the outcomes of earlier phases of the regionalization implementation process;
 - iv. Whether implementation of the Updated Regionalization Proposal is informed by customer input and a customer engagement strategy; and
 - v. The benefits of the programs and projects defined in the Updated Regionalization Proposal, including but not limited to matters that are related to customer satisfaction and public safety.
- c. Subject matter related to measurement of regionalization success:
 - i. Any metrics, establishment of baselines, and setting of targets or identified goals to be tracked for each region, including, but not limited to public safety metrics, customer satisfaction measurements, and public reporting on progress against the metrics or goals;
 - ii. Any metrics, establishment of baselines, and setting of targets identified to be tracked in the regions relating to but not restricted to the following customer classes: access and functional needs, critical care, medically sensitive customers, critical facilities, environmental and social justice communities, and small business customers;
 - iii. Any interactions and dependencies of the Proceeding with other proceedings before the Commission;
 - iv. The justification for selection of any specific set of metrics and the relationships of such metrics to regionalization;
 - v. The ability of a given set of metrics to track the additional benefits to safety and customer outreach gained as a consequence of the implementation of the Updated Regionalization Proposal; and
 - vi. The efficacy of local systems and processes driven by PG&E's distinct customer classes.
- d. The following subject matter related to implementation of Lean as it relates to the implementation of the Updated Regionalization Proposal:

- i. Training in Lean practices for the Regionalization PMO, Regional Vice Presidents and their offices, and the Regional Safety Directors and their offices; and
 - ii. Whether and how PG&E incorporates Lean in the implementation of regionalization, including the Lean principles of reducing costs, eliminating waste, creating efficiencies, and increasing safety.
- e. How the Regionalization PMO, the Regional Vice Presidents, and the Regional Safety Directors interact with and are matrixed to other departments (functional groups) within the Company, including but not limited to:
 - i. Those departments that serve customers with disabilities and other accessibility issues, and credit and collection issues; and
 - ii. Operational departments like Gas Distribution, Gas Transmission, Electrical Distribution, Electrical Transmission and Emergency Operations.
- f. How PG&E's regionalization will impact Environmental and Social Justice Communities, including the impact on the Commission's Environmental and Social Justice Action Plan and small businesses within Environmental and Social Justice Communities.

31. The following subject matter is out-of-scope for the Regionalization Stakeholder Group:

- a. The cost and cost recovery associated with PG&E's implementation of regionalization, which will be addressed in other application proceedings.

D. Membership in the Regionalization Stakeholder Group

32. The Regionalization Stakeholder Group will consist of the parties to the Proceeding who are signatories to this Settlement Agreement, or who otherwise, in advance of their participation, agree in a separate writing delivered to PG&E, to the scope, purpose, procedures and protocols for the Regionalization Stakeholder Group included in Sections 1, 2, 9, 15, 18-22 and 25-34 of this Settlement Agreement.

E. Meetings of the Regionalization Stakeholder Group

33. PG&E will facilitate and the Regionalization Stakeholder Group members will participate in at least four in-depth meetings per year to coincide on or about the close of each calendar quarter to provide updates on its implementation of the Updated Regionalization Proposal and to receive perspectives from the Regionalization Stakeholder Group. The first such meeting shall be convened in the calendar quarter following the quarter in which a final decision by the Commission is issued approving this Settlement Agreement. If such decision is issued on a date that is fewer than forty-five (45) days prior to the end

of the quarter, PG&E will serve its first report in the quarter after the following quarter, e.g. if the decision is issued fewer than forty-five (45) days prior to the end of the first quarter, PG&E will serve its first report in the third quarter. Any public meeting hosted by PG&E or the Commission pursuant to Section 10 in any quarter shall be deemed to satisfy the need for a meeting as contemplated by this Section for that quarter.

34. During the period described in Section 33, PG&E will support other reasonable engagements with the Regionalization Stakeholder Group, including, as needed and upon the written request of any Regionalization Stakeholder Group member to meet and confer to attempt to resolve issues that may be raised by the Regionalization Stakeholder Group not otherwise resolved or resolvable during the quarterly meetings at a time and in a manner reasonably agreed to by PG&E and the requesting Party.

V. GENERAL TERMS AND CONDITIONS

35. **Commission's Primary Jurisdiction.** The Parties agree that the Commission has primary jurisdiction over any interpretation, enforcement, or remedies regarding this Settlement Agreement. None of the Parties may bring an action regarding this Settlement Agreement in any State or Federal court or administrative agency without having first exhausted its administrative remedies at the Commission.
36. **Non-Severability.** The provisions of this Settlement Agreement are non-severable.
37. **Voluntary and Knowing Acceptance.** Each of the Parties acknowledges and stipulates that it is agreeing to this Settlement Agreement freely, voluntarily, and without any fraud, duress, or undue influence by any other Settling Party. Each Party has read and fully understands its rights, privileges, and duties under this Settlement Agreement, including its right to discuss this Settlement Agreement with its legal counsel, which has been exercised to the extent deemed necessary.
38. **Settlement is Reasonable Based on the Record.** In executing this Settlement Agreement, each Party declares and mutually agrees that the terms and conditions are reasonable in light of the whole record, consistent with law, and in the public interest.
39. **Entirety of Agreement.** This Settlement Agreement constitutes the entire understanding and agreement of the Parties regarding the matters set forth herein. All prior oral or written agreements, settlements, principles, negotiations, statements, representations, or understandings whether oral or in writing regarding any matter set forth in this Settlement Agreement, are expressly waived and have no further force or effect. In the event there is any conflict between the terms and scope of this Settlement Agreement and the terms and scope of the accompanying joint motion in support of the Settlement Agreement, the Settlement Agreement shall govern.
40. **No Modification.** Until such time as the Commission has adopted this Settlement Agreement, the Settlement Agreement may not be altered, amended, or modified in any

respect except in writing and with the express written and signed consent of all the Parties.

41. **No Reliance.** None of the Parties has relied or presently relies on any statement, promise, or representation by any other Party, whether oral or written, except as specifically set forth in this Settlement Agreement. Each Party expressly assumes the risk of any mistake of law or fact made by such Party or its authorized representative.
42. **Counterparts.** This Settlement Agreement may be executed in separate counterparts by each Party hereto and all so executed counterparts shall be binding and have the same effect as if all the Parties had signed one and the same document. All such counterparts shall be deemed to be an original and together constitute one and the same Settlement Agreement, notwithstanding that the signatures of the Parties and/or of a Settling Party's attorney or other representative do not appear on the same page of this Settlement Agreement.
43. **Binding upon Full Execution.** This Settlement Agreement shall become effective and binding on each of the Parties as of the date when it is fully executed and approved by a decision of the Commission (without revisions unacceptable to any Party). It shall also be binding upon each of the Parties' respective successors, subsidiaries, affiliates, representatives, agents, officers, directors, employees, and personal representatives, whether past, present, or future.
44. **Commission Adoption Not Precedential.** In accordance with Rule 12.5, the Parties agree and acknowledge that unless the Commission expressly provides otherwise, Commission approval and adoption of this Settlement Agreement does not constitute approval of or precedent regarding any principle or issue of law or fact in this or any other current or future proceeding.
45. **Enforceability.** The Parties agree and acknowledge that after issuance of the Commission decision approving and adopting this Settlement Agreement, the Commission may reassert jurisdiction and maintain open or reopen this proceeding to enforce the terms and conditions of this Settlement Agreement.
46. **Finality.** Once fully executed by the Parties and adopted and approved by a Commission decision, this Settlement Agreement fully and finally settles any and all disputes and issues among and between the Parties in this proceeding, unless otherwise specifically provided in the Settlement Agreement.
47. **No Admission.** Nothing in this Settlement Agreement or related negotiations may be construed as an admission of any law or fact by any of the Parties, or as precedential or binding on any of the Parties in any other proceeding whether before the Commission or in any state or federal court or administrative agency. Further, unless expressly stated herein this Settlement Agreement does not constitute an acknowledgement, admission, or acceptance by any of the Parties regarding any issue of law or fact in this matter, or the validity or invalidity of any particular method, theory, or principle of ratemaking or

regulation in this or any other proceeding. This Settlement Agreement represents a compromise of disputed claims between the Parties after arm's-length negotiations. The Parties have reached this Settlement Agreement after taking into account the possibility that each Party may or may not prevail on any given issue.

48. **Authority to Sign.** Each Party executing this Settlement Agreement represents and warrants to the other Party that the individual signing this Settlement Agreement and the related Motion has the legal authority to do so on behalf of the Party.

49. **Limited Admissibility.** Each Party signing this Settlement Agreement agrees and acknowledges that this Settlement Agreement shall be admissible in any subsequent Commission proceeding for the sole purpose of enforcing the Terms and Conditions of this Settlement Agreement.

50. **Estoppel or Waiver.** Unless expressly stated herein, the Parties' execution of this Settlement Agreement is not intended to provide any of the Parties in any manner a basis of estoppel or waiver in this or any other proceeding.

51. **Approval of Settlement Agreement.** The Parties agree to seek approval of the Settlement Agreement and to use their reasonable best efforts to secure Commission approval of it without change, including by filing a joint motion seeking approval of this Settlement Agreement. If non-settling parties oppose the approval of the Settlement Agreement in whole or in part, the Parties will meet and confer to discuss an appropriate course of action which may or may not include, at the discretion of each Party, filing joint reply comments. Notwithstanding any other provision of this Settlement Agreement, the provisions of this Section shall impose obligations on the Parties immediately upon the execution of this Settlement Agreement.

52. **Rejection or Modification of the Settlement Agreement.** The Parties agree that if the Commission fails to adopt this Settlement Agreement in its entirety and without modification, the Parties shall convene a settlement conference within fifteen (15) days thereof to discuss whether they can resolve the issues raised by the Commission's actions. If the Parties cannot mutually agree to resolve the issues raised by the Commission's actions, the Settlement Agreement shall be rescinded in its entirety, and the Parties shall be released from their obligation to support the Settlement Agreement. Thereafter the Parties may pursue any action they deem appropriate but agree to cooperate in establishing a procedural schedule for the remaining activities in the Proceeding. Parties reserve all rights set forth in Rule 12.4.

53. **Settlement of all disputed issues.** This Settlement Agreement resolves all disputed issues raised in the Proceeding and, except otherwise noted, shall remain in effect until PG&E completes Phase III, which is scheduled to occur on June 30, 2023.

The Parties hereto have duly executed this Settlement Agreement on behalf of the Parties they represent as of the date appearing below their respective signature.

PUBLIC ADVOCATES OFFICE OF
THE CALIFORNIA PUBLIC UTILITIES
COMMISSION

By: _____

Name: Linda Serizawa
Deputy Director
Date: August 30, 2021

COALITION OF CALIFORNIA UTILITY
EMPLOYEES

By:  _____

Name: Rachael E. Koss

Date: August 30, 2021

CENTER FOR ACCESSIBLE
TECHNOLOGY

By: _____

Name: Melissa W. Kasnitz

Date: August 30, 2021

SMALL BUSINESS UTILITY
ADVOCATES

By: _____

Name: James M. Birkelund


Date: August 30, 2021

PACIFIC GAS AND ELECTRIC
COMPANY

By:  _____

Name: Robert S. Kenney
Senior Vice President, Regulatory Affairs
Date: August 30, 2021


THE CALIFORNIA LARGE ENERGY
CONSUMERS ASSOCIATION

By:  _____

Name: Nora Sheriff

Date: August 30, 2021


WILLIAM B. ABRAMS

By:  _____

Name: William B. Abrams

Date: August 30, 2021

CALIFORNIA FARM BUREAU
FEDERATION

By:  _____

Name: Karen Mills
Director of Legal Services

Date: August 30, 2021

PUBLIC ADVOCATES OFFICE OF
THE CALIFORNIA PUBLIC UTILITIES
COMMISSION

By: Linda Serizawa Digitally signed by Linda Serizawa
Date: 2021.08.30 11:47:47 -07'00'

Name: Linda Serizawa
Deputy Director

Date: August 30, 2021

COALITION OF CALIFORNIA UTILITY
EMPLOYEES

By: _____

Name: Rachael E. Koss

Date: August 30, 2021

CENTER FOR ACCESSIBLE
TECHNOLOGY

By: _____

Name: Melissa W. Kasnitz

Date: August 30, 2021

SMALL BUSINESS UTILITY
ADVOCATES

By: _____

Name: James M. Birkelund

Date: August 30, 2021

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COMPANY

By: _____

Name: Robert S. Kenney
Senior Vice President, Regulatory Affairs
Date: August 30, 2021

THE CALIFORNIA LARGE ENERGY
CONSUMERS ASSOCIATION

By: _____

Name: _____

Date: August 30, 2021

WILLIAM B. ABRAMS

By: _____

Name: William B. Abrams

Date: August 30, 2021

CALIFORNIA FARM BUREAU
FEDERATION

By: _____

Name: Karen Mills
Director of Legal Services

Date: August 30, 2021

PUBLIC ADVOCATES OFFICE OF
THE CALIFORNIA PUBLIC UTILITIES
COMMISSION

By: _____

Name: Linda Serizawa
Deputy Director

Date: August 30, 2021

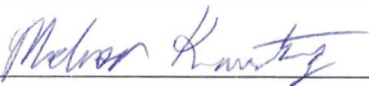
COALITION OF CALIFORNIA UTILITY
EMPLOYEES

By: _____

Name: Rachael E. Koss

Date: August 30, 2021

CENTER FOR ACCESSIBLE
TECHNOLOGY

By:  _____

Name: Melissa W. Kasnitz

Date: August 30, 2021

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ADVOCATES

By: _____

Name: James M. Birkelund

Date: August 30, 2021

PACIFIC GAS AND ELECTRIC
COMPANY

By: _____

Name: Robert S. Kenney
Senior Vice President, Regulatory Affairs
Date: August 30, 2021

THE CALIFORNIA LARGE ENERGY
CONSUMERS ASSOCIATION

By: _____

Name: _____

Date: August 30, 2021

WILLIAM B. ABRAMS

By: _____

Name: William B. Abrams

Date: August 30, 2021

CALIFORNIA FARM BUREAU
FEDERATION

By: _____

Name: Karen Mills
Director of Legal Services

Date: August 30, 2021

PUBLIC ADVOCATES OFFICE OF
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COMMISSION

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Name: Linda Serizawa
Deputy Director

Date: August 30, 2021

COALITION OF CALIFORNIA UTILITY
EMPLOYEES

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Name: Rachael E. Koss

Date: August 30, 2021

CENTER FOR ACCESSIBLE
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Name: Melissa W. Kasnitz

Date: August 30, 2021

SMALL BUSINESS UTILITY
ADVOCATES

By:  _____

Name: James M. Birkelund

Date: August 30, 2021

PACIFIC GAS AND ELECTRIC
COMPANY

By: _____

Name: Robert S. Kenney
Senior Vice President, Regulatory Affairs
Date: August 30, 2021

THE CALIFORNIA LARGE ENERGY
CONSUMERS ASSOCIATION

By: _____

Name: _____

Date: August 30, 2021

WILLIAM B. ABRAMS

By: _____

Name: William B. Abrams

Date: August 30, 2021

CALIFORNIA FARM BUREAU
FEDERATION

By: _____

Name: Karen Mills
Director of Legal Services

Date: August 30, 2021

ATTACHMENT B

Settlement Agreement in
PG&E's Application for Approval of Regionalization Proposal Proceeding
(Application 20-06-011) Between South San Joaquin Irrigation District and
Pacific Gas and Electric Company

Settlement Agreement in
PG&E's Application for Approval of Regionalization Proposal Proceeding
(Application 20-06-011) Between South San Joaquin Irrigation District and
Pacific Gas and Electric Company

I. INTRODUCTION

On June 30, 2020, Pacific Gas and Electric Company ("PG&E") filed Application (A.) 20-06-011 for approval of its Regionalization Proposal following the directions of the California Public Utilities Commission ("Commission") in D.20-05-053. The Application was filed as part of PG&E's implementation of its commitment in the Plan of Reorganization proceeding (I.19-09-016) "to reorganize [it]s operations into new regions to further improve safety and reliability and be more responsive to the needs of [its] customers." (Application, p. 1). PG&E filed an Updated Regionalization Proposal on February 26, 2021. In accordance with Article 12 of the Commission's Rules of Practice and Procedure ("Rule"), the Parties (as defined *infra* at Section II) mutually accept the terms and conditions stated herein and enter into this Settlement Agreement ("Settlement Agreement") to resolve all disputed issues in this matter without the need for an evidentiary hearing before the Commission.

II. PARTIES

The Parties to this Settlement Agreement are the South San Joaquin Irrigation District ("SSJID") and PG&E each of which individually may be referred to herein as a ("Party") or collectively as the ("Parties"). Any reference below to a Section shall be deemed as a reference to a Section of this Settlement Agreement, unless otherwise specified.

A. SSJID Comments on PG&E's Regionalization Proposals

SSJID filed comments on the Regionalization Proposal filed with the Application and the Updated Regionalization Proposal on December 16, 2020 and April 2, 2021, respectively. As discussed in those comments, SSJID is a special district that provides irrigation water in the cities of Escalon, Ripon and Manteca, and portions of San Joaquin County. SSJID has actively been working to provide electric service as a publicly owned utility (POU) in South San Joaquin County for a number of years, and PG&E has consistently opposed those efforts.¹ (Comments of SSJID on the Regionalization Proposal of PG&E (Dec. 16, 2020), p. 2).) SSJID's comments suggest a lack of specificity regarding the community coordination and communication activities referred to in PG&E's Regionalization Proposal and Updated Regionalization Proposal and express SSJID's concerns about the potential competitive implications thereof with respect to its municipalization efforts. (*Id.* at pp. 3-4.)

SSJID raises its issues articulated above within the following issues identified in the Assigned Commissioner's Scoping Memo and Ruling (issued October 2, 2020): (1) Whether

¹ The term "local publicly owned utility," or POU, is defined in California Public Utilities Code Section 224.3. SSJID's efforts to provide electric service as a POU are encompassed in the term "municipalization efforts" as used herein.

PG&E's regionalization proposal is reasonable, including its impact on safety and its cost effectiveness; and (2) the adequacy and completeness of PG&E's regionalization plan.

B. PG&E Response to SSJID's Comments

While PG&E has acknowledged SSJID's concerns, it disagrees with SSJID's request that the Commission include in any decision it issues in A.20-06-011 a prohibition against interference by PG&E with municipalization efforts as PG&E implements its regionalization proposal. PG&E views its regionalization effort as completely unrelated and indifferent to municipalization efforts, and its regionalization plan does not explicitly refer to municipalization efforts.

III. SETTLEMENT TERMS AND CONDITIONS

The Parties agree to address SSJID's concerns regarding the Regionalization Proposal and Updated Regionalization Proposal (referred to as the Updated Regionalization Proposal below) as follows:

1. In response to SSJID's concerns regarding a lack of specificity summarized above, PG&E clarifies and confirms that its implementation of regionalization, as managed by the Regionalization Program Management Office ("PMO") and its successor(s), will not include any work to oppose municipalization efforts by SSJID. For purposes of this Settlement Agreement between PG&E and SSJID, PMO is defined as the director of the PMO and that person's direct reports.
2. PG&E shall ensure that PG&E and the PMO shall separate by work category and functionally any work or activity related to any PG&E efforts to oppose SSJID's municipalization efforts from PG&E's implementation of regionalization. The PMO shall document in writing the steps taken to implement and maintain this separation, and shall make such documentation available to the Commission or SSJID upon request.
3. SSJID acknowledges that PG&E (including Regional Vice Presidents, Regional Safety Directors, and/or their staff) may continue to respond to SSJID's municipalization efforts in other appropriate forums and proceedings, separate and apart from the regionalization proceeding (A.20-06-011) and/or implementation of the Updated Regionalization Proposal (including any revisions or updates thereto) as managed by the PMO.
4. SSJID acknowledges that the Updated Regionalization Proposal does not include an explicit reference to municipalization efforts.
5. To the extent that a dispute arises regarding PG&E's compliance with this Settlement Agreement, PG&E and SSJID agree to meet and confer to resolve said dispute informally, prior to undertaking any action before the Commission.

IV. GENERAL TERMS AND CONDITIONS

6. **Commission's Primary Jurisdiction.** The Parties agree that the Commission has primary jurisdiction over any interpretation, enforcement, or remedies regarding this Settlement Agreement. None of the Parties may bring an action regarding this Settlement Agreement in any State or Federal court or administrative agency without having first exhausted its administrative remedies at the Commission.
7. **Non-Severability.** The provisions of this Settlement Agreement are non-severable.
8. **Voluntary and Knowing Acceptance.** Each of the Parties acknowledges and stipulates that it is agreeing to this Settlement Agreement freely, voluntarily, and without any fraud, duress, or undue influence by any other Party. Each Party has read and fully understands its rights, privileges, and duties under this Settlement Agreement, including its right to discuss this Settlement Agreement with its legal counsel, which has been exercised to the extent deemed necessary.
9. **Settlement is Reasonable Based on the Record.** In executing this Settlement Agreement, each Party declares and mutually agrees that the terms and conditions are reasonable in light of the whole record, consistent with law, and in the public interest.
10. **Entirety of Agreement.** This Settlement Agreement constitutes the entire understanding and agreement of the Parties regarding the matters set forth herein. All prior oral or written agreements, settlements, principles, negotiations, statements, representations, or understandings whether oral or in writing regarding any matter set forth in this Settlement Agreement, are expressly waived and have no further force or effect. In the event there is any conflict between the terms and scope of this Settlement Agreement and the terms and scope of the accompanying joint motion in support of the Settlement Agreement, the Settlement Agreement shall govern.
11. **No Modification.** Until such time as the Commission has adopted this Settlement Agreement, the Settlement Agreement may not be altered, amended, or modified in any respect except in writing and with the express written and signed consent of all the Parties.
12. **No Reliance.** None of the Parties has relied or presently relies on any statement, promise, or representation by any other Party, whether oral or written, except as specifically set forth in this Settlement Agreement. Each Party expressly assumes the risk of any mistake of law or fact made by such Party or its authorized representative.
13. **Counterparts.** This Settlement Agreement may be executed in separate counterparts by the different Parties hereto and all so executed counterparts shall be binding and have the same effect as if all the Parties had signed one and the same document. All such counterparts shall be deemed to be an original and together constitute one and the same Settlement Agreement, notwithstanding that the signatures of the Parties and/or of a

Party's attorney or other representative do not appear on the same page of this Settlement Agreement.


14. **Binding upon Full Execution.** This Settlement Agreement shall become effective and binding on each of the Parties as of the date when it is fully executed. It shall also be binding upon each of the Parties' respective successors, subsidiaries, affiliates, representatives, agents, officers, directors, employees, and personal representatives, whether past, present, or future.
15. **Commission Adoption Not Precedential.** In accordance with Rule 12.5, the Parties agree and acknowledge that unless the Commission expressly provides otherwise, Commission approval and adoption of this Settlement Agreement does not constitute approval of or precedent regarding any principle or issue of law or fact in this or any other current or future proceeding.
16. **Enforceability.** The Parties agree and acknowledge that after issuance of the Commission decision approving and adopting this Settlement Agreement, the Commission may reassert jurisdiction and reopen this proceeding to enforce the terms and conditions of this Settlement Agreement.
17. **Finality.** Once fully executed by the Parties and adopted and approved by a Commission Decision, this Settlement Agreement fully and finally settles any and all disputes among and between the Parties in this proceeding, unless otherwise specifically provided in the Settlement Agreement.
18. **No Admission.** Nothing in this Settlement Agreement or related negotiations may be construed as an admission of any law or fact by any of the Parties, or as precedential or binding on any of the Parties in any other proceeding whether before the Commission or in any state or federal court or administrative agency. Further, unless expressly stated herein this Settlement Agreement does not constitute an acknowledgement, admission, or acceptance by any of the Parties regarding any issue of law or fact in this matter, or the validity or invalidity of any particular method, theory, or principle of ratemaking or regulation in this or any other proceeding. This Settlement Agreement represents a compromise of disputed claims between the Parties after arm's-length negotiations. The Parties have reached this Settlement Agreement after taking into account the possibility that each Party may or may not prevail on any given issue.
19. **Authority to Sign.** Each Party executing this Settlement Agreement represents and warrants to the other Party that the individual signing this Settlement Agreement and the related Motion has the legal authority to do so on behalf of the Party.
20. **Limited Admissibility.** Each Party signing this Settlement Agreement agrees and acknowledges that this Settlement Agreement shall be admissible in any subsequent Commission proceeding for the sole purpose of enforcing the Terms and Conditions of this Settlement Agreement.

21. **Estoppel or Waiver.** Unless expressly stated herein, the Parties' execution of this Settlement Agreement is not intended to provide any of the Parties in any manner a basis of estoppel or waiver in this or any other proceeding.
22. **Approval of Settlement Agreement.** The Parties agree to seek approval of the Settlement Agreement and to use their reasonable best efforts to secure Commission approval of it without change, including by filing a joint motion seeking approval of this Settlement Agreement. If non-settling parties oppose the approval of the Settlement Agreement in whole or in part, the Parties will meet and confer to discuss an appropriate course of action which may or may not include, at the discretion of each Party, filing joint reply comments. The provisions of this Section shall impose obligations on the Parties immediately upon the execution of this Settlement Agreement.
23. **Rejection or Modification of the Settlement Agreement.** The Parties agree that if the Commission fails to adopt this Settlement Agreement in its entirety and without modification, the Parties shall convene a settlement conference within 15 days thereof to discuss whether they can resolve the issues raised by the Commission's actions. If the Parties cannot mutually agree to resolve the issues raised by the Commission's actions, the Settlement Agreement shall be rescinded, and the Parties shall be released from their obligation to support the Settlement Agreement. Thereafter the Parties may pursue any action they deem appropriate but agree to cooperate in establishing a procedural schedule. The Parties reserve all rights set forth in Rule 12.4 of the Rules of Practice and Procedure.
24. **Settlement of all disputed issues.** This Settlement Agreement resolves all issues raised by SSJID in this proceeding and shall remain in effect until five years from the effective date of a Commission Decision approving this Settlement Agreement.

VI. CONCLUSION

The Parties hereto have duly executed this Settlement Agreement on behalf of the Parties they represent as of the date appearing below their respective signature.


SOUTH SAN JOAQUIN IRRIGATION
DISTRICT

By:  _____

Name: Peter Rietkerk
General Manager

Date: August 30, 2021

PACIFIC GAS AND ELECTRIC
COMPANY

By:  _____

Name: Robert S. Kenney
Senior Vice President, Regulatory Affairs

Date: August 30, 2021