

***SETTLEMENT AGREEMENT BETWEEN PACIFIC GAS AND ELECTRIC
COMPANY (PG&E) AND THE SAFETY AND ENFORCEMENT DIVISION
OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION RESOLVING
THE INVESTIGATION INTO PG&E'S EXECUTION OF 2020 PUBLIC
SAFETY POWER SHUT-OFF EVENTS***

SETTLEMENT AGREEMENT BETWEEN PACIFIC GAS AND ELECTRIC COMPANY (PG&E) AND THE SAFETY AND ENFORCEMENT DIVISION OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION RESOLVING THE INVESTIGATION INTO PG&E’S EXECUTION OF 2020 PUBLIC SAFETY POWER SHUT-OFF EVENTS

Pacific Gas and Electric Company (“PG&E”) and the Safety and Enforcement Division (“SED”) of the California Public Utilities Commission (“CPUC” or “Commission”) are hereinafter collectively referred to as the Settling Parties. On the following terms and conditions, the Settling Parties hereby agree to settle, resolve, and dispose of all claims, allegations, liabilities, and defenses within the scope of the investigation into PG&E’s Execution of 2020 Public Safety Power Shutoff (“PSPS”) events by SED and the Commission.

This Settlement Agreement is entered into as a compromise of disputed claims and defenses in order to minimize the time, expense, and uncertainty of a hearing and/or any subsequent appeals. The Settling Parties agree to the following terms and conditions as a complete and final resolution of all claims made by SED and all defenses raised by PG&E relating to PG&E’s Execution of 2020 PSPS events. PG&E has not brought claims against SED or the Commission relating to the 2020 PSPS events. This Settlement Agreement constitutes the sole agreement between the Settling Parties concerning the subject matter of the 2020 PSPS events.

I. PARTIES

The parties to this Settlement Agreement are SED and PG&E.

A. SED is a division of the Commission charged with enforcing compliance with the Public Utilities Code and other relevant utility laws and the Commission’s rules, regulations, orders, and decisions. SED is also responsible for investigations of utility incidents, including fires, and assisting the Commission in promoting public safety.

B. PG&E is a public utility, as defined by the California Public Utilities Code. It serves a population of approximately 16 million in a 70,000-square-mile service area within Northern and Central California.

II. RECITALS

A. Stipulated Facts

The Settling Parties have stipulated to the facts set forth below for purposes of this Settlement Agreement.

1. In 2020, PG&E initiated a total of seven PSPS events and submitted seven post event reports to the Commission.

2. As authorized by the Commission, SED investigated PG&E's compliance with Resolution ESRB-8, Decision (D.) 19-05-042 and D.20-05-051 in executing its 2020 PSPS events.
3. On June 15, 2022, the SED issued a proposed Administrative Enforcement Order (AEO) to PG&E pursuant to the Commission Enforcement Policy adopted by Resolution M-4846.
4. In the AEO, SED alleges that PG&E did not comply with provisions of Commission Resolution ESRB-8, D.19-05-042, and D.20-05-051, as identified in the AEO and detailed in attachment to the Administrative Enforcement Order "2020 Public Safety Power Shutoff (PSPS) Post Event Report Review" (2020 Post Event Report).
5. In the AEO, SED directs PG&E to take six corrective actions to address findings in the AEO. SED also recommends that PG&E pay a monetary penalty of \$12 million due to PG&E's failure to notify some customers during de-energization and re-energization.
6. PG&E submitted a Request for Hearing of the proposed AEO on the grounds that the \$12 million penalty was excessive. PG&E has implemented or will implement the corrective actions, including modifying procedures to provide notice to customers upon de-energization.

III. AGREEMENT

To settle this investigation and AEO, PG&E shall (1) pay a monetary penalty of \$500,000.00 to the California State General Fund; and (2) fund an additional \$7.5 million for the Independent Safety Monitor (ISM) during the period from 2023 to 2026, as explained in further detail below. These amounts shall be funded by PG&E shareholders, and PG&E shall not seek to recover any of these costs in rates.

The terms of this Settlement Agreement reflect the Parties' integrated agreement inclusive of the anticipated tax treatment of the Settlement Agreement amounts. Having considered the potential tax treatment applicable to these amounts, the Parties expressly agree that the Settlement Agreement amounts are fair, just, and reasonable without any adjustment to account for any tax benefits or liabilities that may be realized by PG&E or its shareholders.

A. Monetary Penalty

PG&E shall pay a monetary penalty of \$500,000.00 to the California State General Fund within thirty (30) days of the Effective Date of this Settlement Agreement.

B. Additional Funding of the Independent Safety Monitor

PG&E shall fund an additional \$7.5 million to the Independent Safety Monitor (ISM) during the period 2023 to 2026 with shareholder funds. This amount is in addition to the \$5 million per year that PG&E is funding with shareholder funds pursuant to Resolution M-4855. PG&E and the Safety Policy Division (SPD) of the CPUC shall consult to determine to which activities these additional funds shall be allocated over the remaining term of the ISM. Allocation of these funds shall not be used to expand the current scope of the ISM engagement or increase the duration of the ISM engagement unless approved pursuant to Resolution M-4855.

PG&E shall provide SED with quarterly updates on the disbursement of the \$7.5 million to the ISM. If the \$7.5 million has not been fully expended for ISM activities performed through the end of 2026, PG&E and SED shall reach an agreement on the method of expending any remaining funds.

C. Effective Date

This Settlement Agreement shall become effective (“Effective Date”) once the decision/resolution approving settlement agreement is final and no longer subject to appeal.

IV. OTHER MATTERS

A. The Settling Parties agree to seek expeditious approval of this Settlement Agreement and the terms of the settlement, and to use their reasonable efforts to secure Commission approval of it without change, including any other written filings, appearances, and other means as may be necessary to secure Commission approval.

B. The Settling Parties agree to actively and mutually defend this Settlement Agreement if its adoption is opposed by any other party in proceedings before the Commission. In accordance with Rule 12.6 of the Commission’s Rules of Practice and Procedure, if this Settlement Agreement is not adopted by the Commission, its terms are inadmissible in any evidentiary hearing unless their admission is agreed to by the Settling Parties. In the event the Commission rejects or proposes alternative terms to the Settlement Agreement, Settling Parties reserve all rights set forth in Rule 12.4 of the Rules of Practice and Procedure. The provisions of Paragraph IV. A and B shall impose obligations on the Settling Parties immediately upon the execution of this Settlement Agreement.

C. PG&E’s waiver of its due process rights to an evidentiary hearing on the matters set forth herein is conditioned on a final Commission resolution or order approving the Administrative Enforcement Order and this Settlement Agreement without modification, or with modifications agreeable to the Parties.

D. SED shall not assert that any violations or conduct underlying the violations alleged or identified by SED in the Administrative Enforcement Order or the Settlement Agreement are the basis for future disallowances, violations, or penalties, provided, however,

that SED retains the right to investigate and enforce any failure to comply with this Settlement Agreement or the corrective actions specified in the Administrative Enforcement Order.

E. SED agrees to release and refrain from instituting, directing, or maintaining any violations or enforcement proceedings against PG&E related to PG&E's execution of the 2020 PSPS events on the information: (a) known, or that could have been known, to SED at the time that SED executes this Settlement Agreement, or (b) substantially similar to the alleged PG&E violations related to PG&E's execution of the 2020 PSPS events referenced in the Administrative Enforcement Order or this Settlement Agreement.

F. Subject to Paragraph IV.C., nothing in this Settlement Agreement constitutes a waiver by SED of its legal obligations, authority, or discretion to investigate and enforce applicable safety requirements and standards (including, without limitation, provisions of General Order 95 and General Order 165) as to other conduct by PG&E unrelated to PG&E's execution of the 2020 PSPS events, that SED may identify as the basis for any alleged violation(s). SED shall retain such authority regardless of any factual or legal similarities that other PG&E conduct, and any alleged violation(s), may have to PG&E's conduct/alleged violations related to PG&E's execution of the 2020 PSPS events. Accordingly, any such similarities shall not preclude SED from using other conduct and alleged violation(s) as a basis for seeking future disallowances.

G. The Settling Parties have bargained in good faith to reach this Settlement Agreement. The Settling Parties intend the Settlement Agreement to be interpreted as a unified, interrelated agreement. The Settling Parties agree that no provision of this Settlement Agreement shall be construed against any of them because a particular party or its counsel drafted the provision. The representatives of the Settling Parties signing this Settlement Agreement are fully authorized to enter into this Settlement Agreement.

H. The rights conferred and obligations imposed on any of the Settling Parties by this Settlement Agreement shall inure to the benefit of or be binding on that Settling Party's successors in interest or assignees as if such successor or assignee was itself a party to this Settlement Agreement.

I. Should any dispute arise between the Settling Parties regarding the manner in which this Settlement Agreement or any term shall be implemented, the Settling Parties agree, prior to initiation of any other remedy, to work in good faith to resolve such differences in a manner consistent with both the express language and the intent of the Settling Parties in entering into this Settlement Agreement.

J. This Settlement Agreement is not intended by the Settling Parties to be precedent for any other proceeding, whether pending or instituted in the future. The Settling Parties have assented to the terms of this Settlement Agreement only for the purpose of arriving at the settlement embodied in this Settlement Agreement. Each Settling Party expressly reserves its right to advocate, in other current and future proceedings, or in the event that the Settlement Agreement is rejected by the Commission, positions, principles, assumptions, arguments and methodologies which may be different than those underlying this Settlement Agreement, and the

Settling Parties expressly declare that, as provided in Rule 12.5 of the Commission's Rules of Practice and Procedure, this Settlement Agreement should not be considered as a precedent for or against them.

K. The Settling Parties are prohibited from filing a petition for modification of a Commission decision approving this Settlement Agreement regarding any issue resolved in this Settlement Agreement.

L. This Settlement Agreement may be executed in counterparts.

M. The Settling Parties hereby agree that this Settlement Agreement is entered into as a compromise of disputed violations and defenses in order to minimize the time, expense, and uncertainty of a hearing and/or other litigation.

N. Nothing in this Settlement Agreement relieves PG&E from any safety responsibilities imposed on it by law or Commission rules, orders, or decisions.

O. In reaching this Settlement Agreement, the Settling Parties expect and intend that neither the fact of this settlement nor any of its specific contents will be admissible as evidence of fault or liability in any other proceeding before the Commission, any other administrative body, or any court. In this regard, the Settling Parties are relying on Evidence Code Section 1152(a) and Public Utilities Code Section 315. Furthermore, such use of this Settlement Agreement or any of its contents in any other proceeding before the Commission, any other administrative body, or any court would frustrate and interfere with the Commission's stated policy preference for settlements rather than litigated outcomes. See Pub. Util. Code § 1759(a).


P. The Settling Parties agree that by entering into this settlement PG&E does not admit to any violations of the General Order provisions or related statutory requirements.

IN WITNESS WHEREOF, the Settling Parties hereto have duly executed this Settlement Agreement.

[Signatures immediately follow this page]

Dated: 10/13/2022

Pacific Gas and Electric Company

By: 
Meredith Allen
Vice President, Regulatory Affairs
Pacific Gas and Electric Company


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Dated: _____

Safety and Enforcement Division
California Public Utilities Commission

By: **Leslie L
Palmer**

Leslie L. Palmer
Director, Safety and Enforcement Division
California Public Utilities Commission

 Digitally signed by Leslie
L. Palmer
Date: 2022.10.13 10:22:35
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(END OF APPENDIX A)