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CPUC PROPOSAL WOULD PLACE PG&E INTO ENHANCED OVERSIGHT AND ENFORCEMENT PROCESS FOR WILDFIRE MITIGATION PERFORMANCE

SAN FRANCISCO, February 25, 2021 - The California Public Utilities Commission (CPUC) today issued a proposal that, if approved at the CPUC's April 15, 2021 Voting Meeting, would place Pacific Gas and Electric Company (PG&E) into the first step of an enhanced oversight and enforcement process based on the company's failure to sufficiently prioritize clearing vegetation on its highest risk power lines as part of its wildfire mitigation work in 2020. In placing PG&E into the enhanced oversight process, the CPUC will require corrective actions intended to ensure PG&E continues to improve its safety performance.

Today's action builds on findings in an <u>audit report</u> issued by the CPUC's Wildfire Safety Division into PG&E's enhanced vegetation management activities. The Wildfire Safety Division found that in 2020 PG&E failed to clear hazardous vegetation from power lines that posed the highest wildfire risks, based on the company's own risk rankings. Instead, PG&E logged the majority of its compliance work on lower-risk power lines – the opposite of expectations set out in PG&E's Wildfire Mitigation Plan.

In a November 2020 <u>letter</u>, CPUC President Marybel Batjer notified PG&E of the CPUC's concerns that the utility may be deficient in its responsibility to safely manage wildfire risks posed by trees and other vegetation. Today's proposed <u>Resolution</u>, if adopted, would confirm that PG&E failed to make sufficient risk-driven investments in its vegetation management practices and would place PG&E into the first step of an enhanced oversight and enforcement process.

The proposed Resolution directs PG&E to submit to the CPUC a corrective action plan and progress reports every 90 days. The corrective action plan is intended to create a path to help ensure that in 2021 PG&E is prioritizing its enhanced vegetation management based on wildfire risk throughout its electric system.

CPUC safety staff will closely monitor PG&E's corrective actions and ensure that the utility's risk-driven prioritization is carried out by its vegetation management crews on the ground.

If PG&E demonstrates it is prioritizing high risk lines for enhanced vegetation management in 2021, the utility could be removed from the enhanced oversight process. If PG&E fails to demonstrate it is satisfying the corrective action requirements, the CPUC may issue a new Resolution to advance the utility in the process.

The CPUC's enhanced oversight and enforcement process for PG&E has six steps that are triggered by specific findings or events. The process was imposed by the CPUC as a condition of approving PG&E's plan for exiting bankruptcy in May 2020, and provides a clear roadmap for how the CPUC closely monitors PG&E's performance in delivering safe, reliable, affordable, clean energy.

The process does not supplant existing CPUC regulatory or enforcement jurisdiction and does not limit the CPUC's authority to pursue other enforcement actions. It does not affect PG&E's receipt of a <u>Safety Certification</u>, which was issued on January 14, 2021 from the Wildfire Safety Division, pursuant to the Division's finding that PG&E had satisfied the minimum statutory conditions required of all utilities for the certification. A separate <u>Resolution</u> issued today would ratify the issuance of the Safety Certification, if approved at the CPUC's April 15, 2021 Voting Meeting.

The CPUC regulates services and utilities, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services. For more information on the CPUC, please visit www.cpuc.ca.gov.

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