



# PG&E Corporation Investor Day

August 9, 2021



# Forward-Looking Statements

This presentation contains forward-looking statements that are not historical facts, including statements about the beliefs, expectations, estimates, future plans and strategies of PG&E Corporation and Pacific Gas and Electric Company (the “Utility”), including their implementation of a lean operating system, wildfire risk management efforts, capital expenditures, ratebase, cost management, dividend yield, and earnings per share. These statements and other statements that are not purely historical constitute forward-looking statements that are necessarily subject to various risks and uncertainties. Actual results may differ materially from those described in forward-looking statements. PG&E Corporation and the Utility are not able to predict all the factors that may affect future results. Factors that could cause actual results to differ materially include, but are not limited to risks and uncertainties associated with:

- unresolved claims from the Chapter 11 proceedings, including securities class action claims;
- PG&E Corporation and the Utility’s substantial indebtedness;
- wildfires in the Utility’s territory, including the extent of the Utility’s liability in connection with the 2019 Kincadee fire (including the outcome of the criminal complaint filed by the Sonoma County District Attorney), the 2020 Zogg fire, and the 2021 Dixie fire; the Utility’s ability to recover related costs, and the timing of insurance recoveries;
- the Utility’s ability to help reduce wildfire threats and improve safety as a result of climate driven wildfires and extreme weather, including the ability comply with its WMP; its ability to retain or contract for the workforce to execute its WMP; and the cost of the program and the timing of any proceeding to recover such costs through rates;
- the ability to securitize \$7.5 billion of costs related to the 2017 Northern California wildfires;
- the Utility’s implementation of its Public Safety Power Shutoff (PSPS) program;
- whether the Utility may be liable for future wildfires, and the impact of AB 1054 on potential losses in connection with such wildfires, including the CPUC’s procedures for recovering such losses;
- the requirement that the Utility maintain a valid safety certification and the potential effects of the CPUC’s enhanced enforcement and oversight authority;
- the Utility’s ability to access the Wildfire Fund, including that the Wildfire Fund has sufficient remaining funds;
- the global COVID-19 pandemic and its impact on PG&E Corporation’s and the Utility’s financial condition, results of operations, liquidity and cash flows, as well as on energy demand, the ability to collect on customer invoices, the ability to mitigate these effects and to recover any related, and the impact of workforce disruptions;
- the Utility’s ability to obtain wildfire insurance at a reasonable cost in the future, or at all; the adequacy of insurance coverage and scope of limitations; and the ability to obtain recovery of insurance premiums;
- the timing and outcome of FERC rate cases and the Utility’s applications for cost recovery of recorded amounts, future cost of capital proceedings, and other ratemaking and regulatory proceedings, including the EOEP;
- the Utility’s ability to control operating costs, timely recover costs through rates and achieve projected savings, and the extent to which it incurs unrecoverable costs that are higher than forecasted;
- the outcome of the probation and the monitorship, and related compliance costs, including the costs of complying with any additional conditions of probation, including expenses associated with any material expansion of the Utility’s vegetation management program;
- tax treatment of certain assets and liabilities, including whether PG&E Corporation or the Utility undergoes an “ownership change” that limits certain tax attributes; and
- the other factors disclosed in PG&E Corporation and the Utility’s joint annual report on Form 10-K for the year ended December 31, 2020, as updated by their joint quarterly report on Form 10-Q for the quarter ended June 30, 2021 (the “Form 10-Q”) and other reports filed with the SEC, which are available on PG&E Corporation’s website at [www.pgecorp.com](http://www.pgecorp.com) and on the SEC website at [www.sec.gov](http://www.sec.gov).

Unless otherwise indicated, the statements in this presentation are made as of August 9, 2021. PG&E Corporation and the Utility undertake no obligation to update information contained herein. This presentation was attached to PG&E Corporation and the Utility’s joint current report on Form 8-K that was furnished to the SEC on August 9, 2021 and is also available on PG&E Corporation’s website at [www.pgecorp.com](http://www.pgecorp.com).

# Safety Plan

## Location:

San Ramon Valley  
Conference Center  
3301 Crow Canyon Road,  
San Ramon, CA

## Evacuation Point:

Parking Lot

## Call for emergency assistance

Dial "0" on any site phone for the front desk

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## CPR Lead

Front Desk

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## Sweep Room/Area Lead

Matthew Fallon

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## AED/First Aid Kit (located at the front desk)

Chris Paschal

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## Meet Emergency Services

Front Desk

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## In case of earthquake

Duck, Cover, Hold

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## COVID

Masks are required regardless of vaccination status

Safety in everything we do



TODAY'S PRESENTERS

# Proven performers embracing opportunity



**Patti Poppe**  
**CEO**  
**PG&E Corporation**

Former President and CEO  
of CMS Energy

15 years utility experience

15 years automotive  
experience



**Marlene Santos**  
**EVP, Chief Customer  
Officer**

39 years utility experience with  
NextEra Energy  
including: VP of Customer Service,  
Chief Integration Officer and  
President of Gulf Power Company



**Adam Wright**  
**EVP, COO**

17 years utility experience  
including: President & Chief  
Executive Officer at  
MidAmerican



**Sumeet Singh**  
**SVP, Chief Risk Officer**

19 years of utility experience  
including: Vice President,  
Electric Operations Asset &  
Risk Management at PG&E



**Jason Glickman**  
**EVP, Engineering,  
Planning & Strategy**

20 years industry experience  
Including: Partner & Global  
Head of Utilities and  
Renewables at Bain



**Carla Peterman**  
**EVP, Corporate Affairs**

15 years industry experience  
Including: SVP Strategy and  
Regulatory Affairs at SCE



**Chris Foster**  
**EVP, CFO**

15 years industry experience  
Including: VP of Investor  
Relations & Treasury at  
PG&E

# Substantial progress in six months



**Enterprise-wide lean operating system**

**Marlene**



**Cross-functional utility operations**

**Adam**



**Well-coordinated wildfire risk management**

**Sumeet**



**Innovative engineering processes**

**Jason**



**Engaging regulatory relationship**

**Carla**



**Delivering value for customers and investors**

**Chris**

Accelerating performance

# Substantial progress in six months



## Enterprise-wide lean operating system

Marlene



## Cross-functional utility operations

Adam



## Well-coordinated wildfire risk management

Sumeet



## Innovative engineering processes

Jason



## Engaging regulatory relationship

Carla



## Delivering value for customers and investors

Chris

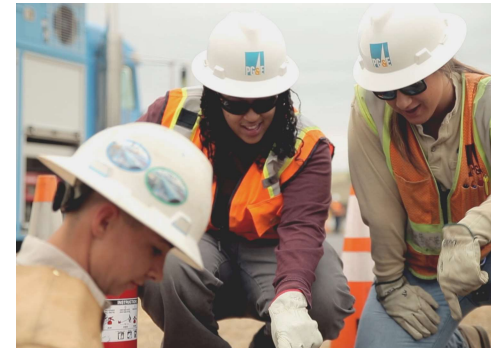
Accelerating performance



# PG&E is implementing lean company-wide

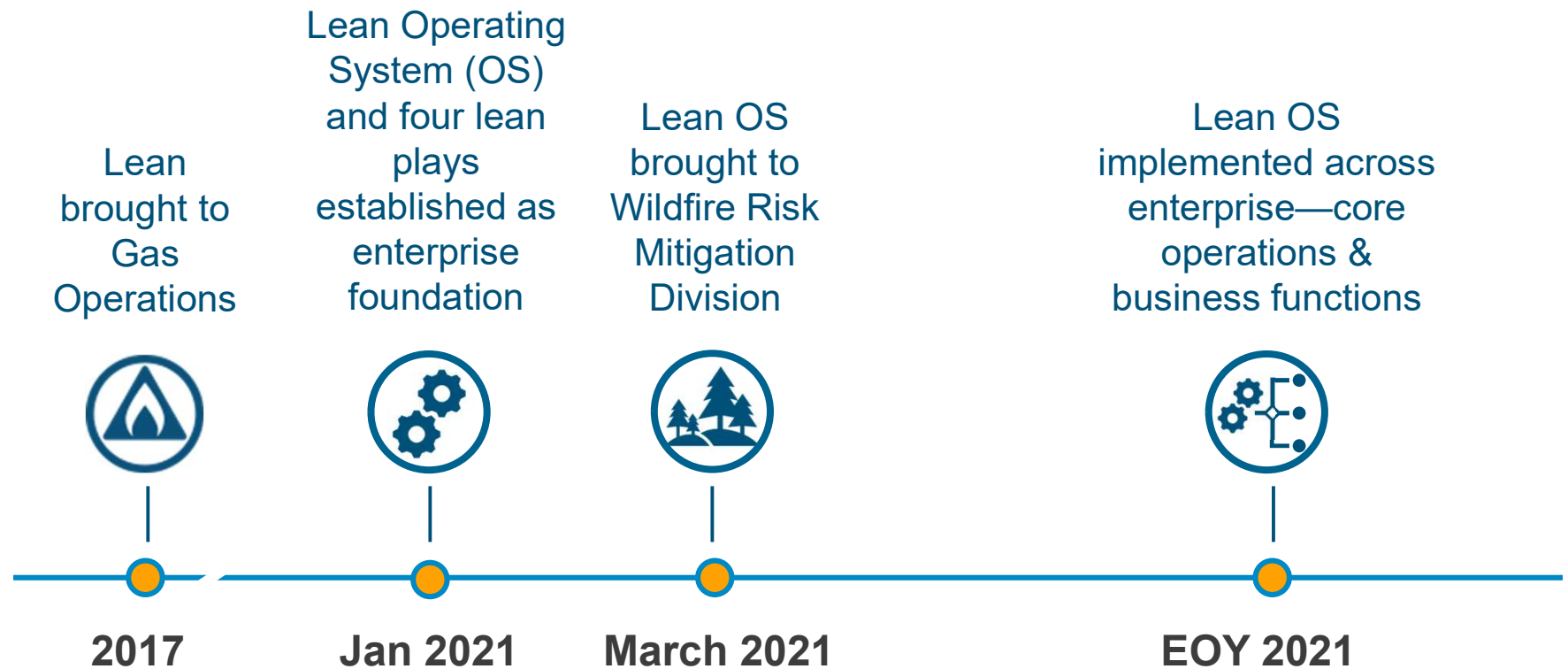
## Lean Systems are proven to:

- **eliminate errors consequential to human life**
  - airlines and healthcare
- **drive visibility, control and predictability**
- **align coworkers to topline goals**
- **transform cultures**





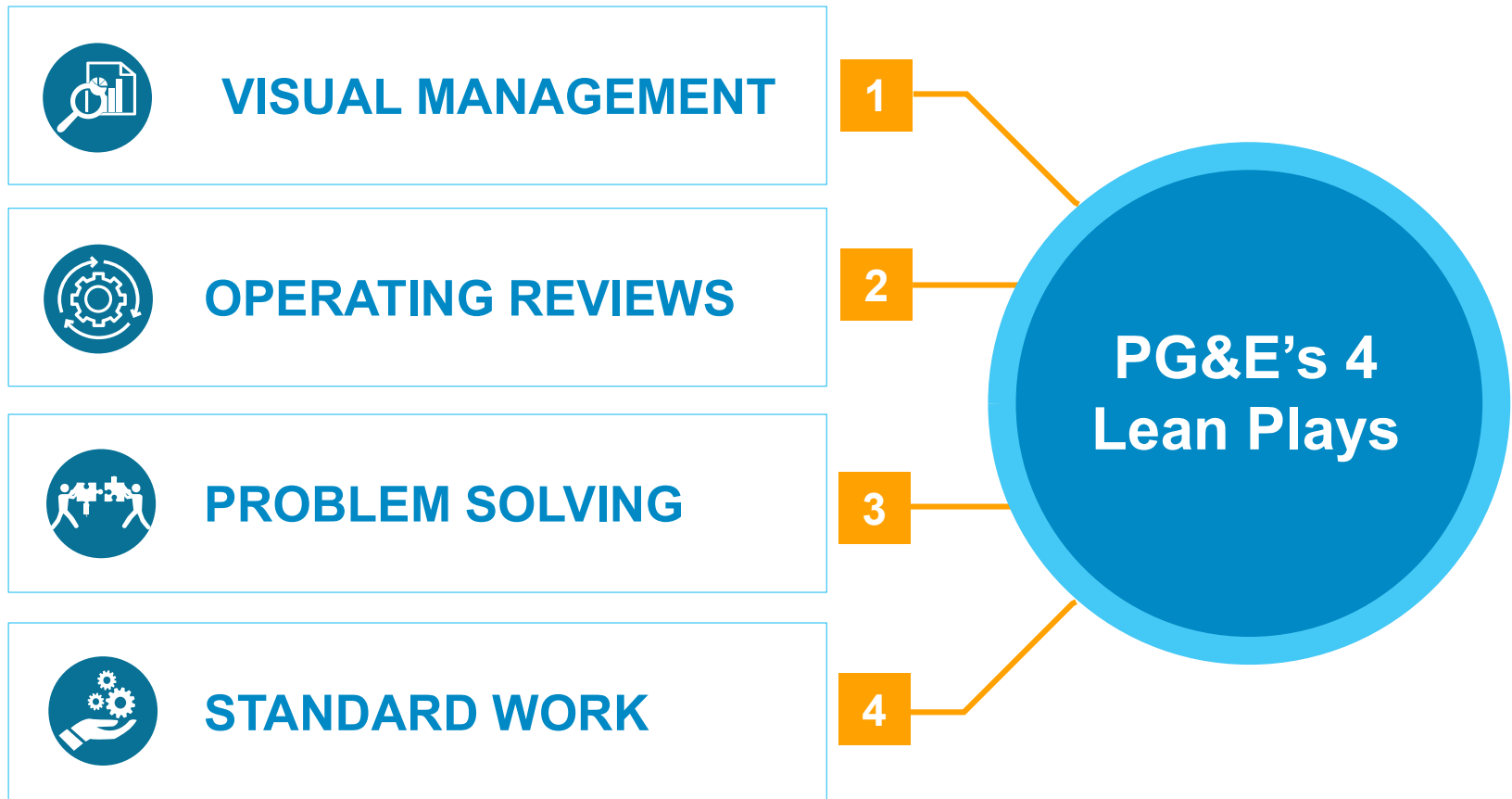
# PG&E's lean journey



Implemented across the enterprise in 2021



# Lean Operating System and Four Lean Plays



Drives safety, quality, delivery, cost and morale



# Daily Operating Reviews (DORs)

## Daily Operating Reviews (DORs)

LINE OF BUSINESS | CROSS-FUNCTIONAL | CUSTOMER CARE + REGIONAL

10:00AM - 10:15AM

EVP Cross-functional DOR

EVP Customer + Regional

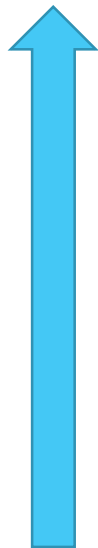
VP DORs

Cross-functional + Regional DOR

Director DORs

Superintendent / Manager DORs

Supervisor DORs



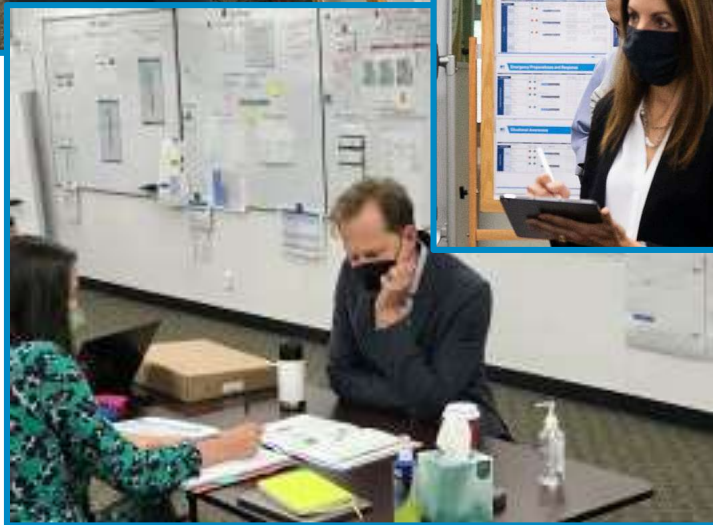
6:30AM - 8:15AM

15-minute  
operational  
reviews of key  
performance  
indicators

Confirmation of performance and escalation



# Lean in action



Confirming daily, weekly, monthly alignment across the enterprise

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It's all about performance

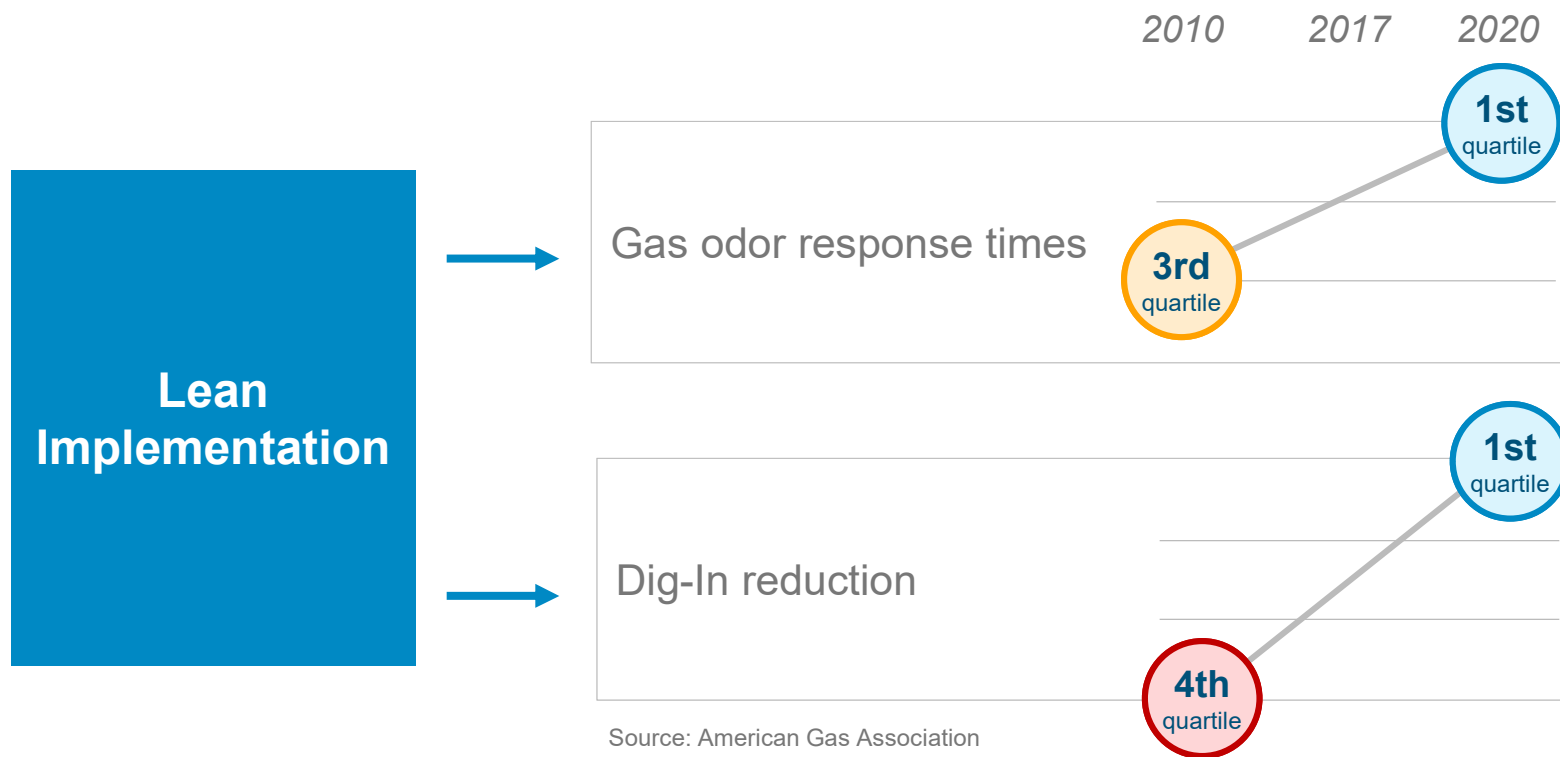


Performance reflects the process



# Results of lean within a line of business

Tools within the Lean Operating System playbook have helped the Gas Operations team improve its performance in many areas



Confirms the value of the process



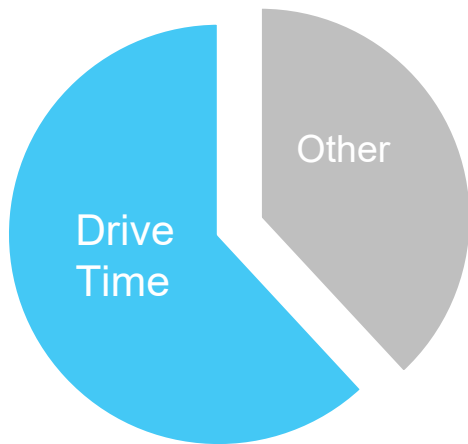
# Benefits of lean across lines of business

Visual management and operating reviews allow problems to be tackled cross-functionally

## Problem

911 Emergency Response > 60 minutes

Root causes for delays >60 minutes

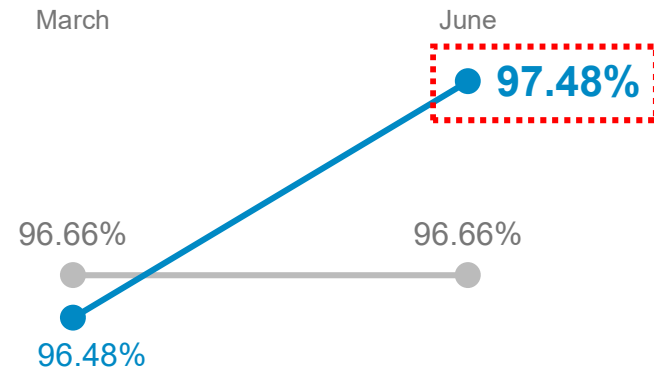


## Lean solution

Assigned cross-functional resources

911 Emergency Response <60 min

PG&E YTD ACTUAL | YTD TARGET



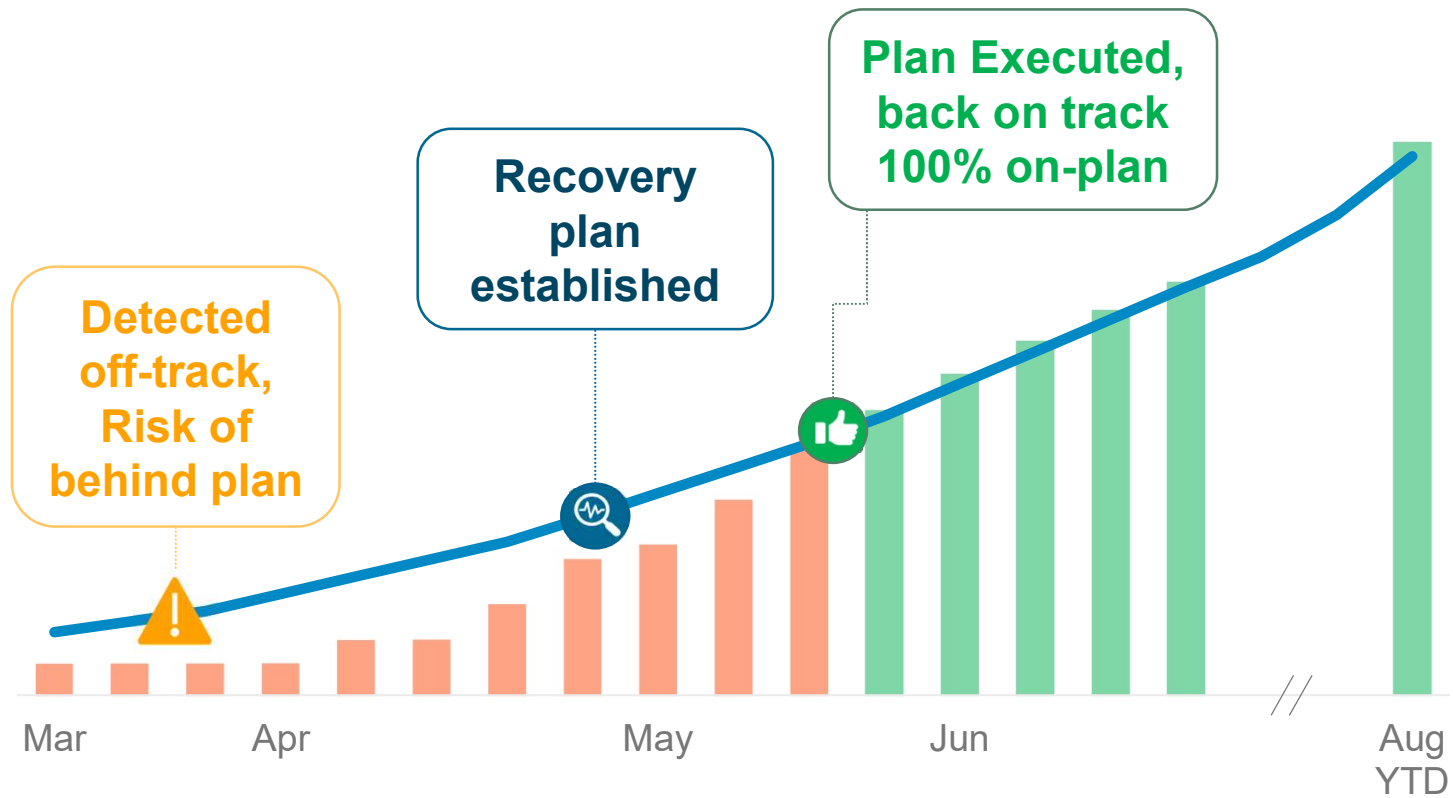
Demonstrates the possibility of the process



# Visual management identifies gaps early

## EVM Miles Complete vs. Target

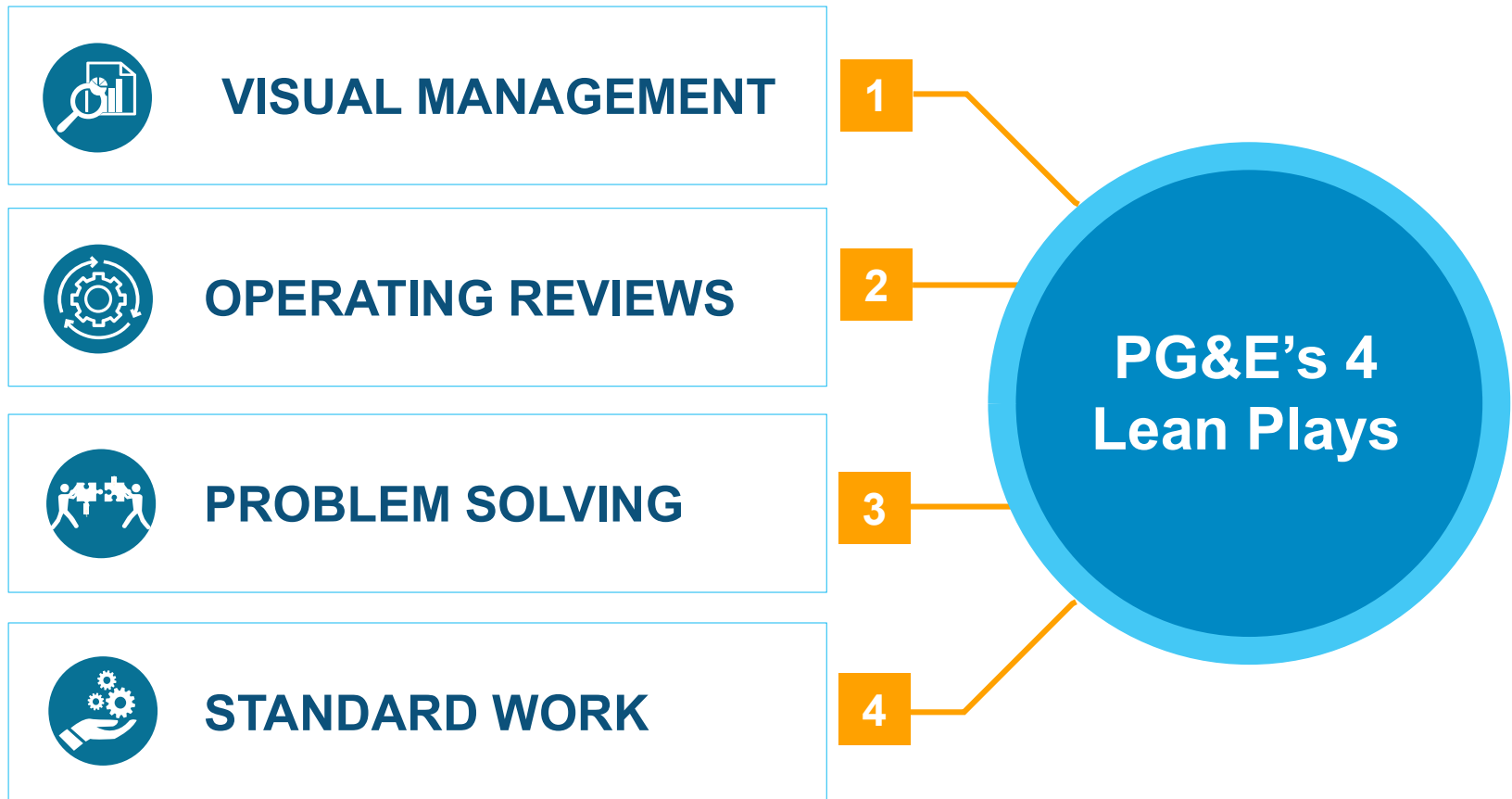
1,800 MILE TARGET | OFF TRACK | ON TRACK / MEET TARGET



Catch up plan allows us to get back on track



# Lean Operating System and Four Lean Plays



Drives safety, quality, delivery, cost and morale

# Substantial progress in six months



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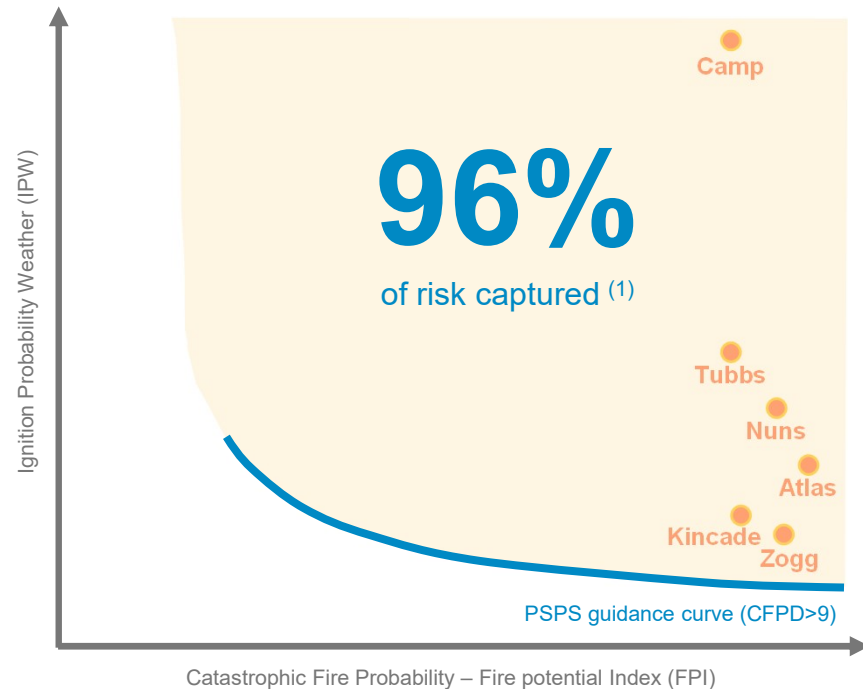
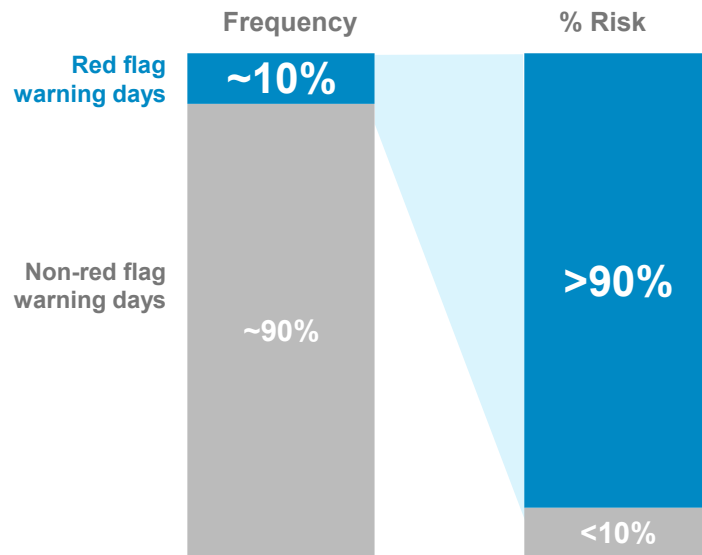
# Improved data and technology drive better PSPS protocols

Red flag warning days account for >90% of risk annually



New PSPS protocols capture wind-driven catastrophic fires

HIGH WIND EVENTS AND RISK OUTCOMES



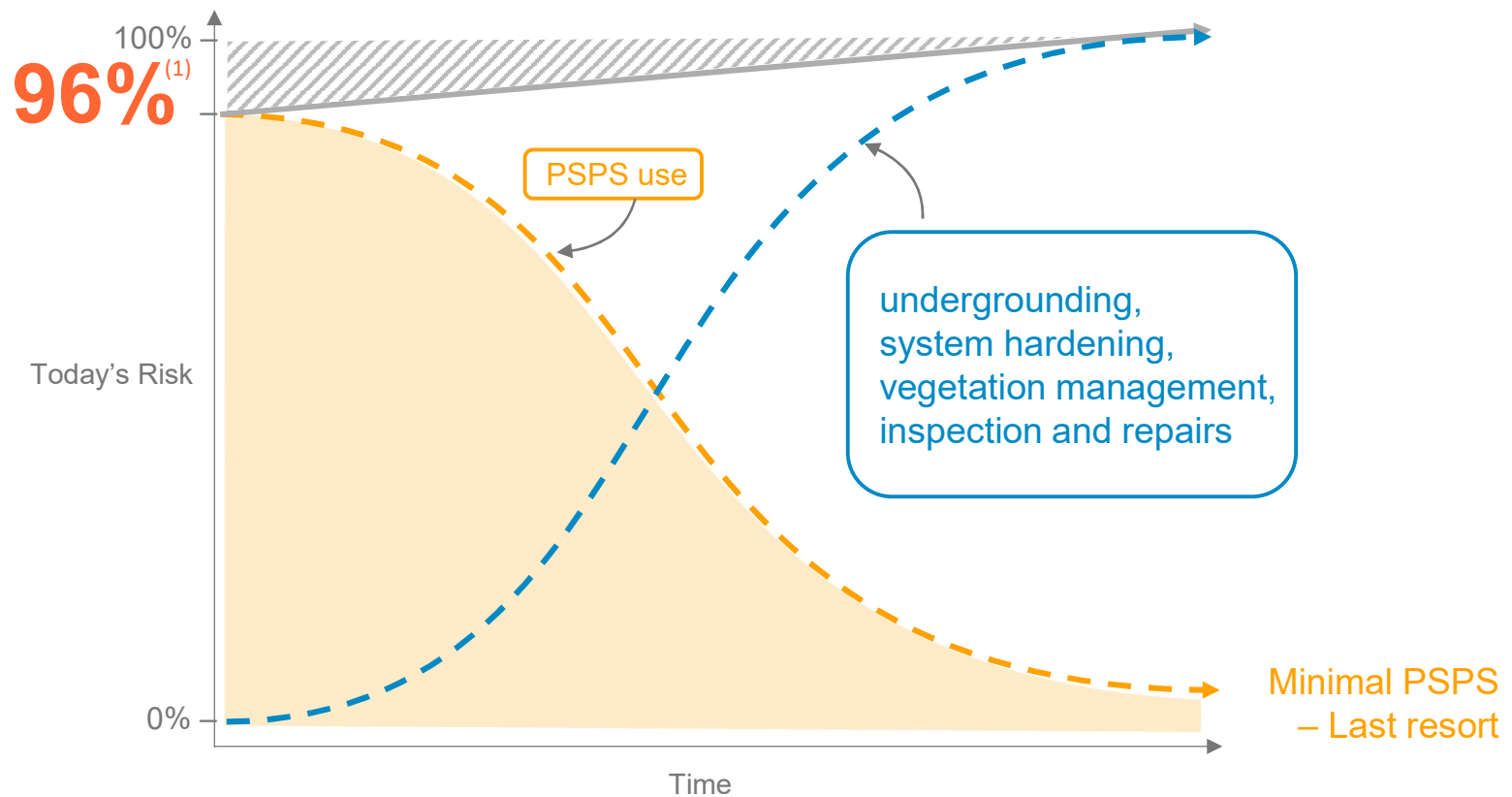
Enhanced PSPS protocols help to mitigate wind-driven catastrophic wildfire risk

(1) Reflects application of 2021 PSPS protocols to wildfires larger than 1,000 acres that were caused by overhead electrical equipment in PG&E's service territory from 2012 to 2020, in terms of the number of structures damaged or destroyed.



# A balanced approach to mitigation work

As system hardening and vegetation management work progresses, expect PSPS events to decline

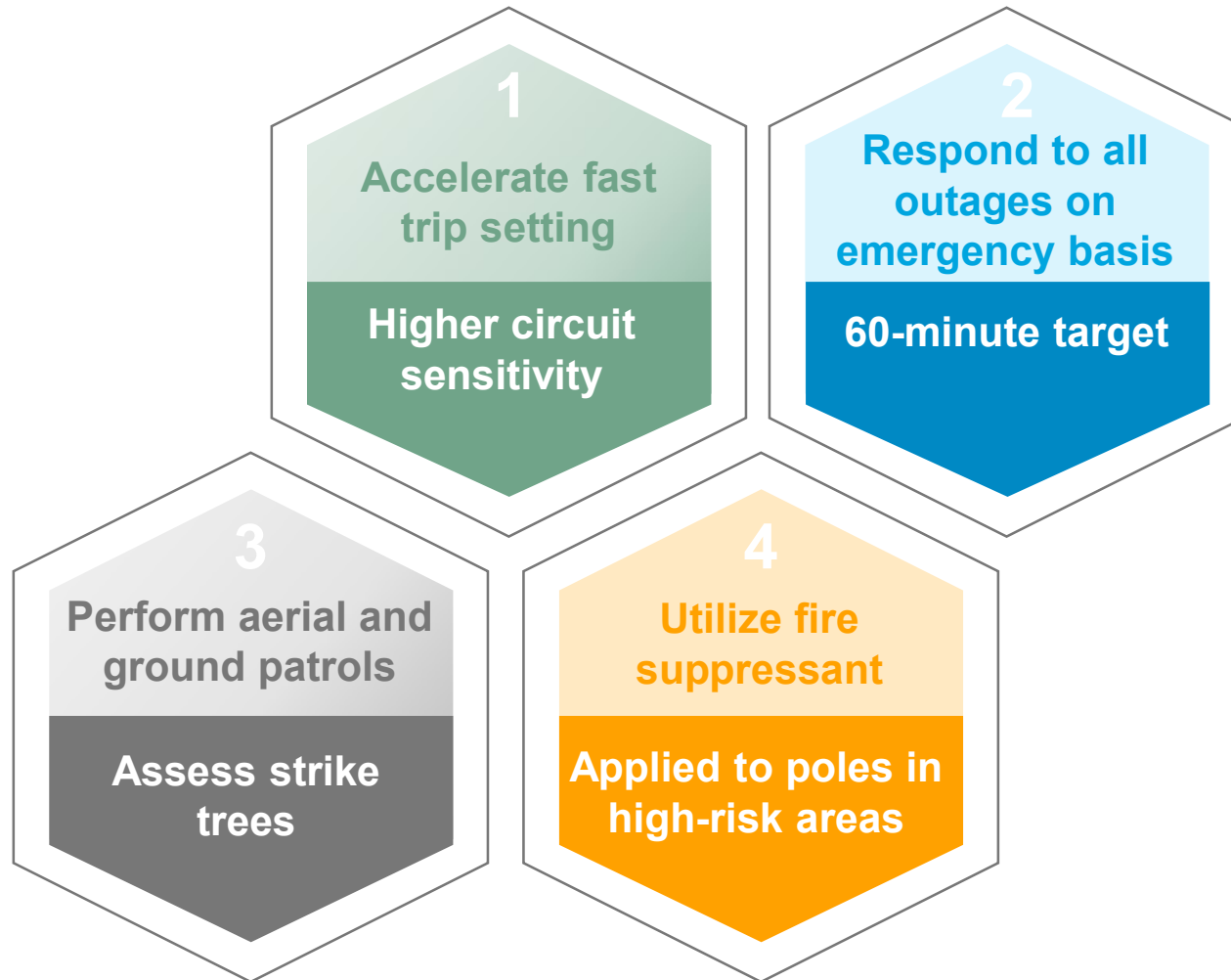


Reduces PSPS over time

(1) Reflects application of 2021 PSPS protocols to wildfires larger than 1,000 acres that were caused by overhead electrical equipment in PG&E's service territory from 2012 to 2020, in terms of the number of structures damaged or destroyed.



# Additional measures in High Fire Threat Districts



For current conditions

## Panel Q&A



### Enterprise-wide lean operating system

**Marlene**

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### Cross-functional utility operations

**Adam**

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### Well-coordinated wildfire risk management

**Sumeet**

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Accelerating performance

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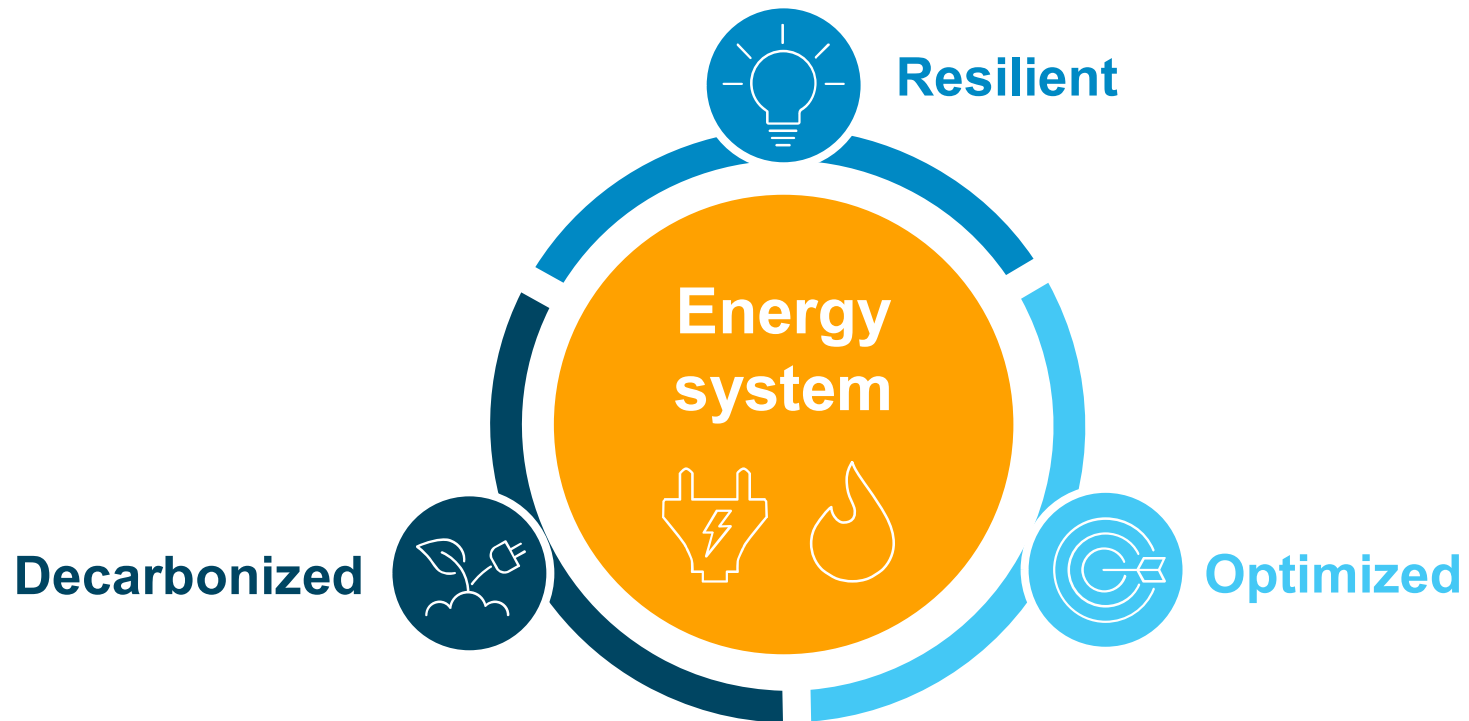
**Delivering value for customers and investors**

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# Re-engineering the energy system

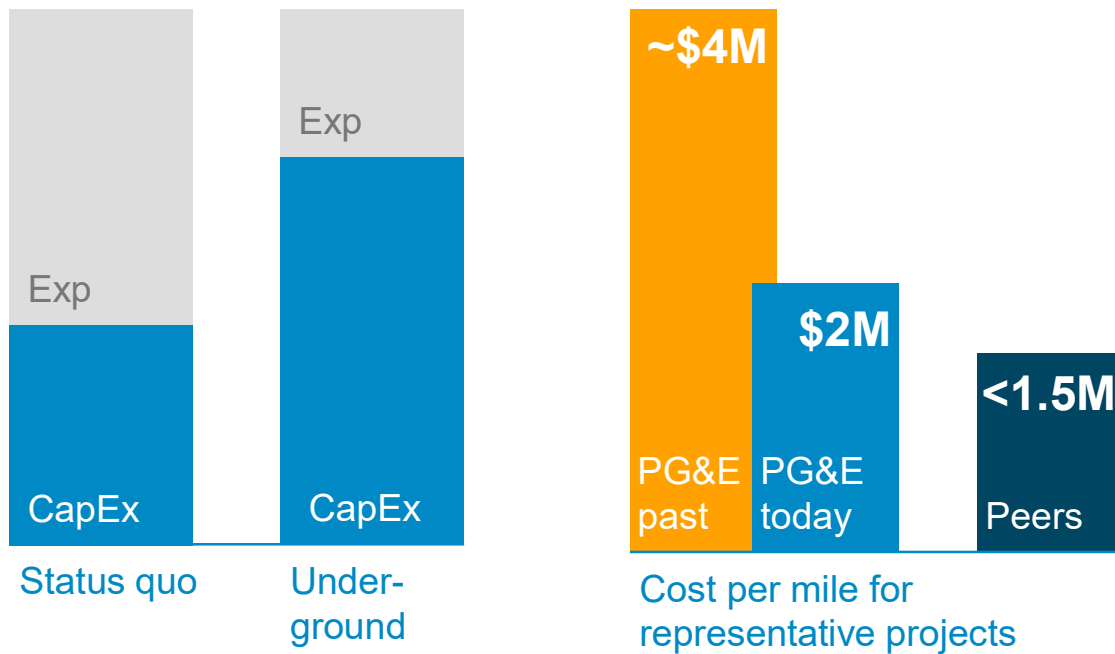


Meeting the demands of the future



# Undergrounding costs and benefits

## Better economics



## Multiple benefits

- Accelerate risk reduction
- Fix instead of repair
- Reduce clear sky outages
- Prepare for electrification
- Save our trees

Building the multi-year plan



# A leader in energy storage today



**Utility scale**

**~2,700 MW**



**Distributed**

**~300 MW**



**Electric vehicles**

**~6,600 MW**

Enabling decarbonization



# Leading the way in distributed resources

## Remote grids ●

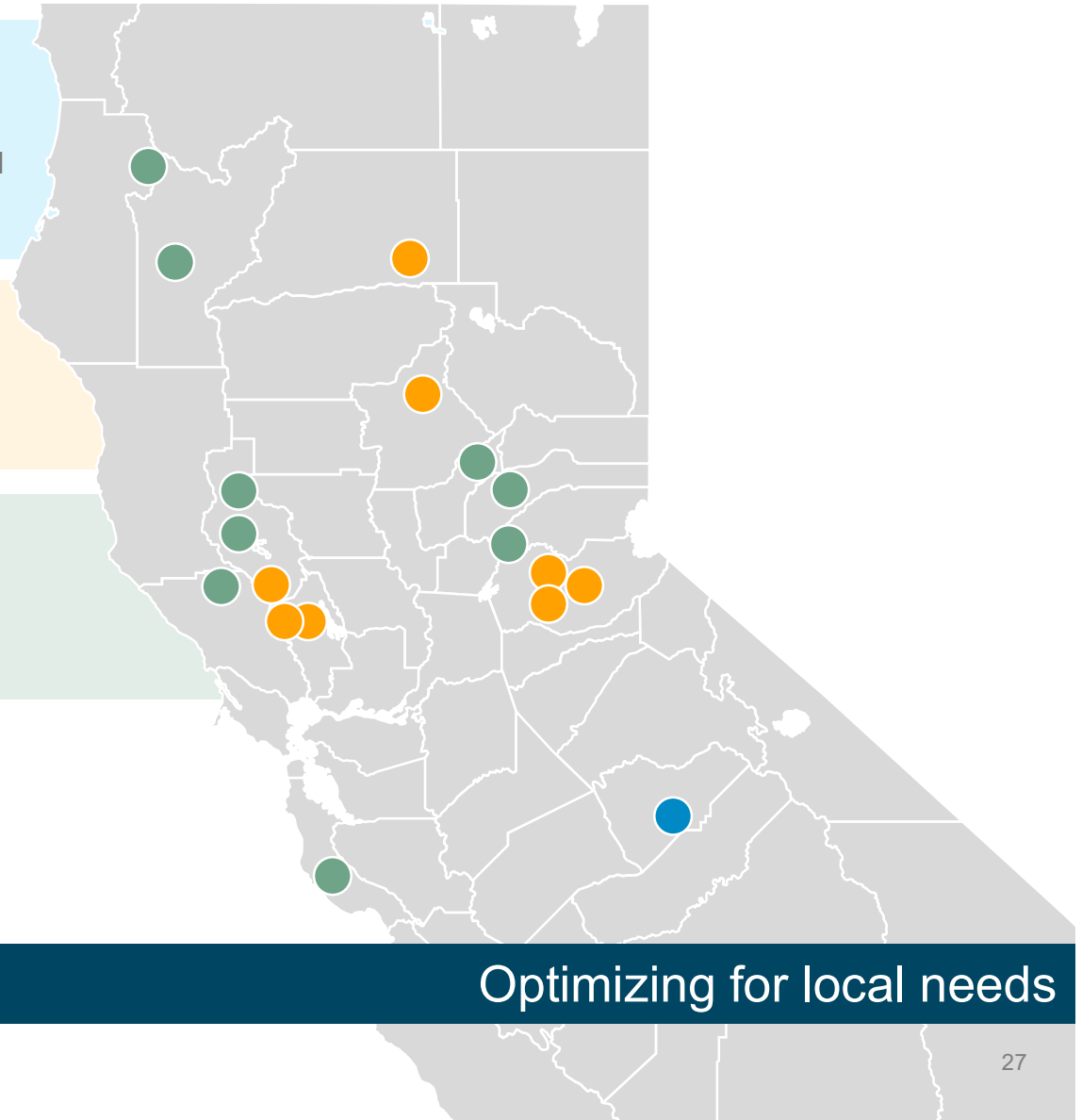
Operating independently from the larger electric grid to serve a small number of customers located in the most rural portions of our service area

## Distribution microgrids ●

Energizing “main street” corridors, central community resources and critical facilities

## Substation microgrids ●

Temporary generation at substations to support customers impacted by transmission-level PSPS events



Optimizing for local needs

# Substantial progress in six months



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# Constructive policy framework

## Regulatory

- 2020 GRC settlement approval
- 2023 GRC construct
- Prior spend recovery
- Clean energy and reliability procurement

## State Support

- Electricity System of the Future
- State budget allocation for PG&E customer arrears
- Wildfire policy and state budget for wildfire mitigation and suppression
- AB1054 Protections

Allows us to provide safe, clean energy affordably



Wildfire safety certificate offers protections under AB1054

# Substantial progress in six months



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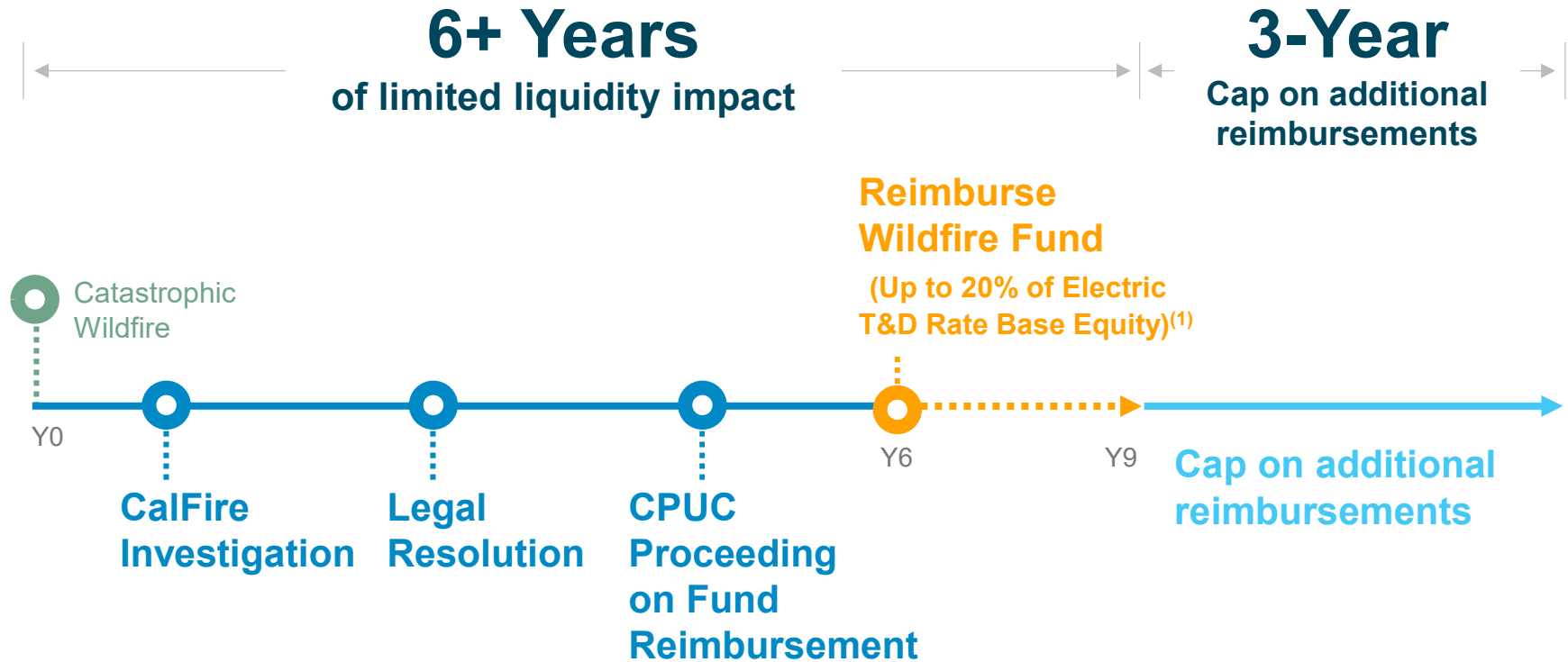
**Delivering value for customers and investors**

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# AB1054 financial analysis



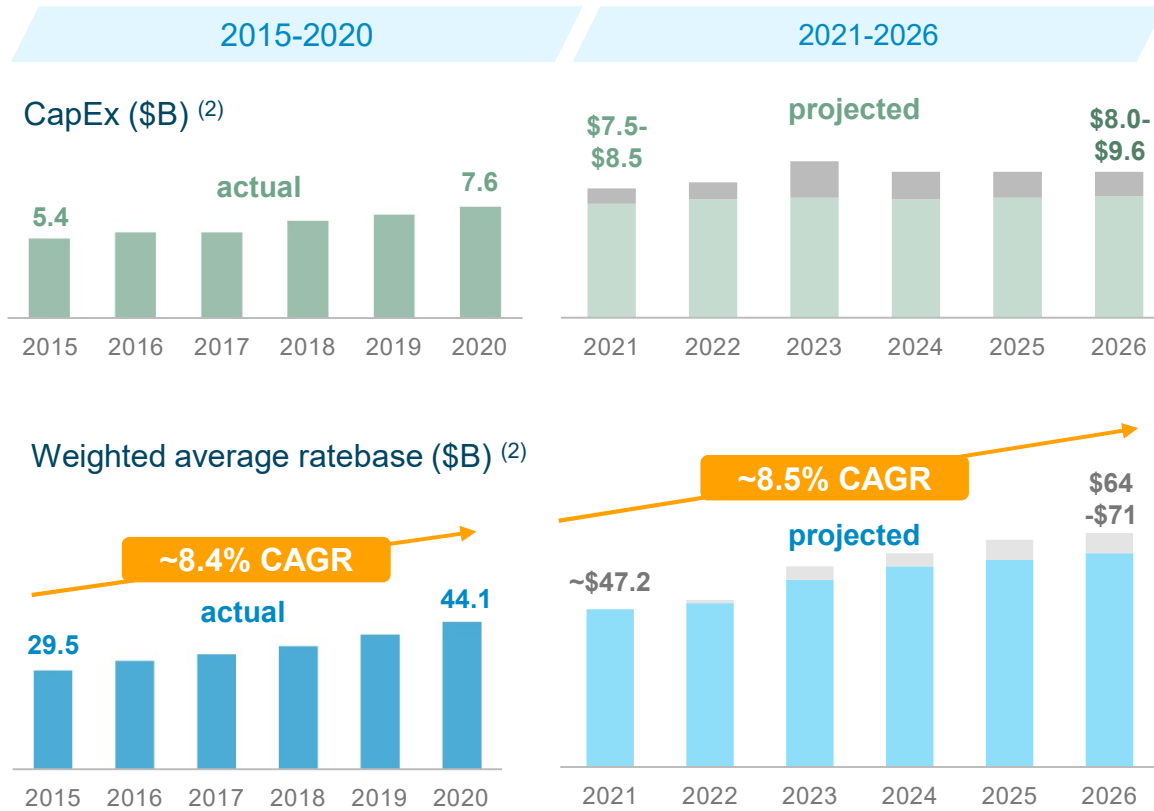
## Framing the protection offered under AB1054

(1) Equals \$2.9B in 2021 and is projected to grow in line with overall ratebase.



# Customer investment in safety and reliability

## Building on past performance <sup>(1)</sup>



## Enhanced by

- 1 Undergrounding investments
- 2 Gas system safety
- 3 Lean operating system
- 4 Regional service model
- 5 Capitalization opportunities

Provides premium rate base growth

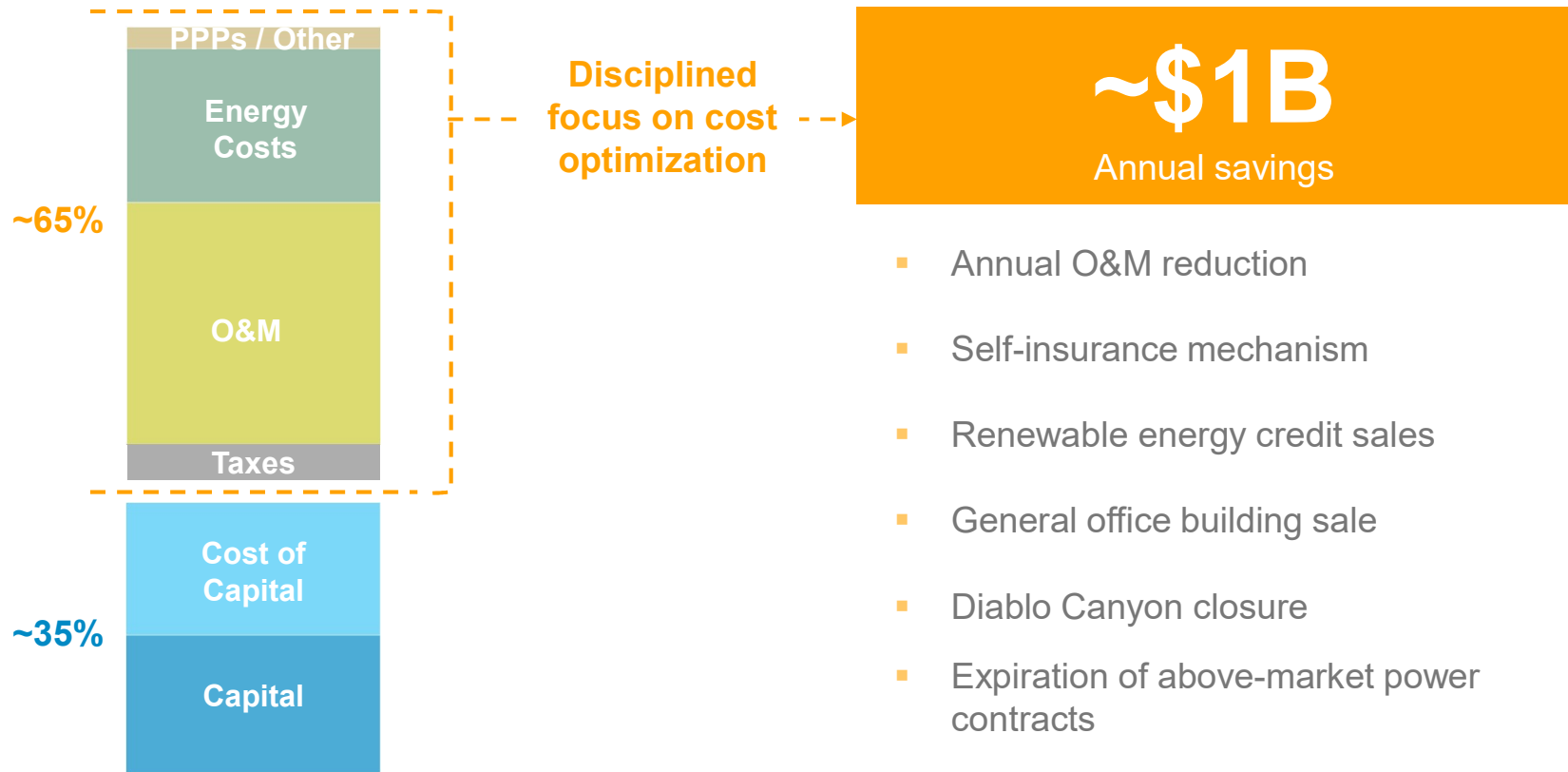
(1) Financial information is as of June 30, 2021.

(2) Low end of the range reflects authorized capital expenditures, including the full amount recoverable through a balancing account where applicable. High end of the range includes capital spend above authorized and reflects the spending forecast from the 2023 GRC application.



# Cost reductions to benefit customers and investors

## Customer bill components (1)



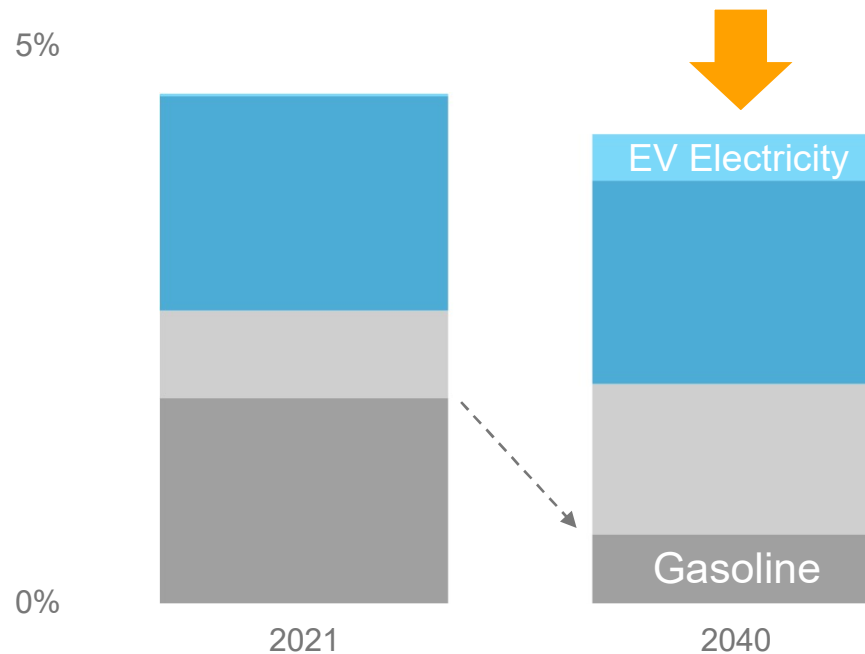
Provides more affordable plan



# Declining relative energy cost

Annual residential average household energy share of wallet <sup>(1)</sup>  
(Energy cost as % median household income)

GASOLINE | HOME GAS | HOME ELECTRICITY | EV ELECTRICITY



with increasing EV adoption and growing electrification

(1) Assumes share of wallet based on median household income of ~\$85K in 2021 with ~3% CAGR, PG&E forecasts for annual energy rates, and growing electrification and declining gas usage. Average customer is a weighted average of EV-owners and non-EV owners based on # of EVs in total light-duty vehicle population.



# Stability for the long-term

Aggressive deleveraging and robust growth form strong foundation...



Parent De-leveraging

**~8.5%**

Ratebase growth

**~10%**

Capital return

## Quality of capital plan



Affordable customer bills



Innovative, durable wildfire solutions



Building and transportation electrification

To serve our hometowns and investors

## Panel Q&A



### **Innovative engineering processes**

**Jason**

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### **Engaging regulatory relationship**

**Carla**

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### **Delivering value for customers and investors**

**Chris**

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Accelerating performance



# First 6 months



**Team**



**Lean**



**Wildfire Mitigation Plan**



**Clean Energy Powerhouse**

Delivering the triple bottom line for our customers and investors