Call Participants

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Presentation

Operator

Ladies and gentlemen, thank you for standing by. My name is Brent, and I will be your conference operator today. At this time, I would like to welcome everyone to the PG&E Corporation Second Quarter 2023 Earnings Release Call. [Operator Instructions] It is now my pleasure to turn today's call over to Mr. Jonathan Arnold, Vice President of Investor Relations. Please go ahead.

Jonathan P. Arnold
Vice President of Investor Relations

Good morning, everyone, and thank you for joining us for PG&E's Second Quarter 2023 Earnings Call. With us today are Patti Poppe, Chief Executive Officer; and Carolyn Burke, Executive Vice President and Chief Financial Officer. We also have other members of the leadership team here with us in our Oakland headquarters. First, I should remind you that today's discussion will include forward-looking statements about our outlook for future financial results. These statements are based on information currently available to management.

Some of the important factors which could affect our actual financial results are described on the second page of today's second quarter earnings call presentation. Presentation also includes a reconciliation between non-GAAP and GAAP financial measures. The slides along with other relevant information can be found online at investor.pgecorp.com. We would also encourage you to review our quarterly report on Form 10-Q for the quarter ended June 30, 2023.

With that, it's my pleasure to hand the call over to our CEO, Patti Poppe.

Patricia Kessler Poppe
CEO & Director

Thank you, Jonathan. And good morning, everyone. Thanks for joining us on what we know is a very busy earnings morning. We continue to make progress here at PG&E and this quarter is no different. Our core earnings per share of $0.23 for the second quarter bring us to $0.52 for the first half of 2023. While our first half earnings are down $0.03 versus 2022, we have not yet recognized the benefit of our general rate case.

As a reminder, we have a memo account in place, which will allow us to book catch-up revenues from the January 1, 2023 effective date once we receive a final CPUC decision. We still expect a final decision in the third quarter, and we were encouraged that the CPUC affirmed this timing earlier this month. As we shared at our Investor Day in May, 86% of our incremental revenue request is for core safety, reliability and maintenance work, all areas where there is strong alignment with state policy goals and stakeholder priorities. While the GRC decision will be an important driver, halfway through the year, we remain on track to plan and laser-focused on delivering our annual guidance which we are reaffirming today.

We are also reaffirming earnings growth rates of at least 10% in 2024 and at least 9% in 2025 and 2026, along with our commitment to no new equity issuance through 2024. Turning to Slide 4. We've continued to make progress in mitigating physical and financial risk. On the physical front, we continue to focus on system resilience by reducing wildfire risk and preparing for the grid of the future. We continue to make progress on the regulatory front as well. For example, in the second quarter, the CPUC approved over $1 billion of interim rate relief in our 2022 WMCE proceeding.

This accelerates the time line for recovering our legacy wildfire mitigation spend, improves our financial metrics and allows us to deliver on needed safety, reliability and customer connections work, benefiting both our customers and our investors. On the legal front, at the end of May, we were pleased to settle with the Shasta County District Attorney's Office, resolving the criminal charges related to the 2020 Zogg Fire. The settlement includes commitments by PG&E to contribute $45 million to various local organizations as part of our ongoing efforts to make it right and make it safe.

Our settlement followed rulings by the Superior Court, which upheld our long-standing position that there was no evidence showing PG&E's inspections fell below the required standard of care, nor was there any evidence that the risk related to the tree was visible prior to the fire. The court's ruling from April is available on our Investor Relations website.

Turning to financial risk mitigation. Our strategy continues to hinge around the simple, affordable model, which delivers consistently improving value for customers and investors. Regarding the Fire Victim Trust, we are encouraged that the trust has now monetized over 85% of its initial holding and at steadily higher values for its beneficiaries. After the [$60 million] share sale earlier this month, the trust now holds just over 3% of our stock. As of the end of June, determination notices have been issued for 97% of all claims, with the trustee having indicated a goal to reach 100% and monetize the remaining shares by year-end.

Turning to Slide 5. We highlight our layers of protection strategy, along with our anticipated step-up in risk reduction from 90% to 94% as we roll out our new and expanded programs under our 2023 Wildfire Mitigation Plan. One example is downed conductor detection technology, which involves installing new hardware in the field, supplementing our enhanced power line safety settings. We filed our WMP with the Office of Energy Infrastructure Safety in late March, and the OEIS came out with its revision notice towards the end of June.

We view this feedback as a constructive part of the WMP process, and we embrace the opportunity to drive further alignment with our regulators. OEIS identified 8 critical issues, and we will file our response by August 7 deadline with the draft decision from OEIS expected at the end of September. The revision notice process will not preclude us from filing our annual safety certificate application by the due date of September 13 with OEIS approval due 90 days later.

As a reminder, our existing safety certificate remains in effect, pending an OEIS decision on our timely filed new application. Earlier this month, at the Annual Board level safety briefing with the CPUC, our Utility Board Chair, Cheryl Campbell; and our Chief Operating Officer, Sumeet Singh discussed our safety culture, performance and details of our enterprise safety management system. These meetings are an element of our AB 1054 compliance and provide an opportunity to engage with regulators on our improvement strategies.

We were encouraged to hear commissioners recognize our significant progress, while acknowledging our challenges, including changing climate conditions. It's in moments like this that we step back and reflect on the progress being made. In fact, at a recent meeting with all of our top leaders, Mark Quinlan, our SVP of Wildfire and Emergency Operations stood up to address the elephant in the room when he said, "I bet you're all watching the weather and thinking back to 2017. But let me remind you just how much we've done since then." He went on to remind us all that we have an entirely different readiness posture and physical risk mitigation regime in place.

Back in 2017, we were reacting and responding to hazard. The investments we've made since then have enabled a dramatic shift to predicting and preventing. Slide 6 illustrates the mitigations now in place, thanks to these important investments in innovation. To name just a few. Since 2017, we have installed over 600 high-definition cameras now with AI capabilities, more than 1,400 weather stations and almost 1,400 sectionalizing devices.

We've hardened over 1,300 miles of line and undergrounded over 300 more. We've removed 3.3 million trees. We've staffed a hazard awareness warning center, 24 hours a day, 7 days a week, 365 days a year, and we've hired 130 fire prevention professionals who are on our PG&E team and making us safer every day. We've implemented a host of operational mitigations, including enhanced power line safety settings on 44,000 miles of line in and adjacent to our high fire risk areas.

We've enabled public safety power shutoffs when conditions warrant them and new for 2023, we've deployed partial voltage force out and down conductor detection. Our system has never been safer, and yet, it will be even safer still tomorrow and every day after that. As we shared with the CPUC during the safety briefing, we are making progress, and we have more work to do. Safety permeates through everything we do and the presence of controls, including our layers of protection, leads to manageable and predictable outcomes.

I'm confident that we and our key partners, including the state, are doing everything we can to cause our stance catastrophic wildfires shall stop. The data tell the story. Through mid-July, reportable ignitions in our high fire threat district have decreased 53% from the equivalent date in 2017. Last year, we saw a 68% reduction in ignitions on EPSS-enabled circuits and a 99% reduction in acres burned. The data so far suggests we are on track to see further improvement in 2023. Our hard work over the past 5 years has dramatically changed our risk exposure and the fundamental safety of our system, and we aren't stopping there.

Moving to Slide 7. We also see profound changes in financial risk mitigation due to the framework put in place by SB 901 and AB 1054. At our Investor Day, you heard Ann Patterson, Governor and Newsom's Cabinet Secretary talk about how the state Wildfire Fund is working as planned. The AB 1054 construct is designed to give utilities and capital providers the financial assurance they need while deploying the investments required to bring down wildfire risk on the system over time.

Let me quickly revisit the key features for those looking for a refresher or who may be newer to our story. For wildfire claims exceeding $1 billion in a calendar year, we have access to the State Wildfire Fund. This provides $21 billion of claim-paying capacity protecting investors from the risk of a liquidity event. Our annual wildfire mitigation plan is a requirement for receiving our annual safety certificate.

So long as we have a valid safety certificate, we have access to 2 additional key features of AB 1054. First, the utility's conduct is presumed to have been prudent upfront when it comes to seeking cost recovery at the CPUC, along with the prudency standard modeled on the constructive FERC precedent. Second, in the unlikely event of the utility being found to have acted imprudently, any resulting obligation to reimburse the wildfire fund would be capped at 20% of electric T&D equity rate base on a 3-year rolling basis.

This cap is currently around $3 billion for PG&E. This is a much better construct than what was in place prior to SB 901 and AB 1054 that enables the attraction of the necessary capital to build and operate a safe and climate resilient energy system.

Turning to Slide 8. Let's review our regulatory and legislative time line. We've made progress on multiple fronts in the first half of the year, including approval of our wildfire self-insurance settlement, the Zogg Fire litigation settlement and 2022 WMCE Interim Rate relief. Looking forward, we have several catalysts on the horizon, starting with a GRC final decision expected in the current quarter; the ongoing legislative session in Sacramento, where we have seen constructive engagement on energization which you've heard us previously refer to as new customer connections, showing the legislature's commitment to California's clean energy transition and then on our 2023 wildfire mitigation plan and safety certification processes.

Looking a little further out, at the end of this year, we will file our nuclear operating license extension application for Diablo Canyon with NRC, and we remain ready to submit our 10-year undergrounding plan once the OEIS and the CPUC complete their scoping process.

On Slide 9, you have our 2023 report card, where we're showing on track for each of our 2023 and long-term targets. This includes our plan to underground 350 miles in 2023, double last year's target and our 2024 FFO to debt target of mid-teens. As you can see, we're also projecting on track for our 2% nonfuel O&M reduction target, which brings me to my story of the month. This month's story illustrates how our regional service model, together with our performance playbook and lean operating system is helping improve the customer experience while we eliminate waste and cost in our work processes.

In the North Coast region, field operations teams are improving upon a commonsense approach that has worked in a lot of our programs, bundling work. What's different now is that the teams are working across various branches of electric, gas, systems inspections and vegetation management to coordinate many types of work, not just bundling similar work in siloed programs as we've done in the past. Cross-functional work bundling allows crews to do more work under the same planned outage line clearance, reducing the cost of switching and grid operations and improving overall reliability.

During Q2, my coworkers planned and executed 12 jobs under just one planned outage near the town of Willits. Rather than impacting 100-plus customers multiple times over the year, we did it all in just one go. That's 1 outage, 1 day of traffic lane closures, 1 batch of notifications and only 1 visit. This goes to show you what's possible when we put the customer at the center of our operations. So far this year, we estimate savings of $0.5 million and 800-plus hours when we did not have to deenergize our customers. This is just the tip of the iceberg and something we are working actively to scale up across all regions, proving we can deliver an improved customer experience while cutting costs all at the same time. This is all part of the momentum we're building here at PG&E.

And with that, I'll turn it over to Carolyn.

Carolyn J. Burke
Executive VP & CFO

Thank you, Patti, and good morning, everybody. As Patti mentioned, we are on track to deliver our 2023 financial commitments. Today, we are reaffirming EPS growth of at least 10% each year in 2023 and 2024 and at least 9% in 2025 and 2026. We're also reaffirming our commitment to no new equity in 2023 or 2024. This morning, I'll cover 3 main topics with you: our 2023 results, the simple affordable model and our value proposition.

Let's start on Slide 10. We are on track to meet our 2023 EPS guidance of $1.19 to $1.23. Our first half results and drivers of our forecast for the second half of 2023 are presented here. On a year-to-date basis, our result is $0.52 per share, including $0.23 in the second quarter. Our first half EPS is on plan. And as Patti mentioned, our plan to reduce nonfuel O&M by 2% is also on track. So far this year, we've realized $0.04 of favorability from our cost-saving efforts, and we've redeployed $0.02 right back into the business.

Although our year-to-date result is down $0.03 compared to 2022, a key driver for the second half of 2023 will be a final decision in our GRC. As a reminder, the CPUC has approved a standard memo account, which allows us to record catch-up revenues back to January 1 once the final decision is received. This explains the $0.01 of timing as shown here and also why you don't see customer capital investment as a growth driver in our first half results.

Finally, we're showing $0.04 of other. This is a combination of many smaller items over the first and second quarters, including higher property taxes, reflecting our increased customer capital investment. On Slide 11, our capital investment plans have not changed from Investor Day when we provided insight into our 10-year plan. Our 9.5% rate-based CAGR reflects the abundant opportunities to invest capital into our system for the benefit of customers. Please recall, this is a no big bets approach focused on safety and reliability with growth benefiting both our customers and our investors. Just as our earnings grow with capital growth, it's worth repeating that this capital investment growth above depreciation also provides additional cash flow to help internally fund the investment.

Moving to Slide 12. We continue to see ample opportunities to expand customer investment beyond the $52 billion planned through 2027. We are fortunate to have substantial needs for investment in our electric distribution and transmission systems, as well as opportunities to further improve quality and reduce cost. Our simple, affordable model is at the heart of our plan. It is how we plan to keep bills affordable for our customers, which takes us to Slide 13. As you've seen, we revisit this slide with you each quarter providing proof points on our execution. Patti already provided an update on our O&M cost reduction progress. And now I'm excited to share some recent efficient financing developments.

Our minority sale of nonnuclear generating assets or Pacific Gen continues to move through the regulatory process. We launched the marketing for the proposed sale last month. We expect these attractive and differentiated assets to draw strong investor interest as they are fully regulated with a favorable ratemaking framework. And with California's environmental policies in place, we see a very supportive backdrop for growth opportunities. As a reminder, the Pac Gen regulatory and sales processes will progress unparallel time lines.

Additionally, last month, we submitted a loan application to the Department of Energy under the Energy Infrastructure reinvestment program. Our application is all about enabling California's Clean Energy transition. If our application is approved, we would expect to draw down these funds starting in 2024 and through 2026 to align with spending in our GRC cycle. This is another example of how we're pursuing efficient financing to deliver for our customers and our communities at a lower cost.

In addition to providing a diversified funding source for our large capital program, lower cost DOE loans could result in hundreds of millions of dollars in interest expense savings for our customers over the life of the loans. This means that our planned rate base growth could come at a lower cost for our customers, creating more capacity for investment in customer benefiting infrastructure, definitely a win-win.

We plan to submit part 2 of our application in the coming months, in which we will work with the loan program office on the technical and financial evaluation of our application. I'll end here on Slide 14, with a reiteration of dividend timing. Specifically, we expect to reach a cumulative $6.2 billion in non-GAAP core earnings since our emergence from Chapter 11 during the third quarter. As we have said before, this timing remains subject to assumptions, including the timing of major regulatory decisions. In practice, this means that our Board could have the opportunity to declare a dividend as soon as our third quarter earnings call.

We are committed to restoring a dividend and recognize its importance to traditional utility investors. But let me be clear, we plan to recommend to the Board that we start out with a small dividend, likely lower than some published estimates. This will allow us to continue prioritizing needed capital investment, including safety and physical risk reduction on behalf of our customers. While we would expect to grow our dividend at least in line with earnings per share, our initial bias will be towards premium EPS growth versus higher yield, consistent with our capital investment priority. Our physical and financial risks are being mitigated. Our capital investment need and growth forecast benefits customers and investors. Our EPS growth is among the very best as our stock price recovers from a deep discount. And our value proposition is strong and improving every quarter. And with that, I'll hand it back to Patti.

Patricia Kessler Poppe
CEO & Director

Thank you, Carolyn. Before we take your questions, I wanted to take a quick moment to highlight 2 other pieces of news from PG&E this week. Yesterday, we issued our annual corporate sustainability report, which outlines major strides we've made towards the triple bottom line of serving people, the planet and California's prosperity.

Using statistics and stories, the report details meaningful action we took last year in service of our hometowns throughout Northern and Central California. Second, as highlighted here on Slide 15, we hosted our inaugural Innovation Summit earlier this week, drawing over 2,000 in-person and virtual participants from venture capital, technology, academic and financial world. Risk mitigation, in particular, wildfire has rightly been job one and our main priority. At the same time, our California service area is at the very forefront of the energy transition given our state's bold vision for the future. With this in mind, we created our innovation research and development team to capitalize on breakthrough opportunities, drawing on the external innovation ecosystem to inspire bold new ideas for safety and our operations.

For example, during the Innovation Summit, we featured a first-of-its-kind version of Schneider's electric distribution energy management system operating on the Microsoft Cloud. On the topic of innovation, I'm also pleased to announce that the XPRIZE competition featured at our Investor Day has already received interest from 120 individual teams out of 32 different countries.

Talk about breakthrough opportunities. The objective of this competition is to be able to pinpoint ignitions from space within 60 seconds or less and autonomously suppress wildfires within 10 minutes. I'm excited to see what these brilliant minds produce. I'll wrap up on Slide 16 by saying we feel good about the progress we are making mitigating physical and financial risk.
We're confident in the protections we have in place for this wildfire season. And we see several catalysts ahead for investors, including restoration of our common stock dividend and a final decision in our 2023 GRC. We see the progress and feel the momentum. We hope you do too. With that, operator, please open up the line for questions.

Question and Answer

Operator

[Operator Instructions] Your first question is from the line of Shahriar Pourreza with Guggenheim.

Shahriar Pourreza
Guggenheim Securities, LLC, Research Division

Patti, I just wanted to start off with a question on the GRC timing. It seems there's obviously some filing still happening. They're coming through and the PD still isn't issued as you kind of highlighted there. I guess what's your level of confidence here in getting a PD and what is a potential delay in the PD due as we're thinking about disclosures and when you recognize earnings and update guidance, including obviously enactment of official dividend policy?

Patricia Kessler Poppe
CEO & Director

Okay, Shahriar. Thank you. That's a very robust question. I'm going to get right at it. First, let me remind you that our GRC is 85% safety, reliability, resilience work. Our customers are demanding this work of us and our stakeholders are really supportive of us doing this work. So I think that bodes very well for our GRC and its outcome.

It's important that we remain aligned with our regulators to deliver on a very important regulatory outcome that is so important and so good for customers. So I'll just start with that. But just -- I'll just back up and remind you about the timing. So the CPUC voted to extend the GRC deadline from June 30 to December 30. They needed that calendar so that the final decision could be issued still in Q3, which they have been pretty clear that it was going to be issued in Q3.

So while the CPUC hasn't issued their proposed decision, the July 13 order included language that reinforced the timing. The commission -- in fact, the quote is that the commission still anticipates consideration of this matter on a commission agenda in the third quarter of 2023. We were very grateful for that reiteration of the importance of the timing. I think it's been really clear. We've been working closely with our stakeholders here in the state, how important it is that we get a timely GRC so that we can do this very important necessary work for our customers.

So all that to say, obviously, we plan conservatively on the expected outcomes, and we've got a plan that we think is defendable and is going to be welcomed by the commission, but we're also putting in our contingency planning to make sure we're ready. Now I'll just close out with your final question about the implications for the dividend. I think Carolyn was very clear in our prepared remarks about the importance of the dividend, why we know that it's important to establish a dividend. But what's most important is that we're doing the right work for customers, and we've got the GRC, obviously the most important is that we have a good GRC outcome. Now we're in the final stages of that GRC process. We've said that the dividend is dependent on regulatory timing, and I don't want to get ahead of ourselves at all here. We're going to watch how that plays out, and then we'll give an update and let you know the status on the third quarter call.

Shahriar Pourreza
Guggenheim Securities, LLC, Research Division

Perfect. Fantastic. And then just lastly from me, Patti. Just maybe briefly touching on sort of your expectations for safety certification and the WMP approvals. I mean, OEIS and the stakeholders still kind of scrutinize the details of the plan. Are there concerns that cause you to engage remediating action? Or is that already in plan? And how is the time line shifting as the WMP moves towards PD and you plan to file the 23 certification in September?

Patricia Kessler Poppe
CEO & Director

Yes. Well, one of the things I'm really going to appreciate is this WMP process. It's an open and transparent proceeding. It allows us to align with our regulator and frankly, to get the best ideas on the table. We welcome that alignment, and we welcome the feedback because that will make us better. And anything we can do to make the system safer, faster is important to us. Now in the revision notice that the OEIS issued, it identified 8 critical issues, and we have until August 7, we'll be filing our revision -- our response to that revision notice.

It had some -- about 3 main themes I would suggest in their feedback. They're asking for additional granularity, like, for example, quarterly data through 2024 on vegetation management targets. That's a reasonable request, and we can provide that feedback. Additional information on proposals and alternatives considered like, for example, the changing in our underground mile timing when we might make those revisions and more insights to understand our objectives in both the 3-year filing but also the 10-year look, which all of that is -- they're good questions, and we can have good healthy dialogue with the safety regulators here in the state to make sure that we've got alignment there.

So we'll submit that revision on August 7, and we expect a draft decision from OEIS at the end of September. Now the safety certificate filing date is set as prior to September 13, 2023. So we'll make that filing, even if we don't have a final decision on the WMP and then the OEIS has 90 days to review our safety certificate application.

Shahriar Pourreza
Guggenheim Securities, LLC, Research Division

Perfect. Big congrats, Patti, on the execution. It's pretty -- it's very noticeable.

Operator

Your next question is from the line of David Arcaro with Morgan Stanley.

David Keith Arcaro
Morgan Stanley, Research Division

I was just wondering if you could give an update on how the -- I guess, the environmental backdrop is shaping up so far during the summer and into fire season. Just is the expectation still -- or are the -- have the conditions changed at all in terms of expectations when you're looking at fuel out there, moisture content, just outlook into the rest of the summer and how this year's kind of fire season is shaping up right now?

Patricia Kessler Poppe
CEO & Director

Yes. So a couple of things. One, of course, all of that moisture that we got in the first quarter of this year certainly has, I would say, delayed the start of fire season. We had a good moisture. But as you've indicated, David, it also provides for additional fuel in the form of grasses and grasses to be managed. The important thing to know and what we're really trying to convey in our report today and really making the distinction about how far we've come since 2017, we are ready no matter what. We are ready no matter the conditions.

Our Hawk 24/7/365 is utilizing all of those cameras and weather stations, we know precisely the conditions and our enhanced power line safety settings went into automatic mode on July 1. We deactivate those when conditions warrant. So there are certain cases where we do know we have high moisture and in particular polygon in our service area. And so we deactivate the EPSS but we have EPSS ready and able every single day of the year.

And so for us, we're just using this as an opportunity to be wildfire ready no matter the conditions. All that being said, we're having great performance. Our EPSS settings continue to be an extraordinary risk mitigation tool for us. In fact, this year, our ignitions year-to-date are 50% less than what they were last year. And last year was an extraordinary year of performance as well. So we're feeling very good about our posture, and we're ready.

David Keith Arcaro
Morgan Stanley, Research Division

That's clear. And then separately, looking at the $5 billion bucket of potential incremental upside CapEx opportunities, you've added a bit more tail around where some of those opportunities could come from. I'm wondering, if you could give us a sense of if there are any near-term opportunities to pull any of those programs into the CapEx plan or just a little bit of color around the cadence and the timing for when those opportunities start to crystallize? .

Carolyn J. Burke
Executive VP & CFO

Yes, David, I'll take that question. So I would say, the 2 areas that we see the most potential in terms of working our model to see that they're going to be affordable is in the transmission area and new customer connections. So we are looking at partnerships. We are looking at additional new customer. We've made significant progress in terms of looking at our overall process of bringing those connections online sooner. And so there's -- I would say, those are the 2 areas that you could expect more insight over the coming earnings calls.

Patricia Kessler Poppe
CEO & Director

And David, I'll add that all of that is contingent upon affordability for our customers and do we, in fact, have headroom to go ahead and add additional capital. And so all of our waste elimination work, all of our cost savings work, some of our big strategic efforts to reduce cost and get more streamlined and then the little itty-bitty ideas that all add up, give us an opportunity to then deploy that more -- that capital for the benefit of customers when we can be sure that they can afford it. So that's always the equation that we're running.

Operator

Your next question is from the line of Julien Dumoulin-Smith with Bank of America.

Julien Patrick Dumoulin-Smith
BofA Securities, Research Division

Just following up on the last one, actually, I'll pivot to this direction. The DOE headlines here. Maybe we could talk a little bit about how you think about -- is that incremental or not? How do you think about that in terms of the projects that you already have underway versus being incremental? Does that displace some other projects? Just kind of think about the financial impacts of pulling down on that DOE money, obviously, clearly beneficial in any regard for customers?

Carolyn J. Burke
Executive VP & CFO

Julien, this is Carolyn. Thank you for the question. So it is not incremental. We believe that we're going to use this financing to fund the programs that we have already in place. We have a very well laid out plan. We have more than enough to invest into our system. And so this financing is simply going to allow it to be more efficiently financed. .

Julien Patrick Dumoulin-Smith
BofA Securities, Research Division

Okay. All right. Fair enough. I'll leave that there. Maybe just tipping to another subject real quickly here. How do you think just the capital structure. Again, this is more a financing -- do you no longer need or expect to need the capital structure waivers? Do you think about kind of a normalization? We talk about dividend today, do you think about capital structure tomorrow, et cetera?

Patricia Kessler Poppe
CEO & Director

Yes. I think -- 2 things just to recall, I mean, I'll reiterate the no new equity in '23 and '24. And we have a commitment to pay down the parent debt of about $2 billion plus by 2026. So in terms of that waiver, we're monitoring that. We're on track. We've made improvements over the last couple of years, and we continue to foresee those improvements. And we don't -- if the waiver is in place until -- we'll be able to make that waiver until June '25, yes, I thought it was '25, sorry. Couldn't it remember it was June or March?

Operator

[Operator Instructions] Your next question is from the line of Ryan Levine with Citi.

Ryan Michael Levine
Citigroup Inc., Research Division

In terms of the dividend, are there any other regulatory items outside of the GRC that could impact the timing of reinstating the dividend with the third quarter call or some footnotes in your prepared comments? Just wanted to clarify what was being intended with that statement?

Patricia Kessler Poppe
CEO & Director

Yes. No, it's primarily the GRC, Ryan.

Ryan Michael Levine
Citigroup Inc., Research Division

Okay, great. And then on the heels of the Innovation Summit, curious your latest thinking about how artificial intelligence could impact your business, both from a cost, capital or risk standpoint going forward and what work streams do you have to incorporate that?

Patricia Kessler Poppe
CEO & Director

Yes. Ryan, that Innovation Summit was just spectacular. We opened the doors to the future with thousands of people participated in that event from all across the globe. We had people signed in from Australia and Israel and U.K. and all across the country, here in the U.S. as well. We had standing room only here in California. It was very fun to see the appetite to support our True North strategy and the key enablers to a pathway to the clean energy transition and a robust gas system. It was really exciting to imagine how all those partnerships might emerge from that date. And I'm glad so many investors signed on for that day as well.

But back to your question about AI. First of all, I'll remind you that we've been using artificial intelligence already. And in fact, in 2019, we introduced our wildfire spread model. That's the Technosylva platform that helps us forecast where our highest risks are and what a wildfire spread might look like. We operationalized that artificial intelligence in 2021. And we've been utilizing that routinely. And that's just the tip of the iceberg.

We're also using AI for asset health as we do our inspections and then coordinating between drone inspections and data collection. It's very hard for humans to review photos. We take all of these images and humans can make an error, it's a judgment. But an artificial intelligence platform that can review all of those visual images can truly automate our response and then build into our asset health plan, what next might fail and be predictive in that way.

And so we're pretty excited about the application of AI to continue our system safety efforts and our asset health. But then there are simple things, like just automating simple back office processes and administrative tasks. So we're playing with that. And then things like customer service. And so we're really excited about the applications of artificial intelligence. We know there's things to be cautious about and we're working to make sure that any platform that we use protects our customers' data and any kind of company secret data. We make sure that, that safety exists for our data as well as our physical assets. So much more to come in AI for PG&E for sure.

Ryan Michael Levine
Citigroup Inc., Research Division

Great. Look forward to it. I guess in terms of the DOE loan, congratulations on receiving that subsidized capital. Outside of federal dollars, are there any state programs that you're looking to tap into to help mitigate bill impact through different California initiatives?

Patricia Kessler Poppe
CEO & Director

Yes. We have several California initiatives. So things like the California Climate Credit. We accelerated that earlier this year, so that it was during the heating season to offset some of those gas charges that were so high at the beginning of the year. We have our income-qualified customer assistance programs. We call that CARE. It's a very robust income-qualified program to help customers who don't have the ability to always afford their utility bill. We make sure that they're cared for and have the energy that they need.

There's a California Arrearage Payment Program where, for example, more than 300,000 customers who were experiencing financial hardships during the pandemic received an automatic onetime build credit in February of 2023. And then back to your innovation point, earlier, Ryan, the $83 million Epic program is a source of funding so that we can invest in doing new technologies that make it safer and more affordable for customers in the future. So that's a really exciting part of our portfolio, too, that benefits customers.

Operator

There are no further questions at this time. I will now turn the call back over to the CEO, Ms. Patti Poppe.

Patricia Kessler Poppe
CEO & Director

Well, thank you, everyone, for joining us today. I know you've got a busy calendar, and we're grateful for your time, and we look forward to seeing you soon. Be safe out there. .

Operator
Ladies and gentlemen, this concludes today's conference call. You may now disconnect.